2021 ANNUAL REPORT

This document is an English translation in PDF format of the Caixa Geral de Depósitos, S.A. annual report published in Portuguese language as “Relatório de Gestão e Contas 2021”. This version does not include information in accordance with the regulatory technical standard (RTS) of ESEF (Delegated Regulation (EU) 2019/815). The official and audited ESEF report is available at www.cgd.pt. In the event of any inconsistency, between this version and the official ESEF report, the latter prevails.

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1.

BOARD OF DIRECTORS REPORT

JOINT MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO.

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

António Farinha Morais
Chairman of the board of directors

2021 was a year of major strategic importance for Caixa, not only as a result of internal challenges, but also the external context. We have continued to face one of the greatest generational challenges ever imagined in the form of the pandemic crisis which has forced us to adapt to new lifestyles, adopt new working methods and provide for new needs, all of which in an extremely demanding macroeconomic context for all economic actors.

Owing to the appointment of a new board of directors, 2021 was also a year of positive transition, with the start of a new cycle of renewed leadership with the aim of achieving transformation.

Confirmation of the successful completion of the 2017-2020 strategic plan gave this new cycle of positive transformation a fresh lease of life. With a level of success recognised on a European level, by the market and regulators, the completion of the plan demonstrated Caixa's overall capacity in terms of efficiency, asset quality and solvency, aligned with European banking benchmarks. This success also enabled us to pay dividends, which had not been provided for in the plan. Caixa, accordingly, remains committed to returning what was entrusted by its shareholder, as consistently as possible.

Our achievement of the defined objectives also merited the recognition of the rating agencies. Moody's upgraded its rating on two occasions, marking a return to investment grade after ten years. Fitch changed its outlook to positive, having anticipated, in 2021, the improvement already achieved in early 2022 and DBRS reaffirmed its rating. We have, therefore, achieved investment grade status from the 3 international agencies.

Net profit was, once again, significantly up over the preceding year to €583 million, with a ROE (return on equity) of 7% and a sharp 44% increase from foreign earnings.

Despite the pandemic's impact, CGD's retail network, in 2021, continued its commercial dynamics in achieving good results in its main business areas. Business volume was up 6.8% by €8.4 billion over 2020, driven not only by resource growth, particularly customer deposits and investment fund sales, but also credit. Special reference should be made to mortgage loans in which Caixa continued to trend to strong growth (45.6%) outperforming the rest of the sector and strengthening its market share over 2020, in achieving an accumulated market share of 23.8% of new agreements.

In a context of economic recovery, consolidated loans were up 3.8%. Reference should be made in the case of corporate loans, to the marked growth of solutions in support of SMEs, as part of Caixa's contribution to the recovery of the Portuguese economy.

With the end of the moratoria in Portugal, albeit successful but still requiring careful oversight, measures have been put in place to support households and businesses, involving adjustments to financial schedules for loans to the effective liquidity of customers.

The continuous, expressive investment in digital transformation has enabled Caixa group to achieve the 2.5 million active digital customers mark, of which 2.1 million in Portugal, to a total of 1.3 million mobile customers. This represents year-on-year growths of 12% and 21%, respectively. The mobile channel already accounts for 77% of accesses to the Caixadirecta service. Transactionality and the capacity to generate business across these channels continue to improve the bank's efficiency, with more than 94% of customers' transactions taking place remotely.

The digital transformation process in Caixa has always focused on social considerations. Caixa has reinforced its status as an inclusive bank, as a social investor in the #EUSOUDIGITAL programme, with the aim of promoting the digital literacy of one million adults in Portugal by the end of 2023.

Never has our purpose of social responsibility been so important and necessary in assisting Portuguese society, business and households, as part of our mission to help them weather the adverse times in which we live. We are confident that society will be reborn stronger, resilient and fair to everyone. It is with this sense of mission that we have developed our 2021/2024 sustainability strategy, strengthening our ambition to respond to the main environmental and social challenges, while, at the same time, helping to promote the economic and financial resilience of households and business and providing assistance to communities in greater need.

The profit made helped to strengthen our capital ratios, with a CET1 and total ratio of 18.2% and 19.7% at the end of 2021, respectively, comfortably meeting the capital requirements in force for CGD and exceeding the forecasts contained in the strategic plan. These ratios, which were higher than the Portuguese and European averages, are indicative of CGD's robust, adequate capitalisation which is evidenced by the fact that Caixa was the 10th best performing banking group out of the 50 banks taking part in the stress test conducted in 2021 on the largest banks in the European Union's single supervisory mechanism.

In 2021, Caixa was responsible for the first sustainable debt issuance by a Portuguese bank for the amount of €500 million, at a coupon rate of 0.375%, the lowest ever achieved by Caixa in its capital market issuances. The senior preferred debt issuance helped us to achieve the intermediate target set for MREL ratios in January 2022 by a wide margin.

These results motivate us to be even more demanding. Because it is always possible to improve and we want to do so on all fronts: better results, recognised and more qualified employees, satisfied customers, a more positive impact in terms of sustainability.

Although it is time to take stock, there is no balance sheet without looking to the future, which has to be built and not guessed at. The future we desire is the sum of every step planned and taken in the right direction. The biggest challenge in pointing the way forward is to bring people with us, the right people in the teams, working towards the same goals. Each team member doing his or her part with commitment and dedication, purpose and motivation. This is the only way we will succeed in surmounting the difficult obstacles that inevitably lie before us, enabling us to arrive at our desired destination.

Caixa's long and relevant history, the work of all those who have, in the past, contributed with their commitment and those who are currently leading us in the right direction, enable us to remain optimistic over coming times. We have the right people, we have the necessary means, we have the strategy, the plans and the objectives, and despite the difficult challenges we face, can confidently anticipate the coming times for Caixa and its excellent expectations.

2022 will be another demanding year, with new and uncertain challenges resulting from the economic and social impact, at international level, deriving from the pandemic and aggravated by the military conflict being witnessed in Ukraine.

It is up to us to consider these moments not as a destructive fatality, but something from which we can learn and improve and achieve even further progress. We know that our lives are in an eternal state of new birth - almost never a long calm flowing river but rather one of permanent struggle and constant fulfilment.

This is the certainty that will lead us in 2022, the determination that moves us to renew a construction cycle of the future to which we aspire, a better future, to which we look with confidence.

1.2. Highlights in 2021

- The year was decisively marked by the confirmation of the successful completion of the 2017-2020 Strategic Plan, with DG Comp (European Union Competition Authority) notified of this decision in April 2021. The success achieved allowed CGD to pay dividends not initially foreseen in the Plan, supported by levels of efficiency, asset quality and solvency in line with the benchmarks for European banking.

  With the end of this process, a long period of monitoring of CGD's activity by DG Comp was concluded, which began in June 2012 with the issuance by Caixa and subscription by the State of Contingent Capital Bonds (Coco's), and the consequent State aid process that gave rise to the 2013-2017 Restructuring Plan, which was not completed, and later with the recapitalization process carried out in 2017 and the corresponding Strategic Plan 2017-2020.

  The successful conclusion of the 2017-2020 Strategic Plan is a key element for Caixa's sustainable future, allowing it to reinforce its mission in supporting companies and families.

  This fact was highlighted and welcomed by the Government of the Republic, in a press release of 10 March 2022, stating that "CGD's strategic plan was successfully completed, as recognized by the European Commission in April 2021, and the Portuguese continue to to have a strong and reference public bank".

  Likewise, His Excellency the President of the Republic, addressing Caixa employees at the staff meeting held on March 19, 2022, highlighted: "*After a difficult period that the country has gone through, with an impact on the banking sector's performance, in particular at Caixa Geral de Depósitos, the implementation of the 2017-2020 strategic plan, which I supported from the outset […], contributed decisively to reinforcing its solidity and improving the results achieved*"; that the results are "*Deserving of national and European recognition, as well as from the main credit rating agencies*"; and that "*For this reason, congratulations are in order to the excellence of the administration, the excellence of the employees, the excellence of the Portuguese for the confidence that, year after year, they have been placing in what was being done at Caixa Geral de Depósitos, thinking about the future*".

- The achievement of the outlined objectives was recognized by the rating agencies. Moody's has upgraded its rating twice in 2021, marking the return to investment grade after a period of ten years. Fitch, which in October 2021 had already revised its outlook to positive, in March 2022 upgraded its IDR (Issuer Default Rating) and long-term preferred senior debt ratings from BB+ to BBB-, raising them to investment grade. As a result, Caixa was now recognized as investment grade by the three international agencies that monitor its rating, constituting an important milestone in its evolution and positioning in the market.

- Caixa Geral de Depósitos group's consolidated net profit was €583 million in 2021 (+18.7% over 2020), increasing profitability by 44% abroad, equivalent to a return on equity (ROE) of 7%.

  Business revenue grew by €9.7 billion (+7.0%) compared to 2020, driven not only by the growth in credit but also in resources, with emphasis on customer deposits, which were up by €6,1 billion (+10.0%) in Portugal and the placement of investment funds, which had a notable growth (+38%)

  In a framework of recovery of the economy, consolidated credit was up by 3.8%. The cumulative market share of new mortgage lending in Portugal reached 23.8% in December 2021, a 46% increase over the amount granted in 2020. CGD's growth continued to outpace the sector average with a strengthening of its market share over 2020.

  In the case of loans and advances to companies, reference should be made to the contribution to the recovery of the Portuguese economy, with the marked growth of support solutions for SMEs, in such core products as medium and long term financing (up 12% in 2021 and up 34% in the period 2017/2021), trade finance (up 70% in terms of documentary credit and remittances), leasing (up 16% in equipment leasing) and insurance (up 22% in non-financial insurance).

  The decrease of 47.9% in the cost-to-income ratio reflected a sustained trend in the evolution of efficiency levels in a context in which the strong investment between 2017 and 2022 reached a value of 335 million euros.

- Continued, expressive investment in digital transformation has enabled CGD to achieve a milestone of 2.1 million active digital customers and to maintain its status as the largest digital franchise operator in Portugal. The transactionality and ability to generate business in these channels continues to contribute to the bank's efficiency, with more than 94% of customer transactions taking place in non-face-to-face environments.

- The improvement in asset quality made it possible to achieve an NPL ratio, net of impairment of 0% (zero) when all credit impairment and a non-performing loans ratio of 2.8% are taken into account. The increase in the specific coverage level to 65.3% was substantially higher than the European banking average of 45.1%. New loan impairment reached €205.1 million in 2021, with a high level of recoveries (€164 million) translating into a cost of credit risk of 8 bps.

  In a year still marked by the impact of the pandemic crisis, the end of 2021 brought the end of the moratoriums in Portugal, with Caixa creating measures to support families and companies, which involved adapting the financial plan of loans to the effective liquidity of customers.

- The international activity reinforced its contribution to the Group's net profit, registering a growth of 44% to a value of €133 million (about 23% of the total).

- In 2021, CGD was the first Portuguese bank to realise a €500 million sustainable debt issuance, at its lowest ever coupon rate for capital market issuances of 0.375%. The senior preferred debt issuance helped it to achieve the intermediate target set for the MREL ratios in January 2022.

- CGD ended 2021 with a robust capital position. Its fully loaded CET1 ratio of 18.2% was well above the average for Portuguese and European banks. The Tier 1 and Total ratios, including net profit, were 18.2% and 19.7% respectively.

  Caixa was the 10th banking group with the lowest capital reduction among the 50 banks included in the EU stress test on the largest banks in the Single Supervisory Mechanism, in 2021.

  Already in 2022, and applicable from that year onwards, the Pillar 2 requirement was set to 2%, which represents a reduction of 0.25%. The reduction of the requirement for Caixa, in a favourable trend to that registered for the sector (up from 2.1% to 2.3%), thus confirms the improvement in the Supervisor's perception of the institution's overall risk.

  Also at the beginning of 2022, CGD was authorised to exercise a call option on the AT1 issuance, enabling a substantial €54 million per annum reduction of costs. This will permit an annual saving of €54 million in future years, already reflected in 2022 at around €40 million across the last nine months.

  Thus, in aggregate terms, with the accumulated dividend payment of €583.6 million since the beginning of the Plan, and the reimbursement of the 500 million euros issue of AT1 in March 2022, a total of €1,083.6 million were returned to the shareholder and investors.

- In 2021, Caixa continued to focus on the continuous development of workers, promoting merit, initiative and the training of human capital, within a framework of balanced labor relations and productivity, not neglecting the issue of gender equality, having published the “Plan for gender equality in the Caixa Geral de Depósitos Group”, with a set of specific actions to increase the percentage of women in management roles and contribute to greater equality between genders.

- In the course of 2021, the implementation of the succession process of CGD’s management and supervisory bodies for the 2021-2024 term with effect from 23 December 2021 took place. At the same time, the company's governance model was changed, whose structure now considers a Board of Directors (BD) and, in the supervision component, an Audit Committee and a Statutory Audit Company, with the extinction of the Supervisory Board.

- In terms of Sustainability, Caixa was the 1st bank in Portugal to implement an ESG Rating Model, continuing to support the transition to a low carbon economy, reinforcing support for the community and reducing consumption and increasing environmental responsibility practiced throughout CGD Group.

CGD IN FIGURES

Profibility	Efficiency	Prudence	Resilience
ROE 6.3% Recurrent 2020: 5.6%	**Cost-to Income 48.3%** Recurrent Domestic activity 2020: 49,8%	**NPL Ratio 2.8%** 2020: 3.9%	**CET1 18.2%** *Fully Implemented* 2020: 18.2%

CUSTOMER SERVICE (IN PORTUGAL)

Customers	Digital customers	Remote banking	Non-face-to-face service
3.6 million 35% of the population	**2.07 million** 60% of eligible customers	**526 thousand customers** +3% over 2020	**94%** of operations* on digital channels

* Financial operations

CGD INDICATORS

(EUR million)

INCOME STATEMENT	2019	2020	2021
Net interest income	1,132	1,026	1,006
Non-interest income	720	582	754
Total Operating Income	1,884	1,626	1,773
Operating costs	965	835	776
Net Operating Income before Impairments	919	791	997
Income before tax and non-controlling interests	1,092	637	852
Net income	776	492	583
BALANCE SHEET			
Net assets	85,776	91,375	104,010
Securities investments (1)	20,463	23,459	21,159
Loans and advances to customers (gross) (2)	50,122	50,149	52,498
Customer resources	65,792	72,033	79,756
Debt securities	2,463	1,371	1,790
Shareholders' equity	8,566	8,701	9,287
PROFIT AND EFFICIENCY RATIOS			
Gross return on equity - ROE (3)	13.7%	8.1%	10.0%
Net return on equity - ROE (3)	9.8%	6.1%	7.0%
Gross return on assets - ROA (3)	1.3%	0.8%	0.9%
Net return on assets - ROA (3)	0.9%	0.6%	0.6%
Cost-to-income (3)	50.1%	50.0%	42.4%
Total Operating Income / Average net assets (3)	2.2%	1.9%	1.8%
CREDIT QUALITY AND COVER LEVELS			
NPL ratio (4)	4.7%	3.9%	2.8%
NPE ratio (5)	3.8%	2.9%	2.3%
NPL coverage by impairments	79.3%	97.0%	110.5%
NPE coverage by impairments	73.5%	91.3%	99.8%
Crd. imp. (P&L) / Loans & adv. custom. (aver.)	-0.09%	0.33%	0.08%

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	2019	2020	2021
Loans & adv. custom. (net) / Custom. dep. (3)	73.0%	66.6%	63.0%
SOLVENCY RATIOS (CRD IV/CRR) (6)			
Common equity tier 1 (phased-in & fully implemented)	16.9%	18.2%	18.2%
Tier 1 (phased-in & fully implemented)	18.1%	19.4%	18.2%
Total *(phased-in & fully implemented)*	19.5%	20.9%	19.7%
LEVERAGE AND LIQUIDITY RATIOS (CRD IV/CRR)			
Leverage ratio (fully implemented)	8.7%	8.7%	7.5%
Liquidity coverage ratio	331.1%	449.0%	357.0%
Net stable funding ratio	156.0%	173.0%	165.0%
BRANCH OFFICE NETWORK AND HUMAN RESOURCES			
Number of branches - CGD Group (7)	948	931	927
Number of branches - CGD Portugal (8)	570	556	555
Number of employees - CGD Group (9)	12,372	11,798	11,471
Number of employees - CGD Portugal (9)	6,706	6,244	6,117
RATINGS (LONG/SHORT TERM)			
Moody's	Ba1/NP	Ba1/NP	Baa2/P-2
FitchRatings (10)	BB+/B	BB+/B	BBB-/F3
DBRS	BBB /R-2 (high)	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) In Portugal and overseas.
(8) On-site branches and mobile branches (a total of 513), automatic branches (13) and corporate offices and extensions (29).
(9) Effective staff.
(10) Upgrade performed in March 2022.

1.3. Caixa Geral de Depósitos today

1.3.1. Mission and values[1]

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 ensures its clients the access to a 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

Be an 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.

[1] In 2019, CGD's sole shareholder, recognizing its leading role in the Portuguese financial sector, formulated a new Mission Letter where it determines the mission, vision, guidelines and fundamental values for CGD's future.

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

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

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

1.3.2. Governance model

The governance model adopted by CGD across the period 31 August 2016 to 22 December 2021 corresponds to a model comprising a Board of Directors, Supervisory Board and a Statutory Audit Company.

The company's governance model was amended on 25 January 2021, comprising a Board of Directors and, in terms of its supervisory component, an Audit Committee and a Statutory Audit Company, with the Supervisory Board having been extinguished. The implementation of this governance model was conditional upon the election of the members of the Board of Directors for the 2021-2024 term, which came to succeed by resolution of 21 December 2021.

In terms of its governance model, CGD's Board of Directors has been provided with the broadest range of powers to manage and represent the company, to include the effective issuance of guidelines on its activity, with the Executive Committee having responsibility for day-to-day management, under the delegation of authority approved at a meeting of CGD's management body held in 2017 which remained in force up until 22 December 2021. A new instrument for the delegation of authority was approved by the Board of Directors on 10 January 2022 when CGD, S.A.'s management board was elected and took up office for the 2021-2024 term.

The division of responsibilities allows effective separation between supervisory and management functions with the added benefit of constant and extensive supervision by the competent authorities, in furthering the objectives and interests of the company, its shareholder, employees, customers and other stakeholders, enabling a level of trust, transparency and balance to be accordingly achieved across the various functions, necessary for their proper operation and effectiveness.

The members of the management body are elected for a period of 4 years, and may be re-elected in accordance with the provisions of the law. Coincidence of mandates between the various governing bodies is not mandatory. The current term of office of the Supervisory Board began in 2016 and ended on 31 December 2019, while the term of office of the Board of Directors began in 2017 and ended on 31 December 2020, notwithstanding the members of both bodies have remained in office until December 22, 2021.

With the extinguishing of the Supervisory Board on 22 December 2021, the supervision of management, monitoring of CGD’s compliance with the law and its articles of association, as well as the verification and oversight of the independence of the Statutory Audit Company in legal terms and, in particular, verification of the suitability and approval of the provision of other non-audit services, are now the responsibility of the Audit Committee.

In a year still marked by the Covid-19 pandemic crisis, CGD's governing bodies maintained their regular operation, through the use of telematic means and the permanent follow-up and monitoring of their activity through the internal governance model created specifically for this purpose. The Covid Risk Committee, created in April 2020 to permanently monitor and monitor all risk areas in CGD Group's activity, held meetings every two weeks throughout 2021 for analysis, discussion and deliberation of topics related to the development of the pandemic and the consequent impact on CGD's activity, namely operational issues, business continuity, financial markets and updates of macroeconomic projections, information technologies and cybersecurity. The Covid Risk Committee particularly monitored the evolution of credit risk and defaults at CGD, as well as at the Group's international entities.

Board of Directors

Chairman
António Farinha Morais

Non-Executive Members
António Alberto Henriques Assis
José António da Silva Brito
María del Carmen Gil Marín
Maria João Martins Ferreira Major
Arlindo Manuel Limede de Oliveira
Hans-Helmut Kotz
Luís Filipe Coimbra Nazaret
Monique Eugénie Hemerijck

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

Members
José João Guilherme
Francisco Ravara Cary
João Paulo Tudela Martins
Maria João Borges Carioca Rodrigues
Nuno Alexandre de Carvalho Martins
Madalena Rocheta de Carvalho Talone
Maria Manuela Martins Ferreira

Audit Committee

Chairman
António Alberto Henriques Assis

Members
José António da Silva Brito
María del Carmen Gil Marín
Maria João Martins Ferreira Major

Statutory Auditor

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

Partner
Ana Salcedas

The Statutory Audit Company is appointed by the general meeting on the basis of a proposal of the supervisory board. The company Ernst & Young Audit & Associados, SROC, S.A, was elected to perform CGD’s inspection/audit functions for the 2021-2024 term of office in the form of a unanimous written resolution of 31 May 2021.

To allow a better understanding of CGD’s operational model in terms of its corporate governance, information on its current articles of association, internal regulations of the Board of Directors, executive committee, Supervisory Board and special committees of the Board of Directors, in addition to the main policies as described in this report are available to the general public on CGD’s website. Information on specific access to each document is given in chapter 3.6.5.

1.3.3. CGD Group

Shareholders' structure

Caixa Geral de Depósitos S.A. is a Credit Institution, headquartered at Av. João XXI, no. 63 – 1000-300 Lisbon, duly authorized and registered with the Bank of Portugal.

Caixa Geral de Depósitos, S.A. 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 2021 in the form of 768,828,747 shares with a nominal value of €5.00 each.

CGD Group structure

Caixa Geral de Depósitos, S.A. has direct and indirect equity stakes in a series of companies in Portugal and abroad, 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 de São Tomé e Príncipe	27.0%

(*) Wind down in progress.

In 2021 reorganization of the CGD Group, aiming to simplify the structure by reducing the number of holding companies and carried out through merger or dissolution of associated companies, highlighting the merger by incorporation of Parbanca, SGPS, S.A. at Caixa - Participações, SGPS, S.A.

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 2021, comprised 927 banking presences, 4 fewer than in 2020.

CGD ended the year with 510 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 556 presences in Portugal. CGD provides 3,280 self-service equipment, including 700 items of equipment on its own network (in-house machines and bank passbook printers) plus 2,580 Multibanco network ATMs.

BANKING BRANCHES OF CGD GROUP

	2020-12	2021-12
CGD (Portugal)	556	555
Branches with face-to-face service and CGD stores	511	510
Mobile branches	3	3
Self-service branches	13	13
Corporate offices and local extensions	29	29
Caixa - Banco de Investimento (Lisbon+Madrid)	2	2
France Branch	48	48
Timor Branch	14	14
Banco Nacional Ultramarino (Macau)	21	21
Banco Comercial e de Investimentos (Mozambique)	211	210
Banco Interatlântico (Cape Verde)	9	9
Banco Comercial do Atlântico (Cape Verde)	34	34
Banco Caixa Geral Brasil (Brazil)	1	1
Banco Caixa Geral Angola	35	33
Total	**931**	**927**
Representative offices	**9**	**11**

At the international level, CGD group had 371 branches at the end of 2021. In order to reposition its international presence in geographies with a strong relationship with Portugal in 2021, it opened Representative Offices in South Africa and Luxembourg, in order to promote the products and services available in CGD's branch network in Portugal to customers residing in those countries.

INTERNATIONAL BRANCH OFFICE NETWORK

Europe			
Spain		**Germany**	
Caixa Banco de Investimento	1	CGD – Representative Office	1
Inmobiliaria Caixa Geral (1)	1	**United Kingdom**	
France		CGD – Representative Office	1
CGD – France Branch	48	**Switzerland**	
Belgium		CGD – Representative Office	1
CGD – Representative Office	1	**Luxembourg**	
		CGD – Representative Office	1
America			
Brazil		**Venezuela**	
Banco Caixa Geral Brasil	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	34	Banco Internacional de São Tomé e Príncipe	12
Banco Interatlântico	9	**Mozambique**	
A Promotora	1	Banco Comercial e de Investimentos	211
Angola		**South Africa**	
Banco Caixa Geral Totta Angola	33	CGD – Representative Office	1
Asia			
China – Macau		**India**	
Banco Nacional Ultramarino,SA	20	CGD – Representative Office	2
BNU – Shangai Representative Office	1	**East Timor**	
		CGD – East Timor Branch	14

(1) Wind down in progress.

Human resources

CGD Group had 11,471 employees at 31 December 2021, 327 fewer than in December 2020 in line with the technological evolution of the bank and the banking market.

			Change	
	2020-12	2021-12	Total	(%)
Banking operations (CGD Portugal) (1)	6,244	6,117	-127	-2.0%
Other (2)	5,554	5,354	-200	-3.6%
Total	**11,798**	**11,471**	**-327**	**-2.8%**

(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.

	2017	2018	2019	2020 (b)	2021
Wage variation (a)	2.19%	2.84%	2.41%	2.35%	2.16%
Inflation rate (Portugal)	1.4%	1.0%	0.3%	0.0%	0.9%

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, covering about 82% of the total domestic perimeter employees.

With the aim of increasing the training of employees, Caixa has maintained a solid and continuous investment in training which, between 2020 and 2021, reached around 3 M€.

	2020	2021
Investment in Training	1,355,409 €	1,645,800 €

The 5th Caixa Fora da Caixa Meeting, an annual event that brings together employees from the commercial areas and central services of Caixa and the Group, took place in February 2021 with the aim of presenting the Bank's annual results, as well as the of the Group and the challenges for the coming years. This edition took place exclusively in digital format, given the pandemic context, with more than 3,500 employees.

Caixa's Gender Equality Plan was published on 15 September 2021. The document reflects Caixa's commitment to the importance of equality and non-discrimination, not only as structuring vectors of society, but as decisive factors in creating of value to the company.

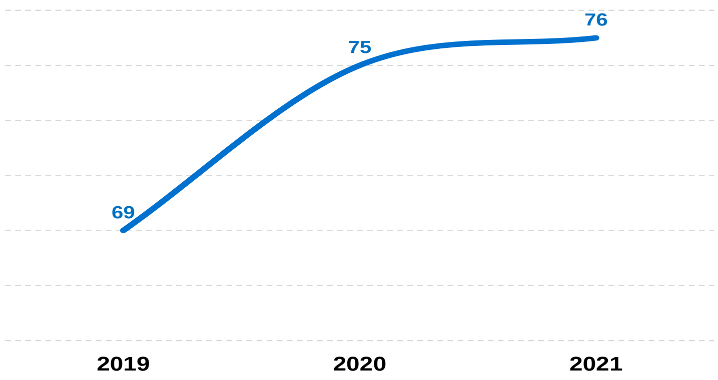
Caixa Brand

Brand

In 2021, the second consecutive year of a pandemic and in which CGD, once again, maintained full operation and continued support for its customers, several market studies attested to the recognition and value of the Caixa brand, evidencing the continuation of a positive evolution.

According to the Brand Score study of 2021, Caixa brand continues to enjoy a highly positive reputation, particularly as regards the attributes of trust, financial strength, governance, ethics and transparency which are considered essential to the bank’s sustainability, having reaffirmed its status as the brand of preference of the population in general in addition to that of its customers.

CAIXA'S REPUTATIONAL INDEX



Source: BrandScore 4Q2021

In terms of the evaluation of its customers, Caixa has improved its brand indicators score, particularly as regards "financial strength" and "trust" as the indicator with the highest rise. "Relevance in the Sector" is the indicator with the best evaluation in the banking context, reflecting recognition of the bank’s importance in the financial sector in addition to being the banking brand with the greatest appeal to new customers.

Caixa confirmed its nomination as the "Best Bank for Personal Customers" and the "Best Bank for Young People" in 2021 while also meriting recognition as "Best Bank for Sustainability" (spontaneous nomination by customers and non-customers). Caixa’s CEO leads the CEO “notoriety” and “credibility” indices of Executive Bank Presidents in Portugal (Brand Score 2021) and merited the "Personality of the Year" status attributed by Human Resources.

The Repscore brands reputation study confirms that the positive evolution of Caixa’s performance in 2021 outperformed the rest of the sector. According to this study, in the financial sector ranking (Banking) – Financial Bank category – the Caixa brand also came in second position in the evaluation of brands with greater relevance and emotional reputation, improving upon the fourth position it achieved in 2020.

The 2021 edition of the Marktest Reputation Index - MRI study confirms Caixa brand’s lead of the "Banking" category, in achieving the best evaluation in attributes of admiration, trust and familiarity.

Caixa is the Powerful Brand in the "Large Banks" category of the 2021 edition of Marktest group’s Powerful Brand - Brands with Value study. In a global context, Caixa comes in 237th position and leads the ranking of banking brands (sector). The Powerful Brand study measures the value of brands on the basis of KPIs (key performance Indicators) analysed in terms of brand innovation, sustainability and purpose.

Caixa’s communication plan was adjusted, in 2021, to respond to the different phases of the pandemic's evolution with the objective of strengthening communication with its personal and corporate customers, maintaining proximity and focusing on solutions designed to facilitate day-to-day management and interaction with the bank.

With this aim in mind, reference should be made to the communication appealing to the use of contactless debit cards, Multicare’s online medicine campaign, Caixa’s PRR/PT2030 solutions (ahead of its competitors) and, lastly, the recovery campaign, reaffirming its role as the engine of the economy, with its solutions for entrepreneurs and households. This strategy has enabled Caixa to improve its relationships with customers and communicate in a positive and relevant way.

Five Encontros Fora da Caixa (outside events mentored by Caixa) were held in 2021. These were relevant business and economic conferences whose comprehensive geographical, sectoral and thematic coverage was targeted at strengthening relationships and proximity with customers and employees. These events comprised a forum for presentations and discussions on economic, sectoral and regional issues, as well as topics of national interest, many of which in a European and even worldwide context. These streaming and face-to-face events were held in the cities of Chaves, Porto, Portimão, Tomar and Barcelos with the local participation of more than 1,100 customers and 135,000 online views.

Support for culture

Caixa's support for Culture, in the most different areas, is publicly recognised, with emphasis on support for the activity of Fundação Caixa Geral de Depósitos - Culturgest, a private foundation whose purpose is to develop cultural, artistic and scientific activities whose heritage is made up of for an initial allocation made by Caixa and which, in addition, makes its facilities available and makes an annual allocation. The Culturgest Foundation was granted the status of public utility on the merits of the non-profit activities.

The 3rd “Caixa na Culturgest” cycle took place in 2021 as an initiative aiming to improve the ties between Caixa and the Caixa Geral de Depósitos Foundation (Culturgest) in addition to broadening the disclosure of information on Culturgest’s activity to its target audience and Caixa’s customers. Owing to the contingencies related to the pandemic this cycle comprised three concerts by Portuguese musicians − two by Pedro Jóia and one by the Clan − with an audience of around 1,000, further consolidating Caixa’s image as a promoter of culture, especially in the challenging context currently affecting the sector.

Caixa has systematically sought to support artistic and cultural projects in the most diverse areas. In order to strengthen its involvement in this area, it has created the Caixa Cultura programme which provides financial support to promote artistic and cultural creation in the areas of theatre, dance, music, visual arts, cinema, literature, the performing arts, conferences and debates. Reference should be made to the following four projects benefiting from the initial launch of its programme with a total endowment of €50,000: O Homem dos Sonhos (Companhia de Ópera do Castelo − Associação (music); Coleção Livrinhos de Teatro - Artistas Unidos (literature and theatre); Cortina Vermelha - Companhia de Ópera do Castelo - Associação (cinema and audiovisual); Jogos de Obediência - Romeu M Costa (Theatre).

Reference should be made to the following initiatives in 2021:; enriching the estate of the Faculty of Arts of the University of Lisbon by Caixa’s transfer of the Biblioteca Ultramarina; collaboration with the Bank of Cape Verde in setting up a museum and donation of an important collection relating to Cape Verde.

Prizes and Distinctions

Reference should be made to the award of the following prizes and distinctions in 2021:

Comercial Banking

First Portuguese Bank in the world's top, in Tier 1 capital – The Banker – Top 1000 World Banks 2021, with a rise in the world ranking from 179th to 174th

"Best Bank" in Portugal 2020 for the 7th consecutive year, EMEA Finance magazine, in the sphere of its annual Europe Banking Awards 2020

Bank nº1 in Portugal (rose 14 positions compared to 2019) in the Top 500 Banking Brands 2020 ranking - The Banker Magazine

Digital Banking

App DABOX – Most Innovative Mobile Savings App Portugal 2021 dos Global Banking and Finance Awards; Financial services - SAPO prizes 2021; Content & Publishing Gold Winner from Digital Communication Awards 2021; Banking − Open Banking - 5 Star Prize:

"Best Bank" – Digital Banking Services Portugal 2021 from Global Banking and Finance Awards

Digital Assistant of Caixadirecta app – Best Mobile Payments Initiative – (Highly Commended) Awards dos PayTechaAwards;Most Innovative Retail Banking App Portugal 2021 | Global Banking and Finance Awards; Best Digital Customer Experience - Financial Services (Bronze prize) from International Customer Experience Awards; Best Banking Project dos Portugal Digital Awards; Banking − Open Banking - 5 Star Prize: Banking

Most Effective Business Transformation Programme in Customer Service – Remote Management of Caixa in the European Top 3 awarded by ECCCS Awards 2021 (European Contact Centre & Customer Service)

CGD Saldo Positivo – Best CSR Initiative Portugal 2021 in Corporate Social Responsibility (CSR) category | Global Banking and Finance Awards

Caixa Gestão de Ativos

Best National Global Bond Manager − Morningstar Awards 2021 received for the 4th year and encompassing its global funds offer

Best National Bond Manager − Morningstar Awards 2021, awarded for the 7th consecutive year

Caixa Ações Líderes Globais – Best Open-Ended Equity Mutual Fund, award by Jornal de Negócios / APFIPP

Caixa Ações Europa Socialmente Responsável – Best Open-Ended Equity Mutual Fund, award by Jornal de Negócios / APFIPP

Caixa Seleção Global Arrojado – Best Open-Ended Mutual Fund, distinção do Jornal de Negócos / APFIPP

Banking Brand

Most valuable Portuguese bank brand – Top 500 Banking Brands 2021 - The Banker Magazine

Most Valuable Banking Brand in Portugal – Top 500 Banking Brands 2021 by The Banker Magazine

Most attractive banking brand to new customers - according to the 2021 BrandScore study carried out by Scopen

"**Best Bank for Individuals**", "**Best Bank for Young People**" and "**Best Bank in Sustainability**" - result of the spontaneous appointment of customers and non-customers, from the BrandScore 2021 study, carried out by Scopen

Powerful Brand – Leader of banking brands in the "Large Banks" category of the 2021 edition of the Powerful Brand – Marcas com Valor study, by Grupo Marktest and Grupo Cofina Media

International Banking

Banco Interatlântico

Bank of the Year 2021 – for the 4th consecutive year by The Banker magazine
Best Bank in Service and Satisfaction – Cape Verde 2021 – Global Banking & Finance Awards
Best Bank in Corporate Governance – Cape Verde 2021 – Global Banking & Finance Awards
Decade of Excellence for the Banking Group – Cape Verde 2021 – Global Banking & Finance Awards
Best Retail Bank – Cape Verde 2021 – Global Banking & Finance Awards
Best Corporate Bank Cabo Verde 2021 – World Economic Magazine Awards
Best Retail Bank Cabo Verde 2021 – World Economic Magazine Awards

Banco Comercial e de Investimento

Best Bank Award 2021 – Global Finance
Best Commercial Bank Mozambique - World Economic Magazine Awards 2021
Best Private Bank Mozambique – World Economic Magazine Awards 2021

1.4. Activity and Financial Information

1.4.1. Economic-financial framework

Global economic evolution

Following the unprecedented level of contraction in 2020, global economic activity recorded partial recovery in 2021. Vaccination campaigns have continued around the world and vaccines have shown themselves to be highly effective in helping to mitigate the adverse impacts of the pandemic on economic activity. Occasional episodes of infectious outbreaks in 2021, however, forced the authorities in many countries to reintroduce various restrictions, which continued to keep the impact and trajectory of the pandemic enshrouded in a high degree of uncertainty, giving rise, from the start of the second half year, to downwards, albeit marginal, revisions of GDP growth projections for the major economies in 2021.

According to the most recent estimates published by the International Monetary Fund (IMF), the world economy recorded real growth of 5.9% in 2021, following the preceding year's contraction of 3.1%. There was a recovery of growth in the developed and emerging and developing blocs, with rates of expansion of 5.2% and 6.4%, respectively.

In the developed bloc, reference should be made to the growth of the US economy, which once again benefited from extremely expansionary fiscal measures.

In the US, GDP expanded at a rate of 5.7% in 2021, its highest rate of growth since 1984 and more than offsetting the 3.4% contraction in 2020. This performance reflects the favourable contribution of all of the main components − particularly private consumption, fixed investment and exports − together with fiscal support and monetary *stimuli*. Consumption benefited from labour market dynamics, in which unemployment was significantly down to 3.9% at the end of 2021, its lowest level since the outbreak of the pandemic. Participation in the labour market, however, has remained at a much lower level than recorded at the time.

In Japan, Covid-19-related infection rates and associated deaths were much lower than in most of the advanced economies. GDP growth was no more than 1.8% following contraction of 4.5% in 2020. Inflation increased gradually, owing to higher energy prices, but was still a negative 0.3% at the end of 2021 and much lower than the central bank's target of 2%. Unemployment remained stable at around 2.8%.

EUROPEAN UNION AND EURO AREA ECONOMIC INDICATORS

(%)

	European Union		Euro Area	
	2020	2021	2020	2021
Gross domestic product (GDP) - Change Rate	**-5.9%**	**5.3%**	**-6.4%**	**5.3%**
Private consumption	-7.3%	3.8%	-7.9%	3.5%
Public consumption	1.1%	3.6%	1.1%	3.8%
Gross Fixed Capital Formation	-6.4%	4.4%	-7.0%	4.3%
Domestic demand	-5.7%	4.5%	-6.2%	4.2%
Exports	-8.5%	10.7%	-9.1%	10.9%
Imports	-8.3%	9.3%	-9.0%	8.7%
Inflation rate (HICP)	**0.7%**	**2.9%**	**0.3%**	**2.6%**
Ratios				(%)
Unemployment rate	7.3%	7.0%	8.0%	7.7%
General government deficit (as a % of GDP) [(a)]	-6.9%	-6.6%	-7.2%	-7.1%

Source: Eurostat

(a) European Commission: October 2021 forecast (November 2021)

Reference should also be made to the euro area and particularly the ambitious *NextgenerationEU* programme, whose first disbursements were made in 2021. The region's GDP at the end of 2021 remained nearly at the same level as observed prior to the pandemic as opposed to the US which recorded an increase in GDP in mid-2021.

Economic activity in the euro area, in 2021, was up by an annual 5.3%, following the historical rate of contraction of 6.4% in 2020. Economic recovery benefited from the positive contribution of both domestic and external demand. In sectoral terms, industry was more dynamic, as opposed to services which remained at a lower level than at the end of 2019.

All euro area member states posted positive GDP growth rates in 2021. These were significant in the case of several of the major economies, particularly France. In contrast, performance in Germany was less favourable, with GDP growth of only 2.9%.

There was a recovery of the labour market owing to higher levels of activity and the maintenance of several support measures implemented across 2020 with the aim of protecting jobs and avoiding the loss of household income. The unemployment rate in the euro area and European Union stood at 7.7% and 7.0% (8.0% and 7.3% in 2020, respectively).

By contrast, the average rate of change in the harmonised index of consumer prices (HICP) accelerated from 0.3% in 2020 to 2.6% in 2021, having exceeded the European Central Bank's (ECB's) reference rate. Following negative rates in first half 2020, the combination of base effects together with a recovery of domestic demand, constraints in supply chains and hike in energy prices led to a year-on-year increase in inflation of 5.0% in December 2021.

Expansion was more pronounced in the emerging bloc, owing to economic growth of 8.1% in China which, was, however, forced to contend with innumerable challenges, including difficulties in the real estate market, problems in supply chains and several outbreaks of Covid-19. Other emerging countries also posted a considerable rate of recovery, particularly India with 9.5%.

ECONOMIC INDICATORS

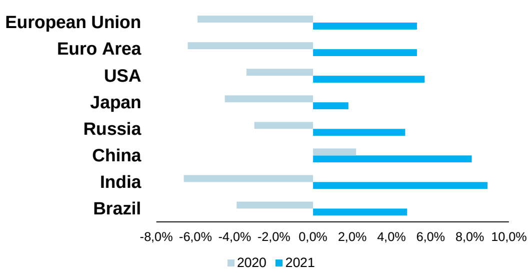
(%)

	GDP Change rate		Inflation Change rate		Unemployment	
	2020	2021	2020	2021	2020	2021
European Union	**-5.9%**	**5.3%**	**0.7%**	**2.9%**	**7.3%**	**7.0%**
Euro Area	-6.4%	5.3%	0.3%	2.6%	8.0%	7.7%
Germany	-4.6%	2.9%	0.4%	3.2%	3.8%	3.5%
France	-7.9%	7.0%	0.5%	2.1%	8.0%	7.9%
Spain	-10.8%	5.1%	-0.3%	3.0%	15.5%	14.8%
Italy	-9.0%	6.6%	-0.2%	2.0%	9.3%	9.5%
United Kingdom	**-9.3%**	**7.4%**	**0.9%**	**2.6%**	**4.4%**	**4.6%**
USA	**-3.4%**	**5.7%**	**1.2%**	**4.7%**	**8.1%**	**5.4%**
Japan	**-4.5%**	**1.8%**	**0.0%**	**-0.3%**	**2.8%**	**2.8%**
Russia	**-3.0%**	**4.7%**	**3.4%**	**6.7%**	**5.8%**	**4.8%**
China [a]	**2.2%**	**8.1%**	**2.5%**	**0.9%**	**4.2%**	**3.8%**
India	**-6.6%**	**8.9%**	**6.6%**	**5.1%**	**n.a.**	**n.a.**
Brazil	**-3.9%**	**4.8%**	**3.2%**	**8.3%**	**13.5%**	**13.5%**

Sources: Eurostat, ONS, BEA, BLS, Statistics Bureau of Japan, Rosstat, NBS, Indiastat, IBGE
(a) FMI (World Economic Outlook - october 2021 for unemployment rate in 2021)
n.a. – not available

GROSS DOMESTIC PRODUCT (GDP)

(%)



China's economy has achieved remarkable recovery. In rising to 8.1% in comparison to 2.2% in 2020, GDP growth exceeded the government target of "more than 6%". Despite this, the second half of the year witnessed economic slowdown owing to the gradual phasing out of public support, delay in the recovery of private consumption owing to the recurrence of Covid-19 outbreaks and a slowdown in real estate investment following the authorities' efforts to reduce leverage in the real estate sector. In the rest of emerging Asia, reference should be made India's expansion rate of 8.9% following the preceding year's drop of 6.6%.

Latin America posted a growth rate of 6.8% in 2021, following contraction of 6.8% in 2020, with all economies in the region, with the exception of Venezuela, posting an expansion of economic activity. Eastern Europe, badly affected by the Covid-19 pandemic in 2020, posted a high growth rate of 6.5% in 2021. In Russia, where the virus also spread rapidly last year, the economy grew by 4.7% in 2021, fuelled by hikes in oil and natural gas prices. Sub-Saharan Africa was once again the world region with the lowest growth rate (4.0% in 2021), with recovery being based on improved levels of exports and the higher prices of various raw materials, together with more dynamic levels of consumption and private investment.

In Angola, the impact of the Covid-19 pandemic began to wane at the end of 2021. Although only 50% of the population eligible for vaccination had been given their first dose, it was possible to gradually reduce containment measures. Angola's economy has also benefited from hikes in oil prices. The non-oil sector has also shown signs of recovery. The IMF, which completed its programme of economic and financial assistance at the end of the year, estimates that annual economic growth is once again in positive terrain, albeit marginal, following five successive years of contraction. By way of contrast, inflation has increased to 25.7%.

In Mozambique, following GDP contraction of 1.2% in 2020 − the first in 30 years − growth in 2021 was 2.2%. The robust growth of the agricultural and extractive sectors was complemented by an improvement, albeit modest, in services, following the partial lifting of restrictions related to the pandemic. Seasonal factors, supply chain constraints, and increases in international food and fuel prices led to a year-on-year increase of 6.7% in inflation in December 2021, albeit remaining within the target of less than 10% set by the Bank of Mozambique. A strict monetary policy has helped to keep inflation under control and preserve economic and financial stability.

The archipelago of Cape Verde continued to suffer the impact of the Covid-19 pandemic across 2021, particularly on account of travel restrictions which affected tourism, transport and related sectors. The recovery of the world economy was mainly reflected in the second half of the year, contributing to the 4.0% growth of Cape Verde's economy in 2021, following contraction of 14.8% in 2020.

In Macao, the very gradual recovery of the gambling sector in 2021, whose levels of activity remained at levels well below those of 2019, not only on account of the pandemic, but also greater control over capital and changes to the regulatory framework on gambling brought in by the government, helped to fuel economic growth to 18.0% in contrast to a 54.0% drop in 2020.

The role of governments and central banks in 2021, albeit less interventionist than in 2020, continued to be a crucial factor in supporting the ongoing recovery.

In most of the advanced economies, the expansionary level of fiscal policy remained high, with an emphasis on strengthening growth based more on the transition to low-carbon economies, digital transformation and long term investments. According to the IMF, the fiscal packages announced or approved by the European Union (EU) and the US could add $4.6 billion to worldwide GDP between 2021 and 2026.

In the emerging or developing countries, higher interest rates and lower tax revenues have put pressure on states' ability to provide fiscal support comparable to that of developed economies. Overall, budget deficits were down by 2 pp of GDP in 2021, although remaining well above pre-pandemic levels, particularly in the advanced economies. Worldwide public debt accordingly remained close to 100% of GDP, despite the slight decrease in comparison to 2020, with central banks' debt purchase programmes helping to contain the worsening situation with regard to debt servicing.

The labour market has also continued to recover worldwide. Employment, however, has not only remained below pre-pandemic values, but has also witnessed an unequal pace of improvement between countries and sectors of activity. This is a reflection of diverse factors ranging from differentiated production gaps, fears of infections in the workplace, constraints related to child care or structural changes in the search for jobs.

Economic activity continued to be affected by other persistent sources of risk, in 2021. These included greater difficulties in production and supply chains, including not only final consumer goods, but also intermediate goods used in the production process. This has resulted in numerous bottlenecks having an impact on worldwide supply levels, particularly in consumer goods.

Monetary stimuli continued to be implemented across 2021, based on the risks related to disruptions in production and distribution chains, the uncertain impacts still deriving from the pandemic and in spite of the rising costs of raw materials.

Although risks to financial stability have remained under control, there has been an increase in investors' apprehension levels in recent months owing to the emergence of a new strain of the virus − Omicron − and higher inflation which, in accelerating more significantly at the end of the year, contributed to the fact that the main central banks have begun to signal their intentions regarding adjustments of extraordinary *stimuli*.

In 2021, the growth level of prices increased sharply, not only in Europe but also in other regions, such as the United States and diverse emerging economies. Higher inflation reflected a combination of mismatches between supply and demand for goods, caused by the pandemic. This partly derived from a change in the consumption pattern in the form of the replacement of the consumption of services by an increase in the consumption of goods, constraints in supply chains, rising commodity prices and developments related to previous economic stimulus policies, such as the reversal of the temporary VAT reduction in Germany, in 2020. Depreciating exchange rates in several emerging countries have also contributed to the higher prices of imported goods.

In advanced economies, those responsible for conducting monetary policy tended, at an early stage, to refer to rising inflation as "transitory" owing to the significant impact related to constraints on production and distribution chains. In the second half of the year, central banks progressively changed their viewpoint, especially in light of the successive upwards revisions of inflation projections for 2022 and following years. Diverse monetary authorities have also started or announced their intention to gradually reduce monetary *stimuli* in 2022, on account of fears of the emergence of pressures related to wage growth.

European Central Bank

In 2021 the ECB did not make any significant changes to its unconventional monetary policy measures implemented in the previous year. Following the introduction of its pandemic emergency purchase programme (PEPP) in 2020, the ECB temporarily increased its rate of purchases of debt assets across second quarter 2021 with the aim of strengthening accommodative financial conditions and combating the low inflation levels existing at the time in question. As a consequence of the increase in inflation starting in the second half of the preceding year, the ECB gradually reduced the monthly amounts of its asset purchases and, in December, announced that the PEPP would be discontinued from March 2022.

The ECB will continue to ensure loan maturities based on the third series of targeted longer term refinancing operations (TLTRO III), assessing how such targeted lending operations are contributing to its monetary policy guidelines although it reiterated that the special conditions applicable under TLTRO III expire in June 2022.

The ECB kept its reference rates unchanged at their year 2020 levels, namely on the marginal lending facility, main refinancing operations and the deposit facility at 0.25%, 0% and -0.5%, respectively.

The ECB approved its new monetary policy strategy, in July 2021, having adopted a symmetric target for medium term inflation. The governing council confirmed that the HICP will continue to be the most adequate price measure for assessing inflationary pressures and recommended the long term inclusion of owner-occupied housing costs in the inflation basket which now also includes an ambitious action plan on climate change. The governing council has also confirmed that reference interest rates as a whole shall continue to be the main monetary policy instrument and that other instruments − in particular, indications on the future orientation of monetary policy, asset purchases and longer term refinancing operations − will continue to be an integral part of the monetary policy instruments to be used if considered appropriate.

Other Central Banks

As regards the actions of G4 central banks, the Fed’s board of governors retained the reference range gap on its fed funds at between 0.00% and 0.25% across 2021, its lowest level since the 2008 financial crisis. The Fed also retained its sovereign bonds and mortgage securities purchase programme, for an unlimited amount at a monthly rate of $120 billion up to the fourth quarter, when it decided to embark upon a reduction of monetary *stimuli* by decreasing the monthly rate of asset purchases, with the intention of ending it in March 2022. The balance sheet of the US central bank amounted to $8.7 billion at the end of 2021, more than double the $4.2 billion recorded two years ago.

The Bank of England (BoE) was the first G4 bank to increase its reference rate, when, in early 2021 it warned banks to prepare for the possibility of negative interest rates. Last December the board of governors announced an increase in base rate from 0.10% to 0.25% although this was still below the 0.75% recorded in the months preceding the pandemic. The size of the debt assets purchase programme remained unchanged, having accumulated around £875 billion in gilts and £20 billion in corporate bonds.

The Bank of Japan (BOJ) kept its reference rates unchanged, in addition to implementing an extremely accommodative monetary policy. It adjusted the amounts of its operations to respond to the crisis deriving from the pandemic, namely its purchases of commercial paper/corporate bonds and special funds supplying operations (SFSO) programme to refinance loans made by commercial banks.

In the case of other countries in the developed bloc reference should be made to the Bank of Norway, the Central Bank of New Zealand and the Central Bank of South Korea, which announced increases in their respective reference rates with the aim of starting to normalise monetary policy and help control the growth of prices.

The actions of the main central banks in emerging economies was also indisputably conditioned by the sharp acceleration of price growth, which translated into a more aggressive increase in terms of monetary policy restrictions.

In Asia, China's economy was not affected by inflationary pressures. The Central Bank of China (PBoC) eased monetary policy, with the aim of responding to the economic slowdown, in a context of increased risk in China's leveraged real estate market and prospects of a cooling economy. The main measures included cuts to statutory reserve ratios and interest rate reductions on different market operations.

In Eastern Europe, several banks also took steps to control the increase in inflation, particularly the Bank of Russia, which was immediately followed, in terms of the size of the increase in the interest rate, by the Czech Republic, Ukraine, Hungary and Poland. In Latin America, reference should be made to the actions of the Central Bank of Mexico, Chile and Brazil. In this case, the SELIC rate increased by 725 bps to 9.25% at the end of 2021.

In Angola, the National Bank of Angola adjusted its monetary policy guidelines to provide for persistently high inflation, via an increase in its monetary policy rate and more moderate currency growth. It was decided, in July 2021, to increase its base (BNA) interest rate from 15.5% to 20.0%. Similarly the Central Bank of Mozambique increased the cost of credit operations, with a 300 bps increase in its MIMO rate, to 13.25% at close 2021.

Portuguese economy

Global evolution

As in the case of all euro area countries, the Portuguese economy expanded in 2021 following the adverse effects of the pandemic. Portugal's success in achieving one of the highest global vaccination rates enabled it to not only gradually lift restrictive measures across the year but has also fuelled a resumption of consumer and business confidence. The sectors most affected by the pandemic, however, such as tourism and transport, continued to be mired at a lower level than prior to March 2020 as opposed to the industrial sector, whose recovery enabled it to outperform end of 2019 levels, notwithstanding production chain constraints.

The Portuguese economy recorded annual growth of 4.9% in 2021, its best result since 1990, following its historical contraction of 8.4% in 2020. The level of economic expansion was, however, still below the average for the euro area as a whole. Private consumption, as the most important component in terms of final demand, grew by 4.4% in 2021, based on the growth of disposable income, favourable financial conditions and accumulation of savings during the course of the crisis. Gross fixed capital formation (GFCF) was up 6.1%, following a relatively contained fall in 2020 in comparison to previous recessions. Exports were up 13.0%, highlighting the dichotomy between goods and services, as in imports, which were up 12.8% in 2021.

PORTUGUESE ECONOMIC INDICATORS

(%)

	2019	2020	2021
Gross domestic product (GDP) - Change Rate	**2.7%**	**-8.4%**	**4.9%**
Private consumption	3.3%	-7.1%	4.4%
Public consumption	2.1%	0.4%	5.0%
Gross Fixed Capital Formation	5.4%	-2.7%	6.1%
Domestic demand [(a)]	3.4%	-5.0%	5.2%
Exports	4.1%	-18.6%	13.0%
Imports	4.9%	-12.1%	12.8%
Inflation rate (HICP)	**0.3%**	**-0.1%**	**0.9%**
Ratios			(%)
Unemployment rate	6.5%	6.9%	6.6%
General government deficit (as a % of GDP)	0.1%	-5.8%	-2.8%
Public debt (as a % of GDP)	116.6%	135.2%	127.4%

Source: INE

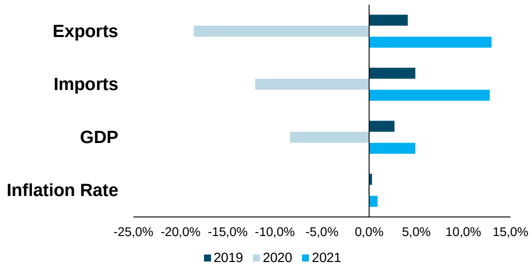
(a) Contribution to GDP growth (percentage points).

As regards the balance of trade, according to the Bank of Portugal, the economy registered a net external financing capacity of 0.2% of GDP, following a zero value in 2020.

According to the draft state budget for 2022, which was not approved by the Assembly of the Republic in October 2021, the general government deficit was 4.3% although this represented an improvement over the year 2020 deficit of 5.8%. This result derived from an increase in total revenue as a result of economic recovery and PRR (Recovery and Resilience Plan) disbursements, accompanied by a decrease in the total expenditure to GDP ratio. Public debt as a percentage of GDP decreased by 8.3 pp to an end of year 126.9% following the previous year's marked increase, albeit remaining significantly above the figure for 2019.

PORTUGUESE ECONOMIC INDICATORS

(%)



Portugal's harmonised index of consumer prices recorded an annual rate of change of 0.9% in 2021 (1.3% for the INE indicator), following a negative 0.1% in 2020. This compares to 2.6% for the euro area average. This discrepancy derives from the higher proportion of the economy accounted for by the hospitality and catering sectors in the domestic basket, which were responsible for negative contributions across several months in 2021, to an average annual variation of -0.8%, against the preceding year's 1.7%. Increases in the housing, electricity, water and other fuels components have also not been as expressive as those of other euro area countries. The sharply accelerating growth in prices accordingly mainly derived from the evolution of the energy products component, from -5% in 2020 to 7.3% in 2021. Underlying inflation was also up at a faster rate than in the preceding year, from 0.4 pp to 0.2%.

The unemployment rate was brought down to 6.6%, or 0.4 pp down over 2020. This dynamic was largely made possible by the provision of fiscal support during the pandemic crisis to protect employment and facilitate a faster resumption of the number of hours worked (up 8.3%). The underutilisation of labour rate was estimated at 12.5%. down 1.6 pp over the previous year. The youth unemployment rate (15 to 24 year olds) stood at 23.4%, up 0.9 pp over 2020, while the proportion of long term unemployed was estimated at 43.4% or up 10.1 pp over the preceding year. The 2.7% increase in the employment rate offset the preceding year's -1.9%.

Deposits and credit

In 2021, the M3 liquidity aggregate (which, in addition to banknotes and coins, bank reserves, on-demand and fixed-term bank deposits and government bonds held by the public), excluding currency in circulation, grew 11.3 %, albeit down 0.5 pp over the end of 2020. With the release of household savings, the total deposits rate of 4.9% was much lower than the 13.9% observed in 2020. The growth of deposits from personal customers and emigrants was down from 7.9% to 6.8%, as opposed to the deposits of non-financial corporations which evidenced a slight moderation of 0.2 pp to 17%.

Total domestic credit was up 3.9% in comparison to the 3.7% recorded in 2020, largely deriving from an increase in lending to personal customers, particularly mortgage loans which were up 4.1% in comparison to the preceding year's 1.9%. There was also an acceleration of credit for consumption and other purposes, in this case 2.3 pp, following the preceding year's nil growth. Lending to non-financial corporations, after the impact of the pandemic raised credit growth to 10% in 2020, slowed to 4.5% in 2021. Credit to general government was up 2.1% in 2021 (in comparison to -6.4% in 2020).

MONETARY AGGREGATES IN PORTUGAL (A)

(%)

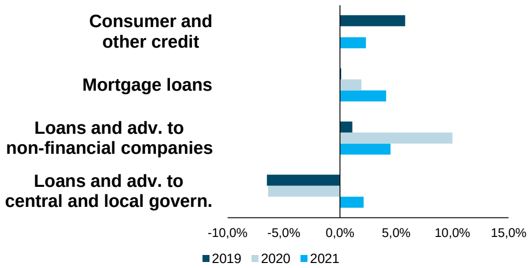
	2019	2020	2021
M3, excluding currency in circulation	**6.5%**	**11.8%**	**11.3%**
Total deposits	3.7%	13.8%	4.9%
Deposits made by non-financial companies	10.5%	17.2%	17.0%
Individual customers' and emigrants' deposits	3.7%	7.9%	6.8%
Total domestic credit	**1.0%**	**3.7%**	**3.9%**
Loans and adv. to central and local government	-6.5%	-6.4%	2.1%
Loans and adv. to non-financial companies	1.1%	10.0%	4.5%
Mortgage loans	0.1%	1.9%	4.1%
Consumer and other credit	5.8%	0.0%	2.3%

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.

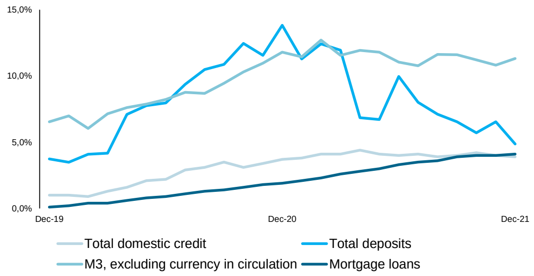
EVOLUTION OF CREDIT IN PORTUGAL

(%)



CURRENCY AND CREDIT

Year-on-year rates of change (%)



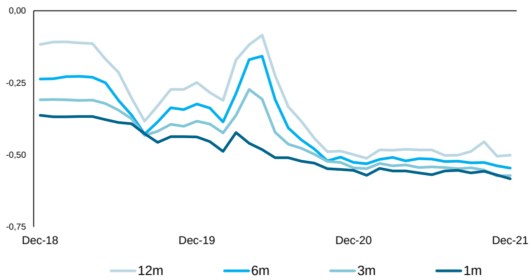
Interest rates

Economic activity in the euro area recovered, in 2021, as vaccination programmes were implemented and with control of the pandemic allowing most of the previously imposed restrictions to be lifted. Even in a scenario of an evident resumption of activity in the region and exacerbation of inflationary pressures, the ECB was constantly involved in the form of unconventional measures, strengthening of bond purchase programmes and provision of permanent lines of credit.

Short term interest rates increased slightly up until the end of the second quarter from when they gradually resumed a downwards trend up until the end of the year, when they fell to all-time lows. The EONIA rate evidenced intra-annual stability, ending 2021 at a level very close to the interest rate of -0.50% on the deposit facility. Euribor rates started the year with low volatility and an upwards movement to a positive, marginal, average change of 0.5 bps in the first two quarters. With the end of the year approaching and continuation of the ECB's preference for an accommodative monetary policy, Euribor rates resumed their downwards trend, falling once again to all-time lows in December 2021. Euribor rates across the year as a whole, were down over all 1, 3, 6 and 12 month reference periods by 2.9 bps, 2.7 bps, 2.0 bps and 0.2 bps, respectively, ending the year at -0.583%, -0.572%, -0.546% and -0.501%.

EURIBOR

(%)



Interest rates on new operations, in the case of mortgage loans, went in the opposite direction, having risen up until March and then stabilising, whereas, in the case of operations with non-financial corporations, the rates were highly volatile, albeit declining at the end of the year. Borrowing rates, in 2021 were also down, both in the case of non-financial corporations and in the individual customers' segment.

INTEREST RATES [(A)]

(%)

	2019	2020	2021			
	Dec	Dec	Mar	Jun	Sep	Dec
Fed funds rate	**1.50%-1.75%**	**0.00%-0.25%**	**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	-0.446%	-0.498%	-0.489%	-0.496%	-0.495%	-0.505%
1 month	-0.438%	-0.554%	-0.556%	-0.569%	-0.563%	-0.583%
3 months	-0.383%	-0.545%	-0.538%	-0.542%	-0.545%	-0.572%
6 months	-0.324%	-0.526%	-0.509%	-0.515%	-0.528%	-0.546%
12 months	-0.249%	-0.499%	-0.484%	-0.483%	-0.488%	-0.501%
New credit operations						
Non-financial companies [(b)]	1.85%	1.67%	1.63%	1.86%	1.99%	1.90%
Individual customers - mortgage loans	1.10%	0.80%	0.84%	0.83%	0.80%	0.83%
Term deposits and savings accounts [(c)]						
Non-financial companies	0.11%	0.07%	0.06%	0.06%	0.05%	0.05%
Individual customers	0.12%	0.09%	0.08%	0.08%	0.07%	0.06%

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.

Foreign exchange markets

One of the main highlights in foreign exchange markets, in 2021, was the trend towards an appreciating dollar. The US currency, which had been trending to depreciation since April 2020, went into reversal mode in June 2021, in line with the changes in investors' expectations over the future trajectory of US reference rates in comparison to others, in a context of rising inflation.

The effective dollar (evolution in comparison to an enlarged basket of currencies) appreciated by an annual 6.4%. The bilateral change against the euro was 7.4%, with a cross exchange rate of $1.14/euro at the end of 2021. In contrast to the appreciation of the dollar, the effective euro's depreciation of around 5% derives from the ECB's accommodative approach which showed no intention of reversing the wide range of monetary *stimuli* despite the acceleration of inflation beyond the targeted limit.

Several factors contributed to the appreciation of sterling against the euro, namely the conclusion of the Brexit process which had been a factor of instability, economic recovery and an allaying of the fears of the negative effects of the pandemic, in addition to the normalisation of monetary policy starting fourth quarter. Sterling was up 6.3% against the euro and slightly down by 1% against the dollar.

The Japanese yen depreciated by 10.3% against the dollar in posting its most significant fall since 2014. As opposed to 2020 when a global expansionary policy brought reference rates close to zero, in 2021 the divergence from monetary policy by the Bank of Japan (BoJ) was decisive in terms of the preference for other currencies in view of the signalling of the reduction of *stimuli* in the economy by the other central banks in line with the recovery of their respective economies.

As regards the currencies of emerging economies, the appreciation of the dollar and higher bond yields led to the weakening of most currencies in less developed regions, in spite of the fact that the index of the basket of emerging currencies rose by a marginal 0.9% across the year. This result once again derives from the bias in relation to the weight of China's yuan in the index, which was up 2.7% against the dollar.

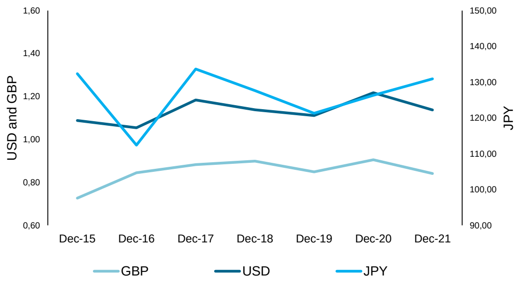
Reference should be made to the sharp depreciation of several such currencies, particularly Turkey's lira (44.1%), as the unfavourable result of the unconventional monetary policy pursued by Turkey's central bank, which brought the lira down to a historical low. Reference should also be made to the depreciation of the currencies of South American countries, namely Argentina (down 18.1%), Chile (down 16.6%) and Colombia (down 15.7%). Russia's rouble fell by no more than 1.5% against the dollar, having benefited from several interest rate hikes and the recovery of oil, natural gas and other commodity prices responsible for the improvement of Russia's economy. The performance of South Africa's rand was also less favourable in its annual depreciation of 7.8% against the dollar. In Asia, India's rupee was down 1.7%.

In 2021, the trend towards the depreciation of Angola's kwanza against the euro and the dollar came to a halt, with appreciation of 25.7% and 17.1% respectively, to 632.4 Kz/€ and 556.1 Kz/$. The trend towards currency appreciation strengthened in line with the recovery of oil prices and loans, with international financial aid fuelling the supply of foreign currency.

Mozambique's currency (metical) ended 2021 up 26.0% against the euro and 16.6% against the dollar, to 72.6 MT/€ and 64 MT/$, respectively. Following the metical's sharp depreciation in 2020 and prospects of higher inflation in the country, the decision made early in the year to raise the reference interest rate by 300 bps was a fundamental factor in restoring exchange rate stability, accompanied by an easing of restrictive measures owing to the stabilisation of the pandemic.

EURO EXCHANGE RATES

Monthly average (euros)



EURO EXCHANGE RATES

Monthly average (euros)

	USD	GBP	JPY
December 2018	1.138	0.899	127.61
December 2019	1.111	0.849	121.27
December 2020	1.217	0.905	126.32
December 2021	1.137	0.841	130.90

Capital markets

In 2021, with the world economy continuing to recover from the pandemic-induced shock, the risks to financial stability remained relatively contained, reflecting the support of monetary and fiscal policy.

The first few months of the year were marked by across-the-board investor optimism over the size of the growth, particularly in developed countries whose vaccination programmes advanced at a faster pace allowing the main restrictions implemented since 2020 to be lifted. The first half year witnessed the appreciation of asset classes most at risk, associated with the referred to optimism over the global recovery of the economic cycle. At the end of the half year, the hike in inflation dampened this feeling and renewed uncertainty over the possibility of bringing forward reference interest rate adjustments and the start of adjustments to existing monetary *stimuli*.

Investors started to become increasingly apprehensive over the economic outlook, across the second half year particularly in view of the consequences of growing pressure on prices, which was greater than originally anticipated. September witnessed marked corrections to risk assets, particularly in the stock markets of the emerging blocs, accompanied by an increase of long term interest rates, in this case on a global level. China's real estate sector was the main culprit for the reversal of sentiment, owing to fears of contagion to the world economy stemming from the risk of credit default by several real estate companies. The volatility of the main share indices was a dominant feature of the last quarter of the year although this did not prevent a renewal of the all-time highs achieved by several share indices at the start of 2022.

Despite the already referred to performance of the major central banks, both in the emerging and developed blocs, financial conditions remained exceptionally accommodative across 2021, allowing financial markets to continue to enjoy a relative level of support.

Stock Markets

The year 2021 witnessed a highly optimistic climate across most of the year, leading stock markets in the main developed countries to achieve sharp increases in value and successive historical highs.

This sentiment was supported by the resumption of economic activity, particularly in the first half of the year, with upwards revisions of GDP, accompanied by the disclosure of highly favourable, better than expected corporate results. This trend was not common to most of the indices of emerging countries, not only on account of the sharp hike in inflation but also the actions of the central banks in restricting monetary and financial conditions and growing uncertainty over the pace of economic growth in 2022 and following years.

The recovery of the developed bloc was led by the US economy owing to the introduction of the fiscal stimulus package in 2020 and the effectiveness of vaccination campaigns, which also extended into Europe and other developed regions. Uncertainty arising from the lower level of monetary accommodation in conjunction with the reappearance of new Covid-19 variants and renewed, albeit occasional, measures restricting mobility, were not, however, sufficient to prevent the Morgan Stanley (MSCI) world share index from recording annual gains of 22.5%.

The main indices in the US continued to build on the gains made in 2020, with the S&P 500 and NASDAQ ending the year with gains of 26.9% and 21.4%, respectively, achieving all-time highs across the year as a whole. Inflationary pressures deriving from private consumption and the reactivation of the industrial sector and services most affected by the pandemic, however, led to increased volatility owing to the threat of a monetary policy reversal by the major central banks (interest rate hikes and elimination of *stimuli*).

In terms of European indices, the Eurostoxx600 ended 2021 up 22.2%, having posted a large number of all-time highs. This performance was speared by stock markets in France and Italy. Germany's DAX appreciated by close to an annual 16%, followed by the UK's Footsie while Portugal's PSI20 and Spain's IBEX were up 13.7% and 7.9%.

