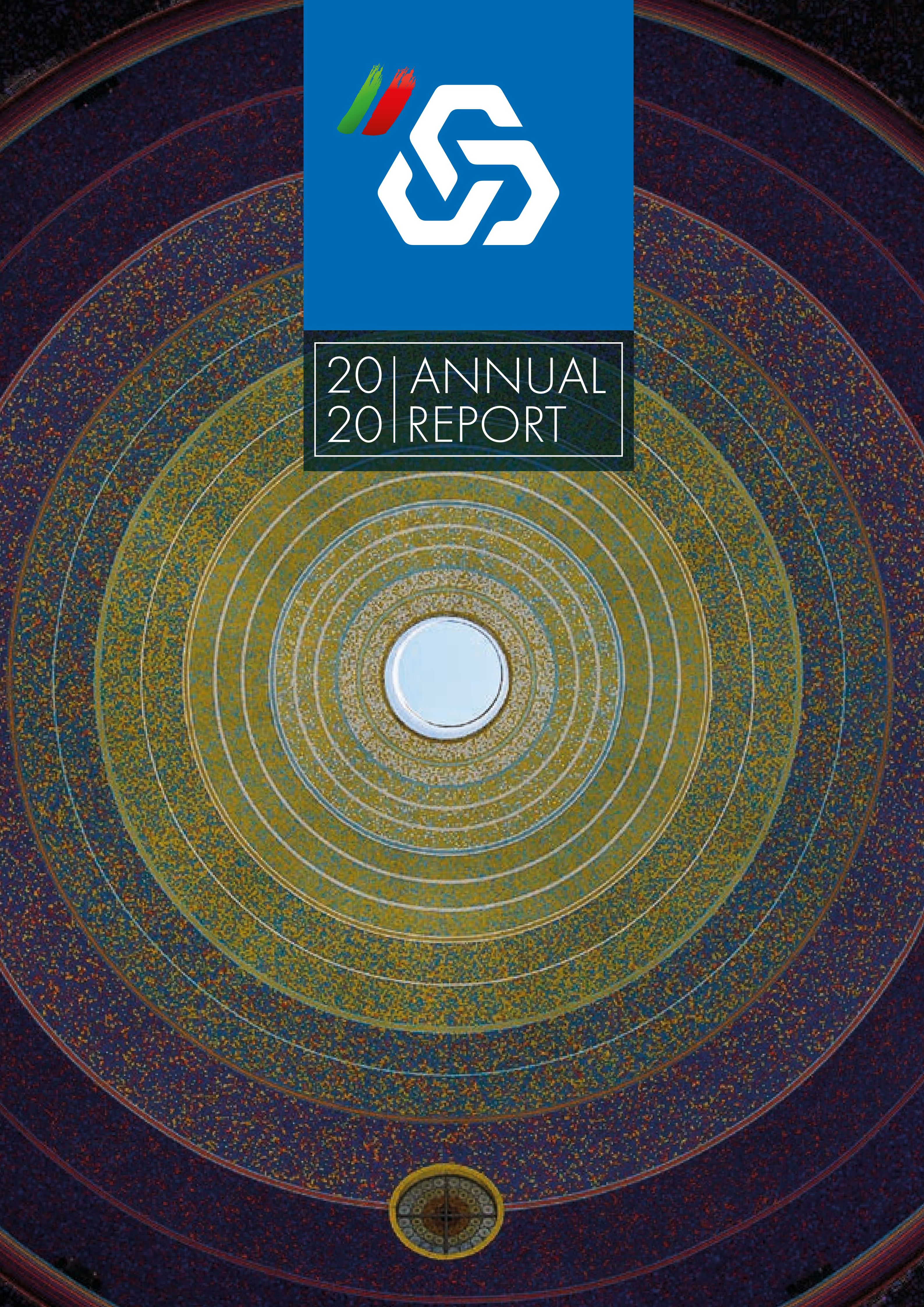


2020 ANNUAL REPORT

Index

1.

BOARD OF DIRECTORS REPORT

Sculptural motif, by sculptor Lagoa Henriques. Destined to the garden lake on the north facade of the Caixa headquarters building. Consisting of two human-made bronze statues and a metaphoric rock-type stone block from the Borba area with 1.27 m x 0.70 m x 0.90 m.

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

Paulo Moita de Macedo
Vice-Chairman of the board of directors and Chief Executive Officer

Considering the effects of the pandemic and its huge impact in social and economic terms, 2020 will certainly be remembered as one of the most challenging years in CGD's long history. Faced with such a challenge to society as a whole, CGD has played an unequivocal, timely and permanent role in its support for the Portuguese economy, responding from the very start with adequate solutions to meet household and corporate needs.

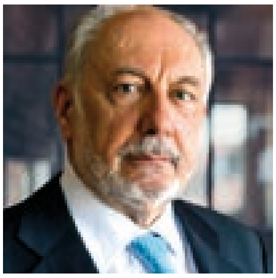
Measures designed to ensure the continuity of operations and the full availability of the services provided, while safeguarding the health and wellbeing of customers and employees have been implemented since the state of emergency was declared in March. Face-to-face services at CGD's branch and "corporate offices" were fully maintained, albeit subject to adjustments on account of the health measures required by the circumstances. Faced with a scenario of lockdown and mobility restrictions, CGD accelerated the process of digitalising its supply based on measures to incentivise contactless payments without the need to carry cash.

In its awareness of the pandemic's impact on the economy and anticipating its effect on the income of many households together with the capacity of companies to generate revenue, CGD has provided credit protection in the form of moratoria and has intensified its lending operations based on lines of credit to the economy. CGD's contribution to combating the pandemic has also been broadened to cover social projects. It comprises, inter alia, loans to back research into and the production and distribution of vaccines, therapies and diagnoses and donations of ventilators and protective materials.

2020 was also the last year of the 2017-2020 strategic plan, agreed between the European Commission and the Portuguese state in 2016 and formally approved in March 2017, in which CGD succeeded in fulfilling most of its undertakings, notwithstanding the impact of the pandemic. It can therefore be claimed that the CGD of today is in a position to strengthen its mission and strategic purpose in terms of its support for households and companies which is of such importance in the current circumstances, allowing it to assume the role of a major player in building the future of Portugal's economy and society.

In spite of having set up a considerable amount of credit impairment to provide for the macroeconomic scenario, Caixa nevertheless achieved a net profit of €492 million, in 2020. This is equivalent to a return on equity (ROE) of 6.1% and was much better than the European banking average and well above the average of Portuguese banks.

A higher level of profit over the years of the implementation of the strategic plan has allowed CGD to significantly improve its capital ratios. At the end of 2020, the CET1 and total ratios stood at 18.2% and 20.9% respectively, comfortably meeting the capital requirements in force for CGD and exceeding the ratios set out in the strategic plan. Such ratios, which were higher than the Portuguese



Emílio Rui Vilar
Chairman of the board of directors

and European averages, were indicative of CGD's robust and adequate capital position and in compliance with ECB recommendations, enabling it to propose the distribution of around €84 million in dividends. This will be the second time that dividends have been paid in the four years of the implementation of the strategic plan. This was not foreseen in the plan but enabled CGD to start to repay its shareholder and consequently taxpayers for the endeavours made in 2017 in terms of CGD's recapitalisation.

Non-performing loans continued to reduce significantly in 2020, particularly in the form of recoveries. The NPL ratio stood at 3.9%, in comparison to 15.8% at the end of 2016. The net impairment ratio was only 0.1%, as a result of the strengthening of impairment coverage levels. A highly significant reduction of other non-core assets (held-for-sale properties, investment properties and restructuring funds) has also been witnessed over these four years, enabling CGD to significantly improve the quality of its balance sheet. This overall reduction in balance sheet risk is clearly evident in the improvement of the "Texas Ratio" to 25% at the end of 2020. In addition to this improvement in CGD's risk profile, group governance was strengthened in line with best practice and the supervisors' recommendations.

The plan's objectives in terms of the number of branch offices and staff have also been met. Particular reference should be made to the expansion of training activities as a sine qua non for the requalification of teams and to improve their preparation for the new challenges and demands facing banking activity. This has been accompanied by greater investment in digitalisation, not only on a level of the platforms available to customers but also in terms of internal processes. This has made it possible to increase turnover in domestic activity and improve CGD's competitiveness, enabling it to maintain or even strengthen its market lead in several segments in Portugal.

Caixa has improved its ratings over the past four years. Its 5 rating upgrades undoubtedly reflect the market's recognition of Caixa's performance which is also evident in the evolution of its subordinated debt issuances in the secondary market in 2017 and 2018. Reputational indices also evolved positively in 2020.

2020 also marked the end of the board of directors' current term of office. The near future will be challenging and complex owing to the still, as yet, uncertain consequences of the pandemic on the Portuguese economy and society. The CGD of today enjoys structural conditions of profitability, solidity, liquidity and efficiency to enable it to face present and future challenges with courage and confidence and to assert its status as a fundamental support for households and companies. This is the only way in which we will be able to honour and renew the trust that the Portuguese have always placed in this institution over its 145 year history.

1.2. Highlights in 2020

In the last year of the Strategic Plan and, despite the impact of the pandemic crisis, CGD fulfills the vast majority of the agreed commitments.

- 2020 was marked by the SARS-CoV-2 pandemic and its multiple impacts, leading to a break in the world economy's expansionary cycle in progress for more than a decade. Notwithstanding a wide range of support measures such as state-backed loans, loan moratoria and income support measures to provide for the needs of households and companies, the euro area economy has contracted significantly.

  CGD group's activity was marked by the impact of the pandemic and the group's response, comprising significantly higher levels of support to households and companies. Despite social constraints, CGD remained fully operational, in its permanent concern to protect the interests of its employees and customers.

- Despite this context, consolidated net income for 2020 was down 37% over 2019 to €492 million. This amount includes an extraordinary gain of €51 million (after tax) arising from actuarial gains in liabilities with post-employment benefits (pension fund and medical plan).

  The recurring net income reaches €450 million, a reduction of 29% (€182 million) over the current result of 2019 of which €355 million (€94 million, a decrease of 21% as against 2019) from domestic activity and the remaining €95 million from international activity (-48%). Anticipating the negative effects of the pandemic on the economy and credit quality, the preventive constitution of impairments became imperative, which conditioned the institution's profitability.

- In commercial terms the 9.4% increase in customer deposits was indicative of customers' confidence in and loyalty to CGD, enabling it to maintain its market shares and leadership in Portugal. Loans and advances to companies in Portugal (excluding construction and real estate) were, in turn, up 2.7% and CGD continued to trend to an increase in its market share of mortgage agreements which totalled 22.4% in 2020 and 24.5% in the last quarter, with an increase of 12% over 2019 in terms of annual volume.

- 2020 was a key year in terms of the modernisation of physical (branch office) and technology (digital) platforms to service its customers, improving their experience and strengthening ties with CGD. Accelerating digitalisation in Caixa had a positive impact on business and the provision of service, which contributed to the significant improvement of customers' perception of the Caixa brand as the "Best Digital Bank" (up 17 pp in comparison to 2019). There were 1.8 million digital customers in Portugal, with more than 281 million accesses to the Caixadirecta service which were up 21% over 2019.

  The "DABOX powered by Caixa" open banking solution is the national open banking market leader with a 75% market share of SIBS API market. It is geared to innovation and a better user experience and was the first national app to permit transfers from other banks. It was "highly commended" by the Banking Tech Awards.

- The strategic plan's objective of simplifying and rationalising CGD group's structure and concentrating on core activities was pursued, with the incorporation of Caixa Leasing e Factoring and Partang, SGPS, S.A. into Caixa Geral de Depósitos, S.A. and, although not part of the strategic plan, investment in the share share capital increase of Fidelidade - Companhia de Seguros S.A., in the form of an equity swap involving Multicare - Seguros de Saúde S.A. and Fidelidade Assistência - Companhia de Seguros, S.A., enabled the concentration of exposure to the insurance sector in a single company.

  On an international level, the Spain and Luxembourg branches were closed while work continued on the disposal of the equity stake in Banco Comercial do Atlântico (Cape Verde) and BCG Brazil.

- In the sphere of its social responsibility, CGD remains committed to sustainable financing, with special reference to the *Principles for Responsible Banking, Principles for Responsible Investment* and the *Commitment Letter for Sustainable Financing* in Portugal.

  CGD achieved an A- leadership rating in the *Supplier Engagement Rating 2020*. This result was better than the financial sector average and reflects the quality of the measures taken by CGD to incentivise its value chain and adopt environmental commitments and practices that contribute to mitigating the impact of climate change. It achieved a B management score in the *Climate Change* questionnaire of the *Carbon Disclosure Project* (2020).

- 2020 was also the last year of the 2017-2020 strategic plan agreed between the Portuguese state and the European Commission. CGD's performance over the last four years has enabled it to fulfil most of its commitments in spite of a more adverse interest rate environment than initially projected and the pandemic crisis. Reference should be made to :

- The improvement in CGD's efficiency level with a 49.8% cost-to-income in recurring domestic activity;
- A net return on equity (ROE) from current activity of 5.6%; higher than the average for Eurozone banks;
- The improvement in CGD's assets quality with the CGD Group's NPL ratio reaching 3.9% and the NPL ratio net of impairments by 0.1%, the decrease in individual and sector concentration to the largest exposures and the improvement of the Texas Ratio;
- The reinforcement of the CET1, Tier 1 and Total capital ratios, which in 2020 reached, on a fully loaded basis, 18.2%, 19.4% and 20.9%, respectively (including the net result for the period) and above Portuguese and European average;
- The resumption of dividend payments, in 2019, for the first time in nine years, amounting to €200 million, suspended in 2020 owing to the need to comply with the ECB's recommendation owing to the global pandemic. In 2021, while subject to limitations under a new ECB recommendation, a dividend payment of €84.5 million will be proposed to the shareholders' meeting;
- Adequacy of liquidity levels, mainly based on customer deposits and without having to rely on ECB lines of credit;
- The improvement in the rating attributed to CGD with 5 upgrades since 2017 and the successful completion of three issuances in international markets;
- The improvement of reputational indexes and CGD's image.

CGD IN FIGURES

Strategic Plan – Execution in 2020

Profibility	Efficiency	Prudence	Resilience
ROE 5.6%	Cost-to Income 49.8%	NPL Ratio 3.9%	CET1 18.2%
Recurrent	Recurrent Domestic activity		*Fully Implemented*
2019: 8.1%	2019: 47%	2019: 4.7%	2019: 16.9%

Customer Service (in Portugal)

Customers	Digital customers	Remote banking	Attendance
3.7 millions	1.84 millions	510 thousand customers	556 Banking attendance
36% of the population	53% of eligible customers	+15% over 2019	

CGD INDICATORS

(EUR million)

INCOME STATEMENT	2018	2019	2020
Net interest income	1,205	1,132	1,026
Non-interest income	564	720	582
Total Operating Income	1,786	1,884	1,626
Operating costs	1,001	965	835
Net Operating Income before Impairments	785	919	791
Income before tax and non-controlling interests	749	1,092	637
Net income	496	776	492
BALANCE SHEET			
Net assets	89,091	85,776	91,375
Securities investments (1)	16,497	20,463	23,459
Loans and advances to customers (gross) (2)	54,926	50,122	50,149
Customer resources	63,423	65,792	72,033
Debt securities	3,260	2,463	1,371
Shareholders' equity	8,285	8,566	8,701
PROFIT AND EFFICIENCY RATIOS			
Gross return on equity - ROE (3)	10.3%	13.7%	8.1%
Net return on equity - ROE (3)	6.6%	9.8%	6.1%
Gross return on assets - ROA (3)	0.9%	1.3%	0.8%
Net return on assets - ROA (3)	0.6%	0.9%	0.6%
Cost-to-income (3)	54.4%	50.1%	50.0%
Total Operating Income / Average net assets (3)	2.0%	2.2%	1.9%
CREDIT QUALITY AND COVER LEVELS			
NPL ratio (4)	8.5%	4.7%	3,9%
NPE ratio (5)	6.7%	3.8%	2,9%
NPL coverage by impairments	62.4%	79.3%	97,0%
NPE coverage by impairments	61.6%	73.5%	91,3%
Crd. imp. (P&L) / Loans & adv. custom. (aver.)	0.2%	-0.1%	0,33%

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	2018	2019	2020
Loans & adv. custom. (net) / Custom. dep. (3)	81.5%	73.0%	66.6%
SOLVENCY RATIOS (CRD IV/CRR) (6)			
Common equity tier 1 (phased-in & fully implemented)	14.6%	16.9%	18.2%
Tier 1 (phased-in & fully implemented)	15.7%	18.1%	19.4%
Total *(phased-in & fully implemented)*	17.0%	19.5%	20.9%
LEVERAGE AND LIQUIDITY RATIOS (CRD IV/CRR)			
Leverage ratio (fully implemented)	7.7%	8.7%	8.7%
Liquidity coverage ratio	234.6%	331.1%	449.0%
Net stable funding ratio	148.9%	156.0%	173.0%
BRANCH OFFICE NETWORK AND HUMAN RESOURCES			
Banking presences - CGD Group	949	948	931
Number of branches - CGD Portugal (7)	580	570	556
Number of employees - CGD Group (8)	12,978	12,372	11,798
Number of employees - CGD Portugal (8)	7,244	6,706	6,244
RATINGS (LONG/SHORT TERM)			
Moody's	Ba1/NP	Ba1/NP	Ba1/NP
FitchRatings	BB/B	BB+/B	BB+/B
DBRS	BBB (low) /R-2 (mid)	BBB /R-2 (high)	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 2020 ratios include a dividend deduction of approximately €85 million, which corresponds to an impact of 20 bps according to the ECB's recommendation.
(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, CGD's sole shareholder, recognizing its leading role in the Portuguese financial sector and the moment of profound change in the financial sector, as well as the adoption of a new model of corporate governance, formulated a new Mission Letter where it determines the mission, vision, guidelines and fundamental values for CGD's future..

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

Although the year 2020 was marked by the Covid-19 pandemic crisis, CGD's statutory bodies continued to operate regularly, based on their use of telematic media and permanent oversight and monitoring of its activity, having, for this purpose, created a specific internal governance model.

This resulted in the setting up of the Covid risk committee in April 2020 to permanently oversee and monitor all risk areas inherent to CGD group's activity, with fortnightly meetings being held for analysis, discussion and deliberations on issues related to the pandemic's development and consequent impact on CGD's activity, namely operational, business continuity, financial markets and updates of macroeconomic projections, information technologies and cybersecurity issues. The Covid risk committee particularly monitored the evolution of credit risk and moratoria in CGD, and in the group's international entities. These meetings were attended by members of the risk committee, chief risk officer, chief financial officer, non-executive members of the board of directors and all divisions involved in the main areas of concern for CGD group, including, in addition to, *inter alia* the office for economic research, international business relations division, and marketing divisions (corporate and individuals) risk areas.

In terms of CGD governance model, 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 ended 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 ended on 31 December of 2020.

During 2020, the members of CGD´s General Meeting for the 2020-2023 mandate were appointed. Professor Arlindo Limede de Oliveira was also elected as a non-executive member of the Board of directors, to complete the 2017-2020 term of office.

Board of Directors

Chairman

Emílio Rui da Veiga Peixoto Vilar

Vice-Chairman and Chief Executive Officer

Paulo José de Ribeiro Moita de Macedo

Non-Executive Members

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

Arlindo Manuel Limede de Oliveira

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 de Oliveira Martins

Members

António Luís Traça Borges de Assunção

Manuel Lázaro Oliveira de Brito

Statutory Auditor

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

Partner

Ana Salcedas

CGD revised the regulations on its special committees in 2020, with the aim of accommodating the regulatory changes coming into force in 2020. The set up and operating Special Committees in the sphere of the Board of directors are the following:

- **Audit and Control Committee** – responsible, *inter alia* 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.
- **Risks Committee** – responsible, *inter alia*, 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.
- **Appointments, Assessment and Remunerations Committee** – responsible, *inter alia*, supporting and advising the Board of directors in defining, approving and overseeing the application of matters related to remuneration policy, of mechanisms that ensure effectiveness in assessing the individual and collective adequacy of the Board of directors and the supervisory board. It is also responsible, in particular, to ensure the adequacy of the composition and the Succession Plan of the management and supervisory board; evaluating the performance of the members of the management and supervisory bodies in an effective manner and ensuring an effective process of selection and assessment of the suitability of the key function holders.
- **Governance Committee** – responsible, inter alia for the analysis, overseeing and advice on matters such as corporate governance, ethics and conduct, conflicts of interest, social responsibility, sustainability and sustainable finance, 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 Control Committee	Risks Committee	Appointments, Assessment and Remunerations Committee	Governance Committee
José Maria Monteiro de Azevedo Rodrigues	Ana Maria Machado Fernandes	Nuno Filipe Abrantes Leal da Cunha Rodrigues	Altina de Fátima Sebastian Gonzalez Villamarin
Altina de Fátima Sebastian Gonzalez Villamarin	José Maria Monteiro de Azevedo Rodrigues	Ana Maria Machado Fernandes	Nuno Filipe Abrantes Leal Cunha Rodrigues
Nuno Filipe Abrantes Leal da Cunha Rodrigues	Hans-Helmut Kotz	Manuel Lázaro Oliveira de Brito	Hans-Helmut Kotz
	Mary Jane Antenen	António Borges de Assunção	Mary Jane Antenen
	Arlindo Manuel Limede de Oliveira	Arlindo Manuel Limede de Oliveira	

COMMITTEES - AS OF 31/12/2020

	Non-Executive Members	Supervisory Board Members	2020 meetings
Audit and Control Committee	3	0	31
Risks Committee	5	0	15
Nomination, Assessment and Remuneration Committee	3	2	15
Corporate Governance Committee	4	0	15

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
- Ministry of Finance
- Court of auditors (partial aspects)
- External Auditors
- Supervisory Board
- Remuneration Committee of the General Meeting
- Non-Executive Members
- Nomination Assessement and Remuneration Committee
- 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 2020 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	100.0%		
	CGD Pensões	100.0%		
SPECIALISED CREDIT	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	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%		

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

In compliance with the Strategic Plan, the corporate reorganization of the CGD Group, initiated in 2018, continued in 2020, aiming to simplify the structure by reducing the number of holding companies and carried out through merger or dissolution of associated companies, highlighting the integration of Caixa Leasing e Factoring in CGD.

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 2020, comprised 931 banking presences, 17 fewer than in the preceding year. As regards the evolution of its domestic geographical network CGD continued to further its branch office network streamlining process by closing down 9 physical and 6 self-service branches across 2020 and opening one more new "Espaço Caixa" (Caixa space) 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 511 active branches and Espaços Caixa, 13 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 557 presences in Portugal. CGD provides 3,521 self-service equipment, including 1,164 items of equipment on its own network (460 in-house machines and 704 bank passbook printers) plus 2,357 Multibanco network ATMs.

CGD'S OFFICES AROUND THE WORLD

	2019-12	2020-12
CGD (Portugal)	570	556
Branches with face-to-face service and CGD stores	519	511
Mobile branches	3	3
Self-service branches	19	13
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)	209	211
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	35
Other CGD branch offices	16	14
Total	**948**	**931**
Representative offices	**9**	**9**

(1) 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. Over 2020, the Spanish Branch and the Luxembourg Branch were closed and the disposal processes of Banco Caixa Geral Brasil and Banco Comercial do Atlântico (Cape Verde) continued. These operations were aimed at rationalising CGD Group's international structure, enabling it to free-up capital and reduce its risk profile. Reference should be made to the opening of 2 new Banco Comercial e de Investimentos (BCI) branches in Mozambique.

INTERNATIONAL BRANCH OFFICE NETWORK

Europe			
Spain		**Germany**	
Caixa Banco de Investimento	1	CGD – Representative Office	1
Inmobiliaria Caixa Geral (1)	1		
France		**United Kingdom**	
CGD – France Branch	48	CGD – Representative Office	1
Belgium		**Switzerland**	
CGD – Representative Office	1	CGD – Representative Office	1
America			
Brazil		**Venezuela**	
Banco Caixa Geral Brasil (2)	1	CGD – Representative Office	1
CGD Investimentos (1)	1	**Canada**	
		CGD – Representative Office	1
Africa			
Cape Verde		**São Tomé e Príncipe**	
Banco Comercial do Atlântico (2)	34	Banco Intern. S. Tomé e Príncipe	12
Banco Interatlântico	9	**Mozambique**	
A Promotora	1	Banco Comercial e de Investimentos	211
Angola			
Banco Caixa Geral Totta Angola	35		
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

(1) Wind down in progress; (2) Sale in progress.

Human resources

CGD Group had 11,798 employees at 31 December 2020, 574 fewer than in December 2019. The reduction occurred was largely due to CGD Portugal in conformity with CGD's strategic plan, as agreed with DG Comp.

			Change	
	2019-12	2020-12	Total	(%)
Banking operations (CGD Portugal) [1]	6,706	6,244	-462	-6.9%
Other [2]	5,666	5,554	-112	-2.0%
Total	**12,372**	**11,798**	**-574**	**-4.6%**

(1) Effective staff, includes employees from other Group companies.
(2) Doesn't include Caixa Geral de Aposentações' employees and employees in other situations such as secondments or extended absences.

In 2020, the Employees' remuneration was paid in accordance with the Collective Labor Regulation Instruments in force for CGD, namely the entry into force on March 31 of the new Company Agreement. In promotions processes it was considered the time count for the purposes of level seniority promotions and career progressions, according to defined criteria in the Company Agreement. There were also promotion processes by merit and by management act made at the initiative of CGD.

	2017	2018	2019	2020 [b]
Wage variation [a]	2.19%	2.84%	2.41%	2.35%
Inflation rate (Portugal)	1.4%	1.0%	0.3%	0.0%

a) Includes lunch allowance; b) Reflects the 2019 salary scale increase that took place in January 2020.

The award of commercial incentives was also maintained, and a Performance and Potential Award was decided which covering some 78% of the employees.

Caixa Brand

Brand

The impact of and response to the Covid-19 pandemic, which highlighted the need for Caixa's transformation in order to meet its customers' needs and the contingencies imposed by such a social emergency in an endeavour to ensure quality of service and maintain its reputation of trustworthiness that the Portuguese have enjoyed for so many decades.This transformation was also reflected in the tone of Caixa's communication with customers.

The year 2020 saw the start of a new cycle with the launch of new "more humanised" graphics and a new slogan for the bank - "Caixa. For each and for all.". "For all" is built on the idea of "us" and is underpinned by the national whole, size and strength of union. "For each", implies personalisation and guarantees the ability to satisfy the individual interest of each customer, households, companies and business.

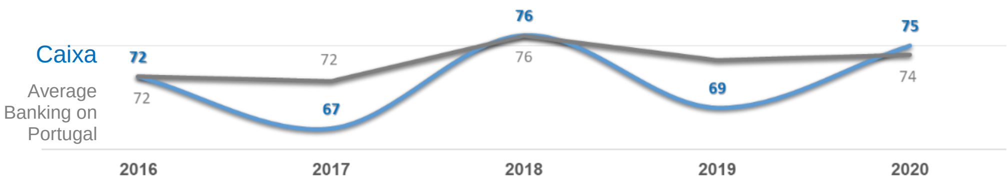
CGD adjusted its communication plan to respond to the impact of the pandemic, with the aim of strengthening communication with its personal and corporate customers and employees, maintaining proximity and a focus on solutions designed to facilitate day-to-day management and interaction with the bank. Based on this premise and taking advantage of the growth of its audience, investment focused on digital media and television, videos and other appealing and dynamic formats. This strategy has enabled Caixa to enjoy close relationships with its customers, based on positive and relevant communication.

Caixa's campaigns, in 2020, enhanced its visibility in the banking context. Caixa achieved the lead position in campaign recall, in the second quarter, in the middle of a pandemic crisis, with its "Life doesn't stop" institutional campaign. This was the period of the year in which it achieved the best total recall level in the customer segment.

According to the BrandScore 2020 survey, the Caixa brand continues to enjoy a positive reputation, rising 6 points compared to 2019 and staying above the average of Portuguese banking, namely in 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.

Based on assessments of CGD customers, Caixa achieved improvements in all brand indicators, particularly "Relevance in the Sector", the indicator with the highest increase and also the best assessment in the banking context, translating recognition of its importance in the financial sector. Caixa is the banking brand with the largest increase in customer loyalty and a significant improvement in its appeal to non-customers.

REPUTATIONAL INDEX



Source: BrandScore 4Q2020

Support for culture

Caixa's support for the broadest range of cultural interests has been publicly acknowledged. Reference should be made to its support for the activity of the private Caixa Geral de Depósitos Foundation - Culturgest with the object of developing cultural, artistic and scientific activities. The Foundation was funded by an initial endowment from Caixa which also provides its premises, as well as an annual endowment and was granted "public utility" status owing to the merit of its not-for-profit activities.

The 2nd "Caixa na Culturgest" cycle took place in 2020. This initiative aims to improve the ties between Caixa and its Foundation - Culturgest in addition to broadening the disclosure of Culturgest's activity to its target audience and Caixa's customers. This cycle comprised 4 concerts by leading Portuguese musicians (Resistência, Pedro Abrunhosa & Comité Caviar, Tim and Rui Veloso) and was attended by an audience of 1,376 spectators. It enabled Caixa to further enhance its image as a promoter of culture and especially so in the challenging times currently being experienced by the sector.

Four "Encontros Fora da Caixa", [Meetings outside Caixa] were also held in 2020, continuing to foster and improve the relationship between Caixa and the community. Caixa succeeded in holding two live events (Sintra and Vila Nova de Gaia) while still in the pre-pandemic phase. The "Encontros Fora da Caixa" events in Mangualde and Lisbon took place in totally digital format and succeeded in achieving a proximity-based, reflective approach, in which music and conversation hosted by Pedro Abrunhosa with Cardinal José Tolentino de Mendonça (Mangualde) and writer Gonçalo M. Tavares (Lisbon), in a very intimist setting, were both singular and inspiring. These events were attended in person by 1,146 customers, accompanied by 58,850 streaming views.

Prizes and Distinctions

Reference should be made to the award of the following prizes and distinctions in 2020:

Comercial Banking

1st Portuguese bank in CET1 and 62nd European position in the Best Performing Banks category in the Top 250 European Banks 2020 ranking - The Banker Magazine

1st placed Portuguese bank in the worldwide ranking for the 3rd consecutive year in the Top 1000 World Banks 2020 ranking – The Banker Magazine

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

HR Managment

Awarded a distinction for "Active Ageing and Preparation for Retirement" for the 2nd consecutive year from Human Resources magazine which recognises the best companies for Personnel Management in Portugal

Banking Brand

Most valuable Portuguese bank brand (AA+), Top 500 Banking Brands 2020 - The Banker Magazine

Most Reputable Brand 2020 | Banking, – Marktest Reputation Index

Brand distinguished with the "On Strategy" award | Brands Reputation Portugal 2020 Awards" attributed by the Reputation Knowledge Centre

Banco Nº1 in Portugal in the Top 500 **Banking Brands** 2020 ranking - The Banker Magazine

Digital Banking

App DABOX:

Best Communication Campaign in the Banking and Financial Services category – SAPO Prizes 2020

Highly commended from Banking Tech Awards

Caixa Gestão de Ativos

Best National Global Bond Manager – Morningstar Awards 2020 received for the 4th year and encompassing its global funds offer

Best National Bond Manager – Morningstar Awards 2020, awarded for the 6th consecutive year

Sustainable Finance Prize 2020 from Euronext Lisbon, which recognises the best positive impact on environmental or corporate governance issues

Best Fund for the 2nd consecutive year in the "**Other Equity Funds**" category and in the **"Bond Index Fund**" category and for the 1st time in "**Other Bond Funds**" category – "Best Funds 2020 – Jornal de Negócios / APFIPP(1)" prizes

(1) Portuguese Investment Funds, Pensions and Wealth Association

1.4. Activity and Financial Information

1.4.1. Economic-financial framework

Global economic evolution

The expansionary cycle that has lasted for more than a decade was brought to a halt in 2020 by the epidemiological crisis and consequent pandemic triggered by the Sars Cov-2 (Covid-19) virus, resulting in a substantially higher level of contraction of the world economy than in the 2008/2009 crisis.

According to the most recent International Monetary Fund (IMF) estimates the world economy contracted by 3.3% in 2020 following the preceding year's growth of 2.8%. The decline in economic activity took place both in the developed and emerging blocs, with sharp falls of 4.7% and 2.2% in GDP, respectively.

The geopolitical and commercial uncertainties which helped to put a brake on global growth in 2019 were relegated to a secondary sphere early in the year. The severe restrictive measures put in place by several governments in an attempt to contain the rapid spread of the viral outbreak, including lockdowns which affected a large part of the population for several weeks, have had a highly significant, across-the-board impact on economic activity, with the shutdown of value chains and drop in economic activity that, in several sectors such as travel or tourism, came close to 100%.

The evolution of the pandemic across 2020 was divided up into three distinct stages. February to May witnessed the initial shock with a first wave of cases crossing the world at different rates, but with a major impact owing to the state of unpreparedness to deal with a health crisis of this magnitude, forcing the suspension of a large proportion of economic activity, except for essential activities. National health systems were forced to deal with a large influx of patients, both those suffering from Covid-19 in addition to other diseases. Companies were forced to condition their activity by arranging for a substantial number of their employees to work from home or introducing lay-offs in cases in which work could not be performed remotely. Households, forced to stay at home, reduced their consumer spending, fuelling an unprecedented drop in demand.

Restrictions were progressively eased in the second stage (between May and August), with lockdown having achieved the desired effect on the number of new daily cases and with a gradual return of economic activity. This was, however, always subject to constraints owing to the high possibility of the spread of the virus, which forced the population and the business community to constantly adapt to new health rules. In spite of the return to a certain normality, several sectors, mainly travel and tourism, continued to be affected to some degree. The industrial sector, on the contrary, continued to trend to recovery across the rest of the year, benefiting from an improved level of world trade from May onwards. During the summer, in the European Union, the European Council reached a unique agreement, referred to as *NextgenerationEU*, which mainly took the form of grants and funding solutions at very low rates. In addition to financial support, European countries evidenced a capacity for understanding to meet a challenge which has affected everyone without exception. With the aim of preventing the loss of human life as far as possible and the need to resume economic normality as soon as possible, several companies and entities accelerated their research into and development of an effective vaccine.

A latter stage (September to December) witnessed a fresh increase in cases which, this time, was much more marked than in the first wave of the pandemic, both in developed and emerging blocs. In spite of the larger number of cases, the impact of the reintroduction of measures on economic activity was much lower. Economies have shown a greater capacity to adjust to the demands of the new circumstances. Companies and households already knew how to react and adapt in the best way possible, in addition to the fact that government support had already been put in place and the processes comprising the transfers of aid had been created. This helped to channel support to where it was most needed. These elements helped to cushion the decline in the rate of economic activity in the last quarter but were unable to prevent the occurrence of significant contraction across 2020 as a whole. Notwithstanding higher levels of investment in the health sector, national health systems, in spite of continuing to be overloaded, have succeeded in adapting and managing the situation more efficiently and effectively, taking into account the infrastructure limitations in light of the new wave of cases.

The approval and distribution of the first vaccines was also initiated on an emergency basis at the end of the year. This was an important factor in boosting the optimism of the population, companies and investors and helped to create a better outlook.

Intervention by governments and central banks was a crucial factor in containing the more severe damage caused by the pandemic.

Innumerable countries implemented unprecedented fiscal stimulus measures equivalent to around 10% of aggregate GDP in 2020, contributing to an end of year situation in which the public debt to GDP ratio had attained its highest level since the Second World War. Although fiscal policymakers acknowledged the risks involved in increasing debt, the pressure to continue to implement additional fiscal *stimuli* remained high in line with the response required by the crisis.

The implementation of such programmes led to a highly significant increase in public expenditure as the only GDP component to show an increase in 2020. Private consumption and investment components, on the other hand, posted negative growth. Major short term uncertainty led to the postponement of projects and capital investment on a global level, even in an environment of the historically low interest rates charged by major central banks.

No country in the developed bloc succeeded in avoiding a contraction of activity in 2020. In G4 terms, Europe was the most penalised, with a higher level of contraction in the euro area and in the United Kingdom in comparison to Japan and the US. Reference should be made, in the euro area to the sharper decline in southern European economies such as Spain and Portugal *et al* owing to the more significant role played by tourism and the leisure sector in terms of economic activity.

There has been an increase in the unemployment rate. Government support, however, has proved effective in containing more significant damage, particularly in comparison to the increases observed during the last crisis. This increase in the number of unemployed led to a reduction of household disposable income. This movement differed between Europe and the US. Whereas, in the case of the former, the increase in the length of unemployment was longer, gradual and of a lower magnitude, in the US it was sharper and temporary.

Contraction was less pronounced in the emerging bloc owing to 2.3% growth in China. Although the pandemic originated in this country and brought industrial activity to a standstill in February and March, the subsequent recovery was remarkable. The other emerging countries were significantly affected by the spread of the virus. Although this had an equally devastating social and economic impact, in countries with greater weakness in terms of medical care and logistics, infection and mortality rates have been much higher. Special reference should, therefore, be made to the regions of Latin America and India with negative GDP variations of 7% and 8%, respectively.

In spite of the uncertainty surrounding the pandemic, economic activity continued to be affected by the persistence of uncertainties related to political issues.

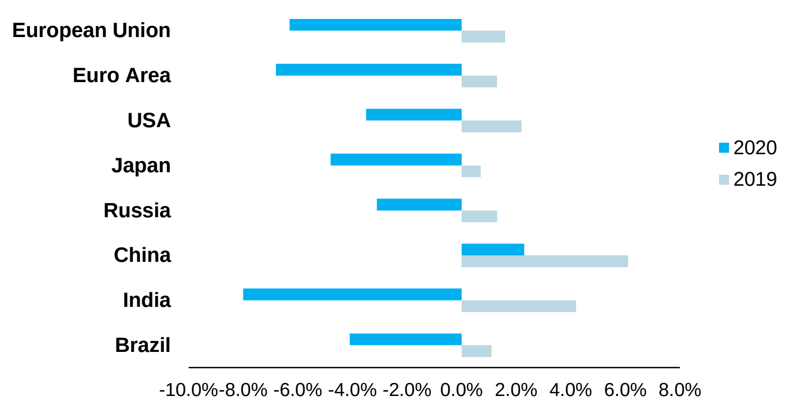
Negotiations on the future relationship between the European Union (EU) and the United Kingdom continued to be a focus of instability. Following a long period of negotiations between them a trade and cooperation agreement establishing preferential agreements in areas such as trade in goods and services, digital commerce, intellectual property, public procurement contracts, aviation and road transport, energy, fisheries, coordination of social security, law enforcement and judicial cooperation on criminal matters, thematic cooperation and participation in Union programmes was agreed. Although it does not match the level of economic integration existing when the UK was an EU member state, the trade and cooperation agreement goes beyond traditional free trade agreements and provides a solid basis for preserving existing relations. The United Kingdom left the European Union on 31 December 2020.

Political uncertainty in the US, in an election year, remained high. In November, the Democratic Party secured control of the Presidency and both Houses of Congress. A central issue was the indecision over control of the Senate, which until then had had a Republican majority. This deadlock was only resolved in 2021, when the Democrats secured an advantage in the future adoption of statutes, including new economic *stimuli* promised during the campaign to support the economy during and after the Covid-19 pandemic.

Several outbreaks of social instability were also witnessed in various regions, including demonstrations against general lockdown measures. People were showing less willingness towards a new general lockdown owing to "lockdown fatigue". This factor has put the effectiveness of more restrictive measures needed to prevent a fresh increase in new cases at risk.

GROSS DOMESTIC PRODUCT (GDP)

(%)



ECONOMIC INDICATORS

	GDP Change rate		Inflation Change rate		Unemployment	
	2019	2020	2019	2020	2019	2020
European Union	**1.6%**	**-6.3%**	**1.4%**	**0.7%**	**6.7%**	**7.2%**
Euro Area	1.3%	-6.8%	1.2%	0.3%	7.5%	7.9%
Portugal	2.5%	-7.6%	0.3%	0.0%	6.5%	6.8%
Germany	0.6%	-5.0%	1.4%	0.4%	3.1%	4.0%
France	1.5%	-8.3%	1.3%	0.5%	8.5%	8.5%
Spain	2.0%	-11.0%	0.8%	-0.3%	14.1%	16.7%
Italy	0.3%	-8.8%	0.6%	-0.1%	10.0%	9.9%
United Kingdom	**1.5%**	**-9.9%**	**1.8%**	**0.9%**	**3.8%**	**4.5%**
USA	**2.2%**	**-3.5%**	**1.8%**	**1.2%**	**3.7%**	**8.1%**
Japan	**0.7%**	**-4.8%**	**0.5%**	**0.0%**	**2.4%**	**3.3%**
Russia	**1.3%**	**-3.1%**	**4.5%**	**3.4%**	**4.6%**	**5.8%**
China	**6.1%**	**2.3%**	**2.9%**	**2.4%**	**3.6%**	**3.8%**
India	**4.2%**	**-8.0%**	**4.8%**	**6.2%**	**n.a.**	**n.a.**
Brazil	**1.1%**	**-4.1%**	**3.7%**	**3.2%**	**11.9%**	**13.2%**

Sources: IMF (World Economic Outlook - April 2021 for non-EU members GDP, inflation and unemployment)
European Commission (Winter 2021 Economic Forecast - February 2021 for GDP and inflation; Autumn 2020 Economic Forecast for unemployment)

n.a. – not available

According to preliminary data released by Eurostat, economic activity in the euro area was down 6.8% following growth of 1.3% in 2019. The sharp contraction derived from the negative contribution of both domestic and external demand. As opposed to previous recessions, the main sectoral impact was recorded in sectors with a more intensive level of human contact and not in such goods producing sectors as industry or construction. Contraction was across-the-board to all components with the exception of public expenditure given the high level of stimuli to the economy.

All EU member states posted negative GDP growth rates in 2020. This was particularly the case of Spain, in which growth was down from 2% to a negative 11%. The least unfavourable performance was noted in Lithuania, with a 0.8% contraction of GDP.

In spite of the sharp decline of activity, there was only a slight increase in unemployment, owing to the implementation of job protection measures across all member states. Such measures included fewer working hours or wage subsidies with the aim of avoiding mass redundancies and drop in income levels. The unemployment rate In the EA and EU was 7.9% and 7.2% respectively, up 0.4 pp and 0.5 pp over 2019.

The more adverse employment conditions in the EA and consequent decline in household disposable income contributed to a sharp reduction of inflation, which, mainly owing to the negative contribution of energy components, posted negative rates from August onwards. This was first time this has happened since 2016. This decrease was also due to lower inflation in services and energy products.

The harmonised index of consumer prices (HICP) was down from 1.2% in 2019 to 0.3% in 2020, moving further away from the 2% reference level established by the European Central Bank (ECB).

EUROPEAN UNION AND EURO AREA ECONOMIC INDICATORS

	European Union		Euro Area	
	2019	2020	2019	2020
Gross domestic product (GDP) - Change Rate [(a)]	**1.6%**	**-6.3%**	**1.3%**	**-6.8%**
Private consumption	1.6%	-8.2%	1.3%	-8.7%
Public consumption	2.0%	2.1%	1.9%	1.9%
Gross Fixed Capital Formation	5.7%	-10.3%	5.8%	-11.2%
Domestic demand	2.3%	-8.2%	2.1%	-8.5%
Exports	2.7%	-11.3%	2.5%	-11.5%
Imports	3.8%	-10.0%	3.9%	-10.1%
Inflation rate (HICP) [(a)]	**1.5%**	**0.7%**	**1.2%**	**0.3%**
Ratios				(%)
Unemployment rate [(a)]	6.7%	7.2%	7.5%	7.9%
General government deficit (as a % of GDP)	-0.5%	-8.4%	-0.6%	-8.8%

Source: European Commission
(a) Noted values

GDP growth of 2.2% in the US in 2019 was followed by contraction of 3.5% in 2020 owing to lower domestic and external demand. This performance was not even more negative only because of the introduction of unprecedented fiscal and monetary stimuli, both by amount and as a percentage of GDP. Owing to greater labour law flexibility, the labour market experienced major volatility with a loss of more than 20 million jobs at the start of the crisis. In spite of strong economic recovery in the second half of the year, 2020 ended with about 10 million fewer jobs than prior to the pandemic. After falling to a 50 year low in 2019, the unemployment rate rose to 8.1% in 2020.

In Japan, GDP contracted by 4.8% in 2020, a less negative result than that of European countries. This divergence largely reflects the differences between countries' behavioural and public health responses to infection, the flexibility and adaptability of economic activity to low mobility rates, pre-existing trends and the structural rigidity with which they entered the crisis. Unemployment was up from 2.4% in 2019 to 3.3% in 2020.

China's rate of economic expansion in 2020 was lowest of the last four decades at 2.3%. China was, however, one of the few countries not to experience an annual decline in the rate of economic activity as a reflection of effective containment measures, a vigorous response in terms of public investment and liquidity support from the central bank. The recovery of China's industrial sector and exports also benefited from urgent, significant needs for medical material at a global level and software and technologies to enable teleworking.

In emerging Asia, reference should be made to the falls of 8% and 2.1% in 2020 in India and Indonesia following the preceding year's growth of 4.2% and 5%.

In the case of Latin America, GDP in Argentina, in 2020, was down 7%, with all economies in the region posting negative changes. The largest reductions were in Argentina (10%) and Peru (11.1%), although Brazil's performance was less negative with a reduction of 4.1%.

Eastern Europe was also badly affected by the Covid-19 pandemic. According to the IMF, economic activity was down by an annual 2%. Russia, which experienced a rapid spread of the virus, was forced to bring in containment measures and witnessed a 3.1% decline in its rate of economic growth in which the sharp reduction of oil prices and lower oil and gas production were also contributory factors.

Economic growth in sub-Saharan Africa was down by 1.9% in 2020 according to the IMF's latest estimates. The most negative contribution was in South Africa, whose GDP was down 7%, mainly on account of the impact of containment measures. Oil exporting countries, in addition to the effects of the pandemic, were also affected by the fall in the price of the barrel of crude.

Angola's economy, which continued to be overseen by the IMF under the extended fund facility, completed its second year of financial assistance in 2020. The most recent estimates point, this time, to a 4% decline of GDP in 2020, for the fifth consecutive year. The shock to the economy was once again the result of a reduction in oil production associated with the pandemic and lower prices across most of the year. Inflation moderation of recent years experienced a trend reversal in rising from by an average of 17.1% in 2019 to 22.2% in 2020. This increase derived from interruptions to production on several sectors owing to the pandemic and sharp currency depreciation (down 26.3%, following a decrease of 35.5%).

In Mozambique, as in other low resource countries in the region, efforts were concentrated on economic recovery and containing the negative impacts of the pandemic. According to the IMF, GDP contracted for the first time in almost 30 years by 0.5%. The inflation rate rose by a marginal 0.3 pp to an annual 3.1%, accompanied by the metical's continued depreciation, in an environment of heightened risks and uncertainties following the Covid-19 pandemic and occurrence of further natural disasters, in addition to growing military instability in the northeast of the country.

Cape Verde was one of the African countries most affected by the pandemic, following the introduction of measures to contain the spread of the virus in developed countries. Travel restrictions have greatly affected tourism as the main economic sector, bringing it practically to a standstill, as well as its related sectors. According to an IMF projection Cape Verde's economy contracted by 6.8% and therefore brought the period of strong expansion, beginning 2017, to an end.

In Macau, gambling as the main economic activity was badly affected by the pandemic, with year-on-year revenues down by close to 100%. The strong recovery of China's economy was not enough to prevent GDP contraction of 52.5% in 2020, resulting from a 79.3% fall in gambling revenues, owing to severe restrictions on tourist movements.

2020 witnessed moderation in inflation rates against the previous year. As opposed to increases in the prices of several goods and commodities, the effects of weak aggregate demand offset the impact of breaks in production chains. Inflation in the advanced economies fell to below pre-pandemic levels. There was a sharp decline in the rate of inflation (0.7%, against 1.4%) in emerging economies, in the early phase of the crisis, albeit increasing in several countries over recent months and resulting in a marginal decrease to 5%.

European Central Bank

In view of the magnitude of the negative impact of the Covid-19 pandemic, central banks have injected unprecedented monetary stimuli, both in terms of scale and speed of implementation. This action was designed to protect jobs and ensure the maintenance of financial conditions conducive to the transmission of monetary policy and, accordingly, lending to households and companies while also endeavouring to provide the immediate liquidity needed. The responses were consistent with the central banks' historical role in providing emergency assistance to financial institutions while also, in the case of financial markets, providing essential liquidity during periods of increased volatility and financial stress. At the same time, they also implemented economic support instruments, reducing interest rates and backing the flow of credit to borrowers.

The European Central Bank (ECB) was no exception. After lowering the interest rate on its standing deposit facility in 2019 to a negative 0.50%, the ECB favoured other unconventional monetary policy instruments to address the Covid-19 pandemic, maintaining its reference rates.

The main monetary policy was the pandemic emergency purchase programme − PEPP with an allocation of €1,850 billion and geared to reducing the cost of borrowing and stimulating lending in the region. The programme started with an amount of €750 billion and latterly increased in two stages. The measure made a significant contribution to keeping yields on government bonds at very low levels, particularly in the case of European periphery countries. The quantitative easing programmes have also been maintained since 2014. To improve this instrument's effectiveness, the ECB has increased the flexibility of eligibility criteria, to include a larger number of securities, as regards both corporate and sovereign bonds.

The European Central Bank has increased the amounts of its lending to banks by improving the conditions of series III of its targeted longer term refinancing operations ("TLTROs") with lower financing costs, in addition to increasing the flexibility of the means by which they are able to secure funding specifically for loans to those most affected by the pandemic, including small and medium-sized enterprises. The criteria attached to asset-backed collateral have been relaxed for this purpose.

The ECB advised the use of the own funds that banks must hold for the purpose of using the said funds to absorb losses and/or back lending to companies and households. The flexibility of the timing, maturities and procedures in terms of prudential policies has been increased.

Swap lines were reactivated and others improved in order to preserve financial stability, in cooperation with other central banks outside the euro area.

Other Central Banks

Also as regards the actions of G4 central banks, the board of governors of the US Federal Reserve (Fed) has taken several measures to comply with its mandate of maximising employment and price stability in the US economy, together with its responsibility for promoting and defending the stability of the financial system.

Firstly, the federal open market committee (FOMC) as the body responsible for the Fed's monetary policy reduced the target range for the fed funds rate to 0% and 0.25% at its two unscheduled meetings of 3 and 15 March. This comprised a total decrease of 150 basis points (bps), bringing its reference rates back to their lowest level since the 2008 financial crisis.

Secondly and as in the case of the ECB, the Fed again introduced an unlimited quantitative easing programme at a monthly purchase rate of $120 billion. The programme not only includes US sovereign bonds, but also mortgage-backed securities.

Thirdly, to support the flow of credit to companies and households, the Fed provided several temporary loan and financing facilities. These facilities comprised formal financial assistance programmes provided by the central bank to meet the financing needs of eligible borrowers.

The economic policy committee of the Bank of England (BoE) reduced its bank rate to 0.10% at the start of the crisis in March. In order to support the accommodative nature of interest rate reduction, the amounts of sovereign and corporate debt securities acquired monthly by the central bank under its quantitative easing programme were also increased in November. The BoE also decided to alleviate the legal reserves ratios that banks must hold in order to stimulate lending to the economy.

The number of changes made by the Bank of Japan (BOJ) was not so significant, largely owing to the extremely accommodative nature of monetary policy at the outbreak of the pandemic. The BoJ introduced a special funds operation to facilitate corporate financing in the form of an open market operation under which the central bank provides loans against eligible collateral. It also allowed the loan of ETFs (exchange-traded funds) held on its balance sheet to increase the liquidity of respective markets.

The Central Bank of Canada (0.25%), Bank of Norway (0.25%), Central Bank of New Zealand and Reserve Bank of Australia (0.10%) reduced their respective key interest rates to close to zero. As in the case of other central banks, they also implemented quantitative easing programmes or forward financing schemes.

The performance of the main central banks in the emerging economies was also markedly conditioned by the response to the pandemic.

In Asia, China's central bank − People's Bank of China (PBoC) − once again introduced stimuli to mitigate the impact of the pandemic. The principal measures included banking system liquidity injections through open market operations, increased lines of credit and a reduction of interest rates on these lines and cuts of 50 bps and 100 bps in statutory reserve ratios for large and medium-sized banks respectively. India has witnessed a sharp reduction of 115 bps and 155 bps in its key interest rates to 4% and 3.35%, as well as other support measures such as LTROs and cuts to reserve ratios.

In Eastern Europe, the Turkish Central Bank's key interest rate was reduced by 300 bps but subsequently reversed to end 2020 at 17%. In Russia, the central bank decreased its key interest rate by a total of 200 bps in 2020, to 4.25%.

In Latin America, the Central Bank of Mexico cut its key interest rate by 275 bps and introduced financial system support measures for up to 800 billion pesos, or 3.5% of GDP. The Central Bank of Brazil lowered its key interest rate (SELIC) by 225 bps, to a historical minimum of 2%. Measures were also taken to boost liquidity in the financial system. They included a reduction of reserve requirements and capital conservation buffers, as well as a temporary relaxation of supply rules.

Monetary accommodation in the first half of the year, in Angola, was progressively replaced by more restrictive measures at the end of the year in order to avoid the risk of increases of inflation, excess liquidity and exchange rate depreciation. The Central Bank of Angola increased the mandatory foreign currency reserves ratio from 15% to 17%. The BNA's basic reference rate remained unchanged at 15.5 %. In spite of higher levels of volatility across the year, the Central Bank of Mozambique continued to normalise credit and liquidity conditions as well as the trajectory towards a reduction of its key reference rate, to a total 250 bps, leading the latter to close the year at 10.25%.

Portuguese economy

Global evolution

Together with the other euro area countries, the Portuguese economy contracted sharply in 2020 as a consequence of the negative effects deriving from the pandemic, resulting from lockdowns and the nationwide implementation of restrictive measures and lower external demand which particularly impacted tourism.

According to INE data, the 7.6% contraction of the Portuguese economy, in real terms, was a more negative result than that of the euro area. Private consumption as the principal demand component contracted 5.9% in 2020, whereas gross fixed capital formation (GFCF) fell by 2.2%, although less than in previous recessionary periods owing to the positive contribution made by the construction sector. The negative effects were asymmetrical across the various sectors of activity but were more marked in the case of services and those areas most reliant on personal contacts (commerce, hotels and restaurants). Exports ended the year with a reduction of 18.6% (down 34% for the component related to services). The few positive contributions particularly included a 0.5% increase in public consumption.

As regards the trade balance, according to the Bank of Portugal, the economy's net external borrowing requirements in 2020 were estimated to be 0.6% of GDP, as a result of the deterioration of the balance of goods and services by 1.6 pp of GDP.

According to the state budget proposal for 2021, there was a 7.3% deficit on the general government budget balance in 2020 following a marginal surplus of 0.1% in 2019. This result derives from the broad range of measures to combat the adverse effects of the restrictive measures, strengthening of the national health system and expenditure on the supply of goods and services essential to the functioning of the economy. The public debt ratio increased by 18 pp to around 135% at the end of the year, bringing the downwards trend in progress to a halt and returning to the 2014 level.

PORTUGUESE ECONOMIC INDICATORS

	2018	2019	2020
Gross domestic product (GDP) - Change Rate	**2.8%**	**2.5%**	**-7.6%**
Private consumption	2.6%	2.6%	-5.9%
Public consumption	0.6%	0.7%	0.5%
Gross Fixed Capital Formation	6.2%	5.4%	-2.2%
Domestic demand [(a)]	3.1%	2.8%	-4.6%
Exports	4.1%	3.9%	-18.6%
Imports	5.0%	4.7%	-12.0%
Inflation rate (HICP)	**1.0%**	**0.3%**	**0.0%**
Ratios			
Unemployment rate	7.0%	6.5%	6.8%
General government deficit (as a % of GDP)	-0.3%	0.1%	-7.3%
Public debt (as a % of GDP)	121.5%	117.2%	135.1%

Source: INE and European Commission

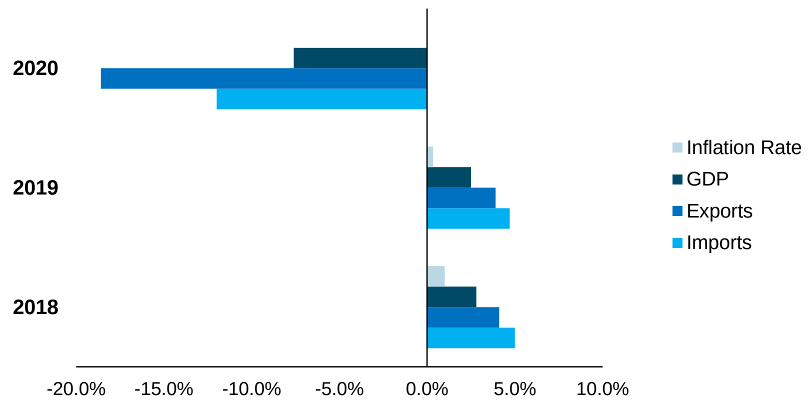
(a) Contribution to GDP growth (percentage points).

Eurostat's harmonised index of consumer prices for Portugal recorded an annual rate of change of -0.1% in 2020 (0% in the case of the INE indicator), as opposed to 0.3% in 2019. This moderation mainly derived from the evolution of the energy products component, with a negative variation of 5.3% as opposed to a negative variation of 1.3% in 2019 and services, with a 0.6 pp deceleration to 0.5%, largely on account of the restaurants and hotels and transport sub-components. The food and beverage components, including alcohol and tobacco, were up from 0.6% to 1.8%. The rate of growth of underlying inflation was also lower than last year. Growth of 0.5% in 2019 was followed by nil growth in 2020.

The labour market witnessed a more than 0.3 pp increase in the unemployment rate over 2019 to 6.8%. The relatively slight rise in unemployment in comparison to the sharp decline of GDP was only made possible by the measures to support companies and workers provided by the retention schemes. The labour force underutilisation rate in 2020 was estimated to be 13.9% and was up 1.2 pp over the preceding year. Youth unemployment (15 to 24 year olds) of 22.6% was up 4.3 pp over 2019. In 2020, the number of average hours effectively worked per week was 31, 3 fewer hours than in the previous year, comprising a reduction of 11.3% in the number of effective working hours. Employment was down by an estimated 2%.

PORTUGUESE ECONOMIC INDICATORS

(%)



Credit and deposits

In 2020, the M3 liquidity aggregate (which, in addition to currency and coins, includes bank reserves and sight and deposit accounts and government bonds held by the public), excluding currency in circulation, grew by 11.7% or 4.1 pp over the end of 2019. Total deposits were up 13.9%, at a much higher rate than the 3.7% registered in 2019. Personal customers' and emigrants' deposits were up from 3.7% to 7.9%. The deposits of non-financial corporations were, in turn, up 7.1 pp to 17.6%.

Total domestic credit was up 3.7%. This result was more positive than the 1% recorded in 2019, mainly owing to the 10% growth of credit to non-financial corporations, following the previous year's 1.1%. In terms of lending to personal customers, credit for consumption and other purposes was down 5.8 pp, with no variation over the preceding year, as opposed to mortgage loans which were up from 0.1% to 2%. The rate of change in credit to general government remained practically unchanged at a negative 6.4%.

MONETARY AGGREGATES IN PORTUGAL [(a)]

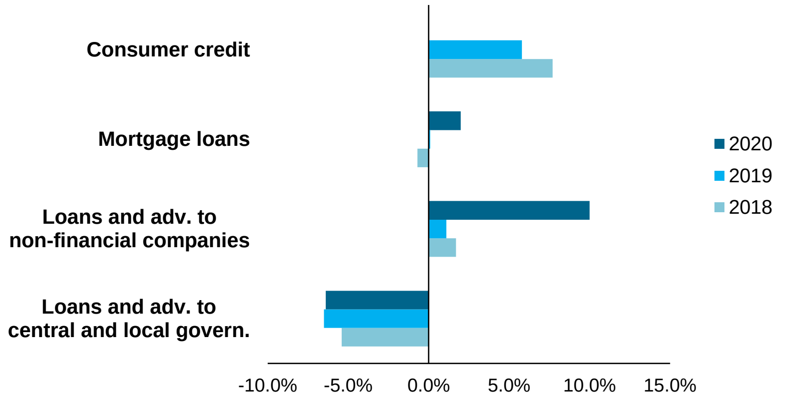
	2018	2019	2020
M3, excluding currency in circulation	**8.5%**	**7.6%**	**11.7%**
Total deposits	2.7%	3.7%	13.9%
Deposits made by non-financial companies	7.8%	10.5%	17.6%
Individual customers' and emigrants' deposits	3.9%	3.7%	7.9%
Total domestic credit	**0.3%**	**1.0%**	**3.7%**
Loans and adv. to central and local government	-5.4%	-6.5%	-6.4%
Loans and adv. to non-financial companies	1.7%	1.1%	10.0%
Mortgage loans	-0.7%	0.1%	2.0%
Consumer and other credit	7.7%	5.8%	0.0%

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

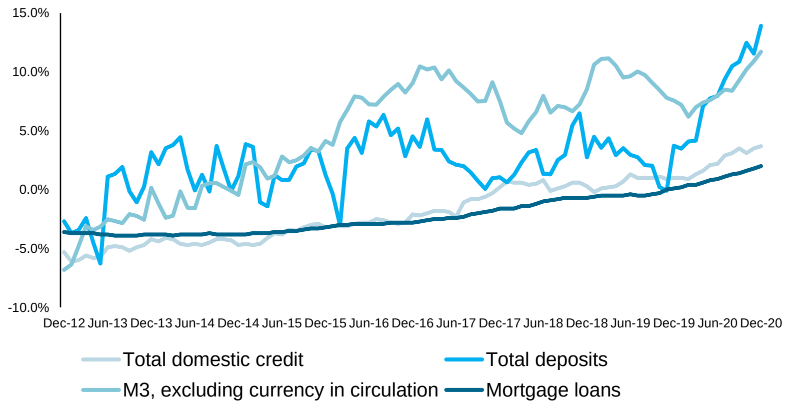
(%)



CURRENCY AND CREDIT

(Year-on-year rates of change)

(%)



Interest rates

Economic activity in the euro area in 2020 contracted sharply owing to the Covid-19 pandemic and consequent containment measures which affected all economic sectors and particularly tourism. Several companies have seen their activity down by close to 100%, requiring an urgent need for liquidity for business support purposes. The ECB was prompt to announce a series of mechanisms geared to encouraging bank lending to the economy by reinforcing existing monetary policy instruments.

Unlike in the past, the ECB has maintained its key interest rates at pre-pandemic levels, i.e. at minimum values. Key interest rates stood at 0.25%, 0.00% and -0.50%. In order to ensure that financial conditions continued to be as favourable as possible for households and businesses and the public sector, the ECB launched a series of instruments to support the economy's institutional sectors.

It firstly created the PEPP (pandemic emergency purchase programme) with an initial allocation of €750 billion, which was latterly increased by €600 billion and then by €500 billion to its current total of €1,850 billion, further reinforcing the previously existing asset purchasing programme or APP (sovereign and corporate debt securities). In addition to the amount, the eligibility of securities was also higher than normal.

The ECB further improved bank funding through its targeted longer term refinancing operations (”TLTROs” or TLTRO III) with longer maturities and an interest rate of up to 50 bps lower than the interest rate on the standing deposit facility, i.e. a negative 1%.

In terms of supervision, the ECB also advised European banks to make use of their own funds reserves which were set up as buffers for difficult times. It also eased several deadlines and processes in terms of prudential requirements.

INTEREST RATES [a]

	2018	2019	2020			
	Dec	Dec	Mar	Jun	Sep	Dec
Fed funds rate	**2.25%-2.50%**	**1.50%-1.75%**	**0.00%-0.25%**	**0.00%-0.25%**	**0.00%-0.25%**	**0.00%-0.25%**
ECB reference rate	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Euribor						
Overnight	-0.356%	-0.446%	-0.437%	-0.470%	-0.485%	-0.498%
1 month	-0.363%	-0.438%	-0.423%	-0.510%	-0.529%	-0.554%
3 months	-0.309%	-0.383%	-0.363%	-0.422%	-0.498%	-0.545%
6 months	-0.237%	-0.324%	-0.287%	-0.308%	-0.480%	-0.526%
12 months	-0.117%	-0.249%	-0.171%	-0.225%	-0.443%	-0.499%
New credit operations						
Non-financial companies [b]	2.29%	1.85%	1.68%	1.59%	1.77%	1.69%
Individual customers - mortgage loans	1.36%	1.10%	1.02%	1.16%	0.92%	0.80%
Term deposits and savings accounts [c]						
Non-financial companies	0.17%	0.11%	0.09%	0.08%	0.07%	0.07%
Individual customers	0.17%	0.12%	0.10%	0.09%	0.09%	0.09%

Source: Bank of Portugal

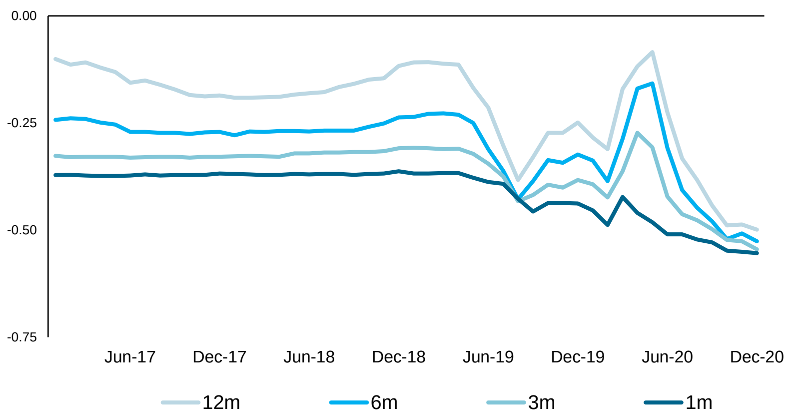
(a) Rates relative to last day of month; (b) Operations involving more than €1 million; (c) Deposits with an agreed maturity period of up to 2 years.

There was a one-off increase in short term interest rates between March and the end of April, with a return to a gradual downward trend from May onwards.

The EONIA rate showed greater stability relative to the Euribor rate in the initial weeks of the crisis, gradually closing the gap with the interest rate on the standing deposit facility across the remainder of 2020. Euribor yield curve rates, which were trending downwards at the start of 2020, rose sharply during the first pandemic shock up to April, particularly over the longer maturities. With the ECB’s introduction of monetary policy measures from May onwards money market rates initiated a sharply downwards trend, falling to successive historical lows in December.

EURIBOR

(%)



Euribor rates across the year as a whole, fell in all 1, 3, 6 and 12 month reference periods by 11.6 bps, 16.2 bps, 20.2 bps and 25.0 bps, respectively, ending the year at -0.554%, -0.545%, -0.526% and -0.499%.

The performance of interest rates on new operations, in the case of mortgage lending, was similar, having declined up to the end of the year, as opposed to operations targeted at non-financial corporations in which they remained stable. Borrowing rates were also down in 2020, both for non-financial corporations and the personal customers sector.

Foreign exchange markets

In the foreign exchange markets, one of the main highlights of 2020 was the trending to depreciation of the US dollar.

The US currency has historically trended to appreciation in periods of deceleration and/or economic contraction, coinciding with higher demand for lower risk assets. The dollar then recorded periods of sharp depreciation at times close to the turn of the economic cycle, in the transition of GDP from contraction to recovery.

The pattern was repeated during the period of greater uncertainty of the Covid-19 pandemic. Investors clearly showed preference for reducing their exposure to risk assets in the early stage of the pandemic. This benefited dollar-denominated assets. The dollar's subsequent depreciation, lasting up to the end of the year, coincided with an uninterrupted period of appreciation of higher-risk assets, including the share indices of emerging markets. In conceptual terms, the depreciation of the US dollar would stimulate emerging markets, with higher bond yields and faster economic growth prospects.

The Federal Reserve's aggressive monetary policy, based on its quantitative easing programme and low interest rate environment, which discourages purchases of dollar-denominated assets, contributed to the annual depreciation of the dollar. The fact that the Fed, under the revised monetary policy strategy, allowed inflation to overshoot by more than 2% in August for a certain period, contributing to a situation in which the US dollar initiated a second depreciation phase, lasting until the end of 2020 was also important. The dollar's effective worth (i.e. its evolution relative to a broad basket of currencies) depreciated by an annual 6.7%. The bilateral variation against the euro was -8.9%, ending the year at $1.22 to the euro. As regards its other major trading partners, the US dollar depreciated by 2% against the Canadian dollar.

In contrast to the depreciation of the dollar, the euro's effective worth appreciated, especially between May and the end of July. This process was interrupted after the announcement of NextgenerationEU and the strengthening of a broad range of monetary stimuli announced by the ECB based on its PEPP.

In the case of the UK, the evolution of sterling, in previous years, was influenced by the uncertainties arising from Brexit. The agreement and a clearer vision of future trade relations reached between the United Kingdom and the European Union benefited the pound. Albeit less beneficial to the United Kingdom in comparison to its previous status, the agreement was recognised as a positive development. Sterling depreciated 5.4% against the euro and appreciated 3.1% against the dollar.

The Japanese yen appreciated 4.9% against the dollar, in contrast to its depreciation of 3.6% against the euro, confirming its status as a safe currency in 2020. With lower interest rates in the developed bloc, and other central banks pursuing extremely expansionary monetary policies, the appetite for sovereign bonds outside the Japanese market, when adjusted for inflation, started to taper off. This led to higher demand for Japanese government bonds, whose yields remained close to zero between March and the end of the year. Demand from Japanese investors was particularly strong.

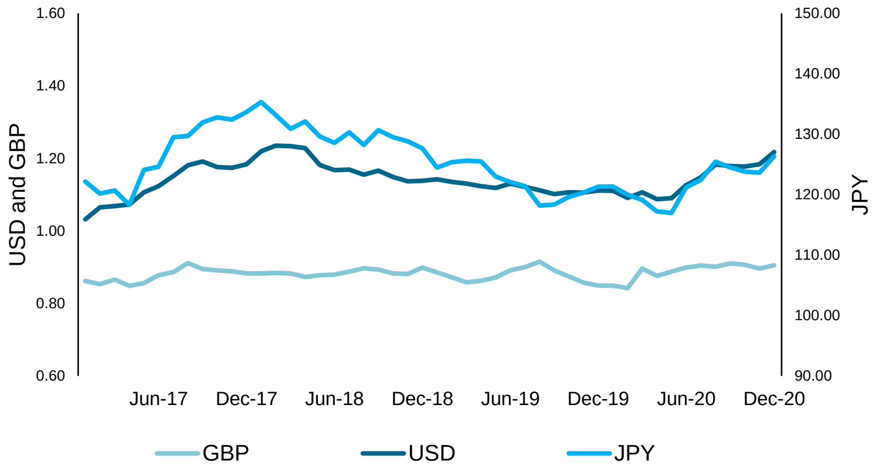
As regards the currencies of the emerging economies, a weakening US dollar owing to the prospects of world economic recovery, distribution of vaccines, climate of low interest rates and favourable outcome of the elections benefited the basket of emerging currencies, which were up by an annual 15.8%. This result was practically the same as in the previous year, having closed at its highest value since January 2018. Several of the major emerging currencies failed, however, to benefit from this movement. The Chinese yuan was down 6.3% against the US dollar although reference should be made to the 29% depreciation of the Brazilian real and the Turkish lira (down 25%), which fell to historic lows in June owing to concerns over a rapid increase in Covid-19 cases, state of the public budget and low bank reserves. In Russia, the rouble fell by 19.5%. In addition to an economy badly affected by the pandemic, this evolution was supported by oil prices. South Africa's rand also performed less favourably in depreciating by an annual 5% against the dollar. In Asia, India's rupee was down 2.4%.

In 2020, Angola's Kwanza depreciated for the sixth consecutive year against the euro and the dollar and continued to undermine the Angolan economy's recovery capacity in view of the increasingly high import costs of goods and services. With liquidity shortages in the foreign exchange markets and increase in the currency exchange rate on the parallel market, the kwanza ended 2020 down 48% in value against the euro and 35% to the dollar at 795.2 Kz/€ and 650.9 Kz/$, respectively.

Mozambique's currency ended 2020 down 32.4% against the euro and 21.3% against the dollar to 91.5 MT/€ and 74.6 MT/$, respectively. In addition to the adverse conditions in Mozambique owing to the pandemic, which affected the region's economic outlook, liquidity shortages in the foreign exchange markets were also felt.

EURO EXCHANGE RATES

Monthly averages
(euros)



EURO EXCHANGE RATES

Monthly averages
(euros)

	USD	GBP	JPY
December 2017	1.184	0.883	133.64
December 2018	1.138	0.899	127.61
December 2019	1.111	0.849	121.27
December 2020	1.217	0.905	126.32

Capital markets

Notwithstanding the largest post-war economic crisis as a result of the Covid-19 pandemic, the value of financial assets increased significantly in 2020.

The initial phase of the pandemic marked by panic was followed by an equally panic-stricken liquidation of financial assets in March. Risk appetite was fuelled by intervention on an unprecedented scale by governments and monetary authorities around the world for the purpose of mitigating the impact of economic contraction. Governments implemented economic stimulus and social protection programmes. Central banks also played a decisive role in strengthening monetary policies in most cases and in providing the necessary liquidity. Another element upon which the referred to risk appetite was based derived from very low interest rates and marginal returns on what was traditionally considered to be safe investments. Negative real returns spurred investors to seek higher returns through the acquisition of higher value assets such as shares and lower-rated corporate debt. The end of March onwards witnessed the start of market recovery and growing confidence in anticipation of a rapid economic recovery. Close to the end of the year, confidence in financial markets was also driven by a favourable outcome on three fronts.

US markets remained calm in spite of the period of turbulence following the presidential and congressional elections as a result of the likelihood that the new administration would launch a new, wide-ranging economic stimulus programme and expectations of a more collaborative approach to traditional trade allies.

Another important moment towards the end of the year was the understanding reached between the European Union and the United Kingdom on the post-Brexit trade agreement following four and a half years of difficult negotiations.

Last but by no means least, the willingness to takes risks in financial markets was supported by the announcement, firstly by Pfizer and followed by Moderna of highly favourable preliminary results related to Covid-19 vaccines, with efficacy levels of more than 90%. The pharmaceutical companies announced that they would be submitting applications for the approval of vaccines for emergency use before the end of the year, estimating large-scale production from early 2021.

Although this announcement did not alter the perception of the need for the existing restrictive measures, it fuelled greater optimism over the evolution of economic activity in 2021.

One of the most important episodes of 2020 occurred in Europe in July and made a huge contribution to improving prospects not only for the region, but also for the rest of the world.

The 27 member states reached agreement on the next multiannual financing framework, which included the recovery and resilience facility. With an allocation of €672.5 billion in grants and loans this was the main element of the recovery package agreed in 2020 by the EU with the aim of tackling the social and economic crisis caused by the Covid-19 pandemic in the form of NextgenerationEU.

Previously, in April, the Eurogroup had reached agreement on a first series of measures to combat the effects of the pandemic for an overall amount of €540 billion. The measures included (i) soft loans to member states (€100 billion) from the EU budget and targeted at supporting employment and workers (SURE), (ii) a European Investment Bank guarantee fund which could leverage up to €200 billion in funding to SMEs and (iii) the creation of a support facility under the European stability mechanism (€240 billion) allowing each country to borrow up to 2% of its GDP to finance the health area.

Stock Markets

Stock markets went through two markedly different periods in 2020.

Between February and the end of March, fears of the global spread of Covid-19 led to a considerably heightened level of risk aversion, leading stock markets to record their highest losses since the financial crisis of 2008-09. Initial losses reflected unprecedented losses in terms of economic activity, including China, which up to a certain point of time had been one of the major economies most affected by declining trade flows, disruption of production chains and increasing uncertainty and fear, which penalised investment and consumption decisions.

Against this background, stock markets in the US and Europe ended the first quarter with losses of more than 20%. Losses on the MSCI Global index amounted to 21.7%. This was the most significant quarterly depreciation since second half 2008.

From the end of March, a proactive approach by central banks and governments in implementing stimulus measures, coupled with the prospects of a gradual reopening of major economies, allowed significant gains to be made, notwithstanding the continuation of extreme uncertainty and the ever increasingly evident deterioration of economic indicators, loss of a part of production capacity and a worsening scenario of recession in the world economy.

In spite of a period of the most marked decline in global economic activity since the Second World War, the main stock indices achieved almost full recovery in the second quarter from their losses of the preceding quarter. US stock indices ended second quarter 2020 with their highest quarterly gains in 20 years. The improvement in economic indicators, in the meantime, spurred confidence in the part possibility of coexistence between the virus and economic growth.

A true return to "normal" at the beginning of the second half year was seemingly only possible with the discovery and distribution of a vaccine. Early in the summer, positive news of progress in clinical trials of a vaccine under study by Pfizer and Biotech accentuated a positive attitude from investors.

During the third quarter of the year, in a context of ultra-expansionary policy measures and a gradual resumption of economic activity, shares maintained their strong recovery initiated in April. The main European, North American and Asian stock indices returned to profit, in a July marked by the agreement within the European Union on the economic recovery and resilience facility. In August, the US S&P500 index recouped the losses incurred since the beginning of the crisis.

In last quarter 2020, the perception that a second wave of the pandemic was intensifying, together with the approaching presidential and legislative elections in the US, contributed to generating a temporary aversion to risk, which underwent a rapid reversal owing both to the conviction that new fiscal stimuli would soon be approved in the US and announcement of the efficacy of the first two Covid-19 vaccines in early November.

The recovery of the stock market was not homogeneous, either in Europe or in the US. Following sharp falls in February and March, the path to recovery, although extending to all sectors particularly included a better performance of growth as opposed to value shares. This can be explained by the persistence of constraints to economic activity, low interest rates for a longer period and the expressive performance of technology sector shares (visible in the 43.6% appreciation of Nasdaq against the annual gain of 16.3% on the S&P500 and 7.2% on the Dow Jones). In the US, the shares of growth companies in 2020 were up 32%, as opposed to the variation in the share price of value companies which was marginally negative (-1.5%).

In European markets, the Eurostoxx600 index although posting a loss of 4% in 2020, still attained its highest ever level immediately prior to the pandemic in February. Of the main European indices, only Germany's DAX achieved annual gains of 3.5%, as opposed to losses of 7.1% on France's CAC and 5.4% on Italy's MIB. In the Iberian Peninsula, the 15.5% depreciation of the Spanish IBEX was much higher than the 6.1% depreciation of the PSI20 and was closer to the Footsie's variation comprising a negative 14.3%.

Still in Europe and on a sectoral level, only half of the sectors achieved gains in 2020 in comparison to the preceding year. The biggest gains were in the technology, retail and chemical sectors, which were up 13.9%, 9.4% and 8.2%. The most significant losses were in the oil and gas (25.8%), banking (24.5%) and telecommunications sectors (16.1%).

Emerging markets appreciated by an average of 6.4% in 2020, a better result than in developed markets (4.8%). The MSCI indices were up 16.9% and 4.6% in the cases of China and India, but made annual losses of 27.4% and 23.9% in Brazil and Russia. In the case of China, in spite of the economic downturn, the market benefited from faster recovery. Still in Asia, Japan's two main indices achieved the most positive performance in the technology sector, with the Nikkei225 up 11.6% largely supplanting the Topix's 0.9%.

STOCK MARKET INDEXES

	2019		2020	
	Index	Change	Index	Change
Dow Jones (New York)	28,538.4	22.3%	30,606.5	7.2%
Nasdaq (New York)	8,972.6	35.2%	12,888.3	43.6%
FTSE (London)	7,542.4	12.1%	6,460.5	-14.3%
NIKKEI (Tokyo)	23,656.6	18.2%	27,444.2	16.0%
CAC (Paris)	5,978.1	26.4%	5,551.4	-7.1%
DAX (Frankfurt)	13,249.0	25.5%	13,718.8	3.5%
IBEX (Madrid)	9,549.2	11.8%	8,073.7	-15.5%
PSI-20 (Lisbon)	5,214.1	10.2%	4,898.4	-6.1%

Bond Markets

In a context of major worldwide uncertainty, investors have again shown a marked preference for this asset class in spite of greater exposure to other higher risk classes, such as shares being witnessed at the same time. In 2020, sovereign yields recorded a certain volatility, deriving from adverse conditions which led to a sharp contraction of economic activity and a deteriorating outlook for different regions. This led to a marked strengthening of the expansionary nature of the monetary policy of the various central banks.

The Covid-19 crisis was responsible for a sharp increase in global public debt as a result of the implementation of measures to mitigate the negative impact of the restrictions. At the same time, central banks continued to pursue unconventional monetary policies, such as the purchase of government bonds, which indirectly financed these debt increases. This has caused a compression of risk premia, even in countries with a high level of public debt. European debt spreads fell to minimum levels following the creation of a common debt fund in the form of the European recovery fund to leverage these decreases.

There has been a decrease of yields in the main European countries. In some cases these have been sharper owing to the greater "space" for such decreases such as in Italy or Greece.

In the case of Germany and France, 10 year sovereign bonds continued to be considered as a safe asset by investors, particularly in the period of greatest uncertainty (March). Yields continued to trend downwards up to the end of the year, eventually comprising negative variations of 38.4 bps and 45.6 bps respectively. The movement was less pronounced over a period of 2 years and similar in both countries with a decrease of around 10 bps in France and Germany.

Yields on the debt of southern European countries ended 2020 at much lower rates than at the end of 2019. The European Union's expansionary monetary policy and strong fiscal support made an important contribution to this decrease. As opposed to central European countries, the early stages of the crisis fuelled sharp increases in the yields of periphery countries, albeit limited in comparison to other episodes of economic recession. The introduction of stimuli and particularly purchases of government bonds stabilised the bond market and yields on the sovereign debt of periphery countries which gradually decreased to minimums in December. In this case, reference should be made to the lower rates in the secondary market in Italy and Greece at 86.9 bps and 84 bps respectively.

In the case of Portugal, during the pandemic's early days public debt was not immune from the increase in yields, owing to higher levels of uncertainty. Owing to the implementation of public expenditure measures to support sectors in need, according to the state budget the debt ratio of more than 135% derived from the effect of the increasing deficit accompanied by the decline of GDP. However, as this was the case in all euro area countries, there was no immediate negative effect on the assessment of the quality of the public accounts. In the secondary market, investors continued to show a high level of confidence and appetite for Portugal's sovereign debt, whose yields were below those of Spain and evidencing negative figures on the yield curve up to 10 years. This allowed the Portuguese Republic to issue 10 year debt at historic minimum yields.

The yield on Portugal's 10 year public debt was down for the third consecutive year in 2020, this time by 41.2 bps, closing at 0.03%. Reference should be made to the fact that in December it had fallen to a historical minimum of -0.05%. The yield on 2 year maturities was down 17.8 bps to -0.73%. In the case of Spain, the 10 year yield was down 42.1 bps across the year and 23.7 bps for 2 year maturities, closing at 0.05% and -0.63%, respectively.

In 2020, the spread between the Portuguese and German 10 year yields was once again down, this time by 2.8 bps to 59.9 bps. In comparison to Spain, there was an increase of 0.9 bps, although it remained below the Spanish rate. Up to the end of the year. The curve between 10 and 2 years declined by 23.4 bps, to 70.5 bps.

Yields in the US, yields declined sharply, especially in comparison to European yields, to historical minimums along the yield curve. In spite of this reduction, unlike its European counterparts, the trend from mid-year onwards was one of a gradual increase in the yield on Treasuries. Similarly, the Federal Reserve adjusted its monetary policy to support the economy during the crisis. One such support was a quantitative easing programme, as during the 2008 financial crisis. This time, the yield on 10 year sovereign bonds fell by 100.4 bps to 0.91%. The downward movement was even sharper over shorter term rates, such as the 2 year yield, which was down 144.8 bps to 0.12%. The curve between 10 and 2 years maturities was up 44.4 bps in 2020, although it was close to zero in February

The yield on 10 year bonds in Japan was slightly up across the year (3.2 bps) to 0.02% at the close of 2020.

In the emerging bloc, the yield on China's 10 year bonds remained virtually unchanged at 3.14%, as opposed to Russia and Brazil in which the reaction was opposite. Whereas in the former the yield was down by 14.5 bps to 6.26%, in the latter it was up by 12.3 bps to 6.91%.

The private debt market, in 2020, was marked by a sharp increase in risk premia in the period of greatest uncertainty, with higher levels of demand from investors in an endeavour to protect their investments. Economic recovery, however, saw a gradual decrease of CDSs, which returned to their pre-pandemic values at the end of the year. Reference should also be made to the adoption of a more accommodative approach by the central banks of developed countries, several of which with private debt securities purchase programmes.

The ECB acquired €67.2 billion of corporate bonds (net), totalling €250.4 billion under the private debt securities purchase programme (CSPP) in 2020.

In spite of the high levels of instability in 2020, there were no highly significant alterations to spreads on the European credit derivatives market (CDS - credit default swap market), which was up 3.7 bps to 47.9 bps. The financial sector, as in the general index, also witnessed a slight increase in spread (7.4 bps), closing at 59 bps. By way of comparison, at the height of the crisis, the spread on both indices was more than 100 bps.

Banking System

Global evolution

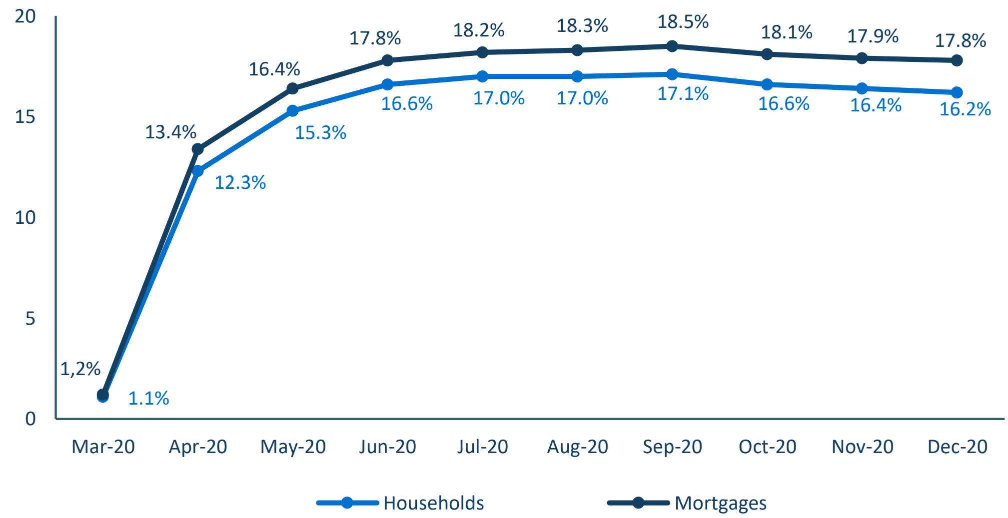
In 2020, the banking system in Portugal remained resilient to the deteriorating global economy as well as to the Portuguese economy, owing to the Covid-19 pandemic. Notwithstanding the prospects of lower profitability, owing to an environment of low interest rates and expectations of an increase of non-performing loans (NPLs), the banking sector was in a better, more robust position than in previous crises, as a result of the progress achieved over the course of the last few years, particularly the stability of financing based on the use of customer deposits, improved credit portfolio quality, growth of highly liquid assets, reduction of operating costs and strengthening of capital ratios. In addition to the reinforcement based on organic capital generation, deriving from the gradual improvement of profitability in previous years, the relaxation of regulatory requirements by supervisory authorities has increased the ability to absorb unrealised losses in the event of a significant deterioration of credit risk. There are still, nevertheless, vulnerabilities in the national financial system, owing to the possibility of prices adjustments in the real estate sector, the deteriorating solvency indicators of corporate and personal customers and local and general government, an eventual increase of interdependence between the banking system and public sector based on a higher level of exposure to national public debt or provision of credit with public guarantees in addition to the possibility of an increased level of exposure to less liquid or lower credit quality assets.

Asset quality

A reduction of non-performing loans will continue to be one of the priorities of national banks, in line with European Banking Authority (EBA) guidelines on lending and loan monitoring. Although the amount recorded reflects the evolution of asset quality in the balance sheet, the NPL ratio of the national banks was one of the highest in the European Economic Area at the end of 2020. In all likelihood, an increase in the number of insolvencies and NPL stock will be inevitable after pandemic support measures have been lifted. The trajectory of this increase will depend on the evolution of the economic and health situation, an extension to, modification and/or reinforcement of the support and flexibility measures for debtors and on how the banks succeed in proactively monitoring and preparing their customers for the post-moratorium phase. The possible need for provisions increases will inevitably have consequences on banking sector profitability.

The purpose of the introduction of moratoria, both private and public, by credit institutions in Portugal was to provide for liquidity and treasury constraints deriving from the pandemic's impact on personal and corporate customers, in an endeavour to protect against immediate non-compliance and enable national banks to closely monitor the strength of their balance sheets. At the end of 2020, around 16% of personal loans totalling around €20 billion were covered by a moratorium. Given the prevalence of mortgage loans in terms of loans to households, most of this amount or 85% of the loans covered by a moratorium, comprised this type of credit. Mortgage loans accounted for around 37% of the total amount of credit covered by a moratorium (€46 billion) at the end of December 2020.

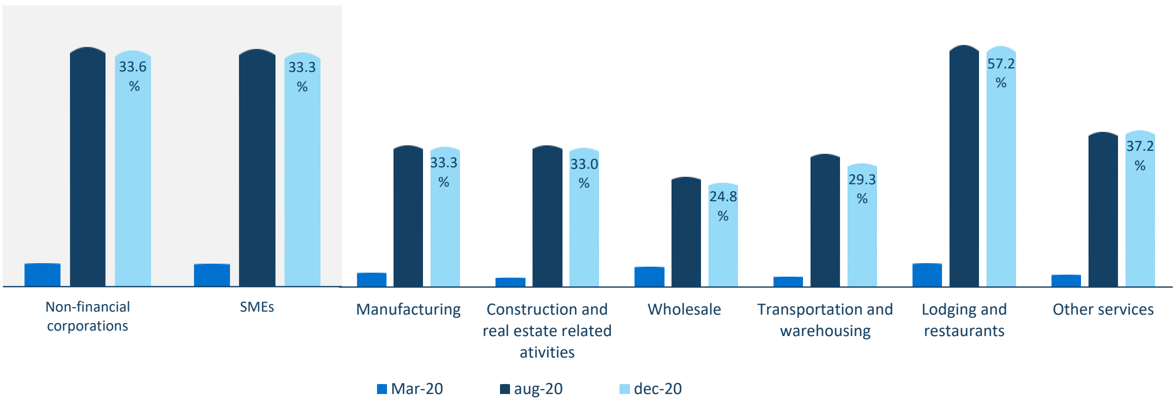
PORTUGAL: BANKING SYSTEM - PERCENTAGE OF TOTAL LOANS TO FAMILIES GRANTED BY THE FINANCIAL SECTOR IN MORATORIUM BY PURPOSE



Source: Bank of Portugal

At the end of 2020, 33.6% of the corporate loan stock was covered by a moratorium. There was no great difference over the use of this regime by size of company in Portugal i.e. 33.3% of small and medium-sized enterprises applied for moratoria. Hotels and restaurants, as one the sectors most affected by the pandemic, were the major beneficiaries of moratoria (57.2% of total corporate loans in this sector).

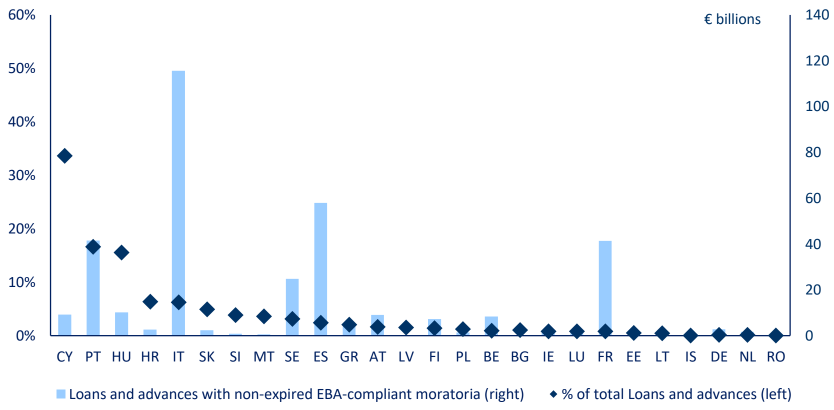
PORTUGAL: BANKING SYSTEM - PERCENTAGE OF STOCK OF LOANS TO NON-FINANCIAL SOCIETIES IN MORATORIUM BY SEGMENT AND SECTOR



Source: Bank of Portugal

In comparison to the moratoria regime in force in other European countries, moratoria in Portugal and for the institutions analysed by the European Banking Authority as a whole accounted for 16.6% of total lending, i.e. the second highest among the countries examined by this institution. Although the percentage observed in December 2020 is still far from the 33.7% recorded by Cyprus − the maximum recorded among this group of countries − this amount, even prior to the second lockdown and possibility of extension of the moratoria, is likely to be less than the total amount of temporary deferrals of the loan repayments granted to corporate and personal customers.

CREDIT MORATORIUM IN VARIOUS EUROPEAN COUNTRIES (4Q2020)



Source: European Banking Authority

Although state-backed credit and loan moratoria have been an important element in mitigating the negative consequences of the Covid-19 pandemic and in preserving financial stability, the ending of such moratoria and their possible repercussions will, over the short term, be one of the biggest challenges facing the national banking sector. Given the recent change in banking moratorium regulations, allowing further applications up to 31 March 2021 and for a period of up to nine months, the adverse effects of the pandemic are not yet apparent in banks' balance sheets in 2020.

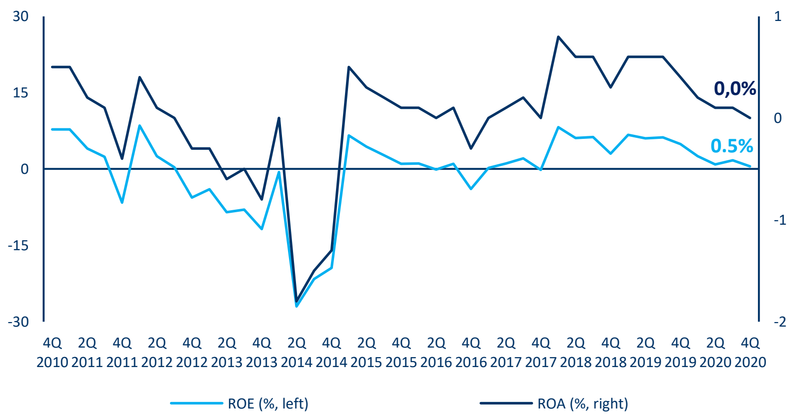
Profitability

The deterioration in profitability in 2020 was mainly on account of the increase in impairment and provisions deriving from the prudent accounting of pandemic-related risks, namely expectations of increases in default. In this sense, the cost of risk comprised 1% of average assets at the end of 2020, an increase of 50 bps over the same quarter 2019. Operating income, however, remained stable as a result of the reduction of operating costs made by institutions in order to mitigate the impact of the reduction of net interest income, which, at the end of December 2020, stood at 1.5% of average assets. Return on equity (ROE) was down 4.4 pp from 4.9% to 0.5% between the end of 2019 and the end of 2020. However, the relative stability of total operating income in a highly uncertain context demonstrates the strength of the results achieved by national banking system institutions.

Given the low levels of profitability of institutions, the discussion on the consolidation of the sector in terms of Banking Union has been intensifying, particularly owing to eventual overcapacity and the fact that the crisis management framework remains incomplete, in spite of the fact that it has been more than a decade since the start of the financial crisis of 2007/08. Synergies deriving from consolidation processes could mitigate the vulnerabilities of institutions and promote financial stability.

In any event, the review of the banking crisis management and deposit insurance framework should enable Banking Union to be finalised. At the same time, full compliance with the minimum requirements for own funds and eligible liabilities (MREL) by 2024 should help to strengthen institutions and promote financial stability, even in the event of a certain difficulty in absorbing the issuances banks must make to meet this requirement, especially in the event of any financial market turbulence, inclusively deriving from the pandemic.

PORTUGAL: BANKING SYSTEM – RETURN ON EQUITY AND RETURN ON ASSETS



Source: Bank of Portugal

Solvency

As part of the regulatory relaxation measures, the supervisory authorities have allowed credit institutions to operate at a temporarily lower level than that of the own funds recommendation ("Pillar 2 Guidance") and the combined capital buffer as well as lower liquidity levels than required for the liquidity coverage ratio ("LCR"). Reference should also be made to the recommendations on restricting dividends and greater precaution in the distribution of variable remuneration up until September 2021, with the aim of safeguarding the solvency of the sector. Banking system capital ratios have continued to trend to positive with a common equity tier 1 (CET1) ratio of 15.4% in 2020, up 1.1 pp since 2019. There has also been an increase in additional tier 1 funds (AT1). Notwithstanding a certain variation between the end of 2019 and first quarter of 2020, the leverage ratio was 7.7%.

Liquidity

In terms of asset liquidity and in spite of the €14 billion expansion of total average assets between the end of 2019 and 2020, national banking system credit institutions recorded a 3.5 pp increase in their net to total assets ratio. As regards the liquidity coverage ratio, notwithstanding the temporary increase in flexibility to operate with liquidity levels below the 100% requirement, the average LCR remained very high at the end of 2020 at 251.6%. If the cautious approach of personal customers continues, an increase in deposits is expected over the coming months and an effective increase of excess liquidity for most national banks. These prospects reinforce the need for banks to implement excess liquidity investment strategies and may include greater balance sheet leverage (i.e. more lending), greater risk exposure (by investing in lower quality or less liquid assets) or lower interest rates on deposits.

Banking sector challenges

The challenges highlighted by the context of the Covid-19 pandemic, such as an increase of cyber risk, financial risks associated with climate change and the transition to a low carbon economy, greater technological innovation and the appearance of new players in the banking business will continue to bring pressure to bear on national banks over coming years. However, the current framework encourages the anticipation of these challenges, allowing the national banking sector to improve its position in its need to exploit opportunities and reformulate its business models.

Insofar as the current pandemic favours the use of digital channels, there has been a further structural change in the banking business model, characterised by the promotion of digitalisation as a preferred means of establishing commercial relations with banking customers. The acceleration towards a digital format and greater use of automated procedures will tend to bring additional pressure to bear on bank profitability in the short term, albeit in the long term, it will enhance the adequacy of financial institutions as regards generations with greater technological literacy and a more demanding and challenging technical framework.

Technological innovation in the sector has, in turn, allowed the entry of a larger number of financial operators, namely in terms of payments, closely related to the review of the payments directive (PSD-2), and lending. Such rivals to the so-called traditional banks often rely on digital platforms and achieve synergies and competitive advantages by leveraging their extensive databases and established customer network. By committing to an environment of increased digitalisation, financial institutions are likely to increasingly allocate resources to maintenance and the prevention of cyber risk and money laundering and the financing of terrorism, promoting greater technological security in the financial system. However, the need to continue to implement effective systems and controls in terms of cyber security could have a negative impact on the possibility of improving profitability.

Broadly speaking, if, on the one hand, the Covid-19 pandemic has accentuated the structural problems of European banking, such as cost inefficiency and low profitability, banks have succeeded in viewing it as a source of opportunity, in their constant endeavours to improve their business models.

A failure to achieve the funding required for an economy that takes account of environmental and social aspects could fuel incomparable and irreversible losses for the real economy. The alignment of financial institutions with the principles underpinning a sustainable economy will, accordingly, be an increasingly crucial factor for the efficient channelling of resources, namely by financing the transition to a low carbon economy. Failure to incorporate the materialisation of the negative externalities that will be felt as a consequence of inaction into the strategy of financial institutions will have a significant financial and reputational cost.

At the beginning of October 2020, the ECB published a report dealing with the possibility of issuing a digital currency. Public accessibility to the digital euro could pose risks to the transactionality, intermediation capacity and profitability of the banking sector. The perception of greater security in the ECB's digital wallets in relation to deposits held in the banking sector could signify an increased risk in the transfer of deposits from credit institutions to the central bank. This transfer, if materialising, will impact bank financing and increase the cost of lending with a potential negative impact on economic activity.

1.4.2. Strategic Plan

Recapitalisation Plan

In 2017, following the agreement between the Portuguese State and the European Commission for the recapitalisation 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, 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 Recapitalisation Plan with a total of €4,944 million. The successful completion of the Recapitalisation 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 Strategic Plan included (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 was, 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 for its investor;
- To strengthen the Bank’s solvency levels in order to meet the requirements defined by supervisors and market expectations (SREP decision), resulting in a Common Equity Tier 1 (CET1) ratio above 12.5%;
- To maintain an independent 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 contained 5 essential pillars:

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

This pillar's main initiatives included:

- 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 2020, the following achievements were recorded:

Review of commercial offer and service models

- "Contas Caixa" (services bundle for individuals) campaign: offering discount coupons up to €50 on "Continente" card (supermarket loyalty card) in each subscription or upgrade to Conta Caixa Azul, M, L or Platinum.
- "Contas Caixa" confirm the estimated commissions and customer increased relation, reaching more than 1.92 million in December.
- CGD kept a sustained effort to minimize the financial and private impact on families in response to the Covid-19 context:
  - Communication to eligible APB/CGD Moratorium holders on the possibility of conversion to the Legal Moratorium, benefiting from the extension of the grace period until March 2021.
  - Mortgage and Personal Loan protection: main conditions: Moratorium with a grace period until March 2021, for customers without default.
  - Specialized Credit: "Caixa Leasing e Factoring" Moratoriums, under the Protocol signed within the scope of ASFAC (Association of Specialized Credit Institutions), and Car Leasing and Real Estate Leasing: under the Protocol signed within the scope of the ALF (Leasing and Factoring Association), both with payments suspension until December 2020.
  - Unlimited free transfers, SEPA and MB Way, carried out on digital channels for "Conta Caixa" holders.
  - Exemption from commissions during the first year or during the crisis period: (i) availability of a debit card, for customers who do not have this means of payment in any account; (ii) account

maintenance, for all clients with a pension up to 150% of the national minimum wage and young people up to the age of 26.

- Retirement Savings Plan: extension, until September 2021, of reimbursement without costs or tax penalty: (i) for individuals who had an income drop, and (ii) inclusion of a new repayment condition: regularization of rent payment for mortgages on own and permanent housing with a moratorium associated.

- Insurances: simplified dissolution of policies for non-payment customers; - Transitory and more flexible regime for acceptance of Life Insurance associated with Mortgage Loans, in response to restricted access to health examinations.

- New transactions available on ATM machines: (i) subscription and access recovery to Caixadirecta(online banking); (ii) activation of the SMS Token for increased security and (iii) checks' order, sent to home or branch.

- Secure, simple and intuitive payments without cash or any card: (i) Apple Pay (based on a VISA card) and (ii) Swatch Paywatches (linked to a Caixa's card).

- Increase in value of contactless debit card payments.

- "Caixa PPR/OICVM Funds" subscription on Caixadirecta.

- Access to the "Online Health Symptom Evaluator", in a joint initiative with Multicare: available to a wide range of customers, for a period of 30 days.

Improvement of commercial performance in Household sector:

- More than 1.7 million active customers have already adjusted the commercial communications accordingly to their preferences, complying with the General Data Protection Regulation.
- Despite a careful perspective on business performance and the maintenance of price in mortgage loans, Caixa has preserved a leading position in the production of new credit: 24%of market share.
- Credit originated by real estate/mortgage brokers contributed significantly to this performance, representing circa 50%.
- Worthy performance in new production, despite Covid effects on the economy and on families' priorities:
    - Mortgage: +11.9% y-o-y, December 2020.
    - Consumer Credit +11.3% y-o-y, December 2020.
    - Health Insurances: +13.4% y-o-y, November 2020.
    - Investments funds: +9.4% y-o-y, December 2020 (32.7% market share).

Improvement of commercial performance (Small enterprises)

- Focus on credit solutions to overcome liquidity constraints generated by the reduction of activity due to the pandemic context:
- Launch new credit solutions:
    - "Linha de Crédito Apoiar Madeira 2020" - Government line of credit with "Instituto de Desenvolvimento Empresarial" and Mutual Guarantee with an amount of €20 million to be distributed to Madeira Companies most impacted by the pandemic.
    - "Linha de Apoio à Economia Covid-19" - Industry and tourism - Government line of credit with Mutual Guarantee and an amount of €178 million to be distributed to SME´s and Small Mid-Caps that fulfil with an Intensity of Exports ratio of at least 20%.
    - "Linha de Apoio à Economia Covid-19" - audio-visual and events - Government line of credit with Mutual Guarantee and an amount of €8.5 million to be distributed to SME´s and Small Mid-Caps whose turnover in 2019 was at least 30%.
    - Continue the promotion of other solutions:

        - "Linha de Crédito Investe RAM Covid-19": Government credit line for Madeira Companies, with Mutual Guarantee (€100 million).
        - "Linha Específica Covid19 Açores" - Government credit line for Azores Companies, with Mutual Guarantee (€150 million).
        - "Linha de Crédito de Apoio ao Setor da Pesca 2020": credit line with IFAP (€20 million) to support fishing industry.
        - "CaixaInvest Inovação Covid and CaixaInvest Covid Negócios" - products with European Investment Fund guarantee.
        - "CaixaInvest Agro": new financial instrument addressed to the Agriculture sector with EIF participation (€95 million).
        - "Linha de Crédito FIS" - Bonus and guaranteed credit line, within the scope of a protocol signed with "PME Investimentos" to facilitate access to bank financing under conditions suitable for Innovation and Social Entrepreneurship initiatives.
        - "LAE Covid-19 MPE" micro and small companies, Small Mid-Caps and social support entities - Government lines of credit with Mutual Guarantee, respectively of €1,000 million, €400 million and €165 million.

Improvement of commercial performance (SME and Corporates)

- Business support and response to covid-19 pandemic:
    - Implementation and extension of deadline on Moratorium on credit portfolio (Portuguese State Moratorium).
    - Economy support line for Micro and Small Businesses - Covid-19.
    - Credit Line Invests RAM Covid-19 – Madeira.
    - Specific Credit Line support for Covid-19 – Azores.
    - Additional Measures in order to support companies:
        - Exemptions or price reduction on TPA commissions.
        - Simplification of the process of formalizing new credit operations.
        - Accelerated the placement of credit support lines (Mutual Guarantee and EIF, Covid Lines).
- Trade Finance
    - Implementation of a new digital platform for trade operations and electronic document checking.
    - New solution for Trade Finance operations.
- Factoring & Confirming
    - Supply Chain Finance products "Flex cash Confirming Digital" and "Flex cash Factoring Digital" - innovative digital solution for managing and anticipating payments.
    - Commercial initiative to promote suppliers´ anticipation requests supported by Advanced Analytics: early settlement of payment orders issued by Confirming Clients (Reverse Factoring/Supply Chain Finance).
- Risk
    - Generation of pre-approved credit leads for MLT loans (with Mutual Guarantee or EIF guarantee).
    - Incorporation of pre-approved risk limits in commercial leads.
    - Closer monitorization of risk limits consumption rates and risk limits validity - 85% of corporate clients with risk limits.

Upgrade of credit processes

- Main highlights of 2020:
  - Reorganization of credit recovery teams, by type/segment of customer, in order to ensure a better response regarding credit decision).
  - Enhancement of management information reports.
  - In the second quarter, elaboration of a package of measures to face the impact of the Covid-19 pandemic, its implementation and monitoring, in close cooperation by several CGD Departments.
  - Credit pre-approval in the total amount of €10.7 billion, corresponding to 118,430 pre-approved proposals, +556% than 2019, essentially for lines with mutual guarantee and FEI.
  - In addition to the pre-approved credit, high increase in production (+47% Companies and +12% Individuals).
  - Operational capacity assessment to deal with distress debtors in the Coronavirus context and standard solutions definition to be implemented.

***Pillar** 2 – An adjustment to CGD's domestic operational infrastructure in order to improve efficiency.*

This pillar's main initiatives included:

- An adjustment to the branch office network;
- Staff reductions (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 2020:

Optimization of retail distribution network

During 2020, the set of measures implemented within the scope of Caixa'sCovid-19 Contingency Plan allowed 99% of the branches to remain in operation, ensuring tall the essential services to the clients, reinforcing the protection and safety of the branch network.

Regarding the success of the actions taken, and as long as the pandemic situation requires, Caixa will maintain:

- The new branch operating model with organized access and service behind closed doors, in order to guarantee the proper management of priority service, as well as to ensure the entrance of customers in the same number than the employees in service.
- The strengthening of the safety and hygiene conditions, with the distribution of personal protective equipment for employees, enhanced cleaning, disinfection and maintenance of acrylic shields at the counters.
- The communication of contingency measures adopted and the rules while waiting at branches are available in a single poster at the branch's entrance door, highlighting: i) the mandatory use of a mask, ii) the conditioned service behind closed doors and iii) the habits of social distance to be adopted in the use of ATM and while waiting for attendance.
- The adoption of new habits of social distance, with placement of floor signs that allows clients to better identify the spots where they must remain respecting the safety distance (2 meters) while waiting for attendance or when using the ATM.

Caixa continued the expansion of the new branch concept with significant improvements in layout, technology and commercial choreography. By December 31, Caixa had maintain this model in 20 branches, and with intervention planned in more branches during 2021.

Within the scope of the Commercial network optimization plan, the commitments assumed were accomplished, since CGD has closed 9 branches by the end of the 4^{th} quarter, in order to meet 480 branches.

Optimization of administrative costs

CGD continued its effort to reduce the administrative costs in 2020, having achieved a reduction of €23 million (-12% y-o-y) mainly due to:

- Reduction on Legal services costs: €-8 million (-50%).
- Rationalization of consultancy projects: €-5 million (-33%).
- Rationalization of Mail and handling costs, by providing communications to customers via digital channels: €-4 million (-31%).
- Rationalization of marketing and advertising spend, mainly due to the reduction of sponsorship contracts: €-2 million (-19%).
- Reduction of outsourcing expenses, essentially related to the centralized digitalization process, due to less volume of documents processed: €-1 million (-10%).

On the other hand, Covid-19 pandemic had a €4 million negative impact on Administrative Costs related with the contingency measures, new rules for protection and safety of Customers and Employees and Corporate social responsibility initiatives.

Rationalization of structure and talent management

In 2020, several organizational initiatives were developed with the purpose of continuously simplifying CGD structure, adapting to actual needs and enhancing the achievement of results in terms of business, cost reduction and human resources optimization, with emphasis on:

- Reorganization of the back-office Division (CO), Credit Risk Division (DRC), and Retail Marketing Division (DMR), as a way to obtain synergies, increase their focus and boosting business development.
- Reorganization of the department responsible for monitoring the accomplishment by CGD of all the Supervisory Entities regulations and guidelines (DSC).
- Simplification and adaptation of the Corporate Business Monitoring Division (DAE) as a way to optimize the credit recovery process, and transfer of activities of a more operational nature to other CGD Structures.
- Reorganization of the Prevention and Security Office (GPS) in order to optimize the respective teams and boost their performance, particularly in the present context of Covid-19.
- Reorganization of the functions of the IT Division (DSI), as a response to the progressive centralization of IT functions of Group entities, with the consequent elimination of these areas in these entities, and to accomplish the requirements of the IT Transformation Program in progress at CGD.
- Closure of entity of CGD Group - CaixaLeasing e Factoring (CLF), through the incorporation of its business and structure in CGD balance and divisions. The aim of this simplification is to increase the efficiency essentially through staff optimization and focus on core business areas.
- Since 2017 and until the end of 2020, CGD reduced the number of employees by 2,285, exceeding the target (6,650) by 67 employees.

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

Main work streams:

1. Data governance & organization, policies & procedures;
2. Business Enablement & Reporting;
3. Data Quality;
4. Data Architecture & Technology.

***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 2020, disinvestment initiatives in the international units were the following:

Divestment of international operations – Sale

Important sales concluded:

- Banco Caixa Geral (Spain) – sale concluded in October 2019.
- Mercantile Bank Holdings Limited (South Africa) – sale concluded in November 2019.

Sales process ongoing:

- BCG Brazil
  - Sale process began on late 2018, with investors sounding. Phase I was initiated in May 2019.
  - CGD analyzed the offers and sent to the Portuguese Government its recommendation on the bidders to select for Phase II. Terms of Reference for Phase II approved on the Council of Ministers of August 1, 2019.
  - During the first quarter of 2020 a new process was initiated. CGD hired new adviser (Cypress) and extended contacts to other investors.
  - CGD analysed BCG Brazil / Cypress' feedback of the market sounding exercise and has formally decided to recommend to the Portuguese Government the relaunch of the sale process.
- Cape Verde
  - CGD requested and received additional clarifications from potential investors and is analyzing the information (ongoing).
- Mozambique
  - Report on assessment of alternative scenarios for the divestment of a minority stake in BCI's equity concluded and presented to the shareholders, with a recommendation to execute a dual-track market sounding scenarios (M&A and IPO).

Divestment of international operations – Wind Down

- Branches closed (2017-2018): London, Cayman, Macao Offshore, Zhuhai and New York, winding down all offshore branches.
- In March 2020, closure of the Spanish Branch and business integration in CGD's balance – clients and operations.
- In April 2020, closure of the Luxembourg Branch and remaining business integration in CGD's balance – clients and operations.

Reinforcement of international operations governance model

In 2020 CGD continued to improve the governance model and controls over its international entities. Among several changes, the following ones are worth mentioning:

- All international CGD Group banks now have the same governance model, similar to the one of CGD: notably, a range of specialized committees (risk committees and audit and control committees) was setup in these entities, in order to support the corresponding Boards of Directors. All these committees i) have internal rules essentially identical to the ones at CGD, ii) are mainly or totally composed of non-executive directors and iii) are fully operational.
- All these Committees benefit from the participation of CGD's corresponding control functions' representatives.
- The participation of CGD Executive Directors and 1st line managers in the Boards of Directors of these banks has been enlarged.

- The Executive Committees of these banks have currently a homogeneous composition of CGD staff and/or CGD designated individuals.
- Further to the monitoring role performed by the non-executive Directors present in each Board of directors and specialized Committees of these banks, as well as in their supervisory boards, CGD's own supervisory board and Board level Committees (Audit and Control, Risk and Governance) perform an increased monitoring of the activity of CGD’s banks abroad, e.g. by liaising with their local counterparties.
- CGD’s control functions (Risk, Compliance and Internal Audit) have a functional relationship with their corresponding counterparties. Among other:
  - The local control functions report functionally to their corresponding CGD’s central control functions and to the local specialized Board level Committees, not to local executive Directors or the Executive Committee.
  - The Heads of the local control functions must be approved at CGD.
  - The activities’ plans of the local control functions and their budgets are subject to the approval of CGD’s control functions.
  - The execution of the local activities’ plans are monitored by CGD’s central control functions.
- The strategic multi-year plans and the yearly budgets of each CGD subsidiary are reviewed, challenged and ultimately approved by CGD.
- Relevant local policies and norms are increasingly copied, with the necessary adaptations, from the policies and norms adopted at CGD (Ethics Code, Whistleblower policy, Remuneration policy, Succession policy, Procurement policy, Credit concession policy, norms on planning, outsourcing, human resources, accounting, an others).
- Limits have been introduced to the decision autonomy of the international operations, v.g. in the areas of credit and investments/procurement; whenever those limits are exceeded, decisions are mandatorily taken at CGD level.
- An increasing number of common or similar systems and processes have been and continue to adopted throughout the Group, v.g. in the areas of AML, cyber-security, internal scoring and ratings, and others.
- More and more, CGD teams visit and interact on a regular basis with their local counterparts, thus contributing to an increased common corporate culture.

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:

Upgrade of risk model

ICAAP:

- 2020’s ICAAP cycle has been concluded by the end of May encompassing a Covid-19 scenario. The 2021 Cycle was kicked-off on October 2020.
- Under the regular monitoring of the internal capital needs, quarterly dashboards (local and consolidated) are being presentedto the Executive Committee on a regular basis and now include capital allocation for CGD’s Group Entities and for the relevant domestic commercial areas.
- The evaluation of the internal capital buffer for the revised funding and capital plan has been completed.

Stress Test: Preparation for the EBA ST 2021 exercise begun, with tests of different analytics methodologies. Key foreseen upgrades as per the 2018 exercise include the use of internal credit risk model instead of the standardized path generator.

Development and validation of scoring and rating models for the Group Entities’was concluded for all applicable group entities in 2020 with the exception of BCG Angola. Furthermore, for entities with historical data from implemented models, Monitoring Model Reports were developed in BCI and BNU.

The new credit recovery information database, supported in the fully CRR compliant Recoveries Database, is already being explored and used for the development of Loss Given Default and CCF models which are in the final stage of development. This data will be explored for improvement of other behavioral models.

Optimization of recovery (standard)

- Due to the Covid-19 pandemic situation, grace periods and special credit lines were being conceded to eligible clients, and extended until September 2021. For that reason, all recovery were focused on the requests and extend associated with Covid moratoriums in order to avoid credit default, and in contacts with customers whose moratoriums ended at the end of September 2020.

Optimization of recovery (specialized)

- Specialized recovery was able to respond to the needs of its clients throughout 2020, ensuring, in particular, all requests associated with the extension of the Covid moratoriums and its implementation.

Optimization of recovery (Real Estate)

- Mass Market sales objectives in the 4th quarter 2020 were surpassed reaching 104% in sales value and 105% in Gross Book Value.

- Value preservation objectives were also met with sales values 7.3% above Gross Book Value.

Recapitalisation

Recapitalisation plan concluded in 2018.

Pillar 5 *- Customer service*

A new pillar designed to address the challenges of digitalisation and customer service was created at the end of 2017. This pillar aims to implement CGD's digital transformation strategy, redesign the customer experience and optimise customer service levels.

In 2020, this pillar was particularly challenged in the context of Covid-19, with the set of digital transformation initiatives already underway complemented by the acceleration or launch of new initiatives aimed at supporting Portuguese families and companies in access and safe use Bank services. From this broad set of initiatives, the following stand out:

Improve the accessibility and digital inclusion of Caixa services to families

- The number of solutions for joining Caixadirecta increased: via cgd.pt (using the code provided on the monthly account statement), on the ATM network and also on the Caixadirecta app - the latter in a 100% digital way and using technologies such as biometrics, validating proof of life and reading the citizen's identity card. Caixa was the first bank to develop the 100% digital subscription service on the app, launched in the context of the beginning of the Covid-19 pandemic, in March 2020. The Caixadirecta app exceeded 1.070 million unique customers in 2020.

- Caixa was the first bank to put the entire Contact Center Assistants team working from home, in complete safety. As one of the services most sought after by customers, the Contact Center has been adapting through the reformulation and reorganization of teams, and the automation and optimization of processes and procedures.

- Also in March 2020, a set of solutions was set up that allowed customers, in a 100% digital way, to place moratoria requests on the website.

Strengthen corporate customers support

- Caixa reinforced the incentive to use all digital solutions, such as Caixadirecta Empresas (internet banking service for corporate customers), the digital confirmation solution "Flexcash", short term financing to 100% digital companies and the new digital treatment platforms foreign trade documents. The latter assumed an increased importance in the context of Covid-19, reaching in some products high transactional rates, with emphasis on the documentary operations of foreign trade (62%) and factoring and confirming (85%).

- The Caixa Pay App was another novelty launched in 2020 for corporate customers, facilitating the day-to-day life of merchants, allowing them to accept payments with debit and credit cards, via MB Way on their tablet or smartphone.

- In 2020, the Companies 3.0 Program also started. This initiative aims to ensure that Caixa responds in a timely, swift and effective manner to the needs of small business owners, micro-companies, SMEs and large companies. The program includes the review of current processes and the prioritization of days to improve, maximizing value for customers and Caixa, in self-service, assisted service or in third-party systems, thus initiating the implementation of the new omnichannel platform aimed at improve the customer and employee experience.

Lead innovation in the Portuguese financial sector

- In the new open banking services, Dabox's leadership was consolidated (75% of the market share according to the December 2020 data from the SIBS API Market). The DABOX app was considered the best app of the year 2020 by Exame Informática magazine and was internationally recognized by the Banking Tech Awards 2020, having received a high recommendation distinction. In 2020, with the support of Portugal Fintech, the Dabox Challenge Day was launched, a challenge for fintech and startups, which aimed to seek original and innovative solutions for the growth of the DABOX app and also to give these companies an opportunity for a future partnership with Caixa . 54 startups responded to this challenge, with 6 finalists selected, who presented their solutions in a digital event held in November 2020.

- Also in 2020, Caixa's information platforms were improved, making the information more appealing and easy to read to the customer. The cgd.pt website, completely redesigned and 100% accessible to people with disabilities, complying with the AAA level of accessibility, had more than 128 million page views and 24 million unique visitors in 2020. These levels of use make Caixa's website one of the most visited in Portugal, the only financial website in the top 25 of the global internet ranking and the No. 1 in the banking sector in Portugal (Source: Marktest / Netpanel - December 2020).

Optimize customer service levels

- In 2020, around 500,000 CGD customers already have the remote management service, with the support of a manager/assistant, available in business days from 9 AM to 6 PM through the remote channels, and has also the CaixaDireta online service available in a 24/7 basis. Without prejudice, he can also use the CGD branches network.

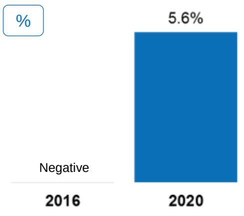
- This service gained special importance in the Covid-19 pandemic context, with a strong growth in the remote interactions, which has been consolidated by the good experience of the clients through 2020. The daily sales growth is the better evidence of the support given to the digital transition of CGD clients and of the confidence shown by them in the remote management service. In less than a year, the daily average sales by remote manager tripled its value.

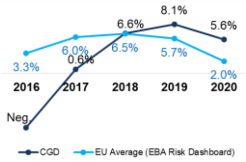
- In the Covid 19 context, the CGD distance management service is ready and available, even with its teams 100% in remote work, to assure the same level of service to its customers.

Reinforce the levels of inclusion and financial information to customers

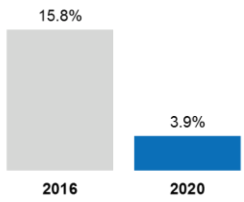
The Saldo Positivo website, the largest financial literacy website in Portugal, had more than 300 thousand unique monthly visitors in 2020 and included in its agenda contents aimed at helping customers in their daily financial activities, reinforcing the importance of saving and how to invest consciously and correctly.

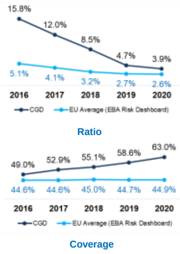
In summary, the successful implementation of the Strategic Plan 2017-2020 allowed CGD to meet all the conditions to reinforce its mission in supporting the economy, economic agents and society as a whole, especially important in the current circumstances of the pandemic crisis, expressed in the main financial ratios:



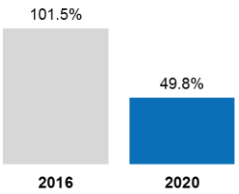


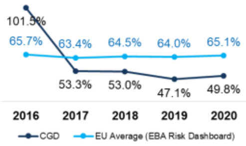
ROE (Current Activity)



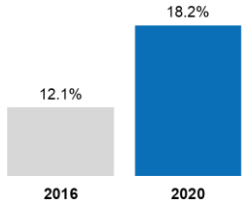


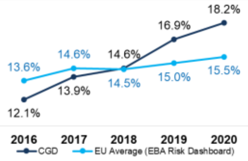
NPL Ratio





Current Cost-to-Income
Domestic Activity





CET1 Fully Loaded Ratio

1.4.3. Main risks and uncertainties in 2021

2020 will be remembered for the Covid-19 pandemic's devastating effects on the world economy. According to the International Monetary Fund (IMF), global activity contracted by more than 3%, with a much more negative result than in the 2009 crisis. Albeit exogenous, the pandemic shock created an additional challenge insofar as the recovery of activity is less reliant on economic policy actions than on the evolution of the health situation. The contraction of activity on a global level would, however, have been much more significant in the absence of accommodative monetary, fiscal, prudential and supervisory measures. Governments worldwide have implemented unprecedented fiscal measures to alleviate the impact of the crisis on household income and in their support for companies in their endeavours to reduce refinancing risk and mitigate its effects on unemployment. Monetary authorities have strengthened quantitative easing and liquidity injection programmes and have kept their key rates at minimum historical levels. The bank supervisory authorities have, in turn, alleviated capital ratios and credit and loss accounting criteria to maintain credit to the non-financial sector.

The progress of the pandemic will continue to constrain economic development in Portugal in 2021, as well as the development of its main international partners. Uncertainty over the short term economic environment grew in the last quarter of 2020 with the resurgence of Covid-19 cases in Europe, substantially increasing extreme risks. The medium term performance of the Portuguese economy will mainly be reliant upon the degree of normalisation of activity allowed by the vaccination process.

The banking sector may incur significant losses as a result of the ending of moratoria and some commercial banks may come under pressure to fulfil their own funds requirements.

Member states may find it difficult to continue to stimulate aggregate demand, not only based on a reduction of taxes but also an increase of expenditure.

Although the overall economic outlook has shown substantial improvement over the last few months with the intensification of vaccination programmes, a number of risks and questions, however, remain.

The main risk in 2021 lies in a resurgence of the pandemic. The emergence of more resistant variants of the virus to vaccines is one of the potential obstacles to a resumption of economic normality, accompanied by the operational risks related to the production, distribution and inoculation of the vaccine and the reluctance of sectors of the population as regards their efficacy. Differences in access of populations to vaccines can trigger false starts regarding the reopening of economies and require extensions to the period of social distancing, increasing uncertainties faced by households, companies and politicians.

The pandemic also fuelled a sharp increase in credit risk. There will be a relevant risk of an insolvency shock in the event of a slow recovery of economic activity, too early a withdrawal of some of the measures taken to deal with liquidity risks and the ending of the moratoria on the repayment of social and fiscal debts. This concern is greater in European Union countries with greater use of moratoria and postponements such as Portugal.

In the case of companies, the obligation to stop or slow down activity in various sectors has aggravated liquidity difficulties, albeit more in some sectors than in others. The termination or suspension of state-banked guarantees could lead to more restrictive credit terms for non-financial corporations, particularly small and medium-sized enterprises (SMEs), and will condition their debt and medium-term investment capacity. An increase in the number of insolvencies is expected in 2021, even in the event of effective economic recovery.

Lower income levels, in the case of households, will constrain their debt servicing capacity and increase default, particularly in a period of greater social fragility and in the aftermath of the expiry of the period in which household support measures are in place.

At the sovereign level, state-backed guarantee schemes, not only in the euro area, have played an enormously relevant role in financing economic activity in the first phase of the pandemic. These guarantees may, however, result in significant losses in the event of a slow recovery, with a direct impact on the amount of public debt and increase in sovereign credit risk, resulting in a deterioration of debt refinancing conditions and the responsiveness of public policies still required by the crisis.

One of the risks persistently recognised in recent years and once again listed as one of the main risks in 2021 is the appearance of more restrictive financial conditions. This risk has become more relevant owing to the extraordinary valorisation of certain financial assets since before the pandemic. A reassessment of market fundamentals in response to, for example, adverse developments related to Covid-19, too early a withdrawal of economic policy support, an increase in sovereign yields or a reassessment of inflation risks may trigger a price review of financial assets and originate drastic falls, causing major non-bank financial institutions to suffer significant volatility and losses. Tighter financial conditions would undermine the outlook for overall growth at a time of growing constraints on monetary policy.

The risk of a reassessment of financial conditions is also related to the fact that economic recovery has not, as yet, been strong enough to justify the recovery of financial markets since March 2020 and is an additional source of risk in the event of heightened financial uncertainty. A mismatch between real sectors of the economy and asset prices will have derived from the implementation of an extraordinary volume of fiscal and monetary incentives, particularly at the beginning of the crisis and, more recently, the progress achieved in the field of vaccination and therapy.

Although the pandemic has had a very substantial effect on the European economy, the banking sector has, for the time being, avoided its impact and 2021 is not expected to be a crisis year for the sector. Although the possibility of a widespread crisis in Europe is considered unlikely the main risks to financial stability need to be identified. Firstly, the pandemic's substantially negative effects on asset quality in the banking sector. The large scale use of lines of credit by companies may inflate banks' balance sheets and have an effect on credit portfolio quality. Treasury problems and lack of profitability deriving from less revenue may also affect the debt servicing capacity of non-financial sector corporations. The fact that a significant proportion of companies in euro area countries is operating with very low liquidity margins increases the possibility of default over the medium term. Credit quality is likely to deteriorate. As the fact that European banks are currently more capitalised with stronger liquidity positions than in the 2008-09 financial crisis increases their ability to absorb losses deriving from the pandemic, most banks may have to contend with considerable losses.

Secondly, reference should be made to the ending of moratoria and recognition of losses, as some of the main banking sector vulnerabilities in 2021. A lengthy pandemic will increase the likelihood of default and loss of quality of debtors' assets. In a more adverse scenario of increased volatility associated with the pricing of public debt, the banking system of periphery countries will be more affected.

Thirdly, the deterioration of the sovereign risk of several countries may affect banking system financing conditions. According to IMF estimates, in the event of a prolonged recession, a significant percentage of banks may need to be recapitalised. In the most fragile banking systems, such operations may depend on injections of public funds.

The sector is expected to achieve moderate profits in 2021, although European banking should be able to avoid large losses as well as capital erosion. A combination of low profit margins and capital requirements will, however, continue to affect banks' balance sheets and the economic environment will have a decisive influence on the financial situation of the banking sector.

Diverse pre-Covid-19 risk factors will continue to be relevant. They particularly include geopolitical, commercial and technological risks. Tensions between the United States and China on several fronts remain high and include international trade, intellectual property and cybersecurity. Existing internal economic disparities which have increased with the pandemic may also lead to new trade barriers being erected, driven by the need to protect domestic employment. The risks of technology-related protectionist trends are also emerging and may extend to medical supplies and pharmaceutical products and affect the global supply of vaccines.

Another challenge carried over from previous years is associated with digitalisation given the growth of the Fintech area. The new technologies pose different types of challenge. On a supervisory level, this includes investor protection and quality (and quantity) assurance of information provided, which is expected to be much more intense in coming years. It is accompanied by the analysis of data collection for supervisory purposes, which should be performed with adequate analytical and human resources to ensure the effective and efficient supervision of a financial sector characterised by increased technological complexity. Lastly, teleworking has added operational to existing risks related to the growing use of digital channels by customers and investors and may lead to a loss of confidence in institutions.

Although the intensification of social unrest has eased since the first months of the pandemic, the previously observed trend comprising an increase in social unrest may reappear, particularly in regions in which advances related to social and major policy issues have stagnated and when the crisis has exposed or exacerbated pre-existing problems. The prolongation of the crisis may intensify social unrest, have a negative impact on the sentiment of entrepreneurs, households and investors and put a brake on economic activity as well as the necessary endeavours to achieve reform.

Recent years, have witnessed an increase in the recurrence and severity of natural disasters related to climate change. Natural disasters inflict enormous human costs and the loss of essential means of subsistence. Diverse economies are susceptible to considerable damage, as the measures to combat the pandemic have exhausted a substantial part of states' intervention capacities and limited their leeway to deal with the health needs related to such extreme events.

1.4.4. Consolidated activity

Results

INCOME STATEMENT (CONSOLIDATED)

(EUR thousand)

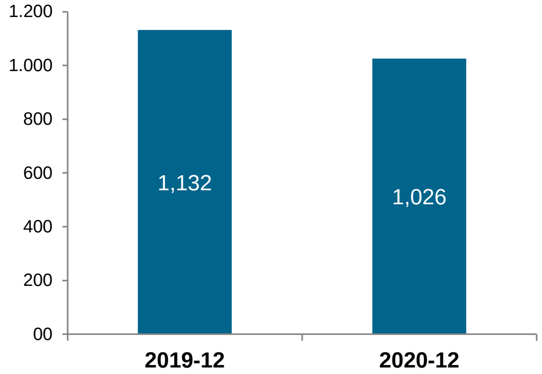
	Restated		Change	
	2019-12	2020-12	Total	(%)
Interest and similar income	1,828,091	1,482,206	-345,885	-18.9%
Interest and similar costs	696,033	456,427	-239,606	-34.4%
Net interest income	1,132,058	1,025,778	-106,279	-9.4%
Income from equity instruments	31,496	18,539	-12,957	-41.1%
Net interest inc. incl. inc. from eq. investm.	**1,163,553**	**1,044,317**	**-119,236**	**-10.2%**
Fees and commissions income	635,731	611,370	-24,361	-3.8%
Fees and commissions expenses	139,144	114,199	-24,945	-17.9%
Net fees and commissions	496,587	497,171	584	0.1%
Net trading income	82,529	49,730	-32,799	-39.7%
Other operating income	130,681	35,139	-95,542	-73.1%
Non-interest income	**709,797**	**582,040**	**-127,757**	**-18.0%**
Total operating income	**1,873,351**	**1,626,357**	**-246,993**	**-13.2%**
Employee costs	583,373	501,948	-81,425	-14.0%
Administrative expenses	276,468	237,588	-38,880	-14.1%
Depreciation and amortisation	94,255	95,828	1,573	1.7%
Operating costs	954,096	835,363	-118,733	-12.4%
Net operating income before impairments	**919,254**	**790,994**	**-128,260**	**-14.0%**
Credit impairment (net)	-47,565	166,200	213,765	-
Provisions and impairm. of other assets (net)	-124,965	-12,349	112,616	-
Provisions and impairments	**-172,530**	**153,851**	**326,381**	**-**
Net operating income	**1,091,784**	**637,143**	**-454,641**	**-41.6%**
Income Tax	**332,045**	**174,218**	**-157,827**	**-47.5%**
Current	111,522	29,891	-81,631	-73.2%
Deferred	193,494	116,463	-77,031	-39.8%
Contribution on the banking sector	27,029	27,864	835	3.1%
Net op. inc. after tax before non-contr. int.	**759,739**	**462,924**	**-296,815**	**-39.1%**
Non-controlling interests	49,904	31,508	-18,396	-36.9%
Results of associated companies	43,121	43,885	765	1.8%
Results of subsidiaries held for sale	22,973	16,290	-6,683	-29.1%
Net income	**775,928**	**491,592**	**-284,337**	**-36.6%**

Consolidated net income for 2020 was down 37% over 2019 to €492 million and includes an extraordinary gain of €41.6 million after taxes, arising from actuarial gains in liabilities with post-employment benefits (pension fund and medical plan) as well as restructuring costs resulting from the staff reduction programme and the closure of the Spain and Luxembourg branches. In turn, in December 2019, which was the year of the disposals of Banco Caixa Geral (Spain) and Mercantile (South Africa), CGD's results were also impacted by the non-recurring gain of €144 million on the sales process of its international subsidiaries, from the reversal of impairment set up in 2017 to these processes.

Thus, the current net income in 2020 was €450.0 million, which compares with €632.4 million generated in 2019, thus corresponding to a year-on-year reduction of 29.0%. The return on equity for current activity was 5.6%, down 2.5 percentage points over 2019.

NET INTEREST INCOME

(EUR million)



In 2020 net interest income, was down 9.4% by €106.3 million over the preceding year to €1,025.8 million mainly penalized by some significant early amortization of credit to public entities that occurred in 2019 and by the maintenance of the fall in interest rates in 2020, particularly in the second half of the year.

From January to December 2020, despite the maintenance of the downward trend in operating costs, the unfavourable evolution of total operating income conditioned net operating income before impairment, which decreased by €128.3 million (14.0%) compared to the December 2019 amount.

Year-on-year net commission earnings recorded a marginal increase of 0.1%. Net trading income was €49.7 million, against €82.5 million recognised in 2019.

In 2020 other operating income were down 73.1% by €95.5 million. This significant variation essentially derives from the impact of the capital gains from the sale of the Rua do Ouro building in 2019.

As a result of these variations, total operating income income generated by CGD in 2020 reached €1.626 million, a drop of €247 million (-13.2%) over 2019.

As a positive contribution to the evolution of the results, reference should be made to the Operating costs which totaled €835.4 million in 2020, corresponding to a 12.4% reduction over the previous year.

OPERATING COSTS

(EUR million)

			Change	
	2019-12	2020-12	Total	(%)
Employee costs	583.4	501.9	-81.4	-14.0%
Administrative expenses	276.5	237.6	-38.9	-14.1%
Depreciation and amortisation	94.3	95.8	1.6	1.7%
Total	**954.1**	**835.4**	**-118.7**	**-12.4%**

This positive evolution was especially significant in the decrease of €81.4 million of employee costs (-14.0%).These costs include, in 2020, non-recurring costs of €72.1 million for early retirement and voluntary redundancy programmes and a positive impact of €70.7 million mentioned above, in respect of the actuarial gains in liabilities for post-employment benefits. The exclusion of these non-recurring impacts would have resulted in a 6.1% reduction of employee costs.

General administrative costs, in turn, were down 14.1% by €38.9 million.The recurring general administrative costs decreased by €40.4 million (-14.6%) compared to the same period of the previous.Depreciation and amortisation increased €1.6 million (+ 1.7%), in 2020, partly due to investments made in technological platforms particularly, in digital platforms. Excluding the above referred to non-recurring items the year-on-year reduction of operating costs as a whole was 7.9%.

Despite the aforementioned reduction in operating costs, cost-to-income, penalized by the reduction in total operating income, increased slightly, to 50.0% (49.8% in 2019). The cost-to-core income, which excludes the results of financial operations and non-recurring costs, decreased from 55.5% to 54.6%.

EFFICIENCY RATIOS

	2019-12	2020-12
Cost-to-income (consolidated operations) [1]	49.8%	50.0%
Cost-to-core income [2]	55.5%	54.6%
Employee Costs / Total Operating Income [1]	30.4%	30.1%
Recurrent Employee Costs / Total Core Oper. Income [2] [3]	32.7%	32.8%
Administrative Expenses / Total Operating Income	14.8%	14.6%
Operating Costs / Average Net Assets	1.1%	0.9%
Total Operating Income / Average Net Assets	2.1%	1.9%

(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.

As a result of the referred to evolution, net operating income before impairments was down by €128.3 million, reaching, nevertheless, €791 million.

NET OPERATING INCOME BEFORE IMPAIRMENTS BY SEGMENT OF ACTIVITY

(EUR million)

			Change	
	2019-12	2020-12	Total	(%)
Domestic commercial banking	511.7	507.7	-4.1	-0.8%
International activity	270.3	222.7	-47.6	-17.6%
Investment banking	26.5	12.0	-14.5	-54.6%
Other	110.7	48.6	-62.1	-56.1%
Net Operating Income before Impairments	**919.3**	**791.0**	**-128.3**	**-14.0%**

Reference should be made to the change in the consolidation perimeter with the sale of subsidiaries in Spain and South Africa that occurred in 2019 was decisive for the reduction observed in the contribution of international activity to the group's net operating income before impairments, as in 2020 these entities no longer had any contribution to tit, while in 2019 they still contributed during a significant period of the year. Also, the currency devaluation that occurred in some of these geographies, namely in the subsidiaries in Mozambique and Angola, has led to a decrease in the referred to result when translated into euros, over the previous year.

In 2020 profitability was also affected by the preventive reinforcement of provisions and impairments to face the expected impacts resulting from the pandemic crisis. The reinforcement of provisions for banking guarantees reached €37.9 million, an increase of €47.8 million compared to 2019, while the reinforcement of credit impairments net of recoveries was up €213.8 million over the same period of the previous year, to €166.2 million thus reflecting a prudent attitude towards the possible deterioration of the credit portfolio.

PROVISIONS AND IMPAIRMENT FOR PERIOD

(EUR million)

			Change	
	2019-12	2020-12	Total	(%)
Provisions (net)	-22.5	-26.1	-3.6	-
Credit impairment	-47.6	166.2	213.8	-
Impairment losses, net of reversals	61.0	271.3	210.3	344.8%
Credit recovery	108.6	105.1	-3.5	-3.2%
Impairments of other financial assets	49.1	30.8	-18.4	-37.4%
Impairments of other assets	-151.6	-17.0	134.6	-
Provisions and impairments for period	**-172.5**	**153.9**	**326.4**	**-**

Based on the above, the credit impairment aggregate reflects, in the period under analysis, a cost of credit risk of 33 bps, which compares with a negative credit risk cost (-9 bps) in 2019. Operating income was down 41.6% to €637.1 million, against €1,091.8 million in 2019.

Income tax for 2020 amounted to €174.2 million against €332.0 million in December 2019. The referred to tax includes a banking sector contribution of €27.9 million in 2020.

The results of subsidiaries held for sale amounted to €16.3 million, reflecting a reduction of €6.7 million compared to the previous year given the sales made in 2019. In turn, income from companies measured by the equity accounting method totalled €43.9 million, similar to the amount of the previous year.

The referred to evolution resulted in consolidated net income of €491.6 million for CGD in 2020, against €775.9 million for the preceding year, down 36.6%.

Balance sheet

CONSOLIDATED BALANCE SHEET

(EUR million)

			Change	
Assets	2019-12	2020-12	Total	(%)
Cash and cash equivalents with central banks	7,304	10,278	2,974	40.7%
Loans and advances to credit institutions	3,218	3,312	94	2.9%
Securities investments	20,452	23,445	2,993	14.6%
Loans and advances to customers	47,974	47,903	-71	-0.1%
Assets with repurchase agreement	11	14	03	29.3%
Non-current assets held for sale	1,333	1,159	-175	-13.1%
Investment properties	186	189	03	1.7%
Intangible and tangible assets	659	681	21	3.3%
Investm. in subsid. and associated companies	462	505	43	9.4%
Current and deferred tax assets	1,870	1,751	-119	-6.4%
Other assets	2,307	2,140	-168	-7.3%
Total assets	**85,776**	**91,375**	**5,599**	**6.5%**
Liabilities				
Central banks' and credit institutions' resources	1,078	2,040	963	89.3%
Customer resources	65,792	72,033	6,241	9.5%
Debt securities	2,463	1,371	-1,092	-44.3%
Financial liabilities	909	921	13	1.4%
Non-current liabilities held for sale	981	864	-116	-11.9%
Provisions	1,044	1,037	-07	-0.7%
Subordinated liabilities	1,116	1,117	01	0.1%
Other liabilities	3,827	3,290	-537	-14.0%
Sub-total	**77,210**	**82,675**	**5,465**	**7.1%**
Shareholders' equity	**8,566**	**8,701**	**135**	**1.6%**
Total	**85,776**	**91,375**	**5,599**	**6.5%**

CGD’s consolidated net assets were up 6.5% over the €85,776 million at end of the preceding year to €91,375 million at 31 December 2020. This evolution derived from the €2,993 million growth (+14.6%) in securities investments, and by cash and deposits with central banks which increased by €2,974 million (+40.7%) over December 2019, highligting CGD's liquidity surplus.

Non current assets held for sale were down 13.1% by €175 million.

Total liabilities were up 7.1% by €5,465 million over December 2019. Special reference in terms of its evolution should be made to the 9.5% increase of €6,241 million in customer resources and central banks´s and credit institutions´resources which were up 89.3% by €963 million.

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

CGD GROUP'S CONSOLIDATED NET ASSET

(EUR million)

CGD'S GROUP	2019-12		2020-12	
	Total	Structure	Total	Structure
Caixa Geral de Depósitos (1)	68,551	79.9%	77,551	84.9%
Banco Nacional Ultramarino, SA (Macau)	787	0.9%	793	0.9%
Caixa Banco de Investimento	579	0.7%	463	0.5%
Caixa Leasing e Factoring	19	0.0%	20	0.0%
Banco Comercial do Atlântico (Cape Verde)	216	0.3%	213	0.2%
BCG Angola	154	0.2%	157	0.2%
Other companies (2)	15,470	18.0%	12,178	13.3%
Consolidated net assets	**85,776**	**100.0%**	**91,375**	**100.0%**

(1) Separate activity; (2) Includes units consolidated by the equity accounting method.

The securities investments balance, including securities with repurchase agreements and trading derivatives was up 14.6% by €2,996 million over the preceding year amount to €23,459 million at the end of 2020. This evolution as determined by the increase in financial assets at fair value through other comprehensive income and by investments at amortized cost, which were up by €3,261 million and €2,238 million, respectively, compared to the end of 2019.

SECURITIES INVESTMENTS (CONSOLIDATED) (a)

(EUR million)

	2019-12	2020-12	Change	
			Total	(%)
Fin. assets at fair value through profit or loss	7,835	5,333	-2,502	-31.9%
Financial assets at fair value through other comprehensive income	3,609	6,870	3,261	90.3%
Other investments at amortized cost	9,019	11,257	2,238	24.8%
Total	**20,463**	**23,459**	**2,996**	14.6%

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

Credit

The customer loan portfolio totalled €50,149 million, representing a slight increase over the previous year.

LOANS AND ADVANCES TO CUSTOMERS (GROSS)

(EUR million)

	2019-12	2020-12	Change	
			Total	(%)
Companies	18.692	18.723	32	0.2%
General government	3.176	3.171	-5	-0.2%
Individual customers	28.255	28.255	0	0.0%
Mortgage loans	26.067	25.948	-119	-0.5%
Other	2.188	2.307	119	5.4%
Total	**50.122**	**50.149**	**27**	0.1%

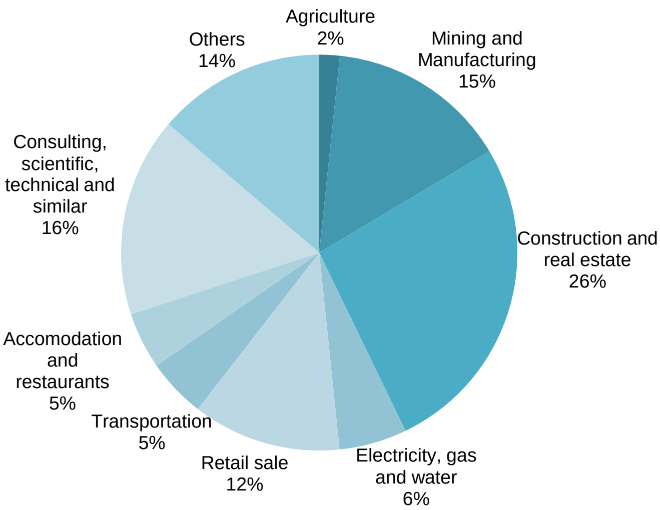
LOANS AND ADVANCES BY CORPORATE SECTOR

(EUR million)

	2019-12	2020-12	Change	
			Total	(%)
Agriculture, forestry and fishing	345	312	-33	-9.6%
Mining and manufacturing	2,679	2,768	89	3.3%
Construction and real estate activities	4,678	4,939	261	5.6%
Electricity, gas and water	799	1,037	238	29.8%
Wholesale and retail trade	2,089	2,273	184	8.8%
Transports and warehousing	1,025	903	-122	-11.9%
Accommodation and restaurants	690	868	178	25.8%
Consulting, scientific, technical and similar	3,701	3,050	-651	-17.6%
Other	2,686	2,575	-111	-4.1%
Total	**18,692**	**18,723**	**32**	**0.2%**

LOANS AND ADVANCES TO CORPORATES

Loans and advances to corporates were up 0.2% by €32 million. Reference should be made, in terms of activity sectors, to the increases in construction and real estate (+5.6%), electricity, gas and water (+29.8%), and wholesale and retail trade (+8.8%), which offset the reduction in consulting, scientific technical activities and similar.

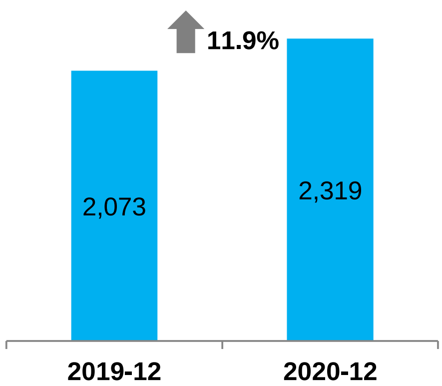


The loans and advances to individual customers balance of €28,255 million was similar to the one recorded in the previous year.

MORTGAGE CREDIT

NEW OPERATIONS (PORTUGAL)

(EUR million)



The adverse environment in force since the end of the first quarter of the year had the effect of slowing the rate of growth of new agreements significantly in some periods.

However, special reference should be made to the very significant evolution dynamics recorded in the last quarter of the year, making it possible to reach, for 2020 as a whole, a total of 20,809 new mortgage lending operations totalling €2,319 million at CGD Portugal, 2020, which corresponds to an increase of €246 million in the contracted amount (+11.9%) over 2019.