Still in Europe and in sectoral terms, reference should be made to the appreciation of all segments in 2021. Cyclical sectors kept pace with the resumption of economic activity, in which reference should be made to the appreciation of the banking sector (up 34.0%) and technology (33.7%), while leisure and travel (3.7%) continued to be penalised by the feeling of uncertainty over the evolution and pandemic-related risks.

In emerging markets, the respective Morgan Stanley index was down 4.6%, led by Hong Kong's Hang Seng (-14.1%) and Brazil's Bovespa (-11.9%), which markets were negatively influenced by the political climate in the former case and the insecurity of the fiscal trajectory in the latter, which increased the pessimism of domestic investors.

In Asia, reference should be made to India's Sensex (up 22%) which benefited from recurring liquidity injections, in addition to the recovery of domestic companies. China's market was slightly up by a more modest 4.8% in the case of the Shanghai index. Japan's Nikkei225 and Topix indices ended 2021 with annual gains of 4.9% and 10.4%.

STOCK MARKET INDICES

	2020		2021	
	Index	Change	Index	Change
Dow Jones (New York)	30,606.5	7.2%	36,338.3	18.7%
Nasdaq (New York)	12,888.3	43.6%	15,645.0	21.4%
FTSE (London)	6,460.5	-14.3%	7,384.5	14.3%
NIKKEI (Tokyo)	27,444.2	16.0%	28,791.7	4.9%
CAC (Paris)	5,551.4	-7.1%	7,153.0	28.9%
DAX (Frankfurt)	13,718.8	3.5%	15,884.9	15.8%
IBEX (Madrid)	8,073.7	-15.5%	8,713.8	7.9%
PSI-20 (Lisbon)	4,898.4	-6.1%	5,569.5	13.7%

Bond Markets

Investors continued to express an appetite for this asset class, in 2021, notwithstanding simultaneously greater exposure to higher risk classes, such as the stock or commodities market, based on their greater profitability. Sovereign debt yields recorded a certain volatility across the year. While in certain periods investors have preferred higher risk assets, several factors, such as the uncertainty of the pandemic's trajectory accompanied by the emergence of new variants and higher inflation, have conditioned this evolution, which has witnessed both increases and decreases in longer maturity yields across the year.

In Europe, the ECB's continuation of its assets purchase programme has allowed the financing costs of European governments to remain historically low, at a time when expenditure associated with combating the effects of the pandemic continued to be very high. In the euro area, the fiscal deficit went from 7.2% to 7.1% of GDP with the public debt ratio rising by 0.7 pp to 100%, as a sign of the importance of maintaining an unchanged monetary policy designed to retain highly accommodative financial conditions.

The ECB started to reduce the amount of its PEPP purchases at the end of the year, in view of even higher potential growth in 2022 and particularly the sharp increase in inflation, while, at the same time, announcing an increase in the volume of APP purchases up until the end of third quarter 2022 for the purpose of cushioning the impact of the gradual reduction of monetary *stimuli.*

Interest rates in the main European countries had their first annual increase in four years, particularly over the longer term maturities owing to expectations that reference interest rates would remain low for a longer period.

In the case of Germany and France, whose securities are usually considered safe havens for investors, long term sovereign bond yields were up across all maturities. Ten year yields were up 39.2 bps and 53.6 bps to -0.05% and 0.37%, respectively, in a complete reversal of the preceding year's falls. In the case of 2 year maturities, the movement has been less pronounced with yields in Germany and France decreasing by 8 bps and 2.5 bps, in the same order.

Yields on the debt of countries on the European periphery closed 2021 last year at rates well above those witnessed at the end of 2020. Following previous year events, PEPP rules allowed the ECB to acquire Greek debt. Given expectations of a correction of monetary *stimuli*, yields on Greek sovereign bonds posted the highest increase of 71 bps, to 1.34% among its European peers followed by Italy with 62.9 bps to 1.17%.

As in the case of the other European countries, Portugal benefited from the ECB's purchase programmes, which enabled it to keep its financing costs low, backing economic recovery with strong government support. The performance of yields across the year was similar to that of other European countries but most of the time at a rate lower than Spain's. Notwithstanding the rejection of the draft state budget for 2022, the political climate remained stable and prevented negative impacts on yields at a time when the outlook was already threatened by the emergence of the Omicron variant. These circumstances, however, were common to all euro area countries. Both in the secondary as in the primary market investors continued to show a high level of confidence in and appetite for Portugal's sovereign debt, with demand for such assets in auctions always outstripping supply, allowing the Portuguese Republic to issue debt with a 10 year maturity at negative yields.

There was an increase in the yield on 10 year Portuguese public debt in 2021, countering the trend of recent years, this time by 43.5 bps, closing at 0.46%, after sinking to negative rates at the start of 2021. The yield on 2 year maturities was up 7.4 bps to -0.65%. In the case of Spain, the yield on 10 year maturities was up 51.8 bps, and 1.00 bps on 2 year maturities, closing at 0.56% and -0.62%, respectively.

The year 2021 witnessed a slight widening of the spread between Portuguese and German 10 year yields from 4.3 bps, to 64.2 bps. Against Spain, the increase was 8.3 bps. In terms of the curve between 10 and 2 years, it rose 36.1 bps, to 111.6 bps.

US yields also rose sharply along the yield curve. Unlike its European counterparts, this trend was slightly higher over the shorter maturities, as a result of investors' expectations over the proximity of the Fed's new monetary cycle adjustment policy. The yield on 10 year sovereign bonds was, accordingly, up 59.7 bps to 1.51%, but still below the yield at the end of 2019 (1.91%). As already stated, the increase in yields on shorter term maturities was higher, as exemplified by 2 year maturities which were up 61.1 bps to 0.73%. The curve between 10 year maturities and this maturity remained practically unchanged at 77.7 bps.

Given the control of the yield curve policy by the Central Bank of Japan, yields on 10 year maturities were only slightly up across the year (5 bps) to 0.07%. In the United Kingdom, gilts with the same maturity were up 77.4 bps to 0.97%.

In the emerging bloc, the yield on China's 10 year maturities, countering the movements observed in the major sovereign issuers, were sharply down, in this case by 36.7 bps and ending at 2.78%, owing to the monetary relief measures of the People's Bank of China. The rates in Russia and Brazil were different from those of China as, owing to a more restrictive monetary policy, the yields kept pace with the upwards movement observed in the developed bloc.

In the corporate debt market, economic recovery, in 2021, was accompanied by a decrease of CDSs (credit default swaps), which ended the year at below their pre-pandemic values. Reference should, herein, be made to a relatively more accommodative approach by central banks in developed countries, several of which retained their corporate debt securities purchase programmes. Under the corporate sector purchase programme (CSPP), the ECB acquired €60.5 billion in corporate bonds (net) for an accumulated amount of €309.6 billion in 2021.

In 2021, there were no very significant changes in spreads on the European credit derivatives market (CDS market), which was down 0.2 bps, to 47.8. The spread in the financial sector, as in the general index, was also slightly down by 4.2 bps, closing at 54.9 bps. By way of comparison, at the height of the crisis, the spread on both indices was more than 100 bps.

Portuguese Banking System

Global evolution

The banking system in Portugal continued to show signs of resilience, in 2021, strengthened by the economic recovery fuelled by the lifting of the restrictions on activity stemming from the Covid-19 pandemic and improved level of international economic performance.

In spite of fears of a deterioration in the credit portfolios of Portuguese institutions, particularly following the ending of the various *moratoria*, the national banking sector continued to enjoy high levels of capital and a solid situation in terms of liquidity. Notwithstanding the occurrence of a heterogeneous level of recovery in sectoral terms, with lower growth dynamics in sectors such as housing, catering and leisure, in aggregate terms, increases in default rates or deterioration of the credit quality of banking sector loans have been recorded.

Despite the challenges occurring during the course of 2021, the banking sector has achieved greater profitability, not only on account of higher levels of efficiency, based on ongoing endeavours to cut costs and optimise internal procedures, but also the growth of interest-bearing assets, without a significant deterioration of credit risk. In fact, and similarly to its European and North American counterparts, the decrease in the recording of impairments and provisioning for credit losses allowed the national banking sector to record an increase in profitability.

However, in spite of diminishing uncertainty over the potential effects of the pandemic, as the prevailing variants appear to be less severe and as most of the population has been vaccinated, the evolution of economic recovery and across-the-board price increases continues to be a vulnerability in the national financial system. Any increase in interest rates will exacerbate market and credit risks, which could materialise through the depreciation of financial assets in banks' balance sheets, namely public debt and increase in non-performing assets. The possible worsening of financing conditions and the increase in the inflation rate could have a negative impact on the financial situation of companies and families, resulting in a lower capacity to expand the volumes of credit granting and a greater probability of default and, as such, in profitability and in the endogenous generation of capital. However, the increased levels of remuneration of the new credit concession resulting from the possible increase in interest rates may, at the same time, benefit the financial margin of banks. However, the difficulty in obtaining a return higher than the required remuneration will put in perspective the need to continue the adjustment of banking business models.

Asset quality

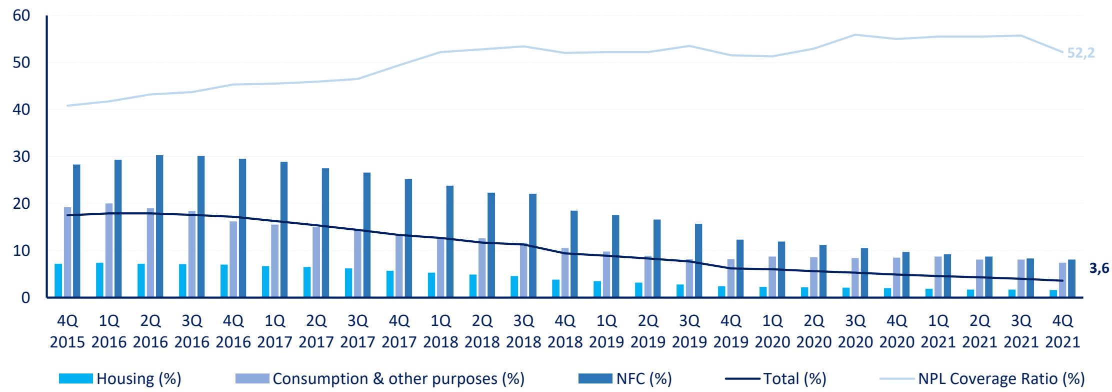
National banks closely monitored their credit portfolios, in 2021, to provide for the possibility of borrowers being unable to service their debts and to cover their potential losses. For this purpose, credit institutions also renegotiated and restructured credit agreements, as a result of the consolidation of the action plan for the risk of default (PARI) and the out-of-court settlement of default procedures (PERSI) in August 2021, in order to safeguard borrowers' debt-servicing capacity, particularly in those sectors most affected by the economic downturns resulting from the imposition of restrictions following the pandemic. In parallel, the national banking sector maintained the general public *moratoria* regime which, in several cases, was extended up until the end of 2021, allowing a certain leeway in terms of the liquidity situation of many households and companies.

Accordingly and in spite of the fact that the NPL ratio of the national banks is one of the highest in the European Union, the strengthening of support and flexibility measures for borrowers, continuation of disposals and write-offs of non-performing loans and expansion of lending have made it possible to continue to reduce the NPLs trajectory. Reference should also be made to the maintenance and even strengthening of coverage ratios at significant levels that, in the case of Caixa, have resulted in a global net NPL ratio of 0%.

The NPL ratio of 3.6% at the end of 2021 reflected a €9.8 billion increase in total lending and a 16.6% decrease in non-performing assets since the end of 2020. The fact that the NPL coverage ratio was down 2.8 pp in 2021 to around 52.2% is explained both by the reduction of accumulated impairment owing to the reversal of the most negative aspects of the pandemic and reduction of non-performing loans.

PORTUGAL: BANKING SYSTEM – NPL RATIO AND RESPECTIVE COVERAGE

(%)



Source: Bank of Portugal.

Profitability

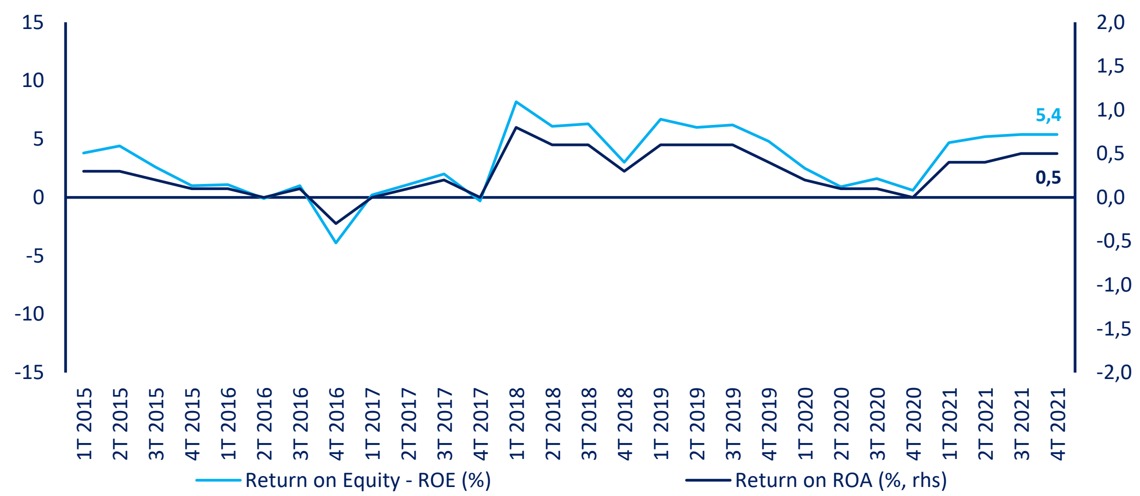
The stabilising of the pandemic's effects on the economy, in 2021, resulted in a decrease in the levels of impairment on and provisions for credit losses, based on improved expectations over defaults. The return on assets (ROA) of national banks was up 0.5 pp in 2021 in comparison to the 0% achieved at the end of 2020. The positive trajectory of ROA derives from both a lower level of provisions and impairment and increase in income from financial operations. The cost of credit risk, measured as the impaired credit to total gross credit ratio, evidenced a negative change of 70 bps to 0.3%.

In spite of a certain pressure on net interest income in the national financial system, operating income remained stable, owing to lower operating costs. Cost-to-income for the referred to period was, accordingly, down 4.4 pp to 53.4%.

All of the referred to factors contributed to a 4.8 pp improvement of return on equity (ROE) to 5.4% in 2021.

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

(%)



Source: Bank of Portugal.

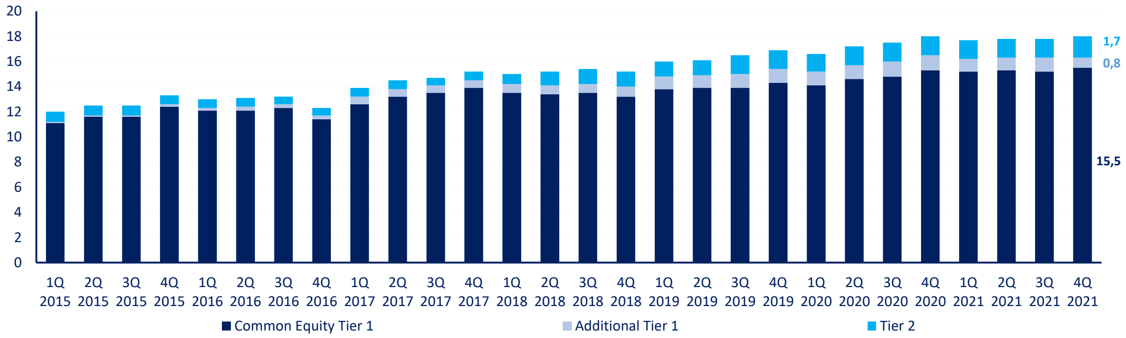
Solvency

Solvency levels in the Portuguese banking system remained relatively stable across 2021. The recommendations made by the European regulatory and supervisory authorities regarding restrictions on dividend distributions to shareholders and on curbing the distribution of variable remuneration up until September 2021 also helped to stabilise capital levels.

The common equity tier 1 and own funds tier 2 ratios were, however, both up 0.2 pp to 15.2 % and 1.7 % respectively, in 2021. As the additional tier 1 own funds ratio fell by 0.4 pp in 2021, the total own funds ratio remained unchanged at 18.0%.

PORTUGAL: BANKING SYSTEM – OWN FUNDS RATIOS

(%)



Source: Bank of Portugal.

PORTUGAL: MINIMUM PRUDENTIAL REQUIREMENTS TO BE OBSERVED ON 31 DECEMBER 2021 OF CGD AND THE 5 LARGEST BANKING INSTITUTIONS OPERATING IN PORTUGAL

(%)

	Pillar 1 Requirement	Pillar 2 Requirement	Combined Buffer Requirement (CBR) (1)	Total minimum requirement
CGD	8.00%	2.25%	3.25%	13.50%
Bank 1	8.00%	2.25%	3.06%	13.31%
Bank 2	8.00%	3.00%	2.88%	13.88%
Bank 3	8.00%	2.00%	2.88%	12.88%
Bank 4	8.00%	1.50%	2.88%	12.38%
Bank 5	8.00%	3.25%	2.69%	13.94%

(1) in 2021, Bank of Portugal maintained the countercyclical reserve (CCyB) at 0% of the total amount of exposures; CBR considers the O-SII reserve in a phased-in perspective.

Source: Public information provided by the main banks operating in Portugal and Banco de Portugal.

Liquidity

Notwithstanding initial fears of a certain volatility in resource-taking, credit institutions in the national banking system recorded a 4.1 pp increase in their net to total assets ratio. This increase particularly derived from a €24.4 billion increase in customer deposits. The liquidity coverage ratio, which only considers uncollateralised net assets with high liquidity owing to potential funds outflows over a 30 day period, was up 14 pp in 2021 to around 260%. In spite of the national banks' highly comfortable liquidity situation, the implementation of a strategy to monetise these funds may prove to be difficult if reference interest rates remain at historically very low levels, which could lead banks to invest in lower quality or less liquid assets or lower levels of return on deposits.

Banking sector challenges

In spite the recent improvement in profitability, several long-term challenges face the national banking sector, namely with regard to the difficulty in ensuring a return corresponding to that required by investors above the cost of capital. The digitalization process will continue to increase the sector's operational efficiency, historically achieved through important operational cost cuts that have enabled significant improvements in efficiency ratios. Notwithstanding, the trend towards digital transformation, which has begun not only in the financial sector but also across society as a whole, may have structural impacts on the banking business model. On the one hand, the banking sector will face greater competition, with a higher level of specialisation and flexibility, given lower structural costs and the regulatory requirements applicable to several of these new players in the financial space. In Big techs, in particular, there is leverage of data collected from customers in their traditional businesses, such as online commerce or social networks, in new digital financial products or services adapted to customer needs. This change in the supply of services and products will require a high degree of adaptability and innovation from banks. It will, on the other hand, enable business relations with banking customers to be developed and strengthened as well as making it possible to operate in more innovative and possibly more profitable segments. Acceleration towards a more digital format will, however, be accompanied by a greater number of challenges, namely owing to the possibility of cyber attacks, fraud and a greater risk of money laundering and financing of terrorism, requiring greater investment in technology and systems security.

The growing adoption of digital currencies in day-to-day life could create a new independent asset class. The fact that several central banks, exemplified by the ECB, are considering the joint possibility of issuing a digital currency over the medium term may give rise to several risks associated with the entry of new players in the space for services related to digital currencies and other crypto assets. This could affect the banking sector's financial intermediation capacity and its ability to make a profit.

Credit risk may again worsen due to the possible increase in interest rates and the ensuing economic slowdown, which will potentially lead to an increase in non-productive assets, namely in the credit of families and companies with greater indebtedness or with greater fragility in its ability to service its debt, magnified by the latent economic consequences of the Covid-19 pandemic.

Although the conclusion of the third pillar of Banking Union in the form of the European deposit guarantee system could lead to a real mitigation of the feedback loop risk, in addition to greater protection for and the trust of depositors, its introduction will, over the short term, translate into relevant costs for the banking sector. Regarding the finalisation of the banking crises management framework, reference should also be made to the fact that the national banking sector will promote full compliance with own funds and eligible liabilities requirements (MREL) by 2024. Events of increased volatility in financial markets amplified by a deterioration of the impacts of the pandemic or foreseeable increase in spreads, in the event of interest rate hikes, could increase the difficulty in issuing the equity instruments necessary to meet the required MREL levels.

Lastly, owing to the incompleteness of Banking Union and the crises management framework, discussion will continue on the possible need for greater cohesion and integration in the European banking system in the form of measures to promote the cross-border consolidation processes of financial institutions.

European institutions' appeals for the greater incorporation of physical risks and transition to a low-carbon economy by banks will not only represent an additional challenge to the restructuring of internal risk management policies, but also the efficient channelling and reconfiguration of the supply of resources to bank customers. Incorporation of the change in the European regulatory and prudential supervisory framework applicable to banks in the framework of Environmental, Social and Governance (ESG) risks will represent greater effort in terms of the necessary reconversion of credit institutions to a sustainable economy. Reference should, accordingly, be made to the ECB's organisation of a stress test on climate-related risks in 2022. Its results, which will be announced in July 2022, may lead to a restructuring of the supervisory review and evaluation process (SREP) to also directly include climate risks in the assessment of institutions' resilience. The banking sector will, in parallel, have to strengthen its disclosure of information on the sustainability of its activities and the inclusion of climate and environmental risks in its activity, representing an increase in its reputational and operational risks.

1.4.2. Strategic plan

Strategic plan 2021 – 2024

In the last quarter of 2020, CGD began the formal process of drawing up the 2021-24 Strategic Plan, with intense work carried out over a period of five months, under the guidance of the Board of Directors, and the execution of which began in 2021.

The formal approval of the 2021-24 Strategic Plan by CGD's new Board of Directors took place in January 2022, following a series of presentation and debate sessions on the Plan and the strategic options and associated initiatives.

Strategic Plan 2021 – 2024: Building the future

After a strong commitment to financial strength, effective risk management and the consolidation of governance mechanisms and internal controls, CGD started a new cycle with the Strategic Plan 2021-2024, under the motto "Building the future".

With the Strategic Plan 2021-2024, CGD proposes to:

- Serving the financial needs of Portuguese families and companies, being present in their daily lives and supporting their medium-long-term projects, with particular emphasis on sustainability;
- Commit to excellence and simplicity in customer service, innovative solutions and a complete value proposition;
- Pursue a business model aligned with the best practices in terms of profitability and environmental, social and governance sustainability, consolidating the leadership position in banking in Portugal.

CGD's ambition for 2024, materialized in the new Plan, is based on 6 pillars of transformation:

Quality of service and innovation: development of formulas to ensure customer service excellence, exploiting technological innovation and providing a range of user-friendly, highly accessible, robust solutions based on profound knowledge of our customers:

- To focus on our customers and create an experience that consistently ensures an excellent quality of service.
- To flexibly and decisively move toward digital solutions and oversight models that ensure accessibility and availability of services to our customers.
- To invest in analytical skills, strengthening our knowledge of each customer, enhancing our capacity to generate value and helping to streamline decision-making processes.

Leadership and value proposal: response to the financial needs of Portuguese households and companies, having a presence in their day-to-day lives and backing their medium to long term projects, with a fully comprehensive value proposal, consolidating our leading position:

- To invest in our value proposal for customers, strengthening our competitive position in strategic business and segments: consumer credit, medium to long term savings, insurance, business activities and SMEs.
- To help smaller companies access the capital market.
- To exploit our international presence, improving the level of support for the internationalisation of Portuguese companies and expanding our range of financial solutions and partnerships in the most relevant geographies.

Sustainability and social impact: initiatives having an impact on key areas for society, continuing to contribute to its sustained development on an environmental, social and governance level:

- To continue to invest in key areas for the development of Portuguese society, helping to promote ESG (Environmental, Social and Governance) sustainability strategies.
- To adopt efficient governance models that drive performance in a responsible, diversified and transparent manner.
- To be an inclusive bank that prioritizes the well-being and development of employees and society.

Profitability and efficiency: to achieve profitability levels in line with the best European-wide sector practice by optimising our balance sheet structure and simplifying internal management processes:

- To optimise our territorial footprint, while continuing to enjoy a close relationship with our customers.
- To be a leader in terms of cost management by streamlining internal processes.

Consolidation of governance and risk management model: to continue to consolidate the governance and risk management model on a CGD group level, ensuring a culture of rigour and compliance with IRB (internal rating based) requirements:

- To upgrade risk management models in pursuit of new business areas,
- To automate credit decisions and optimising the time needed for contractual purposes.
- To ensure CGD group's consolidated vision of global risks, particularly, climate risk control.

People, culture and transformation: to incentivise a culture of innovation, flexibility and transformation, retaining high standards of professionalism, integrity and transparency:

- To stimulate business culture, focusing on the development of talent, training and internal cooperation, mobilising and committing the organisation as a whole to the transformation process.
- To rejuvenate and reinforce the skills of staff and reward talent with transparency and clarity of criteria.
- To promote the sustainability, parity and diversity of teams.

2021, the start year

The implementation of the 2021-24 Strategic Plan began in 2021, with robust results having been achieved, not only through the solid starting point created by the previous strategic plan, but also from the progress achieved in key strategic areas as a result of the materialization of initiatives foreseen in the new Plan.

Therefore, it is particularly important to highlight the very positive evolution registered in the "Service Quality and Innovation" Pillar, with Caixa reinforcing its position as a leading bank in digital channels, having surpassed, at the end of 2021, the milestone of 2 million digital customers, individuals and companies, and 1.3 million mobile customers, which represents growth of 12% and 21% respectively, compared to the previous year.

The year was also marked by strong growth in the business generated using digital channels, with significant evolutions compared to 2020, namely in online products and services, with emphasis on the PPR subscription (+779%); in consumer credit online (+196%); in investment funds (+69%) and in credit cards (+50%). In the corporate segment, there was also growth in factoring and confirming operations (+159%).

With regard to the "Leadership and Value Proposition" pillar, CGD reinforced its leadership in the main businesses, with the strengthening of its market share, both in deposits (26%) and in credit (18.2%). Of particular note are the results achieved in consumer credit, with the launch of a renewed offer, simplification of processes and modernization of risk assessment methodologies, with monthly production increasing by more than 30% in the last two months of the year, guided by the principles of responsible placement of this product.

In the "Sustainability and Social Impact" Pillar, it is important to highlight the significant evolution in the pursuit of the objectives of CGD's 2021-2024 Sustainability Strategy, which is an integral part of the 2021-24 Strategic Plan and embodies Caixa's ambition to become a leader in financing sustainable development in Portugal, supporting the transition to a low carbon economy and financing projects with a social impact on people's lives. In this area, 2021 was also marked by the strengthening of Caixa's positioning as a sustainable and inclusive bank, with the integration of the EUSOUDIGITAL Program as a Social Investor.

In terms of the "Profitability and Efficiency" pillar, CGD achieved, in the first year of the 2021-24 Strategic Plan, a positive evolution in all financial indicators, which leverages its ability to meet the challenges and goals set for the coming years

With regard to the Pillar “Consolidation of the governance and risk management model”, we highlight the reduction, by 0.25%, of the Capital requirement of Pillar 2, to 2% as of 2022, which reflects an improvement in the Supervisor's perception of CGD's overall risk.

Lastly, in the “People, culture and transformation” pillar, the focus was continued on enhancing and training and qualifying CGD's staff, with the number of training hours rising to 486,000 and training expenses increasing by around of 21% in 2021.

1.4.3. Main risks and uncertainties in 2022

The strong contraction triggered by the Covid-19 pandemic, was followed by a partial recovery of the world economy in 2021. This recovery was supported by the administration of vaccination programmes that allowed for the alleviation of restrictions on mobility, boosting the activity of the services sectors and triggering an improvement in consumer confidence.

At the start of 2022, the world economy showed greater resilience to the impacts of the Omicron variant, whose repercussions were less severe than those of previous strains. Economic indicators showed improvements, particularly in the services sector and activity in industry continued to benefit from the favourable evolution of international trade.

The economic, financial and social landscape suffered, however, a significant setback with the outbreak of war between Russia and Ukraine at the end of February 2022. The crisis in the region has helped to increase the level of uncertainty and fears over the evolution of the world economy. This resulted in a downwards revision of growth projections, accompanied by an increase in the projections on inflation, leaving future expectations naturally dependent upon the intensity and duration of the conflict.

Accordingly although the risks related to the pandemic have diminished, the war in Ukraine is already having a considerable effect on the climate of economic confidence and is further aggravating existing supply side restrictions which were already high. Persistently high energy costs, together with a loss of confidence, may affect final demand and restrict consumption, fixed investment and foreign trade. In such a context, investors' fears over the risk of stagflation have once again increased.

Fears over inflation, which at the beginning of 2022 were clearly visible, have worsened even further since the beginning of the invasion of Ukraine. If pressure on prices translate into higher than forecast wage increases or in the event of persistent adverse supply-side implications, inflation may also be even higher, and particularly persistent over the medium term. One of the consequences has been a revision of expectations of the performance of central banks, especially the US Federal Reserve, with more than eight increases in its respective reference rate by mid 2023.

Geopolitical tensions could affect other regions. A potential flashpoint is the tension between China and Taiwan, which have been involved in a territorial dispute for several decades and is one of the major risks in this area. The possibility of sanctions and the collapse of Taiwan’s semiconductor production/distribution, which are crucial to global production, ranging from smartphones to cars and other goods, would have negative economic consequences as these items are nowadays considered to be essential.

Related to the risk of accelerating prices and the reaction of central banks, the possibility of a revaluation of risk *premia* has increased in recent months. In the current context in which several asset classes may be overvalued, the referred to revaluation of risk *premia* may trigger global contagion effects, with an impact on capital flows to the emerging bloc.

The general environment of risk-aversion evidenced by the performance of markets and triggered by the invasion of Ukraine is expected to continue for a considerable period. Stock markets tend to reflect short term uncertainty on a more immediate basis with high loss levels. Widening credit market spreads are expected to keep pace with the increase in risk and volatility, although considerable losses on sovereign bonds have been recognised.

In the case of the euro area, the instability generated by the war may justify a more cautious approach to the ECB’s elimination of monetary *stimuli* as the increase of energy costs, risk of disruption of Russia’s gas supply and the enormous increase in uncertainty are likely to translate into a progressive deceleration of economic activity in 2022.

Although the ECB has reiterated its commitment to maintaining favourable financial conditions, the banking sector may incur high losses as a result of an increase in the number of corporate closures and longer disruptions in credit-exposed sectors, translating into higher levels of credit in default ratios. Further increases in US reference rates in comparison to the euro area are also expected.

Recent history shows how the Federal Reserve's increase in monetary policy restrictions can increase the risk attached to the real estate sector and all the more so the higher the rate of growth of house prices. At present and not only in the US, the evolution of prices is more significant than at any time since the subprime crisis of 2007. Among European countries, reference should be made to the evolution of prices in the United Kingdom, although the cases of other European countries, including Portugal, southern European and Nordic countries, also give cause for apprehension.

There is also the risk of the development of asymmetric negative impacts on the financing conditions of economies across different European countries as was the case both during and after the sovereign debt crisis of 2010-14. Measures to mitigate rising energy prices and the impacts of cooling levels of activity may pressure again public expenditure which has not yet recovered from the levels resulting from the pandemic.

The risks surrounding the pandemic situation, although having decreased, are still relevant, particularly as regards the possibility and need to re-establish restrictive measures conditioning the evolution of the world economy, such as social distancing or cancellation of trips, among others.

As regards credit risk although the risk of an insolvency shock is now less likely than in the recent past owing to the recovery of economies, there are still innumerable vulnerabilities in sectors such as accommodation, catering, transport and services associated with tourism which were most affected by the pandemic. Not only do more or less extended lockdown periods continue to be renewed, but they have also been accompanied by greater expectations of an increase in financing costs. Another factor is credit risk, particularly in the case of emerging countries, given the likelihood of actions by the US central bank and fears of the impact they may have on international capital flows.

In the case of households, the prospect of a price increase in the basket of staple goods and the possibility of higher unemployment levels may be reflected in a fall of real disposable income, which, together with higher financing costs, are factors capable of affecting and limiting debt servicing capacity and also result in a higher level of non-performing loans.

Special reference should be made to the risks attached to China as the main emerging economy. As the first country to recover from the pandemic crisis, economic growth in 2021 was moderate, following a highly positive start to the year. The fears deriving from the situation of the Evergrande real estate development company, repeated blockages caused by the pandemic and energy shortages have reduced GDP growth dynamics, which may moderate even more significantly in 2022 and trigger a substantial deceleration of world trade.

The pandemic has forced several governments to make highly significant fiscal endeavours, translating into loan guarantee schemes, job retention schemes or lines of credit to maintain the business fabric, with highly significant impacts on the volume of public debt and increased sovereign credit risk over the medium term, both on a level of the euro area as in the rest of the world.

The risks of deteriorating public debt ratios in 2022 and the next few years derive both from uncertainty over the capacity for sustained recovery and worsening international financing conditions, with more negative impacts on more indebted economies and emerging countries, especially in view of the recent worsening exchange rate depreciation.

For the banking sector, in addition to the recurring and usual challenges of the evolution of the economic cycle and the vulnerabilities created by the advent of the pandemic about two years ago, the military conflict in Ukraine brought a set of other potential indirect impacts at the end of February 2022. via the expected effects on the economy and society, both nationally and globally.

On the one hand, the Portuguese economy, albeit not having a significant trade relationship with Russia and Ukraine, will be affected by the effects of the violence and human and material destruction, across-the-board price rises of goods and services, particular energy, food and transport and the deterioration of private sector confidence which could lead to a fall of investment. On the other hand, the national banking sector may feel the financial effects deriving from direct consequences on the economy.

The blocking of a number of Russian banks and individuals from the SWIFT international money transfer system is not, however, expected to have a major impact on the national banking system. Direct investments by Portuguese banking institutions in the securities of issuers originating in Russia are also very small, although there may be contagion from the effects of exposure to other national and foreign institutions with high direct and indirect levels of exposure to the countries in conflict.

Credit risk continues to be the greatest challenge owing to the prospects for a slower pace of economic growth, allied to the easing of support measures for households and corporates as a reflection of the emergence of the pandemic. In parallel, the probable reduction of *stimuli* by the ECB following the increase in inflation, in affecting household disposable income and corporate treasury functions, could penalise new lending by banks and increase the likelihood of default. It should also be noted that the inflationary effect may, in itself, potentially increase the fragility of households and companies in 2022, owing to lower confidence levels.

The banking sector may witness directly an increase in margin on new loans as interest rate increases will impact new credit flows. Associated with the rise in interest rates and the upwards revaluation of risk *premia* is the depreciation potential on banks' investment portfolios, namely their exposure to sovereign debt with a longer maturity.

In spite of the long period in which the fact that the main national credit institutions being subject to the general *moratoria* regime, represented some concern over profitability and potential deterioration of balance sheet assets, at the end of 2021 there were still no signs of a general upwards trend in default or credit risk. Notwithstanding the healthy capital and liquidity position of Portuguese banks, the context of an economic slowdown and uncertainty over the evolution of the sectors most affected by the pandemic and the war in Ukraine, may have a negative effect on profitability and, if of a greater magnitude, banking solvency.

The accelerating digitalisation process taking place during the pandemic, albeit a natural reaction to change, confirmed a structural change in terms of the attitudes of households and companies. In the current context, banks will continue to strengthen the trend towards greater use of technology, not only to improve efficiency in conducting their business and in contacts with their customers but also to improve their internal processes, in order to sustain an increase in profitability, in spite of the fact that the implementation of a strategy of greater digitalisation is associated with greater risks of cyber security, money laundering and the financing of terrorism.

The transition to a sustainable economy will continue to be a major challenge facing the banking sector in 2022. Although the digitalisation process may help to achieve a more sustainable use of natural resources, the path to an economy with a low carbon footprint will involve increased risks and costs regarding the implementation of internal control mechanisms, conformity with regulatory requirements and the disclosure of non-financial information to investors.

1.4.4. Consolidated activity[2]

Results

In 2021, CGD Group's activity continued to be affected by the pandemic situation and containment measures taken by the competent authorities. CGD posted a consolidated profit of €583.4 million in 2021, against a net profit of €491.6 million for the same period of the preceding year. This 18.7% increase was equivalent to a return on equity (ROE) of 7.0 %, with a special reference to the 43.9% increase in the contribution of international activity to the Group's net income.

Despite the current economic context, CGD Group's core activity continues to show resilience.

[2] The 2020 accounts of the consolidated activity were restated for comparability purposes due to the shareholder position in Banco Comercial do Atlântico (BCA) no longer being classified under “Non-current assets held for sale”, in December 2021.

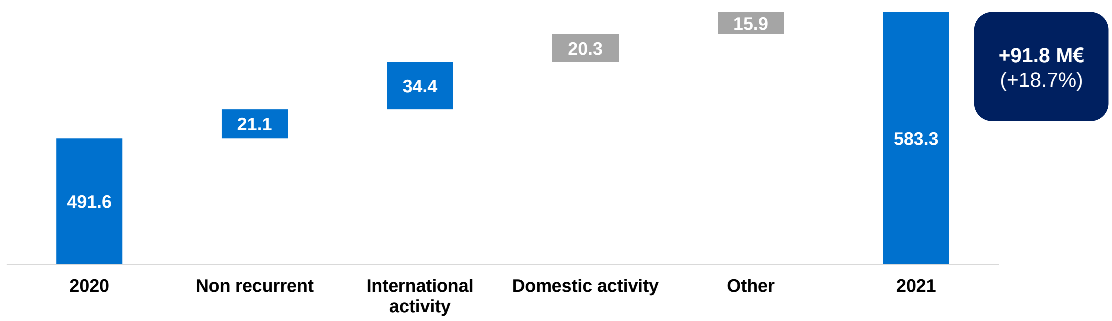
INCOME STATEMENT (CONSOLIDATED)

(EUR thousand)

	Restated		Change	
	2020-12	2021-12	Total	(%)
Interest and similar income	1,513,091	1,459,153	-53,938	-3.6%
Interest and similar costs	461,794	453,335	-8,458	-1.8%
Net interest income	1,051,297	1,005,818	-45,479	-4.3%
Income from equity instruments	18,554	13,066	-5,488	-29.6%
Net interest income including income from eq. investm.	**1,069,851**	**1,018,883**	**-50,968**	**-4.8%**
Fees and commissions income	615,072	689,597	74,525	12.1%
Fees and commissions expenses	114,784	124,864	10,081	8.8%
Net fees and commissions	500,288	564,733	64,445	12.9%
Net trading income	50,772	175,736	124,964	246.1%
Other operating income	34,545	13,604	-20,941	-60.6%
Non-interest income	**585,606**	**754,074**	**168,468**	**28.8%**
Total operating income	**1,655,457**	**1,772,957**	**117,500**	**7.1%**
Employee costs	510,961	432,288	-78,673	-15.4%
Administrative expenses	242,616	234,709	-7,907	-3.3%
Depreciation and amortisation	97,535	108,830	11,295	11.6%
Operating costs	851,111	775,827	-75,284	-8.8%
Net operating income before impairments	**804,345**	**997,130**	**192,785**	**24.0%**
Credit impairment (net)	163,847	41,221	-122,626	-74.8%
Provisions and impairment of other assets (net)	-12,786	104,293	117,080	-
Provisions and impairments	**151,061**	**145,514**	**-5,547**	**-3.7%**
Net operating income	**653,285**	**851,616**	**198,331**	**30.4%**
Income Tax	**171,954**	**273,523**	**101,569**	**59.1%**
Current	27,522	70,698	43,176	156.9%
Deferred	116,568	174,093	57,525	49.3%
Contribution on the banking sector	27,864	28,733	868	3.1%
Net operating income after tax before non-contr. int.	**481,330**	**578,093**	**96,762**	**20.1%**
Non-controlling interests	31,508	50,334	18,826	59.8%
Results of associated companies	44,309	57,129	12,820	28.9%
Results of subsidiaries held for sale	-2,540	-1,527	1,013	-
Net income	**491,592**	**583,361**	**91,770**	**18.7%**

NET INCOME

(EUR million)

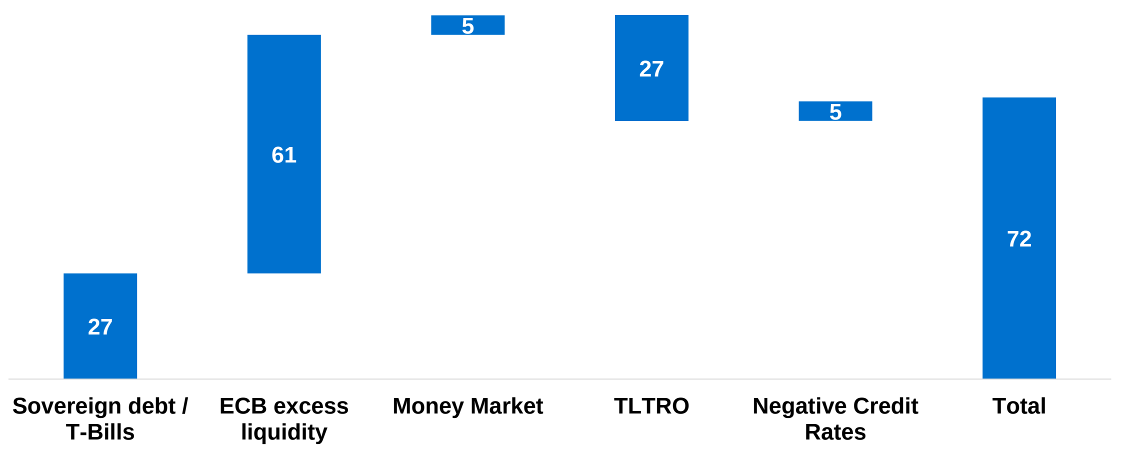


CGD Group's total operating income in December 2021 was up 7.1% by €117.5 million over the same period 2020. Net interest income was down 4.8% by €51.0 million over 2020, having been particularly affected by the cost of deposits in the ECB (€34 million) and by the fall in lower market interest rates, which were directly reflected in the loan portfolio indexers, in addition to across-the-board decreases of spreads on new operations owing to a competitive market.

In aggregate terms, the impact on net interest income arising from the context of negative interest rates amounted to around €72 million.

NEGATIVE INTEREST RATES IMPACT IN 2021

(EUR million)



Net commissions were up €64.4 million over the same period of the preceding year, in Portugal and in international operations. This increase is mainly supported by commissions associated with the placement of investment funds and financial insurance, with an expressive growth of €26.0 million (up 24.2%) and, to a lesser extent, by the dynamism in new loans and the increase in transactions using various payment systems, given the progressive reopening of economic activity. This fact is patent in the 16.8% year-on-year growth in card purchases (even growing 11.1% compared to 2019), with 63% in online purchases and 172% in the average value of contactless transactions.

Net trading income also increased sharply, having reached €175.7 million, thus recording a positive variation of €125.0 million compared to December 2020. This variation was influenced by an extraordinary gain with the recovery of financial assets, in the amount of €47 million. Excluding this event, the growth in net trading income would have been €78.0 million.

This was offset by the €20.9 million decrease of other operating income over the same period 2020, essentially on account of lower gains on real estate assets.

OPERATING COSTS

(EUR million)

	Restated		Change	
	2020-12	2021-12	Total	(%)
Employee costs	511.0	432.3	-78.7	-15.4%
Administrative expenses	242.6	234.7	-7.9	-3.3%
Depreciation and amortisation	97.5	108.8	11.3	11.6%
Total	**851.1**	**775.8**	**-75.3**	**-8.8%**

Operating costs also had a positive evolution, totalling 775.8 million euros at the end of 2021, down 8.8% over December 2020. This positive evolution essentially derived from the decrease of employee costs (-15.4%). This amount includes a non-recurring impact of €77.6 million, owing to the provisions adjustments associated with post-employment benefits and adjustment of the costs foreseen with the pre-retirement programme. This impact is partially offset at the level of net income under provisions. The exclusion of such non-recurring factors would result in a slight 0.7% increase of employee costs. Additionally, general administrative costs were down 3.3% by €7.9 million owing to continued improvements in the group's operational efficiency.

EFFICIENCY RATIOS

(EUR million)

	Restated 2020-12	2021-12
Cost-to-income (consolidated operations) (1)	50.1%	42.4%
Cost-to-core income (2)	54.6%	54.3%
Employee Costs / Total Operating Income (1)	30.1%	23.6%
Recurrent Employee Costs / Total Core Operating Income (2) (3)	32.8%	32.5%
Administrative Expenses / Total Operating Income	14.7%	13.2%
Operating Costs / Average Net Assets	1.0%	0.8%
Total Operating Income / Average Net Assets	1.9%	1.8%

(1) Calculated in accordance with Bank of Portugal Instruction No. 6//2018.
(2) Cost-to-core income = Operating costs / Total core operating income.
(3) Total core operating income = Net interest income + Net commissions.

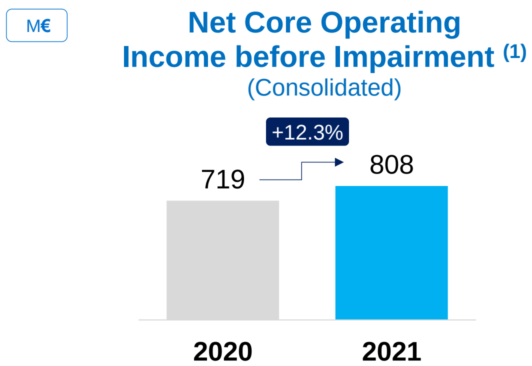
The cost-to-income ratio of CGD's current activity thus demonstrates a sustained efficiency, with reference levels at European level and a favorable evolution trend, notwithstanding its endeavours to accelerate its process of adapting to the constraints created by the current pandemic. The ratio of 47.9% in December 2021, compared positively with the ratio of 49.9% at the end of 2020.

NET OPERATING INCOME BEFORE IMPAIRMENTS BY SEGMENT OF ACTIVITY

(EUR million)

	Restated		Change	
	2020-12	2021-12	Total	(%)
Domestic commercial banking	544.1	650.2	106.2	19.5%
International activity	236.1	275.2	39.1	16.6%
Investment banking	12.0	40.6	28.6	238.5%
Other	12.2	31.0	18.8	154.1%
Net Operating Income before Impairments	**804.3**	**997.1**	**192.8**	**24.0%**

As a result, net operating income before impairment was up €192.8 million to €997.1 million at the end of 2021. Domestic commercial banking made an essential contribution to this result in accounting for more than half of the increase recognised in this account. Reference should, however, also be made to the growth of international activity and investment banking, in both cases owing to the growth of income associated with their respective activity.



(1) Net core oper. inc. before imp. = Net interest inc. incl. income from equity investm. + Net Fees and Commissions - Operating costs

In 2021, CGD's total operating income was fuelled by commercial productivity gains and cost-to-serve reductions ensured by the implementation of new business models in the form of digital channels and remote customer management operations. This led to an increase of €198.3 million (up 30.4% over the previous year) in operating profit which was also positively impacted by the evolution of impaired credit net of recoveries which was down €122.6 million over December 2020. This evolution reflects the preventive action adopted at the beginning of the Covid-19 pandemic with all customers with an indication of risk to be contacted to complete evaluation surveys and implement pre-defined measures. It was thus possible to manage in a controlled manner any deterioration in the loan portfolio and possible negative consequences resulting from credit moratoria. Owing to CGD's proactive intervention in monitoring customers subscribing to these moratoria, the impact on credit quality indicators upon maturity was low. This explains the slight decrease of €5.5 million in the provisions and impairment aggregate over the same period last year.

PROVISIONS AND IMPAIRMENT FOR PERIOD

(EUR million)

	Restated		Change	
	2020-12	2021-12	Total	(%)
Provisions (net)	-26.6	93.9	120.5	-
Credit impairment	163.8	41.2	-122.6	-74.8%
Impairment losses, net of reversals	269.8	205.1	-64.7	-24.0%
Credit recovery	105.9	163.8	57.9	54.7%
Impairments of other financial assets	30.8	-08.9	-39.7	-129.0%
Impairments of other assets	-16.9	19.3	36.2	-
Provisions and impairments for period	**151.1**	**145.5**	**-5.5**	**-3.7%**

The impaired credit aggregate in the period under review reflects a cost of credit risk cost of 8 bps, against 33 bps for December 2020.

Income from subsidiaries held-for-sale was up €1 million over the same period last year to -€1.5 million. In turn, results from associated companies were up 28.9% by €12.8 million over the same period of the preceding year to €57.1 million.

Balance sheet

CONSOLIDATED BALANCE SHEET

(EUR million)

		Restated		Change (vs. Restated)	
Assets	2020-12	2020-12	2021-12	Total	(%)
Cash and cash equivalents with central banks	10,278	10,309	23,000	12,691	123.1%
Loans and advances to credit institutions	3,312	3,539	3,924	385	10.9%
Securities investments	23,445	23,446	21,152	-2,294	-9.8%
Loans and advances to customers	47,903	48,369	50,184	1,815	3.8%
Assets with repurchase agreement	14	14	8	-6	-43.6%
Non-current assets held for sale	1,159	384	336	-47	-12.4%
Investment properties	189	189	33	-156	-82.3%
Intangible and tangible assets	681	698	746	49	7.0%
Investm. in subsid. and associated companies	505	509	530	21	4.1%
Current and deferred tax assets	1,751	1,753	1,575	-177	-10.1%
Other assets	2,140	2,160	2,522	362	16.8%
Total assets	**91,375**	**91,368**	**104,010**	**12,642**	**13.8%**
Liabilities					
Central banks' and credit institutions' resources	2,040	2,031	6,745	4,714	232.1%
Customer resources	72,033	72,744	79,756	7,012	9.6%
Debt securities	1,371	1,371	1,790	419	30.5%
Financial liabilities	921	921	382	-540	-58.6%
Non-current liabilities held for sale	864	140	148	8	5.4%
Provisions	1,037	1,045	977	-67	-6.5%
Subordinated liabilities	1,117	1,117	1,118	1	0.1%
Other liabilities	3,290	3,299	3,808	509	15.4%
Sub-total	**82,675**	**82,668**	**94,723**	**12,056**	**14.6%**
Shareholders' equity	**8,701**	**8,701**	**9,287**	**586**	**6.7%**
Total	**91,375**	**91,368**	**104,010**	**12,642**	**13.8%**

CGD's consolidated net assets were up 13.8% over the €91,368 million at end of the preceding year to €104,010 million at 31 December 2021. This evolution derived from the €12,691 million growth (+123.1%) in cash and deposits with central banks over December 2020, situation partly justified by the borrowing from the ECB under the TLTRO III programme, highligting CGD's liquidity surplus.

Investment properties were down 82.3% by €156 million as a result of the disposal of some positions in real estate funds.

Total liabilities were up 14.6% by €12,056 million over December 2020. Special reference in terms of its evolution should be made to the 232.1% increase of €4,714 million in central banks´s and credit institutions´resources and customer resources which were up 9.6% by €7,012 million.

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

CGD GROUP'S CONSOLIDATED NET ASSET

(EUR million)

	Restated 2020-12		2021-12	
CGD'S GROUP	Total	Structure	Total	Structure
Caixa Geral de Depósitos (1)	77,555	84.9%	88,920	85.5%
Banco Nacional Ultramarino, SA (Macau)	5,204	5.7%	5,681	5.5%
Caixa Banco de Investimento	463	0.5%	454	0.4%
Banco Comercial do Atlântico (Cape Verde)	783	0.9%	813	0.8%
BCG Angola	654	0.7%	977	0.9%
Other companies (2)	6,710	7.3%	7,166	6.9%
Consolidated net assets	**91,368**	**100.0%**	**104,010**	**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 down 9.8% by €2,300 million over the preceding year amount to €21,159 million at the end of 2021. This evolution as determined by the decrease in financial assets at fair value through profit or loss, which were down by €3,207 million (-60.1%), compared to the end of 2020, essentially a reflection of the maturity of short-term operations.

SECURITIES INVESTMENTS (CONSOLIDATED) (a)

(EUR million)

	Restated		Change	
	2020-12	2021-12	Total	(%)
Financial assets at fair value through profit or loss	5,333	2,125	-3,207	-60.1%
Financial assets at fair value through other comprehensive income	6,870	6,040	-831	-12.1%
Other investments at amortized cost	11,257	12,994	1,737	15.4%
Total	**23,460**	**21,159**	**-2,300**	**-9.8%**

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

Credit

The customer loan portfolio totalled €52,498 million, representing a 4.7% increase over the previous year.

LOANS AND ADVANCES TO CUSTOMERS (GROSS)

(EUR million)

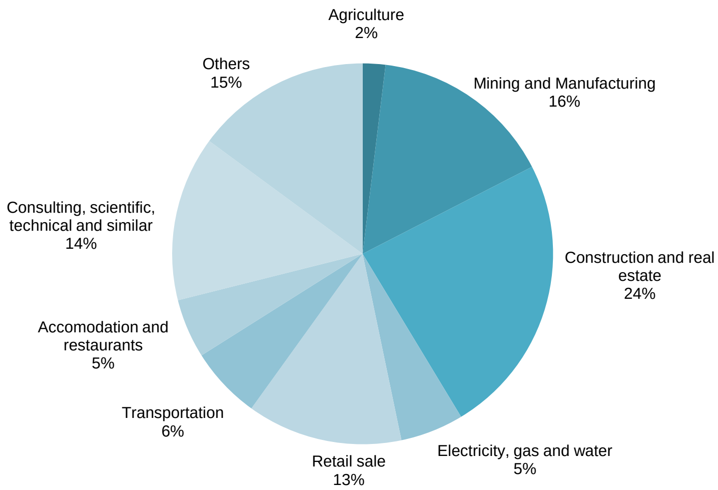
			Change	
	2020-12	2021-12	Total	(%)
Companies	18,723	19,153	430	2.3%
General government	3,171	3,578	407	12.8%
Individual customers	28,255	29,767	1,512	5.4%
Mortgage loans	25,948	27,265	1,317	5.1%
Other	2,307	2,502	195	8.4%
Total	**50,149**	**52,498**	**2,349**	**4.7%**

LOANS AND ADVANCES BY CORPORATE SECTOR

(EUR million)

			Change	
	2020-12	2021-12	Total	(%)
Agriculture, forestry and fishing	312	369	57	18.4%
Mining and manufacturing	2,768	2,972	205	7.4%
Construction and real estate activities	4,939	4,577	-361	-7.3%
Electricity, gas and water	1,037	1,031	-06	-0.6%
Wholesale and retail trade	2,273	2,528	255	11.2%
Transports and warehousing	903	1,172	270	29.9%
Accommodation and restaurants	868	964	96	11.1%
Consulting, scientific, technical and similar	3,050	2,684	-365	-12.0%
Other	2,575	2,855	279	10.9%
Total	**18,723**	**19,153**	**430**	**2.3%**

LOANS AND ADVANCES TO CORPORATES

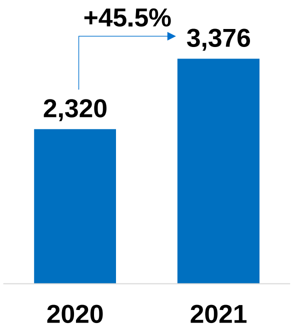


Loans and advances to corporates were up 2.3% by €430 million. Reference should be made, in terms of activity sectors, to the increases in mining and manufacturing (+7.4%), retail sale (+11.2%) and transportation (+29.9%), which offset the reduction in consulting, scientific technical activities and similar, construction and real estate, electricity, gas and water.

The loans and advances to individual customers balance increased by 5.4% to €29,767 million over the previous year.

MORTGAGE CREDIT - NEW OPERATIONS (PORTUGAL)

(EUR million)



By the end of December 2021, 27,691 new mortgage lending operations had been contracted at CGD in Portugal, totaling 3,376 million euros, corresponding to an increase of 6,893 operations (+33.1%) and a further 1,056 million euros (+45.5%) compared to the same period last year.

LOANS AND ADVANCES TO CUSTOMERS - MARKET SHARES (PORTUGAL)

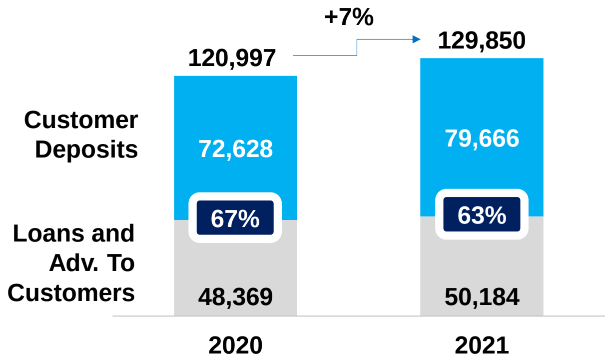
	2020-12	2021-12
Corporate	14.5%	14.9%
Individual customers	19.5%	19.6%
Mortgage loans	23.3%	23.8%
Consumer	3.8%	3.8%
General government	25.9%	25.3%
Total	**18.0%**	**18.2%**

Source: Financial and Monetary Statistics – Bank of Portugal

CGD's credit market shares reached 18.2% in December 2021, 14.9 % for corporate credit and 23.8% for individual mortgage loans.

LOANS-TO-DEPOSITS RATIO

(EUR million)



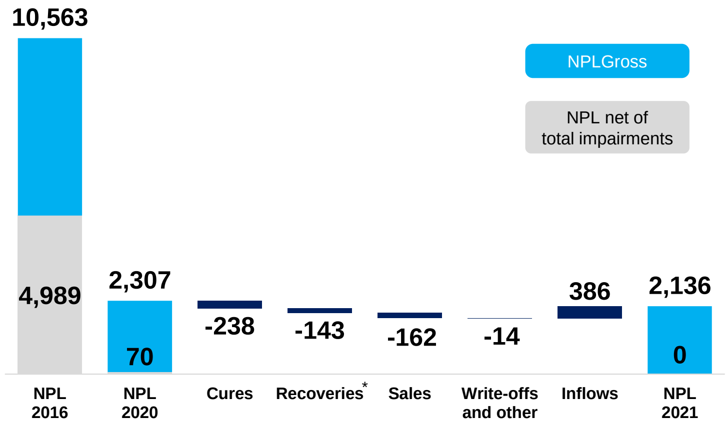
The loans-to-deposits ratio of 63%, in December 2021, against 67% in December 2020, reflected the significant increase of customer deposits, despite the increase in loans and advances to customers.

Asset quality continued to trend to improvement with NPLs (non-performing loans as defined by the EBA) down 7.4% by €171 million over December 2020 owing to the positive evolution in the components of cured credit, recoveries, sales and write-offs.

The NPL ratio of 2.8%, against 3.9% in December 2020. If considered the total credit impairment, we achieve an NPL coverage ratio of 110.5% (total coverage ratio of 135.0% including assigned collaterals), giving an NPL ratio, net of impairment of 0%. This evolution also reflects increased impairment as a preventative measure in 2021.

NPL EVOLUTION (1)

(EUR million)



* Recovery value of the set of credits classified as NPL – Non Performing Loans
(1) NPL – Non Performing Loans: EBA definitions.

ASSET QUALITY (CONSOLIDATED)

	2020-12	2021-12
NPL ratio (1)	3.9%	2.8%
NPE ratio (2)	3.0%	2.3%
Forborne ratio for loans and advances (3)	3.4%	2.2%
NPL coverage by impairments	97.0%	110.5%
NPE coverage by impairments	91.3%	99.8%
Coverage ratio on forborne loans and advances (3)	89.2%	96.2%
Crd. imp. (P&L) / Loans & adv. custom. (aver.)	0.33%	0.08%

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

Resources

Customer resources accounted for 84% of CGD's liabilities in December 2021, clearly illustrating 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 8.7% over the same period last year to €86,025 million at the end of 2021. Reference should be made to the performance of domestic customer deposits (increase of €6,060 million, +9.7%), confirming the commitment and confidence of CGD´s customers.

In Group terms the resources taken balance was up 13.3% by €13,055 million to €111,059 million over December 2020. A contributory factor was the 9.7% increase of €7,038 million in customer deposits.

RESOURCES TAKEN BY GROUP – BALANCES

(EUR million)

	Restated 2020-12	2021-12	Change Total	Change (%)
Balance sheet	**77,263**	**89,408**	**12,146**	**15.7%**
Central banks' & credit institutions' resources	2,031	6,745	4,714	232.1%
Customer deposits (Consolidated)	72,628	79,666	7,038	9.7%
Domestic activity	*62,668*	*68,728*	*6,060*	*9.7%*
International activity	*9,960*	*10,939*	*978*	*9.8%*
Covered bonds	1,258	1,259	01	0.1%
EMTN and other securities	1,230	1,648	418	34.0%
Other	115	89	-26	-22.4%
Off-balance sheet	**20,741**	**21,650**	**909**	**4.4%**
Unit trust investment funds	4,798	6,952	2,154	44.9%
Property funds	931	892	-39	-4.2%
Pension funds	4,435	4,555	120	2.7%
Financial insurance	7,634	7,639	05	0.1%
OTRV Portuguese Government Bonds	2,942	1,613	-1,329	-45.2%
Total	**98,003**	**111,059**	**13,055**	**13.3%**
Total resources from domestic activity (1)	**79,120**	**86,025**	**6,905**	**8.7%**

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

Customer deposits grew by 9.7% compared to the end of December 2020, driven by the increase in deposits in both domestic and international activity (+6,060 million euros and +978 million euros, respectively).

By category, €35,845 million (45.0% of total customer deposits) comprised term deposits and savings accounts. Sight deposits were up €5.5 billion over the end of 2020, to €42,963 million. Interest is not usually paid on sight deposits in Portugal in accordance with the respective SIS (Standardised Information Sheet).

The increase in off-balance sheet products, compared to the same period of the previous year, was essentially due to the Securities Investment Funds (+2,154 million euros, +44.9%), despite the reduction in OTRV in a total of 1,329 million euros (-45.2%) as there was no refinancing of these products by the State.

CUSTOMER RESOURCES – BALANCES

(EUR million)

	Restated 2020-12	2021-12	Change Total	Change (%)
Customers deposits	72,628	79,666	7,038	9.7%
Sight deposits	37,416	42,963	5,548	14.8%
Term and savings deposits	34,912	35,845	933	2.7%
Mandatory deposits	300	857	558	185.9%
Other resources	115	89	-26	-22.4%
Total	**72,744**	**79,756**	**7,012**	**9.6%**

CUSTOMER DEPOSITS – MARKET SHARES (PORTUGAL)

BY CUSTOMER SECTOR

	2020-12	2021-12
Corporate	12.9%	14.7%
General government	33.1%	30.6%
Individual customers	29.7%	30.0%
Emigrants	*53.8%*	*53.8%*
Total	**25.8%**	**26.2%**

Source: Financial and Monetary Statistics – Bank of Portugal

CGD retained its leading position in the domestic market with a 26.2% share of total deposits in December 2021. Individual customers' deposits market share accounted for 30.0%.

SECURITIES

(EUR million)

	Restated		Change	
	2020-12	2021-12	Total	(%)
Senior debt	614	1,032	419	68.3%
Covered bonds	1,258	1,259	1	0.1%
Subordinated debt	617	618	1	0.1%
Other	0	-2	-1	-
Total	**2,488**	**2,908**	**419**	**16.8%**

The total of securities, comprising debt securities and subordinated liabilities, stood at €2,908 million, which represented a decrease of 16.8% compared to the end of 2020. This evolution was due to the repayment of senior debt.

CGD issued €500 million in sustainable senior preferred debt on 14 September 2021 with a maturity of 6 years and possibility of early redemption in the fifth year, in the international marketplace at a coupon rate of 0.375%.

This was the first ever issuance of this type by a Portuguese bank. The funds raised were used to finance customers' credit operations in the environmental and socio-economic development domains. It is an important milestone in enabling CGD to fulfil its commitments in the sustainable financing domain, creating value for its customers and reducing the environmental impact of its activity.

Liquidity

Caixa's main source of liquidity continues to be customer deposits, despite the aforementioned entry of the net value of securities.

In terms of Eurosystem monetary policy measures and in light of the changes of 10 December 2020 communicated by the Governing Council of the European Central Bank, on the third series of targeted longer-term refinancing operations (TLTRO-III), reference should be made to the fact that the European Central Bank provided CGD with funding of €2.5 billion in March 2021 and €2.3 billion in June 2021. This brought the overall amount of funding obtained from this instrument to €5.8 billion.

In parallel, CGD group increased the value of its assets with the Eurosystem collateral pool to around €16.5 billion at the end of 2021. This was up by around €2.4 billion over the same period last year. A large amount of collateral remains available together with a significant balance of cash equivalents held with the Bank of Portugal.

At the end of December 2021, the Liquidity Coverage Ratio (LCR) stood at 357% and the Net Stable Funding Ratio (NSFR) at 165%, values well above the regulatory requirement of 100% coverage.

Capital management

Consolidated shareholders' equity was up €586 million over the same period of 2020 to €9,287 million at 31 December 2021. Other reserves and retained earnings registered an increase of €473 million, (up 13.9%), largely justified by the incorporation of the positive results, deducted from the dividend paid[3].

"Other equity instruments" of €500 million refers to the market issue of additional tier 1 funds securities, issued at the end of March 2017, which will be called in March 2022. In 2021, Caixa submitted to the supervisor the request for reimbursement of these securities for which it received authorization in the course of 2022, proceeding to its repayment in March 2022.

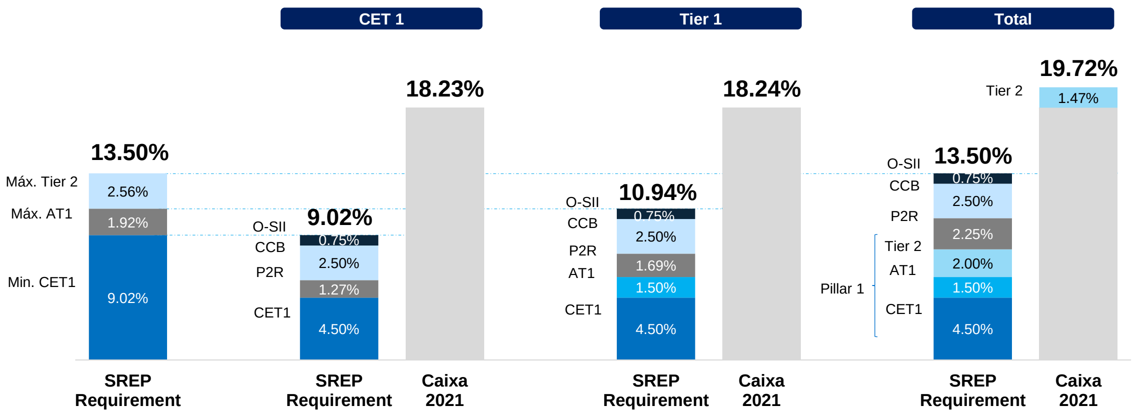
SHAREHOLDERS' EQUITY (CONSOLIDATED)

(EUR million)

	Restated		Change	
	2020-12	2021-12	Abs.	(%)
Share capital	3.844	3,844	0	0.0%
Other capital instruments	500	500	0	0.0%
Revaluation reserves	267	255	-12	-4.6%
Other reserves and retained earnings	3.394	3,867	473	13.9%
Non-controlling interests	204	238	34	16.5%
Net income	492	583	92	18.7%
Total	**8.701**	**9,287**	**586**	**6.7%**

The fully loaded CET1, Tier 1 and Total ratios, including net income for the period and excluding the maximum distributable amount according to CGD dividend policy, were 18.2%, 18.2% and 19.7% respectively, meeting CGD's current capital requirements. These ratios, above the Portuguese and European average, show CGD's robust and adequate capital position. Applicable from 2022 onwards, the Pillar 2 requirement was set to 2%, which represents a reduction of 0.25% compared to 2021, thus reflecting an improvement in the Supervisor's perception of the overall risk of the institution.

SREP REQUIREMENTS AND CAPITAL RATIOS (*)



(*) Excluding from net income the maximum distributable amount according to dividend policy
O-SII: Other Systemically Important Institutions buffer; CCB: Capital Conservation Buffer; P2R: Pillar2

3 CGD distributed €300 million in dividends retained in 2019 and 2020, via the delivery to its shareholder of amounts available in "Other reserves and retained earnings" under articles 31 to 33 of the commercial companies code

Information on own funds and capital ratios at the end of 2020 and 2021 is set out below:

SOLVENCY RATIOS (CONSOLIDATED)

(EUR million)

	CRD IV / CRR Regulation	
	2020-12	2021-12
Own funds		
Common equity tier 1 (CET 1)	7,620	7,775
Tier 1	8,124	7,781
Tier 2	624	629
Total	8,748	8,409
Weighted assets	**41,819**	**42,636**
Solvency ratios		
CET 1	18.2%	18.2%
Tier 1	19.4%	18.2%
Total	20.9%	19.7%

Notes: The amounts shown apply to the phasing-in and full implementation process. Own funds include the positive net income approved by the supervisor under the terms of no. 2 of article 26 of regulation (EU) no. 575/2013.

For the assessment of own funds and consolidated prudential ratios at 31 December 2021, as reported to the supervisor, a net profit of €329.4 million was considered, as authorised by the ECB under no. 2 of article 26 of regulation (EU) no. 575/2013, and articles 3, 4 and 5 of decision (EU) 2015/656 of 4 February 2015, issued by the Central European Bank (on the inclusion of interim or end-of-year profit in common equity tier 1 capital which amount was calculated on net accounting income in the prudential perimeter of €570.4 million, net of €241.1 million for the maximum amount of distributable dividends in conformity with the internal policy defined in 2019 by its competent bodies.

Considering the provisions of no. 2 of article 28 of Commission delegated regulation (EU) no. 241/2014, the ratios calculated for December 2021 exclude the amount of €500 million of AT1 capital, authorisation for whose respective call was communicated by the ECB on 28 January 2022.

Changes to the regulatory and supervisory framework

Since the start of the Covid-19 pandemic, the ECB has adopted a set of measures to ensure that banks maintain their capacity to absorb losses while strengthening their capacity to support the economy.

These initiatives particularly include those related to dividend distributions which, initially, were intended to ensure a greater retention of profit generated by the banks, with the publication on 27 March 2020 of recommendation ECB/2020/19 which defined that, up until 1 October 2020, no dividends should be paid, no irrevocable commitments to pay dividends should be made by credit institutions and that credit institutions should refrain from share buy-backs aimed at remunerating shareholders.

The ECB therefore considered the following two situations:

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

b) To propose a change in the dividends policy pursuant to which no dividend will be distributed for the 2019 period, committing to a possible distribution of reserves subject to a reassessment of the situation once the referred to uncertainties 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 the deduction of the legal reserve (option b of the ECB's recommendation).

These restrictive recommendations related to dividend distributions were successively extended on 27 July 2020 by recommendation ECB/2020/35 and on 15 December 2020 by recommendation ECB/2020/62. The latter recommendation, however, admitted the possibility of dividend distributions or share buy-backs, subject to compliance with the lower of the following two limits: 15% of respective accumulated profit for the 2019 and 2020 financial years or 20 basis points in terms of the CET1 ratio.

As regards recommendation ECB/2020/62 and the internal dividends distribution policy, CGD paid an amount of €83.6 million to its shareholder, following the approval of its general meeting of 31 May 2021, deferring the possibility of resuming the distributions to a later date as defined in its policy in light of the evolution of the ECB's position.

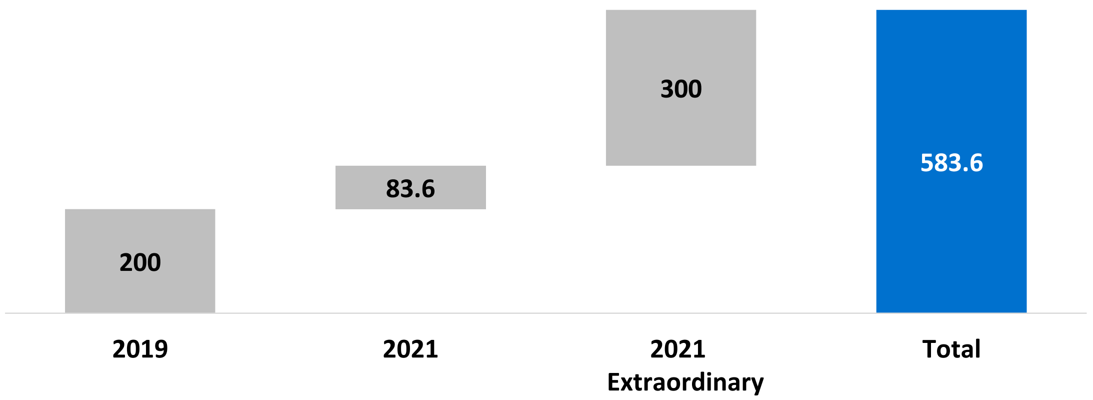
With the publication of recommendation ECB/2021/31 of 23 July 2021, in light of the latest macroeconomic projections available at the time (indicating the start of economic recovery and a further reduction in the level of economic uncertainty) the ECB decided not to extend the recommendation on dividend distributions after September 2021, while strengthening guidelines that banks should continue to adopt a prudent approach in their decisions on dividends and share buy-backs, giving careful consideration to the sustainability of their business models. They should also not underestimate the risk to capital deriving from additional losses that may be incurred when economic support measures begin to expire.

Accordingly, and having verified all the requirements established by the Supervisor, in November 2021 CGD distributed €300 million in dividends retained in 2019 and 2020, via the delivery to its shareholder of amounts available in "Other reserves and retained earnings" under articles 31 to 33 of the commercial companies code.

The success in the implementation of the Strategic Plan and the solid solvency allowed, since the beginning, an accumulated dividend distribution of €583.6 million, something that was not foreseen in said plan.

DIVIDEND DISTRIBUTION [1]

(EUR million)



(1) Following ECB's recommendation, after the beginning of the Covid-19 pandemic, in 2020 no dividend was paid

<u>Main aggregates contributing to the annual variation of the consolidated CET1 ratio</u>

The variation in the CET1 ratio between December 2020 and December 2021 is explained by the improvement of own funds to levels making it possible to offset the increase in risk-weighted assets (RWAs):

- The improvement of around €155.7 million in common equity tier 1 (CET1) capital represents a positive impact of 37 basis points (bps) on the CET1 ratio and is essentially the result of the contribution made by the following components;
  - The €329.4 million in net profit authorised by the ECB and calculated in own funds was the component with the main positive contribution, accounting for 79 bps of the variation of the CET1 ratio;
  - The variation of €65.7 million in other reserves and retained earnings (following payment of an extraordinary dividend of €300 million from reserves, to the shareholder in November 2021) which accounted for around 16 bps of the variation of the CET1 ratio and is essentially the result of international activity (up €90.6 million), actuarial deviations related to post-employment benefits (up by around €342.1 million) and additional tier 1 interest charges (down €53.8 million); and

- The €188.2 million deduction related to excess coverage by the pension fund (combination effect of a reduction of liabilities and improvement of the fund's performance) which translated into a decrease of 45 bps in the variation of the CET1 ratio and increased deduction of €50.8 million, in respect of tangibles, translating into a decrease of 12 bps in the variation of the CET1 ratio.

- The €816.2 million variation of RWAs had a negative impact of 35 bps on the CET1 ratio. This variation is essentially explained by the following factors:

  - Exchange appreciation of the metical (MZN) and the kwanza (AOA), by around 20%, with an overall impact on RWA for credit risk, of BCI Moçambique and BCG-Angola, around €780 million (-33 bp in the CET1 ratio);

  - Growth of the mortgage loan portfolio with an impact of €350 million on RWA (-15 bp in the CET1 ratio). This increase was particularly relevant in terms of domestic activity;

  - Reduction in the funds portfolio which, together with the application of the regulatory changes provided for in Regulation no. 876/2019 on the new approaches to the calculation of positions on collective investment undertakings, contributed to the decrease in RWA by €300 million (+13 bp in the CET1 ratio);

  - Decrease in the non-performing asset portfolio and in the non-current assets held for sale portfolio, with an overall contribution of €270 million in the reduction of RWA (+12 bp in the CET1 ratio);

  - Increase in market risk RWA by €165 million (-7 bp in the CET1 ratio). The exchange rate appreciation observed in 2021, reflected in the increase in open exchange positions in meticais (MZN) and kwanzas (AOA) but also in patacas (MOP) and in Hong Kong dollars (HKD), justifies most of the increase in RWA for foreign exchange risk, which was partially offset by the reduction in the trading book;

  - Reduction of RWA for operational risk by €140 million, with an impact of 6 bp on the CET1 ratio.

Capital requirements in 2021 applicable to consolidated activity under SREP

Based on supervisory review and evaluation process (SREP) results and the Bank of Portugal's communication on the additional capital buffer required pursuant to its O-SII (other systemically important institutions) status, CGD was notified by the European Central Bank (ECB) of its minimum capital requirements in 2020, more details on which are provided hereinafter.

In its letter of 4 December 2019, the minimum total SREP capital requirement (TSCR) was 10.25% (of which 8% for Pillar 1 and 2.25% for Pillar 2 - P2R), with a phased-in CET1 ratio of 10% required from CGD on a consolidated basis, which includes: i) the minimum CET1 capital ratio of 4.5% required for Pillar 1 ii) the minimum CET1 capital ratio of 2.25% required for Pillar 2 (P2R); iii) the capital conservation buffer (CCB) of 2.5%; iv) the 0.75% reserve for "other systemically important institutions"; v) countercyclical capital buffer of 0% of the total amount of risk positions.

However, as part of a series of initiatives to mitigate the impacts of the Covid-19 pandemic, the ECB informed CGD on 8 April 2020 of the SREP amendment, dated 04 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 amount of the P2R defined for CGD, which would originally consist exclusively of instruments classified as CET1, would be changed to be 56.25% covered by CET1 instruments, 18.75% by AT 1 instruments and 25% by tier 2 instruments, to be implemented from and including March 2020.

CGD's minimum phased-in CET1 capital requirement, on a consolidated basis, is now therefore 9.02% and includes: i) the minimum CET1 capital ratio of 4.5% required for Pillar 1; ii) the minimum CET1 capital ratio of 1.27% required for 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 countercyclical capital buffer of 0% of the total amount of risk positions (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 regards the capital buffer for "Other systemically important institutions" (O-SII), the Bank of Portugal defined a phasing-in period of 0.25 % per annum between 2018 and 2021, with the requirement in the last period expected to be 1%.

However, to allow the banking system to mitigate the shock of the economic and financial conditions deriving from the Covid-19 pandemic, the Bank of Portugal extended the possibility of delaying the period for full compliance with the O-SII buffer percentage for another year. CGD was informed of this decision in May 2020.

On 30 September 2021, the Bank of Portugal announced that the countercyclical capital buffer would remain at 0%.

In light of the above referred to indicators, in 2021 CGD maintained the same requirement levels as established in 2020, as shown below:

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%**

(*) The figures for 2020 were maintained in 2021, as a result of the ECB's failure to amend the SREP Decision, in addition to the Bank of Portugal's decision to delay the phased implementation of the O-SII buffer by one year.

The capital ratios achieved allowed CGD a comfortable margin to its requirements.

CAPITAL SURPLUS - CONSOLIDATED ACTIVITY

(%)

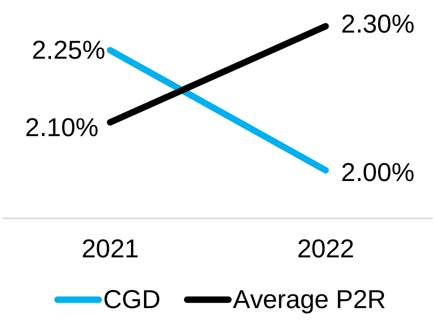
	CRD IV Rules	
	31-12-2020	31-12-2021
Surplus (buffers)		
CET 1	9.2%	9.2%
Tier 1	8.5%	7.3%
Total	7.4%	6.2%

Capital requirements for 2022 applicable to consolidated activity under the SREP

In February 2022, ECB informed CGD of the minimum prudential requirements in force this year, in which particular reference was made to the change in the Pillar 2 requirement for CGD to 2%, representing a 0.25% reduction over 2021 and reflecting the supervisor's perception of an improvement in the overall risk attached to CGD. This positive development compares with an increase in the average Pillar 2 requirement for ECB-supervised banks.

2022 SREP REQUIREMENTS

(%)



Source: European Central Bank

Based on the supervisory review and evaluation process results and the Bank of Portugal's communication on the additional capital buffer required pursuant to its O-SII (other systemically important institutions) status, Caixa Geral de Depósitos, S.A. must achieve a total ratio (TSCR) of 10% on a consolidated basis by 2022 (of which 8% for Pillar 1 and 2% for Pillar 2 - P2R), with the amount of the P2R defined for CGD being 56.25% covered by CET1 instruments, 18.75% by AT1 instruments and 25% by tier 2 instruments, applicable starting and including March 2022.

Accordingly, CGD's minimum CET1 (phased-in) requirement on a consolidated basis is now 9.125%, which includes: i) the minimum CET1 capital ratio of 4.5% required for Pillar 1; ii) the minimum CET1 capital ratio of 1.125% required for Pillar 2 (P2R) iii) the capital conservation buffer (CCB) of 2.5%; iv) the other systemically important institutions buffer of 1% and v) the countercyclical capital buffer of 0% of the total amount of risk positions (as defined by the Bank of Portugal for first quarter 2022), described in the following table:

SREP - CAPITAL REQUIREMENTS (CONSOLIDATED)

(%)

	2022 (*)
Common Equity Tier 1 (CET1)	**9.125%**
Pillar 1	4.50%
Pillar 2 Requirement	1.125%
Capital Conservation Buffer (CCB)	2.50%
Other Systemically Important Institutions (OSII)	1.00%
Tier 1	**11.00%**
Total	**13.50%**

(*) According to SREP Decision 2021.

Repayment of additional tier 1 instrument

On 28 January 2022, CGD was authorised by the European Central Bank to make early repayment of the instrument eligible as additional tier 1 funds of €500 million, effective 30 March 2022, the first contractually scheduled call date.

This perpetual issue was realised in March 2017 under the recapitalisation plan agreed between the Portuguese state and the European Commission, on market terms, with international institutional investors, at an interest rate of 10.75%. The authorisation for early repayment shows CGD's robust situation in terms of solvency.

Accordingly, and taking into account the provisions of no. 2 of article 28 of Commission delegated regulation (EU) no. 241/2014, the calculation of separate and consolidated ratios for December 2021 exclude the amount of €500 million in AT1.

MREL

The binding MREL decision, announced by the Bank of Portugal in February 2021, determines compliance with the following MREL requirements under the terms of the European directive on bank recovery and resolution (BRRD2) and the single resolution mechanism regulation (SRMR 2):

- Starting 1 January 2022, under the interim requirement, the institution shall hold eligible own funds and liabilities equivalent to:
  - 19.63% of total risk-weighted assets plus a combined buffer requirement of 3.5% corresponding to a total requirement of 23.13 %;
  - 6.00% of total leverage ratio exposure.
- Starting 1 January 2024, the institution shall hold own funds and eligible liabilities equivalent to:
  - 22.08% of total risk-weighted assets plus a combined buffer requirement of 3.5% corresponding to a total requirement of 25.58%;
  - 6.00% of total leverage ratio exposure.

The requirements apply, on a consolidated basis, within the resolution perimeter established by the Single Resolution Board (prudential perimeter entities in banking union, including branches abroad (not having their own legal personality) and Banco Nacional Ultramarino in Macao. The preferred resolution strategy is the MPE (multiple point-of-entry) approach. According to the decision in force at the time, CGD is not obliged to comply with any minimum subordination requirement.

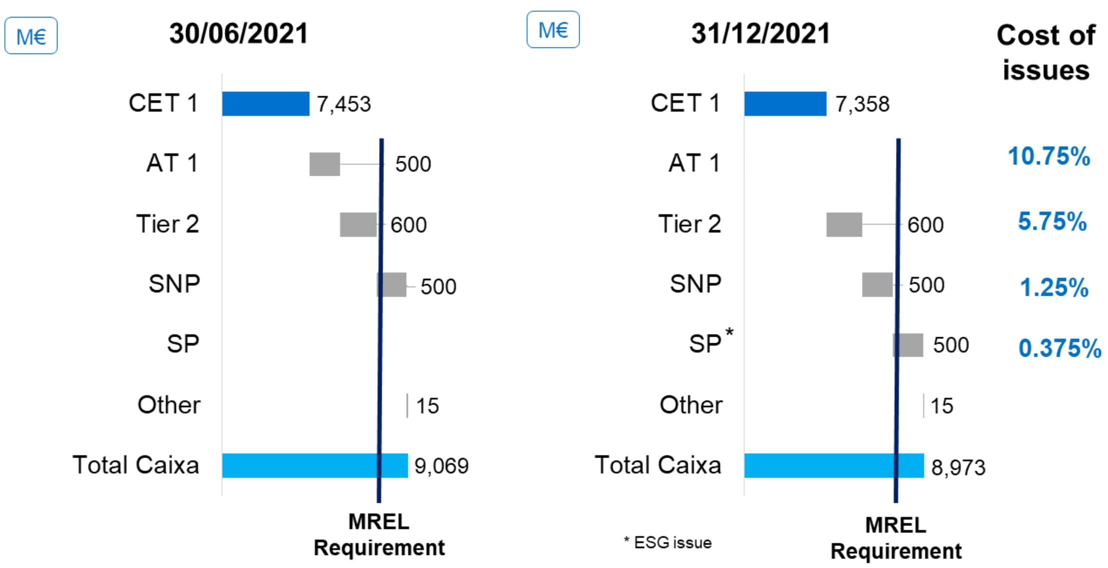
CGD has established eligible instruments to ensure compliance with MREL requirements, having produced a funding plan designed to achieve gradual convergence with the requirement set for January 2024 and adjusted by the evolution thereof.

The first stage of this funding plan was implemented in 2019, with a senior non-preferred debt issuance of €500 million. This was the first such issuance of this type of debt by a Portuguese bank.

Caixa also realised a senior preferred debt issuance of €500 million in 2021, with a 6-year maturity and possibility of early redemption after 5 years at a coupon rate of 0.375%, the lowest ever achieved by Caixa in case of capital market issuances.

This issuance represented an important contribution to meeting the interim requirement set for January 2022 with an adequate safety margin, considering the disqualification of the eligible instrument as tier 1 (additional tier 1) funds for the amount of €500 million.

MREL REQUIREMENTS



In March 2022, new requirements and a new resolution perimeter excluding BNU Macao were announced by the Bank of Portugal, with a total requirement of 25.95% and 5.94% of total leverage ratio exposure coming into force as of 1 January 2024.

Rating

In 2021, 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.

On July 13, 2021, Moody's Investor Service upgraded the rating of senior long-term debt of CGD one notch, from Ba1 to Baa3, and short-term senior debt, including commercial paper, from Not Prime to P-3. The outlook remained Stable. At the same time, the long term senior non preferred debt rating was also upgraded one notch, from Ba2 to Ba1.

This rise marks the return to the investment grade category by Moody's, after a period of ten years.

On September 21, 2021, Moody's Investors Service upgraded again the rating of senior long-term debt of CGD one notch, from Baa3 to Baa2, and short-term senior debt, including commercial paper, from P-3 to P-2. The outlook remained as Stable. At the same time, the long term senior non preferred debt rating was also upgraded one notch, from Ba1 to Baa3, raising it to investment grade. The short and long term ratings of deposits were raised to Baa2 and P-2, respectively, the same level as the Republic of Portugal.

These upgrades are a consequence of the upgrade of the Baseline Credit Assessment rating from ba1 to baa3 placing the "intrinsic" rating at an investment grade level.

Regarding Fitch Ratings and throughout 2021, affirmed CGD's IDR (Issuer Default Rating) and its senior long-term debt ratings at BB+, changing its outlook from Negative to Positive, maintaining a prospect of a future rating upgrade, what happened on the 9th of March 2022, Fitch Ratings upgraded Caixa's IDR (Issuer Default Rating) and its senior preferred long-term debt ratings from BB+ to BBB-, revising its outlook from Positive to Stable.

The upgrade reflects further improvements in Caixa's asset quality in spite of the pandemic crisis, Caixa's resilient earnings – grounded on its market leadership in Portugal and sound efficiency levels – and enhanced capital ratios. IDR and senior preferred short-term ratings were upgraded from B to F3.

With this change, CGD is now classified as investment grade by the three international agencies that rate the Bank.

1.4.4.1. Domestic Activity

Domestic activity's contribution to CGD Group's net income in December 2021 was up 12.8% to €449.4 million against €398.5 million for the same period of the preceding year.

Three positive factors, that offset the decrease in net interest income, made a contribution to the net income growth: the increase in income from services and commissions, associated with the placement of investment funds, financial insurance and new loans granting (up €32.0 million); the €125.6 million increase in net trading income; and the 13.4% reduction of operating costs.

Core operating income was up by a year-on-year €56.8 million from €497.8 million to €554.6 million (+11.4%). This increase is due to the exceptionally favourable evolution of operating costs (down €82.3 million) and, to a lesser extent, the €56.0 million increase in commissions earnings which offset the reduction in net interest income, including income from equity instruments.

In the twelve months of 2021, impaired credit net of reversals was down compared to the same period of 2020, when the preventive action on a possible deterioration of the credit portfolio, resulting from the pandemic context, started.

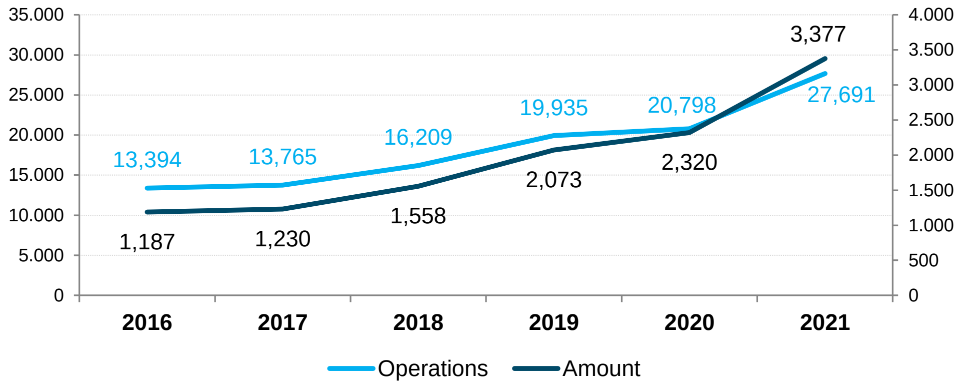
CGD Portugal

Notwithstanding the pandemic's impact, the branch office network in 2021, continued to expand its commercial dynamics in terms of its main product lines, particularly loans and advances to personal customers (mortgage and consumer lending) and business, in addition to investment products, non-financial insurance and cards.

Mortgage lending agreements evidenced strong growth of 45.6% (up €1,058 million over 2020), strengthening the accumulated market share for the year (up 23.8%, by 1.4 pp over 2020).

NEW MORTGAGE LENDING

Million euros



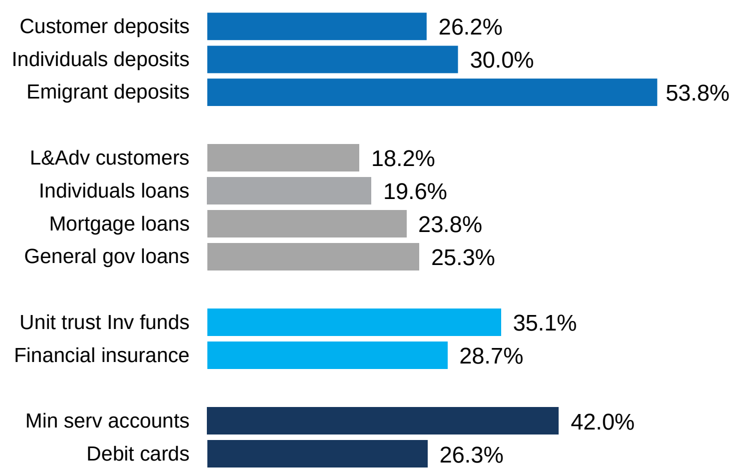
Personal loans were up 33% by €69 million, accompanied by improved profitability.

Growth of credit stock in the business segment, leveraged by EIF-backed guarantees (European Investment Fund) and an acceleration in factoring/confirming operations, reflect Caixa's support for micro and small enterprises, in this adverse context.

The performance of commissions-earning and loyalty products, in 2021, was also positive, particularly *Contas Caixa* (Caixa accounts) with a 5.9% increase over 2020 to more than 2 million accounts, 11,507 POS terminal installations, non-financial insurance, which was up across most business areas with a higher than portfolio growth of commissions and cards, with higher transaction levels (up 17% over 2020), a larger customer base and a 26.3% share of the market for debit cards.

As regards the protection of people with fewer resources, reference should be made to minimum banking services accounts, in which CGD was in the leading bank with a market share of 42% at the end of 2021.

MARKET SHARES - DECEMBER 2021



Source: CGD and Bank of Portugal

Personal customers

The management of personal customers in 2021 continued to focus on the *Caixa Platinum*, *Caixa Azul* and *Mass Market* segments, with the particular concern of improving safety and security considerations in the context of a pandemic, resulting in the following measures:

- Monitoring of customers coming to an end of *moratoria*, providing information and evaluating the implementation of any additional measures;
- Possibility of reimbursing *PPRs* (retirement savings plans) free of charge or fiscal penalties;
- Strengthening the benefits of Multicare health insurance and online medicine services in the context of the pandemic;
- Possibility of using Caixadirecta to subscribe for investment products without the need to visit a branch office.

With the aim of enhancing the level of customer involvement, Caixa has continued to pursue a strategy of strengthening financial solutions targeted at different needs, such as day-to-day management (*Contas Caixa*); home purchases (mortgage lending), projects (personal loans), providing for the future (non-financial Insurance) and savings (deposit and savings accounts, funds and financial insurance).

Caixa marketed several savings and investment solutions across 2021, namely deposits, unit-linked insurance, *PPRs,* investment and pension funds.

Reference should be made to the "Prepare for your retirement and obtain benefits" campaign for customers without Caixa group investment funds and Fidelidade's financial insurance.

As regards simple deposit accounts, interest on several term deposits in euros and foreign currency was revised in line with market evolution and adjustments were made to fees on deposits.

In 2021, in terms of financial insurance, the Flexi-Mais individual life insurance and PPR Evoluir individual life insurance and the relaunch of the Plano Proteção Vida life insurance were promoted. In addition, the insurance offer was strengthened with the launch of 8 insurances with a limited subscription period: two series of the PPR 52+ insurance; two series of the Unit-linked Investimento Portugal 2021 insurance; two series of unit-linked insurance, Global Investment 8 Years; the unit-linked Investimento Global 5 Years November 2021 insurance and the PPR 40+ ESG insurance.

In terms of investment and pension funds, three open-ended retirement savings plans as financial instruments with different levels of risk/potential profitability, four open-ended securities investment funds as financial instruments that allow the diversification of assets according to risk profiles, investment maturities and liquidity needs and three open pension funds as financial Instruments that allow the creation of pension plans based on asset portfolios were developed in 2021.

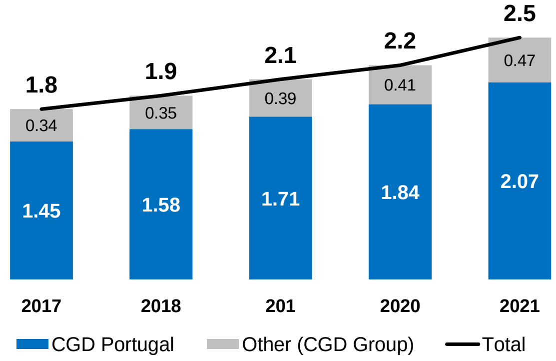
Across the course of 2021, in its capacity as an insurance agent, Caixa, in partnership with Fidelidade - Companhia de Seguros, focused on protecting its customers, by offering non-financial insurance and defining appropriate measures to address the pandemic context.

The non-financial insurance portfolio continued to enjoy sustained growth with commissions earnings of €38 million.

Reference should be made to the following initiatives and protection solutions across this period: launch of Multicare's online medicine campaign; upgrade of *Activecare Geral* card policies to Multicare 1 insurance; consolidation of Multicare's health insurance value proposal; revision of the insurance tariff for the accidents in the workplace policy; a more comprehensive and flexible life protection plan; launch of "Essential" and "Express" life Insurance and express credit protection insurance offers.

ACTIVE DIGITAL CUSTOMERS

Million customers



Caixa consolidated its leading position as the digital bank of Portuguese citizens in achieving significant growth in the number of its active digital customers and remote banking business.

At the end of 2021, Caixa had more than 2.5 million digital customers (personal and corporate) of which 2.1 million were in Portugal and 1.3 million mobile customers, comprising year-on-year growth of 12% and 21% respectively. Its *app* is already responsible for 77% of accesses to the Caixadirecta service.

The year was marked by a strong growth of the digital business, clearly visible in online subscriptions for products and services. Reference should be made to the 779% increase in *PPR* subscriptions and 196% increase in online applications for personal loans. In the corporate segment, reference should be made to the 159% growth of factoring and confirming operations.

Innovative projects have been developed for the management of remote clients. They include the call centre's *Virtual Assistant* which allows customers to interact and perform operations using natural speech. A new interaction channel was also set up for university customers via *Whatsapp*, which allows a closer relationship with this segment, whose management is fully remote.

The Caixadirecta service continued to evolve, broadening its online range of products and services including new options for credit card subscriptions, personal loans and updating of personal information.

The Caixadirecta app has also improved its focus in terms of customer experience and it is now possible to activate cards, top-up payments to PPRs, apply for credit cards and authenticate online card purchases, making operations even more secure.

Caixa's digital assistant which now has a new interface and is available in English, has already been used in more than 4 million conversations with customers and has unblocked 400 thousand accesses to the Caixadirecta service.

The DABOX app continues to be the open banking leader in Portugal, with a 31% market share, according to data for the 4th quarter published by the SIBS API Market and already has 23 entities available. This solution, which now has new savings options such as "Money Box" and "Saving Goals", enables consultations of "recurring expenditure" and the possibility of aggregating credit cards and already has 86 thousand active users 36% of whom are customers of other banks.

Digital channels represented 94% of Caixa's operations in 2021. The same period witnessed 26 million accesses to the Caixadirecta service (up 17% over 2020) and 7 million operations (up 19% year-on-year).

Caixa's website continued to be the banking site leader in Portugal, with 83% more unique visitors than the second placed bank, according to the results of the December 2021 Netaudience study.

Reference should also be made to *Saldo Positivo* with an additional 430 thousand monthly visits this quarter (up 116% over the same period 2020), both from CGD customers and non-customers. *Saldo Positivo* is Caixa's financial literacy portal whose main objective is to clarify financial doubts, enabling Portuguese citizens to make more informed and better decisions.

On social media, Caixa has more than 500,000 followers in various profiles (Facebook, Linkedin, Instagram and Youtube). This was up 35% over the previous year.

Caixa has also enhanced its status as a sustainable, inclusive bank in its integration of the EUSOUDIGITAL programme as a social investor. This initiative, promoted by the Movement for Active Digital Use (MUDA), aims to promote the digital literacy of 1 million adults in Portugal by the end of 2023, based on the development of a national network of thousands of volunteers operating from more than 1,500 spaces, nationwide.

Corporate

Caixa began to make early preparations to end the *moratoria* in its provision of *"Medidas Caixa"* ("Debtors under Surveillance" project) to assist companies in their transition periods. CGD also provided its *"Retomar"* line of credit, in partnership with Banco Português de Fomento, in addition to its "*Caixa Invest Inovação"* EIF-backed line. This early solution for the preparation for the post *moratoria* period has led to a reduced need for recourse to restructuring solutions.

Since the start of the pandemic, Caixa has supported corporate liquidity and investment, with more than €25 billion in support, comprising COVID lines, other pre-approved loans and the availability of current accounts. Reference should also be made to special lines of credit, mutual guarantee loans and EIF and EIB lines, which have provided companies, particularly SMEs, with credit of more than €2.4 billion for their operations.

Caixa continued to encourage the use of its digital solutions, facilitating companies' day-to-day business, particularly:

- Its Flexcash service, as an innovative solution for managing and accelerating payments between debtor companies and their suppliers, on a single e-invoicing (electronic invoicing) platform;
- Factoring & confirming operations (89% of total) and trade finance (54% of total) on the digital channel (Caixadirecta Empresas);
- An additional 21 thousand Contas Caixa Business, confirming customers' widespread acceptance of this multiproduct solution, namely Caixadirecta Empresas;
- The Trade Finance Platform, as the first bank in Portugal to adopt and provide its customers, with a 100% digital platform for the dematerialisation of trade finance documents;
- The Caixa PRR/PT 2030 as a different type of support in the management of companies' applications to and projects for European funds.

Caixa, as a Portuguese state-owned bank and benchmark institution, has taken a proactive approach to sales of European funds through the benefits provided by its *Caixa PRR/Portugal 2030* offer, in the provision of its new *Caixa PRR/PT 2030* platform. The platform enables companies to obtain information on European funds, *PRR* open notices, Caixa's offer and its consulting partners in support of applications, placing Caixa side-by-side with customers at all stages of the life cycle of corporate applications and projects, with preferential conditions and a complete offer.

Such partnerships particularly include the *Caixa TOP* partnership programme with advantages for exporting companies and the more dynamic sectors of the economy, selected by Caixa, *PME Líder* companies, 500 Largest Companies and 1,000 Best SMEs, as well as the partnership with EDP (solar solution) to promote a "green" (energy efficiency) solution for SMEs and large companies in all sectors, comprising the installation of photovoltaic solar panels, with turnkey financing from CGD for EDP's installation of equipment to customers.

With the mission of helping Portuguese companies to resume their activity, Caixa has launched a comprehensive set of solutions aimed at improving the corporate treasury function, continuity of the economic activity of its customers and investment finance (based on medium and long term credit, equipment and real estate leasing), such as new medium/long term lines of credit (EIF-backed); new Covid-19 support lines, with a mutual guarantee; Caixa's EIB medium and long term line of credit 2021, equipment and property leasing operations and the *"Retomar Refinancia"* and *"Retomar Mais Liquidez"* lines with a mutual guarantee.

The pandemic context has created the need for new payment systems in which Caixa has provided several solutions allowing companies to accept payments securely, in new forms of face-to-face and distance sales, complementing the existing offer.

In comparison to 2020, there was a recovery of transactional volumes in face-to-face payments (up 53% in number of transactions and 34% by transaction volume) and a significant increase in online payments (339% in the number of transactions and 123% by transaction volume).

Caixa plays a prominent role in business ecosystems in Portugal with innovative and environmentally sustainable products and solutions for SMEs. Reference should be made to three pillars of strategic ESG action in the corporate segment:

- Products designed to promote a green environment, particularly the 30% increase in leasing and renting agreements for hybrid or electric vehicles; special - Caixa Invest Greenland and LC Decarbonização and Circular Economy lines of credit and medium and long term financing for photovoltaic panels in partnership with EDP (Solar B2B Solution);

- Digitalisation and dematerialisation, particularly comprising an increase in dematerialised invoices in the case of Flexcash and Caixa Fast; more services in digital format from Caixadirecta Empresas; digital platforms for processing international business documents and online foreign exchange trading operations;

- Economy 4.0 and Empowerment, particularly sessions on the PRR - Green Transition, Climate and Digital Alerts.

Reference should be made to a series of results in the business segment, particularly:

- 12% growth of the SME credit balance;

- 30% growth of the SME customer base with credit over 4 years (2018-2021);

- Maintenance of leadership in equipment leasing and increase in real estate leasing and confirming market shares;

- Remarkable growth in SME support solutions for the recovery of the Portuguese economy, with particular reference to the 70% increase in documentary credit and remittances, 16% increase in equipment leasing and 22% in non-financial insurance sales (gross premia);

- Continuation of strong support for exporting and importing companies, reflected in a consistent increase in the market share of trade finance, which was up 8 pp in the period 2017-2021;

- Further improvement of quality of service (94% of satisfied or very satisfied SME customers on the corporate office network).

With regard to programmes to distinguish business, the first half of the year witnessed the closure of the *PME Líder* 2020 programme in which 9,955 companies were distinguished, of which 2,592 through Caixa (up 43% in comparison to the 2019 programme).

In the first half of the year, Caixa also joined COTEC in awarding the *COTEC 2021 Innovation Statute*, to promote and recognise the innovation and technological cooperation of Portuguese companies. The programme distinguished 574 companies, 168 of which through Caixa.

Investment banking

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

CAIXA BANCO DE INVESTIMENTO - INDICATORS

(EUR Million)

(Statutory accounts)	2020-12	2021-12	Change	
			Total	(%)
Net interest income	4.0	2.5	-1.5	-37.1%
Commissions (net)	19.6	18.2	-1.4	-7.2%
Income from financial operations	2.1	0.2	-1.9	-91.2%
Total operating income	27.5	23.3	-4.3	-15.5%
Operating costs	-15.3	-14.6	0.7	-
Net op. income before impairments	12.2	8.6	-3.6	-29.4%
Provisions and impairments	0.7	2.3	1.5	208.0%
Net income	9.5	8.1	-1.4	-14.4%
Net assets	465.8	467.4	1.7	0.4%
Securities investments	414.8	331.5	-83.3	-20.1%
Loans and adv. to customers (net)	5.7	1.8	-3.9	-68.1%
Customer deposits	23.8	36.3	12.5	52.5%

In 2021, CaixaBI's total operating income amounted to €23.3 million. Positive contributions were made by net interest income of €2.5 million, €18.2 million in commissions from financial advisory and brokerage services, €0.2 million in income from financial operations and €2.3 million in other operating income. Net profit for the period totalled €8.1 million.

CaixaBI continued to be the benchmark institution in the debt capital market in Portugal, namely in the bond and commercial paper sectors, coming second (first among Portuguese banks) in Bloomberg's ranking as a bookrunner of euro bonds issued by national entities (€1,247.4 million) and continuing to lead in number of issuances (12).

In the Portuguese public debt segment, CaixaBI was joint lead manager and bookrunner for the syndicated €4 billion, 0.3% treasury bonds issuance maturing in 2031 as a new 10 year benchmark and co-lead manager for the €3 billion, 1% treasury bonds issuance maturing in 2052.

In the private debt segment, reference should be made to CaixaBI's role as joint lead manager and bookrunner for the inaugural issuance of REN Green Bonds (€300 million), inaugural issuance of Fidelity tier 2 subordinated bonds (€500 million), EDP's two subordinated Hybrid Dual-tranche Green Bonds (€1,250 million) to finance the company's green project portfolio, issuance of CGD's sustainability bonds (€500 million) as the first issuance in sustainable format of a Portuguese financial institution, and issuance of the Autonomous Region of the Azores (€435 million). Reference should also be made to its role as joint global coordinator of the SIC bond issuance (€30 million) in the form of a public subscription and a public offer of exchange and Mota-Engil's issuance of its sustainability-linked bonds (€110 million) to be sold on the Portuguese retail market and to institutional investors, this company's inaugural issuance in sustainable format and first issuance in sustainable format to be sold in the Portuguese retail market, which was involved in a tap issue of € 21,999,500 and which was also coordinated by CaixaBI and sold to institutional investors.

The bank was also responsible for organising and leading the bond loans of Luz Saúde (€15 million), Altri Celbi (€70 million) and the Autonomous Region of the Azores (€295 million) and was involved as co-lead manager for UBS, HSBC, Intesa | San Paolo, BCPE and Santander issuances. It was also the originator of the public subscriptions for Sport Lisboa e Benfica - Futebol SAD, Futebol Clube do Porto - Futebol SAD and Sporting Clube de Portugal - Futebol SAD bonds. Reference should also be made to CaixaBI's organisation and lead of forty seven new commercial paper programmes for corporate customers, a credit assignment operation for SU Eletricidade (€100 million) and the financing of Mystic Cruises' World Explorer ship (€60 million).

For equity market operations, CaixaBI successfully completed its financial brokerage operations on Sodim's takeover bid on Semapa (€93 million), capital increase of Mota-Engil through a public offer of €104 million, capital increase of Sonae Indústria through a public offer of €55 million, followed by a potestative acquisition aimed at achieving total ownership of the company (€7 million) and the issuance of bonds convertible into shares by Farminveste. In the case of M&A operations, reference should be made to advisory services to Fidelidade for its acquisition of 70% of Seguradora Internacional de Moçambique and to Caixa Económica Montepio Geral for its disposal of 10.31% of Monteiro Aranha, in Brazil.

CaixaBI's advisory services in the financial structuring and organisational areas successfully completed the structuring and organisation of a syndicated financing operation for José de Mello group holding companies (€265 million). It was also involved in Mota Engil, SGPS, S.A.'s capital increase and Mota Gestão e Participações, SGPS, S.A.'s inherent disposal of an equity stake in this company, namely in the repayment of bank debt and respective release of guarantees. In parallel, a number of business opportunities in the energy sector, real estate and corporate acquisitions continued to be analysed.

In terms of its business as a liquidity provider, CaixaBI continued to operate on a number of Euronext Lisbon listed securities (Cofina, Ibersol, Novabase, Ramada and Vista Alegre Atlantis), which merited a high rating from Euronext. Reference should be made to the formalisation of a new liquidity providing agreement with Greenvolt and for SIC's new bonds. CaixaBI also continued its market-making operations on a Fundiestamo real estate fund.

With reference to Caixa Capital's venture capital activity, a decision was made in 2021 to initiate new investment cycles in the two funds under management (FCR Empreender Mais - Caixa Capital and FCR Caixa Fundos) both in terms of investments in the funds or other similar companies as well as direct investments, in this case focusing on companies with a high level of innovation and technological differentiation, sustainability and the major potential of the respective target market. Activity across the year resulted in investment of €9.7 million and disinvestment of €13.6 million in portfolio companies. In addition to these operations, Caixa Capital continued to monitor its portfolio of subsidiaries, comprising 63 companies at the end of 2021.

Specialised credit

According to data from the Portuguese Association of Leasing, Factoring and Renting (ALF), for 2021, business sector trajectories were upwards. Special reference should be made to the pandemic that influenced the year 2020, when the sector was hard hit.

Real estate leasing operations witnessed recovery in 2021, with growth of 8.5%, equipment leasing with 3.4%, factoring with 6.2% and confirming with 14.8%.

			Change	
	2020-12	2021-12	Total	(%)
Property leasing	741	804	63	8.5%
Equipment leasing	1,638	1,693	55	3.4%
Factoring	19,005	20,174	1,169	6.2%
Confirming	12,463	14,313	1,850	14.8%

CGD's commercial performance, in terms of various products across 2021 was favourable, despite the inevitable negative impacts of the Covid-19 pandemic and translated into an increase of its respective market share.

SPECIALISED CREDIT - PRODUCTION

(EUR Million)

			Change	
Product	2020-12	2021-12	Total	(%)
Leasing	**370**	**432**	**62**	**16.9%**
Property leasing	102	139	38	37.1%
Equipment leasing	268	293	25	9.2%
Factoring	**4,102**	**4,846**	**745**	**18.2%**
Domestic and international factoring	2,174	2,291	117	5.4%
Confirming	1,928	2,556	628	32.6%
Consumer credit	**11**	**11**	**0**	**-0.9%**
of which:				
Vehicle finance (light vehicles)	**128**	**137**	**9**	**6.9%**
Property leasing	117	126	9	7.5%
Consumer credit	11	11	0	0.0%

Real estate leasing agreement sales were up 37.1% across 2021 to €139 million, even outperforming sales in the pre-pandemic period (sales of €103 million in 2019). There was a 3.6 p.p. improvement of CGD's market share in this segment over December 2020 to 17.3% in December 2021. The improvement over December 2019 was 5.1 p.p.

Equipment leasing sales in December 2021 totalled €293 million, achieving a positive year-on-year variation of 9.2% which was very similar to the same period 2019. Reference should be made to the 7.5% increase in the financing of light vehicles. CGD's market share of new business at the end of 2021 was 17.3% and up for the second consecutive year.

Confirming sales account for 52.7% of total factoring and were up 32.6% over the same period last year, outperforming the total of previous years. There was a 4.7 p.p. increase of market share in this product over 2019 and a 2.4 p.p. increase over 2020 when it stood at 17.9%.

Total factoring was up 18.2% in 2021. The market share of this product was up 1.1 p.p. and 2.1 p.p. over 2020 and 2019 respectively to 14.1% in December 2021.

Consumer credit for light and heavy vehicles at the end of 2021 amounted to €11 million. The most representative type of asset (99.4%) continues to be motor vehicles, 45.5% of which new.

Asset management

According to data released by the Portuguese Association of Investment, Pension and Wealth Funds (APFIPP) in December 2021, the domestic investment funds market was up 35.4% over 2020 to €19.9 billion. Caixa Gestão de Ativos continued to lead the market in 2021 with a market share of 35% at the end of December, up 2.3 pp by €2,153.6 million over the preceding year. Reference should be made to the fact that this increase derived from the growth of higher value-added fund segments, such as equities and multiasset funds, with total growth of €2,309.2 million across the period.

A significant contribution to this growth was made by the Caixa Seleção Global family and particularly the Caixa Seleção Global Moderado fund whose growth of €577.4 million enabled it to achieve the status of the second largest fund in the domestic market, with €1,459.2 million under management. Reference should also be made to the PPR/UCITS fund family comprising the "Caixa Defensivo PPR/UCITS", "Caixa Moderado PPR/UCITS" and "Caixa Arrojado PPR/UCITS" funds launched at the end of 2019 with €596.5 million under management at the end of 2021, up 154% by €361.3 million.

Special reference should be made to the "Caixa Ações Líderes Globais" fund, whose portfolio comprises the shares of around 25 of the world's largest multinational companies and owners of major internationally recognised brands, particularly in the consumer and technology sectors, owing to several factors:

a) Growth of €1,031.6 million in assets under management in 2021;

b) It has retained its status as the largest investment fund in the domestic market, ending 2021 with €2,161.3 million under management;

c) It is the fifth largest domestic fund with the highest annual returns of 30.7% over the last year according to data published by APFIPP;

d) It has retained its status as the fund with the highest level of consistency in performance awarded by Morningstar – 5 stars;

e) It was awarded the Jornal de Negócios/ APFIPP 2021 prize for the "Best Fund" in the "Other Share Funds" category for the third consecutive year.

Prizes and distinctions in 2021

From Morningstar, as:

- "Best Bond Management Company" for the 7th consecutive year, and
- "Best Global Management Company" for the 4th consecutive year.

Morningstar awards aim to select funds and national market management bodies that have provided investors with the highest returns, not only during the preceding year, but also over the last 5 years.

Morningstar's awards to Caixa Gestão de Ativos over several consecutive years are indicative of the consistency of the results achieved over the last few years.

Caixa Gestão de Ativos was also distinguished by APFIPP, in partnership with Jornal de Negócios for the "Best Funds in 2021" in the respective categories:

- “Caixa Ações Europa Socialmente Responsável Fundo de Investimento Mobiliário Aberto de Ações” in the "European Shares Fund" category.

The "Best Funds” prizes awarded by Jornal de Negócios/APFIPP 2021 seek to distinguish the best national funds in their respective categories, based on risk-adjusted profitability metrics over the last 3 years.

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

As in CGD (see chapter 4 - Group Sustainability Report), the last few years have been marked by the integration of environmental, social and corporate governance (ESG) aspects as strategic pillars for the development of the activity of Caixa Gestão de Ativos (CXA).

CXA accordingly strengthened its ambition to consolidate socially responsible investments, in 2021, continuing to focus its activity on three main aspects: 1) Integration of ESG factors in investment processes, in parallel with the use of traditional financial analysis factors; 2) Involvement with the target companies by exercising the voting rights associated with the assets under management; and 3) Involvement with companies that are suitable for the potential investment area, fostering engagement in matters of socially responsible investment.

In parallel with the continuation of its team training programme on ESG issues in 2021, CXA updated its policy guidelines on the company’s sustainable investment approach in terms of its involvement in responsible sustainable investment and exercising of voting rights policies. These documents were supplemented by CXA’s publication of its due diligence policy statement, in compliance with a new regulatory requirement.

In terms of training and in collaboration with Caixa Geral de Depósitos, CXA developed an e-learning programme in December 2021, on "Sustainability in Investment Funds" for Caixa Geral de Depósitos group employees certified under the MiFID II - Markets in Financial Instruments directive.

As part of the definition of its sustainability strategy, CXA completed the adoption of ESG criteria in all asset classes under management at the end of the year. The real estate and alternative investment classes have defined internal methodologies that allow the incorporation of ESG criteria in the composition and valuation of its assets. This improvement was followed by CXA’s development of an internal rating methodology referred to as its sustainability rating which consolidates different analytical approaches/methodologies depending on the underlying asset class, thereby ensuring across-the-board coverage in respect of the sustainability of all asset classes managed by it.

CXA’s asset valuations are based on ESG criteria. Reference should be made, with regard to December 2021, to an amount of assets under management that promote social and/or environmental characteristics and comply with all of the assumptions of CXA’s socially responsible investment policy (article 8 of regulation (EU) no. 2019/2088 of the European Parliament and of the Council of 27 November 2019 on the disclosure of sustainability-related information in the financial services sector, referred to as the Sustainable Finance Disclosure Regulation − SFDR) which represents 89.9% of the total assets under investment fund management.

ASSET MANAGEMENT – INDICATORS

(EUR Million)

	2020-12	2021-12	Change Total	Change (%)
Net Comissions	25.1	31.1	6.0	24.1%
Total operating income	26.9	33.0	6.1	22.6%
Operating costs	12.6	12.8	0.2	1.4%
Net op. income before impairments	14.4	20.3	5.9	41.2%
Net income	11.1	15.1	4.0	35.7%
Assets under management	**16,297**	**18,086**	**1,789**	**11.0%**
Securities Funds (1)	4,798	6,952	2,154	44.9%
Real Estate Funds (1)	931	892	-39	-4.2%
Pension Funds (2)	4,435	4,555	120	2.7%
Portfolio Management (3)	6,133	5,687	-446	-7.3%

[1] Assets managed by Caixa Gestão de Ativos.

[2] Assets managed by CGD Pensões. They include investments made in the Group's real estate and investment funds.

[3] Portfolios managed by Caixa Gestão de Ativos. The figures exclude Pension Funds. They include amounts invested in the Group's

1.4.4.2. International activity

As defined in its strategic plan, CGD Group has restructured its international operations on the basis of criteria of economic and strategic rationality, with a view to leveraging its respective results and achieving tight control of the associated risks, focusing on strategic countries for the group's activity (countries and territories with strong cultural and commercial links with Portugal and enhancement of CGD's brand value).

CGD Group has a diversified international presence, particularly in Portuguese-speaking countries and countries of Portuguese emigration, comprising different types of representation (mainly subsidiaries, branches and representative offices) in a permanent endeavour to promote the internationalisation (export, import, investment, partnerships, and other components) of Portuguese companies, proximity to the different Portuguese communities in such geographies, their business affinities with Portugal and boosting economic relations among the different geographies,

The group's brand value and image of trust associated with it is an unparalleled asset that gives it unique access to these local markets.

Governance quality has been further strengthened in the different international group member entities, with the aim of implementing international best practice, bringing each entity's governance model more into line with the model of the parent company and the group's strategic objectives, but always in due compliance with the legal obligations and specificities attached to each geography.

The corporate governance of international operations continued to be a strategic aspect of CGD Group's performance and has enhanced CGD's representativeness and consistent oversight activity of such units' statutory bodies, improving articulation among various functional structures (business, support and control) of CGD and international entities, strengthening their contribution to the group's strategy and its consolidated results.

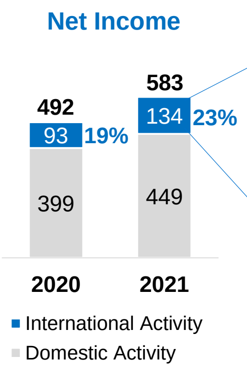
International entities adopted a wide range of policies, standards and procedures identical to those of CGD in 2021, ensuring the harmonisation of rules and practices within the group (including the sharing of good practice) in accordance with the most advanced international rules.

The promotion of articulation between CGD and international entities (and also among them), based on the development of an integrated group customer vision (capitalising upon the relationship and respective trade flows of a geographically diversified offer) leverages group business and provides group customers with a better and more comprehensive service. Such an approach, comprising a multi-service banking platform (cross-border payments, transfers, trade finance, etc.) enables multinational customers, operating in the geographies covered by CGD's network, to leverage their activity and their own business.

In terms of their contribution to the group's results, endeavours were made to leverage the results of international entities in the form of off-balance sheet income, reinforcing networking operations and CGD's role as a counterparty, investing in its capacity to provide its customers with more and better services, always in close articulation with the control of the associated risks.

Contributions from the International Area

The international business area's contribution to consolidated net income in December 2021 was up 43.9% over December 2020 to €133.9 million. The main contributions to income from international activity until the end 2021 were from BNU Macau (€47.9 million), BCI Mozambique (€34.9 million) and Banco Caixa Geral in Angola (€22.6 million).



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Entities	2020 (Net Income)	2021 (Net Income)	Change (%)
Banco Nacional Ultramarino (Macao)	46.0	47.9	4%
Banco Comercial de Investimentos (Mozambique)	17.5	34.9	100%
Banco Caixa Geral (Angola)	10.8	22.6	109%
France Branch	16.3	19.6	20%
Banco Interatlântico (Cape Verde)	1.9	1.6	-16%
East Timor Branch	2.6	0.2	-92%
Other	-2.0	7.2	-
Total	**93.1**	**133.9**	**+44%**

In 2021, total operating income from international activity was up 8.2% over the same period of the preceding year, with special reference to the positive variation in net interest income (+8.0%). Operating costs presented a stable evolution, recording €265.4 million, similar to the previous year. Provisions and impairments were down €57.4 million year on year. These developments positively affected the contribution of international activity to CGD Group's net income in December 2021.

CONTRIBUTION TO CONSOLIDATED NET INCOME (*)

INTERNATIONAL ACTIVITY

(EUR million)

	Restated		Change	
	2020-12	2021-12	Total	(%)
Net interest income including income from equity investments	378.3	408.5	30.3	8.0%
Net fees and commissions	80.0	88.4	8.4	10.4%
Net trading income	37.2	37.0	-0.2	-0.6%
Other operating income	4.0	6.7	2.7	68.4%
Total operating income	**499.5**	**540.6**	**41.1**	**8.2%**
Employee costs	151.8	151.3	-0.5	-0.3%
Administrative expenses	84.2	82.2	-2.0	-2.4%
Depreciation and amortisation	27.4	31.9	4.6	16.6%
Operating costs	**263.4**	**265.4**	**2.0**	**0.8%**
Net operating income before impairments	**236.1**	**275.2**	**39.1**	**16.6%**
Credit impairment (net)	60.9	28.3	-32.6	-53.5%
Provisions and impairments of other assets (net)	31.6	6.7	-24.9	-78.7%
Net operating income	**143.6**	**240.2**	**96.5**	**67.2%**
Income Tax	20.0	58.1	38.1	190.7%
Net operating income after tax and before non-controlling interests	**123.6**	**182.0**	**58.4**	**47.2%**
Non-controlling interests	28.9	48.1	19.1	66.1%
Results from subsidiaries held for sale	-2.5	-1.5	1.0	-
Results of associated companies	0.9	1.5	0.6	60.0%
Net income	**93.1**	**133.9**	**40.9**	**43.9%**

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

Main CGD Group companies

BNU Macao

Banco Nacional Ultramarino, S.A. (BNU) is a wholly owned CGD subsidiary, having initiated its activities in 1902 in the Special Administrative Region of Macau in which it has a network of twenty branches and a branch in Hengqin, an island off the coast of Macau and the Special Economic Zone of Guangdong Province in the People's Republic of China.

In 2021, with the continuation of the pandemic which made its first appearance at the start of the previous year and in order to minimise its impact, Macau's government adopted a series of measures in support of the population and SMEs. They included tax cuts and exemptions, subsidised loans, long-term, interest-free funds and consumer incentives, not forgetting Macau's development as a financial market. Reference should be made to the September 2021 issuance of 2 billion patacas in Green Bonds by the Macau branch of the Industrial and Commercial Bank of China Limited, the issuance of Biodiversity Themed Green Bonds by the Bank of China Limited, Macau branch, totalling one billion patacas, in whose two issuances BNU was joint lead manager, in addition to the creation of a wealth management zone allowing Chinese customers to invest in the financial products of Macau-based banks and vice-versa, with a limit per customer of CNY1,000,000.

At the end of the previous year, the Government of the Special Administrative Region of Macau extended the agencying agreements with the Bank of China and Banco Nacional Ultramarino as currency issuing banks for a period of ten years. This represents recognition of the role played by this Caixa group entity which has had a presence in Macau since 1902 and which has been a currency issuer for more than 100 years, both as regards the development of the region and as a primary vehicle operating as a link between the Portuguese economy and Asian markets and Portuguese-speaking countries.

In the global pandemic context extending into and still with us in 2021, BNU has continued to implement various measures to protect and support its customers, employees and communities. In terms of support to its customers, the bank has continued to implement and extend a policy that, subject to certain conditions, continues to extend repayment terms for loans to SME and for home mortgages.

BNU made a net profit of 453.4 million patacas (€47.9 million) and achieved a return on equity (ROE) of 7.6% in 2021.The default ratio remained at a low 1.1%, and efficiency ratios continued to be very competitive in comparison to the industry average with cost-to-income of 43% and cost-to-core income of 38.5%.

The loans and advances to customer portfolio (net) was down 5.2% over the end of 2020 to 25,297 million patacas. This decrease resulted from the prepayment of syndicated loans by large companies. Mortgage lending, while up 3.8%, was insufficient to offset the decrease in lending to large enterprises. Consumer credit was slightly down in reflecting a more conservative approach by customers owing to the pandemic and major restrictions on travelling from Macau.

Customer resources were slightly down by 1.7%, owing to lower levels of deposits by large companies, particularly casinos which were affected by significantly lower revenues owing to the pandemic and absence of visitors. Against this background, the loans-to-deposits ratio was down to 71.6% in 2021 against 74.3% in 2020.

Structural costs were slightly up by 0.4% over 2020. Reference should be made to the 3.1% reduction of administrative costs based on a rigorous containment policy. Employee costs were also down by a slight 0.1%, although wages continue to come under pressure in a highly competitive, full-employment labour market. Depreciation, on the other hand, was up 7.9% in 2021 owing to greater endeavours to invest in digital area solutions to provide customers with very advanced, secure payment solutions.

As a consequence of the above and low interest rates, net operating income before impairment was down 13.7% to 494.4 million patacas.

BNU's recognised provisions and impairment (net) of -13.8 million patacas in 2021 (92.8 million patacas in 2020). This took into account the economic environment in the previous year, providing for potentially unfavourable developments on several loans, in addition to updating the impairment model, which increased the size of this account.

BNU MACAO - INDICATORS

			(EUR million)			(MOP million)
	2020-12	2021-12	Change (%)	2020-12	2021-12	Change (%)
Net interest income	88.0	73.0	-17.1%	803.2	691.0	-14.0%
Total operating income	104.8	92.9	-11.4%	956.2	879.4	-8.0%
Operating costs	42.0	40.6	-3.2%	383.2	384.9	0.5%
Net op. income before impairments	62.8	52.2	-16.9%	573.1	494.4	-13.7%
Provisions and impairments	10.2	-1.5	-	92.8	-13.8	-
Net income	46.0	47.9	4.0%	419.9	453.4	8.0%
Net assets	5,593.1	6,005.8	7.4%	54,810.2	54,642.2	-0.3%
Loans and adv. to customers (net)	2,723.8	2,780.4	2.1%	26,692.0	25,297.0	-5.2%
Customer deposits	3,664.3	3,880.0	5.9%	35,908.9	35,301.1	-1.7%

Exchange rate EUR/MOP - Balance sheet: 9.7996 in dec/20 and 9.0983 in dec/21; P&L 9.1234 in dec/20 and 9.4693 in dec/21

BNU Macao's contribution to CGD Group's consolidated net income for 2021 was €47.9 million.

France branch

Geared to its natural market of the Portuguese community in France, the branch also services other (particularly Portuguese-speaking) communities and assists Portuguese companies operating in France, both in the sphere of bilateral trade between the two countries as in the freedom to provide services.

The year 2021 continued to be marked by the Covid-19 pandemic in France, as economic activity also continued to be affected by health restrictions. Over the months, however, the French economy has demonstrated its capacity to adapt to the pandemic, enabling it to achieve solid economic recovery. France's economy grew by approximately 6.7% across the year as a whole, mainly fuelled by domestic demand in the form of private consumption (up 4.5%), public consumption (up 6.2%) and investment (up 11.7%), as the contribution of the external component was weak.

The branch's commercial operations were performed in an atypical macroeconomic context, marked by political and administrative decisions in 2021. Reference should be made, on the one hand, to a slight 1% decrease in lending in comparison to 2020 – badly affected by the restrictive risk policy − in which strong growth of 7.8% had been recorded and, on the other, an increase in resource-taking in the form of customer deposits (up 1.7%, following the increase of 9.3% in 2020) and transfers (up 10.2%, following a drop of 1.8% in 2020).

Special mention should be made of the branch's endeavours in respect of state-backed loans of €90.5 million across the year as a whole. This was up 4.6% over the preceding year.

As such, the branch's performance in the French market generated operating profit which was up €3.7 million over 2020 to €27.4 million. An essential contribution to such favourable development was mainly in the form of a €7.3 million reduction of impairment and provisions and a €2.4 million reduction of structural costs as total operating income was down 6.1% by €6 million over the same period last year.

FRANCE BRANCH - INDICATORS

(EUR million)

	2020-12	2021-12	Change Total	Change (%)
Net interest income	72.1	73.0	0.8	1.2%
Total operating income	98.4	92.4	-6.0	-6.1%
Operating costs	62.0	59.6	-2.4	-3.9%
Net op. income before impairments	36.4	32.8	-3.6	-9.9%
Provisions and impairments	12.7	5.4	-7.3	-57.4%
Net income	15.5	19.4	3.9	25.1%
Net assets	3,248.1	3,337.1	89.0	2.7%
Loans and adv. to customers (net)	2,668.2	2,641.6	-26.6	-1.0%
Customer deposits	2,779.9	2,826.0	46.1	1.7%

The contribution of the France branch to CGD Group's consolidated net income was EUR 19.4 million, which corresponds to an increase of 25.1% over the previous year's income.

Banco Caixa Geral Angola

Banco Caixa Geral Angola) is an Angolan institution with a majority Caixa Geral de Depósitos group shareholding and was the first private banking institution to operate in Angola after independence.

BCGA specialises in the large and medium sized enterprises segments, particularly oil and gas and affluent retail customers with levels of service of excellence. It has a presence in 9 of the country's 18 provinces with 29 branches, 4 corporate centres, 1 specialised corporate hub for companies operating in the oil and gas sector and 1 specialised hub for large companies.

BCGA's net interest income was up 32.1% over 2020 to 36,539 million kwanzas.

The exchange rate policy measures implemented by the government enabled the central bank to reverse the national currency's trend to depreciation against the dollar and euro in 2021, in appreciating by around 26.93% against the euro, bringing a cycle of marked depreciation starting 2018 to an end.

Income from services and commissions was up by 17.7% year-on-year, achieving a positive level of performance in the face of strong regulatory restrictions imposed by the National Bank of Angola. The highest levels of earnings from commissions were foreign exchange transactions, overdraft limits, fees associated with POS and ATM terminals, domestic transfers and fees on the issue of bank guarantees.

Structural costs were up 9.3% in local currency.

Net operating income before impairment was up 24.7% year-on-year to 28,990 million kwanzas, fuelled by the increase of total operating income, based on higher levels of interest and similar income in net interest income.

BCGA's net assets were up 21% year-on-year to 739,406 million kwanzas. This increase mainly derives from the growth of credit and cash and cash equivalents at central banks.

The credit portfolio was up by a positive 46.0% over the same period last year. Credit overdue in December was up 49.7% year-on-year, with a hedge ratio (provisions/overdue credit) of 120% and default ratio of 7%.

The 17.4% increase in deposits particularly derived from a 24.4% increase of foreign currency resources, reflecting a change in strategy that started to focus more on retention (with a higher growth of deposits than of current accounts) in addition to more aggressive deposit-taking campaigns. Domestic currency resources, benefiting from customers' confidence in the effective availability of their deposits, were up 9.4% year-on-year.

BCG ANGOLA - INDICATORS

	(EUR million)			(AOA million)		
			Change			Change
	2020-12	2021-12	(%)	2020-12	2021-12	(%)
Net interest income	42.1	49.3	17.3%	27,655	36,539	32.1%
Total operating income	63.9	66.8	4.6%	42,017	49,503	17.8%
Operating costs	28.6	27.7	-3.0%	18,766	20,513	9.3%
Net op. income before impairments	35.4	39.1	10.6%	23,251	28,990	24.7%
Provisions and impairments	19.0	-14.0	-	12,481	-10,373	-
Net income	19.5	43.4	122.5%	12,817	32,135	150.7%
Net assets	769.3	1,157.4	50.4%	611,043	739,406	21.0%
Loans and adv. to customers (net)	140.0	254.2	81.5%	111,198	162,373	46.0%
Customer deposits	654.3	955.4	46.0%	519,678	610,326	17.4%

Exchange rate EUR/AOA - Balance sheet: 794.2700 in Dec/20 and 638.8400 in Dec/21; P&L: 657.1824 in Dec/20 and 740.5309 in Dec/21.

BCG Angola's contribution to CGD Group's consolidated net income totalling €43.4 million in 2021.

BCI Mozambique

Mozambique's economy, in annual terms, grew 3.36% in third quarter 2021, showing improvement over the preceding quarter's positive performance of 1.96% and an acceleration of 454 bps in comparison to the same period of the preceding year. Accordingly, in cumulative terms, GDP recorded growth of 1.78% up until the third quarter of the year against retraction of 1.18% for the same period 2020, according to data released by the National Statistics Institute.

This performance follows the relaxation of the imposition of restrictions to contain the spread of the new coronavirus pandemic on a national and international level and a reduction of daily Covid-19 infections, that helped to open up the domestic economy. This opening up process was more beneficial to the hospitality and catering, extractive industries and agriculture sectors and contributed to a majority participation of such sectors in the economy, accounting for a cumulative proportion of 23.06% of GDP.

The year 2021 witnessed a hike in inflation to 6.74% year-on-year in December 2021 (against the preceding year's 3.52%) as opposed to the IMF Forecast of 6.17%.

As regards this unfavourable evolution of the consumer price index reference should be made to the impact of the upward revision of fuel and transport prices (reflecting oil price increases), across-the-board hikes in international prices owing to the crisis in the goods supply chain, as well as the prevalence of uncertainties over the extension and magnitude of the impact of the Covid-19 pandemic on the economy.

The metical appreciated against the dollar (14.78%), rand (21.48%) and euro (21.33%) in the domestic market in 2021, reflecting higher external demand and the favourable evolution of the prices of Mozambique's main export goods as well as the depreciation of the referred to currencies on the international market.

The macroeconomic scenario described in 2021 enabled Banco Comercial e de Investimentos (BCI) to expand its activity, allowing it to consolidate its leading position in Mozambique's banking system in the three main market share areas of credit, deposits and assets to 26.3%, 25.4% and 22.9% at the end of December 2021.

The evolution of BCI's branch office network reflects consolidation of the bank's presence and its focus on achieving greater efficiency and profitability, in addition to the constraints imposed by Covid-19 across 2021, having ended the year with 210 branches (211 in 2020), 549 ATM (587 in 2020) and 14,833 POS terminals (16,705 in 2020).

In terms of balance sheet analysis, net assets were down 3.5% to 184,394 million meticais, in comparison to 191,144 million meticais in December 2020. This evolution essentially reflects a combination of the following items: loans and advances to credit institutions (down 15,758 million meticais), loans and investments to customers portfolio (net) (down 1.192 million meticais) and debt securities (up 15,417 million meticais).

The loans and advances to customers portfolio (net) was down 1.8% by 1,192 million meticais year-on-year to 66,093 million meticais against 6,285 million meticais in 2020. It was influenced by, on the one hand, the lower volume of disbursements, as a consequence of the current adverse economic environment impacted by Covid-19, and, on the other, a reduction of consigned resources and foreign currency loans owing to the appreciation of the metical. These in turn were attenuated by the growth of 2,305 million meticais in the domestic currency credit portfolio.

Customer deposits were down 3.5% over 2020 to 145,783 million meticais in December 2021, essentially owing to the exchange rate effect.

The loans-to-deposits ratio in December 2021 stood at 45.3%, up 0.6 p.p. over the same period 2020 (44.7%).

Equity of 22,829 million meticais, up 2,928 million meticais over 2020, reflected a combination of the incorporation of net profit in 2020, dividend payment and the effect of net profit for 2021.

The solvency ratio stood at 23.62% at the end of the year. This was well above the Bank of Mozambique's legally required minimum of 15%.

BCI MOZAMBIQUE - INDICATORS

	(EUR million)			(MZN million)		
	2020-12	2021-12	Change (%)	2020-12	2021-12	Change (%)
Net interest income	138.0	175.5	27.1%	10,890.3	13,448.6	23.5%
Total operating income	189.1	240.2	27.0%	14,918.2	18,407.1	23.4%
Operating costs	99.2	107.9	8.8%	7,827.3	8,271.4	5.7%
Net op. income before impairments	89.9	132.2	47.1%	7,090.9	10,135.7	42.9%
Provisions and impairments	48.4	44.0	-9.0%	3,819.2	3,375.8	-11.6%
Net income	27.7	55.3	99.5%	2,187.2	4,239.4	93.8%
Net assets	2,107.0	2,563.5	21.7%	191,144.7	184,394.3	-3.5%
Loans and adv. to customers (net)	741.7	918.9	23.9%	67,285.2	66,093.1	-1.8%
Customer deposits	1,657.7	2,026.7	22.3%	150,384.9	145,782.9	-3.1%

Exchange rate EUR/MZN - Balance sheet: 90,7200 in Dec/20 and 71.9300 in Dec/21; P&L: 78.8916 in Dec/20 and 76.6410 in Dec/21.

BCI's net profit of 4,239 million meticais in 2021 was up 93.8% over 2020. This increase is explained by the good performance of total operating income together with control of the cost structure.

Total operating income amounted to 18,407 million meticais, against 14,918 million meticais in the same period 2020, driven by the 23.5% improvement of net interest income over 2020, to 13,449 million meticais, owing to the sharp hike in interest rates. Non-interest income posted a year-on-year improvement of 25.3% over the same period last year to 5,446 million meticais, with net commissions, up 602 million meticais, being particularly in evidence, following the higher level of transactionality of electronic channels and other operating income that was up 381 million meticais, reflecting a larger volume in recoveries of written-off loans and interest on credit.