LOANS AND ADVANCES TO CUSTOMERS

MARKET SHARES (PORTUGAL)

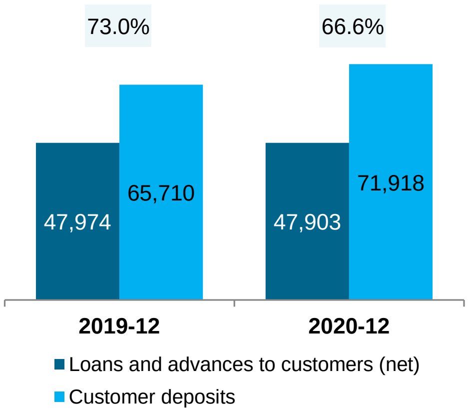
	2019-12	2020-12
Corporate	14.6%	14.5%
Individual customers	19.7%	19.5%
Mortgage loans	23.6%	23.3%
Consumer	3.3%	3.8%
General government	26.3%	25.9%
Total	**18.2%**	**18.0%**

Source: Financial and Monetary Statistics – Bank of Portugal

CGD's credit market shares reached 18.0% in December 2020, 14.5 % for corporate credit and 23.3% for individual mortgage loans.

LOANS-TO-DEPOSITS RATIO

(EUR million)



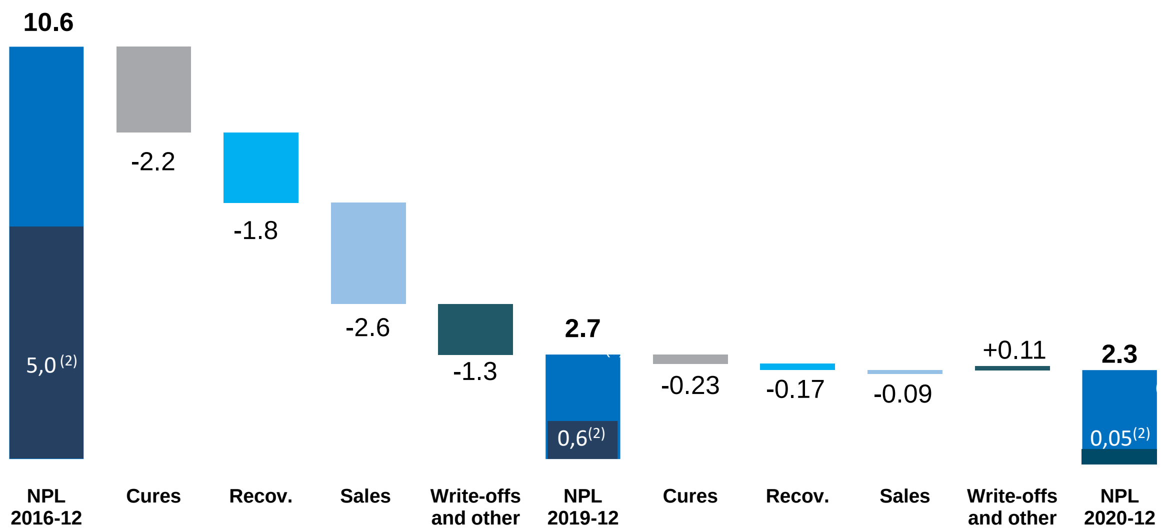
The loans-to-deposits ratio of 67%, in December 2020, against 73% in December 2019, reflected the increase of customer deposits.

Asset quality continued to trend to improvement with NPLs (non-performing loans as defined by the EBA) down 14.3% by €386 million over December 2019 owing to the positive evolution in the components of cured credit and recoveries.

The NPL ratio of 3.9%, against 4.7% in December 2019. If considered the total credit impairment, we achieve an NPL coverage ratio of 97.0% (total coverage ratio of 125.9% including assigned collaterals), giving an NPL ratio, net of impairment of 0.05%. This evolution also reflects increased impairment as a preventative measure in 2020.

NPL EVOLUTION (1)

(EUR billion)



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

ASSET QUALITY (CONSOLIDATED)

	2019-12	2020-12
NPL ratio (1)	4.7%	3.9%
NPE ratio (2)	3.8%	2.9%
Forborne ratio for loans and advances (3)	3.5%	3.4%
NPL coverage by impairments	79.3%	97.0%
NPE coverage by impairments	73.5%	91.3%
Coverage ratio on forborne loans and advances (3)	94.8%	89.2%
Crd. imp. (P&L) / Loans & adv. custom. (aver.)	-0.09%	0.33%

(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 85% in December 2019 to 87% at the end of 2020 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 8.5% over the same period last year to €79,120 million at the end of 2020. Reference should be made to the performance of domestic customer deposits (increase of €6,791 million, +12.2%), confirming the commitment and confidence of CGD´s customers.

In Group terms the resources taken balance was up 6.6% by €5,987 million to €97,302 million over December 2019. A contributory factor was the 9.4% increase of €6,208 million in customer deposits

RESOURCES TAKEN BY GROUP – BALANCES

(EUR million)

			Change	
	2019-12	2020-12	Total	(%)
Balance sheet	**70,449**	**76,562**	**6,113**	**8.7%**
Central banks' & cred institutions' resources	1,078	2,040	963	89.3%
Customer deposits (Consolidated)	65,710	71,918	6,208	9.4%
Domestic activity	*55,877*	*62,668*	*6,791*	*12.2%*
International activity	*9,832*	*9,250*	*-582*	*-5.9%*
Covered bonds	2,290	1,258	-1,032	-45.1%
EMTN and other securities	1,290	1,230	-59	-4.6%
Other	82	115	33	40.4%
Off-balance sheet	**20,866**	**20,741**	**-125**	**-0.6%**
Unit trust investment funds	4,386	4,798	412	9.4%
Property funds	796	931	135	16.9%
Pension funds	4,100	4,435	335	8.2%
Financial insurance	8,528	7,634	-893	-10.5%
OTRV Portuguese Government Bonds	3,056	2,942	-114	-3.7%
Total	**91,315**	**97,302**	**5,987**	**6.6%**
Total resources from domestic activity (1)	**72,946**	**79,120**	**6,174**	**8.5%**

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

Customer deposits were up 9.4% over the end of December 2019, with a growth in domestic deposits, (up 12.2% by €6,791 million), while in international activity deposits were down 5.9% by €582 million.

By category, €34,535 million (48.0% of total customer deposits) comprised term deposits and savings accounts. Sight deposits were up €5.2 billion over the end of 2019, to €37,084 million. Interest is not usually paid on sight deposits in Portugal in accordance with the respective SIS (Standardised Information Sheet).

The reduction of off-balance sheet products in comparison to the same period last year derived from the financial insurance component and variable-income treasury bonds which were down 10.5% by €893 million and 3.7% by €114 million, respectively. The remaining components, on the other hand, showed positive variations : Unit trust investment funds were up €412 million, real estate investment funds up €135 million and pension funds up €335 million.

CUSTOMER RESOURCES – BALANCES

(EUR million)

	2019-12	2020-12	Change	
			Total	(%)
Customers deposits	65,710	71,918	6,208	9.4%
Sight deposits	31,884	37,084	5,200	16.3%
Term and savings deposits	33,543	34,535	992	3.0%
Mandatory deposits	283	299	16	5.6%
Other resources	82	115	33	40.4%
Total	**65,792**	**72,033**	**6,241**	**9.5%**

CUSTOMER DEPOSITS – MARKET SHARES (PORTUGAL)
BY CUSTOMER SECTOR

	2019-12	2020-12
Corporate	12.3%	12.9%
General government	24.2%	33.2%
Individual customers	29.0%	29.7%
Emigrants	*52.2%*	*53.6%*
Total	**25.1%**	**25.8%**

Source: Financial and Monetary Statistics – Bank of Portugal

CGD retained its leading position in the domestic market with a 25.8% share of total deposits in December 2020. Individual customers' deposits market share accounted for 29.7%.

SECURITIES

(EUR million)

	2019-12	2020-12	Change	
			Total	(%)
Senior debt	170	114	-56	-33.1%
Covered bonds	2,290	1,258	-1,032	-45.1%
Subordinated debt	1,116	1,117	1	0.1%
Other	4	0	-4	-113.0%
Total	3,580	2,488	-1,092	**-30.5%**

The total of securities, comprising debt securities and subordinated liabilities, stood at €2,488 million, which represented a decrease of 30.5% compared to the end of 2019. This evolution was due to the repayment of covered bonds.

Liquidity

CGD continues to enjoy ample liquidity, allowing it to redeem a covered bond for the amount of €1 billion in January 2020, without recourse to market refinance.

In the sphere of Eurosystem monetary policy measures and in consideration of the alterations made by the European Central Bank in the context of the Covid-19 pandemic, CGD obtained €1 billion in funding from the European Central Bank in the form of a TLTRO-III (Targeted Longer-Term Refinancing Operation) in June 2020.

Simultaneously, CGD increased the value of its assets on the Eurosystem collateral pool to around €14.1 billion. This was an increase of €3.3 billion over the end of 2019, maintaining a high level of collateral available.

The liquidity coverage ratio (LCR) of 449%, at the end of December 2020, was much higher than the current liquidity regulatory requirement of 100%. In turn, the Net Stable Funding Ratio (NSFR) reached 173.0% on the same date (156.0% in December 2019).

Capital management

Consolidated shareholders' equity, at 31 December 2020, were up €135 million over 2019 to €8,701 million, highlighting the evolution of other revaluation reserves, which recorded a positive evolution of €465 million (up 15.9%).

SHAREHOLDERS' EQUITY (CONSOLIDATED)

(EUR million)

	2019-12	2020-12	Change Abs.	Change (%)
Share capital	3.844	3,844	0	0.0%
Other capital instruments	500	500	0	0.0%
Revaluation reserves	281	267	-14	-5.0%
Other reserves and retained earnings	2.929	3,394	465	15.9%
Non-controlling interests	236	204	-32	-13.5%
Net income	776	492	-284	-36.6%
Total	**8.566**	**8,701**	**135**	**1.6%**

The other reserves reflected the change in actuarial assumptions of the pension fund, reduction of the discount rate to 1.05% (1.40% in december 2019), partially offset by actuarial gains in post-employment benefits liabilitiess. 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 2020, calculated on a consolidated basis under CRD IV / CRR rules were 18.2% and 20.9%, respectively, in phasing-in and full implementation.

SOLVENCY RATIOS (CONSOLIDATED)

(EUR million)

	CRD IV / CRR Regulation 2019-12	CRD IV / CRR Regulation 2020-12
Own funds		
Common equity tier 1 (CET 1)	7,493	7,620
Tier 1	8,002	8,124
Tier 2	637	624
Total	8,639	8,748
Weighted assets	**44,325**	**41,819**
Solvency ratios		
CET 1	16.9%	18.2%
Tier 1	18.1%	19.4%
Total	19.5%	20.9%

In the assessment of its consolidated own funds and prudential ratios at 31 December 2020, communicated to the supervisor, a net profit of around €405.0 million was considered, in conformity with the ECB's authorisation under no. 2 of article 26 of regulation (EU) 575/2013 and 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).This amount was based on the prudential perimeter's net accounting profit of around €489.5 million, net of around €84.5 million concerning to the value of payment of dividends (amount determined pursuant to Recommendation ECB / 2020/62, of 15 December 2020 on the payment of dividends during the Covid-19 pandemic).

In the context of the Covid-19 pandemic, the ECB, on 27 March 2020, adopted recommendation ECB/2020/19(2) recommending that, at least until 1 October 2020, no dividends should be distributed and no irrevocable dividend payment commitments should be undertaken by credit institutions and that credit institutions should refrain from share buy-backs for the purpose of remunerating shareholders. This measure was intended to increase banks' capacity to absorb losses and support loans to households and businesses during the Covid-19 pandemic.

The ECB thus admitted two situations, namely:

a) the maintenance of the initial dividend distribution proposal, but conditioning effective payment to a reassessment of the situation when the uncertainties caused by Covid-19 have disappeared (in any event not prior to 1 October 2020);

b) a proposal for a change in the dividends policy pursuant to which no dividend will be distributed for 2019, committing to a possible distribution of reserves subject to a reassessment of the situation once the uncertainties caused by Covid-19 have disappeared (in any event not prior to 1 October 2020).

Following this guideline, the shareholders' meeting approved the non-distribution of dividends for 2019, with net profit being appropriated to free reserves, following deduction of the legal reserve (option b of the ECB recommendation).

On 27 July 2020, the ECB extended this recommendation until 1 January 2021 based on the adoption of recommendation ECB/2020/35.

On 15 December 2020, the ECB issued a new recommendation (ECB/2020/62) on the distribution of dividends during the Covid-19 pandemic (repealing recommendation ECB/2020/35), considering, in general terms, that credit institutions deciding to make dividend distributions or undertake share buy-backs should comply with two limits: 15% of the respective accrued profits for the financial years 2019 and 2020 or more than 20 basis points in terms of the Common Equity Tier 1 ratio, whichever the lower.

The variation of the CET1 ratio between December 2019 and December 2020 is explained by the improvement in own funds and reduction in Risk Weighted Assets (RWA):

1. The increase of around €126 million in CET1 represents a positive contribution of 30 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 €405 million) was the principal component making a positive contribution in accounting of 97 bps to the change in the CET1 ratio;
   - The reduction of the amounts of the deduction related to the fact that the prudential limits on own funds was exceeded by 10% and 17.65%, in the total of around €100 million, which translated into a positive impact of around 24 bps to the change in the CET1 ratio.
   - A negative variation of around €311 million in other reserves and retained earnings, which translated into a decrease of around 74 bps in the variation of the CET 1 ratio, essentially on account of the negative impact of around €147 million explained by exchange rate variations related to international activity, a negative variation of around €110 million in actuarial deviations related to employee benefits and additional Tier 1 interest charges (negative €54 million.
   - A negative deduction of around €53 million of intangibles, translating into a negative variation of 16 bps in the CET1 ratio, and;
   - The decrease of around €13 million in revaluation reserves contributed to a negative impact of 4 bps to the change in the CET1 ratio.

2. The reduction of around €2,505 million in RWAs was responsible for a 101 bps increase in the change in CET1 ratio is essentially explained by the following factors:

   a) Extension of the scope of the SME support factor, provided for in Regulation (EU) No. 873/2020, with a positive impact of around 20 bps on CET1;

   b) Increase, by approximately €1,000 million, of the exposure guaranteed by the European Investment Fund or the Mutual Counter-Guarantee Fund. This increased exposure, offset by the decrease in unsecured credit, fits in the context of credit granted under the Covid lines, with a positive contribution to the CET1 ratio of around 40 bps;

   c) Reduction of BCI Mozambique's RWA through the metical exchange rate depreciation (MZN), with a positive contribution of 30 bps in the CET1 ratio. At BCG Angola, the reduction in RWA due to the devaluation of the Kuanza (AO) was offset by the worsening of the risk weight of the portfolio, as a result of the downgrade of the country rating;

   d) Reduction of exposure to other debtors justified by the settlement of the sale transactions of non-performing asset portfolios, reduction of the derivatives portfolio subject to counterparty credit risk and decrease of exposure in non-current assets held for sale, with a global positive contribution of 17 bps in CET1;

e) Reduction of RWA for operational risk by €382 million, up 16 bps in CET1.

SREP capital requirements on consolidated activity for 2020

Based on Supervisory Review and Evaluation Process (SREP) results, the ECB (European Central Bank) defined the minimum capital requirements (further detailed) starting 1 January 2020 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.

In a letter issued on 4 December 2019, the minimum (phased-in) CET1 required of CGD on a consolidated basis is 10%. This includes i) the minimum CET 1 capital ratio of 4.5% required under Pillar 1 ii) the minimum CET 1 capital ratio of 2.25% required under Pillar 2 (P2R); iii) the capital conservation buffer (CCB) of 2.50%; and iv) the 0.75% reserve for "Other systemically important institutions" and v) the counter-cycle own funds reserve of 0%.

However, as part of a set of initiatives to mitigate the impacts of the Covid-19 pandemic, the ECB informed CGD on 8 April 2020 of the supervisory review and evaluation process (SREP) amendment, dated 4 December 2019, maintaining the requirement for a total SREP capital requirement (TSCR) of 10.25% (of which 8% for Pillar 1 and 2.25% for Pillar 2 - P2R), in which the value of the P2R set for CGD, originally to consist exclusively of instruments classified as CET 1, would be changed to be 56.25% covered by CET 1 instruments, 18.75% by AT 1 instruments and 25% by Tier 2 instruments, to be implemented from and including March 2020.

CGD has a minimum phased-in CET1 requirement of 9.02%, on a consolidated basis. It includes: i) a minimum CET1 of 4.5% required by Pillar 1 ii) a minimum CET1 of 1.27% required by Pillar 2 (P2R); iii) a capital conservation buffer (CCB) of 2.50%; iv) the 0.75% 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 2020).

CGD must also comply with a minimum Tier 1 of 10.94% and total capital requirements of 13.50% in 2020.

Phased-in capital ratios and SREP requirements for 2021

In its last SREP Decision, the supervisor left the minimum requirements for CGD group unchanged and and, according to the Banco de Portugal announcement of May 2020, it was decided to postpone for a year the gradual implementation period, defined in 2017 and revised in 2019, of the reserve of own funds for "other institutions of systemic importance" (O-SII).

Therefore, the requirements for minimum ratios in 2021 remain at the same levels as in 2020.

SREP - CAPITAL REQUIREMENTS (CONSOLIDATED)

	2020 and 2021
Common Equity Tier 1 (CET1)	**9.02%**
Pillar 1	4.50%
Pillar 2 Requirement	1.27%
Capital Conservation Buffer (CCB)	2.50%
Other Systemically Important Institutions (OSII)	0.75%
Tier 1	**10.94%**
Total	**13.50%**

MREL

CGD was informed by the single resolution board of its Minimum Requirement for Own Funds and Eligible Liabilities (MREL) requirements during the course of first half 2020. However, MREL requirement resolution is based on current legislation and is subject to a review by the supervisor over the course of time. CGD's MREL requirements were consequently reviewed once again in February 2021, under the new European Banking Resolution Directive (BRRD2), under the following terms:

From 1 January 2024, the requirement of own funds and eligible liabilities will be equivalent to:

- 22.08% of total risk-weighted assets plus the combined buffer requirement of 3.5%, corresponding to a total requirement of 25.58%;
- 6.00% of the total leverage ratio exposure.

From 1 January 2022, under the intermediate requirement, the requirement for own funds and eligible liabilities will be equivalent to:

- 19.63% of total risk-weighted assets plus the combined buffer requirement of 3.5%, corresponding to a total requirement of 23.13%;

- 6.00% of the total leverage ratio exposure.

The requirements apply to the sub-consolidated basis for the determined resolution perimeter (the European perimeter and Banco Nacional Ultramarino in Macau). The preferred resolution strategy is the “multiple point of entry” approach. On this date, a minimum subordination requirement was not applied to CGD.

In assessing the MREL requirement, CGD considers that it is in line with its expectations and consistent with its financing plan that provides for the issuance of up to €2.0 billion of eligible liabilities by the end of 2023, in addition to the 2019 issue of senior non-preferred in the amount of €500 million.

Rating

In 2020, the expected deterioration of economic conditions in Portugal deriving from the Covid-19 pandemic and its expectable consequences on CGD’s profitability and balance sheet, led the rating agencies to take the following actions.

In April 2020 Fitch Ratings left its IDR (Issuer Default Rating) on CGD’s long term senior debt unchanged at BB+, with a change of outlook from stable to negative. For the first time, Fitch also announced a BBB- rating on CGD’s deposits. This was one notch higher than the rating on senior debt and only one notch lower than the rating on Portuguese public debt. This rating reflects greater protection for deposits in the event of resolution. The rating agency lowered its rating on CGD’s tier 2 subordinated debt on the same date owing to alterations to its analysis methodology starting February 2020.

Later in the year, in October, Fitch affirmed the referred to CGD’s ratings and outlook. According to Fitch, the unchanged rating reflects the marked improvement CGD has achieved in its capital levels, operational efficiency and asset quality giving it the capacity to face and absorb the expected deterioration of economic conditions in Portugal. On the other hand, the negative outlook reflects a recessionary view of the Portuguese economy, in particular, if it proves to be deeper and more prolonged than current expectations.

In December 2020, Moody's published an update of its Credit Opinion on Caixa Geral de Depósitos, explaining that the stable outlook of its ratings, which remain unchanged, is due to the expectation that CGD will be able to execute its funding plan in order to comply with the MREL (Minimum Requirement for Own Funds and Eligible Liabilities) requirements, defined in the meantime.

In turn, in May 2020, DBRS Morningstar confirmed its long term issuer rating of BBB, its short term issuer rating of R-2 (high) and its long and short term deposit rating of BBB (high) and R-1 (low), respectively. The trend on these ratings was revised from “stable” to “negative”.

In July 2020, DBRS Morningstar updated its Rating Report on CGD, stating that the trend in the above mentioned ratings is explained by the growing economic turmoil resulting from the Covid-19 pandemic and the consequent deterioration of the operating environment in Portugal.

Credit ratings assigned by rating agencies to CGD at 31 December 2020 are summarized in the following table:

CGD'S RATING

	Short Term	Long Term	Date (last assessment)
FitchRatings	B	BB+	2020-10
Moody's	N/P	Ba1	2020-12
DBRS Morningstar	R-2 (high)	BBB	2020-07

1.4.4.1. Domestic Activity

Domestic activity’s contribution to CGD group’s net profit in 2020 was down 32.7% over the previous year tto €398.5 million.

Excluding non-recurring effects, domestic activity contributed with €355.4 million to CGD group’s net profit in 2020 in comparison to €448.9 million in 2019, corresponding to a €93.5 million decrease (down 20.8%).

Net interest income and income from equity instruments decreased by €60.1 million and €12.9 million, respectively.

Income from financial operations was down €15.3 million. In turn net fees and commissions increased by €11.2 million compared to the previous year, supported by the higher placement of insurance and investment funds, since fees and commissions from banking services diminished €7 million (down 2.3%).

Other operating income totalized €57.3 million in the period January to December 2020. This was down €100.6 million over the preceding year, largely owing to the accounting of the capital gain made on the sale of one building in first quarter 2019.

Operating costs in 2020 were down €97.1 million over the previous year to €614.4 million. This positive evolution essentially derived from the significant decrease of 12.4% in general administrative costs and 17.4% in employee costs.This latter account, in 2020, included a non-recurring cost of €71.6 million for early retirement and voluntary redundancy programmes as a charge to the provision set up in 2017. A non-recurring gain of €70.7 arising from extraordinary actuarial gains in liabilities with post-employment benefits (pension fund and medical plan) was also recognised in employee costs. These two non-recurring effects generated an impact of €50.5 million in net profit.

In 2020 credit impairment was up €184.8 million in comparison to 2019 to provide for the eventuality of credit portfolio deterioration deriving from the current environment. On the other hand, the second quarter 2019 reversal of impairment on the equity investment in BCG Spain and Banco Mercantile (South Africa), set up in 2017, negatively impacted the evolution of domestic activity's contribution to CGD group's results.

CONTRIBUTION TO CONSOLIDATED P&L (*)
DOMESTIC ACTIVITY

(EUR million)

			Change	
	2019-12	2020-12	Total	(%)
Net interest income	733.8	673.8	-60.1	-8.2%
Income from equity instruments	31.2	18.2	-12.9	-41.5%
Net fees and commissions	409.0	420.2	11.2	2.7%
Net trading income	28.5	13.2	-15.3	-53.8%
Other operating income	157.9	57.3	-100.6	-63.7%
Total operating income	**1,360.4**	**1,182.6**	**-177.8**	**-13.1%**
Employee costs	435.0	359.1	-75.9	-17.4%
Administrative expenses	211.1	185.1	-26.1	-12.4%
Depreciation and amortisation	65.3	70.2	4.8	7.4%
Operating costs	**711.5**	**614.4**	**-97.1**	**-13.7%**
Net operating income before impairments	**648.9**	**568.3**	**-80.6**	**-12.4%**
Credit impairment (net)	-81.8	103.0	184.8	-
Provisions and impairments of other assets (net)	-129.7	-44.4	85.3	-
Net operating income	**860.4**	**509.7**	**-350.8**	**-40.8%**
Income Tax	291.3	152.0	-139.4	-47.8%
Net operating income after tax and before non-controlling interests	**569.1**	**357.7**	**-211.4**	**-37.1%**
Non-controlling interests	2.9	2.6	-0.3	-10.8%
Results from subsidiaries held for sale	-16.1	0.0	16.1	-
Results of associated companies	42.3	43.4	1.1	2.5%
Net income	**592.5**	**398.5**	**-193.9**	**-32.7%**

(*) 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 2020 was down 517 thus having 6,583 employees.

In the sphere of the implementation of its deleveraging plan on non-performing assets, credit recovery activities were carried out, including the write-off of assets and the sale of NPLs and real estate properties. This made a significant contribution to reducing CGD Group's NPL ratio.

CGD Group also undertook a corporate reorganisation, in 2020, 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 and which was accomplished, in domestic terms, by the merger of CLF- Caixa Leasing e Factoring at CGD. 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.

CGD Portugal

The nationwide emergency scenario in the context of the Covid-19 pandemic impacted the last three quarters of 2020. Caixa has, since March, been engaged on the development of a set of measures to minimize the pandemic's impact on customers and employees.

Despite the fact that in 2020 there was a substantial reduction in economic activity, CGD maintained its dynamism in its main business areas, continuing to focus on innovation and inclusion, and improving the customer experience was a priority and one of the central elements in strengthening value creation. An example of this was the fact that CGD was the first credit institution in Portugal to launch a set of corporate treasury relief measures, even before the State Moratorium was launched. Customers valued this effort and recognised the improvement in Caixa's service at the main key moments.

As part of its contingency plan Caixa took a series of steps to strengthen the protection and safety of its customers and employees, enabling 99% of branch offices to remain open, ensuring the provision of essential banking and face-to-face services for individual and corporate customers, over the whole of mainland Portugal and its islands, as well as the full operational capacity in the central services.

The customer satisfaction surveys carried out in 2020 make particular reference to the high proportion of satisfied customers, with 77% of personal and 75% of corporate and business customers expressing satisfaction or a high level of satisfaction with their overall experience with Caixa and in which 91% of customers taking out mortgage loans with Caixa stated that they were satisfied with the service provided.

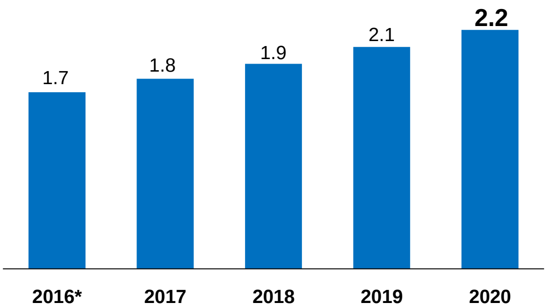
The Caixa IN and Miles&More Classic credit cards were distinguished by the ComparaJá.pt platform as the "Best Discount Card in 2020" and "Best Miles Card in 2020" respectively, as part of the Best Credit Cards Awards. These awards are recognition of the effort that has been made on innovation, differentiation and creation of value proposals that meet the effective needs of customers and consumers.

In 2020, Caixa Geral de Depósitos rose in the global ranking of the 250 largest European banks as published by the prestigious The Banker magazine, based on tier 1 capital and now ranks 62nd (63rd in 2019).

According to BrandScore, 2020 was marked by the highly positive evolution of Caixa's brand reputation (customer appraisals), as regards the attributes considered essential to the bank's sustainability (trust, financial strength, governance, ethics and transparency) with the recognition of and preference for the Caixa brand having been reaffirmed by customers and the population in general. Caixa improved in all of its brand indicators, in terms of the evaluation of its customers, with particular reference to "Relevance in the Sector", which translated the recognition of the bank's importance in the financial sector. This was accompanied by a greater increase in customer loyalty and increased appeal to non-customers.

ACTIVE DIGITAL CUSTOMERS

Millions of customers



* Estimated value

CGD Group had more than 2.2 million individual/corporate digital customers in the domestic market and abroad at the end of 2020, a growth of 160 thousand new customers over 2019 of which 131 thousand in Portugal.

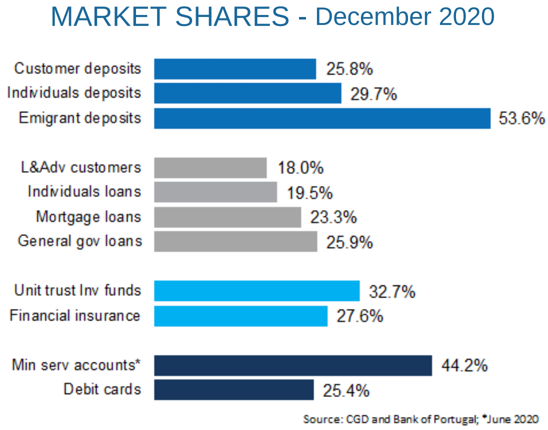
CGD increased the number of its digital customers in the domestic market, in 2020, to more than 1.8 million with an active Caixadirecta contract (up 8% over 2019), representing currently 53% of CGD active customers eligible for homebanking service.

CGD achieved a leading position in various products and service areas, across 2020. 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 44.2% in June 2020.

CGD continued to lead the means of payment sector in the domestic market, in 2020, having issued 4.2 million bank cards. Reference should be made to debit cards with a market share of 25.4%.

Unit trust investment funds in the asset management area maintained their leadership with a market share of 32.7% and in the financial insurance business the share increased to 27.6%.



Companies

In 2020, servicing companies required the permanent adaptation of solutions capable of responding in a timely manner to the different needs. To this end, CGD developed different measures to minimise the impact of Covid-19 on companies, such as:

- Possibility of a moratorium on current operations;
- Covid-19 Capitalizar 2018 (capitalisation line of credit);
- Covid-19 Linha de Apoio à Economia (economic support line of credit);
- Specific lines of credit for Madeira and the Azores;
- Fisheries and agriculture support lines of credit;
- EIF Covid lines of credit (Caixa Invest, Innovation, Business and Culture), for customers not eligible for mutual guarantee lines of credit;
- No monthly fees on POS equipment for small traders;
- Possibility of rescheduling operations;
- MLT financing with a spread discount for new SME operations;
- Measures to support treasury and specialized credit;
- Factoring and Confirming - possibility to increase the available ceiling.

CGD promptly adjusted its offer, in line with the significant legislative changes to the incentives package during the course of the second and third quarters, both as regards moratoria and lines of credit, reinforcing a proactive approach to corporate customers, encouraging their use of the support mechanisms provided by Caixa and the state, such as:

- New Covid-19 Economic Support lines of credit: LC Covid-19 - Micro & Small Enterprises and LC Covid-19 - Medium Enterprises, Small & Mid Caps;
- New Madeira support lines;
- Linhas de Apoio ao Setor Social Covid-19 (social sector support credit lines) and the Social Innovation Fund (SIF) line of credit for micro-enterprises, SMEs and social economy entities, promoting innovation and social entrepreneurship initiatives;
- New acquiring offers to boost e-commerce (Caixa Pay MB-Way).

In terms of moratoria on loans and advances to companies, CGD observed the application of the moratoria on loans and subsequent extensions regulated by the different decree laws, providing companies with simplified and quick mechanisms for adhering to them, as well as their subsequent cancellation if they so wished.

CGD applied the state sponsored moratorium to the legislative alterations in the third quarter enabling companies to benefit from the extension of the period of the moratorium, at a first stage up to 1 March 2021 and, later up to 30 September 2021, while, at the same time, simplifying the cancellation procedure.

In this context, CGD approved a total of 24,154 moratoria for companies in 2020, covering 11,894 customers, for a total amount of €3,515 million, thus offering an important measure of support for the immediate safeguarding of their treasury.

Reference should be made to an additional 27,000 Caixa Business Accounts as a multiproduct solution including a current account, the Caixadirecta Empresas (corporate) service, online SEPA transfers, debit and credit cards, cheques and access to Caixa's POS equipment at more favourable prices. An additional 10,541 items of POS equipment were installed in 2020.

Caixa further incentivised the use of totally digital solutions, such as Caixadirecta Empresas (corporate homebanking service), its “Flexcash” digital confirming solution, 100% digital short-term corporate loans and new platforms for digitally processing foreign trade documents, which assume an increased importance in the current situation, reaching in some products high transactional rates, with emphasis on documentary operations of foreign trade (62%) and factoring and confirming operations (85%).

The continuation of medium-long term financing and increase in the number of customers choosing CGD to finance their investments or for their treasury requirements have helped CGD to strengthen its status as a corporate bank.

Finance for micro and small enterprises doubled in comparison to the same period last year, namely medium and long term loans (up 13.1%). This was mainly the case of Covid lines in addition to a significant increase in PME Líder [Leading SMEs] market share.

Individuals

Individual customers also demanded the best attention from CGD, which during 2020 made available (in partnership with the State) several support measures for customers, such as:

- Possibility of a moratorium on current operations;
- Mortgage loan protection and consumer loans;
- Protection for non-mortgage loans, specialised credit and leasing operations;
- Unlimited SEPA and MB Way transfers;
- No commissions in the first year or during the crisis period;
- Easy app-based access to Caixa;
- Expansion of transactions available at ATM machines;
- Insurance flexibility and online underwriting;
- Access to the Multicare Online Health Symptom Assessor.

CGD promptly adjusted its offer, in line with the significant legislative changes to the incentives package during the course of the second and third quarters, informing individual customers who adhered the APB-CGD moratorium about the possibility of conversion to a moratorium defined by law, benefiting from extensions to maturities and the possibility of redemptions of retirement savings plans at no cost or fiscal penalty, for people with a drop in income following the Covid-19 pandemic.

The domestic branch office network at the end of 2020, had 511 branches, “universal” (i.e. general) and CGD stores and an addition three mobile branches and 13 self-service branches. CGD provides 3,521 self-service equipment, including 1,164 items of equipment on its own network (460 in-house machines and 704 bank passbook printers) plus 2,357 *Multibanco* network ATMs, which processed 155 million operations for the amount of €14.8 billion.

Delivering on its objective to provide a new client experience in face to face service, Caixa continued its expansion of the new branch prototype, currently having 20 units remodeled. Grounded on a disruptive approach to customer management and to transactions, with more modern and sophisticated renovated spaces, aided by a more intense use of digital channels – pricing displayed in screens, deal simulators and free access to wi-fi, thus assuring a new standard in service in the main products – opening of new accounts and treasury – that have been simplified and optimized.

At the same time, distance customer management continued to grow, managing a total number of 510 thousand customers. Around 30% of CGD’s digital customers are already users of its distance management service. This exclusive service offers a dedicated account manager who is ready, even at a distance, to provide tailored financial solutions on any of the available remote channels between 9 a.m. and 6 p.m., in addition to the Caixadirecta 24/365 service, without prejudice to the face-to-face services available at any Caixa branch.

This service has become particularly relevant owing to the Covid-19 pandemic which has resulted in a strong growth of distance interactions and a good customer experience across 2020. A threefold increase in the daily volume of sales of dedicated commercial officers in less than a year has been recorded while total operating income has exceeded expectations.

For as long as the pandemic remains active Caixa’s distance management continues to be prepared for its commercial teams to operate on a fully remote basis to ensure the same level of customer care and oversight in any context.

This increase resulted in expressive growth rates in business conducted on these channels over 2019, in the form of new accounts (up 596%), Contas Caixa (up 97%), consumer loans (up 93%) and subscriptions for unit trust investment funds (up 76%).

In the last quarter of the year, an average 71% of CGD customers' operations were carried out on digital channels − 75% of which using its app. This was accompanied by a sharp decrease in the use of ATS (in-house CGD cash machines) and branch office channels. The number of accesses to the Caixadirecta service, in 2020 was up 21% over 2019 to more than 281 million.

Its introduction of various digital solutions enabled CGD to respond almost immediately to its customers' needs and ensure greater ease of access to the bank, providing the improvement of the customer experience and satisfaction, such as:

- Immediate 100% app-based digital subscriptions for Caixadirecta;
- Online forms to apply for moratoria;
- Unlocking contracts via the use of the Caixadirecta app's digital assistant;
- Digital PPR agreements (retirement savings plans);
- Non-financial insurance agreements;
- Opening of financial assets accounts;
- Building individually profiled investment portfolios;
- Providing quick and simple searches for securities, among others.

Caixa was also the first bank to operate a fully remote contact centre.

Partnerships to facilitate contactless payments and provide customers with enhanced security in the context of the pandemic have also been developed and include Apple Pay and Swatchpay, the latter exclusive to CGD.

The "DABOX powered by Caixa" open banking solution is the national open banking market leader with a 75% market share of SIBS API market. It is geared to innovation and a better user experience and was the first national app to permit transfers from other banks. It was "highly commended" by the Banking Tech Awards.

These indicators show that 2020 was a year of acceleration in terms of Caixa's digitalisation, with a positive effect on business and service provided, helping to significantly improve customers'perception of the brand as representing the "Best Digital Bank" (up 17pp over 2019).

By the end of December 2020, there had been a 7.2% increase in total subscriptions to the Contas Caixa (Caixa accounts) a multiproduct solution with products and benefits geared to the customer specifics (Platinum, Blue, L, M and S Accounts) over December 2019 to more than 1.92 million accounts and the non-financial insurance which was up 6% in the main business lines.

The average daily number of credit card agreements across the year was up 70% and debit cards increased 160 thousand over 2019. Online purchases were up 27%. The acceptance of contactless technology was widespread and more than 1.2 million contactless debit cards were issued in 2020.

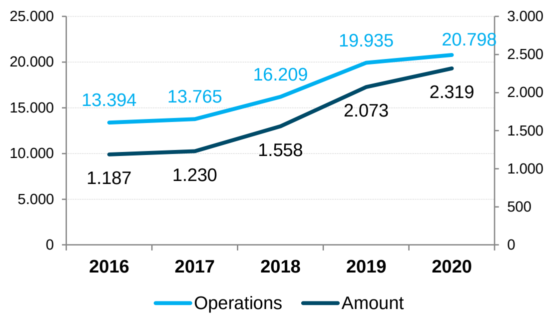
The increases in mortgage lending agreements and endeavours to avoid churn, reversed the trend towards portfolio erosion of the last 10 years. New mortgage lending in 2020 increased 12% over 2019 to €2,319 million, leading to a market share of 24.5% in the 4th quarter of 2020.

For this growth, it is worth highlighting the continued strengthening of the relationship with external network partners, namely in the real estate mediation sector. To support and increase this growth, 226 new protocols with credit intermediaries were entered across the year, supported by an efficient management and commercial oversight model, enabling the year to close with a market share of 55% on this channel and year-on-year growth of 5%.

MORTGAGE CREDIT - NEW OPERATIONS

N. of operations

Eur million



Caixa's offer for individual customers particularly includes: more competitive rates and a new simulator for its Leasing Imobiliário para Habitação (residential property leasing) operations, the re-launch of its Plano Proteção Vida (life protection plan), family protection and savings incentives, life insurance associated with mortgage loans with more competitive terms and a more comprehensive level of protection, Liber 3G motor vehicle insurance, Multicare 60+ insurance with 4 options based on a customer's profile, PPR Evoluir (retirement savings plans) life insurance that enables a retirement nest egg to be built up and the introduction of the Caixa Maiores Acompanhados (accompanied adults) debit card. The USD Saúde September 2022, life insurance associated with home leasing operations whose rates are based on the age of the insured person which may be up to 70, Investimento Portugal series October and November 2020 - personal life insurance, linked to mutual funds, the Multicare Vitality Program and the Medicina Online (Multicare) coverage that gives Multicare Insurance customers immediate and free access to medical consultations by phone, email or video call were launched in the 2nd half of 2020.

Investment banking

Caixa-Banco de Investimento, S.A. (CaixaBI) is Caixa Geral de Depósitos group's investment banking platform whose operating areas include the debt and equities capital markets, corporate finance, project and structured finance advisory, financial brokerage, equity research, market-making, corporate risk advisory and management and venture capital areas.

CAIXA BANCO DE INVESTIMENTO - INDICATORS

(EUR Million)

			Change	
(Statutory accounts)	2019-12	2020-12	Total	(%)
Net interest income	6.7	4.0	-2.6	-39.4%
Commissions (net)	25.1	19.6	-5.5	-21.9%
Income from financial operations	3.0	2.1	-0.9	-28.7%
Total operating income	39.9	27.5	-12.4	-31.0%
Operating costs	-16.8	-15.3	1.5	-
Net op. income before impairments	23.1	12.2	-10.8	-46.9%
Provisions and impairments	1.3	0.7	-0.6	-43.5%
Net income	17.4	9.5	-7.9	-45.4%
Net assets	596.6	465.8	-130.8	-21.9%
Securities investments	500.1	414.8	-85.3	-17.1%
Loans and adv. to customers (net)	6.8	5.7	-1.1	-16.4%
Customer deposits	47.7	23.8	-23.9	-50.1%

CaixaBI's total operating income, in 2020, was €27.5 million. Positive contributions to this amount were made by net interest income (€4 million), commissions from advisory and financial brokerage services (€19.6 million), income from financial operations (€2.1 million) and other operating income (€1.8 million). Structural costs were down by around 9.2% year-on-year to €15.3 million, representing a cost-to-income ratio of 56.6%. Net income in 2020 totalled €9.5 million.

CaixaBI continued to enjoy benchmark status in the bond and commercial paper sectors of Portugal's debt capital market in 2020. According to Bloomberg data, the bank was the leading domestic issuer of euro bonds in the primary bond market, both in terms of volume and number of issues. The bank was involved in a total of nineteen issuances in the bonds sector, having led fifteen such operations.

In the sovereign debt market reference should be made to its role in Portuguese Republic issuances as joint lead manager & bookrunner for the €5 billion syndicated issuance of the new 7 year benchmark (T-bonds 0.7% maturing in 2027) and the €4 billion syndicated issuance of the new 15 year benchmark (T-bonds 0.9% maturing in 2035). It was also co-lead manager for the €4 billion syndicated issuance of the new 10 year benchmark (T-bonds 0.475% maturing in 2030). CaixaBI was involved in Portuguese public debt auctions across the year as a specialised treasury securities trader, in addition to IGCP's treasury bonds swap operations, providing investors with information on the contents of prospectus.

Reference should be made, in the private debt segment, to CaixaBI's role as joint lead manager & bookrunner for Galp Energia's eurobond issuances (€500 million with a maturity of 5 years), Autonomous Region of the Azores (€285 million with a maturity of 6 years) and Autonomous Region of Madeira (€458 million with a maturity of 14 years – without a state guarantee). CaixaBI was also responsible for the organisation and lead of bond loans for Visabeira group, Sonae, Sonae MC, Secil, Autonomous Region of Madeira, Autonomous Region of the Azores, Amorim Holding, Visabeira Global and Luz Saúde. It was also co-lead manager for the covered bonds issuances of Credit Agricole and the dual tranche issuance of UBS Group AG, the entity responsible for the *Benfica SAD* public bond subscription and joint solicitation agent in the process of requesting the consent of CUF bondholders.

CGD Group is highly focused on the sustainable financing segment, in which reference should be made to CaixaBI's lead role in the issuance for the private institutional sale of BA Glass, for the amount of €124.5 million with a maturity of 5 years. This transaction was the first sustainability-linked bond issuance by a national entity. It was also co-lead manager of the *EDP Green Bonds* issuance, for a total amount of €750 million and a maturity of 7 years. The funds raised by this issuance are to finance renewable energy generation projects, under the terms of the *Green Bond Framework* disclosed by EDP.

CaixaBI continued to be the benchmark operator in the commercial paper segment, having organised and led thirty five new commercial paper programmes of which reference should be made to Jerónimo Martins/Recheio, Amorim Holding, Nabeiro group, Azinor, 1870 Amorim 2020, Sogrape, Barraqueiro group, Toyota Caetano Portugal, Perfumes & Companhia, Viagens Abreu, RNM group, NORS, Ibersol, Porminho, Indasa and Santogal. Of the 139 commercial paper issuances in 2020 for an amount of €3,982 million, CaixaBI placed €2,330 million euros in the domestic institutional investors network. Also in this segment, but for sales to European institutional investors, CaixaBI was the dealer for REN's €600 million euro commercial paper programme.

In terms of structured assets finance, CaixaBI organised three credit transfers, totalling around €220 million, relating to SU Eletricidade's additional costs on the purchase of electricity from special-purpose regime generators.

CaixaBI was involved in the largest M&A operation announced in Portugal in 2020 and retained its leading position in the sector's main league tables, coming third by number of transactions announced and the only Portuguese entity in Bloomberg's top 4. Reference should be made to the completion of financial advisory services to the José de Mello group for the disposal of a 40.6% stake in Brisa, financial advisory services to CGD for the disposal of a 20% stake in Multicare e Fidelidade Assistência and process for the disposal of 10% of Taguspark and financial advisory services to Parbanca and Partang for the BCI and BCGA economic-financial assessment processes, respectively. CaixaBI was also the financial broker for Efanor's takeover bid on Sonae Indústria and Sonae Capital.

With regard to structured credit operations, reference should be made, this year, to advisory services for structuring the financing of the acquisition of a portfolio of hydroelectric assets located in northern Portugal, with a stake of approximately €90 million in a *Green Loan Principles* related operation.

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

The venture capital activity of Caixa Capital, as a wholly owned CaixaBI subsidiary, concentrated on the management of three CGD group venture capital funds which at the end of the year, had stakes in 67 companies. The fair value of financial investments portfolios and loans of the various funds under management totalled €158 million, at the end of 2020, €58 million of which in companies and €100 million in funds and other indirect investment vehicles. There are also a number of commitments to increase investment in portfolio companies, namely funds, for around €30 million. Three new investments and 18 additional investments were made in portfolio companies in 2020 for a total amount of €8 million. There were also 21 disinvestment operations with a realisation price of €41 million.

Specialised credit

The year 2020 was deeply marked by the pandemic and its enormous impact on commercial and economic activity, mainly in the automotive sector, which has been seriously affected by the significant drop in the number of vehicle sales, which were down 33.9% in December 2020, according to the Portuguese Automobile Trade Association (ACAP). According to provisional data disclosed by the Portuguese Leasing, Factoring and Renting Association (ALF), for 2020, downward trajectories were recorded in all business sectors, as a reflection of the current situation in which the sector has taken a severe hit, namely: 12.5% for property leasing, 26.0% for equipment leasing, 9.0% for factoring and 3.6% for confirming, respectively.

SPECIALISED CREDIT - PRODUCTION

(EUR Million)

Product	2019-12	2020-12	Change Total	Change (%)
Leasing	**434**	**370**	**-65**	**-14.9%**
Property leasing	103	102	-2	-1.6%
Equipment leasing	331	268	-63	-19.1%
Factoring	**4,050**	**4,102**	**52**	**1.3%**
Domestic and international factoring	2,349	2,174	-175	-7.4%
Confirming	1,701	1,928	226	13.3%
Consumer credit	**21**	**11**	**-10**	**-47.3%**
of which:				
Vehicle finance (light vehicles)	**168**	**128**	**-40**	**-23.8%**
Property leasing	151	117	-34	-22.0%
Consumer credit	18	11	-7	-39.0%

The commercial performance of CGD group's specialised credit at the end of 2020 was less negative than the sector average. Reference should be made to the good performance of confirming activity in the current context with growth of 13.3% in 2020, representing 47.0% of total factoring.

Real estate leasing agreements of €101.5 million were down 1.6%, over December 2019. CGD's specialised credit in December 2020, in terms of market share, was 13.7%. This was up 2.4 pp over December 2019.

Equipment leasing sales were down 19.1% over the same period of the preceding year to €268.1 million in December 2020. Light vehicle finance operations which represent around 43.8% of the business's global sales were down 22%. CLF's 16.4% market share of the equipment leasing segment at the end of fourth quarter 2020 was up 1.6 pp over December 2019.

Total factoring was up 1.3% over December 2019 to €4,101.5 million. The 13% market share of these products in December 2020, was up 3.5 pp over December 2019.

Traditional credit of €10.8 million was down 38.8% year-on-year, keeping pace with the sharp 34.0% fall in sales in the light vehicles sector according to December data published by ACAP. Automobiles continue to be the most representative type of asset (99.0%), with around 53.3% comprising new vehicles.

SPECIALISED CREDIT – INDICATORS

(EUR Million)

	2019-12	2020-12	Change Total	Change (%)
Net interest income	39.2	36.7	-2.5	-6.3%
Total operating income	50.7	45.5	-5.1	-10.1%
Operating costs	10.3	9.6	-0.7	-7.0%
Net op. income before impairments	40.3	35.9	-4.4	-11.0%
Provisions and impairments	5.5	19.7	14.2	259.0%
Net income	25.0	12.3	-12.7	-50.7%
Loans and adv. to customers (net)	2,283.0	2,421.5	138.5	6.1%

Loans and advances to customers (net) were up 6.1% over 31 December 2019 to €2.4 billion in December 2020, as a result of the implementation of customer support solutions, such as moratoria for personal and corporate customers, in addition to the adoption of a set of extraordinary, transitional support measures directly targeted at combating Covid-19, for households affected by the crisis.

Net interest income was down 6.3% from €39.2 million in the same period 2019 to €36.7 million, partly offset by the reduction in interest and charges.

Total operating income, down 10.1% over the end of December 2019 to €45.5 million, was mainly penalised by the decrease in net interest income and net commissions.

Operating costs were down 7.0% year-on-year to €9.6 million. Last year saw a reduction of 21 employees in CLF.

Employee costs were down 8% year-on-year to €7.3 million. General administrative costs were down 5.1% year-on-year to €1.9 million.

CLF's net income at the end of 2020, the last year of activity as a unit in its own right, was down 50.7% to €12.3 million against €25 million for the same period of the preceding year. On December 31, 2020, the merger of CLF into CGD was completed.

Asset management

CGD Group member Caixa Gestão de Ativos Sociedade Gestora de Fundos de Investimento, S.A. which specialises in the management of unit trust investment funds, portfolio advisory and management services, retained its leading 32.7% market share at the end of December, according to data from the Portuguese Investment Funds, Pensions and Wealth Association (APFIPP) at 31 December 2020. According to the same source, the national unit trust investment funds market was also up 12.9% over 2019 to €14.7 billion in December 2020.

Reference should be made to volume growth of €412 million in higher value added fund segments achieved by Caixa Gestão de Ativos in 2020 – equities and multi-asset funds – with total growth of €733 million across the period.

A significant contribution to this growth was made by the Caixa Seleção Global family ["global selection"], particularly the Caixa Seleção Global Moderado ["global moderate"] fund, whose €233 million growth ranks it as the second largest fund in the national market with €881.8 million under management. The new family of PPR/OICVM, Caixa Defensivo PPR/OICV" ["defensive approach"] Caixa Moderado PPR/OICVM ["moderate approach"] and Caixa Arrojado ["aggressive approach"] PPR/OICVM funds, launched at the end of 2019 had €235 million under management at the end of 2020.

For various reasons, special reference should be made to the *Caixa Ações Líderes Globais* ["leading global equities"] fund, which invests in worldwide listed equities of companies with a strong brand recognition factor:

- Growth of €229 million in 2020;
- Largest unit trust investment fund in the national market, ending 2020 with €1,129.6 million under management;
- Second placed national fund with the highest annualised return over the last 3 years (11.3%), according to APFIPP;
- Continues to achieve the highest score attributed by Morningstar - 5 stars
- Awarded, for the second consecutive year, the Jornal de Negócios/ APFIPP 202 prize for the "Best Fund" in the "Other Equities Fund" category.

Reference should, lastly, be made to the *Caixa Ações Oriente* ["Orient equities"], fund with the third highest returns of 13.4% in 2020, in the national market, according to APFIPP.

Prizes and Distinctions in 2020

In 2020, Caixa Gestão de Ativos was distinguished three times:

- By Morningstar (Morningstar Awards 2020), as the "Best Bond Fund Manager" for the 6th consecutive year and "Best Global Management Company" for the 4th year (3 of which consecutive). Morningstar 2020 prizes aim to recognise management companies, fund groupings and national market funds providing investors with the highest returns in the context of their respective peer groups across the preceding year.
- By APFIPP, in partnership with Jornal de Negócios, with the following "Best Funds 2020" prizes in the following categories: Caixa Ações Líderes Globais ["Leading global equities"], for the second consecutive year, Outros Fundos de Ações ["Other equity funds"]; Caixagest Obrigações ["Bond funds"], for the second consecutive year in the Fundos de Obrigações de Taxa Indexada ["Tracker bonds"], Caixagest Oportunidades ["Opportunity"], Outro Fundo de Obrigações ["Other bond funds"], categories. The "Best Funds 2020" prizes awarded by Jornal de Negócios/APFIPP 2020 aim to distinguish the best national funds in the respective categories, based on risk-adjusted return metrics over the last 3 years.

- By Euronext (Euronext Lisbon Awards 2020), with the award of the Sustainable Finance prize to the Caixa Ações Europa Socialmente Responsável ["Socially responsible equities"], fund. This annual event aims to distinguish entities, people and initiatives making an active contribution to the development of Portugal's capital markets in the preceding year. In particular, the Sustainable Finance award distinguishes the initiative, project or event with the most positive impact on environmental, social or corporate governance issues.

Reinforcement of the incorporation of ESG principles in the management process of Caixa Gestão de Ativos

The last two years have been marked by an acceleration of the incorporation of ESG (Environment, Social and Governance) issues in Caixa Gestão de Ativos' investment strategy.

The formalisation, in 2019, of adherence to the United National Principles for Responsible Investment (PRI) – United Nations - Supported Principles for Responsible Investment (UNIPRI) – and publication of the Socially Responsible Investment Policy, was followed, in 2020, with the publication of the Engagement Policy enabling Caixa Gestão de Ativos to fulfil its aim of setting an example in terms of socially responsible investments, focusing its operations in three areas:

1. Integration of ESG factors into investment processes, in parallel with the use of traditional financial analysis factors;
2. Engagement with companies in the form of voting rights associated with assets under management;
3. Engagement with target investment companies, fostering a close dialogue on socially responsible investment issues.

In its assessment of Caixa Gestão de Ativos, with regard to sustainable investment in 2020 under the PRI (Principles for Responsible Investment), reference should be made to the following positive aspects:

- Achievement of an A rating (on a scale from E to A+) in the "Strategy/Governance" and "Actions – Incorporation of ESG criteria" module;
- Achievement of a B rating (on a scale from E to A+) in the "Fixed income" module;

The notes referred to in 1) and 2) are in line with the median obtained by the international peer group to which Caixa Gestão de Ativos belongs (European Asset Manager with assets under management of between 10 and 30 billion US dollars).

ASSET MANAGEMENT – INDICATORS

(EUR Million)

			Change	
	2019-12	2020-12	Total	(%)
Net Comissions	24.0	25.1	1.0	4.3%
Total operating income	25.8	26.9	1.2	4.6%
Operating costs	12.1	12.6	0.5	3.9%
Net op. income before impairments	13.7	14.4	0.7	5.2%
Net income	10.2	11.1	0.9	8.7%
Assets under management	**27,952.9**	**16,297.1**	**-11,655.8**	**-41.7%**
Securities Funds (1)	4,385.7	4,798.0	412.3	9.4%
Real Estate Funds (1)	796.4	931.2	134.9	16.9%
Pension Funds (2)	4,099.9	4,434.8	334.9	8.2%
Portfolio Management (3)	18,670.9	6,133.0	-12,537.9	-67.2%

(1) Assets managed by Caixa Gestão de Ativos; (2) Assets managed by CGD Pensões. They include investments made in the Group's; (3) Portfolios managed by Caixa Gestão de Ativos. The figures exclude Pension Funds. They include amounts invested in the Group's real estate and investment funds.

1.4.4.2. International activity

CGD continued to restructure its international presence, in 2020, 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.

In this context, the main guidelines for CGD Group's international strategy are based on:

- The evolution of a relatively uncoordinated set of units for a coordinated network operation, based on closer cooperation between CGD and each of these operations e.g. in terms of governance and the corporate functions;
- A strengthening of income and profit generating capacity not dependent on the balance sheet, based on its enormous capacity to operate as a servicer for banks and international companies absent from the said geographies;
- Enhancement of the servicing activity to secure high quality credit and additional business;
- Homogenisation of supply and commercial approach, considering 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 for multinational customers operating in the geographies covered by CGD's branch office network, developing an integrated view of the Group's customer, aiming to capitalise on the relationship and the respective commercial flows through a geographically diversified offer.

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.

In terms of international presence, it is noteworthy that, on the occasion of its 9th anniversary, the Central Bank of Timor Leste decided to award the Excellence Award to Caixa Geral de Depósitos - BNU Timor, for its contribution to the development of the financial system in East Timor.

Contributions from the International Area

The international business area's contribution to consolidated net income in 2020 was down 49.3% over 2019 to €93.1 million, mostly due to the change in the perimeter of activity due to the 2019 sale of subsidiaries in Spain and South Africa.

CONTRIBUTION TO CONSOLIDATED NET INCOME (*)

INTERNATIONAL ACTIVITY

(EUR million)

			Change	
	2019-12	2020-12	Total	(%)
Net interest inc. incl. inc. from eq. investm.	398.1	352.7	-45.4	-11.4%
Net fees and commissions	88.2	76.9	-11.3	-12.8%
Net trading income	54.0	36.2	-17.8	-33.0%
Other operating income	0.5	4.6	4.0	787.3%
Total operating income	**540.8**	**470.4**	**-70.4**	**-13.0%**
Employee costs	148.3	142.8	-5.5	-3.7%
Administrative expenses	93.2	79.2	-14.0	-15.0%
Depreciation and amortisation	28.9	25.7	-3.3	-11.3%
Operating costs	**270.5**	**247.7**	**-22.8**	**-8.4%**
Net operating income before impairments	**270.3**	**222.7**	**-47.6**	**-17.6%**
Credit impairment (net)	34.3	63.2	28.9	84.4%
Provisions and impairments of other assets (net)	4.7	32.0	27.3	580.6%
Net operating income	**231.4**	**127.5**	**-103.9**	**-44.9%**
Income Tax	40.7	22.3	-18.4	-45.3%
Net operating income after tax and before non-controlling interests	**190.6**	**105.2**	**-85.4**	**-44.8%**
Non-controlling interests	47.0	28.9	-18.1	-38.5%
Results from subsidiaries held for sale	39.1	16.3	-22.8	-58.3%
Results of associated companies	0.8	0.5	-0.3	-36.6%
Net income	**183.5**	**93.1**	**-90.4**	**-49.3%**

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

The unfavourable evolution of net interest income (down €45.4 million), the results of net trading income (down €17.8 million), as well as fees and commissions (down €12.8 million), justify the reduction of the total operating income in 2020 to €470.4 million (down 13.0%, compared to 2019).

The evolution of operating costs was favourable, decreasing €22.8 million (-8.4%) compared to the previous year, with employee costs decreasing by 3.7% and administrative expenses, as well as depreciation, decreasing 15.0% and 11.3%, respectively, while credit impairment was up €28.9 million over 2019 as a preventive measure for the potential effects of the pandemic crisis.

The main contributors to income from international activity in 2020 were BNU Macao (€46.0 million), BCI Mozambique (€17.5 million), France branch (€16.3 million) and Banco Caixa Geral - Angola (€10.8 million).

Main CGD Group Companies

BNU Macao

Banco Nacional Ultramarino, S.A (BNU) is a fully 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).

In 2020 after the outbreak of the pandemic, and in order to minimize its impact, the Government of Macao adopted a series of measures to support the population and SMEs, which included tax cuts and exemptions, loans with subsidized rates, allocation of long-term, interest-free repayment funds and consumption incentives, not forgetting the development of Macao as a financial market, proceeding to the issue in November 2020 in Macao of 2.1 billion denominated bonds in patacas, by the Macao branch of Industrial and Commercial Bank of China Limited, an issue in which BNU was joint lead manager and joint bookrunner.

In October 2020, the Government of the Macao Special Administrative Region extended the agency contracts with the Bank of China and the Banco Nacional Ultramarino as currency-issuing banks for a period of ten years. This is an acknowledgment of the role played by this CGD Group entity, present in Macao since 1902 and issuing currency for more than 30 years, both for the development of the region and as a primary vehicle for connecting the Portuguese economy with the Asian markets.

In the global pandemic context, BNU has implemented several protection and support measures for its customers, employees and communities. In terms of supporting its customers, the Bank has also implemented a policy that allows, upon verification of certain conditions, the extension of the repayment terms for financing granted to SMEs and for mortgage loans.

In 2020, BNU's activity generated a net positive result of 419.9 million patacas (€46 million) and a return on equity (ROE) of 7.1%. The default ratio continued to show reduced values (1.1%) and the efficiency ratios remained much lower than the industry average, cost-to-income of 39.7% and cost-to-core income of 34.9%.

The customer loan portfolio totalled 26,692.0 million patacas in gross terms, which corresponded to an increase of 10.5% compared to the end of 2019. This growth resulted from corporate loans, either through the use of credit facilities already available, either through new financing and the increase in mortgage loans. Consumer credit decreased, reflecting a more conservative attitude from customers.

Customer resources declined slightly due to the drop in deposits from large companies and in particular the casinos affected by the significant drop in revenues. In this context, the ratio of credit to deposits increased significantly to 74.3% in 2020 (65.6% in 2019).

Operating costs increased slightly (1.2%) compared to 2019. It is worth noting the reduction in administrative costs under a strict containment policy. Employee costs increased by 3.8%, partly due to additional costs resulting from the pandemic context and, on the other hand, due to the pressure on wages in a highly competitive and full employment labour market and the need to reinforce the staff.

As a consequence, gross operating income decreased by 20.4% to 573.1 million patacas.

In terms of provisions and impairments, BNU recorded in 2020 provisions and net impairments of 92.8 million patacas (16.4 million patacas in 2019), an increase justified by the current situation, safeguarding potentially unfavourable developments for some credits.

BNU MACAO - INDICATORS

	(EUR million)			(MOP million)		
	2019-12	2020-12	Change (%)	2019-12	2020-12	Change (%)
Net interest income	96.3	88.0	-8.6%	869.8	803.2	-7.7%
Total operating income	121.6	104.8	-13.8%	1,098.5	956.2	-12.9%
Operating costs	41.9	42.0	0.2%	378.6	383.2	1.2%
Net op. income before impairments	79.7	62.8	-21.2%	719.9	573.1	-20.4%
Provisions and impairments	1.8	10.2	461.8%	16.4	92.8	467.3%
Net income	68.7	46.0	-33.0%	620.8	419.9	-32.4%
Net assets	6,196.7	5,593.1	-9.7%	55,830.1	54,810.2	-1.8%
Loans and adv. to customers (net)	2,681.0	2,723.8	1.6%	24,155.0	26,692.0	10.5%
Customer deposits	4,082.3	3,664.3	-10.2%	36,780.2	35,908.9	-2.4%

Exchange rate EUR/MOP - Balance sheet: 9.0097 in Dec/19 and 9.7996 in Dec/20; P&L 9.0346 in Dec/19 and 9.1234 in Dec/20.

BNU Macao's contribution to CGD Group's consolidated net income for 2020 was €46.0 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.

It was in an uncertain macroeconomic context, marked by the Sars-CoV-2 pandemic and that of a banking market in the midst of a technological and regulatory revolution, characterized by exacerbated competition in an environment of historically low interest rates that the Branch pursued its domestic activity in 2020. Credit distribution stands out with an increase of 7.8% compared to last year as well as the resource taking in the form of customer deposits (+11.4%) and transfers to Portugal (-1.8 %).

Reference should be made to the branch's efforts in granting loans guaranteed by the State (PGE) and moratoriums, with €86.5 million of PGE, corresponding to 886 operations. With regard to non-performing credit, the branch's rigorous monitoring, which translated into less than 1% of default in irregular situations on 31 December, stands out.

The branch's activity in the French market generated an operating result of €23.7 million, a decrease of 27.4% compared to the previous year. This increase was due to the slight increase in operating costs (+3.4%), proportional to the total operating income (+2.7%), but above all, the important reinforcement of impairments and provisions (up €9.5 million) anticipating possible future losses. Even so, the achieved net result was positive, amounting to €15.5 million.

France branch remains committed to promoting bilateral business between Portugal and France and actively contributes to the promotion of the sale of CGD Group properties in the French market, although this activity, that includes, inter alia, the participation in the salons of the Portuguese real estate in France, has been reduced due to the pandemic.

FRANCE BRANCH - INDICATORS

(EUR million)

	2019-12	2020-12	Change	
			Total	(%)
Net interest income	70.7	72.1	1.5	2.1%
Total operating income	95.8	98.4	2.6	2.7%
Operating costs	59.9	62.0	2.0	3.4%
Net op. income before impairments	35.8	36.4	0.6	1.6%
Provisions and impairments	3.2	12.7	9.5	300.1%
Net income	29.2	15.5	-13.7	-47.1%
Net assets	3,057.9	3,248.1	190.1	6.2%
Loans and adv. to customers (net)	2,474.8	2,668.2	193.4	7.8%
Customer deposits	2,543.7	2,779.9	236.3	9.3%

France branch's contribution to CGD Group's consolidated net income in 2020 was €16.3 million.

Banco Caixa Geral Angola

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

BCGA specialises in the large and medium sized corporate 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 31 branches, 4 corporate centres, 1 specialised hub for companies operating in the oil and gas sectors and 1 hub specialising in large companies.

BCGA's net interest income of 27,655 million kwanzas, was up by a year-on-year 10.6%.

The domestic currency's continued downwards trend against the US dollar and the euro, in 2020, 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 previous years, owing to the bank's endeavours to significantly reduce its currency exposure.

The results of services and commissions grew by 69% in relation to the same period last year, showing a positive performance in view of the strong regulatory restrictions imposed by the National Bank of Angola. The result with commissions has its greatest expression in commissions for documentary credits, commissions with foreign exchange operations, commissions with correspondent operations and commissions associated with TPA and ATM.

Operating costs decreased by €9.5 million (down 25.1%) due to exchange rate effects, up 21.9% in local currency.

Net operating income before impairment was 23,251 million kwanzas. This figure is a consequence of the negative impact of the non interest income and the increase in operating costs.

BCGA's net assets reached 611,043 million kwanzas, +10.8% over the same period last year. This increase is essentially due to the growth in customer resources.

The loan portfolio compared to the same period last year had a positive variation of 10.5%, with loans in arrears in December showing a reduction compared to the same period of 24%, with the coverage ratio (provisions/overdue loans) at 151% and the default ratio at 8%.

Deposits grew by 13.8%, mainly in kwanzas, +24%, as a result of a change in strategy that started to give a greater focus also on retention (growth of term and savings deposits higher than growth of sight deposits), in addition to the greater aggressiveness of fundraising campaigns in progress. Foreign currency resources rose 6% year-on-year, mainly due to the effect of the exchange rate appreciation against the kwanza, but also benefiting from the confidence given to customers, regarding the effective availability of their deposits.

BCG ANGOLA - INDICATORS

	(EUR million)			(AOA million)		
	2019-12	2020-12	Change (%)	2019-12	2020-12	Change (%)
Net interest income	61.9	42.1	-32.1%	25,011.7	27,654.9	10.6%
Total operating income	88.7	63.9	-27.9%	35,815.9	42,016.9	17.3%
Operating costs	38.1	28.6	-25.1%	15,395.9	18,765.6	21.9%
Net op. income before impairments	50.6	35.4	-30.0%	20,420.0	23,251.3	13.9%
Provisions and impairments	7.5	19.0	153.1%	3,029.7	12,480.7	311.9%
Net income	39.4	19.5	-50.5%	15,894.0	12,816.9	-19.4%
Net assets	1,028.7	769.3	-25.2%	551,291.8	611,042.7	10.8%
Loans and adv. to customers (net)	187.8	140.0	-25.4%	100,642.9	111,198.4	10.5%
Customer deposits	852.2	654.3	-23.2%	456,728.7	519,677.5	13.8%

Exchange rate EUR/AOA - Balance sheet: 535.9300 in Dec/19 and 794.2700 in Dec/20; P&L: 403.7662 in Dec/19 and 657.1824 in Dec/20.

BCG Angola's contribution to CGD Group's consolidated net income totalling €10.8 million in 2020.

BCI Mozambique

In the current pandemic context, for the year 2020, both the Mozambican Government and the International Monetary Fund (IMF) have revised downwards the prospects for economic growth from 1.6% to 0.8% and 1.4% to -0.5%, respectively. However, the inherent risks in the evolution of the pandemic, the military instability that occurs mainly in the northern part of the country and the uncertainties regarding global economic growth, may threaten these perspectives. The evolution of inflation was favourable, standing at 3.5%, partly due to the easing of the restrictions imposed to contain the spread of Covid-19 by the Government, coupled with the depreciation of the metical.

In the second half of 2020, Banco Comercial e de Investimentos (BCI) recorded an expansion of its activity, which allowed it to consolidate its leadership position in the Mozambican banking system in the three main dimensions of market shares: credit, deposits and assets, having reached at the end of December 2020, 27.4%, 26.4% and 24.4%, respectively.

The implementation of the expansion plan for the BCI branch network was conditioned during the course of 2020, having ended the year with 211 branches, 3 more than in 2019, 587 ATM and 16,705 POS (15,983 in 2019).

Net assets grew by 15.9%, recording 191.1 billion meticais compared to 165.0 billion meticais in December 2019.

The customer loan portfolio (net) increased slightly compared to the same period last year, +78 million meticais, totalling 67.3 billion meticais.

Customer deposits amounted to 150.4 billion meticais in December 2020, an increase of 20.7% compared to 2019.

In December 2020, the transformation ratio stood at 44.7%, corresponding to a reduction of 9.2 pp compared to the same period in 2019 (53.9%).

Equity totalled 19.9 billion meticais, 1.2 billion higher than in 2019, reflecting the combination of the payment of dividends and the effect of the 2020 Net Income. Growth in the solvency ratio, which reached 25.1% at the end of the year, a level well above the minimum of 12.0% legally established by the Bank of Mozambique.

In terms of results, BCI recorded a positive performance in total operating income, which amounted to 14.9 billion meticais, that compares with 14.5 billion meticais achieved in the same period of 2019.

Operating costs was up by 4.4%, mostly influenced by the 5.7% increase in employee costs and 3.5% in general administrative costs, increases that mostly reflect the exchange rate variation and the effect of the pandemic.

In 2020, BCI obtained a net result of 2.2 billion meticais, down 42.3% compared to 2019. This reduction is essentially due to the reinforcement of credit impairments, to contain potential impacts of the pandemic.

BCI MOZAMBIQUE - INDICATORS

	(EUR million)			(MZN million)		
	2019-12	2020-12	Change (%)	2019-12	2020-12	Change (%)
Net interest income	148.7	138.0	-7.2%	10,313.4	10,890.3	5.6%
Total operating income	208.5	189.1	-9.3%	14,457.1	14,918.2	3.2%
Operating costs	108.1	99.2	-8.2%	7,497.0	7,827.3	4.4%
Net op. income before impairments	100.4	89.9	-10.5%	6,960.1	7,090.9	1.9%
Provisions and impairments	28.4	48.4	70.5%	1,969.1	3,819.2	94.0%
Net income	54.6	27.7	-49.3%	3,788.7	2,187.2	-42.3%
Net assets	2,403.2	2,107.0	-12.3%	164,983.1	191,144.7	15.9%
Loans and adv. to customers (net)	979.0	741.7	-24.2%	67,207.1	67,285.2	0.1%
Customer deposits	1,814.9	1,657.7	-8.7%	124,592.0	150,384.9	20.7%

Exchange rate EUR/MZN - Balance sheet: 68.6500 in Dec/19 and 90.7200 in Dec/20; P&L: 69.3430 in Dec/19 and 78.8916 in Dec/20.

BCI Mozambique's contribution to the 2020 Group's consolidated net income was €17.5 million.

1.4.5. Separate activity

Results

CGD's separate operations include its activity in Portugal and that of its France and East Timor branches. Its Spain and Luxembourg branches were closed in 2020. The results were once again positive in 2020, achieving a net income for the year of €406.5 million.

In terms of CGD's core activity, reference should be made to the stabilising of income from services and commissions which was up 0.2% over the preceding year to €420.6 million and the €56.8 million reduction of net interest income over the end of 2019 to €704.3 million. Operating costs continued to trend downwards by €92.6 million or 12.8% in comparison to 2019, accompanied by a €72.7 million decrease (down16.6%) in employee costs and a decrease of 11.2% by €24.2 million in general administrative costs, offset by a €4.4 million increase in depreciation and amortisation to which a contributory factor was investment the in technology, particularly on digital platforms. As a result of these developments, net operating income before impairment was down 11.9% by €87 million over 2019 to €643 million in 2020.

INCOME STATEMENT (SEPARATE)

(EUR thousand)

	Restated 2019-12	2020-12	Change Total	Change (%)
Interest and similar income	1,326,278	1,070,070	-256,208	-19.3%
Interest and similar costs	565,177	365,811	-199,366	-35.3%
Net interest income	761,101	704,259	-56,842	-7.5%
Income from equity instruments	75,335	91,529	16,194	21.5%
Net interest income incl. income from eq. investm.	**836,436**	**795,788**	**-40,649**	**-4.9%**
Fees and commissions income	519,412	509,310	-10,103	-1.9%
Fees and commissions expenses	99,830	88,752	-11,078	-11.1%
Net fees and commissions	419,582	420,558	976	0.2%
Net trading income	66,396	22,758	-43,638	-65.7%
Other operating Income	130,922	34,696	-96,226	-73.5%
Non-interest income	**616,900**	**478,012**	**-138,888**	**-22.5%**
Total operating income	**1,453,337**	**1,273,800**	**-179,537**	**-12.4%**
Employee costs	436,605	363,924	-72,680	-16.6%
Administrative expenses	216,308	192,059	-24,249	-11.2%
Depreciation and amortisation	70,485	74,848	4,364	6.2%
Operating costs	723,397	630,832	-92,566	-12.8%
Net operating income before impairments	**729,940**	**642,968**	**-86,971**	**-11.9%**
Credit impairment (net)	-130,409	154,536	284,945	-
Provisions and impairments of other assets (net)	-177,771	-61,484	116,287	-
Provisions and impairments	**-308,180**	**93,052**	**401,232**	**-**
Net operating income	**1,038,119**	**549,916**	**-488,203**	**-47.0%**
Income Tax	**276,106**	**143,377**	**-132,729**	**-48.1%**
Current	76,469	250	-76,219	-99.7%
Deferred	173,157	115,563	-57,595	-33.3%
Contribution on the banking sector	26,480	27,565	1,084	4.1%
Net income	**762,013**	**406,539**	**-355,474**	**-46.6%**

Balance sheet

Net assets in respect of Caixa Geral de Depósitos' separate activity were up 7.6% over the preceding year to €85,452 million at the end of 2020. Reference should be made to the 49.0% increase in cash and cash equivalents at central banks and a 14.8% increase in securities investments as being indicative of a strong liquidity position. In turn, loans and advances to customers, fuelled by the incorporation of Caixa Leasing and Factoring - Sociedade Financeira de Crédito, S.A. into Caixa Geral de Depósitos were up €2.4 billion. On the liabilities side reference should be made to the increase of customer resources (up 11.8%).

BALANCE SHEET (SEPARATE)

(EUR million)

(EUR million)

ASSETS	2019-12	2020-12	Change Total	Change (%)
Cash and cash equivalents with central banks	6,384	9,513	3,129	49.0%
Loans and advances to credit institutions	4,176	2,129	-2,046	-49.0%
Securities investments	21,666	24,866	3,200	14.8%
Loans and advances to customers	41,781	44,174	2,393	5.7%
Non-current assets held for sale	234	208	-25	-10.9%
Intangible and tangible assets	469	517	48	10.1%
Investm. in subsid. and associated companies	1,538	1,301	-237	-15.4%
Current and deferred tax assets	1,786	1,699	-86	-4.8%
Other assets	1,369	1,043	-325	-23.8%
Total assets	**79,403**	**85,452**	**6,048**	**7.6%**
LIABILITIES				
Central banks' and credit institutions' resources	1,908	2,532	624	32.7%
Customer resources	59,006	65,978	6,972	11.8%
Debt securities	2,464	1,371	-1,092	-44.3%
Financial liabilities	907	921	13	1.4%
Provisions	1,054	996	-58	-5.5%
Subordinated liabilities	1,116	1,117	01	0.1%
Other liabilities	5,325	4,730	-595	-11.2%
Sub-total	**71,779**	**77,645**	**5,866**	**8.2%**
Shareholders' equity	**7,624**	**7,807**	**183**	**2.4%**
Total	**79,403**	**85,452**	**6,048**	**7.6%**

Capital management

Shareholders' equity was up by €183 million over 2019 to €7,807 million at the end of 2020.

SHAREHOLDERS' EQUITY (SEPARATE)

(EUR million)

	2019-12	2020-12	Change Total	Change (%)
Capital	3.844	3.844	0	0,0%
Other capital instruments	500	500	0	0,0%
Revaluation reserves	269	256	-13	-5,0%
Other reserves and retained earnings	2.248	2.800	552	24,5%
Net income for the year	762	407	-355	-46,6%
Total	**7.624**	**7.807**	**183**	**2,4%**

The CET1 and Total ratios, at 31 December 2020, calculated on a separate basis under CRD IV / CRR rules were 20.5% and 23.8%, respectively, in phased-in e full implementation.

The following table illustrates the amounts of own funds and capital ratios for end 2019 and 2020:

SOLVENCY RATIOS (SEPARATE)

(EUR million)

	CRD IV / CRR Regulation	
	2019-12	2020-12
Own funds		
Common equity tier 1 (CET 1)	6,818	6,916
Tier 1	7,318	7,416
Tier 2	600	600
Total	7,918	8,016
Weighted assets	**34,616**	**33,751**
Solvency ratios		
CET 1	19.7%	20.5%
Tier 1	21.1%	22.0%
Total	22.9%	23.8%

In the assessment of its separate own funds and prudential ratios at 31 December 2020, reported to the supervisor, a net profit of around €322.1 million was considered, in conformity with the ECB's authorisation under no. 2 of article 26 of regulation (EU) 575/2013 and 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).This amount was based on the prudential perimeter's net accounting profit of around €406.5 million, net of around €84.5 million concerning to the value of payment of dividends (amount determined pursuant to Recommendation ECB / 2020/62, of 15 December 2020 on the payment of dividends during the Covid-19 pandemic).

In the context of the Covid-19 pandemic, the ECB, on 27 March 2020, adopted recommendation ECB/2020/19(2) recommending that, at least until 1 October 2020, no dividends should be distributed and no irrevocable dividend payment commitments should be undertaken by credit institutions and that credit institutions should refrain from share buy-backs for the purpose of remunerating shareholders. This measure was intended to increase banks' capacity to absorb losses and support loans to households and businesses during the Covid-19 pandemic.

The ECB thus admitted two situations, namely:

a) the maintenance of the initial dividend distribution proposal, but conditioning effective payment to a reassessment of the situation when the uncertainties caused by Covid-19 have disappeared (in any event not prior to 1 October 2020);

b) a proposal for a change in the dividends policy pursuant to which no dividend will be distributed for 2019, committing to a possible distribution of reserves subject to a reassessment of the situation once the uncertainties caused by Covid-19 have disappeared (in any event not prior to 1 October 2020).

Following this guideline, the shareholders' meeting approved the non-distribution of dividends for 2019, with net profit being appropriated to free reserves, following deduction of the legal reserve (option b of the ECB recommendation).

On 27 July 2020, the ECB extended this recommendation until 1 January 2021 based on the adoption of recommendation ECB/2020/35.

On 15 December 2020, the ECB issued a new recommendation (ECB/2020/62) on the distribution of dividends during the Covid-19 pandemic (repealing recommendation ECB/2020/35), considering, in general terms, that credit institutions deciding to make dividend distributions or undertake share buy-backs should comply with two limits: 15% of the respective accrued profits for the financial years 2019 and 2020 or more than 20 basis points in terms of the Common Equity Tier 1 ratio, whichever the lower.

The variation in the CET1 ratio between December 2019 and December 2020 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 €98 million represents a positive contribution to the CET1 ratio of 29 basis points (bps) and derives essentially from the contribution of the following components:

   - The net profit of around €322 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 95 bps increase in the change in the CET1 ratio;

   - 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 €57 million, which translated into a positive impact of around 17 bps to the change in the CET1 ratio.

   - The negative variation of around €210 million in other reserves and retained earnings, which translated into a decrease of around 62 bps in the variation of the CET1 ratio, essentially on account of a negative variation of around €110 million in actuarial deviations related to employee benefits, an additional Tier 1 interest charges (negative €54 million) and the impact of the merger of CLF - Caixa Leasing e Factoring and Partang into Caixa Geral de Depósitos, SA (a negative impact of around €44 million);

   - A negative deduction of around €53 million of intangibles, translating into a negative variation of 16 bps in the CET1 ratio, and;

   - The negative variation of around €13 million in revaluation reserves translating into a negative impact of around 4 bps to the change in the CET1 ratio.

2. The RWA reduction of approximately €865 million, contributed to an positive variation of 50 bps on the CET1 ratio and is explained by the following factors:

   a) The merger of CLF into CGD with a negative impact of 94 bps on the CET1 ratio, corresponding to the net effect on RWA of the incorporation of assets and the cancellation of CGD headquarters's participation.

   b) Extension of the scope of the SME support factor, provided for in Regulation (EU) No. 873/2020, with an positive impact of approximately 35 bps in CET1;

   c) Increase, by approximately €1,000 million, of the exposure guaranteed by the European Investment Fund or the Mutual Counter-Guarantee Fund. This increased exposure, offset by the decrease in unsecured credit, fits in the context of credit granted under the Covid lines, with a positive contribution to the CET1 ratio of around 58 bps;

   d) Reduction in exposure to other debtors justified by the settlement of sales transactions for non-performing asset portfolios, the reduction in the derivatives portfolio subject to counterparty credit risk and the decrease in exposure in non-current assets held for sale contributed, together, to improve the ratio by about 20 bps;

   e) Reduction of RWA for operational risk by €143 million and RWA for market risk by €53 million, with a positive impact of 11 bps on the CET1 ratio.

SREP capital requirements on CGD's separate activity in 2020

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.

The ratio levels achieved by CGD on a separate basis in December 2020 are considerably higher than the required minimums.

CGD employees' Pension Fund and Healthcare Plan

Pension liabilities for CGD retirees were €3,226 million and €3,429.8 million, at 31 December 2019 and 2020, respectively, an increase of €203.8 million.

The liabilities, at the end of 2020, were funded by the pension fund were financed at around 98.5%, (retired at 100% and active workers at 96.8%). The pension fund's effective yield offset interest costs and therefore originated positive yield of around €93.4 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 €1,082.7 million (against €984.7 million in 2019).

The liabilities associated with CGD employees' post employment medical benefits – medical plan were fully provisioned, at 31 December 2019 and 2020, at €511.3 million and €524.8 million, respectively. At the end of the year, actuarial deviations associated with the medical plan totalled around €175.5 million (against €131 million in 2019).

CGD STAFF PENSION FUND

(EUR million)

	Fund's movements
Amount of the Pension Fund on 31.12.2019 including liabilities	**3,004.6**
Employees' contributions	18.6
Company´s regular contributions	67.7
Liabilities settlement - Extraordinary contribution	221.5
Pensions paid	-73.6
Net yield of Fund	138.2
Amount of the Pension Fund on 31.12.2020 including liabilities	**3,376.9**

CGD revised last year's discount rate from 1.4% to 1.05%, changed the rate of wage growth for the year 2021 and following, from 0.75% to 0.6%, and changed the growth rate of pensions for 2021 and following, from 0.4% to 0.3%.

The fund, according to the fund manager's calculations, was worth €3,376.9 million at 31 December 2020.This amount was sufficient 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.

An amount of around €22.5 million was recognised in the employee costs account for the year of which €66.3 million relative to the normal cost for the year, around €11.7 million relative to the increase in liabilities for early retirements, a negative €5.5 million resulting from gains associated with voluntary redundancies and a negative €50 million resulting from gains associated with the amendment to the Pension Plan due to the new Company Agreement.

The evolution of actuarial deviations (accumulated) directly recognised in equity which increased from a negative €984.7 million at the end of 2019 to a negative €1082.7 million in 2020, is essentially explained by the negative deviation associated with liabilities (€191.4 million) which was partially compensated by the positive actuarial deviation of €93.4 million in pension fund yield.

The yield on CGD's pension fund was 4.3%.

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

PENSION LIABILITIES FOR RETIREES

(EUR million)

	2016	2017	2018	2019	2020
Pension Liabilities	**2,540.5**	**2,636.2**	**2,740.1**	**3,226.0**	**3,429.8**
Contributions to the Pension Fund	205.5	56.1	190.9	359.0	67.7
Regular	66.9	56.1	61.7	58.0	67.7
Extraordinary - recorded in liabilities	138.6	0.0	129.2	221.5	0.0
Extraordinary - delivered the same year	0.0	0.0	0.0	79.5	0.0

Within the scope of the merger of CLF into CGD, the liabilities for retirement pensions of specialized credit company, in the amount of approximately €2.4 million, as well as the amount of coverage of equal amount were transferred to CGD.

The following table shows that liabilities of €511.3 million and €524.8 million for CGD employees' post employment medical benefits at 31 December 2019 and 2020, respectively, have been fully provisioned:

HEALTHCARE PLAN IN 2020

(EUR million)

	Provision
Value of provision at 31.12.2019	**511.3**
Current cost for period	13.8
Gains associated with changing the Plan	-20.7
Contribuition for healthcare services (SS and SAMS)	-24.1
Actuarial gains	44.6
Value of provision at 31.12.2020	**524.8**

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 2020 was €175.5 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.

Main developments in 2020

The year 2020 was marked by several challenges inherent to the Covid-19 pandemic, resulting in an increase in risk management requirements. The focus on gearing activities to minimising the pandemic's internal and economic impacts was accompanied by their respective regulatory requirements. CGD has, however, met its annual risk management objectives.

Pursuant to the scope of its activity the risk management division accompanied the effects of the pandemic on a CGD (and CGD group) level as the entity in charge of the broadest range of operational issues inherent to business continuity, ranging from the coordination of the crisis management team and updating the contingency plan, to overseeing constraints on a branch office and employee level, reporting regularly to management and administrative bodies. Reference should be made to all of the efforts made deriving from the guidelines issued by regulators and supervisors (EBA, ECB, ESMA and IASB) in addition to decree laws for the purpose of adjusting internal processes to measures in response to the pandemic, including sensitivity analyses, based on different macroeconomic scenarios for assessing impacts on impairment and capital requirements and the production of several internal periodic reports for the supervisor.

Despite the adversity deriving from the pandemic, reference should be made to the fulfilment of the strategic plan for the risk management function (approved by the board of directors in June 2019), which is based on four operating pillars: (i) governance, (ii) human resources, (iii) organisation and (iv) tools and data. With the aim of strengthening its scope and optimising and consolidating its *modus operandi*, a broad review of the organic structure of the risk management division (DGR) was also carried out in 2019. This comprised a reorganisation of core areas, with the inclusion of a non-financial risks area and the integration of an internal control area. The risk management function further consolidated its commitment to transforming and strengthening the function, in 2020, based on the timely implementation of the referred to plan in which reference should be made to:

- The development of a non-financial risks governance model, established in accordance with CGD group's risk appetite statement, with the aim of exercising suitable control over all activities and processes in order to limit losses on non-financial risks, keeping them within the tolerance levels defined by CGD's board of directors and mitigating other relevant negative impacts, such as the achievement of strategic objectives, reputation or compliance with regulatory requirements;

- The implementation of the integrated system's risk component to support activities in financial markets ("front-to-back-to-risk" or "F2B2R"), which, in addition to being better suited to current requirements, allows better monitoring and control of information, minimising operational risks;

- The production of the first self-assessment report, *in lieu* of the internal control report, in line with the requirements of Bank of Portugal *notice* 3/2020, setting out various changes to the legal framework of financial institutions, new reporting dates and content, in addition to new responsibilities for the supervisory and management bodies of entities and group;

- The development of a new corporate internal use of capital policy, formally establishing that the identification of internal capital needs should support strategic decision-making in addition to current decisions, as part of the prevailing business model but which, together, may constitute material alterations to the risk profile of each CGD group entity;

- The automation and optimisation of a series of processes and reports to provide various teams with greater opportunity for the analysis and management of issues pertaining to their area of activity;

- Strengthening risk culture dynamics in various CGD group entities.

In parallel to the implementation of the strategic plan, a number of other major initiatives has been followed up. They include the preparation of and response to the first phase of the EBA's stress test 2020 exercise and subsequent preparation of the 2021 exercise, as a result of the break in and postponement of the 2020 exercise on account of the Covid-19 pandemic.

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 2020, amounted to €41,819 million of which 88% related to credit risk, 8.4% to operational risk and the remainder to 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 (ECAI) 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.

With a view to remedying the shortcomings identified in the current methods for calculating the exposure value of derivatives transactions, namely owing to the fact that the existing calibrations are outdated and do not reflect the level of volatility of such positions or because they do not adequately reflect the effect of guarantees in terms of risk reduction on positions, the Basel Committee on Banking Supervision decided to replace the market price valuation method by a new standardised method for calculating the exposure value of derivatives transactions, referred to as the *standardised approach to counterparty credit risk*, to be applied from first half 2021. Own funds requirements for the trading portfolio are calculated by applying the *standardised method* to debt, equity and foreign exchange instruments and, finally, the own funds requirements for operational risk result from the three-year average of the relevant risk-weighted indicator calculated each year for each of the activity sectors as defined in the same regulation by the standardised method.

The *Market Discipline 2020* document, scheduled for publication in first half 2021, will provide detailed information on CGD Group's regulatory capital requirements, calculated in the three risk areas.

Internal capital requirements

In the sphere of Basel's Pillar II, CGD Group carries out the internal capital adequacy assessment (ICAAP) exercise, which aims 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 focuses on all risks defined in CGD group's risk classification system. In turn, according to the perception of the materiality of the risks, internal methodologies and/or risk factors are used to quantify the internal capital needed to absorb unexpected losses resulting from risks that may materially affect CGD group, broken down by risk categories and, when applicable, sub-categories.

Taking into account that the identification of internal capital needs should support strategic decision-making while, at the same time, aiming to maintain adequate capitalisation at the operational level, the corporate policy on the use of internal capital, published in 2020, formally instituted the use of internal capital to support CGD group's and its entities' decision-making processes.

As such and in accordance with the approved framework and risk appetite statement, the assessment of internal and regulatory capital adequacy focuses on the planning that supports the implementation of the group's strategy. Short and medium term planning for capital and capital needs are prepared in the context of the normal (base) scenario but also considers a macroeconomic environment and adverse idiosyncratic events, allowing the assessment of CGD group's solvency position when subject to extreme scenarios.

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

The leverage ratio is also calculated and monitored. This is a regulatory and supervisory instrument calculated on the division of a measure of own funds (tier 1 capital) 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.

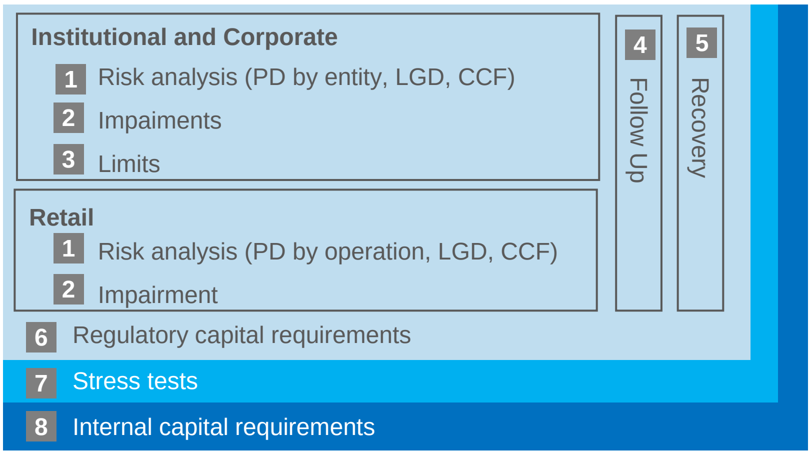
Given the nature of banking activity, credit risk is particularly important, owing to its materiality, notwithstanding its interconnection with the remaining risks.

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 environmental 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 PD, lifetime PD, LGD, etc...) are revised annually and backtested with point-in-time adjustments to ensure that they adequately reflect market conditions.

The macroeconomic scenarios supporting the forward-looking aspect of risk factors are updated twice a year by CGD's economic research office, taking into account the most recent macroeconomic projections, such as those published by the IMF and Bank of Portugal, at the close of each half year. The impairment calculation considers three macroeconomic scenarios (favourable, central and adverse), whose weighting is defined 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 the individual impairment assessment of highly exposed customers, the analysis essentially focuses on the following:

- Compliance with the contractual conditions agreed with CGD group;
- Assessment of the current and prospective economic-financial situation;
- Prospects for the evolution of a customer's activity;
- Verification of the existence of operations with overdue credit and interest in CGD group and/or the financial system;
- Adequacy of guarantees and collateral for credit mitigation purposes;

- Analysis of historical information on a customer's good conduct in payment terms.

For significant individually assessed exposures in which no objective impairment situations have been identified, collective impairment is determined in accordance with risk factors on loans with similar characteristics.

At the very beginning of the Covid-19 pandemic, CGD established a governance model based on the creation of specific committees to identify potential problems arising from the pandemic and define mitigation solutions, in addition to defining new credit risk control and monitoring processes.

The new processes implemented aimed to identify potential risks of default or a significant worsening of credit risk supported by prospective analyses considering various macroeconomic scenarios and assessment of the pandemic's impacts on different sectors of activity.

As a result of these analyses, a corporate operational plan, with the following objectives, was defined:

i. Identification of customers potentially more vulnerable to the Covid-19 pandemic, in particular as regards their economic-financial capacity and normal debt servicing capacity;
ii. Specific risk classification models to respond to the pandemic and complement existing rating and scoring models have been developed for this purpose;
iii. Individual assessments on a highly significant number of customers, including exposures associated with activity sectors considered more vulnerable;
iv. Redefinition of internal processes, including IT developments, aimed at improving the organisation's flexibility to respond to any challenges deriving from the end of legal and sectoral moratoria, across 2021;
v. Creation of a new reporting structure to control and monitor the whole process and report to management bodies.

3 Limits − to streamline the short term corporate lending process and promote different parties' use of strict, uniform risk criteria, CGD Group has attributed internal credit limits. In parallel, in order to also improve, streamline and standardise the risk analysis of these operations, CGD Group has developed and implemented a model for defining short term corporate exposure limits, supported by economic-financial and sectoral indicators and credit ratings that provide guidance on the recommended short-term exposure level to each customer. The model allows the use of the same set of clear, objective rules for the calculation of reference limits, which are indicative only. This model is applied to companies in the SME, small businesses and large enterprises segments.

Internal limits for the financial institutions segment have also been approved. The definition of such limits takes into account an entity's status in the financial sector vis-à-vis its peers, rating, VaR and other relevant elements.

Compliance with limits, credit exposures in addition to counterparty and group risk profiles are subject to the regular oversight of credit risk analysts.

In the credit risk control and monitoring sphere, the credit portfolio's composition and corresponding quality is overseen and analysed. Three monthly reports are produced for this purpose to include the following; i) Evolution of credit impairment, provisions for off-balance sheet exposures and impairment on non-current properties held for sale. This report evaluates the migration of stages by portfolio segment; ii) Report on non-performing exposures allowing the oversight of the objectives drawn up to reduce this type of exposure on a CGD group level, enabling objective actions to be taken to achieve the targets set and iii) Reporting on the monitoring of credit portfolio quality; including an assessment of the quality of fresh credit, by rating, scoring and LTV levels, with oversight of the most significant exposures, in addition to oversight of specific KPIs.

4 The monitoring of the performance of internally developed risk classification models is also particularly important. This follow-up, based on the processing of information on the use of the referred to models, provides indications regarding continued adequacy. The follow-up is undertaken by an independent modelling area hub in the risk management division allowing for autonomous guidance on any needs to revise models and information on how to use them.

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

Oversight of individual customers

Framework

DAP's activity, in 2020, focused on:

I. oversight of customers with moratoria, both in the implementation phase in March and maturity phase in September;

II. achieving positive results from the implementation of outsourcing processes on the mass recovery of individual customer debt.

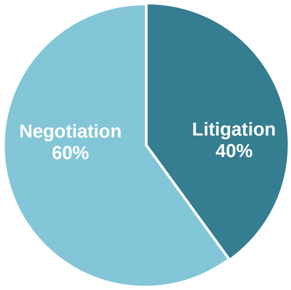
III. increased levels of automation based on the expansion of low value-added activities;

IV. improvement, adjustment and development of new *Celonis* functionalities as a process analysis tool for the analysis of oversight processes and operational control of end-to-end activity.

Operational data

DAP managed a total portfolio of 164,770 customers at the end of 2020 (71,294 under negotiation and 93,476 in litigation), comprising an exposure of around €1,767 million, with the following distribution:

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



Distributed across each area, as follows:

- Negotiation (€1,064 million of which €808 million in loans and advances to personal customers and €254 million to companies);
- Litigation (€703 million of which €294 million in loans and advances to personal customers and €409 million to companies).

The DAP portfolio had overall impairment of around €406 million, representing around 23% of the exposure of its portfolio customers. Around 47% (€190 million) of such impairment was in the negotiation portfolio and 53% (€216 million) in the litigation portfolio.

As regards performance in 2020, notwithstanding the pandemic and its effects, it was possible to achieve a reduction of €144 million in NPL (17.7% of the NPL portfolio under management in early 2020).

A total amount of €453 million was recovered in the performing and non-performing loans portfolio in 2020.

Collections (€317 million) continued to be the main form of recovery, accounting for 70% of the amount recovered, cured credit (€96 million) 21.2% and auctioned credit (€14 million) 3%.

Outlook

In addition to day-to-day portfolio management, 2021 will also see a special focus on the advance identification of customers who may have financial difficulties in the post-moratorium period, with the corresponding pro-active presentation of predefined restructuring solutions.

A significant increase in the number of customers in default is, nevertheless, expected. This will entail a reversal of the decreasing cycle in the number of employees in the division, occurring up to and including 2020.

Oversight of corporate customers

Background

The corporate business monitoring division (DAE) plays a key role in the oversight and recovery of non-performing exposures in Caixa Geral de Depósitos and is responsible for the oversight and recovery of loans to corporates and their respective corporate groups with an exposure to CGD of more than €1 million, an area in which a proactive approach has proved to be increasingly necessary. DAE is also responsible for managing CGD's equity investments in corporate and real estate recovery funds.

DAE has the following priority objectives:

- To oversee and recover corporate loans (or loans to individual business operatives) and their respective groups, with liabilities of more than €1 million to CGD as well as loans made by CLF to its portfolio customers;
- Deleveraging operations on large exposures and sectors of activity considered to be at risk;
- Close oversight of customers, seeking to prevent situations of potential non-compliance, whenever justified by early warning signs;
- To ensure the analysis and design of alternative out-of-court recovery solutions, through negotiation, including oversight of the activity/management of a company and/or corporate group;
- To implement CGD's preferred solutions designed to achieve deleverage, increase collateral and, whenever possible, out-of-court recovery of loans, while, at the same time, seeking to help the respective companies regain a sound footing;
- To promote articulation with other Caixa divisions, incentivising flexibility in the treatment of processes, in order to expedite the implementation of a solution for each case;
- To liaise and collaborate with CaixaBI in deleveraging operations on its customers;
- Whenever a negotiated solution cannot be achieved, to arrange for the corresponding judicial procedure on companies under its management, in order to maximise the amounts recovered by CGD/CLF, through the judicial process.
- To oversee CGD's equity stakes in corporate and real estate recovery funds.

DAE's structure was reformulated in 2020 in order to ensure the implementation of the outlined strategy and now comprises two regions:

- Corporate recovery commercial region I: comprising two corporate negotiation offices, one in Lisbon and one in Porto, and a business litigation office (with resources in Lisbon and Porto);
- Corporate recovery commercial region II: comprising three corporate negotiation offices, two in Lisbon (one of which has a dedicated recovery funds oversight manager) and one in Porto. This region also incorporates a liaison office with CaixaBI, with a dedicated CaixaBI liaison officer for customers whose recovery management functions were transferred to it, with operational support continuing to be provided by DAE.

The division also has:

- An operational support area, comprising two units – north and south – which operationalise current customer portfolio management and provides assistance on the formalisation and implementation of the solutions found, interacting with the Operative Department;
- A management support area, comprising 2 separate areas:
    - Process screening, analysis and consultancy, aimed at ensuring control of processes at their time of reception, auditing their respective documentary support and computer records in addition to providing assistance to processes involving portfolio credit disposals. This area is also responsible for producing reports on CLF's litigation and debt management areas;
    - A management information and market solutions area, which monitors the division's performance, centralises the production of all types of management report (internal for management, supervision and other structural bodies) ensuring the implementation of several loan recovery solutions, namely disposals. It is also responsible for liaising with CGD's other structural bodies and provides the division with all necessary technical support.

DAE continued to pursue its mission and scope, in 2020, based on alternative solutions already tested and implemented since 2017, such as the disposal of portfolio loans and individual credit, with a view to speeding up the deleveraging process. Accordingly, following the sale of the Andorra (2017), Atlantic and Artic (2018), Neptune and Jupiter (2019) portfolios, the title deed for the remainder of the Neptune portfolio was formulated and an additional 8 separate loans were sold (single tickets).

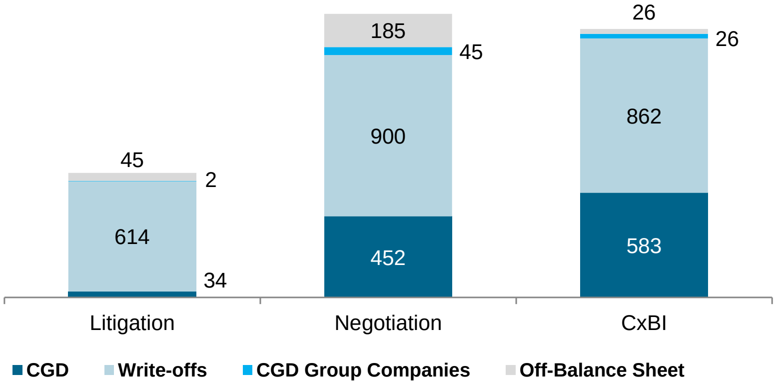
The closure of the subsidiary in Spain was followed by phase II of the migration to CGD in February 2020, with the transfer of 34 customers to DAE oversight, in addition to the 10 customer migrations in phase I in November 2019. Currently, 42 customers are being overseen by DAE, following the liquidation of the performing loans of 2 customers. The current exposure is €313 million.

<u>Management data</u>

DAE oversaw a credit portfolio of around €3.8 billion in December 2020, of which €1.6 billion was being managed by the negotiation area, €0.7 billion under the management of the litigation area and €1.5 billion in CaixaBI, with the following distribution:

DAE'S CREDIT PORTFOLIO

(EUR million)

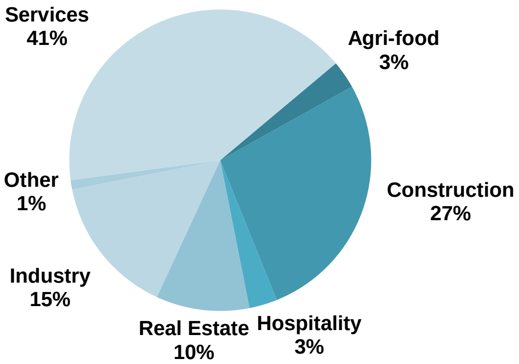


Credit under DAE management include around €2.4 billion of write-offs, albeit still with a view to their recovery.

The volume of credit under management is spread over a total of 651 dossiers, of which 506 are NPE. Customer distribution is as follows: 301 dossiers in the negotiation area, 334 in the litigation office and 16 dossiers with CaixaBI.

The risk dispersion trend by sectors of activity, already observed in previous years, continued across all sectors, with the exception of the construction and industry sectors in which a reduction was recorded.

EXPOSURE BY SECTOR



Sector	2019	2020	Var.
Agri-food	1%	3%	↑
Construction	28%	27%	↓
Hospitality	3%	3%	↔
Real Estate	9%	10%	↑
Industry	18%	15%	↓
Other	1%	1%	↔
Services	40%	41%	↑

<u>Activity in 2020</u>

The year 2020, as in the previous year, consolidated the stabilisation of the governance model defined under the transversal structuring project of credit oversight and recovery in CGD and the initiatives defined for this purpose, including the management and oversight of CLF's specialised credit (included since 2nd half 2018), as far as the DAE segment is concerned (liabilities of more than €1 million).

Thirty four customers were taken under DAE's wing in 2020 in the sphere of the closure of CGD's branch in Spain. The total amount of migrated credit was €326 million, €64 million of which performing credit, corresponding to 9 customers, €16 million in non-performing credit corresponding to 8 customers and €246 million in write-offs, corresponding to 27 customers. Twenty two of the migrated customers for the amount of €224 million are in a situation of insolvency.

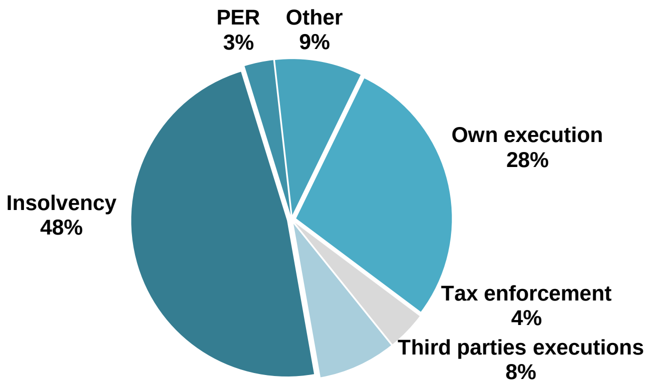
Following the disposals of the corporate loan portfolios, in past years, the 3rd Neptune Portfolio title deed was formalised, in addition to 8 cases of individual disposals. In this context, the same *modus operandi* was pursued with the sale of non-performing corporate loans a part of which in negotiated recovery processes, with others already in litigation.

Pursuant to the permanent furtherance of the CGD's strategic plan, DAE, in 2020, continued to focus on reducing NPL, having succeeded in deleveraging €164 million in NPL, based on loan disposals, receipt of collateral, cash recoveries (redemptions and liquidations), cured credit and write-offs. In 2020, DAE deleveraged €225 million in NPE of which €35 million based on the cancellation or reduction of bank guarantees.

In parallel, DAE also succeeded in recovering around €49 million in loans under its management, previously written off (accumulated at December 2020).

The litigation office oversaw and controlled 522 court cases, relating to 307 customers, in 2020, with the following distribution:

COURT CASES BY TYPE



In addition to its oversight of exclusive litigation proceedings, DAE's litigation office also provides assistance in the negotiations areas in their relationship with the courts, as regards *PER* ("special revitalisation process") customers, or recoveries from insolvency.

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 and investment timeframes 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 complementary market risk metrics continued to be applied in 2020: Expected Shortfall (ES) which aims to quantify the potential loss of value in adverse market conditions and Three Worst (3W) that aims to quantify potential portfolio losses in extreme conditions, corresponding to readings on the losses side of the empirical theoretical P&L distribution.

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.

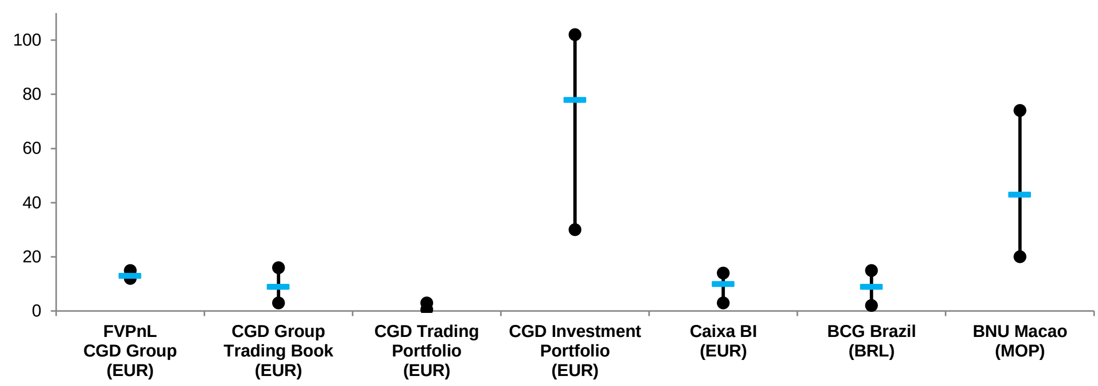
The VaR model is continuously put to the test, either through its day-to-day use or theoretical daily backtesting exercises, as well as the real monthly assessment of backtesting values on most management perimeters.

The number of exceptions obtained, i.e. the number of times theoretical or clean losses exceed the VaR value, in addition to the conditional and unconditional hedge tests, allow the assessment of the model's effectiveness and introduction of the possible need for any weighting adjustments.

The following are the minimum, mean and maximum VaR values in 2020 for the most relevant perimeters:

MARKET RISK INDICATORS

(Currency in million)



There was a decrease of market risk in the prudential trading portfolio across the year with an average value of €7 million. As regards managed portfolios risk, market risk on the investment portfolios of CGD headquarters and CaixaBI increased as a result of the introduction of a period of significant market volatility in the historical sample used to calculate VaR (March - April 2020). This period saw an increase in market volatility deriving from the uncertainty surrounding the Covid-19 pandemic. Market risk in the remaining portfolios was either stable or slightly down over 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 arises from possible market value deterioration of the pension fund's assets, the deterioration of the return on investments, and from the increase of the estimated value of pension liabilities.

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.

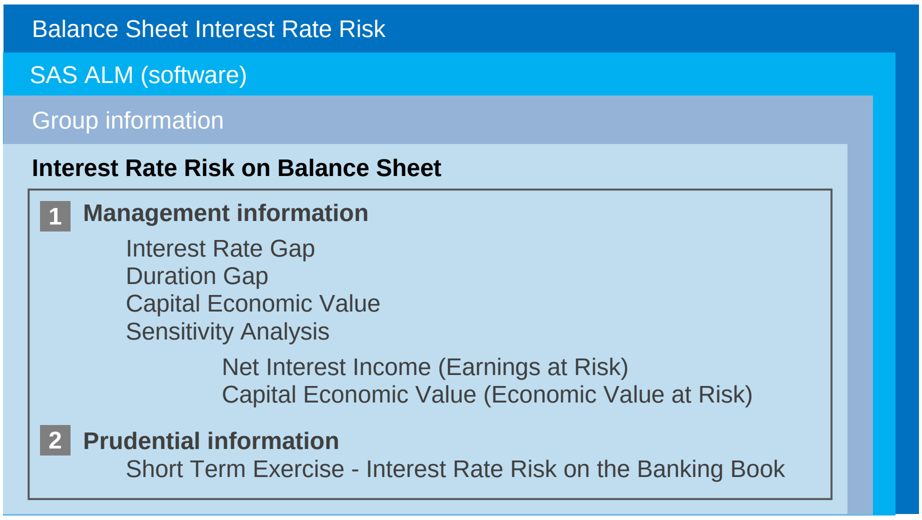
The asset values of pension funds and level of coverage of present liabilities are also monitored.

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 risk is measured and monitored is considered monthly at ALCO and executive committee meetings.

The following table sets out the interest rate gap (repricing gap) of CGD group's balance sheet at the end of 2020:

INTEREST RATE GAP, AT 31 DECEMBER 2020 *

(EUR million)

	<= 1W	>1W <=1M	>1M <=3M	>3M <=6M	>6M <=12M	>12M <=3Y	>3Y
Total assets	15,289	9,972	15,564	14,767	9,689	3,654	14,009
Total liabilities + capital	21,284	963	5,365	4,025	17,019	15,685	14,122
Total interest rate swaps	-71	342	-137	490	154	-171	-570
Gap for period	-6,067	9,351	10,061	11,232	-7,177	-12,202	-682
Accumulated gap	-6,067	3,285	13,346	24,578	17,401	5,199	4,517

***** Perimeter: prudential banking

The size of the exposure to interest rate risk in December 2020 continues to comply with the respective risk appetite level set out in CGD group's risk appetite statement, which ensures a controlled level of interest rate risk in line with its focus on retail/commercial banking. The 12 month cumulative repricing gap metric of €17,401 million is indicative of net interest income's levels of sensitivity to adverse changes in interest rates in line 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

SAS ALM (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 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 gaps, at the end of 2020, were as follows:

LIQUIDITY GAP AT 31 DECEMBER 2020 *

(EUR million)

	<= 1M	>1M <=3M	>3M <=6M	>6M <=12M	>12M <=3Y	>3Y <=5Y	>5Y <=10Y	>10Y
Total assets	29,105	3	2,877	3,317	9,662	6,699	11,426	18,355
Total liabilities + capital	4,402	2,335	2,164	4,095	9,600	4,794	6,025	45,050
Total swaps	-15	-7	-7	-1	-4	24	0	0
Gap for period	24,719	-2,326	721	-777	66	1,881	5,401	-26,695
Accumulated gap	24,719	22,393	23,114	22,336	22,402	24,283	29,684	2,990

***** Perimeter: prudential banking

The 1 and 12 month accumulated structural liquidity gaps in December 2020 for the amounts of €24,719 million and €22,336 million, respectively, translate into liquidity ratios for the respective maturities which show CGD's comfortable liquidity position, based on the assumptions underpinning the distribution of customers' sight deposits and savings over their residual periods to maturity. These ratios are part of Caixa's liquidity contingency plan. The liquidity metrics and internally developed plan to provide for aggravated liquidity stress situations are fully linked.

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.

In 2020, Caixa maintained the set of mechanisms and metrics for measuring and monitoring liquidity risk to ensure the strength of the group's framework in terms of risk assessment.

In the context of regulatory risk reporting commitments, 2020 continued to be characterised by particularly demanding reporting requirements. The ECB's liquidity "radar" maintained the different levels of scrutiny and complexity used in 2019, as shown 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 and 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 for: i) the identification, measurement, management and monitoring of liquidity risk across appropriate timeframes and ii) 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 developed by the ECB for temporary use in real crisis situations focusing on the most relevant liquidity data in such situations: (i) variations in the stock of customer deposits, wholesale financing, financing obtained from the ECB and liquid assets, (ii) the ten main counterparties for customer deposits and repo operations, and (iii) the ten main intra-group financing transactions.

In addition to the supervisor's proximity oversight of the banks' liquidity situation, the liquidity coverage ratio (LCR), as the minimum liquidity standard within the CRR/CRD IV regulatory framework entered its fifth full year in 2020.

CGD Group had a comfortable LCR of 449% at 31.12.2020, significantly higher than the minimum requirements (a ratio of more than 100%), confirming its excellent liquidity position.

The Group's excellent liquidity position has also been confirmed by a comfortable NSFR of 173% at 31.12.2020. The standard which aims to promote the existence of a sustainable maturities structure between assets, liabilities and off-balance sheet items, with a particular focus on preventing the excessive use of short-term wholesale funding, will enter into force on 1 June 2021, with a minimum requirement of 100%.

Across 2020, CGD, as usual, pursued a resource-taking policy designed to ensure a sustainable funding structure for its activity, based on the liquidity and residual period to maturity characteristics of its assets and off-balance sheet 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 has adopted the standard method on a consolidated basis, which is also used on a separate basis by Caixa Geral de Depósitos and Caixa Banco de Investimento.

The application of the standard method at 31.12.2020 and on a consolidated basis, resulted in an operational risk capital requirement of €280 million.

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 includes a structure dedicated to business continuity management, responsible for ensuring the management, maintenance and implementation of the respective initiatives.

Based on its consolidation stage, CGD's business continuity management system (SGCN), was certified in January 2019, to the international ISO 22301:2012 Business Continuity Management System standard. This certification has already been renewed twice, once at the end of 2019 and in 2020, following an audit by the specialised British Standards Institution (BSI).

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.

This year, in response to the crisis caused by the Covid-19 pandemic, the procedures regarding the protection of the health and safety of its customers, employees and suppliers as defined in the business continuity and contingency plans have been implemented through the adoption of measures and procedures helping to minimise the spread of infection and thereby contributing to reducing its impact on people, bank, the economy and society.

In this context, and in accordance with the guidelines of the leading health institutions, the Portuguese Directorate-General for Health (DGS) and World Health Organisation (WHO), CGD implemented a contingency plan applicable to all group companies. The objective was to establish and describe the internal procedures to be adopted by CGD and group companies, to prevent, minimise and manage the risks of infection and spread of the disease among employees in order to ensure the continuity of the functioning of the various services, business processes and relationships with customers and other institutions.

In addition, since the start of the pandemic, a set of operational and business information has been provided for regular reporting to the supervisors.

Non-financial risks

Non-financial risks in CGD group include four risks under its management: strategy and business, model, information technologies (IT) and reputational. Such risks consist of the likelihood of the occurrence of negative impacts on profit or loss or capital depending on the risk category, namely:

- 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).

The main objective for the control and management of non-financial risks (other than those for which the specialised operational risk centre is responsible) is to identify, assess, measure, oversee, mitigate and report such risks, in which the identification and mitigation of risk sources is a priority for CGD regardless of whether they have given rise to actual losses.

Methodology

The supervision and control of non-financial risks is the responsibility of the governing bodies. The board of directors and the executive committee shall, in their management, include aspects relevant to the control and mitigation of non-financial risks on a periodic basis.

The non-financial risk governance model is established in conformity with CGD group's risk appetite statement and aims to adequately control all activities and processes in order to limit losses on non-financial risks, keeping them within the tolerance levels defined by CGD's board of directors, in addition to mitigating other relevant negative impacts, such as the level of achievement of strategic objectives, reputation or compliance with regulatory requirements.

One of the main elements of this methodology is CGD group's risk classification, which provides a single and common language for the three lines of defence, within a framework of coordinated intervention between them and establishing a basis upon which CGD group can create an integrated approach to the management of all of its non-financial risks. According to the lines of defence model, the first line of defence consists of CGD's business and support areas and is responsible for identifying, assessing, mitigating, monitoring and reporting the risks identified in their respective spheres of activity. The second line of defence is responsible for ensuring the adequate development and implementation of a robust risk management and control model across CGD as a whole, independently, and the third line of defence comprises internal audit whose main objective is to identify any shortcomings or deficiencies which should be addressed by actions leading to their elimination or mitigation.

Although the maturity of the practices and the experience of the different types of non-financial risks differ widely, the non-financial risk management model incorporates an across-the-board set of components, such as:

- Promoting and supporting the development and continuous evolution of the non-financial risk management process and overseeing and assessing the defined strategies, policies and methodologies;
- Identifying the non-financial risks inherent to all of CGD's activities, products, processes and systems in addition to defining and monitoring its mitigation plans;
- Promoting the disclosure of information on non-financial risks to be duly taken into account in decisions made by the competent management bodies;
- Defining non-financial risk indicators and their risk appetite limits and monitoring their evolution;
- Identifying non-financial risks through the analysis of new products and services and oversight of sub-contracted activities;
- Producing independent opinions to support decision-making processes and the first lines of defence in identifying non-financial risks;
- Promoting training and programmes for the disclosure of information, incentivising the involvement of all employees;
- Reporting the findings of non-financial risk assessment tools, ensuring their quality and timeliness;
- Regularly participating in first lines of defence committees.

The incorporation of non-financial risks into the operational risk management tool used by the first lines of defence and their respective control areas to maximise synergies between areas and permit alignment of the identified events with the respective action plans and deadlines is currently in progress.

Objectives for 2021

In line with the recent past, the year 2021 is likely to continue to be particularly challenging for risk management areas. In this context, the following set of activities are considered to be the main objectives for 2021:

- Completion of the implementation of the strategic plan for CGD's risk management function, supervisory requests and recommendations, in addition to data quality and governance and process automation solutions;
- Implementation of the EU-wide stress test exercise 2021, postponed by the EBA in 2020 following the pandemic, to enable banks to focus and ensure the continuity of their core operations, including support to their customers;
- Implementation of guidelines and recommendations related to the granting and monitoring of credit, and respective internal governance mechanisms, as recommended by the European Banking Authority (EBA/GL/2020/06) which shall enter into force on 30 June 2021;
- Completion of the implementation of the operational plan for managing distress debtors, in line with the expectations of the European Central Bank;
- Continuation of the review of processes and information flows for the purpose of expanding automation, promoting efficiency and mitigating operational risks;
- Implementation of automation mechanisms to consolidate the appropriate oversight/monitoring of the evolution of risks, particularly credit risk;
- Implementation of a new market risk system;
- Adoption of the standard approach for calculating own funds requirements for market risk advocated by the "Fundamental Review of the Trading Book";
- Finalisation of preparations for the adoption of the standard approach to the calculation of own funds requirements for counterparty credit risk and ensuring compliance with a series of regulatory changes to the calculation of capital requirements as provided for in EU regulation 876/2019;
- Completion of the technological implementation of a corporate solution for the management of economic groups and related customer groups;
- Continued strengthening of the group's risk management culture, promoting face-to-face and digital proximity, in addition to harmonising practices and concepts.

While emphasising the unequivocal challenges inherent to the extraordinary nature of the Covid-19 pandemic and consequent risk management requirements, they must be met in a context of continuity, without any material deviation from the desired path.

1.6. Subsequent Events

Governance model

The Government model in force at Caixa Geral de Depósitos, S.A., in the 2017-2020 term comprises the Board of Directors, the Supervisory Board and the Statutory Auditors Society. By a Unanimous Written Resolution of January 25, 2021 of CGD's sole shareholder, the adoption of a new governance model was approved, with the consequent amendment of the Company's Articles of Association, which deserved the agreement of the European Central Bank. In this model, the Supervisory Board is extinguished and an Audit Committee is created, integrated in the Board of Directors, and will be implemented with the appointment of the new management body for the 2021-2024 term. The audit committee is made up of members of the Board of Directors who do not have executive functions.

Closure of the 2017-2020 strategic plan monitoring process by DG Comp

On April 20, 2021, CGD received a communication from the Directorate-General for Competition of the European Commission (DG Comp) informing it of the closure of the 2017-2020 strategic plan monitoring process agreed between the Portuguese state and the European Commission and formally approved on March 10, 2017, allowing the successful completion of the implementation of the commitments entered into and, in particular, confirmation of compliance with the private investor test in the framework of CGD’s recapitalisation in 2017.

This accordingly completes a long monitoring period on CGD’s activity by DG Comp, initiated in June 2012 with CGD’s issuance of and the state’s subscription for contingent convertible bonds (CoCo) and consequent state aid process that gave rise to the 2013-2017 restructuring plan, and latterly, the recapitalisation process carried out in 2017 and corresponding 2017-2020 strategic plan.

Reduction of non-performing assets

Furthering the strategy of reducing the non-performing assets in its respective balance sheet, with the aim of maximising their value, CGD, up until the date of issuance of these financial statements, continued to further a series of actions leading to the disposal or recovery of certain financial and non-financial assets, recognised in investment property, non-current assets held-for-sale and financial assets at fair value through profit or loss upon which it had recognised losses in past years owing to impairment or negative fair value adjustments.

Such events were generally considered as non-adjustable and their completion subject to constraints, as the respective promissory purchase and sale agreements had not yet been signed, owing to a requirement for administrative approvals or the need to await further analyses or decisions. Considering the level of uncertainty surrounding the events in question, it is not possible, on this date, to estimate their overall impact on profit and loss and in the balance sheet, although it is considered that all such operations, if completed could, on an aggregate basis, represent profit before tax of up to around €57,000 thousand, based on the values of such assets as set out in CGD’s financial statements with reference to December 31, 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 15 December last the European Central Bank reviewed its recommendation on the payment of dividends (recommendation ECB/2020/62), urging prudence in the proposal for 2020, similarly to what has already been verified for the 2019 period.

In this context, CGD's board of directors decided to propose to the shareholders' meeting the distribution of dividends for the year 2020 corresponding to 0.20% of the CET 1 (Core Equity Tier 1) ratio, since this is the active restriction resulting from the above-mentioned recommendation.

Thus, 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 €406,538,902 for the year as set out in the financial statements of Caixa Geral de Depósitos, S.A., should be appropriated as follows:

- €81,307,780 for the legal reserve;
- €83,638,807 for dividends;
- €241,592,315 for the "Other reserves and retained earnings" balance sheet account.

Lisbon, 22 April 2021

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

Arlindo Manuel Limede de Oliveira

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 2020 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, 22 April 2021

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1.9. Separate and Consolidated Financial Statements

CAIXA GERAL DE DEPÓSITOS, SA

BALANCE SHEET (SEPARATE)

(EUR)

ASSETS	31/12/2020 Amounts before impairment, amortisation and depreciation	31/12/2020 Impairment and amortisation and depreciation	31/12/2020 Net assets	31/12/2019 Net assets	LIABILITIES AND EQUITY	31/12/2020	31/12/2019
Cash and cash equivalents at central banks	9,513,442,838	-	9,513,442,838	6,384,455,290	Resources of central banks and other credit institutions	2,531,602,960	1,907,508,487
Cash balances at other credit institutions	414,920,456	-	414,920,456	225,318,760	Customer resources and other loans	65,978,124,015	59,005,772,632
Loans and advances to credit institutions	1,715,573,089	(1,122,707)	1,714,450,382	3,950,535,536	Debt securities	1,371,436,090	2,463,824,168
Financial assets at fair value through profit or loss	6,579,078,690	-	6,579,078,690	9,056,544,571	Financial liabilities at fair value through profit or loss	920,523,111	907,469,954
Financial assets at fair value through other comprehensive income	6,221,213,808	(318,714)	6,220,895,094	2,675,140,402	Financial liabilities associated with transferred assets	2,852,407,228	3,128,177,089
Hedging derivatives	7,324,653	-	7,324,653	7,185,721	Hedging derivatives	56,295,441	3,169,207
Investments at amortized cost	12,066,425,142	(16,389)	12,066,408,753	9,934,560,943	Provisions	996,197,942	1,053,700,669
Loans and advances to customers	46,255,224,519	(2,081,312,539)	44,173,911,980	41,781,237,289	Current tax liabilities	2,702,351	322,864
Non-current assets held-for-sale	448,496,647	(240,279,869)	208,216,778	233,704,937	Deferred tax liabilities	105,463,339	112,358,531
Investment properties	8,445,344	-	8,445,344	5,075,344	Other subordinated liabilities	1,117,317,024	1,116,457,571
Other tangible assets	1,369,959,811	(963,473,083)	406,486,728	411,437,059	Other liabilities	1,712,847,749	2,080,578,893
Intangible assets	162,296,064	(52,222,755)	110,073,309	57,544,056	Total Liabilities	77,644,917,250	71,779,340,065
Investments in subsidiaries, associates and joint ventures	1,689,282,528	(388,076,368)	1,301,206,160	1,538,276,435	Share capital	3,844,143,735	3,844,143,735
Current tax assets	429,722,601	-	429,722,601	448,609,525	Other equity instruments	500,000,000	500,000,000
Deferred tax assets	1,269,429,380	-	1,269,429,380	1,336,964,668	Revaluation reserves	255,883,990	269,224,180
Other assets	1,218,467,850	(190,868,092)	1,027,599,758	1,356,579,086	Other reserves and retained earnings	2,800,129,027	2,248,448,516
					Net income for the period	406,538,902	762,013,126
					Total Equity	7,806,695,654	7,623,829,557
Total Assets	89,369,303,420	(3,917,690,516)	85,451,612,904	79,403,169,622	**Total Liabilities and Equity**	85,451,612,904	79,403,169,622

Certified Public Accountant

Andreia Júlia Meneses Alves

Chairman

Emílio Rui da Veiga Peixoto Vilar

Deputy Chairman

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CAIXA GERAL DE DEPÓSITOS, SA

INCOME STATEMENT (SEPARATE)

(EUR)

	31/12/2020	*restatement* 31/12/2019
Interest and similar income	1,070,069,888	1,326,278,192
Interest and similar expenses	(365,810,912)	(565,176,739)
Income from equity instruments	91,528,805	75,335,015
NET INTEREST INCOME	795,787,781	836,436,468
Income from services and commissions	509,309,764	519,412,332
Costs of services and commissions	(88,751,800)	(99,830,186)
Results from financial operations	22,757,912	66,395,882
Other operating income	34,696,360	130,922,469
TOTAL OPERATING INCOME	1,273,800,017	1,453,336,965
Employee costs	(363,924,320)	(436,604,809)
Other administrative costs	(192,058,958)	(216,307,904)
Depreciation and amortisation	(74,848,334)	(70,484,610)
Provisions net of reversals	91,630,319	23,526,514
Loan impairment, net of reversals and recoveries	(154,536,336)	130,408,662
Other assets impairment, net of reversals and recoveries	(30,146,191)	154,244,507
INCOME BEFORE TAX	549,916,197	1,038,119,325
Income tax	(143,377,296)	(276,106,199)
NET INCOME FOR THE PERIOD	406,538,901	762,013,126
Average number of ordinary shares outstanding	768,828,747	768,828,747
Earnings per share (in Euros)	0.53	0.99

Certified Public Accountant
Andreia Júlia Meneses Alves

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STATEMENT OF COMPREHENSIVE INCOME (SEPARATE)

(EUR Thousand)

	31/12/2020	31/12/2019
Balances subject to reclassification to profit or loss		
Gains / (losses) arising during the year	48,451	209,667
Adjustments of fair value reserves reclassified to net income		
Impairment recognized in the year	241	107
Disposal of available-for-sale financial assets	(67,055)	(152,321)
Tax effect	5,022	(15,725)
Foreign exchange differences in branches		
Gains / (losses) arising during the year	(2,205)	280
Subtotal	(15,545)	42,009
Balances not subject to reclassification to profit or loss		
Benefits to employees - actuarial gains and losses		
Gains / (losses) arising during the year	(142,881)	(368,912)
Tax effect	32,189	58,066
Changes in the fair value of equity instruments (option of valuation of equity instruments at fair value through other comprehensive income)	(3)	3,194
Subtotal	(110,695)	(307,651)
Total comprehensive net income for the period recognised in reserves	(126,240)	(265,642)
Net income for the year	406,539	762,013
Total comprehensive net income for the year	280,299	496,371

CAIXA GERAL DE DEPÓSITOS, SA

CASH FLOW STATEMENTS (SEPARATE)

(EUR Thousand)

	31/12/2020	31/12/2019
OPERATING ACTIVITIES		
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	1,565,058	1,819,651
Interest, commissions and similar costs paid	(426,936)	(593,582)
Recovery of principal and interest	98,665	95,977
Payments to employees and suppliers	(529,379)	(773,747)
Payments and contributions to pensions funds and other benefits	(131,095)	(201,597)
Other results	(25,944)	(25,187)
	550,370	321,515
(Increases) decreases in operating assets:		
Loans and advances to credit institutions and customers	(4,208)	2,371,287
Assets held-for-trading and other assets at fair value through profit or loss	2,445,950	(46,373)
Other assets	(1,787,614)	(3,467,508)
	654,128	(1,142,594)
Increases (decreases) in operating liabilities:		
Resources of central banks and other credit institutions	660,093	(263,180)
Customer resources	6,981,152	2,812,334
Other liabilities	(777,920)	(90,500)
	6,863,325	2,458,654
Net cash from operating activities before taxation	8,067,823	1,637,575
Income tax	(1,873)	(18,865)
Net cash from operating activities	8,065,950	1,618,710
INVESTING ACTIVITIES		
Dividends received from subsidiaries and associated companies	91,284	75,049
Dividends received from available-for-sale financial assets	245	286
Acquisition of investments in subsidiaries, associates and jointly controlled entities, net of disposals	(18)	(202,055)
Acquisition of available-for-sale financial assets, net of disposals	(3,497,088)	1,199,864
Acquisition of tangible and intangible assets, net of disposals	(125,403)	(59,171)
Net cash from investing activities	(3,530,981)	1,013,972
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(41,558)	(45,122)
Interest on debt securities	(56,838)	(78,497)
Interest in other equity instruments	(53,750)	(53,750)
Interest on lease agreements	(4,677)	(5,124)
Issue of subordinated liabilities, net of repayments	-	(147,558)
Issue of debt securities, net of repayments	(1,050,858)	(779,539)
Repayments of financing operations through lease agreements	(6,152)	(27,091)
Dividends paid	-	(200,000)
Net cash from financing activities	(1,213,833)	(1,336,681)
Increase (decrease) in cash and cash equivalents	3,321,136	1,296,001
Cash and cash equivalents at the beginning of the year	6,609,774	5,313,355
Effects of the merger process on items of cash and cash equivalents	3	-
Foreign exchange differences in cash and cash equivalents	(2,549)	418
Net change of cash and cash equivalents	3,321,136	1,296,001
Cash and cash equivalents at end of the year	**9,928,363**	**6,609,774**

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, 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 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 year	-	-	-	-	-	-	-	-	-	762,013	762,013
Total gains and losses for the year 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
Appropriation of net income for 2019:											
Transfer to reserves and retained earnings	-	-	-	-	-	-	152,403	609,611	762,013	(762,013)	-
Other entries directly recorded in equity:											
Measurement gain / (losses) on financial assets at fair value through other comprehensive income	-	-	(18,362)	5,022	-	(13,340)	-	-	-	-	(13,340)
Measurement gain / (losses) on other financial assets	-	-	-	-	-	-	-	(3)	(3)		(3)
Employee benefits - actuarial gains and losses	-	-	-	-	-	-	-	(110,692)	(110,692)		(110,692)
Foreign exchange differences in branches	-	-	-	-	-	-	-	(2,205)	(2,205)		(2,205)
Net income for the year	-	-	-	-	-	-	-	-	-	406,539	406,539
Total gains and losses for the period recognised in equity	-	-	(18,362)	5,022	-	(13,340)	-	(112,900)	(112,900)	406,539	280,299
Merger reserve	-	-	-	-	-	-	-	(43,679)	(43,679)	-	(43,679)
Dividends and other charges associated with the issue of other equity instruments	-	-	-	-	-	-	-	(53,753)	(53,753)	-	(53,753)
Balances at December 31, 2020	3,844,144	500,000	200,219	(54,760)	110,425	255,884	224,891	2,575,240	2,800,129	406,539	7,806,696

CAIXA GERAL DE DEPÓSITOS, SA

CONSOLIDATED BALANCE SHEET

(EUR)

ASSETS	Notes	31-12-2020 Amounts before impairment, amortisation and depreciation	31-12-2020 Impairment, amortisation and depreciation	31-12-2020 Net assets	31-12-2019 Net assets
Cash and cash equivalents at central banks	4	10,277,778,344	-	10,277,778,344	7,303,806,717
Cash balances at other credit institutions	5	694,498,087	-	694,498,087	513,480,240
Loans and advances to credit institutions	6	2,620,418,677	3,099,934	2,617,318,743	2,704,800,320
Financial assets at fair value through profit or loss	7	5,332,566,637	-	5,332,566,637	7,834,657,902
Financial assets at fair value through other comprehensive income	8	6,856,779,232	863,410	6,855,915,822	3,598,514,583
Financial assets with repurchase agreement	9	13,877,000	-	13,877,000	10,736,629
Hedging derivatives	10	7,324,653	-	7,325,000	7,185,721
Investments at amortized cost	12	11,275,923,000	19,100,560	11,256,822,000	9,019,236,964
Loans and advances to customers	13	50,148,823,366	2,245,857,432	47,902,965,934	47,973,544,053
Non-current assets held-for-sale	14	1,458,165,166	299,216,024	1,158,949,142	1,333,470,951
Investment properties	15	188,848,989	-	188,848,989	185,665,799
Other tangible assets	16	1,637,790,091	1,083,393,915	554,396,176	584,618,522
Intangible assets	17	224,262,098	97,967,740	126,294,358	74,595,618
Investments in associates and jointly controlled entities	18	505,596,458	438,860	505,157,598	461,719,222
Current tax assets	19	436,136,667	-	436,136,667	463,528,227
Deferred tax assets	19	1,314,395,925	-	1,314,395,925	1,406,225,270
Other assets	20	2,272,041,717	139,841,790	2,132,199,927	2,300,273,719
Total assets		95,265,226,107	3,889,779,665	91,375,446,349	85,776,060,457

LIABILITIES AND EQUITY	Notes	31-12-2020	31-12-2019
Resources of central banks and other credit institutions	21	2,040,418,237	1,077,668,006
Customer resources and other loans	22	72,032,958,253	65,791,555,225
Debt securities	23	1,371,032,936	2,463,421,923
Financial liabilities at fair value through profit or loss		921,391,323	908,650,568
Hedging derivatives	10	56,295,441	3,169,207
Non-current liabilities held-for-sale	14	864,287,037	980,711,170
Provisions for employee benefits	24	725,478,365	753,307,052
Provisions for guarantees and other commitments	24	235,272,591	201,893,421
Provisions for other risks	24	76,563,776	89,239,738
Current tax liabilities	19	16,350,393	33,001,249
Deferred tax liabilities	19	122,898,529	127,414,003
Other subordinated liabilities	25	1,117,317,024	1,116,457,571
Other liabilities	26	3,094,352,584	3,663,564,124
Total liabilities		82,674,616,489	77,210,053,257
Share capital	27	3,844,143,735	3,844,143,735
Other equity instruments	27	500,000,000	500,000,000
Revaluation reserves	28	267,265,724	281,259,132
Other reserves and retained earnings	28	3,393,752,883	2,928,766,732
Net income attributable to the shareholder of CGD	28	491,591,683	775,928,450
Shareholders' equity attributable to CGD		8,496,754,025	8,330,098,049
Non-controlling interests	29	204,075,664	235,909,151
Total equity		8,700,829,689	8,566,007,200
Total liabilities and equity		91,375,446,178	85,776,060,457

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
Arlindo Manuel Limede de Oliveira

CAIXA GERAL DE DEPÓSITOS, SA

CONSOLIDATED INCOME STATEMENT

(EUR)

	Notes	31/12/2020	*restatement* 31/12/2019
Interest and similar income	30	1,482,205,537	1,828,090,749
Interest and similar expenses	30	(456,427,159)	(696,033,221)
Income from equity instruments	31	18,538,979	31,495,856
NET INTEREST INCOME		1,044,317,357	1,163,553,384
Income from services rendered and commissions	32	611,370,218	635,731,087
Cost of services and commissions	32	(114,198,932)	(139,143,663)
Results from financial operations	33	49,730,166	82,529,180
Other operating income	34	35,138,629	130,680,580
TOTAL OPERATING INCOME		1,626,357,438	1,873,350,568
Employee costs	35	(501,947,712)	(583,372,957)
Other administrative costs	37	(237,587,768)	(276,467,932)
Depreciation and amortisation		(95,827,912)	(94,255,200)
Provisions net of reversals	24	26,130,365	22,489,044
Loan impairment, net of reversals and recoveries	38	(166,200,023)	47,564,737
Other assets impairment, net of reversals and recoveries	38	(13,781,821)	102,475,723
INCOME BEFORE TAX AND NON CONTROLLING INTERESTS		637,142,567	1,091,783,983
Income tax	19	(174,218,381)	(332,045,236)
Results of associates and jointly controlled entities	18	43,885,167	43,120,530
RESULTS OF CONTINUING ACTIVITIES		506,809,353	802,859,277
Results of subsidiaries held-for-sale	14	16,289,951	22,972,980
CONSOLIDATED NET INCOME FOR THE PERIOD of which:		523,099,304	825,832,257
Non-controlling interests	29	(31,507,621)	(49,903,807)
NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD		491,591,683	775,928,450
Average number of ordinary shares outstanding	27	768,828,747	768,828,747
Earnings per share (in Euros)		0.64	1.01

Certified Public Accountant

Andreia Júlia Meneses Alves

Chairman

Emílio Rui da Veiga Peixoto Vilar

Deputy Chairman

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR Thousand)

	31/12/2020			31/12/2019		
	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 year	42,577	(21)	42,555	190,861	(26,196)	164,666
Reclassification adjustments in revaluation reserves						
Financial assets impairment recognized in the year	7,000	483	7,483	20,244	561	20,805
Disposal of financial assets in the year	(70,702)	798	(69,904)	(160,513)	(8,883)	(169,396)
Tax effect	6,208	(578)	5,631	(2,575)	9,707	7,132
Adjustments in associated companies assets	(2,094)	-	(2,094)	38,332	-	38,332
Foreign exchange difference resulting from consolidation						
Gains / (losses) arising during the year	(172,367)	(21,212)	(193,580)	(59,538)	(4,052)	(63,590)
Foreign exchange results obtained in connection with the sale or liquidation of branches and subsidiaries in foreign currency	-	-	-	-	99,820	99,820
Other	(953)	-	(953)	(4,264)	-	(4,264)
	(190,332)	(20,530)	(210,862)	22,547	70,958	93,505
Amounts that will not be reclassified to net income						
Employee benefits - actuarial gains and losses						
Gains / (losses) arising during the year	(144,653)	-	(144,653)	(368,912)	-	(368,912)
Tax effect	32,497	-	32,497	58,066	-	58,066
Changes in the fair value of financial assets (option of valuation of equity instruments at fair value through other comprehensive income)	146	-	146	9,821	-	9,821
	(112,010)	-	(112,010)	(301,024)	-	(301,024)
Total comprehensive net income for the period recognised in reserves	(302,342)	(20,530)	(322,872)	(278,477)	70,958	(207,519)
Net income for the year	506,809	16,290	523,099	802,859	22,973	825,832
TOTAL COMPREHENSIVE NET INCOME FOR THE PERIOD of which:	204,468	(4,240)	200,228	524,382	93,931	618,313
Non-controlling interests	26,969	(6,813)	20,156	(7,524)	(5,616)	(13,141)
TOTAL COMPREHENSIVE NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD	231,436	(11,053)	220,384	516,858	88,314	605,172

CONSOLIDATED CASH FLOWS STATEMENTS

(EUR Thousand)

	Notes	31/12/2020	31/12/2019
OPERATING ACTIVITIES			
Cash flows from operating activities before changes in assets and liabilities			
Interest, commissions and similar income received		2,082,453	2,428,930
Interest, commissions and similar expenses paid		(563,706)	(758,797)
Recovery of principal and interest		105,074	108,551
Payments to employees and suppliers		(719,477)	(987,094)
Payments and contributions to pension funds and other benefits		(131,645)	(202,884)
Other results		15,875	98,107
		788,574	686,813
(Increases) decreases in operating assets			
Loans and advances to credit institutions and customers		(84,518)	2,348,767
Assets held-for-trading and other assets at fair value through profit or loss		2,457,690	227,510
Other assets		(2,013,839)	(5,044,940)
		359,333	(2,468,664)
Increases (decreases) in operating liabilities			
Resources of central banks and other credit institutions		966,176	(676,082)
Customer resources		6,270,112	3,144,979
Other liabilities		(460,262)	(17,209)
		6,776,025	2,451,688
Net cash from operating activities before taxation		7,923,931	669,837
Income tax		(38,452)	(54,948)
Net cash from operating activities		7,885,479	614,889
INVESTING ACTIVITIES			
Dividends received from equity instruments		18,539	31,496
Acquisition of investments in subsidiaries and associated companies, net of disposals		(3,230)	600,762
Acquisition of available-for-sale financial assets, net of disposals		(3,208,475)	1,408,994
Acquisition of tangible and intangible assets and investment property, net of disposals		(113,328)	11,078
Net cash from investing activities		(3,306,493)	2,052,331
FINANCING ACTIVITIES			
Interest on subordinated liabilities		(41,558)	(44,713)
Interest on debt securities		(56,837)	(78,495)
Interest on other equity instruments		(53,750)	(53,750)
Interest on lease agreements		(5,822)	(6,900)
Dividends on issued preference shares		-	(401)
Repayment preference shares		-	(95,759)
Issue of subordinated liabilities, net of repayments		-	(36,729)
Issue of debt securities, net of repayments		(1,050,858)	(779,539)
Repayments of financing operations through lease agreements		(15,335)	(26,105)
Dividends paid		-	(200,000)
Net cash from financing activities		(1,224,160)	(1,322,391)
Increase (decrease) in cash and cash equivalents		3,354,826	1,344,829
Cash and cash equivalents at the beginning of the year		7,817,287	6,620,833
Transfer of cash balances to non-current assets held-for-sale		-	(106,246)
Foreign exchange differences in cash and cash equivalents		(199,837)	(42,129)
Net change of cash and cash equivalents		3,354,826	1,344,829
Cash and cash equivalents at the end of the year	**4 and 5**	10,972,276	7,817,287

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, 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	-	-	23,767	-	-	23,767	(560)	23,207
Appropriation of full income from associates and joint ventures	-	-	-	38,332	-	38,332	-	38,332
Employee benefits - actuarial gains and losses	-	-	-	(310,846)	-	(310,846)	-	(310,846)
Foreign currency differences	-	-	-	71,399	-	71,399	(35,169)	36,230
Changes in the fair value of equity instruments	-	-	-	9,821	-	9,821	-	9,821
Net income for the year	-	-	-	-	775,928	775,928	49,904	825,832
Other	-	-	-	(3,230)	-	(3,230)	(1,034)	(4,264)
Total gains and losses for the year 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)	-	-	-
Dividend distribution	-	-	-	-	(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
Other entries directly recorded in equity:								
Gain/(losses) on financial assets	-	-	(13,993)	-	-	(13,993)	(241)	(14,235)
Appropriation of full income from associates and joint ventures	-	-	-	(2,094)	-	(2,094)	-	(2,094)
Employee benefits - actuarial gains and losses	-	-	-	(111,708)	-	(111,708)	(448)	(112,156)
Foreign currency differences	-	-	-	(143,354)	-	(143,354)	(50,226)	(193,580)
Changes in the fair value of equity instruments	-	-	-	146	-	146	-	146
Net income for the year	-	-	-	-	491,592	491,592	31,508	523,099
Other	-	-	-	(205)	-	(205)	(748)	(953)
Total gains and losses for the year recognised in equity	-	-	(13,993)	(257,215)	491,592	220,384	(20,156)	200,228
Appropriation of net income for 2019:								
Transfer to reserves and retained earnings	-	-	-	775,928	(775,928)	-	-	-
Dividends and other expenses related with the issue of other equity instruments	-	-	-	(53,753)	-	(53,753)	-	(53,753)
Equity transactions with non-controlling interests	-	-	-	26	-	26	-	26
Dividends paid to non-controlling interests	-	-	-	-	-	-	(11,678)	(11,678)
Balances at December 31, 2020	3,844,144	500,000	267,266	3,393,753	491,592	8,496,754	204,076	8,700,830

2.

NOTES, REPORTS AND OPINIONS ON THE FINANCIAL STATEMENTS

Staircase leading to the central foyer of the Caixa headquarters building, through the Caixa Geral de Depósitos Foundation - Culturgest. Created with the objective of promoting accessible projects in the area of music, arts, letters, cinema and documentary, journalism and photography.

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. (CGD), founded in 1876, is an exclusively state-owned public limited liability company. Caixa became a public limited 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 incorporated into Caixa on July 23, 2001.

CGD's operations at December 31, 2020 comprised a nationwide network of 518 branch offices (480 of which with face-to-face services, 13 self-service branches and 25 "corporate" offices), a branch in France with 48 offices and a branch in Timor with 14 offices. During the first semester of 2020, CGD closed its branches operating in Spain and Luxembourg.

All amounts have been rounded up to the nearest thousand euros.

CGD also has direct and indirect equity stakes in a significant number of national and foreign companies in which it has controlling interests. They include Spain, Cape Verde, Angola, Mozambique, Brazil and Macau. These companies comprise the Caixa Geral de Depósitos group (group) and operate in diverse sectors such as commercial banking, investment banking, brokerage, venture capital, property, asset management, specialised credit and cultural activities. CGD 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, 2020 were approved by the board of directors on April 22, 2021 and shall be submitted for the approval of the general meeting of shareholders which has the authority to amend them. The board of directors is convinced that they will be approved without any significant changes.

Restructuring Plan

Following the economic-financial crisis and its serious repercussions on the national financial system and in the context of its response to the capital requirements defined by EBA recommendation REC/2011/1, the Portuguese state, in its capacity as the sole shareholder, recapitalised CGD, in June 2012, in the form of a €750,000 thousand increase in share capital and issuance of €900,000 thousand in CoCo bonds. This recapitalisation was considered to be state aid under European regulations and is the reason for the agreement entered into between the Portuguese state and DG Comp, as the European entity responsible for competition, to a restructuring plan to be implemented by CGD over the period 2013-2017.

The agreed plan included commitments to deleverage the balance sheet to ensure compliance with capital targets, improve operational efficiency, strengthen risk procedures and optimise the operation in Spain, in order to ensure its respective sustainability, funding autonomy and positive contribution to group profit.

In spite of having fulfilled almost all of its undertakings, CGD continued to make losses across the period 2013 to 2015. This was partly due to the effects of ECB monetary policy which caused a sharp fall in market interest rates and a much lower than expected rate of economic growth. Also of relevance to the losses reported in these years was the deterioration of CGD's asset quality which resulted in the recognition of high annual levels of impairment. This was accompanied by more demanding regulatory requirements to strengthen capital ratios across the period.