Structural costs remained under control, with growth in employee and general administrative costs below inflation, as a result of containment and enhanced operational efficiency measures, combined with the favourable exchange rate impact, achieving a cost-to-cost ratio of 43.78% (51.36% in December 2020).

BCI Moçambique contributed €55.3 million to CGD group's consolidated profit in 2021.

1.4.5. Separate activity[4]

Results

CGD's separate activity, comprising its operations in Portugal and its France and East Timor branches generated net profit of €441.5 million in 2021 (up 5.4% over 2020).

In the case of CGD's core activity, reference should be made to the growth of 10.5% in income from services and commissions to €464.4 million and the reduction of net interest income, that, at €660.5 million, was down 10.9% by €80.9 million over the end of 2020. Income from financial operations, in 2021, however, offset the fall in net interest income, with an increase of €109 million over 2020. All of these variations translated into a slight €8.2 million increase in total operating income from banking activity in December 2021 (up 0.6% over the same period of the preceding year).

Operating costs continued their downward path, by 13.1% or €83.1 million over 2020. There were decreases in employee cost components (down 21.5% by €79.7 million) and general administrative costs (down 6% by €11.4 million) offset by a €7.9 million increase of depreciation and amortisation owing to continuing investment in technology and, particularly, digital platforms. As a result of such evolution, net operating income before impairment was up 13.4% by €91.3 million over 2020 to €770.5 million in 2021.

Growths of €7.4 million and €61.4 million in provisions and impairment and taxes, respectively, led to a €22.5 million increase in net income for the period from CGD's separate activity in December 2021.

INCOME STATEMENT (SEPARATE)

(EUR thousand)

		Restated		Change (vs. Restated)	
	2020-12	2020-12	2021-12	Total	(%)
Interest and similar income	1,070,070	1,107,766	1,005,004	-102,762	-9.3%
Interest and similar costs	365,811	366,403	344,525	-21,878	-6.0%
Net interest income	704,259	741,363	660,479	-80,884	-10.9%
Income from equity instruments	91,529	91,529	71,172	-20,357	-22.2%
Net interest income incl. income from eq. investm.	**795,788**	**832,892**	**731,651**	**-101,241**	**-12.2%**
Fees and commissions income	509,310	508,928	562,652	53,723	10.6%
Fees and commissions expenses	88,752	88,752	98,272	9,520	10.7%
Net fees and commissions	420,558	420,176	464,379	44,203	10.5%
Net trading income	22,758	22,758	131,750	108,992	478.9%
Other operating Income	34,696	40,132	-3,653	-43,785	-
Non-interest income	**478,012**	**483,066**	**592,475**	**109,409**	**22.6%**
Total operating income	**1,273,800**	**1,315,958**	**1,324,126**	**8,168**	**0.6%**
Employee costs	363,924	371,248	291,595	-79,653	-21.5%
Administrative expenses	192,059	190,532	179,136	-11,396	-6.0%
Depreciation and amortisation	74,848	75,041	82,941	7,900	10.5%
Operating costs	630,832	636,821	553,672	-83,149	-13.1%
Net operating income before impairments	**642,968**	**679,137**	**770,454**	**91,317**	**13.4%**
Credit impairment (net)	154,536	119,500	19,938	-99,561	-83.3%
Provisions and impairments of other assets (net)	-61,484	-6,716	100,267	106,983	-
Provisions and impairments	**93,052**	**112,784**	**120,205**	**7,422**	**6.6%**
Net operating income	**549,916**	**566,354**	**650,249**	**83,895**	**14.8%**
Income Tax	**143,377**	**147,298**	**208,715**	**61,417**	**41.7%**
of which: Contribution on the banking sector	27,565	27,565	28,555	991	3.6%
Net income	**406,539**	**419,056**	**441,534**	**22,479**	**5.4%**

Balance sheet

Net assets from the separate activity of CGD were up 12.8% by €10.9 billion over the preceding year to €96,368 million at the end of 2021. Decisive contributions were made by the increases of €12.6 billion in

[4] The 2020 accounts of the separate activity were restated for comparability purposes due to the merger of Caixa Leasing e Factoring SA into Caixa Geral de Depósitos SA in December 2020.

cash and cash equivalents at central banks and a 3.3% increase of €1.4 billion in loans and advances to customers over December 2020. These variations increased liquidity levels and were essentially generated by the growth of resource-taking from the ECB under the TLTRO programme, together with the evolution of the commercial gap, which was influenced by the marked increase in customer deposits, which was disproportionate to the growth of loans and advances to customers.

This was offset by the €3.2 billion reduction of securities investments.

On the liabilities side, growth in December 2021, in comparison to the same period 2020, is explained by the already referred to increase of €4.7 billion in the resources of central banks and €6.1 billion increase in customer resources.

BALANCE SHEET (SEPARATE)

(EUR million)

		Restated		Change (vs. Restated)	
ASSETS	2020-12	2020-12	2021-12	Total	(%)
Cash and cash equivalents with central banks	9,513	9,513	22,082	12,568	132.1%
Loans and advances to credit institutions	2,129	2,129	2,236	106	5.0%
Securities investments	24,866	24,866	21,708	-3,158	-12.7%
Loans and advances to customers	44,174	44,174	45,613	1,439	3.3%
Non-current assets held for sale	208	208	121	-88	-42.0%
Intangible and tangible assets	517	517	559	43	8.3%
Investm. in subsid. and associated companies	1,301	1,301	1,265	-36	-2.8%
Current and deferred tax assets	1,699	1,699	1,535	-164	-9.7%
Other assets	1,043	1,043	1,250	206	19.8%
Total assets	**85,452**	**85,452**	**96,368**	**10,917**	**12.8%**
LIABILITIES					
Central banks' and credit institutions' resources	2,532	2,532	7,216	4,684	185.0%
Customer resources	65,978	65,978	72,092	6,114	9.3%
Debt securities	1,371	1,371	1,790	419	30.5%
Financial liabilities	921	921	381	-540	-58.7%
Provisions	996	996	933	-63	-6.3%
Subordinated liabilities	1,117	1,117	1,118	01	0.1%
Other liabilities	4,730	4,730	4,694	-35	-0.7%
Sub-total	**77,645**	**77,645**	**88,224**	**10,579**	**13.6%**
Shareholders' equity	**7,807**	**7,807**	**8,145**	**338**	**4.3%**
Total	**85,452**	**85,452**	**96,368**	**10,917**	**12.8%**

Capital management

Shareholders' equity was up €338 million over 2020 to €8,145 million at the end of 2021.

SHAREHOLDERS' EQUITY (SEPARATE)

(EUR million)

	Restated		Change	
	2020-12	2021-12	Total	(%)
Capital	3,844	3,844	0	0.0%
Other capital instruments	500	500	0	0.0%
Revaluation reserves	256	244	-12	-4.8%
Other reserves and retained earnings	2,788	3,115	328	11.8%
Net income for the year	419	442	22	5.4%
Total	7,807	8,145	338	4.3%

CET1 and total ratios, at 31 December 2021, calculated on a separate basis under CRD IV / CRR rules were 20.5% and 22.3%, respectively.

Information on amounts of own funds and capital ratios for the end of 2020 and 2021 is given below:

SOLVENCY RATIOS (SEPARATE)

(EUR million)

	CRD IV / CRR Regulation	
	2020-12	2021-12
Own funds		
Common equity tier 1 (CET 1)	6,916	6,854
Tier 1	7,416	6,854
Tier 2	600	600
Total	8,016	7,454
Weighted assets	**33,751**	**33,408**
Solvency ratios		
CET 1	20.5%	20.5%
Tier 1	22.0%	20.5%
Total	23.8%	22.3%

Notes: The figures shown apply to the phasing-in and full implementation stage and are in line with the COREP (Common report). They include positive net income for the period under the terms of no. 2 of article 26 of regulation (EU) 575/2013.

For the calculation of own funds and separate prudential ratios at 31 December 2021, as reported to the supervisor, a net profit of €200.5 million was considered under no. 2 or article 26 of regulation (EU) 575/2013 and article 5 of decision (EU) 2015/656 of the European Central Bank of 4 February 2015 (on the inclusion of interim or year-end profits in common equity tier 1 capital, which amount was calculated on net accounting income from the separate perimeter of €441.5 million net of €241.1 million for the maximum amount of distributable dividends (calculated in accordance with recommendation ECB/2020/62 of 15 December 2020 on dividend distributions during the Covid-19 pandemic). During this period, the ECB adopted a set of measures to ensure that banks maintain their ability to absorb losses and strengthen their ability to support the economy, the details of which are described in the section "Changes to the regulatory and supervisory framework" of the "Capital Management" chapter of the consolidated activity.

Considering the provisions of no. 2 of article 28 of the EU delegated regulation 241/2014, the ratios calculated for December 2021 exclude the amount of €500 million in AT1 *bonds*, in accordance with the authorization issued on 28 January 2022 by the ECB to exercise the respective early redemption in March 2022.

Main aggregates contributing to the annual variation of the separate CET1 ratio

The variation of the CET1 ratio between December 2020 and December 2021 is explained by the combination effect of the reductions of own funds and risk-weighted assets (RWAs):

- CET1 funds were down by around €61.8 million. This represents an 18 basis points (bps) reduction of the CET1 ratio and is essentially the result of the contribution of the following components:
  - Net income of around €200.5 million calculated in own funds was the main component to make a positive contribution accounting for 59 bps of the variation of the CET1 ratio;
  - The negative variation of around €7 million in other reserves and retained earnings translated into a decrease of around 2 bps of the variation of the CET1 ratio, essentially explained by actuarial deviations of around €342.1 million related to employee benefits, distribution of €300 million in extraordinary dividends from reserves and additional tier 1 interest expenditure of €53.8 million.
  - The negative variations of around €12.2 million in revaluation reserves which translated into a decrease of round 4 bps in the variation of the CET1 ratio.
  - The increase of around €49.7 million of deductions related to intangibles, translating into a decrease of around 15 bps in the variation of the CET1 ratio, and:
  - The deduction of around €188.2 million related to the excess coverage of the pension fund (combination effect of the reduction of liabilities and improvement in the fund's performance), which translated into a decrease of 56 bps in the variation of the CET1 ratio.

- The reduction of €342.6 million in RWAs contributed 21 bps to the variation of the CET1 ratio. This variation is essentially explained by the following factors:
  - Growth of the mortgage loan portfolio in domestic activity, with an impact of €328 million on RWA (-20 bp in the CET1 ratio).
  - Reduction in the fund portfolio which, together with the application of the regulatory changes provided for in Regulation no. 876/2019 on the new approaches to the calculation of positions on collective investment undertakings, contributed to the decrease in RWA by €300 million (+19 bp in the CET1 ratio);
  - Reduction in the non-performing asset portfolio and in the non-current assets held for sale portfolio, with an overall contribution of around €289 million in the reduction of RWA (+18 bp in the CET1 ratio).

SREP capital requirements on separate activity for 2021

In terms of its separate activity, CGD must permanently maintain a level of own funds and liquidity on the basis of regulation (EU) no. 575/2013, the national legislation transposing directive 2013/36/EU and any national liquidity requirements applicable in the sense of article 412, no. 5 of regulation (EU) no. 575/2013:

SREP - CAPITAL REQUIREMENTS (SEPARATE)

(%)

	2021
Common Equity Tier 1 (CET1)	**7.00%**
Pillar 1	4.50%
Capital Conservation Buffer (CCB)	2.50%
Tier 1	**8.50%**
Total	**10.50%**

The capital ratios achieved allowed CGD a comfortable margin to its requirements.

CAPITAL SURPLUS - SEPARATE ACTIVITY

(%)

	CRD IV Rules	
	31-12-2020	31-12-2021
Surplus (buffers)		
CET 1	13.5%	13.5%
Tier 1	13.5%	12.0%
Total	13.3%	11.8%

CGD employees' Pension Fund and Healthcare Plan

Pension liabilities for CGD retirees totalled €3,429.8 million and €3,299.6 million at 31 December 2020 and 2021, respectively, down €130.2 million.

Around 107.85% of pension plan liabilities were funded at the end of 2021 (100% in the case of retirees and 96.8% for working employees). The pension fund's effective yield outperformed expectations and resulted in a positive income deviation of around €150 million. CGD also recognised actuarial gains of around €179 million associated with liabilities. The negative actuarial deviations associated with pension liabilities at the end of the year were around €735.5 million (against €1,082.7 million in 2020).

The liabilities associated with CGD employees' post employment medical benefits – healthcare plan **–** were fully provisioned, at 31 December 2020 and 2021 at €524.8 million and €356.5 million, respectively. Actuarial deviations associated with the healthcare plan at the end of the year totalled around €166.7 million (against €175.5 million in 2020).

In comparison to the preceding year, and in annual terms, CGD updated the discount rate from 1.05% to 1.35%, keeping the other actuarial assumptions unchanged.

CGD STAFF PENSION FUND IN 2021 - FUND'S MOVEMENTS

(EUR million)

	Fund's movements
Amount of the Pension Fund on 31.12.2020 including liabilities	**3,376.9**
Employees' contributions	17.8
Company ´s regular contributions	55.7
Pensions paid	-76.8
Net yield of Fund	185.1
Amount of the Pension Fund on 31.12.2021 including liabilities	**3,558.7**

At December 31, 2021, according to the fund manager's calculations, the fund was worth €3,558.7 million. This amount was sufficient to cover the minimum mandatory funding required by the current regulation governing this category of liabilities, i.e. the need to cover 100% of liabilities for retirees and at least 95% for working employees.

An amount of around €72.9 million was recognised in the employee costs account in the period, €66.5 million of which relative to the normal cost for the year, around €9.8 million for increased liabilities on early retirements, net of €3.4 million in gains associated with voluntary redundancies.

The evolution of actuarial deviations (accumulated) directly recognised in equity which went from a negative €1,082.7 million at the end of 2020 to a negative €753.5 million in 2021, is essentially explained both by the favourable deviation of €179.2 million associated with liabilities and the positive actuarial deviation of around €150 million in pension fund yield.

The yield on CGD's pension fund was 5.61%. The evolution of retirement pension liabilities and contributions over the last five years was as follows:

PENSION LIABILITIES FOR RETIREES

(EUR million)

	2017	2018	2019	2020	2021
Pension Liabilities	**2,636.2**	**2,740.1**	**3,226.0**	**3,429.8**	**3,299.6**
Contributions to the Pension Fund	56.1	190.9	359.0	67.7	55.7
Regular	56.1	61.7	58.0	67.7	55.7
Extraordinary - recorded in liabilities	0.0	129.2	221.5	0.0	,00
Extraordinary - delivered the same year	0.0	0.0	79.5	0.0	,00

The following table shows that liabilities of €524.8 million and €356.5 million for CGD employees' post employment medical benefits at 31 December 2020 and 2021, respectively, have been fully provisioned.

HEALTHCARE PLAN IN 2021

(EUR million)

	Provision
Value of provision at 31.12.2019	**524.8**
Current cost for period	8.3
Gains associated with changing the Plan	-145.4
Contribuition for healthcare services (SS and SAMS)	-22.4
Actuarial gains	-8.9
Value of provision at 31.12.2020	**356.5**

The actuarial gains referred to in the table derive from a revision of the calculations of medical plan liabilities. The cumulative balance of the actuarial deviations at 31 December 2021 amounted to €166.7 million.

Gains of €145.4 million associated with changes to the plan are associated with a new agreement entered into between CGD and its Social Services (SS CGD) on 30 April 2021, in which reference should be made to the change in CGD's contribution scheme for Social Services from a fixed rate of 6.5% to a different monthly fixed amount depending on the status of the subscriber (working, retired and other beneficiaries).

1.5. Risk management

The officer ultimately in charge of CGD's risk management function is its "chief risk officer" or "CRO", who is 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 is also responsible for providing information to and clarifying issues with the management and supervisory bodies on the risks incurred, CGD's and CGD group's global risk profile and level of compliance with the defined risk tolerance levels.

The risk management function in CGD group is based on a governance model that simultaneously aims to comply with best practice on this matter, as set out in Community directive no. 2013/36/EU (EBA/GL/2021/05) and to ensure the soundness and effectiveness of the system for the identification, measurement, monitoring, reporting and control of financial risks (credit, market, liquidity, balance sheet interest rate risk and pension fund) and non-financial (strategy and business, operational, IT, and reputational) risks to which CGD group is or may be exposed.

Risk management is centralised and based on a dedicated structure comprising a risk management division which reports to the CRO. With the objective of incorporating the principle of separation between the owner functions of risk models and the assessment function on their quality, an independent structural body for the internal validation of the risk assessment models used in CGD group was set up in the form of the models validation office.

The risk management division operates in the management and control of CGD group's risk area, with the objectives of achieving stability, solvency and financial strength, ensuring the identification, assessment, measurement, oversight, control and reporting functions on the risks to which CGD group is exposed and the interrelationships among them, to ensure the coherent integration of their part contributions and that they remain in line with the risk appetite statement defined by the board of directors and will not significantly affect CGD's financial situation, continually ensuring compliance and conformity with external standards and respective legal and statutory requirements. It ensures the implementation of CGD's business continuity strategy based on the global coordination and planning of the respective activities and the supervision of such matters in group entities, in addition to mentoring a culture of continuity of group business. It coordinates the performance of transversal exercises, within the framework of regulatory processes or as part of internal initiatives. It controls and ensures the resolution of internally and externally identified recommendations, helping to improve the effectiveness of the internal control system. It disseminates information on and improves the risk culture across CGD group as a whole, increasing the effectiveness and efficiency of risk management across the various group entities.

This information is complemented in chapter 3 on corporate governance where seeks to provide details on the risk governance model within the group in addition to its respective risk policy as set out in its risk appetite statement, providing the market with more detailed information in the sphere of CGD's risk framework.

Main developments in 2021

The year 2021 was marked by several challenges inherent to the Covid-19 pandemic, owing to new variants of the virus, in which the demands on risk management remained high. The focus on gearing activities to minimising the pandemic's internal and economic impacts continued to be accompanied by the respective regulatory requirements on this issue. 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 of the contingency plan, to oversight of the constraints on a branch office and employee level, reporting regularly to management and supervisory bodies. Reference should be made to all of the endeavours made to meet the requirements of 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, considering different macroeconomic scenarios for the evaluation of impacts on impairment and capital requirements and the production of several internal periodic reports for the supervisor.

The results of the stress test across the European Union as a whole were published on 30 July 2021. It included 50 EBA banks, covering approximately 70% of the European banking system, together with high level aggregate results for another 51 significant SSM (single supervisory mechanism) banks. This exercise included two macroeconomic scenarios (base and adverse), starting on the basis of the 2020 balance sheet and with a 3 year timeframe (2020-2023). The exercise involved three formal quality assurance cycles aimed at ensuring a level playing field and adherence to the methodology and represents a key supervisory tool for assessing banks' P2G/P2R requirements.

In spite of this exercise's extremely conservative scenario, CGD's results in terms of capital destruction were better than those of the last fiscal year of 2018 (a negative 288 basis points in 2021 in comparison to a negative 497 bps in 2018), reflecting the robustness of CGD group's capital and liquidity positions and an improvement of its asset quality resulting from the marked, continuous downwards trajectory in terms of its non-performing credit achieved in recent years.

In 2021 DGR continued to implement the risk management function's strategic plan for the 2019-2021 period and completed most of the planned initiatives. The risk management function was continuously strengthened across this period, with particular reference to the following initiatives:

- Implementation of the new organisational risk management function model, based on a matrix approach, providing for greater articulation across all areas and closer, dedicated oversight of issues and projects across the risk management function. Reference should be made to the creation of new transversal teams: internal control, planning and forward looking, transversal projects, data and IT and risk culture, in addition to a specific team dedicated to emerging non-financial risks and responsible for monitoring IT, climate change, reputational and other relevant risks.

- Implementation of new risk management and reporting tools, including the automating of existing reports, in addition to ensuring the integration of a risk vision in the implementation of the "single source of truth" in CGD group, based on 1) the implementation of a new market risk tool, 2) the automating of risk reports, transferring the time spent on collecting and validating information to risk analysis, using intelligent interfaces with drill-down capacities and 3) the integration of risk needs in the implementation of a "single source of truth", including the data of CGD group as a whole and close oversight of its implementation.

- Finalising of the implementation of the corporate risk management function model, based on greater alignment with best governance practice already implemented in CGD headquarters, in addition to a strengthening of the existing functional reporting procedure, highlighting: i) the implementation of holistic risk committees in each of the base model entities, with the presence of CGD group's CRO or the officer directly responsible for the risk management function; ii) the transposition of the new organisational structure of the central risk management function to each of the base model entities, adapted to local circumstances, albeit ensuring compliance with centrally defined requirements and; iii) the strengthening of the functional reporting procedure established by the corporate model, based on the validation and central approval of activity plans, resources, training and budget of each risk management function

Notwithstanding the successes achieved with the implementation of the 2017-20 strategic plan, the commitment to the transformation and strengthening of the function prevails. In this sense, as part of the process of strengthening the risk management function and adapting it to the new needs and external and internal circumstances a new strategic plan for the risk function was developed for the 2022-2024 period as part of CGD group's strategic plan, with the aim of positioning the risk management function as a benchmark organisation in the national banking system.

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.

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, on a level of the prudential consolidation perimeter.

Regulatory capital requirements

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

Risk weighted assets (RWAs) at the end of 2021, amounted to €42,636 million of which 88% related to credit risk, 7.9% to operational risk and the remainder to market risk

For the calculation of credit risk requirements, CGD group has implemented the standardised approach as defined in chapter 2, heading II, part III of regulation (EU) no. 575/2013.

This methodology consists of segmenting the original risk positions into the risk (i.e. exposure) classes defined in article 112 of the referred to regulation. The positions are subject to impairment value adjustments to obtain the risk positions.

Taking into account the guarantees and sureties associated with the positions, the referred to regulation provides for the application of risk reduction techniques for reclassification purposes (personal protection) and/or reduction (real protection) of the positions at risk. The risk positions are weighted according to their final exposure class (after any reclassification) as defined in chapter 4, heading II, part III of the referred to regulation.

For positions at risk in the case of sovereigns, public sector entities, companies, institutions and collective investment undertakings (funds) the supervisory body allows the risk weighting factor to be determined on the basis of credit quality assessments attributed by external credit assessment institutions (ECAIs) it considers eligible (regulation (EC) no. 1060/2009).

For derivatives, repurchase operations, loans contracted for or issued on property or commodities, long term settlement operations and loan operations with the imposition of a margin, the standardised approach for measuring counterparty credit risk (SA-CCR) as defined under regulation (EU) no. 876/2019 of the European Parliament and of the Council has been applied since June 2021.

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

Based on the results of the Supervisory Review and Evaluation Process (SREP), in 2022, CGD should ensure on a consolidated basis a total ratio (TSCR) of 10.00% (of which additional own funds requirement of Pillar 2 (P2R) of 2.00%, to be held at least in the form of 56.25% of CET 1 instruments and 75% of Tier 1 instruments). It should be noted that, compared to 2021, the Pillar 2 requirement defined for CGD shows a reduction of 0.25%, thus reflecting an improvement in the supervisor's perception of the institution's overall risk.

The “Market Discipline 2021” document, scheduled for publication in first half 2022, 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 an 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 that the identification of internal capital needs should support strategic decision-making while, at the same time, aiming to maintain adequate capitalisation on an 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 to 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. The leverage ratio 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) no. 2015/62.

Credit risk

Credit risk is associated with the losses and degree 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.

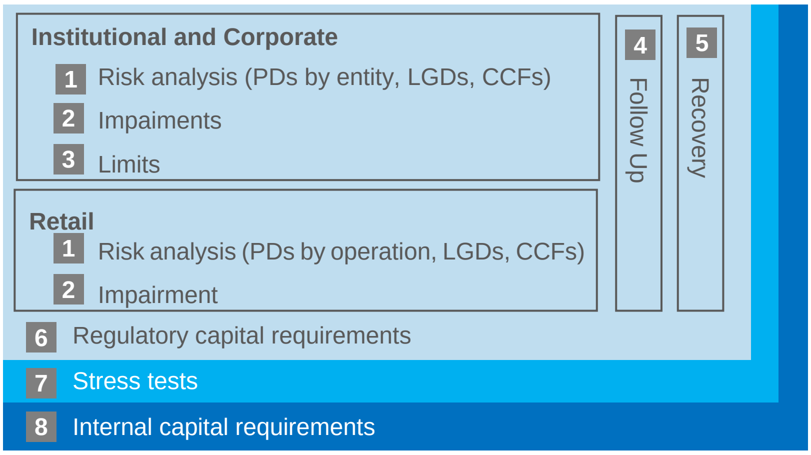
Credit risk is managed and controlled by internal regulations that, based on the use of a rating/scoring system and exposure level, an early warning system and classification of customers as being in financial distress, define the necessary levels of authority for the decision to issue a loan.

Credit and credit risk control portfolios, including compliance with the criteria defined for credit risk decisions are regularly monitored by DGR, based on operational systems which identify events with the potential to increase credit risk on a daily basis, in addition to events that trigger automatic credit markers on credit restructured on account of financial distress or defaults/non-performing exposures. Reports making reference to the performance and perceived quality of the credit portfolio are produced in the following areas 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. These reports are submitted for the consideration of the management bodies and shared with the first line of defence.

Also related to default and the valuation of credit assets, a process for determining impairment losses, overseen by the management body on a monthly basis in accordance with IFRS 9 has been implemented in CGD group, The criteria and methodologies used to calculate impairment are subject to control and audit processes both by the internal bodies responsible for the validation (models validation office and internal audit division) and CGD's external auditors who produce an independent report to be sent to the Bank of Portugal every six months. DGR, on a monthly basis, provides management bodies with information on the evolution of provisions and impaired credit, including portfolio evolution by IFRS 9 stages and their respective level of provisioning and impairment.

The credit risks division (DGR) operates in the area of analysis, issue of opinions and decisions on credit operations, in accordance with the credit regulations and the delegation of authority currently in force and is also responsible for monitoring the defined credit warnings.

Methodology



➊ Risk analysis − CGD group has established a system for the identification, assessment and control of risk on its credit portfolio, encompassing all customer segments and active both at the time when the credit is issued as in the monitoring of risk across the lifetime of the operations.

- All credit operations, upon origination, must 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 they aim to finance, (ii) the suitability 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 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 a customer's global relationship with CGD group, always bearing CGD's credit policy in mind. Real guarantees are normally required for 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 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. This individual analysis includes (i) consideration of diverse, up-to-date information (forthwith, exposure to CGD group and the rest of the banking system, rating(s), information on defaults and 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 to which the proponent belongs 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 credit risk assessment in the case of project finance includes, in the analysis of each project, a category referring to sustainability and a project's socio-environmental impact, with the aim of analysing the project finance's different intervention domains, based on four essential areas: economic profitability, financial viability, social equity and environmental correctness;

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

  - CGD group's project finance portfolio particularly concentrates on projects in the Iberian Peninsula. The safeguarding of a collection of environmental and social obligations is embedded in such countries' legislation and compliance therewith by the respective economic agents is mandatory.

- 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 a collection of internal regulations which establish objective criteria on lending operations to be complied with and the delegation of authority 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).

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

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

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

- Stage 3 − Credit in default.

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

The macroeconomic scenarios supporting the forward-looking aspect of risk factors are updated twice a year by CGD's economic research office, based on 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 collective and individual impairment concepts as described below:

- Collective impairment analysis − 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 analysis − an individual assessment is made on customers with exposures considered to be individually significant. The process involves CGD's and DRC's commercial areas, 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 have any operating cash flow.

In the context of an 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 payment record.

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 to 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 deterioration in 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:

f) Identification of customers potentially more vulnerable to the Covid-19 pandemic, namely as regards their economic-financial capacity and normal debt servicing capacity;

g) Specific risk classification models to respond to the pandemic and complement existing rating and scoring models have been developed for this purpose;

h) Individual assessments on a highly significant number of customers, including exposures associated with activity sectors considered to be more vulnerable;

i) Redefinition of internal processes, including IT developments, aimed at improving the organisation's flexibility to respond to the appearance of any challenges that may ensue at the end of the legal and sectoral moratoria, across 2021;

j) Creation of a new reporting structure to control and monitor the process as a whole and report to management bodies.

❸ Limits − CGD group allocates internal credit limits to improve the flexibility of the process for short term lending to corporates and promotes the use of rigorous, uniform risk criteria, on the different parties involved. In parallel, in order to streamline and standardise the risk analysis of these operations, CGD group has also developed and implemented a model for defining short term corporate exposure limits, based on 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 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, counterparty and group risk profiles are subject to the regular oversight of credit risk analysts.

❹ The credit portfolio's composition and corresponding quality is overseen and analysed In the credit risk control and monitoring sphere. Three monthly reports are produced for this purpose to include the following; i) Evolution of impaired credit, 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 targets; iii) Report on the monitoring of credit portfolio quality; including an assessment of the quality of new credit, by rating, scoring and LTV levels, with oversight of the most significant exposures, in addition to oversight of specific KPIs.

Monitoring 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 on continued adequacy. The follow-up is undertaken by an independent modelling area hub in the risk management division enabling autonomous guidance to be provided on any needs to revise models and information on their use.

❺ Recovery. CGD also has two specialised oversight units: DAP (retail business monitoring division) and DAE (corporate business monitoring division) and a unit for the management and marketing of properties received as payment in kind − real estate business division (DNI):

Oversight of individual customers

Framework

Retail business monitoring division (DAP) is responsible for the management and monitoring of Individual Customers, Individual Business Owners and Companies with exposure to CGD of less than 1 million euros, whose situation advises action measures aimed at the full regularization and recovery of loans granted, including those granted by Group Companies in the case of common customers.

Activity in 2021 focused on the following:

a) Oversight of customers in the post moratoria period, in the form of new debtor under surveillance project measures;

b) Completion of the business outsourcing process, with the contracting of external resources, to provide for the non-compliances expected in the post moratoria period;

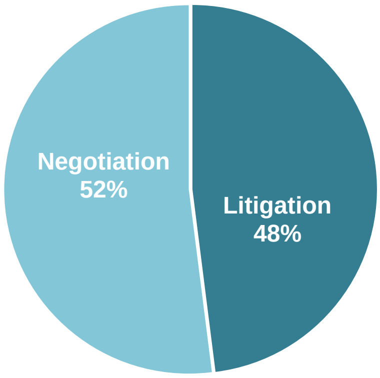
c) Further robotisation, with an expansion of low added value activities;

d) Further improvement, adjustment and development of new Celonis functionalities such as the new oversight and operational control of end-to-end activity analysis tool.

Operational data

At the end of 2021, the portfolio comprised a total of 152,692 customers (57,336 at the negotiation and 95,356 at litigation stages), with an exposure of around €1,379 million, distributed as follows:

GLOBAL EXPOSURE OF PORTFOLIO



- Negotiation (€719 million of which €504 million in loans and advances to individual customers and €214 million to corporates);
- Litigation (€661 million of which €246 million in loans and advances to individual customers and €415 million to corporates).

Global impairment on this portfolio, representing around 23% of the exposure of portfolio customers, was around €317 million. Around 29% (€92 million euros) of such impairment was in the negotiation portfolio and 71% (€225 million euros) in the litigation portfolio.

As regards performance in 2021 and notwithstanding the pandemic and its effects, it was possible to reduce the level of NPL s by €133 million (19.2% of the portfolio of NPLs under management in early 2021).

Considering the performing and non-performing portfolio, total recoveries in 2021 were €365 million. Collections (€261 million euros) continued to be the main form of recovery in accounting for 71% of the amount recovered, followed by cured credit with 24% (€88 million) and credit auctions with 2% (€8 million euros).

Outlook

In addition to day-to-day portfolio management the year 2021 also witnessed special focus on the revision of the recovery model and possibility of expanding the predictive model created for debtors under surveillance across the whole of CGD's credit portfolio, enabling a proactive approach to restructuring solutions with predefined conditions to be adopted.

Oversight of corporate customers

Framework

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. Also responsible for managing CGD's equity investments in corporate and real estate recovery funds.

The corporate business monitoring division has the following priority objectives:

- 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;
- Seek preferential articulation with other banks, through the respective recovery departments in order to facilitate the negotiation process and obtain the best overall solution;
- 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.

Activity in 2021

The year 2021, as in previous years, witnessed consolidation of the stabilisation of the governance model defined in the framework of the structuring transversal project for the oversight and recovery of CGD's credit, in 2015, and the initiatives established for this purpose.

Committed to the ongoing furtherance of the bank's strategic plan in 2021, the corporate business continued to focus on reducing NPLs, having succeeded in deleveraging € 214 million of NPLs, in the form of cash recoveries (depreciation and settlements) of around €122.8 million, cured credit of around €17.8 million, credit disposals in single tickets (1 individual sale) of €70 million and receipt of payments in kind/auction sales of €670,000. It also allowed the cancellation of €17.4 million in bank guarantees and recovery of €14.8 million in debt write-offs.

The "Intermediate Recovery Area" pilot project was implemented In 2021 with the objective of analysing DGR's selection of case files in a situation of potential default risk or in which there may be a significant deterioration of risk owing to the pandemic. These case files continued to be managed by commercial areas with the corporate business segment having issued recommendations for actions to be taken on each case file, which recommendations were submitted to and decided by the credit risk executive committee (CERC). The project included 28 case files with a total exposure of around €560 million. In situations in which it was concluded that a more complex recovery intervention was needed, eight case files were latterly assigned to the corporate business segment.

During the course of the year and in line with CGD's strategy, both in the case of case files under its management and case files analysed under the pilot project, the aim was to implement recovery solutions that would provide economic support owing to the existence of the pandemic and energy and raw materials crises which were responsible for a huge increase in production costs. There were no credit portfolio disposals and only one individual sale took place.

As a result, most of the restructuring measures implemented in 2021 resulted in an extension to the maturity of loans, increase in the number of and dilution of instalments, to enable customers to service their debts.

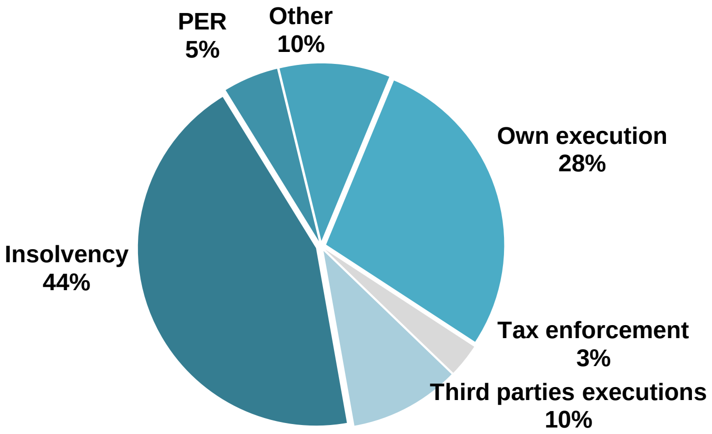
2021 also witnessed strong focus on a proactive, preventive identification strategy for potential defaults. This is exemplified by the "Distressed debtors" questionnaires as filled in across the whole of CGD's commercial area and the above referred to intermediate recovery area pilot project, in which the corporate business segment issued 28 opinions.

Litigation, owing to the measures to contain the pandemic that led to the very low number of new court cases, witnessed an acceleration in the resolution of old cases, allowing the release of funds held by the courts. This has allowed a large amount to be recovered from distributions. Around €40 million of the approximately €60 million of cash held by the courts, was disbursed. Disbursements were made in 18 out of the 20 situations involving greater materiality, with only 2 ongoing.

It should be noted that, in addition to the follow-up of exclusively litigation cases, the corporate business litigation also supports the negotiations areas in the relationship with the courts, as regards PER (corporate revitalisation) customers or insolvencies involving recoveries.

The legal office, in 2021, oversaw and controlled 561 court cases involving 326 customers, with the following distribution:

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



At the same time, with regard to environmental issues, all of the sustainability measures implemented by CGD, particularly focusing on a paperless strategy, whose contributions proved to be more significant, continued to be adopted.

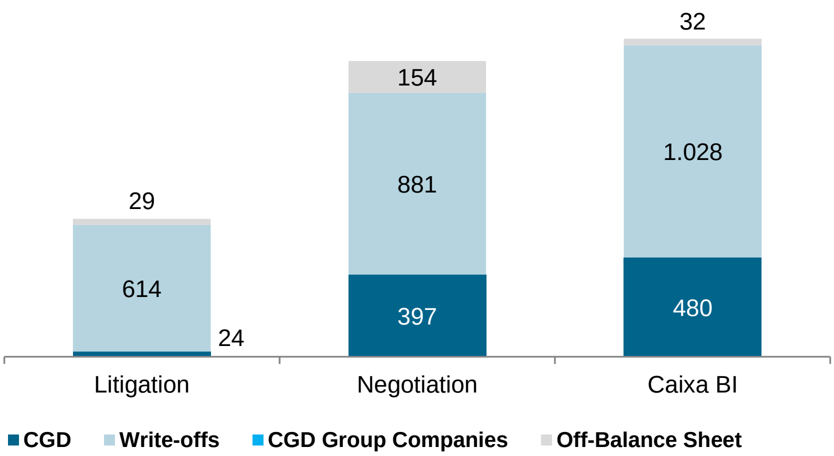
As in the preceding year, 2021 was an atypical year, marked by the Covid-19 pandemic, in which the corporate business segment continued to show enormous resilience and capacity to relearn and adjust its work, fulfilling its mission and attaining its objectives.

In December 2021, the portfolio amounted to around €3.6 billion with 80.6% of the debt under management referring to the 50 largest case files accompanied by the corporate business.

As illustrated in the graphic below, debt under management is distributed among the negotiations area, with €1.4 billion under management, litigation with €667 million under management and CaixaBI with €1.5 billion under management:

CORPORATE BUSINESS CREDIT PORTFOLIO

(EUR million)



Debt under management includes around €2.5 billion in write-offs which are still subject to credit recovery operations.

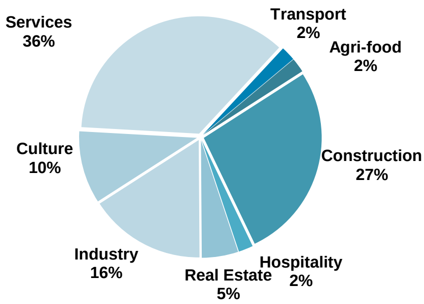
The volume of credit under management is spread over a total of 640 case files, of which 417 are NPEs. Customers are distributed as follows: 295 case files in the negotiating area, 327 in the litigation office and 18 in CaixaBI.

As in 2020, the pandemic led many business sectors to their worst ever results in 2021, essentially on account of the reduction of orders/customers and the containment measures adopted.

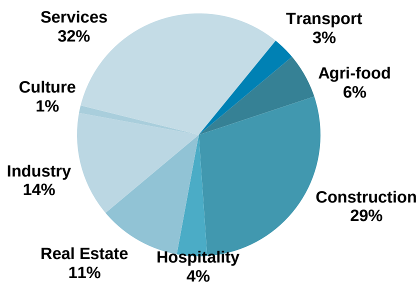
This impact was particularly evident on a level of hotels and catering, transport and leisure and cultural activities. Industrial activities were also heavily penalised by disruptions of supplies, factory closures and contracting demand.

Reference is made below to the relative proportion of the various sectors of activity, in terms of debt volume and number of case files in the corporate business portfolio in December 2021:

EXPOSURE BY SECTOR



CLIENTS BY SETOR



The trend towards risk dispersion by customers' business sectors in 2021 mirrors the effect of the Covid-19 pandemic crisis and adoption of containment measures, which, even so, were minimised by government support for business. As opposed to initial expectations, with the end of the moratoria, economic evolution, except for tourism, catering and culture, was more positive than expected and the initial forecast of an enormous inflow of NPLs failed to materialise.

Real estate disinvestment

Background

The activity of the real estate business division involves the integrated management of real estate, supporting the strategy outlined for CGD group, in its issuance of real estate opinions in support of financing or acquisition decisions, oversight of operations to build up real estate collateral, as well as in the management and marketing of the properties to be divested, in order to minimise risk and maximise shareholder value

Activity in 2021

On the divestment side, there was an inflow of real estate resulting from historically low credit recovery, in which the stock of held-for-sale properties decreased by around 25% over 2020, with sales of around €150 million in terms of gross book value, reinforcing the downward trend in the share of non-current assets held-for-sale in the balance sheet.

More than 50% of the sales were financed by CGD based on the across-the-board objective of "transforming investors into customers".

As regards the type of real estate, in addition to housing whose performance continued to be excellent, the demand for property associated with logistics was greater than for retail property.

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 and therefore derives from uncertainty over price fluctuations and market rates such as the prices of shares and indices or interest rate or foreign exchange, credit spreads in addition to the price of commodities and on the behaviour of the correlations between assets or 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: price, interest rate, exchange rate, credit rates, volatility and commodities. The market risk measurement and monitoring perimeter covers operations involving equity risk, with management partitions by geographic unit or portfolio. Market risk management aims to set the goalposts for potential losses and seeks to optimise the relationship between the level of exposure assumed and the expected benefits.

The financial markets front office, in which the financial markets division operates is responsible for the day-to-day management of market risk and 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 and analysing 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 provided for on a daily basis. The second main aspect of change, involving the rotation of positions, is also monitored daily and enables fortuitous operational events or changes in the profile of portfolios or their risk profile to be identified.

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 in 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 maximum admissible losses in the form of loss warnings, loss triggers or stop losses. This practice aims to preventatively classify market risk exposure in the sphere of the risk appetite framework.

The use of market risk and acceptable loss limits is 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 CGD 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 higher amount of the loss 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 which is, in several cases, complemented by sensitivity limits on variations 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 timelines considered 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 2021 in the form of 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.

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 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 these indicators on a daily basis, having designed a comprehensive VaR report structure comprising expected shortfalls, three worst scenarios, sensitivity analyses, 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 and currency portfolios.

Foreign exchange risk is separately 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.

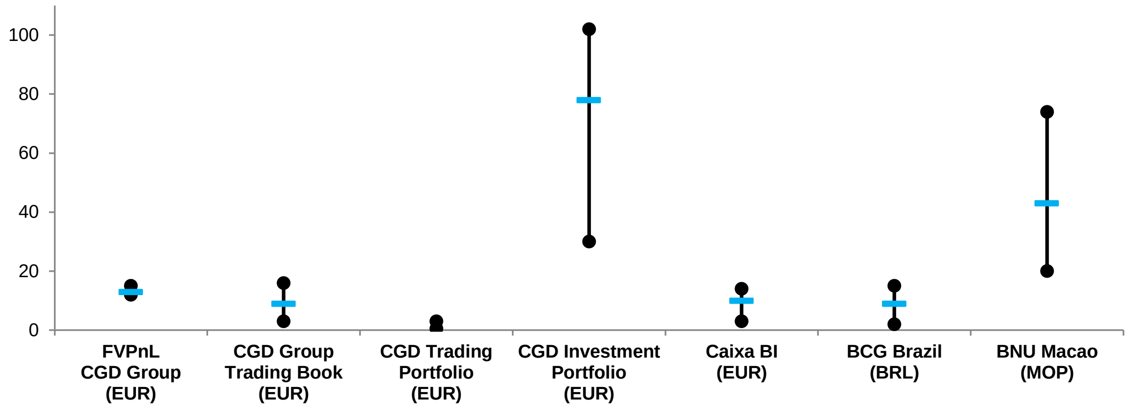
The VaR model is continuously put to the test, either through its day-to-day use or theoretical daily backtesting exercises, as well as a real monthly assessment of backtesting values for the most relevant management perimeters.

The number of exceptions obtained i.e. the number of times technical or clean losses exceed VaR, in addition to the conditional and unconditional coverage tests, enable the model's accuracy to be assessed and adjustment weighting measures to be introduced, if necessary.

The following are the minimum, mean and maximum VaR values in 2021 for the most relevant perimeters:

MARKET RISK INDICATORS

(Currency in million)



Market risk on the prudential trading portfolio was slightly up over the year at €4.4 million against €3.5 million in 2020, with an average value of €5 million. Market risk on managed portfolios has decreased, mainly through a reduced exposure to sovereign debt.

Pension fund risk

The group maintains defined benefit pension schemes for its former and working employees. The capacity to meet pension plan liabilities is achieved on the basis of asset portfolio management and members' contributions. Pension fund risk arises because the market value of pension fund assets may deteriorate, returns on investments may decrease or the estimated amount of pension liabilities may increase.

The group monitors the risks arising from its defined benefit pension plans and seeks to provide for any shortfalls and resolve deficiencies. Participants may opt to make additional contributions to the pension fund.

The main defined benefit plan was closed to new beneficiaries in 2012.

Methodology

The assessment of defined benefit plans is adversely affected by a protracted fall in discount rates owing to a persistent downturn in interest rate/credit spread levels, for which the change in an internal reference curve for the discount rate on fund liabilities is regularly monitored.

The value of pension fund assets and the degree of coverage of the present amount of liabilities is 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. Put in different words it is the risk of the occurrence of a change in the interest rate associated with the mismatching of maturities and revision of interest rates 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 refixing 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.

Methodology

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

Balance Sheet Interest Rate Risk

SAS ALM (software)

Group information

Interest Rate Risk on Balance Sheet

1 Management information

Interest Rate Gap
Duration Gap
Capital Economic Value
Sensitivity Analysis

Net Interest Income (Earnings at Risk)
Capital Economic Value (Economic Value at Risk)

2 Prudential information

Short Term Exercise - Interest Rate Risk on the Banking Book

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 able to define the most adequate exposure level and control the results of the different risk policies and positions assumed.

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

The following table sets out the interest rate gap (repricing gap) in CGD group's balance sheet at the end of 2021.

INTEREST RATE GAP, AT 31 DECEMBER 2021 *

(EUR million)

	<= 1W	>1W <=1M	>1M <=3M	>3M <=6M	>6M <=12M	>12M <=3Y	>3Y
Total assets	27,854	8,213	15,333	13,230	8,938	4,884	17,441
Total liabilities + capital	21,946	2,107	7,016	9,587	17,679	15,710	16,746
Total interest rate swaps	10	90	135	171	485	149	-980
Gap for period	5,918	6,196	8,452	3,814	-8,256	-10,677	-285
Accumulated gap	5,918	12,114	20,566	24,380	16,124	5,477	5,162

*Perimeter: prudencial banking

The size of the exposure to interest rate risk in December 2021 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 €16,124 million is indicative of the levels of sensitivity of net interest income to adverse changes in interest rates in line with the group's risk appetite.

In the context of regulatory interest rate reporting risk commitments, the European Central Bank's supervisory model, in the framework of the SSM includes quarterly short term data collection exercises designed 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 revision 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 flows involving monetary payments and receipts, 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 their occurrence.

Liquidity risk in terms of the 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

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. It aims to incorporate the historical performance of depositors in terms of the management of their current and savings accounts, distributing their balances among the different time bands considered in accordance with in-house studies and models.

Liquidity gaps are calculated monthly and are subject to compliance with two short term exposure limits defined by the ALCO committee and comprising Caixa's liquidity contingency plan.

CGD group's structural liquidity gaps, at the end of 2021, were as follows:

LIQUIDITY GAP AT 31 DECEMBER 2021 *

(EUR million)

	<= 1M	>1M <=3M	>3M <=6M	>6M <=12M	>12M <=3Y	>3Y <=5Y	>5Y <=10Y	>10Y
Total assets	40,332	3,635	2,538	5,884	9,912	9,144	10,790	14,649
Total liabilities + capital	5,842	2,562	2,395	9,563	7,513	5,355	6,471	51,091
Total swaps	3	2	-1	-1	49	-1	0	0
Gap for period	34,487	1,071	144	-3,677	2,351	3,789	4,320	-36,442
Accumulated gap	34,487	35,558	35,702	32,025	34,375	38,165	42,484	6,042

*Perimeter: prudencial banking

The 1 and 12 month accumulated structural liquidity gaps in December 2021 for the amounts of €34,487 million and €32,025 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' current accounts and savings over their residual periods to maturity. These ratios also comprise Caixa's liquidity contingency plan, whose liquidity metrics and internally developed plan to provide for aggravated liquidity stress situations are fully articulated.

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 Caixa's resilience to eventual liquidity difficulties encompasses the measuring and monitoring of the "survival period" (time remaining up until the occurrence of liquidity difficulties if corrective measures have not been implemented), based on three stress scenarios on a market level. A fourth scenario – baseline scenario – is also considered, on the assumption that Caixa'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 2021, Caixa maintained the set of mechanisms and metrics for measuring and monitoring liquidity risk to ensure the strength of the group's risk assessment framework, particularly:

- The liquidity coverage ratio LCR) which is the minimum liquidity standard within the CRR/CRD IV regulatory framework

- The net stable funding ratio (NSFR) which is mandatory from June 2021 within the regulatory framework of regulation (EU) no. 2019/876, article 428, enables an assessment of institutions' dependence on stable funding. It should be more than or equal to 100% to ensure that the available funding meets the funding requirement within a one-year timeframe and is the ratio between the amount of stable funding available and the amount of stable funding needed.

- 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) no. 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;

- Encumbrance ratio, value of encumbered assets and fair value of collateral received and reused over total assets and total collateral received available for encumbrance;

- 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 no. 2013/36/EU, should have robust strategies, policies, processes and information systems i) for the identification, measurement, management and monitoring of liquidity risk across appropriate timeframes and ii) for the management and monitoring of financing positions in order to guarantee adequate liquidity buffer levels and an adequate financing structure;

CGD group had a comfortable LCR of 357% at 31 December 2021. This was significantly higher than the average observed in EU banking (around 175%) and the minimum requirements (ratio of more than 100%), confirming its excellent liquidity position.

Also confirming the group's excellent liquidity position was its NSFR at a comfortable 165% at 31 December 2021. This standard aims to promote the existence of a sustainable maturities structure among assets, liabilities and off-balance sheet items, with a required minimum of 100%.

Across 2021, 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, 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 inoperability of infrastructures.

This risk is transversal to the development of various processes and is minimised through the implementation of adequate control and mitigation procedures.

In terms of the calculation of own funds requirements to cover its 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 on a consolidated basis, at 31 December 2021, resulted in own funds requirements of €269 million.

Methodology

Operational risk management in CGD group uses an end-to-end methodology, based 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, as follows:

- Definition and oversight of risk appetite limits;
- Identification of operational risks based on a the mapping of processes, risks and controls, analysis of new products and services and oversight of subcontracted activities;
- Products and services and in the monitoring of activities carried out under subcontracting;
- A decentralised collection of operational risk events, losses and recoveries, strengthened and supported by 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 committee meetings and the disclosure of reports for diverse group structures;
- Validation of the implementation of recommendations for mitigating the operational risk of internal control deficiencies;
- Identification, definition and implementation of action plans as a corollary to the remaining methodological components.

In organisational terms, operational risk management in CGD is ensured by different structures/functions with specific responsibilities in this process and 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 was certified in January 2019, to the international ISO 22301:2012 business continuity management system standard. This certification is valid for a period of 3 years and was renewed at the end of 2021 following an audit by the specialised British Standards Institution (BSI).

This renewed certification confirms that CGD's business continuity principles and good practice have been guaranteed and implemented and continue to be resilient and ready to respond to potential threats to its business.

In group terms, Caixa continues to oversee and develop the Bank of Portugal's good practice support/performance projects (circular 75/2010 latterly revoked by circular 47/2021 of 20 September) with its entities abroad, having concentrated, this year, on its remote support to the entities and respective reporting to the regulator.

This year, in response to the crisis deriving from 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, economy and society.

In this context, and in accordance with the guidelines of the leading health institutions, Portuguese Directorate-General for Health (DGS) and World Health Organisation (WHO), CGD has 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.

Since the start of the pandemic, a set of operational and business information has also 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 positioning and strategy, execution of 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, cyber risk and access risk and the delivery risk of IT systems;
- Model risk: losses owing to decisions that can be made mainly on the basis of the results of internal models, owing to the occurrence of errors in the development, application or use of such models.
- Reputational risk: losses originating from a negative perception of CGD's public image (banking activity, bancassurance, asset management and risk of the protection of confidential data).

The main objective in 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 risks governance model is established in conformity with CGD group's risk appetite statement which 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 system, which uses a single, 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 solid 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 subcontracted activities;
- Producing independent opinions to support decision-making processes and the first lines of defence in identifying non-financial risks;
- Promoting training 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 2022

As in the recent past, 2022 is likely to continue to be a particularly challenging year for risk management areas. In this context, the following activities are considered to be the main objectives:

- Implementation of the new strategic plan for CGD's risk management function, requests made by supervisors and recommendations, in addition to data quality and governance and process automation solutions;
- Performance of the climate risk stress test exercise for 2022:
- Continuation of the review of processes and information flows for the purpose of multiplying automation, incentivising efficiency and mitigating operational risks;
- Implementation of automation mechanisms to consolidate the appropriate monitoring/oversight of the evolution of risks, particularly credit risk;
- Continuation of improvements to the liquidity management framework.

- 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 personal and digital proximity as well as harmonising practices and concepts.

In addition, it should be noted that the intrinsic challenges of the Covid-19 pandemic, the recent geopolitical instability in the context of Russia's invasion of Ukraine and the current climate transition context and consequent risk management requirements are unequivocal and must be met in a context of continuity, without a material deviation from the desired path.

1.6. Subsequent events

Repayment of additional tier 1 issuance

On February 1, 2022 Caixa received authorisation from the European Central Bank for the early repayment of the additional tier issuance of €500,000 thousand, effective March 30, 2022. This perpetual issuance was introduced in March 2017 under the recapitalisation plan agreed between the Portuguese state and the European Commission, in market terms, with institutional international investors, at an interest rate of 10.75%.

Authorisation for early repayment derives from the ECB's positive assessment of Caixa's financial strength, reflecting the successful completion of its difficult and demanding restructuring plan.

Asset disposals

In February 2022, the sale of a Fundolis Fund owned property located in Marvila, resulted in capital gains of €25 million in comparison to the amount at which it was recognised in the group's accounts.

In February 2022, several mostly non-performing mortgage and non-mortgage loans were sold off for a gross amount of €65 million at the time of sale.

Crisis in Eastern Europe

Russia's invasion of Ukraine and subsequent events at the end of February 2022, in addition to its severe humanitarian impact, was the source of disruption to the economic and financial activity of the region and the rest of the world. As a consequence, the United States of America, United Kingdom and Europe started to impose heavy economic and financial sanctions on Russia. In response, Russia's central bank took measures to strengthen liquidity and exchange rate control.

In light of these developments, with regard to the conflict being waged by Russia against Ukraine, Caixa Geral de Depósitos has assessed the direct and indirect impact of this event on the bank and its customers. CGD has a direct exposure to Russia of approximately €4 million and €1 million in the case of Ukraine. Most of these amounts are for CGD Portugal's issue of mortgage loans to Russian and Ukrainian citizens residing in Portugal and which are collateralised by assets located in Portugal. Exposure to non-financial corporations is for a factoring transaction for the exports of a Portuguese customer and is partially insured.

The escalation of the conflict may have indirect consequences for the bank's customers. This is exemplified by hikes in energy prices, a reduction of commercial activity owing to the impact of sanctions on trade with Russia and the increase of cybersecurity issues as a result of an increase in criminal activities. Although these indirect consequences are difficult to quantify, CGD continues to oversee and monitor the development of the situation as a whole on various management levels, anticipating impacts and discussing risk mitigation measures.

Caixa does not consider that the impact of the exclusion of Russian banks from the SWIFT international system will have a significant impact on its activity as it does not have credit limits or current exposure to Russian banks. On a correspondent banking level, transfers involving Russia are of an occasional nature, depending on the flow of customers and consequently resulting in minimal expected losses. Even in such cases, payments are made by intermediary banks as CGD does not have any correspondent Russian bank.

With regard to CGD's above referred to exposure, we do not foresee any negative material implications owing to the residual value involved and respective characteristics.

As regards sanctions on imports/exports, with Russian entities or individuals having Russian nationality, CGD has already implemented procedures to mitigate the respective risk. CGD has an onboarding process for high risk customers, which includes persons having Russian nationality, born or resident in Russia, as well as companies based in Russia. This includes a screening procedure of all lists of sanctions and due diligence on KYC documents and information. For transactions, CGD has an automated tracking system that checks all payments received and made in relation to all relevant lists of sanctions. The Portuguese supervisor has recently implemented highly restrictive measures on business with Russian customers.

CGD does not trade directly in commodities or in stocks in which it may be directly exposed to commodity price volatility or oil and gas companies. Exposure to the securities of oil and gas companies is very low and limited to the investment grade bonds with short term maturities of robust European companies and no material impact is therefore expected on its credit profile. CGD does not trade in Russian roubles and has no position in this currency.

Rating upgrade by FitchRatings

On March 9, 2022, Fitch Ratings upgraded Caixa's IDR (Issuer Default Rating) and long-term preferred senior debt ratings from BB+ to BBB-, revising its outlook from Positive to Stable. The rating upgrade reflects the improvement in asset quality even during the pandemic period, the resilience of profitability - based on market leadership and strong levels of efficiency - and better capital ratios. The IDR and senior preferred short-term debt ratings were upgraded from B to F3. With this change, Caixa is now classified as investment grade.

1.7. Proposal for the appropriation of net income

In accordance with the decision published on 23 July 2021 (Recommendation ECB/2021/31), the ECB decided to lift, as of September 2021, the restrictions on the distribution of dividends, which were in force in the context of managing the effects of the COVID-19 pandemic, despite reinforcing the guidance that banks must remain prudent in the decisions they make on this matter.

Bearing in mind the above-mentioned Recommendation and the assessment carried out on the framework in which the Institution currently carries out its activity, the Board of Directors believes that the conditions are met to resume the dividend distribution policy in force.

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 €441,534,238 for the year as set out in the financial statements of Caixa Geral de Depósitos, S.A., should be appropriated as follows:

- €88,306,848 euros for the legal reserve;
- €241,070,965 for dividends;
- €112,156,425 for the "Other reserves and retained earnings" balance sheet account.

Lisbon, 21 April 2022

Board of Directors

Chairman

António Farinha Morais

Deputy Chairman
Paulo José de Ribeiro Moita de Macedo

Members
José João Guilherme

Francisco Ravara Cary

João Paulo Tudela Martins

Maria João Borges Carioca Rodrigues

Nuno Alexandre de Carvalho Martins

Madalena Rocheta de Carvalho Talone

Maria Manuela Martins Ferreira

António Alberto Henriques Assis

José António da Silva Brito

María del Carmen Gil Marín

Maria João Martins Ferreira Major

Arlindo Manuel Limede de Oliveira

Hans-Helmut Kotz

Luís Filipe Coimbra Nazaret

Monique Eugénie Hemerijck

1.8. Declaration on the conformity of the financial information presented

Under the terms of sub-paragraph c) of no. 1 of article 29.º-G of the Securities Market Code, we declare that the financial statements for 2021 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, 21 April 2022

Board of Directors

Chairman

António Farinha Morais

Deputy Chairman
Paulo José de Ribeiro Moita de Macedo

Members
José João Guilherme

Francisco Ravara Cary

João Paulo Tudela Martins

Maria João Borges Carioca Rodrigues

Nuno Alexandre de Carvalho Martins

Madalena Rocheta de Carvalho Talone

Maria Manuela Martins Ferreira

António Alberto Henriques Assis

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Arlindo Manuel Limede de Oliveira

Hans-Helmut Kotz

Luís Filipe Coimbra Nazaret

Monique Eugénie Hemerijck

1.9. Separate and consolidated financial statements

CAIXA GERAL DE DEPÓSITOS, S.A.

BALANCE SHEET (SEPARATE)

(EUR Thousand)

ASSETS	Notes	31-12-2021 Amounts before impairment, amortisation and depreciation	31-12-2021 Impairment and amortisation and depreciation	31-12-2021 Net assets	31-12-2020 Net assets
Cash and cash equivalents at central banks	3	22,081,560	-	22,081,560	9,513,443
Cash balances at other credit institutions	4	368,601	-	368,601	414,920
Loans and advances to credit institutions	5	1,868,889	1,848	1,867,041	1,714,450
Financial assets at fair value through profit or loss	6	3,240,561	-	3,240,561	6,579,079
Financial assets at fair value through other comprehensive income	7	5,415,967	280	5,415,687	6,220,895
Hedging derivatives	8	5,898	-	5,898	7,325
Investments at amortised cost	10	13,052,260	16	13,052,244	12,066,409
Loans and advances to customers	11	47,692,000	2,078,879	45,613,121	44,173,912
Non-current assets held-for-sale	12	354,278	233,589	120,689	208,217
Investment properties		7,847	-	7,847	8,445
Other tangible assets	13	1,369,170	969,626	399,545	406,487
Intangible assets	14	244,052	84,291	159,761	110,073
Investments in subsidiaries, associates and joint ventures	15	1,646,020	381,310	1,264,710	1,301,206
Current tax assets	16	434,631	-	434,631	429,723
Deferred tax assets	16	1,100,530	-	1,100,530	1,269,429
Other assets	17	1,430,490	194,553	1,235,936	1,027,600
Total Assets		100,312,755	3,944,392	96,368,363	85,451,613

LIABILITIES AND EQUITY	Notes	31-12-2021	31-12-2020
Resources of central banks and other credit institutions	18	7,215,620	2,531,603
Customer resources and other loans	19	72,092,064	65,978,124
Debt securities	20	1,790,117	1,371,436
Financial liabilities at fair value through profit or loss		380,605	920,523
Financial liabilities associated with transferred assets	21	2,593,366	2,852,407
Hedging derivatives	8	35,628	56,295
Provisions	22	933,152	996,198
Current tax liabilities	16	3,192	2,702
Deferred tax liabilities	16	93,573	105,463
Other subordinated liabilities	23	1,117,883	1,117,317
Other liabilities	24	1,968,635	1,712,848
Total Liabilities		88,223,836	77,644,917
Share capital	25	3,844,144	3,844,144
Other equity instruments	25	500,000	500,000
Revaluation reserves	26	243,691	255,884
Other reserves and retained earnings	26	3,115,158	2,800,129
Net income for the period	26	441,534	406,539
Total Equity		8,144,527	7,806,696
Total Liabilities and Equity		96,368,363	85,451,613

Certified Public Accountant
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António Farinha Morais

Deputy Chairman
Paulo José Ribeiro Moita de Macedo

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CAIXA GERAL DE DEPÓSITOS, S.A.

INCOME STATEMENT (SEPARATE)

(EUR Thousand)

	Notes	31-12-2021	31-12-2020
Interest and similar income	27	1,005,004	1,070,070
Interest and similar expenses	27	(344,525)	(365,811)
NET INTEREST INCOME		660,479	704,259
Income from equity instruments	28	71,172	91,529
Income from services and commissions	29	562,652	509,310
Costs of services and commissions	29	(98,272)	(88,752)
Results from assets and liabilities at fair value through profit or loss	30	115,957	(1,977)
Results from financial assets at fair value through other comprehensive income	30	7,841	11,355
Exchange revaluation results	30	11,853	19,180
Hedge accounting results	30	(3,902)	(2,839)
Other results of financial operations	30	-	(2,962)
Other operating income	31	(3,653)	34,696
TOTAL OPERATING INCOME		1,324,126	1,273,800
Employee costs	32	(291,595)	(363,924)
Other administrative costs	34	(179,136)	(192,059)
Depreciation and amortisation		(82,941)	(74,848)
Provisions net of reversals	22	(93,950)	91,630
Loan impairment, net of reversals and recoveries	35	(19,938)	(154,536)
Other assets impairment, net of reversals and recoveries	35	(6,317)	(30,146)
INCOME BEFORE TAX		650,249	549,916
Income tax	16	(208,715)	(143,377)
NET INCOME FOR THE PERIOD		441,534	406,539
Earnings per share (in Euros)		0.57	0.53

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CAIXA GERAL DE DEPÓSITOS, S.A.

STATEMENT OF COMPREHENSIVE INCOME (SEPARATE)

(EUR Thousand)

	31-12-2021	31-12-2020
Balances subject to reclassification to profit or loss		
Gains / (losses) arising during the year	(9,127)	48,451
Adjustments of fair value reserves reclassified to net income		
Impairment recognised in the year	185	241
Disposal of available-for-sale financial assets	(7,841)	(67,055)
Tax effect	4,590	5,022
Foreign exchange differences in branches		
Gains / (losses) arising during the year	2,060	(2,205)
Other	(27)	-
Sub-total	(10,161)	(15,545)
Balances not subject to reclassification to profit or loss		
Benefits to employees - actuarial gains and losses		
Gains / (losses) arising during the year	339,736	(142,881)
Tax effect	4,068	32,189
Changes in the fair value of equity instruments (option of valuation of equity instruments at fair value through other comprehensive income)	42	(3)
Sub-total	343,846	(110,695)
Total comprehensive net income for the period recognised in reserves	333,685	(126,240)
Net income for the year	441,534	406,539
TOTAL COMPREHENSIVE NET INCOME FOR THE YEAR	775,219	280,299

CAIXA GERAL DE DEPÓSITOS, S.A.

CASH FLOW STATEMENTS (SEPARATE)

(EUR Thousand)

OPERATING ACTIVITIES	Notes	31-12-2021	31-12-2020
Cash flows from operating activities before changes in assets and liabilities			
Interest, commissions and similar income received		1,562,420	1,565,058
Interest, commissions and similar costs paid		(428,276)	(426,936)
Recovery of principal and interest		152,819	98,665
Payments to employees and suppliers		(504,937)	(529,379)
Payments and contributions to pensions funds and other benefits		(117,696)	(131,095)
Other results		(15,060)	(25,944)
		649,270	550,370
(Increases) / decreases in operating assets			
Loans and advances to credit institutions and customers		(1,775,567)	(4,208)
Assets held-for-trading and other assets at fair value through profit or loss		3,004,091	2,445,950
Other assets		(809,612)	(1,787,614)
		418,912	654,128
Increases / (decreases) in operating liabilities			
Resources of central banks and other credit institutions		4,711,202	660,093
Customer resources		6,117,676	6,981,152
Other liabilities		41,186	(777,920)
		10,870,064	6,863,325
Net cash from operating activities before taxation		11,938,246	8,067,823
Income tax		(47,467)	(1,873)
Net cash from operating activities		11,890,779	8,065,950
INVESTING ACTIVITIES			
Dividends received from subsidiaries and associated companies		70,886	91,284
Dividends received from available-for-sale financial assets		285	245
Acquisition of investments in subsidiaries, associates and jointly controlled entities, net of disposals		17,533	(18)
Acquisition of available-for-sale financial assets, net of disposals		742,355	(3,497,088)
Acquisition of tangible and intangible assets, net of disposals		(114,617)	(125,403)
Net cash from investing activities		716,442	(3,530,981)
FINANCING ACTIVITIES			
Interest on subordinated liabilities		(41,557)	(41,558)
Interest on debt securities		(10,467)	(56,838)
Interest on other equity instruments		(53,750)	(53,750)
Interest on lease agreements		(4,277)	(4,677)
Issue of debt securities, net of repayments		416,885	(1,050,858)
Repayments of financing operations through lease agreements		(10,003)	(6,152)
Dividends paid		(383,639)	-
Net cash from financing activities		(86,809)	(1,213,833)
Increase / (decrease) in cash and cash equivalents		12,520,413	3,321,136
Cash and cash equivalents at the beginning of the year		9,928,363	6,609,774
Effects of the merger process on cash and cash equivalents		1,385	3
Foreign exchange differences on cash and cash equivalents		-	(2,549)
Net change of cash and cash equivalents		12,520,413	3,321,136
Cash and cash equivalents at end of the year	**3 & 4**	**22,450,160**	**9,928,363**

CAIXA GERAL DE DEPÓSITOS, S.A.