Efficiency levels were, consequently, lower than initially agreed and CGD found itself unable to meet its CoCo commitments.

To ensure the adequacy of CGD's recapitalisation with regard to its required solvency levels, the Portuguese state and DG Comp approved a recapitalisation plan in first quarter 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 state aid.

CGD's new recapitalisation plan was implemented at different times.

The first phase, in which the following changes were made, was completed on January 4, 2017:

- Use of €1,412,460 thousand in free reserves and the legal reserve to cover negative retained earnings from past years;
- An increase in CGD's share capital to €7,344,144 thousand, comprising the issuance of 288,828,747 shares based on the payment in kind of 490,000,000 Parcaixa, SGPS, S.A. equity shares of €498,996 thousand and transfer of €900,000 thousand in CoCo bonds, plus €45,148 thousand in respective accrued interest;

- A €6,000,000 thousand reduction in share capital based on the extinguishing of 1,200,000,000 shares to cover €1,404,506 thousand in negative retained earnings and 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, based on 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 sole shareholder and €500,000 thousand in additional tier 1 funds, fully subscribed for by professional institutional investors (note 27).

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 sale to institutional investors (note 25).

The completion of the recapitalisation plan and consequent strengthening of its solvency enabled CGD to concentrate on implementing its strategic plan 2017-2020, which was based on five Pillars:

Pillar 1

Modernisation and reorganisation of the domestic branch office network to ensure its sustainability. The initially defined initiatives are listed below

a) Review of segments and updated commercial offer;

b) A review of bancassurance and asset management models on which retail value proposals and the market penetration of off-balance sheet products are based;

c) The definition of a plan to boost support for households, level of service and corporate oversight, particularly for small and medium-sized enterprises (SMEs); and

d) Optimisation of credit processes and pricing models.

Pillar 2

To achieve efficiency improvements through the harmonisation of CGD's operational infrastructure. 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) Better human resources management, including training;

d) Better 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, basically comprised nine subsidiaries and nine branches. Pursuant to the comprehensive principle of reducing international risk and focusing on core geographies i.e. markets having a greater affinity with Portugal, the international portfolio was restructured as follows:

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;

a) Sale or rationalisation of operations in other geographies, providing national 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 for the purpose of achieving this aim:

a) Implementation of new scoring models for small and medium-sized enterprises, mortgage and personal loans;

b) Implementation of a corporate risk appetite and management model;

c) Adjustment of risk management models to the highest sector standards (supervisory review and evaluation process − SREP);

d) Implementation of a deleveraging plan on non-performing loans (NPLs);

e) Better credit monitoring and recovery operations by strengthening their specialised oversight units.

Pillar 5

Business transformation in a digital context. This includes the following initiatives:

a) Definition of the 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) Increase in the number of Caixa's "digital" customers;

c) Reformulation of an end-to-end experience in meeting the financial needs of personal and corporate customers in order to promote preference for and an increase of business with CGD;

d) Preparation of technical support infrastructure for information and customers, providing basic points of interaction and preparation for the development of a seamless experience across all media and channels.

One of the conditions attached to CGD's recapitalisation process, as defined in the framework agreement between the Portuguese state and the European Commission, to prevent it from being qualified as state aid, was the need for an independent valuation of the assets portfolio.

The former executive committee, accordingly, decided to review CGD's assets, with reference to June 30, 2016, based on the criteria and assumptions that would be employed by a private investor intending to make a similar investment in CGD. The executive committee, appointed in 2017 also decided to undertake a new, exhaustive review of the criteria and methodologies used in the measurement exercise on the referred to assets, a reassessment of the principal customers subject to individual impairment analyses, on the basis of proposals submitted by the commercial and recovery divisions and revised by the risk management division and a re-analysis of impairment on property by the real estate business division, for the period ended December 31, 2016. The results, considering the events occurring between the date of the completion of the former review and date upon which 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 €3,000,000 thousand were, nevertheless, around €200,000 thousand less than the initial estimate. The capital increase was also consequently reduced by €200,000 thousand in comparison to the initial projection and therefore reduced the need for state funding of CGD's recapitalisation as its sole shareholder.

A specific external audit was also performed on this exhaustive asset measurement review under a resolution of the executive committee, with the aim of carrying out a global review for the period and assessing the adequacy of the measurement processes and methodologies used.

2020 was the last year of the implementation of the strategic plan and was strongly impacted by the pandemic crisis triggered by the SARS Cov-2 virus. In spite of this economic environment, CGD succeeded in fulfilling most of its commitments under the plan and notably was able to maintain a higher level of return than its European counterparts. Throughout this transformation period which began in 2012 with the first restructuring plan, CGD has sought to lay the foundations enabling it to address future challenges and risks on the basis of a functional, operational, structurally robust and efficient governance structure.

On April 20, 2021, CGD received a communication from DGComp informing it of the closure of the 2017-2020 strategic plan monitoring process, which enabled the successful conclusion of the implementation of the commitments entered into between the Portuguese state and the European Commission and, in particular, confirmation of compliance with the private investor test in the framework of CGD's recapitalisation in 2017, critical for the classification of recapitalisation procedures as non-State Aid..

Covid-19 pandemic

2020 was marked by the Covid-19 pandemic, as an acute respiratory illness triggered by the SARS-CoV-2 virus. This illness was first identified in December 2019 in Wuhan, a city in the People's Republic of China. It is characterised by being highly contagious and is more lethal than other viruses of the same group (e.g. SARS). This led the World Health Organisation to declare a pandemic on March 11, 2020.

Drastic containment measures were implemented in the first instance, owing to the spread of this illness, in which cases were confirmed in more than 200 countries and territories. Reference should be made to restrictions on people's movements, border closures and constraints on a wide range of economic activities. These restrictions, albeit interspersed with periods of fewer limitations on normal market operations, have been maintained to manage the delicate balance required by the need to preserve public health indices at acceptable levels.

As a result of this situation the International Monetary Fund (IMF) published its estimates of global GDP evolution in 2020, comprising sharp, across-the-board falls in both the developed and emerging blocs. In line with the evolution of the other euro area countries, the Portuguese economy also experienced sharp contraction in 2020 resulting from the impacts of this crisis.

The worldwide response to this unprecedented situation from governments and central banks has included fiscal and monetary policy measures which are highly focused on stabilising the financing conditions of diverse economic actors, protecting the business environment and minimising the effects of the loss of household income.

Owing to its presence in various countries, Caixa Geral de Depósitos group's activity has naturally been affected by this pandemic and its respective containment measures. CGD has, accordingly, defined a prevention-based strategy to protect its employees and consequently mitigate operational risk for the business affairs of its companies, as set out in a specific contingency plan.

The operational focus has been to preserve the bank's critical functions, i.e. the capacity to meet its customers' needs, whether through its geographical branch office network which has been constrained by the protection measures put in place, or on its remote channels. In the case of critical functions, teams and teleworking activities have been kept separate from the very start of the crisis. Special attention has also been paid to CGD group's principal suppliers of goods and services to ensure that there are no disruptions.

CGD has taken proactive measures to minimise impacts on credit risk in line with those adopted by the government. Reference should be made to the approval of extensions to credit agreements, introduction of moratoria on most credit products by the state and the Portuguese Banking Association and specific lines of credit backed by mutual guarantee societies with the objective of mitigating occasional, temporary, corporate and personal treasury constraints deriving from the reduction of economic activity in the current circumstances. Risk indicator monitoring mechanisms were also strengthened, particularly in those business areas affected by the crisis and the effects of the containment measures adopted.

In more global terms, the group's management approach on diverse levels and structures of its governance model has been characterised by its anticipation of scenarios, analysis of impacts and preparation of operational and monitoring measures on key indicators, to permit the transversal management of its business areas, including its international presence.

Impacts, albeit uncertain, are naturally expected on the group's activity and capacity to achieve its economic-financial goals. Their extent will be contingent upon a multiplicity of factors such as the depth of the economic crisis, its duration, economic sectors most affected and type and impact of the monetary and fiscal policy measures implemented by diverse governments and economic blocs.

In spite of the positive effects of the programmes developed by institutional public sectors, particularly in terms of job protection and temporary stabilisation of household income and general business liquidity, 2021 will be a year of enormous challenge. Firstly because of the resilience of a number of economic activities which have been particularly affected by lockdown and restrictions on movement, aggravated by high levels of debt that will constrain their ability to respond if the start of the recovery period is slower than initially expected as a result of difficulties in implementing the vaccination plans currently in progress. The worsening economic recession will have inevitable consequences for the financial sector, in terms of higher credit risk, deteriorating asset quality (particularly non-performing loans - NPL indicators) and increasing pressure on profitability.

In such a context and based on currently available information, CGD's financial statements for the period ended December 31, 2020 provide its best estimation of the pandemic's financial effects. This includes the valuation of its assets and measurement of expected credit portfolio losses which shall be monitored and continuously reviewed across the period. Greater detail on the principal impacts of this situation on the credit risk measurement component is set out in note 43.

Notwithstanding these limitations, the board of directors wishes to reaffirm its conviction that Caixa Geral de Depósitos is currently adequately prepared, in terms of capital, asset values or liquidity, to ensure the continuity of its operations and provide its customers and the national economy with the necessary support.

2. Accounting policies

2.1. Presentation bases

The consolidated financial statements at December 31, 2020 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.

The accounting policies described in this note have been implemented on a consistent basis across all of the periods set out in the financial statements. Any exceptions have been identified.

2.2. Amendments to accounting policies

2.2.1 Voluntary amendments to accounting policies

Except for the amendment referred to in Note 2.3, there were no other voluntary modifications of accounting policies in 2020 as opposed to those considered in preparing the financial information for the preceding year, as set out for comparison purposes. Neither were there any changes to judgments or estimates for past years, nor corrections of material errors.

2.2.2 New standards and interpretations for the period

Effective January 1, 2020 CGD adopted the following standards, interpretations, amendments or alterations of significance to its activity, as issued by the IASB and endorsed by the European Union:

IAS 1 – "Presentation of financial statements" and IAS 8 – "Accounting policies, changes in accounting estimates and errors (amendments). The objective of this amendment was to achieve consistency in the definition of materiality across all standards in force and clarify several aspects related to its interpretation. It is considered that "information is material if it is reasonable to expect that any omission, error or occultation thereof could influence the decisions of primary users on the basis of such financial information as expressed in the said financial statements". The amendments to these standards must be implemented prospectively.

− Conceptual structure – "Amendments to references to the conceptual framework in IFRS Standards". As a result of the publication of the new conceptual structure, the IASB has altered 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, to clarify the definitions of an asset and a liability and has issued new measurement, derecognition, presentation and disclosure guidelines. The amendments must be implemented retrospectively, unless this is not practical.

− Reform of reference interest rates – amendments to IAS 39, IFRS 7 and IFRS 9. In September 2019 the IASB amended IFRS 9, IAS 39 and IFRS 7, deriving from the first stage of the work performed in response to the effects of the reform of the reference interest rates (IBOR − interbank offered rates) on financial reporting.

These modifications provide temporary expediencies to enable hedge accounting operations to be maintained across the period of uncertainty preceding the substitution of the currently existing reference interest rate by an alternative benchmark.

<u>Amendments to IFRS 9</u>

The amendments include various initiatives which must be applied to all hedge relationships directly affected by the reform of the reference interest rate (RFR). A hedge relationship is affected if the reform in progress triggers uncertainties over the periodicity and/or reference amount of the cash flows generated by the hedged item or hedging instrument.

The amendments affect the following areas:

- Assessments of whether a future transaction is highly probable;
- Assessments of when to reclassify the amount of the cash flows recognised in reserves to profit and loss;

- Assessments of the economic relationship between the hedged item and the hedging instrument.

It is assumed, for each of these expediencies, that the reference rate used to calculate the cash flow hedges (whether or not contractually specified) and/or, for the third expediency, the reference rate used to calculate the cash flows of the hedged instrument, will not be modified as a result of the IBOR reform.

A fourth expediency requires the separate identification of the risk component of the reference interest rate affected by IBOR, when a hedge relationship is entered into.

For dynamic hedging strategies, the referred to requirement only needs to be met upon initial recognition of the hedged items in the hedge relationship.

During the period of uncertainty introduced by the IBOR reform, an entity need not discontinue the application of hedge accounting solely on account of the fact that the measurement of the effectiveness of the relationship does not fall between the reference range of 80%-125% (retrospective analysis). In this case, the other requirements of IFRS 9 or IAS 39 should be used to determine the existence of conditions for the relationship to remain eligible, namely on the basis of the future evolution of the projected cash flows of the hedged items and hedging instruments (prospective analysis).

The application of the expediencies is valid for as long as the period of uncertainty remains or until the hedge relationship is extinguished. When an entity designates a collection of items as a hedged item, the requirements for terminating the application of the expediencies are considered separately for each of these items.

The amendments to the standard also introduce specific disclosure requirements for the hedge relationships to which such expediencies apply.

The amendments are to be applied retrospectively. Early application is permitted and must be disclosed.

− Definition of a business activity – amendments to IFRS 3. This amendment (i) clarifies the minimum requirements for consideration as a business activity, (ii) eliminates the need for an assessment of whether market actors have the capacity to substitute the missing elements, (iii) adds a guideline to enable an assessment of whether an acquired process is substantive, (iv) restricts the definitions of a business activity and output and (v) introduces an optional fair value test on business activity.

<u>Minimum requirements for consideration as a business activity</u>

The amendment clarifies that to be considered as a business activity, an integrated set of activities must, at minimum, include an input and a substantive process that, jointly, make a significant contribution to the creation of an output. They also clarify that a business activity may exist without the inclusion of all inputs and all of the processes needed to create outputs, consequently inputs and the processes "must have the capacity to contribute to the creation of outputs" instead of "must have the capacity to create outputs".

<u>Capacity of market actors to substitute missing elements</u>

Prior to the amendment, the wording of IFRS 3 provided for a situation in which a business activity did not have to include all of the inputs or processes used by a vendor to operationalise the business activity, "if the market actors are able to acquire the business activity and continue to operate the productive process, e.g. integrating the business activity with its own inputs and processes". The reference to such integration was eliminated from the standard and the assessment is now based on what was acquired in its current state and conditions.

<u>Assessing whether an acquired process is substantive</u>

The amendments clarify that an acquired process is considered to be substantive if a set of activities and assets does not have outputs on the date of acquisition:

(a) If critical to the capacity to develop and convert acquired inputs into outputs; and

(b) If the acquired inputs include either an organised workforce having the necessary skills, knowledge, or experience in operating this process, or other inputs that such an organised workforce may develop or convert into outputs.

In contrast, an acquired process must be considered substantive if a set of activities and acquired assets includes outputs on the date of acquisition:

(a) If critical to the capacity to continue to produce outputs and the acquired inputs include an organised workforce having the necessary skills, knowledge, or experience in operating this process; or

(b) If making a significant contribution to the capacity to continue to produce outputs and/or is considered unique or scarce or cannot be substituted without significant costs, without a significant effort or without significant delays in the capacity to continue to produce outputs.

<u>Narrowing the definition of outputs</u>

The amendments narrow the definition of outputs and focus on the supply of goods or services to customers, return on investment (such as dividends or interest) or other income earned from ordinary activities. The definition of a business activity in appendix A of IFRS 3 was accordingly amended.

<u>Optional test to concentration</u>

The amendments introduce an optional test on the fair value of the concentration to permit a simplified appraisal of whether or not a specific set of acquired activities is a business activity. Entities may opt to apply this test on a transaction by transaction basis. The test is passed if, substantially, all of the fair values of the gross assets acquired are concentrated into a single identifiable asset or a similar group of identifiable assets. If the test is not passed or if an entity opts not to apply the test on a specific transaction, a detailed appraisal must be realised by applying normal IFRS 3 requirements.

This amendment is effective for transactions considered to be business combinations or purchases of assets with an acquisition date on or after the beginning of the first period on or after January 1, 2020.

As these amendments are applied prospectively, entities do not have to assess acquisitions prior to this date. Early adoption is permitted but must be disclosed.

This amendment will also have an impact on other standards (such as when a parent company loses control over a subsidiary and has implemented the amendment to IFRS 10 and IAS 28 on the sale or delivery of assets by an investor to its associate or joint enterprise, in advance.

− IFRS 16 (amendments) – Lease agreements – Contractual amendments associated with the Covid-19 pandemic. In response to the economic impacts of the new coronavirus (Covid-19) pandemic, the renegotiation of the contractual terms of lease agreements, with the objective of adjusting their initially agreed maturities and conditions to lessees' financial capacity for effective compliance purposes, based on the new market conditions governing the performance of their activity and outlook for short and medium term economic growth has been a systematic feature of most geographies using the international financial reporting standards. This movement, albeit mainly reliant on agreement between lessors and lessees, has been incentivised and even conditioned by sovereign state intervention.

With the objective of minimising the potential accounting impacts that such contractual renegotiations could represent in light of IFRS 16 requirements i.e. cases in which they may be classified as a modification, the IASB decided to change the wording of this standard with the objective of including an exception to the need for lessees to assess whether or not the amendments made under the terms of the agreement in the sphere of Covid-19, comprising an interruption or deferral of the date of payment of the instalments, may be deemed to be a modification of the lease agreement. Information on the application of this expediency, if used, must be disclosed and implemented retrospectively even if the comparative amounts presented do not require restatement.

These amendments must be implemented in the financial years beginning on or after January 1, 2020.

The adoption of the standards, interpretations, amendments and revisions above mentioned did not imply any changes to the group's financial position or the preparation of its financial statements in 2020.

2.2.3 New standards and interpretations applicable to future periods

The following standards, interpretations, amendments and revisions, already endorsed by the European Union, must be implemented in future financial years.

− Reform of interest rate reference indices – Phase 2 – Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16. In August 2020, the IASB announced amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16, deriving from the second phase of the work performed to respond to the effects of the reform of the interest rate reference indices (IBOR - Interbank Offered Rates) on financial reporting.

The amendments to the standard apply to modifications of financial assets and liabilities and liabilities on lease agreements, hedge accounting requirements and respective disclosures.

As regards modifications of financial assets, financial liabilities and liabilities on lease agreements, an expediency has been introduced to allow all situations directly related to the IBOR reform to be accounted for on the basis of a revision of the operation's effective interest rate, in which the rules currently provided for in the relevant standards are applicable to all of the other amendments.

It is also emphasised that although hedge relationships are not discontinued solely as a result of the reform, the documentation based on the modifications occurring with the hedged items, hedging elements and hedged risks should be revised. The new, modified relationship should fulfil the hedge accounting requirements, including efficacy.

The disclosures required of the entities affected by the reform, as regards the nature and extent of the risks to which they are exposed and the progress of the transition process to the new reference rates have also been reinforced and include qualitative information on derivatives and other financial assets and liabilities affected by such alterations, in addition to any adjustments to the risk management strategy of associated institutions.

These amendments are to be applied for financial years beginning on or after January 1, 2021 and must be implemented retrospectively.

2.2.4 New standards and interpretations already issued but still not mandatory

The following standards, interpretations, amendments and revisions, which must be implemented in future financial years, had not, up to the date of the approval of these financial statements, been endorsed by the European Union.

– IFRS 3 (amendments) – "Business combinations". The amendments to the wording of this standard include:

(i) A correction of the reference to the applicable conceptual structure, which still referred to the version released in 1989, as opposed to the most recent version (issued in 2018);

(ii) The introduction of a clarification on the treatment of liabilities acquired as the result of a business combination which should be processed under IAS 37 and IFRIC 21, when eligible under its sphere of application;

(iii) An explanation of the wording of the standard that an acquirer should not recognise contingent assets acquired as the result of a business combination.

These amendments must be implemented in the financial years beginning on or after January 1, 2022, and are to be applied prospectively.

– IAS 16 (amendments) – "Tangible fixed assets". The amendments to the wording of this standard clarify that any income earned on the use of an asset prior to its definitive installation on the location on which it is to be operated in accordance with the conditions defined by the management for its intended use may not be deducted from the acquisition cost. The proceeds from the sale of the assets and the cost of production of these assets are recognised directly in the profit or loss.

These amendments must be implemented in the financial years beginning on or after January 1, 2022. Retrospective implementation is only mandatory in the case of eligible assets which have been installed on their intended location after the date of the presentation of the first comparative period.

– IAS 37 (amendments) – "Provisions, contingent liabilities and contingent assets". The amendments to the wording of this standard specify the accounting definition of eligible costs for the classification of a sales contract. All costs which may be directly allocated to the fulfilment of contractual obligations, which may be incremental in nature (such as goods, equipment or fees) or on the basis of other types of allocation, provided that they are clearly identifiable (such as the depreciation costs of the equipment used to fulfil these obligations) should be considered for this purpose.

These amendments must be implemented in the financial years beginning on or after January 1, 2022 and be applied prospectively. The year of the first implementation of this amendment includes all agreements whose obligations have not been met in full upon the date of the beginning of the presentation of the first comparative period. Comparatives are not restated.

– *Annual Improvements to IFRS Standards 2018-2020.* The planned introduction of annual improvements considered non-urgent but necessary by the IASB for the period 2018-2020, published on May 14, 2020, changes the wording of the following standards: IFRS 1, IFRS 9, IFRS 16 e IAS 41. Reference should be made to the following items of potential relevance to CGD's activity:

(i) IFRS 9. The amendment clarifies the eligibility conditions of the commissions to be considered by an entity regarding the liabilities derecognition test in conformity with paragraph B3.3.6 of the standard (10% test). Only commissions paid or received between an institution (issuer of a financial liability) and an investor (or investors), including commissions paid or received in the name or on behalf of another party should be recognised.

(ii) IFRS 16. This amendment eliminates the example of reimbursements of charges paid by the lessor on improvements to the leased asset from the wording of *illustrative example* no. 13 (text accompanying IFRS 16) given that its wording was not considered to provide a correct and clear interpretation of the treatment of lease agreement incentives.

These amendments must be implemented in the financial years beginning on or after January 1, 2022.

– IAS 1 (amendments) and IFRS *practice statement* 2. The amendments to the wording of the standard and *practice statement* aim to clarify the requirements to be considered in the assessment of the accounting policies which should be disclosed, replacing the expression "significant accounting policies" by "material accounting policies". This was accompanied by the introduction of *illustrative examples* to demonstrate the application of the concept of materiality.

The amendments must be implemented in the financial years beginning on or after January 1, 2023 and should be implemented prospectively.

– IAS 8 (amendments). The changes made to the wording of the standard differentiate between the presentation and disclosure of the different types of modifications to the financial statements, with the introduction of clarifications on the treatment of accounting estimates, and in particular:

– Measurement in a concept of uncertainty;

– Difference between modifications of accounting estimates and corrections of errors;

– Accounting for the effects of modifications of accounting estimates.

The amendments must be implemented in the financial years beginning on or after January 1, 2023 and apply to changes of estimates or accounting policies occurring after that date.

The board of directors does not believe that the implementation of the above standards and interpretations will have a significant impact on CGD's consolidated shareholder's equity on preparation of its financial statements.

2.3. Changes to classification

2.3.1 Accounting changes to services related to banking activity

Taking into account the nature and classification of the various services related to the banking activity and with the objective of ensuring a fair presentation of its financial statements, the board of directors of CGD group considered that changes should be made to their form of presentation. It was concluded that the incorporation of these services within the commissions caption would be more appropriate given that they remunerate services related to the banking activity.

The impacts of this change on CGD's consolidated financial statements, with reference to December 31, 2019 amounted to an increase of "Income from services and commissions" account and an equivalent reduction for the same amount in "Other operating income" of €5,379 thousand and an increase of "Costs of services and commissions" account and an equivalent reduction of €10,694 in "General administrative costs".

The profit and loss statement for the year ended 2019 was restated as a result of the change in the policy referred to in the preceding number. The effect of this modification is shown in the following table:

		Restated	
	31-12-2019 (Published)	31-12-2019	Impacts
Interest and similar income	1.828.091	1.828.091	-
Interest and similar expenses	(696.033)	(696.033)	-
Income from equity instruments	31.496	31.496	-
NET INTEREST INCOME	1.163.553	1.163.553	-
Income from services and commissions	630.352	635.731	5.379
Costs of services and commissions	(128.449)	(139.144)	(10.694)
Results from financial operations	82.529	82.529	-
Other operating income	136.060	130.681	(5.379)
TOTAL OPERATING INCOME	1.884.045	1.873.351	(10.694)
Employee costs	(583.373)	(583.373)	-
Other administrative costs	(287.162)	(276.468)	10.694
Depreciation and amortisation	(94.255)	(94.255)	-
Provisions net of reversals	22.489	22.489	-
Loan impairment, net of reversals and recoveries	47.565	47.565	-
Other assets impairment, net of reversals and recoveries	102.476	102.476	-
INCOME BEFORE TAX	1.091.784	1.091.784	-
Income tax	(332.045)	(332.045)	-
Results in associated companies and joint ventures	43.121	43.121	-
CONTINUING ACTIVITIES RESULTS	802.859	802.859	-
Results on subsidiaries held for sale	22.973	22.973	-
CONSOLIDATED INCOME FOR THE YEAR, OF WHICH:	825.832	825.832	-
Non-controlling Interests	(49.904)	(49.904)	-
CONSOLIDATED INCOME ATTRIBUTABLE TO CGD SHAREHOLDER	775.928	775.928	-

2.4 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 24), 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.

2.5. 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.

2.6. Investments is 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.

2.7. 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 results 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 reference exchange rates in force on the transaction dates. Monetary assets and liabilities denominated in a foreign currency are translated into each entity's functional currency at the exchange rate in force at each balance sheet date. 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 rates.

Exchange rate profit/loss on translation is recognised in profit and loss for the period, except when deriving from non-monetary financial instruments recognised at fair value, such as equity instruments upon which an option to classify them at fair value through other comprehensive income has been exercised and which are directly recognised in "Other reserves".

In the consolidated accounts, the assets and liabilities of entities with a functional currency other than the euro 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 equity in "Other reserves" and the respective balance transferred to profit and loss at the time of the 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 from January 1, 2004 will be reclassified to profit and loss for the period.

2.8. Financial instruments

a) Financial assets

The classification of financial assets depends upon the group's business model and 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.

CGD 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 payments of principal and interest on the outstanding principal. The group also classifies and measures a financial asset at fair value through other comprehensive income ("FVTOCI") when it is part of 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 principal or by sale. A financial asset is classified and measured at fair value through profit or loss ("FVTPL") when it is neither classified nor measured at amortised cost or by FVTOCI. At the time of initial recognition, however, the group may exercise an irrevocable option to classify and measure an investment in an equity instrument through FVTOCI (when not 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 at FVTPL.

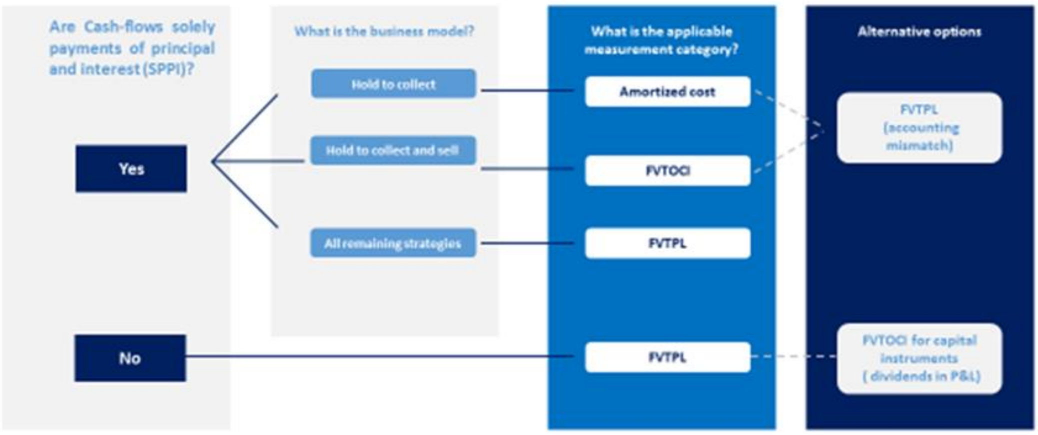
To decide the business model used for the management of a financial asset, the group defines how it expects to obtain cash flows from a financial asset. The business model is determined at a level that reflects how a group of financial assets is managed as a whole, in order to achieve this business model's specific objective and it is not reliant upon the plans for any specific financial asset. As the allocation to a business model is a fact and not an assertion, the group considers all of the relevant information to enable a conclusion to be reached as to which business model should be considered for the management of its financial assets, pursuant to which the group assesses:

- the way in which the performance of the business model and respective financial assets are measured and communicated to management;
- the risks affecting the performance of the business model (and respective financial assets) and, particularly, how such risks are managed; and
- the way in which a company's managers are compensated (e.g. if based on the fair value of the assets managed or receipt of contractual cash flows).

As referred to above, two criteria are considered to determine the classification and measurement of financial assets under IFRS 9 – "Financial instruments":

- An entity's business model for managing the financial asset; and
- The characteristics of the financial asset's contractual cash flows: solely payments of principal and interest (SPPI).

Information on the classification process applied by the group is set out in the following chart:



<u>Derecognition</u>

A financial asset is derecognised when, and only when, the contractual right to receive cash flows expires or the financial asset is transferred and the transfer qualifies for derecognition. A financial asset is considered to have been transferred if, and only if, the contractual rights to receive the cash flows from the said financial asset have been transferred or if the contractual rights to receive the cash flows have been retained but the group has accepted a contractual liability to deliver such cash flows to one or more beneficiaries. When the contractual rights to receive the cash flows have been retained, the group only treats the operation as a transfer if all of the following conditions have been met: (i) when the group is not forced to pay 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 a financial asset's contractual cash flows have been renegotiated or in any other way modified and such a renegotiation or modification does not result in its derecognition, the group recalculates the financial asset's gross balance sheet amount and recognises profit or loss based on the difference from the previous gross balance sheet amount. The asset's new gross balance sheet amount is assessed as the present value of renegotiated or modified cash flows, discounted at the asset's original effective rate (or adjusted interest rate in the case of loans purchased or originated credit impaired) 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 to analyse the characteristics of the new instrument's cash flows for the purpose of ascertaining if the contractual conditions meet SPPI criteria;

b. Initial recognition of the new financial asset at its fair value, with the recognition of any difference between the former asset's net book value 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 defined as being POCI (purchased or originated credit impaired) with impairment losses always being 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 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). 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 being reinitiated 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 CGD for default definition purposes, be subsequently transferred to stage 2.

<u>Reclassification of financial assets</u>

If the group makes changes to its financial asset management business model (which is only expected to occur relatively infrequently and on an exceptional basis) all of the affected financial assets are reclassified in conformity with the requirements of IFRS 9 – "Financial instruments". The reclassification is implemented prospectively from the date upon which it becomes effective. Under IFRS 9 – "Financial instruments". Reclassifications of equity instruments on whose fair value assessment through other comprehensive income or other financial assets and liabilities at fair value where the fair value option has been exercised, are not permitted.

<u>Fair value</u>

As 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 CGD 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 financial information services such as Bloomberg and Reuters, including market prices available on recent transactions;
  - ii) Bid prices obtained from financial institutions operating as market-makers; and
  - iii) Internal measurement models, based on market data which would be used to define the price of a financial instrument, 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 their last available NAV (net asset value). Whenever considered appropriate, NAV may be adjusted on the basis of the group's critical appraisal of the measurement criteria applied to the assets under the management of these investment funds.

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 in accordance with 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 registered on the agreement date, at their respective fair value, net of the costs directly attributable to the transaction. Financial liabilities are classified 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 resulting from their subsequent valuation is recognised in "Income from financial operations".

ii. Other financial liabilities

   This category includes credit institutions' and customers' resources, 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

The group's activity includes derivatives operations to meet the needs of its customers and reduce its exposure to foreign exchange, interest rate and price fluctuations.

Derivatives are registered 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 which incorporate measurement techniques based on discounted cash flows which also reflect counterparties' credit and own credit risk (credit value adjustments and debt value adjustment − CVA/DVA).

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 variations being recognised in profit and loss.

The biggest impact of this procedure on the group's activity consists of the need to separate out and measure the value of 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 or other rates). 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 derivatives' 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 to hedge 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 fulfil the conditions required for the use of hedge accounting under IFRS 9 − "Financial instruments", owing to the difficulty in specifically identifying the hedged items, in cases other than micro-hedges or when the results of the hedge relationship are shown not to be effective; and

- Derivatives contracted for trading purposes.

Trading derivatives are registered at fair value. Their results are revalued on a daily basis and 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” balance sheet accounts, respectively.

Hedge derivatives

These derivatives are contracted for to hedge the group’s exposure to the risks inherent to its activity.

At December 31, 2020 and December 31, 2019 the group only hedged its exposure to changes in the fair value of financial instruments in its balance sheet, 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 hedged risk(s);
- Identification and description of hedged and hedging financial instruments; and
- Hedge effectiveness and periodicity assessment method.

Hedge derivatives are registered at fair value and their results recognised daily in income and costs for the period. If the hedge proves to be effective, the group also recognises 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 such as interest rate swaps, which include an interest component, 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 adjustments to hedged elements up to the date upon which hedge accounting ceases to be applied, are recognised in profit and loss up to the maturity of the corresponding financial assets or liabilities, based on the effective interest rate method.

Positive and negative revaluations of hedge derivatives are recognised in specific asset and liability accounts, respectively.

Measurements of hedged elements are classified in the balance sheet accounts in which the instruments are recognised.

a) Impaired financial assets

The impairment model of IFRS 9 – “Financial instruments” applies to the following financial assets:

- All financial assets at amortised cost (including lease agreements − IAS 16 – “Leases”);
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- The rights and obligations referred to in IFRS 15 − “Revenue from contracts with customers”, when this standard refers to IFRS 9 −“Financial instruments”;
- Assets which translate the right to the reimbursement of payments made by an entity when liquidating the liabilities recognised under IAS 37 – “Provisions, contingent liabilities and contingent assets”; and
- Loan liabilities (unless measured at fair value through profit or loss).

These financial assets are divided up into 3 risk groups:

- *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. This is the expected loss deriving from a loss event occurring in the 12 months following the calculation date, applied for stage 1 operations; and
- Lifetime expected losses. This is 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. The expected loss is the result of all potential loss events up to maturity and is applied for stage 2 and 3 operations.

Although IFRS 9 – "Financial instruments" does not define a concept of default, CGD group applies the same definition of default as used for management purposes, on an internal credit risk level, which incorporates 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 a significant increase in credit risk (SICR) since the time of initial recognition.

The quantitative metric used to determine 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: 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, measurements of the expected loss should also incorporate reliable, reasonable, justifiable and forward-looking projection scenarios, which are available at no cost or without unduly excessive endeavours.

The amount of the expected credit loss to be recognised accordingly considers a forward-looking component based on the weighting of 3 different macroeconomic scenarios (central, pessimistic and optimistic). The scenarios to be considered are defined on a methodological approach comprising the projection of macroeconomic variables in which the probabilities of the occurrence of each of the scenarios are defined internally.

Evidence of impairment is measured on individually significant exposures and individually or collectively for exposures which are not individually significant. If considered that there is no objective evidence of impairment for a certain exposure, whether or not significant, it is measured collectively.

2.9. 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 assets and groups of assets for disposal, either by sale or another aggregate means, in a single transaction and 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 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 is expected to take place 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 either (i) at their bid price (ii) at their balance sheet carrying amount, net of impairment on the recovered loans with which they are directly associated, whichever the lesser amount.

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 non-current property held-for-sale is split up between individually and collectively analysed property.

Impairment is measured separately for all property with a gross book value (before impairment) of €3,000 thousand or more and properties with a lower gross book value, when an individual analysis is justified by their specific characteristics.

Individual impairment is measured on the basis of an individual analysis of each property's worth in accordance with the commercial disinvestment strategy for the property. It includes all information available on demand, supply and specific risks such as licences, investment needs, occupancy status and rental or other agreements which could affect the property's value.

Impairment on other property is measured on the basis of a collective model, namely:

- The collective model for calculating impairment on property is based on an assessment of the recoverable value of each property and comprises its acquisition price to which an adjustment factor is applied and discounted over an average length of time estimated for the sale. Both parameters are measured on the basis of the type of property and the length of time it has been listed in the portfolio. Impairment is calculated on the difference between the acquisition price and the recoverable amount,
- This collective impairment model applies to all property not included in an individual analysis, except for properties with promissory contracts or when an immediate sales process is in progress, in which the recoverable amount is the amount negotiated for its sale. Promissory sales contracts and properties with an immediate sales process in progress, not in excess of 30 days, are considered valid for this purpose. If this period is exceeded, impairment is calculated on the basis of the collective parameters model.

A reversal of impairment losses in past periods is always recognised when the property is sold or when there is evidence to the effect that the previously recognised impairment losses no longer exist or have diminished. An impairment loss on an asset which has been recognised in past periods is reversed in the event of any change to the estimates used to measure the asset's recoverable amount since the time of recognition of the last impairment loss.

Auctioned assets are written-off. The amount of the respective proceeds is measured by the difference, on the said date, between its realisation price and respective book value, adjusted for impairment.

2.10. Investment properties

Investment properties are properties held with the objective of receiving income from rentals and/or their appreciation.

Investment properties are not depreciated and are recognised at fair value, determined annually on the basis of expert appraisal. Changes in fair value are recognised in "Other operating income" in profit and loss.

2.11. 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, not incorporated in the asset, are recognised as a cost for the period in "Other administrative costs".

Up to January 1, 2004, the group had revalued its 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 effect these revaluations, was deemed to be a cost, as the respective proceeds, at the time of the revaluation, generally corresponded to cost or depreciated cost under international accounting standards, adjusted to reflect changes in price indices. In Portugal, 40% of the increase in depreciation on these revaluations is not tax deductible and the corresponding deferred tax liability has been recognised.

Depreciation is recognised on a straight line basis over an asset's estimated useful life, comprising the period in which the asset 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 costs of works on and improvements to the group's property held under 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 tangible assets are performed annually. An impairment loss is recognised in "Impairment of other assets net of reversals and recoveries" in profit and loss whenever the net book value of tangible assets is higher than 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.

2.12. Leases

IFRS 16 – "Leases" - This standard defines the principles governing the recognition, measurement, presentation and disclosure of lease agreements, with the objective of providing relevant information that fairly presents the nature of these 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 referred to agreements, unless this involves a period of less than twelve months or when the underlying asset has a residual value.

<u>Lessee</u>

The standard defines a unique accounting procedure for lease agreements, based on 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 for exemption from the recognition provided for in IFRS 16, in which case it should recognise the lease payments for these agreements as costs.

<u>Lessor</u>

Leases continue to be classified as financial or operating leases with no significant alterations in comparison to the previous dispositions. Assets under financial leases are recognised in the balance sheet as "Loans and advances to customers" and reimbursed by the repayment of principal as set out in the agreements' financial schedules. Interest included in the instalments is recognised as "Interest and similar income".

2.13. Intangible assets

This account essentially comprises the costs of acquiring, developing or preparing software for use in the group's activities. When 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 across the assets' estimated useful lives, which is normally between 3 and 6 years.

Software maintenance costs are recognised as a cost for the period in which they have been incurred.

2.14. Income taxes

The group pays tax under the fiscal regime set out in the IRC (corporate income tax) code and is taxed under the special tax regime for corporate groupings of article 69 *et seq.* of this code. The group perimeter encompassed by the consolidated tax regime, in which CGD is the dominant entity, comprises all companies with headquarters or 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 held either a direct or indirect stake of at least 75%, for a period of more than a year and when 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 separate 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 IRC code. In addition to being subject to IRC, in Portugal, the profit made by branches may also have to pay 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 in accordance with double taxation agreements under article 91 of the respective code.

Current tax is calculated on taxable profit for the period which differs from accounting income owing to adjustments to costs or income which are not relevant for fiscal purposes or only considered in other accounting periods. They particularly include:

- *Income earned by non-resident subsidiaries with a more favourable tax regime*

  Under article 66 of the IRC code, profit made by non-resident companies benefiting from a clearly more favourable tax regime is included in CGD's accounts, in proportion to its equity stake and independently of its distribution, provided that CGD has a direct or indirect equity stake of at least 25%, voting rights or rights to income or a part of such entities' equity.

  An entity is considered to benefit from a clearly more favourable regime (i) when it is resident in a territory listed in a ministerial order approved by the member of government responsible for the finance area or (ii) when the income tax effectively paid is less than 50% of the IRC rate payable under the IRC code.

  The profit, in such cases, is included in the period in which the end of the non-resident company's tax period is included in the form of the proportion of its net profit to CGD's capital holding. The amount of the income included is deductible from the taxable profit for the period in which the profit is distributed to CGD. CGD does not recognise any deferred taxes for this situation.

- *Impaired credit*

  Law 98/2019 was published on September 4, 2019. It changes the IRC code on impairment in credit institutions and other financial institutions and creates rules on non-tax deductible impairment losses not recognised in taxation periods prior to January 1, 2019. Under this new regime, impairment losses on the credit risk of individually analysed exposures or analysed on a collective basis and in taxation periods beginning on or after January 1, 2019, recognised under the terms of the applicable accounting and regulatory standards (with the exceptions provided for in no. 7 of article 28-C of the IRC code) are now fully deductible. The rules in force up to December 31, 2018 continue to apply to impairment losses and other value adjustments for specific credit risk, accounted for in past tax periods, i.e. limiting tax deductions to the amounts calculated under the dispositions of Bank of Portugal *notice* 3/95 (subsequently repealed) provided that the credit was not covered by real rights over immovable assets.

  Based on the dispositions of article 4 of the new law, CGD formalised its intention to subscribe for the new regime for tax periods beginning January 1, 2019 in the form of a communication sent to the director general of the tax and customs authority on October 31, 2019.

- *Credit write-offs*

  At December 31, 2020 and 2019 the group continued to recognise deferred tax assets for non tax deductible impairment on credit operations already written off from assets, based on the expectation of their inclusion as taxable charges in the taxation periods in which the conditions required for their deduction have been met, both in terms of the delay period (24 months) and compliance with the limits set out in the legislation in force on the above dates or, in the event of the occurrence of any of the conditions of article 41 of the corporate tax code (bad debts).

- *Impaired financial investments*

  Under 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.

  Article 51-C of the corporate tax code was amended by the publication of law 42/2016, based on an addendum to no. 6 and ruling 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. As a result of this situation, CGD began to recognise deferred tax liabilities for impaired financial investments as a deductible tax cost at the time of the recognition of impairment when the intention involves a sale or liquidation (or when in progress). These liabilities amounted to €23,659 thousand and €39,659 thousand, at December 31, 2020 and December 31, 2019, respectively.

  The amount of unrecognised deferred tax liabilities associated with tax deductible impaired financial investments, in the unlikely event of any changes to the board of directors' strategy for the management of such investments, i.e. no prospects of sale or liquidation in the foreseeable future, amounted to €69,139 thousand and €65,586 thousand at December 31, 2020 and December 31, 2019 respectively.

- *Employee costs*

  CGD has considered its payment of employee costs which have been processed and recognised in the accounts, including costs associated with pension liabilities 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 position taken by 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 to the amount of the contribution effectively paid into the pension fund in the same or past periods, under article 43 of the IRC code, are tax deductible.

  Also as a result of the change of accounting policy on the recognition of actuarial gains and losses on pension plans and other post-employment benefits, with reference to December 31, 2011, the full amount of the deferred net liabilities balance in CGD's balance sheet at the said date was recognised as a charge to reserves. As the component of €60,837 thousand relating to pension liabilities met the requirements of article 183 of law 64-B/2011 of December 30, the negative equity variations originated in 2011, which were not considered for tax purposes, in the period, are recognised as a deduction from taxable profit, in equal parts, in the ten years beginning on or after January 1, 2012.

  At December 31, 2020 and 2019 CGD had not recognised deferred tax on actuarial or financial profit and loss on its pension plan for its working employees.

- *Settlement result*

  Under article 92 of the IRC code, taxable income, 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) did not enjoy fiscal benefits and (ii) did not make supplementary contributions to pension funds and the like to cover retirement pension liabilities as a result of the implementation of the international accounting standards.

  The referred to 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 2020 and 2019 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 of temporary deductible or taxable differences between the book value of assets and liabilities and their fiscal basis, used to assess taxable profit on tax recoverable/payable in future periods.

Whereas deferred tax liabilities are normally recognised for all temporary taxable differences, deferred tax assets are only recognised to the extent of the probability of the existence of sufficient future taxable profit to enable the corresponding deductible tax differences or carry-back of tax losses to be used. Neither are deferred tax assets recognised in cases where their recoverability is questionable on account of other situations, including different interpretations of the tax legislation in force.

Nor 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 situations that give rise to temporary differences within CGD'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 upon the temporary differences' reversal dates, 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, unless their originating transactions have been recognised in other equity accounts. The corresponding tax, in these situations, is also recognised as a charge to equity.

2.15. Provisions and contingent liabilities

A provision is created 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 comprises the best estimate of the amount to be paid to liquidate the liability at the date of the balance sheet.

When not probable, the future expenditure of resources is considered to be a contingent liability. Contingent liabilities are 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.

2.16. Employee benefits

Liabilities for employee benefits are recognised in accordance with the principles of IAS 19 – "Employee benefits". The group's principal benefits include retirement and survivors' pensions, healthcare costs and other long term benefits.

<u>Pensions and healthcare liabilities</u>

CGD group has several pension plans, including defined benefit and, in several situations, defined contribution plans. CGD has established a defined benefit pension plan, which aims to ensure the payment of retirement, disability and survivors' pensions to its employees. 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.

CGD 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 funds' assets. Total liabilities are calculated by specialised actuaries, using the unit credit projected method and appropriate actuarial assumptions. The rate used for liabilities discounting procedures is based on the market yields of 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 and the effective amounts regarding the evolution of liabilities and pension fund yield, in addition to 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 also directly recognised in "Employee costs". CGD 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 recognised as a charge to “Employee costs” in profit and loss.

Liabilities for healthcare costs are recognised in "Provisions for the costs of employee benefits" (note 24).

Other long term benefits

CGD also has other liabilities for long term benefits to its workers, including liabilities for early retirements, career bonuses (seniority bonus up to 2019) and grants for deaths occurring 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 profit and loss 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 career bonuses (seniority bonus up to 2019) and death grants are recognised in "Other liabilities" (note 26) and "Provisions for the costs of employee benefits" (note 24), 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 the group and its employees. These costs are recognised in “Employee costs” in profit and loss.

2.17. Commissions

As referred to in note 2.8, commissions on credit operations and other financial instruments, i.e. commissions directly charged or paid on originating operations, are recognised over the course of such operations, in “Interest and similar income” and “Interest and similar costs”.

Commissions for services provided are usually recognised as income across the period of the provision of the service or as a lump sum if resulting from single acts.

2.18. 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.

2.19. 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.

2.20. Cash and cash equivalents

For the preparation of its cash flow statement, 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.

2.21. Critical accounting estimates and significant judgmental aspects in the application of accounting policies

The application of the above referred to accounting policies requires CGD and group companies’ executive committee to make estimates. The following estimates have the greatest impact on 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 2.8. d). This measurement is, *inter alia*, based on the weighting of a series of factors reflecting knowledge of a customer’s situation, treatment of historical data and value of the guarantees associated with the operations in question and, as such, is highly subjective.

The group considers that impairment measured by this methodology enables the risks on its credit portfolio to be adequately 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 the measurement requirements on such assets, fair value changes are recognised as a charge to other comprehensive income. Whenever the results of the analyses (note 2.8. 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 measurement is based on available market information and includes modelling assumptions and judgements, changes to which could produce different results. The group, however, considers that impairment measured by the use of this methodology adequately reflects the risk associated with such assets, taking into account the rules defined in IFRS 9 – "Financial instruments"

c) Measurement of financial instruments not traded in active markets

Under IFRS 9 – "Financial Instruments", the group measures all financial instruments except for those recognised at amortised cost, at fair value. The measurement models and techniques described in note 2.8. are used to measure the value of financial instruments not traded in liquid markets. The measurements obtained comprise the best estimate of the fair value of the referred to instruments, at the date of the balance sheet. To ensure adequate separation between functions, the value of such financial instruments is 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 is based on measurement methodologies mainly supported by external valuations, using different fair value measurement techniques, considering the management body's estimates for each entity, the market conditions in which they operate and certain assumptions or judgments. Alternative methodologies and use of different assumptions and estimates may result in a different valuation level for these investments.

e) Employee benefits

As referred to in note 2.16, above, the group's liabilities for its employees' post-employment and other long term benefits are measured on an actuarial basis. The actuarial calculations incorporate, *inter alia,* 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 estimate of the future performance of the respective variables.

f) Income tax assessment

Group entities assess the amount of tax on profit (current and deferred) on the basis of the rules defined by the current fiscal environment. In several cases, however, tax legislation is not sufficiently clear and objective and may give rise to different interpretations. The amounts recognised in such cases represent CGD group entities responsible bodies' best understanding of the correct classification of the operations although this may be challenged by the fiscal authorities.

The group's recognition of deferred tax assets, including those for the carry-back of tax losses, is based on the expectation of future taxable profit enabling their realisation, assessed on the basis of more up-to-date projections of accounting income and considering the target for reducing non-performing assets. The recoverability of deferred tax assets is, therefore, contingent upon the successful implementation of the strategy by CGD's board of directors, namely the capacity to generate the estimated taxable profit and interpretation of fiscal legislation in force in the future (note 19).

g) Property valuations

Property valuations, recognised in "Non-current assets held-for-sale" consider a set of judgmental assumptions which are contingent upon each asset's specific characteristics and the group's commercial strategy. The assumptions regarding future events may not occur or, even if they do occur, their actual results could be different. By way of example, changes may occur on a level of property market expectations, relevant macroeconomic variables or on a level of the intrinsic characteristics of the actual property and its physical surroundings.

h) Provisions and contingent liabilities

As referred to in note 2.15. above, provisions are always recognised whenever a present (legal or constructive) obligation requires a probable future payment and when this may be reliably assessed.

Contingent liabilities are not recognised in the financial statements. Information thereon is disclosed if the possibility of the need to make payments is not classified as being remote.

Decisions regarding 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 expected confirmation of future cash flows, based on the best information available on the date upon which the financial statements are filed.

i) Impairment of investments in associates and joint enterprises

The group undertakes an annual year-end evaluation of the recoverable value of its investments in associates and joint enterprises. Recoverable value is measured on the basis of valuation methodologies using discounted cash flow techniques, considering the board of directors' strategy for each entity, market conditions value over time and business risks for which specific assumptions or judgements are employed to estimate their fair value.

Alternative methodologies and the use of different assumptions and estimates could result in a different level of valuation of investments in associates and joint enterprises and, consequently, its impact on the group's profit and loss

j) Covid-19 pandemic

As referred to in the introductory note, the year 2020 was marked by the devastating impacts of the Covid-19 pandemic, as a severe respiratory illness caused by the acute respiratory syndrome CORONAVIRUS known as SARS-CoV-2 on the world economy.

In spite of the high levels of uncertainty over the extent and depth of this crisis, existing indicators show an unparalleled fall of GDP in most countries and the scenario of a global recession is currently a certainty.

The worldwide response to this unprecedented situation from governments and central banks includes fiscal and monetary policy measures which are highly focused on stabilising the financial conditions of diverse economic actors to protect business and minimise the risk of loss of household income.

Owing to this context, the group's financial statements for the period ended December 31, 2020 reflect the board of directors' best evaluation of the pandemic's potential financial effects, including asset values and measurements of expected credit portfolio losses, which will be monitored and continuously revised across the period. The principal impacts of this situation on the credit risk measurement component are set out in greater detail in note 43 − "Covid-19 – impacts and mitigation measures".

3. Group companies and transactions in period

The group's structure on a level of its principal subsidiaries, sectors of activity and respective financial data taken from its separate, statutory financial accounts, unless otherwise expressly indicated, is summarised below:

Activity / Entity	Head office	31-12-2020			31-12-2019	
		% Effective participating interest	Equity (a)	Net income	Equity (a)	Net income
Holding Companies						
Caixa - Participações, SGPS, S.A.	Lisbon	100.00%	105,278	11,650	136,662	30,051
Parbanca, SGPS, S.A.	Madeira	100.00%	81,368	13,084	112,353	30,054
Partang, SGPS, S.A.	-	-	-	-	**112,364**	**17,784**
Banking						
Banco Comercial do Atlântico, S.A.	Praia	58.19%	69,218	12,540	55,903	8,839
Banco Comercial e de Investimentos, S.A.	Maputo	63.05%	230,292	37,158	283,474	57,804
Banco Caixa Geral Brasil, S.A.	São Paulo	100.00%	48,310	(2,540)	72,547	1,669
Banco Interatlântico, S.A.R.L.	Praia	70.00%	25,033	2,746	21,845	4,329
Banco Nacional Ultramarino, S.A. (Macau)	Macau	100.00%	756,260	46,070	838,205	70,222
Caixa - Banco de Investimento, S.A. (b)	Lisbon	99.77%	381,583	9,045	373,717	17,354
CGD Investimentos CVC, S.A.	São Paulo	100.00%	3,582	23	5,027	674
Banco Caixa Geral Angola, S.A.	Luanda	51.00%	101,548	22,431	143,250	53,369
Specialised Credit						
Caixa Leasing Factoring, Sociedade Financeira de Crédito, S.A.	-	-	-	-	145,172	24,807
Asset Management						
Caixa Gestão de Ativos, S.A.	Lisbon	100.00%	37,792	8,557	39,999	7,319
CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	Lisbon	100.00%	12,380	2,590	12,661	2,871
Venture Capital						
A Promotora, Sociedade de Capital de Risco, S.A.R.L.	Praia	45.33%	4,026	(47)	4,081	103
Caixa Capital - Sociedade de Capital de Risco, S.A.	Lisbon	99.77%	15,217	1,651	16,849	3,648
Real Estate						
Imobci, Lda.	Maputo	46.31%	382	312	173	(227)
Caixa Imobiliário, S.A.	Lisbon	100.00%	19,816	(3,475)	23,291	9,499
Inmobiliaria Caixa Geral S.A.U.	Madrid	100.00%	(75,469)	(530)	(78,340)	(1,760)
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 Empreender Mais	Lisbon	100.00%	61,926	(534)	24,646	2,026
Fundo de Capital de Risco Caixa Fundos	Lisbon	100.00%	118,868	3,138	115,730	6,514
Fundo de Capital de Risco Caixa Crescimento	Lisbon	100.00%	82,689	206	82,483	(2,530)
Caixagest Private Equity - Fundo Especial de Investimento	Lisbon	30.14%	63,009	1,075	65,957	862
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	Lisbon	32.82%	102,549	1,079	146,538	6,173
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	Lisbon	-	-	-	80,665	8,684
Fundolis - Fundo de Investimento Imobiliário Fechado	Lisbon	100.00%	47,170	(3,457)	50,627	(1,065)
Fundiestamo - Fundo de Investimento Imobiliário Fechado	Lisbon	78.08%	165,492	11,587	161,043	12,920

(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, 2020 and 2019 is given below:

Fundo de Capital de Risco Grupo CGD (FCR Grupo CGD)

The fund's capital was reduced by €169,970 thousand in 2019 based on the extinguishing of 6,798 investment units. It now has a subscribed capital of €47,289 thousand, comprising 907 fully subscribed for investment units. The fund was incorporated into FCR Empreender Mais – Caixa Capital on May 28, 2020.

Imocaixa

Imocaixa was merged with Caixa Imobiliário in December 2019 and all of its activity incorporated by it.

Fundger and *Caixa Gestão de Ativos*

Fundger - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A. was incorporated into Caixa Gestão de Ativos (former Caixagest), in December 2019 to which the full amount of its contribution was transferred.

Beirafundo e Ibéria

In October 2019, the group concluded the sale of Beirafundo and Iberia.

Cidades de Portugal – Fundo de Investimento fechado de Arrendamento

The fund was liquidated on May 25, 2020.

Luxembourg branch

The Luxembourg branch was liquidated on April 30, 2020.

Spain branch

The Spain branch was liquidated on March 31, 2020.

Partang, SGPS, S.A.

The merger of Partang SGPS, S.A. into CGD Portugal was registered in December 31, 2020. In that date, all of the residual assets of the merged entity were incorporated by CGD, including the shares held by Partang in BCG Angola (Note 2.4).

Inmobiliária Caixa Geral

With the closure of the Spain branch in March of 2020, Inmobiliária Caixa Geral's equity stake is now held by CGD. The liquidation of the branch was preceded by the transfer of properties registered in its balance sheet to Inmobiliária Caixa Geral. The transaction was made under a shareholder's capital increase in the amount of 3.401 mEuros.

Caixa Leasing e Factoring - Sociedade Financeira de Crédito, S.A.

As part of CGD's implementation of its strategic plan across the period 2017-2020, a revision of the organisational model supporting the specialised credit business was defined as one of the levers of the structural rationalisation and talent management initiative through the integration of group company Caixa Leasing e Factoring (CLF) into CGD's organic structure.

Additional work carried out in 2020, made it possible, on December 31, 2020, to finalise CLF's incorporation into CGD and meet the strategic plan's requirements in terms of simplifying CGD group structure

Caixagest Infraestruturas – Fundo Especial de Investimento

Investment in the Fundo Caixagest Infraestruturas fund declined, in line with the strategy to reduce its exposure to the type of assets invested in by the fund as defined by the group. Investment in the fund was reduced to 16.27% in November 2020. In light of the reduction of the investment in this fund and owing to the unlikelihood of a short to medium term trend reversal, CGD considered that this was the time to eliminate Caixagest Infraestruturas from the consolidation perimeter pursuant to the application of IFRS 10.

4. Cash and cash equivalents at central banks

This account comprises the following:

	31-12-2020	31-12-2019
Cash	560,392	702,191
Demand deposits in central banks	9,718,319	6,601,976
	10,278,712	7,304,167
Interest on demand deposits in central banks	(933)	(361)
	10,277,778	7,303,807

The objective of CGD's sight deposits with the Bank of Portugal is to comply with the minimum cash reserves requirements of the European Central Banks System (ECBS).

The funds deposited at central banks by CGD and the group banks at December 31, 2020 and December 31, 2019 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:

	31-12-2020	31-12-2019
Cheques for collection		
- Portugal	37,535	43,021
- Abroad	11,615	9,433
	49,150	52,454
Demand deposits		
- Portugal	155,297	158,261
- Abroad	488,614	300,911
	643,911	459,172
Accrued interest	1,437	1,854
	694,498	513,480

Cheques pending collection are 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:

	31-12-2020	31-12-2019
Interbank money market	40,000	40,000
Term deposits		
- Portugal	110,273	180,247
- Abroad	1,166,384	1,191,081
Loans		
- Portugal	(8)	2,340
- Abroad	379,068	351,408
Other applications		
- Abroad	636,197	716,725
Purchase operations with resale agreement	288,025	225,783
Overdue loans and interest	27	27
	2,619,967	2,707,610
Accrued interest	873	1,393
Deferred income	(422)	(2,821)
	2,620,419	2,706,182
Impairment (Note 38)	(3,100)	(1,382)
	2,617,319	2,704,800

"Purchase operations with resale agreements" at December 31, 2020 and December 31, 2019 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, 2020 and December 31, 2019 is set out in note 38.

7. Financial assets at fair value through profit or loss

This account comprises the following:

	31-12-2020			31-12-2019		
	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	30,899	-	30,899	13,249	-	13,249
. Treasury bills	1,551,559	-	1,551,559	2,037,187	-	2,037,187
. Bonds of other public issuers						
Foreign	1,567,119	-	1,567,119	3,489,630	-	3,489,630
- Other issuers:						
. Bonds and other securities:						
Residents	-	98	98	1,142	96	1,238
Non-residents	23,542	-	23,542	22,327	-	22,327
	3,173,119	98	3,173,217	5,563,536	96	5,563,632
Equity instruments						
Residents	1,146	225,822	226,968	5,606	211,571	217,176
Non-residents	459	116,657	117,116	8,305	121,441	129,745
	1,605	342,478	344,084	13,910	333,011	346,922
Other financial instruments						
Residents	-	480,568	480,568	-	470,657	470,657
Non-residents	-	334,247	334,247	-	462,632	462,632
	-	814,815	814,815	-	933,289	933,289
Loans and receivables						
Loans and advances to customers	-	92,463	92,463	-	110,718	110,718
Other loans and receivables	-	21,552	21,552	-	24,038	24,038
	-	114,015	114,015	-	134,756	134,756
Derivatives with positive fair value (Note 10)						
- Swaps	505,003	-	505,003	530,280	-	530,280
- Futures and other forward operations	9,617	-	9,617	7,661	-	7,661
- Options - shares, currency and commodities	14,803	-	14,803	24,181	-	24,181
- Caps and floors	357,013	-	357,013	293,937	-	293,937
	886,436	-	886,436	856,059	-	856,059
	4,061,160	1,271,407	5,332,567	6,433,506	1,401,152	7,834,658

The "Other financial instruments" account, at December 31, 2020 and December 31 2019, includes €396,815 thousand and €469,805 thousand, respectively, in subscriptions for investments in vehicles created under financial assets lending operations (loans and advances to customers).

Following their 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 the respective IFRS 9 – "Financial instruments" requirements, i.e. the transfer of a substantial part of the risks and benefits associated with credit operations and their respective control were considered to have been met. The corporate vehicles in which CGD has a controlling interest continue to enjoy management autonomy. To ensure the neutrality of operations, at the time of their realisation, impairment on the estimated losses on the transferred assets was set against the value of the equity investment in the respective associated corporate vehicles. Following their initial recognition, these positions reflect the revaluation of such companies' equity.

Information on CGD's exposure to such assets at December 31, 2020 and December 31, 2019 is as follows:

	31-12-2020	31-12-2019
Fundo Imobiliário Aquarius	91,021	103,400
Fundo Recuperação, FCR	53,373	70,161
Flit-Ptrel SICAV	184,961	205,398
OXI Capital, SCR	14,780	28,100
Predicapital FEIIF	11,555	11,555
Fundo Recuperação Turismo, FCR	23,324	30,692
Fundo Imobiliário Vega	14,546	16,169
Nexponor - Sociedade Especial de Investimento Imobiliário de Capital Fixo - SICAFI	3,255	4,330
	396,815	469,805

As the value of the asset transfer funds, at December 31, 2020 and December 31, 2019, considers the group's analysis of the recoverable value of each fund's equity, the amount recognised may be less than the respective NAV (net asset value) as calculated and disclosed by the management companies. Internal criteria applied to the valuation of the funds is presented in note 43 – "Disclosures on financial instruments" chapter "Restructuring funds".

At December 31, 2020 and December 31, 2019, the balance sheet carrying amount of the unit trust and property investment funds managed by group entities and recognised in the financial assets at fair value through profit or loss portfolio, was as follows:

	31-12-2020		31-12-2019	
	Securities Investment Funds	Real Estate Investment Funds	Securities Investment Funds	Real Estate Investment Funds
Book value	10.575	127.323	-	63.561

8. Financial assets at fair value through other comprehensive income

This account comprises the following:

	31-12-2020	31-12-2019
Debt instruments		
- Public debt	2,294,176	1,816,670
- Other public issuers	3,473,940	606,744
- Other issuers	953,748	1,021,664
	6,721,864	3,445,078
Equity instruments		
- Measured at fair value	72,767	75,686
	72,767	75,686
Other instruments	62,148	79,560
	6,856,779	3,600,323
Impairment (Note 38)		
- Debt instruments	(863)	(1,809)
	(863)	(1,809)
	6,855,916	3,598,515

The details on the group's exposure to "Other instruments" account category of financial assets at fair value through other comprehensive income – "investments in vehicles created under financial assets lending operations", at December 31, 2020 and December 31, 2019, are set out below:

	31-12-2020		31-12-2019	
	Book value	Fair value reserve	Book value	Fair value reserve
Discovery Portugal Real Estate Fund	62,143	(22,657)	79,274	(4,079)

CGD opted to classify and measure this equity instrument at fair value through other comprehensive income in conformity with the option provided by IFRS 9 – "Financial instruments" (note 2.5). Internal criteria applied to the valuation of the funds is presented in note 43 – "Disclosures on financial instruments" chapter "Restructuring funds".

The fair value reserves, net of deferred taxes associated with assets measured at fair value through other comprehensive income, amounted to €155,387 thousand and €169,042 thousand at December 31, 2020 and December 31, 2019 respectively (note 28).

9. Financial assets with repurchase agreements

Information on financial assets with repurchase agreements, at December 31, 2020 and December 31, 2019, is set out below:

	31-12-2020	31-12-2019
At fair value through fair value reserves		
Debt instruments		
. Foreign debt securities	13,877	10,737
	13,877	10,737

The group entered into financial assets sales operations with a purchase agreement at a future date and predefined price with financial institutions and customers during the course of the period ended December 31, 2020 and in 2019.

Financial instruments ceded in sales operations with repurchase agreements are not derecognised from the balance sheet and their value continues to be measured in accordance with the accounting policies applicable to the underlying assets. The difference between their sales 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 “Customers’ resources and other loans – other resources – operations with repurchase agreements” (note 22).

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, definition of exposure limits per product and customer and daily oversight of the respective results.

The value of these operations, at December 31, 2020 and December 31, 2019 was measured in conformity with the criteria described in note 2.5.c). Information on the operations' notional and book values at the said dates is given below:

	31-12-2020							
	Notional value			Book value				
						Hedging derivatives		
	Trading derivatives	Hedging derivatives	Total	Assets held for trading	Liabilities held for trading	Assets	Liabilities	Total
Forward foreign exchange transactions								
Fowards				2,876	(2,754)	-	-	122
Purchase	191,347	-	191,347					
Sale	191,236	-	191,236					
Swaps			-					
Currency swaps				1,144	(24,491)	-	-	(23,347)
Purchase	992,527	-	992,527					
Sale	1,015,417	-	1,015,417					
Equity swaps				607	-	-	-	607
Purchase	1,681	-	1,681					
Sale	1,681	-	1,681					
Interest rate swaps and cross currency interest rate swaps				503,252	(521,991)	7,325	(56,295)	(67,710)
Purchase	19,298,741	614,740	19,913,481					
Sale	19,272,315	617,606	19,889,921					
Futures								
Currency								-
Long positions	39,419	-	39,419					
Short positions	-	-	-					
Interest rate				-	-	-	-	-
Long positions	1,066	-	1,066					
Short positions	22,618	1,427,933	1,450,551					
Equity				6,741	-	-	-	6,741
Long positions	13,513	-	13,513					
Short positions	533	-	533					
Other				-	-	-	-	-
Long positions	355,357	-	355,357	.				-
Short positions	463,916	-	463,916					
Options								
Currency				119	(3)	-	-	116
Purchase	2,896	-	2,896					
Sale	3,108	-	3,108					
Equity				14,684	(14,703)	-	-	(19)
Purchase	13,861	-	13,861					
Sale	98	-	98					
Interest rate (Caps & Floors)				357,013	(357,450)	-	-	(437)
Purchase	571,230	-	571,230					
Sale	524,634	-	524,634					
	42,977,192	2,660,278	45,637,471	886,436	(921,391)	7,325	(56,295)	(83,926)

	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)

Derivatives recognised in "Assets held-for-trading", "Liabilities held-for-trading", "Hedge derivatives - assets" and "Hedge derivatives - liabilities" at December 31, 2020 and December 31, 2019, include operations collateralised by surety accounts to hedge the fair value of lending and borrowing exposures between CGD and various financial institutions. The balances deposited by these financial institutions with CGD and by CGD with these financial institutions the above dates are recognised in "Other liabilities - resources - surety account" (note 26) and "Other assets - debtors and other assets - other debtors" accounts (note 20), respectively.

At December 31, 2020 the balance sheet carrying amount of operations with derivatives having positive and negative fair values, collateralised by surety deposits or securities, totalled €319,625 thousand and €916,883 thousand, respectively (€543,280 thousand and €860,804 thousand, respectively in December 2019).

Details on the value of CVAs (credit value adjustments) and DVAs (debt value adjustments) are given in note 43.

Information on the distribution of derivatives operations, at December 31, 2020 and December 31, 2019 by periods to maturity (notional amounts) is set out below:

	31-12-2020					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	> 5 years	Total
Forward foreign exchange transactions						
Fowards						
Purchase	89,041	71,714	30,592	-	-	191,347
Sale	88,980	71,724	30,532	-	-	191,236
Swaps						
Currency swaps						
Purchase	990,251	2,275	-	-	-	992,527
Sale	1,013,167	2,250	-	-	-	1,015,417
Equity swaps						
Purchase	798	-	-	883	-	1,681
Sale	798	-	-	883	-	1,681
Interest rate swaps and cross currency interest rate swaps						
Purchase	1,131,617	556,395	1,111,876	7,230,248	9,883,345	19,913,481
Sale	1,131,617	559,261	1,111,876	7,203,822	9,883,345	19,889,921
Futures						
Currency						
Long positions	39,419	-	-	-	-	39,419
Interest rate						
Long positions	1,066	-	-	-	-	1,066
Short positions	22,618	-	-	-	1,427,933	1,450,551
Equity						
Long positions	-	-	-	-	13,513	13,513
Short positions	533	-	-	-	-	533
Other						
Long positions	87,244	-	106,842	161,271	-	355,357
Short positions	168,809	-	263,125	31,981	-	463,916
Options						
Currency						
Purchase	198	2,281	417	-	-	2,896
Sale	411	2,281	417	-	-	3,108
Equity						
Purchase	-	-	56	13,805	-	13,861
Sale	-	-	60	38	-	98
Interest rate (Caps & Floors)						
Purchase	101,100	27,273	310,080	108,903	23,874	571,230
Sale	101,100	2,973	300,174	99,514	20,873	524,634
	4,968,768	1,298,427	3,266,046	14,851,347	21,252,882	45,637,471

	31-12-2019					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	> 5 years	Total
Forward foreign exchange transactions						
Forwards						
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
Short positions	-	-	-	-	-	-
Interest rate						
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
Other	-	-	-	-	-	-
	4,500,667	1,824,435	4,788,325	21,989,302	25,580,961	58,683,689

Information on the distribution of derivatives operations, by counterparty type, at December 31, 2020 and December 31, 2019, is set out below:

	31-12-2020		31-12-2019	
	Notional value	Book value	Notional value	Book value
Forward foreign exchange transactions				
Fowards				
Financial institutions	181,800	(847)	108,686	161
Other	200,784	969	153,650	116
	382,584	122	262,335	277
Swaps				
Currency swaps				
Financial institutions	1,975,546	(23,327)	2,094,450	(13,723)
Other	32,397	(20)	290,884	(1,009)
	2,007,944	(23,347)	2,385,335	(14,732)
Equity swaps				
Other	3,362	607	5,281	65
	3,362	607	5,281	65
Interest rate swaps and cross currency interest rate swaps				
Financial institutions	37,289,798	(239,341)	49,700,539	(243,897)
Other	2,513,603	171,631	3,184,990	206,098
	39,803,402	(67,710)	52,885,528	(37,800)
Futures				
Currency				
Stock exchange	39,419	-	-	-
Financial institutions	-	-	73,657	-
	39,419	-	73,657	-
Interest rate				
Stock exchange	1,451,616	-	25,017	-
Customers	-	-	678,469	-
	1,451,616	-	703,486	-
Equity				
Stock exchange	533	-	(13,502)	-
Financial institutions	-	-	14,358	-
Customers	13,513	6,741	15,095	6,656
	14,045	6,741	15,951	6,656
Other				
Stock exchange	819,272	-	562,602	-
	819,272	-	595,455	-
Options				
Currency				
Other	6,004	116	8,401	49
	6,004	116	8,401	49
Equity				
Financial institutions	13,958	520	26,212	5,283
Other	1	(538)	-	(8,383)
	13,959	(19)	26,212	(3,099)
Interest rate (Caps & Floors)				
Financial institutions	678,362	(332,421)	1,349,570	(271,429)
Other	417,502	331,984	405,331	271,437
	1,095,863	(437)	1,754,901	8
	45,637,471	(83,926)	58,683,689	(48,575)

11. Accounting for hedging activities

As referred to in note 2.8. c), the group performs derivative transactions with the objective of hedging its exposure to the risks inherent to its activity. For the financial years 2020 and 2019 the hedge accounting in accordance with the requirements of IFRS 9 applied to the change in the fair value hedge model associated with interest rate risk on the securities portfolio in addition to non-subordinated debt issued under the EMTN programme.

Hedge derivatives are measured at their fair value and their respective variations are recognised as a charge to profit or loss. The fair value of derivatives not traded in organised markets is calculated using internal models that incorporate discounted cash flow valuation techniques and, whenever available, observable market data. According to the fair value ranking criteria set out in note 43, these instruments are classified at level 2.

The following is a breakdown of hedging instruments at December 31, 2020 and December 31, 2019:

	31-12-2020						
	Notional value			Book value			
	> 3 months <= 6 months	> 1 year	Total	<= 3 months	> 3 months <= 6 months	> 1 year	Total
Derivatives for hedging the fair value of interest rate changes							
Interest rate swaps and cross currency interest rate swaps							
Purchase	13.440	601.300	614.740	-	(2.553)	(46.418)	(48.971)
Sale	16.306	601.300	617.606	-	-	-	-
Interest rate futures							
Sale	-	1.427.933	1.427.933	-	-	-	-
	29.746	2.630.533	2.660.278	-	(2.553)	(46.418)	(48.971)

Unit:1000

	31-12-2019						
	Notional value			Book value			
	> 3 months <= 6 months	> 1 year	Total	<= 3 months	> 3 months <= 6 months	> 1 year	Total
Derivatives for hedging the fair value of interest rate changes							
Interest rate swaps and cross currency interest rate swaps							
Purchase	1.640	52.292	56.933	6	146	3.864	4.017
Sale	1.496	56.271	60.767	-	-	-	-
	3.136	108.563	117.699	6	146	3.864	4.017

Unit:1000

The following is a breakdown of hedged items at December 31, 2020 and December 31, 2019.

	31-12-2020			31-12-2019		
	Hedging element			Hedging element		
	Book value	Accumulated Amounts Corrections (Assets / Liabilities	Adjustment in the hedge accounting period (Note 33)	Book value	Accumulated Amounts Corrections (Assets / Liabilities	Adjustment in the hedge accounting period (Note 33)
Financial assets at fair value through other comprehensive income	2,520,271	(55,571)	55,700	-	-	-
public debt	2,094,248	(42,614)	42,615	-	-	-
foreign public debt	426,023	(12,957)	13,085	-	-	-
				-	-	-
Bonds issued under the EMTN programme	39,490	(4,565)	(814)	57,964	(3,752)	(2,183)
	2,559,761	**(60,137)**	**54,886**	**57,964**	**(3,752)**	**(2,183)**

Corresponds to the variation accumulated in the exercise of the fair value of the hedged instruments associated with hedging operations, considered for the determination of the ineffectiveness of the relationship

The group recognised losses of €2,839 thousand (note 33) on the ineffectiveness component of its hedge relationships in 2020.

12. Investments at amortised cost

The following is a breakdown of investment balances at amortised cost at December 31, 2020 and December 31, 2019:

	31-12-2020	31-12-2019
Debt instruments		
Public debt	4,059,526	2,979,928
Other public issuers		
Other non-residents	6,916,744	5,731,901
	10,976,270	8,711,829
Other issuers		
Other non-residents	299,653	314,092
	299,653	314,092
	11,275,923	9,025,921
Impairment (Note 38)	(19,101)	(6,684)
	11,256,822	9,019,237

Investments at amortised cost, at December 31, 2020 and December 31, 2019 included Angola sovereign debt instruments for the amount of €245,460 thousand and €322,007 thousand, respectively.

The “Debt instruments – issued by public entities − public debt securities” account at December 31, 2020 and December 31, 2019, includes securities allocated to the issuance of covered bonds with a balance sheet carrying amount of €126,110 thousand and €126,410 thousand, respectively.

13. Loans and advances to customers

This account comprises the following:

	31-12-2020	31-12-2019
Domestic and foreign loans		
Loans	37,378,918	37,146,256
Current account loans	977,873	1,295,507
Other loans	2,848,660	2,782,807
Other loans and amounts receivable - securitised		
. Commercial Paper	1,340,763	1,848,736
. Other	3,419,101	2,716,192
Property leasing operations	762,397	783,333
Discounts and other loans secured by bills	141,857	228,758
Equipment leasing operations	770,969	720,945
Factoring	1,250,371	1,097,353
Overdrafts	159,962	214,642
	49,050,872	48,834,529
Accrued interest	123,440	112,251
Deferred income, commissions and other cost and income associated with amortised cost	(23,661)	(41,514)
	49,150,651	48,905,267
Overdue loans and interest	998,173	1,217,093
	50,148,823	50,122,360
Impairment (Note 38)	(2,245,857)	(2,148,816)
	47,902,966	47,973,544

The “Domestic and foreign credit – other loans” account, at December 31, 2020 and December 31, 2019 includes €35,453 thousand and €41,882 thousand, relating to CGD’s mortgage and personal loans to its employees, respectively.

Other credit disposal operations

CGD disposed of a series of mainly non-performing mortgage and non-mortgage loans for a balance sheet carrying amount before impairment on the transaction date of approximately €623,265 thousand during the course of 2019. The losses made on these loans were recognised in “Impaired credit net of reversals and recoveries” in profit and loss.

Other loans and advances to customers in the “corporate” portfolio (excluding asset lending operations to funds), with a balance sheet carrying amount, before impairment, on the transactions’ reference date of approximately €263,928 thousand were also disposed of in 2019. There were no disposals in 2020.

The “Loans” portfolio at December 31, 2020 and December 31, 2019 includes mortgage loans assigned by CGD as part of securitisation operations. Movements in this loan account, in 2020 and 2019, were as follows:

	Nostrum Mortgages nº2
Balances at 31-12-2018	3,368,894
Repayments	(281,709)
Repurchase	(2,844)
Other	(9,215)
Balances at 31-12-2019	3,075,126
Sale of new loans	-
Repayments	(231,963)
Repurchase	(13,409)
Other	(2,591)
Balances at 31-12-2020	2,827,163

The group is fully responsible for the liabilities associated with this operation which are therefore eliminated in the preparation of its consolidated financial statements.

The “Loans” account, at December 31, 2020 and December 31, 2019 includes mortgage loans with a book value of €6,251,886 thousand and €7,123,691 thousand, respectively, allocated to the issuance of covered bonds.

The assets pool collateralising the referred to issuances, at December 31, 2020 and December 31, 2019 also included debt securities with a book value of €126,110 thousand and €126,410 thousand, respectively, at these dates (note 12).

Information on impairment movements in 2020 and 2019, is given in note 38.

14. Non-current assets and liabilities held-for-sale

Information on non-current assets and liabilities held-for-sale balances at December 31, 2020 and December 31, 2019, is set out below:

ASSETS	31-12-2020	31-12-2019
Property and equipment	472.883	562.572
Subsidiaries		
Banco Caixa Geral Brasil, S.A.	183.778	312.367
Banco Comercial do Atlântico, S.A.	793.437	787.110
CGD Investimentos CVC, S.A.	4.666	6.768
Other non-current assets and liabilities held for sale	3.402	-
	1.458.165	1.668.817
Impairment (Note 38)		
Property and equipment	(250.481)	(263.795)
Subsidiaries	(48.659)	(71.475)
Subsidiaries	(77)	(77)
	(299.216)	(335.346)
	1.158.949	1.333.471
LIABILITIES		
Subsidiaries		
Banco Comercial Atlântico	724.154	734.123
Banco Caixa Geral Brasil, S.A.	139.050	244.847
CGD Investimentos CVC, S.A.	1.083	1.741
	864.287	980.711

The income generated by held-for-sale business units, in 2020 and 2019, is itemised in "Income from subsidiaries held-for-sale", in consolidated profit and loss, as set out below:

	31-12-2020	31-12-2019				
	Income for the year	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.	18,830	15,392	-	-	-	15,392
Banco Caixa Geral Brasil, S.A.	(2,563)	995	(12,674)	-	-	(11,680)
CGD Investimentos CVC, S.A.	23	674	(9,636)	-	-	(8,962)
	16,290					22,973

These entities are classified in the “Other” lines of the business segment (note 39).

Subsidiaries

In the framework of CGD's recapitalisation commitments, agreed between the Portuguese state, as the sole shareholder of Caixa Geral de Depósitos and the competent European authorities (see introductory note), CGD initiated a series of actions in 2016 and 2017, leading to the disposal of the group's equity stakes in Mercantile Bank Holdings, Ltd., Banco Caixa Geral, S.A. (Spain), Banco Caixa Geral − Brasil, S.A. and CGD Investimentos CVC, S.A., namely as regards aspects leading to the identification of and contact with potential investors, assessment of the relevant legal aspects pertaining to the operation and communication of its intentions to the relevant supervisors.

The disposal of these companies is important to CGD's furtherance of its objectives in implementing its strategic plan. The rationalisation of the group's international structure aims to focus on intervention in the national marketplace and to make an active contribution to its development while continuing to provide services to its customers and Portuguese communities in these geographies.

Decree law 153/2017 of December 22 was published for the purpose of ensuring the adaptation of national legislation to the particularities of the disposal process on these equity stakes. This decree law regulated the terms and modalities governing these transactions in addition to the instruments to be used for their implementation.

Accordingly, in conformity with the dispositions of IFRS 5 – "Non-current assets held-for-sale and discontinued operations", at December 31, 2017 the assets and liabilities of these business units' were aggregated and recognised in "Non-current assets and liabilities held-for-sale – subsidiaries" accounts. Information on the income from these equity stakes is also set out in a single line of the profit and loss statement. The group does not eliminate the balances with the other entities in the consolidation perimeter in the consolidation process of the entities classified under the referred to standard. The group successfully disposed of 99.79% of the share capital of BCG Spain to Abanca Corporación Bancária, S.A. and 100% of the equity shares of Mercantile to Capitec Bank Limited during the course of 2019.

Impairment of €21,593 thousand on the equity stake in Mercantile and €135,463 thousand in the case of BCG Spain (note 38) was reversed as a result of the sale of these two subsidiaries.

The completion of these two sales operations fulfilled the objectives of one of the main Pillars of CGD's strategic plan in achieving a significant increase in its capital levels, particularly owing to its deleveraging operations.

As regards the BCG Brasil disposal process, the period of political instability affecting the country in 2018 was responsible at that stage for various delays to the completion of several initiatives which had initially been scheduled and which could only be further developed across the course of 2019. The government's approval, in August 2019, of the tender documents for the direct sale of BCG Brazil's equity shares held directly by Caixa Geral de Depósitos was particularly important.

On September 4, the Portuguese government selected three investors for stage II, which was initiated on September 25 (following the publication of the ministerial order announcing the periods for stage II on September 24) and whose bidders were able to prepare a comprehensive due diligence report on BCG Brazil and interact with CGD on strategic matters, in addition to key aspects underpinning the transaction documents.

Although binding offers were received on December 16, 2019, none of the bids received were considered acceptable by CGD and the process was brought to an unsuccessful conclusion.

Initiatives leading to an assessment of the opportunity to initiate new contacts with potential investors were resumed during the course of 2020, notwithstanding the uncertainty deriving from the current pandemic. In spite of the current difficulties, partly associated with the impact of Covid-19, CGD's board of directors still intends to dispose of the equity stake in BCG Brasil and is considering the circumstances and terms under which it may be undertaken in accordance with its objectives and best interests of its shareholder.

Following a partial review of CGD's recapitalisation commitments, Caixa Geral de Depósitos, S.A. decided in January 2019, to dispose of its shareholding in Banco Comercial do Atlântico in the Republic of Cape Verde (BCA), having initiated the process and the development of the respective legal and procedural terms. Decree law 146/2019, approving the terms governing the full or part sale of CGD's shares in BCA was published in September 2019. A number of initiatives have been taken, since then, to select potential investors as a precondition for the evolution of the negotiating process.

Impairment of €48,659 thousand and €71,475 thousand was recognised on BCA and BCG Brasil, at December 31, 2020 and December 31, 2019 with the objective of adjusting the equity value of these units' assets and liabilities to their respective estimated fair value, net of disposal costs (note 38) at the said date.

Banco Caixa Geral – Brasil, S.A.

Information on the key financial data of Banco Caixa Geral – Brasil, at December 31, 2020 and December 31, 2019, is set out below:

ASSETS	31-12-2020	31-12-2019
Cash balances and loans and receivables at other credit ins	28,520	150,282
Financial assets at fair value through profit or loss	26,697	60,703
Financial assets at fair value through other comprehensive ir	63,416	1,913
Financial assets with repurchase agreement	1,312	10,856
Non-current assets held-for-sale	9,132	11,848
Other tangible assets	238	444
Intangible assets	-	14
Investments in associates and subsidiaries excluded from c	8,548	12,065
Current tax assets	685	346
Deferred tax assets	12,401	15,677
Loans and advances to customers	41,495	58,389
Other assets	(117)	1,894
TOTAL ASSETS	192,325	324,431
LIABILITIES AND EQUITY		
Resources of other credit institutions	39,202	73,992
Customer resources	83,989	148,770
Financial liabilities at fair value through profit or loss	12,095	11,724
Provisions for guarantees and other commitements	341	466
Provisions for other risks	618	1,603
Current tax liabilities	520	2,920
Deferred tax liabilities	1,529	3,423
Other liabilities	756	1,949
TOTAL LIABILITIES	139,050	244,847
TOTAL EQUITY, of which:	53,276	79,584
Revaluation reserves	(401)	(1,069)
	192,325	324,431

Note: On December 31, 2020 and December, 2019, the individual balance sheet of Banco Caixa Geral Brasil, incorporates the Interest it holds on CGD Investimentos, CVC, in the amount of 8,548 tEuros and 12,065 tEuros.

	31-12-2020	31-12-2019
Other income and expenses		
Interest and similar income	10,057	19,886
Interest and similar expenses	(3,797)	(12,906)
Income from services rendered and commissions	541	878
Cost of services and commissions	(38)	(90)
Income from equity instruments (*)	-	377
Results from financial operations	2,871	2,019
Employee costs	(4,139)	(6,023)
Other administrative costs	(3,009)	(4,030)
Depreciation and amortisation	(104)	(152)
Provisions and impairments, net of reversals and recoveries	(6,547)	44
Other	(519)	(464)
	(4,685)	(460)
Income tax	2,122	1,832
NET INCOME	(2,563)	1,372

(*) - In December 31, 2019, the caption "Income from equity instruments" includes the amount of 377 thousand Euros, of dividends distributed by CGD Investimentos, CVC, held 100% by Banco Caixa Brasil.

The balances set out in the preceding tables include operations with other group entities and were not eliminated in the consolidation process, details on which are given in the following table:

	31-12-2020	31-12-2019
Assets	496	223
Liabilities	41,895	76,533

	31-12-2020	31-12-2019
Other income	121	134
Other expenses	264	2,790

CGD Investimentos, CVC

Information on the key financial data of CGD Investimentos, CVC, at December 31, 2020 and December 31, 2019, is set out below:

ASSETS	31-12-2020	31-12-2019
Cash balances and loans and receivables at other credit institutions	4,336	6,253
Financial assets at fair value through profit or loss	71	-
Other tangible assets	3	-
Current tax assets	150	280
Other assets	105	234
TOTAL ASSETS	4,665	6,768
LIABILITIES AND EQUITY		
Provisions for other risks	126	116
Current tax liabilities	100	190
Deferred tax liabilities	539	995
Other liabilities	319	439
TOTAL LIABILITIES	1,083	1,741
	-	
TOTAL EQUITY, of which:	3,582	5,027
	4,666	6,768

	31-12-2020	31-12-2019
Other income and expenses		
Interest and similar income	127	1,106
Results from financial operations	-	(1)
Employee costs	-	(28)
Other administrative costs	(135)	(209)
Provisions and impairments, net of reversals and recoveries	(9)	(9)
Other	(12)	(103)
	(29)	754
Income tax	52	(81)
NET INCOME	23	674

The balances set out in the preceding tables include operations with other group entities and were not eliminated in the consolidation process, details on which are given in the following table:

	31-12-2020	31-12-2019
ASSETS	2,921	3,642

	31-12-2020	31-12-2019
Other income	76	672

Banco Comercial Atlântico, S.A. (Cape Verde)

Information on the key financial data of Banco Comercial do Atlântico, S.A. at December 31, 2020 and December 31, 2019 is set out below.

ASSETS	31-12-2020	31-12-2019
Cash balances and loans and receivables at other credit institutions	269,076	271,413
Financial assets at fair value through other comprehensive income	531	510
Non-current assets held-for-sale	14,486	13,432
Investment property	13	13
Other tangible assets	16,555	16,479
Intangible assets	426	557
Investments in associates and subsidiaries excluded from consolidation	4,011	5,465
Current tax assets	423	363
Deferred tax assets	1,574	1,637
Loans and advances to customers	465,894	458,044
Other assets	20,803	19,552
TOTAL ASSETS	793,792	787,465
LIABILITIES AND EQUITY		
Resources of other credit institutions	969	621
Customer resources	711,043	718,789
Provisions for employee benefits	2,453	2,381
Provisions for guarantees and other commitements	171	243
Provisions for other risks	773	117
Current tax liabilities	2,361	5,503
Deferred tax liabilities	1,736	1,735
Other liabilities	4,647	4,734
TOTAL LIABILITIES	724,154	734,123
TOTAL EQUITY, of which:	69,638	53,342
Revaluation reserves	290	274
	793,792	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).

	31-12-2020	*Restated* 31-12-2019
Other income and expenses		
Interest and similar income	30,933	32,000
Interest and similar expenses	(5,411)	(7,390)
Income from services rendered and commissions	3,719	4,344
Cost of services and commissions	(628)	(636)
Income from equity instruments	15	310
Results from financial operations	1,042	1,791
Employee costs	(9,013)	(9,686)
Other administrative costs	(5,028)	(5,916)
Depreciation and amortisation	(1,707)	(1,575)
Provisions and impairments, net of reversals and recoveries	2,791	3,953
Other	(570)	223
	16,142	17,419
Income tax	2,264	(2,641)
INCOME BEFORE TAX AND NON-CONTROLLING INTERESTS	18,406	14,778
Non-controlling interests	424	614
NET INCOME	18,830	15,392

The balances set out in the preceding tables include operations with other group entities and were not eliminated in the consolidation process, details on which are given in the following table:

	31-12-2020	31-12-2019
ASSETS	10,084	19,787
LIABILITIES	680	311

	31-12-2020	31-12-2019
Other income	45	301
Other expenses	43	40

Foreign currency reserves

As referred to in note 2.5., 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. For this purpose and in light of the requirements of IAS 21 – "The effects of changes in foreign exchange rates", operations classified as a reimbursement of the amount invested, and namely when comprising share capital reductions are also considered to be reductions of an interest in subsidiaries. The amount of foreign currency reserves to be reclassified to profit and loss, in such cases, is measured by the proportion of the amount of the reimbursement to the total amount of the investment.

Accumulated profit and loss on foreign exchange operations, at December 31, 2020, recognised as a charge to "Other reserves" as part of the consolidation of units classified as non-current assets and liabilities held-for-sale, comprises losses of approximately €79,503 thousand (€58,014 thousand at December 31, 2019).

Property and equipment

As described in note 2.10, non-current assets held-for-sale also include property and other assets received on credit recovery operations.

Information on the above asset movements for 2020 and 2019 is set out below:

	Balances at 31-12-2019						Balances at 31-12-2020	
	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	560,278	(257,514)	47,923	(116,327)	(21,287)	13,854	470,588	(243,659)
Other	2,294	(2,094)	-	-	-	(4,728)	2,294	(6,822)
	562,573	(259,607)	47,923	(116,327)	(21,287)	9,126	472,883	(250,481)

	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)

Net income from non-current assets and liabilities held-for-sale, in 2020 and 2019, amounted to €38,829 thousand and €91,992 thousand, respectively (note 34), of which €2,585 thousand and €3,397 thousand, respectively, in costs for maintaining these assets in the period prior to their disposal.

15. Investment properties

Information on “Investment properties” movements, in 2020 and 2019, is set out below:

Balances at 31-12-2018	809,963
Acquisitions	678
Revaluations (Note 34)	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
Acquisitions	2,117
Revaluations (Note 34)	5,253
Sales	(547)
Transfers from tangible assets and non-current assets held-for-sale	(1,490)
Other	(2,150)
Balances at 31-12-2020	188,849

Investment properties owned by the group, at December 31, 2020 and December 31, 2019 are recognised at fair value. Profit and loss on the revaluation of these properties is recognised as a charge to “Other operating income” (note 2.10) in profit and loss.

The "Investment properties" account at December 31, 2018 included €727,490 thousand in property owned by the Fundimo and Fundiestamo funds, respectively.

The group reduced its exposure to the Fundimo fund during the course of 2019 in which it no longer had a controlling interest. This explains why this entity ceased to be member of the consolidation perimeter (under IFRS 10).

The group sold its equity stake in the Ibéria and Beirafundo funds in 2019 (note 3).

The "Investment properties" account at December 31, 2020 and December 31, 2019 included €155,615 thousand and €152,839 thousand, respectively, in property owned by the Fundiestamo fund. Revaluations of the properties held by this fund in 2020 amounted to €2,583 thousand.

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 type, 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 estimates the transaction price of a specific asset based on prices and other relevant information on market deals involving identical or comparable (similar) properties. It generally employs statistical methods after the various items of market data obtained have been 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 from 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, discounted cash flows (DCF) 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 with an equivalent use, adjusted for obsolescence. It is calculated on the basis of the sum of the acquisition cost of the land and construction costs (including charges), depreciation based on a property's present physical, functional, environmental and economic conditions plus commercialisation costs and its developer's margin/risk. This is the principal method used when no market information is available on transactions of similar property and no potential income associated with it is identifiable.

- Residual worth method. The residual worth method estimates the residual worth of the land, constructions to be rehabilitated or unfinished properties, net of all costs and margins associated with the unfinished construction on the presumed sales price of the finished property, obtained by the use of the market method.

The availability of relevant data and its relative subjectivity may affect the choice of valuation method/techniques. The choice, in this case, should be particularly 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 m^2 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 market data, 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 differ 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 actors. The data supplied by the entity operating the property may be used in the absence of any reasonably available information indicating that market actors 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 for 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 estimated cash flow based on the type of property. This technique is reliant on current expectations of changes to 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 m^2. 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 valuation 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, 2020 and December 31, 2019 by type, development status in terms of their preparation for use and current occupancy, considering the methodologies used to measure fair value:

			31-12-2020			
Property type	State development	Occupation	Book value	Measurement techniques	Relevants inputs	Reference range of relevant inputs
Offices	Concluded	Rented	149,497	Income capitalisation method / Market comparable method	Estimated sale value per m2	[6,25%-8,75%]
			149,497			
Housing	Concluded	Rented	67	Income capitalisation method / Market comparable method	Estimated rental value per m2	2
		Capitalisation / sale	3,020	Income capitalisation method	Estimated rental value per m2	[20000 - 2500]
			3,087			
Stores	Concluded	Rented	50	Income capitalisation method / Market comparable method	Estimated sale value per m2	5.0 / 740
			50			
Parking	Concluded	Rented	5,100	Market comparable method / Income capitalisation method	Discount rate	[6,00%-8,00%]
			5,100			
Land	n.a.	Capitalisation / sale	13,349	Replacement cost method / Market comparable method	Estimated sale value per m2	2.400-3.800
			13,349			
Stores	Concluded	Sale	585	Income capitalisation method / Market comparable method	Estimated sale value per m2	1,1 / 545
			585			
			171,669			
Other			17,180			
			188,849			

			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	Income capitalisation method / Market comparable method	Estimated rental value per m2	2
		Capitalisation / sale	1,235	Income capitalisation method	Estimated rental value per m2	[20000 - 2500]
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	Market comparable method / Income capitalisation method	Estimated rental value / sale value per m2	1.650-2.700
			685	Market comparable method / Income capitalisation method	Estimated sale value per m2	1.300-1.500 / 750-1.100
			18	Income capitalisation method / Market comparable method	Estimated sale value per m2	175-200
			15,367			
			169,544			
Other			16,122			
			185,666			

As already stated, valuations of land and buildings maximise the use of observable market data. However, as most valuations also consider non-observable data, they are classified at level 3 of the fair value ranking of IFRS 13 − “Fair value measurement”.

16. Other tangible assets

Other tangible asset movements (net), in 2020 and 2019, were as follows:

	Balances at 31-12-2019									Balances at 31-12-2020	
	Gross value	Accumulated depreciation and impairment losses	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	62.435	-	4.852	(513)	-	(780)	-	-	-	65.994	-
Buildings	473.498	(262.515)	14.693	(16.513)	-	1.450	(9.678)	549	(379)	467.625	(266.522)
Leasehold improvements	100.504	(77.290)	48	(1.504)	98	(1.773)	(3.430)	1.632	(162)	92.068	(73.945)
Equipment											
Fittings and office equipment	60.905	(56.031)	2.202	(882)	-	291	(1.187)	-	(170)	59.526	(54.397)
Machinery and tools	24.553	(22.453)	232	(121)	-	296	(874)	-	(129)	23.349	(21.846)
Computer equipment	252.496	(231.596)	8.868	(1.163)	(57)	2.766	(9.120)	-	(925)	247.142	(225.873)
Indoor facilities	342.503	(312.721)	5.118	(1.783)	2.941	(369)	(10.094)	(490)	(31)	344.575	(319.502)
Transport material	10.358	(7.734)	1.087	(448)	-	1.087	(1.119)	-	(665)	8.878	(6.311)
Safety/security equipment	46.892	(43.483)	933	(237)	957	173	(1.433)	-	(3)	46.832	(43.033)
Other equipment	5.036	(3.129)	58	(410)	-	168	(332)	-	(4)	4.189	(2.803)
Lease - right-of-use assets	234.362	(33.738)	3.536	(1.709)	(180)	10.355	(35.001)	-	(409)	237.554	(60.337)
Other tangible assets	9.525	(8.674)	24.472	(3.191)	-	(373)	-	-	-	30.583	(8.825)
Tangible assets in progress	20.916	-	174	(124)	(3.760)	(7.610)	(157)	34	-	9.474	-
	1.643.983	(1.059.365)	66.273	(28.598)	-	5.680	(72.425)	1.725	(2.876)	1.637.790	(1.083.394)

	Balances at 31-12-2018									Balances at 31-12-2019	
	Gross value	Accumulated depreciation and impairment losses	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)	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)
Assets under finance lease	-	-	5.165	267	-	3.845	(33.747)	-	(779)	234.362	(33.738)
Other tangible assets	1.174	(1.174)	-	-	-	-	-	-	-	-	-
Tangible assets in progress	9.331	(8.783)	13.222	(1)	-	(12.881)	(37)	-	-	9.525	(8.674)
	15.109	-	118	(109)	(1.254)	7.840	-	119	(907)	20.916	-
	1.485.831	(1.039.697)	65.953	(5.710)	-	(52.524)	(76.871)	14.400	(14.858)	1.643.983	(1.059.365)

Accumulated impairment on other intangible assets, at December 31, 2020 and December 31, 2019 totalled €24,992 thousand and €23,843 thousand, respectively (note 38).

17. Intangible assets

Movements in this account, in 2020 and 2019, were as follows:

	Balances at 31-12-2019			Write-offs					Balances at 31-12-2020	
	Gross value	Accumulated depreciation and impairment losses	Acquisitions	Write-offs	Impairment	Other transfers and adjustments	Exchange differences	Depreciation for the year	Gross value	Accumulated depreciation and impairment losses
Goodwill										
Banco Caixa Geral Angola	15.540	(15.540)	-	-	-	(5.055)	5.055	-	10.486	(10.486)
Software	120.360	(64.888)	19.683	-	(45)	(21.246)	(401)	22.777	159.343	(83.104)
Other intangible assets	11.640	(5.009)	57.051	-	-	(57.969)	(92)	-	9.759	(4.139)
Intangible assets in progress	12.732	-	-	-	-	32.078	(762)	626	44.674	-
	160.271	(85.437)	76.733	-	(45)	(52.191)	3.800	23.403	224.262	(97.728)

	Balances at 31-12-2018			Write-offs					Balances at 31-12-2019	
	Gross value	Accumulated depreciation and impairment losses	Acquisitions	Write-offs	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)

Intangible assets in progress, at December 31, 2020 and December 31, 2019, essentially refer to expenses incurred on the development of software which had not come into operation on these dates.

Write-offs of automatic data processing systems in 2020 and 2019 derived from discontinuations or their obsolescence.

Accumulated impairment on intangible assets, at December 31, 2020 and December 31, 2019 amounted to €10,725 thousand and €15,779 thousand, respectively (note 38).

Changes in gross value and impairment on goodwill in respect of Banco Caixa Geral Angola across the year are the result of foreign exchange revaluations.

Research and development costs

CGD spent €4,673 thousand and €2,298 thousand, on research, development and innovation projects, in 2020 and 2019, respectively.

18. Investments in associates and joint enterprises

The composition of this account, at December 31, 2020 and December 31, 2019 is set out below:

	31-12-2020			31-12-2019	
	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	20,413	1,491	50.00	19,439
Esegur, S.A.	50.00	8,758	11	50.00	8,699
		29,171	1,502		28,138
Associated companies					
Fidelidade – Companhia de Seguros, S.A	15.00	427,857	33,586	15.00	359,456
Fidelidade Assistence Consolidated (a)	20.00	-	1,373	20.00	8,254
Multicare - Seguros de Saúde, S.A.	20.00	-	2,038	20.00	19,147
SIBS - Sociedade Interbancária de Serviços, S.A.	22.97	40,387	4,366	22.97	38,340
Banco Internacional de São Tomé e Príncipe, S.A.	27.00	4,495	402	27.00	4,505
Other	-	3,687	618	-	4,319
		476,426	42,383		434,020
Impairment (Note 38)		(439)	-		(439)
		505,158	43,885		461,719

Information on the statutory financial data (unaudited financial statements) of the principal associates and joint enterprises, at December 31, 2020 and December 31, 2019 is set out below:

Business sector / Entity	Registered office	31-12-2020				
		Assets	Liabilities	Equity (a)	Net income	Total income
Insurance						
Fidelidade – Companhia de Seguros, S.A (b)	Lisbon	19,290,643	15,713,577	3,577,066	225,207	3,470,621
Fidelidade Assistence Consolidated	Lisbon					
Multicare - Seguros de Saúde, S.A.	Lisbon					
Other						
Esegur, S.A.	Lisbon	41,061	23,546	17,515	22	41,290
Locarent, S.A.	Lisbon	274,463	233,637	40,826	2,073	39,587
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	353,811	177,957	175,854	22,808	199,732

(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	31-12-2019				
		Assets	Liabilities	Equity (a)	Net income	Total income
Insurance						
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
Other						
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	76,012
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	284,879	123,561	161,317	31,082	226,952

(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 €3,363 thousand and €4,683 thousand from these entities in 2020 and 2019, respectively.

Fidelidade

Following the capital increase of Fidelidade, the difference between Fidelidade Assistência and Multicare shares fair value and the value at which they were recognised at the date of the transaction, of €6,096 thousand, was booked in the “Other operating income” caption (note 34).

19. Income tax

Tax assets and liabilities balances on income, at December 31, 2020 and 2019 were as follows:

	31-12-2020	31-12-2019
Current tax assets		
Income tax recoverable	13,249	40,937
Tax credits	420,575	420,575
Other	2,312	2,016
	436,137	463,528
Current tax liabilities		
Income tax payable	15,291	31,951
Other	1,059	1,050
	16,350	33,001
	419,786	430,527
Deferred tax assets		
Temporary differences	1,305,603	1,393,877
Reported tax losses	8,793	12,348
	1,314,396	1,406,225
Deferred tax liabilities	122,899	127,414
	1,191,497	1,278,811

The "Current tax assets – tax credit" account at December 31, 2020 and December 31, 2019 refers to the conversion of deferred taxes into tax credit under the special regime approved by law 61/2014.

Deferred tax movements, for the periods ended December 31, 2020 and December 31, 2019 were as follows:

	Balance at 31-12-2019	Change in		Transfers	Other	Balance at 31-12-2020
		Equity	Profit or loss			
Impairment losses on credit	988,799	-	(72,432)	-	(1,024)	915,343
Employee benefits	258,597	24,988	(56,374)	-	980	228,191
Impairment and adjustments to property and tangible and intangible assets	29,559	342	(7,373)	-	120	22,648
Measurement of available-for-sale financial assets	(69,304)	5,867	-	-	6,258	(57,179)
Impairment and other value changes in equity investments and other securitie	27,107	-	22,248	2,655	(5,134)	46,877
Other provisions and impairment not tax deductible	18,947	-	(3,509)	-	1,024	16,462
Tax loss carry forward	12,348	-	(3,555)	-	-	8,793
Other	12,758	-	4,531	-	(6,927)	10,363
	1,278,811	31,197	(116,464)	2,655	(4,702)	1,191,497

	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	(40,621)	(70,881)	(6,738)	(1,437)	1,278,811

The "Transfers to current tax - impaired credit" column in the table of deferred tax movements in 2019 includes €420,575 thousand for the conversion of deferred tax assets into tax credit under the special scheme approved by law 61/2014.

In the same year, the “Other” column includes €964 thousand deriving from the transfer of BCA’s assets and liabilities to non-current assets and liabilities held-for-sale categories (note 14) 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 subscribed for the special deferred tax assets regime, in 2014, following the resolutions in favour of their respective general meetings of shareholders.

This regime (and later amendments), approved by law 61/2014 of August 26, includes 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 IRC code and respective exclusions) and the post-employment or long term benefits of employees.

The changes to the timeframe of the regime of law 23/2016 of August 19, excluded the costs and negative equity variations accounted for in the taxation periods beginning on or after January 1, 2016, in addition to their associated deferred taxes, from its scope of application. The deferred taxes protected by this regime therefore correspond solely to the assessment of costs and negative equity changes calculated up to December 31, 2015.

Deferred tax assets resulting from the non-deduction of costs and negative equity variations with impairment losses on loans and 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 a voluntary liquidation or 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 and 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. In cases in which the conversion results from liquidation or insolvency or the taxpayer has negative equity, the conversion of the deferred tax assets into tax credit shall be made for its total value.

In cases of conversions into tax credit (other than in cases of liquidation or insolvency), a special reserve, plus 10%, is created for the amount of the respective credit and adjusted when equity is less than share capital 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 CGD, is, at the same time, 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 distributed. 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, 2020 and December 31, 2019 is set out below:

Deferred Tax within the scope of the special regime for deferred tax assets	31-12-2020	31-12-2019
Impairment losses on credit	432,813	451,773
Employee benefits	106,796	159,545
	539,610	611,318

As a consequence of Caixa Geral de Depósitos' assessment of negative net income from its separate activity in 2016, the eligible deferred tax assets at the close of this period were converted into tax credit, based on the proportion of net income to shareholders' equity, amounting to €420,575 thousand.

Under the terms of the applicable legislation, the conversion of deferred tax assets was preceded by the creation of a special reserve of €681,571 thousand, for the amount of the tax credit calculated under the conversion, plus 10% and adjusted in line with the requirements of no. 3 of article 11 of law 61/2014 (note 28). The creation 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), these corporate operations, in addition to the amount of the tax credit conversion were certified by a statutory auditor.

As CGD's sole shareholder, the issuance and attribution of conversion rights to the State did not entail any dilution of its equity status.

Income tax as a charge to shareholders' equity

During the course of 2011, the group changed the accounting policy on its recognition of actuarial profit and loss on pension plans and other post-employment benefits, pursuant to which actuarial profit and loss on revaluations of pensions and healthcare liabilities and expectations of the pension fund's yield 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 after the date of the accounting policy change, considered deductible under the terms of the limits of numbers 2 and 3 of article 43 of the IRC code, or under number 8 of this article is recognised in an equity account, in conformity with the recognition basis of its originating liabilities.

Income tax as a charge to profit and loss

Information on income tax costs recognised in profit and loss for the periods ended December 31, 2020 and December 31, 2019, in addition to the fiscal burden, measured by the tax charge compared with income before tax, is set out below.

	31-12-2020	*restated* 31-12-2019
Current tax		
For the year	34,417	107,292
Extraordinary contribution of the banking sector	27,864	27,029
Prior year adjustments (net)	(4,526)	4,230
	57,755	138,551
Deferred tax	116,463	193,494
Total income tax	174,218	332,045
Consolidated income before tax and non-controlling interests	637,143	1,091,784
Tax charge	27.34%	30.41%

The breakdown of “Adjustments for past years” for the periods ended December 31, 2020 and December 31, 2019 is as follows:

	31-12-2020	31-12-2019
Insufficiency / (excess) of estimated tax for 2019 and 2018	2,324	4,107
Adjustments to previous years taxable income	(6,836)	198
Other	(15)	(76)
	(4,526)	4,230

The reconciliation between the amount of tax calculated on the basis of the nominal rate and the costs/(income) on tax on profit for the periods ended December 31, 2020 and December 31, 2019 was as follows:

	31-12-2020		31-12-2019 (Restated)	
	Rate	Tax	Rate	Tax
Income before tax		637.143		1.091.784
Tax at the nominal rate	27,35%	174.258	27,35%	298.603
Impact of companies with tax rates different from the nominal rate in Portugal	(1,63%)	(10.385)	(0,75%)	(8.211)
Other permanent differences to be increased	(0,14%)	(916)	(0,08%)	(821)
Other permanent differences to be deducted				
Non deductable provisions and impairment	0,39%	2.492	0,23%	2.457
Other	0,08%	505	0,17%	1.851
Impairment on available-for-sale financial assets, net of write-offs	0,00%	-	(2,95%)	(32.187)
Annulment of tax losses considered non recoverable	0,09%	590	0,04%	481
Autonomous taxation	0,04%	247	0,04%	393
Contribution of the banking sector	4,37%	27.864	2,48%	27.029
Dividend charges on other equity instruments	(2,31%)	(14.702)	0,00%	-
Change in the net monetary position of Caixa Angola under IAS 29	0,00%	-	0,24%	2.619
Other	0,50%	3.193	0,15%	1.662
	28,75%	183.148	26,92%	293.877
Tax adjustments relative to prior years				
Insufficiency / (excess) of estimate of taxes related to previous years and other corrections to the taxable base, net of deferred taxes	(1,40%)	(8.915)	3,50%	38.244
Other	(0,00%)	(15)	(0,01%)	(76)
	(1,40%)	(8.929)	3,50%	38.168
	27,34%	174.218	30,41%	332.045

CGD’s nominal tax rate, for the periods ended December 31, 2020 and December 31, 2019 considering the surcharge rates applicable to its operations, was 27.35%.

The assessment of CGD’s nominal tax rate includes the increase in the municipal and state surcharges on taxable profit.

Article 51-C of the IRC code was changed by the publication of law 42/2016, on the basis of an addendum to no. 6, which ruled, for 2017 and following years, that impairment losses and other value adjustments to equity investments or other own equity instruments included in 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 accordingly recognised deferred tax liabilities for impaired 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), of €23,685 thousand and €39,659 thousand, at December 31, 2020 and December 31, 2019 respectively.

Limitations on tax deductions of impairment losses on loans and other value adjustments (note 2.18)

Law 98/2019, amending the IRC code on impairment in credit institutions and other financial institutions and establishing rules on impairment losses recognised in tax periods beginning before January 1, 2019, not yet accepted as a fiscal cost, was published on September 4, 2019. Under this new regime, impairment losses on credit risk for exposures assessed on an individual or collective basis, recognised in tax periods beginning on or after January 1, 2019 in accordance with the applicable accounting and regulatory standards (with the exceptions provided for in no. 7 of article 28c of the IRC code) are fully deductible.

The rules in force up to December 31, 2018 continue to apply to impairment losses and other value adjustments for specific credit risk accounted for in prior tax periods, i.e. limiting tax deductions to the amounts assessed under the dispositions of Bank of Portugal *notice* 3/95 (latterly repealed) provided that such loans were not collateralised by real rights over immovable assets.

According to the dispositions of article 4 of the new law, CGD and other relevant entities included in the national fiscal perimeter formalised their intention to subscribe for the new regime for the tax periods beginning January 1, 2019, on the basis of a communication addressed to the director general of the tax and customs authority on October 31, 2019.

The applicable deduction rules under this law were incorporated into the analysis of the recoverability of deferred tax assets recognised in the balance sheet.

Analysis of recoverability of deferred tax assets (note 2.18)

Based on the requirements of IAS 12 − "Income taxes", deferred tax assets are recognised on the basis of the group's expectations of their future recoverability which is fundamentally based on, (i) an assessment of its capacity to generate sufficient taxable profit, and (ii) an interpretation of the legal framework in force in the period under consideration.

This assessment was made on the basis of the implementation of the strategic plan, developed under the agreement entered into 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 in addition to achieving its objectives of reducing non-performing assets as communicated to the supervisors.

The impacts, albeit uncertain, of the Covid-19 pandemic on the evolution of the group's activity and capacity to achieve its economic-financial goals must also be considered. This will be contingent upon a multiplicity of factors such as the depth of the economic crisis, its length, the economic sectors most affected, nature and impact of the monetary and fiscal policy measures to be implemented by diverse governments and economic blocs, particularly the European Union.

In spite of the impossibility of providing a fully reliable estimate of the extent of the pandemic's financial effects, currently available economic indicators, in conjunction with the capacity evidenced by the group to rapidly adapt its operational and risk-related processes to respond to new challenges and considering the effects of fiscal-type measures already implemented by the Portuguese government (of which reference should be made to the approval of the change of period for the deduction of fiscal losses for the taxation periods between 2020 and 2021 from 5 to 12 years, in the supplementary state budget for 2020, in addition to an increase in the current maximum deduction from 70% to 80% of taxable income in these periods and the suspension of the time limitation applicable to the fiscal losses existing on the first day of the taxation period for 2020), are considered sufficient to balance the deviations which may occur in meeting its goals.

The expectation of generating future taxable profit is based on projections of returns, prepared in accordance with the implementation of its strategic plan, adjusted to reflect changes in significant macroeconomic and financial indicators and incorporating a high degree of prudence. Reference should be made to the following factors:

(i) A sustained level of net interest income, attributable to a reduction of financing costs, consistent with its commercial policy and current market situation with the continuation of very low interest rates;

(ii) An increase of revenue from services, aligned with a commercial strategy which is more geared to value creation for customers;

(iii) Reaching cost of risk levels comparable to those of other leading European banks, albeit increasing pressure introduced by Covid-19 pandemic effects, based on a major restructuring operation on its toxic assets management policy in addition to adapting loan-making and oversight processes to duly sustainable risk appetite policy limits;

(iv) Sharp cost reduction policy, aligned with measures to rationalise its operational structure to be implemented over the coming years, on the basis of the size, type and expected evolution of business in which digital considerations will play a decisive role, and an ever increasing desire to continuously improve resource management efficiency; and

(v) To achieve profitability and solvency levels in line with the proposed objectives. Based on a conservative approach, the amount of income before tax considered relevant for this purpose, was kept constant across all taxation periods after 2026.

The following assumptions relevant to the conclusions regarding the recoverability of deferred tax assets, were also considered:

(i) Application of deduction rules on credit risk impairment as defined by law 98/2019;

Incorporation of the estimated fiscal profit/loss deriving from the restructuring strategy on international operations and the deleveraging process on non-performing assets agreed with the supervisory bodies; and

(ii) Projected deductibility of the costs of present and future employee benefits based on the tax period in which the respective payments are likely to be made.

Any changes to the assumptions employed or relevant variables in assessing taxable income projections may lead to substantially different results and conclusions.

The group also performed a sensitivity analysis on 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 other than those recognised in the balance sheet were recognised.

Banking sector and additional solidarity contribution

The dispositions of article 141 of the state budget law for 2011 (law 55-A/2010 of December 31), introduced a new contribution regime for the banking sector. This contribution, regulated under the terms of ministerial order 121/2011 of March 30, is levied on an institution's liabilities, net of the own and complementary funds therein included, in addition to the deposits covered by the deposit guarantee fund and the notional amount of derivatives other than hedge derivatives. It 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.

This regime was expanded in 2020 to include a "solidarity" component levied on the banking sector as a fiscal policy instrument in response to the Covid-19 pandemic crisis. The base upon which the contribution is levied is regulated by ministerial order 191/2020 of August 10. The requirements are the same as those applicable to the assessment of the previously described banking sector contribution.

The group recognised costs of €27,864 thousand and €27,030 thousand, in the periods ended December 31, 2020 and December 31, 2019, respectively, for the total amount payable in the respective taxation periods (of which €23,676 thousand for the banking sector contribution and €4,188 thousand for the additional "solidarity" component).

The tax authorities are normally entitled to review the tax situation during 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). Different interpretations of the legislation may result in the eventual possibility of adjustments to taxable profit for past years (2018 and 2019 in the case of most entities headquartered in Portugal). Any possible adjustments, given their nature, cannot be quantified at present. CGD's board of directors considers, however, that any adjustments for the above years are unlikely to have a significant effect on its consolidated financial statements.

20. Other assets

This account comprises the following:

	31-12-2020	31-12-2019
Other assets		
Debt certificates of the Territory of Macau	1,070,469	1,040,769
Gold, precious metals, numismatics and medals	3,433	3,433
Other receivables	13	15
Other	5,845	5,633
Debtors and other investments		
Central and local government	8,789	39,705
Shareholders' loans	7,166	7,169
Subordinated loans		-
Debtors - futures contracts	27,233	15,333
Grants receivable from		
The State	25,145	18,832
Other entities	14,955	16,354
Amount receivable from the sale of assets recovered as settlement of defaulting loans	1,360	2,405
Other past due debtors	17,617	17,132
Other debtors	861,646	1,024,635
Commitments with pension and other employee benefits		
Excess responsabilities coverage		
Other	-	2
Income receivable	50,930	54,469
Deferred costs		
Rent	333	257
Other	17,492	15,256
Operations pending settlement	149,662	160,379
Stock exchange operations	9,953	17,229
	2,272,042	2,439,006
Impairment (Note 38)	(139,842)	(138,732)
	2,132,200	2,300,274

Information on impairment movements on debtors and other assets for the periods ended December 31, 2020 and December 31, 2019 is set out in note 38.

The “Debtors and other assets – other debtors” account at December 31, 2020 and December 31, 2019, includes €663,589 thousand and €538,865 thousand, respectively, for surety accounts in several financial institutions. These sureties derive from the liquidity injection operations collateralised by financial assets and interest rate swap (IRS) agreements with such entities (note 10).

The “Debtors and other assets – other debtors” account, at December 31, 2020 and December 31, 2019, includes €19,419 thousand and €16,320 thousand, respectively, for sureties in the form of an irrevocable commitment to make contributions to the European single resolution fund (note 34).

Under the contract to issue notes 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 and, in turn, receives a debt certificate for an equivalent amount to cover the liability resulting from the currency issuance (note 26). The amounts to be provided by the bank to the territory are reconciled on a monthly basis, in the first fifteen days of each month, based on the preceding month’s average daily balances. The debt certificate of the government of Macau, at December 31, 2020 and December 31, 2019 totalled €1,070,469 thousand and €1,040,769 thousand, respectively.

The "Debtors and other assets - other overdue debtors" account at December 31, 2020 and December 31, 2019 includes outstanding balances for the execution of guarantees to customers and other expenses directly associated with such operations for the amounts of €13,651 thousand and €13,476 thousand, respectively. Accumulated impairment associated with these operations on the referred to dates amounted to €9,853 thousand and €8,987 thousand, respectively.

The amounts of “Other lending operations pending settlement” at December 31, 2020 and December 31, 2019 essentially refer to stock market derivatives operations, means of payment and bank transfers, payment of which had still not been made.

Shareholders’ loans, at December 31, 2020 and December 31, 2019, comprised the following:

	31-12-2020	31-12-2019
Other	7,166	7,169
	7,166	7,169

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 September, 2019.

21. Credit institutions’ and central banks’ resources

This account comprises the following:

	31-12-2020	31-12-2019
Resources of central banks		
Resources - European Central Bank		
Loans, deposits and other resources		
Caixa Geral de Depósitos	1,000,000	-
Resources of other central banks		
Deposits and other resources		
Of domestic credit institutions	1,332	427
Of foreign credit institutions	96,807	29,074
Other resources	2,995	644
Interest payable	(2,084)	-
	1,099,051	30,145
Resources of other credit institutions		
Deposits and other resources		
Of domestic credit institutions	162,787	188,642
Of foreign credit institutions	689,773	779,255
Interbank money market resources	13,300	12,600
Immediate short term resources		
Of domestic credit institutions	63,844	46,586
Of foreign credit institutions	-	430
Loans		
Of domestic credit institutions	-	210
Of foreign credit institutions	2,839	2,485
Resources of international financial entities	2,839	9,986
Interest payable	5,985	7,327
	941,368	1,047,523
	2,040,418	1,077,668

The "Central banks’ resources – resources – European Central Bank – loans, deposits and other resources – Caixa Geral de Depósitos” account at December 31, 2020 refers to CGD’s participation in the 3rd series of the longer-term refinancing programme (TLTRO) created by the ECB to support eurozone financial institutions in their lending to the economy on favourable terms and as a preferred instrument for implementation.

Several adaptations in terms of participation and interest have been made to the third TLTRO series, announced on March 7, 2019 for a period of three years with quarterly renewals. Access to funding by financial institutions may increase up to 55% of a specific series of loans (for the 10 total operations envisaged under the programme) with interest being paid on the basis of the average interest rate applicable to the main refinancing operations (MRO). In addition and of relevance to the group, in the case of institutions that maintain an eligible credit level in relation to the reference value in the period between March 1, 2020 and March 31, 2021, the rate charged for refinancing operations between June 24, 2020 and June 23, 2021 shall be the average interest rate on the permanent deposit facility in force over the duration of the operation, minus 50 basis points and never more than a negative 1%.

Whereas at December 31, 2020 it was still not possible to evaluate compliance with the conditions for reducing the previously referred to financing cost, CGD opted to recognise the interest associated with its participation in the 3rd TLTRO series by reference to the programme's general terms.

22. Customers' resources and other loans

This account comprises the following:

	31-12-2020	31-12-2019
Savings deposits	2,449,457	2,433,998
Other debts		
Repayable on demand	37,079,686	31,877,980
Term		
Deposits	30,352,609	29,455,483
Mandatory deposits	289,678	273,960
Other resources:		
Cheques and orders payable	104,447	74,526
Loans		-
Operations with repurchase agreement	13,682	11,004
Other	1,712,861	1,605,354
	32,473,277	31,420,329
	69,552,963	63,298,309
Interest payable	34,579	64,078
Deferred costs net of deferred income	(841)	(1,437)
Commissions associated with amortised cost (deferred)	(3,207)	(3,400)
Adjustments to liabilities under hedging operations	7	8
	30,539	59,248
	72,032,958	65,791,555

23. Debt securities

This account comprises the following:

	31-12-2020	31-12-2019
Bonds in circulation:		
Bonds issued under the EMTN Programme		
- Remuneration indexed to interest rates	-	40,000
- Fixed interest rate	93,440	93,301
- Remuneration indexed to exchange rates	16,050	32,991
	109,490	166,292
Covered bonds	1,249,600	2,244,050
	1,359,090	2,410,342
Other		
Issues under the Euro Commercial Paper and Certificates of Deposit Programme		
- Commercial Paper	70	594
	70	594
Adjustments to liabilities under hedging operations	4,565	3,752
Deferred costs net of income	(1,545)	688
Interest payable	8,853	48,046
	1,371,033	2,463,422

The breakdown of the debt securities account, at December 31, 2020 and December 31, 2019 is net of the accumulated debt balances repurchased in the meantime, as follows:

	31-12-2020	31-12-2019
Bonds issued under the EMTN programme	55,000	55,000
Covered bonds	3,000,000	3,005,550
	3,055,000	3,060,550

CGD uses the following specific programmes to diversify its funding sources:

(i) Euro commercial paper and certificates of deposit (ECP and CCP)

Under the "€10,000,000,000 euro commercial paper and certificates of deposit" programme, CGD (either directly or through its France branch) may issue certificates of deposit (CDs) and notes with a maximum maturity of 5 years and 1 year, respectively, denominated in euros, US dollars, sterling, Japanese yen or another 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) may issue a maximum amount of €15,000,000 thousand in debt securities under this programme.

Bonds with minimum maturities of one month and 5 years for non-subordinated and subordinated issuances, respectively, may be issued in any currency. No maximum maturities have been defined 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 created a covered bonds programme, for direct issuance, up to a current maximum amount of €15,000,000 thousand in November 2006. The bonds to be issued are backed by a covered bonds portfolio which must, at all times, comply with the minimum conditions required by the regulation applicable to issuances of such instruments, i.e. decree law 59/2006 and Bank of Portugal *notices* 5, 6, 7 and 8 and *instruction* 13.

The bonds may be issued in any currency with a minimum maturity of 2 and maximum maturity of 50 years. 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.

Assets eligible for the constitution of an asset pool comprise 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 one of the European Union member states and loans with an express and legally binding guarantee of such entities. Mortgage loans cannot exceed 80% of the value of the mortgaged assets given as collateral for residential property (60% for other property).

In accordance with the issuance conditions defined by the programme, 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 by 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.

A maximum of 20% of the assets pool 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 CGD at December 31, 2020 and December 31, 2019, totalled €4,250,000 thousand and €5,250,000 thousand, respectively, with the following characteristics:

DESIGNATION	Nominal amount		Date of issue	Date of redemption	Interest payment	Remuneration	Interest rate at 31-12-2020	Interest rate at 31-12-2019
	31-12-2020	31-12-2019						
Covered bonds Series 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%
Covered bonds Series 10 2010/2020 (b)	-	1.000.000	2010-01-27	2020-01-27	Annually, on January 27	Fixed rate	-	4,250%
Covered bonds Series 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%	0,351%	0,337%
Covered bonds Series 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%
Covered bonds Series 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%	0,192%	0,200%
	4.250.000	5.250.000						

(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 used to collateralise the issuances included mortgage loans originating in Portugal with a book value of €6,251,886 thousand and €7,123,691 thousand respectively at December 31, 2020 and December 31, 2019 (note 13).

The assets pool used to collateralise the issuance of covered bonds also included debt securities, with a book value of €126,110 thousand and €126,410 thousand at December 31, 2020 and December 31, 2019 respectively (note 12).

The Moody's and DBRS ratings on these covered bonds, at December 31, 2020 were Aa3 and AA High respectively.

Details on bond issuances, by type of interest and periods to maturity at December 31, 2020 and December 31, 2019 are given below:

	31-12-2020					
	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	-	83.440	83.440	-	70	83.510
One to five years	6.000	-	6.000	1.249.600	-	1.255.600
Five to ten years	-	-	-	-	-	-
Over ten years	10.050	10.000	20.050	-	-	20.050
	16.050	93.440	109.490	1.249.600	70	1.359.160

	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

Derivatives were contracted for 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.

24. Provisions and contingent liabilities

Provisions

Movements in provisions for employee benefits and for other risks, for the years ended December 31, 2020 and December 31, 2019, were as follows:

	Balance at 31-12-2019	Changes in the consolidation perimeter	Additions and reversals	Write-offs	Exchange differences	Transfers and other	Balance at 31-12-2020
Provision for employee benefits (Note 36)	753,307	-	(59,137)	(63,982)	(752)	96,042	725,478
Provision for litigation	19,980	-	1,996	(241)	-	(555)	21,179
Provision for guarantees and other commitments	201,893	-	37,928	-	(397)	(4,152)	235,273
Provision for other risks and charge	69,260	(1,369)	(6,917)	(5,693)	(1,443)	1,546	55,384
	291,133	(1,369)	33,007	(5,934)	(1,840)	(3,161)	311,836
	1,044,440	(1,369)	(26,130)	(69,916)	(2,591)	92,881	1,037,315

	Balance at 31-12-2018	Changes in consolidation perimeter	Additions and reversals	Write-offs	Exchange differences	Transfers and other	Balance at 31-12-2019
Provision for employee benefits (Note 36)	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 charge	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

The following is a breakdown of the use of the provision for liabilities for the cost of employee benefits, for the periods ended December 31, 2020 and December 31, 2019, totalling €63,982 thousand and €66,187 thousand, respectively:

- €24,088 thousand for the healthcare plan and €31,861 thousand for the *Horizonte* plan and other redundancy agreements for 2020 and €7,483 thousand for voluntary redundancies, in 2020, all for the account of CGD and the remaining €550 thousand for the account of other group entities.

- €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.

	31-12-2020	31-12-2019
Provisions recognised as employee costs:		
Healthcare – CGD (Note 35 and 36)	13.799	15.298
Labour suspension agreements and Plano Horizonte (Note 35 and 36)	50.478	32.112
Mutually agreed terminations (Note 35 and 36)	6.871	10.108
Death grant	(20.581)	-
Other	(1.023)	-
Other entities		1.309
	49.545	58.827
Provisions recognised by charges to reserves		
Actuarial and financial gain and loss (Note 36)	44.553	67.078
Transfer of BCA pension liabilities to the Cape Verdean State	-	(61.068)
Other (Note 36)	1.944	15.343
	96.042	80.179

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 and its attendant lawyers' estimates in the cases in question.

Contingent liabilities and commitments

Contingent liabilities associated with banking activity are recognised in off-balance sheet accounts, as follows:

	31-12-2020	31-12-2019
Contingent liabilities		
Assets given as collateral	15,483,585	12,816,078
Guarantees and sureties	2,627,635	2,714,130
Open documentary credits	229,087	351,774
Stand by letters of credit	9,404	83,628
Other contingent liabilities	-	9,548
	18,349,711	15,975,158
Commitments		
Revocable commitments	8,772,509	8,045,427
Securities subscription	1,155,493	868,827
Irrevocable lines of credit	1,157,392	1,096,019
Term liabilities relating to annual contributions to the Deposit Guarantee Fund	155,553	155,553
Investor Compensation System	47,472	46,260
Other irrevocable commitments	64,419	61,320
Forward deposit agreements		
Receivable	-	16,455
To be created	20,373	255
Other	-	225,783
	11,373,211	10,515,900
Deposit and custody of securities	49,691,753	49,196,474

The composition of asset-backed guarantees is as follows:

	31-12-2020	31-12-2019
Debt Instruments		
Consigned resources		
EIB - European Investment Bank	1,158,600	1,130,000
Council of Europe Development Bank	12,400	15,000
Bank of Portugal (*)	14,128,774	11,487,215
Deposit Guarantee Fund	157,740	157,740
Investor Compensation System (futures)	20,500	20,500
Euronext	5,000	5,000
Other Assets		
Other	570	623
	15,483,585	12,816,078

(*) 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, 2020 and December 31, 2019, 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 23).

Asset-backed guarantees are not available for CGD'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, 2020 and December 31, 2019, was €16,962,180 thousand and €13,739,193 thousand, respectively.

The market value of securities collateralising the group's term liabilities for its annual contributions to the deposit guarantee fund and investors' indemnity system at December 31, 2020 and December 31, 2019 was €209,691 thousand and €210,895 thousand, 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 comprised an irrevocable commitment to make these contributions when requested by the fund, with the amount not having been recognised as a cost. Commitments assumed since 1996 total €155,391 thousand. The group recognised liabilities of €971 thousand and €1,617 thousand at December 31, 2020 and December 31, 2019 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 concerning an adjustment of €155,602 thousand in taxable income for the year. This amount included, *inter alia,* an adjustment of €135,592 thousand owing to the fact that CGD had benefited from the elimination of double taxation on its share of the profit made by Caixa Brasil SGPS, S.A. in the said period. CGD contested these adjustments, considering that the procedure adopted by it was in compliance with the fiscal legislation in force. The Lisbon tax court also issued a ruling, in 2014, annulling, *inter alia*, the adjustments made by the tax and customs authority during the said year on the component allocated to the profit made on the liquidation of Caixa Brasil.

The contents of the ruling of the southern central administrative court, in which a decision was made, in the second instance, to repeal the ruling decreed in the first instance by the Lisbon tax court were announced in April 2015. In response to this ruling, CGD decided to appeal and request a review in first half 2015. As a result of the allegations submitted, the review appeal was accepted on the basis of the legal framework pertaining to the allegations submitted.

In December 2016, CGD 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 approximately €34,071 thousand in tax associated with the current process was settled in full on the said date.

CGD was notified of the decision on its review appeal by the supreme administrative court on May 31, 2017. This decision accepted the arguments put forward and consequently ruled that the procedural documents should be returned to the southern administrative central court which, in July 2018, in following up these recommendations, rejected the appeal filed by the tax authorities and upheld the ruling in the first instance of the Lisbon tax court in favour of CGD's aims.

In light of its respective evolution and the fact that the decision was not contested, impairment on the risk of the non-recovery of the tax balance paid to the state under the PERES application and recognised in "Other assets", 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 charged by the competition authority, with performing certain practices, namely exchanging information with several of these credit institutions, which, in the eyes of the competition authority, amounted to collusion with the aim of significantly distorting market competition.

Based on the requests submitted by several of the referred to 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 which expired 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 regarding the current offence, although the suspension regarding the period for the decision on the charge remained. A new resolution passed by the competition authority's board of directors latterly terminated the suspension of the indictment period ending on September 27, 2017. CGD submitted its defence on September 26, 2017, having for the purpose, requested complementary evidentiary hearings which took place on December 5 and 6, 2017. CGD replied to the competition authority's requests for additional information in June, July and October 2018. 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 competition authority's unprecedented final decision on September 10, 2019 in which a fine of €82,000 thousand was levied (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.

CGD considers that there are mistakes and omissions in the alleged breaches and in the fine levied on it and therefore contested it with the competition, regulation and supervision court on October 21, 2019.

Pursuant to the above a bank guarantee of €41,000 thousand was put up on December 21, 2020 owing to the fact that the court considered that this was necessary to suspend the fine levied. This decision has, however, been contested by CGD.

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 means 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 for the operation at the said date were insufficient, 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 the terms and conditions thereof were not satisfactory. In its announcement of December 21, 2015 the Bank of Portugal disclosed information on the agreement reached with the European Commission, providing for, *inter alia*, 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, having decided to reassign the 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. 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.

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, in the event of the closure or liquidation of BES, that 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 announced changes to 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 agreement to further changes.

On September 28, 2016, the resolution fund announced that it had reached 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 for the purpose of guaranteeing 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 is exposed." On the same date, the office of the ministry of finance also announced that: "under 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 referred to 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. The agreement entailed two capital increases, the first of which for €750,000 thousand in October of the said year and the second for €250,000 thousand in December 2017.

The sale was preceded by a liability management exercise (LME) 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 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, Novo Banco ceased to be subject to the transitional institutions regime and now operates normally, albeit subject to several measures limiting its activity imposed by the European competition authority.

On March 28, 2018, following the announcement of the bank's 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 issuance 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, for this purpose, used its own available 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 the 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 2018-2020 term of office 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 for 2017, 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, in the sphere of the sale of this institution. 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 payable by the resolution fund in 2019 was realised on May 6, 2019. The resolution fund, as in 2018, used its available financial resources from the contributions paid by the banking sector, complemented by a loan of €850,000 thousand from the Portuguese state.

In reporting its results for 2019, Novo Banco requested compensation of €1,037,000 thousand under the contingent capital mechanism, as stipulated in the sales contract. This payment was made in May 2020 for the amount of €1,035,000 thousand.

The resolution fund also provided the budget and finance committee with a written account of all clarifications on its decision to deduct the variable remuneration allocated to the members of Novo Banco's executive board from the amount calculated under the terms of the contingent capital mechanism,

The amount of compensation paid in 2018 (€792,000 thousand for 2017), 2019 (€1,149,000 thousand for 2018) and 2020 (€1,035,000 thousand for 2019) amounted to €2,976,000 thousand. The maximum amount of the payments to be made by the resolution fund as agreed in the contingent capitalisation agreement was €3,890,000 thousand.

Regarding the information disclosed on June 4, 2020, following the public finance council's publication of its "Economic and Fiscal Outlook 2020-2022", the resolution fund clarified that, in conjunction with Novo Banco, it entered into an arbitration procedure for the purpose of clarifying the treatment merited by the effects of Novo Banco's intention to dispense with the need for the transitional regime from which it currently benefits which is designed to reduce the impact of the introduction of IFRS 9 on credit institutions' own funds, under the contingent capitalisation agreement entered into between both of them.

This arbitration process does not pose an additional risk to the €3,890,000 thousand limit.

In its announcement of June 16, 2020, the resolution fund provided the budget and finance committee with the contractual documents. They include the "Contract for the purchase and sale of and subscriptions for Novo Banco. S.A.'s shares" entered into between the resolution fund and Nani Holdings SGPS, S.A. on March 31, 2017, in addition to the "contingent capitalisation agreement", entered into between the resolution fund and Novo Banco on October 18, 2017.

On August 10, 2020, the resolution fund made an announcement clarifying that the sale of the equity stake held by Novo Banco in GNB - Companhia de Seguros de Vida, S.A. was an imperative dictated by the Portuguese state's undertakings to the European Commission. Under the terms of these agreements, Novo Banco was forced to sell its equity stake in GNB Vida by 12/31/2019.

The stake was acquired by "APAX Partners" funds whose suitability was assessed by the competent authority. The resolution fund considered that the amount of the sale comprised the best offer received following an open and competitive sales process, reflecting the asset's market value at the time.

Following its payment to Novo Banco in May 2019 in compliance with the contingent capitalisation agreement, on September 3, 2020, the resolution fund announced that it had received the special audit report commissioned by the government, under law 15/2019 of February 12, 2019, which rules that whenever public funds are directly or indirectly made available to a credit institution, an audit shall be carried out by an independent entity, in this case Deloitte & Associados, SROC. It also provided for a need identified by the resolution fund in February 2019.

The audit's results audit show that Novo Banco continues to be severely prejudiced by the vast legacy of non-performing assets, left by Banco Espírito Santo, S.A., with the consequent recognition of impairment and provisions but that it has strengthened its internal procedures. It also confirms the appropriateness of the principles and criteria adopted with regard to the resolution fund's powers exercised under the contingent capitalisation agreement.

<u>Application of resolution measure to Banif - Banco Internacional do Funchal, S.A.</u>

According to 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 the amount of €150,000 thousand. According to the referred to announcement, the impositions of European institutions and the unfeasibility of the voluntary sale of Banif led to the disposal being made under the terms 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 this purpose, with the resolution fund as its sole shareholder. Oitante, accordingly, 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 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 in part early repayment of the resolution measures applied to Banif – Banco Internacional do Funchal, S.A. (Banif), reducing the debt 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 unique mechanism of resolution regulation (UMR) to the same single resolution fund across a period of eight years (ending 2024), as provided for in Council implementing resolution 2015/81(EU) of December 19, 2014.

On March 21, 2017, the resolution fund announced changes to the conditions of the loans obtained to fund the Banif resolution measure, similar to those described for the funding of the BES resolution measure.

Notwithstanding, at the present time, in light of the above referred to developments: (i) as the resolution fund is unlikely to propose the creation of a special contribution to finance the above referred to resolution measures, the probability of the need for any special contribution 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 periodic contributions to the resolution fund should be paid by the institutions participating therein 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 changes to the application of the resolution fund’s financing mechanisms may have significant impacts on CGD’s future financial statements.

25. Other subordinated liabilities

This account comprises the following:

	31-12-2020	31-12-2019
Bonds	1,100,000	1,100,000
	1,100,000	1,100,000
Interest payable	20,322	20,041
Deferred income net of charges	(3,005)	(3,583)
	1,117,317	1,116,458

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 ruling 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, as part of the new recapitalisation process negotiated with the European authorities, CGD 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 of the capital increase.

Following this process, the European Commission also lifted the interdiction in force on the payment of discretionary coupons on subordinated debt. CGD resumed payment of the respective coupons in first quarter 2017.

CGD completed the last stage of the recapitalisation procedure agreed with European institutions in 2018, through its issuance of €500,000 thousand in tier 2 subordinated debt (introductory note).

The following is a summary of the principal issuance conditions:

Issuer	Bonds	Currency	Value of issue	Book value at 31-12-2020	Book value at 31-12-2019	Date of issue	Date of redemption	Interest rate/ payment	Early redemption clause	Date of redemption
Caixa Geral de Depósitos	Fixed Rate Reset Callable Subordinated Notes	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.	2028-06-28
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.	2028-03-03
Caixa Geral de Depósitos	Senior Non-Preferred Fixed Rate Notes due 2024	EUR	500,000	500,000	500,000	2019-11-25	2024-11-25	1.25%. Annual interest payment on 25 November.	N/A.	2024-11-25

26. Other liabilities

This account comprises the following:

	31-12-2020	31-12-2019
Creditors		
Consigned resources	714,542	724,918
Resources - collateral account	49,771	65,636
Resources - subscription account	30,091	13,919
Suppliers of finance leasing assets	196,115	208,257
Creditors for factoring ceded	108,633	90,811
Caixa Geral de Aposentações	2,847	7,137
CGD's Pension Fund	54,305	222,165
Creditors for transactions in securities	69	70
Creditors for sale of assets recovered as settlement of defaulting loans	5,993	11,270
Other suppliers	47,605	52,698
Other creditors	127,458	136,556
Other liabilities		
Notes in circulation - Macau (Note 20)	1,087,794	1,089,154
Withholding taxes	23,161	24,708
Social Security contributions	5,253	3,822
Other taxes payable	4,954	5,875
Collections on behalf of third parties	581	385
Other	7,646	9,362
Accrued costs	138,618	189,420
Deferred income	38,233	45,832
Liabilities pending settlement	447,010	753,496
Stock exchange operations	3,675	8,071
	3,094,353	3,663,564

The “Resources – surety account” at December 31, 2020 and December 31, 2019 included €16,942 thousand and €33,202 thousand respectively, relating to interest rates swap (IRS) contract deposits made in CGD by several financial institutions.

The "Lending operations pending settlement” account at December 31, 2020 and December 31, 2019 included financial liabilities of €112,907 thousand and €196,632 thousand, respectively, to non-controlling interest investors in the unit trust investment funds in CGD group’s consolidation perimeter.

The "Costs payable" account at December 31, 2020 and December 31, 2019 included €9,029 thousand and €35,401 thousand for CGD employees’ seniority bonuses, respectively.

The amount of €221,472 thousand owed to CGD’s pension fund at December 31, 2019, was settled in February 2020 (note 36).

The following is a summary of the conditions attached to the “Consigned resources” account, at December 31, 2020 and December 31, 2019:

DESIGNATION	COUNTERPARTY	Balances at 31-12-2020	Balances at 31-12-2019	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
Projeto Scut Açores	European Investment Bank	40,000	42,857	15-12-2010	15-09-2034
Mid-Cap I taxa revisível	European Investment Bank	19,747	29,268	15-12-2010	15-09-2022
CGD - Empréstimo Global XIII	European Investment Bank	28,125	32,813	15-12-2010	15-09-2026
CGD Efficient Private Housing Programme PT	European Investment Bank	3,000	-	06-02-2020	06-02-2040
CEB - PARES	CEB - Council of Europe Development Bank	6,150	7,687	23-12-2010	23-12-2024
CEB - Educação	CEB - Council of Europe Development Bank	3,686	4,915	21-02-2011	21-11-2023
Operations carried out by Banco Comercial e de Investimentos, S.A.R.L.		13,809	7,342		
Other		26	36		
		714,542	724,918		

Interest on the “Consigned resources” account, at December 31, 2020 and December 31, 2019 was paid at an average annual rate of 0.767 % and 0.804 %, respectively.

27. Capital and other instruments

CGD's share capital, at December 31, 2020 and December 31, 2019 was fully owned by the Portuguese state, as follows:

	31-12-2020	31-12-2019
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, on January 4, 2017, decided 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 through the transfer in kind of 490,000,000 Parcaixa, SGPS, S.A. equity shares for the amount of €498,996 thousand and transfer in kind of €900,000 thousand in CoCo bonds (note 22), plus €45,148 thousand in respective accrued interest; and

b) A €6,000,000 thousand reduction of CGD's share capital through the extinguishing 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.

Latterly, on March 30, 2017, the state issued a resolution undertaking 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.

CGD 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.

28. Reserves, retained earnings and profit attributable to CGD's shareholder

Reserves and retained earnings, at December 31, 2020 and December 31, 2019 were as follows:

	31-12-2020	31-12-2019
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)	155.387	169.042
Assets with repurchase agreement	1	(148)
Other revaluation reserves	1.453	1.939
	267.266	281.259
Other reserves and retained earnings		
- Legal reserve - CGD	224.891	72.488
- Special reserve associated with the special regime applicable to deferred tax assets (Note 19)	681.571	681.571
- Other reserves	3.380.000	3.639.164
- Retained earnings	(892.709)	(1.464.456)
	3.393.753	2.928.767
Net income attributable to the shareholder of CGD	491.592	775.928
	4.152.610	3.985.954

As referred to in greater detail in note 18, as a consequence of the negative net income from Caixa's separate activity in 2016 and as defined by law 61/2014, the procedures for the conversion of deferred tax assets into tax credit, for a final amount of €420,575 thousand were completed in 2019. Under the applicable legislation, the conversion of deferred tax assets was preceded by the creation of a special reserve of €681,571 thousand plus 10%, for the amount of the tax credit calculated in the conversion process, adjusted to the requirements of no. 3 of article 11 of law 61/2014. The creation of the special reserve was accompanied by the issuance and simultaneous attribution of an equivalent amount of conversion rights to the state.

The special reserve is recognised in "Other reserves".

The "Fair value reserve" recognises unrealised capital gains and losses on debt instruments measured at fair value through other comprehensive income.

The currency translation reserve, which recognises the translation of subsidiaries' financial statements in foreign currency, is included in "Other reserves".

The legal revaluation reserves for fixed assets may only be used to cover accumulated losses or increase capital. CGD's non-distributable reserves of €110,425 thousand were, accordingly, created 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 of branches and subsidiaries to CGD's consolidated profit and loss, at December 31, 2020 and December 31, 2019 was as follows:

	31-12-2020	*Restated* 31-12-2019
Caixa Geral de Depósitos, S.A.		
Caixa Geral de Depósitos	320,911	442,025
France Branch	16,314	20,136
East Timor Branch	2,575	5,122
Luxembourg Branch	(381)	1,503
Spain Branch	(6,784)	2,391
	332,635	471,177

	31-12-2020	*Restated* 31-12-2019
Contribution to net income from		
subsidiaries:		
Banco Nacional Ultramarino, S.A. (Macau)	46.025	68.714
Caixa Leasing e Factoring - Sociedade Financeira de Crédito, S.A.	12.680	25.908
Banco Comercial e de Investimentos, S.A.R.L.	17.481	34.451
Mercantile Bank Holdings, Ltd.	-	13.230
Fundimo - Fundo de Investimento Imobiliário Aberto	-	6.697
Banco Comercial do Atlântico, S.A.R.L.	10.958	8.957
Banco Caixa Geral, S.A.	-	8.744
Fundiestamo - Fundo de Investimento Imobiliário Fechado	9.047	10.088
Caixa Imobiliário, S.A.	(3.475)	4.139
Banco Caixa Geral Angola, S.A.	10.787	20.048
Caixa Banco de Investimento, S.A.	4.555	14.829
Fundo de Capital de Risco – Grupo CGD - Caixa Capital	-	5.305
Ibéria - Fundo Especial de Investimento Imobiliário Fechado	-	5.644
Partang, SGPS	(1.646)	(3.345)
Caixagest - Técnicas de Gestão de Fundos, S.A.	8.513	7.319
Fundo de Capital de Risco Caixa Crescimento	150	(1.838)
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	354	2.536
Banco Interatlântico, S.A.R.L.	1.900	1.979
Inmobiliaria Caixa Geral, S.A.U.	(530)	(1.760)
CGD Pensões, S.A.	2.596	2.906
Caixagest Infra-Estruturas - Fundo Especial de Investimento	(495)	1.588
Fundo de Capital de Risco Caixa Fundos	2.280	6.258
Fundo Investimento Imobiliário Fechado para Arrendamento Habitacional - Caixa Arrendamento	-	1.208
CGD Investimentos CVC, S.A.	23	674
Parbanca, SGPS	(1.987)	491
A Promotora, Sociedade de Capital de Risco, S.A.R.L.	(1)	357
Caixa - Participações, SGPS, S.A.	(248)	(382)
Caixagest Private Equity - Fundo Especial de Investimento	324	278
Beirafundo - Fundo de Investimento Imobiliário Fechado	-	14.002
Fundo de Capital de Risco Empreender Mais	(464)	1.603
Fundolis - Fundo de Investimento Imobiliário Fechado	(2.255)	(774)
Banco Caixa Geral Brasil, S.A.	(2.563)	995
Caixa Imobiliário - Fundo Investimento Imobiliário Fechado para Arrendamento Habitacional	-	78
Other	1.062	703
	115.071	261.631
Associates and jointly controlled entities:	43.885	43.121
Consolidated net income attributable to the shareholder of CGD	491.592	775.928

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 presence in the international market under CGD's recapitalisation commitments agreed between the Portuguese state and the competent European authorities. CGD sold Banco Caixa Geral, S.A. and Mercantile Bank Holdings, S.A. in 2019, for the purpose of complying with these objectives. CGD continued the process, in 2020, with the closure of the financial activities of its Spain and Luxembourg branches.

Distribution of profit for period

2019

A resolution was passed at the general meeting of shareholders held on May 29, 2020, to appropriate 20% of separate net profit to the legal reserve (€152,403 thousand) and incorporate €609,611 thousand in "Other reserves and retained earnings".

2018

A resolution was passed at the general meeting of shareholders of May 31, 2019, to appropriate 20% of separate net profit to the legal reserve (€67,560 thousand), incorporate €70,238 thousand in the "Other reserves and retained earnings" account and make a dividend payment of €200,000 thousand, after obtaining the respective approval of the competent supervisory entities, under the European and national legislation in force.

29. Non-controlling interests

Third party investments in subsidiaries are distributed among the following entities:

	31-12-2020	31-12-2019
Banco Comercial e de Investimentos, S.A.	81,049	100,423
Banco Caixa Geral Angola, S.A.	47,837	69,037
Fundiestamo - Fundo de Investimento Imobiliário Fechado	36,277	35,302
Banco Comercial do Atlântico, S.A.	28,505	21,692
Banco Interatlântico, S.A.R.L.	7,348	6,525
A Promotora - Sociedade de Capital de Risco, S.A.R.L.	1,970	1,971
Caixa – Banco de Investimento, S.A.	887	869
Other	202	90
	204,076	235,909

Information on the amount of consolidated profit attributable to non-controlling interests for the periods ended December 31, 2020 and December 31, 2019 is set out below:

	31-12-2020	*Restated* 31-12-2019
Banco Comercial e de Investimentos, S.A.R.L.	10.243	20.186
Banco Comercial do Atlântico, S.A.R.L.	7.872	6.435
Banco Caixa Geral Angola, S.A.	9.863	19.226
Fundiestamo - Fundo de Investimento Imobiliário Fechado	2.540	2.832
Banco Interatlântico, S.A.R.L.	814	856
Other	175	369
	31.508	49.904

30. Interest and income and interest and similar costs

These accounts comprise the following:

	31-12-2020	31-12-2019
Interest and similar income		
Interest on loans and advances to domestic credit institutions	758	2,295
Interest on loans and advances to foreign credit institutions	43,732	63,209
Interest on domestic credit	508,141	555,049
Interest on foreign credit	370,717	424,129
Interest on overdue credit	21,512	39,521
Interest on financial assets held-for-trade		
- Derivatives	216,133	320,250
- Securities	9,240	9,381
Interest on financial assets at fair value through profit or loss	3,820	4,428
Interest on financial assets at fair value through other comprehensive income	92,108	136,016
Interest on hedging derivatives	1,139	1,247
Interest on assets with repurchase agreement	1,742	1,133
Interest on debtors and other investments	615	2,648
Interest on cash equivalents	2,903	3,416
Interest on other loans and other amounts receivable	61,409	100,717
Other interest and similar income	(281)	50
Commissions received relating to amortised cost	94,772	112,546
Other	53,747	52,054
	1,482,206	1,828,091
Interest and similar costs		
Interest on deposits of		
- Central and local government	12	14
- Other residents	9,305	35,867
- Emigrants	3,045	6,979
- Other non-residents	106,860	151,504
Interest on resources of foreign credit institutions	17,735	28,653
Interest on resources of domestic credit institutions	10,866	15,304
Interest on swaps	206,907	319,857
Interest on other trading liabilities	5,850	7,667
Interest on unsubordinated debt securities	13,842	56,540
Interest on hedging derivatives	6,553	0
Interest on subordinated liabilities	41,839	38,247
Other interest and similar costs	17,002	18,490
Commissions paid relating to amortised cost	16,610	16,910
	456,427	696,033

31. Income from equity instruments

This account comprises the following:

	31-12-2020	*Restated* 31-12-2019
Income received from investment funds	17,656	30,569
Other	883	927
	18,539	31,496

32. Income and costs of services and commissions

These accounts comprise the following:

	31-12-2020	*Restated* 31-12-2019
Income from services rendered and commissions:		
On guarantees provided	35,868	40,857
On commitments to third parties	8,264	8,628
On operations on financial instruments	947	788
On services provided		
Deposit and safekeeping of valuables	20,820	23,863
Collection of valuables	6,276	7,061
Management of securities	14,435	14,379
Collective investment in transferable securities	58,233	46,802
Transfer of valuables	17,470	18,059
Cards management	14,377	17,623
Annuities	35,800	38,753
Structured Operations	105	219
Credit operations	28,843	37,214
Other services rendered	231,358	236,599
On operations carried out on behalf of third parties	5,638	4,997
Other commissions received	132,935	139,887
	611,370	635,731
Cost of services and commissions:		
On guarantees received	400	142
On operations on financial instruments	226	205
On banking servicers rendered by third parties	98,534	121,096
On operations carried out by third parties	5,111	5,474
Other commissiond paid	9,928	12,227
	114,199	139,144

33. Income from financial operations

These accounts comprise the following:

	31-12-2020	*Restated* 31-12-2019
Result from foreign exchange operations:		
Revaluation of foreign exchange position	89.173	108.447
Results from currency derivatives	(34.987)	(17.142)
	54.186	91.305
Result from financial assets and liabilities held-for-trading:		
Securities:		
Debt instruments	(1.083)	2.538
Equity instruments	(2.126)	2.383
	(3.209)	4.921
Derivatives:		
Interest rate	(4.504)	(150.152)
Equity	316	(746)
Other	9.351	10.357
	5.163	(140.541)
	1.954	(135.620)
Result from other financial assets at fair value through profit or loss:		
Debt instruments	-	(12)
Equity instruments	36.019	25.806
Other securities	(57.564)	(22.927)
Loans and other amounts receivable	5.696	1.764
	(15.849)	4.630
Result from financial assets at fair value through other comprehensive income :		
Debt instruments	15.002	160.513
	15.002	160.513
Result of hedging operations:		
Hedging derivatives (Note 11)	(60.285)	742
Value adjustments of hedged assets and liabilities (Note 11)	54.886	(2.183)
	(5.399)	(1.442)
Other		
Net monetary loss (IAS 29)	-	(10.737)
Other	(165)	(26.120)
	(165)	(36.857)
	49.730	82.529

The "Other" account, at December 31, 2020 and December 31, 2019 includes €1,069 thousand and €26,103 thousand respectively, in income with minority investors in the investment funds included in CGD group's consolidation perimeter.

34. Other operating income

These accounts comprise the following:

	31-12-2020	*Restated* 31-12-2019
Other operating income:		
Rendering of services	22,413	23,293
Expense reimbursement	6,808	8,096
Gains on subsidiaries and jointly controlled entities	6,096	4,833
Lease income under operating lease agreements	15,099	41,363
Gains on non-financial assets:		
- Non-current assets held-for-sale	44,579	103,453
- Other tangible assets	502	797
- Investment property	10,876	54,406
- Other	1,004	885
Secondment of employees to Caixa Geral de Aposentações	695	815
Sale of cheques	236	18
Other	29,637	35,057
	137,946	273,013
Other operating costs:		
Donations and subscriptions	9,279	8,517
Losses on non-financial assets:	85	2,125
Losses on non-financial assets:		
- Non-current assets held-for-sale	5,750	11,461
- Other tangible assets	238	14,988
- Investment property	5,623	16,764
- Other	-	2
Other taxes	27,219	20,069
Contribution to the Deposit Guarantee Fund	971	1,617
Contribution to the Resolution Fund	28,092	31,285
Administrative expenditure under the Single Resolution Board	374	515
Fines and penalties	753	1,016
Other	24,423	33,973
	102,807	142,333
	35,139	130,681

The resolution fund, created by decree law 31-A/2012 of February 10, introduced a resolution regime as part of the general credit institutions and financial corporation 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, herein, 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 national legislation introduced a common European Union resolution regime providing for losses on the bankruptcy processes of banking institutions to be borne by their shareholders and creditors. It will be financed by mandatory contributions to the single resolution fund.

The group contributed €20,905 thousand and €22,629 thousand to the single European resolution fund in 2020 and 2019, respectively, of which €17,561 thousand and €18,831 thousand in cash and €3,099 thousand and €3,323 thousand, respectively, in the form of an irrevocable commitment comprising a specific surety (note 20).

The group's periodic contribution to the national resolution fund totalled €10,286 thousand and €11,970 thousand at December 31, 2020 and December 31, 2019 respectively.

During 2020, the caption "Gains on subsidiaries, associates and joint controlled entities", pertains to gains on the capital increase transaction of Fidelidade occurred in the period (note 18).

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.

35. Employee costs and average number of employees

This account comprises the following:

	31-12-2020	*Restated* 31-12-2019
Remuneration of management and supervisory bodies	12.155	11.888
Remuneration of employees	350.254	380.892
Provision for suspension of labour agreements (Note 24)	50.478	32.112
Mutually agreed terminations (Note 24)	6.871	10.108
	419.758	435.000
Other charges relating to remunerations	10.669	30.554
Healthcare - CGD		
- Normal cost (Note 24)	13.799	15.298
- Gains associated with changing Plan	(20.706)	-
- Contributions relating to current employees	34.617	12.969
Pension Liabilities - CGD		
- Normal cost	66.294	61.996
- Gains associated with changing Plan	(49.984)	-
- Retirements before the normal retirement age	11.687	8.280
- Gains associated with termination by mutual agreement	(5.461)	(9.235)
Other pension costs	6.919	735
Other mandatory social charges	9.793	8.535
	77.628	129.132
Other employee costs	4.561	19.242
	501.948	583.373

A staff adjustment programme, providing for a substantial reduction of operating costs based on an adjustment to CGD's structure and resources to the current and future size of its business, was created following the approval of CGD's restructuring plan. The programme is based on retirements, early retirements and voluntary redundancies applicable to the group's domestic perimeter across the period 2018-2020. In the end of 2020, the programme was extended to 2021, with the possibility of continuing through to 2022, depending on the context.

Pursuant to the above, CGD recognised a global amount of €62,165 thousand, in staff costs for the year ended December 31, 2020. Of this amount, €50,478 thousand was associated with the provision for early retirements and voluntary redundancies, with the remainder comprising the recognition of an increase of €11,687 thousand in the "Retirements prior to the standard retirement age" component of "Pension liabilities". A net cost of €1,410 thousand was also recognised in employee costs as a result of the combination of the costs of voluntary redundancies (around €6,871 thousand) and income of around €-5,461 thousand.

A review of the company agreement with its employees was completed in first half 2020. The review resulted in changes to the attribution of continuity payments and annuities (leading to a reduction of around €44,666 thousand in pension liabilities) and the regime governing exemption from fixed working hours (leading to a reduction of around €5,318 thousand in pension liabilities). A global amount of around €49,948 thousand was recognised as a charge to the reduction of employee costs. This review also led to a reduction of around €20,706 thousand in medical plan liabilities, recognised as a charge to a reduction of employee costs.

An “end of career” bonus *in lieu* of the seniority bonus was also created under the company agreement review. This change resulted in a reversal of the future costs of the seniority bonus (€16,843 thousand) and creation of a new provision for career bonus (€8,466 thousand).

The average number of employees in CGD and its subsidiaries, for the periods ended December 31, 2020 and December 31, 2019 by type of function, was as follows:

	31-12-2020	31-12-2019
Senior management	461	491
Management	2,276	2,599
Technical staff	4,555	5,002
Administrative staff	4,633	5,301
Auxiliary	148	213
	12,073	13,606
Number of employees at the end of the period	11,757	12,348

These numbers, at December 31, 2020 and December 31, 2019 did not include employees in the Caixa Geral de Aposentações support department (253 and 242 respectively), employees assigned to CGD’s social services (41 and 24, respectively) and employees in other situations i.e. secondments or extended absences (172 and 149 respectively).

36. Retirement pensions and other long term benefits

Retirement pensions and post-retirement death grant:

Liabilities to CGD employees

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' sickness, disability or old age retirement pensions and the survivors' pensions of employees hired after January 1, 1992. Caixa Geral de Aposentações ("CGA") was responsible for the survivors' pensions of employees hired prior to January 1, 1992. These employees discounted 2.5% of their remuneration to CGA, for the purpose in question.

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 a percentage increasing in line with the number of years' service, applied to wage scales and 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 working at the date of the merger, were therefore covered by 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 on the merger date.

With reference to November 30, 2004 all retirement pension liabilities for CGD staff, in respect of 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 a liability for death grants after the standard retirement age, relative to the above referred to length of service.

CGD's pension liabilities, at December 31, 2020, therefore comprised the following:

1. Liabilities for the services of working employees, after December 31, 2000;
2. Part share of liabilities for the length of service provided in the said 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 respective remuneration upon their retirement date and are revised on the basis of the remuneration in force for working employees.

CGD's pension plan does not apply to its current employees who were hired by CGD after January 1, 2006.

CGD makes the contributions necessary to cover its pensions liabilities, for which it set up a pension fund in December 1991. CGD'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%

The full amount of the latter's contribution is paid into the pension fund given that it is responsible for the respective survivors' pensions regime.

The transfer of liabilities to CGA implied 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 credit projected method and adequate actuarial premises. The rate used for liabilities discounting purposes 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 premises used and the effective amounts of liabilities and the pension fund's expected yield, in addition to the income on changes to actuarial premises 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 recognised directly 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 the past services of working employees, with reference to December 31, 2020 and December 31, 2019 have been carried out by specialised entities.

The following hypotheses and technical bases were used:

	31-12-2020	31-12-2019
Actuarial method	Projected Unit Credit	Projected Unit Credit
Mortality table		
. Men	TV 88/90	TV 88/90
. Women	TV 88/90 (-3 years)	TV 88/90 (-3 years)
Disability table	EKV 80	EKV 80
Discount rate	1.050%	1.400%
Salary growth rate	0,60% and following years	1% on 2020; and 0,75% following years
Pension growth rate	0,30% and following years	0,5% on 2020 and 0,4% on following years
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.

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 CGD's liabilities (19 years). The economic environment of the last few years continues to condition the euro-zone debt market with a consequent very high fall of market yields on the debt of the companies with the best ratings, in addition to a reduction of the available bonds basket. To reflect these circumstances and maintain the representativeness of the discount rate, at December 31, 2020 and December 31, 2019 CGD's assessment incorporated information on yields achievable on bonds issued by euro-zone entities considered to be of high quality in terms of their credit risk.

CGD changed its discount rate from 1.4% to 1.05%, its wage growth rate from 0.75% to 0.60% and pensions growth rate from 0.4% to 0.3% during the course of 2020.

A comparison between the actuarial and financial premises used to assess CGD's pension costs, for 2020 and 2019 and effective amounts is set out in the following table:

	31-12-2020		31-12-2019	
	Assumption	Real	Assumption	Real
Rate of return of fund asset	1.05%	4.30%	1.400%	6.530%
Salary growth rate	0.75%	2.11%	1.000%	1.080%
Pension growth rate	0.40%	1.25%	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.

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 premises. The wage growth rate based on continuity payments at December 31, 2020 was 0.07%.

Wage growth premises 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, 2020 and December 31, 2019 totalled:

	31-12-2020			31-12-2019		
	CGD	Other	Total	CGD	Other	Total
Past service liability:						
Current employees	1,665,468	2,764	1,668,232	1,665,036	6,778	1,671,814
Retired and early retired employees	1,766,731	1,189	1,767,920	1,561,012	1,186	1,562,198
	3,432,199	3,953	3,436,152	3,226,048	7,964	3,234,012
Autonomous pension funds	3,379,287	1,071	3,380,358	3,004,575	1,061	3,005,636
Extraordinary contribution - Liability	-	-	-	221,474	-	221,474
Provision for pensions and similar charges	-	2,973	2,973	-	6,904	6,904
	3,379,287	4,044	3,383,331	3,226,049	7,966	3,234,015
Difference	(52,912)	91	(52,822)	1	2	3
Funding level	98.46%	102.29%	98.46%	100.00%	100.02%	100.00%

The Bank of Portugal's *notice* 4/2005 of February 28, sets out an obligation to fully finance liabilities for retirees and early retirees with a minimum financing level of 95% for liabilities on the past services of working employees.

At December 31, 2020, according to the fund manager's calculations, the fund was worth €3,376,900 thousand. This amount was sufficient 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 working employees. Around 98.5% of pension plan liabilities were funded at the end of 2020 (100% in the case of retirees and 96.8% for working employees).

CGD had liabilities for past services of €221,474 thousand (note 26) at December 31, 2019.

The sensitivity analysis on a change of the principal actuarial premises applied to the timeframe under assessment, at December 31, 2020, would lead to the following impacts on the present value of liabilities for past services.

	%	Value
Change in discount rate		
Increase of 0,25%	(4.51%)	(154,716)
Decrease of 0,25%	4.82%	165,440
Change in salary growth rate		
Increase of 0,25%	1.08%	36,993
Decrease of 0,25%	(1.04%)	(35,599)
Change in pension growth rate		
Increase of 0,25%	3.21%	109,926
Decrease of 0,25%	(3.06%)	(104,930)
Change in mortality table		
Increase of 1 year in life expectancy	3.51%	120,405

Liabilities for the future services of working CGD employees, at December 31, 2020 and December 31, 2019 totalled €926,951 thousand and €1,006,599 thousand, respectively.

The provisions for pensions and similar costs of "Other entities", included €16,687 thousand and €15,907 thousand at December 31, 2020 and December 31, 2019, respectively, to cover healthcare costs and other post -employment benefits.

Information on the number of beneficiaries of CGD's employee pension fund, in 2020 and 2019, was as follows:

	31-12-2020	31-12-2019
Current employees	4,559	5,020
Retired and early retired employees	9,255	8,868
	13,814	13,888

Pension funds and provisions for pension and similar costs movements, in 2020 and 2019, were:

	CGD	Other	Total
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
Payment of Extraordinary contribution - Liability	221.474	-	221.474
Balances at December 31, 2019	3.489.466	(38.124)	3.234.015
Contributions paid			
Regular contributions			
By employees			-
By the entity	18.573	-	18.573
Outstanding contributions	67.663	-	67.663
Change in provisions for pensions and similar charges	221.474	-	221.474
Change in mathematical provisions	-	(993)	(993)
Pensions paid	-	-	-
Net income of the pension fund	(73.578)	(12)	(73.590)
Other changes	138.174	(729)	137.444
Effect of cuts or liquidations - Transfer of BCA's liabilities to the Cape Verdean State	2.407	(2.187)	220
Payment of Extraordinary contribution - Liability of previous year	(221.474)	-	(221.474)
Balances at December 31, 2020	3.642.705	(42.046)	3.383.332
Extraordinary contribution		-	-
Balances including extraordinary contribution	3.642.705	(42.046)	3.383.332

The estimated contribution from CGD’s workers in 2021 is €15,560 thousand. An amount of €65,056 thousand is payable by CGD.

CGD’s pension fund, at December 31, 2020 and December 31, 2019 was managed by CGD Pensões – Sociedade Gestora de Fundos de Pensões, S.A.

The component parts of CGD employees’ pension fund, at December 31, 2020 and December 31, 2019 were as follows:

	31-12-2020	31-12-2019
Equity investments presented by activity sector:		
Consumer industry	25,440	26,774
Manufacturing industry	66,911	65,434
Financial institutions	23,328	25,016
Health Care	499	523
Energy	33,471	20,276
Telecoms	11,939	12,092
subtotal	161,588	150,114
Debt investments presented by issuer' credit rating:		
AAA	233,651	17,196
AA	233,975	792,554
A	349,125	161,417
BBB	721,545	234,067
Not rated	12,942	84,608
subtotal	1,551,239	1,289,843
Equity instrument funds	1,050,911	774,610
Deposits in credit institutions	169,334	333,051
Real Estate	404,474	411,553
Others	39,333	45,404
Balances at the end of the year	3,376,880	3,004,574
Extraordinary contribution - liability		221,474
Balances including extraordinary contribution	3,376,880	3,226,048

At December 31, 2020, CGD employees’ pension fund, as calculated by CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A. was worth €3,376,880 thousand.

The following is an analysis of shares and bonds at December 31, 2020 and December 31, 2019:

	31-12-2020	31-12-2019
Portuguese shares	71,840	74,799
Listed	100.00%	100.00%
Foreign shares	89,747	75,316
Listed	100.00%	100.00%
Fixed rate bonds	1,067,850	872,883
Listed	99.99%	100.00%
Floating rate bonds	483,389	416,961
Listed	100.00%	100.00%

CGD's pension fund rented out buildings to Caixa Geral de Depósitos for the amount of €322,826 thousand and €320,949 thousand, at December 31, 2020 and December 31, 2019 respectively, in addition to holding securities issued by Caixa Geral de Depósitos and investment units in funds managed by CGD group companies for the amount of €359,526 thousand and €438,543 thousand, respectively.

CGD's pension fund had deposits of €169,334 thousand and €333,051 thousand with Caixa Geral de Depósitos, at December 31, 2020 and December 31, 2019 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 in addition to 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 comprises the allocation of investments to long term, variable-rate bonds 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 the different asset categories to be matched to the average maturity of liabilities, based on an asset liability matching (ALM) 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:

	31-12-2020		31-12-2019		31-12-2018		31-12-2017		31-12-2016	
	Retirement pensions	Medical plan	Retirement pensions	Medical plan	Retirement pensions	Medical plan	Retirement pensions	Medical plan	Retirement pensions	Medical plan
Liabilities	3,432,199	524,845	3,226,048	511,287	2,740,053	452,878	2,636,188	464,475	2,540,514	491,352
Value of the fund	3,379,287		3,004,575		2,611,946	-	2,650,808	-	2,358,869	-
Provisions	-	524,845	221,473	511,287	129,212	452,878	-	464,475	-	491,352
Under (Over) financed liabilities	52,912	-	-	-	(1,105)	-	(14,620)	-	181,645	-
Gains / (Losses) resulting from liabilities	(191,431)	(44,554)	(417,396)	(67,078)	(29,767)	4,874	(14,061)	21,120	(149,432)	19,704
Gains / (Losses) resulting from the fund's assets	93,390	-	118,211	-	(114,281)	-	83,436	-	(36,383)	-
	(98,041)	(44,554)	(299,185)	(67,078)	(144,048)	4,874	69,376	21,120	(185,815)	19,704

Information on changes in the spread between the group's liabilities for past services and corresponding impact in its financial statements, at December 31, 2020 and December 31, 2019 is given below:

	CGD	Other	Total
Situation at December 31, 2018	1.105	19	1.124
Current service cost	(61.993)	(16)	(62.009)
Interest cost (net)	(2)	-	(2)
Normal cost for the year (Note 35)	(61.995)	(16)	(62.011)
Other changes (Note 35)	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	(221.472)
Extraordinary contribution - liability	221.474	-	221.474
Situation at December 31, 2019 after extraordinary contribution	1	1	2
Current service cost	(66.430)	(19)	(66.448)
Interest cost (net)	135	-	135
Normal cost for the year (Note 35)	(66.294)	(19)	(66.313)
Other changes (Note 35)	43.758	-	43.758
Changes with impact in net income	(22.536)	(18,582)	(22.555)
Liability	(191.431)	(1.267)	(192.698)
Income	93.390	1.374	94.764
Actuarial gains and losses	(98.041)	108	(97.934)
Contributions made by the entity	289.137	-	289.137
Extraordinary Contribution - last year liability	(221.474)	-	(221.474)
Situation at December 31, 2020 before extraordinary contribution	(52.913)	90	(52.825)
Extraordinary contribution - liability			-
Situation at December 31, 2020 after extraordinary contribution	(52.913)	90	(52.825)

Liabilities deviations, on a CGD level, in 2020 and 2019, were as follows:

	31-12-2020	31-12-2019
Change in the salary growth rate	20,339	29,005
Change in pension growth rate	39,686	34,598
Change in the discount rate	(213,789)	(374,149)
Other actuarial gains and losses	(37,667)	(106,850)
	(191,431)	(417,396)

Caixa Geral de Depósitos' social services provides complementary coverage for the medical care services for Caixa Geral de Depósitos Portugal's working employees and pensioners. CGD has made an annual contribution 6.5% of wages and pensions paid since 2018. CGD is also responsible for making contributions to the medical care services (SAMS) 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 premises to those for the above referred to pension liabilities.

Liabilities for past services, totalling €524,845 thousand and €511,287 thousand, at December 31, 2020 and December 31, 2019, respectively, are recognised in “Provisions”

At December 31, 2020, a 0.25% reduction in the actuarial discount rate applied to the period under assessment would lead to an increase of €19,889 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 €18,716 thousand.

Other long term benefits

Up until March 2020 CGD paid a bonus (“seniority bonus”) of one, two or three months’ effective wages to all employees with ten, twenty or thirty years effective service, in the year of completion. A bonus is also paid to employees in a changeover to retirement status, whose value is proportional to the amount they would have received if continuing to work until satisfying the parameters of the following scale. The corresponding liability of €35,041 thousand was recognised in “Other liabilities” at December 31, 2019

Beginning March 2020, CGD, as part of the alterations to the company agreement, replaced the seniority bonus by a career bonus, payable to working employees on the date of retirement and comprising up to 1.5 times their remuneration. At December 31, 2020 the liability of €9,029 thousand for this commitment was recognised in "Other liabilities" (note 26).

CGD pays a death grant for its working employees prior to the standard retirement age.

France branch also pays long term benefits to employees. Liabilities of €16,687 thousand and €15,907 thousand were assessed, at December 31, 2020 and December 31, 2019, respectively.

Provisions

Provisions for the costs of employee benefits, at December 31, 2020 and December 31, 2019 comprise the following:

	31-12-2020	31-12-2019
CGD		
Provision for post-employment healthcare	524,845	511,287
Provision for labour suspension agreements (PH and ASPT)	82,093	62,506
Provisions for early retirement (PPR)	91,946	149,206
Provisions for mutually agreed terminations	1,237	1,848
France branch liability	16,687	15,907
	716,808	740,755
Provision for pension and other liabilities		
Banco Comercial do Atlântico, S.A.	-	-
Banco Comercial de Investimento (Moçambique)	2,973	2,356
Caixa Leasing Factoring, SFC	-	4,548
Caixa Banco de Investimento	3,259	3,281
Caixagest	703	1,204
Caixa Imobiliária	695	221
Caixa Serviços Partilhados	1,042	942
	8,671	12,552
	725,478	753,307

CGD recognises a specific liability for the impact of the change to “non-working” status of employees with whom it has entered into redundancy agreements. CGD set up a provision for its early retirement programme in 2017 to cover the three year period 2018-2020, as an extension to the early retirement programme set up in 2017 to facilitate the exits of CGD and CGD group employees who, not being eligible for voluntary retirement, were interested in the possibility of early retirement. CGD extended the early retirement programme for 2021, with the possibility of an additional 1 year (2022), depending on the evolution of the programme.

The respective liability recognised by CGD, at December 31, 2020 and December 31, 2019 amounted to €175,246 thousand and €213,561 thousand, respectively and is recognised in “Provisions”. Provisions movements for the costs of employee benefits, in 2020 and 2019 were as follows (note 24):

	31-12-2020	31-12-2019
Balances at the beginning of the year	753,307	758,492
Provisions recognised as employee costs:		
Healthcare – CGD (Note 35)	13,799	15,298
Labour suspension agreements (Note 35)	50,478	32,112
Mutually agreed terminations (Note 35)	6,871	10,108
Other expenses from other Group entities	(20,706)	1,309
Actuarial gains and losses on post-employment healthcare liability	(898)	67,078
Other actuarial gains and losses	44,553	-
Other		40
	94,098	125,945
Increase, net of reversals, recorded by corresponding entry to “Provisions”	(59,137)	(20,167)
Payments to SAMS and CGD’s Social Services	(24,088)	(23,967)
Payment of labour suspension agreements	(31,861)	(39,983)
Other payments	(8,033)	(1,287)
Transfer of BCA pension liabilities to the Cape Verdean State	-	(61,068)
Other	1,193	15,343
Balances at the end of the year	725,478	753,307

37. Other administrative costs

This account comprises the following:

	31-12-2020	*Restated* 31-12-2019
Specialised services		
- IT services	54,490	56,968
- Safety and security	5,480	6,140
- Information services	4,903	5,607
- Cleaning	5,307	4,928
- Contracts and service fees	3,901	4,717
- Studies and consultancy	1,695	1,437
- Other	51,701	70,237
Operating leases	6,052	7,204
Communications and postage	22,931	26,402
Maintenance and repairs	27,614	31,689
Advertising and publications	11,933	15,268
Water, energy and fuel	13,339	14,631
Transport of cash and other values	8,106	8,991
Travel, lodging and representation expenses	3,189	5,157
Standard forms and office supplies	3,503	4,714
Other	13,444	12,377
	237,588	276,468

38. Impaired assets

Information on impairment movements for the periods December 31, 2020 and December 31, 2019 is set out below:

	Balances at 31-12-2019	Changes in the consolidation perimeter	Other	Addition and reversals	Write-offs	Exchange differences	Transfers and other	Balances at 31-12-2020	Credit recovery, interest and expenses
Impairment of loans and advances to customers (Note 13)	2,148,816	155,240	2,596,452	(2,480,418)	(166,265)	(33,289)	25,322	2,245,857	(105,074)
Impairment of loans and advances to credit institutions (Note 6)	1,382	-	6,296	(4,070)	-	(581)	74	3,100	
Impairment of financial assets at fair value through other comprehensive income (Note 8)	1,809	-	7,000	(7,883)	-	(27)	(35)	863	
Impairment of financial assets at amortised cost (Note 12)	6,684	197	17,151	(51)	-	(4,916)	35	19,101	
Impairment of other tangible assets (Note 16)	23,843	-	23,379	(21,653)	-	(650)	73	24,992	
Impairment of intangible assets (Note 17)	15,779	-	-	-	-	(0)	(5,053)	10,725	
Impairment of non-current assets held-for-sale (Note 14)									
Properties	261,701	46	46,835	(45,814)	(15,720)	(341)	(3,047)	243,660	
Equipment	1,051	-	1,294	(78)	(631)	-	(895)	741	
Other tangible assets	1,043	-	-	(5)	-	(1,047)	6,090	6,080	
Subsidiaries	71,475	-	-	(22,816)	-	-	-	48,659	
Other assets	77	-	-	-	-	-	-	77	
Impairment of investments in associates and jointly controlled entities (Note 18)	439	-	2	-	(27,515)	-	27,513	439	
Impairment of other assets (Note 20)	138,732	-	28,886	(14,934)	(9,881)	(756)	(2,205)	139,842	
	523,985	244	130,843	(117,305)	(53,747)	(8,318)	22,548	498,278	-
	2,672,801	155,484	2,727,295	(2,597,723)	(220,012)	(41,608)	47,870	2,744,135	(105,074)

	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 13)	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)	-	(236)	1.382	
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 (Note 12)	4.245	3.997	(17)	-	-	(1.541)	6.684	
Impairment of other tangible assets (Note 16)	20.066	20.677	(6.277)	(470)	-	(10.152)	23.843	
Impairment of intangible assets (Note 17)	23.971	-	-	-	-	(8.192)	15.779	
Impairment of non-current assets held-for-sale (Note 14)								
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 18)	469	786	(234)	(30)	-	(552)	439	
Impairment of other assets (Note 20)	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)

The recoveries and cancellations of impairment on subsidiaries classified as non-current assets held-for-sale in 2019 include €135,463 thousand and €21,593 thousand, respectively, as an adjustment for the amount of the equity stake in BCG Spain and Mercantile owing to their disposals (note 14).

Impairment on subsidiaries classified as being held-for-sale at December 31, 2019 – BCG Brazil and BCA – amounted to €71,475 thousand.

Impairment of €48,659 thousand on BCG Brazil and BCA had also been declared at December 31, 2020 and December 31, 2019 for the purpose of adjusting the equity value of these units' assets and liabilities to their estimated respective fair value, net of disposal costs (note 14) at the said date.

Credit disposals for the periods ended December 31, 2020 and December 31, 2019 originated the use of €40,067 thousand and €334,879 thousand in impairment, respectively.

Higher levels of impairment on loans and advances to customers in 2020 exceeded recoveries and cancellations which, in conjunction with other less expressive movements, resulted in an increase in impairment from €2,148,816 thousand at December 31, 2019 to €2,245,857 thousand at December 31, 2020. This evolution of impairment largely reflects the anticipation of the expected effects of the economic crisis based on the most recent macroeconomic scenarios.

The evolution of total impairment was in line with impairment on loans and advances to customers with an increase of the total impairment balance from €2,672,829 thousand at the end of 2019 to €2,744,135 thousand at December 31, 2020.

Information on impairment movements on loans and advances to customers by stages is given below.

				tEuros
	Impairment of loans and advances to customers			
	Stage 1	Stage 2	Stage 3	Total
Balances at 31-12-2019	405,185	200,375	1,543,256	2,148,816
Movements resulting from changes in the classification by stages	-9,717	5,870	3,848	-
Stage 1 - Inputs/ (outputs)		-7,792	17,510	9,717
Stage 2 - Inputs/ (outputs)	7,792		-13,662	-5,870
Stage 3 - Inputs/ (outputs)	-17,510	13,662		-3,848
Movements resulting from changes in credit risk	-140,116	68,763	187,386	116,034
Write-offs	19,421	-12,293	-173,393	-166,265
Other	-4	58,192	89,085	147,273
Balances at 31-12-2020	274,769	320,907	1,650,181	2,245,857

More detailed information on impairment on credit movements for 2020 are given in the chapter “Disclosures− financial instruments” (note 43).

39. 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 debt instrument issuances, money and foreign exchange market operations, repo type operations, securities lending operations and wholesale brokerage. Loans and advances to and cash balances at other credit institutions and derivatives are included in this segment.
- *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 deposit-taking 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 and syndicated loans underwriting in addition to lending to the public sector;
- *Asset management*. Asset management includes activities associated with customer portfolio management, open-ended or closed end unit trust and property fund management 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, namely:
    - Payments and liquidations: comprise payment transactions and the issuance and administration of means of payment;
    - Custody services: comprises asset custody and related other administrative services provided to clients, including treasury and collateral management;
    - Financial intermediation to retail clients: refers to banking services provided to households, single name or micro enterprises. Includes the reception, transmission and execution of transfer orders for financial instruments and the issuance of securities on behalf of the clients;
    - Non-financial entities: comprises the activities undertaken by commercial, industrial and technological enterprises.

Information on the distribution of profit and principal balance sheet aggregates, by business areas and geographies, at December 31, 2020 and December 31, 2019 is given below:

Business areas

	31-12-2020						
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate Finance	Other	Total
Net interest income	400,078	286,896	231,140	1	104,938	2,725	1,025,778
Income from equity instruments	36	-	587	17,899	17	-	18,539
Income from services rendered and commissions	17,040	200,971	49,335	28,627	15,444	299,953	611,370
Cost of services and commissions	(33,488)	(9,248)	(1,801)	(5,459)	(2)	(64,201)	(114,199)
Results from financial operations	51,794	(99)	268	(13,776)	4,658	6,884	49,730
Other net operating income	(3,056)	13,133	7,375	11,544	809,239	(803,096)	35,139
Net operating income from banking	432,405	491,652	286,903	38,836	934,295	(557,734)	1,626,357
Other income and expenses							1,134,766
Net income attributable to the shareholder of CGD							491,592
Cash balances and loans and advances to credit institutions (net)	12,244,756	154,217	1,189,889	475	35	223	13,589,595
Investments in securities and derivatives (net)	25,781,381	(2,986,888)	328,221	162,323	-	167,592	23,452,629
Loans and advances to customers (net)	-	31,752,832	16,177,599	4	(27,469)	-	47,902,966
Non-current assets held for sale	-	-	-	-	-	1,158,949	1,158,949
Investments in associates by the equity method	-	-	-	-	-	505,158	505,158
Total net assets	39,573,873	29,205,620	18,061,644	880,067	105,114	3,549,128	91,375,446
Resources of central banks and credit institutions	2,038,016	-	2,402	-	-	-	2,040,418
Customer resources	-	62,909,751	9,123,202	-	-	5	72,032,958
Debt securities	1,371,033	-	-	-	-	-	1,371,033

Note: balance sheet balances include CLF

Restated

	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	212,381	54,627	53,474	17,426	285,690	635,731
Cost of services and commissions	(30,566)	(1,847)	(2,182)	(7,529)	(19)	(97,002)	(139,144)
Results from financial operations	61,493	202	794	(7,091)	14,265	12,866	82,529
Other net operating income	(6,547)	36,760	5,594	45,700	(89,552)	138,726	130,681
Net operating income from banking	548,108	580,072	236,647	115,358	49,383	343,783	1,873,351
Other income and expenses							1,097,422
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

The financial information for each segment was prepared on the basis of the same premises 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 at market prices. Investments in associates and joint enterprises using 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

	31-12-2020						
	Portugal	Rest of European Union	Latin America	Asia	Africa	Other	Total
Net interest income	670,938	72,099	-	92,815	187,994	1,933	1,025,778
Income from equity instruments	109,634	-	-	17	15,373	(106,485)	18,539
Income from services rendered and commissions	523,178	34,013	-	24,218	45,770	(15,808)	611,370
Cost of services and commissions	96,950	8,282	-	8,124	11,413	(238,969)	(114,199)
Results from financial operations	15,947	739	-	3,478	31,950	(2,384)	49,730
Other net operating income	(753,073)	(497)	-	313	5,389	783,006	35,139
Net operating income from banking	663,574	114,636	-	128,965	297,889	421,294	1,626,357
Other income and expenses							(1,134,766)
Net income attributable to the shareholder of CGD							491,592
Cash balances and loans and advances to credit institutions (net)	11,441,330	636,643	-	1,677,839	1,269,368	(1,435,584)	13,589,595
Investments in securities and derivatives (net)	25,604,517	13,275	-	446,595	576,571	(3,174,452)	23,466,506
Loans and advances to customers (net)	41,489,788	5,483,343	-	2,745,394	1,055,466	(2,871,025)	47,902,966
Total net assets	83,617,338	6,230,103	196,991	5,994,857	3,957,307	(8,621,150)	91,375,446
Resources of central banks and credit institutions	2,970,453	24,545	-	248,151	14,330	(1,217,060)	2,040,418
Customer resources	62,911,934	2,862,391	-	3,973,897	2,565,805	(281,069)	72,032,958
Debt securities	1,327,186	2,994,458	-	-	-	(2,950,611)	1,371,033

Note: balance sheet balances include CLF

Restated

	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	562.752	37.399	-	37.048	53.163	(54.632)	635.731
Cost of services and commissions	150.000	9.583	-	18.574	12.110	(329.411)	(139.144)
Results from financial operations	73.054	464	-	8.953	44.598	(44.541)	82.529
Other net operating income	217.549	(1.376)	-	1.100	790	(87.382)	130.681
Net operating income from banking	1.837.690	120.886	-	170.445	351.449	(607.119)	1.873.351
Other income and expenses							(1.097.422)
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

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, 2020 and December 31, 2019:

	31-12-2020					
	Banking business in Portugal	International business	Investment banking	Insurance	Other	Total
Interest and similar income	1,054,581	475,964	11,192	-	(59,532)	1,482,206
Interest and similar costs	(423,874)	(123,546)	(5,285)	-	96,278	(456,427)
Income from equity instruments	245	297	342	-	17,656	18,539
Net interest income	630,952	352,715	6,249	-	54,402	1,044,317
Income from services rendered and commissions	472,821	104,000	15,160	-	19,389	611,370
Cost of services and commissions	(81,914)	(27,064)	(3,799)	-	(1,422)	(114,199)
Results from financial operations	17,155	36,167	8,531	-	(12,123)	49,730
Other net operating income	28,922	4,558	1,296	-	362	35,139
Net operating income	436,984	117,661	21,189	-	6,207	582,040
NET OPERATING INCOME FROM BANKING	1,067,935	470,375	27,438	-	60,609	1,626,357
Other income and expenses	(747,024)	(377,299)	(20,920)	36,998	(26,520)	(1,134,766)
NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD	320,911	93,076	6,518	36,998	34,089	491,592

Restated

	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	479,187	127,610	23,291	-	5,643	635,731
Cost of services and commissions	(97,323)	(39,411)	(6,780)	-	4,370	(139,144)
Results from financial operations	45,818	54,015	16,709	-	(34,013)	82,529
Other net operating income	47,893	514	1,098	-	81,177	130,681
Net operating income	475,574	142,729	34,318	-	57,177	709,797
NET OPERATING INCOME FROM BANKING	1,161,020	540,803	43,769	-	127,758	1,873,351
Other income and expenses	(718,995)	(357,338)	(17,612)	33,179	(36,656)	(1,097,422)
NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD	442,025	183,466	26,156	33,179	91,102	775,928

The "Intra-group" column includes balances between group companies eliminated in the consolidation process. As regards business segments, reference should also be made to the effects of group activity in the property sector.

40. Related entities

Associates, joint enterprises, group companies' management bodies and other entities controlled by the Portuguese state are considered to be related entities.

The group's financial statements, at December 31, 2020 and December 31, 2019 include the following balances and transactions with related entities, excluding management bodies:

	31-12-2020			31-12-2019		
	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	8,180,699	420,971	1,842	7,039,621	268,655	3,649
Loans and advances to customers	45,030	444,976	128,185	-	390,790	67,377
Impairment for loans and advances to customers	-	85,910	408	-	2,129	1,101
Other assets	(1)	5,719	363,421	11,505	82,996	315,567
Liabilities:						
Customer resources	39,608	456,824	205,167	17,156	433,278	171,644
Financial liabilities held-for-trading	1,352	27,995	98	1,444	16,216	80
Other liabilities	645	167,639	431	58,620	122,110	886
Guarantees given	3,810	364,787	34,673	3,810	179,433	46,338
Net income:						
Interest and similar income	51,275	13,368	4,139	52,267	51,506	4,306
Interest and similar costs	-	6,171	383	-	7,444	2,284
Income from services rendered and commissions	58	72,167	5,352	219	63,667	5,396
Cost of services and commissions	11	1,488	503	28	926	431
Results from financial operations	87,095	51,097	(1,822)	234,855	81,922	(1,370)
Other operating income	(5)	346	95	(4)	1,058	266
General administrative costs	-	(24)	1,719	-	59	1,894

Transactions with related entities are made at market prices on the respective dates.

The "Other Portuguese state entities" column, at December 31, 2020 and December 31, 2019 does not include balances with regional or local government.

41. Lease agreements

Lease agreements at December 31, 2020 and December 31, 2019 were accounted for as follows:

31-12-2020			
Leases	Property	Vehicles	Other
Amortization costs of right-of-use assets in the period	32,642	2,545	-
Interest costs of lease liabilities in the period	5,937	47	5
Costs related to low-value leases	308	-	544
Carrying amount of right-of-use assets at the end of the period	173,871	4,635	-
Carrying amount of lease liabilities at the end of the period	(179,873)	(4,584)	(16,697)
Maturity of lease liabilities			
Up to one year	10,017	430	-
One to five years	183,452	4,243	-
Over five years	5,733	-	-
Gains recognized with leaseback contracts		1,429,831	

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	-	-

At December 31, 2020 and December 31, 2019, interest income on lease contracts amounted to €5,822 thousand and €6,900 thousand, respectively. On the same dates, payments on the principal portion of lease liabilities amounted to €15,335 thousand and €26,105 thousand, respectively.

A detail of the undiscounted minimum lease payments of the net investment and the unearned finance income related to the lease, by residual maturity, is presented below

	31-12-2020					
	<= 3 months	> 3 months <= 1 year	> 1 year <= 2 years	> 2 years <= 5 years	> 5 years	Total
Minimum payments on finance lease	58.843	260.411	278.564	475.419	385.816	1.459.054
Residual value	2.568	24.235	16.094	48.399	89.143	180.440
Gross investment	61.412	284.646	294.659	523.818	474.959	1.639.494
Present value of minimum payments	54.359	231.241	256.971	431.661	339.429	1.313.662
Net investment	56.927	255.477	273.065	480.061	428.572	1.494.102
Unearned financial income	4.484	29.169	21.594	43.757	46.387	145.392

	31-12-2019					
	<= 3 months	> 3 months <= 1 year	> 1 year <= 2 years	> 2 years <= 5 years	> 5 years	Total
Minimum payments on finance lease	95.404	247.346	274.737	439.859	359.992	1.417.337
Residual value	4.770	16.501	21.271	48.631	94.513	185.685
Gross investment	100.174	263.847	296.008	488.490	454.504	1.603.023
Present value of minimum payments	88.180	227.803	253.446	398.444	320.811	1.288.684
Net investment	92.950	244.304	274.717	447.075	415.324	1.474.369
Unearned financial income	7.224	19.543	21.291	41.415	39.180	128.653

42. Provision of insurance brokerage services

Total remuneration from the provision of insurance brokerage services, for the periods 2020 and 2019 amounted to €62,376 thousand and €56,825 thousand, respectively, all of which comprised cash commissions.

All remuneration, in 2020 and 2019, derived from the provision of insurance brokerage services by associate Fidelidade - Companhia de Seguros S.A., as itemised below:

	31-12-2020	31-12-2019
Life insurance	51,445	47,526
Non-life insurance	10,931	9,299
	62,376	56,825

Caixa recognised all commissions received on its sales of the life and non-life insurance products of Fidelidade - Companhia de Seguros S.A. by its branch office network as profit for the period, at the time of origination, recognised in “Income from services and commissions” (note 32).

The balances receivable by Caixa from Fidelidade - Companhia de Seguros S.A. as commissions for brokerage services amounted to €2,504 thousand and €3,705 thousand at December 31, 2020 and December 31, 2019, respectively. CGD’s activity as an insurance broker does not involve collecting any amounts related to customers’ payments of insurance contracts.

The nominal value of Fidelidade’s financial insurance in force, sold over Caixa counters totalled €7,634,500 thousand and €8,527,687 thousand at December 31, 2020 and December 31, 2019, respectively, mainly in respect of retirement savings plans (PPRs).

In spite of retaining a non-controlling equity stake in Fidelidade, CGD group does not have any direct involvement in the company’s investment policy nor does it have any contractual liability to customers for these products.

43. Disclosures relating to financial instruments

Management policies for 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 its implementation of the international accounting standards by splitting them up into like-for like risk segments and use of probabilities of default (PD) and migration to default and recoveries after default (loss given default − LGD) annually updated on the basis of historical information.

The credit portfolio was monitored by the credit risk division (DGR) which revised the credit oversight and recovery policy in addition to incorporating 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 credit portfolio's daily monitoring operations. This system incorporates a series of rules and functionalities designed to promptly recognise risk events and enable 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 which 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 and reported by DGR on a monthly basis.

As part of the lending process, the credit risk 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, institutional and retail customers.

The analysis of lending to corporates, in addition to natural portfolio oversight, focuses on customer credit risk, respective economic group and 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 in addition to quantitative and qualitative weighting factors on the customer/economic group and operation in question. The overall 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 are defined for each portfolio or business unit at least once a year 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, composition of authorised assets and instruments and also define maximum acceptable loss levels.

Portfolio changes are subject to an exhaustive daily examination 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 bodies and officers responsible for each portfolio.

Market risk hedging operations are decided by portfolio or business unit managers, based on 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) which is calculated for all types of market risk (interest rates (and spread), shares, exchange rates and volatility), based on 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" 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").

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 regular stress tests on its market and foreign exchange risk at least once a month. Stress tests aim to measure the impact of adverse events of exposure to risk, 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 originate 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 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 accordingly 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 branches and subsidiaries and monthly, on a consolidated level, for the group as a whole. VaR amounts and limits are calculated by the total open position and open position by currency.

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 area 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 achieve proactive balance sheet management and CGD group profitability. In the risk management domain, the ALM process focuses on liquidity and balance sheet interest rate risk, as a forum 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 funding prospects at any point of time, strengthening CGD's resistance to adverse shocks and examining funding alternatives.

CGD 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 used 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 assessing interest rate risk 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 match the effects of interest rate changes to net interest income.

Net interest income simulation techniques are also used to improve the reliability of the estimates obtained from 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 risk aims to estimate the effect of adverse changes in interest rates on the economic value of capital. The methodology used for the purpose involves calculating 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 estimation of all of the future cash flows on 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 several 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 risk policies and positions.

Maximum exposure to credit risk

The following is a breakdown of the group's maximum exposure to credit risk at December 31, 2020 and December 31, 2019:

	31-12-2020	31-12-2019
Trading securities		
Public debt	3.149.577	5.540.067
Private debt	23.542	23.469
	3.173.119	5.563.536
Financial assets at fair value through profit or loss		
Private debt	98	96
Credit and securities	114.015	134.756
	114.114	134.852
Financial assets at fair value through other comprehensive income *		
Public debt	5.768.116	2.423.414
Private debt	952.885	1.019.855
	6.721.001	3.443.269
Financial assets at amortised cost *		
Public debt	10.976.270	8.711.829
Private debt a)	280.552	307.408
	11.256.822	9.019.237
Financial assets with repurchase agreement		
Public debt	13.877	10.737
	13.877	10.737
	21.278.932	18.171.631
Derivatives	893.760	863.245
Cash balances at other credit institutions	694.498	513.480
Loans and advances to credit institutions*	2.617.740	2.707.621
Loans and advances to customers*	47.926.627	48.015.058
Other debtors*	1.945.469	2.098.073
Other operations pending settlement	159.615	177.608
	54.237.710	54.375.085
Other commitments		
Personal/ Institutional guarantees given:**		
Guarantees and sureties	2.392.362	2.512.237
Stand-by letters of credit	9.404	83.628
Open documentary credits	229.087	351.774
Other personal guarantees given and other contingent liabilities	-	9.548
Forward deposit agreements	20.373	255
Irrevocable lines of credit	1.157.392	1.096.019
Securities subscription	1.155.493	868.827
Other irrevocable commitments	64.419	61.320
	5.028.530	4.983.608
Maximum exposure to credit risk	80.545.172	77.530.325

[*] Balances net of impairment

[**] Net balances of provisions

[a)] In December 31, 2020 and 2019, includes debt acquired from the European Union's Financial Stabilization Mechanism, in the amount of 101,234 tEuros and 101,366 tEuros, respectively

The amount of exposure to derivatives, set out in the above table, does not include the risk mitigation effect of surety accounts (note 24) and netting agreements.

Credit quality of loans and advances to credit institutions

The following was considered for classifying risk on loans and advances to credit institutions:

→ The counterparty rating is the lower of the ratings allocated by two of the international rating agencies, limited, in general terms, by the rating of the country in which the financial institution is headquartered and, this being the case, the rating of the financial group of which it is a member. In the case of financial institutions which do not have an external rating but which are mainly publicly owned, the rating used will be equivalent to the external rating allocated to the state in which the entity is headquartered.

→ 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, 2020 and December 31, 2019, considering the risk aggregating categories (reduced, average and high) associated with the external ratings and the counterparty’s country of origin.

	31-12-2020						
	Portugal	Rest of European Union	North America	Asia	Brazil	Other	Total
Reduced risk	131,483	785,758	4,077	770,435	-	516,454	2,208,207
Medium risk	(882)	-	-	40,747	-	49,318	89,183
No Rating	-	-	-	-	5,948	286,917	292,865
Central and Supranational banks	-	-	-	-	-	27,064	27,064
	130,601	785,758	4,077	811,182	5,948	879,753	2,617,319

	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

Credit quality of debt securities

The following tables provide a breakdown of the book value of portfolio debt securities, net of impairment (excluding matured securities) based on the allocation of a rating (on a scale equivalent to Standard & Poor's and Fitch), type of guarantor or issuing entity and the guarantor's or issuing entity's geography, at December 31, 2020 and December 31, 2019:

	31-12-2020				
	Portugal	Rest of European Union	North America	Other	Total
Financial assets at fair value through profit or loss					
A+ to A-	-	602,410	4,065	2,143	608,617
BBB+ to BBB-	1,582,458	977,421	4,219	404	2,564,501
Not rated	98	-	-	-	98
	1,582,556	1,579,831	8,283	2,547	3,173,217
Issued by:					
Governments and local authorities	1,582,458	1,567,119	-	-	3,149,577
Corporates	-	10,573	6,251	-	16,825
Othet issuers	98	2,139	2,032	2,547	6,816
	1,582,556	1,579,831	8,283	2,547	3,173,217
Financial assets at fair value through revaluation reserves					
AAA	-	9,236	24,601	-	33,837
AA+ to AA-	8,232	287,361	4,122	26,105	325,820
A+ to A-	14,943	1,554,100	41,181	103,532	1,713,757
BBB+ to BBB-	2,321,913	2,182,381	11,627	8,766	4,524,687
BB+ to BB-	-	5,177	1,040	1,227	7,443
Lower than B-	-	-	-	52,873	52,873
Not rated	2,152	10,058	58,318	5,933	76,461
	2,347,240	4,048,313	140,889	198,436	6,734,878
Issued by:					
Governments and local authorities	2,296,508	3,376,889	58,318	58,486	5,790,200
Corporates	3,899	103,872	13,175	9,493	130,439
Financial institutions	38,205	515,242	66,387	127,774	747,608
Othet issuers	8,628	52,310	3,009	2,683	66,630
	2,347,240	4,048,313	140,889	198,436	6,734,878
Held-to-maturity investments					
AAA	-	71,307	-	-	71,307
AA+ to AA-	-	941,631	-	-	941,631
A+ to A-	-	1,997,684	-	24,269	2,021,953
BBB+ to BBB-	4,059,526	3,524,683	-	55,727	7,639,936
BB+ to BB-	-	904	-	72,469	73,373
B+ to B-	-	-	-	235,040	235,040
Lower than B-	-	-	-	272,058	272,058
No Rating	-	-	-	1,525	1,525
	4,059,526	6,536,209	-	661,088	11,256,822
Issued by:					
Governments and local authorities	4,059,526	6,420,685	-	528,219	11,008,430
Corporates	-	-	-	129,034	129,034
Financial institutions	-	115,524	-	3,835	119,359
	4,059,526	6,536,209	-	661,088	11,256,822

	31-12-2019				
	Portugal	Rest of European Union	North America	Other	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
Financial institutions	-	1,294	-	-	1,294
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					
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
B+ to B-	-	-	-	321,094	321,094
Lower than B-	-	-	-	310,992	310,992
No Rating	13,054	-	-	30,664	43,718
	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

Exposure to the sovereign debt of peripheral euro-zone countries

Information on the principal characteristics of these issuances within CGD group, at December 31, 2020 and December 31, 2019 is set out below:

	Book value net of impairment at 31-12-2020			Fair value	Fair value reserve	Rating
	Residual maturities					
	2021	after 2021	Total			
Financial assets at fair value through profit or loss						
Portugal	1.551.559	30.899	1.582.458	1.582.458		
Spain	600.309	-	600.309	600.309		
Italy	966.810	-	966.810	966.810		
	3.118.678	30.899	3.149.577	3.149.577	-	
Financial assets at fair value through revaluation reserves						
Portugal	37.076	2.259.432	2.296.508	2.296.508	201.429	
Ireland	-	145.029	145.029	145.029	11.224	
Spain	1.152.863	346.393	1.499.255	1.499.255	19.844	
Italy	1.704.571	-	1.704.571	1.704.571	2.488	
	2.894.509	2.750.853	5.645.362	5.645.362	234.985	
Held-to-maturity investments						
Portugal	626.299	3.398.905	4.025.204	4.059.526		
Ireland	-	662.720	662.720	669.325		
Spain	576.421	2.330.407	2.906.828	2.929.963		
Italy	1.801.655	80.064	1.881.719	1.881.890		
	3.004.375	6.472.096	9.476.471	9.540.703	-	
Total						
Portugal	2.214.934	5.689.236	7.904.170	7.938.491	201.429	BBB
Ireland	-	807.749	807.749	814.354	11.224	A+
Spain	2.329.592	2.676.800	5.006.392	5.029.527	19.844	A-
Italy	4.473.035	80.064	4.553.099	4.553.270	2.488	BBB-
	9.017.562	9.253.848	18.271.410	18.335.642	234.985	

	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	

Measurement criteria

The sovereign debt issuances of the peripheral euro-zone 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, 2020 and December 31, 2019. 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 CGD Portugal's practice.

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 policies defined by the competent CGD bodies.

CGD has defined a new centralised decision-making model on credit in which its credit risk division (DRC) is responsible for making decisions on loans to corporates, financial institutions and institutional in addition 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 attributing internal limits or consideration of operations not covered by the said limits for customers whose exposure (in terms of economic groups), rating or specific operational characteristics (or its proponent), so justifies (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 creation/alteration of economic groups.

Credit decisions on the most relevant 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 approval 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 upon which a report is issued.

DGR may also submit the approval and review of policies and guidelines in the sphere of the group’s credit risk management to a more senior level.

1.1.2 Credit portfolio oversight

Credit portfolio oversight permits the early identification of signs of potential default, 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 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 its 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 to be reported to the executive committee.

1.1.3 Credit recovery

Whenever any arrears of payment have been noted, adequate steps are taken to recover the overdue credit and settle the situation in due compliance with the dispositions of decree law 227/2012 (PARI − action plan for risk of defaults and PERSI − out-of-court procedures for default settlement purposes) 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 litigation.

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 the litigation stage. 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 this is considered to be the most efficient solution, following a due cost/benefit appraisal.

1.2 Concentration risk management

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 permit the evolution of portfolio segments considered more critical in terms of credit risk to be controlled on a monthly basis.

Decisions to enter into agreements for operations entailing materially relevant exposures (as defined in an internal regulation) require the opinion of DGR. The limit naturally considers the amount of CGD group's total exposure to a relevant customer and/or group of customers.

2. Loan write-off policy

The decision to write-off an asset, based on the write-off policy, as formalised in an internal regulation, is made 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 and ii) loans without a real guarantee.

3. Impairment reversal policy

The quantification of impairment losses is conditioned by the identification of events which indicate 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 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 credit 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 bear a customer's individual circumstances and CGD's best interests in mind, in line with three basic principles.

- Impact on capital and cash flows. The first aspect to consider is the referred to process's impact on CGD group's invested capital and cash flows generated 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 recourse 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 be able to meet its financial commitments in the new scenario, based on its expected income; and
  - *Sustainability of process*. 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 the one proposed, solely taking the former two principles into account. 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 has been 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

Immovable assets

The following types of immovable assets are considered for valuation purposes:

- Constructions:
  - Finished constructions; and
  - Unfinished constructions.

- Land
  - Land with construction potential (as its prime and best use taking its construction potential into account); and
  - Land without construction potential as its prime and best use.

The principal components of the valuation methodology on immovable assets 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 presumable transaction price in a free market.

   Certification of the value of an item of property is documented and comprises, *inter alia,* copies of the plans, property registration booklet and its description in the land registry, when supplied. These valuations are complemented by individual, direct *in situ* observations.

ii. *Review of the valuation of a property's worth by an appraiser*. Mortgage lending operations whose contractual terms have been changed usually require a new valuation as if they were new operations.

   In the case of non-performing 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 which does not involve a personal visit to the property. This methodology is exclusively used for residential properties, non-performing 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.

Valuation procedures on immovable assets:

- The staff of CGD's property valuation area has engineers and architects with significant experience in the valuations area. Those with technical approval functions have complementary training in the form 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 out 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 together with 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 relevant documents for 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. Type of principal judgments, estimates and hypotheses used to measure impairment

CGD's credit impairment model uses appropriate, applicable methodologies to ensure that the impairment calculation is 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 and advances 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. Description of impairment calculation methodologies, including the way in which portfolios are segmented to reflect different loan characteristics

The credit impairment model used in CGD includes loans to corporate and personal customers. It also includes the 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 filling in 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 comprising assets with similar risk.

IFRS 9 − "Financial instruments" defines principles for the classification 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 a significant increase in credit risk (SICR) since initial recognition or with objective criteria of signs of impairment; and

c) *Stage 1*: exposures which cannot be 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 on 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 litigation 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 start of the probation period;

8. Restructured operations owing to the financial difficulties of a customer 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 a customer 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 -"Financial instruments" does not define a 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), issued on September 28, 2016. Past events for modelling purposes reflect the definition of default at the said date.

Stage 2 classification

Stage 2 credit classification is based on the observation of a significant increase of credit risk (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 in excess of a certain threshold; and

b) A relative variation of the forward-looking lifetime PD since origination in excess of a certain threshold.

Stage 2 classification also considers objective criteria of signs of default, classifying an exposure at this stage, whatever the deterioration in credit risk, as follows:

- Credit overdue in CGD for more than 30 days but not classified as being in default;
- Operations restructured owing to 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 for corporates with an exposure of more than €250 thousand not included in the individual analysis;
- 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 processes other than a declaration of insolvency and PER – special revitalisation processes;
- 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 and 3 classification criteria.

Securities portfolio exposures that, in accordance with the defined estimated credit loss 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 the level of a customer's or operation's ratings. Lifetime PDs on unrated portfolios are different for customers or operations with (i) external signs and 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 assessed, and

4. *Exposure at default* (EAD). EAD is the amount of each operation's exposure upon the date of default. It comprises the sum of equity and off-balance sheet exposures following the CCF. The CCF is a credit conversion factor which measures the proportion of the off-balance sheet exposure which is converted into an equity exposure up to the date of default.

Estimations of risk factors, i.e. 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, defined in an internal CGD group standard, take the specific characteristics of each group unit's diverse credit portfolios into account, with the objective of assessing all exposures considered to be individually significant in each unit and the group. In the case of CGD and with reference to December 31, 2020, an individual analysis is performed on customers with an overall 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>

Under internal regulations, defaulting customers are allocated to specialised credit oversight and recovery areas. The 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 adequate to a customer's and CGD's interests is applied on the basis of the analysis. Litigation for the purposes of credit recovery is 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 expected 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 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 underlying expectations of collectability.

An assessment is made as to whether the expected 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 measure a company's future cash flows:

1. A going concern approach which considers the continuation of a company's activity based on operating cash flow projections 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 operating cash flows are material and can be adequately 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 assets 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, forecasts of 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 termination of the activity of a company whose collateral is executed and when the company's operating cash flows therefore cease to exist. The application of this approach is considered when at least one of the following situations occurs:

   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 on 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 expected credit loss − ECL[1], considers a 12 months loss and is calculated by the following formula (note 1):

$$ECL_{Stage\ 1} = EAD \times PD_{12\ months} \times LGD^{1}$$

For stage 2 operations lifetime credit losses are calculated by the following formula:

$$ECL_{Stage\ 2} = \sum_{k=t}^{term} \frac{EAD_k \times LGD_k \times SR_{k-1} \times PD_k{}^{1}}{(1+r)^k}$$

In which *r* represents the original interest rate and *SR* represents the default's survival probability.

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(1) EAD = exposure at risk, PD = probability of default, LGD = loss given default

As the concept of *stage* 3 is aligned with the internal default concept, the lifetime PD (1) is considered to be 100%. Expected losses on stage 3 operations are therefore given by the following formula (Note 1):

$$ECL_{Stage\ 3} = EAD \times LGD_{Time\ from\ default\ entry} 1$$

Credit losses should also derive from the 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, 2020 and December 31, 2019 is set out below:

	Exposure in 31-12-2020				Impairment in 31-12-2020			
	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	3,145,855	15,556	9,063	3,170,474	4,032	6,193	2,990	13,216
Other financial institutions	164,238	67,692	2,306	234,236	1,986	12,469	1,685	16,140
Non-financial institutions	14,393,739	2,552,984	1,542,386	18,489,110	175,875	432,523	1,004,674	1,613,072
Small and medium institutions	7,787,160	1,753,153	1,089,225	10,629,537	122,367	287,260	677,373	1,087,000
Commercial real estate	2,622,309	502,610	460,262	3,585,181	29,849	84,806	288,769	403,424
Others	5,164,851	1,250,543	628,963	7,044,357	92,518	202,454	388,604	683,576
Other institutions	6,606,579	799,832	453,161	7,859,572	53,508	145,263	327,301	526,072
Commercial real estate	835,059	186,031	39,038	1,060,128	12,747	26,452	27,274	66,472
Others	5,771,520	613,801	414,124	6,799,444	40,761	118,811	300,028	459,600
Households	26,134,059	1,375,818	745,126	**28,255,003**	28,000	151,922	423,508	**603,430**
Mortgage loans with property mortgage	24,337,225	1,192,706	417,985	25,947,916	18,584	127,342	173,497	319,423
Consumption and other purposes	1,099,037	86,751	54,270	1,240,058	6,284	11,421	29,814	47,518
Others	697,797	96,361	272,871	1,067,029	3,132	13,159	220,197	236,488
	43,837,891	**4,012,051**	**2,298,882**	**50,148,823**	**209,893**	**603,107**	**1,432,857**	**2,245,857**

	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**

Information on exposures and impairment on performing and non-performing operations, at December 31, 2020 and December 31, 2019 is set out below:

	Exposure in 31-12-2020										Impairment in 31-12-2020							
	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	**3.123.078**	**38.333**	**3.161.411**	**4.812**	**0**	**0**	**285**	**3.965**	**9.063**	**3.170.474**	**10.226**	**391**	**0**	**0**	**14**	**2.585**	**2.990**	**13.216**
Other financial institutions	**231.891**	**39**	**231.930**	**669**	**55**	**95**	**782**	**706**	**2.306**	**234.236**	**14.455**	**358**	**31**	**42**	**638**	**615**	**1.685**	**16.140**
Non-financial institutions	**16.659.383**	**283.511**	**16.942.894**	**802.486**	**31.353**	**68.583**	**470.086**	**173.708**	**1.546.216**	**18.489.110**	**607.353**	**506.930**	**20.018**	**42.598**	**307.517**	**128.655**	**1.005.719**	**1.613.072**
Small and medium institutions	9.415.118	121.509	**9.536.627**	469.485	29.768	65.656	398.776	129.225	1.092.911	10.629.537	408.608	282.192	18.681	39.870	245.544	92.104	678.391	1.087.000
Commercial real estate	3.109.326	15.586	**3.124.912**	99.137	17.756	16.848	239.444	87.083	460.269	3.585.181	114.655	65.719	12.119	10.362	141.125	59.444	288.769	403.424
Others	6.305.792	105.923	**6.411.715**	370.348	12.012	48.808	159.332	42.142	632.642	7.044.357	293.953	216.472	6.562	29.508	104.419	32.661	389.623	683.576
Other institutions	7.244.265	162.002	**7.406.267**	333.000	1.585	2.927	71.310	44.483	453.305	7.859.572	198.745	224.738	1.337	2.728	61.973	36.551	327.327	526.072
Commercial real estate	1.017.226	3.844	**1.021.070**	18.873	7	2.615	2.421	15.142	39.058	1.060.128	39.198	11.522	7	2.555	1.790	11.401	27.274	66.472
Others	6.227.039	158.158	**6.385.197**	314.128	1.578	312	68.888	29.341	414.247	6.799.444	159.547	213.216	1.330	174	60.184	25.150	300.053	459.600
Households	**27.424.054**	**83.192**	**27.507.247**	**248.785**	**22.739**	**31.184**	**351.248**	**93.800**	**747.756**	**28.255.003**	**178.857**	**123.033**	**8.446**	**13.988**	**228.265**	**50.841**	**424.573**	**603.430**
Mortgage loans with property mortgage	25.464.441	63.578	**25.528.019**	171.813	17.077	16.552	146.266	68.188	419.897	25.947.916	145.016	76.935	5.974	4.923	51.601	34.974	174.407	319.423
Consumption and other purposes	1.171.953	13.731	**1.185.684**	10.966	3.754	11.996	26.440	1.218	54.373	1.240.058	17.675	6.966	1.810	7.765	12.788	514	29.843	47.518
Others	787.660	5.883	**793.543**	66.006	1.907	2.636	178.542	24.394	273.486	1.067.029	16.166	39.132	661	1.301	163.876	15.352	220.322	236.488
	47.438.407	**405.075**	**47.843.482**	**1.056.751**	**54.147**	**99.862**	**822.401**	**272.180**	**2.305.341**	**50.148.823**	**810.891**	**630.711**	**28.495**	**56.629**	**536.435**	**182.697**	**1.434.967**	**2.245.857**

	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**

Information on the credit portfolio, by segment and year of production at December 31, 2020, 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	988	334,934	41	13	0	0	6,581	688,989	141,837	1,090	221,015	35,955	217,270	4,800,913	108,009	19,454	143,952	25,639	244,306	5,968,789	275,527
2005	172	36,412	24	4	-	-	567	132,469	58,411	122	45,879	23,614	35,746	1,696,111	23,980	23,447	67,616	16,288	59,936	1,932,608	98,703
2006	135	51,279	11,436	6	14	0	1,594	378,544	113,240	368	80,781	35,731	32,906	1,745,754	26,269	84,635	109,179	4,264	119,276	2,284,769	155,209
2007	107	447,863	75	29	892	609	2,335	677,494	359,150	547	488,389	149,513	38,836	1,949,034	38,218	20,671	278,672	168,632	61,978	3,353,955	566,684
2008	80	715,712	33	25	45,579	9,336	2,134	983,043	125,497	514	424,220	52,394	33,254	1,740,822	30,000	20,792	60,602	3,478	56,285	3,545,757	168,344
2009	60	53,302	1	19	185	80	1,834	552,037	53,827	438	444,793	22,528	29,517	1,796,358	23,095	23,000	58,664	5,486	54,430	2,460,546	82,489
2010	41	31,961	119	14	35	0	1,960	301,845	30,529	456	239,406	8,928	21,965	1,495,676	17,091	25,962	67,665	3,599	49,942	1,897,182	51,338
2011	13	49,126	1	10	171	81	1,478	297,757	24,031	294	48,782	7,950	9,792	629,393	6,429	19,012	52,058	2,925	30,305	1,028,505	33,467
2012	7	5,365	5	11	60	18	1,499	171,703	27,850	252	25,325	10,454	4,240	262,030	2,518	15,961	49,957	8,942	21,718	489,116	39,332
2013	15	52,095	31	9	5,668	264	2,364	284,526	56,465	389	16,305	3,760	4,408	297,409	2,966	59,577	65,118	4,227	66,373	704,818	63,952
2014	15	226,803	196	12	11,995	46	4,053	1,017,380	178,534	680	60,066	13,400	5,594	435,866	3,538	22,777	55,286	3,868	32,451	1,747,330	186,183
2015	42	196,045	953	36	553	7	7,156	1,273,774	155,117	1,079	174,676	20,916	10,306	809,082	6,178	28,136	93,535	8,386	45,676	2,372,990	170,640
2016	78	286,081	39	44	87,562	1,001	10,077	1,313,382	80,282	1,476	196,545	9,528	11,506	964,094	5,497	35,978	110,541	6,695	57,683	2,761,659	93,514
2017	67	95,631	234	32	14,855	103	12,507	762,828	64,170	1,792	210,393	15,094	12,679	1,136,888	6,334	41,382	145,766	5,486	66,667	2,155,968	76,327
2018	93	48,968	0	48	11,708	3	12,363	1,548,488	55,900	1,699	276,864	11,297	16,208	1,652,293	6,380	44,052	202,028	3,865	72,764	3,463,485	66,148
2019	84	165,293	27	68	38,300	4,326	14,306	2,623,868	43,207	2,390	958,358	23,232	20,019	2,110,227	7,294	53,223	267,006	5,233	87,700	5,204,694	60,087
2020	102	373,606	0	43	16,659	266	19,458	5,480,982	45,027	2,726	733,484	25,602	9,267	2,425,964	5,628	105,951	479,442	6,994	134,821	8,776,653	57,915
	2,099	**3,170,474**	**13,216**	**423**	**234,236**	**16,140**	**102,266**	**18,489,110**	**1,613,072**	**16,312**	**4,645,282**	**469,896**	**513,513**	**25,947,916**	**319,423**	**644,010**	**2,307,087**	**284,006**	**1,262,311**	**50,148,823**	**2,245,857**

Information on the amount of gross credit exposure and impairment by segment at December 31, 2020 and December 31, 2019 is as follows:

	31-12-2020													
	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	68.126	3.601	1.786	46	1.367.518	676.463	436.622	215.096	24.688	1.992	411.109	188.770	1.873.227	870.872
Collective	3.102.349	9.615	232.450	16.094	17.121.592	936.609	4.208.687	254.800	25.923.228	317.431	1.895.925	95.230	48.275.544	1.374.979
	3.170.474	**13.216**	**234.236**	**16.140**	**18.489.110**	**1.613.072**	**4.645.308**	**469.896**	**25.947.916**	**319.423**	**2.307.034**	**284.000**	**50.148.770**	**2.245.851**

	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	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	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**

Information on the amount of gross credit exposure and impairment by sector of activity at December 31, 2020 and December 31, 2019 is as follows:

	31-12-2020			
	Credit exposure			
	Gross carrying amount	Of which with renegotiation measures	Of which Non performing	Accumulated impairment
Activity sector				
Agriculture, forestry and fishing	311,897	26,918	34,435	32,563
Extraction industries	88,679	14,182	6,278	5,973
Manufacturing	2,678,852	133,963	219,341	231,933
Production and distribution of electricity, gas, steam and air conditioning	811,371	16,307	4,125	7,274
Water supply	225,403	75,589	21,932	38,190
Construction	2,343,757	452,184	262,437	295,346
Wholesale and retail trade	2,272,460	135,267	156,754	180,947
Transport and storage	902,938	210,561	94,001	142,113
Accommodation and food service activities	867,904	137,027	41,596	59,901
Information and communication	208,589	30,695	24,643	17,090
Real estate activities	2,595,140	327,923	266,906	215,849
Consulting, scientific, technical and similar activities	3,049,752	322,066	229,590	249,879
Administrative and support services activities	436,760	12,317	11,270	18,489
Public administration and defense, compulsory social security	15,713	948	60	52
Education	102,256	32,025	22,660	13,436
Human health services and social action activities	251,254	24,522	12,528	15,380
Arts, entertainment and recreation	244,555	16,458	115,684	51,598
Other services	1,081,832	97,517	21,975	37,058
Public administrations	3,170,474	320,104	9,063	13,216
Other financial activities	234,236	4,911	2,306	16,140
Households - housing with mortgage of the property	25,947,916	1,353,168	419,897	319,423
Households - housing	1,240,058	34,913	54,373	47,518
Households - others	1,067,029	299,362	273,486	236,488
	50,148,823	**4,078,931**	**2,305,341**	**2,245,857**

	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**

Information on the fair value of collateral underlying the non-financial corporations and household credit portfolio: of which mortgage loans with a pledge on the property at December 31, 2020 and December 31, 2019 is as follows:

	31-12-2020													
	<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	1,453,812	420,027	855,856	293,848	2,535,329	979,176	1,514,932	425,826	813,645	420,483	1,342,198	728,233	16,113,665	409,944
Non-financial institutions - Commercial real estate	380,362	129,983	255,642	99,152	867,868	381,160	389,875	163,825	489,118	234,579	744,439	420,306	954,794	376,044
Households - Loans with mortgage Property	53,162,035	37,485,712	1,940,889	878,813	582,851	250,898	198,171	6,140	206,157	1,691	180,952	731	78,339	44
	54,996,208	**38,035,721**	**3,052,386**	**1,271,813**	**3,986,048**	**1,611,234**	**2,102,978**	**595,792**	**1,508,920**	**656,753**	**2,267,590**	**1,149,271**	**17,146,798**	**786,032**

	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**

Details on the restructured loan portfolio based on the application of the deferral method (Forborne) at December 31, 2020 and December 31, 2019 were as follows:

	31-12-2020										
	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	6,391	772,894	56,456	2,429	370,603	155,996	80,162	8,820	1,143,497	155,996	136,618
Grace period	1,279	213,339	9,275	487	77,941	459	18,536	1,766	291,280	459	27,811
Interest rate changes	322	637,270	98,732	377	302,833	225,570	17,888	699	940,103	225,570	116,620
Other	3,562	1,087,487	70,199	4,744	616,564	263,526	176,164	8,305	1,704,051	263,541	246,363
	11,554	**2,710,990**	**234,662**	**8,036**	**1,367,941**	**645,551**	**292,750**	**19,590**	**4,078,931**	**645,566**	**527,412**

	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**

Information on additions to and exits from the deferred credit portfolio (Forborne) for the periods ended December 31, 2020 and December 31, 2019 is given below:

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)
Reclassified loans from "restructured" to "normal"	(69.358)
Other	(124.461)
Balance of restructured loans at 31-12-2019	**3.759.095**
New restructured loans	766.537
Accrued interest of the restructured loans	10.852
Restructured loans liquidation (partial or total)	(427.783)
Reclassified loans from "restructured" to "normal"	(29.576)
Other	(195)
Balance of restructured loans at 31-12-2020	4.078.931

Details on the credit portfolio by LTV ratio at December 31, 2020 and December 31, 2019 are set out below:

Segment / Ratio	31-12-2020					
	Exposure			Impairment		
	Performing	Non-Performing		Performing	Non-Performing	
Non-financial institutions	**16.942.894**	**1.546.216**	**18.489.110**	**607.353**	**1.005.719**	**1.613.072**
With no associated collateral	12.567.883	897.506	13.465.388	455.787	661.822	1.117.608
< 60%	3.400.748	489.810	3.890.558	123.331	270.383	393.714
>= 60% and < 80%	274.958	68.282	343.240	9.149	40.499	49.648
>= 80% and < 100%	392.598	25.736	418.334	12.492	8.344	20.836
>= 100%	306.707	64.882	371.590	6.594	24.671	31.266
Commercial real estate	**4.145.955**	**499.327**	**4.645.282**	**153.853**	**316.043**	**469.896**
With no associated collateral	811.106	30.844	841.950	20.583	17.868	38.451
< 60%	2.709.738	385.960	3.095.698	111.296	244.975	356.271
>= 60% e < 80%	123.164	47.699	170.863	6.159	35.393	41.552
>= 80% e < 100%	277.200	16.327	293.527	10.683	7.139	17.822
>= 100%	224.747	18.497	243.244	5.133	10.668	15.801
Households - Loans with property mortgage	**25.528.019**	**419.897**	**25.947.916**	**145.016**	**174.407**	**319.423**
< 60%	15.944.186	215.487	16.159.673	92.802	83.617	176.419
>= 60% and < 80%	7.251.498	89.778	7.341.276	32.992	32.848	65.840
>= 80% and < 100%	2.147.411	71.119	2.218.530	14.758	32.028	46.785
>= 100%	184.924	43.513	228.437	4.465	25.915	30.380
Households - Consumption and other purposes	**1.979.227**	**327.859**	**2.307.087**	**33.841**	**250.165**	**284.006**
With no associated collateral	1.697.576	243.101	1.940.677	30.976	206.068	237.044
< 60%	168.021	40.682	208.703	1.709	21.748	23.457
>= 60% and < 80%	61.764	25.782	87.546	515	14.541	15.056
>= 80% and < 100%	25.566	10.511	36.077	409	3.240	3.649
>= 100%	26.300	7.784	34.083	232	4.568	4.800
Other financial institutions	**231.930**	**2.306**	**234.236**	**14.455**	**1.685**	**16.140**
With no associated collateral	118.874	2.000	120.874	2.206	1.464	3.670
< 60%	75.735	(9)	75.726	5.109	(75)	5.034
>= 60% and < 80%	485	315	800	-	296	296
>= 80% and < 100%	36.676	-	36.676	7.140	-	7.140
>= 100%	160	-	160	-	-	-
Government	**3.161.411**	**9.063**	**3.170.474**	**10.226**	**2.990**	**13.216**
With no associated collateral	3.094.424	5.351	3.099.775	10.192	539	10.732
< 60%	41.434	3.712	45.147	8	2.451	2.459
>= 60% and < 80%	4.289	-	4.289	25	-	25
>= 80% and < 100%	4.723	-	4.723	-	-	-
>= 100%	16.542	-	16.542	-	-	-
	47.843.482	2.305.341	50.148.823	810.891	1.434.967	2.245.857

Segment / Ratio	31-12-2019					
	Exposure			Impairment		
	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	-	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

Details on the fair value and net accounting value of property received in kind or repossessed by type of assets and seniority at December 31, 2020 and December 31, 2019 are set out below:

Asset	31-12-2020		
	Number of real estate	Fair value of assets	Book value
Land			
Urban	176	132.342	26.749
Rural	39	2.401	492
Under construction buildings			
Commercial	18	7.775	3.585
Housing	163	20.012	7.343
Other	29	20.219	5.908
Concluded buildings			
Commercial	135	52.735	17.165
Housing	1.664	263.549	100.652
Other	952	153.626	60.508
	3.176	652.659	222.402

Time elapsed since the initial recognition / repossesssion	31-12-2020				
	< 1 year	>= 1 year and < 2.5 years	>= 2.5 years and < 5 years	>= 5 years	Total
Land					
Urban	11.891	1.152	6.935	6.771	26.749
Rural	314	102	63	14	492
Under construction buildings					
Commercial	1.849	55	4	1.676	3.585
Housing	1.120	1.431	2.075	2.718	7.343
Other	93	739	5.071	4	5.908
Concluded buildings					
Commercial	1.113	770	10.684	4.597	17.165
Housing	24.642	30.677	25.145	20.188	100.652
Other	15.607	14.120	19.036	11.745	60.508
	56.629	49.046	69.014	47.713	222.402

Asset	31-12-2019 Number of real estate	Fair value of assets	Book value
Land			
Urban	291	132.819	40.417
Rural	39	7.835	7.146
Under construction buildings			
Housing	247	18.647	13.776
Other	61	17.240	9.619
Concluded buildings			
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 and < 2.5 years	>= 2.5 years and < 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					
Housing	2.220	4.253	3.272	4.031	13.776
Other	518	3.637	5.156	309	9.619
Concluded buildings					
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

Explanatory notes on filling in the quantitative disclosures:

Common definitions

Segmentation. The segments used are based on the definitions provided in the Bank of Portugal's publication on monetary and financial statistics:

1. "Government" – 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 sector, 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 "real estate 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 who are members of individual companies and companies of persons not having a legal personality which are mercantile producers.
5. "Personal − housing" – household sector comprising mortgage loans;
6. "Personal − 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 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 area 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), designed to achieve proactive balance sheet management and promote CGD group's profitability. In the risk management domain, the ALM process normally focuses on liquidity and balance sheet interest rate risk, as a forum 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 internally developed methodologies articulated with the existing liquidity contingency plan, designed to assess the funding situation at any point of time, strengthening CGD's resistance to adverse shocks and examining funding alternatives.

CGD 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 methodology used to measure 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 measurement purposes aims to estimate the effect of adverse variations 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 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 to match the effects of interest rate variations to net interest income.

Net interest income simulations are also used to improve the reliability of the estimates obtained from interest rate gaps on the sensitivity of interest margin. They include projections on 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 reflected in the yield curves.

The long term or economic perspective on the assessment of interest rate risk aims to estimate the effect of adverse variations of 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 variations of interest rates, in addition to the respective duration gap, enabling the effect of variations of interest rates 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 estimation of all of the future cash flows from assets and liabilities sensitive to interest rate variations (i.e. full valuation).

Liquidity and balance sheet interest rate risks are managed by a set of guidelines approved by the ALCO committee which includes limits on several 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 its balance sheet management purposes and that it is also able to define a convenient exposure level and control the results of its risk policies and positions.

Covid-19 impacts and mitigation measures

The Covid-19 pandemic has had a profound impact on economic activity in Portugal notwithstanding the government measures put in place to support businesses and individuals, such as the introduction of moratoria and new state-backed lines of credit to the economy through mutual guarantee societies.

However, the private moratoria granted under the interbank protocol mentored by the Portuguese Banking Association for individuals with mortgage loans comes to an end in March 2021. The public moratoria established in decree law 10-J/2020, of March 26, will end in September 2021.

CGD has implemented a group-wide operational plan, to mitigate the potential increase of non-performing loans as a result of the end of the moratoria, with the aim of identifying the level of vulnerability of customers applying for the moratorium by preparing a set of different solutions to be proposed to customers according to the level of their financial difficulties. These support solutions for businesses and individuals include. *inter alia,* options such as loan restructuring operations.

The Covid-19 pandemic has impacted business activity over several months, having justified the adoption of exceptional measures by governments and the supervisory and regulatory entities of various geographies in which CGD group operates.

Such measures have been designed to assist corporates and individuals. They can be exemplified by the introduction of moratoria and new state-backed lines of credit to the economy, through mutual guarantee societies and aim to enable a more effective response to the economic effects of the Covid-19 pandemic, by easing corporate and individual treasury problems.

In Portugal, the Portuguese state, through decree law 10-J/2020 of March 26, which aims to protect the loans of households, corporates, private "social solidarity institutions" (i.e. charities) and other private "social economy" institutions, created a series of exceptional measures to ensure the sustainability of the economy and income of citizens and corporate entities.

This decree law approved a moratorium, up to September 30, 2020 (subsequently extended to March 31, 2021), prohibiting cancellations of lines of credit, extending or suspending loans up to the end of this period to ensure the continuity of funding for households and corporate entities and provide for any defaults resulting from the reduction of economic activity.

Entities eligible for this decree law benefit from the following support measures for their credit exposures to institutions:

a) Prohibition on the full or part cancellation of lines of credit contracted for and loans made, for the amounts contracted for at the date upon which the decree law comes into force during the period of this measure;

b) An extension for the period of application of this measure, of all loans involving the payment of principal up to the end of an agreement, in force on the date upon which this decree law comes into effect, together with, under the same terms, all associated elements, including interest and guarantees provided in the form of insurance or credit securities;

c) For loans with a part repayment of principal or part maturity of other pecuniary payments, for the period in which this decree law is in effect, suspension of the payment of principal, instalments and interest due up to the end of this period, with the contractual schedule of the part payment of principal, instalments, interest, commissions and other costs/charges being automatically extended for an identical period to the suspension, in order to guarantee that there are no costs/charges other than those that may derive from changes in the contractual interest rate, with all of the elements associated with the contract covered by this measure, including guarantees, also being extended.

For any entities not included in this statute (individuals), general moratoria in the form of an interbank protocol mentored by the Portuguese Banking Association were also provided by credit institutions, financial companies and diverse sectoral associations.

Beneficiaries of these general moratoria were entitled to adopt one of the following measures up to September 30, 2020:

- Suspension of the payment of principal falling due up to that date, in the case of loans with a part payment of principal or a part maturity of other pecuniary instalments; or

- Suspension of the payment of principal and interest falling due during the period of the moratorium on loans with a part payment of principal or a part maturity of other pecuniary instalments – excluding any commissions and insurance premia or other costs/charges included in the amount of the monthly payment – in which case the interest deriving from the period of the moratorium will be capitalised with the amount of the loan payable with reference to the time payable, at the contractual interest rate.

The contractual schedule for the payment of parts of principal, instalments, interest, commissions and other costs/charges will be automatically extended for an identical period to that of the suspension, with all elements associated with the contracts covered by this measure, including guarantees, also being extended.

The moratoria, granted at December 31, 2020 were distributed between performing and non-performing loans as follows:

	Exposure in 31-12-2020							Impairment in 31-12-2020							Inflows to Non-Performing
		Performing			Non-Performing				Performing			Non-Performing			
			Of which with forebearance measures	Of which with significant increase in credit risk since initial recognition (Stage 2)		Of which with forebearance measures	Unlikely to pay that are not past-due or past-due <= 90 days			Of which with forebearance measures	Of which with significant increase in credit risk since initial recognition (Stage 2)		Of which with forebearance measures	Unlikely to pay that are not past-due or past-due <= 90 days	
Loans and advances subject to moratorium (active)	**6,100,821**	**5,645,428**	**69,634**	**1,448,035**	**455,393**	**22,662**	**411,668**	**452,230**	**198,287**	**1,546**	**148,500**	**253,943**	**4,238**	**230,928**	**106,315**
Households	**2,561,978**	**2,451,383**	**2,751**	**268,779**	**110,596**	**40**	**96,357**	**77,105**	**22,432**	**98**	**15,606**	**54,673**	**10**	**49,423**	**26,572**
Mortgage loans with property mortgage	2,329,598	2,276,365	1,517	219,422	53,233	-	41,567	37,452	16,847	65	10,964	20,605	-	16,287	23,743
Non-financial institutions	**3,520,898**	**3,176,147**	**66,882**	**1,164,612**	**344,751**	**22,622**	**315,287**	**370,097**	**170,830**	**1,448**	**127,925**	**199,267**	**4,228**	**181,503**	**79,743**
Small and medium institutions	2,761,935	2,504,778	26,482	893,267	257,157	10,541	232,366	294,981	132,603	529	98,385	162,378	1,119	149,053	68,703
Commercial real estate	1,084,097	973,929	2,989	287,904	110,168	14,201	98,892	68,297	42,896	135	25,677	25,401	648	20,313	6,896

Thousands

The existence of operations with general moratoria, classified as non-performing is justified by the conditions defined in article 2, sub-paragraphs c) and d) of decree law 10-J/2020 which is (similar to the interbank protocol), as follows:

c) (When) pecuniary payments to institutions on March 18, 2020, are not in arrears or in default for more than 90 days or, if in arrears, do not meet the materiality criterion of Bank of Portugal notice 2/2019 and regulation (EU) 2018/1845 of the European Central Bank of November 21, 2018 and are *not in a situation of insolvency or suspension or cessation of payments or which, on that date, are being executed by any of these institutions..*

d) (When) their status, vis-à-vis, the tax and customs authority and social security services, as defined in the tax procedure and process code and the contributory regimes to the social security welfare system code has been "regularised" up to April 30, 2020, not including debts incurred in March 2020.

The conditions of sub-paragraph a) do not include all of the criteria governing the definition of non-performing exposures, namely the criterion on the existence of the unlikely probability that a debtor will pay off all of its liabilities in full without the execution of guarantees. Decree law-10-J/2020 is also explicit as regards the date on which the exclusion conditions should be observed. This is different from the moratorium's access period which was extended up to September 30, 2020.

The moratoria granted, at December 31, 2020 were distributed as follows in terms of their residual maturity:

	Number of obligors	Exposure in 31-12-2020							
			Of which legislative moratoria	Of which expired	Residual maturity of moratoria				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 12 months
Loans and advances for which moratorium was offered	**74,653**	**7,777,594**							
Loans and advances subject to moratorium (granted)		**7,704,360**	**6,951,900**	**1,603,539**	**1,138,754**	**177,642**	**4,753,350**	**29,375**	**1,700**
Households		**3,388,955**	**2,646,237**	**825,277**	**247,825**	**33,148**	**2,275,130**	**5,876**	**1,700**
Mortgage loans with property mortgage		3,116,436	2,444,214	785,138	199,872	9,404	2,116,534	3,788	1,700
Non-financial institutions		**4,299,160**	**4,287,718**	**778,262**	**890,127**	**144,494**	**2,461,418**	**23,158**	**1,700**
Small and medium institutions		3,477,055	3,474,737	715,120	676,469	97,506	1,982,435	3,826	1,700
Commercial real estate		1,670,105	1,670,105	586,008	420,417	47,845	608,042	6,092	1,700

The lines of credit contracted for on the basis of public guarantees at December 31, 2020 were distributed as follows by segment and level of collateralisation:

	Exposure in 31-12-2020		Maximum amount of the guarantee that can be considered	*Inflows* to Non-Performing
		Of which with forebearance measures	Public guarantees received	
Newly originated loans and advances subject to public guarantee schemes	**1.193.404**	**9.615**	**964.937**	**2.280**
Households	**10.485**			**3**
Mortgage loans with property mortgage	-			-
Non-financial institutions	**1.182.496**	**9.615**	**956.362**	**2.277**
Small and medium institutions	1.091.310			1.327
Commercial real estate	120.770			17

Thousands

Governance

Specific committees were set up to address the oversight of CGD's activity in the following areas, with the aim of preparing an efficient response to the impacts of the Covid-19 pandemic:

a) Operational component, including the implementation of the recommendations of the World Health Organisation and Portugal's Directorate General for Health;

b) Adaptation of the business model placing emphasis on the evolution of internal processes both in terms of a massive response to customers' requests for moratoria and new lines of credit for corporate support and oversight;

c) A strengthening of the level of interaction with CGD entities abroad, with specific oversight of the evolution of each entity, in light of any specific issues;

d) Specific, prospective analyses on the potential impacts of the Covid-19 pandemic on CGD's activity, with the objective of identifying the diverse risks to which CGD group is exposed, allowing it to take effective prevention and mitigation measures over the short and medium term.

Adjustments and alterations to the impairment model

To complement the review of macroeconomic scenarios, the following methodological changes were made owing to the high level of uncertainty associated with the pandemic's evolution and impacts.

a) No update on housing LGD and respective forward-looking component

Given that the highly significant improvement of housing LGD incorporates an atypical period owing to the existence of moratoria, CGD considered that this parameter should not be updated, given the high levels of uncertainty on the pandemic's impacts. For the remaining segments – namely corporate LGD – the improvement was less significant than that of the housing LGD and it was therefore decided to update it in accordance with the impairment policy on the frequency of risk factor updates.

b) Adjustment to the time lag in the forward-looking component of PDs and LGDs for the transactions of singular persons covered by the legal/Portuguese Banking Association moratorium and for corporate customers subscribing for the legal/Portuguese Banking Association moratorium in CGD Portugal.

As the introduction of private and public moratoria did not automatically trigger the reclassification of exposures under the definition of forbearance and distressed restructuring operations, following EBA guidelines on the treatment of general moratoria[2], the effect of the deterioration of economic conditions was not fully reflected in the risk classification of transactions/customers. This measure may, eventually, delay the deterioration in the marking of credit risk, i.e. migration to stage 2 or stage 3. This means that there is a possibility that this deterioration will only occur after the expiry of the moratoria, at a time when the economy is already growing according to the disclosure of projections. It also means that the effect of the sharp fall in GDP in 2020 on the deterioration of the PD and LGD risk parameters will tend to occur later than projected by the forward-looking model. Given that measures of this nature have never been historically implemented, it is not statistically possible to estimate the evolution of these transactions/customers. On the other hand, in a highly uncertain context regarding customers' financial capacity to service their debts after the expiry of the moratorium, it was considered, as a matter of prudence, that the positive effect of economic growth projected for 2021 would only start to have an impact 12 months after the time estimated by the forward-looking model. For example if, for a given segment, the model estimates a reduction of PD starting June 2021 and the transaction/customer is the beneficiary of a moratorium, this reduction should be adjusted to start only in June 2022, given the context of uncertainty surrounding the end of the moratoria. The application of the 12-month adjustment to the forward-looking lag was defined on the basis of expert judgement and there is no statistical support to define this factor. A 9 month time lag between December 2020 and the expiry date of the public moratorium in September 2021 was taken into account in the expert judgment. Additionally, considering the materiality criteria on credit overdue for more than 90 days, it was decided to add a further 3 months, resulting in an adjustment factor of 12 months. This adjustment determined the transition of exposures of around €350,000 thousand from stage 1 to stage 2.

Macroeconomic scenarios used in the impairment model

Expected credit risk losses recognised at the end of 2020 reflect an update of the most recent macroeconomic scenarios that incorporate the effect of the second wave of the Covid-19 pandemic, in the impairment model's forward-looking component, in addition to the forecast of the start of the vaccination process in first half 2021.

The macroeconomic projections upon which the impairment model's forward-looking information is based are revised every six months with the definition of three scenarios with different probabilities of occurrence. With

2 European Banking Authority (EBA) – Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the Covid-19 crisis, published on April 2, 2020.

reference to December 31, 2020 the macroeconomic indicators for each of the scenarios considered in the credit impairment model for Portugal, are set out in the following table:

Portugal - Macroeconomic projections (in percentage) used in the ECL on 31 December 2020

	Favourable scenario				Central scenario				Adverse scenario			
	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
Occurrence probability	25				50				25			
GDP (1)	2.2	-6.0	8.2	5.5	2.2	-10.0	6.5	4.8	2.2	-12.0	3.0	1.6
Harmonized consumer price index (1)	0.3	0.3	1.3	2.0	0.3	-	1.1	1.2	0.3	-0.5	-	0.7
Unemployment rate (2)	6.5	6.0	6.2	4.9	6.5	8.1	7.7	6.9	6.5	10.0	10.0	8.5
Bank of Portugal projections												
Euribor 3M	-0.4	-0.4	-0.4	-0.5	-0.4	-0.4	-0.5	-0.6	-0.4	-0.5	-0.6	-0.7
Yield 10 years - Portugal	0.8	0.5	0.5	0.6	0.8	0.5	0.2	0.3	0.8	0.4	-0.1	-

(1) Annual percentage rate of change

(2) Percentage of the active population

In comparison to the macroeconomic scenarios at June 30, 2020, as set out in the following table, there has been an across-the-board improvement in the macroeconomic indicators in comparison to the projections for December 31, 2020.

Portugal - Macroeconomic projections (in percentage) used in the ECL on 30 June 2020

	Favourable scenario			Central scenario			Adverse scenario		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
GDP (1)	2,2	-6,9	4,3	2,2	-9,5	5,2	2,2	-13,1	1,7
Harmonized consumer price index (1)	0,3	-0,2	0,4	0,3	0,1	0,8	0,3	0,0	0,7
Unemployment rate (2)	7	9,6	9	6,5	10,1	8,9	6,5	11,4	11,4
Bank of Portugal projections									
Euribor 3M	-0,4	-0,4	-0,4	-0,4	-0,4	-0,4	-0,4	-0,4	-0,4
Yield 10 years - Portugal	0,8	1,0	1,3	0,8	1,0	1,3	0,8	1,5	1,9
Occurrence probability	25			50			25		

(1) Annual percentage rate of change

(2) Percentage of the active population

In the central scenario, with a probability of occurrence of 50%, economic growth projections for 2020 indicate a slight downwards trend with a 10% contraction of GDP, i.e. down by more than 0.5pp over the June 2020 estimate. The resurgence of a higher number than expected cases of Covid-19 will have constrained the recovery of economic activity in 4th quarter 2020. This will be offset by expectations of faster recovery in 2021, reflecting confidence in the effectiveness of the vaccination programme in the first half year. The Portuguese economy is expected to return to its pre-pandemic levels by 2022, with an estimated end of year economic growth of 4.8%

The severe scenario, in comparison to the previous projection, is less pessimistic regarding the extent of the Portuguese economy's fall in 2020 and the evolution of the unemployment rate. Based on economic evolution in first half 2021 the fall has been estimated at 12%, as opposed to the 13.1% estimated last June. However, the possibility of a more gradual economic recovery, not in the form of a "V" as expected in the central scenario, now appears to be more likely at 30%. The second wave of the pandemic was more severe than initially expected, increasing the risks considered in the confidence indices of economic actors of a faster economic recovery. Greater uncertainty over the pandemic's evolution has impacted consumption patterns, fuelling higher levels of savings as a precautionary measure and making it more likely that corporate investment decisions will be temporarily shelved, increasing the probability of more gradual economic recovery.

The favourable scenario is more optimistic than in the June 2020 projection but less likely. Given knowledge of the effectiveness of vaccines and considering that a significant part of the Portuguese population will be vaccinated by the beginning of summer, it is assumed, with a 10% probability that the Portuguese economy will return to pre-crisis levels before the end of 2021, ending the year with growth of 8.2%. In terms of the labour market, a decrease in the unemployment rate to 6% in 2020 has been projected, in comparison to 6.5% in 2019.

The amount of impairment and provisions recognised in the profit and loss statement incorporate reversals of impairment deriving from normal portfolio evolution in addition to events related to recovery processes such as disposals of non-performing loans and recoveries of the amounts of write-offs.

Impacts of changing scenarios and other adjustments

Updates of the macroeconomic scenarios in the impairment model led to a reduction of credit impairment which was practically reversed by the effect of the adjustments to the impairment model.

CGD complemented the updates of macroeconomic scenarios with various sensitivity tests to identify any deterioration of its credit portfolio deriving from the Covid-19 pandemic over the short and medium term, which could trigger a deterioration of the stage. Upon completing the analyses, CGD allocated an amount of €268,700 thousand to provide for expected unrealised losses not identified by the current impairment model.

The amounts of impairment and provisions in the profit and loss statement incorporate reversals deriving not only from normal portfolio evolution but also the disposal of non-performing loans in 1st half 2020 and extraordinary recoveries of asset write-offs.

Sensitivity analyses

Owing to the high levels of uncertainty over the macroeconomic projections and considering that deviations from the scenarios presented may have an impact on the amount of loss estimations, sensitivity tests on the distribution of the portfolio by stages and respective impact on impairment were carried out.

The following analyses were performed for this purpose:

1) Consideration of a probability of occurrence of 100% for the favourable scenario;

2.a) Consideration of a probability of occurrence of 100% for the base scenario, assuming that the property market remains stable (i.e. no fall in property prices);

2.b) Consideration of a probability of occurrence of 100% for the base scenario, assuming slightly lower prices (5% reduction of property prices);

3.a) Consideration of a probability of occurrence of 100% for the severe scenario assuming that the property market remains stable (i.e. no fall of property prices);

3.b) Consideration of a probability of occurrence of 100% for the severe scenario, assuming slightly lower prices (5% reduction of property prices);

3.c) Consideration of a probability of occurrence of 100% for the severe scenario, assuming a sharper fall (10% reduction of property prices);

The sensitivity analyses measure the impacts of the expected loss (ECL) and evolution of stage 1 (S1) and stage 2 (S2) resulting from the application of the different macroeconomic scenarios, in conjunction with different depreciation factors for collateral on property.

The impacts are measured against the calculation of impairment for December 2020, for CGD Portugal's credit portfolio whose expected losses are estimated on the basis of the three macroeconomic scenarios: central (50%), favourable and adverse (25% each).

The following tables provide information on the total impacts of the sensitivity analyses on credit impairment and provisions for off-balance sheet exposures (e.g. bank guarantees provided and unused lines of credit), in addition to migrations of exposure between S1 and S2 deriving from the identification of a significant increase in credit risk in comparison to the time of origination of operations, owing to a change of the lifetime default probability curves estimated for each scenario:

Impacts as a percentage of the results of the sensitivity analyses in comparison to impairment calculated at December 31, 2020:

Impacts as a percentage of the results of the sensitivity analyses in comparison to impairment calculated at December 31, 2020:						
	Favourable scenario	**Central scenario**		**Adverse scenario**		
Probability of occurrence of scenario	100%	100%		100%		
Sensitivity scenario	1)	2.a)	2.b)	3.a)	3.b)	3.c)
Depreciation of collateral on property loans	0%	0%	5%	0%	5%	10%
Exposure						
Stage1	1,1%	0,3%	0,3%	-0,9%	-0,9%	-0,9%
Corporates	2,1%	0,5%	0,5%	-1,9%	-1,9%	-1,9%
Personal	0,3%	0,1%	0,1%	-0,2%	-0,2%	-0,2%
Specialized credit	2,1%	0,3%	0,3%	-1,0%	-1,0%	-1,0%
Stage 2	-12,0%	-2,8%	-2,8%	9,9%	9,9%	9,9%
Corporates	-14,0%	-3,5%	-3,5%	12,3%	12,3%	12,3%
Personal	-6,2%	-1,2%	-1,2%	4,9%	4,9%	4,9%
Specialized credit	-17,1%	-2,6%	-2,6%	7,8%	7,8%	7,8%
Stage 3	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Corporates	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Personal	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Specialized credit	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Impairment and provisions	**-10,4%**	**-2,0%**	**-1,1%**	**7,9%**	**8,9%**	**10,0%**
Stage1	-31,7%	-5,6%	-4,8%	19,9%	20,8%	21,7%
Corporates	-27,3%	-2,7%	-2,3%	11,7%	12,2%	12,6%
Personal	-79,0%	-29,9%	-25,8%	83,9%	88,7%	94,0%
Specialized credit	-17,5%	-1,1%	-1,0%	10,3%	10,3%	10,4%
Stage 2	-32,2%	-6,7%	-5,6%	27,0%	28,7%	30,5%
Corporates	-27,0%	-4,7%	-4,0%	21,4%	22,2%	22,9%
Personal	-80,0%	-25,9%	-20,0%	82,3%	93,4%	105,1%
Specialized credit	-28,8%	-4,2%	-4,1%	14,1%	14,1%	14,2%
Stage 3	-2,4%	-0,4%	0,4%	1,6%	2,5%	3,4%
Corporates	-0,4%	-0,1%	0,3%	0,3%	0,6%	0,9%
Personal	-17,6%	-3,2%	1,1%	12,5%	17,0%	21,8%
Specialized credit	-0,2%	0,0%	1,7%	0,1%	1,8%	3,8%

The occurrence of the severe scenario would lead to the transfer of 1% of exposure from S1 to S2, entailing a 12% increase of exposure in S2. The impact on impairment may vary between 6% and 8.3%, depending on the level of the fall of property market prices.

A slight reduction of impairment of 3.2% would occur in the favourable scenario assuming that property prices remain stable. There would also be a reduction of 3.2% of exposure in S2, owing to migration to S1:

Distribution of credit portfolio stocks (assets and off-balance sheet) and respective impairments and provisions, according to the sensitivity scenario considered:							
	31-12-2020	Favourable scenario	Central scenario		Adverse scenario		
Probability of occurrence of scenario	Ponderação dos 3 cenários	100%	100%		100%		
Sensitivity scenario		1)	2.a)	2.b)	3.a)	3.b)	3.c)
Depreciation of collateral on property loans		0%	0%	5%	0%	5%	10%
Exposure	**53.871**	**53.871**	**53.871**	**53.871**	**53.871**	**53.871**	**53.871**
Stage1	**46.932**	47.467	47.056	47.056	46.492	46.492	46.492
Corporates	18.547	18.941	18.646	18.646	18.198	18.198	18.198
Personal	25.398	25.477	25.414	25.414	25.335	25.335	25.335
	2.987	3.049	2.997	2.997	2.959	2.959	2.959
Stage 2	**4.465**	3.929	4.341	4.341	4.905	4.905	4.905
Corporates	2.824	2.430	2.725	2.725	3.173	3.173	3.173
Personal	1.277	1.197	1.261	1.261	1.339	1.339	1.339
	364	302	355	355	392	392	392
Stage 3	**2.474**	2.474	2.474	2.474	2.474	2.474	2.474
Corporates	1.799	1.799	1.799	1.799	1.799	1.799	1.799
Personal	468	468	468	468	468	468	468
	207	207	207	207	207	207	207
Expected Credit Losses (ECL)	**1.894**	**1.696**	**1.856**	**1.873**	**2.043**	**2.062**	**2.083**
Stage1	**175**	119	165	166	209	211	213
Corporates	127	92	123	124	142	142	143
Personal	20	4	14	15	37	38	39
	28	23	27	27	30	30	30
Stage 2	**340**	230	317	321	431	437	443
Corporates	291	213	278	280	354	356	358
Personal	33	7	24	26	60	64	67
	15	11	15	15	18	18	18
Stage 3	**1.380**	1.347	1.374	1.386	1.402	1.414	1.427
Corporates	1.148	1.143	1.148	1.151	1.151	1.155	1.159
Personal	157	129	152	158	176	183	191
	75	75	75	76	75	76	78

Thousands

Liquidity risk

Liquidity risk derives from the possibility of difficulties (i) in obtaining resources to finance assets, normally leading to higher resource-taking costs but which may also imply a restriction on asset growth, and (ii) in 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, 2020 and December 31, 2019 are set out below:

	31-12-2020									
	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	10,278,712	-	-	-	-	-	-	-	-	10,278,712
Cash balances at other credit institutions	693,081	-	-	-	-	-	-	-	-	693,081
Loans and advances to credit institutions	1,789,537	566,188	157,735	17,176	10,683	2,470	6,170	49,971	48,947	2,648,876
Securities										
Trading	948,941	737,101	646,521	783,326	23,552	14,517	8,980	6,710	898,067	4,067,716
Other (net of impairment)	527,120	281,017	2,377,019	3,535,453	1,852,602	2,250,140	8,819,660	28,703	1,214,555	20,886,270
Loans and advances to customers (gross)	1,916,931	2,423,716	2,469,753	3,202,753	10,153,418	7,582,011	12,069,086	17,816,788	219,027	57,853,484
Assets with repurchase agreement	-	964	13,123	1,438	-	-	-	-	(427)	15,098
Hedging derivatives	-	-	-	-	-	-	-	-	7,325	7,325
	16,154,322	4,008,986	5,664,152	7,540,146	12,040,255	9,849,138	20,903,896	17,902,171	2,387,494	96,450,561
Liabilities										
Resources of central banks and credit institutions	(467,924)	(34,753)	(4,942)	(38,697)	(1,428,216)	(2,760)	(2,809)	(211)	(102,267)	(2,082,579)
Customer resources and other loans	(45,004,046)	(9,465,266)	(14,938,594)	(2,337,075)	(431,341)	(13,518)	(8,632)	(6,355)	(220,286)	(72,425,114)
Debt securities	(9,996)	-	(13,803)	(71,214)	(1,261,190)	(6,000)	-	(20,050)	(70)	(1,382,322)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	(921,391)	(921,391)
Hedging derivatives	-	-	-	-	-	-	-	-	(56,295)	(56,295)
Subordinated liabilities	-	(5,980)	-	(6,250)	(605,715)	(518,212)	(117,954)	-	-	(1,254,111)
Consigned resources	(13,718)	(48)	(925)	(218)	(342,519)	(13,365)	(358,778)	(47,007)	19,716	(756,863)
	(45,495,685)	(9,506,047)	(14,958,265)	(2,453,453)	(4,068,981)	(553,855)	(488,173)	(73,624)	(1,280,594)	(78,878,676)
Derivatives	1,055	7,682	(2,088)	15,075	22,980	8,961	(14,926)	4,283	-	43,021
Difference	(29,340,309)	(5,489,379)	(9,296,201)	5,101,768	7,994,254	9,304,244	20,400,797	17,832,830	1,106,900	17,614,905

	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

As they include cash flow projections on principal and interest the above tables are not therefore directly comparable to the accounting balances at December 31, 2020 and December 31, 2019. Interest projections on variable-rate operations incorporate the forward rates implicit in the yield curve in force on the respective reference dates.

In the special case of mortgage loans, the distribution of principal and interest flows took into consideration expectations of early repayment rates assessed on an analysis of the past performance of operations and present macroeconomic context.

With reference to December 31, 2020 and December 31, 2019, the following tables provide information on the "structural" (as opposed to contractual) periods to maturity of CGD group's balance sheet and differ from the former tables in their use of the following assumptions:

a) 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 the operations they are collateralising;

b) Customers' sight deposits and savings accounts without a defined maturity (CGD Portugal): distribution of balance by period-to-maturity buckets in accordance with internal studies and models;

c) Customers' sight deposits (CGD group entities): distribution of the balance of core deposits (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 meet the recommendations of the Basel Committee on Banking Supervision (BCBS) 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.

	31-12-2020									
	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	10,278,712	-	-	-	-	-	-	-	-	10,278,712
Cash balances at other credit institutions	693,081	-	-	-	-	-	-	-	-	693,081
Loans and advances to credit institutions	1,789,537	566,188	157,735	17,176	10,683	2,470	6,170	49,971	48,947	2,648,876
Securities										
Trading	948,941	737,101	646,521	783,326	23,552	14,517	8,980	6,710	898,067	4,067,716
Other (net of impairment)	527,120	281,017	2,377,019	3,535,453	1,852,602	2,250,140	8,819,660	28,703	1,214,555	20,886,270
Loans and advances to customers (gross)	1,916,931	2,423,716	2,469,753	3,202,753	10,153,418	7,582,011	12,069,086	17,816,788	219,027	57,853,484
Assets with repurchase agreement	-	964	13,123	1,438	-	-	-	-	(427)	15,098
Hedging derivatives	-	-	-	-	-	-	-	-	7,325	7,325
	16,154,322	4,008,986	5,664,152	7,540,146	12,040,255	9,849,138	20,903,896	17,902,171	2,387,494	96,450,561
Liabilities										
Resources of central banks and credit institutions	(467,924)	(34,753)	(4,942)	(38,697)	(1,428,216)	(2,760)	(2,809)	(211)	(102,267)	(2,082,579)
Customer resources and other loans	(45,004,046)	(9,465,266)	(14,938,594)	(2,337,075)	(431,341)	(13,518)	(8,632)	(6,355)	(220,286)	(72,425,114)
Debt securities	(9,996)	-	(13,803)	(71,214)	(1,261,190)	(6,000)	-	(20,050)	(70)	(1,382,322)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	(921,391)	(921,391)
Hedging derivatives	-	-	-	-	-	-	-	-	(56,295)	(56,295)
Subordinated liabilities	-	(5,980)	-	(6,250)	(605,715)	(518,212)	(117,954)	-	-	(1,254,111)
Consigned resources	(13,718)	(48)	(925)	(218)	(342,519)	(13,365)	(358,778)	(47,007)	19,716	(756,863)
	(45,495,685)	(9,506,047)	(14,958,265)	(2,453,453)	(4,068,981)	(553,855)	(488,173)	(73,624)	(1,280,594)	(78,878,676)
Difference	1,055	7,682	(2,088)	15,075	22,980	8,961	(14,926)	4,283	-	43,021
	(29,340,309)	(5,489,379)	(9,296,201)	5,101,768	7,994,254	9,304,244	20,400,797	17,832,830	1,106,900	17,614,905

	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

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 re-fixing date, at December 31, 2020 and December 31, 2019 is set out in the following tables:

	31-12-2020								
	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	9,190,827	1,087,885	-	-	-	-	-	-	10,278,712
Cash balances at other credit institutions	692,586	475	-	-	0	-	-	-	693,061
Loans and advances to credit institutions	1,263,242	523,668	568,863	156,544	16,956	4,089	37,633	48,947	2,619,940
Trading	-	948,634	737,000	645,883	783,095	21,200	25,675	13,237	3,174,724
Other (net of impairment)	175,015	344,551	464,490	2,385,194	3,385,462	1,148,597	9,125,378	1,300,856	18,329,544
Loans and advances to customers (gross)	4,179,272	7,163,753	13,691,542	11,411,540	5,471,007	2,370,441	4,656,898	106,418	49,050,872
Assets with repurchase agreement	-	-	936	12,001	1,367	-	-	(427)	13,877
	15,500,942	10,068,966	15,462,830	14,611,162	9,657,887	3,544,328	13,845,584	1,469,030	84,160,730
Liabilities									
Resources of central banks and credit institutions	(376,826)	(93,222)	(456,764)	(7,715)	(4,699)	(1,000,000)	(2,311)	(94,979)	(2,036,517)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	(921,391)	(921,391)
Customer resources and other loans	(40,556,447)	(4,371,242)	(9,349,050)	(14,905,456)	(2,369,551)	(427,059)	(19,020)	(4,594)	(72,002,419)
Debt securities	-	-	(250,000)	(13,440)	(70,000)	(999,600)	(26,050)	(70)	(1,359,160)
Subordinated liabilities	-	-	-	(500,000)	-	-	(600,000)	-	(1,100,000)
Consigned resources	(13,718)	-	(12,836)	-	(66,736)	(311,707)	(309,429)	(116)	(714,542)
	(40,946,992)	(4,464,464)	(10,068,650)	(15,426,611)	(2,510,986)	(2,738,366)	(956,810)	(1,021,151)	(78,134,029)
Derivatives									
Interest Rate Swaps (IRSs)	(70,867)	361,177	(145,982)	430,202	144,938	(157,114)	(538,794)		23,560
Interest rate futures	-	-	(23,684)	-	-	-	(1,427,933)		(1,451,616)
Forward Rate Agreements (FRAs)	-	-	-	-	-	-	-		-
Interest rate options	-	(3,765)	(23,260)	63,621	10,000	-	-		46,596
	(70,867)	357,411	(192,926)	493,823	154,938	(157,114)	(1,966,727)	-	(1,381,461)
Net exposure	(25,516,916)	5,961,913	5,201,255	(321,625)	7,301,840	648,848	10,922,047	447,879	4,645,240

	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
Securities									-
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)
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)
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

The form of measuring the fair value of financial instruments recognised in the financial statements, at fair value, at December 31, 2020 and December 31, 2019 may be summarised as follows:

	31-12-2020			
	Measurement techniques			Total
	Level 1 Market prices	Level 2 Market inputs	Level 3 Other measurement techniques	
Securities held-for-trading	3,174,724	-	0	3,174,724
Securities at fair value through profit or loss	190,816	-	1,080,591	1,271,407
Available-for-sale financial assets	6,602,375	68,942	184,599	6,855,916
Assets with repurchase agreement	-	-	13,877	13,877
Trading derivatives	-	(23,249)	(11,706)	(34,956)
Hedging derivatives	-	(48,971)	-	(48,971)
	9,967,915	(3,278)	1,267,361	11,231,997

	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

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 inputs. This column includes financial instruments whose value is measured on the basis of internal models using observable market inputs (interest rates, exchange rates, ratings attributed by 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 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 2020, 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 31-12-2019	1.209.329	96	1.209.425	96.949	3.851	167.025	267.825	(12.783)	1.464.466
Acquisitions	46.690	-	46.690	2.138	-	81.968	84.106		130.796
Sales	(64.881)	-	(64.881)	(1.120)	(677)	(593)	(2.390)		(67.272)
Amortisations	(13.808)	-	(13.808)	-	-	(112.288)	(112.288)		(126.096)
Gains / (losses) recognised as a charge to net income - alienated instruments	3.881	-	3.881	2	-	442	444		4.325
Gains / (losses) recognised as a charge to net income - portfolio instruments [*]	(89.062)	3	(89.059)	6.508	-	(6.111)	397	1.077	(87.585)
Impairment for the year			-	(18.954)	(57)	222	(18.789)		(18.789)
Transfers from / (to) other accounting captions	(658)		(658)	-	-	-	-		(658)
Exchange differences	(10.998)		(10.998)	(1.092)	-	(20.016)	(21.108)		(32.106)
Other			-	-	-	280	280		280
Book value (net) at 31-12-2020	1.080.493	98	1.080.591	84.431	3.117	110.928	198.476	(11.706)	1.267.361

[*] Includes values of equity unit redemption portfolios

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, 2020 and December 31, 2019 would result in decreases of around €0.07 thousand and €2 thousand in balance sheet fair value, revaluation reserves and profit and loss, respectively.

At December 31, 2019, equity instruments measured by other measurement techniques (level 3) essentially include investment structures measured on the basis of data on the net asset value of the underlying assets supplied by the management bodies or other information services providers.

Transfers between levels 1 and 2 of the fair value ranking, in 2020, were as follows:

	31-12-2020	
	Available-for-sale financial assets	
	Transfers from level 1 to level 2	Transfers from level 2 to level 1
Debt instruments	22,459	43,248
	22,459	43,248

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 2021 and 2020, respectively. The estimates were obtained from the interest rate gap and are therefore particularly conservative, in a macroeconomic environment of interest rates in negative terrain.

ESTIMATED CHANGE IN NET INTEREST INCOME

	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
2020	(282,293)	(141,147)	(70,573)	70,573	141,147	282,293
2021	(348,023)	(174,012)	(87,006)	87,006	174,012	348,023

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, 2020 and December 31, 2019, is set out in the following tables:

	Fair Value						
	31-12-2020						
	- 200 bp	- 100 bp	- 50 bp	Base scenario	+ 50 bp	+ 100 bp	+ 200 bp
Cash and cash equivalents at central banks	10,279,067	10,279,067	10,279,067	10,279,067	10,279,067	10,279,067	10,279,067
Loans and advances to credit institutions	3,485,116	3,484,631	3,484,381	3,479,853	3,474,287	3,469,108	3,459,781
Securities							
Trading	3,191,161	3,181,355	3,176,459	3,171,210	3,165,091	3,159,033	3,147,096
Other	6,877,745	6,862,530	6,854,835	6,823,595	6,709,054	6,598,473	6,388,569
Held-to-maturity investments (gross)	11,712,850	11,693,134	11,683,300	11,621,613	11,362,687	11,112,734	10,638,394
Assets with repurchase agreement	18,357	18,290	18,264	18,237	18,210	18,184	18,130
Loans and advances to customers	52,795,907	52,843,851	52,904,247	52,919,874	52,633,453	52,355,646	51,824,294
Asset	**88,360,203**	**88,362,860**	**88,400,553**	**88,313,450**	**87,641,849**	**86,992,246**	**85,755,331**
Resources of central banks	(1,190,850)	(1,190,850)	(1,190,849)	(1,190,827)	(1,178,358)	(1,166,043)	(1,141,865)
Resources of other credit institutions	(866,478)	(865,685)	(865,293)	(864,505)	(863,556)	(862,612)	(860,735)
Customer resources and other loans	(72,753,514)	(72,727,036)	(72,708,121)	(72,674,625)	(71,789,304)	(70,946,117)	(69,375,519)
Debt securities	(1,411,025)	(1,399,581)	(1,393,904)	(1,387,267)	(1,379,841)	(1,372,529)	(1,358,224)
Subordinated liabilities	(1,753,944)	(1,747,922)	(1,744,932)	(1,741,767)	(1,723,730)	(1,705,971)	(1,671,260)
Liabilities	**(77,975,811)**	**(77,931,074)**	**(77,903,099)**	**(77,858,991)**	**(76,934,789)**	**(76,053,272)**	**(74,407,603)**
Market value	**10,384,392**	**10,431,786**	**10,497,453**	**10,454,459**	**10,707,060**	**10,938,974**	**11,347,728**

	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 is assessed on the following premises:

- 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 operations' contractual terms and, for variable-rate instruments, an estimate of 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;

Long term or economic perspective – fair value

The following tables set out information on the balance sheet and fair values of the principal financial assets and liabilities, at amortised cost, at December 31, 2020 and December 31, 2019.

	31-12-2020									
	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	10,278,712	-	-	-	-	-	-	-	-	10,278,712
Cash balances at other credit institutions	693,081	-	-	-	-	-	-	-	-	693,081
Loans and advances to credit institutions	1,789,537	566,188	157,735	17,176	10,683	2,470	6,170	49,971	48,947	2,648,876
Securities										
Trading	948,941	737,101	646,521	783,326	23,552	14,517	8,980	6,710	898,067	4,067,716
Other (net of impairment)	527,120	281,017	2,377,019	3,535,453	1,852,602	2,250,140	8,819,660	28,703	1,214,555	20,886,270
Loans and advances to customers (gross)	1,916,931	2,423,716	2,469,753	3,202,753	10,153,418	7,582,011	12,069,086	17,816,788	219,027	57,853,484
Assets with repurchase agreement	-	964	13,123	1,438	-	-	-	-	(427)	15,098
Hedging derivatives	-	-	-	-	-	-	-	-	7,325	7,325
	16,154,322	4,008,986	5,664,152	7,540,146	12,040,255	9,849,138	20,903,896	17,902,171	2,387,494	96,450,561
Liabilities										
Resources of central banks and credit institutions	(467,924)	(34,753)	(4,942)	(38,697)	(1,428,216)	(2,760)	(2,809)	(211)	(102,267)	(2,082,579)
Customer resources and other loans	(45,004,046)	(9,465,266)	(14,938,594)	(2,337,075)	(431,341)	(13,518)	(8,632)	(6,355)	(220,286)	(72,425,114)
Debt securities	(9,996)	-	(13,803)	(71,214)	(1,261,190)	(6,000)	-	(20,050)	(70)	(1,382,322)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	(921,391)	(921,391)
Hedging derivatives	-	-	-	-	-	-	-	-	(56,295)	(56,295)
Subordinated liabilities	-	(5,980)	-	(6,250)	(605,715)	(518,212)	(117,954)	-	-	(1,254,111)
Consigned resources	(13,718)	(48)	(925)	(218)	(342,519)	(13,365)	(358,778)	(47,007)	19,716	(756,863)
	(45,495,685)	(9,506,047)	(14,958,265)	(2,453,453)	(4,068,981)	(553,855)	(488,173)	(73,624)	(1,280,594)	(78,878,676)
Derivatives	1,055	7,682	(2,088)	15,075	22,980	8,961	(14,926)	4,283	-	43,021
Difference	(29,340,309)	(5,489,379)	(9,296,201)	5,101,768	7,994,254	9,304,244	20,400,797	17,832,830	1,106,900	17,614,905

	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

Fair value was assessed on the following premises:

- The book value of balances payable on demand corresponds to their fair value;
- The net fair value of CGD’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, in addition to, 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 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 CGD’s centralised calculation.

Restructuring funds

The restructuring funds in which CGD has invested (i.e. structures associated with asset lending operations - notes 7 and 8) are measured at their respective fair value, determined by reference to the NAV reported by the management company and subject to an internal analysis by the risk management division on the recoverable amount of such assets included in the structures' equity. The analysis may lead to situations requiring negative adjustments to the restructuring funds' NAV and recognition of additional losses to those that would be recorded on the basis of the valuation communicated by the management companies.

This analysis derives from the internal policy approved by CGD's management bodies for monitoring the risks inherent in exposures to restructuring funds, in conformity with the supervisor's recommendations for furthering an internal control and governance activity commensurate with the bank's profile and organisational structure. It aims to contest the assumptions used by each management company.

The work is based on the development of alternative analysis methodologies which endeavour to measure the value of the principal assets included in the funds and, accordingly, gain a perception of the potential deviation from the NAV valuation communicated by the management company.

For analysis purposes in the case of corporate restructuring funds CGD evaluates the information it has available on each fund's assets (representing at least 80% of NAV whenever possible), namely verification of the historical EBITDA and EBITDA projections (when provided) and a sensitivity analysis on the assumptions used by management companies in determining companies' NAVs (namely: discount rates, sales growth levels, EBITDA margins). Reference should be made to the fact that as the management companies of the restructuring funds do not provide full information on the assumptions and respective rationale upon which the valuation of the companies is based, CGD therefore makes use of the internal information to which it has access in its systems and which it seeks to complement, with the use of sectoral EBITDA multiples to contest the amount of NAV, i.e., producing a sensitivity analysis on the valuation of assets.

In the real estate component, CGD's real estate business division issues an opinion on the valuation of this type of assets, challenging the real estate appraisals that have been sent to it, applying depreciation rates according to the type of asset and its location. The opinion of the real estate business division is used by the risk management division for comparison to the NAV reported by the fund management companies.

In the year ended December 2020, DNI's application of coefficients to the valuations of funds' real estate assets, was based on an additional prudential approach taking into account the Covid-19 pandemic factor and uncertainty over recovery (in terms of maturity and amounts) with effects on diverse variables (discount rates, capitalisation rates, revenue per occupied room, eventual extensions of the sales terms of assets).

In view of the current pandemic situation, CGD has been requesting management companies to provide new asset valuations to allow it to verify the accuracy of the NAVs reported to CGD in light of this new situation and to submit updated business plans for its subsidiary companies.

As a result of these analyses, gradual adjustments to the NAV of the restructuring funds have been reported.

During the course of 2021 CGD initiated procedures for the disposal of certain investments held in restructuring funds, whose potential effects, which cannot be reliably quantified on this date, were not considered in the valuation of these assets at December 31, 2020.

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 inputs necessary for the measurement also depends upon the operations' characteristics, but generally includes yield curves, volatility curves, equities/indices prices, exchange rates and dividend yields.

Yield curves are produced on deposit rates and swap prices taken from Reuters/Bloomberg. 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 period of the operation's indexer.

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.

Under IFRS 13 − “Fair value measurement” requirements, CGD incorporated add-ons to its measurement of the said financial instruments to reflect its own credit risk based on a market discount curve it considers 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 obtained comprises the risk-free measurement affected by this addition.

CVAs/DVAs are assessed by a methodology implemented on a Caixa Geral de Depósitos group level. This methodology is based on an estimation of exposure at the time of default − exposure at default or EAD − on each operation and the application of risk parameters on the estimated EAD for assessing CGD’s expected loss (CVA) and that of the counterparty. In the case of interest rate swaps, EAD is estimated for various future dates by modelling swaptions, thus enabling the incorporation of the operations’ future potential exposure. For the remaining products, EAD usually corresponds to the instrument’s fair value on the reference date.

The risk parameters consist of probabilities of default (PDs) and loss given defaults (LGDs) 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 by credit quality based on a set of quantitative and qualitative criteria, resulting in an internal rating the group matches to a historical PD.

The value of credit value adjustments (CVAs) at December 31, 2020 recognised In the "Financial assets held-for-trading" account and debit value adjustments (DVAs) recognised in the "Financial liabilities held-for-trading" account totalled €14,233 thousand and €1,480 thousand respectively (€16,261 thousand and €1,390 thousand, respectively, at December 31, 2019).

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 inputs used for internal valuations are 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 valuations. The measurements are generally based on estimated future discounted cash flows which may be forecast by a reasonably complex model ranging from simple discounted cash flows resulting from forward rates (obtained from the most adequate 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 measurements 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 produced using 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 (forward rate agreements).

The values of the curves of the currencies with the highest levels of exposure, at December 31, 2020 and December 31, 2019 were as follows

	31-12-2020			31-12-2019		
	EUR	USD	GBP	EUR	USD	GBP
Overnight	-0.5450	0.1750	0.1000	-0.4700	1.4900	0.7650
1 month	-0.5350	0.3100	0.1100	-0.4700	1.7200	0.7400
2 months	-0.5336	0.3000	0.1100	-0.4491	1.7800	0.8000
3 months	-0.5316	0.2831	0.1014	-0.4274	1.7880	0.8135
6 months	-0.5257	0.2213	0.0532	-0.3647	1.7621	0.7847
9 months	-0.5234	0.2030	0.0283	-0.3565	1.7395	0.7701
1 year	-0.5207	0.1978	0.0096	-0.3394	1.7183	0.7640
2 years	-0.5203	0.2030	0.0043	-0.3021	1.6545	0.7626
3 years	-0.5060	0.2395	0.0953	-0.2360	1.6560	0.8585
5 years	-0.4590	0.4320	0.2042	-0.1104	1.7010	0.9272
7 years	-0.3900	0.6580	0.2931	0.0146	1.7670	0.9862
10 years	-0.2610	0.9305	0.4103	0.2038	1.8630	1.0632
15 years	-0.0750	1.1940	0.5363	0.4638	1.9700	1.1401
20 years	0.0050	1.3175	0.5893	0.5958	2.0250	1.1644
25 years	0.0050	1.3750	0.6002	0.6338	2.0450	1.1636
30 years	-0.0230	1.4080	0.5933	0.6298	2.0480	1.1552

Credit curve values are obtained from Bloomberg / Refinitiv (formerly Thomson Reuters) systems and are measured on the prices of a series of securities complying with the currency/sector/rating trinomial.

The values of the credit curves of the Portuguese and German governments, at December 31, 2020 and December 31, 2019 were as follows:

	31-12-2020		31-12-2019	
	Portuguese Government	German Government	Portuguese Government	German Government
3 months	-0.6504	-0.7975	-0.5156	-0.7300
6 months	-0.6328	-0.7515	-0.5058	-0.6605
9 months	-0.6355	-0.7490	-0.5330	-0.7160
1 year	-0.6665	-0.7330	-0.5600	-0.6540
2 years	-0.7057	-0.7090	-0.4674	-0.6045
3 years	-0.5604	-0.7704	-0.3089	-0.5726
5 years	-0.4068	-0.7410	0.0102	-0.4765
7 years	-0.2198	-0.6870	0.2644	-0.3625
10 years	0.0483	-0.5775	0.5243	-0.1925
15 years	0.4139	-0.3915	0.9006	-0.0435
20 years	0.6602	-0.3727	1.2316	0.1089
25 years	0.8498	-0.2701	1.4553	0.2245
30 years	0.8565	-0.1675	1.4733	0.3400

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 relevant currencies at December 31, 2020 and December 31, 2019:

	31-12-2020	31-12-2019
EUR/USD	1.2271	1.1234
EUR/GBP	0.8990	0.8508
EUR/CHF	1.0802	1.0854
EUR/AUD	1.5896	1.5995
EUR/JPY	126.4900	121.9400
EUR/BRL	6.3735	4.5157

Market risk

Market risk comprises the risk of a change in fair value or cash flows of financial instruments deriving from changes in market prices, including foreign exchange, interest rate and price risk.

Market risk is assessed on the basis of the following metrics:

- 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 creating a value and liquidity reserve. It includes 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 Brazil, BCI and BNU.
- Sensitivity analysis on all financial instruments sensitive to interest rate risk, managed by the trading room and recognised in Caixa's and the following group business units' separate financial statements:
  - Caixa - Banco de Investimento;
  - BCI; and
  - BNU.
- Sensitivity analysis on all financial instruments with optionality; and
- Stress tests.

VaR (value-at-risk) analysis – market risk

VaR (value-at risk) is the estimated 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 fully explained by past events, based on the following premises:

- holding period: 10 days (investment and own portfolios) and 1 day (trading portfolio and treasury management activity);

- confidence level: 99% (investment and own portfolios) 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 adequate models and implied volatility. Given the methodology used, correlations are not calculated but empirical. The following is a breakdown of VaR at December 31, 2020 and December 31, 2019.

Held-for-Trading portfolio (VaR 99%, 10 days)

	31-12-2020	Max.	Min.	31-12-2019
VaR	11.743	12.287	10.082	14.822

Held-for-Trading portfolio (VaR 95%, 1 day)

	31-12-2020	Maximum	Minimum	31-12-2019
VaR by type of risk				
Interest rate	193	1,076	147	842
Foreign exchange rate	275	301	4	66
Price	4	25	-	17
Volatility	3	7	-	6
Diversification effect	(153)			(83)
	323			847

Treasury management (VaR 95%, 1 day)

	31-12-2020	Maximum	Minimum	31-12-2019
VaR by type of risk				
Interest rate	612	823	130	138
Foreign exchange rate	1,830	3,079	305	1,597
Diversification effect	(579)			(92)
	3,148			1,643

Own portfolio (VaR 99%, 10 days)

	31-12-2020	Maximum	Minimum	31-12-2019
VaR by type of risk				
Interest rate	439	635	437	603
Foreign exchange rate	104	694	2.0	216
Price	1,499	2,314	1,491	2,257
Diversification effect	(584)			(646)
	1,459			2,431

Investment portfolio (VaR 99%, 10 days)

	31-12-2020	Maximum	Minimum	31-12-2019
VaR by type of risk	86,820	103,413	33,292	
Interest rate	86,820			33,326

Investment banking activity

Caixa - Banco de Investimento (VaR 99%, 10 days)

	31-12-2020	Maximum	Minimum	31-12-2019
VaR by type of risk				
Interest rate	7,911	10,382	2,291	2,897
Foreign exchange rate	1,122	1,614	714	942
Price	73	98	3	111
Diversification effect	(1,147)			(1,191)
	7,959			2,759

The diversification effect is calculated implicitly. Total VaR (value-at-risk) refers to the combined effect of interest rate, price, foreign exchange rates and volatility risks.

Foreign exchange risk

Breakdown of financial instruments by currency

Financial instruments were broken down into the following currencies, at December 31, 2020 and December 31, 2019:

	31-12-2020												
	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	9,488,724	204,910	3,158	2,040	115,698	119,280	234,963	3,798	21,156	64,134	19,918		10,277,778
Cash balances at other credit institutions	274,431	363,258	4,641	3,866	18,176	18,830	51	140	1,247	0	9,859		694,498
Loans and advances to credit institutions	497,665	349,499	297,578	-	595,042	17,439	262,200	33,787	-	27,064	540,147		2,620,419
Financial assets at fair value though profit or loss	4,395,699	36,192	192	8	-	-	-	-	3,218	10,806	17	886,436	5,332,567
Available-for-sale financial assets	6,537,938	252,733	11,756	-	218	1,000	40,810	-	620	140	11,565		6,856,779
Loans and advances to customers (gross)	46,241,789	393,090	468	229	1,435,726	1,036,750	636,696	5,748	176,952	132,917	88,459		50,148,823
Held-to-maturity Investments	10,539,866	260,604	-	-	20,442	-	272,287	-	-	168,378	14,346		11,275,923
Assets with repurchase agreement	-	-	-	-	-	-	13,877	-	-	-	-		13,877
Other assets	861,491	1,047,408	(180,831)	159,220	704,665	612	10,776	31	697	23,440	(355,469)		2,272,042
Accumulated impairment (financial instruments)	(2,242,855)	(3,189)	-	(5)	(25,390)	(422)	(95,935)	(2)	(7,459)	(32,566)	(938)		(2,408,763)
	76,594,746	2,904,505	136,961	165,358	2,864,577	1,193,488	1,375,725	43,501	196,430	394,312	327,904	886,436	87,083,943
Liabilities													
Resources of central banks and other credit institutions	(1,678,799)	(302,563)	(1,290)	(1,085)	(32,603)	(15,631)	(7,387)	(1)	(144)	-	(916)		(2,040,418)
Customer resources and other loans	(64,851,595)	(2,328,958)	(55,583)	(2,072)	(2,204,583)	(656,612)	(1,231,618)	(40,779)	(187,000)	(302,813)	(171,346)		(72,032,958)
Debt securities	(1,357,399)	-	-	(13,634)	-	-	-	-	-	-	-		(1,371,033)
Financial liabilities at fair value through profit or loss												(921,391)	(921,391)
Subordinated liabilities	(1,117,317)	-	-	-	-	-	-	-	-	-	-		(1,117,317)
Consigned resources	(700,733)	-	-	-	-	-	(13,809)	-	-	-	-		(714,542)
Other	(866,061)	(132,720)	1,603	(759)	(626,769)	(542,707)	(101,318)	150	(34,218)	(82,293)	5,283	-	(2,379,811)
	(70,571,903)	(2,764,242)	(55,270)	(17,550)	(2,863,955)	(1,214,950)	(1,354,132)	(40,630)	(221,362)	(385,106)	(166,979)	(921,391)	(80,577,470)
Derivatives (Notional)													
Currency swaps	(12,671)	615,925	(297,793)	-	-	157,942	-	(428)	-	-	(485,867)	(23,347)	(46,238)
Interest rate swaps	(275,105)	285,225	-	13,440	-	-	-	-	-	-	-	(67,710)	(44,150)
Other swaps	-	-	-	-	-	-	-	-	-	-	-	607	607
Futures	(1,505,645)	-	-	-	-	-	-	-	-	-	-	6,741	(1,498,903)
Options and Caps & Floors	46,357	13,790	-	-	-	-	-	-	-	-	-	(339)	59,808
Forward foreign exchange transactions	11,744	(11,418)	111	-	-	3,310	-	155	-	-	(3,791)	122	233
	(1,735,320)	903,522	(297,681)	13,440	-	161,252	-	(273)	-	-	(489,657)	(83,926)	(1,528,644)
Net exposure	4,287,523	1,043,785	(215,991)	161,248	622	139,790	21,593	2,598	(24,932)	9,206	(328,732)	(118,882)	4,977,828

	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)
	69,834,207	3,233,920	73,668	5,277	3,119,368	1,559,226	1,651,451	41,118	200,318	511,954	172,484	856,059	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)
	(64,203,914)	(2,928,536)	(99,756)	(5,194)	(3,634,813)	(888,822)	(1,531,445)	(39,631)	(228,298)	(389,197)	(163,060)	(908,651)	(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
	(1,166,811)	898,331	(72,955)	(16,398)	(264)	147,655	-	3,527	-	-	(457,676)	(48,575)	(713,166)
Net exposure	4,463,482	1,203,715	(99,043)	(16,315)	(515,709)	818,059	120,006	5,014	(27,979)	122,756	(448,251)	(101,166)	5,524,568

VaR analysis – foreign exchange risk

To guarantee the control and measurement of foreign exchange risk, Caixa calculates and monitors value-at-risk (VaR) and limits on its total open position and open position by currency for each relevant group unit on a daily basis, consolidating the amounts every month.

Information on CGD group management perimeter's VaR (10 days with a 99% confidence level) by currency, at December 31, 2020 and December 31, 2019, is shown in the following table:

	VaR	
	31-12-2020	31-12-2019
Hong Kong Dollar	12	3
Macau Pataca	4	39
South African Rand	3	242
US Dollar	1,744	286
Mozambican Meticais	1,309	834
Pound Sterling	81	103
Japanese Yen	42	10
Other currencies	1,299	11,335
Diversification effect	(548)	(5,386)
Total	3,946	7,466

Based on the application of the above referred to methodology the diversification effect is calculated implicitly.

44. Capital management

Capital management objectives

Capital management objectives, in Caixa Geral de Depósitos, are governed by the following general principles:

- To comply with the regulatory requirements established by the supervisors, i.e. European Central Bank, Bank of Portugal and the 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 activity.

Caixa Geral de Depósitos plans its short and medium term capital requirements to fund its operations in order to achieve the above objectives. This is particularly based on the use of its own and other resources. This planning is based on internal estimations 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 in 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 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. The competent authorities of the member states are entitled 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 on projected losses, 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, herein, issued *notice* 6/2013 which regulates the transitional regime of regulation (EU) 575/2013, having established the transitional implementation of the impacts of own funds.

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, 1 of regulation (EU) 575/2013 in the calculation of their CET 1 components, including the profit in respect of risk positions in central governments classified in the "available-for-sale" category and 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 such as the "Fundamental Review of the Trading Book for Market Risk, a Net Stable Funding Ratio (NSFR)" for liquidity risk, interest rate risk in the banking book in addition to modifications relating to the treatment of central counterparties, the MDA (minimum distributable amount), Pillar 2, leveraging ratio and Pillar 3, *inter alia*.

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, as opposed to banks that are not systemically important which need only comply with MREL in the sphere of Pillar 2 to be decided by the resolution authority on a case by case basis.

In December 2017, the Bank of Portugal published its *notice* 10/2017, repealing *notice* 6/2013 and defining a new structure for the gradual application of deductions from own funds, particularly including, on account of their relevance, deferred tax assets which are contingent upon future returns, starting January 1, 2018.

The same period also witnessed the publication of 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 major risks on certain risk positions in the public sector in the domestic currency of any member state.

CGD did not subscribe for the possibility of the progressive application of a transitional regime provided for in the above referred to regulation. The estimated impact on both the phased-in and fully implemented CET 1, is -25 bps.

On April 17, 2019, the European Parliament and the Council of the Union published regulation (EU) 2019/630, amending regulation (EU) 575/2013 as regards minimum coverage for losses on non-performing exposures (NPE), with a view to preventing the excessive accumulation of NPEs in the future and preventing the emergence of systemic risks in the non-banking sector.

This regulation complemented the prudential rules of regulation (EU) 575/2013 as regards dispositions requiring a deduction from own funds when NPEs are not sufficiently covered by provisions or other adjustments.

The regulation defined that institutions shall deduct the applicable amount of insufficient cover for non-performing exposures from CET 1 own funds if the exposure originated after April 26, 2019.

Regulation 2019/876 (CRR II), amending regulation 575/2013 and directive 2019/878 (CRD V) was published in May 2019.

The changes imposed by CRR II focus on: the leverage ratio, liquidity funding ratio, own funds requirements and eligible liabilities, counterparty credit risk, market risk, positions at risk with central counterparties, collective investment undertakings risks, large exposures and information and disclosure requirements.

The CRD V entered into force on June 27, but is not yet applicable, as member states have until December 28, 2020 to transpose it into national law.

The CRR II will enter into force on June 28, 2021, with several exceptions that entered into force during the period starting January 1, 2019.

These exceptions particularly include, *inter alia*, the entry into force, on June 27, 2019, of the main changes to capital, own funds deductions and calculation of credit risk based on the standard and advanced internal ratings based (IRB) models.

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 consideration of 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, on the other hand, that the capital operations deriving from such decisions should essentially be made with recourse to the market, required the need to ensure that national credit institutions should 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, repealing *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 for 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 thereof.

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 by the Bank of Portugal at 1%, 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 value in 2021, in line with the decision communicated on November 30, 2017.

However, in May 2020, the Bank of Portugal issued a statement postponing the period of gradual implementation by 1 year, delaying the period of full implementation to 2022.

CGD’s consolidation perimeter should therefore consider a capital buffer of 0.25% in 2018, 0.50% in 2019, 0.75% in 2020 and 2021, and 1% in 2022, pursuant to its status as an OSII.

Requirement to set up a counter cyclical buffer

According to the Basel Committee, the principal objective of the counter cycle 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 macro-prudential entity, may force credit institutions to set up an additional own funds reserve with the objective of protecting the banking sector in periods of increased cyclical systemic risk owing to excessive credit growth.

The counter cyclical 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 counter cycle buffer" is a weighted average of the counter cyclical buffer’s percentages applicable in the countries in which the said institution’s credit risk positions are located.

For 2020 the Bank of Portugal set the counter cycle 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, counter cyclical buffer and specific buffer) does not call the continuity of an institution’s activity into account.

It does, however, imply restrictions on the payment of dividends and share buy-backs, in addition to a requirement for the said institutions to submit a properly scheduled own funds conservation plan to the Bank of Portugal with the objective of fully complying with the combined own funds requirement. The Bank of Portugal is responsible for defining the timeframe for implementing the plan.

Capital requirements for 2020 and 2021

a) Requirements in 2020

Based on supervisory review and evaluation process (SREP) results and the Bank of Portugal’s communication on the additional own funds reserve required pursuant to its O-SII (other systemically important institutions) status, CGD was notified by the European Central Bank (ECB) of the minimum capital requirements applicable from January 1, 2020.

A letter of December 4, 2019 defined CGD’s minimum phased-in CET 1 capital requirement of 10%, on a consolidated basis. It includes: i) the minimum CET 1 capital ratio of 4.5% required under Pillar 1 ii) the minimum CET 1 capital ratio of 2.25% required under Pillar 2 (P2R); iii) the capital conservation buffer (CCB) of 2.5%; iv) the 0.75% reserve for “other systemically important institutions; v) Counter cyclical capital reserve of 0% of the total amount of exposures (as defined by Bank of Portugal, for the fourth quarter of 2020).

However, as part of a series of initiatives to mitigate the impacts of the Covid-19 pandemic, the ECB notified CGD, on April 8, 2020, of its SREP amendment dated December 4, 2019, maintaining the requirement for a total ratio (TSCR) of 10.25% (8% of which for Pillar 1 and 2.25% for Pillar 2 - P2R). The P2R value defined for CGD which should initially consist exclusively of CET 1 instruments, would be 56.25% covered by CET 1 instruments, 18.75% by AT 1 instruments and 25% by tier 2 instruments, to be implemented beginning March 2020 inclusive.

CGD’s minimum phased-in CET 1 capital requirement, on a consolidated basis, is now therefore 9.02% and includes: i) the minimum CET 1 capital ratio of 4.5% required by Pillar 1; ii) the minimum CET 1 capital ratio of 1.27% required by Pillar 2 (P2R) iii) the capital conservation buffer (CCB) of 2.5%; iv) the other systemically important institutions reserve of 0.75% and v) the counter cycling own funds reserve of 0% of the total amount of positions at risk (as defined by the Bank of Portugal for fourth quarter 2020).

CGD must also achieve a minimum tier 1 ratio of 10.94% and a total capital ratio of 13.50% in 2020, as shown in the following table:

2020					
Ratios	Total	of which:			
		Pillar 1	Pillar 2	buffers	
				Conservation	O-SII
CET1	9.02%	4.50%	1.27%	2.50%	0.75%
TIER 1	10.94%	6.00%	1.69%	2.50%	0.75%
Total Capital	13.50%	8.00%	2.25%	2.50%	0.75%

b) Requirements in 2021

In its last SREP decision the supervisor maintained the minimum requirements applicable to CGD group. In accordance with the Bank of Portugal's communication of May 2020, a decision was made to postpone, by 1 year, the period of gradual implementation, defined in 2017 and reviewed in 2019 (which predicted the defined maximum value of 1% of the capital buffer for "other systemically important institutions" would be attained in 2021).

The minimum ratio requirements in 2021 therefore remain unchanged over 2020.

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 increase the sensitivity of regulatory requirements to the real risks faced by financial institutions in performing their activities;
- Pillar 2: defines a supervisory review system to improve the internal risk management and 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 actors to evaluate the key information related to the application of Basel III, as regards capital, risk exposures, risk appraisal processes and, consequently the bank's capital adequacy.

CGD's regulatory capital (Pillar 1) in its consolidated perimeter, includes the following components:

a) Common equity tier 1 (CET 1)

The net equity components making a positive contribution to CET 1 in December 2020 were:

- Paid up capital;
- Other reserves and retained earnings;
- Net profit for period[3]
- Revaluation reserves; and
- Non-controlling interests[4]

Deductions from CET1 capital essentially comprise:

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3 The inclusion of net profit for the period in own funds in accordance with decision (EU) 2015/656 of the European Central Bank, with article 26 no. 2 of regulation (EU) 575/2013 (ECB/2015/4) and approved by the supervisor. 4 Amount considered different from accounting and results from the application of Articles 81, 84, 85 and 87 of Regulation (EU) No. 575/2013 (ECB / 2015/4). The reconciliation of values is explained in the Market Discipline Report for the period, which is available on the CGD, SA website.

8 Amount considered different from accounting income and resulting from the application of articles 81, 84, 85 and 87 of regulation (EU) No 575/2013 (ECB/2015/4). An explanation of the reconciliation of these amounts is given in the market discipline report for the period, available on CGD, SA.'s website.