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, 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)	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-
Other entries directly recorded in equity:											
Measurement gains / (losses) on financial assets at fair value through other comprehensive income	-	-	(18,362)	5,022	-	(13,340)	-	-	-	-	(13,340)
Measurement gains / (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 year recognised in equity	-	-	(18,362)	5,022	-	(13,340)	-	(112,900)	(112,900)	406,539	280,299
Merging reserves	-	-	-	-	-	-	-	(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
Appropriation of net income for 2020:											
Transfer to reserves and retained earnings	-	-	-	-	-	-	81,308	241,592	322,900	(322,900)	-
Dividends paid											
Dividends paid in 2020	-	-	-	-	-	-	-	-	-	(83,639)	(83,639)
Extraordinary distribution of dividends	-	-	-	-	-	-	-	(300,000)	(300,000)	-	(300,000)
Other entries directly recorded in equity:											
Measurement gains / (losses) on financial assets at fair value through other comprehensive income	-	-	(16,784)	4,590	-	(12,193)	-	-	-	-	(12,193)
Measurement gains / (losses) on other financial assets	-	-	-	-	-	-	-	42	42	-	42
Employee benefits - actuarial gains and losses	-	-	-	-	-	-	-	343,804	343,804	-	343,804
Foreign exchange differences in branches	-	-	-	-	-	-	-	2,060	2,060	-	2,060
Other	-	-	-	-	-	-	-	-	(27)	-	(27)
Net income for the year	-	-	-	-	-	-	-	-	-	441,534	441,534
Total gains and losses for the period recognised in equity	-	-	(16,784)	4,590	-	(12,193)	-	345,906	345,879	441,534	775,219
Dividends and other charges associated with the issue of other equity instruments	-	-	-	-	-	-	-	(53,750)	(53,750)	-	(53,750)
Balances at December 31, 2021	3,844,144	500,000	183,435	(50,169)	110,425	243,691	306,198	2,808,988	3,115,158	441,534	8,144,527

CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED BALANCE SHEET

(EUR Thousand)

ASSETS	Notes	31-12-2021 Amounts before impairment, amortisation and depreciation	31-12-2021 Impairment, amortisation and depreciation	31-12-2021 Net assets	31-12-2020 Net assets
Cash and cash equivalents at central banks	4	23,000,073	-	23,000,073	10,277,778
Cash balances at other credit institutions	5	677,351	-	677,351	694,498
Loans and advances to credit institutions	6	3,248,427	2,062	3,246,364	2,617,319
Financial assets at fair value through profit or loss	7	2,125,489	-	2,125,489	5,332,567
Financial assets at fair value through other comprehensive income	8	6,032,304	485	6,031,819	6,855,916
Financial assets with repurchase agreement	9	7,828	-	7,828	13,877
Hedging derivatives	10	5,898	-	5,898	7,325
Investments at amortized cost	12	13,003,807	9,533	12,994,274	11,256,822
Loans and advances to customers	13	52,498,093	2,314,429	50,183,664	47,902,966
Non-current assets held-for-sale	14	597,093	260,746	336,347	1,158,949
Investment properties	15	33,346	-	33,346	188,849
Other tangible assets	16	1,715,049	1,146,121	568,929	554,396
Intangible assets	17	320,389	142,855	177,534	126,294
Investments in associates and jointly controlled entities	18	530,233	439	529,794	505,158
Current tax assets	19	443,163	-	443,163	436,137
Deferred tax assets	19	1,131,948	-	1,131,948	1,314,396
Other assets	20	2,672,841	156,513	2,516,327	2,132,200
Total assets		108,043,330	4,033,183	104,010,147	91,375,446

LIABILITIES AND EQUITY	Notes	31-12-2021	31-12-2020
Resources of central banks and other credit institutions	21	6,745,201	2,040,418
Customer resources and other loans	22	79,755,690	72,032,958
Debt securities	23	1,789,714	1,371,033
Financial liabilities at fair value through profit or loss	10	381,661	921,391
Hedging derivatives	10	35,628	56,295
Non-current liabilities held-for-sale	14	147,714	864,287
Provisions for employee benefits	24	658,255	725,478
Provisions for guarantees and other commitments	24	219,685	235,273
Provisions for other risks	24	99,155	76,564
Current tax liabilities	19	32,489	16,350
Deferred tax liabilities	19	111,431	122,899
Other subordinated liabilities	25	1,117,883	1,117,317
Other liabilities	26	3,628,679	3,094,353
Total liabilities		94,723,184	82,674,616
Share capital	27	3,844,144	3,844,144
Other equity instruments	27	500,000	500,000
Revaluation reserves	28	255,079	267,266
Other reserves and retained earnings	28	3,866,572	3,393,753
Net income attributable to the shareholder of CGD	28	583,361	491,592
Shareholders' equity attributable to CGD		9,049,156	8,496,754
Non-controlling interests	29	237,807	204,076
Total equity		9,286,963	8,700,830
Total liabilities and equity		104,010,147	91,375,446

Certified Public Accountant
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CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED INCOME STATEMENT

(EUR Thousand)

	Notes	31-12-2021	*Restated* 31-12-2020
Interest and similar income	30	1,459,153	1,513,091
Interest and similar expenses	30	(453,335)	(461,794)
NET INTEREST INCOME		1,005,818	1,051,297
Income from equity instruments	31	13,066	18,554
Income from services rendered and commissions	32	689,597	615,072
Cost of services and commissions	32	(124,864)	(114,784)
Results from assets and liabilities at fair value through profit or loss	33	137,315	(11,900)
Results from financial assets at fair value through other comprehensive income	33	10,260	15,002
Exchange revaluation results	33	43,202	55,228
Hedge accounting results	33	(3,902)	(5,399)
Other results of financial operations	33	(11,139)	(2,160)
Other operating income	34	13,604	34,545
TOTAL OPERATING INCOME		1,772,957	1,655,457
Employee costs	35	(432,288)	(510,961)
Other administrative costs	37	(234,709)	(242,616)
Depreciation and amortisation		(108,830)	(97,535)
Provisions net of reversals	24	(93,879)	26,631
Loan impairment, net of reversals and recoveries	38	(41,221)	(163,847)
Other assets impairment, net of reversals and recoveries	38	(10,415)	(13,845)
INCOME BEFORE TAX AND NON CONTROLLING INTERESTS		851,616	653,285
Income tax	19	(273,523)	(171,954)
Results of associates and jointly controlled entities	18	57,129	44,309
RESULTS OF CONTINUING ACTIVITIES		635,222	525,639
Results of subsidiaries held-for-sale	14	(1,527)	(2,540)
CONSOLIDATED NET INCOME FOR THE PERIOD of which:		633,695	523,099
Non-controlling interests	29	(50,334)	(31,508)
NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD		583,361	491,592
Earnings per share (in Euros)		0.76	0.64

Certified Public Accountant

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CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR Thousand)

	31-12-2021			31-12-2020		
	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	(10,197)	(2,650)	(12,847)	42,623	(68)	42,555
Reclassification adjustments in revaluation reserves						-
Financial assets impairment recognised in the year	3,224	222	3,447	7,000	483	7,483
Disposal of financial assets in the year	(10,260)	1,031	(9,229)	(70,702)	798	(69,904)
Tax effect	5,657	629	6,286	6,177	(546)	5,631
Adjustments in associated companies assets	(30,893)	-	(30,893)	(2,094)	-	(2,094)
Foreign exchange difference resulting from consolidation						-
Gains / (losses) arising during the year	142,553	473	143,026	(172,367)	(21,212)	(193,580)
Other	(38,686)	-	(38,686)	(953)	-	(953)
	61,398	(295)	61,103	(190,317)	(20,545)	(210,862)
Amounts that will not be reclassified to net income						
Employee benefits - actuarial gains and losses						
Gains / (losses) arising during the year	340,854	-	340,854	(144,653)	-	(144,653)
Tax effect	4,920	-	4,920	32,497	-	32,497
Changes in the fair value of equity instruments (option of valuation of equity instruments at fair value through other comprehensive income)	42	-	42	146	-	146
	345,816	-	345,816	(112,010)	-	(112,010)
Total comprehensive net income for the period recognised in reserves	407,214	(295)	406,919	(302,327)	(20,545)	(322,872)
Net income for the year	635,222	(1,527)	633,695	525,639	(2,540)	523,099
TOTAL COMPREHENSIVE NET INCOME FOR THE PERIOD of which:	1,042,436	(1,822)	1,040,614	223,313	(23,085)	200,228
Non-controlling interests	(50,036)	-	(50,036)	20,156	-	20,156
TOTAL COMPREHENSIVE NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD	992,400	(1,822)	990,578	243,469	(23,085)	220,384

CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED CASH FLOWS STATEMENTS

(EUR Thousand)

OPERATING ACTIVITIES	31-12-2021	31-12-2020
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	2,119,380	2,082,453
Interest, commissions and similar expenses paid	(561,163)	(563,706)
Recovery of principal and interest	163,840	105,074
Payments to employees and suppliers	(682,622)	(719,477)
Payments and contributions to pension funds and other benefits	(118,638)	(131,645)
Other results	24,437	15,875
	945,233	788,574
(Increases) / decreases in operating assets		
Loans and advances to credit institutions and customers	(3,107,153)	(84,518)
Assets held-for-trading and other assets at fair value through profit or loss	2,889,202	2,457,690
Other assets	(949,432)	(2,013,839)
	(1,167,383)	359,333
Increases / (decreases) in operating liabilities		
Resources of central banks and other credit institutions	4,732,199	966,176
Customer resources	7,725,091	6,270,112
Other liabilities	(303,302)	(460,262)
	12,153,987	6,776,025
Net cash from operating activities before taxation	11,931,838	7,923,931
Income tax	(83,224)	(38,452)
Net cash from operating activities	11,848,614	7,885,479
INVESTING ACTIVITIES		
Dividends received from equity instruments	13,066	18,539
Acquisition of investments in subsidiaries and associated companies, net of disposals	(1,046)	(3,230)
Acquisition of available-for-sale financial assets, net of disposals	768,360	(3,208,475)
Acquisition of tangible and intangible assets and investment property, net of disposals	(8,602)	(113,328)
Net cash from investing activities	771,778	(3,306,493)
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(41,557)	(41,558)
Interest on debt securities	(10,466)	(56,837)
Interest on other equity instruments	(53,750)	(53,750)
Interest on lease agreements	(5,262)	(5,822)
Issue of debt securities, net of repayments	416,885	(1,050,858)
Repayments of financing operations through lease agreements	(13,482)	(15,335)
Dividends paid	(383,639)	-
Net cash from financing activities	(91,272)	(1,224,160)
Increase / (decrease) in cash and cash equivalents	12,529,120	3,354,826
Cash and cash equivalents at the beginning of the year	10,972,276	7,817,287
Foreign exchange differences in cash and cash equivalents	176,027	(199,837)
Net change of cash and cash equivalents	12,529,120	3,354,826
Cash and cash equivalents at the end of the year	23,677,423	10,972,276

CAIXA GERAL DE DEPÓSITOS, S.A.

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, 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:								
Gains / (losses) on financial assets	-	-	(13,993)	-	-	(13,993)	(241)	(14,235)
Appropriation of full income from associates and foreign currency differences	-	-	-	(2,094)	-	(2,094)	-	(2,094)
Employee benefits - actuarial gains and losses	-	-	-	(111,708)	-	(111,708)	(448)	(112,156)
Foreign currency differences in subsidiaries and branches	-	-	-	(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 paid	-	-	-	-	-	-	-	-
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
Other entries directly recorded in equity:								
Gains / (losses) on financial assets	-	-	(12,187)	-	-	(12,187)	(157)	(12,344)
Appropriation of full income from associates and foreign currency differences	-	-	-	(30,893)	-	(30,893)	-	(30,893)
Employee benefits - actuarial gains and losses	-	-	-	345,437	-	345,437	337	345,774
Foreign currency differences in subsidiaries and branches	-	-	-	105,230	-	105,230	37,796	143,026
Changes in the fair value of equity instruments	-	-	-	42	-	42	-	42
Net income for the year	-	-	-	-	583,361	583,361	50,334	633,695
Other	-	-	-	(412)	-	(412)	(38,274)	(38,686)
Total gains and losses for the year recognised in equity	-	-	(12,187)	419,404	583,361	990,578	50,036	1,040,614
Appropriation of net income for 2020:								
Transfer to reserves and retained earnings	-	-	-	407,953	(407,953)	-	-	-
Dividends paid	-	-	-	(300,000)	(83,639)	(383,639)	-	(383,639)
Dividends and other expenses related with the issue of other equity instruments	-	-	-	(53,750)	-	(53,750)	-	(53,750)
Equity transactions with non-controlling interests	-	-	-	(787)	-	(787)	-	(787)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(16,305)	(16,305)
Balances at December 31, 2021	3,844,144	500,000	255,079	3,866,572	583,361	9,049,156	237,807	9,286,963

2.

NOTES, REPORTS AND OPINIONS ON THE FINANCIAL STATEMENTS

2.1. Notes to the consolidated financial statements

(Amounts expressed in thousands of euros – unless otherwise indicated)

1. Introductory note

Caixa Geral de Depósitos, S.A. (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, 2021 were performed across a nationwide network of 555 branch offices (510 of which with face-to-face services, 13 self-service branches and 29 "corporate" offices and extensions), a branch in France with 48 offices and a branch in Timor with 14 offices.

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 Caixa Geral de Depósitos 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, 2021 were approved by the board of directors on April 21, 2022 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.

Strategic plan

To ensure the adequacy of CGD's recapitalisation *vis-à-vis* the solvency levels required of it, the Portuguese state and Directorate-General for Competition (DGComp) approved a recapitalisation plan in the first quarter of 2017, to include a strategic 4 year plan (2017-2020) that, based on a prudent macroeconomic scenario evidencing the capacity to generate a similar level of return on equity to what would be expected by a private investor, was not considered state aid.

2020 was the last year of the implementation of the strategic plan and was sharply impacted by the pandemic crisis triggered by the SARS CoV-2 virus. Notwithstanding this economic environment, CGD fulfilled most of its commitments under the plan, in which reference should be made to its capacity to maintain higher levels of return than its European counterparts.

On April 20, 2021, DGComp announced the ending of the monitoring actions on the 2017-2020 strategic plan. This enabled the objectives established under the agreement between the European Commission and the Portuguese state to be successfully concluded, particularly the private investor test, which is essential to the classification of the recapitalisation measures as being free from state aid and as a determining factor for the sustainable future of Caixa, enabling it to further consolidate its mission in support of companies and households.

Across this transformation period, which began in 2017, CGD has sought to lay the foundations to enable it to face future challenges and risks on the basis of a functional, operational, structurally sound and able governance structure.

The implementation of the strategic initiatives needed to strengthen the group's sustainability continued across 2021, accompanied by works leading to the preparation of the bases of the strategic plan for the 2021-2024 period, to be implemented by a new board of directors which was formally appointed in December 2021.

The strategic plan was submitted for the consideration of the new board of directors and approved in early 2022.

Caixa's implementation of its strategic plan, up to 2024, aims to embark upon a new cycle, geared to the group's provision of universal banking services, based on end-to-end digital processes and a commitment to the provision of a customer-centric service and spending more time on customers. Based on training and improving its employees' skills, CGD aims to make innovation a factor of differentiation in the market, together with a purpose genetically linked to a "green and sustainable" economy, with the end result of providing its state and private investors with adequate returns.

Pandemic

The 2020 and 2021 years were marked by the pandemic, as an acute respiratory illness triggered by the severe acute RESPIRATORY SYNDROME CORONAVIRUS 2 (SARS-CoV-2). This illness was first identified in December 2019 in Wuhan, a city in the People's Republic of China. It is considered highly contagious and is more lethal than other viruses of the same group. This led the World Health Organisation to declare a pandemic on March 11, 2020.

The pandemic continued to condition global economic evolution in 2021. The increase in the number of infections associated with the emergence of new SARS-CoV-2 virus variants such as Delta and Omicron and a certain level of uncertainty as to their impact on the evolution of the pandemic and effectiveness of existing vaccines, required the reimposition of containment measures which particularly included restrictions on people's mobility, border closures and constraints on a broad range of economic activities. These restrictions, albeit interspersed with periods of fewer limitations on normal market operations, have been maintained as a counterpoint to the delicate balance required by the need to preserve public health indices at adequate levels.

Following a historical 3.1% contraction of GDP in 2020, resulting from the impacts of this crisis, the global economy rebounded sharply in 2021. According to the International Monetary Fund's (IMF's) most recent estimates, the world economy grew 5.9% in 2021.

The worldwide response to the pandemic from governments and central banks has included 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 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 on the business affairs of its corporate customers, as set out in a specific contingency plan.

The operational focus has concentrated on preserving 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 have been kept separate and the focus, since the very start of the crisis, has been on teleworking activities. Special attention has also been paid to Caixa 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 by banks (through the Portuguese Banking Association) and the creation of 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 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 to be implemented by diverse governments and economic blocs.

In spite of the positive effects of the programmes mentored by institutional public sectors, particularly in terms of job protection and the temporary stabilisation of household income and business liquidity, 2021 was a highly challenging year. Firstly because of the resilience of a number of economic activities particularly affected by lockdowns and restrictions on mobility, exacerbated by high levels of debt constraining their ability to respond if the start of the recovery period takes longer 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, a deterioration of asset quality (particularly non-performing loans - NPL indicators) and increasing pressure on profitability.

In such a context and based on currently available information, Caixa's financial statements for the period ended December 31, 2021 provide its best estimate of the pandemic's financial effects. They include information on asset valuations and the measurement of expected credit portfolio losses which shall be subsequently monitored and continuously reviewed. Greater detail on the main impacts of this situation on the credit risk measurement component is set out in note 43.

Notwithstanding the above 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, 2021 were prepared on the basis of the IFRS (international financial reporting standards) as adopted in the European Union, in accordance with regulation (EC) no. 1606/2002 of July 19 of the European Parliament and of the Council and the provisions of decree law no. 35/2005 of February 17.

As stated in note 14, the group reversed the reclassification of the assets and liabilities of Banco Comercial Atlântico (Cape Verde) in November 2021 from "Investments in subsidiaries, associates and joint ventures", previously classified under IFRS 5 - "Non-current assets held-for-sale and discontinued operations". The comparative period have been accordingly re-expressed for comparison purposes owing to the fact that the income generated by this equity stake under this standard is set out in a single line of the profit and loss statement ("Income from subsidiaries held-for-sale"). The aforementioned note presents, by aggregate, the effect of the reclassification.

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

There were no voluntary modifications to accounting policies in 2021, in comparison to those considered in the preparation of the financial information for the preceding year, 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, 2021 CGD adopted the following standards, interpretations, amendments or changes of relevance to its activity, as issued by the IASB and endorsed by the European Union:

− 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 financial 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 expedient 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 hedge relationships are not discontinued solely as a result of the reform and that the documentation, based on the modifications occurring with the hedged items, hedging elements and hedged risks should however, be reviewed. The new, modified relationship should meet the hedge accounting requirements, including efficacy.

There are also greater 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. They 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 directly associated institutions.

These amendments must be implemented in the financial years beginning on or after January 1, 2021.

The adoption of the above referred to standards, interpretations, amendments and revisions did not have any equity impacts on CGD's preparation of its financial statements for 2021.

2.2.3 New standards and interpretations to be implemented in future periods

The following standards, interpretations, amendments and revisions, already endorsed by the European Union, must be implemented in future financial years.

− IFRS 16 (amendments) – COVID-19 related concessions on lease instalments after June 30, 2021. The amendments to the text of the standard clarify that a lessee may choose not to assess whether a lease instalment concession related to COVID-19 is a modification of the lease. If they choose to apply this expedient they must account for the change in payment of the instalments resulting from a COVID-19 related concession in the same way as they would account for a change other than the modification of a lease in accordance with IFRS 16, for payments originally due by June 30, 2022.

These amendments must be implemented in the financial years beginning on or after April 1, 2021.

− IFRS 3 (amendments) – “Business combinations”. The amendments to the text of this standard include:

(i) A correction of the reference to the applicable conceptual structure, which still made reference 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 commensurate with its sphere of application;

(iii) An explanation of the text of the standard that states than an acquirer should not recognise contingent assets acquired as the result of a business combination.

These amendments, whose effects are prospective, must be implemented in the financial years beginning on or after January 1, 2022.

− IAS 16 (amendments) – “Tangible fixed assets”. The amendments to the text of this standard clarify that any income earned from 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 for the management of its intended use may not be deducted from the acquisition cost. An entity recognises the income received on the sale of such products and the cost of their production directly in profit or loss.

These amendments must be implemented in the financial years beginning on or after January 1, 2022. Retrospective implementation is only mandatory for eligible assets that have been installed on their intended location after the date of presentation of the first comparative period.

− IAS 37 (amendments) – “Provisions, contingent liabilities and contingent assets”. The amendments to the text 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 can be clearly identified (such as depreciation costs on the equipment used to fulfil the referred to obligations) should be considered for this purpose.

These amendments, whose effects are prospective, must be implemented in the financial years beginning on or after January 1, 2022. The year of first application of the amendment includes all contracts whose obligations have not been fully met by the date of presentation of the start of the first comparative period, without the need to re-express the comparison.

− Annual improvements to IFRS standards 2018-2020. The planned introduction of annual improvements that the IASB considers not to be urgent but necessary for the 2018-2020 period, published on May 14, 2020, amends the text of standards IFRS 1, IFRS 9, IFRS 16 and 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 when performing 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), commissions paid or received in the name of 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 text of illustrative example no. 13 (accompanying IFRS 16) given that its text 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.

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 economic years, had not, up to the date of the approval of these financial statements, been adopted by the European Union:

- IAS 1 (amendments) and IFRS practice statement 2. The amendments to the text of the standard and practice statement aim to clarify the requirements to be considered for the assessment of the accounting policies to be disclosed, replacing the expression "significant accounting policies" by "material accounting policies". This was also 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 amendments made to the text of the standard differentiate between the presentation and disclosure of 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 of 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 the said date.

The board of directors does not expect that the implementation of the above referred to standards and interpretations will have significant equity impacts on CGD’s preparation of its financial statements.

2.3 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 manage their relative activities, take control of them.

The accounts of CGD group subsidiaries have been consolidated by the global integration method. Transactions and significant balances between the consolidated companies have been eliminated. Consolidation adjustments are also made, when applicable, to ensure consistency in the group’s implementation of its accounting principles.

The amount of third party investment in subsidiaries is recognised in "Non-controlling interests" in equity. In the specific case of the inclusion of investment funds in the consolidation perimeter, any redemption options on an investment at its equity value of holders of non-controlling interests are recognised in "Other liabilities" (note 26), their corresponding variations 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 respective effective 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.

2.4 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 the acquisition of a subsidiary 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 amortised.

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. Similarly, the impacts of disposals of non-controlling interests when not entailing loss of control over a subsidiary are also recognised in reserves. The group recognises profit or loss on disposals of non-controlling interests, when this entails changes in control over the subsidiary, as a charge to profit and loss on the transaction date.

The group performs impairment tests on balance sheet goodwill, at least once a year, in accordance with the requirements of IAS 36 – “Assets impairment”. For this purpose, goodwill is allocated to cash flow generating units whose respective recoverable value is based on estimates of 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 permitted by the accounting policies defined by the Bank of Portugal, goodwill was fully deducted from equity in the year of the acquisition of the subsidiaries. As permitted by IFRS 1 − "First-time adoption of international financial reporting standards", and as the group did not make any changes to this recognition procedure, goodwill 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 in 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 registering the liability, which are recognised in “Interest and similar costs” in profit and loss.

2.5 Investments in associates and joint ventures

Associates are entities over which the group wields 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, significant influence is not considered to exist whenever the referred to equity stake is less than 20%, unless the opposite, in this case, can also be clearly shown.

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 distributions;
- Occurrence of material transactions between associate and group;
- Interchange between members of management; and,
- Supply of essential technical information.

There are also situations in which the group, in conjunction with other entities, wields control over the activity of a company in which the equity stake is held (i.e. joint ventures), usually structured on a basis of shared voting and similar decision-making rights.

Investments in associates and joint ventures are recognised by the equity accounting method, under which equity stakes are initially measured at their respective acquisition cost and subsequently adjusted on the basis of the group’s effective percentage of changes in its associates’ equity (including their results). The equity accounting method is applied up to the time when the accumulated losses incurred by the associate or joint venture, when recognised by the group, exceed the investment’s respective balance sheet value from which time it is discontinued, unless any legal or constructive obligation requires a specific provision to be set up to recognise such losses.

In the event of divergences with a materially relevant impact, the equity of the companies used for the application of the equity accounting method is adjusted to reflect the application of the group's accounting principles.

Unrealised profit or loss on transactions with associates and joint ventures are eliminated to the extent of the group's effective stake in the said entities.

2.6 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). Each entity's profit or loss and financial position are expressed in the consolidated accounts in euros as the group's functional currency.

In the preparation of the consolidated financial statements, 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 as a charge to 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 after January 1, 2004 will be reclassified to profit and loss for the period.

2.7 Financial instruments

A. Financial assets

The classification of financial assets depends upon the group's business model and the characteristics of the financial instrument's contractual cash flows, unless an option to measure the financial instrument at its fair value through profit or loss has been exercised.

CGD classifies and measures a financial asset at amortised cost when it is recognised in a portfolio managed on the basis of a business model whose objective is achieved through the receipt of all contractual cash flows and when such cash flows may be considered as payments of principal and interest on the outstanding principal. The group also classifies and measures a financial asset at fair value through other comprehensive income (FVTOCI) when it is included in a portfolio managed on the basis of a business model whose objective is achieved either through the receipt of contractual cash flows comprising payments of principal and interest on outstanding 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 opt to irrevocably classify and measure an investment in an equity instrument through FVTOCI (when not held-for-trading or comprising the acquirer's recognition of a contingent payment in a business combination subject to IFRS 3 – "Business combinations") which otherwise would have been classified and measured at FVTPL.

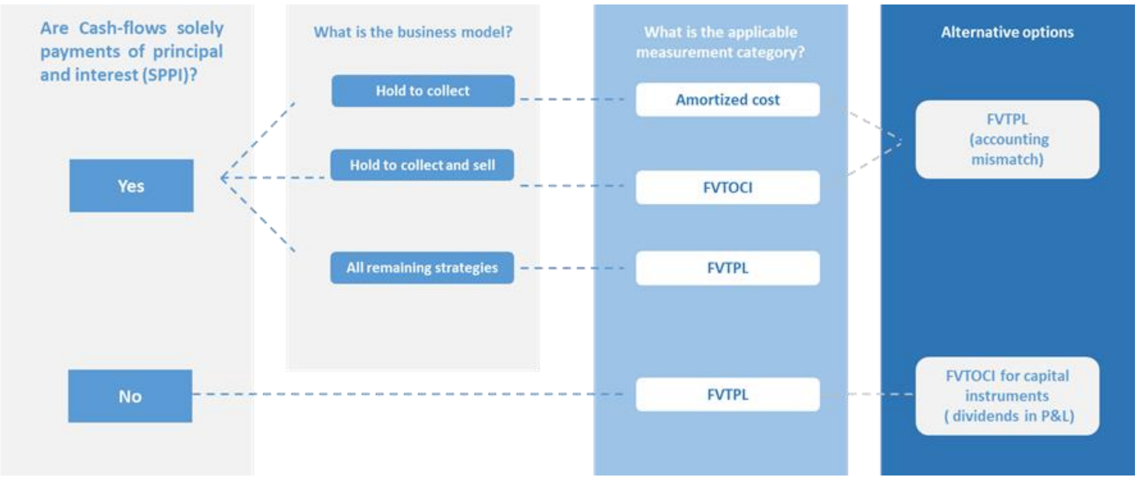
To assess the business model used for the management of a financial asset, the group defines how it expects to obtain cash flows from the financial asset. The business model is assessed on a level that reflects how a group of financial assets is managed as a whole, in order to achieve the business model's specific objective and is not 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 enabling a conclusion to be reached on which business model should be considered for the management of its financial assets. Accordingly, the group assesses:

- the way in which the performance of the business model and the related financial assets are measured and reported to management;
- the risks affecting the performance of the business model (and respective financial assets held under this business model) and, particularly, how such risks are managed; and,
- the way in which managers are compensated (e.g. if based on the fair value of the assets managed or contractual cash flows received).

As referred to above, two criteria are considered for the purpose of assessing the classification and measurement of financial assets under IFRS 9 – "Financial instruments":

- The entity's business model for managing the financial asset; and,
- The characteristics of the financial asset's contractual cash flows: SPPI (solely payments of principal and interest).

Information on the classification process applied by the group is 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 or the transfer is qualified 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) if the group is not required to pay any amounts to the beneficiary other than those received from the original asset;

(ii) if the group has been prevented under the terms of the transfer agreement from selling the original asset; and,

(iii) if the group must pay the cash flows received without material delays and such cash flows cannot be reinvested up until payment.

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 carrying amount and recognises profit or loss on the difference between the previous gross balance sheet carrying amount. The asset's new gross balance carrying sheet amount is assessed as being 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 carrying amount and depreciated 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:

- The need for a new analysis to assess whether the contractual conditions of the modified financial asset meet SPPI criteria;

- Initial recognition of the new financial asset at its fair value, with any difference between the former asset's net book value being recognised in profit and loss;

- 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) and impairment losses always recognised on the basis of a lifetime PD, i.e. the new asset can never be classified in stage 1;

- The new asset's amortised cost will be measured on the basis of expected cash flows;

- The new financial asset recognised as the result of the contractual modification of a financial asset previously marked for forbearance (in accordance with Commission implementing regulation (EU) no. 2015/227 of January 9, 2015 and in conformity with the internal policy defined by the group), will continue to be marked as such, with the cure period restarting from the date of the last restructuring operation; and,

- 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 latterly transferred to stage 2.

<u>Reclassification of financial assets</u>

If the group makes changes to its financial assets management business model, which is only expected to occur relatively infrequently and on an exceptional basis, all of the financial assets affected are reclassified in conformity with the requirements of IFRS 9 – "Financial instruments". The reclassification is applied prospectively from the date upon which it becomes effective. Under IFRS 9 – "Financial instruments", reclassifications of equity instruments for which the valuation option through other comprehensive income or for other financial assets and liabilities at fair value in the sphere of the fair value option have been included, 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). They include:

  (i) Bid prices published by financial information media 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 the last available NAV (net asset value). Whenever considered adequate, 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 the referred to investment funds.

<u>Amortised cost</u>

Financial instruments at amortised cost are initially recognised at fair value, net of the income or costs directly attributable to the transaction. Interest is recognised by the effective interest rate method.

Interest on impaired financial assets (stage 3) is recognised on the basis of the rate used to discount the future cash flows inherent to the measurement of the impairment loss.

B. Financial liabilities

Financial liabilities are recognised on 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) <u>Financial liabilities held-for-trading</u>

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) <u>Other financial liabilities</u>

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 operations on derivatives 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 the use of models which incorporate measurement techniques based on discounted cash flows which also reflect counterparties' credit and own credit risk (credit valuation adjustment and debit valuation adjustment − CVA/DVA).

<u>Embedded derivatives</u>

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 main 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 being 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 recognised at fair value. The results of the revaluation are measured 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 to hedge the group's exposure to the risks inherent to its activity.

At December 31, 2021 and December 31, 2020 the group only hedged its exposure to changes in the fair value of financial instruments recognised in its balance sheet and referred to as "Fair value hedges".

The group prepares formal documentation for all of its hedge relationships, 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 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 assets and liabilities accounts, respectively.

Measurements of hedged elements are classified in the balance sheet accounts in which the instruments are recognised.

Assessment of the effectiveness of hedge relationships based on interest rate swaps

The qualitative effectiveness of a hedge relationship is measured on the basis of a comparison between the critical terms of the hedged item and hedging instrument. The hedge relationship is expected to be highly effective as the key terms of the hedging instrument and the hedged item (such as notional amount, amortisation schedule, interest rate indexer, start and maturity dates) are exactly the same with the only source of ineffectiveness identified being the different basis for calculating interest between the hedged item and hedging instrument, which, as explained below, should not call into question the effectiveness of the hedge relationship.

This form of measuring a hedge's effectiveness is consistent with the management approach used to monitor the hedge − guaranteeing that the hedge is back-to-back and only ensuring, at any given time, that the notional amount of the contracted derivatives equals the nominal value of the bonds held.

Although considering that the critical terms comparison method is sufficient to reach a conclusion as to the effectiveness of the hedge relationship (in spite of the source of ineffectiveness identified) a quantitative analysis was carried out at the time of initial designation in order to reinforce the previous conclusion regarding the existence of an economic relationship.

In this context, a sensitivity analysis was carried out on the fair value changes of the hedged item and the hedging instrument vis-à-vis changes in interest rates. This was done using the DV01 metric, as one of CGD's preferred risk metrics for interest rate risk management purposes.

Measurement of the effectiveness of the hedge relationship based on interest rate futures on German sovereign bonds

The effectiveness of the hedge relationship is measured quantitatively, as the terms of the hedged item and the hedging instruments are not directly comparable. As futures are standardised products, they cannot be adjusted to the characteristics of the hedged item and a qualitative measurement based on a comparison of critical terms is not adequate.

An approach that presupposes the use of a quantitative method was accordingly considered for the purpose of measuring the prospective effectiveness of the hedge relationship. The method used consists of an analysis of the sensitivity to fair value changes of the hedged item and the hedging instrument to changes in the market interest rate. This was done using the DV01 metric, as one of CGD's preferred risk metrics for interest rate risk management purposes.

Sources of the ineffectiveness of hedge relationships based on interest rate swaps

As already referred to and taking the characteristics of the hedged item and hedging instruments into account, it is noted that the only source of ineffectiveness in this hedge relationship is the different basis used to calculate interest between the hedged item and the hedging instrument. We consider that cash flows spreads resulting from this situation are not expected to put the overall effectiveness of the hedge relationship at risk, with the amount of this ineffectiveness being recognised by revaluations of the hedged item and the hedging instruments in profit and loss.

Sources of the ineffectiveness of hedge relationships based on interest rate futures on German sovereign bonds

The above referred to hedge relationship contains sources of ineffectiveness which lead to a situation in which the hedge does not result in a nil change in fair value:

- The quantity of the nominal amount between the hedged item and hedging instrument is not strictly equivalent;
- Change of cheapest to deliver bond;
- Acquisitions of the instrument designated as a hedged item when designated in the same hedge relationship and disposals of the hedged item;
- Sale or acquisition of new hedging instruments; and,
- Credit risk.

As futures are traded in contracts of €100 thousand, the amounts needed to hedge the full amount of the interest rate risk changes may, on occasions, be slightly unbalanced.

In the event of change of cheapest to deliver bonds, there may be a change in the quantity of futures needed to cover the hedged item, as there may be a slight change in sensitivity to interest rates.

The disposal or acquisition of quantities of the hedged item may result in ineffectiveness at specific times of the hedge relationship, owing to daily changes in valuations of purchases or conversely of sales, until such time as the structure is rebalanced.

Frequency of assessment of compliance with hedge ratio effectiveness requirements

CGD considers whether the hedge relationship meets hedge effectiveness requirements when a hedge relationship is entered into and on an ongoing basis. At the very least CGD carries out the ongoing assessment in each reporting period or whenever there is a significant change in the circumstances affecting hedge effectiveness requirements, whichever occurs sooner.

Rebalancing of the hedge relationship

CGD shall adjust the hedge relationship ratio when a hedge relationship no longer meets the hedge effectiveness requirement in respect of the hedge ratio, but when there is no change in the risk management objective for the hedge relationship. This rebalancing refers to the adjustments made to the designated amounts of the hedged item or the hedging instrument in this hedge relationship for the purpose of maintaining a hedge ratio in accordance with the risk management objective defined for the hedge relationship.

In such a context, in a scenario in which:

(i) new securities are acquired and in which a new hedge relationship for such acquired securities is not designated but rather the designation of these new securities in this hedge relationship; or,

(ii) there is a partial disposal of the securities designated as being a hedged item in this hedge relationship, in which case CGD rebalances the hedge relationship in such a way as for the hedge ratio to continue to be in conformity with the defined risk management objective.

All elements of a hedge relationship shall be discontinued when, taken as a whole, it no longer meets the qualification criteria, namely when:

(i) the hedge relationship no longer meets the risk management objective on the basis of which it was qualified for hedge accounting purposes;

(ii) the hedging instrument is sold or cancelled; and,

(iii) there is no longer an economic relationship between the hedged item and the hedging instrument or if the credit risk effect begins to dominate the value changes resulting from the economic relationship.

D. 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 − IFRS 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 accounting procedures under 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 months expected losses.* These are the expected losses deriving from a loss event occurring in the 12 months following the calculation date, applied for stage 1 operations; and,

- *Lifetime expected losses.* These are the expected losses based on the difference between the contractual cash flows and the cash flows an entity expects to receive up to the contract's maturity, i.e. 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, incorporating the EBA's recommendations as defined in its "Final report on Guidelines on Default Definition (EBA-GL-2016-07)" published on September 28, 2016.

Stage 2 classification is based on the observation of a significant increase in credit risk (SICR) since the time of initial recognition.

The quantitative metrics used to decide when an asset is transferred to stage 2 are 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, namely 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 expected losses should also incorporate reliable, reasonable, justifiable and forward-looking projection scenarios, which are available at no cost or without unduly excessive endeavours (forward-looking).

The amount of an expected credit loss to be recognised accordingly considers a forward-looking component based on the weighting of three different macroeconomic scenarios (central, pessimistic and optimistic). The scenarios to be considered are based on a methodological approach that projects the 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.

2.8. 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 at the lower of the following:

(i) Their bid price; or;

(ii) The book value of the directly associated credit recovery, net of impairment.

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 book value (before impairment) of €3,000 thousand or more and properties with a lower 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, as follows:

- 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 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 and 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.

2.9 Investment properties

Investment properties are properties held by the group with the objective of obtaining income from their rental or appreciation in value.

Investment properties are not depreciated and are recognised at fair value, determined annually on the basis of experts' appraisals. Changes in fair value are recognised in "Other operating income" in profit and loss.

2.10 Other tangible assets

Other tangible assets are recognised at their acquisition cost, revalued under applicable legal provisions 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 "General 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, including the effect of the referred to revaluations, was considered as a cost, in the transition to the IFRS, 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 to price indices. In Portugal, 40% of the increase in depreciation on these revaluations is not tax deductible and the corresponding deferred tax liabilities thereon have been recognised.

Depreciation is recognised on a straight line basis across 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
	4 - 10

Land is not depreciated.

The cost of works on and improvements to property occupied by the group under operating leases is capitalised in this account and depreciated over an average period of 10 years.

Depreciation is recognised as a cost for the period.

Tests to identify signs of impairment on 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.

2.11 Leases

IFRS 16 – "Leases". This standard defines the principles applicable to the recognition, measurement, presentation and disclosure of lease agreements, with the objective of providing appropriate information that provides a proper representation such transactions.

IFRS 16 made significant changes to the form of the accounting of lease agreements from the viewpoint of the lessee whose balance sheet should recognise an asset based on right-of-use and a liability for the liabilities inherent to the referred to agreements, unless involving a period of less than twelve months or when the underlying asset has a residual value.

Lessee

The standard defines a unique accounting procedure for lease agreements, 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. CGD considers an underlying asset of low value when the value of this asset in new is less than €4,415 (according to IASB guidance – value converted from dollars to euros at the end rate of December 2021).

Lessor

Leases continue to be classified as financial or operating leases with no significant alterations in comparison to the previous definition. 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".

2.12 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" have been 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 depreciation and accumulated impairment losses.

Depreciation is recognised on a straight line basis across the assets' estimated useful lives, which is between 3 and 6 years.

Software maintenance costs are recognised as a cost for the period in which they have been incurred.

2.13 Income taxes

Current tax

CGD pays tax under the fiscal regime set out in the IRC (corporate income tax) code under the special tax regime for corporate groupings of article 69 *et seq* of the code. The group perimeter applied for this 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 holds either a direct or indirect stake of at least 75%, for a period of more than 1 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 individual 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 which differs from accounting income owing to adjustments for costs or income which are not relevant for fiscal purposes or only considered in other accounting periods. They particularly include:

- *Profit made 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 when:

  (i) it is resident in a territory listed in a ministerial order approved by the member of government responsible for the finance area; or,

  (ii) 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 no. 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 impairment losses, not yet tax deductible 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 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 i.e. limitations on tax deductions to the amounts calculated under the provisions of Bank of Portugal *notice* no. 3/95 (subsequently revoked) provided that such credit was not covered by real rights over immovable assets, continue to apply to impairment losses and other value adjustments for specific credit risk, accounted for in past tax periods.

Based on the provisions of article 4 of the new law, CGD formalised its intention to subscribe for the new regime for the 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, applicable as from the referred to fiscal year.

– *Credit write-offs*

At December 31, 2021 and December 31, 2020 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 that they would be included as taxable items 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 referred to dates or, furthermore, 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 provisions 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 an addendum to no. 6 of law no. 42/2016 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. CGD, accordingly, began to recognise deferred tax liabilities on impaired financial investments as a deductible tax cost at the time of the constitution thereof when the intention involves a sale or liquidation (or when in progress). These liabilities amounted to €30,055 thousand and €23,685 thousand, at December 31, 2021 and December 31, 2020, respectively.

The amount of unrecognised deferred tax liabilities for impairment of tax deductible financial investments, to the extent of the unlikelihood of any changes to the board of directors' strategy regarding the management of such investments, i.e. no prospects of sale or liquidation in the foreseeable future, amounted to €71,173 thousand and €69,139 thousand respectively at December 31, 2021 and December 31, 2020.

– *Employee costs*

CGD has considered its payment of employee costs, as processed and recognised in its accounts, including, costs associated with pensions 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 respective understanding on this matter of the secretary of state for fiscal affairs of January 19, 2006, according to which, the amounts recognised in costs under the terms of the applicable accounting regulations, limited to the amount of the contribution effectively paid into the pension fund in the same or past periods, under the rules of article 43 of the IRC code, are tax deductible.

Also as a result of the change of accounting policy on the recognition of actuarial profit and loss 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 no. 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.

CGD did not recognise deferred tax on actuarial or financial profit and loss on its pension plan for its working employees at December 31, 2021 and December 31, 2020.

- *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 which would have been assessed if the taxpayer:

  (i) had not benefited from 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.

  This limitation does not apply to the fiscal benefits listed in no. 2 of the same article.

  CGD did not make any adjustments to the assessment of its taxable income for 2021 and 2020 as a result of the application of this article.

Deferred taxes

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 in which 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 originating temporary differences on a group level 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.

2.14 Provisions and contingent liabilities

A provision is set up whenever a current (legal or constructive) obligation resulting from past events involves the probable future expenditure of resources and when this may be reliably assessed. The amount of the provision comprises the best estimate of the amount to be paid to liquidate the liability at the date of the balance sheet.

Cases in which the future expenditure of resources is not probable are considered to be contingent liabilities. Contingent liabilities require only a disclosure, 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.

2.15 Employee benefits

Liabilities for employee benefits are recognised in accordance with the principles of IAS 19 – "Employee benefits". The principal benefits provided by the group include retirement and survivors' pensions, healthcare costs and other long term benefits.

Pensions and healthcare liabilities

CGD group has several pension plans, including defined benefit and, in several situations, defined contribution plans. 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 Portugal's working and retired employees is also provided by Caixa Geral de Depósitos's Social Services and funded by contributions from CGD Portugal 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 is the difference between the present value of liabilities and fair value of pension funds' assets. Total liabilities are calculated by specialised actuaries, using the projected unit credit method and appropriate actuarial assumptions. The rate used for liabilities discounting purposes is based on market interest rates on investment grade corporate bonds denominated in the currency in which the liabilities are paid and with similar periods to maturity to the average settlement period of liabilities.

Profit and loss on differences between the actuarial and financial assumptions and the effective amounts regarding the evolution of liabilities and expected 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. Actuarial profit and loss is fully 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.

2.16 Commissions

As referred to in note 2.7, commissions on credit operations and other financial instruments, i.e. commissions directly charged or paid on originating operations, are recognised over the course of the period 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.

2.17 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.

2.18 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.

2.19 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.

2.20 Critical accounting estimates and more relevant judgmental aspects for the application of accounting policies

The application of the above referred to accounting policies requires CGD’s executive committee and group companies to make estimates. The following estimates have the greatest impact on the group's consolidated financial statements:

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 2.7 d). This measurement is, *inter alia*, based on the weighting of a series of factors reflecting knowledge of a customer’s circumstances, 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) Measurement 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 2.7 d)), indicate the existence of impairment, the amount of the estimated loss is reclassified 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 2.7 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 measurement of such financial instruments is assessed 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, market conditions in which they operate and certain assumptions or judgments. Alternative methodologies and the use of different assumptions and estimates may result in a different measurement level for these investments.

e) Employee benefits

As referred to in note 2.15, the group’s liabilities for its employees’ post-employment and other long term benefits are measured on an actuarial basis. The actuarial evaluations 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 estimates of the future performance of the respective variables.

f) Income tax assessment

Income tax (current and deferred) is assessed by group companies on the basis of the rules defined in the current tax legislation of the countries in which they operate. In several cases, however, tax legislation is not sufficiently clear and objective and may give rise to different interpretations. The amounts recognised in such cases represent CGD 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 in respect of the carry-back of tax losses, is based on the expectation of future taxable profit enabling them to be realised, assessed on the basis of more up-to-date projections of accounting income and considering the objective for the reduction of non-performing assets. The recoverability of deferred tax assets is, therefore, contingent upon the successful implementation of the board of directors’ strategy, namely the capacity to generate the estimated taxable profit and interpretation of the 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 marketing strategy. The assumptions regarding future events may not materialise or, even if materialising, their real results could be different. By way of example, there could be changes on a level of property market expectations, relevant macroeconomic variables or on a level of the intrinsic characteristics of an actual item of property and its physical environmental surrounds.

h) Provisions and contingent liabilities

As referred to in note 2.14, provisions are always recognised whenever a present (legal or constructive) obligation requires a probable future payment to be made 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 considered to be remote.

Decisions on the recognition of provisions and their respective measurement take into account the board of directors’ assessment of the risks and uncertainties associated with the processes in progress and 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 ventures

The group evaluates the recoverable value of its investments in associates and joint ventures at the end of each year. 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 whose fair value is measured on the basis of specific assumptions or judgements.

Alternative methodologies and the use of different assumptions and estimates could result in a different level of valuation of investments in associates and joint ventures and, *ipso facto,* impact on the group's profit and loss.

j) Pandemic

As referred to in the introductory note, the year 2021 continued to be marked by the devastating impacts of the pandemic on the world economy.

In spite of the high levels of uncertainty over the extent and depth of this crisis, existing indicators show an unprecedented fall of GDP in most countries and the scenario of a global recession is therefore a certainty at the present time.

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 consolidated financial statements for the period ended December 31, 2021 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 main 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 the individual, statutory financial accounts, unless otherwise expressly indicated, can be summarised below:

Activity / Entity	Head office	31-12-2021			31-12-2020	
		% Effective participating interest	Equity (a)	Net income	Equity (a)	Net income
Holding Companies						
Caixa - Participações, SGPS, S.A.	Lisbon	100.00%	170,563	27,698	105,278	11,650
Parbanca, SGPS, S.A.	Madeira	-	-	-	81,368	13,084
Banking						
Banco Comercial do Atlântico, S.A.	Praia	58.19%	80,728	13,042	69,218	12,540
Banco Comercial e de Investimentos, S.A.	Maputo	63.05%	334,243	67,893	230,292	37,158
Banco Caixa Geral Brasil, S.A.	São Paulo	100.00%	50,130	(1,529)	48,310	(2,540)
Banco Interatlântico, S.A.R.L.	Praia	70.00%	27,415	2,470	25,033	2,746
Banco Nacional Ultramarino, S.A. (Macau)	Macau	100.00%	825,628	47,249	756,260	46,070
Caixa - Banco de Investimento, S.A. (b)	Lisbon	99.77%	385,650	8,100	381,583	9,045
CGD Investimentos CVC, S.A.	São Paulo	100.00%	3,692	78	3,582	23
Banco Caixa Geral Angola, S.A.	Luanda	51.00%	158,543	45,261	101,548	22,431
Asset Management						
Caixa Gestão de Ativos, S.A.	Lisbon	100.00%	38,356	12,495	37,792	8,557
CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	Lisbon	100.00%	10,228	2,578	12,380	2,590
Venture Capital						
A Promotora, Sociedade de Capital de Risco, S.A.R.L.	Praia	45.33%	4,269	19	4,026	(47)
Caixa Capital - Sociedade de Capital de Risco, S.A.	Lisbon	99.77%	15,294	1,728	15,217	1,651
Real Estate						
Imobci, Lda.	Maputo	46.31%	841	337	382	312
Caixa Imobiliário, S.A.	Lisbon	100.00%	25,623	5,807	19,816	(3,475)
Inmobiliaria Caixa Geral, S.L.	Madrid	100.00%	(75,784)	(314)	(75,469)	(530)
Société Civile Immatriculée du 8 Rue du Helder	Paris	100.00%	6,969	333	6,635	327
Complementary Corporate Groupings						
Groupment d'Interet Economique	Paris	-	-	-	-	-
Caixa Serviços Partilhados	Lisbon	90.00%	-	-	-	-
Special Purpose Entities and Investment Funds						
Fundo de Capital de Risco Empreender Mais	Lisbon	100.00%	82,215	4,332	61,926	(534)
Fundo de Capital de Risco Caixa Fundos	Lisbon	100.00%	137,014	18,146	118,868	3,138
Fundo de Capital de Risco Caixa Crescimento	Lisbon	-	-	-	82,689	206
Caixagest Private Equity - Fundo Especial de Investimento	Lisbon	26.89%	63,944	7,019	63,009	1,075
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	Lisbon	31.18%	105,291	8,981	102,549	1,079
Fundolis - Fundo de Investimento Imobiliário Fechado	Lisbon	100.00%	45,428	(1,742)	47,170	(3,457)
Fundiestamo - Fundo de Investimento Imobiliário Fechado	Lisbon	-	-	-	165,492	11,587

(a) Equity includes net income for the year.
(b) Data taken from consolidated financial statements. The consolidated data from Caixa - Banco de Investimento, S.A. includes data from Caixa Capital - Sociedade de Capital de Risco, S.A.

The list of associated companies, branches and special purpose entities that make up the group's perimeter is presented in note 44.

Information on the principal movements of group subsidiaries for the period ended December 31, 2021 and in 2020 is given below:

Partang

Partang SGPS, S.A. was incorporated into CGD, at December 31, 2020, with the consequent global transfer of its assets. As a result of this operation, the equity stake owned by Partang in BCG Angola is now owned by CGD.

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 review 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, at December 31, 2020, to finalise CLF's incorporation into CGD, fulfilling the strategic plan's requirements in terms of simplifying CGD group's structure.

GIE - Groupement d'Intérêt Économique

This economic interest grouping was wound up in 2021 as part of the ongoing restructuring process.

Parbanca, SGPS, S.A.

Parbanca, SGPS, S.A. was incorporated into the Caixa – Participações, SGPS, S.A. in June 30, 2021, with all its activity being incorporated into the latter.

Caixa Crescimento venture capital fund

The Caixa Crescimento venture capital fund was incorporated into the Empreender Mais - Caixa Capital venture capital fund in August 2021 as part of the ongoing restructuring process, based on the global transfer of its assets, with the aim of simplifying the structure of the venture capital funds managed by Caixa Capital, with an inherent cost reduction and to make readjustments to a fund geared to direct investment through an increase in investment capacity. From an accounting and tax viewpoint, the merger was effective in January 1, 2021.

Fundiestamo

CGD disposed of a significant part of its equity stake in Fundo Especial de Investimento Imobiliário Fechado Fundiestamo I in December 2021, reducing it from 78% to 45.4%. The investment units, however, do not enable CGD to control or even significantly influence the relevant activities associated with the management of the fund's assets and as it does not have the power to elect any board member of this management company, the fund's position was excluded from CGD group's consolidation perimeter under IFRS 10.

4. Cash and cash equivalents at central banks

This account comprises the following:

	31-12-2021	31-12-2020
Cash	597,910	560,392
Demand deposits in central banks	22,405,417	9,718,319
	23,003,327	10,278,712
Interest on demand deposits in central banks	(3,254)	(933)
	23,000,073	10,277,778

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 CGD group banks at December 31, 2021 and December 31, 2020 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:

	31-12-2021	31-12-2020
Cheques for collection		
- Portugal	20,064	37,535
- Abroad	12,106	11,615
	32,171	49,150
Demand deposits		
- Portugal	149,174	155,297
- Abroad	494,560	488,614
	643,734	643,911
Accrued interest	1,446	1,437
	677,351	694,498

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:

	31-12-2021	31-12-2020
Interbank money market	39,901	40,000
Term deposits		
- Portugal	180,615	110,273
- Abroad	1,540,330	1,166,384
Loans		
- Portugal	297,182	(8)
- Abroad	143,870	379,068
Other applications		
- Portugal	639	-
- Abroad	823,219	636,197
Purchase operations with resale agreement	221,821	288,025
Overdue loans and interest	27	27
	3,247,603	2,619,967
Accrued interest	1,343	873
Deferred income	(519)	(422)
	3,248,427	2,620,419
Impairment (Note 38)	(2,062)	(3,100)
	3,246,364	2,617,319

The "Purchase operations with resale agreements" account at December 31, 2021 and December 31, 2020 refers 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 recognised as loans to credit institutions, measured at their respective amortised cost. These operations were contracted for under GMRA (global master repurchase agreements), whose mechanisms strengthen the collateral associated with such transactions on the basis of the evolution of their respective market value which is based on the 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, 2021 and December 31, 2020 is set out in note 38.

7. Financial assets at fair value through profit or loss

This account comprises the following:

	31-12-2021			31-12-2020		
	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	10,775	-	10,775	30,899	-	30,899
. Treasury bills	46	-	46	1,551,559	-	1,551,559
. Bonds of other public issuers:						
Foreign	311,897	-	311,897	1,567,119	-	1,567,119
- Other issuers:						
. Bonds and other securities:						
Residents	27,522	100	27,621	-	98	98
Non-residents	22,507	-	22,507	23,542	-	23,542
	372,748	100	372,848	3,173,119	98	3,173,217
Equity instruments						
Residents	1,849	236,113	237,962	1,146	225,822	226,968
Non-residents	-	104,898	104,898	459	116,657	117,116
	1,849	341,011	342,860	1,605	342,478	344,084
Other financial instruments						
Residents	-	560,633	560,633	-	480,568	480,568
Non-residents	-	332,608	332,608	-	334,247	334,247
	-	893,240	893,240	-	814,815	814,815
Loans and receivables						
Loans and advances to customers	-	82,853	82,853	-	92,463	92,463
Other loans and receivables	-	16,146	16,146	-	21,552	21,552
	-	98,999	98,999	-	114,015	114,015
Derivatives with positive fair value (Note 10)						
- Swaps	351,341	-	351,341	505,003	-	505,003
- Futures and other forward operations	7,979	-	7,979	9,617	-	9,617
- Options - shares, currency and commodities	8,278	-	8,278	14,803	-	14,803
- Caps and floors	49,943	-	49,943	357,013	-	357,013
	417,542	-	417,542	886,436	-	886,436
	792,139	1,333,350	2,125,489	4,061,160	1,271,407	5,332,567

The "Other financial instruments" account, at December 31, 2021 and December 31 2020 includes €391,992 thousand and €396,815 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's stake is held), 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 non-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, 2021 and December 31, 2020 is as follows:

	31-12-2021	31-12-2020
Fundo Imobiliário Aquarius	83,767	91,021
Fundo Recuperação, FCR	53,373	53,373
Flit-Ptrel SICAV	186,401	184,961
OXI Capital, SCR	14,084	14,780
Predicapital FEIIF	11,555	11,555
Fundo Recuperação Turismo, FCR	23,324	23,324
Fundo Imobiliário Vega	16,233	14,546
Nexponor - Sociedade Especial de Investimento Imobiliário de Capital Fixo - SICAFI	3,255	3,255
	391,992	396,815

As the value of the asset transfer funds, at December 31, 2021 and December 31, 2020, 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. Details on the internal measurement criteria applied to these funds are given in note 43 - "Disclosures relating to financial instruments" in the chapter on "Restructuring funds".

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, at December 31, 2021 and December 31, 2020 was as follows:

	31-12-2021		31-12-2020	
	Securities investment funds	Real estate investment funds	Securities investment funds	Real estate investment funds
Book value	25,291	112,697	10,575	127,323

The balance sheet carrying amount of the unit trust investment funds managed by group entities and recognised in the financial assets at fair value through profit or loss portfolio, at December 31, 2021 was as follows:

Securities investment funds	Number	Book value
Caixagest Infraestruturas	947	7,511
Caixa Disponível	3,342	17,780
	4,289	25,291

8. Financial assets at fair value through other comprehensive income

This account comprises the following:

	31-12-2021	31-12-2020
Debt instruments		
- Public debt	2,050,522	2,294,176
- Other public issuers	2,773,984	3,473,940
- Other issuers	1,043,996	953,748
	5,868,502	6,721,864
Equity instruments		
- Measured at fair value	101,396	72,767
	101,396	72,767
Other instruments	62,406	62,148
	6,032,304	6,856,779
Impairment (Note 38)		
- Debt instruments	(485)	(863)
	(485)	(863)
	6,031,819	6,855,916

Details on the group's exposure in "Other instruments" measured at fair value through other comprehensive income - securities subscribed for in assets lending operations, at December 31, 2021 and December 31, 2020, were as follows:

	31-12-2021		31-12-2020	
	Book value	Fair value reserve	Book value	Fair value reserve
Discovery Portugal Real Estate Fund	62,404	(22,935)	62,143	(22,657)

CGD opted to classify and measure these instruments at fair value through other comprehensive income in conformity with the option provided by IFRS 9 – "Financial instruments" (note 2.7). Details on the internal valuation criteria applied to these funds are set out in note 43 - "Disclosures relating to financial instruments" in the chapter on "Restructuring funds".

Fair value reserves, net of deferred taxes associated with assets measured at fair value through other comprehensive income, amounted to €143,034 thousand and €155,387 thousand at December 31, 2021 and December 31, 2020, respectively (note 28).

9. Financial assets with repurchase agreements

Information on financial assets with repurchase agreements at December 31, 2021 and December 31, 2020 is set out below:

	31-12-2021	31-12-2020
At fair value through other comprehensive income		
Debt instruments		
- From public issuers:		
. Foreign debt securities	7,828	13,877
	7,828	13,877

The group entered into financial assets sales operations with a purchase agreement at a future date and predefined price with financial institutions and customers across the period ended December 31, 2021 and in 2020.

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 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, 2021 and December 31, 2020 was measured in conformity with the criteria described in note 2.7 c). Information on the operations' notional and book values at the said dates is given below:

	31-12-2021							
	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								
Exchange Fowards				1,326	(1,416)	-	-	(90)
Purchase	151,015	-	151,015					
Sale	137,755	-	137,755					
Bond Forwards				6,653	-	-	-	6,653
Swaps								
Currency swaps				14,108	(4,936)	-	-	9,172
Purchase	1,375,312	-	1,375,312					
Sale	1,365,592	-	1,365,592					
Equity swaps				224	(158)	-	-	66
Purchase	1,843	-	1,843					
Sale	1,843	-	1,843					
Interest rate swaps and cross currency interest rate swaps				337,009	(317,009)	5,898	(35,628)	(9,729)
Purchase	16,014,715	619,409	16,634,124					
Sale	15,964,490	619,409	16,583,899					
Futures								
Currency				-	-	-	-	-
Long positions	44,850	-	44,850					
Interest rate				-	-	-	-	-
Short positions	78,211	1,878,564	1,956,774					
Equity				-	-	-	-	-
Long positions	1,418	-	1,418					
Other				-	-	-	-	-
Long positions	1,540,104	-	1,540,104					
Short positions	977,826	-	977,826					
Options								
Currency				32	(21)	-	-	11
Purchase	4,834	-	4,834					
Sale	4,834	-	4,834					
Equity				8,247	(8,096)	-	-	151
Purchase	22,774	-	22,774					
Sale	8,270	-	8,270					
Interest rate (Caps & Floors)				49,943	(50,026)	-	-	(83)
Purchase	209,870	-	209,870					
Sale	200,144	-	200,144					
	38,105,697	3,117,381	41,223,079	417,542	(381,661)	5,898	(35,628)	6,151

	31-12-2020							
	Notional value			Book value				
	Trading derivatives	Hedging derivatives	Total	Assets held for trading	Liabilities held for trading	Hedging derivatives		Total
						Assets	Liabilities	
Forward foreign exchange transactions								
Exchange 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					
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)

Derivatives recognised in "Assets held-for-trading", "Liabilities held-for-trading", "Hedge derivatives - assets" and "Hedge derivatives - liabilities" at December 31, 2021 and December 31, 2020 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, on the above dates, are recognised in "Other liabilities - Resources - Surety account" (note 26) and the "Other assets - Debtors and other assets - Other debtors" account (note 20), respectively.

The balance sheet carrying amount of operations with derivatives having positive and negative fair values, collateralised by surety deposits or securities, at December 31, 2021 totalled €119,746 thousand and €199,478 thousand respectively (€319,625 thousand and €916,883 thousand, respectively in December 2020).

Details on the value of CVA (credit valuation adjustments) and DVA (debit valuation adjustments) are given in note 43.

Information on the distribution of derivatives operations, at December 31, 2021 and December 31, 2020 by periods to maturity is set out below (by notional amount):

	31-12-2021					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	> 5 years	Total
Forward foreign exchange transactions						
Exchange Fowards						
Purchase	67,364	22,030	47,924	333	13,364	151,015
Sale	67,417	22,036	47,948	353	-	137,755
Swaps						
Currency swaps						
Purchase	1,370,992	2,697	1,270	353	-	1,375,312
Sale	1,361,408	2,633	1,218	333	-	1,365,592
Equity swaps						
Purchase	883	-	-	960	-	1,843
Sale	883	-	-	960	-	1,843
Interest rate swaps and cross currency interest rate swaps						
Purchase	672,609	911,490	668,467	6,208,649	8,172,909	16,634,124
Sale	672,609	911,490	668,467	6,158,425	8,172,908	16,583,899
Futures						
Currency						
Long positions	44,850	-	-	-	-	44,850
Interest rate						
Short positions	69,486	-	-	-	1,887,288	1,956,774
Equity						
Long positions	-	-	-	-	1,418	1,418
Other						
Long positions	328,525	-	656,855	378,877	175,847	1,540,104
Short positions	335,052	-	468,067	121,267	53,440	977,826
Options						
Currency						
Purchase	2,651	2,183	-	-	-	4,834
Sale	2,651	2,183	-	-	-	4,834
Equity						
Purchase	39	-	14,917	7,817	-	22,774
Sale	41	-	-	8,228	-	8,270
Interest rate (Caps & Floors)						
Purchase	-	-	20,143	105,606	84,121	209,870
Sale	209	52	23,255	92,507	84,120	200,144
	4,997,669	1,876,794	2,618,530	13,084,671	18,645,415	41,223,079

	31-12-2020					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	> 5 years	Total
Forward foreign exchange transactions						
Exchange 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

Information on the distribution of derivatives operations, by counterparty type, at December 31, 2021 and December 31, 2020 is set out below:

	31-12-2021		31-12-2020	
	Notional value	Book value	Notional value	Book value
Forward foreign exchange transactions				
Exchange Fowards				
Financial institutions	114,910	558	181,800	(847)
Other	173,859	(648)	200,784	969
	288,770	(90)	382,584	122
Forward Bonds				
Other	-	6,653	-	-
	-	6,653	-	-
Swaps				
Currency swaps				
Financial institutions	2,716,292	8,871	1,975,546	(23,327)
Other	24,611	301	32,397	(20)
	2,740,903	9,172	2,007,944	(23,347)
Equity swaps				
Other	3,686	66	3,362	607
Interest rate swaps and cross currency interest rate swaps				
Financial institutions	30,300,780	(125,129)	37,289,798	(239,341)
Other	2,917,243	115,400	2,513,603	171,631
	33,218,023	(9,729)	39,803,402	(67,710)
Futures				
Currency				
Stock exchange	-	-	39,419	-
Financial institutions	44,850	-	-	-
	44,850	-	39,419	-
Interest rate				
Stock exchange	1,956,774	-	1,451,616	-
	1,956,774	-	1,451,616	-
Equity				
Stock exchange	1,418	-	533	-
Other	-	-	13,513	6,741
	1,418	-	14,045	6,741
Other				
Stock exchange	2,517,930	-	819,272	-
	2,517,930	-	819,272	-
Options				
Currency				
Other	9,668	11	6,004	116
	9,668	11	6,004	116
Equity				
Financial institutions	31,042	784	13,958	520
Other	1	(634)	1	(538)
	31,043	151	13,959	(19)
Interest rate (Caps & Floors)				
Financial institutions	87,561	(48,692)	678,362	(332,421)
Other	322,454	48,609	417,502	331,984
	410,014	(83)	1,095,863	(437)
	41,223,079	6,151	45,637,471	(83,926)

11. Hedge accounting

As referred to in note 2.7 c), the group performs derivative transactions with the objective of hedging its exposure to the risks inherent to its activity. The hedge accounting option in accordance with the requirements of IFRS 9, in the financial years 2021 and 2020 was applicable 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 recognised as a charge to profit or loss. The fair value of derivatives not traded in organised markets is measured by the use of 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, 2021 and December 31, 2020:

	31-12-2021							
	Notional value				Book value			
	<= 3 months	> 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	1,398	7,382	610,628	619,409	(3)	22	(29,749)	(29,729)
Sale	1,398	7,382	610,628	619,409	-	-	-	-
Interest rate futures								
Sale	-	-	1,878,564	1,878,564	-	-	-	-
	2,797	14,764	3,099,820	3,117,381	(3)	22	(29,749)	(29,729)

	31-12-2020					
	Notional value			Book value		
	> 3 months <= 6 months	> 1 year	Total	> 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)

The following is a breakdown of hedged items at December 31, 2021 and December 31, 2020:

	31-12-2021			31-12-2020		
	Hedging element			Hedging element		
	Book value	Accumulated amounts corrections (Assets / Liabilities)	Hedge accounting adjustment * (Note 33)	Book value	Accumulated amounts corrections (Assets / Liabilities)	Hedge accounting adjustment * (Note 33)
Financial assets at fair value through other comprehensive income	2,740,986	(4,099)	(53,991)	2,520,271	(55,571)	55,700
public debt	1,901,877	585	(45,494)	2,094,248	(42,614)	42,615
foreign public debt	839,109	(4,684)	(8,498)	426,023	(12,957)	13,085
Bonds issued under the EMTN programme	26,050	(5,793)	(1,227)	39,490	(4,565)	(814)
	2,767,036	**(9,892)**	**(55,219)**	**2,559,761**	**(60,137)**	**54,886**

(*) Corresponds to the accumulated variation 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 €3,902 thousand (note 33) on the ineffectiveness component of its hedge relationships in 2021.

12. Investments at amortised cost

The following is a breakdown of investment balances at amortised cost at December 31, 2021 and December 31, 2020:

	31-12-2021	31-12-2020
Debt instruments		
Public debt	4,810,376	4,059,526
Other public issuers		
Other non-residents	7,785,138	6,916,744
	12,595,515	10,976,270
Other issuers		
Other non-residents	408,292	299,653
	408,292	299,653
	13,003,807	11,275,923
Impairment (Note 38)	(9,533)	(19,101)
	12,994,274	11,256,822

Investments at amortised cost, at December 31, 2021 and December 31, 2020 included €327,396 thousand and €245,460 thousand respectively, in Angola sovereign debt instruments.

The “Debt instruments – Issued by national entities − Public debt securities” account at December 31, 2021 and December 31, 2020 includes securities allocated to the issuance of covered bonds with a balance sheet carrying amount of €15,097 thousand and €126,110 thousand, respectively.

13. Loans and advances to customers

This account comprises the following:

	31-12-2021	31-12-2020
Domestic and foreign loans		
Loans	39,307,902	37,378,918
Current account loans	923,958	977,873
Other loans	3,421,519	2,848,660
Other loans and amounts receivable - securitised		
Commercial Paper	1,177,048	1,340,763
Other	3,330,906	3,419,101
Property leasing operations	829,489	762,397
Discounts and other loans secured by bills	127,310	141,857
Equipment leasing operations	771,793	770,969
Factoring	1,469,452	1,250,371
Overdrafts	138,241	159,962
	51,497,618	49,050,872
Accrued interest	109,409	123,440
Deferred income, commissions and other cost and income associated with amortised cost	(4,163)	(23,661)
	51,602,865	49,150,651
Overdue loans and interest	895,228	998,173
	52,498,093	50,148,823
Impairment (Note 38)	(2,314,429)	(2,245,857)
	50,183,664	47,902,966

The “Domestic and foreign credit – Other loans” account, at December 31, 2021 and December 31, 2020, includes €31,237 thousand and €35,453 thousand respectively, relating to mortgage and personal loans issued by CGD to its employees.

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 €113 thousand during the course of 2021. The losses made on these loans were recognised in “Impaired credit, net of reversals and recoveries” in profit and loss.

The “Loans” portfolio at December 31, 2021 and December 31, 2020 includes mortgage loans assigned by CGD as part of securitisation operations. Movements in this loan account, in 2021 and 2020, were as follows:

	Nostrum Mortgages no. 2
Balances at 31-12-2019	3,075,126
Repayments	(231,963)
Repurchase	(13,409)
Other	(2,591)
Balances at 31-12-2020	2,827,163
Repayments	(240,348)
Repurchase	(10,654)
Other	(1,706)
Balances at 31-12-2021	2,574,455

The liabilities associated with this operation are entirely obligation of Group Companies and are therefore eliminated in the preparation of its consolidated financial statements.

The “Loans” account, at December 31, 2021 and December 31, 2020, includes mortgage loans with a book value of €5,604,258 thousand and €6,251,886 thousand, respectively, allocated to the issuance of covered bonds.

The assets pool collateralising the referred to issuances also includes debt securities with a book value of €15,097 thousand and €126,110 thousand, at December 31, 2021 and December 31, 2020 respectively (note 12).

Information on impairment movements, in 2021 and 2020, is set out 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, 2021 and December 31, 2020, is set out below:

ASSETS	31-12-2021	31-12-2020
Property and equipment	402,896	472,883
Subsidiaries		
Banco Caixa Geral Brasil, S.A.	189,749	183,778
Banco Comercial do Atlântico, S.A.	-	793,437
CGD Investimentos CVC, S.A.	4,449	4,666
Other non-current assets and liabilities held-for-sale	-	3,402
	597,093	1,458,165
Impairment (Note 38)		
Property and equipment	(214,006)	(250,481)
Subsidiaries	(46,483)	(48,659)
Other	(257)	(77)
	(260,746)	(299,216)
	336,347	1,158,949
LIABILITIES		
Subsidiaries		
Banco Comercial do Atlântico, S.A.	-	724,154
Banco Caixa Geral Brasil, S.A.	146,958	139,050
CGD Investimentos CVC, S.A.	756	1,083
	147,714	864,287

The income generated by held-for-sale business units, in 2021 and 2020, is itemised in "Income from subsidiaries held-for-sale", in the consolidated profit and loss statement, as set out below:

	31-12-2021	*Restated* 31-12-2020
Results of subsidiaries held-for-sale		
Banco Caixa Geral Brasil, S.A.	(1,605)	(2,563)
CGD Investimentos CVC, S.A.	78	23
	(1,527)	(2,540)

These entities are classified in the “Other” lines of the business segment (note 39).