- The book value of intangible assets, net of their associated deferred tax liabilities;
- The book value of deferred tax assets (for fiscal losses) net of their related deferred tax liabilities;
- The irrevocable commitments associated with the deposit guarantee fund and resolution fund, as decided by the supervisor (SREP decision 2017).
- AVA (asset valuation adjustments) resulting from the application of articles 34 and 105 of regulation (EU) 575/2013 – on the prudent assessment of all trading portfolio positions; and

The framework governing the composition of own funds, in addition to its applicable deductions is explained in the market discipline report for the period, which is available on CGD, S.A.'s website.

b) 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 (in the case of instruments issued by CGD, the trigger point is 5.125%), as a *sine qua non* 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 returns 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) Additional tier 2 capital

Instruments eligible as tier 2 capital, include:

- Instruments issued or contracted for and fully paid up subordinated loans; and
- Issuance premia related to the above referred to 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

The solvency indicators continue to trend to improvement and consolidation, even in the scenario of greater requirements in a market context, caused by the Covid-19 pandemic, as shown below, in the table comparing the levels of own funds and capital ratios between December 2020 and December 2019:

	CRD IV Rules	
thousands (€)	31-12-2019	31-12-2020
Capital		
Common equity tier I (CETI)	7,493,283	7,619,599
Tier I	8,001,913	8,123,854
Tier II	636,949	624,415
Total	8,638,862	8,748,270
Risk weigthed assets	44,324,806	41,819,403
Solvency ratios		
CET I	16.9%	18.2%
Tier I	18.1%	19.4%
Total	19.5%	20.9%

(1) The ratios are applicable to Phasing-in and Full implementation.
(2) Own Funds have computed the positive net result for the period, with the prior approval of the Supervisor and pursuant to Article 26 (2) of Regulation (EU) Nr. 575/2013

Structure of regulatory capital in 2020

The following table summarises the composition of Caixa Geral de Depósitos' regulatory capital, at December 31, 2020, in respect of its consolidated activity:

	Transitional *thousands (€)*
Paid in capital	3,844,144
Other reserves and retained earnings	3,376,818
Net income (included in CET 1 capital)	405,026
Revaluation reserves	267,266
Non-controlling interests (Prudential)	49,716
Total CET 1 capital prior to regulatory adjustments	**7,942,969**
Intangibles, net of related DTLs	(126,721)
DTAs (arising from tax losses carry forward), net of related DTLs	(9,399)
Total CET 1 capital after the regulatory adjustments identified above	**7,806,849**
National filters and deductions that affect CET1, of which:	(187,251)
Irrevocable commitments-Deposit Guarantee Scheme	(155,553)
Irrevocable commitments-Resolution Fund	(19,419)
Additional Valuation Adjustment	(12,279)
Common Equity Tier 1 (CET 1)	**7,619,599**
Additional Tier 1, of which:	504,256
Equity instruments	500,000
Subsidiaries	4,256
Tier 1 capital	**8,123,854**
Tier 2 capital, of which:	624,415
Equity instruments	600,000
Subsidiaries	24,415
Total Common Equity	**8,748,270**

For the assessment of its own funds and consolidated prudential ratios at December 31 2020, as reported to the supervisor, a net profit of around €405,026 thousand was considered, as authorised by the ECB under number 2 of article 26 of regulation (EU) 575/2013, and article 5 of decision (EU) 2015/656 of February 4, 2015 issued by the Central European Bank on the inclusion of provisional or end of year profit in CET 1 funds which amount was calculated on the net accounting income of around €489,488 thousand, net of around €84,000 thousand for the amount of the distributable dividend.

The amount of the above distributable dividend was calculated on the basis of CGD's dividend distribution policy in light of the dispositions of recommendation ECB/2020/62 of December 15, 2020 on the distribution of dividends during the COVID-19 pandemic (repealing recommendation ECB/2020/35).

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 accounting perimeter in its treatment of entities whose economic activity is different from the activity characterising credit institutions and financial corporations as referred to in the "general credit institutions and financial corporation's regime". Subsidiaries with an activity in economic sectors 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, in addition to special purpose vehicles were not included in the banking supervision perimeter as they are not classifiable 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 behest of the supervisory body.

It should also be noted that BCG Brazil, Banco Comercial do Atlântico, S.A. and CGD Investimentos CVC are recognised in the 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 an account by account basis.

CGD group's consolidation perimeter, at December 31, 2020, for the purposes of the CGD group publication in addition to its prudential perimeter, comprised the following entities:

	Consolidation Method		Percentage	Country	Economic Activity
	Financial Perimeter	Prudential Perimeter			
Branches					
France Branch	Full	Full	100.00%	France	Financial institutions
Timor Branch	Full	Full	100.00%	Timor	Financial institutions
Subsidiaries					
Banco Caixa Geral Brasil, S.A.	Full	Full	100.00%	Brazil	Financial institutions
Caixa - Banco de Investimento, S.A.	Full	Full	99.77%	Portugal	Financial institutions
Banco Comercial e de Investimentos, S.A..	Full	Full	63.05%	Mozambique	Financial institutions
Banco Interatlântico, S.A.	Full	Full	70.00%	Cape Verde	Financial institutions
Banco Comercial do Atlântico, S..A.	Full	Full	58.19%	Cape Verde	Financial institutions
Banco Nacional Ultramarino, S.A.	Full	Full	100.00%	China (Macau)	Financial institutions
Caixa - Participações, SGPS, S.A.	Full	Full	100.00%	Portugal	Financial (holding)
Parbanca, SGPS, S.A.	Full	Full	100.00%	Portugal	Financial (holding)
CGD Investimentos CVC	Full	Full	100.00%	Brazil	Financial institutions
A Promotora, S.A.	Full	Full	45.33%	Cape Verde	Venture Capital
Caixa Gestão de Ativos Sociedade Gestora de Fundos de In	Full	Full	100.00%	Portugal	Asset Management
CGD Pensões - Soc. Gestora de Fundos de Pensões, S..A.	Full	Full	100.00%	Portugal	Asset Management
Sogrupo - Compras e Serviços Partilhados, S.A.	Full	Full	90.00%	Portugal	Ancillary Services
GIE - Groupment d'Interet Economique	Full	Full	100.00%	France	Ancillary Services
Banco Caixa Geral Angola	Full	Full	51.00%	Angola	Financial institutions
SCI - Rue du Helder	Full	Full	100.00%	France	Real Estate Management
Inmobiliaria Caixa Geral, S.L.	Full	Full	100.00%	Spain	Real Estate Management
Caixa - Imobiliário, S.A.	Full	Full	100.00%	Portugal	Real Estate Management
Special Purpose Entities					
Nostrum Mortgages 2	Full	Full	100.00%	Portugal	Securitisation Fund
FCR - Empreender+	Full	-	100.00%	Portugal	Venture Capital Fund
FCR - Caixa Fundos	Full	-	100.00%	Portugal	Venture Capital Fund
FCR - Caixa Crescimento	Full	-	100.00%	Portugal	Venture Capital Fund
Caixagest Private Equity (FEI)	Full	-	30.14%	Portugal	Investment Fund (open-end)
Caixagest Imobiliário Internacional (FEI)	Full	-	32.82%	Portugal	Investment Fund (open-end)
Fundolis - Fundo de Investimento Imobiliário Fechado	Full	-	100.00%	Portugal	Real Estate Investment Fund (closed-end)
Fundiestamo	Full	-	78.08%	Portugal	Real Estate Investment Fund (closed-end)
Associated					
GCI - Sociedade Gestora de Fundos, S.A.R.L.	Equity	Equity	35.67%	Mozambique	Venture Capital
Esegur - Empresa de Segurança, S.A.	Equity	Equity	50.00%	Portugal	Ancillary Services
Locarent - Comp. Portuguesa de Aluguer de Viaturas, S.A.	Equity	Equity	50.00%	Portugal	Financial institutions
SIBS - Sociedade Interbancária de Serviços, S.A.	Equity	Equity	22.97%	Portugal	Financial institutions
Fidelidade Companhia de Seguros SA	Equity	Equity	15.00%	Portugal	Insurance company
Imobci, Lda.	Full	Full	46.31%	Moçambique	Real Estate Management
Companhia Papel do Prado, SA.	Equity	Equity	38.15%	Portugal	Industry
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
Turismo Fundos, SGFII, S.A.	Equity	Equity	33.47%	Portugal	Asset management
Bem Comum, Sociedade Capital Risco	Equity	Equity	32.00%	Portugal	Venture Capital
International Bank of S.Tomé and Príncipe	Equity	Equity	27.00%	S.Tomé and Príncipe	Financial institutions

At the end of the 2020, with a view to furthering its strategic plan, work continued on the reorganisation of CGD group's structure with the merger of Caixa Leasing and Factoring - Sociedade Financeira de Crédito, S.A., and Partang, SGPS, S.A. with Caixa Geral de Depósitos, which holds the full amount of the share capital of the two incorporated entities.

It should also be noted that, in September 2020, Fidelidade - Companhia de Seguros, S.A. undertook a capital increase, in which Caixa Geral de Depósitos retained its equity stake, delivering for this purpose, the shares held by the companies Fidelidade Assistência Companhia de Seguros SA and Multicare - Seguros de Saúde, S.A. and exercising its rights to subscribe for the shares previously held.

Reference should also be made, in 2020, to the incorporation of Fundo de Capital de Risco – Grupo CGD - Caixa Capital into the Fundo de Capital de Risco Empreender Mais, in addition to the liquidations of Fundo Cidades de Portugal Fund – Fundo de Investimento Fechado de Arrendamento Habitacional and its branches in Spain and Luxembourg. The Fundo Caixagest Infra-Estruturas – Fundo Especial de Investimento also ceased to be a CGD group member.

Reference should, lastly be made to the fact that Companhia Papel do Prado, SA and S.G.P.I.C.E - Sociedade de Serviços de Gestão de Portais na Internet e de Consultoria de Empresas, S.A (ex Yunit Serviços, SA) have been suspended from the consolidation process.

Reconciliation between the consolidation perimeter balance sheet for accounting purposes and the prudential consolidation perimeter balance sheet.

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	10,277,778	31,442	-	-	10,309,221	
Cash balances at other credit institutions	694,498	(13,911)	-	16,513	697,101	
Loans and advances to credit institutions	2,617,319	217,979	-	(3,158)	2,832,140	
Financial assets at fair value through profit or loss	5,332,567	(299,692)	181,475	-	5,214,350	
Available-for-sale financial assets	6,855,916	63,947	-	-	6,919,862	
Financial assets with repurchase agreement	13,877	1,312	-	-	15,189	
Hedging derivatives	7,325	-	-	-	7,325	
Held-to-maturity investments	11,256,822	-	-	-	11,256,822	
Loans and advances to customers	47,902,966	507,389	-	-	48,410,355	
Non-current assets held-for-sale	1,158,949	(958,263)	48,659	-	249,345	
Investment properties	188,849	(204,111)	35,360	-	20,098	
Other tangible assets	554,396	16,796	-	-	571,192	
Intangible assets	126,294	426	-	-	126,721	9
Investments in associates and jointly controlled entities, of whi	505,158	3,629	249,641	-	758,427	11
Insurers	306,921	-	-	-	306,921	
Other financial institutions (equity participation > 10%)	38,119	-	-	-	38,119	
Other investments in associates and subsidiaries excluded from consolidation	39,686	3,629	249,641	-	292,956	
Current tax assets	436,137	1,258	-	-	437,394	
Deferred tax assets, of which:	1,314,396	13,975	7	-	1,328,378	
Deferred tax assets for temporary differences	1,305,603	13,369	7	-	1,318,979	10
Deferred tax assets for tax losses carry forward	8,793	606	-	-	9,399	8
Other assets	2,132,200	(59,598)	-	57,936	2,130,537	
Total assets	**91,375,446**	**(677,421)**	**515,141**	**71,291**	**91,284,457**	

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	2,040,418	40,171	-	(49,865)	2,030,724	
Customer resources and other loans	72,032,958	795,032	-	63,228	72,891,218	
Debt securities	1,371,033	-	-	-	1,371,033	
Financial liabilities at fair value through profit or loss	921,391	12,095	-	-	933,486	
Hedging derivatives	56,295	-	-	-	56,295	
Non-current liabilities held-for-sale	864,287	(864,287)	-	-	-	
Provisions for employee benefits	725,478	2,453	-	-	727,932	
Provisions for other risks	311,836	925	48,659	-	361,420	
Current tax liabilities	16,350	2,940	-	-	19,291	
Deferred tax liabilities, of which:	122,899	3,804	(7,023)	-	119,679	
Deferred tax liabilities for temporary differences	122,899	3,804	(7,023)	-	119,679	10
Other deferred tax assets liabilities	-	-	-	-	-	8
Other subordinated liabilities	1,117,317	-	-	-	1,117,317	7
Other liabilities	3,094,353	(28,825)	(112,907)	57,928	3,010,549	
Total liabilities	**82,674,616**	**(35,692)**	**(71,271)**	**71,291**	**82,638,944**	
Share capital	3,844,144	(698,557)	698,557	-	3,844,144	1
Other equity instruments (Additional Tier 1)	500,000	-	-	-	500,000	6
Revaluation reserves	267,266	-	-	-	267,266	2
Other reserves and retained earnings	3,393,753	66,891	(83,826)	-	3,376,818	3
Net income attributable to CGD	491,592	(10,063)	7,959	-	489,488	4
Shareholders' equity attributable to CGD	**8,496,754**	**(641,729)**	**622,690**	**-**	**8,477,715**	
Non-controlling interests, of which:	204,076	-	(36,277)	-	167,798	5
Ordinary shares	204,076	-	(36,277)	-	167,798	
Total equity	**8,700,830**	**(641,729)**	**586,412**	**-**	**8,645,513**	
Total liabilities and equity	**91,375,446**	**(677,421)**	**515,141**	**71,291**	**91,284,457**	

(*): link between elements on Prudential Balance Sheet and regulatory Own Funds

Reconciliation between the prudential balance sheet and regulatory own funds

(Thousands)	Key (*)	Prudential Balance Sheet	Transitional
Paid in capital	1	3,844,144	3,844,144
Other reserves and retained earnings	3	3,376,818	3,376,818
Net income (included in CET 1 capital)	4	489,488	405,026
Revaluation reserves	2	267,266	267,266
Non-controlling interests given recognition in CET 1 capital	5	167,798	49,716
Total CET 1 capital prior to regulatory adjustments			**7,942,969**
Intangibles (Includes goodwill), net of related DTLs	9	126,721	(126,721)
DTAs (arising from tax losses carry forward), net of related DTLs	8	9,399	(9,399)
Defined benefit pension fund assets			
Other deduction affecting CET1 (ie. AVAs - Additional Valuation Adjustment -)			
DTAs arising from temporary differences (amount above the 10% threshold)	10	1,318,979	-
Total CET 1 capital after the regulatory adjustments identified above			**7,806,849**
Amount exceeding the 17.65% threshold			-
Financial institutions and insurers	*11*	*758,427*	-
DTA's (arising from temporary differences)	*10*	*1,318,979*	-
National filters and deductions that affect CET1, of which:			(187,251)
Irrevocable commitments - Deposit Guarantee Fund			(155,553)
Irrevocable commitments - Resolution Fund			(19,419)
AVA			(12,279)
Common Equity Tier 1 (CET 1)			**7,619,599**
Additional Tier 1			504,256
Equity instruments issued	*6*	*500,000*	*500,000*
Contribution of subsidiaries			*4,256*
Tier 1 capital			**8,123,854**
Capital (Tier 2), of which:			624,415
Tier 2 capital instruments	*7*	*1,117,317*	*600,000*
Tier 2 capital instruments - subsidiaries (NCI)			*24,415*
Total capital			**8,748,270**
Total RWA			**41,819,403**
Credit			35,712,872
Market			1,415,197
Operational			3,497,976
CVA			29,680
Others			1,163,678
CET1 ratio			**18.2%**
Tier 1 ratio			**19.4%**
Total ratio			**20.9%**

(*) correspondence between elements of the Prudential Balance Sheet and regulatory Own Funds

Note: amount of net income included in Equity Funds authorized by the Supervisor (in accordance with Article 26 (2) of Regulation (EU) No. 575/2013). If the Equity result was not considered, the ratios would be: CET 1 = 17.2% | Tier 1 = 18.4% | Total = 19.9%.

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 in 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 – bank recovery and resolution directive (BRRD) − imposes a minimum requirement for own funds and eligible securities (MREL) 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 complied with is decided by the resolution authority in the form of the single resolution board (SRB) on a case-by-case basis for each bank based, *inter alia,* on its characteristics, notably complexity, risk profile and resolution strategy.

CGD was informed of the single resolution board's review of its MREL requirements in first half 2020.

In February 2021 CGD received a further review of its MREL requirements, under the new European banking resolution directive (BRD2), in the following terms:

- From 1 January 2024, MREL and eligible liabilities requirements must meet
    - 22,08% ot risk weighted assets, with an additional of 3,5% for combined own fund reserve, amounting to a global requirement of 25,58%;
    - 6,00% of the total measure exposure for the leverage ratio.
- From 1 January 2022, an intermediate MREL and eligible liabilities requirement was set
    - 19,63% of risk weighted assets, with an additional of 3,5% for combined own fund reserve, amounting to a global requirement of 23,13%;
    - 6,00% of the total measure exposure for the leverage ratio.

Requirements should be met for the eligible resolution perimeter of consolidation (European and BNU Macau perimeters). The eligible strategy is the Multiple Point of Entry approach. It was not required of CGD, at this point, to fulfil the subordinated requirement.

CGD's MREL requirements notified by the resolution authority were considered in line with internal management planning and monitoring processes and expectations for liquidity needs, which establishes a target of debt emissions of €2.000,000 thousand until the end of 2023, in addition to the issue made in 2019 of non-preferential senior debt in the amount of €500,000 thousand.

Payment of dividends

As a consequence of the exceptional situation deriving from the pandemic triggered by Covid-19 and in particular the uncertainties over its impacts on the evolution of the euro area economy, the ECB revised its recommendation on dividend distribution on March 27, 2020 (recommendation (ECB/2020/35), recommending that banks should not distribute dividends for 2019 and 2020 or undertake share buy-backs until at least October 1, 2020.

This measure was intended to increase the banks' capacity to absorb losses and support loans to households and businesses during the Covid-19 pandemic.

The ECB considered two situations, namely:

> a) to maintain the initial dividend distribution proposal, but make the actual payment conditional on the reassessment of the situation when the uncertainties caused by Covid 19 disappear (in any case not prior to October 1, 2020);
>
> b) to propose a change in the dividend policy under which no dividend will be distributed for 2019, and committing to a possible distribution of reserves subject to a reassessment of the situation, once the uncertainties caused by Covid 19 have disappeared (in any event not prior to October 1 2020).

The board of directors, accordingly, approved the non-distribution of dividends for 2019, at a general meeting, and included net profit in free reserves, following the deduction of the legal reserve (option b of the ECB recommendation).

On July 27, 2020, the ECB in the form of recommendation ECB/2020/35 extended this guideline up to January 1, 2021.

On December 15, 2020, the ECB issued a new recommendation (ECB/2020/62) on the distribution of dividends during the Covid-19 pandemic (repealing recommendation ECB/2020/35) in which it considers, in general terms, that credit institutions that decide to make dividend distributions or undertake share buy-backs should comply with two limits: 15% of their respective accumulated profits for the 2019 and 2020 financial years or more than 20 basis points in terms of the CET 1 ratio, whichever the lower amount.

Based on this latter recommendation and its internal dividend distribution policy, CGD has considered recommendation ECB/2020/62 in its calculation of the amount of the dividend for 2020.

45. Subsequent events

Closure of the 2017-2020 strategic plan monitoring process by DGComp

On April 20, 2021, CGD received a communication from the Directorate-General for Competition of the European Commission (DGComp) informing it of the closure of the 2017-2020 strategic plan monitoring process agreed between the Portuguese state and the European Commission and formally approved on March 10, 2017, allowing the successful completion of the implementation of the commitments entered into and, in particular, confirmation of compliance with the private investor test in the framework of CGD's recapitalisation in 2017.

This accordingly completes a long monitoring period on CGD's activity by DGComp, initiated in June 2012 with CGD's issuance of and the state's subscription for contingent convertible bonds (CoCo) and consequent state aid process that gave rise to the 2013-2017 restructuring plan, and latterly, the recapitalisation process carried out in 2017 and corresponding 2017-2020 strategic plan.

Reduction of non-performing assets

Furthering the strategy of reducing the non-performing assets in its respective balance sheet, with the aim of maximising their value, CGD, up until the date of issuance of these financial statements, continued to further a series of actions leading to the disposal or recovery of certain financial and non-financial assets, recognised in investment property, non-current assets held-for-sale and financial assets at fair value through profit or loss upon which it had recognised losses in past years owing to impairment or negative fair value adjustments.

Such events were generally considered as non-adjustable and their completion subject to constraints, as the respective promissory purchase and sale agreements had not yet been signed, owing to a requirement for administrative approvals or the need to await further analyses or decisions. Considering the level of uncertainty surrounding the events in question, it is not possible, on this date, to estimate their overall impact on profit and loss and in the balance sheet, although it is considered that all such operations, if completed could, on an aggregate basis, represent profit before tax of up to around €57,000 thousand, based on the values of such assets as set out in CGD's financial statements with reference to December 31, 2020.

46. 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**	7,591,087,212		83,693,369,931	
030	Equity instruments	0	0	1,173,497,564	1,173,497,564
040	Debt securities	2,793,126,400	2,793,126,400	23,304,641,703	23,304,641,703
120	Other assets	4,797,960,813		59,215,230,663	

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	316,546,334
150	Equity instruments	0	0
160	Debt securities	0	255,819,996
230	Other collateral received	0	60,726,338
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**	4,043,767,219	6,528,902,253

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 (*)

	2019-12	2020-12
Domestic activity	**1,360,404**	**1,182,634**
International activity	**540,803**	**470,375**
Europe	**101,720**	**98,072**
Spain	2,540	-1,754
France	98,793	100,135
Luxembourg	387	-309
Africa	**305,787**	**259,587**
Angola	85,456	62,374
Mozambique	208,321	187,452
Cape Verde	12,010	9,761
Asia	**133,297**	**112,716**
China	121,584	104,811
Timor	11,713	7,905
Total	**1,901,208**	**1,653,010**

(*) refers to total operating income
Note: Values refer to each geographic area contribution to consolidated total operating income

NUMBER OF EMPLOYEES

	2019-12	2020-12
Europe	**7,677**	**7,157**
Portugal	7,099	6,616
Spain	6	1
France	544	524
United Kingdom	3	3
Luxembourg	12	
Switzerland	5	5
Belgium	3	3
Germany	5	5
Africa	**3,998**	**3,929**
Angola	545	551
Mozambique	2,843	2,771
Cape Verde	610	607
America	**71**	**61**
Brazil	65	55
Canada	2	2
Venezuela	4	4
Asia	**626**	**646**
China	488	503
Timor	135	140
India	3	3
Total	**12,372**	**11,793**

INCOME TAX

	2019-12	2020-12
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

	2019-12	2020-12
Domestic activity	**863,305**	**512,215**
International activity	**278,383**	**156,435**
Europe	**30,969**	**12,728**
Spain	888	-9,867
France	29,348	23,120
Luxembourg	733	-525
Africa	**162,497**	**87,527**
Angola	58,861	25,758
Mozambique	92,066	50,406
Cape Verde	11,569	11,364
Asia	**84,917**	**56,180**
China	77,867	52,635
Timor	7,050	3,544
Total	**1,141,688**	**668,650**

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 2020 • Caixa Geral de Depósitos 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 13, 21 and 23 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 28 and 39 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 43 (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, 20 and 38 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 43 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 43 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 43 (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 43 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 43 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 43 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 43 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.

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 2020 (showing a total of 91,375,446 thousand euros and a total equity of 8,700,830 thousand euros, including a net income attributable to the shareholder of CGD of 491,592 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 2020, 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.

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:

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 13 and 38 of the consolidated financial statements, the value of loans and advances to customers amounted to 50,148,823 thousand euros representing around 52.6% of total assets. The accumulated impairment recorded to loans to customers amounted to 2,245,857 thousand euros representing 4,5% of total credit.	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;

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
The impairment of loans and advances to clients represents the best estimates, by CGD's management bodies and those of its subsidiaries, of expected losses from its client portfolio taking into consideration the requirements of IFRS 9 – 'Financial Instruments'. Losses from impairment of loans and advances measured at amortised cost are determined by application of the accounting policies, methodologies, concepts and assumptions used by the Group and disclosed in notes 2.8 d) and 43 n°6 to 10 of the Notes to the consolidated financial statements. This evaluation results from consideration of a number of factors that reflect an understanding of the clients' current situation, an analysis of historic information, the value of related guarantees and necessitates the use of a high level of judgement. The Covid-19 pandemic has reduced the predictability of economic trends and increased the complexity and uncertainty associated with the estimation of losses expected from the client portfolio. In particular, the introduction of moratorium periods for debt service and the suspension of counting days overdue increases the judgement inherent in identifying loans with significantly increased credit risk. In this context, in addition to modifying the forward-looking parameters in the valuation model, CGD changed the methodology and performed various sensitivity analyses to identify any deterioration within the client portfolio, resulting from the Covid-19 pandemic, which might cause a downgrade in credit status. After concluding these analyses, CGD recorded an additional amount to cover potentially expected losses that had not been identified by the current impairment model (Note 43 – 'Covid-19 – impacts and mitigation measures') Considering the degree of subjectivity and complexity, the alterations in recovery strategies and judgements made, or assumptions which determine the amount and timing of cash flows, if actual events differ from those anticipated there could be material impact on future estimates of impairment.	• 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 loan portfolio and changes in the assumptions and methodologies of impairment; • Understand the procedures for granting of moratorium periods and perform substantive tests to ensure that requests granted met eligibility criteria; • Understand the measures taken by the Group to ensure appropriate monitoring and recognition of exposures resulting from a moratorium, the identification of sectors of activity or other specific sub-groups particularly exposed to the impacts of the pandemic and the procedures designed to proactively monitor and identify assets in difficulty and the associated risk and expected losses; • Sampling a group of exposures individually assessed for impairment to test the assumptions used by the Group's Management and subsidiaries. This analysis included a review of the business models, the financial situation of the debtors and the valuation reports of collateral and enquiries to understand the recovery strategy of the loans as well an assessment of the assumptions used and the estimated potential impacts of the Covid–19 pandemic on the debtor or the specific business activity; • 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 changes of the model on the definition of parameters to reflect the loss incurred; (iii) analysis of the changes in risk parameters (PD, LGD and EAD) that occurred during 2020; (iv) tests, on a sample basis, of the underlying data used to determine the risk parameters and comparison with source 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); • Evaluate the reasonableness of adjustments, in particular those resulting from the necessity for additional judgement concerning moratorium periods and a review of management procedures resulting in these adjustments; and • Analysis of the disclosures included in the consolidated financial statements, based on International Financial Reporting Standards requirements and on the accounting records.

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 1,314,396 thousand euros as of 31 December 2020, of which 539,610 thousand euros are included in the special regime for deferred tax assets (SRDTA) (Note 2.14 and Note 19 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 as described in Note 2.21 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. Variations between actual results and scenarios used to determine projected taxable profits or changes in fiscal legislation or alterations of assumptions and fiscal interpretations applied could result in significantly different amounts of deferred tax assets. Consequently, 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 profits, including a consistency analysis with the projections included in the Strategic Plan considering the context of the Covid-19 pandemic; • Use of internal tax specialists 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 determine the recoverability of the deferred tax assets, in view of the assumptions used to estimate the future tax profits 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 2.16 to the consolidated financial statements). As of 31 December 2020, the total liabilities estimated for past service post-employment benefits of Group's employees amount to 3,436,152 thousand euros and medical post-employment benefits to 524,845 thousand euros (Note 36 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"), which used actuarial	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 analysis of the independence declaration attached to the actuarial report relative to 31 December 2020.

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
methodologies and financial and actuarial assumptions defined by CGD Management, including the discount rate, annual increases in salaries and pensions and mortality and disability tables as detailed in Note 2.21 e) to the consolidated financial statements. Additionally, given the current context and taking into account the structural alterations of the banking activity, an early retirement plan for the CGD group was approved for 2021. CGD used an external actuary to estimate the obligation based on the commitments made under this programme. Consequently, at 31 December 2020, CGD estimated a provision of 91,946 thousand euros related to the Early Retirement Plan ('PPR'). The use of different methodologies, assumptions or judgments in the performance of these actuarial calculations, could generate estimations different from those recorded. Consequently this is considered to be a key audit matter.	► 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 performed 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 2020 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 statements, 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 2020, the net book amount of the real estate assets repossessed by credit recovery was 472,883 thousand euros with related impairment of 250,481 thousand euros (53%) as disclosed in Note 14 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 2.9 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 equal to or greater than 3 million euros, 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. The individual assessment of impairment considers the specific characteristics of the real estate asset and the	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

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
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 estimated average time to sell. In the context of the Covid-19 pandemic the uncertainty inherent in fair value estimates increased because of the potential effects of (i) the volume and value of benchmark transactions of similar and comparable assets, (ii) the increased time required to complete assets under construction, (iii) cash flows from rented assets, (iv) the rates of discount to be applied, (v) the ability to rent vacant properties and (vi) the risk premium that potential investors will demand. This matter is considered to be significant to the audit because of its materiality to the consolidated financial statements and because the use of different valuation techniques and assumptions could give rise to different estimates of fair value (Note 2.21 g) to the consolidated financial statements), particularly in the light of possible impacts of the Covid-19 pandemic on the real estate market.	coefficients of haircuts time to sell 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. 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 43 to the consolidated financial statements, in the section "Short term or accounting perspective", as of 31 December 2020 the Group holds financial instruments valued at fair value amounting to 11,231,997 thousand euros, of which 1,267,361 thousand euros are valued according to valuation techniques using variables not observable in the market (level 3 in the context of IFRS 13 – 'Fair Value Measurement'). The valuation of investments is inherently subjective, 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. Because of the Covid-19 pandemic uncertainty around the estimates of fair value of instruments	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

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
linked to real estate increased in response to the potential effects of (i) the volume and value of benchmark transactions of similar and comparable assets, (ii) the lengthening of periods needed to complete assets under construction, (iii) cash flows generated by rental assets,(v) the ability to rent vacant properties and (vi) the risk that potential investors will demand premiums. This matter is significant to the audit because the use of different valuation techniques and assumptions could give rise to different estimates of fair value (Note 2.21 c) to the consolidated financial statements) particularly as a consequence of the impact of the Covid-19 pandemic on the real estate market.	funds. With regard to the evaluation of real estate assets held by these funds, internal specialists analysed the appropriateness of valuation methods applied and the reasonableness of assumptions used in the valuation of a sample of assets; and ► Analysis of the disclosures to the consolidated financial statements, based on International Financial Reporting Standards requirements and on the accounting records.

6. 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 24 '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 was granted loans by the Portuguese State and a banking syndicate and has assumed other obligations 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 contribution 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	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; ► Analysis of the public announcement and of the resolution approved by the Council of Ministries of 2 October 2017 which authorized the conclusion of a framework agreement with the Resolution Fund to make available financial resources to meet contractual obligations related to the sale of Novo Banco to Lone Star; ► 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 posted on the site of the Resolution Fund from 2016 until the present date; ► 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; and

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
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. 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'. Any changes in the application of the financing mechanism of the Resolution Fund described above could have a significant impact on future financial statements of CGD.	► Review of the disclosures included in the Note 22 to the consolidated financial statements related to this 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, the Corporate Governance Report and the consolidated Non-financial statement 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;
- 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 regarding corporate governance, as well as verifying that the consolidated non-financial statement was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Consolidated 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 Corporate Governance Report

Pursuant to article 451, nr. 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 nr. 1 of the said article.

On the consolidated non-financial statement

Pursuant to article 451, nr. 6 of the Commercial Companies Code, we inform that the Group prepared the Sustainability Report separated from the Management Report, which includes the consolidated non-financial statement, as required in article 508-G of the Commercial Companies Code, being the same disclosed together with Management Report.

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 22 April 2021; 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.

Lisbon, 23 April 2021

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 2020

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 2020, 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 four throughout 2020;

(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;

(g) Participation in the activities of the Appointments, Assessment and Remuneration Committee, based on its members' presence at meetings;

(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, and;

(j) Periodic meetings with the External Auditor to monitor and audit its activity.

During the course of 2020, the Supervisory Board met 34 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 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 September 2020 and the evaluation reports within the scope of Banco de Portugal's *Official Notice* 3/2020 ("Notice") on March 1, 2021;

(e) In accordance with the requirements of article 60 of the "Notice", the Supervisory Board has attached the summary of the evaluation reports of the adequacy and effectiveness of the organizational culture and the governance and internal control systems of CGD and CGD Group, reported to Banco de Portugal on March 1, 2021;

(f) Analysis of the complaints and claims submitted to it whose processes were passed on to the CGD's appropriate services;

(g) Analysis of the exchange of correspondence between CGD and the supervisory entities;

(h) Analysis of the reports on the evolution of actions to mitigate the defects found by the supervisors;

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 10 meetings during 2020 and 5 meetings in 2021, to date, 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 the numbers 10 and 11 of article 77 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;

(h) Appraised the Proposal for the Policy for the Selection and Designation of CGD's Statutory Auditor and the contracting of different non-prohibited audit services, evaluating the contributions of the control functions, CGD's structural bodies and Special Commissions of the CGD Board of Directors;

(i) Streamlined the procurement process for the selection of the Statutory Auditors for the audit coverage at Group level for the 2021-2024 term.

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 2020 and the respective statutory audit certificates and audit reports issued by EY without reservations and without emphasis which deserved 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:

- Impairments for financial assets - Loans to Customers
- 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;
- Financial instruments measured at fair value and classified as stage 3 under IFRS 13;
- Resolution fund.

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 2020 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 2020 period and the respective Statutory and Auditor's Report on the Accounts issued without reservations and without emphasis, 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 2020, 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 2020, 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, April 23, 2021

SUPERVISORY BOARD

Guilherme d'Oliveira Martins

(Signed)

Chairman

António Luís Traça Borges de Assunção

(Signed)

(Member)

Manuel Lázaro Oliveira de Brito

(Signed)

(Member)

ANNEX TO THE REPORT AND OPINION OF THE SUPERVISORY BOARD

DISCLOSURES UNDER THE TERMS OF BANK OF PORTUGAL *NOTICE* 3/2020

Under the terms of the requirements of article 60 of Bank of Portugal *notice* 3/2020 ("*notice*"), the supervisory board hereby presents a summary of the reports on the assessment of the adequacy and effectiveness of the organisational culture and governance and internal control systems of Caixa Geral de Depósitos, S.A. ("CGD") and CGD group, as reported to the Bank of Portugal on 1 March 2021.

Caixa Geral de Depósitos, S.A.

Based on its oversight activities and analysis of documentation, the supervisory board considers that CGD's management and administrative bodies have furthered structural changes to its organisational culture and governance and internal control systems.

Particular reference should, herein, be made to the following:

- The positive evolution, on a level of the internal control system, of the implementation of the recommendations of the on-site inspections (OSI) and thematic reviews of the European Central Bank ("ECB"), in conjunction with other structural improvement initiatives furthered by the management body, which have made it possible to strengthen CGD's internal control systems in recent years. Reference should be made to the progressive strengthening of the three lines of defence model in line with international best practice, based on the implementation (still in progress) of the strategic plans of the control functions and the strengthening of their performance based on the occasional outsourcing of the specific operational tasks of such functions. Deadlines for the periods in respect of the actions defined in response to the recommendations and provided for in the strategic plans of the control functions have been set and are being regularly monitored by the administrative and supervisory bodies.
- The creation of the new functional area – internal control area (ICA) – responsible for strengthening oversight of the internal control system implemented in CGD group, which aims to establish and implement a centralised process for monitoring deficiencies, housed in a single database, under the terms of a new internal control deficiencies management policy within CGD group.

Notwithstanding the significant progress achieved, there is still a need to further develop actions designed to achieve a prompt resolution of the remaining deficiencies, in which there are expectations of relevant progress up to the end of the current year, and, as a recently centralised process, the need to consolidate/increase the flexibility of the implementation of the oversight process.

Following the entry into force of the *notice*, an impact assessment was performed in which a roadmap of gaps and action plans for each component of the *notice* has been identified. It has not, as yet, been possible to fully implement all the requirements of the *notice*, although actions have been taken to that effect in which special reference should be made to the need to strengthen the self-assessment process and for an independent entity to perform assessments on: (i) CGD's conduct and values, including the conduct and values of the administrative bodies, committees and supervisory board, as provided for in paragraphs 2 and 3 of article 3 of the *notice*; (ii) the processes for obtaining, producing and processing the information implemented within CGD in addition to the control mechanisms as provided for in no. 7 of article 29 of the *notice*; and (iii) the conformity of the established information flows with the requirements of article 30 of the *notice*. In the annual activities plan of the governance committee, approved at the board of directors' meeting of 31 December 2020 the need to further such assessments has been included for the purpose of ensuring an independent assessment of the adequacy and effectiveness of the organisational culture in place within CGD and its governance and internal control systems.

The supervisory board is aware of the limitations inherent in any internal control system which, regardless of its adequacy and effectiveness, can only provide a reasonable level of security for management and supervision in terms of achieving organisational culture, governance and internal control systems objectives, in addition to the other issues set out in the *notice*. Accordingly, given the inherent limitations of internal control systems, irregularities, fraud or errors can occur without being detected.

In view of the activities performed, improvements made, knowledge of the results of the assessment, without prejudice to the eventual impact of: (i) the above referred to limitations/projects in progress; (ii) the deficiencies identified in the report on the board of directors' assessment, as reported to the Bank of Portugal; and (iii) the above referred to limitations inherent in the internal control systems, the supervisory board considers, with a reasonable level of certainty that the organisational culture of Caixa Geral de Depósitos, S.A., its current governance and internal control systems are, in materially relevant respects, globally effective and adequate to the nature and magnitude of the risks associated with CGD's activity.

CGD Group

On the basis of its oversight activities and analysis of the documentation, the supervisory board considers that CGD's management and administrative bodies have also furthered structural changes to improve the group's internal control system.

In the reporting period, the supervisory board oversaw and monitored CGD group's internal control system based on (i) oversight of compliance with the internal control deficiencies management policy with regard to the project for recovering the backlog of situations identified; (ii) a regular assessment of the status of unresolved deficiencies and the regular reports on such deficiencies prepared by control functions; (iii) periodic meetings with their officers; (iv) an assessment of the internal audit reports and follow-up to the resolution of the deficiencies identified by this division.

The supervisory board also maintained close oversight of the implementation of the control functions strategic plan which also includes initiatives related to improving the efficiency and effectiveness of the procedures associated with the group's internal control system and the prompt resolution of the situations identified in the case of group subsidiaries.

As stated above, in view of the recent implementation of the *notice*, at present, it has not been possible to fully implement all of its requirements on a group level although actions to that effect have been taken. Reference should specifically be made to the need to strengthen the self-assessment process and for the referred to independent evaluations to be carried out by an external entity, also on a level of group subsidiaries.

In view of the activities performed, improvements made and knowledge of the results of the assessment, without prejudice to the eventual impact of: (i) the improvements currently in progress; (ii) the deficiencies identified in the report on the board of directors' assessment as reported to the Bank of Portugal; and (iii) the limitations inherent in the internal control systems of each group entity, the supervisory board considers, with a reasonable level of certainty that the group's internal control system is, in all materially relevant respects, globally effective and adequate to the nature and magnitude of the risks associated with CGD's activity and that the internal control systems of its subsidiaries are coherent with those of CGD.

Based on the normal dynamics of any internal control system, the conclusions presented should not be used to make any projection in respect of future periods on the degree of implementation of the referred to system, insofar as changes may be made to the processes and controls implemented.

Lisbon, 23 April 2021

3.

CORPORATE GOVERNANCE REPORT

Tapestries (triptych), by the painter Júlio Pomar, destined to the south top of the central foyer of the Headquarters Building. The triptych consists of 3 pieces with 5.24 m x 2.69 m each, entitled "Tropel" and was executed by Manufacture of Tapestries of Portalegre, Lda. It is defined by a decorative weave in 100% pure wool from Australia and weft and warp threads in 100% pure cotton. The pieces were awarded (design and supply) to the painter on December 30, 1987.

Index

This document is an English translation of the original Portuguese language document "Relatório de Governo Societário 2020". In the event of any inconsistency, the original version prevails.

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS.

Emílio Rui Vilar
Chairman of the board of directors

2020 was a year of major worldwide restrictions owing to the pandemic's severe impact on public health and its consequences on people's day-to-day and family lives, in addition to work and corporate activity.

Good governance in institutions has become an increasingly important factor in an unexpected and unprecedented context. This is reflected in the capacity to adapt flexibly, promptly and effectively to the new needs and expectations of a broad customer base which has been seriously affected by the pandemic. Caixa has shown its capacity to respond to a previously unknown situation, protecting its employees, continuing to focus on its availability, accessibility and proximity to its customers and creating value for its shareholder.

The implementation of the 2017-2020 strategic plan, negotiated in 2016 between the European Commission and the Portuguese state and formally approved on 10 March 2017, was completed last year. The strategic plan has been rigorously adhered to since its inception and Caixa has achieved and, in several areas, surpassed its defined objectives, across a positive trajectory recognised by official authorities, supervisors, investors and rating agencies. Its essential goals have been achieved and an assessment thereof can be expected in the sense of "mission accomplished".

These results have provided Caixa with a solid capital base, high levels of liquidity, a low level of non-performing loans and a good efficiency ratio which compare favourably with its Portuguese counterparts and European average. Its current position in the Portuguese market, in comparison to the beginning of 2017, shows good performance and solid fundamentals, indicating a continuation of its leading role in support of households and companies.

Compliance with the standards and guidelines issued by the supervisory authorities and an ambition to implement best corporate governance practice were behind a review of the regulations governing special board of directors' committees, for the purpose of updating their areas of responsibility. The need to have an even more effective and appropriate internal control system vis-à-vis the size of the group, complexity of its business and geographical diversification has justified the implementation of strategic plans for audit, compliance, risk, governance and IT functions. The importance of operational efficiency in terms of management has accelerated the group's reorganisation, based on its incorporation of and/or merger with several entities.

These priorities, together with a commitment to digital transformation and a sustainable future, have further improved the implementation of the governance model across the group as a whole and its impact on effectiveness and efficiency.

The term of office of the current board of directors ended in 2020. The implementation of the succession plan is expected to provide for the necessary continuity, stability and renewal.

A new governance model will come into force with the election of the new statutory bodies. It includes the creation of an audit committee with supervisory powers, within the management body and the extinguishing of the current supervisory board.

The past four years have witnessed the endeavours made to develop an efficient governance model based on an organisational culture committed to meeting the needs of society, CGD's shareholder, customers, employees and other stakeholders, assuming the fundamental values that should guide the activity of a national financial sector benchmark institution.

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) prepared in compliance with the provisions of the Legal Regime on the State´s Corporate Sector (RJSPE), namely in articles 54 and 39, no. 10 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) and European Securities Markets Association (ESMA).

Despite fulfilling all legal guidelines and recommendations applicable to corporate public entities, in this Report CGD adopts 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 CGD Board of Directors took the voluntary decision to include from its 2019 Governance Report a Declaration of Compliance with the IPCG's Corporate Governance Code, to reaffirming its commitment to the best practices in corporate governance. In this Report, this commitment is reaffirmed with the presentation of the Compliance Declaration adapted to the revised Corporate Governance Code version in 2020.

This Report is structured in accordance with the Instructions prepared and published by UTAM, in the exercise of the powers attributed by the Legal Regime on the State´s Corporate Sector to which CGD, as a public company is bound, also incorporating the Declaration of compliance of the Corporate Governance Code (CGC) of the Portuguese Institute for Corporate Governance (IPCG). 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 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 discloses CGD's work towards sustainability and of its social responsibility.

Main events in 2020

Caixa Geral de Depósitos Group, with a presence in several countries and continents, was naturally affected in its activity by the effects of the Covid-19 pandemic crisis and by measures aimed at its containment during 2020.In this context, CGD defined a strategy based on the prevention and protection of its employees and consequent mitigation of the operational risk for its companies' business. companies establishing a specific Contingency Plan. To manage this Plan, it defined a governance model, of which the creation of a Crisis Management Team stands out, reporting directly to the Executive Committee, responsible for: coordinating CGD's response to a crisis situation, applying the principles of Risk Management Emergency and Business Continuity Policy; ensure the implementation of the Covid-19 Continuity Plan; monitor the crisis impacts on CGD and its activity; ensure adequate and timely internal and external communication and, manage the performance of all areas involved.

Seven committees were also set up, some on a daily basis, with the following areas of intervention: operational themes; macroeconomic scenarios and economic and financial impact assessments; risk assessment in the different aspects; business and customers in different segments; international operations and, relationship with the supervisory entities.

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In spite of this framework, there were several changes and events which were relevant for the company's corporate governance in 2020, of which the following are worth highlighting

- At the beginning of 2020, the implementation of a set of initiatives to promote and increase the levels of efficiency and effectiveness of the collective performance of CGD's management body, resulting from a set of recommendations due to an evaluation by an external entity, was completed. Subsequently, the Joint Supervisory Team declared to consider the set of these recommendations implemented. Also in 2020, and for the first time, the process of evaluating the performance of CGD's Board of Directors and the process of evaluating the individual performance of its executive and non-executive members, with reference to the year 2019, was conducted in-house, by the Appointments, Assessment and Remuneration Committee (CNAR);

- In order to ensure robust governance applied on a consolidated basis, CGD, has reinforced mechanisms and forms of interaction with its branches abroad and its subsidiaries in Portugal and abroad, for the adoption of structural rules of CGD's internal governance. As a result of this effort, several rules were adopted by CGD Group entities, the competencies of the Risks, Audit and Control Committees in financial subsidiaries abroad were created or readjusted, being regulated its functioning and competencies and the process of setting up Appointments Remuneration Committees in those entities was also initiated.

- Election of the members of the board of the general meeting for the 2020-2023 term;

- Review of the Regulations governing the Board's Special Commissions with the objective of updating their competencies in an effort to constantly evolve in the way they carry their functions;

- Reorganisation of executive boards in line with best practice and regulatory guidelines;

- Restructuring of several committees and specialised executive boards, optimising their work and enabling a more integrated approach to several issues;

- Formulation of a policy for the selection and appointment of the statutory auditors and for contracting non-audit services which have not been prohibited;

- Preparation of a policy proposal on transactions with related parties aiming to ensure that such transactions take place under market conditions, without benefict of a related party;

- Continuation of the group´s corporate reorganization through simplification of the group's structure with a consequent reduction in the number of entities;

- Approval and publication of the Plan for Gender Equality (2021) guided by the principles of equality and non-discrimination between women and men;

- During 2020, CGD carried out a reflection on its governance model, which resulted in a proposal to change the model (was in force since 2016) to the model composed of a Board of Directors, an Audit Committee and the Statutory Auditor . The change in the Governance Model was approved on January 25, 2021 by the shareholder, which determined the amendment to CGD's Articles of Association. The adoption of the new Governance Model will be implemented with the appointment of the members of the Board of Directors for the 2021-2024 term.

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 2020 adjusted for available resources and funding sources	•		---
	Obtained government approval for activities plan and budget for 2020	•		---
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	•		23/04/2021
Article 46	Elaborated report identifying occurrences, or risk of occurrences, associated with prevention of corruption	•		Oct/2020
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 applied for each member of the statutory bodies
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)	•		23/04/2021

3.2. Mission, Objectives and Policies

In 2019, CGD's sole shareholder, recognizing its leading role in the Portuguese financial sector and the moment of profound change in the financial sector, as well as the adoption of a new model of corporate governance, formulated a new Mission Letter where it determines CGDs goals until 2020, and the mission, vision, guidelines and fundamental values for CGD's future.

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.

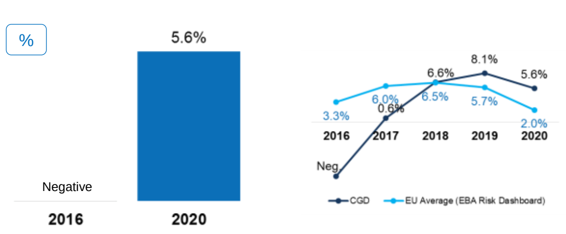
Strategic Plan Targets

In the 2017-2020 Strategic Plan, the following objectives were defined that CGD proposed to achieve:

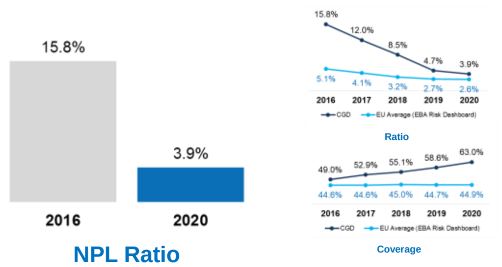
- Efficiency: to reduce operating costs, aiming to achieve a Cost-to-Income ratio in line with best practices of European banks - less than 43% in 2020;
- Robustness: to reduce Non-Performing Loans (NPL) - less than 7% in 2020;
- Soundness: to maintain a capital ratios (CET1 - Common Equity Tier One) that comply with regulatory requirements and enable a relevant financial support to economic agents- more than 14%;
- Profitability: to generate an adequate remuneration of its equity (ROE - Return On Equity) - more than 9% in 2020.

At the end of 2020, the NPL ratio stood at 3.9% and the CET1 ratio at 18.4%, exceeding the objectives set. The ROE and cost-to-income ratios, in the same period, stood at 6.3% and 49.8%, respectively, below the defined objective. It is worth noting the reduction in income, resulting from low interest rate levels much lower than those that had been advocated at the time of setting the original targets - lower net interest income - and by the pandemic crisis Covid-19, which reduced transactions and commission income. The ROE lower than the target set is also a result from exceeding the equity target by four percentage points.

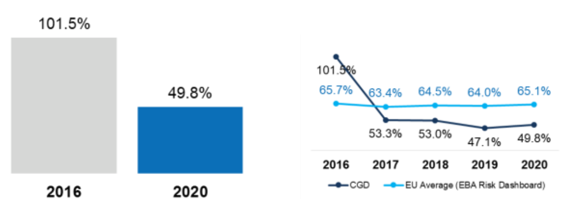
In the presence of macroeconomic factors very different from those initially foreseen, DG Comp communicated, in its assessment of the degree of compliance with the 2017-2020 Strategic Plan, its decision to consider CGD's performance also in the light of market developments, i.e., comparing to its peers. Considering that, in terms of ROE and cost-to-income, CGD outperformed the average value of European banks, it is possible to conclude the success achieved of the objectives set.



ROE (Current Activity)

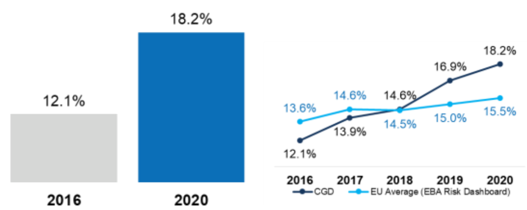


NPL Ratio



Current Cost-to-Income

Domestic Activity



CET1 Fully Loaded Ratio

The successful implementation of the 2017-2020 strategic plan and the growth in results, ended in a significant reinforcement of CGD's capital ratios, allowing, in 2019, 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. In 2020, and in response to the European Central Bank's recommendation of prudence in proposals for the appropriation of net income, as a result of the exceptional situation resulting from the pandemic crisis of Covid-19 and the uncertainty about its impacts on the evolution of the economy of the euro area, CGD's board of directors decided to propose to the General Meeting the non distribution of dividends, applying the total result of €762 million in legal reserves and other reserves.

Key factors upon which the company's results depend

Profitability and efficiency objectives continue to be heavily reliant on external factors, particularly:

- In 2020, economic activity in Portugal and worldwide was significantly affected by the Covid 19 pandemic and by the imposed containment efforts, in particular mobility restrictions, closing of national borders and limitations of a series of economic activities. Despite the fact that the third quarter witnessed a gradual lifting of restrictions and a rapid and pronounced economic recovery over the first half, that trend changed in the last quarter of 2020 with the need for renewed containment measures in Portugal and in most countries.

- 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). Notably, the burden imposed on Portuguese banks in the context of the resolution processes of credit institutions that will be felt in 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 a public limited company with exclusively public capital and, under the terms of Decree-Law no. 287/93, of 20 August, in its current wording, the shares representing its share capital, including those that may be issued in future capital increases, they can only belong to the Portuguese State and are held by the Directorate-General of the Treasury.

Its share capital of €3,844,143,735 comprises 768,828,747 shares with a nominal value of €5 each, at 31 December 2020.

Shareholders	Share Capital at 31/12/2020	% Equity Stake at 31/12/2020
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

	Head Office	31-12-2020 Voting rights	
Holding Companies			
Caixa - Participações, SGPS, S.A.	Lisbon	100.00%	
Parbanca, SGPS, S.A.	Madeira	100.00%	
Banking			
Banco Comercial do Atlântico, S.A.	Praia	58.19%	(*)
Banco Comercial e de Investimentos, S.A.	Maputo	63.05%	
Banco Caixa Geral Brasil, S.A.	São Paulo	100.00%	(*)
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%	
CGD Investimentos CVC, S.A.	São Paulo	100.00%	(*)
Banco Caixa Geral Angola, S.A.	Luanda	51.00%	
Asset Management			
Caixa Gestão de Ativos, 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	Lisbon	90.00%	
Investment Funds			
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	30.14%	
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	Lisbon	32.82%	
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

At the beginning of 2016, CGD Group included 86 entities. Since then, as part of the process of simplifying and rationalizing the Group's structure, in the context of the Strategic Plan 2017-2020, CGD Group has substantially reduced the number of consolidated entities, mainly through merger and dissolution operations, having ended 2020 with 41 entities in the consolidation perimeter. Despite achieving the goals of the Strategic Plan, the process of simplification and rationalization will continue in 2021, both with operations already underway and with implementing others already identified.

The following operations took place in 2020:

- Closure of the branches of Caixa Geral de Depósitos, S.A. in Spain and Luxembourg;
- Merger by incorporation of Caixa Leasing e Factoring - Sociedade Financeira de Crédito, S.A. into Caixa Geral de Depósitos, S.A .;
- Merger by incorporation of Partang, SGPS, S.A. into Caixa Geral de Depósitos, S.A .;
- Merger by incorporation of the FCR Grupo CGD Venture Capital Fund into FCR Empreender +;

- Beginning of preparatory work for the merger by incorporation of Parbanca, SGPS, S.A. into Caixa Participações, SGPS, S.A .;
- Liquidation of FIIAH Cidades de Portugal;
- Continuation of work to sell the stake in Banco Comercial do Atlântico, S.A .;
- Participation in the capital increase of Fidelidade - Companhia de Seguros SA, although outside the scope of the Strategic Plan, through the exchange of interests held in Multicare - Seguros de Saúde SA and in Fidelidade Assistência - Companhia de Seguros, SA, for shares of Fidelidade - Companhia de Seguros SA, allowing exposure to the insurance sector to be concentrated in a single company.

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 3,500 thousand euros from its founder Caixa Geral de Depósitos, S.A. which also provided its installations and makes an annual endowment which, in 2020, was 2.8 million 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.

The members of the management and supervisory boards also individually declared their equity holdings in other companies and the relationships with suppliers, customers, financial institutions or any other business partners of CGD, which may constitue a conflict of interests.

In 2020 and on 23 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 3 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, are wholly owned by 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 governance model comprises in its internal structure 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.

Although the year 2020 was marked by the Covid-19 pandemic crisis, CGD's statutory bodies continued to operate regularly, based on their use of telematic media and permanent oversight and monitoring of its activity, having, for this purpose, created a specific internal governance model.

This resulted in the setting up of the committee in April 2020 to permanently oversee and monitor all risk areas inherent to CGD group's activity, with fortnightly meetings being held for analysis, discussion and deliberations on issues related to the pandemic's development and consequent impact on CGD's activity, namely operational, business continuity, financial markets and updates of macroeconomic projections, information technologies and cybersecurity issues. The Covid risk committee particularly monitored the evolution of credit risk and moratoria in CGD, in addition to the group's international entities. These meetings were attended by members of the risk committee (CR), chief risk officer (CRO), chief financial officer (CFO), non-executive members of the board of directors and all divisions involved in the main areas of concern for CGD group, including, in addition to, *inter alia* the office for economic research, international business relations division, and marketing divisions (corporate and retail) risk areas. More recently, the agenda of these meetings evolved to the consideration of more specific issues, such as "distressed debtors".

In terms of CGD governance model, 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 board of directors on the 1st of February 2017, which authority remains in force.

Members of CGD's statutory bodies are elected under a shareholders' resolution for a period of 4 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 4 (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. The members of the supervisory board are elected for a period of 4 (four) years, and may be reelected in accordance with the provisions of the law.

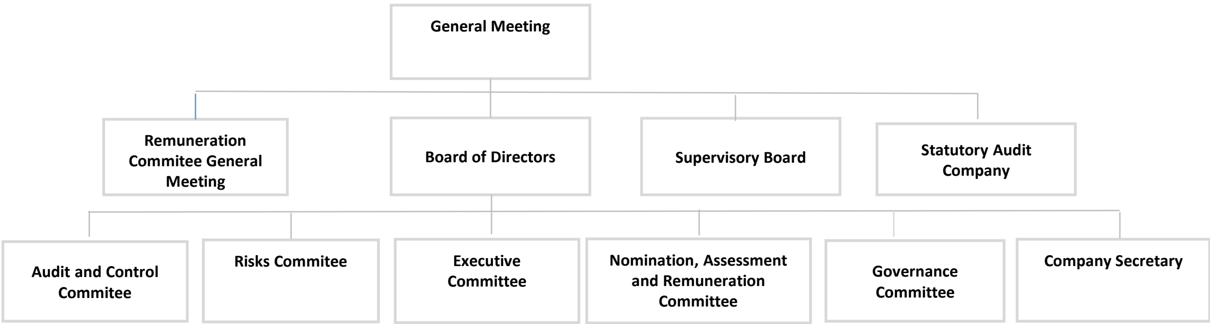
It is not mandatory for the terms of office of various statutory bodies to coincide. The current term of office of the supervisory board started in 2016 and ends in 31 December 2019 whereas the term of office of the board of directors began in 2017 and ended on 31 December of 2020.

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 ended on 31 December of 2020

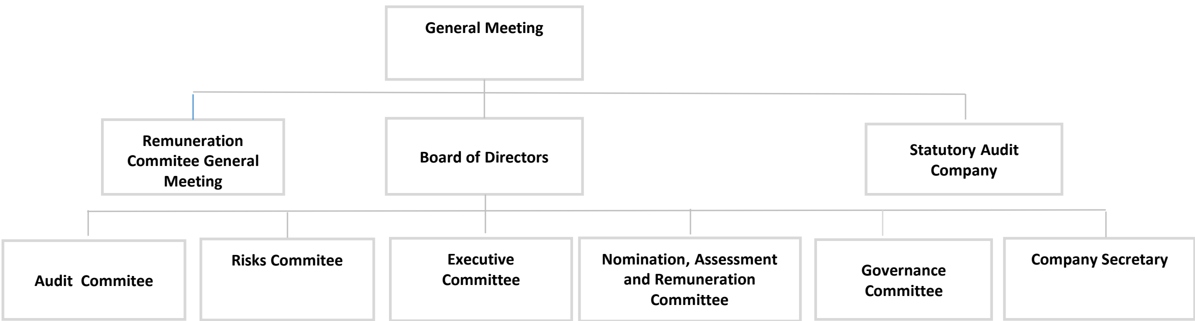
CORPORATE GOVERNANCE STRUCTURE



In order to permit a better comprehension of CGD's a modus operandi in corporate governance terms, the updated articles of association, in Portuguese and English, the internal regulations of the board of directors, the executive committee and the 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 3.6.5.

CGD's consideration of its governance model across the course of 2020 gave rise to a proposal to alter the Latin model in force since 2016 to the Anglo-Saxon model (article 278 no. 1 b) of the commercial companies code) comprising non-executive members of the Board of Directors, an audit committee and a statutory auditor. The alteration of the governance model was approved on 25 January 2021 in the form of a unanimous resolution in writing from the shareholder determining an alteration to CGD's articles of association. The adoption of the new Governance Model was approved by the European Central Bank, is registered at the Commercial Registry Office and will be implemented with the election of the members of the Board of Directors for the term 2021-2024.

In the new governance model, with the following organizational chart, the Board of Directors includes an Audit Committee with supervisory functions, currently assigned to the Supervisory Board and to the Audit and Control Committee. The auditing functions continue to be assigned to the Statutory Audit Company, which also carries out the audit of the accounts.



3.5.2. Statutory Bodies

3.5.2.1. Board of the 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 and review, annually if justified, the remuneration policy for the Members of the Management and Supervisory Bodies and other activities related to it, as well as deal with matters for which it is called.

The current board of the general meeting was elected on 19 May 2020 for the 2020-2023 four-year term of office and its composition is as follows:.

Term of office	Position	Name	Appointment	
			Form	Date
2020-2023	Chair	Paulo Mota Pinto	UWR	19.05.2020
2020-2023	Vice-Chair	Maria João Pessoa de Araújo	UWR	19.05.2020
2020-2023	Secretary	Manuela Duro Teixeira	UWR	19.05.2020

Professional qualifications of members of the Board of the General Meeting

Curriculum of each member of the Board of the General Meeting, on 31/12/2020, elected for the 2020-2023 term, with the academic and professional qualifications relevant to the performance of their duties is presented below. A more detailed version can be found in Appendix III of this Report.

Paulo Cardoso Correia da Mota Pinto

Portugal. November 18, 1966

Chairman of the Board of the General Meeting of Caixa Geral de Depósitos, S.A.

Academic qualifications

Master and PhD in Legal-Civil Sciences, Faculty of Law, Universidade de Coimbra.
Certificate of German law foundations, Ludwig-Maximilians Universität, Munchen (1990).

Previous professional experience

Non-executive director of ZON SGPS and member of the Audit Committee (2008-2013). Chairman of the Supervisory Board for the Information System of the Portuguese Republic (2013-2017). Member of the Assembly of the Republic in the XI and XII legislatures, presiding over the Parliamentary Committee on European Affairs (2011-2015) and the Parliamentary Committee on Budget and Finance (2009-2011), respectively. Legal advisor to BPI - Banco Português de Investimento (1991-1998). Counselor Judge of the Constitutional Court (1998-2007).

Academic Positions

Professor at the Faculty of Law of the University of Coimbra. Visiting Professor at the University of Sarre (Universität des Saarlandes), Germany.

Other current positions

Member of the Supervisory Board of NOS, SGPS. Referee and Legal Consultant.

Knowledge and Skills

Extensive national and international academic experience in different areas of law. Has published extensive legal work. Served as a deputy, assuming the chairmanship of the Parliamentary Committees on European Affairs and Budget and Finance, in different legislatures.

Maria João Dias Pessoa de Araújo

Portugal. September 25, 1958

Vice-Chairman of the Board of the General Meeting of Caixa Geral de Depósitos, S.A.

Academic qualifications

Degree in Economics, Faculty of Human Sciences, Universidade Católica Portuguesa.
Post-Graduation in European Studies - economic dominant - Centre for European Studies, Universidade Católica Portuguesa.

Other current positions

Director-General, Directorate-General for Treasury and Finance.

Knowledge and Skills

Senior management experience in public services. Important contribution to the economic, financial and accounting areas.

Previous professional experience

Deputy Director-General of the Directorate-General for Treasury and Finance (2011-2017). Director of Accounting Services of the Directorate of Services for Community Affairs of the General Directorate of Budget (2007-2011). Director of Services for Monetary and Financial Affairs of the Directorate-General for European Affairs and International Relations of the Ministry of Finance (1999-2007). Advisor to the Directorate-General for European Affairs and International Relations at the Ministry of Finance (1998-1999). Non-executive director of Parpública - Participações Públicas (SGPS), S.A. Non-executive director of Lusa-Agência de Notícias de Portugal, S.A. Representative of the Ministry of Finance on the General and Supervisory Board of Portugal Capital Venture - Sociedade de Capital de Risco, S.A. Chairman of the Board of the General Meeting of Parvalorem, S.A. Parups, S.A. and Parparticipadas, SGPS, S.A. Assistant at Católica Lisbon School of Business & Economics.

Maria Manuela Correia Duro Teixeira

Portugal. April 3, 1963

Secretary of the Board of the General Meeting of Caixa Geral de Depósitos, S.A.

Academic qualifications

Master in Law, Faculty of Law, Universidade de Lisboa, Portugal (2008).

Degree in Law, Universidade Católica Portuguesa, Porto, Portugal (1986).

Diploma in High European Legal Studies, Collège d'Europe, Bruges, Belgium (1988).

Previous professional experience

Member of the Board of Directors of Caixa Participações, SGPS, S.A. Member of the Board of Directors of Parbanca, SGPS, S.A. Member of the Board of Directors and Governing Board member of the Fundação Caixa Geral de Depósitos – Culturgest. Manager of Millennium BCP Participações, SGPS. Coordinating Director of the Tax Advisory Department of Banco Comercial Português, S.A. Partner (Practice Director, responsible for quality and risk control of the Tax Consulting Division) of Arthur Andersen which, from August 2002, merged its activities in Portugal with Deloitte. Responsible for several chairs in post-graduate courses taught at different university institutions and for the guidance and discussion of several master's theses.

Knowledge and Skills

Performance of management functions at high level and in-depth knowledge and practical experience in several areas of law, including the authorship and publication of contributions for the discussion of relevant topics.

Other current positions

Central Director, Legal Affairs Department, Caixa Geral de Depósitos, S.A. Non-executive member of the Board of Directors of Fundação Caixa Geral de Depósitos – Culturgest.

The following resolutions passed at the general meeting or in the form of a Unanimous Written Resolution (UWR) in 2020 were as follows.

- Approval of the amendment to nos. 1 and 2 of article 25 of CGD's articles of association, approved by decree law 287/93 of 20 August with the introduction of successive amendments (5 March 2020);
- Approval of the proposal for the amount of the variable remuneration to be attributed to the group of CGD's executive board members, in 2018, with an amendment of the references made to points 9.2 and 9.3 of the remuneration policy to 10.2 and 10.3 respectively (19 May 2020);
- Approval of the management report and accounts on CGD's separate and consolidated activity for 2019, approval of the proposal for the appropriation of net income and a general assessment of the company's administration and supervision (29 May 2020);
- Deliberation on the election of Arlindo Manuel Limede de Oliveira as a non-executive member of CGD's board of directors, for the current 2017-2020 term of office (5 August 2020).

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	Vacant		
2017-2020	Vice-Chair	Francisco Miguel Rogado Salvador Pinheiro Veloso	UWR	16.06.2017
2017-2020	Secretary	Patrícia Andrea Bastos Teixeira Lopes Couto Viana	UWR	16.06.2017

The Chairmanship is vacant since october 5, 2019, following the death of the former holder of the office.

The competences of this Committee are, *inter alia*, the following:

- In compliance with the remuneration policy applicable to the members of the board of directors and the Supervisory Board, 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;
- Issuance of the annual statement on the remuneration policy for the members of the Board of Directors and the Supervisory Board, in conjunction with the Appointments, Evaluation and Remuneration Committee, to be submitted to the approval of the General Meeting;
- 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 chairman of CRAG and its respective members shall be present at the annual general meeting, and at any other, in which matters relating to the remuneration of members of the company’s bodies are discussed and decided, or if such a presence has been requested by the shareholder.

The General Meeting’s Remuneration Committee met 10 times in 2020, no absences were recorded.

3.5.2.2. Board of Directors

The board of directors comprises a minimum of 7 and a maximum of 20 members, including a non-executive chairman and a vice-chairman, elected by the shareholders’ meeting, for a 4 year term of office.

The board of directors comprises currently 8 executive members who set up an Executive Committee, to which it shall delegate the day-to-day management of CGD and 8 non-executive members who make up the special committees to the Board.

The board of directors comprises an adequate and sufficient number of members, taking into account CGD’s specific structure and size and the complexity of the risks inherent to its activity. The activities of non-executive Board members include the supervision and continuous assessment of the company’s management, ensuring the effectiveness of oversight, supervision and assessment of the activity of the executive board members in efficiently and effectively complying with the duties assigned to them.

The following table presents the composition of the board of directors for the four-year period 2017-2020, identifying the number of meetings and the attendance of each member as well as the number of terms of office held:

Term of office (Start-End)	Position	Name	Date of the resolution of General Meeting	Number of Meetings	Attendance Report	No. of terms of office in the Company
2017-2020	Chair of the Board of Directors	Emílio Rui da Veiga Peixoto Vilar	31-01-2017	24	100%	3
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	24	100%	1
2017-2020	Executive Member of the Board of Directors	Francisco Ravara Cary	31-01-2017	24	100%	1
2017-2020	Executive Member of the Board of Directors	João Paulo Tudela Martins	31-01-2017	24	100%	2
2017-2020	Executive Member of the Board of Directors	José António da Silva de Brito	31-01-2017	24	100%	1
2017-2020	Executive Member of the Board of Directors	José João Guilherme	31-01-2017	24	100%	1
2017-2020	Executive Member of the Board of Directors	Maria João Borges Carioca Rodrigues	31-01-2017	24	100%	2
2017-2020	Executive Member of the Board of Directors	Nuno Alexandre de Carvalho Martins	31-01-2017	24	100%	1
2017-2020	Executive Member of the Board of Directors	Carlos António Torroaes Albuquerque	02-08-2017	24	100%	1
2017-2020	Non-Executive and Independent Member of the Board of Directors	Ana Maria Machado Fernandes	17-03-2017	23	96%	1
2017-2020	Non-Executive and Independent Member of the Board of Directors	José Maria Monteiro de Azevedo Rodrigues	17-03-2017	24	100%	1
2017-2020	Non-Executive and Independent Member of the Board of Directors	Hans-Helmut Kotz	19-10-2017	24	100%	1
2017-2020	Non-Executive and Independent Member of the Board of Directors	Mary Jane Antenen	04-04-2018	24	100%	1
2017-2020	Non-Executive Member of the Board of Directors	Altina Sebastian Gonzalez	05-04-2018	24	100%	1
2017-2020	Non-Executive and Independent Member of the Board of Directors	Nuno Filipe Abrantes Leal da Cunha Rodrigues	08-07-2019	24	100%	1
2017-2021	Non-Executive Member of the Board of Directors	Arlindo Manuel Limede de Oliveira	2020-08-05	10	100%	1

In 2020, Professor Arlindo Manuel Limede de Oliveira was elected as a non-executive member of the board of directors for the completion of the 2017-2020 mandate.

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.

Professional qualifications of members of the Board of Directors

Curricula of the members of the Board of Directors, on 31/12/2020, elected for the 2017-2020 term, with the academic and professional qualifications relevant to the performance of their duties is presented below. A more detailed version can be found in Appendix III of this Report.

Emílio Rui da Veiga Peixoto Vilar

Portugal. May 17, 1939

Chairman of the Board of Directors of Caixa Geral de Depósitos, S.A. (pro bono)

Academic qualifications

Degree in Law, Universidade de Coimbra (1961).
Honoris Causa PHD, Universidade de Lisboa (2011).

Other current positions

Chairman of the Board of the Founders of Serralves Foundation. Non-executive Director of the Casa de Mateus Foundation. Member of the Superior Board of Universidade Católica Portuguesa. Council Member of Europa Nostra. Non-Executive Member of the Board of Directors of the Calouste Gulbenkian Foundation.

Knowledge and Skills

Extensive professional career in various sectors of activity, from banking to the energy sector, through the social sector. Has performed functions in the regulatory and representative context of the financial sector. Governmental experience assuming ministerial positions in different legislatures. Author of several publications in the financial and social fields. Has been widely distinguished at the highest level both nationally and internationally.

Previous professional experience

Member of the Advisory Board of Banco de Portugal (2014-2016). Chairman of the Board of Directors, Executive Committee (2014-2015) and Member of the Audit Committee (2012-2014) of REN, SGPS, S.A. Member of the Supervisory Board of Partex Holding BV (2013-2019). President (2002-2012), Vice-President, Chief Executive Officer (1998-2002) and Non-Executive Director (2012-2018) of Partex Oil & Gas (Holdings) Corporation. Chairman of the Boards of Directors of Participations and Explorations Corporation, Partex (Oman) Corporation, Partex Gas Corporation, Partex (Kazakhstan) Corporation and Partex Service Corporation (1998-2002). Consultant Lawyer at PLMJ, Sociedade de Advogados, RL (2012-2015). Chairman of the General Council of the Portuguese Institute of Corporate Governance (2007-2011). Chairman of the Calouste Gulbenkian Foundation (2002-2012). Chairman of the Board of Directors of Galp Energia (2001-2002). Non-executive director of SOPORCEL (2000-2001). Chairman of the Audit Board of Banco de Portugal (1996-2014). Chairman of the European Savings Banks Group (1991-1994). Chairman of the Board of Directors of Caixa Geral de Depósitos (1989-1995). Vice-Governor of Banco de Portugal (1975-1985). Member of the Portuguese Parliament elected from the lists of the Socialist Party, as independent (1976). Minister of Transport and Communications of the first Constitutional Government (1976-1978). Minister of Economy of the second and third Provisional Governments 1974-(1975). State Secretary for Foreign Trade and Tourism of the first Provisional Government (1974).

Paulo José de Ribeiro Moita de Macedo

Portugal. July 14, 1963

Vice-Chairman of the Board of Directors of Caixa Geral de Depósitos, S.A.
Chief Executive Officer of Caixa Geral de Depósitos, S.A.
Chairman of Caixa Geral de Depósitos – Culturgest Foundation

Academic qualifications

Degree in Corporate Organisation and Management, Instituto Superior de Economia e Gestão of Universidade de Lisboa (1986).
PADE - Programa de Alta Direção de Empresas (Top Management Program), AESE (2003).
Several Executive Formations (MIT, Harvard Business School, INSEAD, IMD) in several countries.

Other current positions

Member of the Board of Directors of the Portuguese Banking Association (APB). Member of the Advisory Board of Instituto Superior Técnico (IST). Curator Council - Invited Curator of the Arpad Szenes Foundation - Vieira da Silva. Member of the Advisory Committee of the European Alliance For Global Health.

Previous professional experience

Board Member, Millennium BCP Ageas Grupo Segurador, SGPS, S.A., Ocidental Vida – Companhia Portuguesa de Seguros de Vida, S.A., Ocidental – Sociedade Gestora de Fundos de Pensões, S.A. (2016-2017). General Director of Banco Comercial Português, S.A. (Millennium BCP) (2015-2016). Vice-Chairman of the Executive Board of Directors of Banco Comercial Português, S.A. (2008-2011). Vice-Chairman of the Board of Directors of Millennium BCP Ageas Grupo Segurador, SGPS, S.A. (2008-2011), Ocidental - Companhia Portuguesa de Seguros, S.A., Ocidental Vida - Companhia Portuguesa de Seguros de Vida, S.A., Companhia Portuguesa de Seguros de Saúde, S.A. (Médis), PensõesGere - Sociedade Gestora de Fundo de Pensões, S.A. (currently known as Oeste - Sociedade Gestora de Fundo de Pensões, S.A) (2011). Member of the Supervisory Board of Bank Millennium (Poland) (2008-2011) and Euronext, NV (2010-2011). Minister of Health of the XIX Constitutional Government (2011-2015). General Director of Taxes and Chairman of the Fiscal Administration Board (2004-2007).

Knowledge and Skills

Extensive leadership practice in the financial sector, namely in banking and insurance, and in the public sector where held ministerial functions in the area of health and general management in the area of taxation. Has academic experience in economics and management, social sciences and politics. Was distinguished several times, at the highest level, for his merit in the various functions performed. Experience and knowledge enable him to strategically formulate the business at the commercial level and as a public bank.

Francisco Ravara Cary

Portugal. August 29, 1965

Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A.
Chairman of the Board of Directors of Caixa Banco de Investimento, S.A (Portugal), of Banco Caixa Geral Brasil, S.A. (Brazil), of Locarent, Companhia Portuguesa de Compra de Viaturas, S.A. of Banco Comercial do Atlântico (Cape Verde).
Member of the Board of Directors of Fidelidade Companhia de Seguros, S.A. and Banco de Comércio e de Investimentos, S.A. (Mozambique)
1st Vice-Chairman of the Board of Directors of Banco Caixa Geral Angola S.A.
Non-Executive Chairman of the Board of Directors of Caixa Leasing e Factoring, SFC, S.A.
Non-Executive Member of the Board of Directors Banco Nacional Ultramarino, S.A. (Macao-China)

Academic qualifications

MBA, INSEAD, France (1993).
Degree in Business Administration and Management, Universidade Católica Portuguesa (1988).

Knowledge and Skills

Extensive experience in executive and non-executive functions of high leadership at national and international level in the sectors: banking, finance, telecommunications and real estate, enabling him for commercial activities and perception of credit risk. Also developed academic activity at the Universidade Católica Portuguesa.

Previous professional experience

Non-Executive Chairman of the Board of Directors of Banco Caixa Geral (Spain) (2017-2019). Non-Executive Member of the Board of Directors Banco Caixa Geral Angola (2018-2019). Executive Director of Novo Banco, S.A. (2015-2017). Chairman of the Board of Directors of Espírito Santo Ventures, Sociedade de Venture Capital, S.A. (2015-2016), GNB Gestão de Ativos, SGPS, S.A. (Portugal), GNB Vida, S.A. (Portugal), Banco BEST, S.A. (Portugal) (2015-2016). Member of the Board of Directors of ES TECH VENTURES, SGPS, S.A. (2016-2017), Banque Espírito Santo et de la Vénétie (France) (2016), Pharol SGPS, S.A. (Portugal) (2014-2016), Oi, S.A. (Brazil) (2015-2016), BESI Brasil, S.A. (Brazil) (2016), BESI Holdings Limited (United Kingdom) (2015), Espírito Santo Investimentos, S.A. (Brazil) (2016), 2bCapital, S.A. (Brazil) (2014), COPORGESTE - Companhia Portuguesa de Gestão e Desenvolvimento Imobiliário, S.A. (Portugal) (2015). Executive Vice-Chairman of the Board of Directors of Banco Espírito Santo de Investimento, S.A. (BESI) (Portugal) (2015). Chairman of the Board of Directors of Espírito Santo Capital, S.A (Portugal) (2015) and SES Iberia Private Equity, S.A (Spain) (2014).

João Paulo Tudela Martins

Portugal. April 25, 1966

Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A.
Member of the Board of Directors of Banco Nacional Ultramarino, S.A. (Macao-China)

Academic qualifications

Customer Analytics For Growth Using Machine Learning, AI, and Big Data – Wharton, USA (2019).
Strategic and Risk Management in Banking – INSEAD, France (2018).
Leading Change and Organizational Renewal (LCOR) – Stanford University Graduate School of Business (USA) (2018).
Stanford Executive Program (2013).
Post-Graduation in Corporate Finance - ISCTE Business School, (2001).
Degree in Management - Universidade Católica Portuguesa (1989).

Previous professional experience

Central Director of Risk Analysis and Control (2016), Coordinating Director of the Credit Risk Department (2002-2016), Commercial Coordinating Director of Large Southern Companies (2000-2002) and Commercial Director of Business Centre (1996-2000), at BPI.

Knowledge and Skills

Relevant management experience in the banking sector, with particular emphasis on the commercial and risk management areas.

José António da Silva de Brito

Portugal. February 9, 1965

Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A. (with the functions of CFO)
Member of the Board of Directors of the Caixa Geral de Aposentações
Vice-Chairman of the Board of Directors of Banco Interatlântico (Cape Verde)

Academic qualifications

Post-Graduation, Senior Banking Management course, Bank Training Institute and Universidade Católica Portuguesa (1992).
Degree in Economics, Faculty of Economics of Universidade Nova de Lisboa (1987).

Knowledge and Skills

Wide bank management experience in the financial markets area, with a deep knowledge of the financial risks to which Caixa Geral de Depósitos' activity is exposed, as a result of the various leadership roles he played in the institution and in his representation.

Previous professional experience

Chairman of the Board of Directors of Caixa Participações (2018-2019). Central Director of Financial Markets at Caixa Geral de Depósitos (2009-2017). Director (2001-2009) and Deputy Director (1995-2001) of the Treasury and Capital Markets Department of Caixa Geral de Depósitos. Executive director of MTS - Portugal, Management Company of the Special Public Debt Market, SGMR, S.A. (2004-2009). Member of the Board of Directors of Caixagest - Técnica de Gestão de Fundo S.A. (2000). Member of the Board of Directors of Servimédia, Sociedade Mediadora de Capitais S.A. (1995-2000). Member of the Board of Forex Club de Portugal (1996-1998).

José João Guilherme

Portugal. June 16, 1957

Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A.
Chairman of the Board of Directors of Banco Nacional Ultramarino S.A. (Macao-China)
Chairman of the Board of Directors of Banco Interatlântico S.A. (Cape Verde)
Member of the Board of Directors of Fidelidade Companhia de Seguros, S.A.
Member of the Board of Directors of Caixa Leasing e Factoring, S.A.
Chairman of the Board of Directors of Banco Caixa Geral Angola, S.A.

Academic qualifications

Degree in Economics, Universidade Católica Portuguesa (1981).
Attended the Master's Degree in Economics, Faculty of Economics of Universidade Nova de Lisboa (1986).
Executive and specialized training at INSEAD, AESE and Massachusetts Institute of Technology Sloan School Management.

Other current positions

Non-executive director of the Board of Directors of Fundação Eugénio de Almeida.

Previous professional experience

Member of the Board of Directors at Novo Banco (2014-2016) and Banco Comercial Português (2008-2011). Cooperated with Private Equity ECS Capital, in the management of several industrial companies (2016-2017). Vice-President of Investwood and IFM S.A. (2014). President of VIROC, S.A. (2014). Member of the Board of ELO - Portuguese Association for Economic Development and Cooperation (2008-2011). Member of the Board of Directors of Holding Bernardino Gomes SGPS S.A. (2011-2013) and of the Millennium BCP Foundation (2008-2011). Vice-Chairman of the Board of Directors of Millennium BIM Mozambique and CEO of Millennium BIM (2009-2011). Chairman of the Board of Directors of Banco Millennium BCP de Investimento and Banco ActivoBank S.A. (2008-2009). Developed his own business projects with the establishment of two agricultural companies of which he was a managing partner.

Knowledge and Skills

Extensive experience in management positions in industrial companies and in the banking sector in multiple segments of the national and international markets, contributing to an in-depth knowledge of the strategy of different business models.

Maria João Borges Carioca Rodrigues

Portugal. August 10, 1971

Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A.
Chairman of the Board of Directors of Caixa Geral de Aposentações, IP (CGD)
Member of the Board of Directors of Caixa - Banco de Investimento, S.A.
Member of the Board of Directors of Banco Nacional Ultramarino, S.A. (Macao-China)

Academic qualifications

Master in Business and Administration (MBA), INSEAD (1996).
Degree in Economics from Universidade Nova de Lisboa (1993).
Training at Harvard Business School, Massachusetts Institute of Technology and Columbia Business School.

Previous professional experience

Chairman of the Board of Directors of Euronext Lisboa, Interbolsa and Euronext Tecnologies (2016-2017). Member of the Board of Directors of Euronext NV (2016-2017). Member of the Board of Directors and Executive Committee of Caixa Geral de Depósitos, Other current positions

Member of the Board of Directors of SIBS, SGPS and SIBS - Forward Payment Solutions, S.A. Member of the Board of Trustees of Fundação Universidade de Aveiro. Member of the Advisory Board of Fundação Ulisses (Representing CGD). Member of the Supervisory Board of Porto Business School (Representing CGD). Vice-Chairman of the Board of the General Meeting of COTEC Portugal (Representing CGD). Member of the Strategic Council for the Digital Economy of the Confederação Empresarial de Portugal (CIP).

Knowledge and Skills

Significant experience in executive and leadership roles, particularly in the areas of digital transformation and information systems.

S.A. (2013-2016). Non-executive member of the Board of Directors 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) (2013-2016) and Sogrupo - Sistemas de Informação, S.A. (CGD) (2013-2016). Non-executive member of the Board of Directors of SIBS, SGPS and SIBS - Forward Payment Solutions, S.A. (2011-2013). Executive member of the Board of Directors of SIBS Payments (2011-2013). Non-Executive Member of the Board of Directors of MULTICERT - Serviços de Certificação Eletrónica, S.A. (2009-2013). Director of the Corporate and Strategy Office of SIBS Forward Payment Solutions / SIBS SGPS (2008-2013). Coordinating Director of the Strategic Analysis Office (GAE) of UNICRE - Credit Financial Institution, S.A. (2004-2008). Consultant and later Associate Principal of McKinsey & Company (1994-2004).

Nuno Alexandre de Carvalho Martins

Portugal. September 24, 1970

Executive Member of the Board of Directors 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.

Academic qualifications

PhD in Economics, Northwestern University - Evanston, Illinois, USA (2000).
Master in Economics - Universidade Nova de Lisboa (1995).
Degree in Physical Engineering, Instituto Superior Técnico, Lisbon (1993).

Knowledge and Skills

Expressive national and international experience in management and consulting functions in the area of financial markets, in the banking and regulatory sectors. Relevant academic activity in the areas of economics and finance, also at international level. Routing in the public sector is an important contribution to CGD's mission.

Previous professional experience

Office of the Secretary of State for the Treasury and Finance - Consultant for the Financial Area (2015-2016). Director - Responsible for the Capital Markets Area for Portugal, Citigroup (2011-2015). Director - Distribution and ALM Solutions to Financial Institutions in the Iberian Peninsula, Barclays Capital, UK (2007-2011). Deputy Director - Financial Institutions in Portugal, Barclays Capital, London, UK (2005-2007). Department of Economic Studies - Financial Markets Group, Banco de Portugal (2001-2005). Consultant of the Economic Department for the project: "Primary Financial Markets - Macroeconomic Conditions and Market Evolution", IFC, World Bank (1999-2000). Analyst - Global / International Market Analysis, Zacks Investment Research, Inc (1999).

Carlos António Torroaes Albuquerque

Portugal. February 27, 1955

Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A.
Chairman of the Board of Directors of Banco Comercial e de Investimentos, S.A. (Mozambique)
Member of the Board of Directors of Fidelidade Companhia de Seguros, S.A.

Academic qualifications

Post-Graduation in Political Science and International Relations, Institute of Political Studies, Universidade Católica Portuguesa, Lisbon.
Degree in Business Organization and Management, ISE UTL.
Bachelor's Degree in Accounting and Administration, Instituto Superior de Contabilidade e Administração de Lisboa.
Several executive training at INSEAD, IMD, EASA and SEC in several countries.

Other current positions

Member of the Board of Trustees of the Centre for Advanced Studies in Law Francisco Suarez (CEAD).

Previous professional experience

Director of the Prudential Supervision Department of Banco de Portugal (2014-2017). Alternate of the Portuguese Member of the Supervisory Board of the Single Supervisory Mechanism of the ECB, Banco de Portugal (2014-2017). General Director of the Purchasing and Media area and of the General Secretariat at Millennium BCP (2012-2014). Board Member of the Millennium BCP Foundation (2013-2014). Group Head of Compliance, Millennium BCP (2008-2012). Head of Retail at Millennium Bank – Greece (2006-2008). Responsible for the Contact Centre (Internet banking) (2005-2006), Marketing and Communication of Cidadebcp.pt (2000-2001) and university students (2001-2003) at Millenium BCP. Responsible for the Marketing and Communications area, Ativo Bank (2003-2005). Marketing of AF Investimentos (1995-2000). Director of the Financial Intermediaries division at CMVM (1990-1995).

Knowledge and Skills

His experience in banking stands out, both in the commercial and segment context, as well as in supervision. Also noted is his academic experience as a teacher at several universities. He is the author of numerous publications in the financial field and in the regulatory context.

Ana Maria Machado Fernandes

Portugal. November 1, 1962

Non-Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A.

Academic qualifications

MBA in Management, Porto School of Management (1989).
Post-Graduation in International Finance, Faculty of Economics of Porto (1989).
Degree in Economics, Faculty of Economics of Porto (1986).
Several executive backgrounds at INSEAD, IESE and UNL in different countries.

Committees that integrates

Chairman of the Risk Committee
Appointments, Assessment and Remuneration Committee

Previous professional experience

Member of the Board of Directors of EDP Renováveis, Brazil (2015-2016). Member of the Advisory Board of Fundação EDP (2015-2016). Chairman of EDP Brasil - Energias de Portugal, Instituto EDP Brasil and 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, EDP Renováveis (2007-2012) and Galp Power (2004-2006). Member of the Board of Directors of COTEC (2008-2011). 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). Director of Corporate Finance at BPI (1995-1998) and EFISA - Engenharia Financeira, S.A. (1989-1993).

Knowledge and Skills

Contributes with her strategic skills developed, at the highest level, essentially in the energy sector. Also has academic experience at the Faculty of Economics, Universidade do Porto.

Other current positions

Member of the Board of the Faculty of Science and Technology, Universidade Nova de Lisboa.

José Maria Monteiro de Azevedo Rodrigues

Portugal. March 5, 1952

Non-Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A.

Academic qualifications

Degree in Finance, Instituto Superior de Economia.
Post-graduation in Management Control - HEC - ISA.
Master in Business Management, Instituto Superior de Economia.

Other current positions

Statutory Auditor and partner of the Sociedade de Profissionais ABC - Azevedo Rodrigues, Batalha, Costa, & Associados, SROC, Lda. Invited associate professor at ISCTE - IUL, Lisbon University Institute. Vice-rector at ISCTE-IUL for the financial area.

Committees that integrates

Chairman of the Audit and Control Committee
Risk Committee

Previous professional experience

President and member of Supervisory Bodies of private entities. Deputy director and coordinator of the area of Finance and Management Control at CIFAG - IPE. President and Chairman of the Board of Directors of the Order of Statutory Auditors (2017). Member of the Board of Directors and president of the Enrollment Committee and of the Examination Jury of the Order of Statutory Auditors (2011). Member of the National Audit Supervision Council, representing the Order of Statutory Auditors (2015). President and member of the Audit Bodies of public entities. Consultant for the audit of the Consolidated Social Security Account for the financial years - Court of Auditors (2003 and 2008).

Knowledge and Skills

He has relevant academic activity, having been distinguished for his performance in graduate programs and executive master's degrees promoted by ISCTE - IUL. He is the author of several books in the areas of accounting, finance and management control. Contributes with his experience as a statutory auditor.

Hans-Helmut Kotz

Germany. January 17, 1957

Non-Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A.

Academic qualifications

Pre-diploma in Economics (BSc equivalent). University of Mainz (1977).
Diploma in Economics (MSc equivalent), University of Cologne (1981).

Committees

Risk Committee
Governance Committee

Academic Positions

Resident Fellow, Centre for European Studies, and Visiting Professor, Department of Economics, Harvard University. Honorary professor in the Faculty of Economics and Behavioral Sciences, Freiburg University.

Previous professional experience

Member of the Executive Board, Deutsche Bundesbank (2002-2010), initially responsible for Departments of Markets; Information Technology; Centre for Education, Training and Technical Central Bank Cooperation; then Financial Stability, and Statistics. Member of various committees and working groups of the European Central Bank (IT, International Relations), the Bank for International Settlements (Monetary Committee, Committee on the Global Financial System, alternate Board Member), the Financial Stability Board and the OECD (chair of the Financial Markets Committee), German Central Bank Deputy in the G7 and G20 process. Member of the Financial Experts Panel of the European Parliament (2002-2006).

Knowledge and Skills

Long-standing experience in (wholesale) banking and financial markets, engaged at the highest level in central banking and international regulatory authorities. Concurrently, substantial academic involvement, teaching as well as (applied) research, including at Freiburg, Goethe and Harvard, for which he has been awarded several prizes. He is engaged in various academic institutions and journals and has published widely on banking, financial market regulation and macroeconomic issues.

Other current positions

Senior Fellow, SAFE Policy Centre, Goethe Universität (Frankfurt); Senior Advisor, McKinsey & Co. and Academic Advisor, McKinsey Global Institute; Member of the Board, Konstanz Seminar on Monetary Theory (Bonn); Member of the Conseil d'orientation, Revue d'Économie Financière (Paris); Member of the Scientific Council, Centre Cournot (Paris); Member of the Advisory Board, Credit and Capital Markets (Bonn); Member of the Editorial Board, Vierteljahrshefte zur Wirtschaftsforschung (Berlin).

Mary Jane Antenen

USA. August 18, 1959

Non-Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A.

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).

Other current positions

Member of the Advisory Board of SONECT (Fin Tech start-up), Switzerland.

Committees that integrates

Risk Committee
Governance Committee

Previous professional experience

Member of the Advisory Board of Touchstone Ventures, Switzerland (2015-2016). Member of the Board of Directors and Member of the Audit Committee of Bank Zweiplus 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 (formerly AIG Private Bank), Zurich, Switzerland (2006-2014). Member of the Board of Directors of AIG International Trust Management Co., Luxembourg (2005-2007). Head of Financial Control of Falcon Private Bank (formerly AIG Private Bank), Zurich, Switzerland (1998-2005). Head of Financial Control / CFO of Goldman Sachs & Co. Bank, Zurich, Switzerland (1994-1998). Assistant Controller, Bankers Trust AG, Zurich, Switzerland (1993-1994). Financial analyst, Ecolab, Columbus, Ohio, USA (1988-1992).

Knowledge and Skills

Holds extensive international experience at the highest level in financial management and banking, including private banking and asset management.

Altina Sebastian Gonzalez

Spain. July 13, 1955

Non-Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A.

Academic qualifications

Degree in Business Administration and Management from Universidade Católica Portuguesa (1977).
PhD in Management and Business Administration from IESE, University of Navarra, Barcelona (1983).
Post-doctorate, Visitor for Individual Studies Program Harvard Business School (1989).
Higher education at Harvard University and INSEAD.

Committees that integrates

Chairman of the Governance Committee

Audit and Control Committee

Previous professional experience

Independent director, President of the Comisión de Auditoría y Cumplimiento Normativo, President of the Comisión de Nombramientos y Retribuciones of Banco Caixa Geral Espanha (2013-2019). Independent Director, Chairman of the Audit Committee of Grupo Empresarial San Jose (2015-2018). Non-Executive Director and Chairman of the Audit Committee of Parquesol Inmobiliaria Y Proyectos, S.A. (2006-2009). Independent Director and Chairman of the Audit Committee of the Financial Development Institution. External consultant of the Portuguese Association of Banks (2010-2017). Partner - Consultancy in financial and actuarial matters at Diagnostico & Soluciones, SL.

Knowledge and Skills

He has extensive experience in auditing, having served as Chairman and member of the Audit Committee in companies from different sectors (banking, construction and real estate). Relevant academic activity in undergraduate courses, MBAs and Executive Programs. She is the author of several books on strategy, banking and finance and articles published in specialized magazines and the economic press.

Other current positions

Independent director of Grupo Empresarial San Jose. Member of the Advisory Board of Expansion Y Actualida Economica. Councilor of Portugal no Mundo of the Council of the Portuguese Diaspora. Associate professor at the Department of Financial and Accounting Administration at Universidad Complutense. Visiting Professor at Católica Lisbon School of Business & Economics, Coordinator of Banking Programs in Luanda – Angola.

Nuno Filipe Abrantes Leal da Cunha Rodrigues

Portugal. February 10, 1973

Non-Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A.

Academic qualifications

Degree (1995), Master (2003) and Doctorate (2012) in Law, Faculty of Law, Universidade de Lisboa.
Training at IESE Business School (2020).

Committees that integrates

Chairman of the Appointments, Assessment and Remuneration Committee
Governance Committee
Audit and Control Committee

Previous professional experience

Member of the Budget Law Reform Framework Commission (2014). Member of the Public Contracts Code Review Committee (2016). Member of the Supervisory Board of CGD (2017-2019) and Banco Caixa-BI (2019). Deputy for the economic and financial area (2000-2005), Principal Deputy (2006-2013) and Chief of Staff (2005-2006) of the Minister of the Republic for the Autonomous Region of Madeira.

Knowledge and Skills

Relevant teaching experience in the area of law, having been a guest professor in several masters, post-graduate courses and conferences at national and international level.

Other current positions

Associate Professor, Vice-President of the European Institute, Vice-President of the Institute of Economic, Financial and Tax Law of the Faculty of Law of the Universidade de Lisboa. Lawyer.

Arlindo Manuel Limede de Oliveira

Portugal. June 4, 1963

Non-Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A. (since 2020)

Academic qualifications

Degree (1986) and Master (1989) in Electrical and Computer Engineering, Instituto Superior Técnico.
PhD in Electrical and Computer Engineering, University of California at Berkeley (1994).

Other current positions

Full Professor at Instituto Superior Técnico. Chairman of the Board of the Institute of Systems and Computer Engineering. Member of the Strategic Innovation Council of Vieira de Almeida, Law Firm. Member of the Advisory Board of HeartGenetics S.A. Member of the General Board of the Portuguese Association for the Development of Information Systems. Member of the Advisory Board of the Portuguese Association for Artificial Intelligence. Member of the Strategic Council for the Digital Economy of the Confederação Empresarial de Portugal (CIP). Member of the Advisory Board of the European Parliament's panel for the Future of Science and Technology.

Committees that integrates

Appointments, Assessment and Remuneration Committee
Risk Committee

Previous professional experience

President (2012-2019) and Vice-President (2009-2011) of Instituto Superior Técnico (IST). President of the Department of Computer Engineering at IST (2007-2008). Member of the Board of Directors of the Conference of European Schools for Advanced Engineering Education and Research – CESAER (2014-2019). Chairman of the Board of the Institute of Systems and Computers Engineering, R&D in Lisbon (2004-2009). Member of the Board of the Institute of Systems and Computer Engineering, R&D in Lisbon (2000-2003). President and Member of the Board of the Association for the Development of IST (2012-2019). President and Member of the Board of the Association of IST for Research and Development (2012- 2019). Member of the Strategic Advisory Board of Armilar Venture Partners (2019-2020). Member of the Scientific Advisory Board of Indico Capital Partners (2019-2020). Member of the Board of Directors of Taguspark S.A. (2012-2014). Member of the Strategic Council for the Digital Economy of the Confederação Empresarial de Portugal (2017-2019). President of the Portuguese Association for Artificial Intelligence (2004-2005). Member of the Digital Advisory Board of Caixa Geral de Depósitos (2019-2020). Member of the Board of the Association for the Development of the Academic Medical Centre of Lisbon (2017-2019).

Knowledge and Skills

Relevant academic experience, both as a teacher and as a manager at the highest level. Deep knowledge in the areas of electrical engineering and computing, information technology, systems and artificial intelligence. Important strategic contribution to the areas of innovation and digital economy. Holds several awards and distinctions, as well as an important work published in his areas of specialization.

Across 2020, and in the sphere of the Permanent Education Programme (PEP), which is an ongoing training programme for members of CGD's management and supervisory bodies, executive and non-executive board members attended a number of training courses of which special reference should be made to those given by the Bank Training Institute in partnership with INSEAD on: "Governance and the Future of the Banking Programme" in addition to those given by the consulting firm Bain & Company: "Framing the Strategic Debate for CGD 2021-2024 - Workshop with Board" and "Workshop: Strategic Plan - Meeting with Bain & Company". Under the scope of the Strategic Management in Banking Programme (PEP Programme 2), members of CGD's management and supervisory boards also attended several sessions of which reference should be made to those held with the Corruption Prevention Board on: "Ethics and Integrity in Organisations", as well as with Deloitte on "Bank of Portugal notice 3/2020". It should be noted that training facilities in 2020 were badly affected by the Covid-19 pandemic which had the effect of reducing and, in several cases, temporarily suspending management and similar training available in the market.

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, namely those provided for in the Adequacy Assessment Policy for the Selection of the Management and Supervisory Bodies, the Owners of Essential Functions and the Managers of the Branches established abroad and in the Succession Plan. 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 complies with Law No. 62/2017 with regard to the objectives and goals of balanced representation between women and men in the management and supervisory bodies and approved, in 2019, the CGD Group Employee Diversity Policy Members of CGD's Management and Supervisory Bodies that define and establish the principles applicable in terms of diversity to the transversality of its Employees, including members of its governing bodies.

The term of office of CGD's current management body ended on 31 December 2020. Pursuant to the dispositions of the succession plan, the series of initiatives therein recommended was therefore implemented across 2020. They determined the need for a set of actions, by several parties, at different procedural stages and at pre-set times in due articulation with supervisory entities and the Portuguese state, to ensure the implementation of an efficient, timely succession process.

The suitability of members of the management body is subject to an initial assessment and annual reassessment and upon the occurrence of any supervening events and is the responsibility of the appointments, assessment and remunerations committee.

Between 2017 and 2020, three processes to reassess the suitability of the management body and its members were carried out, all of which were conducted by the appointments, assessment and remunerations committee with the collaboration of the persons being assessed for the collection of the information necessary for this exercise.

The reassessment process on the suitability of the management body and its members was improved across the 2017-2020 term of office and, by 2020, had acquired a remarkable level of maturity in comparison to the 2019 exercise.

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 2020:

Executive members

Board of Directors member	Accumulation of functions		
	Entity	Functions	Regime (Public/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
	Instituto Superior Técnico	Member of the Consulting Committee	Public
	Fundação Arpad Szenes - Vieira da Silva	Guest Curator - Curators Council	Private
	European Alliance For Global Health	Member of the Consulting Committee	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
	Caixa Leasing e Factoring - SFC, S.A.	Chairman of the Board of Directors	Public
	Banco Comercial do Atlântico - Cabo Verde	Chairman of the Board of Directors	Private
	Fidelidade Companhia de Seguros, S.A.	Member of the Board of Directors	Private
	Banco Caixa Geral Angola S.A.	1º Vice-Chaiman of the Board of Directors	Private
João Tudela Martins	Banco Nacional Ultramarino, S.A. (Macau-China)	Member of the Board of Directors	Private
	Banco Comercial e de Investimentos, S.A. (Mozambique)	3º Vice-Chairman of the Board of Directors	Public
José António da Silva Brito	Caixa Geral de Aposentações	Chairman of the Directive Council	Public
	Banco Interatlântico	Vice-Chairman of the Board of Directors	Private
José João Guilherme	Banco Nacional Ultramarino, S.A. (Macau-China)	Chairman of the Board of Directors	Private
	Banco Interatlântico	Chairman of the Board of Directors	Private
	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 theBoard of Directors	Private
Maria João Borges Carioca Rodrigues	Caixa Geral de Aposentações	Chairman of the Directive Council	Public
	Banco Nacional Ultramarino, S.A. (Macau-China)	Member of the Board of Directors	Privado
	Caixa - Banco de Investimento, S.A.	Member of the Board of Directors	Public
	SIBS, SGPS, S.A.	Member of the Board of Directors	Private
	SIBS Forward Payment Solutions, S.A.	Member of the Board of Directors	Private
	Fundação Universidade de Aveiro	Member of the Conselho de Curadores	Private
	Fundação Ulisses (CGD's representative)	Member of the Advisory Board	Private
	Porto Business School (CGD's representative)	Member of the Supervisory Board	Private
	COTEC Portugal (CGD's representative)	Vice-Chairperson of the Shareholders Meeting	Private
	Confederação Empresarial de Portugal (CIP)	Member of the CIP Strategic Council of the Digital Economy	Private
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
Carlos António Torroaes Albuquerque	Banco Comercial e de Investimentos, S.A. (Mozambique)	Chairman of the Board of Directors	Public
	Fidelidade Companhia de Seguros, S.A.	Member of the Board of Directors	Private
	Centro de Estudos Avançados em Direito Francisco Suarez (CEAD)	Member of the Conselho de Curadores	Private

Non-executive members

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
	Fundação Calouste Gulbenkien	Non-Executive Member of the Board of Directors	Private
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
	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
	Center for European Studies Harvard University	Fellow and visiting Professor	Private
	Faculty of Economics and Bahavioral Sciences, Freiburg University	Honorary Professor	Public
	Revue d'Économie Financière (Paris)	Member of the Advisory Board	Private
	Centre Cournot por la Recherche en Économie	Member of the Scientific Council	Private
	Credit and Capital Markets	Member of the Advisory Board	Private
	Vierteljahrsheftezljur Wirtschaftsforschung (Berlim)	Member of the Board of Editors	Private
Marry Jane Antenen	SONETEC (Fin Tech start-up)	Member of the Digital Advisory Board	Private
Altina Sebastian Gonzalez	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
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
	Oficinas Gerais de Material Aeronáutico	Chairman of the Supervisory Board	Public
Arlindo Manuel Limede de Oliveira	Instituto Superior Técnico	Full Professor	Public
	Instituto de Engenharia de Sistemas e Computadores	Chairman of the Board of Directors	Public
	Vieira de Almeida, Sociedade de Advogados	Member of the Strategic and Innovation Council	Private
	HeartGenetics S.A.	Member of the Advisory Board	Private
	Portuguese Association for the Development of Information Systems	Member of the General Council	Private
	Portuguese Association for Artificial Intelligence	Member of the Advisory Board	Private
	Confederação Empresarial de Portugal (CIP)	Member of the CIP Strategic Council of the Digital Economy	Private
	European Parliament's panel for the Future fo Science and Technology	Member of the Advisory Board	Public

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.

On the basis of the series of applicable guidelines, RGICSF and internal policies in force in Caixa Geral de Depósitos, S.A., the structure, size, composition and performance of the board of directors and each of its members shall be assessed at least one a year.

The first assessment of the collective performance of CGD's management body ("Board Effectiveness Review") dates back to early 2019, with reference to 2018, and was advised by an external consultant.

The report produced by this entity, which highlighted the compliance of CGD, S.A.'s governing bodies in terms of its operation and dynamics, with legal and regulatory requirements, with a general degree of maturity, identified the need to implement a series of initiatives aimed at promoting and increasing levels of efficiency and effectiveness, both individual and collective. A process to remedy the series of gaps in question occurring in 2019 and early 2020 was implemented.

In June 2020, although stating that it considered that the series of recommendations in the "Board Effectiveness Review" had been implemented, the joint supervisory team, however, recommended that CGD should monitor and oversee their implementation stages.

Under a board of directors' resolution of 29 January 2020, it was decided that, with reference to the year 2019, the process of assessing the performance of CGD, S.A.'s management body and the individual performance of its executive and non-executive members would be conducted, for the first time, internally, by CNAR.

This process was implemented with the coordinated interventions of an important set of structural bodies, with the maximum cooperation of the parties involved and culminated in the issuance and timely approval of the collective assessment report on CGD's management body and its individual members by the referred to committee. In correspondence addressed to CGD, on the same date as above indicated, the Joint Supervisory Team declared this evaluation process satisfactory, considering it to have been implemented..

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), and the Guidelines on the Assessment of the Adequacy of Members of the Board of Directors and Holders of Joint Essential Functions of EBA and ESMA (EBA / GL / 2017/12, of March 21, 2018), 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 12 years, either continuously or interspersed, in any of the company's bodies (if there has not been a cooling off period of at least 3 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 5 years;

c. having, over the last 5 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 the following non-executive board members, in office at 31 December 2020, 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, the non-executive board member Altina de Fátima Sebastian Gonzalez Villamarin and the non-executive board member Arlindo Manuel Limede de Oliveira 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 director Altina Sebastián González has held positions in a CGD Group company for the past 5 (five) years.

c. Non-executive board member Arlindo Manuel Limede de Oliveira Oliveira was, during 2019, and before being a member of CGD's board of directors, a paid member of the Institution's Digital Advisory Board.

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

Without prejudice to the continuation of its responsibility for exercising its respective powers as a corporate body, the internal regulations of the board of directors provide for the possibility of setting up special standing committees, comprising several of its members, whenever considered opportune and adequate, giving them responsibility for several specific functions. The main mission of special committees is the specific and permanent oversight of the matters entrusted to them, to ensure informed decision-making processes by the board of directors.

The activity of the committees is overseen by the chairman of the board of directors who shall ensure adequate coordination between them and the activity of the plenary meeting of the said body, through its chairmen, who shall keep him informed of the activities performed by them.

The special committees of the board of directors are the following:

- Audit and control committee financial activity (CAC)
- Risks committee (CR)
- Appointments, assessment and remuneration committee (CNAR)
- Governance committee (CG)

CGD revised the regulations on its special committees in 2020, with the aim of accommodating the regulatory changes coming into force in 2020. The regulations on the special commissions have been published on the company's website.

Audit and Control Committee

Composition

The audit and control committee (CAC) comprises three suitably skilled and experienced members with non-executive functions, and the majority independent, 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 Control Committee - CAC			Meetings in 2020	N. of meetings held while in office	N. of meetings attended	Attendance
	Position	Name	Appointment				
2017-2020	Chair	José Maria Monteiro de Azevedo Rodrigues	Board of Directors decision 23.03.2017	31	31	31	100%
2017-2020	Member	Altina Sebastian Gonzalez	Board of Directors decision 09.04.2018		31	30	97%
2017-2020	Member	Nuno Filipe Abrantes Leal Cunha Rodrigues	Board of Directors decision 28.02.2019		31	31	100%

Competences

The committee has the following responsibilities without prejudice to the responsibilities of the supervisory board and risk committee on, *inter alia*, such matters:

- Overseeing the activity of the executive committee, processes for the preparation and disclosure of financial information and statutory audit.
- Undertaking a critical assessment of CGD's and CGD group's internal control system to ensure, within the scope of its authority, that CGD's organisational culture and its governance and internal control systems are adequate and effective and promote sound and prudent management.
- Assessing and ensuring the effectiveness and efficiency of the internal audit function, ensuring the direct reporting of this function.
- Ensuring compliance with legal and regulatory dispositions, articles of association and standards issued by supervisory authorities, as well as the independence of the statutory auditor.
- 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 2020

This commission's functions, in 2020, included, *inter alia*, considerations on the following: (i) oversight of the activity of the executive committee in accordance with its regulation; (ii) consideration and discussion of the financial reporting and statutory certification of accounts process, in the form of regular meetings with the accounting, consolidation and financial reporting division (DCI) and the statutory auditors; (iii) contributions to the proposal on the policy for the selection and designation of the statutory auditor and commissioning of separate, non-prohibited audit services, with oversight of the issue of the respective tender for the new 2021-2024 term of office; (iv) consideration of and contribution to the production of the internal control deficiencies management policy, having overseen the implementation and activity of the new internal control area in the risk management division (v) consideration of the reports on the internal control system of CGD's separate and group activities; (vi) oversight of the implementation process of the requirements of the Bank of Portugal's new *notice* 3/2020, monitoring the evolution of the gaps identified; (vii) oversight of the activity of CGD's internal audit function, assuming the direct reporting of this function, examining the proposals submitted and considering their budget, activity and training plans and reports and participating or taking note of the issues dealt with by the function committees; (viii) oversight of the certification of the initiatives of the internal audit function strategic plan and monitoring the implementation of the other control functions strategic plans based on an assessment of their quarterly certification reports; (ix) oversight of the governance and corporate model harmonisation process of the control functions in CGD group's international core entities, especially the internal audit function; (x) discussion, within the scope of its authority, of several issues within the scope of CGD's contingency plan for Covid-19 or its impacts on the bank's activity and results, having issued recommendations and guidelines thereon and (xi) production of activity plans and reports for submission to the board of directors and participation in the annual review process of its internal regulations.

Meetings held

Plenary meetings: 31. It also held 18 fortnightly meetings with the internal audit division on operational matters. A meeting with the officers in charge of international entities − BCG Angola − was also held. Minutes on all the meetings were drawn up.

The composition, functions and operation of the audit and 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.

Risks Committee

Composition

The risk committee (CR) comprises four skilled and suitably experienced members with non-executive functions, and the majority independent, appointed by the board of directors is made up as follows:

Term of office (Start-End)	Risks Committee - CR			Meetings in 2020	N. of meetings held while in office	N. of meetings attended	Attendance
	Position	Name	Appointment				
2017-2020	Chair	Ana Maria Machado Fernandes	Board of Directors decision 14.09.2017	15	15	15	100%
2017-2020	Member	José Maria Monteiro de Azevedo Rodrigues	Board of Directors decision 23.03.2017		15	14	93%
2017-2020	Member	Hans-Helmut Kotz	Board of Directors decision 23.11.2017		15	15	100%
2017-2020	Member	Mary Jane Antenen	Board of Directors decision 09.04.2018		15	15	100%
2017-2020	Member	Arlindo Manuel Limede de Oliveira	Board of Directors decision 05.08.2020		6	6	100%

Competences

The committee is responsible for the following:

- Overseeing management policies on all financial and non-financial risks related to CGD's separate and consolidated activity, namely liquidity, interest rate, exchange rate, market and credit risks, compliance risk and reputational risk, without prejudice to the authority of the supervisory board in respect of financial matters;
- Advising the board of directors on CGD's risk strategy, analysing the level of overall risk CGD is willing to accept in order to achieve its objectives in implementing its business strategy;
- Overseeing the internally adopted models for risk measurement and the calculation of own funds, in addition to Community directives and Bank of Portugal and ECB guidelines on credit risk;
- Overseeing conformity with regulatory capital requirements and the adequacy of internal capital, taking into account the internal policies defined on the implementation of CGD's and CGD group's risk profile;
- 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);
- The risk committee is also responsible for assessing and ensuring the effectiveness of risk and compliance functions, including existing processes for monitoring financial and non-financial risks.

Activity in 2020

As part of its functions the committee, in 2020, assessed, *inter alia*, the following matters: (i) an analysis, *inter alia*, of the risk-related reports submitted by the risk management division (DGR) and compliance divivision, an assessment of the financing and refinancing proposals submitted by the respective structural bodies and expressing its views on the proposals for appointing heads of the risk management function and the compliance function in CGD group; (ii) an analysis, *inter alia*, of the risk-related reports submitted by DGR (risk appetite dashboard, integrated risk report, credit monitoring report, operational risk report and ICAAP dashboard), in addition to a relevant collection of reports produced by the compliance function (activity reports of the anti-financial crime areas, report on CGD's non-compliances and conflicts of interest report); (iii) an assessment of a collection of risk-related policies; (iv) oversight of the preparation of the internal capital adequacy assessment process (ICAAP) and internal liquidity adequacy assessment process (ILAAP) cycles; (v) oversight and monitoring of the impacts of the pandemic crisis on CGD group; (vi) analysis of a set of risk-related reports on group entities (local RAS dashboard, gap assessment, group entities' compliance risk monitoring report); (vii) a critical analysis and monitoring of the implementation of the strategic plan for control functions; (viii) a critical analysis of the state of implementation of the strategic IT plan; (ix) across-the.board involvement in the planning and performance of the recovery plan 2020; (x) a critical analysis of the non-financial risks management framework; and (xi) monitoring the risk supervisor's inspections;

Meetings held

The Risks Committee met 15 times in 2020. 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 3 non executive members of the board of directors and 2 members of the Supervisory Board with adequate qualifications and adequate professional experience the majority of which are independent, appointed by the board of directors, is made up as follows:

Term of office (Start-End)	Appointment, Assessment and Remuneration Committee - CNAR			Meetings in 2020	N. of meetings held while in office	N. of meetings attended	Attendance
	Position	Name	Appointment				
2017-2020	Chair	Nuno Filipe Abrantes Leal Cunha Rodrigues	Board of Directors decision 26.07.2019	15	15	15	100%
2017-2020	Member	Ana Maria Machado Fernandes	Board of Directors decision 26.07.2019		15	15	100%
2017-2020	Member	Manuel Lázaro Oliveira de Brito	Board of Directors decision 22.06.2017		15	15	100%
2017-2020	Member	António Borges de Assunção	Board of Directors decision 23.03.2017		15	15	100%
2017-2020	Member	Arlindo Manuel Limede de Oliveira	Board of Directors decision 05.08.2020		5	5	100%

Competences

As part of its functions this committee is *inter alia* responsible for:

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) the adequacy of the composition and succession plan of management and supervisory bodies; (iv) an effective assessment of the performance of members of management and supervisory bodies; (v) an effective annual or specific selection and adequacy assessment process for 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 the independence and their willingness to serve in such a function (ii) to ensure compliance with the objectives for rhe gender representation in the said bodies and promote the increase of 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 the board of directors and supervisory board; (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 (i) qualification as a key function holder, (ii) initial assessment of suitability, (iii) annual or specific reassessment of suitability,(iv) annual reassessment of performance appraisal and (v) termination of the functions of the holders of control functions.

CNAR is also responsible for: (i) assisting and advising the board of directors on CGD's and CGD group's employees remuneration policy and its revision; (ii) assisting the board of directors to ensure the global coherence of the group's remuneration policies, including the identification processes of relevant functions holders 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; iii)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.

Activity in 2020

As part of its functions, in 2020, the committee assessed, *inter alia*, the following matters: (i) "Fit and proper" processes in respect of a member of CGD S.A.'s board of directors and a large number of members of the management and supervisory bodies and key function holders in CGD group; (ii) an annual reassessment of the suitability of the members of CGD, S.A.'s and CGD group entities' management and supervisory bodies; (iii) an annual assessment of the collective performance of CGD, S.A.'s management and supervisory bodies and the individual performance of their members; (iv) a review of the remuneration policy of members of the board of directors and supervisory board of CGD SA and employees of CGD and CGD group (v) implementation of the succession plan for the board of directors of CGD, S.A., for the 2021-2024 term of office; (vi) transposition of the succession plan in CGD group entities; (vii) process of the identification of CGD's relevant function holders; (viii) accumulation of positions of members of the management and supervisory bodies of CGD, S.A.; (ix) oversight and approval of the gender equality plan; (x) adapting of its activity to the entry into force of Bank of Portugal notice 3/2020; (xi) overseeing the implementation process of local structures equivalent to CGD's CNAR in international core entities; (xii) preliminary reports on the analysis of conflicts of interest.

Meetings held

CNAR met 15 (fifteen) times in 2020. Minutes have been drawn up on all meetings.

Governance Committee

Composition

The governance committee (CG) comprises 4 (four) members with non-executive functions, who are appointed by the board of directors, with suitable qualifications and professional experience, and the majority independent, and it is made up as follows:

Term of office (Start-End)	Governance Committee - CG			Meetings in 2020	N. of meetings held while in office	N. of meetings attended	Attendance
	Position	Name	Appointment				
2017-2020	Chair	Altina Sebastian Gonzalez	Board of Directors decision 28.02.2019	15	15	15	100%
2017-2020	Member	Nuno Filipe Abrantes Leal Cunha Rodrigues	Board of Directors decision 22.06.2017		15	15	100%
2017-2020	Member	Hans-Helmut Kotz	Board of Directors decision 23.11.2017		15	15	100%
2017-2020	Member	Mary Jane Antenen	Board of Directors decision 26.07.2019		15	15	100%

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 (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 2020

In the sphere of its functions, in 2020, the governance committee, inter alia, oversaw and monitored issues related to (i) the oversight of EBA, ESMA and the IPCG recommendations on corporate governance; ii) 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); (iii) analysed compliance with the procedure for the prevention of conflicts of interest;(iv) undertook an analysis and conformity of the revision of the code of conduct; (v) evolution and implementation of the strategic plan for control functions; (vi) monitoring the implementation of initiatives on board effectiveness (vii) and the evolution of the conclusion of the on-site inspections.

Meetings held

The Governance Committee met 15 (fifteen) times in 2020. Minutes have been drawn up on all meetings.

Executive Committee

The Executive Committee comprises 5 (five) to 9 (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, under its regulation, although it has usually met once a week. The Executive Committee met 62 times in 2020.

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	61	98%
2017-2020	Executive Member	Francisco Ravara Cary	31-01-2017	59	95%
2017-2020	Executive Member	João Paulo Tudela Martins	31-01-2017	59	95%
2017-2020	Executive Member	José António da Silva de Brito	31-01-2017	58	94%
2017-2020	Executive Member	José João Guilherme	31-01-2017	52	84%
2017-2020	Executive Member	Maria João Borges Carioca Rodrigues	31-01-2017	61	98%
2017-2020	Executive Member	Nuno Alexandre de Carvalho Martins	31-01-2017	60	97%
2017-2020	Executive Member	Carlos António Torroaes Albuquerque	02-08-2017	57	92%

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 2020.

Specialised Executive Boards, Committees and Advisory Boards

In the performance of its management duties and to broaden the discussion and consideration of critical issues in terms of CGD's business model and competitiveness, the executive committee set up several forums with decision-making authority, whose scope of action enables the decision-making process to be enhanced, achieving a more efficient and regular operation, streamlining resources, focusing on permanent challenge to find the best solution for Caixa's interests.

Executive boards are, therefore, decision-making bodies geared to assessments of and decisions on proposals in accordance with the authority delegated by CGD's executive committee based on: (i) the analysis of supporting documents and other information prepared by structural bodies, in addition to (ii) a discussion thereof, including stakeholders who actively contribute to the decision-making process. At least 3 (three) executive directors with voting rights shall be permanent members of the boards together with representatives of the structural bodies either on a permanent or an *ad hoc* basis depending on the issues to be discussed.

Depending on the issues, need for discussion and the level of urgency, the above referred to meetings shall be held using (i) telematic media with simultaneous participation at the time defined by the chairman of the forum on the issues which have already been studied and whose decision appears consensual or (ii) telematically and asynchronously with a longer decision-making period, applicable to *ad hoc* situations that, albeit pressing, require a more detailed examination of the documentation.

The executive boards were reorganised in line with best practice and regulatory guidelines, in 2020. Reference should be made to the creation of the pension fund risk executive board for permanent oversight of pension fund management in a context of market volatility.

The executive boards have a structural body which is responsible for their management according to priority activity areas (e.g. business, risk management or logistics) and are the following:

- Costs and investments executive board (CDCI)
- Capital, assets and liabilities management board (CALCO)
- Products executive board (CDP)
- Rating executive board (CDRT)
- Governance, security and data protection executive board (CDGSPD)
- Business continuity, operational risk and internal control executive board(CDCRC)
- Pension fund risk executive board (CDFP)
- Credit risk executive board (CERC)
- Executive credit board (CC)

The committees are structures which are also dependent on the executive board, without the authority to make decisions and are privileged forums for discussion and advisory support for decision-making purposes, based on the adoption of recommendations or for the presentation and discussion of across-the-board issues. The focus is, once again, on efficiency in the conduct of activities in relevant operational areas, based on permanent challenge and the active contribution of stakeholders. The committees provide the structural bodies, one of which is responsible for the organisation and conduct of the forum, with a vision of issues of interest to Caixa. Committees may also play a transitional role and be set up to address situations that are not permanent but which have a significant impact on Caixa, such as the current pandemic, streamlining reporting and oversight, in this case transversally in terms of human resources, business, risk management, information and operating systems, in addition to market evolution scenarios and Caixa's financial position. These oversight committees on the impacts of the pandemic were subdivided into more restricted forums in second half 2020, organised on the basis of the main issues to improve the focus of management teams and various top governance bodies.

The permanent committees are the following:

- Retail Banking Committee (CCR)
- Corporate Banking Commercial Committee (CCE)
- Resolution Committee (CR)
- Models Validation Committee (CVM)
- Sustainability Committee (CSU)
- 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.

Currently there is the following advisory council in operation:

- Digital advisory board (CCD)

The digital advisory board was created in the context of the implementation of the strategic digital banking objective, upon which the discussion of digital transformation is based, incorporating the vision of external participants, as part of a holistic but operable approach, in the form of concrete actions guiding Caixa's performance in the digitalisation area.

COMPOSITION OF THE EXECUTIVE BOARDS, COMMITTEES AND ADVISORY BOARDS(*)

Specialised Executive Boards or Commitee	Executive members of the Board of Directors with mandatory presence							
	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	
CALCO			X	X	X			
CDP		X		X		X		
CDRT				X	X			X
CDGSPD						X	X	X
CDCRC					X	X	X	
CDFP			X		X	X		
CERC		X (1)		X (1)				X
CC		X (1)		X (1)				X
CCR		X				X		
CCE				X		X		
CR			X					X
CVM			X		X			
CSU	X							X
CPIN		X (1)	X	X (1)	X	X	X	
CCD					X	X		

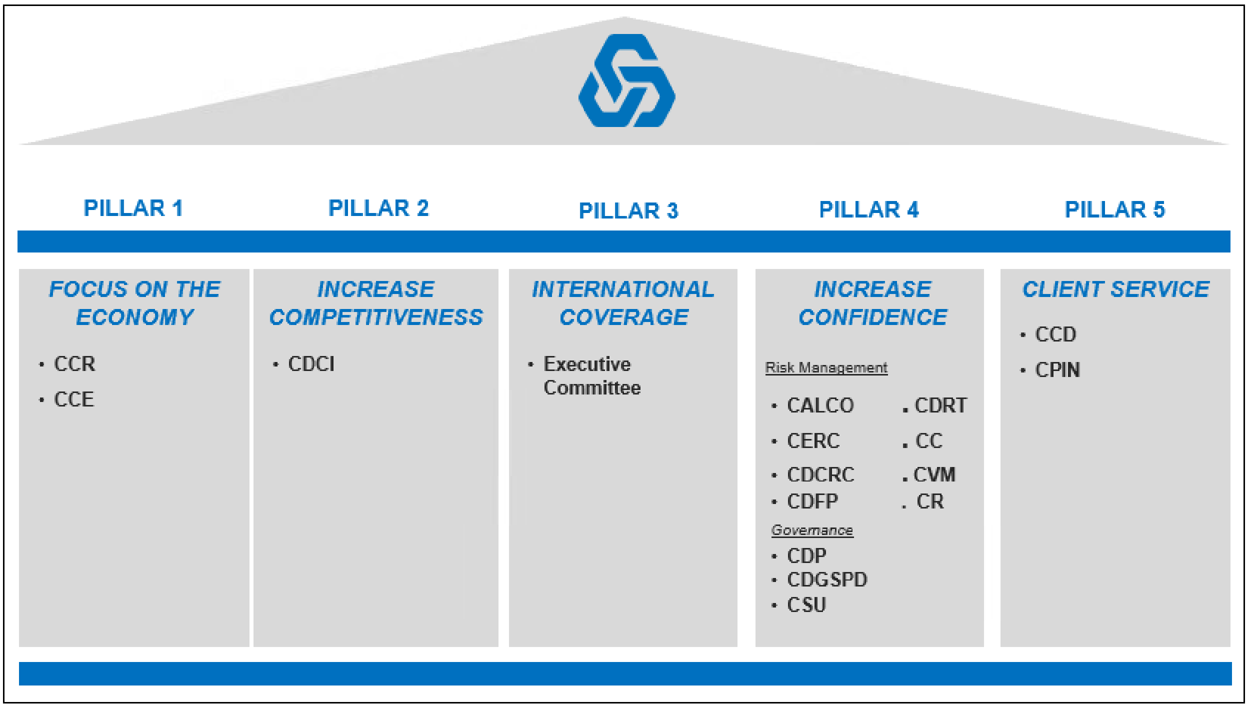
(*) Considering the distribution of responsibilities
(1) At least, one of the members with the responsibility of commercial area

Executive boards, committees and advisory boards are chaired by members of the executive committee in accordance with the forum and the issues under consideration. In addition to permanent members, other members of the executive committee according to the distribution of portfolios or their interest in contributing to decisions to be made on the issues and opportunity thereof may also participate. Other management and/or senior staff of CGD or CGD group companies may also participate in the meetings, depending on the issues on the agenda which have been prepared in advance. Other members of the executive committee in addition to permanent members may participate on executive boards, committees or advisory boards.

Whenever justifiable in the performance of its function, the internal audit division shall participate on executive boards or committees, as a permanent or non-permanent member, as an observer with *in loco* access to the issues under analysis and relevant information.

Executive boards, committees and advisory boards contributed to operationalising the 2017-2020 strategic plan, furthering its implementation, as part of the geometry of the essential pillars, as attributes of Caixa's mission and identified below.

In 2020, and in response to the anticipated impact of the effects of the pandemic on the economy and subsequently on the quality of assets, the Councils with responsibility in terms of credit, met more frequently in relation to the practice of previous years, namely: the Executive Risk Committee of credit, namely: the Credit Risk Executive Committee Credit (CERC) and the Credit Council (CC).



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)**- discussion, analysis and oversight the business and commercial activity of CGD's corporate branch office network, in addition to the analysis and consideration of structuring initiatives having an impact on the management and commercial strategy of the corporate branch office network.
- Meetings held: 7

Pillar 2 - Increase competitiveness.

Costs and investments executive board (CDCI) - matters related to the expenditure (costs and investments) incurred by CGD group. It is composed of CSP, DSI and Group structures

- Meetings held: 40

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 committee is responsible for credit matters in accordance with the authority delegated to it, in terms of amounts, maturities and conditions. it sets limits, decides on operations and analyzes non-performing loans, in particular, pre-litigation and litigation situations.
- Meetings held: 86
- **Specialised Executive Credit Board (CC) -** The credit board is responsible for credit matters, in accordance with the authority delegated to it, based on amounts, maturities and conditions. It sets limits, decides on operations with specific characteristics, including credit restructuring operations, intra-group operations and entities in certain sectors of activity
- Meetings held: 286
- **Business continuity, operational risk and internal control executive board (CDCRC).** This board coordinates, considers and discusses matters relating to the management of operational risk and group level internal control weaknesses. It is responsible for (a) monitoring the overall level of operational risk assumed by the group, verifying compliance with strategy and established policies in addition to decisions on the action plans submitted and (b) promoting the effectiveness of the internal control system, through the oversight of weaknesses and their action plans, speeding up management decisions that improve the efficiency of their implementation.
- Meetings held: 10
- **Pension fund risk executive board (CDFP).** This board is responsible for assessing and discussing issues related to CGD's pension fund risk. It is responsible for (a) strategically assessing proposals on the fund's investment policy, strategy for hedging pension fund liabilities and respective rationale, and (b) informing the executive committee of demographic, actuarial and market assumptions and the impacts of any changes thereto.
- Meetings held: 1
- **Resolution committee (CR).** The resolution committee, whenever necessary, oversees, discusses and analyses matters in respect of the work on the priorities defined by the resolution authority, with a view to effectively addressing all determinations to eliminate impediments to the identified resolution and fulfil expectations, in addition to meeting information deadlines for reporting purposes.
- Meetings held: 6
- **Models validation committee (CVM).** This committee is responsible for the functional management of the models validation office (GVM). It is responsible for considering validation reports, deciding on the recommendations submitted and approving amendments to the validation manual or other methodological documents within the scope of the CVM. The models validation office has been charged with the responsibilities for approving the recommendations issued in the models validation sphere and respective mitigation plans.
- Meetings held: 5

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: 12
- **Governance, Security and Data Protection executive board (CDGSPD) –** responsible for supervising the activities carried out within the scope of the Governance and Data Quality and matters relating to the monitoring and management of data protection; appreciates and coordinates Information Security initiatives at CGD and CGD Group.

Meetings held: 9

- **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, aligned with the Institution's Strategic Plan and the expectations of interested parties, covering CGD group branches and subsidiaries.

- Meetings held: 2

Pillar 5 – Customer Service

- **The digital advisory board (CCD)** - responsible for coordinating, considering and discussing issues related to the definition and implementation of initiatives associated with technological and digital transformation in CGD group. It should always be aligned with the strategic plan, verifying and monitoring compliance and the impact that the implementation of policies and decisions of a technological and digital nature may have on CGD Group

- Meetings were held: 4

- **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: in 2020: 3

Several committees and executive boards were restructured in 2020, optimising their operation and enabling a more integrated approach to several issues. A new committee responsible for all resolution-related matters (resolution committee) was created together with a new executive board focusing on pension fund risk (pension fund risk executive board - CDFP), in addition to the business continuity, operational risk and internal control executive board (CDCRC) – accompanied by the expansion of the sphere of the former CDPD (data protection executive board) that includes the governance and security of information board which is now known as the governance, data security and protection executive board (CDGSPD) Several committees, such as the business continuity committee (CCN), operational risk committee (CROP) and the information security committee (CSI) were discontinued. The powers of the products executive board (CDP) and the resolution committee (CR) have also been extended.

The composition and operating rules of the Credit Council and Credit Risk Executive Committee were also reviewed.

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 nstitution or defined by Bank of Portugal regulation.

As established in the Adequacy Assessment Policy for the selection of members of the management and supervisory bodies and the key function holders (Adequacy Policy) approved at the General Meeting of May 31, 2019, the following employees are considered to be key function holders, reporting directly to assigned member of the Board of Directors:

- 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. The transposition of this policy by CGD's subsidiaries where it enjoys majority ownership, is concluded.

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 and has been carried out on a yearly basis. 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 3 permanent members and an alternate, complying with the 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

(1) UWR = Unanimous Written Resolution

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 in accordance with the terms of the External Auditor Selection Policy;

- Inspecting the independence of the Statutory Audit Company as regards the provision of additional services;

- As the statutory auditor's principal point of contact and the first to receive the respective reports, it is specifically responsible for proposing the respective remuneration and ensuring the existence of adequate conditions within CGD for the provision of services.

- To assess and express its view on the company's strategic guidelines and risk policy and supervise the quality and effectiveness of the risk management system, internal control system and internal audit system and supervise the functions performed in the internal audit and internal control system. In this context, the control mechanisms and procedures for monitoring compliance with the risk management system contained in the supervisory board's annual activity plan which provides information on the activities and respective planning by the supervisory board for each control function, including the risk function, namely (i) the analysis and oversight of the risk function report and activity plans, (ii) monitoring of group entities' risk appetite, (iii) the credit portfolio follow-up report, (iv) the NPLs follow-up report, (v) monitoring of operational risk and its respective schedule across the year.

- 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
34	CGD headquarters and video conference	Guilherme Valdemar Pereira d´Oliveira Martins (SB Chairperson), António Borges de Assunção and Manuel Lázaro Oliveira de Brito (Members)	There were no absences

Professional qualifications of members of the Supervisory Board

Curricula of the members of the Supervisory Board, on 31/12/2020, elected for the 2016-2019 term, with the academic and professional qualifications relevant to the performance of their duties is presented below. A more detailed version can be found in Appendix III of this Report.

Guilherme Valdemar Pereira d'Oliveira Martins

Portugal. September 23, 1952

Chairman of the Supervisory Board of Caixa Geral de Depósitos, S.A.

Academic qualifications

Degree in Law, Faculty of Law, Universidade de Lisboa.
Master's Degree in Law, Universidade de Lisboa.

Previous professional experience

Chairman of the Centro Nacional de Cultura (2003-2016). Chairman of Tribunal de Contas (Court of Auditors) (2005-2015). Chairman of the Corruption Prevention Council (2008-2015). President of EUROSAI - Organization of the Higher Institutions for the Control of Public Finances in Europe (2011-2014). Chairman of the Contact Committee of the Presidents of the Supreme Audit Institutions of the European Union (2011-2012). General Meeting Auditor of the WEU - Western European Union (2008-

2011). First Vice-President of EUROSAI (2008-2011). Minister for the Presidency (2000-2002), Finance (2001-2002) and Education (1999-2000).

Knowledge and Skills
Relevant academic and governmental activity, having assumed several ministerial positions and a secretary of state. Has been distinguished and awarded numerous times for his merit in the different functions performed.

Other current positions
Executive Director of the Calouste Gulbenkian Foundation. President of the High Council of National Cultural Centre. Invited Full Professor at Universidade Lusíada and the Higher Institute of Social and Political Sciences at the Technical University of Lisbon (ISCSP). Chairman of the Board of Trustees of the University of Minho. Chairman of the Supervisory Board of Cáritas Portuguesa. Chairman of the Supervisory Board of the Irmandade de São Roque (Lisbon).

António Luís Traça Borges de Assunção
Portugal. November 8, 1958

Member of the Supervisory Board of Caixa Geral de Depósitos, S.A.

Academic qualifications
PhD in Finance, Wharton School, University of Pennsylvania, USA (1987).
MBA, Universidade Nova de Lisboa (1981).
Degree in Business Management and Administration, Universidade Católica Portuguesa, Lisbon (1980).

Previous professional experience
Advisory to the Executive Committee, Banco BPI (2011-2015). Non-executive director of TagusPark, S.A. (2013-2014). Board Member of BPI Global Investment Fund Management Company, S.A. (2005-2012), BPI Vida, S.A. (2007-2011), BPI Pensões, S.A. (2007-2011), BPI Gestão de Activos, S.A. (2005-2011), Banco Português de Investimento, S.A. (1998-2017), BFE - Capital Markets and Services, SGPS, S.A. (1993-1996) and BFE - Serviços Financeiros, S.A. (1993-1996). Chairman of BPI - Financial Services, S.A. (1997-1999). Manager of Financial Services Independent Society, Lda. Director in CISF, S.A. (1991-1993). General Director of Vanguard - Sociedade Gestora de Fundos de Pensões, S.A. (1987-1990). Economist at Chase Econometrics, USA (1983-1984) and at the Financial Planning and Analysis Department of Banco Fonsecas & Burnay (1981-1982).

Committees that integrates
Appointments, Assessment and Remunerations Committee

Other current positions
Manager, VLX, Lda. Manager, Sinvegere, Lda. Professor of Finance at the Universidade Católica Portuguesa, Lisbon.

Knowledge and Skills
Extensive experience in banking and capital market management at the highest level. Relevant teaching career in the financial area, teaching both in Portugal and in the USA.

Manuel Lázaro Oliveira de Brito
Portugal. May 8, 1961

Member of the Supervisory Board of Caixa Geral de Depósitos, S.A.

Academic qualifications
Degree in Business Management, Instituto Superior de Línguas e Administração, Lisbon.

Previous professional experience
Manager of Sul, Sol e Sal, Lda. (2014-2017). Manager of Sun Concept, Lda. (2015-2017). Single Administrator of MRM - Investimentos e Serviços, S.A. (2014-2017). Manager of DFK & Associados, SROC, Lda. (1997-2017). Board Member of Brito Crisóstomo & Roque, Sociedade de Revisores Oficiais de Contas (Statutory Auditors) (1995-1997). Manager and Statutory Auditor (1993-1995), Audit Supervisor (1991-1992) and Senior Auditor (1989-1991) at BDO.

Committees that integrates
Appointments, Assessment and Remunerations Committee

Other current positions
Manager of DFK & Associados, Sociedade de Revisores Oficiais de Contas, Lda. (Statutory Auditors).

Knowledge and Skills
Contributes with his long experience as Statutory Auditor and company management.

Supervisory board accumulation of functions

Supervisory Board	Accumulation of functions		
	Entity	Functions	Regime (Public/Private)
Guilherme Valdemar Pereira d'Oliveira Martins	Fundação Calouste Gulbenkian	Executive Board Member	Private
	Caritas Portuguesa	Chairman of the Supervisory Board	Public
	Academia das Ciências de Lisboa	Correspondent Member	Public
	Academia da Marinha	Acting Member	Public
	Academia Portuguesa de História	Academic of Merit	Public
	Universidade do Minho	Chair of the Board of Trustees	Private
	Universidade Lusíada	Teatcher	Private
	Instituto Superior de Ciências Sociais e Políticas da Universidade Técnica de Lisboa, (ISCSP)	Teatcher	Public
	Irmandade de São Roque	Chairman of the Supervisory Board	Public
António Luís Traça Borges de Assunção	Universidade Católica de Portugal	Teatcher	Private
	VLX	Manager	Private
	Sinvegere	Manager	Private
Manuel Lázaro Oliveira de Brito	DFK & Associados, Sociedade de Revisores Oficiais de Contas, Lda	Manager	Private
	Financial Representative of the candidate for President of the Republic Marcelo Rebelo de Sousa	Financial Representative	

The suitability of members of the supervisory body is subject to an initial assessment and annual reassessment and upon the occurrence of any supervening events and is the responsibility of the appointments, assessment and remunerations committee.

Between 2017 and 2020, 3 (three) processes to reassess the suitability of the supervisory body and its members were carried out, all of which were conducted by the appointments, assessment and remunerations committee with the collaboration of the persons being assessed for the collection of the information necessary for this exercise.

The reassessment process on the suitability of the supervisory body and its members was improved across the 2017-2020 term of office and, by 2020, had acquired a remarkable level of maturity in comparison to the 2019 exercise.

The annual reassessment processes on the suitability of the members of the supervisory body show their receptiveness and devotion of the time necessary to, individually and collectively, perform the role and functions assigned to them.

Statutory Audit Company and External Auditor

External Auditor and partner of Statutory Audit Company

The functions of Audit/Statutory audit of CGD /CGD Group are performed by an external independent 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 20160840). The company is represented by Ana Rosa Ribeiro Salcedas Montes Pinto, (Chartered Accountant No. 1230 and registered at the CMVM under number. 20160841)

The Statutory Auditor / External Auditor took up its duties in CGD/CGD Group for the 2017 - 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	4

The fees invoiced in 2020 for the audit and statutory audit company and companies in a control relationship related to external audit and statutory audit, other assurance services and other advisory services, , as well as the breakdown of the percentage of eeach type of services, are presented in the following table:

	Fees (*)			
	Portugal	Abroad	Total	%
Separate accounts				
Audit and statutory audit	863,581	79,483	943,064	67%
Other assurance services	438,181	18,000	456,181	33%
Other advisory services	0	0	0	0%
Total	**1,301,762**	**97,483**	**1,399,245**	**100%**
Consolidated accounts				
Audit and statutory audit	1,073,254	644,313	1,717,566	57%
Other assurance services	601,316	679,126	1,280,442	43%
Other advisory services	0	3,410	3,410	0%
Total	**1,674,570**	**1,326,848**	**3,001,418**	**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

In accordance with no. 2 of article 54 of law 140/2015 of 7 September, in public interest entities the maximum period for performing statutory audit functions by the partner responsible for the guidelines on or direct performance of the statutory audit is 7 years, starting from the time of first appointment, with the possibility of a fresh appointment being made after a minimum period of 3 years has elapsed.

As referred to in no. 3 of article 54 of the above referred to law, in the case of public interest entities, the minimum initial period for the performance of statutory audit functions by the statutory auditor or statutory audit company is 2 years, subject to a maximum period of 2 or 3 mandates depending on whether such mandates are for 4 or 3 years, respectively.

The maximum period for acting as a statutory auditor or for statutory audit companies in the same public interest entity, as defined in no. 4 of the referred to law, may be exceptionally extended for up to a maximum period of 10 years provided that such an extension is approved by the competent body, pursuant to a substantiated proposal of the supervisory body.

Body responsible for assessing the provision of services by the statutory audit company/external auditor

As provided for in article 420 of the commercial companies code and CGD's articles of association, the supervisory board is, inter alia, responsible for examining the review of the accounts and the auditing of the company's accounting documents and assessing the independence of auditor as regards the provision of additional services and submitting a proposal on the nomination of the statutory audit company to the shareholders' meeting.

For the purpose of overseeing and verifying the services provided by the statutory audit company, the bshall comply with the duties set out in sub-paragraphs d) and e) of number 3 of article 3 of law 148/2015. The supervisory board accordingly holds regular meetings with the statutory audit company and officer responsible for the external audit team for the purpose of monitoring its activity, based on a critical analysis of the work plan prepared by the audit for the year in question, 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 for another purpose. Prior to the issue of the statutory audit certificate the statutory audit company provides the supervisory board with an "Additional Report for the Supervisory Body", summarising the year's most relevant audit issues.

Internal procedures for the approval of Non-Audit Services

In addition to the audit/statutory audit work, the following non-audit services, classified as "assurance services" were separately provided by the auditor in 2020.

- A review limited to the separate and consolidated half-yearly financial statements of CGD/CGD group;
- A review of the annual sustainability report;
- Services required for reporting purposes to the Bank of Portugal, CMVM (Securities Market Commission) and other regulators of the CGD group's foreign entities;

- Agreed procedural services for reporting to DG COMP and the supervisory boards as part of these bodies' reports to the Ministry of Finance and the Bank of Portugal;
- Other services to support the issuance of: i) reports in accordance with existing legislation and regulations on covered bonds and compliance with the Euribor code of conduct; ii) comfort letters for the renewal of the EMTN (Euro Medium Term Notes) programme and public issuances under this programme.

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 CAC (Audit and Control Committee) of 17 November 2016, without prejudice to the authority legally attributed to the supervisory board, CAC is responsible for ensuring the independence of the Statutory Audit Company when the latter provides additional services to CGD.

The powers attributed to CAC include not only CGD, but also, without any limitation, all companies that, at any time, are in a controlling or group relationship with CGD, regardless of the location of their registered office, main office and of its management or main establishment ("CGD Group").

The tasks attributed to CAC 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 17 November 2016, 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 CAC'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 CAC'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 CAC 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.

In assessing compliance with the fee limit for different audit services awarded to SROC in 2020, measured based on the average of audit services for the 2017-2019 three-year period, the use was within the permitted value.

Policy for the selection and designation of the statutory auditors and contracting non-audit services

Pursuant to the Bank of Portugal's circular letter CC/2020/00000020 of 23 March 2020, CGD undertook a critical analysis and self-assessment of the rules governing the selection and designation of the statutory auditors and contracting for distinct audit services which have not been prohibited, which ran in parallel with the production of the policy for the selection and designation of the statutory auditors and contracting for distinct audit services which have not been prohibited for the purposes of complying with the dispositions of articles 38 and 39 of Bank of Portugal notice 3/2020.

Several of CGD's structural and statutory bodies were involved and participated in the process for producing this policy which culminated in the submission to CGD's sole shareholder of a proposal for a policy for the selection and designation of the statutory auditors and contracting for distinct audit services which have not been prohibited, with a view to the timely consideration thereof at general meetings. The proposal was also sent to the Bank of Portugal in compliance with the guidelines in force.

In essence, the policy regulates the process for the selection and designation of the statutory auditor and includes a description of the stages and procedures to be complied with, selection criteria and respective weighting, procedures and initiatives to be carried out by the supervisory body for the purposes of overseeing and verifying the services provided by the statutory auditor and the monitoring of its independence, the ways in which the supervisory body intervenes in the process of contracting for distinct audit services which have not been prohibited, the process involving the frequency of training actions by CGD's directors involved in the statutory auditor selection processes and the definition of the structural bodies involved in the implementation of the policy, revision of the regulations and disclosure thereof.

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 2020, 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.

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, which takes place through reassessing the adequacy as previously described.

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 Compliance Division referred to analysis and advance opinion are sent to CNAR, the Governance Committee (CG) and the Audit and Control Committee (CAC) to be taken into account in the assessment of situations of conflicts of interest for which these committees are responsible and which may request Compliance Division 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 Compliance Division, 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 CAC 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 Compliance Division (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 Compliance Division, 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 Compliance Division, 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 (lending to members of management and supervisory boards) of the *RGICSF* have been set out in an internal CGD regulation which defines the respective rules and procedures to be adopted herein.

The referred to regulation establishes credit institutions limitations on lending to members of their management or supervisory bodies 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 thirty 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.

The internal regulation regarding the prevention and management of conflicts of interest explicitly cover that conflicts of interest may result from situations between CGD and related parties. The referred to 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.

CGD internally defined and formalized policies, rules and procedures related to the prohibitions defined under article 85 of the RGICSF, and in this context, the Internal Audit Department (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 2020, 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[5] 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 the 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 (RPB).

In the same way, the Securities Market Code establishes that 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

[5] 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 being a set of strategies, policies, processes, systems and procedures aimed at ensuring CGD's sustainability over the medium and long term and prudent performance of its activity as follows:

a. Compliance with strategic planning objectives, efficient conduct of operations, efficient use of institution's resources and safeguarding of its assets;

b. Adequate identification, assessment, monitoring and control of the risks to which CGD is or may be exposed;

c. Existence of complete, pertinent, reliable and timely financial and non-financial information;

d. Adoption of solid accounting procedures;

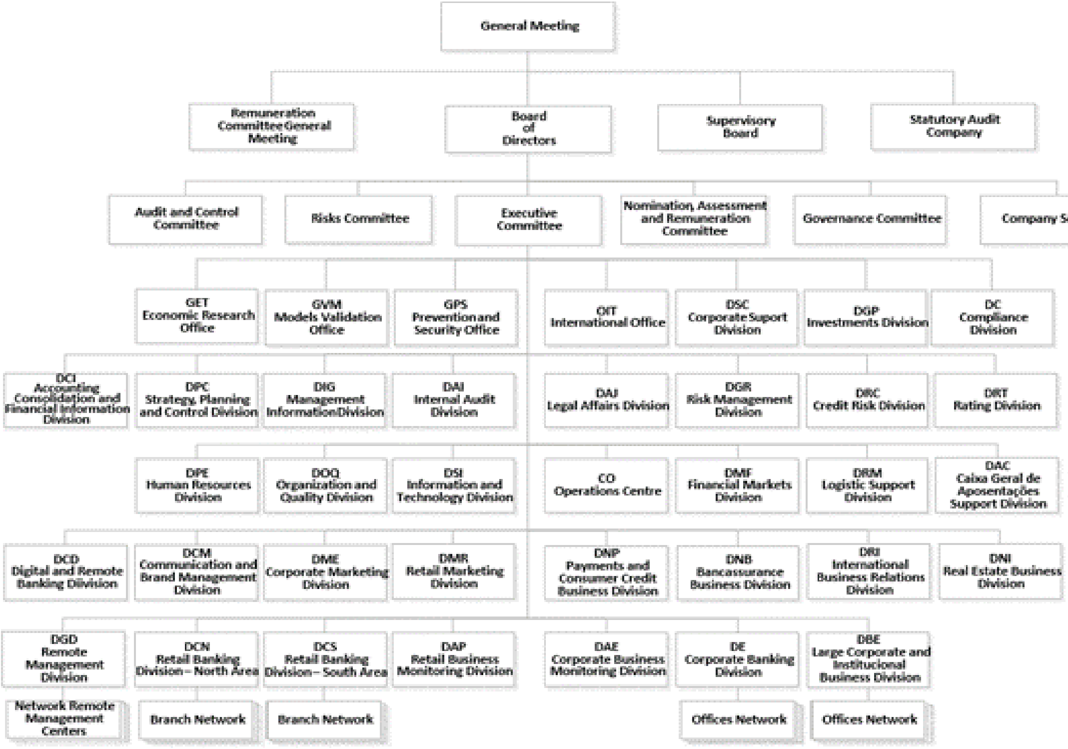
e. Compliance with legislation, regulations and guidelines applicable to CGD's activity, as issued by the competent authorities, compliance with CGD's own internal regulations, as well as professional and deontological standards and practices and rules of conduct and customer relations.