Subsidiaries

In the framework of the 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 leading to the disposal of the group’s equity stakes in Banco Caixa Geral – Brasil, S.A., CGD Investimentos CVC, S.A., and Banco Comercial do Atlântico in the Republic of Cape Verde. As a direct result of this situation, balances on investments in these entities, net of their respective impairment, have been reclassified from "Investments in subsidiaries, associates and joint ventures" to "Non-current assets held-for-sale".

The BCG Brasil disposal process was initially conditioned by the period of political instability affecting the country across 2018 which was responsible for several delays to the completion of diverse initiatives which had initially been scheduled and which could only be developed in 2019. The government's approval, in August 2019, of the tender documents for the direct sale of BCG Brasil's equity shares held directly by Caixa Geral de Depósitos was particularly relevant in this context.

The capital reductions of BCG Brasil and CGD Investimentos to €71,689 thousand and €2,732 thousand respectively (at the December 2019 exchange rate) was also approved during the course of 2019 in preparation of the current disposal process.

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 Brasil and interact with CGD on strategic matters, in addition to key aspects underpinning the transaction documents.

None of the binding offers received on December 16, 2019, was considered acceptable by CGD and the process was brought to an unsuccessful close.

Initiatives leading to an assessment of the opportunity to initiate new contacts with potential investors were resumed across 2020, notwithstanding the effects of the uncertainty deriving from the current pandemic. In spite of current difficulties, in part associated with the impact of the COVID-19 pandemic, 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 its shareholder's best interests.

Owing to an *ad hoc* review of the commitments related to the recapitalisation process, entered into with DGComp, Caixa Geral de Depósitos, S.A. decided to dispose of its equity investment in Banco Comercial do Atlântico in the Republic of Cape Verde (BCA), in January 2019, having initiated the process and the development of the respective legal procedures. September 2019 witnessed the publication of decree law no. 146/2019, approving the terms governing the whole or part disposal of CGD's shares in BCA. There have been several initiatives with the aim of selecting potential investors since the said date, as a precondition for the development of the negotiating process.

The group reversed the reclassification of the assets and liabilities of Banco Comercial Atlântico (Cape Verde), from "Investments in subsidiaries, associates and joint ventures" previously classified under IFRS 5 - "Non-current assets held-for-sale and discontinued operations" in November 2021, owing to the unsuccessful conclusion of the BCA sales process, which had been ongoing since 2019 as the conditions set out in IFRS 5 for retaining this subsidiary as a non-current asset held-for-sale no longer existed. Under this rule, as the profit made by this equity investment was set out in a single line of the profit and loss statement ("Income from subsidiaries held-for-sale") the comparative period was re-expressed, as presented in the table below:

			Restated
	31-12-2020	IFRS5 - Reclassification BCA	31-12-2020
Interest and similar income	1,482,206	30,885	1,513,091
Interest and similar expenses	(456,427)	(5,366)	(461,794)
Income from equity instruments	18,539	15	18,554
NET INTEREST INCOME	1,044,317	25,534	1,069,851
Income from services and commissions	611,370	3,702	615,072
Costs of services and commissions	(114,199)	(585)	(114,784)
Results from financial operations	49,730	1,042	50,772
Other operating income	35,139	(593)	34,545
TOTAL OPERATING INCOME	1,626,357	29,099	1,655,457
Employee costs	(501,948)	(9,013)	(510,961)
Other administrative costs	(237,588)	(5,028)	(242,616)
Depreciation and amortisation	(95,828)	(1,707)	(97,535)
Provisions net of reversals	26,130	501	26,631
Loan impairment, net of reversals and recoveries	(166,200)	2,353	(163,847)
Other assets impairment, net of reversals and recoveries	(13,782)	(63)	(13,845)
INCOME BEFORE TAX	637,143	16,142	653,285
Income tax	(174,218)	2,264	(171,954)
Results in associated companies and joint ventures	43,885	424	44,309
CONTINUING ACTIVITIES RESULTS	506,809	18,830	525,639
Results on subsidiaries held-for-sale	16,290	(18,830)	(2,540)
CONSOLIDATED INCOME FOR THE YEAR, OF WHICH:	523,099	-	523,099
Non-controlling Interests	(31,508)	-	(31,508)
CONSOLIDATED INCOME ATTRIBUTABLE TO CGD SHAREHOLDER	491,592	-	491,592

Impairment of €46,483 thousand and €48,659 thousand on BCG Brasil was declared at December 31, 2021 and December 31, 2020, respectively, to adjust the equity value of these units' assets and liabilities to their estimated respective fair value, net of disposal costs (note 38) at it date.

Banco Caixa Geral – Brasil, S.A.

Information on the key financial data of Banco Caixa Geral Brasil, at December 31, 2021 and December 31, 2020, is set out below:

ASSETS	31-12-2021	31-12-2020
Cash balances and loans and receivables at other credit institutions	34,028	28,520
Financial assets at fair value through profit or loss	31,198	26,697
Financial assets at fair value through other comprehensive income	47,796	63,416
Financial assets with repurchase agreement	293	1,312
Non-current assets held-for-sale	6,804	9,132
Other tangible assets	219	238
Investments in associates and subsidiaries excluded from consolidation (*)	8,634	8,548
Current tax assets	357	685
Deferred tax assets	13,712	12,401
Loans and advances to customers	51,564	41,495
Other assets	3,777	(117)
TOTAL ASSETS	198,382	192,325
LIABILITIES AND EQUITY		
Resources of other credit institutions	30,956	39,202
Customer resources	102,955	83,989
Financial liabilities at fair value through profit or loss	9,429	12,095
Provisions for guarantees and other commitments	347	341
Provisions for other risks	766	618
Current tax liabilities	-	520
Deferred tax liabilities	855	1,529
Other liabilities	1,649	756
TOTAL LIABILITIES	146,958	139,050
TOTAL EQUITY, of which:	51,425	53,276
Revaluation reserves	(1,170)	(401)
	198,382	192,325

Note: On December 31, 2021and December 31, 2020, the individual balance sheet of Banco Caixa Geral Brasil, incorporates the interest it holds on CGD Investimentos, CVC, in the amount of 8,634 tEuros and 8,548 tEuros.

	31-12-2021	31-12-2020
Other income and expenses		
Interest and similar income	9,692	10,057
Interest and similar expenses	(4,505)	(3,797)
Income from services rendered and commissions	711	541
Cost of services and commissions	(45)	(38)
Results from financial operations	(544)	2,871
Employee costs	(3,795)	(4,139)
Other administrative costs	(2,772)	(3,009)
Depreciation and amortisation	(64)	(104)
Provisions and impairments, net of reversals and recoveries	(1,161)	(6,547)
Other	(360)	(519)
	(2,842)	(4,685)
Income tax	1,237	2,122
NET INCOME	(1,605)	(2,563)

The balances set out in the preceding tables include operations with other group entities and were not eliminated in the consolidation process. Details are given in the following table:

	31-12-2021	31-12-2020
Assets	242	496
Liabilities	33,941	41,895

	31-12-2021	31-12-2020
Other income	395	121
Other expenses	331	264

CGD Investimentos, CVC

Information on the key financial data of CGD Investimentos, CVC, at December 31, 2021 and December 31, 2020 is set out below:

ASSETS	31-12-2021	31-12-2020
Cash balances and loans and receivables at other credit institutions	4,087	4,336
Financial assets at fair value through profit or loss	75	71
Other tangible assets	8	3
Current tax assets	131	150
Other assets	148	105
TOTAL ASSETS	4,449	4,665
LIABILITIES AND EQUITY		
Provisions for other risks	80	126
Current tax liabilities	109	100
Deferred tax liabilities	358	539
Other liabilities	210	319
TOTAL LIABILITIES	756	1,083
TOTAL EQUITY	3,692	3,582
	4,449	4,666

	31-12-2021	31-12-2020
Other income and expenses		
Interest and similar income	182	127
Other administrative costs	(97)	(135)
Depreciation and amortisation	(1)	-
Provisions and impairments, net of reversals and recoveries	(58)	(9)
Other	(6)	(12)
	20	(29)
Income tax	58	52
NET INCOME	78	23

The balances set out in the preceding tables include operations with other group entities and were not eliminated in the consolidation process. Details are given in the following table:

	31-12-2021	31-12-2020
Assets	3,090	2,921

	31-12-2021	31-12-2020
Other income	129	76

Banco Comercial do Atlântico, S.A.

Information on the key financial data of Banco Comercial do Atlântico at December 31, 2020 is set out below:

ASSETS	31-12-2020
Cash balances and loans and receivables at other credit institutions	269,076
Financial assets at fair value through other comprehensive income	531
Non-current assets held-for-sale	14,486
Investment property	13
Other tangible assets	16,555
Intangible assets	426
Investments in associates and subsidiaries excluded from consolidation	4,011
Current tax assets	423
Deferred tax assets	1,574
Loans and advances to customers	465,894
Other assets	20,803
TOTAL ASSETS	793,792
LIABILITIES AND EQUITY	
Resources of other credit institutions	969
Customer resources	711,043
Provisions for employee benefits	2,453
Provisions for guarantees and other commitments	171
Provisions for other risks	773
Current tax liabilities	2,361
Deferred tax liabilities	1,736
Other liabilities	4,647
TOTAL LIABILITIES	724,154
TOTAL EQUITY, of which:	69,638
Revaluation reserves	290
	793,792

The balances set out in the preceding tables include operations with other group entities and were not eliminated in the consolidation process. Details are given in the following table:

	31-12-2020
Assets	10,084
Liabilities	680

Foreign currency reserves

As referred to in note 2.6, 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, when 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, 2021, 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 €79,103 thousand (€79,503 thousand at December 31, 2020).

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 in 2021 and 2020 is set out below:

	Balances at 31-12-2020						Balances at 31-12-2021	
	Gross value	Accumulated impairment	Acquisitions	Sales and write-offs	Other transfers and adjustments	Impairment (Note 38)	Gross value	Accumulated impairment
Non-current assets held-for-sale								
Property	471,392	243,660	42,973	(156,874)	43,480	(30,570)	400,970	213,090
Other	1,491	741	2,798	(2,363)	-	174	1,926	915
	472,883	244,401	45,771	(159,237)	43,480	(30,396)	402,896	214,006

	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 38)	Gross value	Accumulated impairment
Non-current assets held-for-sale								
Property	560,278	261,701	42,871	(116,270)	(15,487)	(18,041)	471,392	243,660
Other	2,294	1,051	503	-	(1,306)	(310)	1,491	741
	562,572	262,752	43,374	(116,270)	(16,793)	(18,351)	472,883	244,401

Net profit on non-current assets and liabilities held-for-sale, at December 31, 2021 and December 31, 2020, amounted to €24,879 thousand and €38,829 thousand, respectively (note 34), of which €2,226 thousand and €2,585 thousand, respectively, in costs for maintaining the referred to assets in the period up until the time of sale.

15. Investment properties

Information on “Investment properties” movements, in 2021 and 2020, is set out below:

	31-12-2021	31-12-2020
Balances at the beginning of the year	188,849	185,666
Changes in the consolidation perimeter	(156,466)	-
Acquisitions	-	2,117
Revaluations (Note 34)	824	5,253
Sales	(5,050)	(547)
Transfers from / to tangible assets and non-current assets held-for-sale	2,427	(1,490)
Other	2,762	(2,150)
Balances at the end of the year	33,346	188,849

Investment properties owned by the group, at December 31, 2021 and December 31, 2020, are recognised at fair value. Profit and loss on the revaluation of these properties is recognised as a charge to “Other operating income” (note 2.9) in profit and loss.

The "Investment properties" account at December 31, 2020 included €155,615 thousand in property owned by the Fundiestamo fund. CGD significantly reduced its stake in this fund, from 78% to 45.4% in December 2021. As its investment units, however, do not enable CGD to control or significantly influence the relevant activities associated with the management of the fund’s assets, it was excluded from CGD group’s consolidation perimeter under IFRS 10.

The other properties recognised in this account are essentially the result of overdue credit recoveries.

Measurement methodologies and fair value assessment

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 transactions on which information is available.

- 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 flow (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 current amount 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 the property’s present physical, functional, environmental and economic conditions plus marketing 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 can be identified.

- 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 sqm or monthly rent per unit (when what is relevant is not the area but rather the use given to the property, e.g. car parks). In active rental markets, these variables are provided by directly or indirectly observable data in the market, although they may need to be adjusted (harmonised) depending on the specific characteristics of the property being valued.

- Variables contributing towards the assessment of operating income from the property. These variables may differ in line with the type of property and are generally assessed on the basis of the property's potential income generating capacity, based on 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 sqm. This variable is essentially reliant upon a property's construction characteristics although the place of construction is also a contributory factor. It is based on directly or indirectly observable construction market data.

Investment properties acquired on credit recovery operations are also included in the analysis of the individual and collective impairment valuation model on property recognised as non-current assets held-for-sale, whose principal characteristics are described in note 2.9. 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, 2021 and December 31, 2020 by type, development status in terms of their preparation for use and current occupancy, considering the methodologies used to measure fair value:

			31-12-2021			
Property type	State development	Occupation	Book value	Measurement techniques	Relevants inputs	Reference range of relevant inputs
Housing	Concluded	Rented	1,229	Cost method / Income capitalisation method	Estimated rental value per m2	2
			302	Market comparable method	Estimated rental value per m2	[437 - 650]
			67	Income capitalisation method / Market comparable method / Cost method	Estimated rental value per m2	[1561 - 1633]
		Capitalisation / sale	630	Income capitalisation method	Estimated rental value per m2	[2000 - 2500]
			2,229			
Stores	Concluded	Capitalisation / sale	369	Income capitalisation method / Market comparable method	Estimated sale value per m2	5.0 / 740
			369			
Land	n.a.	Capitalisation / sale	13,082	Income capitalisation method / Market comparable method / DCF	Estimated sale value per m2 housing / stores	[3315 - 4200]
			13,082			
Storage	Concluded	Rented	723	Market comparable method	Estimated rental value per m2	143
			723			
			16,402			
Other			16,944			
			33,346			

			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	Discount rate	[5,00%-9,00%]
			149,497			
Housing	Concluded	Rented	975	Income capitalisation method / Market comparable method	Estimated rental value per m2	2
			1,851	Market comparable method	Estimated rental value per m2	[425-1656]
			67	Income capitalisation method / Market comparable method / Cost method	Estimated rental value per m2	[1561 - 1633]
		Capitalisation / sale	1,168	Income capitalisation method	Estimated rental value per m2	[2000 - 2500]
			4,062			
Stores	Concluded	Capitalisation / sale	369	Income capitalisation method / Market comparable method	Estimated sale value per m2	5.0 / 740
			369			
Parking	Concluded	Rented	5,100	Market comparable method / Income capitalisation method	Discount rate	[7,00%-7,50%]
			5,100			
Land	n.a.	Capitalisation / sale	13,349	Income capitalisation method / Market comparable method / DCF	Estimated sale value per m2 housing / stores	[2400 - 3800]
			13,349			
Storage	Concluded	Rented	585	Market comparable method	Estimated rental value per m2	165
			585			
			172,962			
Other			15,887			
			188,849			

As previously 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 assets movements (net), in 2021 and 2020, were as follows:

	Balances at 31-12-2020									Balances at 31-12-2021	
	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
Own service properties											
Land	65,994	-	401	286	(4,016)	1,768	-	-	-	64,433	-
Buildings	467,625	(266,522)	1,426	14,726	(22,141)	17,975	(9,935)	(4,938)	(42)	475,200	(277,026)
Leasehold improvements	92,068	(73,945)	932	3,312	7,623	936	(3,362)	167	-	109,529	(81,798)
Equipment											
Fittings and office equipment	59,526	(54,397)	504	562	(378)	495	(1,148)	-	7	63,367	(58,196)
Machinery and tools	23,349	(21,846)	366	182	387	96	(784)	-	47	24,821	(23,023)
Computer equipment	247,142	(225,873)	11,149	1,406	(6)	1,829	(9,972)	-	(104)	267,550	(241,981)
Indoor facilities	344,575	(319,502)	3,616	1,378	1,470	7,044	(10,436)	(1,086)	(2)	355,276	(328,218)
Transport material	8,878	(6,311)	601	506	-	2,745	(1,448)	-	(713)	13,226	(8,969)
Safety/security equipment	46,832	(43,033)	530	162	243	306	(1,473)	-	(3)	50,474	(46,911)
Other equipment	4,189	(2,803)	456	323	(8)	249	(423)	-	-	7,017	(5,033)
Lease - right-of-use assets	237,554	(60,337)	37,904	3,621	-	1,057	(34,463)	-	(236)	251,384	(66,283)
Tangible assets in progress	30,583	-	14,810	1,991	(16,033)	(8,138)	-	-	(25)	23,189	-
Other tangible assets	9,474	(8,825)	110	58	-	38	47	-	(1)	9,585	(8,683)
	1,637,790	(1,083,394)	72,806	28,514	(32,861)	26,400	(73,396)	(5,858)	(1,072)	1,715,049	(1,146,121)

	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
Own service properties											
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)

Accumulated impairment on other intangible assets, at December 31, 2021 and December 31, 2020 totalled €29,366 thousand and €24,992 thousand, respectively (note 38).

17. Intangible assets

Information on movements in the “Intangible assets” accounts for the years 2021 and 2020 is set out below:

	Balances at 31-12-2020			Write-offs					Balances at 31-12-2021	
	Gross value	Accumulated depreciation and impairment losses	Acquisitions	Gross value	Impairment	Other transfers and adjustments	Exchange differences	Depreciation for the year	Gross value	Accumulated depreciation and impairment losses
Goodwill										
Banco Caixa Geral Angola	10,486	(10,486)	-	-	-	2,551	(2,551)	-	13,037	(13,037)
Software	159,343	(83,104)	23,978	(38)	(35)	46,064	1,061	(35,026)	236,413	(124,168)
Other intangible assets	9,759	(4,139)	-	(238)	(238)	319	440	(408)	11,143	(5,650)
Intangible assets in progress	44,674	-	60,349	-	-	(45,995)	768	-	59,796	-
	224,262	(97,728)	84,327	(276)	(273)	2,940	(283)	(35,434)	320,389	(142,855)

	Balances at 31-12-2019			Write-offs				Balances at 31-12-2020	
	Gross value	Accumulated depreciation and impairment losses	Acquisitions	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)

Intangible assets in progress, at December 31, 2021 and December 31, 2020 essentially refer to expenses incurred on the development of software which had not come into operation on the said dates.

Write-offs of automatic data processing systems in 2021 and 2020 derived from discontinuations or obsolescence.

Accumulated impairment on intangible assets, at December 31, 2021 and December 31, 2020 amounted to €13,037 thousand and €10,725 thousand, respectively (note 38).

Variations in gross value and impairment on goodwill in respect of Banco Caixa Geral Angola across the year are the result of foreign exchange revaluations.

CGD spent €60,968 thousand on research, development and innovation projects, in 2021.

18. Investments in associates and joint ventures

This account comprised the following at December 31, 2021 and December 31, 2020:

	31-12-2021			31-12-2020	
	Effective participating interest (%)	Book value	Contribution to the results of the group	Effective participating interest (%)	Book value
Jointly controlled entities					
Locarent - Companhia Portuguesa de Aluguer de Viaturas, S.A.	50.00	21,215	1,205.97	50.00	20,412.94
Esegur – Empresa de Segurança, S.A.	50.00	6,486	(77)	50.00	8,758
		27,701	1,129		29,171
Associated companies					
Fidelidade – Companhia de Seguros, S.A.	15.00	436,607	38,525	15.00	427,857
SIBS - Sociedade Interbancária de Serviços, S.A.	22.97	52,571	15,430	22.97	40,387
Banco Internacional de São Tomé e Príncipe, S.A.R.L.	27.00	4,952	693	27.00	4,495
Other	-	8,401	1,352	-	3,687
		502,531	56,000		476,426
Impairment (Note 38)	-	(439)	-	-	(439)
		529,794	57,129		505,158

Information on the statutory financial data (unaudited financial statements) of the principal associates and joint ventures, at December 31, 2021 and December 31, 2020 is set out below:

		31-12-2021				
Activity / Entity	Head office	Assets	Liabilities	Equity (a)	Net income	Total income
Insurance						
Fidelidade – Companhia de Seguros, S.A (b)	Lisbon	20,356,841	16,729,018	3,627,823	274,640	4,339,019
Other						
Esegur – Empresa de Segurança, S.A.	Lisbon	39,461	23,546	15,915	220	39,922
Locarent - Companhia Portuguesa de Aluguer de Viaturas, S.A.	Lisbon	278,141	235,667	42,475	2,466	35,014
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	401,682	172,776	228,906	49,350	258,132

(a) Equity includes net income for the year and excludes non-controlling interests.

(b) Data taken from the consolidated financial statements.

		31-12-2020				
Activity / Entity	Head office	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
Other						
Esegur – Empresa de Segurança, S.A.	Lisbon	41,061	23,546	17,515	22	41,290
Locarent - Companhia Portuguesa de Aluguer de Viaturas, 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.

The group received dividends of €3,370 thousand and €2,751 thousand from these entities in 2021 and in 2020 respectively.

Fidelidade

The profit recognised in this transaction in September 2020, resulting from the difference between the fair value attributed to the delivery of Fidelidade Assistência and Multicare shares in the share capital increase and the amount of €6,096 thousand at which they were recognised in CGD's balance sheet at the time of the transaction, are reflected in the "Other operating income" aggregate (note 34).

19. Income tax

Tax assets and liabilities balances on income, at December 31, 2021 and December 31, 2020 were as follows:

	31-12-2021	31-12-2020
Current tax assets		
Income tax recoverable	19,138	13,249
Tax credits	420,575	420,575
Other	3,449	2,312
	443,163	436,137
Current tax liabilities		
Income tax payable	26,229	15,291
Other	6,259	1,059
	32,489	16,350
	410,674	419,786
Deferred tax assets		
Temporary differences	1,117,599	1,305,603
Reported tax losses	14,349	8,793
	1,131,948	1,314,396
Deferred tax liabilities	111,431	122,899
	1,020,517	1,191,497

The “Current tax assets – tax credit” account at December 31, 2021 and December 31, 2020 refers to the conversion of deferred tax assets into tax credit under the special regime approved by law no. 61/2014.

Deferred tax movements, in the periods ended December 31, 2021 and December 31, 2020 were as follows:

	Balance at 31-12-2020	Change in		Transfers to current tax	Other	Balance at 31-12-2021
		Equity	Profit or loss			
Impairment losses on credit	915,343	-	(135,177)	-	-	780,167
Employee benefits	228,191	(2,887)	(15,117)	(4,772)	-	205,415
Impairment and adjustments in property and tangible and intangible assets	22,648	(172)	(2,827)	-	-	19,649
Measurement of financial assets at fair value through other comprehensive income	(57,179)	5,830	-	-	(111)	(51,461)
Impairment and other value changes in equity investments and other securities	46,877	-	(24,204)	1,032	(2,762)	20,943
Other provisions and impairment not tax deductible	16,462	-	368	-	-	16,830
Tax loss carry forward	8,793	-	4,949	-	606	14,349
Other	10,363	-	(2,087)	-	6,349	14,625
	1,191,497	2,771	(174,093)	(3,740)	4,083	1,020,517

	Balance at 31-12-2019	Change in		Transfers to current tax	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 in property and tangible and intangible assets	29,559	342	(7,373)	-	120	22,648
Measurement of financial assets at fair value through other comprehensive income	(69,304)	5,867	-	-	6,258	(57,179)
Impairment and other value changes in equity investments and other securities	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

In 2021, the "Other" column includes €689 thousand deriving from the transfer of BCA's deferred tax assets and liabilities, from non-current assets and liabilities held-for-sale categories (note 13) in the sphere of the discontinuation of the application of IFRS 5 – "Non-current assets held-for-sale and discontinued operations" in the case of this business unit.

As the income generated by this equity stake, under this standard, is set out in a single line of the profit and loss statement ("Income from subsidiaries held-for-sale"), the periods have been accordingly re-expressed for comparison purposes. Deferred tax charges on BCA's activity, recognised in profit or loss for the period, totalled €105 thousand.

Special regime applicable to deferred tax assets

Caixa Geral de Depósitos and Caixa - Banco de Investimento subscribed to the special deferred tax assets regime, in 2014, following the resolutions of their respective general meetings of shareholders.

This regime (and latter amendments), approved by law no. 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 employees' post employment or long term benefits.

The alterations to the timeframe of the regime of law no. 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 employees' post employment or long term benefits are converted into tax credit when the taxpayer's income is negative in the respective tax period 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 tax credit to be attributed will be the proportion of such negative net income for the period to the taxpayer's total equity (assessed prior to the deduction of such income) 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 deferred tax assets into tax credit shall be for its total amount.

In cases of conversions into tax credit (other than in cases of liquidation or insolvency), a special reserve, plus 10%, is set up 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. 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, will also be issued. 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 this regime, at December 31, 2021 and December 31, 2020 is set out below:

Deferred tax within the scope of the special regime for deferred tax assets	31-12-2021	31-12-2020
Impairment losses on credit	305,706	454,181
Employee benefits	59,318	127,246
	365,024	581,427

As a consequence of Caixa Geral de Depósitos' assessment of negative net income from its individual activity, in 2016, the eligible deferred tax assets at the close of the referred to period were converted into tax credit, based on the proportion of net profit to equity and 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 no. 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 no. 61/2014 (of which it is an integral part), the above capital transactions, in addition to the amount of the tax credit conversion were certified by a statutory auditor.

Owing to its status 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 equity

The group made alterations to its accounting policy on the recognition of actuarial profit and loss on pension plans and other post-employment benefits in 2011, pursuant to which actuarial profit and loss on revaluations of pensions and healthcare liabilities and pension fund yield projections were fully recognised as a charge to an 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, 2021 and December 31, 2020 in addition to the fiscal burden measured by the tax appropriation to net profit for the period before tax ratio, is set out below:

	31-12-2021	Restated 31-12-2020
Current tax		
For the year	50,165	36,833
Extraordinary contribution of the banking sector	28,733	27,864
Prior year adjustments (net)	20,533	(9,311)
	99,430	55,386
Deferred tax	174,093	116,568
Total income tax	273,523	171,954
Consolidated income before tax and non-controlling interests	851,616	653,285
Tax charge	32.12%	26.32%

The following is a breakdown of “Adjustments for past years” for the periods ended December 31, 2021 and December 31, 2020:

	31-12-2021	31-12-2020
Insufficiency / (excess) of estimated tax for 2020 and 2019)	21,860	(2,461)
Adjustments to previous years taxable income	(1,327)	(6,836)
Other	-	(15)
	20,533	(9,311)

At December 31, 2021, the “underestimated/overestimated tax balance” amounting to €21,860 thousand mostly relates to temporary differences determined in the context of the IRC tax bill for 2020, adjustable by taxable income in future periods. The referred to differences resulted in the constitution of deferred tax in the same period.

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, 2021 and December 31, 2020 was as follows:

	31-12-2021		31-12-2020 (Restated)	
	Rate	Tax	Rate	Tax
Income before tax		851,616		653,285
Tax at the nominal rate	27.35%	232,917	27.35%	178,673
Impact of companies with tax rates different from the nominal rate in Portugal	0.58%	4,947	(1.59%)	(10,385)
Permanent differences to be deducted	(0.11%)	(905)	(0.14%)	(916)
Permanent differences to be increased:				
Non deductable provisions and impairment	0.14%	1,228	0.38%	2,492
Other	0.11%	968	0.08%	505
Recognition of impairment on equity investments, net of write-offs	0.13%	1,142	-	-
Annulment of tax losses considered non-recoverable	0.01%	86	0.09%	590
Autonomous taxation	0.07%	570	0.04%	247
Contribution of the banking sector	3.37%	28,733	4.27%	27,864
Dividend charges on other equity instruments	(1.73%)	(14,701)	(2.25%)	(14,702)
Other	0.94%	8,019	(0.53%)	(3,486)
	30.88%	263,003	27.69%	180,884
Tax adjustments relative to prior years				
Insufficiency / (excess) of tax estimate related to previous years and other corrections to the taxable base, net of deferred tax	1.24%	10,520	(1.36%)	(8,915)
Other	-	-	-	(15)
	1.24%	10,520	(1.36%)	(8,929)
	32.12%	**273,523**	**26.32%**	**171,954**

CGD's nominal tax rate, for the period ended December 31, 2021, considering the surcharge rates applicable to its operations was 27.35%.

The assessment of CGD's nominal tax rate considers the increase in the municipal and state surcharges on taxable profit.

Article 51-C of the IRC code was altered by the publication of law no. 42/2016, in the form of an addendum to no. 6, under which, for 2017 and following years, 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.

As a result of this situation, the group recognised deferred tax liabilities for impaired financial investments, deductible as a tax expense at the time of the constitution thereof when the intention involves a sale or liquidation (or when in progress), for the amounts of €30,055 thousand and €23,685 thousand, at December 31, 2021 and December 31, 2020 respectively.

Limitations on tax deductions of impairment losses on loans and other value adjustments (note 2.13)

Law no. 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 analysed 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 28-C of the IRC code) are fully deductible.

The rules in force up to December 31, 2018 i.e. limiting tax deductions to the amounts assessed under the provisions of Bank of Portugal *notice* no. 3/95 (subsequently revoked) continue to apply to impairment losses and other value adjustments for specific credit risk accounted for in prior tax periods, provided that such loans were not collateralised by real rights over immovable assets.

According to the provisions 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 2.13)

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 relevant analysis period.

This assessment was based on activities projection exercises included in the strategic objectives proposed to the shareholder, to be achieved during the board of directors' current term of office. They will allow CGD to ensure adequate levels of profitability and capital, over the referred to timeframe, in addition to fulfilling the objectives for reducing non-performing assets reported to the supervisors.

The potential impacts on CGD's activity deriving from the evolution of the pandemic on national and world economic development and its undeniable effects on CGD's capacity to achieve its intended economic and financial targets were also considered.

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 alteration of the 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 within these periods and the suspension of the counting of the period applicable for the fiscal losses as those existing on the first day of the taxation period for 2020), will be sufficient to balance any deviations in meeting its goals.

The expectation of generating future taxable profit is based on projected returns, duly adjusted on the basis of the evolution of the relevant macroeconomic and financial indicators.

The following assumptions relevant to the estimations of the recoverability of deferred tax assets, were also considered:

(i) Application of the deduction rules on credit risk impairment as defined by law no. 98/2019;

(ii) 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 supervisors; and,

(iii) 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 for 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 of the recoverability of deferred tax assets, considering a 15% decrease in profit before tax applicable to all of the years in the projection, with no losses other than those recognised in the balance sheet having been recognised.

It should be noted that owing to the uncertainties created by the armed conflict occurring in the European territorial space in February 2022, whose scope and geopolitical impacts are both undeniable and profound, the nature of the exercise carried out and the robustness of the results obtained, enable the board of directors to continue to consider the results valid according to the data currently at its disposal.

Banking sector and additional solidarity contribution

The terms of article 141 of the state budget law for 2011 (law no. 55-A/2010 of December 31), introduced a new contribution regime for the banking sector. This contribution, regulated under the terms of ministerial order no. 121/2011 of March 30, is levied on an institution's liabilities, net of the own and complementary funds, in addition to the deposits covered by the deposit guarantee fund and the notional amount of derivatives other than hedge derivatives. This tax is also levied on the subsidiaries of credit institutions headquartered outside Portuguese territory and the branches in Portugal of credit institutions headquartered outside the European Union.

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 pandemic crisis. The base upon which the contribution is levied is regulated by ministerial order no. 191/2020 of August 10 whose requirements are the same as those applicable to the assessment of the previously described banking sector contribution.

The group recognised costs of €28,733 thousand and €27,864 thousand for the periods ended December 31, 2021 and December 31, 2020, respectively, comprising the total amount payable in the respective taxation periods.

The tax authorities are normally entitled to review the tax situation across a certain period, which, in Portugal, is four years (unless tax losses have been carried back, in addition to any other deduction or tax credit expiring in the same year as this right). Different interpretations of the legislation may result in the possibility of adjustments to taxable profit for past years (considering that inspections relating to the periods of 2017 and 2018 were carried out by the tax authorities on most of the entities headquartered in Portugal included in the group's fiscal perimeter, there remains a possibility of inspections relating to the period 2019 – 2021). Given the nature of any corrections that may be made, it is not possible to quantify them at this time. CGD's board of directors considers, however, that any adjustments for these years are unlikely to have a significant effect on its consolidated financial statements.

20. Other assets

This account comprises the following:

	31-12-2021	31-12-2020
Other assets		
Debt certificates of the Territory of Macau	1,239,001	1,070,469
Gold, precious metal, numismatics and medals	3,424	3,433
Other receivables	23	13
Other	5,957	5,845
Debtors and other investments		
Central and local government	7,818	8,789
Shareholders' loans	7,167	7,166
Debtors - futures contracts	25,688	27,233
Grants receivable from		
The State	18,183	25,145
Other entities	13,299	14,955
Amount receivable from the sale of assets recovered as settlement of defaulting loans	640	1,360
Other past due debtors	18,150	17,617
Other debtors	837,451	861,646
Commitments with pension and other employee benefits		
Excess responsabilities coverage		
Caixa Geral de Depósitos	259,079	-
Other	8	-
Income receivable	56,073	50,930
Deferred costs		
Rent	186	333
Other	20,060	17,492
Operations pending settlement	159,892	149,662
Stock exchange operations	742	9,953
	2,672,841	2,272,042
Impairment (Note 38)	(156,513)	(139,842)
	2,516,327	2,132,200

Information on impairment movements on debtors and other assets for the periods ended December 31, 2021 and December 31, 2020 is set out in note 38.

The “Debtors and other assets – other debtors” account at December 31, 2021 and December 31, 2020 included €241,148 thousand and €663,589 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, 2021 and December 31, 2020 includes €22,575 thousand and €19,419 thousand, respectively, for sureties in the form of an irrevocable commitment to make contributions to the single resolution fund (note 34).

Under the contract to issue notes entered into between Banco Nacional Ultramarino, S.A. (Macau) and the Administrative Region of Macau, the bank provides the region with convertible currency corresponding to the countervalue of notes in circulation, receiving in return, 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, 2021 and December 31, 2020 totalled €1,239,001 thousand and €1,070,469 thousand, respectively.

The "Debtors and other assets - other overdue debtors" account at December 31, 2021 and December 31, 2020 includes outstanding balances relating to the execution of guarantees to customers and other expenses directly associated with such operations for the amounts of €15,896 thousand and €13,651 thousand, respectively. The accumulated impairment associated with these operations amounted €12,318 thousand and €9,853 thousand, respectively.

The amounts of “Other lending operations pending settlement” at December 31, 2021 and December 31, 2020 essentially refer to stock market derivatives operations, means of payment and bank transfers whose financial settlement had not yet occurred.

Shareholders’ loans, at December 31, 2021 and December 31, 2020 were as follows:

	31-12-2021	31-12-2020
Other	7,167	7,166

21. Credit institutions' and central banks' resources

This account comprises the following:

	31-12-2021	31-12-2020
Resources of central banks		
Resources - European Central Bank		
Loans, deposits and other resources		
Caixa Geral de Depósitos	5,800,000	1,000,000
Resources of other central banks		
Deposits and other resources		
Of domestic credit institutions	1,149	1,332
Of foreign credit institutions	40,791	96,807
Other resources	3,176	2,995
Interest payable / (receivable)	(28,697)	(2,084)
	5,816,419	1,099,051
Resources of other credit institutions		
Deposits and other resources		
Of domestic credit institutions	236,623	162,787
Of foreign credit institutions	611,893	689,773
Interbank money market resources	17,800	13,300
Immediate short term resources		
Of domestic credit institutions	35,207	63,844
Of foreign credit institutions	20,350	-
Loans		
Of domestic credit institutions	300	-
Of foreign credit institutions	-	2,839
Resources of international financial entities	1,428	2,839
Interest payable / (receivable)	5,183	5,985
	928,782	941,368
	6,745,201	2,040,418

The "Central banks' resources – Resources – European Central Bank – Loans, deposits and other resources – Caixa Geral de Depósitos" account at December 31, 2021 and December 31, 2020 refers to CGD's participation in the 3rd series of the targeted longer-term refinancing operations 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 the implementation of its monetary policy.

The operation was recognised in accordance with the requirements of IFRS 9, configuring a variable rate financing, indexed to variable rates administratively fixed by the ECB.

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 3 years with quarterly renewals. Access to funding by financial institutions may increase to up to 55% of a specific series of loans (for the 10 total operations envisaged under the programme) interest on which is 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 refinancing operations rate between June 24, 2020 and June 23, 2021 shall be the average interest rate on the permanent deposit facility in force across the period of the operation's duration, minus 50 basis points and never more than a negative 1%.

CGD increased its participation in the third TLTRO series by €4,800,000 thousand in 2021.

The remuneration of the referred operations amounted to an income of €26,615 thousand, recognised in the net interest income aggregate for the year.

It is already possible to confirm that the conditions attached to the agreements in force at December 31, 2020, have been met and the interest thereon, accordingly adjusted. The programme's general terms continue to apply to agreements in 2021.

22. Customers' resources and other loans

This account comprises the following:

	31-12-2021	31-12-2020
Savings deposits	2,394,938	2,449,457
Other debts		
Repayable on demand	42,960,088	37,079,686
Term		
Deposits	31,523,069	30,352,609
Mandatory deposits	848,512	289,678
Other resources:		
Cheques and orders payable	82,127	104,447
Loans	2,826	-
Operations with repurchase agreement	7,750	13,682
Other	1,908,200	1,712,861
	34,372,483	32,473,277
	77,332,572	69,552,963
Interest payable	32,218	34,579
Deferred costs net of deferred income	(665)	(841)
Commissions associated with amortised cost (deferred)	(3,380)	(3,207)
Adjustments to liabilities under hedging operations	8	7
	28,180	30,539
	79,755,690	72,032,958

23. Debt securities

This account comprises the following:

	31-12-2021	31-12-2020
Bonds in circulation		
Bonds issued under the EMTN Programme		
- Remuneration indexed to interest rates	526,050	109,490
	526,050	109,490
Covered bonds	1,249,600	1,249,600
	1,775,650	1,359,090
Other		
Issues under the Euro Commercial Paper and Certificates of Deposit Programme		
- Commercial Paper	395	70
	395	70
Adjustments to liabilities under hedging operations	5,793	4,565
Deferred costs net of income	(2,007)	(1,545)
Interest payable	9,884	8,853
	1,789,714	1,371,033

The breakdown of the debt securities account, at December 31, 2021 and December 31, 2020, is net of the accumulated debt balances repurchased in the meantime, as follows:

	31-12-2021	31-12-2020
Bonds issued under the EMTN programme	-	55,000
Covered bonds	3,000,000	3,000,000
	3,000,000	3,055,000

CGD uses the following specific programmes to diversify its funding sources:

(i) *Euro commercial paper and certificates of deposits (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 set up a covered bonds programme for the direct issuance of 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 no. 59/2006 and Bank of Portugal *notices* nos. 5, 6, 7 and 8 and *instruction* no.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 the 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 the express and legally binding guarantee of such entities. Mortgage loans cannot exceed 80% of the amount 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 their associated mortgage loans;
- The total amount of interest payable on the covered bonds may not, for issuances as a whole, exceed the amount of interest charged to borrowers of the mortgage loans associated with the referred to bonds; and,
- The present value of the covered bonds may not exceed the present value of the assets associated with them. The 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 with 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, 2021 and December 31, 2020 with the following characteristics, totalled €4,250,000 thousand:

DESIGNATION	Nominal amount		Date of issue	Date of redemption	Interest payment	Remuneration	Interest rate at 31-12-2021	Interest rate at 31-12-2020
	31-12-2021	31-12-2020						
Hipotecárias Série 4 2007/2022	250,000	250,000	2007-06-28	2022-06-28	Quarterly, on March 28, June, September and December	3 month Euribor rate + 0.05%	-0.050%	-
Hipotecárias Série 14 2012/2022 (a)	1,500,000	1,500,000	2012-07-31	2022-07-31	Quarterly, on January 31, April, July and October	3 month Euribor rate + 0.75%	-0.556%	0.351%
Hipotecárias Série 17 2015/2022	1,000,000	1,000,000	2015-01-27	2022-01-27	Annually, on January 27	Fixed rate	1.000%	1.000%
Hipotecárias Série 18 2018/2028 (a)	1,500,000	1,500,000	2018-12-19	2028-12-19	Quarterly, on March 19, June, September and December	3 month Euribor rate + 0.6%	-0.589%	0.192%
	4,250,000	4,250,000						

(a) Issue fully repurchased by CGD. These securities are collaterising liquidity providing operations with the European Central Bank

The assets pool used to collateralise the issuances includes mortgage loans originating in Portugal with a book value of €5,604,258 thousand and €6,251,886 at December 31, 2021 and December 31, 2020 respectively (note 13).

The assets pool used to collateralise the issuance of covered bonds also included debt securities, with a book value of €15,097 thousand and €126,110 thousand at December 31, 2021 and December 31, 2020 respectively (note 13).

Moody's, Fitch and DBRS ratings on these covered bonds, at December 31, 2021 were Aa2, AA and AAA respectively.

CGD issued €500,000 thousand in senior preferred debt with a maximum maturity of 6 years and a coupon rate of 0.375% on September 21, 2021. This is the lowest coupon rate ever achieved by the group in capital market issuances. The issuance has the particularity of being sustainable and targets the funds raised to finance the credit operations of its customers in the environmental and socio-economic development domain. This is the first such issuance with these characteristics by a Portuguese bank.

The issuance is part of the funding plan defined to comply with MREL (minimum requirements for own funds and eligible liabilities) as fixed by the Bank of Portugal in conformity with an SRB (single resolution board) resolution. This is the second issuance in the international debt markets for this purpose following the senior non-preferred debt issuance of November 2019.

It is an important milestone in fulfilling commitments made in the field of sustainable financing, creating value and reducing environmental impact.

Details on bond issuances, by type of interest and period to maturity at December 31, 2021 and December 31, 2020 are given below:

	31-12-2021			
	EMTN Programme assets indexed to interest rate	Covered bonds	Other bonds	Total
Up to one year	-	1,249,600	302	1,249,902
One to five years	6,000	-	92	6,092
Five to ten years	500,000	-	-	500,000
Over ten years	20,050	-	-	20,050
	526,050	1,249,600	395	1,776,045

	31-12-2020			
	EMTN Programme assets indexed to interest rate	Covered bonds	Other bonds	Total
Up to one year	83,440	-	70	83,510
One to five years	6,000	1,249,600	-	1,255,600
Over ten years	20,050	-	-	20,050
	109,490	1,249,600	70	1,359,160

24. Provisions and contingent liabilities

<u>Provisions</u>

Movements in provisions for employee benefits and for other risks, for the years ended December 31, 2021 and December 31, 2020 were as follows:

	Balance at 31-12-2020	Additions and reversals	Write-offs	Exchange differences	Transfers and others	Balance at 31-12-2021
Provision for employee benefits (Note 36)	725,478	104,833	(62,934)	689	(109,812)	658,255
Provision for litigation	21,179	3,675	-	27	(36)	24,846
Provision for guarantees and other commitments	235,273	(18,665)	-	404	2,673	219,685
Provision for other risks and charges	55,384	4,035	(2,588)	1,156	16,321	74,309
	311,836	(10,955)	(2,588)	1,587	18,958	318,839
	1,037,315	93,879	(65,522)	2,277	(90,853)	977,094

	Balance at 31-12-2019	Additions and reversals	Write-offs	Exchange differences	Transfers and others	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 charges	69,260	(6,917)	(5,693)	(1,443)	1,546	55,384
	291,133	33,007	(5,934)	(1,840)	(3,161)	311,836
	1,044,440	(26,130)	(69,916)	(2,591)	92,881	1,037,315

The use of the provision for liabilities for employee benefits, for the periods ended December 31, 2021 and December 31, 2020, totalling €62,934 thousand and €63,982 thousand, respectively, included:

- €22,370 thousand for the healthcare plan, €33,848 thousand for the *Horizonte* plan and other redundancy agreements and €5,774 thousand for voluntary redundancies, in 2021. An additional amount of around €942 thousand for pension and early retirement plans was also used by several group companies.

- €24,088 thousand for the healthcare plan and €31,861 thousand for the *Horizonte* plan and other redundancy agreements 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.

On April 30, 2021, a new agreement was entered into between CGD and SSCGD (Social Services) establishing new funding rules, in which the percentage based model (6.5% on the amount of the pension) was changed to a fixed per capita amount, differentiated in line with a member's status (retirees and other beneficiaries), as generally applied in the national banking sector. This change came into effect on January 1, 2021. The new agreement does not make any changes to SSCGD's supplementary health scheme and provides for a transitional regime to mitigate any economic and financial effects of the change in the medical plan's funding policy.

The combined effect of the change in funding policy and introduction of the transitional regime resulted in a €145,396 thousand reduction in liabilities for past services. To the extent that this is a change in the plan's benefits, the impact has been recognised in employee costs in profit and loss as provided for in paragraph 103 of IAS 19 (note 35).

	31-12-2021	31-12-2020
Provisions recognised as employee costs:		
Healthcare – CGD (Note 35 and 36)	8,263	13,799
Labour suspension agreements and Plano Horizonte (Note 35 and 36)	30,109	50,478
Mutually agreed terminations (Note 35 and 36)	5,164	6,871
Others - Gains associated with the change in the Medical Plan	(145,396)	(20,581)
Other	-	(1,023)
Other entities	1,383	-
	(100,477)	49,545
Provisions recognised as other reserves		
Actuarial and financial deviations (Note 36)	(8,854)	44,553
Other actuarial deviations	(1,764)	-
Other (Note 36)	1,283	1,944
	(109,812)	96,042

Contingent liabilities and commitments

Contingent liabilities associated with banking activity are recognised in off-balance sheet accounts, as follows:

	31-12-2021	31-12-2020
Contingent liabilities		
Assets given as collateral	17,915,029	15,483,585
Guarantees and sureties	2,800,254	2,627,635
Open documentary credits	345,520	229,087
Stand by letters of credit	7,564	9,404
	21,068,367	18,349,711
Commitments		
Revocable commitments	9,067,350	8,772,509
Securities subscription	1,227,469	1,155,493
Irrevocable lines of credit	1,299,158	1,157,392
Term liabilities relating to annual contributions to the Deposit Guarantee Fund	155,553	155,553
Investor compensation system	48,710	47,472
Other irrevocable commitments	67,575	64,419
Forward deposit agreements		
To be created	-	20,373
	11,865,815	11,373,211
Deposit and custody of securities	53,831,053	49,691,753

Asset-backed guarantees at December 31, 2021, and December 31, 2020 included the following situations:

	31-12-2021	31-12-2020
Debt Instruments		
Consigned resources		
EIB - European Investment Bank	1,139,088	1,158,600
Council of Europe Development Bank	10,400	12,400
Bank of Portugal (*)	16,581,683	14,128,774
Deposit Guarantee Fund	157,740	157,740
Investor Compensation System (futures)	20,500	20,500
Euronext	5,000	5,000
Other Assets		
Other	618	570
	17,915,029	15,483,585

(*) 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, 2021 and December 31, 2020 refer to debt instruments which, according to their type, are 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, 2021 and December 31, 2020 was €11,925,994 thousand and €16,962,180 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, 2021 and December 31, 2020 was €178,356 thousand and €209,691 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 the referred to contributions when requested by the fund, with the amount not having been recognised as a cost. Commitments assumed since 1996 total €155,553 thousand. The group recognised liabilities of €1,447 thousand and €971 thousand at December 31, 2021 and December 31, 2020 respectively for its annual contribution to the deposit guarantee fund.

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 the said credit institutions, which, in the eyes of the said authority, comprised 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, having for the purpose, requested complementary evidentiary hearings which took place on December 5 and 6, 2017.

In June, July and October 2018, CGD responded to the competition authority's requests for additional information.

In March 2019, CGD was notified of the competition authority's decision to extend the time limit for the investigation of the case until December 31, 2020.

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 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 regarding 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 for the purpose of suspending the fine from being executed. This decision is, however, being challenged by CGD.

The trial began on October 6, 2021 and the trial hearing was reopened on April 8, 2022, after the parties had produced final arguments. The reopening of the trial hearing was determined by the judge in charge of the case to change insubstantial facts in relation to those contained in the indictment, with a new session scheduled for April 20, 2022 for the production of additional evidence.

Resolution fund

The resolution fund was created by decree law no. 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, specially created transitional banking institution 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 stake 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. In addition to this measure the Bank of Portugal clarified that the resolution fund is responsible for neutralising any negative effects of future decisions resulting in liabilities or contingencies deriving from the resolution process, by compensating Novo Banco.

The disposal process on the resolution fund's equity stake in Novo Banco was re-launched in January 2016.

In July 2016, deriving from the completion of the independent assessment process on the level of recovery of loans in each category of BES creditors, in a hypothetical liquidation scenario in August 2014, as an alternative to the application of the resolution measure, the Bank of Portugal clarified, in the event of the finalisation of the 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 an alteration 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 minister of finance also announced that: “under the terms of the agreement with the resolution fund and bases already established, any increases or reductions of liabilities deriving from the occurrence of 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.

At 31 March 2017, the Bank of Portugal selected Lone Star for its 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 its operations have been fully normalised, albeit still 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 the said 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 made on May 6, 2019. The resolution fund, as in 2018, used its own available financial resources from the contributions paid by the banking sector, complemented by a loan of €850,000 thousand from the Portuguese state.

According to the announcement of its results for 2019, Novo Banco applied for compensation of €1,037,000 thousand under the contingent capital mechanism as stipulated in the sales contract. The referred to amount of €1,035,000 thousand was paid in May 2020.

The resolution fund also provided the budget and finance committee with a written account containing all of the clarifications on its decision to deduct the variable compensation 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 it had entered into an arbitration procedure with Novo Banco 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 and 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.

The referred to 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 which 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. at 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 the said undertakings, Novo Banco was forced to sell its equity stake in GNB Vida by December 31, 2019.

The stake was purchased 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 it had 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 the provisions of law no. 15/2019 of February 12, 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 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 adequacy of the principles and criteria adopted with regard to the resolution fund's exercising of its powers under the contingent capitalisation agreement.

On June 4, 2021, the resolution fund paid €317,013 thousand to Novo Banco, under the contingent capitalisation agreement, in respect of its accounts for 2020. This payment derives from Novo Banco's application for an amount of €598,312 thousand on April 7, 2021. Following the completion of the validation of all the procedures, it was confirmed that the condition requiring the resolution fund's payment had been met with reference to December 31, 2020. The amount required by Novo Banco to achieve a CET 1 ratio at the contractually stipulated level of 12% is €598,312 thousand. The amount was confirmed by the Bank of Portugal and the European Central Bank, as the lawfully competent authorities for this purpose.

The resolution fund considered that an adjustment for an aggregate amount of €169,299 thousand should be made to the amount requested by Novo Banco. This adjustment derives from the sum of the amounts relating to the following situations:

(i) The reduction of the amount corresponding to the impact on Novo Banco's capital of the loss of €147,442 thousand resulting from the decision to divest Novo Banco's activity in Spain, with reference to December 31, 2020;

(ii) The reduction corresponding to measurement differences of €18,000 thousand calculated for a collection of assets held by Novo Banco;

(iii) The reduction of the costs corresponding to the variable remuneration allocated to the members of the executive board of directors of Novo Banco for 2020 (amounting to €1,860 thousand) and 2019 (amounting to €1,997 thousand). The latter tranche had already justified a reduction of the payment made in 2020, but shall continue to be subject to adjustment, taking into account the functioning of the contingent capitalisation mechanism. The amount calculated by the resolution fund for the purpose of payment to Novo Banco was, accordingly, €429,013 thousand.

The resolution fund's payment required a budgetary amendment, which was authorised by a ministerial order issued by the minister of state and finance.

Authorisation for €112,000 thousand out of the amount of €429,013 thousand was made conditional upon the completion of additional verifications, including the obtaining of an external opinion on Novo Banco's option not to apply the hedge accounting policy to derivatives contracted to hedge interest rate risk deriving from exposure to long term sovereign debt bonds. An amount of €317,013 thousand was therefore paid to Novo Banco and the necessary steps will continue to be taken to verify the condition governing the transfer of €112,000 thousand.

The full amount of the payment to Novo Banco was funded by resources from a loan obtained from seven national credit institutions. The loan matures in 2046, with interest thereon being paid at a rate corresponding to the Portuguese Republic's financing costs for the period between the date upon which the agreement was entered into (May 31, 2021) and December 31, 2026, plus a margin of 15 basis points. The interest rate will be reviewed on December 31, 2026 and then every five years, corresponding to the Portuguese Republic's financing cost plus a margin of 15 basis points.

Even taking into account the amount of €429,013 thousand (or even the amount requested by Novo Banco), the amount calculated for the year 2020 is lower than the losses of €752,000 thousand on the assets covered by the contingent capitalisation mechanism, recognised in the said year.

On the other hand, as the accumulated losses on the said assets (between June 30, 2016 and December 31, 2020) amount to €4,367,000 thousand, even considering the amount of €429,013 thousand for 2020 - the accumulated amount of resolution fund payments will be €3,405,000 thousand i.e. €962,000 thousand less than the accumulated amount of the losses.

As in past years, the contingent capitalisation mechanism limits the amount of payments by the resolution fund to the amount necessary for Novo Banco's capital ratios to remain at agreed levels.

<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 (EU) no. 2015/81 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 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 no. 24/2013 of February 19, which stipulates that periodic contributions to the resolution fund should be paid by participating institutions that are active on the last day of the month of April of the year to which the periodic contribution refers. Such contributions, in addition to the banking sector contribution, are recognised in costs for the period in accordance with IFRIC 21 – “Levies”.

Any changes to the level of application of the resolution fund’s above referred to financing mechanisms may have relevant impacts on CGD’s future financial statements.

25. Other subordinated liabilities

This account comprises the following:

	31-12-2021	31-12-2020
Bonds	1,100,000	1,100,000
	1,100,000	1,100,000
Interest payable	20,311	20,322
Deferred income net of charges	(2,427)	(3,005)
	1,117,883	1,117,317

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 no. 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 relevant breach 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 stipulated in the issuance conditions by the state; 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, under the new recapitalisation process negotiated with the European authorities, Caixa 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.

Pursuant to 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 the European institutions during the course of first quarter 2018, through its issuance of €500,000 thousand in tier 2 subordinated debt (see introductory note).

The following is a summary of the main issuance conditions:

Issuer	Bonds	Currency	Value of issue	Book value at 31-12-2021	Book value at 31-12-2020	Date of issue	Date of redemption	Interest rate/ payment	Early redemption clause
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.
Caixa Geral de Depósitos	Lower Tier 2 due March 3, 2028	EUR	100,000	100,000	100,000	2008-03-03	2028-03-03	5.980%. Annual interest payment on 3 March.	n.a.
Caixa Geral de Depósitos	Senior Non-Preferred Fixed Rate Notes due 2024	EUR	500,000	500,000	500,000	2019-11-25	2024-11-25	1.25%. Annual interest payment on 25 November.	n.a.

26. Other liabilities

This account comprises the following:

	31-12-2021	31-12-2020
Creditors		
Consigned resources	684,605	714,542
Resources - collateral account	308,884	49,771
Resources - subscription account	30,411	30,091
Resources - secured account	1,112	-
Suppliers of finance leasing assets	196,462	196,115
Creditors for factoring ceded	-	108,633
Caixa Geral de Aposentações	3,610	2,847
CGD's Pension Fund	-	54,305
Creditors for transactions in securities	71	69
Creditors for sale of assets recovered as settlement of defaulting loans	4,936	5,993
Other suppliers	44,942	47,605
Other creditors	307,953	127,458
Other liabilities		
Notes in circulation - Macau (Note 20)	1,304,644	1,087,794
Withholding taxes	29,571	23,161
Social Security contributions	3,299	5,253
Other taxes payable	5,127	4,954
Collections on behalf of third parties	557	581
Other	9,587	7,646
Accrued costs	152,302	138,618
Deferred income	39,370	38,233
Liabilities pending settlement	500,466	447,010
Stock exchange operations	770	3,675
	3,628,679	3,094,353

The “Resources – surety account” at December 31, 2021 and December 31, 2020 included €27,300 thousand and €16,942 thousand respectively relating to interest rates swap (IRS) contracts deposits made in CGD by several financial institutions.

The "Lending operations pending settlement” account at December 31, 2021 and December 31, 2020 included financial liabilities of €119,213 thousand and €112,907 thousand, respectively, relating to non-controlling interest investors in the unit trust investment funds in CGD group’s consolidation perimeter.

The "Costs payable" account at December 31, 2021 and December 31, 2020 included €10,965 thousand and €10,442 thousand respectively for CGD employees’ seniority bonuses.

The following is a summary of the conditions attached to the "Consigned resources" account, at December 31, 2021 and December 31, 2020:

DESIGNATION	COUNTERPARTY	Balances at 31-12-2021	Balances at 31-12-2020	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	37,143	40,000	15-12-2010	15-09-2034
Mid-Cap I taxa revisível	European Investment Bank	9,992	19,747	15-12-2010	15-09-2022
CGD - Empréstimo Global XIII	European Investment Bank	23,438	28,125	15-12-2010	15-09-2026
CGD Efficient Private Housing Programme PT	European Investment Bank	-	3,000	06-02-2020	08-02-2021
CEB - PARES	CEB - Council of Europe Development Bank	4,612	6,150	23-12-2010	23-12-2024
CEB - Educação	CEB - Council of Europe Development Bank	2,458	3,686	21-02-2011	21-11-2023
Operations carried out by Banco Comercial e de Investimentos, S.A.R.L.		6,947	13,809		
Other		16	26		
		684,605	714,542		

Interest on the "Consigned resources" account was paid at an average annual rate of 0.802% and 0.767%, at December 31, 2021 and December 31, 2020 respectively.

27. Capital and other instruments

CGD's share capital, at December 31, 2021 and December 31, 2020 was fully owned by the Portuguese state, as follows (in euros):

	31-12-2021	31-12-2020
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, pursuant to 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:

(i) 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 23), plus €45,148 thousand in respective accrued interest; and,

(ii) 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 decided to undertake a new capital increase of €2,500,000 thousand, by issuing 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, 2021 and December 31, 2020, were as follows:

	31-12-2021	31-12-2020
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)	143,034	155,387
Assets with repurchase agreement	-	1
Other revaluation reserves	1,619	1,453
	255,079	267,266
Other reserves and retained earnings		
- Legal reserve - CGD	306,198	224,891
- Special reserve associated with the special regime applicable to deferred tax assets (Note 19)	681,571	681,571
- Other reserves	4,656,890	3,380,000
- Retained earnings	(1,778,086)	(892,709)
	3,866,572	3,393,753
Net income attributable to the shareholder of CGD	583,361	491,592
	4,705,012	4,152,610

As referred to in greater detail in note 19, as a consequence of the negative net income from its separate activity in 2016 and as defined by law no. 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 no. 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 on fixed assets may only be used to cover accumulated losses or increase capital. CGD's non-distributable reserves of €110,425 thousand were, accordingly, set up 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, 2021 and December 31, 2020 was as follows:

	31-12-2021	31-12-2020
Caixa Geral de Depósitos, S.A.		
Caixa Geral de Depósitos	331,550	320,911
France Branch	19,559	16,314
East Timor Branch	217	2,575
Luxembourg Branch	-	(381)
Spain Branch	-	(6,784)
	351,326	332,635

	31-12-2021	31-12-2020
Contribution to net income from		
Subsidiaries:		
Banco Nacional Ultramarino, S.A. (Macau)	47,878	46,025
Caixa Leasing e Factoring - Sociedade Financeira de Crédito, S.A.	-	12,680
Banco Comercial e de Investimentos, S.A.	34,878	17,481
Banco Comercial do Atlântico, S.A.	7,809	10,958
Fundiestamo - Fundo de Investimento Imobiliário Fechado	8,000	9,047
Caixa Imobiliário, S.A.	5,807	(3,475)
Banco Caixa Geral Angola, S.A.	22,574	10,787
Caixa - Banco de Investimento, S.A. (a)	12,916	4,555
Partang, SGPS, S.A.	-	(1,646)
Caixa Gestão de Ativos, S.A.	12,495	8,513
Fundo de Capital de Risco Caixa Crescimento	-	150
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	2,800	354
Banco Interatlântico, S.A.R.L.	1,602	1,900
Inmobiliaria Caixa Geral, S.L.	(314)	(530)
CGD Pensões - Soc. Gestora de Fundos de Pensões, S.A.	2,581	2,596
Caixagest Infra-Estruturas - Fundo Especial de Investimento	-	(495)
Fundo de Capital de Risco Caixa Fundos	13,183	2,280
CGD Investimentos CVC, S.A.	78	23
Parbanca, SGPS, S.A.	-	(1,987)
A Promotora, Sociedade de Capital de Risco, S.A.R.L.	110	(1)
Caixa - Participações, SGPS, S.A.	(1,796)	(248)
Caixagest Private Equity - Fundo Especial de Investimento	1,887	324
Fundo de Capital de Risco Empreender Mais	5,402	(464)
Fundolis - Fundo de Investimento Imobiliário Fechado	(1,035)	(2,255)
Banco Caixa Geral Brasil, S.A.	(1,605)	(2,563)
Other	447	1,062
	175,698	115,071
Associates and jointly controlled entities:	56,337	43,885
Consolidated net income attributable to the shareholder of CGD	583,361	491,592

(a) Data taken from the consolidated financial statements.

These amounts were assessed prior to the elimination of the intragroup operations performed in the consolidation process.

Several initiatives were defined to rationalise the group's presence in the international market under CGD's recapitalisation commitments agreed between the Portuguese state and the competent European authorities. For the purpose of complying with these objectives, CGD sold off Banco Caixa Geral, S.A. and Mercantile Bank Holdings, S.A. in 2019 and continued the process, in 2020, by closing down the financial activities of its Spain and Luxembourg branches.

Distribution of profit for the period

2020

A resolution was passed at the general meeting of shareholders of May 31, 2021, to appropriate 20% of net profit to the legal reserve (€81,308 thousand), incorporate €241,592 thousand in the "Other reserves and retained earnings" account and make a dividend payment of €83,639 thousand, after obtaining the respective approval of the competent supervisory entities, under European and national legislation in force.

In the form of a unanimous corporate resolution in writing of November 29, 2021, issued by the Portuguese state as Caixa's sole shareholder, a decision was made to pay an extraordinary dividend of €300,000 thousand, which payment was made in November 2021. This resolution was based on the ECB's recommendations concerning the distribution of dividends during the pandemic and the lifting, in July 2021, of restrictions on their distribution after September 2021, the normalising of economic activity and financial markets and the resolutions of CGD's management and supervisory boards in October 2021 in favour of this dividend distribution.

Caixa accordingly paid its shareholder a total amount of €383,600 thousand in 2021 (note 44).

2019

A resolution was passed at the general meeting of shareholders held on May 29, 2020, to appropriate 20% of net profit to the legal reserve (€152,403 thousand) and incorporate €609,611 thousand in "Other reserves and retained earnings".

29. Non-controlling interests

Third party investments in subsidiaries are distributed among the following entities:

	31-12-2021	31-12-2020
Banco Comercial e de Investimentos, S.A.	117,259	81,049
Banco Caixa Geral Angola, S.A.	75,912	47,837
Fundiestamo - Fundo de Investimento Imobiliário Fechado	-	36,277
Banco Comercial do Atlântico, S.A.	33,101	28,505
Banco Interatlântico, S.A.R.L.	8,101	7,348
A Promotora - Sociedade de Capital de Risco, S.A.R.L.	2,102	1,970
Caixa – Banco de Investimento, S.A.	884	887
Other	448	202
	237,807	204,076

Information on the amount of consolidated profit attributable to non-controlling interests for the periods ended December 31, 2021 and December 31, 2020 is set out below:

	31-12-2021	31-12-2020
Banco Comercial e de Investimentos, S.A.R.L.	20,437	10,243
Banco Comercial do Atlântico, S.A.R.L.	5,610	7,872
Banco Caixa Geral Angola, S.A.	21,022	9,863
Fundiestamo - Fundo de Investimento Imobiliário Fechado	2,246	2,540
Banco Interatlântico, S.A.R.L.	687	814
Other	332	175
	50,334	31,508

30. Interest and income and interest and similar costs

These accounts comprise the following:

	31-12-2021	*Restated* 31-12-2020
Interest and similar income		
Interest on loans and advances to domestic credit institutions	1,041	855
Interest on loans and advances to foreign credit institutions	41,017	43,895
Interest on domestic credit	457,626	508,535
Interest on foreign credit	390,989	392,387
Interest on overdue credit	24,601	21,606
Interest on financial assets held-for-trade		
- Derivatives	157,562	216,133
- Securities	2,030	9,240
Interest on financial assets at fair value through profit or loss	2,866	3,820
Interest on financial assets at fair value through other comprehensive income	32,134	92,108
Interest on hedging derivatives	242	1,139
Interest on assets with repurchase agreement	1,497	1,742
Interest on debtors and other investments	1,679	1,217
Interest on cash equivalents	2,583	2,903
Interest on other loans and other amounts receivable	61,062	68,403
Other interest and similar income	(549)	(281)
Commissions received relating to amortised cost	128,405	95,643
Other	154,368	53,747
	1,459,153	1,513,091
Interest and similar costs		
Interest on deposits of		
- Central and local government	-	12
- Other residents	3,350	9,321
- Emigrants	663	3,045
- Other non-residents	121,224	112,163
Interest on resources of foreign credit institutions	12,791	17,691
Interest on resources of domestic credit institutions	61,042	10,866
Interest on swaps	152,867	206,907
Interest on other trading liabilities	2,683	5,850
Interest on unsubordinated debt securities	11,497	13,842
Interest on hedging derivatives	7,248	6,553
Interest on subordinated liabilities	41,546	41,839
Other interest and similar costs	14,845	17,092
Commissions paid relating to amortised cost	23,579	16,611
	453,335	461,794

31. Income from equity instruments

This account comprises the following:

	31-12-2021	*Restated* 31-12-2020
Income received from investment funds	12,164	17,656
Other	902	898
	13,066	18,554

32. Income and costs of services and commissions

These accounts comprise the following:

	31-12-2021	Restated 31-12-2020
Income from services rendered and commissions		
On guarantees provided	28,892	36,143
On commitments to third parties	8,760	8,264
On operations on financial instruments	1,341	947
On services provided		
Deposit and safekeeping of valuables	19,772	20,822
Collection of valuables	5,976	6,384
Management of securities	13,780	14,435
Collective investment in transferable securities	81,113	58,233
Transfer of valuables	17,984	17,581
Cards management	16,999	14,377
Annuities	33,002	36,484
Structured operations	1,832	105
Credit operations	36,164	28,868
Other services rendered	257,478	233,860
On operations carried out on behalf of third parties	13,283	5,641
Other commissions received	153,223	132,928
	689,597	615,072
Cost of services and commissions		
On guarantees received	1,734	490
On operations on financial instruments	321	226
On banking servicers rendered by third parties	110,065	99,029
On operations carried out by third parties	2,504	5,111
Other commissions paid	10,239	9,928
	124,864	114,784

33. Income from financial operations

These accounts comprise the following:

	31-12-2021	*Restated* 31-12-2020
Exchange revaluation results		
Revaluation of foreign exchange position	(10,105)	90,215
Results from currency derivatives	53,307	(34,987)
	43,202	55,228
Results from assets and liabilities at fair value through profit or loss		
Securities:		
Debt instruments	(4,665)	(1,083)
Equity instruments	374	(2,126)
	(4,291)	(3,209)
Derivatives:		
Interest rate	25,549	(4,504)
Equity	(786)	316
Other	(10,802)	9,351
	13,962	5,163
Debt instruments	47,009	-
Equity instruments	34,695	36,019
Other securities	46,838	(55,569)
Loans and other amounts receivable	(899)	5,696
	127,644	(13,853)
	137,315	(11,900)
Results from financial assets at fair value through other comprehensive income		
Debt instruments	10,260	15,002
	10,260	15,002
Hedge accounting results		
Hedging derivatives	51,317	(60,285)
Value adjustments of hedged assets and liabilities (Note 11)	(55,219)	54,886
	(3,902)	(5,399)
Other results of financial operations	(11,139)	(2,160)
	175,736	50,772

The "Other" account, at December 31, 2021 and December 31, 2020 includes €11,312 thousand and -€1.069 thousand respectively, in income with minority investors in the investment funds in CGD group's consolidation perimeter.

34. OTHER OPERATING INCOME

These accounts comprise the following:

	31-12-2021	Restated 31-12-2020
Other operating income		
Rendering of services	24,085	22,473
Expense reimbursement	6,954	7,249
Gains on subsidiaries and jointly controlled entities	4	6,096
Lease income under operating lease agreements	15,644	15,099
Gains on non-financial assets:		
- Non-current assets held-for-sale	28,824	44,579
- Other tangible assets	1,747	516
- Investment property	3,254	10,876
- Other	565	1,004
Secondment of employees to Caixa Geral de Aposentações	450	695
Sale of cheques	539	319
Other	25,900	29,740
	107,966	138,646
Other operating costs		
Donations and subscriptions	9,737	9,283
Losses on subsidiaries and jointly controlled entities	21	85
Losses on non-financial assets:		
- Non-current assets held-for-sale	3,945	5,750
- Other tangible assets	262	290
- Investment property	2,430	5,623
Other taxes	14,724	27,641
Contribution to the Deposit Guarantee Fund	1,447	1,021
Contribution to the Resolution Fund	28,437	28,092
Administrative expenditure under the Single Resolution Board	330	374
Fines and penalties	2,914	753
Other	30,116	25,187
	94,362	104,100
	13,604	34,545

The resolution fund, created by decree law no. 31-A/2012 of February 10, introduced a resolution regime as part of the general credit institutions and financial corporations' regime, approved by decree law no. 298/92 of December 31.

The measures provided for in the resolution 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 implementation 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.

	31-12-2021	31-12-2020
National Resolution Fund	10,526	10,286
Single Resolution Fund	21,067	20,905
	31,593	31,191

The group contributed €17,911 thousand and €17,561 thousand to the single resolution fund in 2021 and 2020, respectively, of which €3,156 thousand and €3,099 thousand in the form of an irrevocable commitment comprising a specific surety (note 20).

The group’s banking sector contribution totalled €24,190 thousand and €23,676 thousand at December 31, 2021 and December 31, 2020 respectively. The additional “solidarity” levy on the banking sector totalled €4,543 thousand and €4,188 thousand, respectively (note 19).

35. Employee costs and average number of employees

This account comprises the following:

	31-12-2021	Restated 31-12-2020
Remuneration of management and supervisory bodies	14,138	12,422
Remuneration of employees	374,450	357,405
Provision for suspension of labour agreements (Note 24)	30,109	50,478
Mutually agreed terminations (Note 24)	5,164	6,871
	423,860	427,301
Other charges relating to remunerations	33,821	33,865
Healthcare - CGD		
- Normal cost (Note 24)	8,263	-
- Gains associated with changing the Plan	(145,396)	(20,706)
- Contributions relating to current employees	11,258	26,172
Pension liabilities - CGD		
- Normal cost	66,489	66,294
- Gains associated with changing the Plan	-	(49,984)
- Retirements before the normal retirement age	9,784	11,687
- Gains associated with termination by mutual agreement	(3,378)	(5,461)
Other pension costs	7,450	7,256
Other mandatory social charges	6,350	9,805
	(5,359)	78,928
Other employee costs	13,786	4,732
	432,288	510,961

At the end of 2020, the human resources adjustment programme set up as part of CGD's restructuring plan and based on retirements, early retirements and voluntary redundancies to be applied to the group's domestic perimeter in the 2017-2020 period, was renewed for 2021, with the possibility of an extension to 2022, depending on the results achieved.

Pursuant to the above, CGD recognised an overall amount of €39,893 thousand, in employee costs for the year ended December 31, 2021, of which an amount of €30,109 thousand was associated with the provision for early retirements and voluntary redundancies, with the remainder comprising an increase of €9,784 thousand recognised in the "Retirements prior to the standard retirement age" component of "Pension liabilities". A net cost of €1,786 thousand was also recognised in employee costs as a result of the combination of the costs of voluntary redundancies (around €5,164 thousand) and income of around €-3,378 thousand associated with this agreement.

Under the agreement between CGD and SSCGD (CGD's social services) in April 2021, income of €145,396 thousand was recognised in employee costs, based on the reduction of liabilities for past services owing to the change in the funding policy, which went from a percentage model to a fixed value per capita, net of the costs defined in the transitional regime to mitigate any economic and financial effects of the referred to change (note 24).

The average number of employees in CGD and its subsidiaries, for the periods ended December 31, 2021 and 2020, by type of function, was as follows:

	31-12-2021	31-12-2020
Senior management	464	461
Management	2,210	2,276
Technical staff	4,536	4,555
Administrative staff	4,262	4,633
Auxiliary	125	148
	11,597	12,073
Number of employees at the end of the period	11,434	11,757

These numbers, at December 31, 2021 and December 31, 2020 do not include employees belonging to the Caixa Geral de Aposentações support department (246 and 253 respectively), employees assigned to CGD's social services (37 and 41, respectively) and employees in other situations i.e. secondments or extended absences (150 and 172 respectively).

36. Retirement pensions and other employee benefits

Retirement pensions and post retirement death grant:

Liabilities to CGD employees

Under article 39 of decree law no. 48.953 of April 5, 1969 and decree law no. 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 before 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 monetary 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 employees, for their length of service up to December 31, 2000, under decree law no. 240-A/2004 of December 29 and decree law no. 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, 2021, therefore comprised the following:

(i) Liabilities for the services of working employees, after December 31, 2000;

(ii) 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;

(iii) Liabilities for the retirement and respective survivors' pensions of BNU employees already being paid at the date of the merger; and,

(iv) 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 working 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 under this regime:

- Employees hired before January 1, 1992 - 7.5%
- Employees hired after January 1, 1992 - 11%

The full amount of the latters' contribution is paid into the pension fund given that it is responsible for the respective survivors' pensions regime.

The transfer of liabilities to CGA entailed the transfer of an equivalent amount in assets from the pension fund.

The liability for defined benefit plans recognised in the balance sheet is the difference between the present value of liabilities and fair value of the pension fund's assets. Total liabilities are calculated annually by specialised actuaries, using the unit credit projected method and adequate actuarial assumptions. 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 assumptions used and the effective amounts of liabilities and the pension fund's expected yield, in addition to the income resulting from changes to actuarial assumptions are recognised directly in an 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".

Retirement pension liabilities for former CLF employees

Caixa Leasing e Factoring (CLF) employees joining CGD are enrolled with the Portuguese social security services. However, as liabilities for the payment of pension supplements have been assumed, the company provided a pension fund made up of initial and subsequent annual contributions.

On July 1, 2003, CLF set up a pension fund with the objective of financing the liabilities assumed for the payment of pension supplements, equivalent to 10% of the pension paid by the social security services. The plan included employees who had been working for the company for a minimum period of five years, at the date of the event originating receipt of the retirement supplement. Former Caixa Crédito employees were not included.

On December 28, 2007, the company changed its defined benefit pension plan without vested rights to a defined contribution plan. The defined benefit plan only remained in force for existing pensioners on the referred to date.

On the date of the creation of the defined contribution plan, initial balances were set up for employees who were working at the time and who were members of the previous plan. Each employee's initial balance was recognised in an individual account created for the purpose and calculated by CGD Pensões - Sociedade Gestora Fundos de Pensões, S.A. with reference to December 31, 2007. The balances comprised the amount of liabilities for past services on the said date under the former plan.

The liabilities for the retirement pension supplements and respective coverage were transferred to *Fundo de Pensões Aberto Caixa Reforma Prudente* on December 22, 2009, in a collective membership process pursuant to which the existing defined benefit plan was terminated.

Pensioners at the time of the change of plan continued to be entitled to the payment of supplementary pensions, equivalent to 10% of the pension awarded by the social security services. The remaining participants will receive benefits corresponding to the amount of the initial balances and contributions made by the company, capitalised until the time the pension is paid. Under the new plan, Caixa Leasing and Factoring made annual contributions of 2% of the pensionable wage of each working member, recognised as a cost for the period.

The defined contribution plan of former CLF employees joining CGD under the merger process was terminated in January 2021.

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, 2021 and December 31, 2020 have been carried out by specialised entities.

The following hypotheses and technical bases were used:

	31-12-2021	31-12-2020
Actuarial method	Projected Unit Credit	Projected Unit Credit
Mortality table		
. Men	TV 88/90	TV 88/90
. Women	TV 88/90 (-3 year)	TV 88/90 (-3 year)
Disability table	EKV 80	EKV 80
Discount rate	1.350%	1.050%
Salary growth rate	0.600%	0.600%
Pension growth rate	0.300%	0.300%
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 by 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 (18 years). In 2021, in view of the significant changes to the principal market benchmarks used to set the discount rate between December 2020 and December 2021 (see table below), CGD opted to increase its discount rate from 1.05% to 1.35% to reflect the across-the-board benchmark trend.

Following the emergence of the pandemic characterising 2020 and which resulted in a deep economic recession, leading to a massive response in terms of monetary and fiscal stimulus measures, 2021 witnessed a gradual resumption of economic activity with the development and implementation of vaccines for the new virus, enabling economies to reopen.

In turn, the recovery of economic actors’ principal activity and confidence indicators led to an upward movement in interest rates − particularly medium and long term − in anticipation of a reversal of the emergency measures announced by central banks, particularly the end of asset purchase programmes in the market.

This trend was visible in a hike in the principal interest rate benchmarks, including Europe, with material impacts on the reaction of the various benchmark rates used to update actuarial liabilities, as in the case of WTW, Mercer and EY, as shown in the above chart. The economic environment of the last few years continues to condition the eurozone debt market and was responsible for a consequently 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, 2021 and December 31, 2020 CGD’s assessment incorporated information on yields achievable on bonds issued by eurozone entities considered to be of high quality in terms of their credit risk.

No changes were made to the other actuarial assumptions.

A comparison between the actuarial and financial assumptions used to assess CGD's pension costs for 2021 and 2020 and effective amounts is set out in the following table:

	31-12-2021		31-12-2020	
	Assumption	Real	Assumption	Real
Rate of return of fund asset	1.35%	5.61%	1.05%	4.30%
Salary growth rate	0.60%	0.85%	0.75%	2.11%
Pension growth rate	0.30%	0.35%	0.40%	1.25%

Mandatory, seniority-based promotions and continuity payment projections are autonomously and directly considered in the estimate of the evolution of wages and are not considered in wage growth assumptions. The wage growth rate based on continuity payments at December 31, 2021 was 0.17%.

Wage growth assumptions reflect other changes in remuneration in the form of increases in wage scales and merit-based promotions.

Liabilities for past services to the group in accordance with the actuarial studies and the funds and provisions available for their cover, at December 31, 2021 and December 31, 2020 totalled:

	31-12-2021			31-12-2020		
	CGD	Other	Total	CGD	Other	Total
Past service liability:						
Current employees	1,535,470	2,058	1,537,528	1,665,468	2,764	1,668,232
Retired and early retired employees	1,764,149	1,355	1,765,504	1,766,731	1,189	1,767,920
	3,299,619	3,413	3,303,032	3,432,199	3,953	3,436,152
Autonomous pension funds	3,558,698	1,089	3,559,787	3,379,287	1,071	3,380,358
Provision for pensions and similar charges	-	2,331	2,331	-	2,973	2,973
	3,558,698	3,421	3,562,118	3,379,287	4,044	3,383,331
Difference	259,079	8	259,086	(52,912)	91	(52,822)
Funding level	107.85%	100.23%	107.84%	98.46%	102.29%	98.46%

The Bank of Portugal's *notice* no. 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 relating to the past services of working employees.

At December 31, 2021, according to the fund manager's calculations, the fund was worth €3,558,698 thousand. This amount was sufficient to cover the minimum mandatory funding required by the current regulations applicable to this category of liabilities, i.e. the need to cover 100% of liabilities for retirees and at least 95% for working employees. At the end of 2021, around 107.85% of liabilities for the pension scheme had been funded.

The sensitivity analysis on a change of the principal actuarial assumptions applied to the timeframe under assessment, at December 31, 2021, would lead to the following impacts on the present value of liabilities for past services:

	%	Value
Change in discount rate		
Increase of 0.25%	(4.31%)	(142,177)
Decrease of 0.25%	4.60%	151,676
Change in salary growth rate		
Increase of 0.25%	0.97%	32,089
Decrease of 0.25%	(0.94%)	(30,972)
Change in pension growth rate		
Increase of 0.25%	3.12%	103,072
Decrease of 0.25%	(2.98%)	(98,458)
Change in mortality table		
Increase of 1 year in life expectancy	3.42%	112,868

Liabilities for the future services of working CGD employees, at December 31, 2021 and December 31, 2020 totalled €765,843 thousand and €926,951 thousand, respectively.

Provisions for pensions and similar costs of “Other entities” at December 31, 2021 and December 31, 2020 included €15,247 thousand and €16,687 thousand, respectively, to cover healthcare costs and other post employment benefits.

Information on the number of beneficiaries of CGD’s employee pension fund for the periods ended December 31, 2021 and December 31, 2020 is set out below:

	31-12-2021	31-12-2020
Current employees	4,254	4,559
Retired and early retired employees	9,469	9,255
	13,723	13,814

Pension funds and provisions for pension and similar costs movements, in 2021 and 2020, were:

	CGD	Other	Total
Balances at December 31, 2019	3,004,575	7,966	3,012,541
Contributions paid			
Regular contributions			
By employees	18,573	-	18,573
By the entity	67,663	-	67,663
Outstanding contributions	221,474	-	221,474
Change in provisions for pensions and similar charges	-	(993)	(993)
Pensions paid	(73,578)	(12)	(73,590)
Net income of the pension fund	138,174	(729)	137,444
Other changes	2,407	(2,187)	220
Payment of extraordinary contribution - Liability of previous year	(221,474)	-	(221,474)
Balances at December 31, 2020	3,379,288	4,044	3,383,332
Contributions paid			
Regular contributions			
By employees	17,829	-	17,829
By the entity	55,704	-	55,704
Change in provisions for pensions and similar charges	-	23	23
Pensions paid	(76,791)	(52)	(76,843)
Net income of the pension fund	185,076	-	185,076
Other changes	(2,407)	(594)	(3,002)
Balances at December 31, 2021	3,558,699	3,421	3,562,119

The estimated contribution made by CGD's workers for 2022 is €17,351 thousand. The recommended contribution by CGD was €53,592 thousand.

CGD's employees' pension fund, at December 31, 2021 and December 31, 2020 was managed by CGD Pensões – Sociedade Gestora de Fundos de Pensões, S.A.

The component parts of CGD's employees' pension fund, at December 31, 2021 and December 31, 2020 were as follows:

	31-12-2021	31-12-2020
Equity investments presented by activity sector:		
Consumer industry	32,644	25,440
Manufacturing industry	79,893	66,911
Financial institutions	26,848	23,328
Healthcare	436	499
Energy	31,893	33,471
Telecoms	14,732	11,939
Subtotal	186,447	161,588
Debt investments presented by issuer' credit rating:		
AAA	269,936	233,651
AA	297,409	233,975
A	353,140	349,125
BBB	606,327	721,545
Not rated	119,121	12,942
Subtotal	1,645,933	1,551,239
Equity instrument funds	1,005,626	1,050,911
Deposits in credit institutions	290,052	169,334
Real estate	401,368	404,474
Others (remaining)	29,271	39,333
Balances at the end of the year	3,558,698	3,376,880

CGD employees' pension fund, as calculated by CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A. was worth €3,558,698 thousand at December 31, 2021.

The following is an analysis of shares and bonds at December 31, 2021 and December 31, 2020:

	31-12-2021	31-12-2020
Portuguese shares	82,267	71,840
Listed	100%	100%
Foreign shares	104,179	89,747
Listed	100%	100%
Fixed rate bonds	1,060,052	1,067,850
Listed	100%	100%
Floating rate bonds	585,881	483,389
Listed	100%	100%

CGD’s employees’ pension fund rented out buildings to Caixa Geral de Depósitos for the amount of €330,439 thousand and €322,826 thousand, at December 31, 2021 and December 31, 2020, respectively, in addition to holding securities, issued by Caixa Geral de Depósitos and investment units in real estate funds managed by group companies for the amount of €372,715 thousand and €202,271 thousand, respectively.

CGD’s employees’ pension fund had deposits of €290,052 thousand and €169,334 thousand with Caixa Geral de Depósitos, at December 31, 2021 and December 31, 2020 respectively.

The fund’s assets are subject to interest rate, credit, stock 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 fund’s investment policy 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 made it possible to adopt 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:

	31-12-2021		31-12-2020		31-12-2019		31-12-2018		31-12-2017	
	Retirement pensions	Medical plan	Retirement pensions	Medical plan	Retirement pensions	Medical plan	Retirement pensions	Medical plan	Retirement pensions	Medical plan
Liabilities	3,299,619	356,488	3,432,199	524,845	3,226,048	511,287	2,740,053	452,878	2,636,188	464,475
Value of the fund	3,558,698	-	3,379,287	-	3,004,575	-	2,611,946	-	2,650,808	-
Provisions	-	356,488	-	524,845	221,473	511,287	129,212	452,878	-	464,475
Under / (Over) financed liabilities	(259,079)	-	52,912	-	-	-	(1,105)	-	(14,620)	-
Gains / (Losses) resulting from liabilities	179,232	8,854	(191,431)	(44,554)	(417,396)	(67,078)	(29,767)	4,874	(14,061)	21,120
Gains / (Losses) resulting from the fund's assets	149,950	-	93,390	-	118,211	-	(114,281)	-	83,436	-
	329,182	8,854	(98,041)	(44,554)	(299,185)	(67,078)	(144,048)	4,874	69,376	21,120

Information on changes in the spread between the group’s liabilities for past services and the pension fund in addition to the corresponding impact in its financial statements, at December 31, 2021 and December 31, 2020 is given below:

	CGD	Other	Total
Situation at December 31, 2019 before extraordinary contribution	-	2	2
Current service cost	(66,430)	(18)	(66,448)
Interest cost (net)	136	-	136
Normal cost for the year (Note 35)	(66,294)	(18)	(66,312)
Other changes with impact in net income (Note 35)	43,758	-	43,758
Changes with impact in net income	(22,536)	(19)	(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)
Entity's contributions	67,663	-	67,663
Extraordinary Contribution - last year's liability	221,474	-	221,474
Situation at December 31, 2020 before extraordinary contribution	168,560	91	168,651
Extraordinary contribution - liability	(221,474)	-	(221,474)
Final situation after extraordinary contribution	(52,914)	91	(52,823)
Current service cost	(66,015)	(154)	(66,169)
Interest cost (net)	(474)	(372)	(846)
Normal cost for the year (Note 35)	(66,489)	(526)	(67,015)
Other changes with impact in net income (Note 35)	(6,406)	11	(6,395)
Changes with impact in net income	(72,895)	(514.739)	(73,410)
Liability	179,232	(95)	179,137
Income	149,950	527	150,477
Actuarial gains and losses	329,182	432	329,614
Entity's contributions	55,704	-	55,704
Situation at December 31, 2021 before extraordinary contribution	259,077	8	311,908

Liabilities deviations, on a CGD level, in 2021 and 2020, were as follows:

	31-12-2021	31-12-2020
Change in the salary growth rate	-	20,339
Change in pension growth rate	-	39,686
Change in the discount rate	183,219	(213,789)
Other actuarial gains and losses	(3,987)	(37,667)
	179,232	(191,431)

CGD Portugal’s social services are responsible for 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 to its social services. CGD is also responsible for making contributions to the medical care services (SAMS) for former BNU employees who had retired prior to July 23, 2001.

Medical-social care liabilities for past services were assessed on the basis of actuarial studies by specialised entities, using identical actuarial assumptions to those for the above referred to pension liabilities.

Liabilities for past services, totalling €356,488 thousand and €524,845 thousand, at December 31, 2021 and December 31, 2020 respectively, are recognised in “Provisions”.

At December 31, 2021 a 0.25% reduction in the actuarial discount rate applied to the period under assessment would lead to an increase of €12,617 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 €11,891 thousand.

Other long term benefits

Up until March 2020 CGD paid a “seniority bonus” of one, two or three months’ effective wages to all employees when completing ten, twenty or thirty years effective service. 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.

Beginning March 2020, CGD, pursuant to the changes made to the company agreement, replaced the “seniority bonus” by a “career bonus”, payable to employees on the date of retirement and comprising up to 1.5 times their remuneration. The liability of €8,963 thousand for this commitment, at December 31, 2021, was recognised in "Other liabilities" (note 26).

CGD pays a grant on the death of its working employees, i.e. prior to the standard retirement age.

France branch also pays long term benefits to employees. Liabilities of €15,247 thousand and €16,687 thousand were assessed, at December 31, 2021 and December 31, 2020, respectively.

Provisions

Provisions for the costs of employee benefits, at December 31, 2021 and December 31, 2020 comprise the following:

	31-12-2021	31-12-2020
CGD		
Provision for post-employment healthcare	356,488	524,845
Provision for labour suspension agreements (PH and ASPT)	79,969	82,093
Provisions for early retirement (PPR)	195,763	91,946
Provisions for mutually agreed terminations (RMA)	627	1,237
Liability of the France Branch	15,247	16,687
	648,094	716,808
Provision for pension and other liabilities		
Banco Comercial de Investimento, S.A.	2,331	2,973
Caixa Banco de Investimento	2,183	3,259
Caixagest	1,192	703
Caixa Imobiliária	580	695
Caixa Serviços Partilhados	1,528	1,042
	7,814	8,671
Provision for post-employment healthcare		
Banco Comercial do Atlântico, S.A.	2,347	-
	658,255	725,478

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 employees from CGD and CGD group companies who, not being eligible for voluntary retirement, were interested in the possibility of early retirement.

CGD extended the early retirement programme for an additional 3 years (2022 to 2024) in December 2021.

The liability recognised by CGD amounted to €275,732 thousand and €175,246 thousand, at December 31, 2021 and December 31, 2020 respectively, recognised in “Provisions”.

Provisions movements for the costs of employee benefits, in 2021 and 2020 were as follows (note 24):

	31-12-2021	31-12-2020
Balances at the beginning of the year	725,478	753,307
Provisions recognised as employee costs:		
Healthcare – CGD (Note 35)	8,263	13,799
Labour suspension agreements (Note 35)	30,109	50,478
Mutually agreed terminations (Note 35)	5,164	6,871
Other expenses from other Group entities'	(145,396)	(20,706)
Actuarial gains and losses on post-employment healthcare liability	1,383	(898)
Other actuarial gains and losses	(8,854)	44,553
Other	(1,764)	-
	(111,095)	94,098
Increase, net of reversals, recorded by corresponding entry to “Provisions”	104,833	(59,137)
Payments to SAMS and CGD’s Social Services	(22,370)	(24,088)
Payment of labour suspension agreements and early retirement	(33,848)	(31,861)
Other payments	(6,716)	(8,033)
Other	1,972	1,193
Balances at the end of the year	658,255	725,478

37. Other administrative costs

This account comprises the following:

	31-12-2021	*Restated* 31-12-2020
Specialised services		
- IT services	57,881	54,512
- Safety and security services	5,708	5,737
- Information services	5,812	4,903
- Cleaning services	5,203	5,307
- Contracts and service fees	3,972	3,951
- Studies and consultancy	965	1,695
- Other	50,794	53,874
Operating leases	5,921	6,082
Communications and postage	22,936	23,279
Maintenance and repairs	29,249	28,512
Advertising and publications	10,168	11,989
Water, energy and fuel	13,533	13,901
Transport of cash and other values	6,748	8,377
Travel, lodging and representation expenses	2,694	3,220
Standard forms and office supplies	3,743	3,685
Other	9,382	13,590
	234,709	242,616

38. Impaired assets

Information on impairment movements for the periods ended December 31, 2021 and December 31, 2020 is set out below:

		Reinforcements							
	Balances at 31-12-2020	New production	Remaining	Additions and reversals	Write-offs	Exchange differences	Transfers and others	Balances at 31-12-2021	Credit recovery, interest and expenses
Impairment of loans and advances to customers (Note 13)	2,245,857	151,516	4,446,001	(4,392,457)	(80,947)	30,947	(86,489)	2,314,429	(163,840)
Impairment of loans and advances to credit institutions (Note 6)	3,100	-	5,298	(7,110)	(1)	291	484	2,062	-
Impairment of financial assets at fair value through other comprehensive income (Note 8)	863	-	3,227	(3,456)	(78)	4	(75)	485	-
Impairment of financial assets at amortised cost (Note 12)	19,101	-	3,346	(15,336)	(23)	2,446	-	9,533	-
Impairment of other tangible assets	24,992	-	26,834	(20,977)	(2,610)	832	294	29,366	-
Impairment of intangible assets	10,725	-	-	(238)	-	-	2,550	13,037	-
Impairment of non-current assets held-for-sale (Note 14)									
Properties	243,660	-	68,078	(70,403)	(35,232)	838	6,149	213,090	-
Equipment	741	-	477	(167)	(588)	-	453	915	-
Other tangible assets	6,080	-	-	(3,077)	-	1,117	(4,120)	-	-
Subsidiaries	48,659	-	1,625	(3,800)	-	-	-	46,483	-
Other assets	77	-	170	-	-	11	-	257	-
Impairment of investments in associates and jointly controlled entities (Note 18)	439	-	1,471	-	(1,094)	-	(377)	439	-
Impairment of other assets (Note 20)	139,842	-	63,796	(39,342)	(4,605)	1,278	(4,456)	156,513	-
	498,278	-	174,322	(163,907)	(44,230)	6,817	902	472,181	-
	2,744,135	151,516	4,620,323	(4,556,364)	(125,177)	37,763	(85,587)	2,786,610	(163,840)

		Reinforcements							
	Balances at 31-12-2019	New production	Remaining	Additions and reversals	Write-offs	Exchange differences	Transfers and others	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	23,843	-	23,379	(21,653)	-	(650)	73	24,992	-
Impairment of intangible assets	15,779	-	-	-	-	-	(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)

Impairment on subsidiaries classified as being held-for-sale at December 31, 2020 – BCG Brasil and BCA – amounted to €48,659 thousand.

Impairment of €46,483 thousand on BCG Brasil had also been recorded at December 31, 2021 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.

Higher levels of impairment on loans and advances to customers, in 2021, exceeded recoveries and cancellations which, in conjunction with other less significant movements, resulted in an increase in impairment from €2,245,857 thousand at December 31, 2020 to €2,314,429 thousand at December 31, 2021. This evolution of impairment incorporates various effects, particularly.

(i) An anticipation of the expected effects of the economic crisis that have not yet materialised;

(ii) Significant exchange rate differences;

(iii) Impairment increases due to the reclassification of exposures to stage 3.

Total impairment was in line with impairment on loans and advances to customers with an increase of the total impairment balance from €2,744,135 thousand at the end of 2020 to €2,786,610 thousand at December 31, 2021.

Information on impairment movements on loans and advances to customers by stages is given below:

	Impairment of loans and advances to customers			
	Stage 1	Stage 2	Stage 3	Total
Balances at 31-12-2020	**274,769**	**320,907**	**1,650,181**	**2,245,857**
Movements resulting from changes in the classification by stages	(12,506)	6,530	5,976	-
Stage 1 - Inputs/ (outputs)		(13,224)	(9,313)	(22,537)
Stage 2 - Inputs/ (outputs)	(15,595)		15,289	(306)
Stage 3 - Inputs/ (outputs)	3,089	19,754		22,843
Movements resulting from changes in credit risk	(13,908)	14,569	52,883	53,544
Write-offs	(1,428)	(4,516)	(75,003)	(80,947)
Other changes	(877)	(16,801)	113,651	95,974
Balances at 31-12-2021	**246,050**	**320,690**	**1,747,689**	**2,314,429**

More detailed information on impairment on credit movements for 2021 are given in the chapter “Disclosures relating to 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) no. 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 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 SME. 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.

  - *Payment and settlement.* These include payment operations and the issuance and management of means of payment;

  - *Agency services*. These include the custodianship and administration of financial instruments on behalf of customers, including custodianship and related services such as treasury/collateral management;

  - *Retail portfolio intermediation.* This comprises banking activity with personal customers, the self-employed and micro-enterprises. They include activities involving the receipt and transmission of instructions in relation to one or more financial instruments, execution of orders on behalf of customers and placements of financial instruments without a firm commitment;

  - *Activities of non-financial corporations.* These comprise the activity of commercial, industrial, technological and other enterprises.

Information on the distribution of profit and principal balance sheet aggregates, by business areas and geographies, at December 31, 2021 and December 31, 2020 is given below:

Business areas

	31-12-2021						
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate Finance	Other	Total
Net interest income	420,763	279,063	153,677	4	161,424	(9,112)	1,005,818
Income from equity instruments	227	-	367	12,407	63	-	13,066
Income from services rendered and commissions	46,410	188,638	54,903	34,767	17,876	347,003	689,597
Cost of services and commissions	(19,307)	(15,131)	(727)	(3,010)	(663)	(86,026)	(124,864)
Results from financial operations	135,649	4,805	3,622	7,271	(2,569)	26,958	175,736
Other net operating income	(499)	6,382	4,714	10,308	790	(8,091)	13,604
Net operating income from banking	583,243	463,758	216,556	61,748	176,921	270,731	1,772,957
Other income and expenses	-	-	-	-	-	-	(1,189,596)
Net income attributable to the shareholder of CGD							583,361
Cash balances and loans and advances to credit institutions (net)	25,437,780	653,165	832,538	-	90	215	26,923,788
Investments in securities and derivatives (net)	20,208,014	-	633,798	163,047	-	160,449	21,165,308
Loans and advances to customers (net)	-	37,199,295	12,812,798	3	171,568	-	50,183,664
Non-current assets held-for-sale	-	-	-	-	-	336,347	336,347
Investments in associates by the equity method	-	-	-	-	-	529,794	529,794
Total net assets	47,079,786	37,943,453	14,513,121	743,697	171,657	3,558,434	104,010,147
Resources of central banks and credit institutions	6,741,738	-	-	-	-	3,464	6,745,201
Customer resources	-	68,914,471	8,018,162	-	-	2,823,057	79,755,690
Debt securities	1,789,714	-	-	-	-	-	1,789,714

	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

The financial information for each segment was prepared on the basis of the same assumptions as used for the preparation of the information analysed by the executive committee, in conformity with the accounting policies in force (note 2).

Operations between group entities are at market prices. Investments in associates and joint ventures 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

	31-12-2021						
	Portugal	Rest of European Union	Latin America	Asia	Africa	Intragroup	Total
Net interest income	588,682	73,764	-	75,835	259,372	8,164	1,005,818
Income from equity instruments	92,388	-	-	48	453	(79,823)	13,066
Income from services rendered and commissions	582,125	33,220	-	25,262	61,736	(12,746)	689,597
Cost of services and commissions	(102,701)	(9,307)	-	(8,100)	(15,166)	10,409	(124,864)
Results from financial operations	165,602	29	-	5,121	31,834	(26,850)	175,736
Other net operating income	28,317	(4,961)	-	384	11,333	(21,469)	13,604
Net operating income from banking	1,354,413	92,746	-	98,549	349,563	(122,314)	1,772,957
Other income and expenses	-	-	-	-	-	-	(1,189,596)
Net income attributable to the shareholder of CGD							583,361
Cash balances and loans and advances to credit institutions (net)	24,106,942	751,996	-	1,701,998	1,710,574	(1,347,722)	26,923,788
Investments in securities and derivatives (net)	22,356,609	10,575	-	575,134	974,108	(2,751,118)	21,165,308
Loans and advances to customers (net)	42,954,814	5,201,792	-	2,798,915	1,838,499	(2,610,356)	50,183,664
Total net assets	94,279,481	6,053,278	202,831	6,373,973	4,789,430	(7,688,846)	104,010,147
Resources of central banks and credit institutions	7,625,916	62,954	-	113,715	35,943	(1,093,326)	6,745,201
Customer resources	68,990,220	2,907,238	-	4,210,871	3,927,706	(280,346)	79,755,690
Debt securities	1,758,272	2,720,238	-	-	-	(2,688,796)	1,789,714

	31-12-2020						
	Portugal	Rest of European Union	Latin America	Asia	Africa	Intragroup	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

The "Intragroup" 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, 2021 and December 31, 2020:

	31-12-2021					
	Banking business in Portugal	International business	Investment banking	Insurance and healthcare	Intragroup	Total
Interest and similar income	969,509	538,456	15,292	-	(64,103)	1,459,153
Interest and similar costs	(384,943)	(130,251)	(2,005)	-	63,864	(453,335)
Income from equity instruments	215	320	367	-	12,164	13,066
Net interest income	584,781	408,524	13,654	-	11,925	1,018,883
Income from services rendered and commissions	527,306	120,218	16,355	-	25,718	689,597
Cost of services and commissions	(90,390)	(31,835)	(4,024)	-	1,385	(124,864)
Results from financial operations	115,737	36,984	27,917	-	(4,902)	175,736
Other net operating income	2,221	6,714	1,457	-	3,212	13,604
Net operating income	554,874	132,081	41,705	-	25,413	754,074
NET OPERATING INCOME FROM BANKING	1,139,655	540,605	55,359	-	37,338	1,772,957
Other income and expenses	(808,105)	(406,678)	(23,863)	38,525	10,525	(1,189,596)
NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD	331,550	133,927	31,496	38,525	47,863	583,361

Restated

	31-12-2020					
	Banking business in Portugal	International business	Investment banking	Insurance and healthcare	Intragroup	Total
Interest and similar income	1,054,581	506,897	11,192	-	(59,579)	1,513,091
Interest and similar costs	(423,874)	(128,957)	(5,285)	-	96,323	(461,794)
Income from equity instruments	245	312	342	-	17,656	18,554
Net interest income	630,952	378,251	6,249	-	54,399	1,069,851
Income from services rendered and commissions	472,821	107,719	15,160	-	19,372	615,072
Cost of services and commissions	(81,914)	(27,692)	(3,799)	-	(1,378)	(114,784)
Results from financial operations	17,155	37,209	8,531	-	(12,123)	50,772
Other net operating income	28,922	3,988	1,296	-	339	34,545
Net operating income	436,984	121,223	21,189	-	6,210	585,606
NET OPERATING INCOME FROM BANKING	1,067,935	499,474	27,438	-	60,609	1,655,457
Other income and expenses	(747,024)	(406,398)	(20,920)	36,998	(26,520)	(1,163,865)
NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD	320,911	93,076	6,518	36,998	34,089	491,592

The "Intragroup" column includes balances between group companies eliminated in the consolidation process. As regards business segments, reference should also be made to the effects of the group's activity in the property sector.

40. Related entities

Associates, joint ventures, group companies' management bodies and other entities controlled by the Portuguese state are considered to be group-related entities.

The group's financial statements, at December 31, 2021 and December 31, 2020 include the following balances and transactions with related entities, excluding management bodies:

	31-12-2021			31-12-2020 Restated		
	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	6,857,263	370,865	55,000	8,180,699	420,971	1,842
Loans and advances to customers	29,543	591,232	142,675	45,030	444,976	128,185
Impairment of loans and advances to customers	-	31,223	18	-	41,981	315
Other assets	-	5,518	361,845	(1)	5,719	363,421
Liabilities:						
Customer resources	6,683	346,093	310,577	39,608	456,824	205,167
Financial liabilities held-for-trading	233	16,702	142	1,352	27,995	98
Other liabilities	1,197	194,395	697	645	211,569	524
Guarantees given	3,810	488,623	39,619	3,810	364,787	34,673
Net income:						
Interest and similar income	57,565	11,270	5,350	51,275	13,368	4,139
Interest and similar costs	-	7,395	192	-	6,171	383
Income from services rendered and commissions	52	82,873	5,028	58	72,167	5,352
Cost of services and commissions	15	2,059	524	11	1,488	503
Results from financial operations	(72,194)	(13,147)	(1,291)	87,095	51,097	(1,822)
Other operating income	(4)	269	108	(5)	346	95
General administrative costs	-	(6)	2,093	-	(24)	1,719

Transactions with related entities are made on the basis of market values on the respective dates.

The "Other Portuguese state entities" column, at December 31, 2021 and December 31, 2020, does not include balances with regional or local government.

41. Lease agreements

Lease agreements at December 31, 2021 and December 31, 2020 were accounted for as follows:

	31-12-2021		
Leases	Property	Vehicles	Other
Amortisation costs of right-of-use assets in the period	30,841	2,551	-
Interest costs of lease liabilities in the period	5,210	52	-
Costs related to low-value leases	567	-	575
Carrying amount of right-of-use assets at the end of the period	182,139	2,962	-
Carrying amount of lease liabilities at the end of the period	(190,045)	(2,898)	(6,974)
Maturity of lease liabilities			
Up to one year	3,833	1,414	-
One to five years	44,496	1,596	-
Over five years	160,293	-	-

	31-12-2020		
Leases	Property	Vehicles	Other
Amortisation 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	-	-

Interest received under lease agreements at December 31, 2021 and December 31, 2020 amounted to €5,262 thousand and €5,822 thousand respectively. On the same dates, repayments of financing operations based on lease agreements totalled €13,482 thousand and €15,335 thousand respectively.

Information on the distribution of instalments on lease operations, as regards the present value of the minimum payments and the financial income not obtained, at December 31, 2021 and December 31, 2020 by period to maturity, is set out below:

	31-12-2021					
	<= 3 months	> 1 year <= 6 months	> 1 year <= 2 years	> 2 years <= 5 years	> 5 years	Total
Minimum payments on finance lease	93,358	246,566	277,895	472,944	387,862	1,478,626
Residual value	2,411	15,783	18,700	48,520	89,960	175,373
Gross investment	95,769	262,349	296,596	521,464	477,822	1,653,999
Present value of minimum payments	86,633	228,303	257,841	433,838	349,761	1,356,377
Net investment	89,044	244,086	276,542	482,358	439,721	1,531,750
Unearned financial income	6,725	18,263	20,054	39,106	38,101	122,249

	31-12-2020					
	<= 3 months	> 1 year <= 6 months	> 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

42. Provision of insurance brokerage services

Total remuneration from the provision of insurance brokerage services, for the periods 2021 and 2020 amounted to €71,382 thousand and €62,376 thousand, respectively, all of which in the form of cash commissions.

All remuneration, in 2021 and 2020, derived from the provision of insurance brokerage services by associate Fidelidade - Companhia de Seguros S.A., as itemised below:

BRANCH	31-12-2021	31-12-2020
Life insurance	58,623	51,445
Non-life insurance	12,760	10,931
	71,382	62,376

CGD recognises 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 and costs of services and commissions" (note 32).

The balances receivable by CGD from Fidelidade - Companhia de Seguros S.A. as commissions for brokerage services amounted to €4,623 thousand and €2,504 thousand at December 31, 2021 and December 31, 2020 respectively. CGD's activity as an insurance broker does not involve the collection of any amounts related to customers' payments of insurance contracts.

The nominal value of Fidelidade's financial insurance in force, sold over CGD counters, totalled €7,639,414 thousand and €7,634,500 thousand at December 31, 2021 and December 31, 2020 respectively, mainly in respect of PPR (retirement savings plans).

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 on the financial risks inherent to the group's activity

CGD adopted a centralised risk management model, in 2001, encompassing the assessment and control of all of the group's credit, market and liquidity risks, based on the principle of the separation of functions between commercial and risk areas.

Credit risk

The credit risk attached to CGD's customer portfolio is overseen and controlled by monitoring 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 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 risk management division 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 daily credit portfolio monitoring operations. This system incorporates a series of rules and functionalities to promptly recognise risk events and enable work to begin on a series of corrective actions designed to regularise and recover credit:

(i) All customers have an associated risk level which is updated daily;

(ii) Retail customers for which more serious risk levels have been identified are automatically allocated to specialised recovery areas; and,

(iii) The measures taken to regularise the loan are identified and enable their level of efficiency to be assessed.

The process is monitored and set out in a monthly report produced by risk management division.

As part of the lending process, the credit risk division, which has corporate functions and reports directly to the executive committee, is responsible for decision-making and/or credit analysis functions for corporates, financial institutions, institutionals and personal 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 measurement 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 reported 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 are also monitored on certain portfolios and include: *Expected Shortfall* and *Third Worst*. 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 options portfolios (usually referred to as “Greeks”).

The reliability of the VaR 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 the occurrence of highly unlikely events 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 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 on 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 capital, asset and liability committee (CALCO). The risk management division’s liquidity and balance sheet interest rate risk area measures, monitors and reports on the two types of risk.

The CALCO committee is the executive committee’s decision-making arm responsible for the integrated assets and liabilities management process (asset liability management, ALM), which aims to achieve proactive balance sheet management and CGD group 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).

It 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 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 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 interest rate changes, in addition to the respective duration gap, enabling the effect of changes in 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 measurement and respective estimation of all of the future cash flows from assets and liabilities sensitive to interest rate changes (i.e. full valuation).

Liquidity and balance sheet interest rate risks are managed by a set of guidelines approved by the CALCO committee which include limits on several significant exposure variables to such types of risk. The guidelines aim to ensure that CGD group is in a position 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.

Credit risk

Maximum exposure to credit risk

The following is a breakdown of the group's maximum exposure to credit risk at December 31, 2021 and December 31, 2020:

	31-12-2021	31-12-2020
Trading securities		
Public debt	322,719	3,149,577
Private debt	50,029	23,542
	372,748	3,173,119
Financial assets at fair value through profit or loss		
Private debt	100	98
Credit and securities	98,999	114,015
	99,098	114,114
Financial assets at fair value through other comprehensive income (*)		
Public debt	4,824,506	5,768,116
Private debt	1,043,511	952,885
	5,868,017	6,721,001
Financial assets at amortised cost (*)		
Public debt	12,595,515	10,976,270
Private debt (a)	398,759	280,552
	12,994,274	11,256,822
Financial assets with repurchase agreement		
Public debt	7,828	13,877
	7,828	13,877
	19,341,965	21,278,932
Derivatives	423,440	893,760
Cash balances at other credit institutions	677,351	694,498
Loans and advances to credit institutions (*)	3,246,884	2,617,740
Loans and advances to customers (*)	50,187,698	47,926,627
Other debtors (*)	2,326,054	1,945,469
Other operations pending settlement	160,634	159,615
	57,022,061	54,237,710
Other commitments		
Personal/ Institutional guarantees given: (**)		
Guarantees and sureties	2,580,569	2,392,362
Stand-by letters of credit	7,564	9,404
Open documentary credits	345,520	229,087
Forward deposit agreements	-	20,373
Irrevocable lines of credit	1,299,158	1,157,392
Securities subscription	1,227,469	1,155,493
Other irrevocable commitments	67,575	64,419
	5,527,855	5,028,530
Maximum exposure to credit risk	81,891,881	80,545,172

[*] Balances net of impairment [**] Balances net of provisions

(a) On December 31, 2021and December, 2020, includes debt acquired from the European Union's Financial Stabilization Mechanism, in the amount of 101,102 tEuros and 101,234 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 26) and netting agreements.

Credit quality of loans and advances to credit institutions

In the case of risk ratings 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.

The following risk ratings are used:

(i) Low risk ("AAA" − "BBB" − or investment grade);

(ii) Moderate risk ("BB+" − "B-"); and,

(iii) 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, 2021 and December 31, 2020, considering the risk aggregating categories (low, moderate and high) associated with the external ratings and the counterparty's country of origin:

	31-12-2021						
	Portugal	Rest of European Union	North America	Asia	Brazil	Other	Total
Reduced risk	220,086	1,162,826	130	718,093	-	527,589	2,628,724
Medium risk	-	-	-	1,156	-	310,457	311,613
No Rating	465	-	-	-	30,777	56,151	87,393
Central and Supranational banks	-	13,908	-	277	-	204,449	218,634
	220,551	1,176,734	130	719,526	30,777	1,098,646	3,246,364

	31-12-2020						
	Portugal	Rest of European Union	North America	Asia	Brazil	Other	Total
Reduced risk	148,112	1,106,800	19	651,565	-	304,561	2,211,057
Medium risk	-	-	-	42	-	47,646	47,687
No Rating	(123)	-	-	-	44,459	2,526	46,862
Central and Supranational banks	-	-	-	256	-	311,456	311,712
	147,989	1,106,800	19	651,863	44,459	666,188	2,617,319

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, 2021 and December 31, 2020:

	31-12-2021				
	Portugal	Rest of European Union	North America	Other	Total
Financial assets at fair value through profit or loss					
AA+ to AA-	-	10,772	-	-	10,772
A+ to A-	-	495	4,030	4,080	8,606
BBB+ to BBB-	12,399	310,846	3,885	297	327,426
BB+ to BB-	25,046	-	-	-	25,046
Not rated	998	-	-	-	998
	38,443	322,113	7,916	4,377	372,848
Issued by:					
Governments and local authorities	10,822	311,897	-	-	322,719
Corporates	2,475	9,019	7,430	1,312	20,237
Financial institutions	25,046	-	-	-	25,046
Othet issuers	100	1,196	485	3,064	4,845
	38,443	322,113	7,916	4,377	372,848
Financial assets at fair value through other comprehensive income					
AAA	-	102,269	9,013	-	111,281
AA+ to AA-	7,453	321,466	2,655	39,037	370,612
A+ to A-	12,090	605,335	37,016	129,624	784,065
BBB+ to BBB-	2,077,204	2,254,070	9,344	6,024	4,346,641
BB+ to BB-	12,939	5,126	1,047	1,263	20,374
Lower than B-	1	-	-	70,424	70,425
Not rated	1,636	115,839	48,771	6,201	172,446
	2,111,323	3,404,104	107,846	252,573	5,875,845
Issued by:					
Governments and local authorities	2,052,561	2,740,547	-	75,450	4,868,558
Corporates	2,858	89,496	18,545	55,278	166,177
Financial institutions	50,540	524,072	37,524	119,046	731,182
Othet issuers	5,364	49,989	51,777	2,798	109,929
	2,111,323	3,404,104	107,846	252,573	5,875,845
Held-to-maturity investments					
AAA	-	71,195	44,088	-	115,283
AA+ to AA-	-	938,251	42,901	-	981,152
A+ to A-	-	2,405,316	9,602	72,759	2,487,677
BBB+ to BBB-	4,810,376	3,538,796	-	37,179	8,386,351
BB+ to BB-	-	1,894	-	77,109	79,002
B+ to B-	-	-	-	335,439	335,439
Lower than B-	-	-	-	553,386	553,386
No Rating	-	1,422	-	54,561	55,983
	4,810,376	6,956,874	96,591	1,130,432	12,994,274
Issued by:					
Governments and local authorities	4,810,376	6,830,627	86,988	890,510	12,618,501
Corporates	-	-	-	144,618	144,618
Financial institutions	-	126,248	9,602	95,305	231,155
	4,810,376	6,956,874	96,591	1,130,432	12,994,274

	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 other comprehensive income					
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

Exposure to the sovereign debt of peripheral eurozone countries

The main features of the sovereign debt issuances of peripheral eurozone countries in Caixa's and its branches' portfolios at December 31, 2021 and December 31 2020 are as follows:

	Book value net of impairment at 31-12-2021			Fair value	Fair value reserve	Rating
	Residual maturities					
	2022	After 2022	Total			
Financial assets at fair value trough profit or loss						
Portugal	46	10,775	10,822	10,822	-	
Italy	301,422	-	301,422	301,422	-	
	301,468	10,775	312,244	312,244	-	
Financial assets at fair value through other comprehensive income						
Portugal	31,127	2,021,433	2,052,561	2,052,561	140,118	
Ireland	-	178,898	178,898	178,898	5,706	
Spain	-	480,652	480,652	480,652	8,522	
Italy	1,809,243	-	1,809,243	1,809,243	1,334	
	1,840,371	2,680,984	4,521,354	4,521,354	155,680	
Financial assets at amortised cost						
Portugal	314,412	4,455,144	4,769,557	4,810,376	-	
Ireland	-	917,848	917,848	925,482	-	
Spain	160,068	3,459,678	3,619,746	3,644,829	-	
Italy	501,137	822,295	1,323,431	1,324,163	-	
	975,617	9,654,965	10,630,582	10,704,849	-	
Total						
Portugal	345,586	6,487,353	6,832,939	6,873,758	140,118	BBB
Ireland	-	1,096,746	1,096,746	1,104,380	5,706	AA-
Spain	160,068	3,940,330	4,100,398	4,125,481	8,522	A-
Italy	2,611,802	822,295	3,434,097	3,434,828	1,334	BBB
	3,117,455	12,346,724	15,464,180	15,538,447	155,680	

	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 trough 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 other comprehensive income						
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	
Financial assets at amortised cost						
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	

Measurement criteria

The sovereign debt issuances of the peripheral eurozone countries considered in the above table were measured at observable market prices, when applicable, or, in the absence of an active market, prices supplied by external counterparties. These portfolios were segmented into levels 1 and 2 of the fair value ranking at December 31, 2021 and 2020. Greater detail on the distinguishing elements of these categories along with the principal assumptions used are given in the “Fair value” column.

Quality of loans and advances to customers

Disclosures on asset quality and credit risk management, as set out below, 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 centralised decision-making model on credit in which its credit risk division is responsible for making decisions on loans to corporates, financial institutions and institutionals 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.

The credit risk division’s principal functions also include:

(i) the prior, mandatory issuance of a risk opinion for the attribution of internal limits or consideration of operations not covered by the said limits for customers whose exposure (in terms of economic groups), rating or specific characteristics of the operator (or 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 of/changes to 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 the credit risk committees, at the level of the credit risk division.

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 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 measurement and validation of individual impairment;

(v) the measurement of impairment on all credit portfolio segments;

(vi) the assessment of compliance with the limits defined for major risks.

The risk management division 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, facilitating decisions to optimise debt recovery. The oversight process is governed 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 default, automatically identifying customers in financial distress and in default.

All portfolio customers are segmented into one of the following categories:

- (i) Performing customers without any additional risk events having been identified;
- (ii) Performing customers but with early warning signs which may indicate a greater probability of a customer's default;
- (iii) Customers registering serious events and a high probability of default who are classified as being in financial distress;
- (iv) Customers in a 24 months' probation period following the occurrence of a restructuring operation owing to its financial difficulties;
- (v) Customers classified as being in default; and,
- (vi) 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 provide the first line of defence using mechanisms designed to actively prevent potential future defaults.

An automatic process immediately transfers customers from commercial to recovery areas when more serious events have been identified, to ensure that potentially more problematic cases are handled by specialised credit recovery managers.

When this involves corporate customers with relevant 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 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 achieve settlement in due compliance with the dispositions of decree law no. 227/2012 complemented by decree law 70-B/2021 *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 put in place 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:

- (i) Collection of payments in arrears;
- (ii) Restructuring solutions; and,
- (iii) Terminal solutions not involving litigation.

In the initial credit collection phase, contacts with customers, considering the settlement of overdue amounts, are made by the call center 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 progresses 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

Credit concentration risk management within CGD group is the responsibility of its risk management division 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 the credit risk division. 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 a loan, 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 entailing 100% recognition of 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 with 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.

The implementation of recovery solutions always bears a customer's individual circumstances and CGD's best interests in mind, in line with three basic principles:

(i) *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 is 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);

(ii) *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.

(iii) *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 that would be 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) no. 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:

(i) Constructions:

- Finished constructions; and,
- Unfinished constructions.

(ii) Land:

- Land with construction potential (as its prime and best use); and
- Land without construction potential (its prime and best use is not its construction potential).

The principal components of the valuation methodology on immovable assets within CGD group are:

(i) *Inspection of property*. Property is inspected when all new real estate 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*. Real estate 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 *(Comissão do Mercado de Valores Mobiliários)* 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 for 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 and accompanied by the essential documentation for property valuation purposes. An internal technical operative is responsible for the approval process by type of valuation and the municipal district in which the property is located; and,

- The appraisers are set out on a list defining the priority municipal districts for operational purposes, based on criteria of efficiency in terms of travel and in-depth knowledge of the local market. Valuation requests are delivered to appraisers via a CGD property portal. The appraiser records the date of the visit and appraisal report in the portal in a standardised format which includes the 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:

(i) Pledges over term deposits – assessed on the amount of the pledge;

(ii) Pledges over bonds issued by CGD – assessed on the nominal value of the bonds; and,

(iii) 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 adequate for measuring impairment but which involve judgments in defining the processes, namely:

(i) Historical information considered for modelling purposes (PD, LGD, collateral haircuts);

(ii) Workout period for the calculation of LGD and multiple default measurement methodologies;

(iii) Portfolio segmentation criteria:

  - *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,

  - *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, since 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 present 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 estimated discounted future cash flows schedule and calculation template based on a going or gone concern approach; 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 types of 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:

(i) *Stage 3*: exposures for which there is objective evidence of credit impairment, for operations in default;

(ii) *Stage 2*: exposures with a significant increase in credit risk (SICR) since initial recognition or with objective criteria involving signs of impairment; and,

(iii) *Stage 1*: exposures which cannot be classified in stages 2 or 3.

Stage 3 classification

The definition of stage 3 for securities and loans and advances to other credit institutions portfolios, 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:

- Contractual defaults to CGD group, particularly credit materially overdue for more than 90 consecutive days;
- Existence of a material impairment provision resulting from an individual analysis on customers with individually significant exposures;
- Declaration of insolvency;
- An insolvency application, including PER (special revitalisation programmes) submitted by the debtor or CGD;
- Operations at a litigation stage in CGD;
- 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;
- 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;
- 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; and,
- Restructuring operations owing to a customer’s financial difficulties in the event of loss events (in accordance with the defined materiality).

Although IFRS 9 does not define the concept of default, CGD applies the same definition of default as used for management purposes, on an internal credit risk level, incorporating the EBA’s recommendations in its “Final Report on Guidelines on Default Definition (EBA-GL-2016-07)” published on September 28, 2016. Past events for modelling purposes reflect the definition of default up to the present time.

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 change in 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:

(i) An absolute variation of the forward-looking lifetime PD since origination, weighted by a residual maturity in excess of a certain threshold; and,

(ii) 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, determining the classification of 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;
- 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;
- 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:

(i) *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 PD on a scoring and rating basis applicable to the rated portfolio and PD 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;

(ii) *Lifetime default probability (PDLT).* This is the probability of a loan defaulting prior to the maturity of an agreement. Lifetime PD are different for rated and unrated portfolios. In the case of rated portfolios, lifetime PD are distinguished by the level of a customer’s or operation’s ratings. In the case of unrated portfolios lifetime PD are different for customers or operations with:

  - external signs and accompanied by arrears of less than 30 days;
  - arrears of between 30 and 90 days; and,

- restructuring operations owing to financial difficulties with arrears of up to 30 days.

(iii) *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 LGD 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 LGD are differentiated on the basis of the type of collateral existing when impairment is assessed; and,

(iv) *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 (credit conversion factor). The CCF measures the proportion of the off-balance sheet exposure which is converted into an equity exposure up to the date of default.

Estimations of risk factors, i.e. namely probabilities of default, include a forward-looking component.

8. Indication of thresholds defined for individual analyses

The limits on individual impairment assessments, defined in an internal CGD group regulation, 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, 2021, an individual analysis is performed on all corporate customers whose exposure together with risk criteria meet the following criteria:

(i) *Stage 1:* All customers with an exposure of €20 million or more or €10 million or more if the customer shows signs of being at greater risk (e.g. early warnings) or has a rating worse than 12;

(ii) *Stage 2:* All customers with an exposure equal to or greater than €10 million or with an exposure equal to or greater than €3 million if the customer shows signs of being at greater risk (e.g. early warnings or more severe events) or has a rating worse than 12; and,

(iii) *Stage 3:* All customers with an exposure of €3 million or more.

9. Policy relating to internal risk levels, specifying the treatment of a borrower classified as being in default

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 customers who default 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. General description of the form of calculating the present value of future cash flows for individual and collective impairment loss measurements

Individual assessment

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.), in accordance with underlying expectations of collectability.

An assessment is made as to whether the expected future cash flows of customers showing signs of loss are less than the contractual cash flows. The amount of the impairment, in such cases, is consequently adjusted.

One of the following approaches is used to assess a company's future cash flows:

(i) 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.

(ii) A gone concern approach associated with a scenario of the termination of the activity of a company whose collateral is executed and whose 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.

Collective impairment

For stage 1 operations, the expected credit loss − ECL[5], considers a 12 months loss and is calculated by the following formula:

$$ECL_{Stage\ 1} = EAD \times PD_{12\ months} \times LGD^{(1)}$$

For stage 2 operations lifetime credit losses are calculated by the following formula:

$$ECL_{Stage\ 2} = \sum_{k=t}^{Term} \frac{EAD_k \times LGD_k \times SR_{k-1} \times PD_k}{(1+r)^k}^{(1)}$$

In which r represents the original interest rate and SR represents the default's survival probability.

As the concept of *stage* 3 is aligned with the internal default concept, the lifetime PD is considered to be 100%. Expected losses on stage 3 operations are therefore given by the following formula:

$$ECL_{Stage\ 3} = EAD \times LGD_{time\ from\ default\ entry}{}^{(1)}$$

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.

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(1): EAD = Exposure at risk; PD = Probability of default; LGD = Loss given default.

Information on exposures and impairment, by segment, at December 31, 2021 and December 31, 2020 is set out below:

	Exposure in 31-12-2021				Impairment in 31-12-2021			
	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	3,541,963	23,106	5,107	3,570,176	6,455	546	36	7,037
Other financial institutions	233,385	60,148	5,385	298,918	1,111	12,838	3,413	17,361
Non-financial institutions	14,676,968	2,675,790	1,509,335	18,862,093	143,997	532,785	977,402	1,654,184
Small and medium institutions	7,987,434	1,986,124	988,750	10,962,309	107,871	392,602	647,598	1,148,071
Commercial real estate	2,661,008	552,052	293,618	3,506,678	15,737	99,574	189,739	305,050
Others	5,326,426	1,434,072	695,133	7,455,631	92,134	293,028	457,859	843,020
Other institutions	6,689,534	689,666	520,584	7,899,784	36,126	140,184	329,804	506,114
Commercial real estate	924,695	65,486	48,033	1,038,215	13,145	9,661	32,325	55,131
Others	5,764,839	624,180	472,551	6,861,570	22,981	130,523	297,478	450,983
Households	27,686,120	1,430,608	650,178	**29,766,906**	11,460	212,013	412,374	**635,846**
Mortgage loans with property mortgage	25,710,643	1,224,608	329,961	27,265,211	1,390	176,998	155,504	333,892
Consumption and other purposes	1,238,636	88,561	50,892	1,378,089	7,130	14,066	31,861	53,057
Others	736,842	117,439	269,325	1,123,606	2,940	20,948	225,009	248,898
	46,138,436	**4,189,652**	**2,170,004**	**52,498,093**	**163,023**	**758,182**	**1,393,224**	**2,314,429**

	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**

Information on exposures and impairment, between performing and non-performing operations, at December 31, 2021 and December 31, 2020 is set out below:

	Exposure in 31-12-2021									
	Performing			Non-Performing						
	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		
Segment										
Government	**3,556,303**	**8,766**	**3,565,069**	**3,305**	**-**	**1,006**	**-**	**797**	**5,107**	**3,570,176**
Other financial institutions	**290,547**	**2,986**	**293,533**	**19**	**2,755**	**323**	**1,267**	**1,021**	**5,385**	**298,918**
Non-financial institutions	**17,227,319**	**125,428**	**17,352,748**	**952,369**	**58,068**	**47,217**	**327,941**	**123,750**	**1,509,345**	**18,862,093**
Small and medium institutions	9,875,493	98,064	**9,973,557**	541,340	43,502	45,625	262,127	96,158	988,752	10,962,309
Commercial real estate	3,190,675	22,385	**3,213,060**	97,017	28,884	22,023	92,960	52,732	293,618	3,506,678
Others	6,684,818	75,679	**6,760,497**	444,323	14,618	23,602	169,167	43,425	695,134	7,455,631
Other institutions	7,351,827	27,365	**7,379,191**	411,029	14,567	1,592	65,814	27,592	520,593	7,899,784
Commercial real estate	989,597	585	**990,182**	26,910	3,592	228	7,614	9,689	48,033	1,038,215
Others	6,362,230	26,780	**6,389,010**	384,119	10,974	1,364	58,199	17,903	472,560	6,861,570
Households	**29,032,654**	**84,045**	**29,116,699**	**200,562**	**20,439**	**24,828**	**143,112**	**261,265**	**650,206**	**29,766,906**
Mortgage loans with property mortgage	26,872,946	62,304	**26,935,251**	128,673	12,760	10,974	111,413	66,141	329,961	27,265,211
Consumption and other purposes	1,314,561	12,618	**1,327,179**	7,635	5,008	10,917	16,076	11,274	50,909	1,378,089
Others	845,147	9,123	**854,270**	64,255	2,672	2,937	15,623	183,850	269,336	1,123,606
	50,106,823	**221,226**	**50,328,049**	**1,156,255**	**81,263**	**73,373**	**472,320**	**386,832**	**2,170,043**	**52,498,093**

	Impairment in 31-12-2021							
	At Performing Expositions	At Non-Performing Expositions						
		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	**7,001**	**36**	**-**	**-**	**-**	**-**	**36**	**7,037**
Other financial institutions	**13,948**	**2**	**1,681**	**199**	**586**	**945**	**3,413**	**17,361**
Non-financial institutions	**676,782**	**579,046**	**38,748**	**23,552**	**250,732**	**85,324**	**977,402**	**1,654,184**
Small and medium institutions	500,473	341,989	28,663	22,135	192,950	61,861	647,598	1,148,071
Commercial real estate	115,311	60,039	21,505	7,054	68,643	32,498	189,739	305,050
Others	385,161	281,950	7,158	15,080	124,307	29,364	457,859	843,020
Other institutions	176,310	237,057	10,085	1,417	57,782	23,463	329,804	506,114
Commercial real estate	22,806	15,252	1,868	227	6,292	8,686	32,325	55,131
Others	153,504	221,805	8,217	1,190	51,490	14,777	297,479	450,983
Households	**223,469**	**102,249**	**7,626**	**13,053**	**74,205**	**215,245**	**412,378**	**635,846**
Mortgage loans with property mortgage	178,388	55,324	3,983	4,118	53,760	38,320	155,504	333,892
Consumption and other purposes	21,193	5,663	2,413	7,450	11,121	5,217	31,864	53,057
Others	23,888	41,262	1,231	1,485	9,324	171,708	225,009	248,898
	921,201	**681,332**	**48,055**	**36,803**	**325,524**	**301,514**	**1,393,228**	**2,314,429**

	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**	**-**	**-**	**285**	**3,965**	**9,063**	**3,170,474**	**10,226**	**391**	**-**	**-**	**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**

Information on the credit portfolio, by segment and year of production at December 31, 2021, is as follows:

	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	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment
Year of production																					
2006 and before	918	331,003	1,845	2	15	-	3,350	1,013,455	261,371	506	331,411	88,696	249,720	7,276,614	118,151	114,463	298,589	46,486	368,453	8,919,675	427,852
2007	104	438,426	148	22	1,136	601	1,445	427,748	229,031	297	173,807	46,288	35,803	1,774,837	53,192	19,554	256,888	188,230	56,928	2,899,035	471,202
2008	79	650,610	181	24	51,174	5,058	1,238	837,986	140,982	294	348,602	62,676	30,978	1,595,134	40,208	19,618	58,651	4,403	51,937	3,193,555	190,832
2009	58	102,896	2	12	287	78	1,234	331,955	53,189	247	231,174	22,394	27,261	1,647,992	33,214	21,291	57,519	5,961	49,856	2,140,649	92,444
2010	46	35,663	38	14	203	2	1,332	293,640	50,425	247	208,102	10,334	20,201	1,376,487	38,075	22,906	62,076	3,414	44,499	1,768,070	91,954
2011	20	36,802	18	11	252	81	1,117	184,015	31,327	202	64,107	11,675	9,071	580,743	13,027	16,709	42,154	2,953	26,928	843,967	47,406
2012	14	11,851	218	9	108	-	1,126	188,212	37,403	194	29,284	12,994	4,058	246,763	6,185	13,954	42,463	9,399	19,161	489,397	53,205
2013	15	42,201	690	8	254	123	1,731	235,777	62,988	211	24,493	5,282	4,138	275,464	5,959	57,571	61,173	3,349	63,463	614,869	73,109
2014	28	224,556	782	9	31,493	1,023	2,779	732,134	211,771	349	103,826	13,974	5,231	399,424	6,108	18,278	51,842	4,018	26,325	1,439,450	223,703
2015	44	175,518	180	15	1,091	152	4,496	1,385,041	178,242	617	156,087	27,766	9,208	734,627	13,875	22,198	83,503	8,784	35,961	2,379,780	201,233
2016	88	315,486	347	23	85,797	9,544	5,770	1,118,330	94,835	839	151,340	7,977	10,563	882,977	1,323	29,747	83,557	6,623	46,191	2,486,148	112,672
2017	90	120,285	793	20	9,525	12	8,334	860,571	59,730	1,160	122,156	7,846	11,930	1,050,101	607	36,659	123,700	4,531	57,033	2,164,181	65,673
2018	106	85,634	926	40	508	3	10,010	1,484,791	46,395	1,367	214,910	5,998	15,446	1,562,514	1,263	38,677	148,241	1,769	64,279	3,281,687	50,355
2019	136	204,206	386	56	9,022	159	11,398	2,265,924	57,576	1,929	836,686	12,337	19,315	2,017,995	1,157	48,594	232,457	3,699	79,499	4,729,605	62,978
2020	150	408,676	214	47	18,282	153	18,264	3,146,790	80,869	2,913	692,815	9,926	21,319	2,424,522	450	63,803	348,320	4,379	103,583	6,346,589	86,065
2021	164	386,363	266	67	89,772	374	19,126	4,355,723	58,051	3,290	856,093	14,018	28,073	3,419,017	1,097	129,027	550,562	3,958	176,457	8,801,436	63,746
	2,060	**3,570,176**	**7,037**	**379**	**298,918**	**17,361**	**92,750**	**18,862,093**	**1,654,184**	**14,662**	**4,544,892**	**360,181**	**502,315**	**27,265,211**	**333,892**	**673,049**	**2,501,694**	**301,954**	**1,270,553**	**52,498,093**	**2,314,429**

Information on the amount of gross credit exposure and impairment by segment at December 31, 2021 and December 31, 2020 is as follows:

	31-12-2021													
	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
Evaluation														
Individual	175,196	1,805	2,144	21	1,197,319	611,873	154,837	120,946	26,662	1,363	550,335	192,375	1,951,655	807,437
Collective	3,394,980	5,232	296,774	17,341	17,664,775	1,042,311	4,390,056	239,235	27,238,549	332,529	1,951,360	109,579	50,546,437	1,506,992
	3,570,176	**7,037**	**298,918**	**17,361**	**18,862,093**	**1,654,184**	**4,544,892**	**360,181**	**27,265,211**	**333,892**	**2,501,694**	**301,954**	**52,498,093**	**2,314,429**

	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
Evaluation														
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	1,895,978	95,237	48,275,596	1,374,986
	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**	**2,307,087**	**284,007**	**50,148,823**	**2,245,858**

Information on the amount of gross credit exposure and impairment by sector of activity at December 31, 2021 and December 31, 2020 is as follows:

	31-12-2021			
	Credit exposure			
	Gross carrying amount	Of which with renegotiation measures	Of which non-performing	Accumulated impairment
Activity sector				
Agriculture, forestry and fishing	369,349	33,087	42,572	34,925
Extraction industries	122,971	19,079	11,062	9,596
Manufacturing	2,849,354	151,300	266,502	222,996
Production and distribution of electricity, gas, steam and air conditioning	809,546	9,426	1,431	2,288
Water supply	221,453	59,354	15,287	22,863
Construction	2,145,105	256,947	212,428	252,998
Wholesale and retail trade	2,527,522	160,669	148,090	181,872
Transport and storage	1,172,423	260,526	91,717	174,942
Accommodation and food service activities	964,081	203,936	83,827	165,474
Information and communication	202,516	12,197	11,596	11,780
Real estate activities	2,432,383	208,171	149,644	123,780
Consulting, scientific, technical and similar activities	2,684,392	170,032	245,326	253,072
Administrative and support services activities	417,466	12,820	34,490	44,489
Public administration and defense, compulsory social security	7,711	113	193	176
Education	115,650	42,178	28,586	25,351
Human health services and social action activities	256,015	25,057	7,707	15,116
Arts, entertainment and recreation	189,170	51,144	107,400	50,535
Other services	1,374,987	81,674	51,489	61,931
Public administrations	3,570,176	506,192	5,107	7,037
Other financial activities	298,918	8,503	5,385	17,361
Households - housing with mortgage of the property	27,265,211	1,326,905	329,961	333,892
Households - housing	1,378,089	34,285	50,909	53,057
Households - others	1,123,606	307,647	269,336	248,898
	52,498,093	**3,941,241**	**2,170,043**	**2,314,429**

	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**

Information on the fair value of collateral underlying the non-financial corporations and households credit portfolio: of which mortgage loans with a pledge on the property at December 31, 2021 and December 31, 2020 is as follows:

	31-12-2021													
	<0.5 M€		≥ 0.5 M€ and < 1 M€		≥ 1 M€ and < 5 M€		≥ 5 M€ and < 10 M€		≥ 10 M€ and < 20 M€		≥ 20 M€ and < 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	677,226	377,783	515,662	274,278	3,870,892	985,680	1,008,744	461,753	945,438	494,388	1,305,304	663,106	10,891,191	338,835
Non-financial institutions - Commercial real estate	159,887	110,937	149,638	99,402	746,450	424,610	342,563	169,143	583,282	310,126	544,287	287,243	771,616	269,172
Households - Loans with mortgage property	54,830,089	38,000,617	2,603,396	1,111,086	763,852	336,670	204,946	9,140	167,616	1,442	133,102	681	78,339	44
	55,667,202	**38,489,337**	**3,268,695**	**1,484,767**	**5,381,194**	**1,746,960**	**1,556,253**	**640,036**	**1,696,337**	**805,956**	**1,982,693**	**951,031**	**11,741,147**	**608,051**

	31-12-2020													
	<0.5 M€		≥ 0.5 M€ and < 1 M€		≥ 1 M€ and < 5 M€		≥ 5 M€ and < 10 M€		≥ 10 M€ and < 20 M€		≥ 20 M€ and < 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**

Details on the restructured loan portfolio by the application of the deferral method (Forborne) at December 31, 2021 and December 31, 2020, are as follows:

	31-12-2021											
	Performing loans				Non-performing loans				Total			
	Number of operations	Exposure	Impairment individual	Impairment colective	Number of operations	Exposure	Impairment individual	Impairment colective	Number of operations	Exposure	Impairment individual	Impairment colective
Measure												
Credit term extension	3,174	974,757	18	85,880	1,625	215,118	80,958	58,623	4,799	1,189,875	80,977	144,504
Grace period	617	262,127	-	16,379	423	98,053	13,681	21,450	1,040	360,180	13,681	37,829
Interest rate changes	350	596,311	-	163,443	341	332,122	244,890	26,495	691	928,434	244,890	189,938
Other	6,199	873,739	-	99,836	5,737	589,014	251,358	163,170	11,936	1,462,752	251,358	263,006
	10,340	**2,706,934**	**18**	**365,538**	**8,126**	**1,234,307**	**590,887**	**269,738**	**18,466**	**3,941,241**	**590,905**	**635,276**

	31-12-2020											
	Performing loans				Non-performing loans				Total			
	Number of operations	Exposure	Impairment individual	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	15	70,199	4,744	616,564	263,526	176,164	8,305	1,704,051	263,541	246,363
	11,554	**2,710,990**	**15**	**234,662**	**8,036**	**1,367,941**	**645,551**	**292,750**	**19,590**	**4,078,931**	**645,566**	**527,412**

Information on additions to and exits from the deferred credit portfolio (Forborne) for the periods ended December 31, 2021 and December 31, 2020 is given below:

Balance of restructured loans (gross of impairment) at 31-12-2019	**3,759,095**
Credits with deferral measures in the period (Forborne)	766,537
Accrued interest on credit with deferral measures (Forborne)	10,852
Credits with deferral measures liquidation (Forborne), partial or total	(427,783)
Credits reclassified from "with deferral measures" (Forborne) to "normal"	(29,576)
Other	(195)
Balance of restructured loans (gross of impairment) at 31-12-2020	**4,078,931**
Credits with deferral measures in the period (Forborne)	597,578
Accrued interest on credit with deferral measures (Forborne)	4,476
Credits with deferral measures liquidation (Forborne), partial or total	(654,357)
Credits reclassified from "with deferral measures" (Forborne) to "normal"	(68,880)
Other	(16,506)
Balance of restructured loans (gross of impairment) at 31-12-2021	**3,941,241**

Details on the credit portfolio by LTV ratio at December 31, 2021 and December 31, 2020 are set out below:

	31-12-2021					
	Exposure			Impairment		
Segment / Ratio	Performing	Non-Performing		Performing	Non-Performing	
Non-financial institutions	**17,352,748**	**1,509,345**	**18,862,093**	**676,782**	**977,402**	**1,654,184**
With no associated collateral	12,914,226	1,024,858	13,939,084	524,812	716,384	1,241,196
< 60%	3,233,111	327,713	3,560,824	124,703	181,932	306,635
>= 60% and < 80%	360,098	55,470	415,568	6,875	32,124	39,000
>= 80% and < 100%	495,319	47,160	542,479	14,196	23,415	37,611
>= 100%	349,993	54,145	404,138	6,195	23,546	29,741
Commercial real estate	**4,203,242**	**341,651**	**4,544,892**	**138,117**	**222,064**	**360,181**
With no associated collateral	809,002	43,354	852,356	16,885	24,082	40,967
< 60%	2,616,383	216,628	2,833,011	105,402	145,851	251,253
>= 60% e < 80%	203,348	39,392	242,740	1,879	27,101	28,980
>= 80% e < 100%	331,608	23,955	355,563	10,218	15,157	25,375
>= 100%	242,901	18,322	261,223	3,733	9,873	13,606
Households - Loans with property mortgage	**26,935,251**	**329,961**	**27,265,211**	**178,388**	**155,504**	**333,892**
< 60%	16,201,165	170,051	16,371,216	89,253	69,268	158,521
>= 60% and < 80%	8,153,887	69,624	8,223,511	54,831	34,621	89,452
>= 80% and < 100%	2,426,783	60,231	2,487,014	29,971	32,533	62,504
>= 100%	153,415	30,055	183,470	4,333	19,082	23,415
Households - Consumption and other purposes	**2,181,449**	**320,246**	**2,501,694**	**45,081**	**256,873**	**301,954**
With no associated collateral	1,876,966	238,416	2,115,382	36,824	209,268	246,092
< 60%	162,805	37,632	200,438	887	22,626	23,514
>= 60% and < 80%	62,019	23,590	85,610	4,193	15,166	19,359
>= 80% and < 100%	50,632	13,430	64,061	3,066	5,214	8,281
>= 100%	29,026	7,178	36,204	110	4,599	4,709
Other financial institutions	**293,533**	**5,385**	**298,918**	**13,948**	**3,413**	**17,361**
With no associated collateral	206,957	4,994	211,951	2,070	648	2,717
< 60%	45,144	391	45,535	1,093	2,766	3,859
>= 60% and < 80%	35,338	-	35,338	10,771	-	10,771
>= 80% and < 100%	6,095	-	6,095	14	-	14
Government	**3,565,069**	**5,107**	**3,570,176**	**7,001**	**36**	**7,037**
With no associated collateral	3,484,361	4,768	3,489,129	6,975	12	6,987
< 60%	48,854	339	49,193	9	23	32
>= 80% and < 100%	10,914	-	10,914	18	-	18
>= 100%	20,940	-	20,940	-	-	-
	50,328,049	**2,170,043**	**52,498,093**	**921,201**	**1,393,228**	**2,314,429**

Segment / Ratio	31-12-2020 Exposure Performing	Non-Performing		Impairment 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**

Details on the fair value and net accounting value of property received in kind or repossessed by type of assets and seniority are set out below:

Asset	31-12-2021 Number of real estate	Assets' fair value	Book value
Land			
Urban	168	68,913	35,241
Rural	49	4,553	3,601
Under construction buildings			
Commercial	25	9,613	4,670
Housing	106	12,850	4,376
Concluded buildings			
Commercial	650	149,359	76,999
Housing	1,470	132,038	69,544
Other	1	352	352
Other	48	1,395	1,061
	2,517	379,074	195,844

Time elapsed since the initial recognition / repossesssion	31-12-2021 < 1 year	>= 1 year < 2.5 years	>= 2.5 years < 5 years	>= 5 years	Total
Land					
Urban	6,584	6,087	6,688	15,881	35,241
Rural	75	247	3,215	64	3,601
Under construction buildings					
Commercial	23	1,627	2,053	968	4,670
Housing	314	149	1,667	2,246	4,376
Concluded buildings					
Commercial	9,083	7,635	34,059	26,222	76,999
Housing	5,957	17,293	27,521	18,774	69,544
Other	-	-	-	352	352
Other	200	373	3	485	1,061
	22,236	33,411	75,206	64,992	195,844

Asset	31-12-2020		
	Number of real estate	Assets' fair value	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 < 2.5 years	>= 2.5 years < 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

Explanatory notes on filling in the quantitative disclosures:

Common definitions

(i) *"Segmentation"*. The segments used are based on the definitions provided in the Bank of Portugal's publication on monetary and financial statistics:

- *"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;
- *"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,
- *"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;
- *"Household 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 as members of individual companies and companies of persons not having a legal personality which are mercantile producers;
- *"Personal customers − housing": household sector,* comprising mortgage loans;
- *"Personal − consumption and other purposes"*: *household sector* not comprising mortgage loans (usually consumer credit); and,
- *"Other – other financial corporations": financial institutions sector*, including institutional units with their own legal personality which are mercantile producers and whose principal activity consists of performing financial services, except for financial brokerage and other institutions or individuals.