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:



Changes supported in Executive Committee Deliberations dated from 05/03/2020

One of the strategic priorities of the strategic control functions plan (PEFC), approved by the board of directors in June 2019, is to define a new organisational and functional model for the compliance division (DC), internal audit division (DAI) and risk management division (DGR), particularly in terms of their articulation with management and supervisory bodies, in order to improve the effectiveness of the 2nd and 3rd lines of defence for risk monitoring purposes and their contribution to the implementation of CGD strategy.

In turn, the organic structural manual (MEO) of the risk management division (DGR), published in December 2019, aims to strengthen the scope of this division's remit as the 2nd line of defence and its responsibility for the CGD group risk management function, providing an overview of all financial and non-financial risks, to which the group is exposed.

The new DGR model includes a new functional area, the internal control area (ACI), which is responsible for monitoring CGD group's internal control model which aims to establish and implement a deficiencies monitoring process, based on the definition of a policy for the management of internal control deficiencies in CGD group, approved by the board of directors in February 2020. It is, accordingly, now possible to define processes and methodologies common to all of the internal control process actors – strengthen the 2nd line risk function roles in identifying, monitoring and supporting the resolution of deficiencies − define a standard risk classification model, define SLAs (service level agreements) for the resolution of deficiencies, depending on their level of severity, improve reporting and monitoring operations on internal control deficiencies − report regularly to the board of directors, in line with the risk of existing deficiencies – provide an overview of all internal control deficiencies within the group – house all of the group's deficiencies in a single database and improve the efficiency and effectiveness of their resolution.

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.

Within the context of the strengthening of the internal control and risk management system, at the end of 2019, an initiative to centralize deficiencies in the Group began, allowing a holistic and complete view of the deficiencies that need to be resolved. In this context, DGR started a project to assess all existing deficiencies in the Group, on May 31, 2020, with the purpose of ensuring their resolution and the appropriate classification (taxonomy and degree of risk), as well as supported a very assertive follow-up of the evolution of the open deficiencies, confirmed by the values.

Thus, in mid-March 2021, CGD closed 100%, 96% and 91% for Critical, High and Medium Group risk deficiencies, respectively, with a total closing rate of about 78%, of the deficiencies that were open on May 31, 2020, which started to consider both the weaknesses and the opportunities for improvement registered, in accordance with the notice 3/2020 of Bank of Portugal.

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 control environment that values internal control as an essential element in terms of CGD's long-term resilience and good performance;
- A solid risk management system, which should take credit, market, interest rate, exchange rate, liquidity, pension fund, compliance, operational, information systems, strategy and reputation risk, into consideration, in addition to all of the other risks which, may be material on account of each entity's concrete circumstances;
- Regular communications with different structural units on CGD's level of risk tolerance;
- Concrete measures to promote a strong awareness, among all CGD staff, of risk aversion levels which exceed the defined limits, ensuring that all employees are aware of their responsibilities in terms of risk-taking and control;
- An adequate internal control environment;
- 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

The audit and control committee is particularly responsible for a critical assessment of CGD group's internal control system, to ensure that its organisational culture and governance and internal control systems are adequate and effective and promote sound and prudent, 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

The internal audit division (DAI) is responsible for providing management and structural bodies with an independent, objective assessment of the effectiveness and efficiency of the internal control system, processes, risk management (current and emerging) and internal governance, contributing to safeguarding CGD group's value, solvency and reputation. Its mission is to provide management, supervisory, structural bodies and supervisory entities with independent, objective, relevant, reliable, risk-based assessments, advice and knowledge, in a proactive and permanent manner and make an effective, efficient and ethical contribution to management.

The internal audit function reports to the audit and control committee and continues to report directly to the board of directors and supervisory board, pursuant to which the internal audit function certifies the resolution of internal control deficiencies, in accordance with the internal control deficiencies management policy, which reports periodically to management and supervisory boards in addition to producing and submitting the following to the management and supervisory boards:

an annual report with an overall assessment of the adequacy and effectiveness of the organisational culture and governance and internal control systems, as a whole, in addition to the performance of management and supervisory boards and the main deficiencies detected, as defined in Bank of Portugal *notice* 3/2020.

- an annual report to be signed off by the officer in charge of the internal audit function, which includes an assessment of the function's independence and a description of the deficiencies attributed to the internal audit function itself, as defined in Bank of Portugal *notice* 3/2020.
- an annual report validating the classification of deficiencies as defined in Bank of Portugal *instruction* 18/2020

Supervisory Board and Statutory Auditor Company

The Company's supervision is entrusted to the Supervisory Board and the statutory auditor company (SROC).

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 SROC 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 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

The Accounting, Consolidation and Financial Information Division (DCI) is 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

The Strategy Planning and Control Division (DPC) coordinates the group's strategic planning activities, definition of objectives, production of activity plans and entities' budgets,

It controlls CGD group activity namely by overseeing and monitoring its Entities, assessing deviations from objectives and foreseeing future gaps.

Financial Markets Division– Investor Relations Area

The Financial Markets Division (DMF) - Investor relations area is the structural body responsible for disclosing CGD group's financial information to investors, regulators, rating agencies and other stakeholders. It is responsible for the relationship with the market and the financial community in general.

It is inter alia, responsible for the board of directors' annual report which includes the board of directors' report *per se*, the Sustainability Report and the Corporate Governance Report.

The financial information for disclosure purposes is produced by DCI. The supervisory board, in t urn, 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. Compliance Division 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

Risks Committee

The Risks committee (CR) 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 the institution corporate 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

The Compliance Division (DC) 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.

It monitors and regularly assesses the adequacy and effectiveness of the measures and procedures adopted by CGD and CGD group entities, with the objective of detecting any risk of non-compliance with laws, regulations, rules of conduct, established good practice, ethical principles and duties to which they are subject in addition to the measures taken to remedy any respective compliance deficiencies.

It advises the executive committee, the risk committee, the audit and 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. . It reports functionally to Risks Committee.

Risk Management Division

The Risk Management Division (DGR) objective 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 to the executive, the audit and 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

The Specialised Capital Management, Assets and Liabilities Manegement Executive Board (ALCO) 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

The Specialised Products Executive Board (CDP) 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 products and services 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 Compliance Division, 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

The Specialised Ratings Executive Board (CDRT) 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 (economic groups) 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 and Credit Board

The Credit Risks Executive Committee (CERC) and rhe Credit Board (CC) are 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 Corporate Business Monitoring Division (DAE) and Retail Business Monitoring Division (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 and (vii) with operating in certain sectors of activity.

Models Validation Office

The Models Validation Office (GVM) 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

The Models Validation Committee (CVM) s 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 GVM, 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.

Data Protection Function

Governance, Data Security and Protection Executive Board

The Governance, Data Security and Protection Executive Board (CDGSPD) reports to the executive committee which supervises governance and data quality activities and data protection monitoring and management issues. It considers and coordinates CGD's and CGD group's information security initiatives.

Structural decisions to ensure data protection management, enforcement by top management and empowerment of the data protection officer and data protection office for current management purposes have been delegated to CDGSPD.

The Governance, Data Security and Protection Executive Board, as defined in the internal regulation published on February 21 of 2020, replaced and expanded the remit of the former data protection executive board which met every quarter.

The organisation and preparation of CDGSPD, in matters pertaining to data protection is the responsibility of the data protection officer, in conjunction with the Chief Data Officer (CDO) and the Chief Information Security Officer (CISO).

Although ordinary meetings of this executive board are held every month, extraordinary meetings may be called by the chairman of the executive board or, in the event of any violation of personal data, by the data protection emergency team.

Data Protection Officer

The appointment of a DPO (data protection officer) for banking activity is mandatory under the terms of the General Data Protection Regulation (GDPR), owing to the treatment relating to the regular and systematic control of customers' data required during the normal course of banking activity.

A corporate level DPO whose respective functions were defined in harmony and compliance with the dispositions of articles 37 to 39 of the GDPR, was appointed under an executive committee resolution of December 6 of 2017.

The data protection officer is independent and autonomous in the performance of his/her duties and reports directly to the executive committee. The GDPR requires the function of the data protection officer to involve direct communication with an institution's top management. Special reference should be made to his/her participation on executive boards, committees and advisory boards defined in CGD's internal regulations, including the data protection governance model.

The data protection officer ensures the coordination of data protection management planning in CGD and CGD group, controls the conformity of CGD's and CGD group's data processing operations with applicable legal dispositions and policies and internal regulations on data protection, informs and advises the board of directors, top management and structural bodies responsible for the treatment of personal data, including CGD group entities, whenever necessary and in conjunction with data protection officers (subsidiaries) and data protection pivots (branches).

He/she is responsible for ensuring *in situ* conformity checks on data protection in CGD and CGD group, to examine and guarantee control of respective compliance therewith.

The data protection officer heads the data protection office whose exclusive mission is to provide collaboration and institutional assistance in the performance of his/her functions, namely helping to produce the privacy and data protection policy, cookies polices, internal regulations on data protection or connected issues, issue of opinions on data protection in general and data protection impact assessments (DPIAs), in particular, together with the promotion of banking business (e.g. digital transformation, validation of communications on the commercialisation of banking products and services, campaigns and events).

Process Control

Corporate Support Division

The Corporate Support Division (DSC) 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, its special committees, supervisory, executive and advisory boards in articulation with CGD's diverse structural bodies and Group 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)

The information systems division (DSI) is the body responsible for developing and maintaining quality, security, efficient and effective risk control and applications and information systems, in line with CGD's needs, as well the management, evolution and operation of the technological infrastructures upon which CGD's business is based. It also promotes alignment between CGD group's information and technology systems (IT).

DSI provides development and maintenance services for information systems and technologies and ensures the management, evolution and operation of technological support infrastructures, in line with CGD's business needs.

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 3 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 as follows:

- Long term stability based on adequate returns on balance sheet risks, improved operational efficiency and risk management which may put the execution of the Institution's strategy at risk, particularly when associated with credit 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.

The development of the Risk Culture should be based on full understanding and an integrated and global perspective of the risks to which the Group is exposed and the way in which they can be managed, having as a pillar the Risk Appetite and its widespread dissemination among the 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.
- Non Financial Risks management policy.
- Reputational risk 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 function 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 and to guarantee the solidity and effectiveness of the identification, measurement, monitoring, reporting and control system of the various risks incurred by the Group.

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.

Risk management is carried out centrally and supported by a dedicated structure, the risk management division (DGR) under the responsibility of the CRO. The risk management division carries out functions in the area of management and control of the Group's financial and non-financial risks with the objectives of stability, solvency and financial strength, guaranteeing the functions of identification, assessment, monitoring, control and reporting of the risks to which the CGD Group is exposed and the interrelations between them, in order to ensure the coherent integration of its partial contributions, that they remain at the level of risk appetite defined by the board of directors and that they will not significantly affect the financial situation institution, continuously ensuring compliance with and compliance with external standards and legal and regulatory requirements in this area.

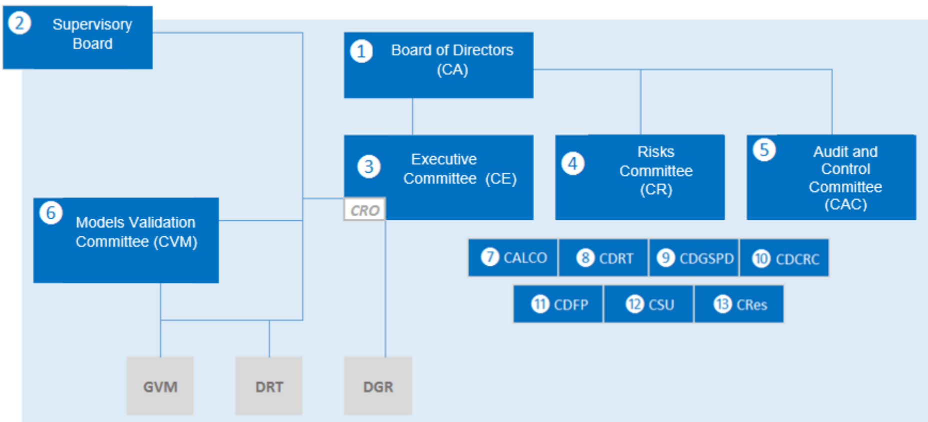
The Head of Risk is directly responsible for the risk management function (managing director of DGR), who is also responsible, without prejudice to the other duties established in CGD's internal standards, for developing and leading a benchmark Division taking into account the dispositions of the RGICSF (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 (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP), 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.



The board of directors (CA) (❶), with the support of Risks Committee (CR) (❹) and Audit and Control Committee (CAC) (❺), defines CGD's risk appetite statement which is implemented by the Executive Committee (CE) (❸) with the support of the risk management division (DGR) and control and business areas.

The Supervisory Board (CF) (❷) is the independent body responsible for ensuring that the risk management function complies with its responsibilities in an independent and effective manner.

The Risk Committee (CR)(❹) oversees the 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 risk committee oversees the risk measurement and calculation of the internal adoption of own funds models, in addition to Community directives and Bank of Portugal and European Central Bank guidelines on financial and specifically credit risks. Its functions and remit include, *inter alia*, an analysis of the risk reports produced by DGR, considering the financing and refinancing proposals submitted by the respective structural bodies and decisions on several necessary appointments of officers in charge of the risk management function.

The audit and control committee (CAC) (❺) is responsible for overseeing, assessing and furthering the efficiency of internal control and audit Risk systems.

The Risk Management Division (DGR), 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 risks 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 Models Validation Committee (CVM) in which the Credit Risks Division (DRC) and the Models Validation Office (GVM) are also present. CVM is the body responsible for the functional management of the 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 and aims to achieve proactive balance sheet management and CGD Group profitability. This committee has, among others the following responsibilities:

- Furthering of the capital, assets and liability (ALM) management process and actions and procedures necessary for its implementation, including the definition of an oversight and systematic reporting system on financial risks, liquidity situation, capital and regulatory ratios situation on a consolidated and separate basis for diverse CGD group entities;

- Consideration and decisions on proposals for strategic guidelines on CGD group's financing and liquidity policy;

- Consideration and decisions on proposals for strategic guidelines (and latter oversight) on risk management policy, namely the group's balance sheet interest rate and market risks, defining indicators, limits and management rules;

- Analysis of and decisions on proposals for strategic guidelines (and latter oversight) on the group's capital ratios and its capital funding and management policy based on a regulatory and economic approach.

In the Specialised Rating Executive Board (CDRT) which is responsible for attributing or revising the internal rating on counterparties, with an exposure equal to or greater than €50 million, and by approving internal rating derogations for counterparties whose exposure is equal to or greater than €10 million, in both cases measured at the level of the economic group in which they operate. The CDRT is also responsible for monitoring and controlling the evolution of all assigned ratings, as well as for accompanying reviews of rating assignment methodologies.

❾ In the Governance, Data Security and Protection Board (CDGSPD). This body reports to the executive committee which supervises governance and data quality-related activities, data protection monitoring and management issues and which considers and coordinates CGD's and CGD group's information security initiatives. The authority to make structural decisions to ensure data protection management, enforcement by top management and the empowerment of the data protection officer and data protection office in terms of current management has been delegated to CDGSPD.

❿ In Business Continuity Executive Board, operational risk and Internal Control (CDCRC) which is the body responsible for the coordination, assessment and discussion of issues related with CGD´s operational risk management and Business Continuity : (i) monitoring the overall level of operational risk assumed by the Group, verifying compliance with the established strategy and policies, as well as deciding on the action plans presented or submitting them to the EC's decision; and (ii) promoting the effectiveness of the internal control system, through the monitoring of deficiencies and their action plans, streamlining management decisions that make their implementation more efficient.

⓫ The pension fund risk executive board (CDFP), is responsible for considering and discussing issues related to CGD's pension fund risk. It has the authority to undertake a strategic assessment of the fund's investment policy proposals, the strategy for hedging pension fund liabilities and respective grounds and informing the executive committee of demographic, actuarial and market assumptions in addition to the impacts of any alterations thereto.

⓬ On the sustainability committee (CSU) as an advisory body to the executive committee which supervises the management of and issues guidelines on decisions regarding the implementation of the sustainability strategy, incorporating sustainable development, responsible banking and sustainable finance principles regarding CGD's current operations, in alignment with its strategic plan and its stakeholders' expectations.

⓭ On the resolution committee (CRes), as the body responsible for the analysis, discussion, decision and approval of all resolution-related issues.

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 group, at a domestic and iinternational level.

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, sovereign risk and real estate; ii) market risk (including CVA, foreign exchange risk and credit spread risk); (iii) banking portfolio interest rate risk; (iv) Pension Fund Risk (v) operational risk including compliance risk and IT (vi) reputational risk and vi) Business and 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.

Compliance with the regulatory limit on exposure to a customer or group of customers, related on the basis of controlling or economic dependency is also assessed in the context of solvency risk. The calculation and monitoring of the leverage ratio is also ensured.

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.

Credit risk is managed and controlled by internal regulations that, based on the use of a rating/scoring system and exposure level, an early warning system and classification of customers as being in financial distress, define the necessary levels of authority for the credit decision process.

For corporates, municipalities, autonomous regions and financial institutions with a more significant level of exposure, or with other added risk criteria/triggers, consideration of credit risk, in addition to being supported by internal rating models (including both financial and qualitative information), is individually examined by a team of analysts which produces credit risk analysis reports and issues an opinion on the inherent credit risk. The analysis is always produced on the basis of the economic group of which the proponent is a member and, after a certain exposure level has been reached, the analysis teams adopt a specialised sectoral approach.

Credit risk assessment in the retail segment is supported by the use of statistical risk assessment tools (PD – probability of default and LGD - loss given default models), several internal regulations which define objective criteria to be complied with on lending operations and the delegating of authority in accordance with the risk ratings on customers/operations.

The new centralised decision-making model on corporate loans, ensuring DRC's involvement in all operations, came into force at the end of 2018. The decision-making model on credit to personal customers, ensuring DRC's involvement in the risk analysis of all proposals, was also centralised in this year.

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. Reports making reference to the performance and perceived quality of the credit portfolio are produced 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 valuation 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 which are subject to control and audit processes both by the internal bodies responsible for the validation (GVM and DAI) 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.

CGD group has also approved a corporate market risk management policy which defines the responsibilities and sets out the principles applicable to market risk management, including foreign exchange risk, on a separate and consolidated basis, in addition to all overseas branches and subsidiaries in the prudential supervision perimeter. The management and market risk tolerance strategy is defined in accordance with CGD group's risk appetite statement, with the objective of maintaining the focus of the group's activity on products and services commensurate with the strategy of a retail/commercial bank, limiting the complexity of products and positions and ensuring that they are in line with existing risk monitoring capabilities.

Market risk and foreign exchange position risk management in the balance sheet is additionally supported by a formal authorisation structure − market or foreign exchange risk guidelines − requiring the approval of the capital, assets and liabilities executive board (CALCO). The guidelines formalise, *inter alia,* business, risk management and control strategies, authorised instruments, metrics and their market risk limits, constituting such business units' discretionary boundary on hedging or mitigating market risk.

Market concentration and liquidity, market risk and loss levels indicators ensure that the levels of risk taken are commensurate with the group's risk appetite framework. The limits are controlled, monitored and reported daily or on an intraday basis to management bodies (CRO and CFO) and business units. The operating rules when limits are exceeded, which aim to ensure a speedy definition of the action plan and resolution of the excess, are defined in internal regulations.

The control, monitoring and reporting of market and foreign exchange risk is centrally ensured by the risk management division's market risk area, which reports to the CRO. A reporting line which is independent from the business areas reporting to the CFO or other members of the executive committee has therefore been established. CGD's risk committee is responsible for overseeing CGD's and CGD group entities' market and foreign exchange risks.

The trading book is used to calculate own funds requirements for market risk. It comprises all securities and derivatives held-for-trading or to hedge held-for-trading positions, as part of CGD group's trading book strategy and in compliance with the trading book's internal definition. It specifically includes market-making positions, short positions in securities, rotating short positions in stock market derivatives, arbitrage positions or when the intention involves short-term resale and intentional or correlation trading portfolios or resulting from the services provided to customers. Any hedge of listed items or dynamic hedges on items that, on their own, would only qualify for the banking book are an integral part of the trading book. This portfolio is actively managed, taking into account the timeframe for holding the assets provided for in CGD group's trading book strategy, as well as being reassessed on a daily basis as regards fair value in line with the principles of independence, precision, clarity and rigour, defined in the bank's internal regulations − corporate valuation policy on own positions in securities and derivatives recognised at fair value. All balance sheet positions contributing to the foreign exchange position (including off balance sheet positions) are taken into account for the calculation of own funds requirements for foreign exchange risk, including both trading and banking books.

The risk assessment considers general market risks, non-linear risks and specific risks attached to the positions held. Value at risk (VaR), expected shortfall (ES) and three worst (3W) risk metrics are used for this purpose, VaR is used as a yardstick for monitoring market risks in general and is based on the historical simulation approach. VaR is calculated for an investment timeframe of 1 day (95% confidence interval) for management trading portfolios and a holding period of 10 days (99% confidence interval) for the group's remaining portfolios, including prudential trading portfolio and the accounting trading portfolio perimeters. Risk assessment is further complemented by such risk measures as duration, bpv, Greeks (delta, gamma, rho, vega and theta).

To assess the quality of the VaR model used, monthly VaR is compared on a daily basis with the actual results obtained ("backtesting") in line with the methodologies and recommendations issued by the Basel Committee, with the additional application of other adequate backtesting approaches.

CGD group carries out stress tests at least once a month, focusing on market and foreign exchange rate risk, as part of the overall stress test programme and in accordance with current best practice. Stress tests aim to assess the impact of adverse events involving exposure to market risk, measuring their impact on the fair value of the investments and the quantitative and qualitative adequacy of CGD group's own funds. Stress tests are based on risk factors that, as a whole, represent situations that could originate 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 various market and foreign exchange risk components.

Market risk in CGD group is identified on the basis of a robust, continuously reliable, centralised and integrated structure which aims to ensure timely and complete knowledge of the products traded, allowing the identification, measurement, control and reporting of market risk. The registration of transactions in the front office system, which is the basis for identifying the object of the risk, is regulated by specific internal regulations which ensure that the information transmission process is complied with and that it is conveyed to the market risk system reliably to evaluate the respective metrics. With regard to foreign exchange rate risk, identification is also ensured on the basis of the rigorous, standardised and timely transmission of information on the foreign exchange rate position of CGD and any CGD group entity.

Pension fund risk

The Group continues to operate a defined benefit pension plan for the former and current employees of Caixa Geral de Depósitos SA, subject to certain conditions governing inclusion. This plan has been closed to new participants since 2012. The capacity to meet pension plan liabilities is hedged by the management of an assets portfolio whose strategy has been approved by the members' board of directors, under the management of an independent management entity. Regular contributions to the fund by the member and participants are also stipulated.

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Pension fund risk derives from mismatches between pension fund assets and liabilities. Such mismatches can arise from the depreciation of the market value of pension fund assets or from the increase in the estimated value of pension liabilities due to actuarial, demographic or market factors. Depending on the magnitude and reason for the mismatch, the member may have to make up for potential shortfalls or resolve deficiencies, in the form of extraordinary contributions to the pension fund materialising this risk.

Pension fund risk is monitored in terms of the risk appetite statement, with monthly reporting to the executive and risk committees. The calculation monitors the deviations in value between the assets portfolio and the estimated value of liabilities, the evolution of the performance of the assets portfolio in addition to the prospective evolution of the liabilities discount rate, with the aim of mitigating possibly significant or at least, unforeseen mismatches. The assessment of the defined benefits plan is adversely affected by a fall in the liabilities discount rate, in an environment of persistently low interest rate/credit spread levels, which justifies the monitoring operations focused on this assumption, using an internal reference curve for the fund's liabilities discount rate.

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/Executive Committees and the disclosure of reports to various Group structures.

Non-financial risks

Following its definition was formalised in the latest revision of CGD Group´s risk taxonomy, non-financial risks in the CGD Group include four key risks, namely: Strategy and business, Model, Information technology (IT) and Reputational. These risks consist of the likelihood of negative impacts on results or capital depending on the risk category, namely:

- Strategy and business risk: losses deriving from macroeconomic, geopolitical, business model, investment, equity investments in banks and non-banking entities, climate change and pandemics;
- 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;
- IT risk: losses deriving from the risk of change, data integrity, IT system failures, access risk and the delivery risk of IT systems;
- 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).

A specific management model for such risks has been implemented for the identification, evaluation, measurement, oversight, control and reporting of non-financial risks (complementary to the specialised area in "traditional operational" risks) across CGD group as a whole. The main objective is to achieve an integrated monitoring system on the adequacy and effectiveness of processes, policies and procedures, different non-financial risks components and to autonomously and independently ensure its effectiveness by keeping losses on non-financial risks to within the tolerance levels defined by CGD's board of directors. The non-financial risk management model also aims to mitigate other relevant negative impacts, such as the level of achievement of strategic objectives, reputation or fulfilment of regulatory requirements.

The methodology implemented is based on a non-financial risk policy that establishes all of the principles and responsibilities applicable to the management of such risks. One of the main elements of this methodology is CGD group's risk classification system, which uses a unique, common language for the three lines of defence, within a framework of coordinated intervention between them, establishing a basis on which the group can create an integrated approach for its management of all non-financial risks.

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.

It reflects CGD´s commitment to ensuring business continuity in the event of anomalous occurrences 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;
- Ensuring critical business processes;
- Mantaining adequate and operational continuity solutions; and
- Complying with legal and regulatory 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.

Internal government and corporatisation policy

Pursuant to the internal governance guidelines of the European Banking Authority (EBA / GL / 2017/11), in addition to the RGICSF and related legislation, CGD has the duty to ensure that its systems, processes and governance mechanisms, in addition to its internal control systems, are consistent and well integrated on a consolidated and sub-consolidated basis and are applied to their subsidiaries in order to ensure robust governance systems on a consolidated and sub-consolidated basis.

Together with the mechanism for disclosing information on the standards provided for in its internal governance policy, CGD has also set up mechanisms and contacts with its overseas branches and its subsidiaries in Portugal and overseas, for the adoption of CGD's internal governance structuring standards. This mechanism for disclosing information on the standards was based on respect for the particularities of the foreign legal systems of the headquarters of CGD group entities and concerted positions with other shareholders in the case of subsidiaries that are not wholly owned by CGD.

The remuneration policy for members of management and supervisory bodies, suitability policy for the selection of members of management and supervisory bodies, key function holders and managers of overseas branches and succession plan have been adopted by CGD Group entities as structuring standards.

With the same objective of the adoption by CGD group entities and with the objective of strengthening the oversight and monitoring of the activity of CGD group entities, particularly focusing on their core operations, the authority of the respective risk committees and audit and control committees, including their operating regulations and authority of the referred to committees and representation of CGD's control functions were either created and/or readjusted during the course of 2019 and 2020. Reporting procedures between risk and local audit and control committees, their counterparts in CGD and the supervisory board and the provision of information by such entities' supervisory boards and CGD's supervisory board were also defined and implemented.

Work also began on the process of setting up appointments, assessment and remunerations committees in such entities and is expected to be completed in 2021.

Strategic Plan for the Risk Management Function

DGR continued to implement the Strategic Plan for the risk management function, having concluded 85% of the planned initiatives, including: the use of advanced analytics for the development of predictive models to better prioritize contact with individuals and companies with exposure below € 1 million, under the Operational Plan for managing the portfolio of customers financially affected by Pandemia Covid-19; the completion of the implementation of the Front-to-Back-to-Risk System, modernizing the application support for market risk management; the identification of employees to benefit from the internal turnover process; the strengthening of the risk culture with the inclusion of specific metrics in the Balanced Scorecard, the calculation of capital allocation by business unit, and the automation of metrics for monitoring and controlling non-financial risks; the alignment between local risk management functions and centrally defined corporate objectives.

The commitment to the transformation and strengthening of the function prevails through the implementation of the initiatives planned for the last year of this evolutionary effort.

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[6]) 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

[6] As amended by Law 75-A2014 of 30 September and Law 42/2016 of 28 December.

standards issued by the Bank of Portugal and the securities market commission (CMVM).

2020 was the year of the Covid-19 pandemic which triggered an international and national public health emergency. A series of measures to diminish and mitigate the economic effects deriving from the outbreak of the epidemic was adopted.

Diverse legislation containing exceptional, temporary measures to deal with the Covid-19 pandemic was accordingly published. It included, *inter alia*, support measures for households and companies, measures for public and private entities, in the fiscal and economic domain and measures on remote working, occupancy rules, physical presence and social distancing, health-related rules, opening times, priority services, duty to provide information and complaints books.

Reference should be made to decree law 10-J/2020 which sets out exceptional measures to protect the loans taken out by households, companies, “private social solidarity institutions” (i.e. charities) and other social economy entities, as well as a special state-backed personal guarantees regime, in the sphere of the Covid-19 pandemic as amended by law 8/2020, decree law 26/2020, law 27-A/2020, decree law 78-A/2020 and decree law 107/2020. This statute introduces a moratorium applicable to several loan operations entered into with singular and collective persons (public moratorium) whose subscription and application period has been successively extended. Private initiative moratoria, applicable to exclusions from the sphere of application of this statute were also introduced. In such a context, the Bank of Portugal, regulated the duties to provide information to be complied with in the sphere of the operations covered by these exceptional, temporary measures, both as regards customer relations and reporting obligations to the supervisor in the form of *notice* 2/2020 and *instruction* 13/2020.

Reference should also be made to decree law 79-A/2020, that establishes an exceptional, transitional regime for the reorganisation of work, with the aim of minimising the risks of transmission risks of infection by SARS-CoV-2 and the Covid-19 pandemic.

A further reference should also be made to the legislative initiatives on bank commissions that limit or prohibit the charging of commissions on the provision of services associated with loan agreements and for transfers using payment apps operated by third parties. Law 44/2020 amending decree law 27-C/2000 for the sixth time, ruling that customers who are minimum banking services accountholders may, without any additional charges, make an additional five transfers per month for an amount not exceeding 30 euros, using payment apps operated by third parties, was also published. Law 53/2020, which establishes standards on protection for users of financial services from banking commissions and the use of payment apps operated by third parties and law 57/2020 that also establishes standards for the protection of users of financial services, restricting commission charges on personal and mortgage loans was also published. The rules related to commissions came into force on 1 January 2021.

With an unarguably relevant impact on the internal organisation of financial institutions reference should be made to the publication of Bank of Portugal *notice* 3/2020,that regulates governance and internal control systems and defines the minimum standards upon which the organisational culture of entities subject to the supervision of the Bank of Portugal should be based, repealing *notices* 5/2008 and 10/2011 and *instruction* 18/2020 that regulates the reporting duties on conduct and the organisational culture and governance and internal control systems.

Law 58/2020, transposing directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 and directive (EU) 2018/1673 of the European Parliament and of the Council of 23 October 2018 on the use of criminal law to combat money laundering by amending several legal statutes in matters relating to the prevention of money laundering were published. The amendments particularly include the amendment to article 81a of the RGICSF (general credit institutions and financial corporations regime), pursuant to which banks must provide the BdP (Bank of Portugal) with more information than reported to-date, namely information on safeboxes, as well as on the beneficial owners of the accounts and users of safebox rental services. This amendment was followed by the Bank of Portugal’s publication of *instruction* 27/2020, which regulates BdP’s organisation and management of the accounts database.

CMVM regulation 2/2020, which establishes preventive measures to combat money laundering and the financing of terrorism (AML/FT), to be implemented by financial entities subject to the supervision of the CMVM and establishing periodic reporting obligations to be provided by such entities was also published.

It should also be noted that four CMVM regulations were published in 2020, as part of an initiative to revise and simplify all CMVM *instructions* and regulations on periodic reporting obligations. They included regulation 6/2020, amending CMVM regulations 2/2007, 2/2015, 3/2015, 2/2002, 8/2018, 1/2020, 1/2017 and 3/2016 with the aim of revising the content of the reports provided for in the referred to regulations, regulation 7/2020, on the submission of information to the CMVM on complaints (both in progress and already completed) from non-professional investors on financial intermediation activities, management of collective investment bodies and the management of collaborative electronic funding platforms, for the period between the first and the last day of each calendar half year, CMVM regulation 8/2020 on to be sent to the CMVM on price lists for non-professional investors, the commercialisation and charges of collective investment bodies and CMVM regulation 9/2020, on the self-assessment report of the governance and internal control systems by entities subject to CMVM supervision.

On a European level, reference should be made to the publication of EBA guidelines on legislative and non-legislative moratoria on loan payments implemented in the light of the Covid-19 crisis, specifying the prudential treatment of legislative and non-legislative moratoria on loan payments implemented in response to the Covid-19 pandemic crisis (EBA/GL/2020/02) in addition to the subsequent amendments: extending its period of application by 3 months (EBA/GL/2020/08) and its reactivation (EBA/GL/2020/15). EBA guidelines on lending and its respective monitoring operations (EBA/GL/2020/06) specifying dispositions, internal governance processes and mechanisms, credit and counterparty risk requirements and requirements for the assessment of solvency were also published.

Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons regarding the treatment and free circulation of personal data, repealing directive 95/46/CE (GDPR), was published on 04-05-2016 as part of the European Digital Agenda, which aims to achieve the Digital Single Market in the European Union.

The GDPR, fully applicable to member states of the Union from May 24 of 2018, strengthens the rights and guarantees of personal data subjects, giving them control over the treatment of their respective personal data, defines a series of processing principles and rules to be complied with by companies which are responsible for processing personal data and attributes a series of functions to the "data protection officer", namely advising the processing officer, to ensure the control of conformity with the new regulatory requirements on data protection and as a point of contact with the national control authority and personal data subjects.

Law 58/2019, ensuring the transposition of the GDPR into national legislation, complementing the approximately 70 clauses left up to the legislation of national lawmakers, was published on 8 August.

This new regulatory framework is also based on law 59/2019 of 8 August that approves the rules on the treatment of personal data for the purposes of the prevention, detection, investigation or repression of criminal offences or the enforcement of penal sanctions, transposing directive (UE) 2016/680 of the European Parliament and of the Council of 27 April 2016.

Following the publication of law 58/2019, the national data protection committee, on 3 September 2019, issued ruling 2019/494 on the "de-application" of several standards of law 58/2019 and ruling 2019/495 on the waiving of the application of fines levied on public entities during the three year period starting from the date upon which law 58/2019 came into force.

As regards the European Data Protection Committee created by the GDPR, reference should be made by way of example to the following binding guidelines for organisations and companies issued in 2020: Guidelines 04/2020 on the use of location data and contact tracing tools in the context of the Covid-19 outbreak; Guidelines 06/2020 on the interplay of the Second Payment Services Directive and the GDPR and Guidelines 07/2020 on the concepts of controller and processor in the GDPR.

On the transfers of personal data to outside the European Economic Space, following the judgement of the European Court of Justice in case C-311/18, the European Data Protection Committee issued recommendations 01/2020 on measures that supplement transfer tools to ensure compliance with the EU level of protection of personal data, in addition to recommendations 02/2020 on the European Essential Guarantees for surveillance measures.

The national data protection committee (CNPD), as the national data protection control authority, issued CNPD regulation 1/2018 on the list of treatments of personal data subject to the data protection impact assessment.

Reference should be made to the guidelines issued by the CNPD in 2020, in the context of the Covid-19 pandemic, with the following objects: Guidelines on the disclosure of information on persons infected by Covid-19 (April 22 of 2020); Guidelines on the collection of data on workers' health (April 23 of 2020) and Guidelines on distance control in remote working regimes (May 17 of 2020).

The personal data protection policy for CGD group, in the form of corporate regulation 11/2018, was approved and transposed into most CGD group entities, as was the data protection governance model for CGD group, in the form of corporate regulation 4/2019, with the objective of operationalising this policy, definition of the data protection management policy and attribution of responsibilities in CGD and CGD group, oversight and monitoring of such activities, with the aim of strengthening an organisational culture of conformity in matters of data protection.

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 updated its code of conduct in April 2020 in line with international best practice, to strengthen, *inter alia,* dispositions on ethical issues such as the prevention of corruption, social responsibility and sustainable development, conflicts of interest and communication of irregular practices.

The new version of the code incorporates new values and CGD's mission and expands upon the number of issues addressed and dispositions regarding issues already dealt with. Fresh thought was also given to the presentation of these dispositions with the aim of facilitating the understanding thereof and which now exemplify several good practices aiming to provide employees with guidelines when making decisions.

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 still has 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 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

The primary objectives of the compliance division's unit for the prevention and management of external fraud is to prevent and manage incidents of fraud in order to reduce CGD's exposure to risk situations through its adoption of containment/mitigation measures on incidents of fraud, based on several 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, Compliance division 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.The compliance division's unit for the prevention and management of fraud has also, accordingly, defined and implemented control mechanisms and procedures to mitigate the risk of (external) fraud, working directly with other units in the anti-financial crime area, with a view to preventing and combating various types of crime, particular money laundering and the financing of terrorism.

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 one of the entities that sent to the Council for the Prevention of Corruption's (CPC's) information 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 34 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 to be applicable to CGD Group 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.

CGD provided training to CGD Board Members, Directors and Coordinators on Ethics, Code of Conduct and Competition Law. Elements with internal control functions of the Compliance Department were trained on ISO 37001 - Certification of the Anti-Corruption Management System in 2020.

Still in 2020, CGD's Compliance Division provided training on matters related to the management and reporting of Conflicts of Interest, the Corruption Prevention Plan and the Code of Conduct Management model for employees of different CGD structural bodies and employees of CGD Group entities.

Caixa, through its internal audit division (DAI) in the scope of continuos auditing, monitors 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 continuos monitoring, 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, risk annotations, etc.)

The investigations aim to ascertain and clarify the facts resulting from the reporting of an occurrence, complaint or denunciation, with the objective of identifying any irregular acts committed, with intent or negligence and those responsible, as well as to propose possible disciplinary, civil (right of redress) and criminal liability, with the aim of recovering any losses made by Caixa.

Whenever, during the course of such investigations, any control weaknesses which may give rise to internal 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 2019 was published on CGD's website in October 2020 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

Diversity policy and gender equality plan

CGD understands that diversity fuels innovation, attraction, retention, the promotion of talent and diverse skills and represents added value, by enriching social and economic conditions, improving efficiency and competitiveness. The diversity of the characteristics of members of the management and supervisory bodies, including age, gender, geographical origin and qualifications and professional experience, should enable the referred to bodies to consider the same issue from various perspectives, in addition to the independence of opinions and sound decision-making.

The board of directors accordingly approved the diversity policy for CGD group employees and members of CGD's management and its supervisory bodies in 2019. The policy establishes the diversity principles applicable to CGD's employees, in addition to the objectives and goals governing a balanced ratio between women and men in CGD's management and supervisory bodies.

Law 62/2017 also provided for the need for the state's business sector entities and stock exchange listed companies to produce annual equality plans, prepared in accordance with the template provided for in normative ruling 18/2019, of 21 June. At its meeting of 1 October 2020, CGD's board of directors approved the 2021 equality plan which was published on the websites of the citizenship and gender equality committee (IGC) and the equal work and employment committee (ISCED).

Banco de Portugal Notice no. 3/2020

CGD made a thorough and participatory analysis of the drafting of Notice nº. 3/2020 and identified, for each theme, which gaps were verified, as well as the Action Plans to be implemented to remedy them by the beginning of 2021.

59 (fifty-nine) Action Plans were identified, concentrated in 6 (six) CGD Directorates, with a greater incidence in creating / revising regulations, followed by updating processes, creating and adapting reports to supervisors and independent evaluations.

The implementation of these Action Plans was fulfilled, in essence and in general, and, of the total set of initiatives for full alignment, 52 (fifty-two) have already been concluded, 6 (six) will be concluded in April 2021 and the remainder will be completed in the first half of 2021.

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 of norms on transparency in client relationship

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 legislative set in item 6.3. 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.

Update of the Privacy and Personal Data Protection Policy and Cookies Policy

In compliance with the GDPR and in accordance with the principle of transparency, CGD provides information on its treatment of data and, since 25 May 2018, has published information on its privacy, personal data protection and cookies policies on its website.

Owing to technical evolution and its digital transformation, CGD published a revision of these policies in 2020 to provide greater information on data protection for the respective data subjects.

This revision was publicised in a wide-ranging communication campaign that, in addition to CGD's website, includes personal communications sent to data subjects and other stakeholders.

Corporate personal data protection policy

The personal data protection policy currently in force, which came into effect on 25 May 2018, sets out the principles, legal and regulatory rules, operating procedures and good practice in CGD and CGD group, for their treatment of personal data as part of their activity.

In accordance with the principle of transparency, reference should be made to the purposes of the treatment of personal data, the duties to provide information to the respective data subjects, the procedures enabling data subjects to take up their rights, the attribution of corporate and organisational responsibilities in the sphere of data treatment and disclosure of information on the functions of the data protection officer, who must be nominated in the case of CGD.

This corporate policy is directly applicable to CGD group companies and may be adjusted as necessary or convenient based on local specificities and circumstances, previously validated by the risk management division, compliance division and authorised by CGD's management.

The personal data protection policy aims to promote a corporate data protection culture in CGD group while also contributing to an across-the-board strengthening of the commitment of members of statutory bodies and all employees to compliance with personal data protection.

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 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, 2020 financial calendar, changes in the rating outlook by rating agencies and General Meeting resolutions.

- 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, which have been replaced distance in this particular year by participation via videoconferences and calls - 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 2020. Reference should be made to participation at 89 videoconferences and calls with 122 investors of the main European financial centers as well as responses to 117 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.

- 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. Videoconferences were held with all agencies in 2020 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. However, due to the climate of uncertainty caused by the Covid-19 pandemic, in April Fitch maintained CGD's rating at BB +, downgraded the outlook from Stable to Negative and announced for the first time a BBB- rating for CGD deposits. In the following month, DBRS confirmed CGD's rating at BBB and revised downward the trend from Stable to Negative, reaffirming this rating in July. In October, Fitch confirmed the rating and respective outlook attributed to CGD, Moodys also reaffirmed, in June and December, CGD's rating of Ba1 with a stable outlook.

Supervision Entities

Banking Supervision

2020 was an exceptional year on account of Covid-19. In such a pandemic situation the chair of the ECB's supervisory board stated that: "In contrast to the events of the financial crisis of 2008, credit institutions are not, this time, at the source of the problem. We must, however, ensure that they are part of the solution". The ECB accordingly adopted various banking supervision measures to mitigate the impact of the coronavirus pandemic on the euro area economy and to support European citizens. In such a framework, the oversight and daily monitoring by the supervisor has gradually evolved into a weekly report which is now published on a monthly basis.

The customary face-to-face meetings with the joint supervisory team (JST) as a joint ECB and BdP team, in 2020, took place only in February (9 meetings). The other meetings (around 58) took the form of conference or video calls. In addition to these meetings and based on the experience already consolidated, CGD continued to maintain a weekly conference call with the JST with the objective of providing a status report on the widest range of topics requiring an urgent response.

In 2020 the issue with the greatest focus by the supervisor, was CGD's capacity to manage the impacts inherent to the pandemic context, both financial and operational. With this purpose in mind CGD immediately set up an internal governance structure in the form of the creation of Covid committees to discuss, consider and oversee what were considered to be the crucial issues in the context of the pandemic − Operational Covid committee: Business Covid committee; P&L Covid committee; International Covid committee; ExCo Covid committee; Covid risk committee; Back-to-office Covid committee) that, when applicable, would afterwards be the subject of a collegiate, top management decision.

Bearing the impact of the Covid-19 pandemic in mind and without prejudice to the fact that the supervisor granted a 6 months extension for compliance with the deadlines, CGD, notwithstanding the added difficulties, resulting from government imposed restrictions, generally succeeded in meeting the initially defined reporting periods.

Sixty four meetings with various CGD structural bodies on the widest range of subjects, as requested by the JST, were held in 2020 (along the same lines as in past years). The only difference was that they took the form of video calls.

As regards the BdP, the supervisor's domestic interaction with CGD took the form of its normal banking regulation activity. In parallel, deriving from the support it provides to the ECB, in the sphere of the supervision of significant entities, the BdP is a party to all of the interactions described in the preceding paragraph.

In matters related to banking resolution, in addition to its national responsibility as the bank resolution entity, the Bank of Portugal cooperates with the resolution authority in the form of the single resolution board (SRB) to further the works for the production of CGD's resolution plan.

The resolution committee was established in 2020, following the definition of the resolution governance model. It is chaired by two members of the board of directors and also includes several internal structural bodies geared to a business-as-usual approach and furthering resolution works as "owners" of specific activities. A head of resolution planning (HoRP) has also been appointed as the main liaison officer with the SRB. The HoRP is responsible for coordinating and managing all resolution activities, working in conjunction with a team exclusively assigned to these functions.

As in past years, an application for the annual data collection exercise, which requires CGD and other CGD group entities called upon to participate in the exercise to fill in a large number of organisational and financial reporting forms, has been submitted. In parallel, the SRB defines a set of working priorities, upon which the annual works programme, comprising a broad range of diverse activities is based, in order to address the working priorities defined for the following resolution cycle and meet the SRB's expectations for banking in its various specific dimensions, with a view to improving their resolvability.

Two workshops on working priorities in progress were held with the SRB and BdP (Bank of Portugal) in 2020, in which the internal resolution team, comprising members of the SRB and BdP provide feedback on the main respective deliverables submitted by CGD. A workshop was also held on MREL, in which the SRB presented the new target calculated using the most recent methodology, based on changes to the respective banking legislation (BRRD 2, SRMR 2, CRD V and CRR 2) and MREL policy of 2020. The SRB's decision on the mandatory MREL requirement which must, without fail, be complied with by 1 January 2024, was subsequently communicated in a letter sent by the Bank of Portugal. CGD (together with other banks) was also asked to fill in a number of questionnaires relating to specific aspects of resolution legislation.

In terms of providing clarifications, the SRB, at the end of 2020, provided a new channel for doubts relating to reporting requirements in which the issues in question can be raised.

It should, lastly, be noted that the SRB receives a set of deliverables (as and when finalised and approved) resulting from the annual working priorities plan established by CGD, in addition to progress reports, both scheduled and upon request, containing information on the work being carried out in the resolution sphere and its contribution in terms of resolvability and the elimination of impediments to CGD's resolution.

Data protection supervision

In terms of data protection the national data protection committee (CNPD) is the national control or supervision authority, without prejudice to the possibility afforded to data subjects to directly formulate their questions or complaints to any national supervisory authorities of member states of the Union, namely those in their usual place of residence, workplace or place in which the infraction has allegedly been committed.

In 2020, in addition to the CNPD's issue of guidelines and deliberations, the relationship with this supervisory authority essentially centred on collaboration with the said authority on the requests submitted by data subjects.

The fact that the GDPR attributes the function of acting as the point of contact for the national supervisory and data protection authority on issues related to the treatment of data to the data protection officer, does not, however, exclude direct interaction of the person responsible for such treatment with the said authority.

Employees

CGD continues to enjoy a cordial, committed relationship with all trades union structures and meetings are held whenever requested and justified, or when in the context of specific processes, such as negotiations and the implementation of the new company agreement. 23 (Twenty three) meetings were accordingly held with the unions in 2020 (STEC - 15; FEBASE - 2; SBSI/Mais Sindicato - 1; SNQTB and SIB - 2; SINTAF - 3).

10 (Ten) meetings were held in 2020, as legally required under the labour code for regular meetings to take place between the workers' commission and company management. An additional 17 (seventeen) meetings were held with the workers' committee, without a management presence.

The workers' committee carefully monitored CGD's management of the Covid-19 pandemic crisis, in which CGD has adopted a number of steps designed to ensure the safety of its branch office employees whose functions require them to be physically present for the purpose of ensuring personal contact and maintain the operability of the customer service. Such measures include:

- Communication actions disclosing information on prevention, safety and operational procedures to be adopted, in various formats: operating handbooks, posters, e-mail messages, Intranet news, FAQs;
- Implementation of a specific Covid-19 contingency plan;
- Distribution of personal protective equipment (masks, gloves, hand and surface disinfectants);
- Greater in-depth daily cleaning and disinfection routines on CGD's premises and monitoring procedures on compliance with the respective rules;
- Fitting of acrylic separator screens between workstations and customer reception desks;
- Adequacy of the queue management system model at branch offices and personal customer reception services, respective information and local signage, based on the evolution of the global situation;
- Broadening the number of employees using portable computers and flexi-shift work arrangements in the larger branch offices.

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 customer.

Process efficiency requires close collaboration between units responsible for product development, operations and support, as well as internal control units. This articulation was maintained, in 2020, to ensure the incorporation of the rectifications identified on the basis of complaints, satisfaction surveys and monitoring of service levels.

The number of complaints in this year, down 1% over the previous year to 12,100, was the lowest since 2015.

Major areas were service, means of payment/movements and credit with 30%, 20% and 19% of the total, respectively.

In comparison to the previous year, reference should be made to the 37% increase in the number of credit-related claims over 2019, largely owing to the moratoria. There was also a 13% increase in the number of complaints related to self-service channels. This was offset by a reduction in the number of complaints related to deposits (down 27%) and customer service (down 7%).

In 2020, CGD retained its ISO 9001 quality certification for the management and treatment of the customer suggestions and complaints process (excluding cases of fraud) related to activity in Portugal.

Reputation

This particularly demanding year, marked by the impact of and response to the Covid-19 pandemic, highlighted the need for Caixa’s transformation in order to keep pace with its customers’ needs and the contingencies imposed by a social emergency situation, in its endeavours to ensure quality of service and maintain its reputation for the trust that has been placed in it over many decades by Portuguese citizens.

According to the BrandScore study for 2020, the Caixa brand continues to enjoy a highly positive reputation and further improved its position in 2020, with an above average score for the Portuguese banking sector, as regards what are considered to be essential attributes for the bank’s sustainability (trust, financial strength, governance, ethics and transparency), in which Caixa customers and the population in general continued to express their recognition of and preference for Caixa.

Caixa recorded improvements in all brand indicators, as measured by customer assessments, in 2020. This was particularly the case as regards "Relevance in the Sector", as the indicator showing the highest level of growth in addition to the highest assessment in the banking context, translating the recognition of the bank’s importance in the financial sector.

Caixa is the banking brand with the largest increase in customer loyalty, having significantly improved its appeal to non-customers.

Data protection

The publications of the General Data Protection Regulation (GDPR) of 4 May 2016 and law 58/2019 of 8 August 2019, afford an opportunity for companies and organisations in both public and private sectors to modernise and a competitive advantage in the Single Digital Market, strengthening customer confidence levels.

As a driving force for digital transformation, the GDPR provides citizens with a stronger level of personal data protection, giving them greater control over the way in which their data is treated, forcing companies to review their internal governance and increasing transparency and accountability in this domain.

The GDPR defines a new regulatory regime and an institutional architecture based on the appointment of the data protection officer (DPO), which is mandatory in the case of banking, the creation of the European data protection committee and the articulation between it and the activity of the national control authorities.

The not always easy and obvious harmonisation with the growing level of banking regulation and articulation with the banking supervision authorities and all the more so in the unprecedented historical-economic context of the current worldwide pandemic, but whose legal framework has been provided for in the GDPR, represent additional challenges to the banking sector.

The GDPR is only one of the many regulatory requirements that condition banking activity in particular and drive the change to a digital environment in terms of business processes and relationships with customers, in which personal data is an extraordinarily valuable asset for the current economy.

In data protection terms, this asset in CGD, refers to a universe of data subjects comprising 4 million customers (natural persons), 7,000 employees, 2,500 suppliers and many other stakeholders, even if the respective legal relationships with CGD take the form (in name and representation) of collective persons.

The universe of data subjects in CGD group is substantially larger although CGD fulfilled its European commitments to reduce its activity in certain geographies in 2020.

A successful data protection strategy and its adequate implementation are vital to business and provide for the risk of the application of extraordinarily severe sanctions, owing to the type of business group.

Data protection should take into due consideration the risks associated with data treatment activities and operations taking into account the nature, scope, context and purposes of such treatments.

In 2020, the data protection officer issued opinions on data protection, as part of the governance, approval and monitoring of products policy (PGAMP), clarifying interim questions or doubts on such products and services, namely in cases requiring a risk assessment on data protection.

From an information security viewpoint, the data protection officer was involved in an exercise for updating dataflows and their respective mapping, in 2020, in addition to the assessment of incident reports, in conjunction with the competent structures.

The central activities performed in 2020 also include a response to the rights exercised by data subjects, including complaints on data protection matters and contacts with the national control authority (national data protection committee).

As in the last two years, the data protection officer and data protection office, in 2020, were responsible for awareness-raising actions and training of employees whose functions involve the treatment of personal data, focusing on data protection issues in general and issues relative to the subcontracting and impact assessment on data protection in particular.

All employees were involved in an e-Learning course on “GDPR and the new data protection law – rights of data subjects, criminal responsibility and associated misdemeanours”.

Of special relevance, from an accountability standpoint, were the necessary documentary evidence for the purposes of supervision by the control authority, work involved on the implementation of conformity with the GDPR vis-à-vis the previously existing gap with national law, in addition to evidencing the innovative character of the GDPR and its specificities as well as the alterations deriving from law 58/2019, of 8 August.

The data protection officer produced the “Activities Report 2019 – Data Protection”, of 2 April 2020, in order to document the endeavours to conform with GDPR, in addition to evidencing the innovative character of the GDPR and its specificities and the initiatives implemented to ensure conformity with data protection issues, to include accountability and supervision considerations.

The referred to report was submitted for the consideration of the governance, data security and protection executive board on 24 April 2020 and approved.

Reference should be made to the works of the taskforce on privacy and data protection set up within the APB (Association of Portuguese Banks) which aims to discuss and oversee the challenges of the banking sector’s implementation of and conformity with the GDPR.

CGD is essentially compliant with GDPR requirements owing to the work performed in 2020 and preceding years. Work designed to ensure levels of conformity totally commensurate with the GDPR is still, however, in progress and all the more so insofar as conformity is, by its very nature a permanent activity of continuous improvement that oversees and can operate as a driver of business evolution.

Saldo Positivo –Financial literacy portal

Editorial Policy

The Saldo Positivo portal is an online information platform with daily updates, accessible through the address *https://www.cgd.pt/Site/Saldo-Positivo/Pages/Saldo-Positivo.aspx*.

It comprises CGD's sustainability strategy, which includes the Social Responsibility pillar, with a focus on the subject of Financial Literacy. It aims to contribute in a consistent and rigorous manner to raise the levels of literacy in banking, financial and personal management matters.

It is an editorial project with information of public interest and which is governed by standards of exemption, rigor, objectivity and timeliness of the information transmitted. Its work is guided by the good principles of citizenship and with a view to helping its full exercise by the community.

Its editorial work aims to be useful and able to support families, individuals, students, young people, seniors and entrepreneurs in the day-to-day management and planning of their future, with informed decisions.

It defends and practices the principles of freedom of expression and communication, with a clear differentiation between opinion and information. It has no political, religious or ideological affiliation.

With a highly undifferentiated audience, it develops its work in thematic areas such as Banking; Protection; Home and Family; Training and Technology; Work; Business; Laws and Taxes;; Mobility; Sustainability.

Editorial officers and biographical notes

The Financial Literacy Portal is owned by Caixa Geral de Depósitos SA, which assumes the editorial and thematic management of all published documents with the support of an external supplier in the writing of some published articles. Therefore management is an internal responsibility based on the following operational areas

Editorial Management - Rui Negrões Soares

General manager of Caixadirecta Division, responsible for digital banking at Caixa Geral de Depósitos, with a degree in economics and more than 25 years of experience in banking and business management, in the areas of marketing, communication, commercial, financial and digital.

Editorial management team - Maria Silva

Marketing Officer at Caixadirecta Division, with a degree in Communication and Marketing.

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
Privacy and Personal Data Protection Policy	https://www.cgd.pt/Ajuda/Documents/Politica-Privacidade-Protecao-Dados.pdf
Cookies Policy	https:// www.cgd.pt/Ajuda/Documents/Politica-Cookies.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 Remuneration Committee of the General Meeting (CRAG) is the body responsible for determining the remuneration applicable to the members of the board of directors and supervisory board of the company. It is responsible for establishing the remuneration in compliance with the Remuneration Policy for the Members of the Management and Supervisory Bodies (Remuneration Policy) approved by the General Meeting, including the limits defined therein, in its fixed and variable components, as applicable.

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 CRAG, 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 members of statutory bodies and other employees and respective CGD subsidiaries;
- 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;
- Issue a report to be sent to the General Meeting on compliance with the compensation policies in force at CGD and remuneration practices implemented at the Institution and on the incentives created for the purposes of risk, capital and liquidity management, based on the RGICSF (general credit institutions and financial corporations regime);
- 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 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 assist and advise the board of directors on the appointment and defining of the remuneration of the board members and 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);
- Conduct the process of evaluating the individual and collective performance of CGD's board of directors and supervisory bord and members;
- Submit to the CRAG the result of the process of evaluating the individual performance of the executive members of board of directors, constituting one of the relevant elements on defining the variable component of the remuneration of the 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 current remuneration policy, in force since 31 december 2020, was revised following a series of recommendations made by the supervisor in November 2019 and August 2020, with the introduction, inter alia, of specific adjustments in respect of ex ante and ex post risk as part of the process for the award of variable remuneration and process for the appraisal of performance and risks, in addition to their alignment with CGD's strategy. The proposed remuneration policy for members of CGD's management and supervisory bodies, was sent to the supervisor, who concluded that the changes made were in compliance with its recommendations. This is followed by CRAG's submission of the proposal for the revision of the remuneration policy to the shareholder and the latter's approval, to enable the updated policy to come into force and be effective. The final approved text will be published on CGD's institutional website.

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, 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 boards and the company's long term interests with CGD's governance structure and alignment with the defined risk tolerance profile for the institution.

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 were guided by CGD's Strategic Plan, agreed between the Portuguese State and the European Commission in 2017, in the scope of CGD's recapitalization.

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. In both cases, attendance fees are paid for their presence at meetings of the Special Committees of the Board of Directors within an established limit value.

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 ("CVRN") comprising 50% of the total amount of the variable component; and

b. A payment in kind ("CVRE") comprising 50% of the total amount of the variable component.

CVRE compliance is carried out by issuing Commercial Paper, in accordance with the applicable legal and regulatory framework.

Performance is 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 are 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.

Corporate internal regulation 07/2020 on the "Remuneration Policy for CGD Group Employees" came into force on 14 February 2020 and was transposed into CGD group entities.

CGD group's employee remuneration policy, was revised by internal regulation 3/2021, following a series of recommendations by the supervisor, in November 2019 and August 2020 and the adjustments identified, concerning the classification of employees whose activity has an impact on CGD's risk profile, ex-ante and ex-post risk adjustment (clarification of the application of reduction and reversal criteria) as part of the process for the award of variable remuneration, the role of the internal control functions and special committees (except CNAR), the performance and risk assessment process, as well as their alignment with CGD strategy and the specific criteria applicable to key functions holders were introduced. CGD group's proposed employee remuneration policy was approved by the board of directors at its meeting of November 26, 2020 and sent to the supervisor, who concluded that the alterations were in line with its recommendations. CGD group's employee remuneration policy has been published on its institutional website. The process of transposing it to CGD group entities (including branches) in order to ensure harmony in the application of the rules in the context of the group is in progress.

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.

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 current 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 case-by-case basis by the board of directors and is contingent upon the profit made by CGD group and CGD. It is based on the performance of CGD group, CGD and their employees and is closely linked to performance appraisals and 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.

Employee remuneration, in 2020, was paid in accordance with the current collective wage bargaining instruments in CGD whose present company agreement came into force on 31 March. In the case of promotions, the length of service in the grade was considered for seniority purposes. Career advancements were based on the criteria defined in the company agreement. Merit-based promotions and promotions based on CGD's discretionary management acts were also awarded. The award of commercial incentives was also maintained, and a Performance and Potential Award was decided, covering about 78% of the employees.

	2017	2018	2019	2020 [b]
Wage variation [a]	2.19%	2.84%	2.41%	2.35%
Inflation rate (Portugal)	1.4%	1.0%	0.3%	0.0%

a) Includes lunch allowance; b) Reflects the 2019 salary scale increase that took place in January 2020.

As at 31 December 2020, the value of the Pension Fund for CGD's staff calculated by the Management Company amounted to €3,377 million, with a return in 2020 higher than the reference benchmark.The mandatory minimum financing requirement of 100% of the liabilities to retirees and at least 95% to assets was met. The fulfilment of this responsibility was achieved despite the impact of the revision of the actuarial assumptions that reflected the reduction in interest rates and negative inflation in the year.

STAFF REMUNERATION

(EUR)

	Relevant function holders who are not members of management or supervisory boards, but perform functions which give them significant influence over the management of CGD			
	Commercial banking	Retail banking	Trading and sales	Other
Remuneration	234,476	397,964	331,115	4,952,894
Base remuneration	186,476	329,964	293,615	4,389,644
Variable remuneration	48,000	68,000	37,500	563,250
- Paid	29,000	41,750	26,250	416,125
- Cash	19,500	28,625	20,625	351,000
- In kind	9,500	13,125	5,625	65,125
- Deferred	19,000	26,250	11,250	147,125
- Vested	0	0	0	0
- Cash	0	0	0	0
- In kind	0	0	0	0
- Unvested	19,000	26,250	11,250	147,125
- Cash	9,500	13,125	5,625	70,750
- In kind	9,500	13,125	5,625	76,375
Number of Beneficiaries	2	4	4	52
Additional Information				
New Hirings in 2020	—	—		—
Amounts paid due to early termination of the employment contract	—	—		—

3.7.5. Disclosure of Remuneration

Board of General Meeting

Remuneration

Term of office	Function	Name	Annual Remuneration	Attendance Fee	Gross Remuneration (€)
2020-2023	Chaiman	Paulo Mota Pinto	14,000	(*)	14,000
2020-2023	Vice-Chairman	Maria João Pessoa de Araújo [1]	0	(*)	0
2020-2023	Secretary	Manuela Duro Teixeira [1] [2]	0	(*)	0
					14,000

(1) Started functions on 19.05.2020; (2) Unpaid for being a CGD employee

(*) 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 except the President who is paid an attendance fee of 5,500 euros. An annual limit is set corresponding to the value of ten meetings.

General Meeting Remuneration Committee Member	Remuneration - Attendance fee (€)
	Earned Value in the year
Francisco Miguel Rogado Salvador Pinheiro Veloso	50,000
Patrícia Andrea Bastos Teixeira Lopes Couto Viana	50,000
Total	**100,000**

Travel expenses

No travel costs were recorded for members of the General Meeting Remuneration Committee in 2020.

Board of Directors

Fixed Remuneration

Board of Directors	Remuneration (Monthly values - 14 months)	Annual Fixed Remuneration
Non-Executive Chairman		
Emílio Rui da Veiga Peixoto Vilar [(a)]	0.00	0.00
Vice-Chairmain		
Paulo José de Ribeiro Moita de Macedo	30,214.29	423,000.06
Executive Members		
Francisco Ravara Cary	23,285.71	325,999.94
João Paulo Tudela Martins	23,285.71	325,999.94
José António Silva Brito	23,285.71	325,999.94
José João Guilherme	23,285.71	325,999.94
Maria João Borges Carioca Rodrigues	23,285.71	325,999.94
Nuno Alexandre Carvalho Martins	23,285.71	325,999.94
Carlos António Torroaes Albuquerque	23,285.71	325,999.94
Non-Executive Members		
Ana Maria Machado Fernandes	3,500.00	49,000.00
José Maria Azevedo Rodrigues	3,500.00	49,000.00
Hans-Helmut Kotz	3,500.00	49,000.00
Mary Jane Antenen	3,500.00	49,000.00
Altina de Fátima Sebastian Gonzalez Villamarin	3,500.00	49,000.00
Nuno Filipe Abrantes Leal Cunha Rodrigues	3,500.00	49,000.00
Arlindo Manuel Limede de Oliveira [(b)]	3,500.00	20,135.53
Total		**3,019,135.17**

(a) This member opted not to receive; (b) Started 04.08.2020.

Board members of CGD did not receive payment from any positions held in other CGD group company.

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 Control Committee who is paid an attendance fee of 4,900 euros.

Board member	Remuneration - Attendance fee (€)
	Earned Value in the year
Ana Maria Machado Fernandes	49,000
José Maria Azevedo Rodrigues	49,000
Hans-Helmut Kotz	49,000
Mary Jane Antenen	49,000
Altina de Fátima Sebastian Gonzalez Villamarin	49,000
Nuno Filipe Abrantes Leal Cunha Rodrigues	49,000
Arlindo Manuel Limede de Oliveira (*)	33,400
Total	**327,400**

(*) Started 04.08.2020

Variable remuneration

In 2020, no variable remuneration was paid to the executive members of the Board of Directors regarding the year of 2019, which is still dependent on CGD's shareholder decision.

The crisis deriving from the Covid-19 pandemic, with its global health and economic implications in financial markets and banking systems, has led to the adoption of monetary and fiscal policy measures in addition to significant changes to legal and regulatory frameworks across all sectors of activity, particularly banking. To this end, on 27 March 2020, the European Central Bank (ECB) recommended that no dividends should be paid and no irrevocable dividend payment liabilities should be assumed by credit institutions for the financial years 2019 and 2020 up until at least 1 October 2020 and that credit institutions should refrain from repurchasing shares for shareholder remuneration purposes[7]. On 27 July 2020 the said entity conveyed a similar understanding to credit institutions, considering the high level of uncertainty owing to the pandemic and the consequent need to extend the suspension of the payment of dividends until 1 January 2021, indicating that additional guidance on the distribution of results for the year 2020, taking place after that date would be provided in fourth quarter 2020. In the form of an open letter sent to the banks on 28 July 2020, the ECB also called for a maximum reduction of the payment of variable remuneration. To the extent of it not being possible to reduce the variable remuneration, it suggested that deferring this type of remuneration for a longer period of time should be considered or that it should take the form of an instrument other than cash. On 15 December 2020, the ECB extended its recommendation of "extreme prudence" in the payment of variable remuneration up until 30 September 2021, in particular as regards key function holders.

In due consideration of the need to provide for the abnormal and unpredictable change of circumstances deriving from the pandemic, CRAG submitted a proposal to the shareholder to award variable remuneration to CGD’s board members, with reference to the 2019 financial year, duly weighted by factors of moderation with the addition of rules on deferrals. The shareholder has not, as yet, made a decision on the proposal. It should be noted that this proposal is properly framed in budgetary terms and in accordance with the provisions of the strategic plan agreed with DG Comp (although lower than planned). By mere reference, the variable remuneration attributed in 2019 and referring to 2018 corresponded to an impact on CGD's capital ratios of 0.3 basis points.

As regards the deferred parts of the variable remuneration in kind awarded in 2018 and 2019 for 2017 and 2018, reference should be made to the following:

(i) The payment of the referred to component with reference to 2017 was postponed to 2023 and no such payments were therefore made in 2020;

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[7]On 14 April 2020, the Securities Market Commission (CMVM) issued a recommendation to securities issuers, requesting, inter alia, that principles of transparency and sustainability should be adopted in relation to remuneration, taking into account the long term interests of shareholders and other stakeholders.

Similarly, on 27 May 2020, the European Systemic Risk Board (ESRB), as the macro-prudential supervisory authority of the European Union’s financial system, issued recommendation (ESRB/2020/7) aimed at supporting and strengthening the previous initiatives of different supervisory authorities, recognising the pro-cyclical role of banks and alerting to the need to maintain high levels of capital by limiting the distribution of capital and profits, until at least 1 January 2021, in order to increase resilience, promote the flow of credit to the real economy and ensure the existence of a level playing field between institutions.

(ii) The commercial paper subscribed for in 2019, corresponding to one fifth of the deferred variable remuneration in kind awarded in respect of 2018, matured on 31 December 2020, after the one-year retention period had elapsed, the amount resulting from the liquidation has been credited to the current account of each executive board member.

Moreover, until 31 December 2020, the deferred portion in cash and in kind of the variable remuneration attributed in previous years (i.e. referring to the years 2017 and 2018) have not yet been made available by the shareholder.

VARIABLE REMUNERATION ASSIGNED IN 2018 REGARDING 2017 RESULTS

Board of Directors	Variable Remunerationin in Cash (€)						
	2018 (1)	2019	2020 (2)	2021	2022	2023 (3)	Total (3)
Paulo José de Ribeiro Moita de Macedo	56,387.40	11,277.48	11,277.48	11,277.48	11,277.48	11,278.35	112,775.67
Francisco Ravara Cary	39,486.74	7,897.35	7,897.35	7,897.35	7,897.35	7,897.83	78,973.97
João Paulo Tudela Martins	39,486.74	7,897.35	7,897.35	7,897.35	7,897.35	7,897.83	78,973.97
José António da Silva de Brito	39,486.74	7,897.35	7,897.35	7,897.35	7,897.35	7,897.83	78,973.97
José João Guilherme	43,456.96	8,691.39	8,691.39	8,691.39	8,691.39	8,692.31	86,914.83
Maria João Borges Carioca Rodrigues	39,486.74	7,897.35	7,897.35	7,897.35	7,897.35	7,897.83	78,973.97
Nuno Alexandre Carvalho Martins	34,928.57	6,985.71	6,985.71	6,985.71	6,985.71	6,985.85	69,857.26
Carlos António Torroaes Albuquerque	34,928.57	6,985.71	6,985.71	6,985.71	6,985.71	6,985.85	69,857.26
Total	**327,648.46**	**65,529.69**	**65,529.69**	**65,529.69**	**65,529.69**	**65,533.68**	**655,300.90**

(1) Portion paid only in March 2019; (2) Portion not yet paid; (3) As the minimum denomination of Commercial Paper is €1, the "in kind" component of variable remuneration has been rounded off by default, w ith the amount below €1 paid in cash in the last year (2023).

Board of Directors	Variable Remuneration in Kind (€)						
	2018	2019	2020	2021	2022	2023 (2)	Total
Paulo José de Ribeiro Moita de Macedo	0.00	0.00	0.00	0.00	0.00	112,774.00	112,774.00
Francisco Ravara Cary	0.00	0.00	0.00	0.00	0.00	78,973.00	78,973.00
João Paulo Tudela Martins	0.00	0.00	0.00	0.00	0.00	78,973.00	78,973.00
José António da Silva de Brito	0.00	0.00	0.00	0.00	0.00	78,973.00	78,973.00
José João Guilherme	0.00	0.00	0.00	0.00	0.00	86,913.00	86,913.00
Maria João Borges Carioca Rodrigues	0.00	0.00	0.00	0.00	0.00	78,973.00	78,973.00
Nuno Alexandre Carvalho Martins	0.00	0.00	0.00	0.00	0.00	69,857.00	69,857.00
Carlos António Torroaes Albuquerque	0.00	0.00	0.00	0.00	0.00	69,857.00	69,857.00
Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**655,293.00**	**655,293.00**

(1) The "in kind" component of variable remuneration w ill be paid in full in the last year (2023);(2) As the minimum denomination of Commercial Paper is €1, the "in kind" component of variable remuneration has been rounded off by default, w ith the amount below €1 paid in cash in the last year (2023).

VARIABLE REMUNERATION ASSIGNED IN 2019 REGARDING 2018 RESULTS

Board of Directors	Variable Remunerationin in Cash (€)						
	2019	2020 (1)	2021	2022	2023	2024 (2)	Total (2)
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	123,307.03
Francisco Ravara Cary	44,091.50	8,818.30	8,818.30	8,818.30	8,818.30	8,820.27	88,184.97
João Paulo Tudela Martins	46,944.00	9,388.80	9,388.80	9,388.80	9,388.80	9,393.77	93,892.97
José António da Silva de Brito	44,091.50	8,818.30	8,818.30	8,818.30	8,818.30	8,820.27	88,184.97
José João Guilherme	46,944.00	9,388.80	9,388.80	9,388.80	9,388.80	9,393.77	93,892.97
Maria João Borges Carioca Rodrigues	44,091.50	8,818.30	8,818.30	8,818.30	8,818.30	8,820.27	88,184.97
Nuno Alexandre Carvalho Martins	44,091.50	8,818.30	8,818.30	8,818.30	8,818.30	8,820.27	88,184.97
Carlos António Torroaes Albuquerque	44,091.50	8,818.30	8,818.30	8,818.30	8,818.30	8,820.27	88,184.97
Total	**375,997.76**	**75,199.55**	**75,199.55**	**75,199.55**	**75,199.55**	**75,221.86**	**752,017.82**

(1) Portion not yet paid; (2) As the minimum denomination of Commercial Paper is €1, the "in kind" component of variable remuneration has been rounded off by default, w ith the amount below €1 paid in cash in the last year (2024).

Board of Directors	Variable Remuneration in Kind (€)						
	2019 (1)	2020 (2)	2021	2022	2023	2024 (3)	Total (3)
Paulo José de Ribeiro Moita de Macedo	61,652.00	12,330.00	12,330.00	12,330.00	12,330.00	12,330.00	123,302.00
Francisco Ravara Cary	44,091.00	8,818.00	8,818.00	8,818.00	8,818.00	8,818.00	88,181.00
João Paulo Tudela Martins	46,943.00	9,388.00	9,388.00	9,388.00	9,388.00	9,388.00	93,883.00
José António da Silva de Brito	44,091.00	8,818.00	8,818.00	8,818.00	8,818.00	8,818.00	88,181.00
José João Guilherme	46,943.00	9,388.00	9,388.00	9,388.00	9,388.00	9,388.00	93,883.00
Maria João Borges Carioca Rodrigues	44,091.00	8,818.00	8,818.00	8,818.00	8,818.00	8,818.00	88,181.00
Nuno Alexandre Carvalho Martins	44,091.00	8,818.00	8,818.00	8,818.00	8,818.00	8,818.00	88,181.00
Carlos António Torroaes Albuquerque	44,091.00	8,818.00	8,818.00	8,818.00	8,818.00	8,818.00	88,181.00
Total	**375,993.00**	**75,196.00**	**75,196.00**	**75,196.00**	**75,196.00**	**75,196.00**	**751,973.00**

(1) Paid on the Commercial Paper's maturity date of December 31, 2020; (2) Portion not yet paid; (3) As the minimum denomination of Commercial Paper is €1, the "in kind" component of variable remuneration has been rounded off by default, with the amount below €1 paid in cash in the last year (2024).

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 Chairman								
Emílio Rui da Veiga Peixoto Vilar (*)								
Vice-Chairman and Board of Directors Chairman								
Paulo José de Ribeiro Moita de Macedo	0.00	0.00	Social security	100,462.46	0.00	0.00	Study grant	472.50
Executive Members								
Francisco Ravara Cary	0.00	0.00	Social security	77,425.04	0.00	0.00	Study grant	583.25
João Paulo Tudela Martins	0.00	0.00	Social security	77,425.04	0.00	0.00	Study grant	502.38
José António Silva Brito	0.00	0.00	CGA/Pension Fund	45,087.85	0.00	0.00	Study grant	581.00
José João Guilherme	0.00	0.00	Social security	77,425.04	0.00	0.00		
Maria João Borges Carioca Rodrigues	0.00	0.00	Social security	77,425.04	0.00	0.00	Study grant	580.88
Nuno Alexandre Carvalho Martins	0.00	0.00	Social security	77,425.04	0.00	0.00	Study grant	454.10
Carlos António Torroaes Albuquerque	0.00	0.00	Social security	77,425.04	0.00	0.00		
Non-Executive Members			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				
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	23,275.00				
Nuno Filipe Abrantes Leal Cunha Rodrigues	0.00	0.00	Social security	23,275.00				
Arlindo Manuel Limede de Oliveira (**)	0.00	0.00	Social security	12,714.69				
Total				**692,640.24**	**0.00**	**0.00**		**3,174.11**

(*) This member opted not to receive; (**) Started 04.08.2020

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 2020 there was no payment of indemnities to former executive directors.

Supervisory Board

Remuneration

Members of Supervisory board	Remuneration (€)			
	Monthly remuneration	Annual remuneration	Attendance fee	Gross Remuneration
Guilherme Valdemar Pereira d'Oliveira Martins	5,200	72,800	0	72,800
António Luís Traça Borges de Assunção (a)	4,500	63,000	49,000	112,000
Manuel Lázaro Oliveira de Brito (a)	4,500	63,000	49,000	112,000
Total	**14,200**	**198,800**	**98,000**	**296,800**

(a) €900 was paid on 01.26.2021 for the meeting of 12.23.2020

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	0	Social security	14,778	0	0		
António Luís Traça Borges Assunção	0	0	Social security	22,553	0	0		
Manuel Lázaro Oliveira Brito	0	0	Social security	22,553	0	0		
Total				**59,885**	**0**	**0**		**0**

Travel expenses

There were no travel expenses reimbursed to the Members of the Statutory Body in 2020.

3.8. Transactions with Related and Other Parties

CGD's separate financial statements, at 31 December 2020, include the following balances and transactions with related entities, excluding management bodies:

(EUR thousand)

	31-12-2020			
	The Portuguese State (Treasury)	Other Portuguese State entities	Associates	Other Companies of CGD Group
Assets:				
Liquid assets held in credit institutions	-	-	-	913
Loans and advances to credit institutions	-	-	-	228,696
Bonds and trading derivatives	7,950,104	420,867	1,842	187,155
Loans and advances to customers	45,030	444,976	128,185	220
Impairment for loans and advances to customers	-	8,532	166	-
Other Assets	-	908	362,205	1,023,632
Liabilities:				
Resources from credit institutions	-	14,896	6	569,492
Customer resources	39,608	456,498	203,737	153,817
Debt securities	-	-	152,236	403
Financial liabilities held for sale	1,352	27,995	98	-
Other Liabilities	13	498	364	59,671
Guarantees Given	3,810	360,426	34,673	315,798
Results	-			
Interest and similar income	49,824	12,639	3,681	29,757
Interest and similar costs	-	6,171	383	34,256
Income from services rendered and comissions	58	5,057	66,322	4,929
Costs from services rendered and comissions	11	1,407	485	852
Results from financial operations	85,420	51,097	(1,822)	3,953
Other operating income	-	(41)	37	5,407
General administrative costs	-	(31)	1,200	20,176

CGD's consolidated financial statements, at 31 December 2020, included the following balances and transactions with related entities, excluding management bodies:

(EUR thousand)

	31/12/2020		
	The Portuguese State (Treasury)	Other Portuguese State entities	Associates
Assets:			
Securities and derivatives held-for-trading	8,180,699	420,971	1,842
Loans and advances to customers	45,030	444,976	128,185
Impairment for loans and advances to customers	-	8,532	166
Other assets	(1)	5,719	363,421
Liabilities:	-	-	-
Customer resources	39,608	456,824	205,167
Financial liabilities held-for-trading	1,352	27,995	98
Other liabilities	645	167,639	431
Guarantees Given	3,810	364,787	34,673
Results	-	-	-
Interest and similar income	51,275	13,368	4,139
Interest and similar costs	-	6,171	383
Income from services rendered and commissions	58	72,167	5,352
Cost of services and commissions	11	1,488	503
Results from financial operations	87,095	51,097	(1,822)
Other operating income	(5)	346	95
General administrative costs	-	(24)	1,719

Transactions with related entities are generally made on the basis of market prices on the respective dates. The "Other Portuguese state entities" balances exclude transactions with regional or local government.

Policy on transactions with Related and Other Parties

For the purposes of article 33 of Bank of Portugal notice 3/2020, CGD produced a proposal for a policy on transactions with related parties, which is in its approval stage for subsequent application, with the involvement and active participation of several of CGD's structural and statutory bodies.

The main objective of the policy on transactions with related parties is to ensure that such transactions take place under market conditions, providing for those cases in which a related party would benefit from an operation which would not be advantageous or which would be detrimental to CGD. The operations are subject to approval by a minimum of two thirds of the members of the Board of Directors, after prior opinions were obtained from the risk management and compliance functions and from the supervisory body.

In 2020, CGD emplyoed the definition of CGD's related entities according to IAS 24 which includes: all companies controlled by the CGD Group, associated companies, joint ventures, Caixa's management bodies and other entities controlled by the Portuguese State.

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 (extinct at the end of 2020 due to the merger by incorporation into Caixa Geral de Depósitos, S.A.);
- 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 2020
PT500068801	Companhia IBM Portuguesa, S.A.	23,641,148.91
PT505107546	SIBS Forward Payment Solutions	18,205,888.10

3.9. Economic, Social and Environmental Sustainability

The best international practices on economic, social and environmental sustainability as adopted by CGD are presented in the Sustainability Report which, along with this Corporate Governance Report, are an integral part of CGD's Annual Report for the year 2020.

Correlation table between the Sustainability Report and UTAM's standards on environmental, social and economic sustainability reporting

REQUIREMENT	CHAPTER/SECTION	PAGE
1. Strategies adopted and degree of compliance with the goals set	4. Sustainability Report » 4.7. Sustainability strategy	469
2. Policies pursued towards to ensuring economic, financial, social and environmental efficiency and safeguarding quality standards	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » 4.5.1. Policies for Sustainable Development	461
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » 4.5.2. Commitments Adopted	462
3. Form of compliance with the principles inherent to adequate business management		
a) Definition of a Social Responsibility policy and sustainable development and the terms of the public service provided, particularly in the context of consumer protection;	4. Sustainability Report » 4.10. Corporate Social Responsibility » 4.10.1. Social Responsibility	479
	4. Sustainability Report » 4.8. Financial Sustainability » 4.8.1. 2017-2020 Strategic Plan » Management Systems	475
	4. Sustainability Report » 4.14. Information Security » 4.14.1. Information Security and Data Protection	519
b) Definition of policies to promote environmental protection and respect for the principles of legality and business ethics, as well as the rules implemented for sustainable development;	4. Sustainability Report » 4.10. Corporate Social Responsibility » 4.10.2. Environmental Responsibility	491
	4. Sustainability Report » 4.13. Anti-corruption practices » 4.13.1. Compliance risk management	515
c) Adoption of equality plans aimed at achieving effective equality of treatment and opportunities between men and women, to eliminate discrimination and to enable the reconciliation of personal, family and professional;	4. Sustainability Report » 4.12. Human Capital Management » 4.12.1. Labour Practices	506
d) Reference to concrete measures with regard to Gender Equality Principle;	4. Sustainability Report » 4.12. Human Capital Management » 4.12.1. Labour Practices	506
e) Identification of the human resources policies defined by the company, which should be oriented towards valuing the person, in order to strengthen the motivation and incentive to increase productivity, treating their employees with respect and integrity and actively contributing to their professional valorisation;	4. Sustainability Report » 4.12. Human Capital Management » 4.12.2. Training and career development	512
f) Information on economic responsibility policy, with regard to the way in which the company's competitiveness was safeguarded, namely through research, innovation, development and integration of new technologies in the production process. Reference to the action plan for the future and shareholder value creation measures (increased productivity, customer orientation, reduced exposure to risks arising from the environmental, economic and social impacts of activities, etc.).	4. Sustainability Report » 4.4. CGD » 4.4.3. Innovation and Digital Transformation	460
	4. Sustainability Report » 4.8. Financial Sustainability » 4.8.1. 2017-2020 Strategic Plan	474
	4. Sustainability Report » 4.11. Sustainable Finance » 4.11.3. ESG Risk Integration	504
	4. Sustainability Report » 4.12. Human Capital Management » 4.12.1. Labour Practices » Social and Family Responsibility Measures	506
	4. Sustainability Report » 4.3. Message from the Chief Executive Officer	457

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 (CGR).

Requirement	Answer
Annex I – Point 1 Management targets and Activity Plan and Budget	CGR – Chapter 2 Targets and compliance degree
Annex I – Point 8 Annual Report on prevention of corruption	CGR – Chapter 6.3 - Regulations and Codes
Appendix 1 – Remunerations General Meeting Fixed Attendance Fee / Earned Remuneration	CGR – 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	CGR – Chapter 7 - Remunerations
Appendix 1 – Remunerations Board of Directors Members, Appointment and number of terms	CGR – Chapter 5 – Statutory Bodies and Committees
Appendix 1 – Remunerations Board of Directors Functions accumulation	CGR – Chapter 5 – Statutory Bodies and Committees
Appendix 1 – Remunerations Board of Directors Social Benefits	CGR – Chapter 7 - Remunerations
Appendix 1 – Remunerations Supervisory Board Remunerations	CGR – Chapter 7 - Remunerations
Appendix 1 – Remunerations External Audit Remunerations	CGR – Chapter 5 – Statutory Bodies and Committees

Compliance with legal guidelines on average payment periods

In 2020, the average payment period to suppliers (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) on an annual basis, was reduced by 13 days compared to the previous year. The increase seen in the 4th quarter does not correspond to any occurrence of delays with payment to suppliers, but it is only a reflection of a concentration of invoices received in the last days of the year, which, due to the calculation methodology defined in said Order, inevitably imply this increase.

	2019				2020				Annual average change	
Quarter	**1st**	**2nd**	**3rd**	**4th**	**1st**	**2nd**	**3rd**	**4th**	**Amount**	**%**
Payment period (days)	52	64	55	46	47	40	27	50	-13	-24.4%

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

	December 2020				
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	7,735,395	107,883	332,062	79,060	115,269
Acquisitions of capital	1,212,466	18,502	247,463	3,500	5,412
Outstanding balance	8,947,862	126,386	579,525	82,560	120,681
Debt to Suppliers (Total)	**9,857,013**				

Articles 32 and 33 of the Public Manager Statute

Guidelines for use of credit cards

In the current term, no credit cards were attributed to members of the Board of Directors and any expense account items submitted by them were reimbursed.

BOARD REPRESENTATION EXPENSES

Board Representation Expenses (€)					
	2016	2017	2018	2019	2020
Annual amount	18,136	2,795	3,230	5,397	4,724

MOBILE COMMUNICATIONS EXPENSES

Board member	Mobile communications expenses (€)		
	Defined monthly limit	Annual amount	Remarks
Emílio Rui Veiga Peixoto Vilar	N/A	0	
Paulo José Ribeiro Moita Macedo	N/A	739	
Francisco Ravara Cary	N/A	600	
João Paulo Tudela Martins	N/A	169	
José António Silva Brito	N/A	167	
José João Guilherme	N/A	409	
Maria João Borges Carioca Rodrigues	N/A	2,055	
Nuno Alexandre Carvalho Martins	N/A	252	
Carlos António Torroaes Albuquerque	N/A	473	
Total		**4,864**	

ANNUAL VEHICLE COSTS

Board member	Monthly fuel limit	Annual vehicle costs (€)				
		Fuel	Tolls	Other repairs	Insurance	Remarks
Paulo José Ribeiro Moita Macedo	N/A	2,425.60	486.95	3,377.61	556.69	2016 Vehicle
Francisco Ravara Cary	N/A	2,038.02	511.50	0.00	-	
João Paulo Tudela Martins	N/A	3,526.93	883.55	0.00	-	
José António Silva Brito	N/A	1,575.09	228.80	344.40	-	
José João Guilherme	N/A	3,263.21	909.30	0.00	-	
Maria João Borges Carioca Rodrigues	N/A	2,567.42	296.65	0.00	-	
Nuno Alexandre Carvalho Martins	N/A	2,158.01	640.60	0.00	-	
Carlos António Torroaes Albuquerque	N/A	1,882.28	415.80	1,148.68	-	
Total		**19,436.56**	**4,373.15**	**4,870.69**	**556.69**	

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	Start year	End year	Monthly instalments	Annual instalments	Remaining payments
	[Y/N]	[Y/N]	(1)	[identify]			(2)	(3)	(4)
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	13
João Paulo Tudela Martins	S	S	81,762.33	Renting	2018	2021	892.91	10,714.92	11
José António Silva Brito	S	S	62,639.13	Renting	2019	2022	949.11	11,389.32	23
José João Guilherme	S	S	69,082.95	Renting	2018	2022	932.31	11,187.72	15
Maria João Borges Carioca Rodrigues	S	S	73,126.49	Renting	2018	2021	948.32	11,379.84	12
Nuno Alexandre Carvalho Martins	S	S	73,208.00	Renting	2018	2021	950.69	11,408.28	12
Carlos António Torroaes Albuquerque	S	S	63,662.32	Renting	2018	2022	842.21	10,106.52	15
Total			**516,725.96**				**6,056.07**	**72,672.84**	

(1) Paulo Macedo´s vehicle was acquired for assets at 12/01/2017. Vehicle reference value corresponds to the acquisition value for the vehicle's fixed assets; (2) Value of monthly rent, corresponds to the value of the last rent of 2019, of the vehicle; (3) The annual expenditure corresponds to the indicated monthly rent multiplied by the number of months since the beginning of the use; (4) Remaining payments as of 01.01.2020. 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			0.00			0.00
Paulo José Ribeiro Moita Macedo	1,893.60	446.90	0.00			2,340.50
Francisco Ravara Cary	6,569.08	268.94	0.00	Visa	185.00	7,023.02
João Paulo Tudela Martins	341.22	513.62	0.00	Visa	255.00	1,109.84
José António Silva Brito	776.59	163.00	0.00			939.59
José João Guilherme	831.81	172.00	0.00			1,003.81
Maria João Borges Carioca Rodrigues		316.00	0.00			316.00
Nuno Alexandre Carvalho Martins	960.94	266.95	0.00			1,227.89
Carlos António Torroaes Albuquerque		163.00	0.00	Visa	205.00	368.00
Ana Maria Machado Fernandes			0.00			0.00
José Maria Monteiro Azevedo Rodrigues			0.00			0.00
Hans Helmut Kotz	2,580.93	1,024.29	0.00			3,605.22
Mary Jane Antenen	1,636.88	1,341.24	0.00			2,978.12
Altina de Fátima Sebastian Gonzalez Villamarin	1,981.52		0.00			1,981.52
Nuno Filipe Abrantes Leal da Cunha Rodrigues			0.00			0.00
Arlindo Manuel Limede de Oliveira			0.00			0.00
Total	**17,572.57**	**4,675.94**	**0.00**		**645.00**	**22,893.51**

a) Accommodation costs are mostly associated with training courses abroad; b) The Executive Committee refrained from receiving allowances; c) Includes: Visas, Vaccines, Taxis, Representation Expenses.

BOARD MEAL ALLOWANCE EXPENSES

Board Meal Allowance Expenses (€)					
	2016	2017	2018	2019	2020
Annual amount (*)	10,634	0	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

In 2020, CGD did not publish the report referred to in no. 2 of Resolution of the Council of Ministers no. 18/2014, of 7 March, which is under preparation with a view to its publication in 2021.

In the Plan for Gender Equality 2021, published in 2020, the average base salary ratio and average remuneration by professional category and gender for the year 2019 was disclosed.

The document can be consulted on CGD's institutional website at: https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Praticas-de-Bom-Governo/Documents/CGD_Plano-para-igualdade-genero.pdf

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 2020 the acts and agreements entered by Caixa Geral de Depósitos, S.A.into involving more than €5 million were as follows:

- Services agreement with Ask Blue, Lda for Business Intelligence, Workflow Processes and SAP Application Maintenance;
- Distributed Services Management Agreement 2020-2024 − Eit Services Co. Portugal, Lda;
- Services agreement with Altran Portugal, S.A - Channel Maintenance and Development Services 2020-2023;
- PTTI (National Technology Transfer Initiative in Portugal) agreement − Omnichannel RFIs − Backbase Services B.V.;
- Development and Implementation of Corporate Loans and Services Negotiation Programme − Critical Software S.A.;
- Facility Services Contract – branch office network and headquarters building - Iberlim – Sociedade Técnica de Limpezas S.A.;
- Multibanco network maintenance and logistics services 2019 and 2020 - SIBS Forward Payment Solutions, S.A..

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 2020 were as follows:

- Protocol of cooperation with the University of Minho;
- Services agreement with Altran Portugal, S.A - Channel Maintenance and Development Services 2020-2023;
- Services agreement with Ask Blue, Lda for Business Intelligence, Workflow Processes and SAP Application Maintenance;
- Services agreement with DXC Technology Portugal, Lda - distributed services management and support services and evolutionary maintenance and Development Services for CAMS II Systems;
- Software Backbase License Agreement: Backbase Services B.V;
- Services agreement with Accenture Consultores de Gestão, S.A - central system application maintenance services.

Vehicle fleet

Vehicle Fleet					
	2016	2017	2018	2019	2020
No.vehicles	1,292	873	812	810	804

CGD has been reducing its number of vehicles, less 488 vehicles (down 38% over 2016) since the beginning of the 2017-2020 Strategic Plan, 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 2020 costs were down by 7.4%, over 2019.

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;

- 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;
- Zero-based budget: To be implemented from 2019;
- 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)

				2020 / 2019	
	2020	2019	2018	∆ Total.	Change %
EBITDA	n.a	n.a	n.a	-	-
External services and supplies	170,508	201,594	224,935	-31,086	-15.4%
Employee costs	321,342	396,374	417,272	-75,032	-18.9%
i) Early termination severance pay [a]	0	0	0	-	-
ii) Impact of the reversals on previous remuneration reduction [b]	0	0	0	-	-
iii) Impact of Articles 20 and 21 of the 2017 State Budget Law	0	0	0	-	-
Staff expenses excluding costs i), ii) and iii)	321,342	396,374	417,272	-75,032	-18.9%
Operational costs	491,850	597,968	642,207	-106,118	-17.7%
Turnover [c]	1,210,887	1,352,754	1,163,667	-141,867	-10.5%
Expenses/turnover	40.6%	44.2%	55.2%	-3.6 p.p.	-
Communications	8,084	11,500	10,704	-3,416	-29.7%
Travel / accommodation	784	1,429	1,693	-645	-45.1%
Allowances	97	262	239	-165	-63.0%
Vehicle expenses	3,509	3,790	3,901	-281	-7.4%
Total	12,474	16,981	16,536	-4,507	-26.5%
Studies, opinions, projects and consultancy	12,019	22,248	10,491	-10,230	-46.0%
Total number of HR (SB+ Total Employees)	6,265	6,725	7,265	-460	-6.8%
Total No. of Employees:	6,244	6,706	7,244	-462	-6.9%
Of wich: No. Management positions	184	176	169	8	4.5%
No. Statutory bodies (SB)	22	20	22	2	10.0%
No. Employees (exc. SBs and managers)	6,059	6,529	7,074	-470	-7.2%
No. Employees / Management positions	33	37	42	-4	-11.2%
No. vehicles	804	810	812	-6	-0.7%

(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 excluded from the accounting effect associated with the closure of the Spanish Branch.

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 2020, there is no knowledge that there have been recommendations addressed to CGD resulting from audits conducted by the Court of Auditors, namely the aforementioned.

In October 2020, the Court of Auditors produced the Audit Report for determining financial liabilities indicated in the exercise of prior supervision under the medium / long term loan contract,in the amount of €7,569,990 signed on January 10, 2019 between the Municipality of Funchal and Caixa Geral de Depósitos, S.A., and which does not contain any recommendations addressed to CGD. The document is available at:

https://www.tcontas.pt/pt-pt/ProdutosTC/Relatorios/RelatoriosAuditoria/Documents/2020/rel09-2020-srmtc.pdf

Compliance with the duty to provide information on the "SEE" (State Corporate Sector) website

Information to be published on "SEE" (state corporate sector) website	Y / N / na	Last update	Remarks
Articles of association	Y	December 20	
Characterisation of company	Y	June 17	Unchanged
Supervisory and shareholder function	Y	June 17	Unchanged
Governance model / members of statutory bodies			
- Identification of statutory bodies	Y	October 20	
- Fixed remuneration status	Y	October 20	
- Disclosure of information on remuneration earned by statutory bodies	Y	October 20	
- Functions and responsibilities of members of the board of directors	Y	October 20	
- Presentation of résumés of members of statutory bodies	Y	October 20	
State funding	Y	October 20	
Summary	Y	October 20	
Historical and current financial information	Y	October 20	
Good governance principles			
- Internal and external regulations binding on company	Y	October 20	
- Relevant transactions with related entities	Y	October 20	
- Other transactions	Y	October 20	
- Analysis of company's sustainability in the following domains:			
- Economic	Y	October 20	
- Social	Y	October 20	
- Environmental	Y	October 20	
- Appraisal of compliance with good governance principles	Y	October 20	
- Code of ethics	Y	October 20	

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 2020 Activity and Budget Plan	X				The 2020 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 2020 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 2020 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				Less 13 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			9,857,013 €	Chapter 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		Until December 31, 2020, it was not decided by the shareholder to acquire the deferred shares in cash or in kind, of the variable remuneration attributed in previous years, Chapter 7 - Remuneration
Board of directors - Remuneration reduction in 2020 (if applicable)			X		Remuneration's variable component is subject to reduction and reversal mechanisms.
Supervisory bodies - Remuneration reduction in 2020 (if applicable)			X		
Article 32 of public manager statute					
Use of credit cards	X				Chapter 10 - Legal Guidelines Under RJSPE
Reimbursement of personal expense account items		X			Chapter 10 - Legal Guidelines Under RJSPE
Expenses with Communications (Maximum amount)			X		Chapter 10 - Legal Guidelines Under RJSPE
Expenses with vehicle fleet (Maximum amount)			X		Chapter 10 - Legal Guidelines Under RJSPE
Confidential or non-documented expenses	X				Chapter 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			6	Chapter 10 - Legal Guidelines Under RJSPE
Audits - court of auditors			X		In 2020, there is no knowledge that there were recommendations addressed to CGD resulting from audits conducted by the Court of Auditors
Vehicle fleet	X			804	CGD has been reducing the number of vehicles over the past few years,less 408 vehicles compared to 2016
Operating expenses of state-owned companies	X				Compared to the previous year, there was a reduction on, administrative expenses of 15.4% and employee costs of 18,9%.

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	Comply	Chapter
I	**Summary**		
1	Summary	✓	3.1. Summary
2	Good government practices	✓	
II	**Mission, Objectives and Policies**		
1	Mission, vision and values that guide the company	✓	3.2. Mission, Objectives and Policies
2	Policies and guidelines within the defined strategy	✓	
3	Key Performance Indicators	✓	
4	Compliance with guidelines defined by the sectoral ministry	n.a.	Does not have a formal public service contract
III	**Capital**		
1	Capital structure	✓	3.3. Shareholders' Structure
2	Possible limitations on the ownership and / or transferability of shares	✓	
3	Shareholders' agreements	✓	
IV	**Group Structure and Bond holdings**		
1	Identification of singular (statutory bodies) and/or collective persons (Corporate) who, directly or indirectly, hold interests in other entities	✓	3.4. Group Structure and Bond Holdings
2	The acquisition and disposal of corporate investments and involvement in any associative or foundational entities	✓	
3	Indication of the number of shares and bonds held by members of boards of directors and inspection bodies	✓	
4	Information on the existence of significant commercial relationships between equity stakeholders and the company	✓	
V	**Statutory Bodies and Committees**		
A	**Governance Model**		
1	Governance model adopted	✓	3.5.1. Governance Model
B	**Shareholders Meeting**		
1	Composition of the Board of the SM, term of office and remuneration	✓	3.5.2.1. General Meeting
2	Shareholders' resolutions	n.a.	CGD's shares are entirely held by the State as single shareholder
C.	**Administration and Supervision**		
1	Statutory rules on procedures applicable to the nomination and replacement of members	✓	3.5.2.2. Board of Directors
2	Composition, duration of term of office, number of permanent members	✓	
3	Identification of the executive and non-executive members of the Board of Directors and identification of the independent members of the CGS.	✓	
4	CVs of each of the members	✓	3.5.2.2. Board of Directors Annex III
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	✓	Anexo IV - Declarações patrimoniais
6	Family, professional or commercial relationships of members, with shareholders	✓	3.5.3. Prevention of conflicts of interest
7	Organisational charts on the division of competencies among the various statutory bodies	✓	3.5.2.2. Board of Directors 3.6.2. Internal Control and Risk Management
8	Functioning of Board of Directors	✓	3.5.2.2. Board of Directors
D	**Inspection**		
1	Identification of the supervisory body corresponding to the model adopted	✓	3.5.2.3. Supervision
2	Composition of the fiscal council, the audit committee, the general and supervisory board or the committee for financial matters	✓	
3	CVs of each member	✓	
4	Procedures and criteria applicable for the purpose of contracting additional services to the external auditor	✓	
5	Other functions and, if applicable, the financial matters committee	✓	3.5.2.2. Board of Directors 3.5.2.3. Supervision
6	Identification of the members of the supervisory board, the audit committee, the general and supervisory board or the committee for financial matters that are considered independent	✓	
7	Characterization of the functioning of the fiscal council, the audit committee, the general and supervisory board or the committee for financial matters	✓	
E	**Statutory Auditor**		
1	Identification of Statutory Auditor/ Statutory Audit Company	✓	3.5.2.3. Supervision
2	Legal limitations	✓	
3	Indication of the number of years the Statutory Auditor and/or Statutory Audit Company has consecutively exercised functions in the company/group	✓	
4	Description of other services provided to the company by the Statutory Audit Company	✓	
F	**Advisory Board**		
1	Composition of the advisory board	n.a.	CGD's bylaws do not require a Consultive Council

	CORPORATE GOVERNANCE REPORT	Comply	Chapter
G	**External Auditor**		
1	Identification of the external auditor	✓	3.5.2.3. Supervision
2	Rotation policy and periodicity	✓	
3	Identification of work performed, other than audit	✓	
4	Indication of annual remuneration paid	✓	
VI	**Internal Organisation**		
A.	**Company´s Articles of Association and Communications**		
1	Rules applicable to the amendment of the company's statutes	✓	3.6.1. Statutes and communications
2	Reporting of irregularities	✓	
3	Anti-fraud policies	✓	
B	**Internal control and risk management**		
1	Information on the existence of an internal control system (ICS).	✓	3.6.2. Internal Control and Risk Management
2	Identification of persons, bodies or commissions responsible for internal audit and/or SCI	✓	
3	Principal risk policy measures adopted	✓	
4	Hierarchical and / or functional dependency relationships	✓	
5	Other functional areas with competences in risk control	✓	
6	Identification and description of the main types of risks	✓	
7	Description of the process for the identification, appraisal, oversight, control, management and mitigation of risk	✓	
8	Main elements of SCI and risk management implemented in the company	✓	
C.	**Regulations and Codes**		
1	Internal and external regulations applicable	✓	3.6.3. Regulations and codes
2	Codes of conduct and ethics	✓	
3	Corruption and related offenses risk management plan	✓	
D.	**Special information disclosure requirements**		
1	Platform for compliance with information disclosure duties	✓	3.6.4. Disclosure Duties and Relationship with Stakeholders
2	Platform for compliance with duties of transparency	✓	
E	**Website**		
1	Internet addresses used to disclose the information provided	✓	3.6.5. Disclosure of information on CGD´s website
VII	**Remuneration**		
A.	**Competence for Determination**		
1	Body responsible for setting the remuneration	✓	3.7.1. Competences to determine remuneration
2	Mechanisms to prevent conflicts of interest between members of corporate bodies or commissions and the company	✓	3.5.3. Prevention of conflicts of interest
3	Evidence of compliance by members of the management body that they refrain from intervening in decisions involving their own interests	✓	3.7.2. Remuneration Policy for members of the Board of Directors and Supervisory Board
B.	**Remuneration Committee**		
1	Composition of the remuneration setting committee	✓	3.5.2.1. General Meeting
C.	**Remunerations Structure**		
1	Remuneration policy of the boards of directors and inspection bodies	✓	3.7.2. Remuneration Policy for members of the Board of Directors and Supervisory Board
2	Information on how the remuneration is structured	✓	3.7.3. Remuneration structure
3	Variable component of remuneration and attribution criteria	✓	
4	Deferral of payment of variable remuneration component	✓	
5	Parameters for attributing bonuses	✓	
6	Complementary pension regimes or early retirement schemes	✓	
D.	**Remuneration Disclosure**		
1	Annual amount of remuneration earned	✓	3.7.5. Disclosure of Remuneration
2	Amounts paid by other companies in a controlling or group relationship	✓	
3	Remuneration paid in the form of profit sharing and / or premiums	✓	
4	Indemnities paid to former executive board members	✓	
5	Remuneration of members of the supervisory body	✓	
6	Remuneration of the members of the board of the shareholders' meeting	✓	
VIII	**Transactions with related and other parties**		
1	Implemented mechanisms to control transactions with related parties	✓	3.8. Transactions with Related and Other Parties
2	Information on other transactions	✓	
IX	**Analysis of the company's sustainability in the economic, social and environmental domains**		
1	Strategies and degree of compliance with targets	✓	3.9. Economic, Social and Environmental Sustainability
2	Policies pursued	✓	
3	Form of compliance with the principles inherent to an adequate business management, in terms of: social responsibility, environmental responsibility, gender equality and non-discrimination plan, human resources policies and economic responsibility	✓	
X	**Assessment of Corporate Governance**		
1	Compliance with recommendations received	✓	3.11.1 Statement of Compliance - RJSPE
2	Other information	✓	3.11.2 Statement of Compliance - IPCG Code
XI	**Annexes**		
1	Non-Financial Statement	✓	Annex I
2	Excerpt from the Minutes - Approval of Corporate Governnace Report	✓	Annex VII
3	Supervisory board report	✓	2.3.2. Report and opinion of the Supervisory Board
4	Evidence of the presentation of the declarations	✓	Annex IV

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 (CGC), which is applicable to entities that have issued shares admitted to trading in regulated markets. In 2020, for the first time, CGD published in its 2019 Corporate Governance Report (CGR) the Statement of Compliance with the CGC, to emphasize its commitment to the best practices in corporate governance, which have assumed a growing role in the management of the institution.

Following the assessment of the level of adoption with reference to the 2019 CGR, CGD adopted a series of organizational and operating measures, seeking to achieve a more eficient and effective governance model, in line with CGC recommendations and the conclusions of IPCG's monitoring process.

From a total of fifty three (53) recommendations, CGD considers adopted forty four (44), while seven (7) are not applicable given its legal status and two (2) are not adopted. The following table, lists IPCG's principles and recommendation regarding corporate governance contained within in the Corporate Governance Code and identifies in all cases the the adoption or not adoption by CGD, or the possibility that they are not applicable. 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.

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
Chapter I. General Provisions			
I.1 Company's relationship with investors and disclosure			
Principle: *Companies, in particular its directors, should treat shareholders and other investors equitably, namely by ensuring mechanisms and procedures are in place for the suitable management and disclosure of information.*			
I.1.1. The Company should establish mechanisms to ensure the timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.	Adopted	CGD provides financial and corporate governance information on its institutional website, on the capital market regulator's website through the CMVM's Information Disclosure System and on the State Business Sector (SEE) website of the Directorate-General for Treasury and Finance.	Chapter 3.6.5
I.2 Diversity in the composition and functioning of the company's governing bodies			
Principles: *I.2.A. Companies ensure diversity in the composition of its governing bodies, and the adoption of requirements based on individual merit, in the appointment procedures that are exclusively within the powers of the shareholders.* *I.2.B. Companies should be provided with clear and transparent decision structures and ensure a maximum effectiveness of the functioning of their governing bodies and commissions.* *I.2.C. Companies ensure that the functioning of their bodies and committees is duly recorded, namely in minutes, to allow an understanding not only of the meaning of the decisions taken, but also of their grounds and opinions expressed by their members*			
I.2.1 Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable	Adopted	The process of identifying the competencies and qualifications for selecting candidates to be part of the CGD Board of Directors is	Chapter 3.5.2 –

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
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.		provided for in the so-called "Assessment and Succession Policies" (integrated by the Adequacy Assessment Policy for the Selection of the members of the Management and Supervisory Bodies) , the Holders of Essential Functions and the Managers of the Branches established abroad and by the Succession Plan for the Members of the Board of Directors, Holders of Essential Functions and Managers of the Branches Established Abroad) who also aim to ensure the continuity of CGD management in order to avoid replacing an excessive number of members of the management body, simultaneously.	Section 3.5.2.2
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 —, disclosed in full on the company's website. Minutes of the meetings of each of these bodies should be drawn out.	Adopted	The composition and functioning of CGD's management and supervisory bodies and the Special Committees of the Board of directors are provided for in the respective Internal Regulations made available on CGD's institutional website.	Chapters 3.5.1, 3.5.2 and 3.6.5
I.2.3. The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.	Adopted	The composition and number of meetings held in the year in question by CGD's management, supervisory bodies and Special Committees of the Board of Directors are published on CGD's institutional website.	Chapters 3.5.1 and 3.6.5
I.2.4. A policy for the communication of irregularities (whistleblowing) should be adopted that guarantees the suitable means of communication and treatment of those irregularities, with the safeguarding of the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality is requested.	Adopted	Article 34 of the CGD Code of Conduct establishes that the Institution provides an internal communication circuit for irregular practices allegedly occurred within the scope of its activity, ensuring confidentiality in its treatment, as well as non-retaliation against the author of the communication made in good faith. This circuit is regulated by the internal regulation that establishes the Internal Communication System of Irregular Practices (SCIPI), which determines its characteristics, the treatment given to communications, as well as those involved in the system.	Chapter 3.6 – Section 3.6.1

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
I.3. Relationships between the company bodies			
Principle: *Members of the company's boards, especially directors, should create, considering the duties of each of the boards, the appropriate conditions to ensure balanced and efficient measures to allow for the different governing bodies of the company to act in a harmonious and coordinated way, in possession of the suitable amount of information in order to carry out their respective duties.*			
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	The internal regulations of the management and supervisory bodies and Special Committees of the Board of directors, available on CGD's institutional website, provide that its members have prior access to the preparatory documents for the meetings at least 5 (five) days before the date of the meeting and the use of support elements, internal or external, with experience acquired in the areas of its competence, to provide information and carry out work aiming to substantiate the respective analyses and conclusions. All supporting documentation and the respective minutes of the meetings of CGD's governing bodies are filed in a computer tool accessible to the members of these bodies.	Chapters 3.5.2 and 3.6.5
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	The internal regulations of the management and supervisory bodies and the Special Committees of the Board of directors, available on CGD's institutional website, provide that its members have prior access to the preparatory documents for the meetings at least 5 (five) days before the date of the meeting to prepare for its timely preparation and to promote an informed decision-making process.	Chapter 3.5.2
I.4 Conflicts of interest			
Principle: *The existence of current or potential conflicts of interest, between members of the company's boards or committees and the company, should be prevented. The non-interference of the conflicted member in the decision process should be guaranteed.*			
I.4.1. The members of the managing and supervisory boards and the internal committees are bounded, by internal regulation or equivalent, to inform the respective board or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest.	Adopted	CGD, as a credit institution, has organisational and administrative mechanisms appropriate to the nature, scale and complexity of its activity that effectively enable the identification of possible conflicts of interest, the adoption of appropriate measures to avoid or mitigate the risk of their occurrence and aimed at preventing the conflict of interests of the clients' interests from being harmed. CGD's internal rules, to which the members of the governing bodies are bound, include: (i) CGD's Code of Conduct, published on CGD's institutional website; (ii) CGD's Global Policy for the Prevention and Management of Conflicts of Interest, published in the internal	Chapter 3.5.3

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
		rules system; (iii) the adequacy assessment policy for the selection of members of the management and supervisory bodies and the holders of essential functions, published on CGD's institutional website and (iv) internal rules related to the prevention of conflicts of interest at the institutional level , such as those that respect the prohibitions and limitations in the granting of credit to members of the governing bodies.	
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	CGD's Global Policy for the Prevention and Management of Conflicts of Interest provides that members of the management and supervisory bodies are fully aware that they cannot intervene in the assessment and decision of operations in which their spouses are directly or indirectly interested, or people with whom they live in a de facto union, relatives or similar in 1st degree, or societies or others.	Chapter 3.5.3
I.5 Related party transactions			
Principle: *Due to the potential risks that they may hold, transactions with related parties should be justified by the interest of the company and carried out under market conditions, subject to principles of transparency and adequate supervision.*			
I.5.1. The managing body should disclose in the corporate governance report or by other means publicly available the internal procedure for verifying transactions with related parties.	Adopted	CGD drew up a Policy on Transactions with Related Parties, in accordance with the provisions of Article 33 of Banco de Portugal Notice 3/2020. The Policy on Transactions with Related Parties has the main objective of ensuring that this type of transaction takes place under market conditions, preventing cases in which a related party would benefit by carrying out an operation that would not be advantageous to CGD.	Chapter 3.8
I.5.2. The managing body should report to the supervisory body the results of the internal procedure for verifying transactions with related parties, including the transactions under analysis, at least every six months.	Adopted	Pursuant to the Policy on Transactions with Related Parties, transactions involving Related Parties regulated in the policy, require the approval of a minimum of two thirds of the Directors present at the meeting of the Board of directors to consider the matter, after obtaining the opinions of the supervisory board, the Compliance Department and the Risk Management Department.	Chapter 3.8

Recommendations	**Recommendation Compliance:** Adopted Not Adopted Not Applicable	Observations	Description in Report
Chapter II – Shareholders and General Meetings			
Principles: *II.A. As an instrument for the efficient functioning of the company and the fulfilment of the corporate purpose of the company, the suitable involvement of the shareholders in matters of corporate governance is a positive factor for the company's governance.* *II.B. The company should stimulate the personal participation of shareholders in general meetings, which is a space for communication by the shareholders with the company's boards and committees, and for reflection about the company itself.* *II.C. The company should implement adequate means for the participation and remote voting by shareholders in 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 limited company with exclusively public capital, and the shares representing its share capital belong to the Portuguese State, with no restrictions on voting rights or the application of defensive measures, in particular those that provide for limitation the number of votes that may be detained or exercised by a single shareholder, individually or in agreement with other shareholders.	Chapters 3.3 and 3.5
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 limited liability company with exclusively public capital, and the shares representing its share capital belong to the Portuguese State, its only shareholder.	Chapters 3.3 and 3.5
II.3. The company should implement adequate means for the remote participation by shareholders in the general meeting, which should be proportionate to its size.	Not Applicable	CGD is a limited liability company with exclusively public capital, and the shares representing its share capital belong to the Portuguese State, its only shareholder.	Chapters 3.3 and 3.5
II.4. The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.	Not Applicable	CGD is a limited liability company with exclusively public capital, and the shares representing its share capital belong to the Portuguese State, its only shareholder.	Chapters 3.3 and 3.5
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 limited liability company with exclusively public capital, and the shares representing its share capital belong to the Portuguese State, its only shareholder.	Chapters 3.3 and 3.5
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	Not Applicable	Not applicable considering CGD's legal framework.	Chapters 3.3 and 3.5

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
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.			
Chapter III – Non-executive management, monitoring and supervision			
Principles: *III.A. The members of governing bodies who possess non-executive management duties or monitoring and supervisory duties should, in an effective and judicious manner, carry out monitoring duties and incentivise executive management for the full accomplishment of the corporate purpose, and such performance should be complemented by committees for areas that are central to corporate governance.* *III.B. The composition of the supervisory body and the non-executive directors should provide the company with a balanced and suitable diversity of skills, knowledge, and professional experience.* *III.C. The supervisory body should carry out a permanent oversight of the company's managing body, also in a preventive perspective, following the company's activity and, in particular, the decisions of fundamental importance.*			
III.1. Without prejudice to the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator 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	As provided for in the Board of directors' Regulations, the members of the management body promote and participate in the definition of the Institution's strategy, its main Policies, its group structure and decisions that should be considered strategic for the Institution. The governance model and the institutional and functional relationship between CGD's governing bodies have contributed to the effective development of its activity, without constraints and with autonomy for the exercise of its functions. In this context, the Chairs of the Special Committees of the Board of directors (non-executive members) and the Chairman of the Board of directors meet monthly to analyse and discuss matters related to CGD's internal governance and the matters within the competence of each Special Commission, maintaining a fluid and regular interaction, there being no need to designate a coordinator to act as interlocutor with the Chairman of the Board of directors.	Chapter 3.5.2
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. The formation of such suitability judgment should be included in the corporate governance report.	Adopted	The Board of directors is made up of an adequate number of members, taking into account, in particular, the structure and size of the Institution and the complexity of the risks inherent in its activity. Non-Executive Directors perform supervisory activities and continuous assessment of the Company's management, guaranteeing the effective capacity to monitor, supervise and evaluate the activity of the executive members, thus fulfilling, with efficiency and effectiveness, the duties assigned to them.	Chapter 3.5.2

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.	Not Adopted	CGD's Board of directors (CA) is composed of eight executive members and eight non-executive members. Although the number of non-executive members is not greater than the executives, the current composition and the operating model of the Board of directors has ensured the permanent existence of adequate mechanisms of control, balance and transparency in the decision-making process of the management body and guaranteed the role of monitoring, supervising and evaluating the Institution's activity by non-executive members.	Chapter 3.5.2
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 nonconsecutive 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	Adopted	The assessment of compliance with the independence requirements of CGD's Non-Executive Directors is verified, within the scope of the annual adequacy reassessment process and whenever facts that may impact it occur or are known, in accordance with the legal provisions of the Commercial Companies Code , the General Regime of Credit Institutions and Financial Companies and in line with good corporate governance practices and the recommendations of the Corporate Governance Code of the Portuguese Institute of Corporate Governance (IPCG).	Chapter 3.5.2

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
vi. having been a qualified holder or representative of a shareholder of qualifying holding.			
III.5. The provisions of paragraph (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 appointment, a period of 3 years has elapsed (cooling-off period).	Not Applicable	There are no Administrators in these conditions.	Chapter 3.5.2
III.6. The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.	Adopted	The powers of the supervisory board derive from the Law and the Articles of Association, and it is incumbent upon it, in particular, to assess and comment on the company's strategic lines and risk policy and to supervise the quality and effectiveness of the risk management system, the internal control and the internal audit system and supervise the execution of the functions performed within the scope of the internal audit and internal control system prior to its final approval by the management body.	Chapter 3.5.2.3
III.7. Companies should have specialised committees, separately or cumulatively, on matters related to corporate governance, appointments, and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the aforementioned matters.	Adopted	Without prejudice to the maintenance of responsibility for the exercise of the respective powers as a corporate body, the Internal Regulations of the Board of directors provide for the possibility of setting up special permanent commissions, composed of some of its non executive members, whenever deemed convenient and appropriate, delegating the exercise to them. certain specific functions. Among CGD's Special Committees, there are, in line with recommendation III.7, the Governance Committee and the Appointments, Evaluation and Remuneration Committee.	Chapter 3.5.1.2
Chapter IV – Executive management			
Principles: *IV.A. As way of increasing the efficiency and the quality of the managing body's performance and the suitable flow of information in the board, the daily management of the company should be carried out by directors with qualifications, powers and experience suitable for the role. The executive board is responsible for the management of the company, pursuing the company's objectives and aiming to contribute towards the company's sustainable development.* *IV.B. In determining the number of executive directors, it should be taken into account, besides the costs and the desirable agility in the functioning of the executive board, the size of the company, the complexity of its activity, and its geographical spread.*			

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors applicable to their performance of executive functions in entities outside of the group.	Adopted	The Internal Regulation of the Board of Directors, available on CGD's institutional website, identifies in its Article 9, the set of duties of the Directors in the exercise of their respective functions. Paragraph 4 of the Article determines that the Director who intends to assume executive or non-executive functions in an entity that is not part of the CGD Group, must inform the Chairman of the Board of Directors, or in the case of the latter, the Chairman of the Board. Fiscal, applying the rules provided for the management of conflicts of interest, contained in the Global Policy for the Management of Conflicts of Interest in force at CGD.	Chapter 3.8
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	The Internal Regulation of the Board of directors, available on CGD's institutional website, provides in its Article 4 for its powers, namely, (i) in terms of defining general policies of CGD and all companies that, with it, at any time , whether they have a domain or group relationship; (ii) approve the strategic plan and the budget plans, both annual and multi-annual, and their changes, periodically monitoring their execution.	Chapter 3.5.2
IV.3. In the annual report, the managing body explains in what terms the strategy and the main policies defined seek to ensure the long-term success of the company and which are the main contributions resulting therein for the community at large.	Adopted	CGD's mission is to create value for Portuguese society, providing quality banking services to individuals and companies, thus contributing to the improvement of the well-being of Portuguese families and the development of the business sector, generating adequate profitability for the shareholder. CGD guarantees clients access to a diversified set of quality financial products and services, with a particular focus on capturing savings and providing medium and long-term financing, based on an efficient corporate governance model and respecting highest ethical standards. The successful implementation of the Strategic Plan (2017-2020) resulted in improved profitability, a significant strengthening of capital ratios and, for the first time in nine years, the payment of dividends to the Shareholder in 2019.	Chapter 3.2 - Mission, Objectives and Policies

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
Chapter V – Evaluation of performance, remuneration and appointment			
V.1. Annual evaluation of performance			
Principle: *The company should promote the assessment of performance of the executive board and of its members individually, and also the assessment of the overall performance of the managing body and its specialized committees.*			
V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and executive 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	The annual reassessment processes of the adequacy of the members of the management bodies show their availability and dedication of the time necessary to perform, individually and collectively, the position and functions that are entrusted to them. In view of the set of applicable Guidelines, the RGICSF and the internal policies in force at CGD, the structure, size, composition and performance of the Board of directors and each of its members is evaluated at least annually.	Chapter 3.5.2.2
V.2 Remuneration			
Principles: *V.2.A The remuneration policy of the members of the managing and supervisory boards should allow the company to attract qualified professionals at an economically justifiable cost in relation to its financial situation, induce the alignment of the member's interests with those of the company's shareholders — taking into account the wealth effectively created by the company, its financial situation and the market's — and constitute a factor of development of a culture of professionalization, sustainability, promotion of merit and transparency within the company.* *V.2.B. Directors should receive compensation:* *i) that suitably remunerates the responsibility taken, the availability and the expertise placed at the disposal of the company;* *ii) that guarantees a performance aligned with the long-term interests of the shareholders and promotes the sustainable performance of the company; and* *iii) that rewards performance.*			
V.2.1. The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.	Adopted	At CGD, proposals on the remuneration of management and supervisory bodies members are the responsibility of the Remuneration Committee of the General Meeting (CRAG), whose internal regulations are available on CGD's institutional website. CRAG members cannot be members of the Board of directors and must cumply with the regime of incompatibilities and comply with the independence requirements that apply to them under the law and banking regulation.	Chapter 3.5.2.1 (General Meeting's Remunerati on Committee)
V.2.2. The remuneration should be set by the remuneration committee or the general meeting, on a proposal from that committee.	Adopted	At CGD, the Remuneration Policy for the members of the management and supervisory bodies is proposed by the Remuneration Committee of the	Chapter 3.5.2.1. (General

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
		General Meeting (CRAG) in conjunction with the Appointments, Evaluation and Remuneration Committee (CNAR).	Meeting's Remuneration Committee - CRAG) Chapter 3.5.2.2. (Nomination, Assessment and Remuneration Committee - CNAR) Chapter 3.7 – Competence for assessing remuneration
V.2.3. For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve 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. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.	Adopted	Within the scope of its powers, CRAG is responsible for setting the maximum amount of all compensation to be paid to the members of the Board of directors and of the supervisory board due to the termination of functions, under the terms of the Law and, as applicable, of the current remuneration.	Chapter 3.5.2.1. – (General Meeting's Remuneration Committeel – CRAG) Chapter 3.7 - Remuneration
V.2.4. 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	The President of CRAG and the respective members are present at the Annual General Meeting, and at any others, where matters related to the remuneration of the members of the company's bodies are discussed and deliberated, or if such presence has been required by the shareholder.	Chapter 3.5.2.1
V.2.5. 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.	Adopted	Under the terms of CRAG's internal regulations, available on CGD's institutional website, CRAG may designate, when it deems necessary, one or more elements of support, with experience acquired in the areas of its competence, to provide information and carry out work aiming to substantiate the respective analyses and conclusions, provided that the respective costs are incorporated in CGD's budget.	Chapter 3.5.2.1

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
V.2.6. The remuneration committee should ensure that those 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	In 2020, CRAG did not hire consultancy services to external entities.	Chapter 3.5.2.1
V.2.7. 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	The remuneration of the executive members of the Board of directors consists of a fixed component and a variable component, the latter of which is not guaranteed. The fixed component of the remuneration represents a sufficiently high proportion of the total remuneration of the executive members of the Board of directors, in order to allow the application of a fully flexible policy regarding the variable component, including the possibility of its non-payment. The variable component is indexed to the achievement of concrete objectives and qualitative criteria and in line with CGD's long-term interests, which were guided, until 2020, by CGD's Strategic Plan, agreed between the Portuguese State and the European Commission in 2017, within the scope of CGD's recapitalisation.	Chapter 3.7 – 3.7.3
V.2.8. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.	Adopted	The total value of the variable component of the remuneration to be attributed to the executive members of the Board of directors, depending on performance, will be determined by the shareholder, as proposed by CRAG. The attribution of each portion of the variable component of the remuneration, in the deferred part, depends on the fulfillment of the Access Condition (as defined in the Remuneration Policy and the Deferral Period (5 years from the Allocation Date), to the fulfillment of the Condition of Access. Access and reduction and reversal mechanisms, in accordance with the Remuneration Policy and with the regulations and guidelines in force.	Chapter 3.7 – 3.7.3
V.2.9. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependenton the value of shares, the start of the exercise period should be	Adopted	At CGD, the deferral period is five years.	Chapter 3.7 – 3.7.3

Recommendations	**Recommendation Compliance:** Adopted Not Adopted Not Applicable	Observations	Description in Report
deferred in time for a period of no less than three years.			
V.2.10. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	Adopted	The remuneration of the non-executive members of the Board of directors, as well as of the members of the supervisory board, is composed exclusively of a fixed component, neither integrating any variable component nor being their attribution dependent on the results of CGD.	Chapter 3.7 – 3.7.2
V.3 Appointments			
Principle: *Regardless of the manner of appointment, the profile, the knowledge, and the curriculum of the members of the company's governing bodies, and of the executive staff, should be suited to the functions carried out.*			
V.3.1. 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	Respect for diversity in the governing bodies is one of the structuring elements in the process of identifying competences and qualifications for selecting candidates to sit on the CGD Board of directors and which is provided for in the Succession Plan for the members of the Board of directors and holders of essential functions (Succession Plan) which also aims to ensure the continuity of CGD's management in order to avoid replacing an excessive number of members at the same time. The composition of the management body must reflect the knowledge, skills and experience necessary to fulfill its obligations. With regard to diversity on the Board of directors, CGD has a firm commitment to greater gender diversity and parity in its composition and that it also provides a balance between knowledge, skills, qualifications and professional experience.	Chapter 3.5.2.2
V.3.2. 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	CGD's Nomination, Evaluation and Remuneration Committee (CNAR) provides support to the Board of directors in the processes for identifying the Holders of Relevant Functions and in the selection and assessment of the suitability, annual or specific, of the holders of essential functions.	Chapter 3.5.2.2
V.3.3. This nomination committee includes a majority of nonexecutive, independent members.	Adopted	CNAR is composed of 3 members of the Board of directors with non-executive functions and 2 Members of the supervisory board, most of whom are independent.	Chapter 3.5.2.2

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
V.3.4. 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	The process of identifying competencies and qualifications for selecting candidates to be members of the Board of directors is provided for in the Succession Plan for members of the Board of directors and holders of essential functions. The Adequacy Assessment Policy for the Selection of the members of the Management and Supervisory Bodies, the holders of essential Functions and the managers of branches established abroad, available at CGD's institutional website, establishes, (i) the general and objective principles that underlying it; (ii) those responsible for assessing adequacy; (iii) the adequacy requirements; (iv) the procedures for assessing suitability in the light of legally established requirements; (v) the rules on prevention, communication and remedy of conflict of interest situations and (vi) the means of professional training provided by CGD with a view to the acquisition and development of skills.	Chapter 3.5.2.2
Chapter VI – Internal control			
Principle: *Based on its mid and long-term strategies, the company should establish a system of risk management and control, and of internal audit, which allow for the anticipation and minimization of risks inherent to the company's activity.*			
VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include the establishment of limits on risk-taking.	Adopted	This matter is provided for in the CGD Board of directors' internal regulations, publish on CGD's institutional website. The Board of directors, in particular, is responsible for defining CGD's general policies, approving the strategic plan and budgets.	Chapter 3.5.2.2
VI.2. 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	This matter is provided for in the Internal Regulations of the Supervisory Board, available on CGD's institutional website. The supervisory board is responsible for evaluating and commenting on the company's strategic lines and risk policy and supervising the quality and effectiveness of the risk management system, the internal control system and the internal audit system and supervising the execution of the functions performed within the scope of the internal audit and internal control system.	Chapter 3.5.2.3
VI.3. The internal control systems, comprising the functions of risk management, compliance, and internal audit should be structured in terms adequate to the size of the	Adopted	The control mechanisms and procedures for monitoring compliance with the Risk Management System result from the Supervisory 's Annual Activity Plan, which contains the activities	Chapter 3.5.2.3. Chapter 3.6.2

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
company and the complexity of the inherent risks of the company's activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be necessary.		and respective planning to be carried out by the Supervisory Board for each control function, namely, (i) the analysis and monitoring the Risk Function Report and Activity Plans, (ii) monitoring the risk appetite of group entities, (iii) credit portfolio follow-up report, (iv) NPL's follow-up report, (v) follow-up operational risk, as well as the periodicity of its verification during the year. One of the strategic priorities of the Strategic Control Functions Plan (PEFC), approved by the Board of directors, aims to establish a new organizational and functional model for the Compliance Department (DC), the Internal Audit Department (DAI) and the Management Department. Risk Management (DGR), in particular in its articulation with the management and supervisory bodies, in order to improve the effectiveness of the 2nd and 3rd lines of defense in monitoring risks and contributing to the realization of CGD's strategy.	
VI.4. The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary.	Adopted	This matter is provided for in the Internal Regulations of the supervisory board, available on CGD's institutional website, which indicates that the supervisory board is responsible for monitoring the activity of the control functions - Internal Audit, Compliance and Risk Management -, transmitting to the Board Directors, the recommendations it considers appropriate to improve the monitoring of the adequacy and effectiveness of the organizational culture, the internal governance and internal control systems of CGD and the CGD Group.	Chapter 3.5.2.3 Chapter 3.6.2
VI.5. The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	Adopted	This matter is provided for in the Internal Regulations of the supervisory board, available on CGD's institutional website, which indicates that the supervisory board is responsible for ensuring the effectiveness of the internal control, internal audit and risk management systems, the effect: (a) Evaluate the procedures, with a view to ensuring the existence of an efficient management of the respective activities, through the appropriate risk management and the internal control monitoring system, through, namely, (i) assessment of the environment control and risk management as defined in the CGD Group's Taxonomy of Risks and other applicable legislation; (ii) monitoring the activity of the control functions - Internal Audit,	Chapter 3.5.2.3 Chapter 3.6.2

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
		Compliance and Risk Management, transmitting to the Board of directors, the recommendations it deems appropriate regarding the matters covered by these reports; (iii) holding periodic meetings with the functions of Internal Audit, Compliance and Risk Management.	
VI.6. Based on its risk policy, the company should establish a risk management function, 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; and (iv) the monitoring procedures, aiming at their accompaniment.	Adopted	Chapter 3.6.2 describes CGD's Control Functions, namely, the Risk Management function. Within the scope of this function, CGD's Risk Management Department (DGR) aims to protect the CGD Group's capital, namely through the management of capital and solvency, credit, market, liquidity and interest rate risks. interest on the banking, operational and non-financial risks. The DGR submits to the Executive Committee (CE), Risks Committee (CR), Audit and Control Committee (CAC) and the supervisory board a report on risk management, at least annually, indicating the appropriate measures to correct any deficiencies.	Chapter 3.6.2
VI.7. The company should establish procedures for the supervision, periodic evaluation, and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of that system, as well as the perspectives for amendments of the risk structure previously defined.	Adopted	The Audit and Control Committee (CAC) is responsible for making a critical assessment of the CGD Group's Internal Control System, ensuring that the institution's organizational culture and its governance and internal control systems are adequate and effective and promote sound and prudent management. It is also responsible for evaluating and promoting the effectiveness and efficiency of the Internal Audit Function. The Internal Audit Function certifies the resolution of deficiencies in internal control, under the terms defined in the Internal Control Deficiencies Management Policy, which reports them periodically to the Management and Supervisory Bodies. The Internal Audit Function presents an annual report with an overall assessment of the adequacy and effectiveness, as a whole, of the organizational culture and of the governance and internal control systems, as well as of the performance of the Management and Supervisory Bodies and of the main deficiencies detected.	Chapter 3.6.2

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
Chapter VII – Financial information			
VII.1 Financial information			
Principles: *VII.A. The supervisory body should, with independence and in a diligent manner, ensure that the managing body complies with its duties when choosing appropriate accounting policies and standards for the company, and when establishing suitable systems of financial reporting, risk management, internal control, and internal audit.* *VII.B. The supervisory body should promote an adequate coordination between the internal audit and the statutory audit of accounts.*			
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	This matter is provided for in the Internal Regulations of the supervisory board, publish on CGD's institutional website, which states that the supervisory board is responsible for supervising the process of preparation and disclosure of financial information by CGD and CGD Group and to verify the adequacy and supervise the compliance with the policies, criteria and accounting practices adopted and the regularity of the documents that support them	Chapter 3.5.2.3
VII.2 Statutory audit of accounts and supervision			
Principle: *The supervisory body should establish and monitor clear and transparent formal procedures on the relationship of the company with the statutory auditor and on the supervision of compliance, by the auditor, with rules regarding independence imposed by law and professional regulations.*			
VII.2.1. By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory audit.	Adopted	With respect to the Statutory Auditors Society and under the terms of the Internal Regulations of the supervisory board, available on CGD's institutional website, the supervisory body is responsible for supervising the independence of the Statutory Auditors Society and, within this framework, to assess and decide, after hearing the Audit and Control Committee, on the provision by the Society of Statutory Auditors of additional services to the CGD Group company and companies, as well as on the respective conditions.	Chapter 3.5.2.3
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	CGD's supervisory board is the main interlocutor of the Society of Statutory Auditors and the first recipient of the respective reports. services.	Chapter 3.5.2.3
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	Adopted	It is incumbent upon the supervisory board, under the terms of the respective internal Regulations publish on CGD's institutional website, to annually evaluate the work carried out by	Chapter 3.5.2.3

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.		the Society of Statutory Auditors, to propose to the General Meeting the appointment of the Society of Statutory Auditors and to monitor the Company's independence of Statutory Auditors. The Selection and Designation Policy of the CGD Chartered Accountancy Society regulates the selection and designation process of the SROC, including the description of the steps and procedures to be followed, the selection criteria and respective weighting, the procedures and initiatives to be carried out by the supervisory body for the purpose of monitoring and verifying the services provided by SROC and supervising its independence.	

Annexes

Annex I - Disclosure of non-financial information

The Sustainability Report which, along with this Corporate Governance Report, are an integral part of CGD's Annual Report for the year 2020, reporting for the same period, and including the information required by Decree-Law 89/2017, containing information on the evolution, performance, position and impact of CGD's activities in environmental, social, labour gender equality, non-discrimination and respect for human rights, combating corruption and attempted bribery.

Correlation table between the Sustainability Report and Decree Law 89/2017

REQUIREMENT	CHAPTER/SECTION	PAGE
A brief description of the company's business model	1. Board of Directors' Report » 1.3. CGD Today	11 - 18
	3. Corporate Governance Report » 3.3. Shareholders' Structure	326
	3. Corporate Governance Report » 3.5. Statutory Bodies and Committees	329
	4. Sustainability Report » 4.4. CGD » 4.4.1. Mission, Vision and Values	458
ENVIRONMENTAL ISSUES		
Policies implemented	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » 4.5.1. Policies for Sustainable Development	461
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » 4.5.2. Commitments Adopted	462-463
Results achieved	4. Sustainability Report » 4.10. Corporate Social Responsibility » 4.10.2. Environmental Responsibility	491 – 498
	4. Sustainability Report » Annex A - Sustainability Indicators	523 – 529
Main associated risks and the way these risks are managed	4. Sustainability Report » 4.10. Corporate Social Responsibility » 4.10.2. Environmental Responsibility » Environmental Management System	491
	4. Sustainability Report » 4.11. Sustainable Finance » 4.11.3. ESG Risk Integration	504 – 505
Key performance indicators	4. Sustainability Report » 4.7. Sustainability strategy » 4.7.1. 2018-2020 Sustainability strategy	469 – 470
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	530 – 558
SOCIAL AND WORKER ISSUES		
Policies implemented	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » 4.5.1. Policies for Sustainable Development	461
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » 4.5.2. Commitments Adopted	462 – 463
Results achieved	4. Sustainability Report » 4.10. Corporate Social Responsibility » 4.10.1. Social Responsibility	479 – 489
	4. Sustainability Report » 4.12. Human Capital Management » 4.12.1. Labour Practices	506 - 512
	4. Sustainability Report » 4.12. Human Capital Management » 4.12.2. Training and career development	512 – 514

	4. Sustainability Report » Annex A - Sustainability Indicators	523 – 529
Main associated risks and the way these risks are managed	4. Sustainability Report » 4.11. Sustainable Finance » 4.11.3. ESG Risk Integration	504 – 505
	4. Sustainability Report » 4.12. Human Capital Management » 4.12.1. Labour Practices	506 - 512
Key performance indicators	4. Sustainability Report » 4.7. Sustainability strategy » 4.7.1. 2018-2020 Sustainability strategy	469 – 470
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	530 – 558
EQUALITY BETWEEN WOMEN AND MEN AND NON-DISCRIMINATION		
Policies implemented	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » 4.5.1. Policies for Sustainable Development	461
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » 4.5.2. Commitments Adopted	462 – 463
Results achieved	4. Sustainability Report » 4.12. Human Capital Management » 4.12.1. Labour Practices	506 - 512
	4. Sustainability Report » Annex A - Sustainability Indicators	523 – 529
Main associated risks and the way these risks are managed	4. Sustainability Report » 4.11. Sustainable Finance » 4.11.3. ESG Risk Integration	504 – 505
	4. Sustainability Report » 4.12. Human Capital Management » 4.12.1. Labour Practices	506 - 512
Key performance indicators	4. Sustainability Report » 4.7. Sustainability strategy » 4.7.1. 2018-2020 Sustainability strategy	469 – 470
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	530 – 558
RESPECT FOR HUMAN RIGHTS		
Policies implemented	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » 4.5.1. Policies for Sustainable Development	461
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » 4.5.2. Commitments Adopted	462 - 463
Results achieved	4. Sustainability Report » 4.12. Human Capital Management » 4.12.1. Labour Practices	506 - 512
	4. Sustainability Report » Annex A - Sustainability Indicators	523 – 529
Main associated risks and the way these risks are managed	4. Sustainability Report » 4.11. Sustainable Finance » 4.11.3. ESG Risk Integration	504 – 505
	4. Sustainability Report » 4.12. Human Capital Management » 4.12.1. Labour Practices	506 - 512
Key performance indicators	4. Sustainability Report » 4.7. Sustainability strategy » 4.7.1. 2018-2020 Sustainability strategy	469 – 470
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	530 – 558
FIGHTING CORRUPTION AND BRIBERY ATTEMPTS		
Policies implemented	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » 4.5.1. Policies for Sustainable Development	461
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » 4.5.2. Commitments Adopted	462 - 463

Results achieved	4. Sustainability Report » 4.13. Anti-corruption practices	515 – 518
Main associated risks and the way these risks are managed	4. Sustainability Report » 4.13. Anti-corruption practices » 4.13.1. Compliance risk management	515 - 516
	4. Sustainability Report » 4.13. Anti-corruption practices » 4.13.2. Prevention and Management of External Fraud	516 - 517
	4. Sustainability Report » 4.13. Anti-corruption practices » 4.13.3. Prevention of money laundering and combating the financing of terrorism	517 - 518
Key performance indicators	4. Sustainability Report » 4.7. Sustainability strategy » 4.7.1. 2018-2020 Sustainability strategy	469 – 470
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	530 – 558

Annex II – Executive Committee: Distribution of responsibilities

Executive Committee - Distribution of Responsibilities and respective substitutes as of 31 December 2020:

Paulo José de Ribeiro Moita de Macedo - Chairman

Responsibilities	Substitutes
Organizational Units of CGD:	
Compliance Division (DC) (1)	Carlos Albuquerque
Human Resources Division (DPE) (2)	Maria João Carioca
Corporate Support Division (DSC) (3)	Carlos Albuquerque
Economic Research Office (GET)	Carlos Albuquerque
Communication and Brand Management Division (DCM)	Carlos Albuquerque

(1) Reports functionally to Risk Committee
(2) Monitoring delegation: Maria João Carioca
(3) Monitoring delegation: Carlos Albuquerque

José João Guilherme - Executive Member

Responsibilities	Substitutes
Organizational Units of CGD:	
Retail Banking Division -North Area (DCN)	Francisco Cary
Retail Banking Division -South Area (DCS)	Francisco Cary
Retail Marketing Division (DMR)	Francisco Cary
Bancassurance Business Division (DNB)	Francisco Cary
Payments and Consumer Credit Business Division (DNP)	Francisco Cary
International Business Relations Division (DRI)	João Tudela Martins
International Office (OIT) (4)	Francisco Cary
Domestic Units:	
Parbanca, SGPS	José Brito
International Units:	
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

(4) Monitoring delegation: Francisco Cary (Banco Caixa Geral Angola) and Carlos Albuquerque (Banco Comercial e de Investimentos)

José António da Silva Brito - Executive Member

Responsibilities	Substitutes
Organizational Units of CGD:	
Accounting, Consolidation and Financial Information Division (DCI)	João Tudela Martins
Management Information Division (DIG)	João Tudela Martins
Strategy, Planning 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, SA	José João Guilherme

Francisco Ravara Cary - Executive Member

Responsibilities	Substitutes
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, SA	Nuno Martins
Caixa Leasing e Factoring - Sociedade Financeira de Crédito, S.A. (5)	José João Guilherme
Partang, SGPS (in liquidation)	José Brito
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, SA	José João Guilherme
Banco Caixa Geral Angola	José João Guilherme

(5) Company incorporated by merger into Caixa Geral de Depósitos, S.A. on 12.31.2020

João Paulo Tudela Martins - Executive Member

Responsibilities	Substitutes
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 Borges Carioca Rodrigues - Executive Member

Responsibilities	Substitutes
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 - Executive Member

Responsibilities	Substitutes
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	Francisco Cary
Esegur - Empresa de Segurança, SA	Francisco Cary
Serviços Sociais da Caixa Geral de Depósitos	Maria João Carioca

Carlos António Torroaes Albuquerque - Executive Member

Responsibilities	Substitutes
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, SA	Nuno Martins
International Units:	
Banco Comercial e de Investimentos	José João Guilherme

The Internal Audit Department (DAI) reports functionally to the Audit and Control Committee (CAC) and hierarchically to the Executive Committee.

Annex III – Curriculum Vitae of members of the statutory bodies

Chapter 5 – Social Bodies presents an abbreviated Curriculum Vitae of the members of CGD's social bodies as of 31/12/2020. The full version is available on CGD's website by the following links:

Board of the General Meeting	
President – Paulo Cardoso Correia da Mota Pinto	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Paulo-Cardoso-Correia-da-Mota-Pinto.pdf
Vice-President – Maria João Pessoa de Araújo	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Maria-Joao-Pessoa-de-Araujo.pdf
Secretary – Manuela Duro Teixeira	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Manuela-Duro-Teixeira.pdf
Members of the Board of directors	
President – Emílio Rui da Veiga Peixoto Vilar	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Emilio-Rui-da-Veiga-Peixoto-Vilar.pdf
Vice-President – Paulo José de Ribeiro Moita de Macedo	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Paulo-Jose-de-Ribeiro-Moita-de-Macedo.pdf
Francisco Ravara Cary	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Francisco-Ravara-Cary.pdf
João Paulo Tudela Martins	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Joao-Paulo-Tudela-Martins.pdf
José António da Silva de Brito	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Jose-Antonio-da-Silva-de-Brito.pdf
José João Guilherme	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Jose-Joao-Guilherme.pdf
Maria João Borges Carioca Rodrigues	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Maria-Joao-Borges-Carioca-Rodrigues.pdf
Nuno Alexandre de Carvalho Martins	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Nuno-Alexandre-de-Carvalho-Martins.pdf
Carlos António Torroaes Albuquerque	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Carlos-Antonio-Torroaes-Albuquerque.pdf
Ana Maria Machado Fernandes	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Ana-Maria-Machado-Fernandes.pdf
José Maria Monteiro de Azevedo Rodrigues	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Jose-Maria-Monteiro-de-Azevedo-Rodrigues.pdf
Hans-Helmut Kotz	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Hans-Helmut-Kotz.pdf
Mary Jane Antenen	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Mary-Jane-Antenen.pdf
Altina Sebastian Gonzalez	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Altina-Sebastian.pdf
Nuno Filipe Abrantes Leal da Cunha Rodrigues	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Arlindo-Manuel-Limede-de-Oliveira.pdf
Arlindo Manuel Limede de Oliveira	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Arlindo-Manuel-Limede-de-Oliveira.pdf
Members of the supervisory board	
President – Guilherme Valdemar Pereira d'Oliveira Martins	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Guilherme-Valdemar-Pereira-de-Oliveira-Martins.pdf
António Luís Traça Borges de Assunção	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Antonio-Luis-Traca-Borges-de-Assuncao.pdf
Manuel Lázaro Oliveira de Brito	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Manuel-Lazaro-Oliveira-Brito.pdf

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, 2018 and 2019 are found in the Annual Report of the corresponding year.

Below are the Declarations relating to non-executive member of the Board of Directors elected in 2020 to complete the current 2017-2020 mandate, Professor Arlindo Manuel Limede de Oliveira and an update by the Chairman of the Board, Emílio Rui da Veiga Peixoto Vilar, to his declaration.

Exmo Senhor
Inspetor-Geral de Finanças

Eu, Arlindo Manuel Limede de Oliveira, tendo sido eleito, em 5 de Agosto de 2020, Vogal do Conselho de Administração da Caixa Geral de Depósitos, S.A., declaro, antes de iniciar as correspondentes funções, nos termos e para os efeitos do n.º 9 do artigo 22º do Estatuto do Gestor Público, aprovado pelo Decreto-Lei nº 71/2007, de 27 de março e do nº 1 do artigo 52º do Decreto-Lei nº 133/2013, de 3 de outubro, que não detenho, direta ou indiretamente, participação ou interesses patrimoniais na Caixa Geral de Depósitos, S.A.

Detenho, à data, as seguintes participações em sociedades comerciais, que resultam de investimentos de natureza puramente financeira:
Banco Comercial Português, 400.000 acções
F. Ramada, 500 acções

Detenho ainda uma quota de 33.3% na empresa Knolsys: Knowledge Management Systems Lda, com NIF 510435599 e capital social de 3000 euros.

Mais declaro que não tenho 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 Agosto de 2020

Arlindo Oliveira

Arlindo Manuel Limede de Oliveira

Ao
Conselho de Administração da
Caixa Geral de Depósitos, S.A.

Eu, Arlindo Manuel Limede de Oliveira, tendo sido eleito, em 5 de Agosto de 2020, Vogal do Conselho de Administração da Caixa Geral de Depósitos, S.A., declaro, antes de iniciar as correspondentes funções, nos termos e para os efeitos do n.º 9 do artigo 22º do Estatuto do Gestor Público, aprovado pelo Decreto-Lei nº 71/2007, de 27 de março e do nº 1 do artigo 52º do Decreto-Lei nº 133/2013, de 3 de outubro, que não detenho, direta ou indiretamente, participação ou interesses patrimoniais na Caixa Geral de Depósitos, S.A.

Detenho, à data, as seguintes participações em sociedades comerciais, que resultam de investimentos de natureza puramente financeira:
Banco Comercial Português, 400.000 acções
F. Ramada, 500 acções

Detenho ainda uma quota de 33.3% na empresa Knolsys: Knowledge Management Systems Lda, com NIF 510435599 e capital social de 3000 euros.

Mais declaro que não tenho 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 Agosto de 2020

Arlindo Oliveira

Arlindo Manuel Limede de Oliveira

Ao
Conselho Fiscal da
Caixa Geral de Depósitos, S.A.

Eu, Arlindo Manuel Limede de Oliveira, tendo sido eleito, em 5 de Agosto de 2020, Vogal do Conselho de Administração da Caixa Geral de Depósitos, S.A., declaro, antes de iniciar as correspondentes funções, nos termos e para os efeitos do n.º 9 do artigo 22º do Estatuto do Gestor Público, aprovado pelo Decreto-Lei nº 71/2007, de 27 de março e do nº 1 do artigo 52º do Decreto-Lei nº 133/2013, de 3 de outubro, que não detenho, direta ou indiretamente, participação ou interesses patrimoniais na Caixa Geral de Depósitos, S.A.

Detenho, à data, as seguintes participações em sociedades comerciais, que resultam de investimentos de natureza puramente financeira:
Banco Comercial Português, 400.000 acções
F. Ramada, 500 acções

Detenho ainda uma quota de 33.3% na empresa Knolsys: Knowledge Management Systems Lda, com NIF 510435599 e capital social de 3000 euros.

Mais declaro que não tenho 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 Agosto de 2020

Arlindo Oliveira

Arlindo Manuel Limede de Oliveira

EMÍLIO RUI VILAR

4061

Ao

Conselho de Administração

Caixa Geral de Depósitos, S.A.

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, susceptíveis 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%
Lavradores de Feitoria – Vinhos de Quinta, S.A.	Zona Industrial, Lote 5, Paços 5060-193 Sabrosa	504 745 247	2,02%

Lisboa, 4 de novembro de 2020

Emílio Rui Vilar

EMÍLIO RUI VILAR

4059

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, susceptíveis 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%
Lavradores de Feitoria – Vinhos de Quinta, S.A.	Zona Industrial, Lote 5, Paços 5060-193 Sabrosa	504 745 247	2,02%

Lisboa, 4 de novembro de 2020

Emílio Rui Vilar

EMÍLIO RUI VILAR

4060

Ao

Conselho Fiscal da

Caixa Geral de Depósitos, S.A.

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, susceptíveis 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%
Lavradores de Feitoria – Vinhos de Quinta, S.A.	Zona Industrial, Lote 5, Paços 5060-193 Sabrosa	504 745 247	2,02%

Lisboa, 4 de novembro de 2020

Emílio Rui Vilar

Annex V - Non-profitable organizations of which CGD is an associated member

December 2020

- Associação Portuguesa de Bancos
- AEP - Associação Empresarial de Portugal
- AIP - Associação Industrial Portuguesa
- COTEC
- Centro Nacional da Cultura
- Fórum para a competitividade
- Fundação de Serralves
- Fundação Eça de Queirós
- Fundação Económicas
- Instituto Português de Corporate Governance
- AC - Aliança Connector
- American Club of Lisbon
- Câmara de Comércio e Indústria Árabe Portuguesa
- Câmara de Comércio Americana em Portugal
- Câmara de Comércio e Indústria Luso-Alemã
- Câmara de Comércio e Indústria Luso-Britânica
- Câmara de Comércio e Indústria Luso-Chinesa
- Câmara de Comércio e Indústria Luso-Colombiana
- Câmara de Comércio e Indústria Luso-Espanhola
- Câmara de Comércio e Indústria Luso-Francesa
- Câmara de Comércio e Indústria Luso-Marroquina
- Câmara de Comércio e Indústria Luso-Brasileira - Fusão com Clube de Empresários do Brasil
- Câmara de Comércio e Indústria Luso-Mexicana
- Câmara de Comércio e Indústria Portugal - Angola
- Câmara de Comércio e Indústria Portuguesa
- Câmara de Comércio Indústria e Turismo Portugal Cabo-Verde
- Câmara de Comércio Luso-Sul Africana
- Câmara de Comércio Luso-Belga-Luxemburguesa
- Câmara de Comércio Portugal - Moçambique
- Câmara de Comércio Belgo-Portuguesa
- Câmara Comercial Portuguesa na Alemanha
- CE CPLP Confederação Empresarial da Comunidade dos Países de Língua Portuguesa
- 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 for the Global Compact
- GIMAE - Grupo de Implementação, Monitorização e Avaliação da Estratégia (Estratégia Nacional para a Integração de Pessoas em Situação de Sem-Abrigo)
- GRACE - Grupo de Reflexão e Apoio à Cidadania Empresarial
- UNEP
- 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 - International Council on Archives
- World Monuments Fund
- IPN Instituto Pedro Nunes + Incubadora -Associação para o Desenvolvimento de Atividades de Incubação de Ideias e Empresas
- iTeCons - Instituto de investigação e desenvolvimento tecnológico para a construção, energia, ambiente e Sustentabilidade
- ACI Portugal (Ex-Forex Club Portugal)
- APCER
- FAE – Fórum de Administradores de Empresas
- ICC - Câmara de Comércio e Indústria Internacional - Secção Portuguesa
- Centro Português de Caracas
- Politec & ID - Associação para o desenvolvimento de conhecimento e inovação (Instituto Politécnico de Lisboa)
- DSPA - Data Science Portuguese Association
- DSPT - Data Science Portugal
- CIMPAS - Centro de Informação, Mediação e Arbitragem de Seguros
- Associação Afrika Verein der deutshen wirtsch

Annex VI – Report by the Supervisory Body

Evidence of compliance with the presentation of the Report of the Supervisory Body referred to in paragraph 2 of article 54 of the RJSPE can be found in chapter 2.3.2. Report and opinion of the Supervisory Board of this document.

Annex VII – Approval of the 2020 Annual Report by the Board of Directors

CERTIFICATE

Carlos Manuel da Silva Pacheco Pinheiro, Company Deputy Secretary of Caixa Geral de Depósitos, 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 22nd of 2021, with a unanimous vote of its 16 members, regarding the topic: "Annual Report, Corporate Governance Report and Sustainability Report for 2020: (…)---------

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 2020, showing a consolidated net result of €491,591,683 and a net result in respect of CGD's separate activity of €406,538,902 and the respective proposal for the appropriation of results, with 20% for the legal reserve €81,307,780, €83,638,807 for dividends, and €241,592,315 for "Other reserves and retained income" balance sheet account .". --------

Because it is true, I issue this Certificate. -------------

Lisbon, April 23, 2021

(Signed)

4.

SUSTAINABILITY REPORT

Metallic sculpture, by the sculptor Fernando Conduto, without title, destined to the north garden of the new headquarters. Piece in corten steel based on a reinforced concrete pillar, covered with lioz stone from the Pero Pinheiro area. Sculpture about 2.50 m long, pillar 6 m high and 80 cm in diameter.

Index

4.1. On this Report

Caixa Geral de Depósitos, S.A., also referred to as Caixa or CGD throughout this document, hereby issues the annual corporate sustainability report concerning the activity carried out during the 2020 financial year.

The quantitative data contained herein refer to the period from 1 January to 31 December 2020; 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, ACE; Culturgest – Fundação Caixa Geral de Depósitos and Serviços Sociais da CGD. Sustainability related information on international structures is also reported: Banco Comercial e de Investimentos, Banco Caixa Geral Angola, Timor Branch, France Branch, Banco Interatlântico, Banco Nacional Ultramarino Macau and Banco Comercial do Atlântico.

This report also addresses the legal requirements introduced by Decree-Law No. 89/2017 of 28 July regarding the disclosure of non-financial information and information on diversity by large companies and groups.

Acknowledging the importance of the various dimensions of Sustainability for a thorough insight on the way a company operates, CGD kept the Sustainability Report, prepared in accordance with the Global Reporting Initiative (GRI) guidelines, 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 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 send their feedback to the e-mail address sustentabilidade@cgd.pt.

This report has been prepared in accordance with the with the GRI Standards: Core option.

The contents of this document were verified by Ernst & Young Audit & Associados, SROC, S.A.

4.2. 2020 Highlights

- 6,452 employees.
- Employee diversity: 38% male and 62% female.
- 58% reduction in greenhouse gas emissions compared to 2019.
- 13% decrease in energy consumption compared to 2019.

Banco Interatlântico

- 158 employees.
- Employee diversity: 35% male and 65% female.
- 16% reduction in greenhouse gas emissions compared to 2019.
- 6% decrease in energy consumption compared to 2019.

BCA BANCO COMERCIAL DO ATLÂNTICO

- 437 employees.
- Employee diversity: 36% male and 64% female.
- 33% reduction in greenhouse gas emissions compared to 2019.
- 32% decrease in energy consumption compared to 2019.

Caixa Angola Banco Caixa Geral Angola

- 551 employees.
- Employee diversity: 46% male and 54% female.
- Emission of 1,407 tCO_2e of Greenhouse Gases (1st year of reporting).
- Consumption of 10,338 GJ of energy (1st year of reporting).

BCI

- 2,773 employees.
- Employee diversity: 47% male and 53% female.
- 23% reduction in greenhouse gas emissions compared to 2019.
- 2% increase in energy consumption compared to 2019.

BNU Banco Nacional Ultramarino

- 528 employees.
- Employee diversity: 39% male and 61% female.
- 15% increase in greenhouse gas emissions compared to 2019.
- 1% increase in energy consumption compared to 2019.

BNU TIMOR

- 142 employees.
- Employee diversity: 54% male and 46% female.
- 2% increase in greenhouse gas emissions compared to 2019.
- 11% increase in energy consumption compared to 2019.

Caixa Geral de Depositos FRANCE

- 540 employees.
- Employee diversity: 42% male and 58% female.
- Emission of 204 tCO_2e of Greenhouse Gases (1st year of reporting).
- Consumption of 8,099 GJ of energy (1st year of reporting).

Note: Greenhouse Gas Emissions calculated based on the location-based method.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER.

Paulo Moita de Macedo
Vice-chairman of the board of directors
and Chief Executive Officer

2020 has put us to the test in an unexpected and unprecedented way, with deep and lasting impacts at individual and collective level and at family and socio-economic level. It was within this framework that we developed and supported a wide range of initiatives and projects promoting the economic and financial resilience of families and companies, as well as providing support to the neediest communities.

The 2018/2020 Sustainability Strategy was the guiding principle for responsible business, with six structural areas of intervention materialised in 118 actions, ensuring that our conduct is in line with the expectations that our stakeholders have of the "Bank of the Portuguese".

The social investment made by CGD in the last three years has totalled more than EUR 30 million, benefiting the areas of culture promotion, community support, third sector qualification, job creation, promotion of knowledge and social and environmental volunteer work.

We highlight the Caixa Social Awards 2020 and the anticipation of the Caixa Social Awards 2021 in a commitment to be close to those who suffered most from the impacts of the COVID-19 Pandemic, through investment in third sector entities, namely in meeting health needs, job retention and support for the elderly and children.

We continued to support academic merit and mitigate inequalities in access to education through the Caixa Mais Mundo Awards and the donation of computer equipment to various educational institutions and students with limited ability to follow remote learning.

We answered the call and contributed in Portugal's support to the international fund to fight the pandemic and to the donation, through the APB, of 100 ventilators to the National Health Service.

We have outlined the 2021 Gender Equality Plan, a significant step towards achieving the 5th Sustainable Development Goal: Gender Equality, in a commitment to reducing inequalities.

And because Caixa also represents team spirit and solidarity, we celebrated Caixa Volunteer Day with 37 nationwide actions to support dozens of private charitable institutions.

In terms of environmental responsibility, reference should be made to the renewal of the Environmental Management System implemented and certified at the Head Office Building, in accordance with ISO 14001:2015, as an important tool for fostering a culture of pollution prevention and continuous improvement of Caixa's environmental performance. We were also awarded a Leadership rating in the Supplier Engagement Rating 2020 from CDP, reflecting the quality of the initiatives developed to encourage the value chain in adopting environmental commitments and practices that contribute to mitigating the impact of climate change.

In terms of the supply of products that contribute to a transition to a low carbon economy, we granted around 526 million euros in financing and reached 4 billion euros in mutual investment funds with ESG CRITERIA which represents a significant growth compared to 2019.

The implementation of the 2017/2020 Strategic Plan has made Caixa more sustainable. But the world does not stop and the future is ambitious. Corporate social responsibility has never been more relevant and distinctive.

The preparation of a new Strategic Plan for the 2021/2024 period will reinforce the incorporation of ESG (environmental, social and corporate governance) factors in activities and business models, in line with our ambition to position Caixa as the leader in sustainable finance in Portugal.

As a state-owned Bank, its our duty to play a structural role in outlining a climate-resilient and low-carbon growth model. In this context, the Sustainability Committee will continue to play a major role as the body responsible for compliance with Caixa's management principles, strategies, policies and sustainability plans.

The economic impact of this crisis has also accelerated the transformation of the banking sector, anticipating the adoption of new business models, work methodologies, more prudent risk management and greater cost efficiency. In this context, it is vital that we maintain our response and proximity to our customers in an innovative, inclusive, responsible and sustainable way in the long term.

4.4. CGD

Caixa Geral de Depósitos (CGD) is directly involved in the country's economic and social development. Since 1876, its goal has been to contribute to a better society by providing banking products and services aimed at improving families' well-being and developing the business sector.

4.4.1. Mission, Vision and Values

MISSION

CGD's mission is to generate value for Portuguese society, providing quality banking services to both individual and corporates customers, hence contributing towards improving the well-being of Portuguese families and towards developing 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 are guided by the following core values:

Trust, by guaranteeing the security of depositors, promoting a long-term relationship with customers and favouring their loyalty, by providing a high-quality service and a product offer adjusted to its risk profile, thus enhancing the institution's stability and financial soundness;

Profitability, by ensuring a suitable return of public funds, underpinned by the business model’s sustainability and by an effective and stringent 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 customers with the best service and to establish relationships with all stakeholders, with high technical skills, stringency 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 society, with a particular emphasis on Caixa’s participation in social responsibility, sustainable development and financial literacy programmes and initiatives;

Risk and Stringency 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 the Portuguese, with open architecture solutions, via a multichannel approach to the changes in customers’ expectations and preferences.

4.4.2. Brand and Reputation

This particularly demanding year, marked by the impact of and response to the COVID-19 pandemic, highlighted the need for CGD's transformation to keep up with customers' needs and the contingencies imposed by the social emergency situation, seeking to ensure quality of service and customer proximity, while maintaining the reputation of trust it has had for decades with the Portuguese.

This CGD transformation was also reflected in the tone of its communication with customers. A new cycle began in 2020 with the launch of a new, more humanised graphic line and a new motto for the Bank - "Caixa. Para todos e para cada um" ("Caixa. For all and for every one.”) "Para todos" ("For all") is built on the idea of "we" and has an underlying notion of national wholeness, of the dimension and strength in unity. "Para cada um" ("For every one") implies personalisation and asserts the ability to satisfy the individual interest of each client, of families, companies and businesses.

To respond to the impact of the pandemic that marked 2020, CGD's communication plan was adjusted with the goal of strengthening communication with customers (individuals and companies) and employees, maintaining proximity and focus on solutions to facilitate day-to-day management and interaction with the Bank. With this assumption, and taking advantage of the growth in audience, the investment focused on digital media and television, investing in videos and other appealing and dynamic formats. With this strategy, CGD has managed to be close to its customers and communicate in a positive and relevant way. In the context of banking, CGD achieved the highest visibility in campaigns in 2020, with an improvement of this indicator in the customer segment. In the second quarter, during the pandemic crisis, with the institutional campaign “A Vida Não Para” ("Life Doesn't Stop"), CGD led in campaign recall, being the period of the year in which it obtained the best total recall level in the customer segment.

According to the 2020 BrandScore Study, the reputation of the CGD brand continues to be highly positive and comes out of 2020 stronger, standing above the average for Portuguese banks, particularly in terms of the features considered to be key to the bank's sustainability (Trust, Soundness, Governance, Ethics and Transparency), confirming the acknowledgement and preference of the Caixa brand by customers and the general public.

In 2020, in our Customers' evaluation, CGD rose in all brand indicators, especially "Relevance in the Sector", which is the indicator that rose the most and is also the one with the best evaluation in the Banking context, reflecting the recognition of the bank's importance in the financial sector. It is also important to highlight the evolution of the feature "Relevant Sustainability - Significant Bank in supporting Sustainability/Environmental causes/projects," which rose 4 points compared to 2019 (from 64 in 2019 to 68 in 2020).

CGD is the banking brand with the greatest increase in customer loyalty and significantly improves its attractiveness to non-customers.

Caixa is the most valuable banking brand in Portugal

The Banker Brand Finance
TOP 500 BANKING BRANDS 2021
Portugal
Country Ranking: 1

The reputable British magazine The Banker also revealed that Caixa had climbed 14 positions in the world ranking of the 500 biggest banking brands, and this year ranked 223rd. The Caixa brand achieved a value of around EUR 600 million.

This ranking, which celebrates its 15th anniversary this year, uses the evaluation methods from Brand Finance, one of the most reputable brand evaluation companies in the world.

The Brand Finance method for assessing the value of a brand consists of determining the amount a company would be willing to pay to license its brand if it did not own it.

This approach involves estimating the future revenue attributable to a brand and calculating the royalties that would be charged for its use. Brand strength is also a relevant component, and is determined based on a number of relevant features, such as emotional attachment, financial performance and sustainability, among others.

This rating reflects how your brand is perceived by your customers.

Caixa Geral de Depósitos was also acknowledged by The Banker in July 2020, in the Top 1000 World Banks Ranking, having also come in 1st place in Portugal, and its position in the world ranking in 179th place.

4.4.3. Innovation and Digital Transformation

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

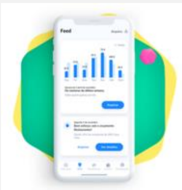
By launching several digital solutions (for companies and individuals), CGD was able to provide an almost immediate response to customers' needs and ensure easier access to the bank: immediate and 100% digital subscription to Caixadirecta via the app; online forms for moratorium requests; unlocking of contracts via Digital Assistant on the Caixadirecta App, option to subscribe and manage the Caixadirecta service on the ATM, 100% digital short-term loans to companies and digital contracting of Retirement Savings Plans (RSP).

Partnerships have also been developed to facilitate contactless payments and ensure increased customer security in a pandemic context: Apple Pay and SwatchPAY, the latter exclusively for CGD.

The Open Banking solution DABOX powered by Caixa leads the domestic Open Banking market with 75% market share of the SIBS API Market and focuses on innovation and improving the user experience, and was the first domestic App to allow the initiation of transfers from other banks, having been distinguished in the Banking Tech Awards as highly recommended. This app has also integrated new developments that allow customers to receive automatic messages with insights that allow them to better manage their account.

CGD won the SAPO award for best communication campaign in the "Banking and Financial Services" category with the campaign that marked the launch of DABOX, the first open banking app in Portugal.

DABOX voted Best app of 2020



DABOX was elected the Best Application of 2020 by Exame Informática, as part of the "Best & Biggest of Technological Portugal" awards.

This distinction was a recognition of Caixa's mission in developing this Open Banking application, i.e. inclusion, providing a solution for everyone and not only for Caixa customers.

Remote Management

Around 30% of CGD's digital customers already have the Remote Management service, an exclusive service, with a dedicated manager, who accompanies you even at a distance and offers tailored financial solutions, from 9 am to 6 pm, on any of the remote channels available, but also with the Caixadirecta service, 24 hours a day every day, without excluding the possibility of using any of Caixa's physical branches as well.

This service gained particular relevance with the COVID-19 pandemic, where there was a strong growth in remote interactions as a result of good customer experience throughout 2020. In less than a year, the daily sales volume per dedicated sales person tripled, with a higher-than-estimated growth in operating income. With the pandemic context prevailing, Caixa's Remote Management remains prepared to have its retail teams doing 100% teleworking to ensure the same customer service and monitoring of its customers in any context.

INOVE Programme

The INOVE Programme is an internal initiative designed to involve all Caixa employees in building the institution's future, encouraging the creation and presentation of original, innovative ideas in areas of strategic interest to the bank. After three editions of the Programme, the following results stand out: + than 200 ideas submitted; + than 300 participating employees; 46% of the ideas submitted by the Commercial Network and a total of 14 teams distinguished.

4.5. Policies, Commitments and Working Groups

The policies and commitments outline CGD's responsible management practices, urging the prevalence of ethics, stringency and transparency in all activities and operations, binding employees and functional structures, Group companies and, whenever applicable, partners, suppliers and other stakeholders.

4.5.1. Policies for Sustainable Development

CGD has developed a set of policies and other corporate documents that are relevant to its work regarding sustainability, most notably:

Dimension: Governance

Code of Conduct: It sets out the values, principles of action and standards of professional conduct that are vital to the ethical positioning of the institution and its employees while outlining how CGD interacts with its various stakeholders;

Sustainability Policy: Establishes CGD's general sustainability principles with a view to creating value for the bank in the medium and long term;

Policy on the Prevention of Corruption and Related Offences: It establishes, as a core principle, the rejection of all forms of corruption and zero tolerance towards any evidence or manifestation of the phenomenon;

Code of Good Conduct for Preventing and Combating Harassment: It is a guiding framework for everyone working at CGD and complies with the most recent developments in the law and the Labour Code to strengthen the legislative framework for preventing workplace harassment;

Statement of Commitment to Human Rights: It reinforces CGD's commitment to respecting human rights in its relations with stakeholders;

Socially Responsible Investment Policy: Sets out Caixa Gestão de Ativos' main guidelines on responsible investment;

Exclusion and sectoral limitation principles: Sets out a list of principles for activities and projects that are excluded, or restricted under certain conditions, from CGD's credit policy;

Product Governance, Approval and Monitoring Policy: Establishes the principles, strategies, functions and internal processes aimed at creating and/or distributing products on the market, with the goal of ensuring that the interests, objectives and characteristics of each customer are taken into account, avoiding their potential detriment, as well as minimising potential conflicts of interest;

Ethical Principles and Best Business Practices for Suppliers: They establish conduct requirements related to sustainability to which CGD suppliers contractually adhere and are a way of mitigating environmental and social risks in the supply chain.

Dimension: Social

Community Involvement Policy: Sets out the guidelines for action related to the eminent challenges for the socio-economic inclusion of individuals and families, with particular focus on financial education, support for third sector entities, job creation and volunteering.

Diversity Policy: Sets out the principles applicable to CGD employees with regard to diversity and the goals and targets for balanced representation between women and men in CGD's management and supervisory bodies;

2021 Gender Equality Plan: It acknowledges that the balanced presence of Women and Men throughout the company's structure represents a significant evolution for its activity and an important contribution to fulfilling the commitments assumed by the Institution, namely respect for Human Rights and the pursuit of Sustainable Development Goals.

Dimension: Environmental

Environmental Policy: It fits in with CGD's commitment to reducing its environmental impact through measures that foster eco-efficiency in its operations and its ability to adapt to and mitigate the challenges posed by climate change.

4.5.2. Commitments Adopted

CGD voluntarily subscribes to commitments and/or principles from standard-setting domestic and international organisations, complementary to its corporate policies and codes, within the Sustainability Programme, most notably:

United Nations Global Compact

CGD is a member of the United Nations Global Compact (UNGC), a United Nations initiative, and has made several commitments in this area:

Global Compact Network Portugal (GCNP) has an international mandate to lead the Business Sector's contribution in achieving the 17 Sustainable Development Goals, creating opportunities to promote bridges for dialogue and cooperation, as well as creating sustainable bases for developing partnerships and creating projects, programmes and actions. Since 2 March 2016, CGD has been part of the Portuguese Coordinating Committee of the United Nations Alliance for Sustainable Development Goals (SDGs).

According to the Intergovernmental Panel on Climate Change (IPCC), it is necessary to stop global warming from exceeding 1.5ºC. With this global objective, the United Nations Global Compact presented the letter Business Ambition for 1.5ºC, an initiative promoted by António Guterres, Secretary-General of the United Nations. By signing this letter, CGD has publicly assumed the commitment to aligning its business plans in order to promote the decarbonisation of the economy with the ambition to limit warming to 1.5ºC.

The subscription to the 10 Principles of the Global Compact requires CGD to submit an annual performance report on its human rights, labour practices, environmental protection and anti-corruption activities, called Communication on Progress (CoP).

In 2020, CGD managed to achieve the highest rating: GC Advanced in the CoP, which proves the alignment of the practices adopted by the Bank.

CGD is a founding member of the United Nations Environment Programme (UNEP) Principles for Responsible Banking (PRB). The PRB set forth the role and duty of the financial sector in building a sustainable future, but also its alignment with the Sustainable Development Goals set by the UN.

The PRB also decisively enable banks not only to integrate sustainability into all their areas, but also to identify the impact of their contributions on building a more sustainable world. Find out more about CGD's 1st status report at https://www.cgd.pt/Sustentabilidade/Negocio-Responsavel/Documents/PRB-Reporting-and-Self-Assessment-Template.pdf

Caixa Gestão de Ativos is 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.

The adherence to the PRI reinforces the importance of incorporating ESG (Environmental, Social and Governance) factors in the investment process of the various funds under management.

Letter of Commitment for 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. 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 Economic Affairs.

The 2020 Sustainability Report presents several initiatives that contribute towards the established goals.

Portuguese Charter for Diversity

The Portuguese Charter for Diversity is an initiative of the European Commission aimed at encouraging employers to implement and develop internal policies and practices to promote diversity. Signing this Charter symbolises CGD's will to evolve and actively promote and explore the full potential of diversity in line with its resources and possibilities.

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.

CEO Guide to Human Rights

The signing of the CEO's guide on Human Rights by CGD reinforces the Bank's commitment to respecting internationally recognised human rights in its relations with employees, customers, suppliers and the communities in which it operates, seeking to prevent or mitigate the direct or indirect adverse impacts of its activity.

Climate Disclosure Standards Board - Enhanced Reporting Europe campaign

Considering that CGD's stakeholders, especially investors, are increasingly interested in having access to relevant climate-related financial information, and that this information should be consistent and comparable, CGD has joined the Enhanced Reporting Europe campaign of the Climate Disclosure Standards Board (CDSB), taking on the commitment and goal of strengthening its reporting of environmental information.

Manifesto: Taking advantage of the crisis to launch a new paradigm of sustainable development (BCSD)

CGD became a signatory to the Manifesto "Taking advantage of the crisis to launch a new paradigm of sustainable development" by BCSD Portugal, stating its ambition to contribute to the construction of a development model based on five fundamental principles: promoting sustainable and inclusive development, promoting growth, pursuing efficiency, strengthening resilience and reinforcing corporate citizenship.

CGD S.A. - Letter of Commitment Lisbon European Green Capital 2020 - Climate Action 2030

In January 2020, CGD joined the city of Lisbon in meeting environmental targets by signing the Commitment Lisbon European Green Capital 2020 - Climate Action 2030.

In a symbolic act, CGD handed over Jardim Caixa to the city of Lisbon. This partnership with Lisbon City Council is in line with Caixa's Social Responsibility Policy and contributes towards the population's enjoyment of another green and leisure area in the city.

4.5.3. Working Groups

In 2020, CGD participated in several multisector working groups aiming to create mechanisms and tools for responding to corporate challenges in terms of sustainability, most notably:

High-Level Think Tank for Sustainable Finance – Coordinated by the Ministry of Environment in partnership with the Ministries of Economic Affairs 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.

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.

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 – The Business Council for Sustainable Development (BCSD) Portugal is a non-profit association that brings together and represents over 100 leading companies in Portugal that are actively committed to the transition to sustainability. As a member of BCSD Portugal, CGD participates in the Sustainable Finance and Carbon Neutrality working groups.

Strategy Implementation, Monitoring and Evaluation Group (GIMAE) – CGD is part of the Strategy Implementation, Monitoring and Evaluation Group (GIMAE) for Integrating the Homeless 2017-2023, as part of the National Strategy for Integrating the Homeless (ENIPSSA) and acknowledges the social challenge in fighting poverty and social exclusion.

Think Tank for Supporting Corporate Citizenship (GRACE) – In 2015, CGD joined this entity, which 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.

GRACE - Governing Bodies for the 2021-2023 triennium

GRACE

CGD was re-elected to GRACE's governing bodies for the 2021-2023 triennium, thereby contributing towards fostering and developing a sustainable business culture in Portugal. GRACE is part of the European network of CSR Europe, a leader in sustainability and corporate responsibility, globally supporting industry sectors and companies in transforming themselves and finding practical solutions for sustainable growth.

4.6. Stakeholders and Materiality

CGD considers that continuous dialogue with its stakeholders is essential for sustainably developing its activity and maintains several relationship channels with the main stakeholder groups.

4.6.1. Forms of relationship and main stakeholder expectations

Stakeholder	Form of communication	Main expectations
Employees	- Surveys on organisational environment - Intranet (SomosCaixa) - Caixapessoal Portal - 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 - Protecting the health of employees and their families
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 - Reporting of periodic information - Sustainability Survey	- Compliance with the Strategic Business Plan - Improved profitability - Financial stability and soundness - Boosting economic growth
Investors and analysts	- Presentations to investors (Roadshow) - Periodic meetings and contacts - CGD Website - CGD Reports - Sustainability Survey	- Cybersecurity and data protection - Legal and regulatory compliance - Anti-corruption practices and measures - Best corporate governance practices - Transparency, principles of integrity and ethics in management practices - Integration of ESG criteria in investment analysis / risk models
Suppliers	- Trading platform and contract management - Periodic meetings and contacts - Audits (via the 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	- Social Responsibility Projects (e.g. Caixa Social Awards) - CGD Foundation Culturgest - Protocols with Higher Education Institutions - 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 criminalisation 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 - Compliance - Integration of ESG criteria in investment analysis / risk models
Regulators	- Supervisory actions - Periodic reporting to the regulator - Participation in working groups - CGD Website - Sustainability Survey	- Legal and regulatory compliance - 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

CGD's goal is to regularly disclose a set of relevant information to its stakeholders through various communication channels.

In December 2020, CGD conducted a new stakeholder survey based on the alignment of CGD's future strategy in relation to the contribution of the United Nations' 17 Sustainable Development Goals.

2020 Sustainability Questionnaire

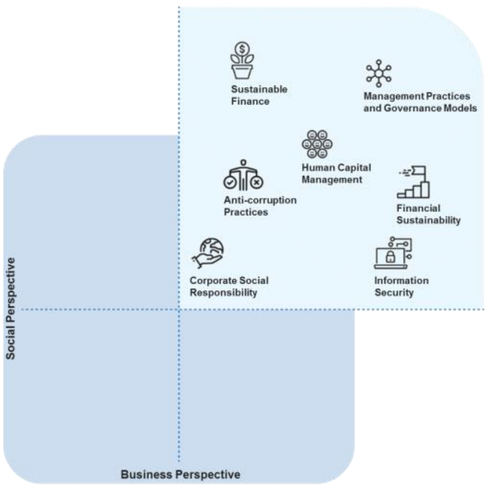
Contact form for customers at cgd.pt

Disclosure of sustainability information in the presentation of results

2,010 employees participated in the sustainability questionnaire	**182** suggestions from customers	**189,392** Facebook followers in 2020	**122** calls with Investors from Europe's leading financial centres in 2020	**38** press releases sent in 2020

4.6.2. Materiality Matrix

As a result of the materiality analysis carried out in 2020, seven topics were identified as the most relevant. The materiality matrix shows the relevance of each topic from a social perspective and from that of CGD's internal business, as highlighted in the following matrix:



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 best 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 particular 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 organisation 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 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 2020 performance, was drafted in accordance with the materiality principle, as established in the GRI standards; its content and structure address 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.

4.6.3. The Sustainable Development Goals

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 achieving the SDGs, since it is the banks that provide the majority of external financing to companies and investment projects in the various sectors of activity.

Based on the materiality analysis developed by CGD in 2019, six priority SDGs were identified, leveraged by the development of strategic partnerships (SDG 17) and which are boosted in alignment with CGD's 2018-2020 Sustainability Strategy.

1 NO POVERTY	To promote diversity and respect for human rights and to gear its social action towards supporting projects aimed at mitigating poverty, promoting social inclusion and building fairer societies.
8 DECENT WORK AND ECONOMIC GROWTH	To provide financial solutions for socio-economic inclusion, encouraging entrepreneurship and savings, supporting education and financial literacy, contributing to generating value, resilience and economic growth of Portuguese businesses and society.
10 REDUCED INEQUALITIES	To operate under the principles of human capital management, ensuring equal opportunities, decent working conditions and respect for human rights, across the entire value chain.
11 SUSTAINABLE CITIES AND COMMUNITIES	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.
13 CLIMATE ACTION	To take part in combating climate change, both through financing and through its low-carbon programme for improving the efficiency and climate resilience of its operations.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	To ensure an efficient governance model that integrates principles of integrity, ethics and transparency as core values, as well as the adoption of anti-corruption practices.
17 PARTNERSHIPS FOR THE GOALS	To promote transparent and responsible partnerships to support the pursuit of its sustainability strategy by finding synergies between partners from different areas of society.

Contribution to priority SDGs

It is very important for CGD that its stakeholders clearly and transparently understand the Bank's contribution to the various SDGs.

Below, we highlight some of CGD's projects and initiatives that directly and positively contribute to the six priority SDGs:

SDG	Initiatives
1 NO POVERTY	Caixa Social Awards; "Sou Cidadão" Programme; Corporate Volunteering Programme
8 DECENT WORK AND ECONOMIC GROWTH	Provision of Microcredit solutions; Partnerships with Higher Education Institutions; Geração Caixa Programme
10 REDUCED INEQUALITIES	2021 Gender Equality Plan; Diversity Policy; Mobile Branch
11 CIDADES E COMUNIDADES SUSTENTÁVEIS	Commitment to the Lisbon European Green Capital 2020; Financing line for decarbonisation and circular economy; Financing line for hybrid and electric vehicles
13 AÇÃO CLIMÁTICA	Environmental Management System certified by ISO 14001; Commitment to Business Ambition for 1.5ºC; Low-Carbon Programme
16 PAZ, JUSTIÇA E INSTITUIÇÕES EFICAZES	Updating of the CGD Code of Conduct; Ethical principles and best corporate practices; Subscribing to the CEO Guide on Human Rights

As the next steps, in an integrated approach with the Sustainability Strategy review process and considering the expectations of its stakeholders, in 2021 CGD will reassess its priority SDGs taking into account their respective impact. Concrete targets will also be set for each of the priority SDGs, in order to enhance their positive impacts and mitigate their negative ones.

2020 Sustainability Questionnaire

CGD conducted a Stakeholder survey in 2020 focused on the 17 Sustainable Development Goals that gathered more than 3,000 participations from 15 stakeholder groups.

The results of the 2020 sustainability questionnaire will be integrated in the outlining of CGD's 2021-2024 sustainability strategy.

Stakeholder Testimonials

CGD's support for the Global Platform for Syrian Students' (APGES) mission to increase the number of emergency scholarships awarded to young people from war-torn societies has been a constant over recent years, illustrating the importance of strengthening partnerships and collaboration between the broad range of players in order to provide access to higher education for the most vulnerable and at-risk groups.

Jorge Sampaio | President of APGES

Stakeholder Testimonials

Caixa Geral de Depósitos is an irrevocable founding and building partner of Casa Papa Francisco and of the Integrated Offer of Therapeutic Services project, which makes it possible to support more users in Casa do Gaiato de Lisboa and in the surrounding community. More than the institutional support, which is vital, we are moved and encouraged by the involvement and affection of CGD people. We feel "as one" fighting for the first UN Sustainable Development Goal: End poverty in all its forms everywhere. Thank you.

Teresa Antunes | Chairwoman of the Board of Casa do Gaiato de Lisboa

4.7. Sustainability Strategy

CGD's activity is geared towards sustainably generating value for its stakeholders, which requires its management to be based on economic, social and environmental responsibility principles.

4.7.1. 2018-2020 Sustainability Strategy

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 Sustainability

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. Playing an active role in 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 2020, the implementation of the Sustainability Strategy was 94% achieved, to which six lines of intervention contributed:

Outcome of the 2018/2020 Sustainability Strategy

Based on a total of 118 actions, the 2018/2020 Sustainability Strategy established itself as a driving force to ensure action in line with: the Bank's Strategic Plan; the international benchmarks to which it subscribes; the challenges that the financial sector faces and the expectations of its stakeholders.

Once the 2018/2020 Sustainability Strategy and subsequent analysis were completed, an evolution became apparent in CGD's contribution to sustainable development.

Below, we highlight some examples of the projects that have been implemented under the 2018/2020 Sustainability Strategy:

Responsible Business: Marketing of credit lines with social (e.g. Mortgage loan credit line Caixa casa eficiente) and environmental (line of credit to support the cash flow of companies affected by fires) purposes; launch of the third mobile bank branch; reinforcement of minimum bank services; re-launch of the Saldo Positivo portal and implementation of the electronic invoicing project (suppliers)

Social Responsibility: Organisation of three editions of the Caixa Social Awards; launch of the Sou Cidadão (I am a Citizen) Programme; two editions of the Caixa Mais Mundo Awards; implementation of the Donation of Goods Programme; launch of the Corporate Volunteering Programme; preparation of the Social Environment Study; launch of the Caixa Excelência (human capital improvement) Award and the development of partnerships with Higher Education Institutions (promotion of knowledge).

Environmental Responsibility: Renewal of ISO 14001 certification; revision of the Low-Carbon Programme; participation in benchmark environmental indices such as CDP (with two top ratings in three years); implementation of energy efficiency measures (installation of LED lighting in all buildings/facilities); Tap Water Project (replacement of bottled water by tap water) and implementation of the Paperless Project.

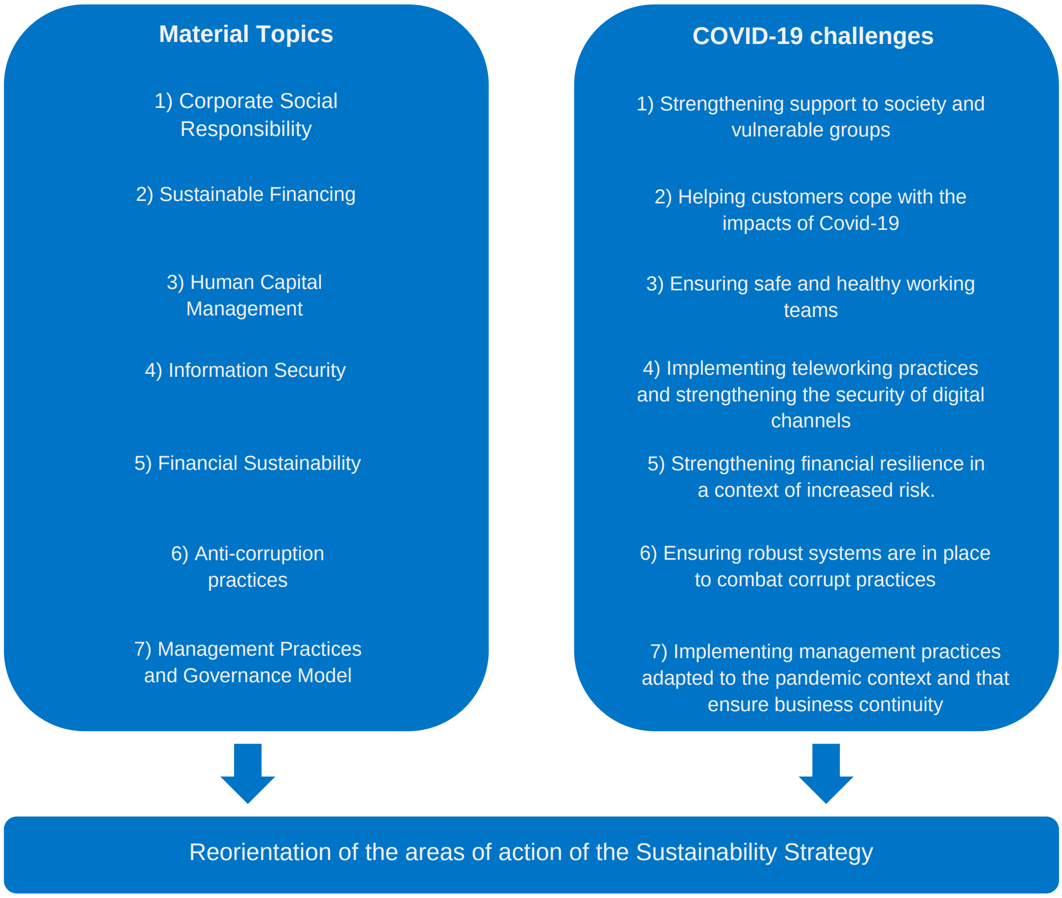
At the same time, it is also important to highlight:

- The concurrent and integrated contribution of several intervention areas of the 2018/2020 Sustainability Strategy for developing projects and initiatives to accelerate sustainable finance in Portugal. The aim is to expand new opportunities for the economy, under the paradigm of the targets assumed by Portugal in the Paris Agreement and for carbon neutrality in 2050;
- The ability of the 2018/2020 Sustainability Strategy to adapt to the context of the COVID-19 pandemic, being able to actively contribute to the various socio-economic impacts, such as an increased need to provide support to society and vulnerable groups;
- The strengthening of an organisational culture based on principles of corporate social responsibility, in which the enormous receptiveness and participation of CGD employees in supporting social and environmental causes was remarkable.

4.7.2. Alignment of the Sustainability Strategy with the challenges of COVID-19

By causing unprecedented social and economic impacts, the COVID-19 pandemic led to a reorientation of the lines of action of CGD's Sustainability Strategy in 2020, favouring the development of activities and projects that promote social inclusion, support for the most affected communities and economic and financial resilience, by providing support measures for families and companies.

Several strategic lines of action have been outlined which have materialised in a complementary Action Plan aimed at ensuring a short- to medium-term response to combat, prevent and mitigate the impacts of Covid-19.



4.7.3. Measures implemented as part of Business Continuity Management

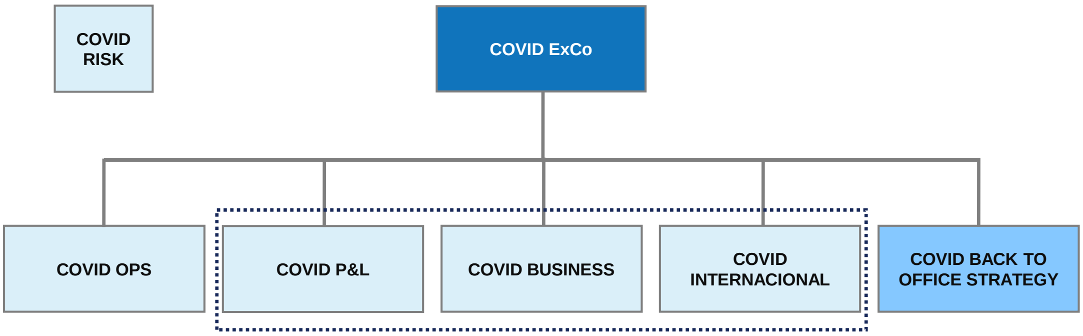
In accordance with the guidelines of the benchmark health institutions, the Directorate-General for Health (DGS) and World Health Organisation (WHO), CGD has drawn up and implemented a Contingency Plan (CP) applicable to all group companies.

The CP establishes and describes the internal procedures to be adopted by CGD and group companies in order to prevent, minimise and manage the risks of infection and spread of the disease among their employees, so as to guarantee the continuity of the operation of the different services, business processes and relationships with customers and other institutions.

Organisational Measures

At an organisational level, CGD has outlined a strategy based on preventing and protecting the health and well-being of its employees and customers and mitigating the risk to its companies' business.

In order to coordinate and monitor the implementation of the initiatives as part of the Contingency Plan, specific forums were created, with a frequency adjusted in accordance with the evolution of the pandemic situation, to deal with the respective topics:



COVID ExCo: Discussion and decision-making on all issues concerning Covid-19 with the participation of the Executive Committee;

COVID RISK: Meetings with members of the Management Board to follow up all issues concerning COVID-19;

COVID OPS: Meetings to discuss and resolve operational crisis management issues;

COVID P&L: Meetings for analysis and decision on Economic and Financial Impacts, macroeconomic scenarios, projections and stress tests;

COVID BUSINESS: Meetings of the markets and business areas to discuss business concerns, needs and strategies in the context of COVID-19;

COVID INTERNATIONAL: International network meetings to share experiences, concerns and possible mitigation approaches;

COVID BACK-TO-OFFICE STRATEGY: Meetings to outline, analyse and resolve issues related to CGD's future operating model, including the return of employees to the facilities, ensuring their control and monitoring, as well as of those who still work remotely.

Operational Measures

In terms of operational measures, CGD has adopted a set of procedures that fall under the Contingency Plan, which establishes the measures to be taken at any given time depending on the alert level of the ongoing outbreak and the organisation's alert level.

This Contingency Plan includes four levels of alert and measures at the level of monitoring, communication, pandemic control, human resource support and critical services.

The national emergency scenario in the context of the COVID-19 pandemic marked the last three quarters of 2020. Since March, CGD has been developing a set of measures to minimise the impact of the pandemic on its customers and employees.

Measures for companies and businesses: Possibility of implementing the moratorium in outstanding operations; Capitalizar 2018 Facility - COVID 19; Sectorial Support Facility for the Economy-COVID 19; Specific lines of credit for Madeira and the Azores; Lines of Credit to Support the Fishing and Agriculture Sectors; Flexible solutions for the Caixa *Invest* Inovação, Negócios e Cultura (investment and innovation, business and culture) line of credit Small traders exempted from monthly POS equipment charges; Possibility of rescheduling operations.

Stakeholder testimonials

Ernesto Grilo Sucessores Lda. is a company that produces and sells cooking utensils, based in Vila Nova de Gaia.

With over 90 years of experience, hard work and perseverance, we have come to be a success story. Caixa Geral de Depósitos has been a key asset in building an ever more robust partnership, even during the pandemic, providing us with vital support, mainly through the Covid-19 credit facility for supporting the economy.

We would also like to highlight the swiftness, efficiency and diligence with which this process was handled by our Caixa Negócios manager.

José Grilo | Managing Partner

Measures for individual customers: Possibility of implementing the moratorium on outstanding operations; Protection for Mortgage Loans and Personal Loans; Protection for Non-Mortgage Loans, Specialised Loans and

Leasing; Unlimited transfers, SEPA and MB Way; Exemption from commissions during the first year or during the crisis period; Insurance flexibility; Easy access to Caixa via the App; Expansion of the number of available transactions on ATM machines.

Measures for employee protection: Caixa's Contingency Plan implemented a series of measures to reinforce the protection and safety of customers and employees. This enabled 99% of branches to continue operating, providing essential banking services and face-to-face service to individual and corporate customers, throughout the mainland and islands, in addition to full operational capacity in central services.

Covid Risk Committee

Despite the Covid-19 pandemic crisis, CGD's governing bodies carried on with their normal operations. They used telematic means and continuously monitored their activity with the creation of a specific internal governance model for this purpose.

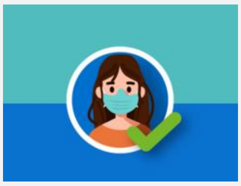
In April 2020, the Covid Risk Committee was set up to permanently follow and monitor all risk areas of the CGD Group's activity, with meetings every fortnight to analyse, discuss and deliberate on issues related to the development of the pandemic and the subsequent impact on CGD's activity, namely operational issues, business continuity, financial markets and updates on macroeconomic projections, Information Technology and Cybersecurity.

100% of the Call Centre in teleworking

In 2020, CGD managed to have its entire call centre teleworking for the first time in its long history.

With this measure, another goal of CGD's COVID-19 Contingency Plan has been met, which aims to place at home the largest number of employees who usually work at the Head Office Building.

Distribution of community masks to all employees



Use of the respiratory protective mask remains one of the main preventive measures to minimise the spread of the COVID-19 virus.

Community masks were distributed to all CGD employees, with priority given to Commercial Network employees.

BNU Macau - Preventing and fighting the pandemic

As part of the prevention and fight against the pandemic, and with the objective of supporting local small and medium enterprises, BNU Macau has ordered domestically produced masks. These masks were distributed free of charge to all employees and to several customers of the Bank.

Subsequently and considering its commitment to environmental protection and waste reduction, BNU Macau supported a local SME in the production of reusable masks, which were also distributed to staff and customers.

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 vital pillar of society, through its ability to finance the domestic 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 recapitalisation process was designed based on a Strategic Plan that outlined 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 directly and indirectly contribute to this topic; these initiatives are described in this chapter of the 2020 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.

We consider that CGD's approach to Financial Sustainability makes a positive contribution to SDG 16 - Peace, Justice and Strong Institutions.

4.8.1. 2017-2020 Strategic Plan

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 comprised of 5 key pillars:

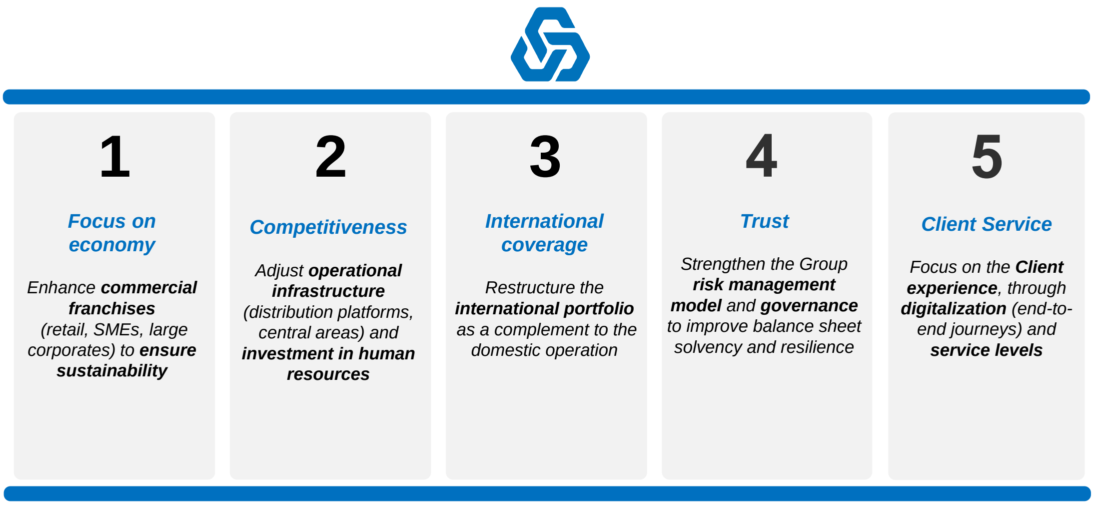
Pillar 1 - Modernising the commercial franchise of domestic operations to ensure sustainability;

Pillar 2 - Adjusting CGD's domestic operational infrastructure to increase efficiency;

Pillar 3 - Restructuring the international portfolio in order to focus on selected geographic locations;

Pillar 4 - Restructuring CGD's asset portfolio and reinforcing its risk management model in order to improve the solvency and resilience of the balance sheet.

Pillar 5 - Pillar designed to address the challenges of digitalisation and redesign the so-called "customer experience", optimising customer service levels.



Outcome of the 2017-2020 Strategic Plan

As this was the last year of the Strategic Plan agreed upon between the Portuguese Government and the European Union's Directorate General for Competition, 2020 was strongly marked by the impact of the pandemic crisis, with substantial repercussions on the profitability of the banking sector across Europe. Despite this juncture, CGD met most of the commitments made in the plan, achieving profitability above the European banking average.

CGD Group activity in 2020 was marked by the impact of and response to the Covid-19 pandemic, reflected in significantly increased support for families and companies and the pre-emptive establishment of impairments that conditioned CGD's results. Still, it was possible to achieve a positive net profit of 491.6 million euros (a 36.6% reduction compared to the previous year's consolidated profit), the equivalent to a return on equity (ROE) of 6.1%.

Regarding the execution of the Strategic Plan, the following results are highlighted:

(1) Current activity ROE = (net income + non-recurring costs + non-controlling interests) / Shareholders ' equity (average of 13 monthly observations, annualized;
(2) Domestic activity.
(3) EBA Risk Dashboard – September 2020.

Management Systems

The implementation and certification of Management Systems is a measure capable of stimulating the creation of value in all areas of the Bank, increasing the efficiency of processes and the effectiveness of the policies established.

CGD's Quality Management System represents a real commitment between quality and the organisation's culture. Its domestic and international recognition lends prestige to the company's reputation and provides a greater focus on customer needs, which, ultimately, translates into better performance and a positive influence on the results achieved.

In 2020, CGD secured the maintenance of the certification of the following processes:

ISO 9001 Standard

- Design, Planning and Execution of Operations in Financial Markets;
- 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 Applications and Information Systems;
- Identification, Development and Implementation of the Strategy and Programme for CGD's Group Security;
- Management, Execution and Process Monitoring of the CGD Contact Center.

ISO 14001 Standard

- Environmental Management System, as part of the activities, products and services developed at its Head Office in Lisbon.

ISO 22301 Standard

- Business Continuity Management System, which covers the processes included in CGD's Value Chain, namely in the Assessment of service quality of Risk Management, Marketing of Products and Services, Customer Service Management and Financial Resources Management.

Assessment of service quality

Assessment of service quality and identification of best practices are strategic topics for promoting a good relationship with Customers and optimising satisfaction levels. For this purpose, in 2020, the assessment programme focused on two methodologies:

- Telephone interviews and online surveys to Customers - with semi-closed questions - focused on estimating the perceived quality of service;
- Monthly telephone survey to assess customer satisfaction with the service provided when taking out a mortgage loan at CGD, to complement the work done by the Quality Department in handling complaints and assessing service levels.

The main results were the high ratio of satisfied customers, with 77% of Individual Customers and 75% of Companies and Businesses declaring to be satisfied or highly satisfied with their overall experience with Caixa. When it comes to taking out a mortgage loan with Caixa, 91% of customers said they were satisfied with the service provided.

Customer Complaints & Suggestions

In 2020, the number of complaints and suggestions totalled 12,100, which represents a 1% reduction compared to 2019. However, there was a heterogeneous distribution throughout the year, with a high concentration of complaints coming in during the last 3 months of the year (21% growth in the 4th quarter when compared to the previous one).

The most frequently addressed topics were Customer Service, Means of Payment/Movement and Loans with 30%, 20% and 19% of the total, respectively, with a reduction of 7% and 1% in the first two and an increase of 37% in Loans, compared to 2019.

BNU Timor receives Excellence Award

On the occasion of its 9th anniversary, the Central Bank of East Timor bestowed on BNU Timor the Excellence Award for its contribution to developing the financial system in East Timor.

This award distinguishes the daily effort of BNU Timor employees and the support received from CGD in Portugal.

4.9. Governance Model and Management Practices

Ethical and transparent management practices are vital for maintaining the trustworthiness and credibility of the financial sector, namely through the implementation of best practices in the governance model. One of the lines of action of the CGD Strategic Plan negotiated with 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 Selecting and Assessing the Suitability of Members of the Management and Supervisory Bodies and Key Function Holders and CGD's Global Conflict-of-Interest Prevention and Management Policy.

Over the years, CGD has promoted several initiatives that directly and indirectly contribute to this topic; these initiatives are described in this chapter of the 2020 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.

We consider that CGD's approach to the topic of Governance Model and Management Practices provides a positive contribution to SDG 16 - Peace, Justice and Strong Institutions.

4.9.1. CGD 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 Association, pursuant to the provisions of the Commercial Companies Code (CSC) and the General Framework of Credit Institutions and Financial Companies (RGICSF). Any plans to amend its Articles of Association must be duly substantiated and approved by the shareholder and authorised in advance by the supervisory authorities, depending on the matters to be amended.

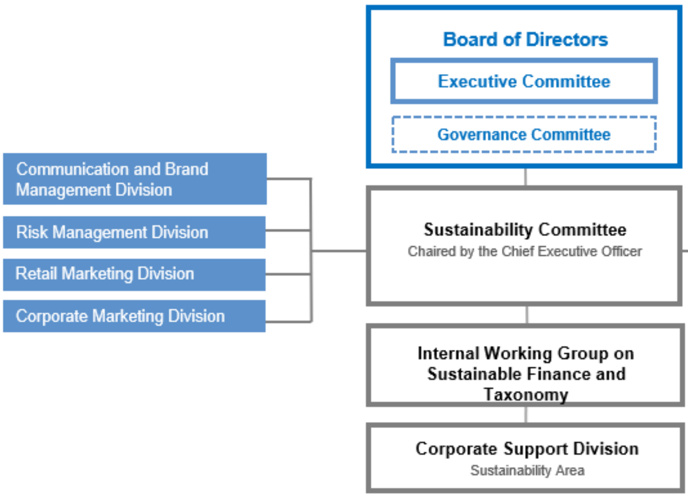
CGD's governance model includes a Board of Directors (BoD), a Supervisory Board (FC) and a Statutory Audit Firm (SROC). This model assigns auditing functions to an independent Statutory Audit Firm that is not a member of the Supervisory Board, which also performs auditing duties.

The division of responsibilities has allowed for an effective separation between the supervisory and the management 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 achieving the appropriate degree of trust, transparency and balance between the various functions, which is vital for its proper functioning and optimisation.

The institutional and functional relationship between CGD's statutory bodies has contributed towards effectively developing its activity, prioritising the imperative social interest.

4.9.2. Sustainability Management Model

The management model for sustainability is cross-sectional to CGD, with the most relevant structural bodies involved in executing the Corporate Sustainability Programme, as well as other structures (domestic 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 outlined 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 Programme;
- 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.

The internal Sustainable Finance and Taxonomy Working Group is comprised of various in-house structures whose nature of activities is related to developing financial products or services that include sustainability criteria in their characteristics. The working group's main goals include: the dissemination of internal knowledge; the adaptation to legislative measures; and the development of projects as part of sustainable finance.

The **Sustainability Department**, integrated in the Corporate Support Division, coordinates the plan for strategic initiatives, programmes and related systems, ensuring mechanisms and internal circuits for the pursuit of performance indicators, assessment procedures and reporting processes.

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 acting 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 Programme 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 directly and indirectly contributing to this material topic, describing them in the 2020 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.

We believe that our approach to Social Responsibility contributes positively to SDG 1 - End Poverty; SDG 4 - Quality Education; SDG 8 - Decent work and economic growth; SDG 11 - Sustainable cities and communities and SDG 17 - Partnerships for the goals.

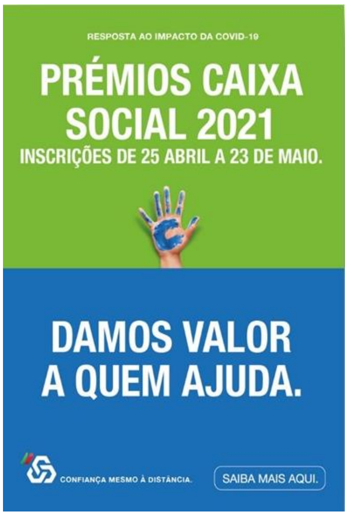
CAIXA SOCIAL AWARDS 2020

Fighting poverty and social exclusion, promoting solidarity and fighting for a more sustainable environmental development are the three areas of action of the 18 winning projects of the second edition of the Caixa Social Awards. Social institutions from all over the country saw their efforts rewarded and leveraged by an incentive of 500,000 Euros for entities that develop their work in favour of solidarity and the common good.

The main goal of the Caixa Social Awards is to finance the development of social projects that contribute to a more prosperous, fairer and more caring society. In this second edition, the "environmental sustainability" category was added and the nearly 400 applications received were divided among the three areas of intervention of Caixa Social and assessed by a panel of experts, which elected 18 winners: Fourteen in the area of Social Inclusion and Solidarity, three in the area of Environmental Sustainability and one in the area of Economic Inclusion and Job Creation. Initiatives were chosen to support people with disabilities, victims of domestic violence, the sick, children with chronic illnesses and difficulties at school, colour-blind people, among many other areas of intervention.

The Caixa Social Awards 2020 are estimated to have impacted over 37,000 beneficiaries.

Caixa Social Awards 2021



"Valuing those who help" was CGD's commitment, which provided EUR 1 million as a response to the impact of COVID-19 on the various economic and social aspects. This donation was reflected both in the association, through donations, to various social projects and in the anticipation of the 3rd edition of the Caixa Social Awards, initially planned for 2021, to 2020.

Mindful of the extreme needs faced by the country, and focusing on the pressing need to support its customers, families, companies and the country's economy, Caixa anticipated the 2021 edition of the Caixa Social Awards, granting prizes with an overall budget of EUR 500,000, to be awarded to selected projects valued between EUR 2,000 and EUR 20,000.

The supported projects had as a common denominator the protection of people, by means of initiatives developed in the following areas: Solidarity and inclusion, health care and promoting employment.

416	34	> 125,000
applications	projects supported	impacted beneficiaries

Testimonials - Caixa Social Awards 2020

The Ubuntu Leaders Academy, a project that works primarily with young people from vulnerable contexts and young people willing to work with them, contributes to several of the Sustainable Development Goals, namely SDG 1 –End Poverty, SDG 4 –Quality Education and SDG 5 –Gender Equality.

To achieve this goal, the support of Caixa Geral de Depósitos - CGD in 2020 was vital and enabled us to go even further.

Rui Marques | President of the Padre António Vieira Institute

Testimonials - Caixa Social Awards 2020

The campaign in defence of the oceans, "If we do nothing in 2050 there will be more plastic than fish in the oceans", was made possible thanks to CGD's vital support. It is stimulating to realise that there are institutions the size of CGD that are aware of the importance of our natural heritage and are willing to provide information and training to protect what is still left of the home of all beings: our planet.

Sandra Duarte Cardoso | President SOS Animal Portugal

Testimonials - Caixa Social 2021 Awards

The abem programme: Medicine Solidarity Network is a nationwide programme based on a collaborative network of local partners. We have helped more than 19,200 people to access, free of charge, the prescription drugs they need to live.

We are grateful to Caixa Geral de Depósitos for standing by our side in this journey of solidarity. Together, we contribute to the SDGs: End Poverty, Reduce Inequalities, Quality Health, Sustainable Cities and Communities and Partnerships for the Goals.

Maria de Belém Roseira | Ambassador of Associação Dignitude

Caixa Mais Mundo Awards

CGD created the Caixa Mais Mundo Awards in order to distinguish not only academic merit but also to promote opportunities for students with fewer economic resources or from vulnerable social groups who exhibit a school performance that shows their interest in pursuing higher education.

In the 2nd edition of the Caixa Mais Mundo Awards, 100 merit prizes were awarded, worth 1,500 euros, with the following distribution criteria:

- 40 Merit awards aimed at domestic students enrolled in bachelor's degrees, integrated master's degrees and higher technical vocational courses (CTeSP), with the best marks in the 2019/2020 academic year;
- 20 Scholarships for disadvantaged students aimed at domestic students enrolled in bachelor's degrees, integrated masters, in the 2019/2020 academic year experiencing financial difficulties;
- 20 Merit awards for students in vocational courses aimed at domestic students who completed vocational secondary education courses with the best marks in the 2019/2020 academic year and who entered Higher Education Institutions;
- 20 Merit awards for students from Portuguese-speaking African Countries (Angola, Cape Verde, Guinea Bissau, Mozambique, Timor and S. Tomé and Príncipe) who have completed secondary education in Portugal, aimed at students enrolled in bachelor's degree or integrated masters study programmes in the 2019/2020 academic year

Stakeholder testimonials

I think that investing in my education and training is the best way for me to progress as a person and citizen, and also to be able to help my family and the community. With hard work and commitment I am beginning to realise my dream of becoming a Nurse. This award is both a reward and an incentive that I did not expect but which I am very grateful for because it encourages me to keep working and to persist in achieving my goals.

Jorgiane Marçal - Student of the Lisbon School of Nursing (ESEL)

CHRISTMAS CAMPAIGN 2020

Considering the economic difficulties that many social institutions experienced with the worsening of the pandemic situation, an internal and external solidarity Christmas initiative was held that helped to make a difference in the lives of the people and communities where CGD operates.

Internal Action

a) An initiative to collect toys (new or used toys in good condition) for underprivileged children up to the age of 12, supported by local social institutions, in 20 branches located in each district of Mainland Portugal and in the Autonomous Regions, in partnership with Entrajuda. The target social institutions supported more than 6,850 children;

b) Collection of waste electrical and electronic equipment (WEEE) in 20 branches. All electrical equipment collected was converted into a monetary sum that will revert to a social institution that supports children and families in need, in partnership with Electrão.

This collection resulted in 1,119 kg of WEEE, contributing to the reduction of the environmental impact of this waste.

External Action

c) CGD donation to five social sector entities of EUR 5,000 each, totalling EUR 25,000. The social institutions were: AMI - Fundação de Assistência Médica Internacional; Aldeias de Crianças SOS; Ajuda de Berço; Associação Acreditar and CERCI Lisboa.

It is also important to highlight the development of a number of parallel initiatives by different internal CGD structures.

Operation Centre's Solidarity Christmas Coffee

CGD's Operations Centre (OC) once again celebrated the Christmas season in a very special way, by bringing all the teams together to build a Solidarity Christmas Tree.

Faced with the added challenges, it was in the simplicity of a "digital coffee break" that the motto and the reason was found to promote conviviality and closeness among the teams, with the end goal of raising funds to support a social institution chosen by the employees. The total amount raised by the OC reached 2,536.90 euros, which through an online poll open to 379 employees, was given to Operação Nariz Vermelho. We believe that it will make a difference and generate smiles in hospitalised children, with the support of that social institution.

Solidarity initiative from the Remote Management Division

In the spirit of solidarity and following the success of the initiative to support Operação Nariz Vermelho in 2019, the Remote Management Division partnered with Make-A-Wish Portugal in its year-end event, resulting in a contribution to that institution. This is another example of the existence of a culture of social responsibility in CGD's in-house structures.

"SOU CIDADÃO" PROGRAMME

As part of the National Strategy for Integrating the Homeless (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.

This programme 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 the homeless.

In 2020, CGD, in cooperation with the Group for Strategy Implementation, Monitoring and Assessment (GIMAE) and the Nuclei for Homelessness Prevention (NPISA), ensured the issuance of 54 identification documents for homeless people, contributing towards retrieving these citizens' "identity" and their access to basic rights, thus fostering the reduction of the number of people under the poverty line.

Donation programme

In 2020, CGD continued its programme for the donation of assets to social institutions, in collaboration with its social partner - Entrajuda, responding to requests for donations of furniture and computer equipment.

This programme is proof of CGD's merit and capacity for social intervention in the third sector and helps meet the needs of different entities, promoting the reuse of obsolete equipment and materials for local communities, schools and underprivileged citizens who will give them new use and value.

In addition to social and community support, this project also has an environmental responsibility component, through the promotion of circular economy practices. In 2020, CGD donated 4,975 items of office furniture, such as cupboards, chairs and desks to 37 institutions, whose activities are expected to impact more than 9,400 people.

Mitigating inequalities in access to education

CGD offered 120 pieces of computer equipment to several teaching institutions, both primary and secondary schools and universities, in different parts of the country, supporting underprivileged students who, due to lack of financial means to purchase this type of digital resources and tools, had no way of keeping up with remote learning, a reality imposed by the Covid-19 pandemic.

Global Response Initiative to COVID-19

As evidence of its socially responsible attitude, Caixa directly supported initiatives developed to minimise the health, social and economic impact of the COVID-19 pandemic:

• Caixa Social (2021 anticipation) - EUR 500,000

• Portuguese Banking Association - Purchase of Ventilators - EUR 230,494

• Portuguese Red Cross - "Eu Ajudo Quem Ajuda" - EUR 10.000

• Portuguese Business Association and Portuguese Medical Association - "SOS Coronavirus" - EUR 10.000

- SIBS - Provision of face shields EUR 2,457.94 (2,150 units)

In addition to this direct support, and as part of the invitation made by the European Union to the Portuguese Government, Caixa agreed to contribute to the International Fund to Support the Fight Against the Pandemic, created with the objective of supporting research, production and distribution of vaccines, therapeutics and diagnostics, contributing with EUR 500,000, broken down as follows: Vaccines - 50% (EUR 250,000); Therapeutics - 40% (EUR 200.000); Diagnostics - 10% (EUR 50.000).

The amount will be granted by Caixa to entities suggested by the Portuguese Government in 2021.

Volunteer Programme

CGD's Corporate Volunteering Programme encourages solidarity and team work among employees, fostering a corporate social responsibility culture, promoting their engagement in environmental and social projects.

In 2020, the Caixa Volunteer Day, which usually takes place in April, was postponed due to pandemic constraints and was held on 17 October, the date that marks the International Day for the Eradication of Poverty.

This day was marked by different volunteer initiatives all over the country, including Madeira and the Azores, supporting the most vulnerable people in socio-economically fragile situations, with the active participation of CGD employees. Through 37 nationwide actions, with the participation of about 250 volunteers, it was possible to support 28 private social solidarity institutions, delivering tonnes of food, blankets and computer equipment, ensuring adequate safety conditions for both CGD employees and the beneficiaries of the actions.

CGD and BPI contribute with 200,000 euros to the neonatology service

CGD and BPI contributed EUR 200,000 (EUR 100,000 each) to the acquisition and installation of neonatology equipment at Central da Beira Hospital in Mozambique, affected by the destruction caused by Cyclone Idai in 2019.

The funds will be used by Health4Moz, a Portuguese non-governmental development organisation (NGDO) working primarily to promote child and family health in Mozambique.

Blood Donor Group

Dadores de Sangue
SERVIÇOS SOCIAIS DA CGD

At the CGD Social Services (SSCGD), the Blood Donor Group (GDS) is of particular importance for its contribution to the sustainability of blood reserves in Portugal, being the largest blood donor group in Portugal and the only group linked to a financial institution in the country.

GDS is composed of 11,561 donors, of which 9,125 have been active in the past few years. In 2020, GDS recorded an increase in new donors, with a total of 386. This group carried out 50 blood drives, plus 14 registrations for potential bone marrow donors. 106 awareness-raising actions were also carried out in various Hospitals and Blood Centres in Lisbon, Porto and Coimbra, following appeals for blood donation.

Fostering Knowledge

Where the university segment is concerned, CGD embraces its role and contribution to fostering knowledge, while maintaining an approach based on harmonising commercial interests with values of economic and social responsibility.

Caixa was a pioneer in 1994 with the creation of the Caixa IU - Polytechnics and Universities programme and has been strengthening its lead in this segment, with an investment, in 2020, of EUR 7.5 million, maintaining partnerships and cooperation agreements with around 38 higher education institutions, such as the University of Aveiro and the Leiria Polytechnic Institute.

In 2020, CGD's focus was once again on technological and digital innovation applied to Caixa's offer and to university students' relationship with the Bank, and even in a non-face-to-face context, as a result of the current circumstances, CGD marks its approach to higher education by awarding more than 200 merit, research and scholarship prizes and recognising innovation projects.

The following lines of action stand out:

- To reward students' academic performance and merit in the different schools supported by CGD;
- To reward the professional performance of employees of educational institutions, such as the Awards introduced by ULisboa in partnership with CGD, which aim to reward scientific research activity and encourage the practice of publishing in international journals of recognised quality, covering different areas of activity, as teachers, researchers and postdoc scholarship holders of the University of Lisbon.
- Support events in the different areas: such as entrepreneurship, employability, economics, innovation and technology
- To guarantee the presence and support in relevant moments of the Higher Education Institutions, such as the beginning of school years, anniversaries and institutional events.


CGD and University of Aveiro strengthen partnership

CGD and the University of Aveiro (UA) strengthened their partnership in 2020. The support granted by CGD under this partnership will be geared to promoting academic merit, awarding social support grants and developing skills among the academic community, facilitating the entry into working life and generating value in the market. In addition, CGD will provide financial solutions to facilitate the day-to-day management of the academic community.

Inclusion and Financial Literacy

Mobile Branch

The Mobile Branch was designed to bring excellent levels of service closer to the populations of regions affected by isolation and distance from urban centres. It provides all the operations that can be carried out in a bank branch, with the exception (for security reasons) of operations involving cash transactions.

With the current three mobile units, Caixa is present in a geographical area of around 10,700 km^2. Every fortnight, they cover more than 3,000 km to serve a population of more than 40,000 inhabitants in 51 locations in 20 municipalities.

Minimum Banking Services Account

Caixa has made available minimum banking services from 20/03/2000, following the signing of the tripartite protocol signed between Caixa, the Government and Bank of Portugal and as part of the provisions under 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 service is aimed at individual customers with a single account in the banking system[8]who, in addition to maintenance and checking account management, are granted access to the Caixadirecta service, to the debit card and the following bank transactions: deposits, withdrawals, payments for goods and services, direct debits and transfers, including standing orders within the EU (this includes intra-bank credit transfers, ATM transfers and 24 SEPA credit transfers and/or SEPA standing orders, per calendar year, made through Caixadirecta online)).

Caixa has been charging a monthly fee of EUR 0.34 + Stamp Duty for the provision of the above services since March 2020. (Annual EUR 4.08 + S.D.). Customers with a credit from salary, pension or social benefit below the national minimum wage are exempt from paying this commission. As of 31/12/2020 there were 54,938 MBS accounts open.

CGD and CASES partners in microcredit

CGD and CASES - Cooperativa António Sérgio para a Economia Social (António Sérgio Cooperative for the Social Economy) formalised a partnership in 2020 that reinforces CGD's role in the National Microcredit Programme and in supporting the creation and consolidation of investment projects that create jobs, such as self-employment or the development of microbusiness initiatives, including in the social economy sector.

[8] Current legislation also allows a natural person who holds other sight deposit account(s) to access minimum banking services as long as one of the holders of the account is a natural person over age 65 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 age 65 or dependent on a third party, the natural person under age 65 or who is not dependent can continue to access the minimum banking services account individually.

"Saldo Positivo"

Caixa was a pioneer in the launch of a structured financial literacy project, when it created the Saldo Positivo portal in 2007. This is an editorial project that integrates the Financial Literacy pillar in the Bank's Sustainability strategy.

Since that time, and for a while, it has remained the only example on the domestic market. The project has grown consistently. Its brand recognition and audience levels have endured over time. With a particular focus on Finance and Banking; New Technology and Digital; Family Management; Environment and Sustainability; Taxation and Laws; Work and Mobility, among others, fulfils the main purpose of effectively contributing to the increase of literacy levels in the community.

The Saldo Positivo portal guarantees an annual production of over 400 editorial pieces, to which infographics and guides are added. In 2020, these contents had an average monthly audience of 200,000 visitors; 170,000 unique visitors and 300,000 pages viewed. The peak of traffic recorded in April 2020, with more than 400,000 page views, clearly shows its efforts to follow the most pressing and current issues, as was the case with the need for enlightenment generated surrounding the issue of Covid-19.

The GLOBAL BANKING & FINANCE AWARDS® distinguished the Financial and Digital Literacy portal Saldo Positivo with an award that recognises the work of this project in sharing knowledge and information with the community.

Promoting Culture

Caixa Geral de Depósitos - Culturgest Foundation;

The activity programme of the Caixa Geral de Depósitos - Culturgest Foundation is part of the mission, outlined in its articles of association, of developing cultural, artistic and scientific initiatives.

For over a quarter of a century, Culturgest has carried out its mission by making available a programme 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 programmes geared to families and schools.

It is in this contemporary, multidisciplinary and open matrix that Culturgest has its space and its recognition, and it is on this level that it can continue to make its own, autonomous and significant contribution to the national cultural fabric and an added value to the cultural offer in Lisbon and in the country.

For instance, the 2020 programme focused on several areas of social responsibility:

1) **Fostering broad 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.

2) **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 geared to this audience or with specific functionalities for people with these features. More specifically, throughout 2020, Relaxed Sessions of the shows "Parlamento 2.0" and "Parlamento Grimm" by the Bestiário theatre company were held, aimed at individuals or families who can benefit from a more relaxed environment in a cultural space (people with attention deficit, intellectual disability, autistic spectrum conditions, sensory, social or communication impairments), as well as a show performed using Portuguese sign language, "Virgens Suicidas" by John Romão.

3) **Artistic and cultural training and participation**. 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. The 2020 programme continued to

offer regular long-term initiatives with this broad educational and participative component, consisting of activities focused on interaction and collaboration, favouring social involvement, aimed at children, young people or all audiences, encouraging the active participation of the community. Some examples of these activities include the Curators' Collective (visual arts), the PEDRA project (dance) and the ENTRAR project (multidisciplinary), as well as a variety of performance workshops, summer vacation workshops and laboratories, artistic residencies and performances. In the context of promoting artistic and cultural participation, Culturgest is part of the European project Create to Connect / Create to Impact, which brings together 15 institutions from 13 European countries and is dedicated to the production of shows and participatory projects, research into the social impact of cultural programming and audience development. The project is co-funded by the European Union's Creative Europe programme for the period 2018-2022.

4) **Cultural and artistic training in schools**. As part of fostering interest in 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 specialised teachers. These activities included artistic residencies for students and teachers, guided tours of exhibitions, workshops on artistic expressions and training for teachers in contemporary arts, thus anticipating the intentions of the National Plan for the Arts, launched by the Ministries of Culture and Education in June 2019.

Due to the dramatic impact of the Covid-19 pandemic, the number of spectators and visitors fell far short of expectations: 33,011 people (compared to over 85,000 in 2019). However, a certain balance was reached thanks to the good results achieved by the online programming: 64,251 viewers.

In 2020, Culturgest reinforced the sustainability aspect in its programming, partnering with the municipal project centred around the Lisboa Green Capital 2020 programme.

In early 2020, Culturgest took over the direction and management of the European project ACT - Act, Climate, Transition, opening new paths for the development of activities dedicated to ecology, climate change and sustainability, in the European context.

The project is co-funded by the European Union's Creative Europe programme for the period 2019-2023.

Stakeholder Testimonials

Setting up my exhibition "A natureza detesta linhas retas" (Nature abhors a straight line) at Culturgest turned out to be a pleasant surprise, due to the excellent conditions in which I was able to develop the work. In production, installation and communication, I dealt with dedicated professionals who are extremely aware of the importance of disseminating culture. They faced the many obstacles created by the pandemic with composure and an open and innovative spirit.

Gabriela Albergaria - Visual artist

Historical Heritage

Historical Heritage is one of the areas of CGD's Communication and Brand Management Division (DCM) mainly dedicated to managing archives, collections and museum items, as well as the organisation of the external entities' media libraries.

Throughout 2020 and as part of the Historical Archives, the evaluation of the guides originating from the Central Archive stands out, and from a universe of about 62,000 records, approximately 1,000 records with possible historical interest were selected. Moreover, the provision of consultation support by researchers was maintained.

As part of the restructuring of the Historical Heritage, more specifically with regard to CGD's collections and furniture, a more accurate appraisal was carried out of what should effectively be considered for the future memory of the institution. To this end, there was a furniture sale, exclusive to employees, with the proceeds going to the Liga Portuguesa Contra o Cancro (Portuguese League Against Cancer). Some pieces of furniture, namely those with historical value, were included in a project that promotes their use in the decoration of some of the administration rooms.

As far as CGD libraries are concerned, reference should be made to the process of transfer, by Storage, to the Library of the School of Arts and Humanities of Lisbon, with the aim of making information available to researchers and the scientific community by integrating it into an institution of academic value and allowing more consistent access to it.

The heritage's contribution to the digital channels was also consistent throughout 2020, with the preparation of new content on the memory of the institution, in particular a one-off participation for Saldo Positivo and the collaboration with an article on the Financial Agency in Rio de Janeiro for the Bulletin: The European Association for Banking and Financial History.

Media Library Network of Mozambique, Cape Verde and São Tomé and Príncipe

As part of its social responsibility policy, CGD sent more than 300 books to media libraries in Mozambique, Cape Verde and São Tomé and Príncipe to update their bibliographic collection.

Currently, the network has eight structures: three media libraries in Mozambique (Maputo, Beira and Nampula), three media libraries in Cape Verde (Praia, Mindelo and Espargos), one media library in São Tomé and Príncipe (São Tomé) and one media library in East Timor (Dili).

Alignment of the International structures

International structures play an important role in developing social responsibility initiatives that address the main challenges faced by the communities in which they are located.

We highlight some examples:

BCGA - Promotion of culture

In 2020, Banco Caixa Geral Angola (BCGA) sought to implement alternative solutions that kept it busy promoting projects that meet the brand's values and foster banking literacy in Angolan society, innovation, technological and cultural dissemination.

In the cultural sphere, 7 Live Stream musical concerts were held, with transmission on the Caixa Angola and Dr. António Agostinho Neto Memorial (MAAN) social networks.

Timor Branch Office - Media Library Network

The Media Library in East Timor (Díli) is an important contribution to the local community, playing a complementary role to the services provided by local structures with similar activities (municipal libraries or those of other institutions).

The CGD Group, along with Portuguese Cooperation and with the support of other Portuguese institutions and those in the target countries, has been setting up a network of media libraries in Portuguese-speaking countries to disseminate the Portuguese language.

BCI - Inclusion and financial literacy

Banco Comercial e de Investimentos (BCI) carried out several initiatives in 2020 that promote inclusion and financial literacy, most notably:

- On the occasion of the Metical day, BCI promoted a financial education action in Morrumbene district, Inhambane province. Besides the importance of money and the challenges of preventing COVID-19, the action also addressed the role of the financial system, alternative ways of saving, the challenge of saving in times of crisis, and ways of disciplining personal and family finances;
- As part of World Savings Day, in partnership with the Bank of Mozambique, BCI participated in several national television and radio programmes where the topic of financial inclusion for young people and women was debated;
- Regarding youth initiatives for entrepreneurs, BCI participated in the seminar "Investment Potentials and Opportunities for Micro and Small Businesses", organised by the Higher Polytechnic Institute of Gaza, having addressed the criteria for selecting and financing investment initiatives for Micro and Small Businesses.



BCA - Tackling social challenges

Alcohol abuse is a social problem, across generations and social classes, with a huge impact on public health, the economy and, obviously, families. With this in mind, the government of Cape Verde developed the 2016-2020 Multisectoral Strategic Plan to Combat Alcohol-related problems.

Banco Comercial do Atlântico (BCA), as part of its Social Responsibility Policy, decided to participate in the fight against this issue by joining the Campaign for the Prevention of Alcohol Abuse - Less Alcohol, More Life.

France Branch - Financial Literacy

The France Branch has been actively contributing with various social responsibility initiatives.

In this context, it is important to highlight the topic of financial literacy, where the initiative "Un Banquier dans ma Classe" was developed, a primary class with the participation of an account manager/manager and based on a simulator game of the bank's role in the economy.

This initiative also aims to raise awareness among the younger generation of the concepts of budgeting, means of payment, savings and security.

BNU MACAU - Support for the education system and social inclusion initiatives

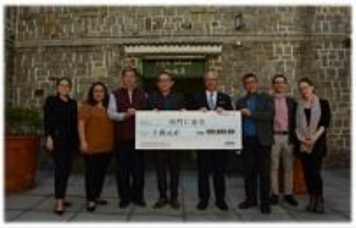
In 2020 BNU Macau continued to closely monitor the well-being and needs of the local community, participating and contributing to Macau's sustainable development.

As part of this, the following are noteworthy:

- **Support for the education system**, by supporting students from schools and universities with scholarships, namely to the Macau Polytechnic Institute, Institute for Tourism Studies, São José University, Macau University and Macau University of Science and Technology.



- **Solidarity and Social Inclusion Actions**, through partnerships with leading organisations in this area, such as the Fu Hong Rehabilitation Association, the Macau Drug Addict Rehabilitation Association and the Macau Special Olympics Rehabilitation Centre. BNU Macau also contributed with financial donations to several solidarity actions, namely the charity event "Walk for a Million", a big annual charity event in Macau started in 1984 (in 2020 held online due to the pandemic situation) and the donation to the Social Store of Santa Casa da Misericórdia.




4.10.2. Environmental Responsibility

CGD's Sustainability Strategy for the 2018-2020 triennium is based on the Environmental Footprint, which is governed by the following premises: i) promoting ecoefficiency in CGD's operations; ii) developing and promoting financial solutions with lower risk and environmental impact; iii) contributing to environmental literacy; and iv) playing an active part in society's response to environmental problems.

The strategy addresses the three key commitments under the Environment 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.

Over the years, CGD has carried out several initiatives that directly and indirectly contribute to this material topic, described in this 2020 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 Report and also in Annex B - GRI Table.

We consider that CGD's approach to Environmental Responsibility makes a positive and direct contribution to SDG 7 - Affordable and clean energy; SDG 12 - Responsible production and consumption; SDG 13 - Climate action and SDG 17 - Partnerships for the goals.

Environmental Management System

In 2020, CGD achieved the renewal of the Environmental Management System (EMS) implemented and certified at the Head Office Building, in accordance with ISO 14001:2015.

This renewal attests to the favourable evolution of the EMS over recent years and the effectiveness of the projects and initiatives developed by various in-house structures, as a multidisciplinary project and an important tool for the establishment of a culture of pollution prevention and continuous improvement of CGD's environmental performance.

We highlight some examples of projects and initiatives that contributed to achieving the renewal of the System's certification:

- **Selective waste separation** - Recycling bins at the head office building enable an in-house recycling process. In September 2020, CGD also started providing recycling bins in its branch network. This process is part of the NOMA - New Branch Model project.
- **Promotion of circular economy practices -** CGD has implemented a bank card recycling programme that allows the recycling of waste from the disposal of expired or unusable cards and its incorporation in pieces of urban furniture.
- **Communication –** In 2018/2019, CGD developed an internal communication campaign with the involvement of employees that allowed disseminating, through news on internal channels and posters, the best practices to be adopted for properly separating waste.
- **Energy consumption efficiency –** CGD completed the replacement of the existing lighting at its head office building with LED technology.
- **Reduction in single-use plastics.** CGD has been promoting a reduction in the consumption of single-use plastics, having developed a partnership with EPAL to provide reusable glass bottles in meeting rooms.
- **Training and awareness -** CGD conducted a review of the Best Practices Manual for suppliers in 2020 and also the EMS dossier for resident service providers. It also continued to provide the EMS e-learning course - Change to Improve, which teaches CGD employees about the environmental aspects associated with their activities and the respective mitigation measures and best practices to be applied on a day-to-day basis.

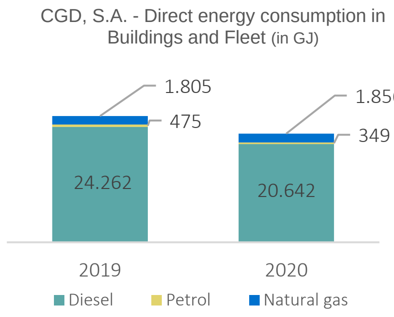
Eco-efficiency

CGD annually monitors the consumption of resources in order to have an overview of the use of each one and act, whenever necessary, by disseminating best practices for rationalising them or implementing measures to make processes more efficient. Annex A - Sustainability Indicators reports all consumption and variations in relation to 2019.

Energy consumption

CGD, S.A. consumes two types of energy:

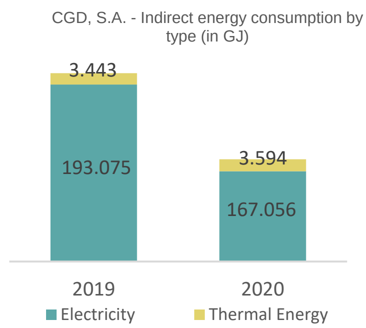
- Direct energy - fuel consumption of the fleet (diesel and petrol) and buildings (diesel and natural gas);
- Indirect Energy - electricity consumption in central buildings and branch network.



In what concerns corporate direct energy consumption, there was a 15% decrease in the consumption of diesel for generators and a 3% increase in the consumption of natural gas, compared to 2019. This increase is justified because in 2019 there were breaks in the hot water piping which did not allow the boiler to run properly.

In terms of diesel consumption of the fleet, there was a 15% decrease in overall consumption (diesel and petrol), which is due to a significant decrease in the number of trips made during 2020.

Regarding indirect energy consumption (electricity) in the Head Office Building, there was a 14% and a 13% reduction in the commercial network.



Contributing to this reduction were the measures implemented throughout 2020, such as:

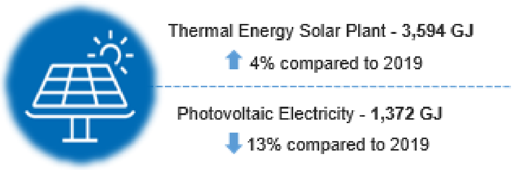
- modernisation of air handling unit fans;
- installation of variable-speed drives on the chilled water and hot water circulators.

With the implementation of these measures, a reduction in energy consumption of around 3,400 GJ/year is expected, considering the normal use of the building.

In addition to these measures, CGD also produces energy from the solar thermal power plant at its head office building and photovoltaic panels in the commercial network. All the photovoltaic energy produced in the commercial network is sold to the national electricity grid.

The solar power plant at CGD's head office building consists of 158 solar collectors installed on 1,600 m^2 of the building's roof on Av. João XXI in Lisbon, producing energy that is used to heat and cool (via an absorption chiller) water for air conditioning systems, toilets and the cafeteria kitchen.

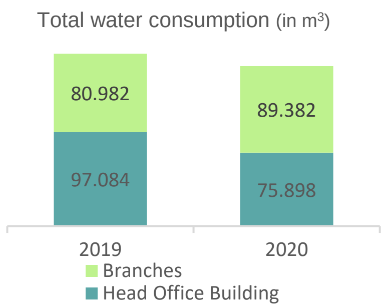
At corporate level it was also possible to observe a reduction in energy consumption, as can be seen in the table below:



ENERGY
2020

GLOBAL	CGD S.A.	BI	BCA	BCI	BNU MACAU	BCGA	TIMOR BRANCH	FRANCE BRANCH
328,710 GJ	193,497 GJ	2,057 GJ	7,927 GJ	92,783 GJ	11,099 GJ	10,338 GJ	2,910 GJ	8,099 GJ
↓ 5% compared to 2019	↓ 13% compared to 2019	↓ 6% compared to 2019	↓ 32% compared to 2019	↑ 2% compared to 2019	↑ 1% compared to 2019	(1st year of reporting)	↑ 11% compared to 2019	(1st year of reporting)

Water consumption



Over the years, CGD has implemented measures to reduce water consumption and run awareness campaigns on the proper management of this resource.

In 2020, there was a 7% decrease in CGD S.A.'s water consumption. It is important to note that until 2019, CGD only reported the water consumption figures for its Central Buildings. In 2020, it started to make an estimate of consumption based on the billed price. To allow a comparison between figures, the exercise was broadened to include the 2019 billing figures, so the chart represents the entire CGD universe in Portugal.

In the Head Office there was a 23% decrease in consumption.

Regarding the CGD Group, there is a 36% increase in consumption compared to 2019. This increase is justified by the broadening of the reporting scope. In 2019, only affiliated banks from Cape Verde and Macau were considered.

WATER
2020

GLOBAL	CGD S.A.	BI	BCA	BCI	BNU MACAU	BCGA	FRANCE BRANCH
264,963 m³ ↑ 36% compared to 2019	165,281 m³ ↓ 7% compared to 2019	992 m³ ↓ 4% compared to 2019	5,960 m³ ↓ 27% compared to 2019	62,980 m³ (1st year of reporting)	9,916 m³ ↑ 10% compared to 2019	18,606 m³ (1st year of reporting)	1,499 m³ (1st year of reporting)

Material Consumption

The most relevant material consumption for CGD is the consumption of copy paper, envelope paper, passbook paper and plastic bank cards. At CGD, the consumption of these materials decreased significantly during 2020 (-83%). This decrease can be justified not only by the measures implemented at the level of digital innovation and dematerialisation of operations but also by the pandemic situation that accelerated the transition to digital management of documentation.

We highlight the following initiatives that contributed to reducing paper consumption:

Suppliers:

- Around 580 suppliers adhering to electronic invoicing, which represents around 87% of the documents issued by regular suppliers (excluding the public sector, mediators, legal costs, non-resident suppliers and individual suppliers) were invoices processed in electronic format;
- The adoption of digital signatures in all contracts, avoiding travel to print and sign documents;

Employees:

- 24 Central Structural Bodies (SB) were equipped with the means/mechanisms to digitally sign documents, by means of the Mobile Digital Key or the Citizen Card;
- The "Zero Paper" campaign began in June 2019 and already has a number of initiatives implemented and significant results in reducing paper consumption in the Head Office Building: meetings with the CSs with the highest consumption to identify possible process optimisations and implement best practices, streamlining the use of certified internal workflows and the digital archive, reducing the number of printers in the Head Office Building, distinguishing the CSs with the lowest number of prints per capita.

Customers:

- The account opening process through cgd.pt is a completely dematerialised process, ending with the validation via the customer's digital signature.

The copy paper used at CGD is certified with the PEFC and FSC seals, which are internationally recognised standards that promote sustainable forest management and safeguard the economic, environmental and social functions of forests.

Regarding plastic consumption in the form of bank cards, there was an increase of approximately 3 tonnes compared to 2019, this increase is due not only to the growth in the number of cards produced, but also to the migrations resulting from the portfolio rationalisation process and the anticipation of the issue of cards with the inclusion of the contactless functionality, which makes it easier, more convenient and secure to use the card, allowing customers to pay for purchases, without losing time and without additional costs, simply by bringing the card close to the terminal.

Card Recycling Project

CGD has implemented a recycling circuit for expired or unused cards to promote the circular economy. PVC debris resulting from the destruction of these cards are incorporated into urban furniture made of 100% recycled plastic. This process, in partnership with Extruplás, enables the production of street furniture that Caixa offers to charitable institutions, signaled by ENTRAJUDA.

In 2020, through this initiative, 2.32 tonnes of cards were sent to be recycled and 5 pieces of street furniture were delivered.

Dematerialisation of Operations

CGD attended "Learning by Sharing - Business Solutions for Climate Neutrality", organised by BCSD Portugal. This event took place on 12 November and its main objective was to mobilise companies to operationalise action plans to accelerate the decarbonisation of the economy and to promote the sharing of knowledge and best practices in this area.

CGD submitted the project for dematerialisation of processes in branches - digital signature solution (*Signpad tablet*). It is estimated that this project will allow the dematerialisation of 4.6 million documents per year (current transactions package) and more than 10 million documents per year after expanding to new transactions.

The project to dematerialise processes in branches is a concrete example of how innovation and technology can contribute to the implementation of more efficient processes with less environmental impact.

Regarding the CGD Group, despite the broadening of the scope to BCI, BCA, and Timor and France Branches, there was an overall decrease of 37% compared to 2019.

MATERIAIS
2020

GLOBAL	CGD S.A.	BI	BCA	BCI	BNU MACAU	BCGA	TIMOR BRANCH	FRANCE BRANCH
343.4 ton ↓ 37% compared to 2019	75.2 ton ↓ 83% compared to 2019	7.3 ton ↓ 15% compared to 2019	2.6 ton ↓ 87% compared to 2019	180.1 ton (1st year of reporting)	35.8 ton ↓ 57% compared to 2019	6.8 ton (1st year of reporting)	7.6 ton (1st year of reporting)	27.9 ton (1st year of reporting)

Low-Carbon Programme

CGD takes an active stance in the fight against climate change, materialised through its Low-Carbon Programme.

The low-carbon programme aims to contribute towards reducing the environmental impacts of its activities, promoting sustainable development and aiming to simultaneously encourage its stakeholders to comply with the best practices. This programme is driven by 4 vectors of action:

TO BE A BENCHMARK BANK IN THE TRANSITION TO A LOW-CARBON ECONOMY			
LOW-CARBON ECONOMY FINANCING	**REDUCTION OF GREENHOUSE GAS EMISSIONS**	**ENVIRONMENTAL RISK MITIGATION**	**TRANSPARENCY AND AWARENESS-RAISING**
Offering financial solutions that contribute to the Low-Carbon Economy	Developing projects and initiatives that enable the reduction of Greenhouse Gas (GHG) emissions	Implementing measures to reduce environmental risks that may affect CGD's activities	Reporting information in a transparent manner and raising the stakeholders' awareness of the importance of adopting best environmental practices

Low-Carbon Economy Financing

Over the years, CGD has been developing financial solutions that facilitate its customers' access to environmentally responsible products that make an effective contribution to reducing GHG emissions, particularly in areas such as energy efficiency, renewable energy and sustainable mobility.

Environmental impact quantification exercise

Leasing for Hybrid and Electric Vehicles aims to support corporate investment in hybrid and electric vehicles, contributing to reducing greenhouse gas emissions by CGD customers.

In 2020, CGD financed 267 vehicles. It is estimated that these vehicles, compared to the same number of combustion vehicles, will prevent the emission of 349 $tCO2_e$ /per year, which corresponds to 5,194 trips by plane from Lisbon to Porto.

Reduction of greenhouse gas emissions

In order to monitor the emissions resulting from its activity, CGD conducts an annual inventory of greenhouse gas emissions (GHG), in compliance with the Greenhouse Gas Protocol (GHG Protocol) guidelines.

CGD's GHG emissions are subdivided 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 generation.
- Scope 3: Work-related trips (aeroplane, train, boat); Private transportation and treatment of waste produced in the buildings

Scope 1 1.691 ton of $CO_{2eq.}$	**Scope 2** 7.518 ton of $CO_{2eq.}$	**Scope 3** 263 ton of $CO_{2eq.}$
Fuels (Buildings) 118 Ton. $CO_{2eq.}$	**Electricity (*location-based*)** 7.518 Ton. $CO_{2eq.}$	**Work-related trips** 247 Ton. $CO_{2eq.}$
Fuels (Fleet) 1.479 Ton. $CO_{2eq.}$	**Electricity (*market-based*)** 9.376 Ton. $CO_{2eq.}$	**Waste treatment** 15 Ton. $CO_{2eq.}$
F-gas leaks 94 Ton. $CO_{2eq.}$		

CGD S.A.

In 2018, CGD set the goal of reducing its total GHG emissions (scope 1 and 2) by 43% by 2021, compared to 2015. This goal was set on the basis of the tool of one of the main international trends, Science-Based Targets Initiative (SBTi), to whose simulation five percentage points were added.

As part of this, CGD,S.A. recorded a 74% reduction compared to 2015 (market-based method). Given that the set goal has already been achieved, CGD plans to outline and approve a new medium-/long-term goal for 2021 in collaboration with the Science-Based Target initiative.

The reduction in greenhouse gas emissions is due to: the implementation of energy efficiency measures that have mitigated CGD's environmental impact; the emission factors associated with energy production, which favours the use of a higher percentage of renewable energy in the energy mix; and also to the pandemic situation experienced in 2020. The values presented were determined using the location-based method:

GHG EMISSIONS
2020

GLOBAL	CGD S.A.	BI	BCA	BCI	BNU MACAU	BCGA	TIMOR BRANCH	FRANCE BRANCH
15.799 tCO_2e	9.471 tCO_2e	291 tCO_2e	1.148 tCO_2e	679 tCO_2e	2.148 tCO_2e	1.407 tCO_2e	451 tCO_2e	204 tCO_2e
↓ 43% compared to 2019	↓ 58% compared to 2019	↓ 16% compared to 2019	↓ 33% compared to 2019	↓ 23% compared to 2019	↑ 15% compared to 2019	(1st year of reporting)	↑ 2% compared to 2019	(1st year of reporting)

Evolution of the main environmental indicators

For CGD, it is important to develop analyses that cover a longer period of time, so as to assess the effectiveness of the environmental measures implemented. Here are some of the results achieved in the last 5 years (2016-2020):

CGD S.A.	2016	2020	Variation (%)
Electricity consumption (GJ)	256,833	167,056	-36%
Water consumption (m^3) - Head Office Building	124,422	75,898	-39%
Paper consumption (tonnes)	677	67	-90%
Fuel consumption - fleet (GJ)	50,715	20,471	-60%
Scope 2 emissions (market-based) - (tCO_2e)	27,541	9,376	-66%

Environmental Risk Mitigation:

Under the EMS, CGD annually assesses the Significant Environmental Aspects of its activities, establishing a methodology for mitigating the environmental aspects associated with its activities. In 2020, two simulations were carried out in the Head Office and Aliados buildings, both in a room and without evacuation, given the pandemic scenario, where the activation of the Environmental Management System team was tested for the treatment of waste resulting from the fires.

Caixa has been invited by the National Emergency and Civil Protection Authority (ANEPC) to join the National Platform for Disaster Risk Reduction. To this end, CGD coordinated the activities of the 4th Working Group in the 2015-2017 triennium, under the topic: "Promoting best practices for reducing risk and increasing the resilience of critical infrastructure in the state's private and corporate sector", which resulted in the publication of the Resilience Best Practices Manual for sharing actions aimed at reducing disaster risk in the State's private and corporate sector.

CDP - Supplier Engagement Rating 2020

CGD was awarded an "A-" rating in the 2020 Supplier Engagement Rating of the Carbon Disclosure Project (CDP) for its initiatives to encourage its value chain to adopt environmental commitments and practices that help mitigate the impact of climate change.

The following stand out in this regard:

- The Declaration of Ethical Principles and Best Business Practices to which Caixa's suppliers contractually adhere and which outlines conduct requirements related to sustainability, establishing itself as an important mechanism for mitigating environmental risks in the supply chain;

- The implementation of the Electronic invoicing project, which promotes the dematerialisation of processes associated with invoice management and the massification of electronic invoicing with suppliers;

- Stimulating initiatives with stakeholders that promote dialogue and capacity-building for the transition to a low-carbon economy.

Transparency and Awareness-raising

Aware of the challenges posed by climate change, CGD has embraced the importance of transparent reporting of climate-related information and of raising its stakeholders' awareness of environmental issues, having devised a communication plan for sustainability issues to be addressed throughout the year.

Of the various communications undertaken, it is worth highlighting the celebration of the recycling month (17 May), in which CGD, in partnership with Electrão, challenged CGD Group employees to share photos illustrating their recycling/reuse habits. This action was intended to encourage employees to adopt good environmental practices

Raising the community's awareness to the importance of indigenous forests

As part of its mission to preserve and promote Portugal's environmental heritage and given the importance and responsibility of its contribution to our country's economic development, CGD supports the planting of native species through its Floresta Caixa Programme.

In 2020, CGD planted 30,000 trees in Baldio da Fetosa, in Pedrógão Grande. Caixagest Socially Responsible Investment Fund associated itself with the reforestation of Pedrógão with the aim of rehabilitating the environment by reducing the negative impacts caused by forest fires and planting native species such as chestnut trees, ash trees and other species. These actions also stimulate the conservation of soil and other forest resources.

Regarding the Saldo Positivo Portal, in 2020, several environmental awareness-raising events were held, of which we highlight the awareness-raising on the mitigation of waste production associated with the Christmas season, on the main environmental risks and initiatives to improve the consumption of resources.

Alignment of the international structures

In terms of Environmental Responsibility, the International Structures have developed some initiatives to protect the environment and mitigate climate change.

We highlight some examples:

BCI - BIO Card

Banco Comercial e de Investimentos, continued the commercialisation of the Bio Card, which is developed through a biodegradable material (produced on a corn base).

This debit card allows you to use your current account in Meticais, ensuring the withdrawal and payment of purchases not only in Mozambique (SIMOrede), but also abroad (VISA network). Besides the banking component, for each use of the Bio Card in the automatic payment terminals (POS), BCI donates a percentage of the amount transacted (0.04%) to BIOFUND, at no cost for the customer, for the conservation of biodiversity in the country.

France Branch - Eco-efficiency

With the aim of raising awareness among employees to reducing plastic consumption, the France Branch offered glass bottles to employees.

Additionally, the France branch invested in the internal digitalisation project and in promoting digital channels for customers as an incentive to reduce the use of paper.

BNU Macau - Reduction of Carbon Footprint

As part of Environmental Sustainability, BNU has already implemented and has continued to implement measures with the purpose of reducing its carbon footprint such as:

- Reduction of plastic use in general (e.g. banning plastic cups and bottles);
- Reducing paper consumption by promoting the growing digitalisation of the bank and reducing account statements and associated cards;
- Reduction of water and energy consumption, with the use of pressure taps or motion sensor taps and the replacement by LED or low-consumption light bulbs;
- Supporting government entities in recycling various items, including the popular mooncake boxes widely offered among the population in the "Golden Week";
- Sending obsolete equipment or parts of equipment such as computers and monitors to recycling companies;
- Celebrating "Earth Hour", a global movement dedicated to raising awareness to global climate change and protecting the planet, also supported by the Macau Government, by switching off all outdoor lights including advertising signage and all non-essential indoor lights for one hour twice a year.

BI - Environmental Management

Banco InterAtlântico has shown concern for environmental management. It developed initiatives aimed at rationing and conscientiously managing consumption of electricity, paper and fuel, most notably the following:

- Raising awareness to the rational use of energy;
- Conscious management of paper consumption by opting for double-sided printing, the use of digital reminders and notes and, whenever possible, performing work using digital documents.
- Enabling the remote desktop on all computers, thus avoiding wasting fuel to travel to the units on Santiago Island and the expenses with air travel and accommodation on the other islands.

BCA - World Environment Day

In 2020, Banco Comercial do Atlântico celebrated World Environment Day with the motto "Biodiversity".

The celebration of this day was intended to raise awareness to the number of endangered species around the world and the importance of preserving natural resources.

With this purpose in mind, the employees carried out recycling works to demonstrate that obsolete objects can have a new life.

4.11. Sustainable Finance

The European Green Deal, an initiative of the European Commission, sets out a new growth strategy to transform the European Union into a fair and prosperous society with a modern resource-efficient economy.

The European Union (EU), like Portugal, has set itself the goal of achieving carbon neutrality by 2050, in other words, an economy with net zero emissions of greenhouse gases. This goal is a central element of the European Green Deal and is in line with the EU's commitment to global climate action under the Paris Agreement.

For this evolution, the contribution of the financial sector is crucial, namely through the reorientation of private capital towards more sustainable investments and the integration of ESG factors in risk 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 2020 Sustainability Report and also in Annex B - GRI Table.

We consider that CGD's approach to Sustainable Finance makes a positive and direct contribution to SDG 7 - Affordable and clean energy; SDG 9 - Industry, Innovation and Infrastructure; SDG 11 - Sustainable cities and communities and SDG 13 - Climate action.

4.11.1. Framework and Main Challenges

The role of the banking sector in tackling climate change is clear. Banks need to support the transition to a low-carbon economy through loans and funding, while supporting the transition of their customers. By committing to ambitious goals, CGD gives a clear signal to all stakeholdersthat this change is necessary, feasible and requires everyone's involvement.

The European Sustainable Finance Action Plan and the European Green Deal are the first call to action for the financial market, involving everyone from financial institutions to regulators and supervisors. The Taxonomy Regulation is one of the main drivers leading to the alignment of a common language and classification of economic activities. CGD's main goal is to know the business alignment that complies with the Taxonomy requirements and environmental goals, and outline strategies to expand business alignment in the coming years.

Over the last 18 months, CGD has committed to relevant, prestigious international initiatives that drive companies towards more responsible business, such as signing the UNEP-FI Principles for Responsible Banking and the Global Compact Business Ambition for 1.5ºC initiative, both from the United Nations. In this area, CGD is a pioneer in leading the financing of the transition to a low-carbon economy through loans and funding for renewable energy projects, sustainable mobility and tourism, efficient construction and water and waste infrastructures.

The challenges are huge, but so are the business opportunities. CGD is moving towards a business where ESG topics are integrated into all functions and areas of business. Efforts are being made in the following areas:

- Financial products and services to support the reduction of GHG emissions by customers;
- Assessing the alignment of emissions from the portfolio;
- Assessing climate-related 'transition risks';
- Improving exclusion policies;
- Strategies to increase the customer base in specific sectors;
- Customer involvement and advice;
- Capacity building and training programmes.

4.11.2. Sustainable Financial Products and Services

For an economy that aims to be carbon neutral, it is necessary that all economic actors, especially the financial sector, understand the challenges and opportunities associated with this transition.

CGD is aware of the decisive role it plays in the transition to a low-carbon economy as a state-owned bank and the largest Portuguese bank, which involves developing financial products and services that contribute to meeting environmental challenges such as mitigating and adapting to climate change or the transition to a circular economy.

Governance model and strategy for sustainable investment

Caixa Gestão de Ativos (CXA) published its Sustainable Investment Policy in early 2020, which was updated at the end of that year, along with its Engagement Policy and Voting Rights Policy. These three documents explain, in detail, CXA's strategy and governance model for sustainability.

With regard to sustainability, CXA intends to set an example in Socially Responsible Investment, focusing its action on three aspects:

1) Integration of ESG factors into investment processes, concurrent with the use of traditional financial analysis factors;
2) Engagement with the target investment companies through the exercise of voting rights associated with the assets under management;
3) Engaging with companies that fall within the realm of potential investment, fostering a close dialogue on issues of Socially Responsible Investment (Engagement).

Principles for Responsible Investment

The organisation responsible for the United Nations Principles for Responsible Investment (UN PRI) awarded Caixa Gestão de Ativos an A rating in the Strategy and Governance chapter, in 2020, which is within the average of the results obtained by CXA's peers. This rating is given as an acknowledgement for the incorporation of ESG criteria in the investment process.

ESG Investment Funds

The main investments managed by CXA under ESG criteria include, among the open-ended equity mutual funds, the following funds: Caixa Ações Líderes Globais, Caixa Ações EUA, Caixa Ações Europa Socialmente Responsável, Caixa Ações Investimento Socialmente Responsável, Caixa Ações Portugal Espanha, Caixa Ações Oriente and Caixagest Ações Emergentes.

In open-ended bond mutual funds, the Caixagest Obrigações, Caixagest Obrigações Mais and Caixagest Obrigações Longo Prazo funds comply with the same criteria as the offer of multi-asset funds with Conservative, Moderate and Agressive profiles of the Seleção, Wealth and PPR/OICVM (Retirement Savings Plan / Undertaking for Collective Investment in Transferable Securities) funds.

With reference to December 2020, CXA had approximately €4 billion worth of assets under management with ESG criteria..

Caixa Socially Responsible Investment Fund

The main goal of the Caixa Socially Responsible Investment fund is to provide investors with access to a diversified portfolio of assets with different degrees of risk/return, aiming to invest in companies with best practices in such areas as respect for human rights, environmental impact or human resources management and exclude entities involved in sectors of a more controversial nature. At the end of 2020, it had a total amount under management of EUR 135.5 million.

Procedures to assess the risks and opportunities of sustainable investment

In order to integrate the risk and opportunity assessment of ESG factors in the selection of securities targeted for investment, an integration strategy has been outlined that articulates the following ESG dimensions:

1) **Exclusion**, where companies with a relevant level of revenue exposure to industries deemed socially controversial (notably non-conventional arms, coal mining, pornography, gambling and tobacco) will not be considered eligible for investment;
2) ***Best-in-Class***, favouring, in each of the sectors of activity, companies with a higher ESG rating, reflecting the effort made by these companies regarding the different dimensions of Sustainability;
3) ***Engagement***, where, based on the terms set out in CXA's Engagement Policy and Policy on Exercising Voting Rights, we aim to deepen the scope of shareholder interaction and voting in the companies that are most represented in our Clients' portfolios.

In building discretionary management portfolios, criteria have been established that stipulate that these must be made up of at least 85% ESG-rated assets.

These portfolios must also present a minimum default ESG rating of BBB and no new investments will be made in companies with an ESG rating of CCC, as per MSCI ESG criteria (a provider of tools and support services to the global investment community).

The implementation of ESG criteria in the investment process is, in itself, a response to possible risks and opportunities identified at social and environmental level, in the sense that the companies that best perform/initiatives in these areas are favoured.

The partnership initiated in terms of engagement, listed in the recently published Engagement Policy, aims at developing an increasingly close dialogue with companies. This dialogue, valid for all assets under CXA management covered by ESG criteria, aims to confront companies with less appropriate practices and promote an improvement in the environmental and social impact of their activities.

Caixa Socially Responsible Investment Fund

EURONEXT LISBON AWARDS

The Caixa European Shares Socially Responsible Fund - Open-Ended Equity Mutual Fund, won the Sustainable Finance award from Euronext at its annual Euronext Lisbon Awards 2020 award ceremony at the beginning of the year. The event, which aims to distinguish the entities, people and initiatives that throughout the year have contributed the most to the development of the capital market in Portugal, singled out, in the Sustainable Finance category, the initiative with the greatest positive impact in environmental, social or corporate governance matters.

Project Finance

The Investment Banking business unit, developed by Caixa BI, is involved in Project Finance projects in key areas such as renewable energies and energy efficiency in buildings.

CGD, through CaixaBI, entered the financing syndicate for the acquisition of a portfolio of hydroelectric assets located in northern Portugal, with a stake of approximately EUR 90 million.

As it is eligible under the "Renewable Energy" category, the funding follows the Green Loan Principles, a set of guidelines introduced in March 2018 by the , Loan Syndications and Trading Association, the Loan Market Association and the Asia Pacific Loan Market Association, to create a consistent methodology to eligible projects, globally.

Thus, the project is subject to a set of reporting obligations and compliance with environmental laws established by the abovementioned principles.

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[9] The prize is the sole responsibility of the awarding entity. Euronext refers to Euronext N.V. and its subsidiaries. All rights reserved.

ESG Obligations

In October 2020, CaixaBI led BA Glass' EUR 124.5 million 5-year private placement institutional issue, the first Sustainability-Linked bond issue by a domestic-based issuer.

This issuance, whose alignment with the Sustainability-Linked Loan Principles was certified by an independent external specialised entity, has pricing conditions indexed to BA Glass' compliance with pre-established targets for the evolution over the issuance's life cycle of two relevant environmental performance indicators (KPIs) within the issuer's sustainability strategy.

CaixaBI was also Co-Lead Manager, in April, for EDP's Green Bonds issue for a total amount of EUR 750 million and maturity of 7 years.

The funds raised from this issue are intended to be applied exclusively to funding renewable energy-generating projects, under the terms of the Green Bond Framework disclosed by EDP, which is in alignment with the Green Bond Principles.

Credit Facility

CGD has been investing in developing and marketing lines of credit that contribute to a more efficient, responsible, low-carbon economic model:

Leasing for hybrid and electric cars: Line of credit aimed at supporting investment in hybrid and electric vehicles, financing the transition to a more sustainable mobility model.

EUR 11.1 million was funded in 2020.

Casa Eficiente Personal Credit: A financing solution that aims to improve the environmental performance of residential buildings, with a particular focus on energy and water efficiency, as well as on urban waste management.

218,000 euros were granted in 2020.

Line of credit for decarbonisation and circular economy: Line of credit to help achieve the goals set forth 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.

640,000 euros were granted in 2020.

Principles for Responsible Banking

In September 2019, CGD became one of the signatories of the United Nations Finance Initiative (UNEP-FI) Principles for Responsible Banking, formalising its ambition to actively contribute to the Sustainable Development Goals established by the United Nations and to the Paris Agreement on Climate Change.

The Principles for Responsible Banking are an important framework for integrating sustainability into all of the Bank's business areas, enabling it to identify the areas of greatest impact and to leverage new business opportunities arising from the transition to an economy with less environmental impact and greater social equity.

Based on the impact analysis tool provided by UNEP-FI, CGD managed to identify the areas with the greatest positive and negative impact. An example of this is the topic of an inclusive and healthy economy, which is directly related to the existence of financial products and services that meet the population's needs in an inclusive manner, something crucial for the existence of a sustainable economic model.

The results achieved are an extremely important input for reviewing and outlining CGD's next sustainability strategy, ensuring an alignment between stakeholder expectations, the commitments undertaken and the Bank's strategic goals.

18 months after joining, CGD has prepared its first report on the implementation of the Principles for Responsible Banking, which is available for consultation in the sustainability area of the website cgd.pt.

Stakeholder Testimonials

As a signatory to the UN Principles for Responsible Banking, CGD is part of a unique framework designed to ensure the alignment of banking practices with the vision for the future that society has set out in the Sustainable Development Goals and the Paris Climate Agreement. As part of this global movement for change, CGD is leading the way towards a future in which the financial system incorporates sustainability into all activities, continuously improving its impact and being able to demonstrate a positive contribution to people and the planet

Eric Usher, Head of the United Nations Environment Programme for the Financial Sector (UNEP FI)

GHG emissions associated with CGD's loan portfolio

It is estimated that the most relevant component in terms of greenhouse gas emissions for the financial sector corresponds to indirect emissions, that is, the emissions associated with the loan and investment portfolio (scope 3).

Aware of the need to determine the carbon exposure of its customer portfolio and to set reduction targets for it, CGD started a project to quantify the carbon footprint for scope 3 emissions - indirect emissions from activities in the value chain, particularly with regard to category 15 of the GHG Protocol (Investments).

The work already developed as part of this project includes a benchmark analysis aimed at identifying the methodologies to calculate this type of emissions as well as the best practices adopted by other institutions in the sector. As a result of this analysis, the following baselines will be adopted:

- Financial Sector Science-Based Targets Guidance: guide to setting science-based reduction targets (SBT) published by the Science-Based Targets Initiative (SBTi)[10].
- The Global GHG Accounting & Reporting Standard: guidance for reporting greenhouse gas (GHG) emissions associated with different asset classes in the financial sector, produced by the Partnership for Carbon Accounting Framework (PCAF)[11]. Provides guidance for measuring and reporting emissions associated with six asset classes: listed shares and corporate bonds; commercial loans and unlisted net assets; project finance; commercial real estate; mortgage loans and vehicle purchase loans.

Given that companies in the financial sector have their portfolio exposed to different sectors and types of investments, and in alignment with the SBTi guidelines, it is necessary to prioritise the investments that significantly contribute to GHG emissions. As such, an analysis was made of the exposure of CGD's loan portfolio across the various sectors/economic activities in order to outline the strategy for prioritising sectors and investments to be included in CGD's carbon footprint.

This analysis took into consideration SBTi's guidance to include the most carbon-intensive sectors (e.g. fossil fuels), and additionally a high-level impact analysis based on exposure to the various sub-sectors of economic activities. The mortgage loans category was also considered a priority, considering its relevance in CGD's credit portfolio.

Regarding the calculation methodologies to be considered, an evolutionary approach will be considered, in alignment with the provisions of the PCAF methodological guidelines, which provide for different methods for calculating emissions funded by the financial institution, depending on data availability and reliability. Thus, for starters, emissions will be calculated based on information available to date and general data from the sectors under analysis (available public statistical information) and data on CGD's financial exposure.

In the second stage of this project,

1) a plan for continuous improvement of the carbon footprint will be established, which will include procedures for collecting information on specific data on assets funded by CGD,
2) broadening the scope of the calculation of emissions to other products/sectors;
3) the setting of Scope 1, 2 and 3 carbon footprint reduction targets, taking into consideration the guidelines from Science-Based Targets for the financial sector.

[10] https://sciencebasedtargets.org/sectors/financial-institutions
[11] https://carbonaccountingfinancials.com

4.11.3. ESG Risk Integration

Mindful of the importance of its contribution to the UN's 2030 Agenda for Sustainable Development and the goals of the European Green Deal, in 2020, CGD enhanced its procedures for a more comprehensive and attentive management of new risks by integrating ESG criteria in the risk assessment process and in the credit-granting decision.

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 of avoiding and mitigating them.

As part of its commercial activity, CGD identifies sectors of activity or projects that can negatively contribute 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.

In a context of growing alertness to socio-environmental risks, further heightened by the pandemic of the novel coronavirus, and recognising the need to incorporate them in a more objective, quantitative and transparent manner in calculating the rating score, in 2020, the DRT began developing a new Socio-Climatic Risk Indicator, with the goal of classifying the loan portfolio, enhancing the positive impacts of adopting sustainable practices and redirecting capital flows according to sustainable financing strategies, consistently and pragmatically contributing towards reducing the carbon footprint.

External Evaluations

CDP DISCLOSURE INSIGHT ACTION

CGD regularly participates in various external sustainability indexes in order to assess its performance in adapting to climate change, most notably its voluntary participation, since 2009, in the Climate Change questionnaire from the Carbon Disclosure Project (CDP). In 2020, CGD achieved a "B" rating, a result above the global average (C) and in line with the financial sector average (B).

Process of monitoring and controlling climate-related risks

Climate risks are part of the CGD Group's Risk Taxonomy, with the multidisciplinary team from the Corporate Support Division (CSD) being the 1st line of defence, the Risk Management Division (RMD) the 2nd line of defence and the Internal Audit Division (IAD) the 3rd line of defence.

The Non-Financial Risk Department aims to outline the strategy and subsequent non-financial risk management model to adequately control all activities and processes, so as to limit losses arising from non-financial risks, keeping them within the tolerance levels set by CGD's Board of Directors, and with a view to mitigating other relevant negative impacts.

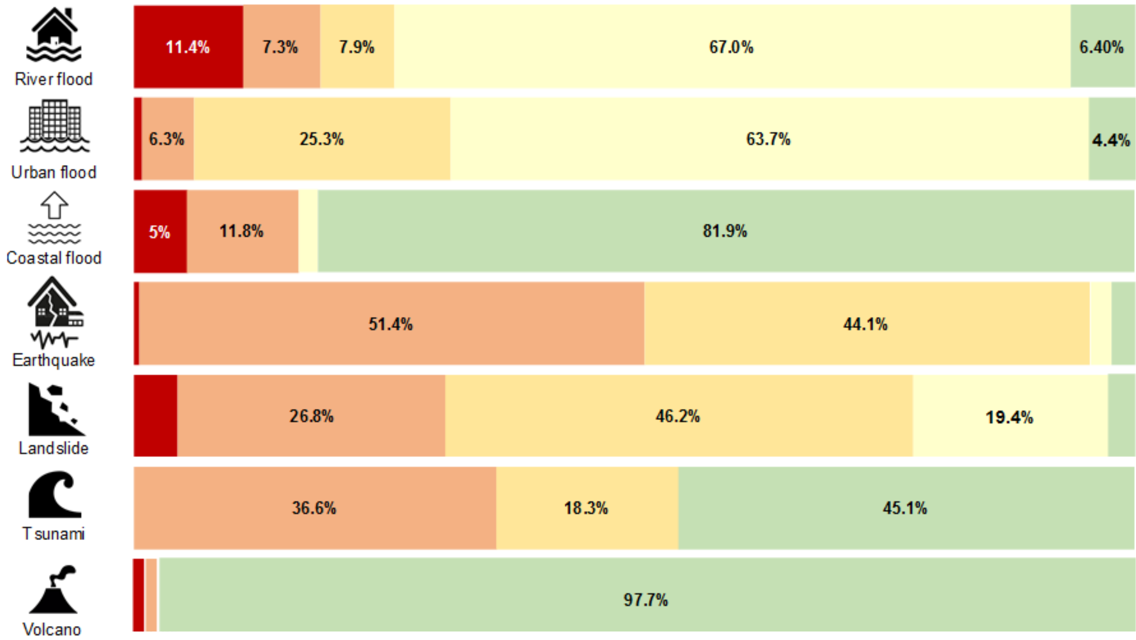
Considering that non-financial risks have been gaining increasing relevance in the CGD Group, during 2020, a Key Performance Indicator was established for the RMD associated with monitoring the percentage of CGD's credit products that include rules for non-financial risks, within the ESG dimension.

In addition to what has already been done in terms of operational risk, CGD will maintain an organised process for collecting and acting on the various categories of non-financial risk, as well as recording the respective information in a database of non-financial and emerging risks. As such, it will include a record of events, associated losses and corrective and/or mitigating measures implemented.

Also with regard to 2020, it is important to highlight the development of an assessment of the physical risks arising from climate change associated with CGD's mortgage loan portfolio.

A preliminary assessment was carried out of the geolocation of mortgages where the value of the property is particularly exposed to a specific risk (e.g. flooding impacting properties in coastal areas), using a heat map approach (heat map). The nature of the financial risks will also depend on the price and availability of insurance which has not been considered in this analysis.

Map of physical risks of the mortgage loan portfolio



Notes
1. The figures refer to Caixa Geral de Depósitos SA's mortgage loan portfolio on 31 December 2020.
2. The total value of the mortgage loan portfolio is €24.27 billion.
3. There are data gaps in terms of the geolocation of mortgaged properties that correspond to 17% of the total mortgage loan portfolio (corresponding to a total amount of €4.14 billion). Therefore, this share of the portfolio was not considered in the analysis.

Task Force on Climate-related Financial Disclosures

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

In 2015, the Financial Stability Board (FSB) established the (Task Force on Climate-related Financial Disclosures - TCFD) with the aim of facilitating the disclosure of climate-related financial information, while promoting more informed investment and greater stakeholder understanding of the financial sector's exposure to climate risks.

By aligning and increasing its information reporting with the TCFD recommendations, CGD provides useful elements for the decision-making process of investors and other stakeholders and also transparently demonstrates the efforts made to incorporate the effects of climate change into the Bank's strategy and activities.

Additional detail on CGD's approach to each of the four TCFD subject areas can be found in Annex F - Response to the recommendations of the Task Force on Climate Financial Disclosures: Governance, Strategy, Risk Management, Metrics and Targets.

4.12. Human Capital Management

Human capital is of the utmost importance for 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 personal growth and career advancement.

Over the years, CGD has developed several initiatives that directly and indirectly contribute to this topic, reporting them in the Sustainability Report 2020.

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 2020 Sustainability Report and also in Annex B - GRI Table.

We consider that CGD's approach to Human Capital Management makes a positive contribution to SDG 3 - Good health and well-being, SDG 4 - Quality Education, SDG 5 - Gender Equality, SDG 8 - Decent Work and Economic Growth and SDG 10 - Reducing Inequalities.

4.12.1. Labour practices

The year 2020 was the last year of the Strategic Plan agreed upon between the Portuguese Government and the European Commission, and where fundamental pillars for the Sustainability of the Institution and the business were enhanced, namely:

- Adjusting the operational infrastructure;
- Adapting the workforce to business and process changes;
- Reducing personnel costs;
- Developing talent and adjusting skills to current and future needs.

Thus, the implementation of optimisation and adjustment measures continued, reinforcing the skills of the control divisions, in line with the growing demands of regulation, and adjusting the support structures, by optimising processes and rationalising teams. It is worth highlighting the reinforcement of analytical and system skills, crucial to managing current and future business.

Along with the hiring of staff for critical functions, compliance with the adjustment goals was essentially based on the exit of staff for natural reasons, due to voluntary retirements and pre-retirement processes agreed upon with the employees. Caixa continued to provide its employees with an outplacement programme, aimed at their return to the labour market and support for any career transitions, such as searching for a new job or setting up their own business, in situations of Termination by Mutual Agreement (TMA).

It is also important to highlight the sustained investment in training, with a view to enhancing the development of skills associated with the execution of the business, in the development of skills arising from emerging regulatory demands, and in the development of skills related to innovation and transformational change.

Social and Family Responsibility Measures

CGD has based its management on principles of Social and Family Responsibility, focusing on the human factor and socially responsible leadership. By involving all hierarchical levels of the Institution in creating an inclusive environment, in supporting the integration and development of people, as well as in preventing various types of problems, a balance is nurtured between personal, family and professional life, supported by regulatory measures organised by the Personnel Management and Development Division (PMDD), and sustainable solutions provided by the Social Action Services (SAS).

Of all the measures that have an impact on the balance between personal/family and professional life at CGD, we highlight the ESP - Employee Support Programme, carried out by the SAS. This programme is made up of various interventions in the socio-economic, socio-professional, socio-family and health fields.

With regard to the social and family area, the intervention guidelines include: contributing to a better balance of personal/family and professional life; supporting employees in solving problems in the most varied life situations.

It should be noted that measures that promote a balance between work and personal life / family are a contribution towards reducing tensions, with an impact on increasing motivation and productivity levels. In this context, the following measures stand out:

- **Transfers with a social focus**: geographic and functional mobility is, whenever possible, adjusted to the personal and / family needs of the employees, under the principle of the convergence of interests. The purpose of the social characterisation carried out by the SAS is to encourage the PMDD's Business Partners to act by establishing priorities.
- **Family assistance**: once the statutory periods have elapsed, the SAS will contact the employee in order to find a solution to reconcile work / family, analysing the complexity and respecting the uniqueness of each situation. In 2020, teleworking was the go-to solution, always bearing in mind the nature of the employee's function, and often involving hierarchies. It should be noted that the year 2020, by forcing the so-called "new reality", also brought with it such tools as telework and flexible working hours, which have also become important balancing tools, given the need to attend to descendants and ascendants, placing or keeping them in more protected environments, and simultaneously enabling the continuity of the work provided by the employees.
- **Family allowances**: as a contribution to the sustainability of the families, there is a set of supports to which the SAS refers employees, based on their needs. Reference should be made to the articulation with PMDD - Remunerations (e.g. childbirth, children, study, funeral, disability allowance, etc.) and with CGD's Social Services (e.g. scholarships for members' children attending higher education, disability allowance, allowance for disabled children and young people, therapies to aid developmental disorders, nursing home allowance, major illness status, funeral allowance on a complementary basis for beneficiaries with no contributions under the contributory scheme, among others).
- **Intervention in crisis situations in the family system**: the SAS analyses the situation and carries out family-oriented psychosocial counselling in crisis situations related to life events, such as: divorces, illnesses (including psychiatric and addictive illnesses), spousal unemployment, bereavement, as well as parenting and senior support. All interventions take place under strict confidentiality and are often referred to internal and community resources.
- **Adoption of measures in cases of Domestic Violence**: the SAS acts through psychosocial counselling and referrals to specialised help and competent entities. It is also possible to devise a strategy in liaison with PMDD's Business Partners, in order to guarantee professional relocation, whenever justifiable, under the assurance of protection and confidentiality;
- **Adoption of measures in case of a child at risk**: the SAS monitors families with situations of children considered to be at risk, either through psychosocial counselling and pedagogical measures, or by referring them to specialised help and competent entities, on a confidential basis;
- **Bereavement support**: the SAS plays an active role in the tribute paid by the company to the deceased active employee, monitoring the family, providing information about rights, guiding and mediating the processes for obtaining a survivor's pension, death benefit / reimbursement of funeral expenses and salary claims. Whenever justified, referrals are made to psychological support for bereavement.
- **Priority for family members in admission**: in situations of socio-economic precariousness due to loss, the admission of spouses, children or equivalent of deceased employees or those unable to work may be considered. These family members, when competing in similar conditions to other candidates, are given preference. The SAS supports and mediates these processes, together with the Recruitment area of the PMDD
- **Exit support for employees**: as part of the Strategic Plan, the SAS supports employees who show an interest in adopting measures such as Termination by Mutual Agreement (TMA), Pre-Retirement Plan (PRP), or retirement. This support is provided in partnership with the Business-Partners in order to favour the convergence of interests between the parties. The SAS can intervene by assessing the socio-economic situation and implementing a reorganisation plan, in order to create sustainability for the family, given the change in the income structure. It can also support the employee through psychosocial counselling and in the establishment of a "life project", so as to prevent social isolation and rupture after leaving (mainly in pre-retirement or retirement).

The year 2020 was marked by major challenges imposed by a new landscape for the world, the country, the business fabric and, consequently, for CGD. In addition to the restructuring context underway in the CGD Group, the covid-19 pandemic dictated changes and adaptations, thus imposing greater reflection on the various issues, including balance. The social and family responsibility measures mentioned herein represent a contribution to a better balance between personal/family and professional life, as well as to preventing a wide range of risks.

Gender equality and non-discrimination practices

In 2020, CGD published the Caixa Geral de Depósitos 2021 Gender Equality Plan, a document that acknowledges that the balance between Women and Men throughout the company's structure represents a significant evolution for its activity and an important contribution to fulfilling the commitments undertaken by the Institution, namely the respect for Human Rights and the pursuit of Sustainable Development Goals, namely SDG 5: Gender Equality.

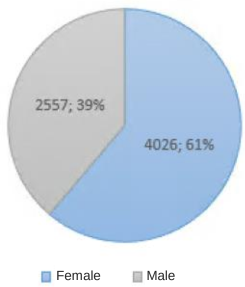
Over the years, CGD has developed several initiatives that directly and indirectly contribute to the pursuit of these goals, and the Gender Equality Plan is a document that validates and underlines the Institution's commitment to the subject, namely through non-discrimination and equal opportunities; promotion of good working conditions, talent management, continuous training and opportunities for mobility and career advancement; promotion of balance between the professional and personal life of each employee as a factor for personal fulfilment and greater motivation, and periodic and systematic gauging of employee satisfaction and expectations.

This Plan has the following goals:

- To achieve a balanced representation of Women and Men within the Company;
- To promote the effective application of measures for the principles of equality between men and women, ensuring the same opportunities for integration and professional development in the workplace;
- To promote and improve women's access to positions of responsibility, contributing to reducing imbalances and inequalities of a social or cultural nature that may exist;
- To reinforce the Corporate Social commitment, aimed at improving the Employees' quality of life, namely in terms of balancing professional, family and personal life and parental support;

Employees by gender

In terms of the domestic scope[12] in 2020, the trend towards an increase, albeit slight, in the proportion of women in relation to the total number of employees continued. The gender distribution of CGD employees shows that, of the total of 6,583 employees in 2020, 61% are female (about 60% in 2019).



In terms of gender representation in leadership positions, in 2020, there was a predominance of males both in management positions (64%) and in senior management (74%), showing a greater representation of the male gender in positions of greater leadership.

In contrast, there is a greater proportion of women in specialised (61%) and operational (67%) jobs.

YEAR 2020												
Management Groups	Top Management		Management		Intermediate Management		Specialised		Operational		Support	
	F	M	F	M	F	M	F	M	F	M	F	M
	9 (26%)	26 (74%)	82 (36%)	148 (64%)	618 (55%)	500 (45%)	1765 (61%)	1110 (39%)	1549 (67%)	768 (33%)	0 (0%)	5 (100%)

From a remuneration point of view, the evolution of the average remuneration of the female gender in 2020 was slightly higher than that of the male gender (2.13% vs 1.66%, respectively), still showing, however, a ratio of 1.17 in the proportion between the remuneration of the male and female gender.

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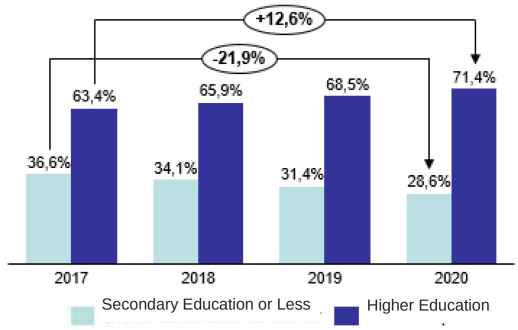
[12] The domestic perimeter includes the employees of CGD Group companies in Portugal: CGD,S.A., CaixaBI, Caixa Capital and CaixaGest (including CGD Pensões). The data on CGD, S.A. can be found in Annex A - Sustainability Indicators.

Evolution of Academic Qualifications[13]

Education plays a crucial role in the modern economic and social development process, and for sustainable economic growth it is crucial that employees have a high level of education.

At CGD, the percentage of employees with higher education in 2020 is slightly above the banking sector average[14] (+7.4%) and considerably above the figure for the working population in Portugal[15](+45.4%).

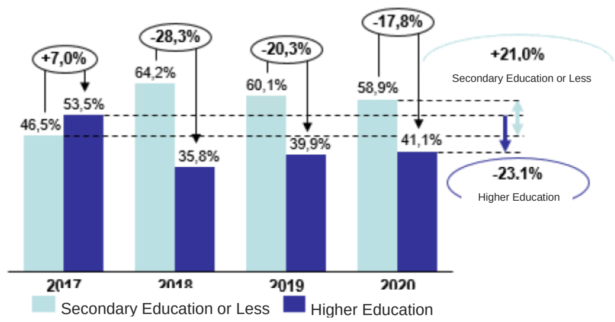
The increase in the level of education at CGD is evident in the evolution of the level of education in recent years.



- Between 2017 and 2020, there was an increase of 12.6% in employees with higher education and a decrease of 21.9% in employees with secondary education or less.

This reinforcement was consolidated:

- through the exit of employees (higher proportion of less qualified employees leaving);
- and by the admission of employees, mostly with higher qualifications.

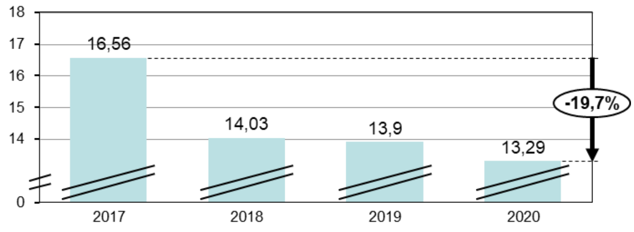


Evolution of remuneration and salary ratio[13]

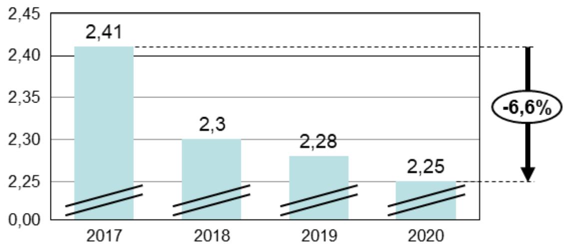
Evolution of the Salary Ratio

As a result of the job responsibilities, jobs with greater content naturally entail a higher pay, and this salary difference may also be due to criteria such as merit, or even levels of valuation/employability/scarcity of certain jobs and profiles on the market. Thus, the analysis of wage inequality is often concerned with the gap or pay ratio between certain universes, such as the bottom and the top, between genders, or others. Considering salary evolution in recent years at CGD, it can be seen that the salary ratio fell sharply, with a convergence between the highest and lowest remunerations (progressive reduction of the P90/P10 ratio).

Evolution of the Salary Ratio



Evolution of Indicator P90/P10



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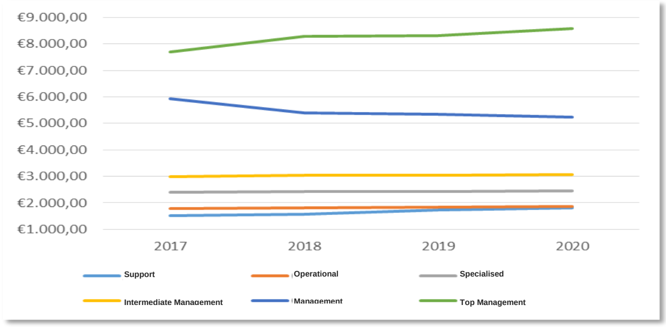
[13] Domestic Perimeter - includes employees of CGD Group companies in Portugal: CGD,S.A., CaixaBI, Caixa Capital and CaixaGest (including CGD Pensões)

[14] Source: APB - Annual Human Resources Statistics

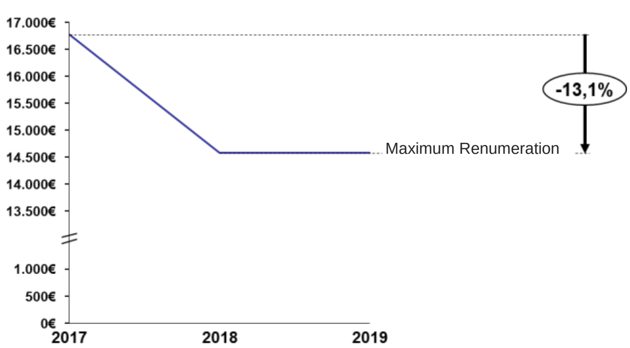
[15] Source: OECD - Educational attainment and labour-force status: Educational attainment of 25-64-year-olds (2019)

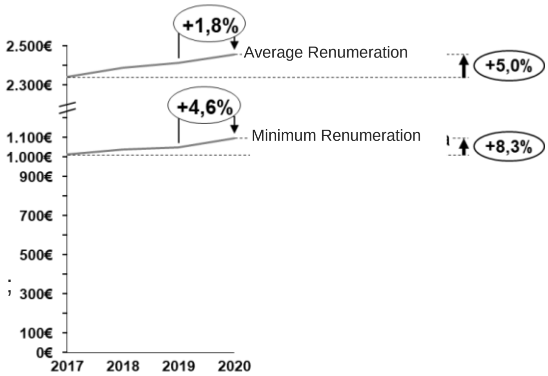
- An analysis of the evolution by job groups shows that convergence is most evident in the 4 lowest job groups in the salary pyramid (Support, Operational, Specialised and Intermediate Management).



Evolution of Remunerations

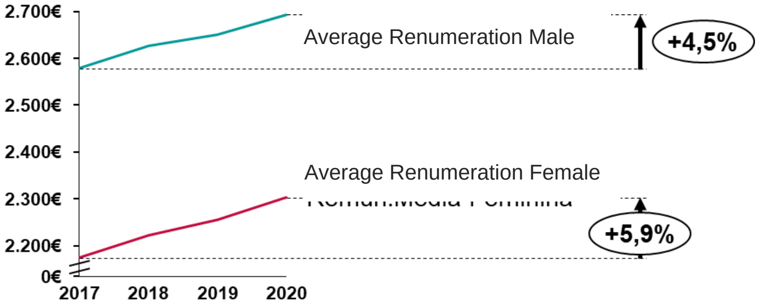
In terms of remuneration evolution in the CGD Group's domestic scope, both Minimum Remuneration and Average Remuneration have been progressively increasing, with emphasis on the 4.6% increase in the Minimum Remuneration from 2019 to 2020. In contrast, the Maximum Remuneration has decreased by 13% since 2017.





Evolution of Remunerations by Gender

Analysing the evolution of Average Remuneration by gender, both female and male remuneration has been increasing over the last 4 years.



The increase in average remuneration for women was higher than for men (5.9% vs 4.5%, respectively).

As a result, there was a decrease in the ratio between male and female average remunerations of 1.4% (ratio of 1.19x in 2017 and 1.17x in 2020).

Defence of Human Rights

In order to promote the defence of human rights in the organisation and value chain, CGD subscribed to the CEO Guide to Human Rights from the Business Council for Sustainable Development (BCSD).

This is an initiative in which business leaders make a commitment to the defence of human rights, to the benefit of responsible business and the human development of employees and communities, safeguarding against risk situations and investing in initiatives with a positive social impact.

BNU Macau - Work-life balance

Aware of the importance of the balance between professional and family life, BNU Macau has a set of measures in this area for employees, most notably:

- Holidays significantly longer than the legal minimum;
- Promotion of sporting activities, part of which are subsidised through the association of Bank employees;
- Free health insurance with wide-ranging coverage and annual check-up;
- Pension fund with equal contributions from the employee and the Bank;
- Parenting support facilities, such as a workplace breastfeeding room.

BI - Human Centric Management

BI acknowledges the importance of human-centred management and is currently drafting two corporate regulations on the "Code of Good Conduct for the Prevention and Combating of Workplace Harassment" and the "Diversity Policy for CGD Group Employees and Members of the BI Management and Supervisory Bodies", which are expected to be published in 2021;

A Human Rights Declaration is also being drafted for implementation in 2021, which aims to reinforce BI's commitment to uphold internationally recognised human rights.

Management and monitoring of employees

CGD regularly monitors its employees' social issues through its institutional medical and psychological monitoring services, as well as through monitoring by the different human resource teams.

In 2020, the spotlight goes to the strict plan to monitor employees given the pandemic situation in Portugal, and the change in work models and formats at CGD, with the implementation of numerous measures, such as:

- Creation of a permanent cross-sectoral monitoring committee;
- Creation of a helpline for workers' issues;
- Internal Communication Plan, with communication channels and materials aimed at employees;
- Support in change and adjustment to new working models.

In addition to team monitoring, CGD has also developed questionnaires to monitor employee satisfaction and motivation, in order to assess the main areas for improvement and ensure that employees' issues are properly addressed. The next employee satisfaction questionnaire will be launched in the 2nd quarter of 2021, allowing the review of the respective action plans.

IV Caixa Fora da Caixa Meeting

"A Caixa que vamos ser" ("The Caixa we aim to be") was the theme of the IV Caixa Fora da Caixa Meeting, which took place on 1 February 2020, with the participation of around 3,600 Caixa and Caixa Group employees.

Excellence was another of the Meeting's high points with the announcement of the 2020 Caixa Excelência Awards, which distinguished and celebrated the commitment of 36 employees.

It was in this team spirit that the Chief Executive Officer closed the IV Meeting. Mobilising all employees for Caixa's future demands and challenges, Paulo Moita de Macedo made clear the vital role of each employee in "overcoming the most difficult of marathons". "Make no mistake: we have the right people, we have the teams. If anyone is going to do it, it's going to be us."

"We will build the path with the right people and the right teams."

Workplace Health

In 2020, in compliance with the legal obligation, a total of 4,930 medical exams were performed (CGD and CGD Group companies)

- Periodic Exams: 4,769
- Initial exams/Admission: 80
- Occasional Exams: 81

Outside the scope of legal obligation and as part of health prevention:

- Support to business travellers: 6 appointments.

In 2020, there were 3 occupational diseases confirmed by the National Centre for Occupational Safety and Health

The psychology department describes and monitors problem 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 2020, the psychology department described and followed a total of 1,042 interviews:

- All situations of prolonged absenteeism due to illness, amounting to 520 interviews;
- All problem situations identified, amounting to 522 interviews;

Means of contact available to employees

CGD workers have several ways to complain or ask questions:

They can submit the question through the application called "helpdesk RH", available on the CGD Group's human resources portal, "Caixapessoal". Through this application, the question will be sent directly to the respective HR area in order to obtain a personalised answer.

This application generates a request number, and the employee is informed of the area and person handling the request and its status. Alternatively, employees may question/complain via e-mail or letter, addressed to the People Management and Development Division (PMDD).

Whatever the form in which the complaint is received, it is forwarded to the area responsible for the matter in question, which will analyse it and draw up a proposed solution. This proposal is sent to the body with decision-making competence, in accordance with the competence outlined in the Manual for the Delegation of Competencies in Human Resources Matters. Once a decision has been made, it is communicated to the worker by the area that carried out the analysis.

For the specific situation of reporting harassment in the workplace, employees who have knowledge of the practice of harassment or who believe they are being subjected to harassment in the workplace must report it in writing to the Division in charge of the internal auditing, in one of the following ways:

- By sealed letter addressed to the Central Director of the IAD, with an indication of confidentiality;
- Through the IAD-Harassment Communication mailbox, with no obligation to communicate it to any other person or area of CGD.

Any reported cases of harassment will be investigated for possible disciplinary action and dealt with in a confidential, impartial and efficient manner.

4.12.2. Training and career development[16]

At CGD, the right people make the difference and the investment in training and development is a key instrument for transforming the business and managing knowledge and talent.

[16] Domestic Perimeter - includes employees of CGD Group companies in Portugal: CGD,S.A., CaixaBI, Caixa Capital and CaixaGest (including CGD Pensões). Training data on CGD, S.A. can be found in Annex A - Sustainability Indicators.

The 2020 training plan focused on 3 main areas: (i) in structuring training, reinforcing leadership and management skills at various levels in the organisation, where soft skills are also included; (ii) in regulatory training, ensuring CGD's compliance with the various applicable regulations and (iii) in the technical training required to support digital transformation and CGD's business.

Given the pandemic context, the process of changing to remote learning was accelerated, where the e-learning component represented 54% of all the actions. It should be noted that, in 2020, the training and development area showed a positive evolution in different components compared to the previous year:

- Number of Training Hours per Employee (+8%);
- Completion rate of compulsory certification and training (+2% and +3%, respectively);
- Level of overall satisfaction with training actions (+13%).

Highlights include:

- Structuring training applicable to specific groups, in particular initiatives for executives (Directors, Managers and Coordinators), to which Extra-Plan initiatives have always been added;
- Compulsory Certified Training completed with a percentage above 90% (Mortgage Loans: 96.30%, Insurance Sales: 97.02%, MIFID: 98.67%, Euro Note: 96.27%);
- Commitment to a customised training programme for the remote management team in order to improve commercial dynamics and increase sales;
- Start of the high flyers programme with the participation of 8 employees in an MBA;
- Development and implementation of a customised programme for CGD's Middle Management _ Managing for the Future
- Overall Review of the e-Learning Catalogue: review of the contents and greater alignment with the needs of Caixa
- Expansion of the e-Learning Platform to Branches and Subsidiaries (3 entities already with access and the others to be integrated in 2021);
- Development and implementation of the 100% Caixa Welcoming Programme (100 new Employees welcomed from June 2019 to July 2020);
- Development of customised sessions for Trainees, Advisers and Mentors with systematic follow-up and monitoring from the Trainees Programme;
- Development and implementation of the new LMS platform (Learning Management System), scheduled to go live in June 2021;

100% Caixa Welcoming Programme (Programa Acolhimento 100% Caixa)

The 100% Caixa Welcoming Programme, specifically created for the reception of new employees, provides a unique moment for the arrival of new members to the organisation, a context of special importance for both parties.

The second edition of the 100% Caixa Welcoming Programme took place in 2020, in which around 100 employees who have joined the Caixa team in the last twelve months participated. This session featured the participation of various Directors who spoke about their areas, and interventions from the Chief Executive Officer, Paulo Moita de Macedo, and the Executive Director, Maria João Carioca.

These welcoming moments allow new employees to get to know Caixa's different departments in greater detail and to develop networking skills.

Recruitment and internal mobility activity

Considering the need to comply with the strategic goals of adjusting the CGD Group's workforce, 23 External Recruitment Processes were launched in 2020, with a view to enhancing specific skills in strategic areas, namely in the area of internal control and information systems.

To this end, CGD opened up various recruitment opportunities throughout the year for graduates, masters and PhDs, and received around 753 applications.

At the same time, five internal recruitment processes were launched to enhance certain areas across the Group, through the mobility of internal employees. In total, 125 employees applied.

Also during 2020, a new and differentiated Internship Programme was launched for the CGD Group, called 'Geração Caixa'. This programme was designed for trainees to get acquainted with day-to-day life at CGD, learn to work as part of a team in a high-performance environment and continue to develop their skills.

Between September and November, 200 new interns were integrated into various areas of the Group (retail area, internal control, operations and support), the programme lasts 12 months, is paid and fosters an on-the-job learning approach.

Stakeholder Testimonials

Being a trainee at Caixa Geral de Depósitos means becoming aware that the work carried out here has several levels and is not limited to the financial area.

In this regard, I had the opportunity to be involved in a volunteering action at the Food Bank and also to learn how CGD prioritises its commitment to environmental sustainability, specifically in its buildings.

Being part of a company with these values allows me to perform my duties with a sense of accomplishment

Bruno Carvalho | CGD Trainee in the Resources and Means Division

Talent management and valorisation of human capital

Talent Management and Valorisation of human capital is one of today's biggest challenges and an essential tool for organisations that wish to manage and prepare their processes and Human Capital for emerging challenges.

Aware of this need, CGD is strengthening its Human Resource Management processes, making it possible to develop employees' potential, ensure knowledge management and contribute to attracting and retaining employees.

In terms of recognition, we can highlight the annual Caixa Excelência Awards, aimed at recognising the merit of employees and stimulating the individual development of each one, as well as the implementation of INOVE Awards, which encourages the adoption of innovative ideas and the recognition of teams in their ideation and creation.

In addition, CGD has continued to implement structural programmes to strengthen employees' skills and motivation, examples of which include:

- The Development Programme for Coordinators "Managing for the Future" - customised programme aimed at empowering middle management teams with the analysis of current topics, such as technological, environmental and governance trends along with the enhancement and development of current and future critical skills, such as communication, influence, decision-making and co-creation methodologies.
- Programme for High Flyers (High Potential Management) with the possibility of integration into an MBA;
- Digital Transformation Programme, with new work methodologies and productivity improvement.

4.13. Anti-corruption practices

CGD is committed to fighting corruption and related offences and other forms of crime such as money laundering and the financing of terrorism. As such, CGD has implemented measures, control mechanisms and training programmes aimed at preventing and detecting them. When performing its activity and in its relations with its stakeholders, CGD acts in accordance with the values, principles of action and standards of professional conduct set out in its Code of Conduct, which was updated in 2020.

Furthermore, as part of its internal control system, CGD has implemented permanent measures to prevent and repress crimes of corruption and related offences, which are reflected in several internal procedures and regulations, namely the Global Policy for Prevention and Management of Conflicts of Interest (PGPGCI), the Internal Reporting System for Irregular Practices 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. This Policy also contains information on how it is updated and monitored and identifies the people responsible for managing the plan. All CGD's structural bodies, as part of their area of intervention and with a view to continuous improvement, are responsible for adopting the initiatives necessary for its implementation.

According to the Corporate Policy on Prevention of Corruption and Related Infractions, CGD Group entities must prepare/review their Plan for the Prevention of Corruption and Related Infractions on an annual basis. CGD, as a state-owned public limited company focused on banking activities, is covered by the Legal Framework for the State Business Sector, which implies, among other requirements, the preparation of a report identifying the risks and occurrences of corruption and related offences, published on CGD's website.

Over the years, CGD has promoted several initiatives that directly and indirectly contribute to this topic, reporting them in the 2020 Sustainability Report. In order to assess the management approach used, CGD measures and monitors the indicators associated with this topic and reports them in this chapter and also in Annex B - GRI Table.

We consider that CGD's approach to the topic of Anti-corruption practices makes a positive contribution to SDG 16 - Peace, Justice and Strong Institutions.

4.13.1. Compliance risk management

The values, ethical principles and rules of professional conduct that govern the actions of CGD and its employees are disseminated in the institution through the Code of Conduct, published on the intranet and on CGD's public website.

The Code of Conduct establishes strict ethical and deontological behaviours and aims to contribute to the harmonisation of standards in the face of ethical dilemmas, the affirmation of values, principles of action and standards of conduct that guide the relationship with the various stakeholders, the promotion of an organisational culture of legal compliance and conformity with the adopted values and principles, as well as the development of best practices of corporate governance and ethical conduct, reducing exposure to various risks, namely compliance risks.

Accordingly, in April 2020, based on best international practices, CGD's Code of Conduct was updated, having ensured the strengthening of provisions on ethical issues, such as the prevention of corruption, social responsibility and sustainable development, conflicts of interest, reporting of irregular practices, among others.

The new version of the Code incorporates the new Values and Mission of the Institution and welcomes the strengthening of both the number of topics covered and the provisions regarding matters previously dealt with. The presentation of these provisions was also reworked, with a view to making them easier to understand and now containing examples of some best practices that aim to guide employees at the decision-making moment.

With a view to continuously reinforcing a culture of compliance at CGD, the Compliance Division, in its Ethics and Conduct Unit, disseminates the Code and raises awareness and provides training to all employees, monitoring its application and updating, in collaboration with other company structures.

The implementation and execution of the Code is ensured by the Code of Conduct Management Model, which lists a number of initiatives and areas of intervention deemed necessary, namely to ensure that employees acknowledge the importance of CGD's ethical performance, are aware of the Code of Conduct and its provisions and are able to deal with ethical dilemmas and practical situations in their activity.

In 2020, CGD provided training to CGD's Directors, Managers and Coordinators on Ethics, Code of Conduct and Competition Law. Personnel with internal control functions in the Compliance Division were trained in ISO 37001 - Anti-bribery Management System certification. Also in 2020, training was given on topics related to the management and reporting of Conflicts of Interest, the Plan for the Prevention of Corruption and the Code of Conduct Management Model to employees of different CGD structural bodies and employees of CGD Group entities.

Existing mechanisms for reporting irregular practices

The Code of Conduct states that CGD must provide an internal communication circuit for alleged irregular practices occurring as part of its activity. CGD has an Internal Reporting System for Irregular Practices (SCIPI), governed by its own internal regulations.

The internal regulations governing this system were revised in 2020 and aim to ensure, among other things, the existence of adequate means for reporting and handling irregular practices, safeguarding the confidentiality of information and the identity of the whistleblower, when known.

4.13.2. Prevention and Management of External Fraud

The main goal of CGD's External Fraud Prevention and Management action is to prevent and manage fraud incidents, in order to reduce CGD's exposure to risk situations by adopting suitable containment/mitigation measures for the fraud incidents that occur.

In 2020, several reported fraud situations were analysed, alerts on issuing and acquiring, cases of , phishing, smishing and vishing, as well as the rejection of fraudulent movements as part of electronic banking and other means of moving accounts. The processing of alerts received by external Entities/International Brands within the scope of issuing activity was also carried out, with the adoption of preventive measures appropriate to the reported commitment.

CGD developed and implemented control mechanisms and procedures to mitigate the risk of (external) fraud, which could translate into potential losses resulting from activities with fraudulent intent in its relations with customers and third parties, in direct articulation with the other units that make up the Compliance Division's Anti-Financial Crime Area, with a view to preventing and combating different types of crime, especially money laundering and financing of terrorism.

In the period in question, news, alerts or recommendations were also published with a view to monitoring trends and new fraud typologies, with the primary goal of containing incidents and preventing future situations.

Evaluation of suppliers and service providers from the point of view of ethical and conduct risk

The Code of Conduct requires CGD to adopt instruments, namely contractual instruments, that show its suppliers' and other counterparties' commitment to the ethical principles and best business practices to which it subscribes.

CGD's suppliers contractually adhere to the Declaration of Ethical Principles and Best Business Practices, binding themselves to standards of conduct with regard to compliance with laws and regulations, corporate governance practices, the prevention of conflicts of interest and financial crimes, labour obligations and preservation of the environment and sustainability.

In turn, the Outsourcing Policy imposes the assessment of subcontracted service providers with regard to various risks, including compliance risks. In this context, opinions are issued by the Compliance division which cover matters of ethics and conduct.

4.13.3. Prevention of Money Laundering and Combating the Financing of Terrorism

CGD is committed to best practices in the Prevention of Money Laundering and Combating the Financing of Terrorism (PML/CFT) and, in order to comply with current laws and regulations and the recommendations of the relevant international entities, it has developed and implemented a clear set of policies, procedures and control systems to assess and mitigate the possible risks inherent to its customers and business relationships with them.

To this end, CGD's Compliance Division, through its Anti-Financial Crime Area, has several IT tools that allow the monitoring of banking activity as part of PML/CFT, particularly apps dedicated to monitoring accounts and customers (carried out continuously, systematically and in accordance with indicators established on the basis of a Risk-Based Approach - RBA), to classifying customers' risk profile and to filtering sanctioned customers and politically exposed individuals. In 2020, CGD developed and implemented mechanisms and procedures in order to make the establishment of the business relationship contingent on verification of compliance with the requirements from the Central Register of Effective Beneficiary (RCBE), reporting any discrepancies between the information contained in the RCBE and the information resulting from compliance with legal duties, as well as any other omissions, inaccuracies or outdated information in that register.

Furthermore, given the importance and impact of CGD's banking activity, reference should be made to the development and implementation of new computer procedures and mechanisms to comply with the recent guidelines issued by the European Banking Authority ("EBA Guidelines - Loan Origination and Monitoring") regarding the identification, analysis, management and mitigation of money laundering and terrorist financing risks to which it is exposed as a result of its credit-granting activities.

Also in 2020, the Compliance Group Hub for Monitoring Correspondent Banking was implemented in the Compliance Division, as part of the corporate approach to control functions and with the aim of creating synergies within the CGD Group and ensuring the consolidation of PML/CFT policies and procedures associated with this business segment. At the same time, the vostro/nostro accounts of the entire Group are monitored using specific IT tools that allow the analysis of operations, financial flows and risks associated with banks, jurisdictions, trigger events or types of operations, as well as the evaluation of existing banking correspondence relations, proceeding, thereafter, with the issue of compliance opinions and the execution of de-risking processes..

Considering that all employees are required to know and comply with the legal and regulatory standards that are directly applicable to them in the exercise of their functions, as well as all the internal rules and procedures established for the normal development of their activity, the e-learning training action on "Prevention of Money Laundering and Combating the Financing of Terrorism" was made available, which includes the changes resulting from the entry into force of Law No. 58/2020 of 31 August, which amends several laws, such as Law No. 83/2017 of 18 August.

Interaction with domestic entities and authorities

CGD has a team dedicated exclusively to gathering information and ensuring a diligent response to domestic entities and authorities, namely judicial, legal, tax and regulatory entities.

In 2020, CGD responded to around 11,000 requests made by the competent authorities in judicial, criminal, tax and insolvency proceedings, as well as money laundering, drugs and corruption cases.

This contribution is particularly relevant in cases of proceedings aimed at combating corruption, preventing money laundering and combating the financing of terrorism, as it ensures the sharing of a significant volume of information, which is normally associated with the greater complexity of this type of case.

Banco Caixa Geral Angola's model for combating corruption and bribery attempts

Banco Caixa Geral Angola's internal control system includes documented procedures and practices for detecting and preventing situations of corruption, attempted bribery and related offences, namely through the Code of Conduct, its organic and functional structure, decision-making processes and the adoption of the principle of segregation of duties in the activities and tasks that warrant it, and is binding on all the institution's activities and employees.

For this purpose, we highlight the following mechanisms: Internal Reporting System for Irregular Practices that enables employees to report situations that may fall within the scope of the corruption; Employee Performance Management System that includes the evaluation parameter "Attitudes and Behaviour", where ethical and corruption prevention are assessed.

Compliance Function: Continuous training for all employees; System for Preventing Money Laundering and Combating Terrorist Financing, which identifies the customers' risk profile.

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.

CGD regards information security as an ethical, legal, regulatory and contractual imperative for its customers. Information Security is a top priority for CGD and a responsibility to be exercised on a day-to-day basis across the organisation.

CGD's Global Information Security Policy aims to formalise and communicate to the entire organisation the strategic and programming 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 organisation's objectives in this area are being achieved.

Over the years, CGD has promoted several initiatives that directly and indirectly contribute to this topic, reporting them in the 2020 Sustainability Report. In order to assess the management approach used, CGD measures and monitors the indicators associated with this topic and reports them in this chapter and also in Annex B - GRI Table.

We consider that CGD's approach to Information Security makes a positive contribution to SDG 16 - Peace, Justice and Strong Institutions.

4.14.1. Information Security and Data Protection

Information is an indispensable component of CGD's business and is the basis of business processes and a means of gaining competitive advantage over competitors. It is, therefore, a critical asset that must be adequately protected and its confidentiality, availability and integrity must be preserved.

CGD's IT Strategy is based on the foundations of the Bank's 2017-2020 Strategic Plan, in accordance with its guidelines and goals: improve the profitability of the business through commercial growth, cost efficiency, improvement of the international operation and reinforcement of risk management.

With the aim of boosting the CGD Group's digital transformation, the IT Strategic Plan was structured around 5 pillars, encompassing a total of 96 initiatives monitored by the European Central Bank (ECB):

1) Governance and Organisation Model;
2) Technological Transformation;
3) Cybersecurity and IT Risk;
4) Data (BCBS239 principles);
5) International.

Examples of some of the key results include:

- ✓ Outlining the Governance Model, with periodic meetings being established at corporate level;
- ✓ Adopting Agile methodology for the software development life cycle (31 squads deployed to work on new agile methodologies, namely scrum/Kanban));
- ✓ Implementing the training plan to meet the training needs demanded by the transformation of IT;
- ✓ Completing the data migration of the offload of Data Warehouse and the technical delivery of the Single Data Repository (Datalake));
- ✓ Implementation of all initiatives relating to the recommendations of the Joint Supervisory Team (JST) on data quality;
- ✓ Outlining the corporate strategy and communication model.

Information Security Governance Model

Information Security governance is vital to ensure adequate protection of information, guaranteeing the execution of appropriate activities in this area throughout the organisation, promoting Information Security Risk Management in articulation and alignment with Operational Risk Management and taking into account the level of risk appetite, ensuring compliance with the business, legal, statutory and contractual requirements applicable in the context of Information Security and adequately directing investments in this area.

All CGD bodies (committees, councils, general committees and SBs) are responsible for contributing to the effective development and consolidation of an information security culture that enables the sound and prudent management of CGD and the Group's entities.

The direct participants in Information Security Governance include: CGD's Executive Committee, the Information Security Committee (ISC), the Chief Information Security Officer (CISO), the Risk Management Division, the Compliance Office and the Internal Audit Division.

At CGD entities, information security matters are handled by special agents appointed by each entity, known as Information Security Officers (ISO), thereby helping to guarantee the alignment of the information security strategy among all the Group's entities. Also expected is the creation of theme-based committees to address more specific issues, namely related to the Security of Electronic Channels, as well as the creation of multidisciplinary working groups to support the committees according to their needs, reporting to the ISC for issues related to Information Security.

5th annual Information Systems Division (ISD) event

The 5th annual ISD event was attended by around 300 internal employees from this division and, for the first time, by the heads of the IT areas of Caixa's foreign units in France, Mozambique, Cape Verde and Timor. The initiative is part of ISD's communication plan, which aims to provide employees with information on the initiatives taking place at the ISD and mobilise them for the demands and challenges arising from Caixa's strategy.

The event aimed to evaluate the results achieved in 2019 and highlight the initiatives to be carried out by the ISD in compliance with the IT Strategic Plan. The closing of the event, as in the past ISD events, was entrusted to Dr. Maria João Carioca, Caixa's Director in charge of the ISD.

e-Learning Course "Cybersecurity and Information Protection"

Information Security is vital and highly relevant for companies, and even more so in the case of benchmark financial institutions.

Based on this principle, CGD launched the e-learning course "Cybersecurity and Information Protection", which is mandatory for all employees.

The completion rate achieved at the end of 2020 was 81.45%.

Data protection

Compliance with the General Data Protection Regulation (RGPD) is an opportunity to provide customers with a quality service and add value to the relationship of trust that they have with CGD and the CGD Group. This is achieved by strictly self-assessing its internal processes and procedures for handling customer and employee data.

CGD, as the controller of personal data, has been safeguarding the exercise of rights by the data subjects. The Data Protection Officer (DPO) and the Data Protection Office (DPOffice) have collaborated in this matter whenever their intervention has been requested, either by ensuring direct contact with the data subjects, or by issuing opinions or guidelines for the controller.

With regard to internal policies and regulations in this area, it is important to highlight the following:

- **Privacy and Personal Data Protection Policies**This document explains the terms under which CGD processes customers' personal data and the rights they may exercise, in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council - General Data Protection Regulation - and other applicable domestic legislation on privacy and data protection, in particular Law No. 58/2019 of 8 August, which ensures the implementation of that Regulation in national law;
- **Cookies Policy** This document regulates the processing of data, including users' personal data, collected when using CGD websites and applications through the use of cookies.

In 2020, an update of these Policies was disclosed on the CGD website, in order to ensure compliance with Law 58/2019, which ensures the implementation, in national law, of the GDPR. The Policies also benefited from a more attractive graphic presentation for data subjects, ensuring greater transparency regarding the data processing that CGD performs in the course of its activity, including an illustrative set of examples, in order to be more easily understood by the data subject and contribute to a culture of data protection and digital literacy.

In matters of governance, the Delegated Council for Governance, Security and Data Protection (DCGSDP) is particularly relevant, as its mission is to make decisions at the structural level for data protection management, to guarantee institutional support and to qualify the DPO and the DPOffice in day-to-day management. The DCGSDP meets monthly and it is the DPO's responsibility to organise the agenda and works regarding data protection issues.

European Data Protection Day

To mark the date (28 January), the DPO sent all Caixa employees a message to raise awareness to privacy and compliance with the principles and rules on the processing of personal data, as well as to the adoption of the established procedures for identifying the data subject, collecting consent (direct marketing communications, campaigns and events) and the exercise of the respective rights.

The protection of personal data is an individual responsibility of each and every employee involved in processing operations.

BCA - ISO certification process/IEC 27001

Regarding BCA, it is important to highlight the outlining of information security policies and procedures for the conclusion of the ISO/IEC 27001 Certification (standard norm and international reference for Information Security Management).

This standard aims to increase the level of information security established by the organisation and the adoption of a set of requirements, processes and controls whose purpose is to mitigate and adequately manage the risks associated with Information Security.

4.15. Challenges and future prospects

The year 2020 will be marked as a year of change in the lives of individuals, families and businesses. We had the unique opportunity to stop and rethink the way business is done, with the conviction that societies must be more socially inclusive, businesses must be more resilient and the preservation of the environment and natural resources must be a priority.

Societies, families and companies want a financial system that is sound, transparent, responsible and that meets the financial needs of each person.

Caixa wants to be part of this change and is aware of its role and the challenges involved in regulatory issues, stakeholder expectations, regulator and supervisor guidelines, and the ambition to be the leader in the Sustainable Financing of Portuguese society.

To achieve this, it will need to have as its main guidelines:

- The Alignment of the Business with the EU Sustainable Financing Action Plan;
- The Implementation of the Taxonomy Regulation;
- The Implementation of the UNEP-FI Principles for Responsible Banking;
- The liaison and cooperation with international subsidiaries/banks;
- The Improvement of the Environmental Management System;
- The Measurement of its Social Impact;
- The streamlining of Sustainability reporting;
- The Alignment of Reporting with TCFD;
- The outlining of quantifiable targets in line with SBTi;
- Integration of the SDGs into the business.

Appendices

Annex A – Sustainability Indicators

102-8- PROFILE OF TOTAL WORKFORCE BY EMPLOYMENT CONTRACT TYPE AND GENDER (NUMBER)

	Individual employment agreement	Supply agreement	Fixed-term contract	Open-ended contract	Total
CGD,S.A. - Portugal	**5,581**	**784**	**85**	**2**	**6,452**
Male	2,022	410	47	1	2,478
Female	3,559	374	38	1	3,964
BCA - Cape Verde	**330**	**0**	**107**	**0**	**437**
Male	118	0	41	0	159
Female	212	0	66	0	278
BI - Cape Verde	**99**	**0**	**59**	**0**	**158**
Male	38	0	17	0	55
Female	61	0	42	0	103
BCGA - Angola	**551**	**-**	**36**	**515**	**551**
Male	252	-	14	238	252
Female	299	-	22	277	299
BCI - Mozambique	**2,742**	**0**	**31**	**0**	**2,773**
Male	1,279	0	22	0	1,301
Female	1,463	0	9	0	1,472
BNU Macau	**436**	**2**	**62**	**28**	**528**
Male	170	1	23	13	207
Female	266	1	39	15	321
BNU Timor	**0**	**0**	**10**	**132**	**142**
Male	0	0	3	73	76
Female	0	0	7	59	66
France Branch	**540**	**-**	**20**	**520**	**540**
Male	226	-	11	215	226
Female	314	-	9	305	314
Total					**11.581**

Note: For the France Branch and BCGA, the value of the individual employment agreement is the sum of the fixed-term contract and the open-ended contract.

401-1- NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER (in percentage)

		< age 30		ages 30 - 50		> age 50		TOTAL	
Bank	**Rate of:**	M	F	M	F	M	F	M	F
CGD S.A.	Rate of new hirings	37%	31%	2%	1%	0%	0%	2%	1%
	Turnover rate	8%	11%	4%	2%	23%	18%	12%	7%
BCA	Rate of new hirings	21%	10%	3%	3%	3%	0%	5%	3%
	Turnover rate	11%	0%	2%	1%	32%	20%	10%	5%
BI	Rate of new hirings	25%	41%	7%	9%	0%	0%	9%	14%
	Turnover rate	13%	6%	0%	4%	0%	17%	2%	5%
BCGA	Rate of new hirings	17%	11%	4%	3%	0%	0%	6%	5%
	Turnover rate	7%	3%	4%	3%	27%	4%	6%	3%
BCI	Rate of new hirings	8%	2%	0%	0%	0%	0%	2%	0%
	Turnover rate	4%	5%	6%	2%	0%	0%	5%	2%
BNU Macau	Rate of new hirings	44%	29%	4%	7%	0%	0%	13%	11%
	Turnover rate	22%	22%	4%	6%	7%	2%	9%	9%
BNU Timor	Rate of new hirings	38%	44%	0%	0%	0%	0%	4%	11%
	Turnover rate	0%	0%	6%	2%	5%	0%	5%	2%
France Branch	Rate of new hirings	39%	21%	8%	5%	2%	1%	10%	7%
	Turnover rate	30%	19%	2%	3%	4%	7%	7%	7%

Caixa Geral de Depósitos	405-1 Employees per professional category, gender and age group (%)						404-3 Employees subject to Performance Assessment (no.)			404-1 Average Hours of Training (no.)		405-2 Average base salary	405-2 Average remuneration
	< age 30	ages 30 - 50	> age 50	Gender		Total	Gender		Total	Gender		RATIO M/F	
				M	F		M	F		M	F		
										38.4	37.1		
Board of Directors	0%	0%	100%	100%	0%	0%	0	0	0	24.2		-	-
Senior Managers	0%	43%	57%	53%	47%	9%	304	283	587	37.7		93%	86%
Intermediate Managers	3%	73%	24%	39%	61%	51%	1,246	1,944	3,190	35.5		94%	93%
Highly-qualified and qualified professionals	3%	59%	38%	34%	66%	40%	835	1,617	2,452	40.4		98%	97%
Semi-qualified professionals	0%	0%	100%	100%	0%	0%	6	0	6	1.5		-	-
Non-qualified professionals	0%	0%	100%	0%	100%	0%	0	5	5	0.0		-	-
TOTAL	**3%**	**64%**	**33%**	**38%**	**62%**	**100%**	**2,391**	**3,849**	**6,240**	**37.6**		**91%**	**87%**

Banco Comercial do Atlântico	405-1 Employees per professional category, gender and age group (%)						404-1 Average Hours of Training (no.)		405-2 Average base salary	405-2 Average remuneration
	< age 30	ages 30 - 50	> age 50	Gender		Total	Gender		M/F RATIO	
				M	F		M	F		
							7.1	5.9		
Board of Directors	0%	40%	60%	80%	20%	1%	1.5		86%	86%
Administration	0%	45%	55%	64%	36%	3%	27.8		100%	105%
Leadership/Management	0%	84%	16%	30%	70%	22%	5.4		102%	103%
Technical	20%	68%	12%	33%	67%	49%	9.1		103%	102%
Multi-role	11%	84%	4%	36%	64%	10%	0.0		97%	97%
Administrative	0%	24%	76%	47%	53%	4%	0.0		112%	110%
Auxiliary Staff	0%	42%	58%	50%	50%	11%	0.0		80%	76%
TOTAL	**11%**	**68%**	**22%**	**36%**	**64%**	**100%**	**6.4**		**99%**	**98%**

Banco InterAtlântico	405-1 Employees per professional category, gender and age group (%)						404-1 Average Hours of Training (no.)		405-2 Average base salary	405-2 Average remuneration
	< age 30	ages 30 - 50	> age 50	Gender		Total	Gender		M/F RATIO	
				M	F		M	F		
							5.1	4.9		
Board of Directors	0%	100%	0%	50%	50%	1%	0.0		100%	100%
Technicians	19%	68%	13%	32%	68%	20%	6.9		98%	95%
Bank Clerks	16%	82%	2%	33%	67%	77%	4.7		98%	94%
General Service Assistants	0%	75%	25%	100%	0%	3%	0.0		-	-
TOTAL	**16%**	**79%**	**5%**	**35%**	**65%**	**100%**	**5.0**		**101%**	**102%**

Banco Caixa Geral, Angola	405-1 Employees per professional category, gender and age group (%)						404-1 Average Hours of Training (no.)		405-2 Average base salary	405-2 Average remuneration
	< age 30	ages 30 - 50	> age 50	Gender		Total	Gender		M/F RATIO	
				M	F		M	F		
							17.7	15.6		
Board of Directors	0%	80%	20%	100%	0%	1%	3.4		-	-
Management	0%	80%	20%	53%	48%	7%	18.7		69%	83%
Coordination	1%	90%	9%	44%	56%	20%	15.3		97%	92%
Specialised	25%	72%	4%	45%	55%	38%	21.0		102%	104%
Operational	38%	58%	4%	43%	57%	30%	13.6		95%	94%
Support	0%	74%	26%	63%	37%	3%	-		104%	87%
TOTAL	**21%**	**72%**	**7%**	**46%**	**54%**	**100%**	**16.6**		**59%**	**67%**

Banco Comercial e de Investimentos	405-1 Employees per professional category, gender and age group (%)						404-1 Average Hours of Training (no.)		405-2 Average base salary	405-2 Average remuneration
	< age 30	ages 30 - 50	> age 50	Gender		Total	Gender		M/F RATIO	
				M	F		M	F		
							8.2	7.5		
Board of Directors	0%	60%	40%	100%	0%	0%	6.4		-	-
Administration	1%	76%	23%	73%	27%	4%	11.0		89%	93%
Leadership/Management	8%	90%	3%	50%	50%	23%	7.4		99%	90%
Technical	18%	79%	2%	60%	40%	20%	10.4		95%	98%
Multi-role	10%	89%	1%	22%	78%	7%	7.3		98%	96%
Administrative	30%	69%	0%	40%	60%	44%	-		101%	93%
Auxiliary Staff	2%	42%	56%	76%	24%	2%	2.5		73%	70%
TOTAL	**19%**	**77%**	**3%**	**47%**	**53%**	**100%**	**7.8**		**69%**	**70%**

Banco Nacional Ultramarino Macao	405-1 Employees per professional category, gender and age group (%)						404-1 Average Number of Hours of Training (no.)		405-2 Average base salary	405-2 Average remuneration
	< age 30	ages 30 - 50	> age 50	Gender		Total	Gender		M/F RATIO	
				M	F		M	F		
							9.4	11.9		
Executive Committee	0%	0%	100%	100%	0%	1%	11.6		-	-
Administration	0%	55%	45%	55%	45%	6%	13.5		96%	97%
Management	2%	68%	29%	31%	69%	25%	14.2		92%	94%
Technical	46%	50%	4%	74%	26%	9%	6.9		83%	80%
Supervisor	17%	71%	12%	32%	68%	29%	13.6		111%	110%
Administrative	44%	47%	9%	39%	61%	30%	6.2		96%	96%
Auxiliary Staff	0%	0%	100%	0%	100%	1%	2.5		-	-
TOTAL	**23%**	**59%**	**18%**	**39%**	**61%**	**100%**	**10.9**		**84%**	**85%**

Banco Nacional Ultramarino Timor	405-1 Employees per professional category, gender and age group (%)						404-1 Average Number of Hours of Training (no.)		405-2 Average base salary	405-2 Average remuneration
	< age 30	ages 30 - 50	> age 50	Gender		Total	Gender		M/F RATIO	
				M	F		M	F		
							16.9	**24.7**		
Board of Directors	0%	50%	50%	50%	50%	1%	21		42%	42%
Administration	0%	100%	0%	100%	0%	4%	6		-	-
Leadership/Management	5%	62%	32%	62%	38%	26%	34		90%	86%
Technical	21%	58%	21%	58%	42%	13%	23		117%	129%
Multi-role	-	-	-	-	-	0%	-		-	-
Administrative	25%	71%	4%	41%	59%	51%	16		98%	98%
Auxiliary Staff	0%	33%	67%	100%	0%	4%	0		-	-
TOTAL	**17%**	**66%**	**17%**	**54%**	**46%**	**100%**	**20.5**		**51%**	**51%**

France Branch	**405-1 Employees per professional category, gender and age group (%)**						**404-1 Average Number of Hours of Training (no.)**		**405-2 Average base salary**	**405-2 Average remuneration**
	< age 30	ages 30 - 50	> age 50	Gender		Total	Gender		M/F RATIO	
				M	F		M	F		
							15.1	**13.7**		
Board of Directors	-	-	-	-	-	0%	-		-	-
Senior Managers	0%	0%	100%	71%	29%	1%	8.9		69%	72%
Intermediate Managers	0%	39%	61%	71%	29%	15%	13.7		88%	88%
Highly-qualified and qualified professionals	22%	63%	16%	39%	61%	49%	16.7		93%	93%
Semi-qualified professionals	24%	37%	39%	35%	65%	19%	13.4		84%	88%
Non-qualified professionals	11%	33%	55%	28%	72%	16%	9.2		79%	78%
TOTAL	**17%**	**49%**	**34%**	**42%**	**58%**	**100%**	**14.3**		**76%**	**77%**

302-1 - ENERGY CONSUMPTION BY SOURCE AND COUNTRY (GJ)

	CGD S.A.		BCA		BI		BCGA		BCI		BNU Macau		BNU Timor		France Branch	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Fuel for buildings	**2,006**	**2,027**	**170**	**187**	**65**	**95**	**-**	**824**	**531**	**262**	**2**	**-**	**-**	**57**	**-**	**-**
Diesel (GJ)	201	171	170	187	65	95	-	824	531	262	2	-	-	57	-	-
Natural Gas (GJ)	1,805	1,856	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fuels used for own fleet	**24,536**	**20,820**	**1.928**	**1,455**	**433**	**366**	**-**	**1,796**	**9,314**	**8,140**	**328**	**317**	**-**	**513**	**-**	**529**
Petrol (GJ)	475	349	624	504	59	42	-	1,151	1,878	1,076	328	317	-	-	-	158
Diesel (GJ)	24,061	20,471	1,304	951	374	324	-	645	7,435	7,064	-	-	-	513	-	371
Electricity	**193,075**	**167,056**	**9,615**	**6,285**	**1,682**	**1,595**	**-**	**7,718**	**81,351**	**84,381**	**10,706**	**10,782**	**2,610**	**2,340**	**-**	**7,569**
Direct primary energy generated	**5,014**	**4,966**														
Solar Thermal Power Plant at CGD's Head Offices (GJ)	3,443	3,594														
Photovoltaic electricity, commercial network (GJ)	1,571	1,372								-						
Direct primary energy sold	**1,571**	**1,372**														
Photovoltaic electricity, commercial network (GJ)	1,571	1,372														
Total energy consumption (GJ)	**223,059**	**193,497**	**11,713**	**7,927**	**2,180**	**2,057**	**-**	**10,338**	**91,196**	**92,783**	**11,035**	**11,099**	**2,610**	**2,910**	**-**	**8,099**

305-3 - DISTANCE TRAVELLED BY MEANS OF TRANSPORTATION AND STRUCTURE (km)

	CGD S.A.		BCA		BI		BCGA		BCI		BNU Macau		BNU Timor		France Branch	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Work-related trips																
Aeroplane (km)	6,367,494	2,041,053	194,043	17,994	524,968	61,521	-	NA	1,383,843	374,939	350,369	11,201	-	147,476	-	72,484
Train (km)	657,101	108,738	-	-	-	-	-	-	-	-	-	-	-	-	-	16,110
Boat (km)	-	-	37	40	-	-	-	-	-	-	-	-	-	-	-	-
Private transportation (km)	401,029	379,889	-	-	-	-	-	-	-	-	-	-	-	-	-	523,467

NA - Not available

303-1 - WATER CONSUMPTION BY SOURCE / 301-1 - MATERIAL CONSUMPTION / 306-2 - WASTE GENERATED BY TYPE AND DISPOSAL METHOD

	CGD S.A.		BCA		BI		BCGA		BCI		BNU Macau		BNU Timor		France Branch	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Water (m^3)																
Third-party water suppliers	178,066	165,280	6,632	5,690	1,028	992	-	18,606	-	6,700	8,991	9,916	-	NA	-	1,499
Surface Water	-	-	-	-	-	-	-	-	-	51,776	-	-	-	-	-	-
Groundwater	-	-	-	-	-	-	-	-	-	4,504	-	-	-	-	-	-
Material Consumption (Ton.)																
White Photocopy Paper	334	35	18	2.3	9	7.1	-	6.7	-	175.6	74	32.7	-	7.5	-	27.4
Paper in the form of envelopes	67	32	0	0.1	0	0.2	-	0.0	-	2.2	7	1.8	-	0.0	-	0.3
Paper and cardboard in the form of booklets	30	0	-	NA	-	NA	-	-	-	-	1	1.0	-	NA	-	0.0
Plastic in the form of Bank Cards	5	8	0	0.3	0	0.1	-	0.1	-	2.3	1	0.2	-	0.1	-	0.2
Waste (Ton.)																
Recycling/Energy recovery (Ton.)																
Paper and Cardboard	270.8	425.1														
Glass	32.7	11.3														
Plastics and packaging	13.4	9.9														
Biodegradable waste from kitchens and canteens	130.7	70.4														
Metals	76.7	37.3														
Wood	8.3	18.7														
Electrical and electronic equipment	4.3	3.5								-						
Mix of urban and equivalent waste	1.56	41.8														
Batteries	0.16	0.02														
Other	18.0	95.4														
Incineration and Landfill (Ton.)																
Hospital Waste	4.5	6.3														
Other	102.3	0.1														

NOTE: In 2020, the scope of water consumption reporting was extended to all facilities in Portugal, and for comparability purposes the 2019 figure was updated.

305-1/ 305-2/305-3 - GHG EMISSIONS BY SCOPE, SOURCE AND STRUCTURE (in t CO_2e)

	CGD S.A.		BCA		BI		BCGA		BCI		BNU Macau		BNU Timor		France Branch	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Scope 1	**1,954**	**1,691**	**189**	**154**	**37**	**34**	**-**	**190**	**725**	**621**	**23**	**320**	**-**	**43**	**-**	**39**
Fuel consumption at the installations (tCO_2e)	117	118	13	14	5	7	-	61	40	20	0	0	-	4	-	0
Fuel consumption by the fleet (tCO_2e)	1,731	1,479	141	106	32	27	-	128	685	601	23	23	-	38	-	39
F-gas leaks (tCO_2e)	106	94	36	34	NA	NA	-	NA	-	0	NA	297	-	0	-	0
Scope 2	**19,415**	**7,518**	**1,517**	**992**	**265**	**252**	**-**	**1,218**	**23**	**23**	**1,814**	**1,827**	**442**	**394**	**-**	**69**
Electricity generation (tCO_2e) - market-based	13,834	9,376	NA	NA	NA	NA	-	NA	5,197	5,391	2,626	2,369	NA	NA	-	NA
Electricity generation (tCO_2e) - location-based	19,415	7,518	1,517	992	265	252	-	1,218	23	23	1,814	1,827	442	394	-	69
Scope 3	**1,024**	**263**	**18**	**2**	**45**	**5**	**-**	**NA**	**129**	**35**	**36**	**1**	**-**	**15**	**-**	**96**
Work-related trips (tCO_2e)															-	
- Aeroplane	866	185	18	2	45	5	-	NA	129	35	36	1	-	15	-	6
- Train	17	2	-	-	-	-	-	NA	-	-	-	-	-	-	-	0
- Boat	-	-	-	-	-	-	-	NA	-	-	-	-	-	-	-	-
- Private transportation	68	61	-	-	-	-	-	NA	-	-	-	-	-	-	-	90
Waste treatment	72	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (tCO_2e) - location based	**22,392**	**9,471**	**1,724**	**1,148**	**347**	**291**	**-**	**1,407**	**877**	**679**	**1,873**	**2,148**	**442**	**451**	**-**	**204**

Annex B – Global Reporting Initiative (GRI) Index

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
1 - ORGANISATIONAL PROFILE						
102-1	Name of the organisation	Caixa Geral de Depositos, S.A.	-	-	-	-
102-2	Main activities, products and services	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. 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.	-	-	B. Business Model	-
102-3	Location of headquarters	CGD's head office is located at Avenida João XXI, 63, 1000-300, Lisbon	-	-	-	-
102-4	Countries where the organisation operates, or that are particularly relevant to the sustainability topics covered in the report	1. Board of Directors Report » 1.3. CGD Today » 1.3.3 CGD Group	-	-	B. Business Model	-
102-5	Ownership and legal form	1. Board of Directors Report » 1.3. CGD Today » 1.3.3 CGD Group	-	-	B. Business Model	-
102-6	Markets served	1. Board of Directors Report » 1.3. CGD Today » 1.3.3 CGD Group	-	-	B. Business Model	-
102-7	Scale of the organisation	1. Board of Directors Report » 1.3. CGD Today » 1.3.3 CGD Group	-	-	B. Business Model	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
102-8	Information on employees and other workers	4. Sustainability Report » 4.12. Human Capital Management » 4.12.1. Labour practices 4. Sustainability Report » Annex A - Sustainability Indicators 1. Board of Directors Report » 1.3. CGD Today » 1.3.3 CGD Group Scope: CGD, S.A. + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, BNU Timor and the France Branch).	Principle 6 - Elimination of discrimination in respect of employment and occupation	SDG 8 - Decent work and economic growth SDG 10 - Reducing Inequalities	D. Policies Implemented - iii. Workers and Gender Equality and Non-discrimination	-
102-9	Supply chain	By 2020, CGD had 750 active suppliers. The main expenses in supply include: - Software (Projects and Specialised Outsourcing); - Expenses with Property for Own Use; - Water, Gas and Electricity, Hygiene and Cleaning Material, Security, Surveillance and Cleaning Services; - Advertising Services (Sponsorship, Advertising Campaigns and Protocols); - Works in Leased Buildings (Electrical Installations, Civil Construction works); - ATM and Payment Terminals (Procurement of POS, Procurement of ATM Machines, Procurement of Recirculators). CGD selects mostly domestic suppliers - in Portugal, 89% of Caixa's suppliers are domestic suppliers, corresponding to 92% of its expenses on suppliers. This is also one of the ways in which the Bank contributes to stimulating the domestic economy, while creating indirect employment. CGD has transparent procedures for the procurement of goods and services, guided by principles of economy and efficiency. As part of its sustainability strategy, and considering that a large part of the bank's environmental and social impacts manifest themselves indirectly through the performance of its suppliers, CGD has been promoting sustainability principles among these suppliers as a way of mitigating environmental and social risks in its supply chain. Scope: CGD, S.A.	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
102-10	Significant changes to the organisation and its supply chain	1. Board of Directors Report » 1.2. Highlights 2020 Scope: CGD, S.A.	-	-	A. Introduction	
102-11	Precautionary principle or approach	CGD has an active approach to risk management, with the aim of minimising the associated potential adverse effects. CGD's subscription to the United Nations Environment Programme Finance Initiative (UNEP-FI) is an example of the pre-emptive approach to environmental and social issues, which strives to anticipate and prevent potential negative impacts on the environment and society. 4. Sustainability Report » 4.11. Sustainable Finance » 4.11.3. ESG Risk Integration Scope: CGD, S.A.	-	-	C. Main Risk Factors	-
102-12	External initiatives	CGD subscribes to policies and commitments that circumscribe its responsible management practices, urging the prevalence of ethics, stringency and transparency in all activities and operations, binding employees and functional structures, Group companies and, whenever applicable, partners, suppliers and other stakeholders. 4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » 4.5.2. Commitments adopted Scope: CGD, S.A.	-	-	A. Introduction	-
102-13	Membership of associations	CGD is present in several multisectoral working groups whose mission is to create mechanisms and tools to respond to business challenges in terms of sustainability. 4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » 4.5.3. Working Groups Scope: CGD, S.A	-	-	-	-
2 - STRATEGY						
102-14	Statement from senior decision-maker	4. Sustainability Report » 4.3 Message from the Chief Executive Officer Scope: CGD, S.A.	-	-	-	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
102-15	Key impacts, risks and opportunities	1. Board of Directors Report » 1.5 Risk Management 4. Sustainability Report » 4.11. Sustainable Finance » 4.11.2 Sustainable Financial Products and Services 4. Sustainability Report » 4.11. Sustainable Finance » 4.11.3 ESG Risk Integration Scope: CGD, S.A.	-	-	C. Main risk factors	-
3 - ETHICS AND INTEGRITY						
102-16	Values, principles, standards and norms of behaviour	The Code of Conduct sets out the principles of action and rules of professional conduct observed in and by CGD in the exercise 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 4. Sustainability Report » 4.4. CGD » 4.4.1. Mission, Vision and Values CGD also has a number of Policies and Principles that support an effective approach to relevant issues in labour practices, such as the prohibition of forced labour and the prohibition of child labour. The following stand out in this regard: • The CGD Principles for Sectoral Exclusion and Limitation, which state, among other things, that CGD does not finance "companies or projects that use child labour or work considered forced"; • The Ethical Principles and Good Business Practices, in which CGD undertakes, among several aspects, that its suppliers "do not use or in any way benefit from child labour, non-voluntary work or work performed under conditions and/or paid in terms that violate human rights, by itself or by third parties subcontracted to perform part of the activities, strictly observing applicable legislation on working hours and rest periods". Scope: CGD, S.A.	Principle 4 - The elimination of all forms of forced and compulsory labour Principle 5 - The effective abolition of child labour	SDG 16 - Peace, Justice and Strong Institutions	D. Policies Implemented - V. Combating corruption and attempted bribery D. Policies Implemented - vi. Human Rights	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
102-17	Mechanisms for ethical advice and concerns	CGD seeks to ensure an adequate control environment, a solid risk management system, an efficient information and communication system and a continuous monitoring process in order to ensure the quality and effectiveness of the system itself over time. CGD provides a circuit that is duly regulated by specific internal regulations, enabling 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 noted that CGD's activity is based on in-house regulations that reflect best banking practices and current regulations and legislation on a wide variety of matters. These internal regulations are published in the Internal Regulation System (IRS), accessible to all Employees. 4. Sustainability Report » 4.13. Anti-corruption practices » 4.13.1. Compliance risk management Scope: CGD, S.A.	-	SDG 16 - Peace, Justice and Strong Institutions	D. Policies Implemented - V. Combating corruption and attempted bribery	-
4 - GOVERNANCE | MATERIAL TOPIC: GOVERNANCE MODEL AND MANAGEMENT PRACTICES						
103-1	Explanation of the material topic and its boundary	4. Sustainability Report » 4.9. Governance Model and Management Practices	-	-	-	-
103-2	Forms of management and their components	4. Sustainability Report » 4.9. Governance Model and Management Practices	-	-	-	-
103-3	Evaluation of the management approach	4. Sustainability Report » 4.9. Governance Model and Management Practices	-	-	-	-
102-18	Governance structure of the organisation	1. Board of Directors Report » 1.3. CGD today » Governance Model 4. Sustainability Report » 4.9. Governance Model and Management Practices » 4.9.2. Sustainability Management Model Scope: CGD, S.A.	-	-	C. Main risk factors	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
102-21	Stakeholder consultation on economic, environmental and social topics	4. Sustainability Report » 4.6. Stakeholders and materiality Scope: CGD, S.A.	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	-
102-31	Review of economic, environmental and social topics	4. Sustainability Report » 4.9. Governance Model and Management Practices » 4.9.2. Sustainability Management Model Scope: CGD, S.A.	-	-	B. Business Model	-
5 - STAKEHOLDER ENGAGEMENT						
102-40	List of stakeholders groups	4. Sustainability Report » 4.6. Stakeholders and materiality » 4.6.1 Forms of relationship with stakeholders Scope: CGD, S.A.	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	-
102-41	Percentage of employees under collective bargaining agreements	All of CGD, S.A.'s employees fall under collective bargaining agreements, directly, by virtue of Company Contracts, or via an internal regulation that determines their enforcement on the remaining workers. 56% of CGD S.A. employees are unionised. Scope: CGD, S.A.	Principle 3 - Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	SDG 8 - Decent Work and Economic Growth	D. Policies Implemented - vi. Human Rights	-
102-42	Identifying and selecting stakeholders	CGD periodically conducts a stakeholder consultation process on sustainability issues. The materiality analysis provides information on future trends, risks and business opportunities that influence value creation. It also provides information on the issues that CGD's internal and external stakeholders expect us to address in our sustainability strategy. 4. Sustainability Report » 4.6. Stakeholders and materiality Scope: CGD, S.A.	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	-
102-43	Approach to stakeholders engagement	The process of determining the material topics encompassed three phases: Identification of topics; Assessment and prioritisation of the topics. Internal and external stakeholders were consulted by means of an online survey, and, as a complement, focus group meetings were held with suppliers, 3rd sector social	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
		institutions and non-governmental environmental organisations. Scope: CGD, S.A.				
102-44	Key topics and concerns raised	4. Sustainability Report » 4.6. Stakeholders and materiality » 4.6.1. Forms of relationship with stakeholders 4. Sustainability Report » 4.6. Stakeholders and materiality » 4.6.2. Materiality Matrix Scope: CGD, S.A.	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	-
6 - REPORTING PRACTICES						
102-45	Entities included in the consolidated financial statements	1. Board of Directors Report » 1.9. Separate and Consolidated Financial Statements Scope: CGD, S.A.	-	-	-	-
102-46	Defining report content and topic Boundaries	When outlining the structure and contents of the 2020 Sustainability Report, CGD took into consideration the principles set out in the *GRI*. Inclusion of stakeholders: CGD has identified its main stakeholders by addressing their main interests and expectations; Sustainability Context: CGD presents its performance in a comprehensive way and for the various dimensions of sustainability; Materiality: CGD presents its material topics, taking into account stakeholders' expectations and the respective perceived impacts. Completeness: CGD provides sufficient information, including its limitations, enabling stakeholders to assess the performance of the organisation. Scope: CGD, S.A.	-	-	A. Introduction	-
102-47	List of material topics	4. Sustainability Report » 4.6. Stakeholders and materiality » 4.6.2. Materiality Matrix Scope: CGD, S.A	-	-	A. Introduction	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
102-48	Restatements of information	Any reworking carried out since the last reporting period (e.g. methodology for calculating indicators) is indicated in the methodological notes or throughout the report, where applicable. Annex C - Methodological Notes	-	-	A. Introduction	-
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, we would highlight the widening of the reporting scope of international structures (France Branch), and the widening of the reporting scope of water consumption by CGD S.A. in its Buildings, by determining an average price value per cubic metre based on consumption in the Head Office Building. Thus, the estimated values for the Head Office Building refer to the m^3 actually consumed and the values for the other CGD facilities in Mainland Portugal and the Autonomous Regions (Azores and Madeira) correspond to an estimate based on the invoiced price. In addition to the previous year, CGD, S.A. included in its reporting the waste from Culturgest and from suppliers Siemens, Gertal, Canon and Konica Minolta. As waste at CGD is not singled out on Schinder's MIRR - Integrated Waste Registration Chart, CGD has excluded this recording from the scope. Annex C - Methodological Notes	-	-	A. Introduction	-
102-50	Reporting period	1 January 2020 to 31 December 2020	-	-	-	-
102-51	Date of the most recent report	2019	-	-	-	-
102-52	Reporting cycle	Annual reporting cycle	-	-	-	-
102-53	Contact point for questions regarding the report	4. Sustainability Report » 4.1. About this Report	-	-	-	-
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option 4. Sustainability Report » 4.1. About this Report	-	-	Information on the standards / guidelines followed Identification of the scope and methodology for calculating indicators	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
102-55	GRI Content Index	Present table	-	-	Identification of the scope and methodology for calculating indicators	-
102-56	External assurance	4. Sustainability Report » 4.1. About this Report	-	-	-	-
SPECIFIC STANDARD CONTENTS - CATEGORY: ECONOMIC						
GRI TOPIC: ECONOMIC PERFORMANCE (201) **Material Topic: Financial Sustainability**						
103-1	Explanation of the material topic and its boundary	4. Sustainability Report » 4.8. Financial Sustainability	-	-	-	-
103-2	The management approach and its components	4. Sustainability Report » 4.8. Financial Sustainability	-	-	-	-
103-3	Evaluation of the management approach	4. Sustainability Report » 4.8. Financial Sustainability	-	-	-	-
201-1	Direct economic value generated and distributed	CGD S.A. Economic Value Generated: EUR 1,273,800,018 Economic Value Distributed: EUR 771,732,615 Economic Value Accumulated: EUR 502,067,402 BCA Economic Value Generated: EUR 30,387,798 Economic Value Distributed: EUR 15,793,496 Economic Value Accumulated: EUR 14,594,302 BCGA Economic Value Generated: EUR 63,934,965 Economic Value Distributed: EUR 36,751,658 Economic Value Accumulated: EUR 27,183,307 BCI Economic Value Generated: EUR 165,896,177 Economic Value Distributed: EUR 98,487,558 Economic Value Accumulated: EUR 67,408,619 BI Economic Value Generated: EUR 9,768	-	SDG 8 - Decent work and economic growth SDG 9 - Industry, innovation and infrastructure	D. Policies Implemented - ii. Social and Fiscal Policies	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
		Economic Value Distributed: EUR 6,055 Economic Value Accumulated: EUR 3.713 BNU Macau Economic Value Generated: EUR 105,669 Economic Value Distributed: EUR 142,589 Economic Value Accumulated: EUR -36,920 BNU Timor Economic Value Generated: EUR 8,677 Economic Value Distributed: EUR 6,117 Economic Value Accumulated: EUR 2,560 France Branch Economic Value Generated: EUR 98,270,960 Economic Value Distributed: EUR 65,518,870 Economic Value Accumulated: EUR 32,752,089 Scope: CGD, S.A. + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, BNU Timor and the France Branch).				
201-2	Financial implications, risks and opportunities arising from climate change	CGD annually and voluntarily takes part in the CDP – Carbon Disclosure Project, where it lists the risks and opportunities arising for its activity from climate change. CGD's response can be found on the CDP website or on the CGD institutional website (https://www.cgd.pt/Sustentabilidade/Desempenho/Pages/Avaliacoes-Externas.aspx) 4. Sustainability Report » 4.11. Sustainable Finance » 4.11.3 *ESG* Risk Integration 4. Sustainability Report » 4.10. Corporate Social Responsibility » 4.10.2. Environmental Responsibility » Low Carbon Programme In 2019, CGD did not acquire any carbon credits. Scope: CGD, S.A. Annex E – Climate-related Financial Disclosures (TCFD)	-	SDG 13 - Climate Action	C. Main risk factors	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	CGD S.A. Female Gender: 181% Male Gender: N.A (in the lowest professional category, there are no men in 2020). BCA Female Gender: 208% Male Gender: 208% BCGA Female Gender: 346% Male Gender: 263% BCI Female Gender: 129% Male Gender: 151% BI Female Gender: 243% Male Gender: 243% BNU Macau Female Gender: 173% Male Gender: 173% BNU Timor Female Gender: 230% Male Gender: 230% France Branch Female Gender: 100% Male Gender: 100% Scope: CGD, S.A. + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, BNU Timor and the France Branch).	Principle 6 - Elimination of discrimination in respect of employment and occupation	SDG 1 - No Poverty SDG 5 - Gender equality SDG 8 - Decent work and economic growth	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
GRI TOPIC: INDIRECT ECONOMIC IMPACTS (203)**| Material topic: Corporate Social Responsibility**						
103-1	Explanation of the material topic and its boundary	4. Sustainability Report » 4.10. Corporate Social Responsibility	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
103-2	The management approach and its components	4. Sustainability Report » 4.10. Corporate Social Responsibility » 4.10.1. Social Responsibility	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	-
103-3	Evaluation of the management approach	4. Sustainability Report » 4.10. Corporate Social Responsibility » 4.10.1. Social Responsibility	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	-
203-1	Infrastructure investments and services supported	CGD promotes the development of projects that have a positive social impact and monitors their follow-up and their impact on the community, such as the Caixa Social Awards. In 2020, CGD S.A. invested EUR 9.5 million in the community, most notably donations under protocols with Higher Education Institutions (EUR 7.5 million). Scope: CGD, S.A.	-	SDG 2 - Zero hunger SDG 5 - Gender equality SDG 9 - Industry, innovation and infrastructure SDG 11 - Sustainable cities and communities	D. Policies Implemented - ii. Social and Fiscal Policies	-
GRI TOPIC: PROCUREMENT PRACTICES (204)						
204-1	Proportion of expenses with local suppliers	In 2020, CGD S.A.'s total annual expenditure on suppliers was EUR 261,715,906 million, of which 92% relates to local (domestic) suppliers. BCA's proportion of expenditure with local suppliers was 92%, BCGA 16%, BCI 92%, BI 86%, BNU Macau 74%, BNU Timor 83% and the France Branch 97%. Scope: CGD, S.A. + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, BNU Timor and the France Branch).	-	SDG 8 - Decent work and economic growth SDG 12 - Responsible production and consumption	D. Policies Implemented - ii. Social and Fiscal Policies	-
GRI TOPIC: ANTI-CORRUPTION (205) **| Material Topic: Anti-Corruption Practices**						
103-1	Explanation of the material topic and its boundary	4. Sustainability Report » 4.13. Anti-corruption practices	-	-	D. Policies Implemented - V. Combating corruption and attempted bribery	-
103-2	The management approach and its components	4. Sustainability Report » 4.13. Anti-corruption practices	-	-	D. Policies Implemented - V. Combating corruption and attempted bribery	-
103-3	Evaluation of the management approach	4. Sustainability Report » 4.13. Anti-corruption practices	-	-	D. Policies Implemented - V. Combating corruption and attempted bribery	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
205-1	Operations assessed for risks related to corruption	Risk assessments of corruption and related infractions are carried out through the Prevention Plans on the Risks of Corruption and Associated Offences. The CGD Group entities that have these Plans in place are considered business units. All 12 Entities identified as requiring these Plans, completed their Plans between 2019 and 2020, with half of these Plans completed in 2020. Thus, it is considered that 50% of the operations have been assessed for corruption risks. The type of significant risks identified varies according to the specific characteristics of each Entity and the context in which they operate (country, applicable legislation, business model, among others). Scope: Corporate (CGD,S.A. International structures)	Principle 10 - Businesses should work against corruption in all its forms, including extortion and bribery	SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - V. Combating corruption and attempted bribery	-
205-2	Communication and training about anti-corruption policies and procedures	CGD develops several measures in order to ensure training and communication on anti-corruption policies and procedures. The management of business ethics is a vital tool in decision-making in the business context, since the vast majority of these decisions have, explicitly or implicitly, some ethical content. It is, therefore, necessary to have instruments that formalise and make this management of ethics operational, with the Code of Conduct taking on particular importance. CGD S.A. makes its Code of Conduct available on its internal and external website. CGD S.A. 100% of employees have received communications regarding anti-corruption issues; 33% of employees have received training on anti-corruption issues. BCA: 0% of employees have received communications regarding anti-corruption issues; 3% of employees have received training on anti-corruption issues. BCGA: 100% of employees have received communications regarding anti-corruption issues;	Principle 10 - Businesses should work against corruption in all its forms, including extortion and bribery	SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - V. Combating corruption and attempted bribery	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
		78% of employees have received training on anti-corruption issues. BCI: 100% of employees have received communications regarding anti-corruption issues; 75% of employees have received training on anti-corruption issues. BI: 12% of employees have received communication regarding anti-corruption issues; 49% of employees have received training on anti-corruption issues. BNU Macau: 100% of employees have received communications regarding anti-corruption issues; 100% of employees have received training on anti-corruption issues. BNU Timor: 100% of employees have received communications regarding anti-corruption issues; 0% of employees have received training on anti-corruption issues. France Branch: 100% of employees have received communications regarding anti-corruption issues; 0% of employees have received training on anti-corruption issues. Scope: CGD, S.A. + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, BNU Timor and the France Branch).				

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
205-3	Confirmed occurrences of corruption and measures taken	<u>CGD S.A.</u> Total number of confirmed occurrences of corruption: 0 Total number of confirmed occurrences in which employees have been dismissed or received disciplinary actions for corruption: 0 Total number of confirmed occurrences in which contracts with business partners were terminated or not renewed due to corruption-related violations: 3 Total number of public legal cases of corruption brought against the company or its employees during the reporting period: 0 <u>BCA</u> Total number of confirmed occurrences of corruption: 0 Total number of confirmed occurrences in which employees have been dismissed or received disciplinary actions for corruption: 0 Total number of confirmed occurrences in which contracts with business partners were terminated or not renewed due to corruption-related violations: 0 Total number of public legal cases of corruption brought against the company or its employees during the reporting period: 0 <u>BCGA</u> Total number of confirmed occurrences of corruption: 0 Total number of confirmed occurrences in which employees have been dismissed or received disciplinary actions for corruption: 0 Total number of confirmed occurrences in which contracts with business partners were terminated or not renewed due to corruption-related violations: 0 Total number of public legal cases of corruption brought against the company or its employees during the reporting period: 0 <u>BCI</u> Total number of confirmed incidents of corruption: 7 (e.g. favouring suppliers; breach of professional secrecy and theft and abuse of trust).	Principle 10 - Businesses should work against corruption in all its forms, including extortion and bribery	SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - V. Combating corruption and attempted bribery	

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
		Total number of confirmed incidents in which employees have been dismissed or received disciplinary actions for corruption: 7 Total number of confirmed occurrences in which contracts with business partners were terminated or not renewed due to corruption-related violations: 0 Total number of public legal cases of corruption brought against the company or its employees during the reporting period: 0 BI Total number of confirmed occurrences of corruption: 0 Total number of confirmed occurrences in which employees have been dismissed or received disciplinary actions for corruption: 0 Total number of confirmed occurrences in which contracts with business partners were terminated or not renewed due to corruption-related violations: 0 Total number of public legal cases of corruption brought against the company or its employees during the reporting period: 0 BNU MACAU Total number of confirmed occurrences of corruption: 0 Total number of confirmed occurrences in which employees have been dismissed or received disciplinary actions for corruption: 0 Total number of confirmed occurrences in which contracts with business partners were terminated or not renewed due to corruption-related violations: 0 Total number of public legal cases of corruption brought against the company or its employees during the reporting period: 0 BNU TIMOR Total number of confirmed occurrences of corruption: 0 Total number of confirmed occurrences in which employees have been dismissed or received disciplinary actions for corruption: 0 Total number of confirmed occurrences in which contracts with business partners were terminated or not renewed due to corruption-related violations: 0				

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
		Total number of public legal cases of corruption brought against the company or its employees during the reporting period: 0 FRANCE BRANCH Total number of confirmed occurrences of corruption: 0 Total number of confirmed occurrences in which employees have been dismissed or received disciplinary actions for corruption: 0 Total number of confirmed occurrences in which contracts with business partners were terminated or not renewed due to corruption-related violations: 0 Total number of public legal cases of corruption brought against the company or its employees during the reporting period: 0 Scope: CGD, S.A. + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, BNU Timor and the France Branch).				
SPECIFIC STANDARD CONTENTS - CATEGORY: ENVIRONMENTAL						
GRI TOPIC: MATERIALS (301)						
301-1	Materials used by weight or volume	4. Sustainability Report » 4.10. Corporate Social Responsibility » 4.10.2. Environmental Responsibility » Eco-efficiency » Materials Consumption Annex A - Sustainability Indicators Scope: CGD, S.A. + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, BNU Timor and the France Branch).	Principle 7 - Businesses should support a precautionary approach to environmental challenges Principle 8 - Undertake initiatives to promote greater environmental responsibility	SDG 8 - Decent work and economic growth SDG 12 - Responsible Consumption and Production	D. Policies Implemented - i. Environmental Policies	

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
GRI TOPIC: ENERGY (302)						
302-1	Energy consumption within the organisation	4. Sustainability Report » 4.10. Corporate Social Responsibility » 4.10.2. Environmental Responsibility » Eco-efficiency » Energy Consumption Annex A - Sustainability Indicators Scope: CGD, S.A. + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, BNU Timor and the France Branch).	Principle 7 - Businesses should support a precautionary approach to environmental challenges Principle 8 - Undertake initiatives to promote greater environmental responsibility	SDG 7 - Affordable and clean energy SDG 8 - Decent work and economic growth SDG 12 - Responsible Consumption and Production SDG 13 - Climate Action	D. Policies Implemented - i. Environmental Policies	
302-3	Energy intensity	CGD calculates energy intensity based on full-time equivalent and taking into account the operating income: CGD S.A.: 29 GJ/FTE and 0.1 GJ/Thousands of Euros Annex C - Methodological Notes Scope: CGD, S.A.	Principle 8 - Undertake initiatives to promote greater environmental responsibility		D. Policies Implemented - i. Environmental Policies	-
302-4	Reduction of energy consumption	4. Sustainability Report » 4.10. Corporate Social Responsibility » 4.10.2. Environmental Responsibility » Eco-efficiency » Energy Consumption Scope: CGD, S.A. + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, BNU Timor and the France Branch).	Principle 8 - Undertake initiatives to promote greater environmental responsibility Principle 9 - Encourage the development and diffusion of environmentally friendly technologies.		D. Policies Implemented - i. Environmental Policies	-
GRI TOPIC: WATER (303)						
303-1	Water withdrawal by source	4. Sustainability Report » 4.10. Corporate Social Responsibility » 4.10.2. Environmental Responsibility » Eco-efficiency » Water consumption Currently, neither reused nor recycled water is used on CGD facilities. Annex A - Sustainability Indicators Scope: CGD, S.A. + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, BNU Timor and the France Branch).	Principle 7 - Businesses should support a precautionary approach to environmental challenges Principle 8 - Undertake initiatives to promote greater environmental responsibility	SDG 6 - Clean water and sanitation SDG 12 - Responsible Consumption and Production	D. Policies Implemented - i. Environmental Policies	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
GRI TOPIC: EMISSIONS (305) **| Material Topic: Corporate Social Responsibility**						
103-1	Explanation of the material topic and its boundary	4. Sustainability Report » 4.10. Corporate Social Responsibility	-	-	D. Policies Implemented - i. Environmental Policies	-
103-2	The management approach and its components	4. Sustainability Report » 4.10. Corporate Social Responsibility » 4.10.2. Environmental Responsibility	-	-	D. Policies Implemented - i. Environmental Policies	-
103-3	Evaluation of the management approach	4. Sustainability Report » 4.10. Corporate Social Responsibility » 4.10.2. Environmental Responsibility	-	-	D. Policies Implemented - i. Environmental Policies	-
305-1	Direct Greenhouse Gas Emissions (Scope 1)	4. Sustainability Report » 4.10. Corporate Social Responsibility » 4.10.2. Environmental Responsibility » Low Carbon Programme Annex A - Sustainability Indicators Annex C - Methodological Notes Scope: CGD, S.A. + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, BNU Timor and the France Branch).	Principle 7 - Businesses should support a precautionary approach to environmental challenges Principle 8 - Undertake initiatives to promote greater environmental responsibility	SDG 3 - Good health and well-being SDG 12 - Responsible Consumption and Production SDG 13 - Climate Action SDG 14 - Life below water SDG 15 - Life on land	D. Policies Implemented - i. Environmental Policies	-
305-2	Direct Greenhouse Gas Emissions (Scope 2)				D. Policies Implemented - i. Environmental Policies	-
305-3	Direct Greenhouse Gas Emissions (Scope 3)	The scope 3 emissions reported relate to work-related trips by CGD S.A. and Affiliated Bank employees and the treatment of waste produced on CGD, S.A. facilities. 4. Sustainability Report » 4.10. Corporate Social Responsibility » 4.10.2. Environmental Responsibility » Low Carbon Programme Annex A - Sustainability Indicators Annex C - Methodological Notes Scope: CGD, S.A. Affiliated Banks (BCA, BCI, BI, BNU Macau, BNU Timor and the French Branch).			D. Policies Implemented - i. Environmental Policies	
305-4	Carbon intensity	CGD calculates carbon intensity based on full-time equivalent and taking into account the operating income: CGD S.A.: 1.8 tCO2eq./FTE and 0.1 kgCO2eq/€ Annex C - Methodological Notes Scope: CGD, S.A.	Principle 8 - Undertake initiatives to promote greater environmental responsibility	SDG 13 - Climate Action SDG 14 - Life below water SDG 15 - Life on land	D. Policies Implemented - i. Environmental Policies	

<table>
<tr><th colspan="2">2016 GRI Standards Indicator</th><th>Location or omission</th><th>Global Compact Principles</th><th>Sustainable Development Goal</th><th>Compliance with CMVM recommendations on sustainability reporting</th><th>Omissions and their justification</th></tr>
<tr><td>305-5</td><td>Reduction of Greenhouse Gas Emissions</td><td>4. Sustainability Report » 4.10. Corporate Social Responsibility » 4.10.2. Environmental Responsibility » Low Carbon Programme
Annex A - Sustainability Indicators
Scope: CGD, S.A. + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, BNU Timor and the France Branch).</td><td>Principle 8 - Undertake initiatives to promote greater environmental responsibility
Principle 9 - Encourage the development and diffusion of environmentally friendly technologies.</td><td>SDG 13 - Climate Action
SDG 14 - Life below water
SDG 15 - Life on land</td><td>D. Policies Implemented - i. Environmental Policies</td><td></td></tr>
<tr><td>305-7</td><td>NOx, SOx and other significant air emissions</td><td>The emissions of this type of substances may occur mainly through diesel consumption by the fleet (16.4 t), petrol consumption by the fleet (0.2 t) and diesel consumption by the generators (0.1 t):
Total emissions of NOx: 16.7 t
Total emissions of SOx: 4.5 t
Annex C - Methodological Notes
Scope: CGD, S.A.</td><td>Principle 7 - Businesses should support a precautionary approach to environmental challenges
Principle 8 - Undertake initiatives to promote greater environmental responsibility</td><td>SDG 3 - Good health and well-being
SDG 12 - Responsible Consumption and Production
SDG 14 - Life below water
SDG 15 - Life on land</td><td>D. Policies Implemented - i. Environmental Policies</td><td></td></tr>
<tr><td colspan="7">GRI TOPIC: EFFLUENTS AND WASTE (306)</td></tr>
<tr><td>306-2</td><td>Weight of waste produced, by type and disposal method</td><td>In 2020, CGD reports waste under the MIRR (Integrated Waste Registration Chart) framework for CGD,S.A. buildings, clinical centres and Culturgest. With regard to service providers operating in the Head Office Building, CGD reports waste resulting from the activity of Gertal, Canon, Konica Minolta and Siemens.<table><tr><th>CGD,S.A.</th><th>2020</th></tr><tr><td>Hazardous waste - Recovery</td><td>1.28</td></tr><tr><td>Hazardous waste - Disposal</td><td>6.22</td></tr><tr><td>Non hazardous waste - Recovery</td><td>673.95</td></tr><tr><td>Non-hazardous waste - Disposal</td><td>39.35</td></tr><tr><td>Total</td><td>720.81</td></tr></table>The Affiliated Banks do not compile information on waste production.
Annex A - Sustainability Indicators</td><td>Principle 8 - Undertake initiatives to promote greater environmental responsibility</td><td>SDG 3 - Good health and well-being
SDG 6 - Clean water and sanitation
SDG 12 - Responsible Consumption and Production</td><td>D. Policies Implemented - i. Environmental Policies</td><td></td></tr>
</table>

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
		Annex C - Methodological Notes Scope: CGD, S.A.				
306-3	Significant spills	According to CGD's operations, this indicator is not considered to be material. To manage environmental risk at the CGD head office building, daily rounds are made to check the storage of critical and hazardous products, which are all duly identified, stored and placed in retention bins. In order to test its procedures, throughout 2020, CGD conducted seven operational exercises in which environmental scenarios with hazardous materials were tested and, as part of the drill at the head office building, the Environmental Management System was activated to treat waste resulting from fires. Scope: CGD, S.A.	Principle 8 - Undertake initiatives to promote greater environmental responsibility	SDG 3 - Good health and well-being SDG 6 - Clean water and sanitation SDG 11 - Sustainable Cities and Communities SDG 12 - Responsible Consumption and Production SDG 14 - Life below water SDG 15 - Life on land	D. Policies Implemented - i. Environmental Policies	-
GRI TOPIC: ENVIRONMENTAL COMPLIANCE (307)						
307-1	Fines and non-monetary penalties resulting from non-compliance with environmental laws and regulations	In 2020, there were no non-compliances with environmental laws and/or regulations. Scope: CGD, S.A.	Principle 8 - Undertake initiatives to promote greater environmental responsibility	SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - i. Environmental Policies	-
GRI TOPIC: ENVIRONMENTAL ASSESSMENT OF SUPPLIERS (308)						
308-1	New suppliers assessed with environmental criteria	In 2020, 292 suppliers were contracted, none of which were assessed taking into account environmental criteria. However, of CGD's total suppliers, 262 had environmental clauses in their contracts and 7 were subject to environmental audits as part of the EMS. Scope: CGD, S.A.	Principle 8 - Undertake initiatives to promote greater environmental responsibility	-	D. Policies Implemented - i. Environmental Policies	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
SPECIFIC STANDARD CONTENTS - SOCIAL CATEGORY						
GRI TOPIC: EMPLOYMENT (401)						
401-1	New employee hires and employee turnover	4. Sustainability Report » Annex A - Sustainability Indicators Annex C - Methodological Notes Scope: CGD, S.A. + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, BNU Timor and the France Branch).	-	SDG 5 - Gender equality SDG 8 - Decent work and economic growth SDG 10 - Reducing Inequalities	D. Policies Implemented - iii. Workers and Gender Equality and Non-discrimination	
401-3	Rates of return to work and retention after maternity/paternity leave, by gender	Rate of return to work CGD, S.A.: Male: 98% Female: 99% Total: 99% Rate of retention CGD, S.A.: Male: 96% Female: 98% Total: 97% Rate of return to work BCA: Male: 100% Female: 100% Total: 100% Rate of retention BCA: Male: 100% Female: 100% Total: 100% Rate of return to work BCGA: Male: - Female: 100% Total: 100% Rate of retention BCGA: Male: - % Female: 100% Total: 100% Rate of return to work BI: Male: 100% Female: 100% Total: 100% Rate of retention BI: Male: 100% Female: 75% Total: 83% Rate of return to work BNU Macau: Male: 100% Female: 100% Total: 100% Rate of retention BNU Macau: Male: 80% Female: 79% Total: 79% Rate of return to work BNU Timor: Male: 100% Female: 100% Total: 100% Rate of retention BNU Timor: Male: 100 % Female: 100% Total: 100%	Principle 3 - Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	SDG 5 - Gender equality SDG 8 - Decent work and economic growth	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
		Rate of return to work France Branch: Male: - % Female: 100% Total: 100% Rate of retention France branch: Male: - % Female: 58% Total: 58% Annex C - Methodological Notes Scope: CGD, S.A. Affiliated Banks (BCA, BCGA, BI, BNU Macau, BNU Timor and the France Branch).				
GRI TOPIC: OCCUPATIONAL HEALTH AND SAFETY (403)						
403-9	Work Accidents	In terms of occupational health and safety, CGD's facilities are equipped with appropriate conditions that ensure a safe working environment and mitigate the risk of occupational illnesses and/or work accidents. Below, CGD reports the indicators considered most relevant for an objective analysis by its stakeholders: Total number of deaths resulting from work accidents: 0 Total number of accidents with sick leave: 38 No. of injuries with and without sick leave: 68 No. of cases of occupational diseases: 3 The main types of work-related injuries were: Superficial injuries; sprains and strains and multiple injuries. Scope: CGD, S.A	-	SDG 3 - Good health and well-being SDG 8 - Decent work and economic growth SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	
GRI TOPIC: TRAINING AND EDUCATION (404) **| Material Topic: Human Capital Management**						
103-1	Explanation of the material topic and its boundary	4. Sustainability Report » 4.12. Human Capital Management	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
103-2	The management approach and its components	4. Sustainability Report » 4.12. Human Capital Management	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
103-3	Evaluation of the management approach	4. Sustainability Report » 4.12. Human Capital Management	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
404-1	Average hours of training per year per employee, broken down by gender and functional category	4. Sustainability Report » Annex A - Sustainability Indicators Scope: CGD, S.A. + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, BNU Timor and the France Branch). Annex C - Methodological Notes	Principle 6 - Elimination of discrimination in respect of employment and occupation	SDG 4 - Quality Education SDG 5 - Gender equality SDG 8 - Decent work and economic growth SDG 10 - Reducing Inequalities	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	
404-2	Programs for upgrading employee skills and transition assistance programs	4. Sustainability Report » 4.12. Human Capital Management » 4.12.2. Training, career development Scope: CGD, S.A.	-	SDG 8 - Decent work and economic growth	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	
404-3	Percentage of employees receiving regular performance and career development reviews	4. Sustainability Report » Annex A - Sustainability Indicators In 2020, 97% of CGD, S.A. employees received a performance assessment. Employees in the following conditions were not considered, as they were not eligible for assessment: - Members of the Board of Directors; - During 2020, they were not at CGD's service for a minimum of 90 days (e.g. prolonged absences); - Retirements, Terminations, Termination by Mutual Agreement (TMA), Deaths, Redundancies during the assessment period; - Employees in foreign units (Banks and Branches). Scope: CGD, S.A.	Principle 6 - Elimination of discrimination in respect of employment and occupation	SDG 5 - Gender equality SDG 8 - Decent work and economic growth SDG 10 - Reducing Inequalities	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
GRI TOPIC: DIVERSITY AND EQUAL OPPORTUNITY (405) | **Material Topic: Human Capital Management**						
405-1	Diversity of governance bodies and employees	4. Sustainability Report » Annex A - Sustainability Indicators Scope: CGD, S.A. + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, BNU Timor and the France Branch). Annex C - Methodological Notes	Principle 6 - Elimination of discrimination in respect of employment and occupation	SDG 5 - Gender equality SDG 8 - Decent work and economic growth	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
405-2	Ratio of basic salary and remuneration of women to men	4. Sustainability Report » Annex A - Sustainability Indicators Scope: CGD, S.A. + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, BNU Timor and the France Branch). Annex C - Methodological Notes	Principle 6 - Elimination of discrimination in respect of employment and occupation	SDG 5 - Gender equality SDG 8 - Decent work and economic growth SDG 10 - Reduced inequalities	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
GRI TOPIC: NON-DISCRIMINATION (406)						
406-1	Total number of cases of discrimination and corrective measures taken	Article 11 of CGD's Code of Conduct states: 1. CGD and its Employees do not practice any type of discrimination, based on criteria such as ethnicity, sex, gender identity, sexual orientation, religion, creed, culture, nationality, disability, political or ideological orientation, education, marital status or others, accepting and respecting the right to difference. 2. CGD Employees must act with courtesy, tolerance and respect and refrain from any behaviour that may be considered offensive. 3. CGD promotes mutual respect and equal treatment and opportunities among all Employees, valuing diversity within the organisation. 4. CGD promotes a balance in the reconciliation between the professional, personal and family life of its Employees. At CGD S.A. no situations of this nature were identified in 2020. Also in the affiliated banks, in 2020, no cases of discrimination were identified. Scope: CGD, S.A. + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, BNU Timor and the France Branch).	Principle 6 - Elimination of discrimination in respect of employment and occupation	SDG 5 - Gender equality SDG 8 - Decent work and economic growth SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
GRI TOPIC: SECURITY PRACTICES (410)						
410-1	Security personnel trained in human rights procedures or policies	By 2020, 29% of security personnel have received training regarding human rights. Scope: CGD, S.A.	Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights	SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - vi. Human Rights	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
GRI TOPIC: SOCIAL ASSESSMENT OF SUPPLIERS (414)						
414-1	New suppliers assessed according to social criteria	In 2020, 292 suppliers were contracted, none of whom were assessed taking social criteria into account. However, of CGD's total suppliers, 262 had social clauses in their contracts. Scope: CGD, S.A.	Principle 2 - Ensure non-compliance with human rights abuses	SDG 5 - Gender equality SDG 8 - Decent work and economic growth SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - vi. Human Rights	
GRI TOPIC: MARKETING AND LABELLING (417)						
417-2	Incidents of non-compliance concerning product and service information and labelling	CGD, S.A. recorded a total of 11 non-compliances with regulations and voluntary codes related to information and labelling of products/services, with 3 of these non-compliances resulting in a fine or penalty and the remaining 8 in a warning from Banco de Portugal. Scope: CGD, S.A.	-	SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - ii. Social and Fiscal Policies	-
417-3	Incidents of non-compliance concerning marketing communications	CGD, S.A. recorded a total of 4 non-compliances with regulations and voluntary codes related to marketing communications, including advertising, promotion and sponsorship. The 4 non-compliances resulted in a warning by Banco de Portugal. Scope: CGD, S.A.	-	SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - ii. Social and Fiscal Policies	-
GRI TOPIC: CUSTOMER PRIVACY (418) **| Material Topic: Cybersecurity and Data Protection**						
418-1	Substantiated complaints regarding violation of customer privacy and losses of customer data	In 2020, CGD. S.A. registered 26 complaints regarding customer data privacy violations arising from: ● Disclosure of Customer data to third parties, namely through *email*, text messages or by post (statements), due to human error; ● Forwarding communications/contacts for commercial or promotional purposes without consent for such purpose or after termination of the contractual relationship with Caixa, due to human error ● Photocopy of citizen card with no underlying legal obligation.	-	SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - ii. Social and Fiscal Policies	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
		BCA received 120 complaints for customer data privacy violation. BCGA received 154 complaints for customer data privacy violation. BCI received 259 complaints for customer data privacy violation. BI received no complaints for customer data privacy violation. BNU Macau received no complaints for customer data privacy violation. BNU Timor received no complaints for customer data privacy violation. The France Branch received no complaints for customer data privacy violation. Scope: CGD, S.A. + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, BNU Timor and the France Branch).				
419-1	Significant fines and total number of non-monetary penalties for non-compliance with laws and regulations	During 2020, CGD, S.A. received 3 penalties/fines considered significant (several administrative offences and breach of the duty of banking secrecy), having paid a total of 275,000 euros. BCGA received 1 penalty/fine considered significant, having paid one of 682,000 euros. BCI received 1 penalty/fine considered significant, having paid one of 740,000 euros. The remaining structures were not subject to penalties/fines considered significant Scope: CGD, S.A. + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, BNU Timor and the France Branch).	Principle 8 - Undertake initiatives to promote greater environmental responsibility	SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - ii. Social and Fiscal Policies	-
| SECTOR SUPPLEMENT **Material Topic: Sustainable Finance**						
103-1	Explanation of the material topic and its boundary	4. Sustainability Report » 4.11. Sustainable Finance	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	-
103-2	The management approach and its components	4. Sustainability Report » 4.11. Sustainable Finance	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	-
103-3	Evaluation of the management approach	4. Sustainability Report » 4.11. Sustainable Finance	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
FS7	(Monetary) volume of products and services with social benefit, by business line	CGD monitors trends and opportunities generated by new markets and agents of change, integrating aspects of this evolution into its portfolio and developing a financial offer that facilitates access to products with social benefits. An example is the COVID 19 support line, a line of credit with mutual guarantee, as part of the protocol signed between Caixa Geral de Depósitos (CGD), the Mutual Guarantee Companies (MGC) - Garval, Lisgarante, Norgarante and Agrogarante - IAPMEI and PME Investimentos, with the aim of urgently supporting companies in the sectors most affected by the measures adopted to contain the Coronavirus outbreak. An estimated EUR 874 million has been granted in 2020. 4. Sustainability Report » 4.7. Sustainability Strategy » 4.7.2.Alignment of the Sustainability Strategy with the challenges of COVID-19 The percentage of products with social benefits corresponds to 0.003% of CGD's total monetary volume of products. Scope: CGD, S.A.	-	SDG 1 - No Poverty SDG 8 - Decent work and economic growth SDG 9 - Industry, innovation and infrastructure SDG 10 - Reduced inequalities SDG 11 - Sustainable Cities and Communities	D. Policies Implemented - ii. Social and Fiscal Policies	-
FS8	(Monetary) volume of products and services with environmental benefit, by business line	CGD monitors trends and opportunities created by new markets and agents of change, incorporating aspects of this evolution into its portfolio and developing a financial offer that facilitates access to products with environmental benefits. 4. Sustainability Report » 4.11. Sustainable Finance » 4.11.2 Sustainable Financial Products and Services The percentage of products with environmental benefits is 0.006% of CGD's total monetary volume of products. Scope: CGD, S.A.	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	-
FS11	Funds or assets under management, subject to environmental and social assessment	Percentage of assets subject to positive environmental and/or social screening: 25% Percentage of assets subject to negative environmental and/or social screening: 1% Percentage of assets subject to positive and negative environmental and/or social screening: 26% Scope: Caixa Gestão de Ativos (CGD)	-	SDG 10 - Reduced inequalities	D. Policies Implemented - ii. Social and Fiscal Policies	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
SECTOR SUPPLEMENT | **Material Topic: Corporate Social Responsibility**						
103-1	Explanation of the material topic and its boundary	4. Sustainability Report » 4.10. Corporate Social Responsibility	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
103-2	The management approach and its components	4. Sustainability Report » 4.10 Corporate Social Responsibility » 4.10.1. Social Responsibility	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
103-3	Evaluation of the management approach	4. Sustainability Report » 4.10 Corporate Social Responsibility » 4.10.1. Social Responsibility	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
FS14	Initiatives to improve access to financial services for disadvantaged people	CGD has been developing several measures to improve access conditions for disabled people. Status of implementation in accordance with Decree- Law 163/06. Accessibility - Branches: 97.1% Accessibilities - Branches Extensions: 87.1% Accessibility - Automatic Branches: 84.6% Accessibility - Business Offices: 74.1% Scope: CGD, S.A.	-	SDG 1 - No Poverty SDG 8 - Decent work and economic growth SDG 10 - Reduced inequalities	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-

Annex C – Methodological Notes

302-1

CGD, S.A: The electricity consumption at the CGD S.A. head office represented 35% of total consumption, while the commercial network and other buildings accounted for 65%, including all facilities in mainland Portugal and the Azores and Madeira islands. With regard to the fleet, CGD accounts for fuel consumption of its own fleet (Galp cards) and other vehicles at the service of the company, whose expenses are reimbursed upon presentation of an invoice. For the latter, the amount of the litres consumed is calculated using the average price per litre of the fuel used:

CGD, S.A			
Regular diesel	€/litre	1.265	DGEG - Fuel Prices Online. Available at: http://www.precoscombustiveis.dgeg.pt/ to 31/12/2020
Petrol 95	€/litre	1.466	

At BI and BNU Macau: Consumption are estimated based on the specific consumption of each vehicle, considering the kilometres travelled.

At BNU Timor: The fuel consumption by the company's vehicles are calculated by the computerisation of the invoices from the petrol stations.

At BCA: the monthly/ annual expenses are related to the actual consumption of each vehicle according to the list received from the fuel supplier, where the consumption per litre of each vehicle is listed.

At BCI and France Branch: The consumption figures are the litres of fuel used by each vehicle.

At BCGA: The values in litres of fuel consumption are estimated through accounting movements assuming that 70% of travel costs are associated with gasoline vehicles (160 kz / L) and 30% are associated with diesel vehicles (135 kz / L).

Energy consumption within the organisation was converted to energy units (GJ), using conversion factors. The following table reports the factors used were as follows:

Conversion factors		General		
		Unit	Amount	Source
Electricity		kWh/GJ	0.0036	International Energy Agency
		CGD, S.A		
Natural gas	PCI (heat of combustion)	GJ/((N) $m^3 \times 10^3$	38.16	APA (2020) National Inventory Report 2020 Portugal (pg. 3-23 table 3.9)
Diesel	PCI (heat of combustion)	GJ/ton	43.30	
	Density	kg/l	0.84	APA (2020) National Inventory Report 2020 Portugal (pg. 3-81 table 3.51)
Petrol	PCI (heat of combustion)	GJ/ton	43.77	
	Density	kg/l	0.75	
		BCA Cape Verde, BCGA Angola, BCI Mozambique, BI Cape Verde, BNU Macau, BNU Timor and France branch		
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 2020, EDP Comercial supplied the electricity for CGD, S.A. In the Autonomous Region of the Azores the electricity supplier was Eletricidade dos Açores (EDA) and in the Autonomous Region of Madeira, Empresa de Eletricidade da Madeira (EEM):

	% renewable mix	Source
Mainland Portugal	58%	EDP Comercial - Know the source of your energy Available at: https://www.edp.pt/origem-energia/?sector=Empresas&year=-1&period=-1
Madeira	22%	EEM - Quarterly energy mix data, available at: https://www.eem.pt// media 757291/year-2020.pdf
Azores	36%	ERSE (Portuguese Energy Services Regulator),- System' basic mix data, available at: https://www.erse.pt/eletricidade/rotulagem/rotulagem/

The figures shown do not reflect the losses associated with the distribution and transport of electricity in the grid, as well as the losses inherent to limitations of efficiency associated with the production processes that are at the origin of the electricity consumed.

302-3 and 305-4

The energy and carbon intensity are calculated considering the FTE full-time equivalent and the operating income. The value of FTE only considers the activity of CGD, S.A. while the operating income considers the value of the activity in Portugal.

For the calculation of energy intensity, all types of energy consumption within the organisation are being considered (included in the response to indicator 302-1).

Emissions of scope 1 (indicator 305-1), scope 2 (indicator 305-2) and scope 3 (indicator 305-3) are being considered for calculating carbon intensity, based on the assumptions described in the respective methodological notes.

303-1

The figures shown for water consumption contemplate two parcels:

- Consumption actually made and accounted for at the CGD head office building (Av. João XXI - Lisbon), which represents 46% of total water consumption billed nationwide;
- Consumption calculated for the remaining buildings and commercial network. The calculation of water consumption is based on the amount, in euros, of the service provider's invoices. The estimation was made for m^3according to an applicable average conversion factor (the average amount per cubic metre this year for CGD was EUR 3.79/m^3).

All the water consumed by BCA, BCGA, BI, BNU Macau and the France Branch comes from municipal supplies. It should be noted that in the case of BI, there are occasional situations in which water consumption comes from pump trucks. At BCI, water consumption has three differentiated origins, namely municipal water, surface water and groundwater.

305-1

The calculation of CGD's direct emissions (scope 1) considered the energy consumption reported under indicator 302-1. The following table shows the emission factors considered for each of the Structures:

Emission factors	CGD, S.A		
	Unit	Amount	Source
Natural gas	kg CO_2/GJ	56.4	APA (2020) National Inventory Report 2020 Portugal (pg. 3-112 table 3.81)
	kg CH_4/GJ	0.001	
	kg N_2O/GJ	0.001	
Diesel	kg CO_2/GJ	74.10	APA (2020) National Inventory Report 2020 Portugal (pg. 3-112 table 3.81)
	kg CH_4/GJ	0.0007	
	kg N_2O/GJ	0.0004	
Petrol	kg CO_2/GJ	71.90	APA (2020) National Inventory Report 2020 Portugal (Annex B: Energy| B-8, table B-3)
	kg CH_4/GJ	0.0062	
	kg N_2O/GJ	0.0004	
	BCA, BCGA, BCI, BI, BNU Macau, BNU Timor and France Branch		
Diesel	kg CO_2/GJ	74,100	*GHG Protocol* (March 2017) http://www.ghgprotocol.org/calculation-tools/all-tools
	kg CH_4/GJ	10	
	kg N_2O/GJ	0.6	
Petrol	kg CO_2/GJ	69,300	
	kg CH_4/GJ	10	
	kg N_2O/GJ	0.6	
Oxidation Factors	Unit	Amount	Source
Natural gas	-	1	APA (2020) National Inventory Report 2020 Portugal (pg. 3-62 table 3.28)
Diesel	-	1	

To convert methane (CH_4) and nitrous oxide (N_2O), the GWP (*Global Warming Potential*) of the gases was used:

Global Warming Potential (2016)		
Unit	Amount	Source
CO_2	1	APA (2020) National Inventory Report 2020 Portugal (pg. 1-9 table 1.1)
CH_4	25	
N_2O	298	

In the case of F-gas leaks, the global warming potential of the gas was considered. At CGD, S.A., leaks from air-conditioning systems in central buildings and the commercial network (with the exclusion of extinguisher equipment) are accounted for. In the case of BCA and BNU Macao, the amount of gas procured during the reporting year at the facilities is recorded. BI, BCI, BCGA, BNU Timor and the France Branch do not have standardised methods for compiling this information.

CGD, BCA and BNU Macau		
Gas	Amount	Source
R134	1,100	Figures consulted on the Portuguese Environment Agency website, 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	
R422A	3,143	
R422D	2,729	
R424A	2,440	
R427A	2,138	
R453A	1,765	
SF6	22,800	

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	Amount	Source
Electricity (EDP)	kg CO_2/km	0.192	https://www.edp.pt/origem-energia/
EDA (Eletricidade dos Azores)	kg CO_2/km	0.481	http://www.eda.pt/Regulacao/Rotulagem
EEM (Empresa De Eletricidade Madeira)	kg CO_2/km	0.514	https://www.eem.pt/media/757291/ano-2020.pdf
Location-based	kg CO_2/km	0.162	APREN 2020, https://www.apren.pt/pt/energias-renovaveis/outros
	France Branch		
France	kg CO_2/km	0.033	RTE, 2020 https://www.rte-france.com/eco2mix/les-chiffres-cles-de-lelectricite
	BI, BCA and BCGA		
Africa	kg CO_2/km	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 (2011)	kg CO_2/km	0.001	International Energy Agency (2013), CO2 Emissions from Fuel Combustion Highlights 2013
Electricity market-based	kg CO_2/km	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	0.791	Supplier: Companhia de Eletricidade de Macau Source: Sustainability Report 2019 (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 for total emissions, the location-based method was used, as it is the only one available for all entities reported within the group.

305-3

Indirect emissions of scope 3 consider the following activities: Work-related trips in third-party vehicles. The following table shows the emission factors used.

Emission factors	CGD, S.A, BCA, BCGA, BCI, BI, BNU Macau, BNU Timor, France Branch		
	Unit	Amount	Source
Aeroplane – Domestic flights (<463 km)	kg CO_{2eq}/pkm	0.129	2020 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting
Aeroplane - Short Haul (> 463 km and < 3700 km)	kg CO_{2eq}/pkm	0.082	
Aeroplane - Long Haul (≥ 3700 km)	kg CO_{2eq}/pkm	0.101	
Train	kg CO_{2eq}/pkm	0.016	Comboios de Portugal (Portuguese Rail Company) - SR 2019 (p. 62)
Taxi	kg CO_{2eq}/vkm	0.145	2020 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting
Car (fuel unknown)	kg CO_{2eq}/km	0.171	
Boat	kg CO_{2eq}/km	0.018	

In terms of work-related trips, the emissions associated with transport by aeroplane, train, boat and private transportation are considered in accordance with the reality of each Bank:

	CGD, S.A	BCA	BCGA	BCI	BI	BNU Macau	BNU Timor	France Branch
Aeroplane	x	x	-	x	x	x	x	x
Train	x	-	-	-	-	-	-	x
Boat	-	-	-	-	-	-	-	-
Private transportation	x	-	-	-	-	-	-	x

Applicable: Caption (x) ; Not available / Not applicable (-)

305-7

To calculate SOx and NOx atmospheric emissions, the consumptions reported under indicator 302-1 were considered for the emergency generators, commercial network and vehicle fleet of CGD S.A. 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 quantity of waste reported refers to the waste collected at the Head Office Building, the Building on Avenida dos Aliados (Porto) and the Sacavém Warehouse. The waste produced as part of the activity of the Clinical Centres of the Social Services and Culturgest is also reported. With regard to service providers operating in the Head Office Building, CGD reports waste resulting from the activity of Gertal, Canon, Konica Minolta and Siemens.

The Affiliated Banks do not compile information on waste production.

Highlight "CGD,S.A. - Leasing for hybrid and electric cars"

The calculation of emission reductions associated with the choice of hybrid and electric vehicles was based on the following assumptions:

	Unit	Amount	Source
Car (fuel unknown)	kg CO_{2eq}/km	0.171	2020 *Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting*
Car (hybrid)	kg CO_{2eq}/km	0.116	
Car (electric)	kg CO_{2eq}/km	0.053	
Aeroplane (domestic flights)	kg CO_{2eq}/km	0.2443	
Life cycle	km	15,000	https://iopscience.iop.org/article/10.1088/1748-9326/11/5/054010
Distance Lisbon-Porto	km	275	https://pt.distance.to/Lisboa/Porto

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 hirings = (No. of new hirings / total no. of workers) x 100, by age group and gender

As concerns CGD, S.A., the figures given refer only to new hirings and exits recorded in Portugal. It should be noted that for the purpose of accounting employees, management positions are not considered unless they have an individual employment agreement with CGD, S.A.

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.

Regarding BCI, this information does not fit with the reality of the country. At BCGA, parental leave does not apply for the male gender.

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 31/12/2020 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.

405-1
For the purposes of calculating this indicator, 1 Director was considered, as he has an individual employment 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.

Annex D – Table of compliance with the requirements of DL 89/2017

DISCLOSURE REQUIREMENTS	CHAPTER/SECTION	PAGES
A brief description of the company's business model	1. Report of the Board of Directors » 1.3. CGD today	11 – 18
	3. Corporate Governance Report » 3.3. Shareholders' structure	326
	3. Corporate Governance Report » 3.5. Statutory Bodies and Committees	329
	4. Sustainability Report » 4.4. CGD » 4.4.1. Mission, Vision and Values	458
ENVIRONMENTAL ISSUES		
Policies Implemented	4. Sustainability Report » 4.5. Policies, commitments and working groups » 4.5.1. Policies for Sustainable Development	461
	4. Sustainability Report » 4.5. Policies, commitments and working groups » 4.5.2. Commitments adopted	462 – 463
Results achieved	4. Sustainability Report » 4.10. Corporate Social Responsibility » 4.10.2. Environmental Responsibility	491 – 498
	4. Sustainability Report » Annex A - Sustainability Indicators	523 – 529
Main associated risks and how they are managed	4. Sustainability Report » 4.10. Corporate Social Responsibility » 4.10.2. Environmental Responsibility » Environmental Management System	491
	4. Sustainability Report » 4.11. Sustainable Finance » 4.11.3. ESG Risk Integration	504 – 505
Indicators - key performance indicators	4. Sustainability Report » 4.7. Sustainability Strategy » 4.7.1. 2018-2020 Sustainability Strategy	469 – 470
	4. Sustainability Report » Annex B - Table of Contents Global Reporting Initiative	530 – 558
SOCIAL ISSUES REGARDING WORKERS		
Policies Implemented	4. Sustainability Report » 4.5. Policies, commitments and working groups » 4.5.1. Policies for Sustainable Development	461
	4. Sustainability Report » 4.5. Policies, commitments and working groups » 4.5.2. Commitments adopted	462 – 463
Results achieved	4. Sustainability Report » 4.10. Corporate Social Responsibility » 4.10.1. Social Responsibility	479 – 489
	4. Sustainability Report » 4.12. Human Capital Management » 4.12.1. Labour practices	506 – 512
	4. Sustainability Report » 4.12. Human Capital Management » 4.12.2. Training and career development	512 - 514
	4. Sustainability Report » Annex A - Sustainability Indicators	523 – 529
Main associated risks and how they are managed	4. Sustainability Report » 4.11. Sustainable Finance » 4.11.3. ESG Risk Integration	504 – 505
	4. Sustainability Report » 4.12. Human Capital Management » 4.12.1. Labour practices	506 – 512

Indicators - key performance indicators	4. Sustainability Report » 4.7. Sustainability Strategy » 4.7.1. 2018-2020 Sustainability Strategy	469 – 470
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	530 – 558
EQUALITY BETWEEN WOMEN AND MEN AND NON-DISCRIMINATION		
Policies Implemented	4. Sustainability Report » 4.5. Policies, commitments and working groups » 4.5.1. Policies for Sustainable Development	461
	4. Sustainability Report » 4.5. Policies, commitments and working groups » 4.5.2. Commitments adopted	462 – 463
Results achieved	4. Sustainability Report » 4.12. Human Capital Management » 4.12.1. Labour practices	506 - 512
	4. Sustainability Report » Annex A - Sustainability Indicators	523 – 529
Main associated risks and how they are managed	4. Sustainability Report » 4.11. Sustainable Finance » 4.11.3. ESG Risk Integration	504 – 505
	4. Sustainability Report » 4.12. Human Capital Management » 4.12.1. Labour practices	506 – 512
Indicators - key performance indicators	4. Sustainability Report » 4.7. Sustainability Strategy » 4.7.1. 2018-2020 Sustainability Strategy	469 – 470
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	530 - 558
RESPECT FOR HUMAN RIGHTS		
Policies Implemented	4. Sustainability Report » 4.5. Policies, commitments and working groups » 4.5.1. Policies for Sustainable Development	461
	4. Sustainability Report » 4.5. Policies, commitments and working groups » 4.5.2. Commitments adopted	462 – 463
Results achieved	4. Sustainability Report » 4.12. Human Capital Management » 4.12.1. Labour practices	506 – 512
	4. Sustainability Report » Annex A - Sustainability Indicators	523 – 529
Main associated risks and how they are managed	4. Sustainability Report » 4.11. Sustainable Finance » 4.11.3. ESG Risk Integration	504 – 505
	4. Sustainability Report » 4.12. Human Capital Management » 4.12.1. Labour practices	506 – 512
Indicators - key performance indicators	4. Sustainability Report » 4.7. Sustainability Strategy » 4.7.1. 2018-2020 Sustainability Strategy	469 – 470
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	530 – 558

COMBATING CORRUPTION AND ATTEMPTED BRIBERY		
Policies Implemented	4. Sustainability Report » 4.5. Policies, commitments and working groups » 4.5.1. Policies for Sustainable Development	461
	4. Sustainability Report » 4.5. Policies, commitments and working groups » 4.5.2. Commitments adopted	462 – 463
Results achieved	4. Sustainability Report » 4.13. Anti-corruption practices	515 – 518
Main associated risks and how they are managed	4. Sustainability Report » 4.13. Anti-corruption practices » 4.13.1. Compliance risk management	515 – 516
	4. Sustainability Report » 4.13. Anti-corruption practices » 4.13.2. Prevention and Management of External Fraud	516 – 517
	4. Sustainability Report » 4.13. Anti-corruption practices » 4.13.3. Prevention of Money Laundering and Combating the Financing of Terrorism	517 – 518
Indicators - key performance indicators	4. Sustainability Report » 4.7. Sustainability Strategy » 4.7.1. 2018-2020 Sustainability Strategy	469 – 470
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	530 - 558

Annex E – Climate-Related Financial Disclosures

Climate-Related Financial Disclosures as per TCFD guidelines

In 2015, the Financial Stability Board established the Task Force on Climate-related Financial Disclosures (TCFD) for a more effective and comparable climate-related disclosures to promote a more informed investment and enable stakeholders to understand the financial sector and financial system´s exposures to climate-related risks. The taskforce's final recommendations were published in 2017.

In the 2019 Sustainability Report CGD made a first step approach to reporting with reference to the TCFD.

CGD Group believes that by significantly increase the disclosures following the internationally established TCFD recommendations this year, it enables all stakeholders to better understand the financial implications associated with climate change and to make efforts to mitigate and adapt to climate change empowering our organization and our clients to channel investment to sustainable and resilient solutions, opportunities, and business models.

Timeline of CGD Group´s engagement to address climate change risks and opportunities

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.

In March 2016, CGD has been part of the Coordinating Committee of the Portuguese Alliance for the UN's SDGs – Sustainable Development Goals (SDGs).

CGD highlights the Climate Action as one of its priorities, taking direct and indirect 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, through Caixa Gestão de Ativos, has been a signatory, since June 2019, of the United Nations Principles for Responsible Investment (PRI). Signing up to the PRI is a natural step towards the reinforcement of the importance of incorporating Environmental, Social and Governance (ESG) factors into the investment process of the various funds under management.

In July 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. It aims to contribute to the promotion and development of sustainable financing in Portugal and the transition to a neutral carbon economy in 2050.

In September 2019, CGD became one of the founding signatories to the Principles for Responsible Banking, committing itself to strategically align its businesses in order to make a positive contribution to society and the environment, in line with the expectations of our stakeholders.

In November 2019, CGD signed the Business Ambition Commitment for 1.5°C, limiting the impacts of climate change. By signing this commitment, CGD publicly undertakes to align its business plans to fostering the descarbonization of the economy, aiming to limit global temperature rise to 1.5ºC.

Overview of the Recommendations

The recommendations are structured around four thematic areas that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets.

Governance

The organization's governance around climate-related risks and opportunities

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management

The processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets

The metrics and targets used to assess and manage

TCFD Disclosure Index		
Core Element	**Recommended Disclosure**	**Index**
Governance Disclose the organization's governance around climate-related risks and opportunities.	a. Describe the organization's governance around climate-related risks and opportunities.	Pages 461-464 and 570-571
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	Pages 477-478 and 570-571
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Pages 491-498 and 572-577
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Pages 469-470, 499-505 and 572-577
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Page 577
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.	a. Describe the organization's processes for identifying and assessing climate-related risks.	Pages 504-505 and 578-579
	b. Describe the organization's processes for managing climate-related risks.	Pages 578-580
	c. Describe how processes for identifying, assessing, and managing climated-related risks are integrated into the organization's overall risk management.	Pages 578-580
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Pages 581-586
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Pages 527-529 and 584
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Pages 584-586

Governance

CGD is a public company whose capital is exclusively owned by the Portuguese State.

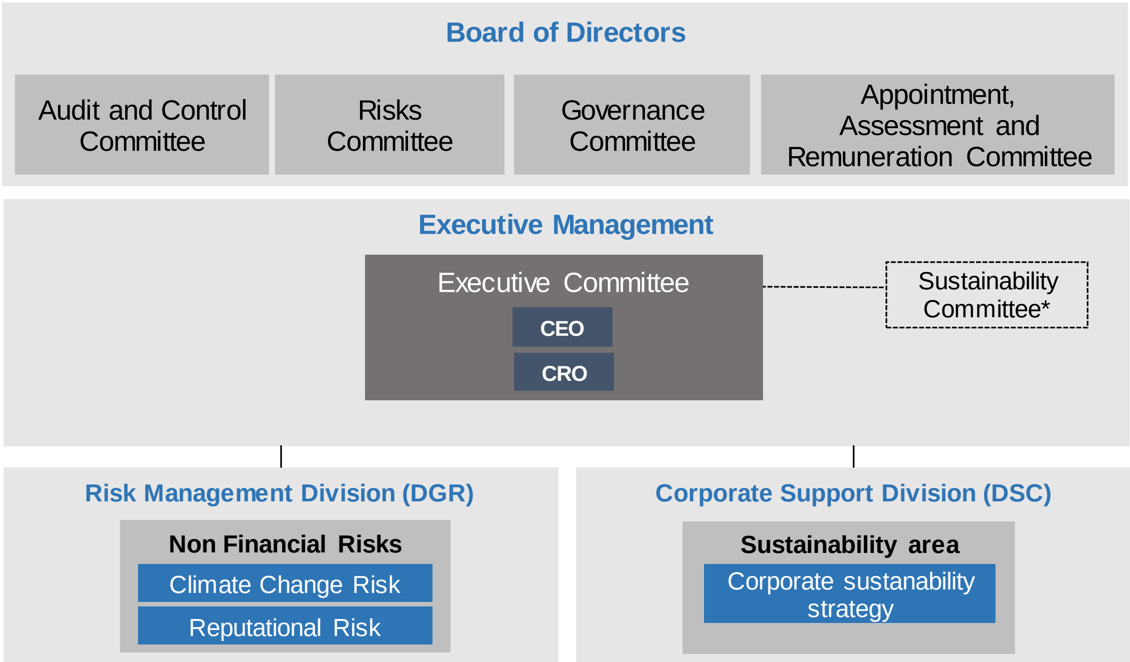
CGD's mission consists of creating value for the Portuguese society, by providing quality banking services to individuals and companies, thus contributing for the promotion of sustainable financing in Portugal and for the transition to a neutral carbon economy in 2050.

CGD 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, specialized credit and real estate. Its organizational 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.

CGD's internal governance structure comprises a board of directors, a supervisory board and a statutory audit company. 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.

The governance model for climate-related risks and opportunities is transversal to the organization as a whole, involving structural bodies and CGD Group companies, however, it is the risk management division and the corporate support division who play an integral role in executing the Board's oversight of governing the climate-related risks and opportunities.

Climate-related risks and opportunities governance diagram



(*)The Committees are dependent on the Executive Committee with no deliberative powers. They constitute themselves as privileged forums for debate and advisory support for decision-making, through the adoption of recommendations or for the presentation and discussion of cross-cutting themes.

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 Chief Executive Officer chairs the CGD Sustainability Committee, which covers all the ESG topics. The CGD Sustainability Committee integrates the representation of the key functional areas (e.g. Risk Management, Marketing, Financial, Human Resources, Procurement and other divisions) and organizational entities, national and abroad, associated with the implementation of sustainability policies, strategy and projects. Therefore, CGD´s CEO has a very relevant role in assessing and monitoring the strategy, policies and practices on related environmental, social and governance issues that are significant to the Bank. It is to highlight the approval of the CGD's adherence to the Principles of Responsible Banking (PRB) which provide the much needed framework for the sustainable banking system of the future. The testimony of the CGD´s CEO regarding the importance of the signature of the PRB for the Bank, is available on the United Nations Environment Programme Finance Initiative (UNEP FI) website. It is also to highlight the decision to support the Climate Action - Business Ambition 1.5ºC. 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.

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.
Risks Committee	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.
Sustainability committee	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, 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 evolution, for the consideration of the executive committee. The fact that the Sustainability Committee is chaired by the CEO, ensures greater commitment through the operational areas and consistency in the positions assumed by CGD and also facilitates the flow of communication on these topics, both internally and externally. The Sustainability Committee meets at least every three to six months, even though it meets on a more regular basis, allowing direct and indirect activities that may influence the policy to be properly analyzed and consistent with CGD's overall strategy, both domestically and internationally.
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.
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 includes the sustainability area who 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.

Strategy

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.

CGD recognizes that the adoption of sustainable development practices in the day-to-day management of the bank is an integral part of its mission and assumes:

- The integration of environmental criteria as determinant factors in the creation of value and the sustainability of the business, supporting and strengthening the strategy, the brand and the corporate values;
- Responsibility for preserving the environment, managing and monitoring the direct and indirect impacts of its activities, products and services;
- Promotion and participation of the stakeholders, considering their expectations and values in decision making and strategy.

CGD Group believes that by incorporating the climate-related risks and opportunities into risk management and strategic planning process, it will be able to better understand the financial implications associated with climate change and to make efforts to mitigate and adapt to climate change empowering the organisation and clients to channel investment to sustainable and resilient solutions, opportunities, and business models.

Sustainability strategy

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.

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 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 principles to which CGD is a voluntary subscriber, 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 Business Council for Sustainable Development 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);
- United Nations Global Compact -– Board Member of Global Compact Network Portugal.

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 other stakeholders.

To respond to the threat of climate change by "holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels" referred to as the Paris Agreement, CGD has, inter alia, the following sustainability-related policies/initiatives implemented:

Low carbon programme	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 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. For further details please refer to: *https://www.cgd.pt/sustentabilidade/responsabilidade-ambiental/pages/programa-baixo-carbono.aspx*
CGD's environmental policy	CGD's environmental policy recognizes 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. Under this policy CGD also takes on the commitment to make available products and services with a positive impact on the environment. For further details please refer to: *https://www.cgd.pt/Sustentabilidade/Visao/Pages/Politicas.aspx*
Environmental management system	In line with the Environmental Policy, in 2014, Caixa implemented and certified an Environmental Management System at its headquarters, in accordance with the ISO 14001 standard. This process aimed at strengthening the monitoring of environmental legislation, preventing pollution and improve its performance in this area. CGD´s headquarters' building is one of Portugal's largest services buildings and therefore having a major environmental impact on the local community. It also includes a medical centre and a congress and exhibitions centre. For further details please refer to: *https://www.cgd.pt/Sustentabilidade/Responsabilidade-Ambiental/Pages/Sistema-Gestao-Ambiental.aspx*
Sectorial Limitation and Exclusion Policy	The CGD Group recognizes the existence of sectors of activity or projects that can contribute negatively to Sustainable Development by establishing a list of principles underlying activities and projects that are excluded, or restricted under certain conditions, from its credit policy. The Board has the greatest responsibility for CGD's Principles of Exclusion and Sectoral Limitation. The Risk Management Division will ensure the competencies associated with its dissemination, implementation and monitoring, underlying the articulation with the structures designated by CGD in terms of sustainability, in accordance with the management model for sustainability. Under the CGD's Principles of Exclusion and Sectoral Limitation, does not finance or limit financing to: • Companies and projects related to unlicensed wildlife and wildlife or endangered species; • Companies that use scarce natural resources, whose exploration or extraction may cause a negative environmental impact and that do not comply with conditions defined in national or international regulations in this area and • Companies producing or processing dangerous materials or substances restricted by national law, among others related to environmental, social and reputational risks. For further details please refer to: *https://www.cgd.pt/Sustentabilidade/Visao/Pages/Politicas.aspx*

These policies/initiatives cover, inter alia, 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.

Climate change as a material and emerging risk

CGD Group defined as a priority of its business strategy the reinforcement of control over non-financial risks, which foresees as main responsibilities the identification, assessment, measurement, monitoring, control and reporting of the Group's non-financial risks which includes 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 management of non-financial risks and, in particular, sustainability-related challenges, have been gaining increasing relevance in 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.

In 2019 CGD recognised the climate change risk as a material and emerging risk of CGD Group.

In this sense, we highlight some of the short-term objectives regarding the risk management of climate-related risk and opportunities:

- Develop a strong risk management culture and adopt the best practices in the management of emerging risks underlying sustainability;
- Identify which climate-related risks CGD and its customers are most exposed to;
- Increase the portfolio of sustainable products and projects;
- Incorporate the risks associated with environmental factors and climate changes in credit risk policies, procedures and assessment;
- Making a positive assessment of companies with environmental concerns when assessing risk (e.g. internal corporate rating);
- Analyze new products or businesses, from the point of view of non-financial risks and with an emphasis on sustainability;
- Define the report templates to be created by CGD Group within the scope of the risks underlying sustainability.

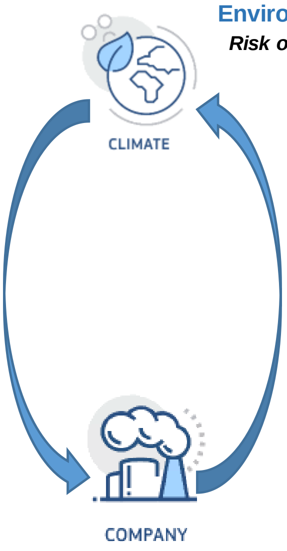
Double materiality approach

CGD approach to climate change considers a “double materiality” perspective taking into account both the climate’s impact on CGD business and CGD’s impact on climate.

Financial Materiality

Risk of negative impact on the company

Transition risks	Physical risks
Risks to the company that arise from the transition to a low-carbon and climate-resilient economy: ✓ **Policy risks** ✓ **Legal risks** ✓ **Technology risks** ✓ **Market risks** ✓ **Reputational risks**	Risks to the company that arise from the physical effects of climate change: ✓ **Acute physical risks**, which arise from particular events, especially weather-related events (storms, floods, fires or heatwaves) ✓ **Chronic physical risks**, which arise from longer-term changes in the climate (temperature changes, rising sea levels, reduced water availability, biodiversity loss and changes in land and soil productivity)



Environmental and Social Materiality

Risk of negative impact on the climate

Arise from the bank´s own operations and may occur throughout the value chain, both upstream in the supply-chain and downstream.

Main focus to the **emission of greenhouse gases (GHGs)** into the atmosphere which comprehend 3 scopes:

- Scope 1: Direct emissions from owned or controlled sources.

- Scope 2: Indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company.

- Scope 3: Includes all other indirect emissions that occur in a company's value chain.

The climate-related risks are divided into two major categories: risks related to the transition to a lower-carbon economy (“transition risks”) and risks related to the physical impacts of climate change (“physical risks”).

The transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to CGD.

Physical risks, either resulting from event driven (acute) or longer-term shifts (chronic) in climate patterns, may have financial implications for CGD, such as direct damage to assets and indirect impacts from supply chain disruption. The financial performance may also be affected by changes in water availability, sourcing, and quality, food security and extreme temperature changes, affecting organizations' premises, operations, supply chain, transport needs, and employee safety.

Despite most of CGD loan portfolio having a short to medium-term maturity, certain transition risks such as gradual shifts in market preferences, and physical risks such as rise of sea level, have a greater expected impact over a longer period of time. Considering that CGD expects to have a sustainable development resilient to climate change along with long-term relationships with clients, it is important to identify, assess, and manage climate-related risks over different time horizons.

Examples of identified climate-related risks, their potential financial impacts and term-horizons:

	Risk subtype	Risk Drivers	Potential Financial Impacts	Term-Horizons
Transition Risks	Legal and regulatory	• Increased pricing of GHG emissions • Enhanced emissions-reporting obligations • Mandates on and regulation of existing products and services • Exposure to litigation	• Depreciation of corporate clients assets in carbon-intensive industries • Increased operating costs (e.g., higher compliance costs, increased insurance premiums) • Write-offs, asset impairment, and early retirement of existing assets due to policy changes • Increased costs and/or reduced demand for products and services resulting from fines and judgments	**Short-Term, Medium-Term and Long-Term**
	Technological	• Substitution of existing products and services with lower emissions options • Unsuccessful investment in new technologies • Costs to transition to lower emissions technology	• Write-offs and early retirement of existing assets • Reduced demand for products and services • Research and development (R&D) expenditures in new and alternative technologies • Capital investments in technology development • Costs to adopt/deploy new practices and processes • Corporate clients in certain industries affected by the substitution of existing produts and serices (e.g. car industry)	**Short-Term, Medium-Term and Long-Term**
	Market	• Changing customer behavior • Uncertainty in market signals • Increased cost of raw materials	• Consumers and investors favoring more sustainable products • Reduced demand for goods and services due to shift in consumer preferences • Increased production costs due to changing input prices (e.g., energy, water) and output requirements (e.g., waste treatment) • Abrupt and unexpected shifts in energy costs • Change in revenue mix and sources, resulting in decreased revenues • Re-pricing of assets (e.g., fossil fuel reserves, land valuations, securities valuations)	**Short-Term, Medium-Term and Long-Term**
	Reputational	• Shifts in consumer preferences • Stigmatization of certain setors • Increased stakeholder concern or negative stakeholder feedback	• Reduced revenue from decreased demand for services • Reduced revenue from negative impacts on workforce management and planning (e.g., employee attraction and retention) • Reduction in capital availability	**Short-Term, Medium-Term and Long-Term**
Physical risks	Acute Risk	• Increased severity of extreme weather events such as cyclones and floods	• Increased capital costs (e.g., damage to property and facilities in high-risk locations) • Increased costs for costumers to address damages or losses caused by climatic incidents affecting their ability to pay • Reduced revenue and higher costs from negative impacts on workforce (e.g., health, safety, absenteeism) • Reduced revenues from lower sales/output • Increased insurance premiums and potential for reduced availability of insurance on assets in "high-risk" locations	**Short-Term, Medium-Term and Long-Term**
	Chronic Risk	• Changes in precipitation patterns and extreme variability in weather patterns • Rising mean temperatures • Rising sea levels		**Medium-Term and Long-Term**

Notes
1. Term-horizon categorization: Short-Term (0-2 years), Medium-Term (2-5 years) and Long-Term (> 5 years).

A high growth in the market dynamics supported by various public policies is expected in order to ensure the objective of carbon neutrality in 2050 for Portugal. The magnitude and distribution of physical and transition risks depend on the level and timing of mitigation measures and whether the transition occurs in an orderly or disorderly manner.

Climate-related opportunities

Portugal has committed to achieving 100% reduction of GHG emissions, so that an additional €86 Bn of investment will be needed by 2050, which represents an investment of €2.8 Bn per year. This is an opportunity for CGD and might impact positively the revenues from green products and services.

The efforts to mitigate and adapt to climate change also produce other opportunities for CGD, such as:

Energy Source	According to the International Energy Agency (IEA), to meet global emission-reduction goals, countries will need to transition a major percentage of their energy generation to low emission alternatives such as wind, solar, wave, tidal, hydro, geothermal, nuclear, biofuels, and carbon capture and storage. CGD has been investing in the production of renewable energy and introduced several energy efficiency measures on its corporate buildings and commercial network. Main projects are: - Solar thermal plant at the head office: collectors installed across the 1,600 m2 roof at headquarters produce energy for heating and cooling the water necessary for the centralised air-conditioning and sanitary facilities (3.594 GJ produced in 2020). - Solar photovoltaic microgeneration within the branch network: installation of solar photovoltaic panels (1.372 GJ produced in 2020).
Client engagement	CGD's is willing to engage with clients, customers and other stakeholders to encourage sustainable practices and meet society's goals for a net zero future. The goal of CGD is to accelerate the transition to a low-carbon economy by supporting EU Taxonomy[1] aligned projects and sectors or by developing sustainable products and services that can potentially contribute to reduce the greenhouse gas emissions of the lending portfolio.
Supplyer engagement	CGD assumes itself as an agent of change along the value chain, promoting sustainability principles upstream, as a way to mitigate environmental and social risks, namely through ethical principles and good business practices, aligned with the 10 principles of the Global Compact, and the obligations contained in the environmental, safety and health practice manual annexed to the contracts, where applicable, taking account the scope, industry and nature of the service provided. Also, CGD has a Manual of Environmental, Safety and Health Good Practices that integrates into new contracts with the resident suppliers in order to sensitize them to environmental issues and promote behavior in line with CGD´s environmental policy. In 2020, CGD also developed an ESG questionnaire to be applied to CGD suppliers.
Stakeholder Engagement	CGD is an active member of several industry initiatives and working groups focused on environmental and social sustainability and frequently engages with stakeholders, government entities, the community, academic institutions and multilateral organizations to better understand how to make a positive environmental impact. CGD intends to invest in more training and qualification of its employees in sustainable financing, enhancing the development of innovation and new methodologies/frameworks in this scope.
Markets	The financial sector, being one of the main drivers of economic development, plays a structuring role in leveraging a low-carbon economy and in accessing products that contribute to meeting the challenges faced by society in general and by some communities in particular. In this context, CGD follows trends generated by new markets and agents of change, integrating aspects into its portfolio and developing financial offers that facilitate access to environmentally responsible products that promotes less environmental impacts. CGD is looking forward to issue a green, social and sustainability bond in 2021, mobilizing financial flows to deliver adaptation and resilience to climate change.
Reputation	Conscious of the challenges that climate change represent, CGD takes an active role in transparency in reporting of climate-related information and raising awareness next to its stakeholders for the environmental theme, thus contributing to the increase of its reputation. In order to manage its reputational risks, CGD has been promoting Sustainability principles within the supply chain, through the implementation of environmental and social clauses applied to contracts with suppliers (ethical principles and good business practices); promote periodic assessment of CGD brand image and communication, including the assessment of environmental liability attributes; answer to sustainability raters such as the Carbon Disclosure Project or the DJSI and audit its sustainability report by an external entity.
Resilience	The most significant effects of climate change are likely to emerge over the medium to longer term and their timing and magnitude are uncertain. This uncertainty presents challenges for CGD in understanding the potential effects of climate change. The assessment and disclosure of scenario analysis, which CGD plans to develop in the short-term, will develop adaptive capacity to respond to climate change and help promote a smooth rather than an abrupt transition to a lower-carbon economy.

Notes
1. Eu Taxonomy means the European Commission Taxonomy Regulation for environmentally sustainable activities.

Portfolio Carbon Footprint

Under the European Banking Authority guidelines on loan origination and monitoring, CGD is planning to adopt a holistic approach by incorporating ESG considerations in credit risk policies, procedures and credit rating for corporates covering the granting and monitoring of credit facilities.

These policies and procedures will also set up qualitative and quantitative targets to support the development and the integrity of CGD green lending activity and assess the extent to which this development is line with, or is contributing to, CGD´s overall climate-related and environmentally sustainable objectives.

CGD acknowledges that physical and transition risk have impact in the operation of the bank, and in economic activities, which in turn impact the bank through credit portfolio. Methodologies to estimate the magnitude of climate-related risks, quantify the financial impact and conduct scenario analysis are being analyzed by CGD.

In line with the sustainability strategy CGD endeavors to reduce its environmental impact and to have the capacity to adapt to and mitigate the challenges generated by climate change. CGD´s short-term objectives are, inter alia, to:

- Keep and further develop the alignment of the strategy and operational activities with the Paris Agreement;
- Further test the resilience of CGD lending portfolio to transition and physical risks related to climate change;
- Further incorporate the risks associated with environmental factors and climate changes in credit risk policies and procedures;
- Ponder the value of companies with environmental concerns when assessing risk;
- Reduce exposure in carbon intensive sectors;
- Quantify scope 3 emissions of the lending portfolio;
- Analyze new products / businesses, from the point of view of non-financial risks and with an emphasis on sustainability;
- Mobilize financial flows to deliver adaptation and resilience to climate change;
- Increase the portfolio of sustainable products and projects;
- Engage with clients, helping them with the transition.

The ambitions of the Paris Agreement to limit global warming to well below 2°C and pursue efforts to limit it to 1.5°C, will require great challenges to all financial system as well at it offers real opportunities to support the community, the clients and all CGD stakeholders.

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. The CRO 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.

Risk management is centralized and supported by a dedicated structure – the Risk Management Division (DGR), under the responsibility of the CRO.

The non-financial risks area was created as part of the risk management division in 2019, to address, inter alia, the risk of climate change.

Governance

Non-Financial Risks Management

Climate Change Risk	Reputational Risk

Framework

Corporate policy for non-financial risk management	Corporate policy for reputacional risk management

Responsabilities

The area main responsibilities are the identification, evaluation, measurement, monitoring, control and reporting of the Group's non-financial risks, other than those addressed by the specialized operational risk center. It also aims to define the strategy and the development of a specific management model for these risks, with its own tools and methodologies that includes, inter alia, the definition of specific risk appetite and metrics used as a basis to define dedicated action plans for non-financial risk.

The area also aims to define the strategy and consequent risk management model in an intervention framework coordinated among the three lines of defense which employ a single common language. 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.

Climate-related risks identification and assessment

Risk management is based on the identification and assessment of the financial and non-financial risks to which CGD Group is or may be exposed, and on the implementation of management and control approaches, differentiated according to the relevance of each risk category and its respective factors. The process is supported by the CGD Group Risk Taxonomy, which includes the risk categories and concepts defined across the Group.

CGD's risk taxonomy comprehend eleven risk categories and is intended to be a comprehensive, common and stable set of risk categories used within all the organization.

CGD's non-financial risks area addresses the following risk categories:

- Strategy and business risk: losses deriving from macroeconomic, geopolitical, business model, investment, equity investments in banks and non-banking entities, climate change and pandemics, being the climate change risk, the risk of negative impacts on earnings or capital resulting from climate change and affecting natural and human systems and regions. It encompasses concerns with society decarbonization, more and stronger fire outbreaks and the rise of the sea level.
- 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).

Nevertheless, each of the other risk categories of CGD Group Risk Taxonomy may also be influenced by transition and physical climate risks. Examples are presented in the following table.

Taxonomy	Definition	Transitional Risks	Physical Risks
Liquidity risk	Risk of negative impacts on earnings or capital to be incurred from holding insufficient liquidity to survive a contingent stress event, whether name-specific or market-wide in origin.	Transition risk drivers may lead to inappropriate liquidity buffers.	Liquidity risk may be affected in the event of clients withdrawing money from their accounts in order to finance damage repairs.
Credit risk	Risk of negative impacts on earnings or capital due to the inability of a counterparty to meet its financial commitments to the institution, including possible restrictions on the transfer of payments from abroad.	Energy efficiency standards may trigger substantial adaptation costs and lower corporate profitability, which may lead to a higher probability of default as well as lower collateral values.	The probabilities of default (PD) and loss given default (LGD) of exposures within sectors or geographies vulnerable to physical risk may be impacted, for example, through lower collateral valuations in real estate portfolios as a result of climate hazards.
Market risk	Risk of negative impacts on earnings or capital due to unfavorable movements in the market price of the trading book or fair valued banking book positions, caused in particular by fluctuations in interest rates, exchange rates, share prices or commodity prices, including adverse movements of exchange rates and its impact on the foreign exchange position.	Transition risk drivers may generate an abrupt repricing of securities and derivatives assets devaluation.	Severe physical events may lead to shifts in market expectations and could result in sudden repricing, higher volatility and losses in asset values.
Operational risk	Risk of negative impacts on earnings or capital, arising from failures in the analysis, processing or settlement of operations, internal and external fraud, the use of subcontracted resources, ineffective internal decision-making processes, insufficient or inadequate human resources or the inoperability of infrastructure.	Transition risk drivers may lead to increased operating costs for facilities and higher capital expenditures for resiliency and reduction of carbon emission.	The bank's operations may be disrupted due to physical damage to its property, branches and data centers as a result of extreme weather events.
Compliance risk	Risk of negative impacts on earnings or capital arising from violations or non-compliance with laws, regulations, agreements, customer relationships, prescribed practices or ethical standards that may result in legal penalties, restricting of business opportunities, reduction of expansion potential or inability to enforce contractual obligations.	Failure to comply with laws, regulations and guidance from supervisors resulting in fines and judgments.	Extreme weather events may lead to business disruption resulting in inadequate compliance and ethical standards.
Reputational risk	Risk of negative impacts on earnings or capital arising from adverse perception of the image of the financial institution on the part of customers, counterparties, shareholders, investors or regulators due to actions of the firm or its employees.	Reputational damage due to customer or community perceptions of the bank´s contribution to the transition to a lower-carbon economy (e.g. exposure to carbon-intensive sectors; offer of sustainable products).	Reputational damage due to lack customer support affected by extreme weather events or business disruption .

Climate-related risks monitoring and control processes

As of today, climate-related risks are part of the CGD Group´s Taxonomy of Risks, being the multidisciplinary team of the Corporate Support Division the major 1st line of defense, Risk Management Department the 2nd line of defense and the Audit Department the 3rd line of defense.

The non-financial risks department intends to define the strategy and the consequent model for managing non-financial risks 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.

In this management model, the objective is to understand and improve CGD's non-financial risk profile through its own tools and methods, including questionnaires, risk matrices and controls, definition of specific risk appetite for non-financial risks, through metrics and indicators that incorporate qualitative and / or quantitative approaches.

Considering that the of non-financial risks have been gaining increasing relevance in CGD Group, during 2020 a management KPI was set for the DGR aiming to monitor the percentage of CGD credit products that include rules for non-financial risks, namely ESG concerns.

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. Thus, it will include the registration of events, any associated losses and corrective and / or mitigating measures implemented.

CGD is in an earlier process for quantifying climate-related risks and defining the scenarios and elements which depict the situations that may lead them into climate risk losses and how to incorporate such impact into ICAAP. Market trends suggest that there is no specific stand-alone capital estimation. Climate risk is quantified via other risks (e.g. credit risk, market risk, operational risk) through the analysis of long-term scenarios published by supranational institutions and their transformation into early impacts in the short-term for stress test. CGD is starting to work on this topics to be able to define a methodological approach within the next two years.

For metrics and indicators incorporating qualitative and / or quantitative approaches please refer to the next section.

Metrics and Targets

CGD Group have been disclosing environmental metrics in its sustainability report for several years.

In 2020 CGD also developed metrics to assess climate-related risks and opportunities.

Climate change risk metrics

Transition risks

CGD made a preliminary assessment of which sectors are more sensitive to the impacts from climate change, based on internal analysis and expertise as well as guidelines from various international initiatives and working groups on climate change.

The methodology used for the selection of sectors is based on the Portuguese Classification of Economic Activities considered to more likely face higher exposure to risks that arise from the transition to a low-carbon and climate resilient economy (e.g. activities associated with the extraction, processing, combustion or use of fossil fuels, or which are not sufficiently energy efficient).

The calculation is done by dividing the total gross credit amount of the selected activities by the total gross credit under management.

CGD also made a preliminary assessment regarding the regions where the carbon footprint of CGD operation might face a higher impact from transition risks, considering that the exposure in countries with weaker action by governments to set the world on track to keep global warming well below a 2°C increase will lead to an elevated risk from impacts of climate change

The methodology used was the concentration of credit exposure in countries that worst performed under the Climate Change Performance Index (CCPI). Published annually since 2005, the CCPI is an independent monitoring tool that evaluates and compares the climate protection performance of 57 countries and the European Union, which collectively account for more than 90% of GHG emissions. It aims to enhance transparency in international climate politics and enables comparison of climate protection efforts and progress made by individual countries. The CCPI assesses each country's performance in four categories: GHG emissions (40% of the overall ranking), Renewable Energy (20%), Energy Use (20%) and Climate Policy (20%).

The most recent ranking determines the following 10 countries as the worst performing: United States, Saudi Arabia, Islamic Republic of Iran, Canada; Chinese Taipei; Malaysia; Kazakhstan; Australia, Republic of Korea and Russian Federation.

Metric	Definition
Exposure to specific carbon based sectors	Percentage of exposure in carbon based sectors over total credit exposure.
Exposure of lending portfolio to certain activity sectors	Percentage of exposure in sectors with elevated risk from the impacts of climate change over total credit exposure.
Lending portfolio in regions highly exposed to climate change risk	Percentage of exposure in the top 10 industrial countries that worst performed under the Climate Change Performance Index (CCPI) over total credit exposure in corporate segment.

Metric	2018		2019		2020	
	%	Eur thousand	%	Eur thousand	%	Eur thousand
Exposure to specific carbon based sectors	**0,74%**	**332,060**	**0,77%**	**317,239**	**0,77%**	**315,211**
Extraction of crude petroleum and natural gas)		71		0		0
Manufacture of coke and refined petroleum products		222,527		209,437		209,083
Manufacture of industrial gases		189		180		197
Production of electricity		83,815		83,815		83,815
Manufacture of gas; distribution of gaseous fuels through mains		978		351		452
Wholesale of solid, liquid & gaseous fuels and related products		24,480.		23,457		21,663
Exposure of lending portfolio to certain activity sectors	**1,19%**	**534,190**	**1,14%**	**470,984**	**1,12%**	**461,936**
Mining and quarrying		55,074		61,339		81,147
Manufacture of coke and refined petroleum products		222,527		209,437		209,083
Manufacture of industrial gases		2,452		1,852		1,251
Manufacture of industrial gases		189		180		197
Production of electricity		83,815		63,620		73,004
Manufacture of gas; distribution of gaseous fuels through mains		978		351		452
Wholesale of solid, liquid & gaseous fuels and related products		24,480		23,457		21,663
Taxi operation		4,830		4,775		7,183
Air transport		139,845		105,975		67,955
Lending portfolio in regions highly exposed to climate change risk	**0,11%**	**21,974**	**0,61%**	**107,054**	**0,61%**	**105,612**
Austrália		0		70		68
Canadá		4,058		16,099		13,864
Taiwan		0		0		0
Estados Unidos da América		17,916		90,886		91,680

Notes
1. Data refers to Caixa Geral de Depóstitos, S.A. corporate segment.
2. The metric Exposure to carbon based sectors considers de following Portuguese Classification of Economic Activities (CAEs): 6; 19; 20142; 35112; 352 and 46711, equivalent to the following NACE Rev.2 codes: 6; 19; 20.14; 35.11; 352 and 46.71.
3. The metric Exposure to sectors with elevated risk from the impacts of climate change considers de following Portuguese Classification of Economic Activities (CAEs): B; 19; 20110; 20142; 35112; 352; 46711; 4932; 495 and 51, equivalent to the following NACE Rev.2 codes: B; 19; 20.11; 20.14; 35.11; 352; 46.71; 49.32; 495 and 51.
4.The metric Percentage of lending portfolio in regions highly exposed to climate change risk considers the bottom 10 countries in the Climate Change Performance Index ranking.

Physical risks

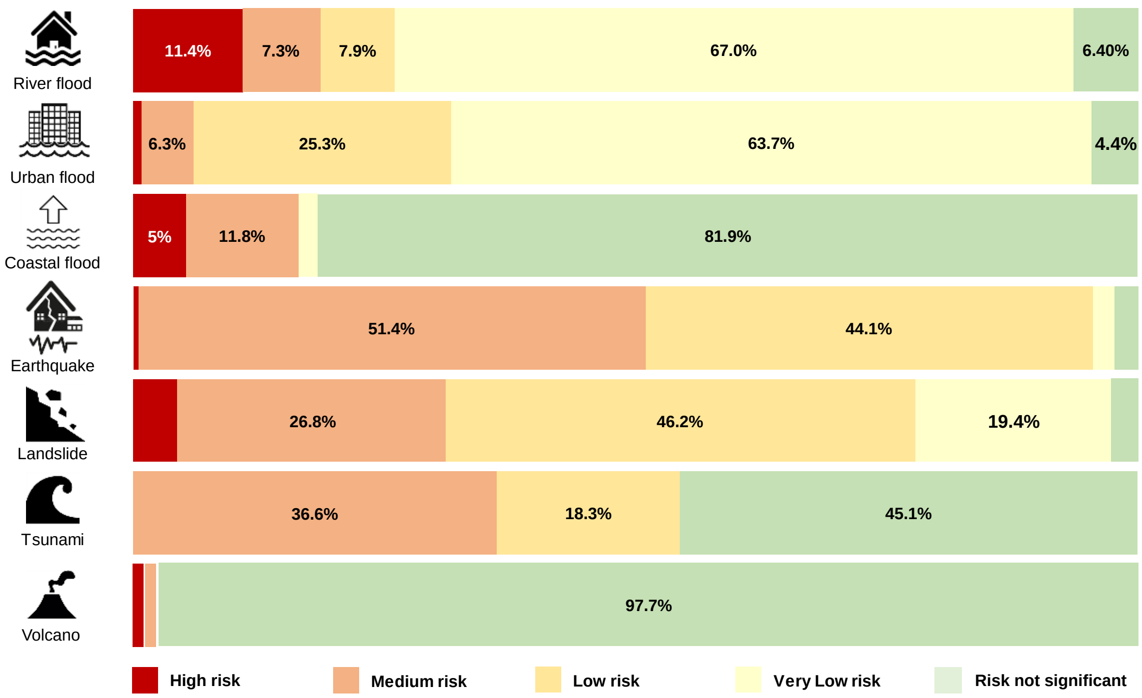
For the physical risk assessment regarding the mortgage portfolio, CGD made a preliminary assessment of the geolocation of the mortgages where property value is particularly exposed to a particular hazard (e.g. flooding to coastal real estate) by using the heat mapping approach.

The nature of the financial risks will also depend on the price and availability of insurance which were not considered in this analysis.

The methodology used is based on hazard platforms. The data provider used was *ThinkHazard* which is one of the recommended providers by the UNEP FI.

Metric	Definition
Mortgage portfolio physical risk heat map	Mortgages vulnerability to certain climate physical hazard considering the geolocation of the asset

Mortgage portfolio physical risk heat map



Notes
1. Data refers to Caixa Geral de Depóstitos, S.A. retail mortgages as at 31 December 2020.
2. The total amount of the retail mortgages portfolio is €24.27 bn.
3. Significant data gaps remain in terms of the geolocation of certain mortgages, which correspond to 17% of the total mortgages portfolio (corresponding to a total amount of €4.14 bn). Therefore, this portion of the portfolio were not considered in the analysis.

Regardless of the risk of volcano being overall not significant, the existing risk is concentrated in the islands of Azores and Madeira justifies the need for specific volcano risk assessment and control for these geographic areas.

Despite the lack of empirical evidence between the climate change and the probability of default, damage to property and assets in high-risk locations is a driver to increased costs for costumers in order to address damages or losses caused by climatic incidents, affecting their ability to pay. Changes in climate, rising sea levels and more frequent extreme events could also, over time, make certain real estate locations less desirable, while opening up real estate investment opportunities in others.

For the physical risk assessment regarding corporate portfolio, as a first step CGD is using the heat mapping concept and methodology where the level of risk is determined as a function of three dimensions:

Risk = f (Vulnerability [V], Hazard [H], Exposure [E])

The vulnerability component varies by sector and sub-sector; the hazard component is location-specific; and exposure varies by sector/sub-sector and location. Sectors that are more likely to be physically impacted are, amongst others, agriculture, forestry, fisheries, human health, energy, mining, transport and infrastructure, and tourism.

At this stage CGD is still undertaking this assessment and do not have conclusions to disclose.

CGD recognizes the value of having a deeper understanding of observed relationships between loan performance metrics and climate-related events. As for the next steps CGD is looking forward to robust the existing metrics, improve methodologies and incorporate new metrics.

Environmental indicators

	2018	2019	2020
GHG Emissions - Scope 1&2 (tCO2e)	**15.946**	**15.788**	**11.067**
Scope 1 (Fuel & Gas)	1.813	1.954	1.691
Scope 2 (Electricity - market based)	14.133	13.834	9.376
GHG Emissions - Scope 3 (tCO2e)	**1.256**	**1.024**	**263**
Business travel	1.102	883	187
Private transportation	87	68	61
Treatment of waste produced at the facilities	67	72	15
Energy consuption (GJ)	**240.832**	**219.617**	**189.903**
Fuels for building	1.649	2.006	2.027
Fuels used by own fleet	22.661	24.536	20.820
Electricity	216.522	193.075	167.056
Water consuption (m3)	**110.920**	**178.066**	**165.281**
Municipal water supply or others	110.920	178.066	165.281
Material consumption (t)	**385**	**436**	**75**
Paper	377	431	67
Plastic	8	5	8
Waste (t)	**1.184**	**663**	**721**
Recycling/Energy recovery	1.105	557	720
Incineration/ Disposal into soil	78	107	0,2
Direct primary energy generated (GJ)	**4.192**	**5.014**	**4.966**
Solar Thermal Power Plant at CGD's Head Offices	2.658	3.443	3.594
Photovoltaic Electricity, Commercial Network	1.534	1.571	1.372
Direct primary energy sold (GJ)	**1.534**	**1.571**	**1.372**
Photovoltaic Electricity, Commercial Network	1.534	1.571	1.372

Notes
1. Data refers to CGD, S.A. For other international entities of CGD Group please refer to pages 527-529.
2. Greenhouse gas emissions are calculated according to the green gas protocol guidelines (GHG Protocol).
3. Water consumption includes all CGD buildings, for 2019 and 2020. The figures for 2018 only include the consumption of the main buildings.For detailed data methodologies refer to pages 559-564.
4. For detailed data methodologies please refer to pages 559-564.

The measurement of financed emissions, defined by the Greenhouse Gas Protocol as Scope 3 provides meaningful data that financial institutions can use to assess risk, manage impact, meet the disclosure expectations of important stakeholders and assess progress and pathways to global climate goals.

CGD is aware that a portfolio carbon analysis is a useful process to help understand the business' exposure to climate change, useful for both internal and external stakeholders, and therefore is already in the process of defining methodologies to measure corporate lending portfolio emissions.

Environmental Targets

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, to whose simulation five percentage points were added. Within this scope, CGD, S.A. has reached, in 2020, a 74% 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.

	2019	2020
GHG absolute emissions Reduction progress from 2015 base year	63%	74%
Renewable energy production Thermal power production increase from 2018 base year	30%	35%

Sustainable Funds / Sustainable Bonds

Eur M		2019	2020
Sustainable funds (Amount managed by CGD Group)			
Equity	Caixa Ações Europa Socialmente Responsável *Socially Responsible Europe Stock Fund*	25.9	22.2
Multi-assets	Caixa Investimento Socialmente Responsável *Caixa Socially Responsible Investment Fund*	128.7	135.6
Alternative Investment Funds	FIA Caixagest Energias Renováveis *Alternative Investment Fund (FIA)*	7.8	7.9
Green Bonds (CGD Group acted as Co-Lead Manager)			
EDP – Energias de Portugal S.A. (CaixaBI acted as Co-Lead Manager)		-	750
Sustainability-linked Bonds (CGD Group acted as Sole Lead Manager)			
BA Glass (CaixaBI acted as Sole Lead Manager)		-	124.5

Notes
1. Socially Responsible Europe Stock Fund is an open equity investment fund carried out in a socially responsible manner through the selection of assets in an investment universe with ESG certification (STOXX® Europe Sustainability). In January 2020 it won a sustainable finance award given by Euronext at its annual awards ceremony (Euronext Lisbon Awards 2020).
2. Caixa Socially Responsible Investment Fund is 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.
3. Alternative Investment Fund (FIA) Caixagest Energias Renováveis is an alternative investment fund that invests in shares from funds with assets directly and indirectly associated with Renewable Energies. Environment Quality and "Carbon" Assets.
4. EDP green bonds issue is intended to finance or refinance, in whole or in part, the EDP Group's portfolio of eligible green projects, which consists of renewable projects - wind and solar - as defined in EDP's Green Bond Framework, available on the company's website.
5. BA Glass's EUR 124.5mln due 2025 Sustainability-Linked bond, the first of its kind from a Portuguese issuer, is a privately placed issue, aligned with the Sustainability-Linked Loan Principles, which pricing conditions vary depending on whether BA Glass achieves two predefined ESG objectives that are relevant for BA Glass's sustainability strategy.

The CGD Group entity, Caixa Gestão de Ativos, S.A. (Caixagest), became a signatory in 2019 to the United Nations Supported Principles for Responsible Investment (PRI). Responsible Investment is a commitment that aims to incorporate environmental, social and corporate governance factors into investment decisions. The adherence to the United Nations Principles for Responsible Investment represents a natural step, reinforcing the importance of incorporating ESG factors into investment process of several funds under management.

Caixagest has also updated its Socially Responsible Investment Policy in 2020, setting the criteria for the incorporation of ESG factors across a broader selection of its investment mandates. In 2020, other than the referred funds in the previous figure, Caixagest managed around € 7.5Bn funds with ESG criteria, of which € 1.25Bn of equity funds; € 450M of fixed income funds; € 2Bn of multi-assets funds and € 3.73Bn of pension funds.

This philosophy represents a pillar in the activity of the company and part of a broader strategy of the CGD Group that supports a more sustainable long term vision. CGD objectives for the coming years include increasing the number of ESG funds under management and also identifying methodologies to quantify the emissions associated with portfolio investment funds.

CGD is looking forward to issue a green, social and sustainability bond in 2021, mobilizing financial flows to deliver adaptation and resilience to climate change.

Annex F – 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 23, 2021. In case of any discrepancy, the Portuguese version always prevails.)

Independent Limited Assurance Report of the Sustainability Information Disclosed in the Annual Report 2020

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 “2020 Sustainability Information”) included in the “Annual Report 2020”, relating to the sustainability activities carried out from 1 January to 31 December 2020.

Responsibilities

2. The Board of Directors is responsible for preparing the “2020 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 2020;
- 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 “2020 Sustainability Information” with the results of our work.

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

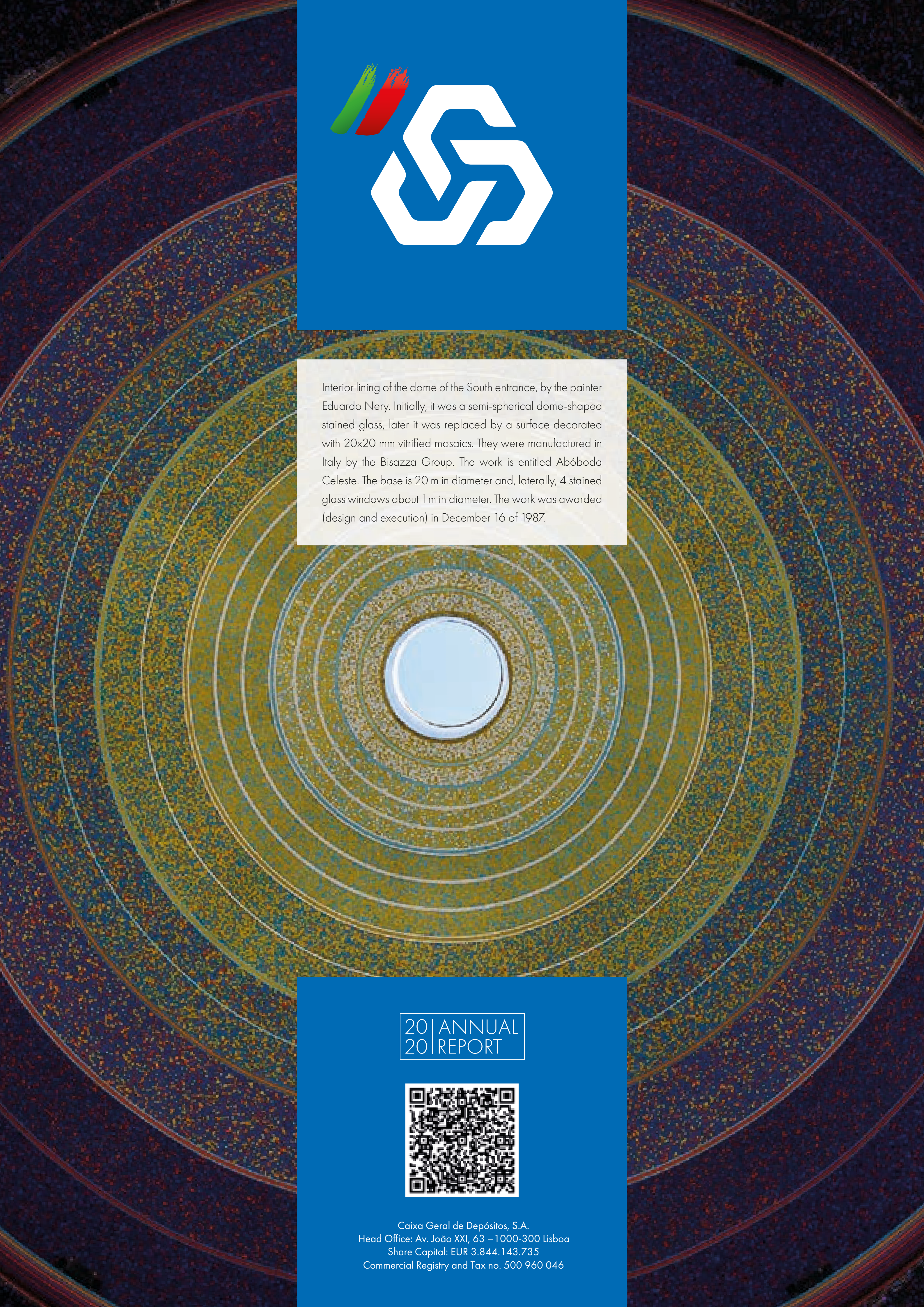
8. Based on our work, nothing has come to our attention that causes us to believe that the systems and procedures for the collection, consolidation, validation and reporting of the “2020 Sustainability Information” are not operating appropriately and the information disclosed is not free from relevant material misstatements. Additionally, nothing has come to our attention that causes us to believe that the “Annual Report 2020” 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 23, 2021

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
Registered with the Portuguese Securities Market Commission under license nr.º 20161020



Interior lining of the dome of the South entrance, by the painter Eduardo Nery. Initially, it was a semi-spherical dome-shaped stained glass, later it was replaced by a surface decorated with 20x20 mm vitrified mosaics. They were manufactured in Italy by the Bisazza Group. The work is entitled Abóboda Celeste. The base is 20 m in diameter and, laterally, 4 stained glass windows about 1 m in diameter. The work was awarded (design and execution) in December 16 of 1987.

2020 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