(ii) *"Performing/non-performing loans*". Follow the default criteria defined in item 8 of the qualitative information.

(iii) *"Restructured credit"*. Follows the criteria defined in item 4 of the qualitative information.

(iv) *"Individual and collective analysis"*. Difference between credit with individual and collective impairment in accordance with the impairment model.

COVID-19 impacts and mitigation measures

The pandemic has had a major effect on economic activity in Portugal, 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 in support of corporates and individuals include the introduction of *moratoria* and new state-backed lines of credit to the economy, through mutual guarantee societies which aim to enable a more effective response to the economic effects of the pandemic, by easing corporate and individual treasury considerations.

In Portugal, the Portuguese state, through decree law no. 10-J/2020 of March 26, which aims to protect the loans of households, corporates, private "social solidarity institutions" (i.e. charities) and other "social economy" entities, introduced 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 benefiting from the decree law benefit from the following support measures for their credit exposures to institutions:

(i) 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 across the period of this measure;

(ii) An extension for the period of application of the referred to measure, of all loans involving the payment of principal up to the end of an agreement, in force upon 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;

(iii) 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 the variability of the reference interest rate underlying the contract, with all of the elements associated with the contract covered by this measure, including guarantees, also being extended.

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, to offset the effect of the pandemic's impact on any entities not included in the referred to statute (singular persons).

Beneficiaries of these general *moratoria* were entitled to adopt one of the following measures up to September 30, 2020.

(i) 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

(ii) 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 premium 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 with reference to the time payable, at the interest rate in force in the contract.

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 with a view to mitigating the economic impacts of the pandemic ended in 2021 for jurisdictions in the European Union, including the private *moratoria* granted under the interbank protocol mentored by the Portuguese Banking Association (March 2021) and the public *moratoria* established by decree law no. 10-J/2020 (in the fourth quarter of the year depending on the time of renewal).

However, at 31 December 2021 *moratoria* were still in place in Cape Verde and Macau, in compliance with local rules for extending economic support measures and which were expected to end in first half 2022.

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 *moratoria* based on the preparation of a set of different solutions to be proposed to customers according to their level of financial difficulties. These support solutions for businesses and personal customers include, *inter alia*, options such as loan restructuring operations.

The *moratoria* granted at December 31 2021, were distributed between performing and non-performing loans as follows:

	Exposure in 31-12-2021						Impairment in 31-12-2021						Inflows in 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)		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)		Unlikely to pay that are not past-due or past-due <= 90 days	
Loans and advances subject to moratorium (granted)	**95,023**	**94,550**	**188**	**45,485**	**472**	**472**	**4,899**	**4,711**	**1**	**4,301**	**188**	**188**	**198**
Households	**35,090**	**34,885**	**188**	**14,310**	**205**	**205**	**1,394**	**1,241**	**1**	**1,207**	**152**	**152**	**1**
Mortgage loans with property mortgage	19,724	19,519	-	6,250	205	205	850	698	-	673	152	152	1
Non-financial institutions	**55,340**	**55,072**	**-**	**26,850**	**267**	**267**	**3,073**	**3,036**	**-**	**2,661**	**36**	**36**	**197**
Small and medium institutions	23,604	23,556	-	9,585	47	47	1,251	1,238	-	986	12	12	24
Commercial real estate	18,629	18,629	-	3,925	-	-	474	474	-	249	-	-	-

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 no. 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 no. 2/2029 and regulation (EU) no. 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 the said date, are being executed by any of the said 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) of the said article do not include all of the criteria governing the definition of non-performing exposures, specifically as regards 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 no. 10-J/2020 is also explicit as regards the date on which the exclusion conditions should be observed. This is different from the *moratoria'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 clients	Exposure in 31-12-2021			
			Of which legislative moratoria	Of which expired	Residual maturity of moratoria
					<= 3 months
Loans and advances for which moratorium was offered	**72,167**	**7,591,662**			
Loans and advances subject to moratorium (granted)	**68,436**	**7,584,278**	**7,036,745**	**7,489,255**	**95,023**
Households		**3,253,679**	**2,706,146**	**3,218,589**	**35,090**
Mortgage loans with property mortgage		2,973,291	2,474,280	2,953,567	19,724
Non-financial institutions		**4,282,751**	**4,282,751**	**4,227,411**	**55,340**
Small and medium institutions		3,417,404	3,417,404	3,393,800	23,604
Commercial real estate		1,497,366	1,497,366	1,478,738	18,629

The lines of credit contracted for on the basis of public guarantees at December 31, 2021 were distributed as follows by segment and level of collateralisation:

	Exposure in 31-12-2021		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	**1,713,218**	**4,506**	**1,380,764**	**6,940**
Households	**39,990**			**4**
Non-financial institutions	**1,666,029**	**4,356**	**1,342,442**	**6,936**
Small and medium institutions	1,515,861			2,280
Commercial real estate	287,177			118

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 pandemic:

(i) Operational component, including the implementation of the recommendations of the World Health Organisation and Portugal's Directorate General for Health;

(ii) Adaptation of the business model placing emphasis on the evolution of internal processes both in terms of a massive response to customers' applications for *moratoria* and new lines of credit for corporate support purposes;

(iii) A strengthening of the level of interaction with CGD entities abroad, with specific oversight of the evolution of each entity, in light of existing idiosyncrasies;

(iv) 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 implement effective prevention and mitigation measures over the short and medium term.

Macroeconomic scenarios used in the impairment model

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. The macroeconomic indicators for each of the revised scenarios are set out in the following table:

Portugal - Macroeconomic projections (in percentage) used in the ECL updated in 2021

	Favourable scenario				Central scenario				Adverse scenario			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Occurrence probability	25%				60%				15%			
GDP (1)	-8.40%	5.40%	6.50%	3.30%	-8.40%	4.40%	5.10%	2.50%	-8.40%	3.40%	2.90%	1.10%
Harmonized consumer price index (1)	-0.10%	1.30%	2.30%	1.90%	-0.10%	1.20%	1.30%	1.40%	-0.10%	0.80%	0.50%	0.30%
Unemployment rate (2)	7.00%	6.50%	5.90%	5.40%	7.00%	6.90%	6.70%	6.30%	7.00%	7.40%	7.10%	7.30%
Euribor 3M	-0.42%	-0.51%	-0.44%	-0.35%	-0.42%	-0.54%	-0.49%	-0.39%	-0.42%	-0.55%	-0.55%	-0.53%
Yield 10 years - Portugal	0.42%	0.34%	0.90%	1.30%	0.42%	0.30%	0.46%	0.58%	0.42%	0.26%	0.30%	0.35%

(1) Annual percentage rate of change
(2) Percentage of the active population

In comparison to the projections used with reference to December 31, 2020, as set out in the following table, the updated macroeconomic scenarios reflect an across-the-board improvement in indicators.

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	10%				60%				30%			
GDP (1)	2.20%	-6.00%	8.20%	5.50%	2.20%	-10.00%	6.50%	4.80%	2.20%	-12.00%	3.00%	1.60%
Harmonized consumer price index (1)	0.30%	0.30%	1.30%	2.00%	0.30%	-	1.10%	1.20%	0.30%	-0.50%	-	0.70%
Unemployment rate (2)	6.50%	6.00%	6.20%	4.90%	6.50%	8.10%	7.70%	6.90%	6.50%	10.00%	10.00%	8.50%
Euribor 3M	-0.40%	-0.40%	-0.40%	-0.50%	-0.40%	-0.40%	-0.50%	-0.60%	-0.40%	-0.50%	-0.60%	-0.70%
Yield 10 years - Portugal	0.80%	0.50%	0.50%	0.60%	0.80%	0.50%	0.20%	0.30%	0.80%	0.40%	-0.10%	-

(1) Annual percentage rate of change
(2) Percentage of the active population

Whereas the projected growth rates are very positive, the recession has also been very pronounced (GDP contraction of 8.4% in 2020) and recovery across the various sectors of activity will be predictably asymmetric. It is expected to be gradual in the services sector, where activity rates are still down, as referred to in the June and December 2021 financial stability reports published by the Bank of Portugal. The referred to reports highlight a number of risks and vulnerabilities in the financial system, particularly including the materialisation of credit risk fuelled by the elimination of support measures and a possible hike in non-performing loans (NPL).

Special reference should be made to the increase in the number of insolvencies during the first months of the year. Historically, the increase in corporate bankruptcies occurs several months after a crisis has peaked. The ending of *moratoria* in 2021 is likely to fuel fears of a significant increase in the number of insolvencies in the case of companies most affected by the pandemic crisis.

CGD has also conducted several analyses to identify a possible deterioration of its credit portfolio over the short to medium term, including impacts deriving from the pandemic which may still materialise and lead to a deterioration of credit quality, in particular an increase in exposure to stage 2 and stage 3. Following its completion of such analyses, CGD reinforced the additional impairment amount to €576,000 thousand to address potential expected losses not identified by the current impairment model, which represents an increase of €280,000 thousand compared to the previous period. The increase essentially results from the worsening of the risk for corporate customers in the most vulnerable sectors and customers that were subject to a moratorium or COVID-19 Lines classified in the worst ratings.

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.

They included the following analyses:

1) Consideration of a 100% probability of occurrence for the favourable scenario;

2.a) Consideration of a 100% probability of occurrence for the base scenario, assuming that the property market remains stable (i.e. no fall in property prices);

2.b) Consideration of a 100% probability of occurrence for the base scenario, assuming slightly lower prices in the property market (5% reduction of property prices);

3.a) Consideration of a 100% probability of occurrence for the severe scenario assuming that the property market remains stable (i.e. no fall of property prices);

3.b) Consideration of a 100% probability of occurrence for the severe scenario, assuming slightly lower prices in the property market (5% reduction of property prices);

3.c) Consideration of a 100% probability of occurrence 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 and stage 2 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 2021, for CGD Portugal’s credit portfolio whose expected losses are estimated on the basis of the three referred to macroeconomic scenarios: central (60%), favourable (25%) and adverse (15%).

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 stage 1 and stage 2 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.

Distribution of credit portfolio stocks (assets and off-balance sheet) and respective impairment and provisions by sensitivity scenario:

Distribution of credit portfolio stocks (assets and off-balance sheet) and respective impairments and provisions, according to the sensitivity scenario considered:

	31-12-2021	Favourable scenario	Central scenario		Adverse scenario		
Occurrence probability of the scenario	Ponderação dos três cenários	100%	100%		100%		
Sensitivity scenario		1)	2.a)	2.b)	3.a)	3.b)	3.c)
Devaluation of real estate		0%	0%	5%	0%	5%	10%
Exposure (Thousand €)	**55,767**	**55,767**	**55,767**	**55,767**	**55,767**	**55,767**	**55,767**
Stage1	**49,149**	49,282	49,051	49,051	48,936	48,936	48,936
Corporates	19,250	19,377	19,162	19,162	19,063	19,063	19,063
Personal	26,475	26,475	26,475	26,475	26,472	26,472	26,472
Specialised credit (*)	3,425	3,431	3,415	3,415	3,400	3,400	3,400
Stage 2	**4,411**	4,278	4,509	4,509	4,625	4,625	4,625
Corporates	2,709	2,583	2,797	2,797	2,896	2,896	2,896
Personal	1,309	1,308	1,309	1,309	1,311	1,311	1,311
Specialised credit (*)	393	387	403	403	417	417	417
Stage 3	**2,206**	2,206	2,206	2,206	2,206	2,206	2,206
Corporates	1,665	1,665	1,665	1,665	1,665	1,665	1,665
Personal	359	359	359	359	359	359	359
Specialised credit (*)	183	183	183	183	183	183	183
Impairment and provisions	**1,617**	**1,600**	**1,618**	**1,628**	**1,643**	**1,644**	**1,665**
Stage1	**132**	128	126	127	132	132	133
Corporates	95	91	90	90	95	95	95
Personal	4	4	4	4	5	5	5
Specialised credit (*)	32	32	32	32	32	32	32
Stage 2	**260**	248	266	268	283	284	288
Corporates	238	227	243	245	260	260	263
Personal	3	3	3	3	4	4	4
Specialised credit (*)	19	18	19	19	20	20	20
Stage 3	**1,225**	1,223	1,225	1,233	1,227	1,229	1,245
Corporates	1,067	1,066	1,067	1,071	1,068	1,068	1,075
Personal	104	103	104	108	106	106	113
Specialised credit (*)	54	54	54	55	54	55	56

in Millions of euros

(*) Does not incorporate individual impairment and comfort chart adjustments

A materialisation of the severe scenario would lead to the transfer of 0.4% of exposure from stage 1 to stage 2, entailing a 4.5% increase of exposure in stage 2. The impact on impairment may vary between 8.8% and 10.5%, depending on the level of the fall of property market prices.

A 1.1% reduction of impairment would occur in the favourable scenario if property prices remain stable. There would also be a 2.7% reduction of exposure in stage 2, owing to migration to stage 1.

Impacts as a percentage of the results of the sensitivity scenarios in comparison to the impairment calculation of December 31, 2021:						
	Favourable scenario	Central scenario		Adverse scenario		
Occurrence probability of the scenario	100%	100%		100%		
Sensitivity scenario	1)	2.a)	2.b)	3.a)	3.b)	3.c)
Devaluation of real estate collateral	0%	0%	5%	0%	5%	10%
Exposure (T€)						
Stage1	0.3%	-0.2%	-0.2%	-0.4%	-0.4%	-0.4%
Corporates	0.7%	-0.5%	-0.5%	-1.0%	-1.0%	-1.0%
Specialised credit	0.2%	-0.3%	-0.3%	-0.7%	-0.7%	-0.7%
Stage 2	-3.0%	2.2%	2.2%	4.8%	4.8%	4.8%
Corporates	-4.7%	3.2%	3.2%	6.9%	6.9%	6.9%
Personal	-	-	-	0.2%	0.2%	0.2%
Specialised credit	-1.5%	2.6%	2.6%	6.2%	6.2%	6.2%
Impairment and provisions	**-1.1%**	**-**	**0.7%**	**1.6%**	**1.7%**	**3.0%**
Stage1	-2.8%	-3.9%	-3.6%	0.2%	0.2%	0.7%
Corporates	-3.7%	-5.2%	-4.9%	0.2%	0.2%	0.9%
Personal	-1.8%	-	0.1%	2.6%	2.6%	3.5%
Specialised credit	-0.3%	-0.6%	-0.6%	-0.1%	-0.1%	-0.1%
Stage 2	-4.6%	2.2%	3.0%	9.0%	9.0%	10.7%
Corporates	-4.7%	2.3%	3.1%	9.1%	9.1%	10.7%
Personal	-8.8%	-0.4%	0.7%	18.1%	18.1%	30.1%
Specialised credit	-2.7%	1.8%	1.9%	6.1%	6.1%	6.2%
Stage 3	-0.1%	-	0.7%	0.2%	0.3%	1.6%
Corporates	-0.1%	-	0.3%	0.1%	0.1%	0.8%
Personal	-1.0%	0.1%	3.4%	1.3%	1.3%	8.9%
Specialised credit	-	-	2.1%	-	2.1%	4.3%

Restructuring funds

The restructuring funds in which CGD holds positions (structures associated with asset lending operations - notes 7 and 8) are measured at their respective fair value, determined by reference to the net asset value (NAV) reported by the management company and subject to an internal analysis by the risk management division (DGR) regarding the recoverable value of the such structures' assets. The analysis could lead to situations requiring negative adjustments to the restructuring funds' NAV and recognition of additional losses to those that would be recognised on the basis of the valuation reported by the management companies.

This analysis is based on the internal policy approved by CGD's management bodies for monitoring the risks involved in exposures to restructuring funds, as recommended by the supervisor in the pursuit of an internal control and governance activity in line with the bank's profile and organisational structure, with the objective of conducting analyses allowing the assumptions used by each management company to be challenged.

The work is based on the development of alternative analysis methodologies to endeavour to measure the value of the funds' principal assets and, accordingly, provide a perception of the valuation deviation potential from the NAV reported by the management company.

For analysis purposes, CGD in the case of corporate restructuring funds evaluates the available information on each fund's assets (comprising, whenever possible, at least 80% of NAV), namely the verification of historical EBITDA and projected EBITDA, when this information is provided. It also carries out a sensitivity analysis on the assumptions employed by management companies in determining companies' NAVs, whenever such data is available (namely: discount rates used, levels of sales growth, EBITDA margins).

It should be noted that, as the restructuring funds' management companies do not provide full information on the rationale underpinning the valuation of the companies, CGD therefore makes use of the internal information to which it has access in its systems which it seeks to complement with the use of sectoral EBITDA multiples to meet the challenge of evaluating the 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 asset compared to the real estate valuations sent to them by the management companies, applying depreciation coefficients according to the type of asset and its location. The real estate business division's opinion is used by the risk management division to make comparisons with the NAV reported by the fund management companies.

In the year ended December 2021, in the case of real estate business division analysis and without prejudice to continuing to adopt a prudential approach, the additional rate of increase relating to the pandemic as applied in past financial years, ceased to be applied. This is owing to the fact that most of the available evaluations had already incorporated the effect of the pandemic. This change is also based on greater control of the pandemic situation and, consequently, reopening of the economy in which several sectors of activity started to function regularly and show signs of recovery.

As regards the quantitative information underlying the fair value valuations of real estate restructuring funds, information on property valuations is summarised below:

Fund	Available evaluations vs. GAV(*) of the Fund (in %)	Age of Evaluation Reports - Percentage of evaluations carried out in the last 12 months	
		In number of analysed evaluations	In value of analysed evaluations
Fundo Imobiliário Aquarius	99.00%	40.00%	60.00%
Discovery Portugal Real Estate Fund	94.00%	100.00%	100.00%
Flit-Ptrel SICAV	98.00%	28.00%	37.00%
Fundo Recuperação Turismo, FCR	93.00%	50.00%	61.00%
Fundo Imobiliário Vega	98.00%	86.00%	85.00%

(*) GAV - *Gross Asset Value*

The following table provides a sample of the assumptions underlying the valuation reports provided (real estate assets) broken down by asset type:

Type of Asset	Average occupancy rate			Average daily value		
	Minimum	Average	Maximum	Minimum	Average	Maximum
Hotels	41.00%	62.00%	82.00%	40	131	614

Type of Asset	Discount rate			Capitalization rate		
	Minimum	Average	Maximum	Minimum	Average	Maximum
Hotels	6.30%	8.10%	10.60%	5.70%	7.30%	8.00%
Land under development	5.00%	9.50%	19.40%	5.70%	7.10%	8.30%
Comercial centers	8.80%	8.80%	9.50%	7.30%	7.60%	8.00%
Rustic land	5.00%	8.00%	15.00%	6.50%	6.80%	7.00%
Permanent housing and income	5.00%	8.00%	10.00%	5.00%	7.00%	7.50%
Offices	8.00%	8.40%	9.00%	6.00%	6.90%	9.50%

The following table sets out information on average haircuts by type of asset resulting from CGD's analysis of the valuations (real estate assets) when compared to the valuation price:

Type of Asset	Average Haircut
	CGD Analysis vs. Evaluation Value
Hotels	23.00%
Land under development	35.00%
Comercial centers	33.00%
Rustic land	41.00%
Permanent housing and income	26.00%
Offices	30.00%

Gradual adjustments to the NAV of the restructuring funds have been reported as a result of these analyses.

CGD initiated divestment procedures on several of its holdings in restructuring funds, across 2021, whose potential effects, not being reliably quantifiable at this date, were not considered in the valuation of these assets at December 31, 2021.

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 deriving from 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 the quick sale of a financial asset at close to its fair value.

According to the requirements of IFRS 7 - "Financial instruments: disclosures”, information on the contractual periods to maturity of financial instruments, at December 31, 2021 and December 31, 2020 is set out below:

	31-12-2021									
	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	23,003,327	-	-	-	-	-	-	-	-	23,003,327
Cash balances at other credit institutions	675,926	-	-	-	-	-	-	-	-	675,926
Loans and advances to credit institutions	2,210,163	632,732	175,024	130,993	36,534	2,471	6,167	48,739	33,495	3,276,318
Securities										
Trading	315	4,156	7,403	300,327	6,407	5,977	49,875	3,356	419,961	797,777
Other	256,810	788,397	1,713,140	1,541,880	2,771,261	2,762,389	10,423,550	611,414	1,056,235	21,925,075
Loans and advances to customers (gross balances)	2,257,424	2,340,386	2,287,380	3,425,566	11,105,341	8,693,386	12,840,193	17,621,143	220,338	60,791,157
Assets with repurchase agreement	-	2,374	6,613	-	-	-	-	-	(308)	8,679
Hedging derivatives	-	-	-	-	-	-	-	-	5,898	5,898
	28,403,964	3,768,044	4,189,561	5,398,767	13,919,542	11,464,223	23,319,786	18,284,651	1,735,618	110,484,156
Liabilities										
Resources of central banks and credit institutions	(479,793)	(124,871)	(5,841,149)	(447,889)	-	-	(221)	-	(9,911)	(6,903,835)
Customer resources and other loans	(52,166,560)	(9,596,677)	(15,916,584)	(1,784,665)	(661,230)	(17,461)	(6,864)	(6,150)	(151,554)	(80,307,744)
Debt securities	(1,009,596)	(16)	(250,371)	(1,881)	(9,762)	(503,750)	-	(20,050)	(395)	(1,795,822)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	(381,661)	(381,661)
Hedging derivatives	-	-	-	-	-	-	-	-	(35,628)	(35,628)
Subordinated liabilities	-	(5,980)	(28,750)	(6,250)	(1,053,212)	(11,960)	(111,974)	-	-	(1,218,125)
Consigned resources	(6,972)	(202)	(90)	(23,359)	(329,078)	(341,905)	(14,848)	(8,737)	9	(725,181)
	(53,662,920)	(9,727,746)	(22,036,944)	(2,264,045)	(2,053,282)	(875,075)	(133,907)	(34,937)	(579,139)	(91,367,996)
Derivatives	(733)	8,016	1,842	6,733	24,402	(8,710)	(8,683)	(13,871)	-	8,995
Difference	(25,259,690)	(5,951,686)	(17,845,542)	3,141,455	11,890,663	10,580,438	23,177,196	18,235,843	1,156,479	19,125,155

	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	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 balances)	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

The above tables also include cash flow projections on principal and interest and are not therefore directly comparable to the accounting balances at December 31, 2021 and December 31, 2020. 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.

The following tables, which provide information on CGD group's balance sheet's "structural" (as opposed to contractual) periods to maturity, at December 31, 2021 and December 31, 2020, differ from the former tables in their use of the following assumptions:

(i) *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;

(ii) *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;

(iii) *Customers' sight deposits (CGD group entities):* distribution of the core deposits balance (i.e. deposits comprising a stable funding source for lending operations) from the "up to 1 month" bucket to the "up to 6 years buckets" based on a uniform distribution of balances. This approach endeavours to meet the recommendations of the Basel Committee on Banking Supervision (BCBS) on the average and maximum maturity of core deposits.

The amounts presented correspond to outstanding capital balances and do not include interest projections or accrued interest.

	31-12-2021									
	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	23,003,327	-	-	-	-	-	-	-	-	23,003,327
Cash balances at other credit institutions	675,905	-	-	-	-	-	-	-	-	675,905
Loans and advances to credit institutions	2,206,020	631,413	174,524	130,514	33,969	4	6	37,633	33,495	3,247,577
Securities										
Trading	171,971	683	110,313	45,006	686	664	7,332	53,034	402,449	792,139
Other	8,961,159	117,366	5,932,491	205,002	323,692	344,772	1,429,311	2,819,690	143,732	20,277,214
Loans and advances to customers (gross balances)	1,953,780	1,997,600	2,036,373	2,437,773	8,179,819	6,533,388	9,365,811	18,772,737	220,338	51,497,618
Assets with repurchase agreement	5,650	2,047	131	-	-	-	-	-	-	7,828
Hedging derivatives	-	-	-	-	-	-	-	-	5,898	5,898
	36,977,810	2,749,110	8,253,832	2,818,294	8,538,166	6,878,828	10,802,460	21,683,094	805,912	99,507,505
Liabilities										
Resources of central banks and credit institutions	(442,164)	(125,773)	(5,804,395)	(356,417)	(12,022)	(12,022)	(6,012)	-	(9,911)	(6,768,715)
Customer resources and other loans	(5,460,433)	(2,798,153)	(2,041,419)	(3,170,551)	(5,591,027)	(3,933,726)	(5,682,075)	(50,898,573)	(151,554)	(79,727,510)
Debt securities	(999,600)	-	(250,000)	-	(6,000)	(500,000)	-	(20,050)	(395)	(1,776,045)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	(381,661)	(381,661)
Hedging derivatives	-	-	-	-	-	-	-	-	(35,628)	(35,628)
Subordinated liabilities	-	-	-	-	(1,000,000)	-	(100,000)	-	-	(1,100,000)
Consigned resources	(6,972)	-	-	(20,303)	(317,855)	(316,627)	(14,286)	(8,571)	9	(684,605)
	(6,909,169)	(2,923,926)	(8,095,814)	(3,547,271)	(6,926,904)	(4,762,374)	(5,802,372)	(50,927,194)	(579,139)	(90,474,163)
Derivatives	(733)	8,016	1,842	6,733	24,402	(8,710)	(8,683)	(13,871)	-	8,995
Difference	30,067,908	(166,800)	159,860	(722,244)	1,635,664	2,107,744	4,991,405	(29,257,972)	226,773	9,042,337

	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	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 balances)	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

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, 2021 and December 31, 2020 is set out in the following tables:

	31-12-2021								
	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	22,324,548	678,778	-	-	-	-	-	-	23,003,327
Cash balances at other credit institutions	675,905	-	-	-	-	-	-	-	675,905
Loans and advances to credit institutions	1,595,039	610,997	631,413	174,520	130,513	33,966	37,633	33,495	3,247,577
Securities									
Trading	-	46	4,000	7,000	300,000	4,575	56,557	2,419	374,597
Other (net of impairment)	65,438	197,434	880,430	1,733,862	1,355,607	2,069,378	11,936,131	804,683	19,042,962
Loans and advances to customers (gross)	4,414,784	7,153,007	13,099,086	11,200,466	7,422,422	2,653,595	5,318,036	236,222	51,497,618
Assets with repurchase agreement	-	-	2,278	5,858	-	-	-	(308)	7,828
	29,075,713	8,640,263	14,617,207	13,121,706	9,208,542	4,761,515	17,348,356	1,076,511	97,849,813
Liabilities									
Resources of central banks and credit institutions	(419,182)	(58,337)	(474,771)	(5,803,102)	(3,412)	-	-	(9,911)	(6,768,715)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	(381,661)	(381,661)
Customer resources and other loans	(47,088,951)	(4,726,810)	(9,579,398)	(15,890,299)	(1,772,414)	(500,080)	(18,535)	(151,021)	(79,727,510)
Debt securities	-	(999,600)	(250,000)	-	-	(6,000)	(520,050)	(395)	(1,776,045)
Subordinated liabilities	-	-	-	-	-	(1,000,000)	(100,000)	-	(1,100,000)
Consigned resources	(6,972)	-	(7,070)	-	(60,287)	(301,714)	(308,571)	9	(684,605)
	(47,515,105)	(5,784,747)	(10,311,239)	(21,693,402)	(1,836,113)	(1,807,794)	(947,157)	(542,979)	(90,438,535)
Derivatives									
Interest rate swaps (IRS)	59,437	38,359	195,206	79,701	547,758	148,259	(1,018,494)	-	50,225
Interest rate futures	-	-	(69,486)	-	-	-	(1,887,288)	-	(1,956,774)
Interest rate options	-	(3,307)	(21,780)	(22,686)	57,500	-	-	-	9,726
	59,437	35,052	103,939	57,015	605,258	148,259	(2,905,782)	-	(1,896,823)
Net exposure	(18,379,955)	2,890,567	4,409,907	(8,514,680)	7,977,687	3,101,979	13,495,418	533,533	5,514,455

	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	-	-	-	-	-	-	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
Securities									-
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 (IRS)	(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)
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

The above tables include the amounts of outstanding capital, excluding accrued interest and value adjustments.

Their production was based on the following assumptions:

(i) Cash balances at central banks were classified in the up to 1 month column and customers' sight deposits were classified in the "<= 7 days" column;

(ii) The difference between the nominal and market value of debt securities recognised at fair value is considered in the "indeterminate" column and includes the accrued interest component; and,

(iii) Equity instruments were classified in the "indeterminate" column.

The form of measuring the fair value of financial instruments recognised in the financial statements, at fair value, at December 31, 2021 and December 31, 2020 may be summarised as follows:

	31-12-2021			
	Measurement techniques			Total
	Level 1 Market prices	Level 2 Market inputs	Level 3 Other measurement techniques	
Securities held-for-trading	373,402	1,194	-	374,597
Other financial assets at fair value through profit or loss	181,919	-	1,151,432	1,333,350
Financial assets at fair value through other comprehensive income	5,720,014	109,008	202,797	6,031,819
Assets with repurchase agreement	-	-	7,828	7,828
Trading derivatives	-	35,760	120	35,880
Hedging derivatives	-	(29,729)	-	(29,729)
	6,275,334	116,233	1,362,177	7,753,745

	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	-	-	3,174,724
Other financial assets at fair value through profit or loss	190,816	-	1,080,591	1,271,407
Financial assets at fair value through other comprehensive income	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

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 – 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.

Details on movements in financial instruments, recognised in the "Other measurement techniques" column, in 2021, were as follows:

	Financial assets at fair value through profit or loss			Financial assets at fair value through other comprehensive income				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 31-12-2020	1,080,493	98	1,080,591	84,431	3,117	110,928	198,476	(11,706)	1,267,361
Acquisitions	141,049	-	141,049	1,135	-	60,265	61,400	(28)	202,422
Sales	(101,897)	-	(101,897)	(716)	(717)	(8)	(1,441)	-	(103,338)
Amortisations	-	-	-	-	-	(73,058)	(73,058)	-	(73,058)
Gains / (losses) recognised as a charge to net income - alienated instruments	18,991	-	18,991	(3,612)	-	13,224	9,613	-	28,604
Gains / (losses) recognised as a charge to net income - portfolio instruments(*)	7,913	1	7,915	6,580	24	(4,913)	1,691	(3,303)	6,302
Gains / (losses) recognised as a charge to fair value reserves	-	-	-	35	(40)	(985)	(990)	-	(990)
Transfers from / (to) other levels (Levels 1 and 2)	-	-	-	-	-	-	-	15,157	15,157
Exchange differences	4,783	-	4,783	1,191	-	13,743	14,934	-	19,717
Book value (net) at 31-12-2021	1,151,332	100	1,151,432	89,044	2,385	119,196	210,625	120	1,362,177

(*) Includes values of equity unit redemption portfolios

	Financial assets at fair value through profit or loss			Financial assets at fair value through other comprehensive income				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

At December 31, 2021 and December 31, 2020 a positive shift of 100 bps on the yield curve used to discount estimated future flows on debt instruments measured by internal models, would result in fair value decreases of around €36.8 thousand and €6.94 thousand in the balance sheet and revaluation reserves and results, respectively.

At December 31, 2021, equity instruments measured using 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 2021, were as follows:

	31-12-2021	
	Assets at fair value through other comprehensive income	
	Transfers from level 1 to level 2	Transfers from level 2 to level 1
Debt instruments	28,606	12,778
Equity investments	37,106	-
	65,713	12,778

<u>Long term or economic perspective – fair value</u>

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, 2021 and December 31, 2020:

	31-12-2021						
	Balances analysed					Balances not analysed	Total book value
	Book value	Fair value			Difference	Book value	
		Level 1	Level 2	Level 3			
Assets							
Cash and cash equivalents at central banks	23,000,073	-	-	23,000,073	-	-	23,000,073
Cash balances at other credit institutions	677,351	-	-	677,351	-	-	677,351
Loans and advances to credit institutions	3,188,633	-	-	3,197,302	8,669	57,731	3,246,364
Financial assets with repurchase agreement	8,136	-	-	8,098	(38)	(308)	7,828
Investments at amortised cost	12,978,162	11,836,730	227,376	1,196,778	282,722	16,112	12,994,274
Loans and advances to customers	51,526,513	1,241,577	385,558	50,413,747	514,369	(1,342,849)	50,183,664
	91,378,868	13,078,307	612,934	78,493,349	805,722	(1,269,314)	90,109,553
Liabilities							
Resources of central banks and other credit institutions	(6,764,941)	-	-	(6,750,434)	14,506	19,739	(6,745,201)
Customer resources and other loans	(79,746,003)	-	-	(79,802,808)	(56,804)	(9,687)	(79,755,690)
Debt securities	(1,789,581)	(1,501,115)	-	(279,926)	8,539	(133)	(1,789,714)
Other subordinated liabilities	(1,117,883)	(1,062,873)	-	(89,701)	(34,690)	-	(1,117,883)
Consigned resources	(684,588)	-	-	(688,297)	(3,708)	(16)	(684,605)
	(90,102,997)	(2,563,988)	-	(87,611,165)	(72,157)	9,903	(90,093,093)

	31-12-2020						
	Balances analysed					Balances not analysed	Total book value
	Total book value	Fair value			Difference	Book value	
		Level 1	Level 2	Level 3			
Assets							
Cash and cash equivalents at central banks	10,277,778	-	-	10,277,778	-	-	10,277,778
Cash balances at other credit institutions	694,498	-	-	694,498	-	-	694,498
Loans and advances to credit institutions	2,572,744	-	-	2,594,700	21,956	44,575	2,617,319
Financial assets with repurchase agreement	14,304	-	-	14,233	(71)	(427)	13,877
Investments at amortised cost	11,176,659	10,995,037	50,703	661,048	530,129	80,164	11,256,822
Loans and advances to customers	49,071,502	-	-	49,724,759	653,256	(1,168,536)	47,902,966
	73,807,485	10,995,037	50,703	63,967,015	1,205,270	(1,044,225)	72,763,260
Liabilities							
Resources of central banks and other credit institutions	(1,941,130)	-	-	(1,940,322)	809	(99,288)	(2,040,418)
Customer resources and other loans	(71,917,859)	-	-	(71,894,400)	23,460	(115,099)	(72,032,958)
Debt securities	(1,366,203)	(1,022,790)	-	(363,097)	(19,683)	(4,830)	(1,371,033)
Other subordinated liabilities	(1,117,317)	(1,075,337)	-	(40,072)	1,908	-	(1,117,317)
Consigned resources	(714,426)	-	-	(716,030)	(1,605)	(116)	(714,542)
	(77,056,936)	(2,098,126)	-	(74,953,921)	4,889	(219,333)	(77,276,269)

Fair value was assessed on the following assumptions:

(i) The book value of balances payable on demand corresponds to their fair value;

(ii) The net fair value of listed debt issuances corresponds to their respective market price;

(iii) The fair value of other 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 together with the use of discount curves appropriate to the type of instrument were considered for the purpose in question, 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.

(iv) 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.

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 2022 and 2021, 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
2021	(348,023)	(174,012)	(87,006)	87,006	174,012	348,023
2022	(329,344)	(164,672)	(82,336)	82,336	164,672	329,344

The information set out in the preceding table does not take into consideration structural balance sheet changes or interest rate risk management policies which may be adopted as a consequence of sensitivity analyses.

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, 2021 and December 31, 2020 is set out in the following tables:

	Fair value						
	31-12-2021						
	- 200 bp	- 100 bp	- 50 bp	Base scenario	+ 50 bp	+ 100 bp	+ 200 bp
Cash and cash equivalents at central banks	22,892,782	22,892,782	22,892,782	22,892,782	22,892,782	22,892,782	22,892,782
Loans and advances to credit institutions	3,952,479	3,952,051	3,946,580	3,934,424	3,920,954	3,908,069	3,883,910
Securities							
Trading	396,724	393,504	391,630	388,460	385,128	381,865	375,533
Other	6,109,805	6,100,996	6,077,429	5,982,733	5,877,355	5,775,395	5,581,227
Held-to-maturity investments (gross)	13,767,830	13,754,889	13,665,399	13,337,608	12,984,161	12,643,580	11,998,949
Assets with repurchase agreement	12,619	12,529	12,485	12,441	12,397	12,354	12,269
Loans and advances to customers	52,936,866	52,948,291	52,835,478	52,510,742	52,126,099	51,751,655	51,034,700
Sensitive Assets	**100,069,104**	**100,055,042**	**99,821,783**	**99,059,190**	**98,198,877**	**97,365,700**	**95,779,369**
Resources of central banks	(5,878,227)	(5,849,379)	(5,835,008)	(5,820,673)	(5,806,369)	(5,792,102)	(5,763,672)
Resources of other credit institutions	(1,019,082)	(1,017,959)	(1,017,089)	(1,016,150)	(1,015,176)	(1,014,210)	(1,012,301)
Customer resources and other loans	(79,954,709)	(79,901,745)	(79,845,340)	(79,521,593)	(78,801,444)	(77,923,420)	(76,265,189)
Debt securities	(1,796,842)	(1,795,522)	(1,794,015)	(1,782,896)	(1,769,612)	(1,756,668)	(1,731,760)
Other subordinated liabilities	(1,680,180)	(1,678,581)	(1,677,549)	(1,669,452)	(1,654,910)	(1,640,584)	(1,612,568)
Sensitive Liabilities	**(90,329,040)**	**(90,243,185)**	**(90,169,002)**	**(89,810,763)**	**(89,047,511)**	**(88,126,985)**	**(86,385,489)**
Market value	**9,740,064**	**9,811,857**	**9,652,781**	**9,248,426**	**9,151,366**	**9,238,716**	**9,393,881**

	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
Sensitive Assets	**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)
Other subordinated liabilities	(1,753,944)	(1,747,922)	(1,744,932)	(1,741,767)	(1,723,730)	(1,705,971)	(1,671,260)
Sensitive 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**

Derivatives

Derivatives are traded in organised and over the counter (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 adequate 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 and generally includes yield curves, volatility curves, equities/indices prices, exchange rates and dividend yields.

Yield curves are produced on Reuters/Bloomberg deposit rates and swap prices. An adjustment based on interest rate futures or FRA (forward rate agreements) 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 implied volatility 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.

Share/indices, exchange rates and dividend yield prices are taken from Reuters/Bloomberg.

Under IFRS 13 − "Fair value measurement" requirements, CGD incorporated add-ons to its measurement of the valuation 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 thus obtained comprises the risk-free measurement affected by this addition.

Credit valuation adjustments and debit valuation adjustments (CVA/DVA) are assessed by a methodology implemented on a Caixa group level. This methodology is based on an estimation of exposure at the time of default − exposure at default or EAD − for each operation and the application of risk parameters on the estimated EAD for assessing CGD's expected loss (CVA) and that of the counterparty (DVA).

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 (PD) and loss given defaults (LGD) and are centrally assessed by the group on the basis of the following criteria:

(i) 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,

(ii) 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 CVAs at December 31, 2021 recognised in the "Financial assets held-for-trading" account and DVAs recognised in the "Financial liabilities held-for-trading" account totalled €8,832 thousand and €704 thousand respectively (€14,233 thousand and €1,480 thousand, respectively, at December 31, 2020).

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 (e.g. 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, whose money market component is adjusted by FRA (forward rate agreements) 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 as are securitisations with reduced liquidity.

Yield curves are produced on the basis of money market rates and swap prices. Euro, GBP and USD yield curves are adjusted by the use of interest rate futures and/or FRA.

The values of the curves of the currencies with the highest levels of exposure, at December 31, 2021 and December 31, 2020 were as follows:

	31-12-2021			31-12-2020		
	EUR	USD	GBP	EUR	USD	GBP
Overnight	-0.5650	0.0600	0.1700	-0.5450	0.1750	0.1000
1 month	-0.5550	0.1550	0.2450	-0.5350	0.3100	0.1100
2 months	-0.5550	0.1750	0.3150	-0.5336	0.3000	0.1100
3 months	-0.5550	0.2150	0.3750	-0.5316	0.2831	0.1014
6 months	-0.5350	0.3450	0.5550	-0.5257	0.2213	0.0532
9 months	-0.5050	0.4750	0.7550	-0.5234	0.2030	0.0283
1 year	-0.4850	0.6150	0.8850	-0.5207	0.1978	0.0096
2 years	-0.2970	0.9215	1.2180	-0.5203	0.2030	0.0043
3 years	-0.1450	1.1575	1.3218	-0.5060	0.2395	0.0953
5 years	0.0190	1.3550	1.3087	-0.4590	0.4320	0.2042
7 years	0.1320	1.4615	1.2554	-0.3900	0.6580	0.2931
10 years	0.3010	1.5735	1.2217	-0.2610	0.9305	0.4103
15 years	0.4850	1.6980	1.1945	-0.0750	1.1940	0.5363
20 years	0.5380	1.7610	1.1658	0.0050	1.3175	0.5893
25 years	0.5120	1.7570	1.1419	0.0050	1.3750	0.6002
30 years	0.4650	1.7380	1.1197	-0.0230	1.4080	0.5933

The values of the credit curves of the Portuguese and German governments, at December 31, 2021 and December 31, 2020 were as follows:

	31-12-2021		31-12-2020	
	Portuguese Government	German Government	Portuguese Government	German Government
3 months	-0.8634	-0.7300	-0.6504	-0.7975
6 months	-0.8392	-0.6990	-0.6328	-0.7515
9 months	-0.7445	-0.7040	-0.6355	-0.7490
1 year	-0.7217	-0.6520	-0.6665	-0.7330
2 years	-0.6117	-0.6350	-0.7057	-0.7090
3 years	-0.4624	-0.6736	-0.5604	-0.7704
5 years	-0.1738	-0.4585	-0.4068	-0.7410
7 years	0.1091	-0.3580	-0.2198	-0.6870
10 years	0.4306	-0.1825	0.0483	-0.5775
15 years	0.8317	0.0150	0.4139	-0.3915
20 years	1.0401	-0.0617	0.6602	-0.3727
25 years	1.1664	0.0614	0.8498	-0.2701
30 years	1.1742	0.1845	0.8565	-0.1675

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, 2021 and December 31, 2020:

	31-12-2021	31-12-2020
EUR/USD	1.1326	1.2271
EUR/GBP	0.8403	0.8990
EUR/CHF	1.0331	1.0802
EUR/AUD	1.5615	1.5896
EUR/JPY	130.3800	126.4900
EUR/BRL	6.3101	6.3735

<u>*Market risk*</u>

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:

(i) *Value-at-risk* (VaR) on the following portfolios:

- *Held-for-trading portfolio* – perimeter of positions and held-for-trading transactions originating in CGD group;
- *Trading portfolio* – includes securities and derivatives traded with the objective of detecting business opportunities over the short term;
- *Own portfolio* – securities acquired for investment purposes upon which deleveraging operations are currently being performed;
- *Investment portfolio* – with the aim of setting up a value and liquidity reserve. 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 Brasil, BCI and BNU.

(ii) Sensitivity analysis on all financial instruments sensitive to interest rate risk, managed by the trading rooms and recognised in CGD's and the following group business units' separate financial statements:

- Caixa - Banco de Investimento;
- BCI; and,
- BNU.

(iii) Sensitivity analysis on all financial instruments with optionality; and,

(iv) Stress tests.

VaR (value-at-risk) analysis – market risk

VaR (value-at-risk) is an estimate of the maximum unrealised loss on a specific assets portfolio over a given timeframe, considering a given confidence level based on normal market patterns.

The calculation methodology is based on historical simulation, i.e. future events are fully explained by past events, based on the following assumptions:

- *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:* last 500 observations; 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, 2021 and December 31, 2020:

Activity of Caixa Geral de Depósitos

Held-for-Trading portfolio (VaR 99%, 10 days)

	31-12-2021	Maximum	Minimum	31-12-2020
VaR by type of risk	14,467	14,678	11,007	11,743

Held-for-Trading portfolio (VaR 95%, 1 day)

	31-12-2021	Maximum	Minimum	31-12-2020
VaR by type of risk				
Interest rate	205	490	124	193
Foreign exchange rate	38	275	3	275
Price	-	43	-	4
Volatility	7	16	3	3
Diversification effect	(52)	-	-	(153)
	197	466	120	323

Treasury management (VaR 95%, 1 day)

	31-12-2021	Maximum	Minimum	31-12-2020
VaR by type of risk				
Interest rate	2,367	3,092	422	612
Foreign exchange rate	3,928	6,380	415	1,830
Diversification effect	(1,596)	-	-	(579)
	4,698	6,362	940	1,863

Own portfolio (VaR 99%, 10 days)

	31-12-2021	Maximum	Minimum	31-12-2020
VaR by type of risk				
Interest rate	290	632	268	439
Foreign exchange rate	111	1,174	-	104
Price	1,272	1,514	1,246	1,499
Diversification effect	(427)	-	-	(584)
	1,246	1,672	1,231	1,459

Investment portfolio (VaR 99%, 10 days)

	31-12-2021	Maximum	Minimum	31-12-2020
VaR by type of risk				
Interest rate	71,430	88,373	71,430	86,820
Volatility	3	3	-	-
Diversification effect	(9)	-	-	-
	71,424	88,373	71,424	86,820

Investment banking activity

Caixa - Banco de Investimento (VaR 99%, 10 days)

	31-12-2021	Maximum	Minimum	31-12-2020
VaR by type of risk				
Interest rate	5,820	11,870	4,826	7,911
Foreign exchange rate	970	1,014	970	1,122
Price	46	130	7	73
Volatility	4	6	-	-
Diversification effect	(779)	-	-	(1,147)
	6,061	12,184	5,325	7,959

The diversification effect is calculated implicitly. Total VaR 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, 2021 and December 31, 2020:

	31-12-2021												
	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	22,140,738	174,414	6,589	1,334	140,855	130,984	241,315	2,599	55,041	88,134	18,068	-	23,000,073
Cash balances at other credit institutions	196,093	385,762	8,315	2,010	39,302	21,546	508	677	1,514	-	21,625	-	677,351
Loans and advances to credit institutions	437,479	501,071	347,592	-	617,493	19,576	223,024	7,949	228,092	-	866,149	-	3,248,427
Financial assets at fair value though profit or loss	1,669,072	28,085	-	-	-	-	-	-	3,485	7,305	-	417,542	2,125,489
Financial assets at fair value though other comprehensive income	5,618,749	327,441	11,808	-	74	617	65,231	-	860	187	7,338	-	6,032,304
Loans and advances to customers (gross)	47,635,686	447,947	2,379	3	1,659,424	954,765	835,715	3,804	687,788	240,017	30,565	-	52,498,093
Investments at amortised cost	11,519,900	551,475	2,389	-	66,102	2,048	555,254	-	-	251,482	55,156	-	13,003,807
Assets with repurchase agreement	-	-	-	-	-	-	7,828	-	-	-	-	-	7,828
Other assets	1,070,598	1,873,441	(225,805)	158,077	414,882	(1,257)	15,697	229	17,352	6,129	(656,503)	-	2,672,841
Accumulated impairment (financial instruments)	(2,247,763)	(12,681)	(32)	(3)	(10,852)	(16,812)	(135,915)	(67)	(33,608)	(25,238)	(51)	-	(2,483,022)
	88,040,552	4,276,954	153,236	161,421	2,927,281	1,111,468	1,808,657	15,191	960,525	568,017	342,346	417,542	100,783,189
Liabilities													
Resources of central banks and other credit institutions	(6,359,340)	(319,318)	(1,360)	(1,052)	(29,401)	(11,917)	(3,861)	-	(2,288)	(15,735)	(929)	-	(6,745,201)
Customer resources and other loans	(70,397,431)	(3,158,821)	(60,708)	(2,376)	(2,383,647)	(689,831)	(1,553,617)	(13,836)	(903,956)	(411,704)	(179,764)	-	(79,755,690)
Debt securities	(1,789,714)	-	-	-	-	-	-	-	-	-	-	-	(1,789,714)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	(381,661)	(381,661)
Subordinated liabilities	(1,117,883)	-	-	-	-	-	-	-	-	-	-	-	(1,117,883)
Consigned resources	(677,658)	-	-	-	-	-	(6,947)	-	-	-	-	-	(684,605)
Other	(1,197,991)	(190,966)	(3,625)	338	(899,894)	(452,114)	(90,922)	(477)	(46,375)	(74,743)	12,694	-	(2,944,074)
	(81,540,017)	(3,669,104)	(65,693)	(3,091)	(3,312,942)	(1,153,862)	(1,655,347)	(14,313)	(952,618)	(502,182)	(167,999)	(381,661)	(93,418,828)
Derivatives (Notional)													
Currency swaps	(18,713)	957,129	(311,833)	-	-	183,766	-	166	-	-	(800,796)	9,172	18,892
Interest rate swaps	(258,799)	309,023	-	-	-	-	-	-	-	-	-	(9,729)	40,495
Other swaps	-	-	-	-	-	-	-	-	-	-	-	66	66
Futures	(1,348,228)	-	-	-	-	-	-	-	-	-	-	6,653	(1,341,575)
Options and Caps & Floors	9,727	14,915	-	-	-	-	-	-	-	-	(411)	79	24,309
Forward foreign exchange transactions	27,963	(8,421)	(298)	-	-	-	-	-	-	-	(5,983)	(90)	13,171
	(1,588,051)	1,272,646	(312,130)	-	-	183,766	-	166	-	-	(807,190)	6,151	(1,244,642)
Net exposure	4,912,484	1,880,496	(224,587)	158,330	(385,661)	141,372	153,310	1,045	7,907	65,835	(632,843)	42,032	6,119,718

	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	-	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
Financial assets at fair value though other comprehensive income	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
Investments at amortised cost	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

VaR analysis – foreign exchange risk

To guarantee the control and measurement of foreign exchange risk, CGD 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, 2021 and December 31, 2020 is given in the following table:

	VaR	
	31-12-2021	31-12-2020
Hong Kong Dollar	12	12
Macau Pataca	2	4
South African Rand	21	3
US Dollar	1,679	1,744
Mozambican Meticais	587	1,309
Pound Sterling	52	81
Japanese Yen	3	42
Other currencies	3,602	3,273
Diversification effect	(1,445)	(1,688)
Total	4,513	4,780

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, 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 and the single resolution board in the case of MREL;

- 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 group's reputation, maintaining the integrity of the operations performed during the course of its activity.

To achieve the above referred to objectives, Caixa plans its capital needs and liabilities eligible for MREL over the short and medium term, in order to finance its activity and ensure its ability to absorb losses and recapitalise in adverse scenarios.

Such planning is carried out on the basis of internal estimates on the evolution of its balance sheet operations and financing from outside resources, primarily based on the issuance of subordinated debt within certain conditions, in addition to issuances of senior preferred and non-preferred debt issuances for MREL purposes.

Evolution of regulatory and supervisory framework

The activity of credit institutions in Portugal is governed by the general credit institutions and financial corporations regime approved by decree law no. 298/92, which plays a primary role in Portuguese prudential regulation in largely reflecting Community directives applicable to the financial system (directives nos. 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) no. 575/2013 and directive no. 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 provisions permitting the staged application of the new capital requirements, with more restrictive requirements on the calculation of capital quality and risk-weighted assets, pursuant to which the competent authorities of the member states are entitled to maintain or accelerate their implementation.

The principal impacts of regulation (EU) no. 575/2013 (CRR/CRD IV) on capital ratios were on deferred tax assets (DTA), provisions 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 market and counterparty risk requirements.

The Bank of Portugal, herein, issued notice no. 6/2013 which regulates the transitional regime of regulation (EU) no. 575/2013, having established the transitional implementation of the impacts of own funds elements.

With the coming into force of regulation (EU) no. 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) no. 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, therefore accelerating the application of the transitional provisions.

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, *inter alia,* modifications relating to the treatment of central counterparties, the MDA (maximum distributable amount), Pillar 2, leveraging ratio and Pillar 3.

The most significant change was the implementation of the TLAC (total loss absorbing capacity) term sheet, internationally defined by the Financial Stability Board (FSB) in the capital structure. Consequently, systemically important banks must comply with Pillar 1 MREL/TLAC requirements, as opposed to banks that are not systemically important which need only comply with Pillar 2 MREL, to be decided by the resolution authority on a case by case basis.

In December 2017, the Bank of Portugal published its *notice* no. 10/2017, revoking *notice* no. 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) no. 2017/2395 of the European Parliament and of the Council, amending regulation (EU) no. 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 as 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) no. 2019/630, amending regulation (EU) no. 575/2013 as regards minimum coverage for losses on non-performing exposures (NPE), with a view to preventing the excessive accumulation of NPE in the future and preventing the emergence of systemic risks in the non-banking sector.

This regulation complemented the prudential rules of regulation (EU) no. 575/2013 as regards provisions requiring a deduction from own funds when NPE are not sufficiently covered by provisions or other adjustments.

The regulation defined that institutions shall deduct the amount of insufficient cover for non-performing exposures from CET 1 own funds if the exposure originated after April 26, 2019.

Regulation no. 2019/876 (CRR II), amending regulation no. 575/2013 and directive no. 2019/878 (CRD V) was published in May 2019.

The changes imposed by CRR II apply to: the leverage ratio, net stable 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 came into force on June 27, 2020 and was applicable from December 28, 2020 to enable member states to transpose it into national law.

The CRR II came into force on June 28, 2021, with several exceptions that had already entered into force across the period starting January 1, 2019.

These exceptions 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.

As a result of the pandemic, the supervisors have adopted several measures to enable the banks to maintain their capacity to absorb losses and continue to provide economic support, as referred to in the following paragraphs.

a) Requirement to set up a capital buffer

In September 2015, the Bank of Portugal, in its *notice* no. 1/2015, required credit institutions headquartered in Portugal to bring forward the application of the own funds capital buffer of 2.5%, under article 138-D of the general credit institutions and financial corporations regime.

In the context of the single supervisory mechanism (SSM) in which, on the one hand, credit institutions' capital decisions are assessed and adopted for the whole of the euro area and, on the other, the capital operations deriving from such decisions are essentially performed with recourse to the market, there was a 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* no. 6/2016 of May 31, revoking *notice* no. 1/2015, as it considered that bringing forward the application of the capital buffer, under the terms of *notice* no. 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 no. 157/2014 of October 24.

b) 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 its 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 0.25% between 2018 and 2021 in line with the decision communicated on November 30, 2017.

However, in May 2020, the Bank of Portugal announced a 1 year postponement of the period of gradual implementation, as part of the measures to attenuate the impact of the COVID-19 pandemic.

CGD's consolidation perimeter is therefore required to have a capital buffer of 0.25% in 2018, 0.50% in 2019, 0.75% in 2020 and 2021 and 1.00% in 2022, pursuant to its status as an OSII.

c) Requirement to set up a counter cycle 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 performing its duties as the national macroprudential authority, may force credit institutions to set up an additional own funds buffer with the objective of protecting the banking sector in periods of increased cyclical systemic risk owing to excessive credit growth.

The countercycle 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 countercycle buffer's percentages applicable in the countries in which the said institution's credit risk positions are located.

For 2021 the Bank of Portugal set the counter cycle buffer at 0% of the total amount at risk positions.

It should be pointed out that although a default on any of the previously identified buffers (O-SII, countercycle 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.

d) Capital requirements applicable to the consolidation perimeter under SREP

Capital requirements in 2021

Based on supervisory review and evaluation process (SREP) results and the Bank of Portugal's communication on the additional own funds buffer 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 in 2020, details on which are latterly provided.

In the letter of December 4, 2019, the minimum total SREP ratio requirement (TSCR) was set at 10.25% (8% for Pillar 1 and 2.25% for Pillar 2 – P2R), with a phased-in CET 1 of 10.00% required of CGD on a consolidated basis to include:

(i) a minimum Pillar 1 CET 1 ratio of 4.5%;

(ii) a minimum Pillar 2 (P2R) CET 1 ratio of 2.25%;

(iii) a CCB (capital conservation buffer) of 2.50%;

(iv) an “Other systemically important institutions” buffer of 0.75%; and,

(v) a countercycle own funds buffer of 0% of the total amount of positions at risk.

However, as part of a set of initiatives to mitigate the impacts of the COVID-19 pandemic, the ECB informed CGD on April 8, 2020 of the supervisory review and evaluation process (SREP) amendment, dated December 4, 2019 maintaining the requirement for a total ratio (TSCR) of 10.25% (of which 8% for Pillar 1 and 2.25% for Pillar 2 - P2R), in which the value of P2R set for CGD, originally consisting 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, applicable from March 2022 inclusive.

CGD’s minimum phased-in CET 1 capital requirement, on a consolidated basis, is now therefore 9.02% and includes:

(i) a minimum Pillar 1 CET 1 ratio of 4.5%;

(ii) a minimum Pillar 2 (P2R) CET 1 ratio of 1.27%;

(iii) a CCB (capital conservation buffer) of 2.50%;

(iv) an “Other systemically important institutions” buffer of 0.75%; and,

(v) a countercycle own funds buffer 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 regards the own funds buffer for "Other Systemically Important Institutions" (O-SII), the Bank of Portugal defined a phasing-in period of 0.25 % *per annum* between 2018 and 2021, forecasting a requirement of 1% in the last period.

However, in order to allow the banking system to mitigate the shock of the economic and financial conditions deriving from the COVID-19 pandemic, the Bank of Portugal granted the possibility of an extra year’s extension to the period for full compliance with the O-SII buffer rate. CGD was informed of this decision in May 2020.

The Bank of Portugal announced, on September 30, 2021, that the countercyclical buffer rate would remain at 0%.

Accordingly, the minimum ratios to be achieved by CGD in 2021 remained unchanged over 2020:

2021						
Indicator	Minimum Ratio	Composition of the minimum ratio				
		Pillar 1	Pillar 2	Buffers	
				Conservation	O-SII
CET 1	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%

Capital requirements in 2022

In February 2022, the European Central Bank (ECB) informed CGD of the minimum prudential requirements in force in 2022, indicating that the Pillar 2 requirement for CGD would be reduced by 0.25% over 2021 to 2%, as a reflection of an improvement in the supervisor’s perception of its global risk.

Based on Supervisory Review and Evaluation Process (SREP) results, in addition to the Bank of Portugal’s communication on the additional own funds buffer required of it in its capacity as an "Other systemically important institution” (O-SII), Caixa Geral de Depósitos, S.A. is expected to achieve, on a consolidated basis, by 2022, a total ratio (TSCR) of 10.00% (of which 8% for Pillar 1 and 2.00% for Pillar 2 - P2R), with 56.25% of the P2R rate set for CGD being covered by CET 1 instruments, 18.75% by AT1 instruments and 25% by tier 2 instruments, applicable from March 2022 inclusive.

Accordingly CGD's minimum phased-in CET 1 requirement CGD on a consolidated basis is now 9.125%, and includes:

(i) a minimum Pillar 1 CET 1 ratio of 4.50%;

(ii) a minimum Pillar 2 (P2R) CET 1 ratio of 1.125%;

(iii) a capital conservation buffer (CCB) of 2.50%;

(iv) an "Other systemically important institution" buffer ratio of 1.0%; and,

(v) a countercycle own reserves buffer of 0% of the total amount of positions at risk (as defined by the Bank of Portugal for first quarter 2022) as set out in the following table:

2022					
Indicator	Minimum Ratio	Composition of the minimum ratio			
		Pillar 1	Pillar 2	Buffers	
				Conservation	O-SII
CET 1	9.13%	4.50%	1.13%	2.50%	1.00%
TIER 1	11.00%	6.00%	1.50%	2.50%	1.00%
Total Capital	13.50%	8.00%	2.00%	2.50%	1.00%

Regulatory capital

The Basel regulatory framework is based on three Pillars:

- *Pillar 1:* defines the minimum capital requirements for credit, market and operational risk, 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 when 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 public disclosures of information 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 in its consolidated perimeter, includes the following components:

a) Common equity tier 1 (CET 1)

The net equity components contributing to CET 1 in December 2021 were:

- Paid up capital;
- Other reserves and retained earnings;
- Net profit for period[6];
- Revaluation reserves; and,
- Non-controlling interests[7].

[6] The inclusion of net profit for the period in own funds in accordance with decision (EU) no. 2015/656 of the European Central Bank, with no. 2 of article 26 of regulation (EU) no. 575/2013 (ECB/2015/4) and approved by the supervisor.

3 The amount considered in own funds is different from accounting income owing to 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, S.A.'s website.

Deductions from CET 1 capital are related to the following items:

- The book value of intangible assets;
- The book value of deferred tax assets (for fiscal losses);
- Defined benefit pension fund assets: deduction of amount related to the over-capitalisation of the pension fund in accordance with the provisions of item (109) of article 4, no. 1 sub-paragraph e) of article 36, no. 1, and article 41 of the CRR;
- 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) no. 575/2013 – on the prudent assessment of all trading portfolio positions; and,
- NPEs (non-performing exposures or prudential backstop): insufficient coverage for non-performing exposures, as defined by sub-paragraph m) of article 36, no. 1 and article 47-V of the CCR.

The framework governing the composition of own funds, in addition to their 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 own funds

Additional tier 1 own funds, in December 2021, derive from the contribution made by subsidiaries in the case of non-controlling interests.

Up until November 2021, the AT1 Instrument of €500 million, issued as part of CGD's recapitalisation process, in 2017, was also considered. As the ECB, as the supervisory body, authorised CGD's application for the repayment of the AT1 instrument, it ceased to be considered as additional tier 1 own funds under the existing regulatory framework.

c) Tier 2 own funds

Tier 2 own funds include instruments issued or subordinated fully paid-up loans as well as the contribution of subsidiaries tin the case of non-controlling interests.

Details on instruments eligible as additional tier 1 and tier 2 own funds are given in the market discipline report which is available online on CGD's website.

Own funds and capital ratios

During 2021, even with the exclusion of the AT1 instrument in tier 1 and total own funds, CGD's solvency indicators were at comfortable levels in comparison to its capital requirements:

	CRD IV Rules	
	31-12-2020	31-12-2021
Capital		
CET 1 (Common Equity Tier 1)	7,619,599	7,775,322
Tier 1	8,123,854	7,780,558
Tier 2	624,415	628,738
Total	8,748,270	8,409,296
Risk Weigthed Assets	41,819,403	42,635,560
Solvency ratios		
CET 1	18.2%	18.2%
Tier 1	19.4%	18.2%
Total	20.9%	19.7%
Minimum ratios		
CET 1	9.0%	9.0%
Tier 1	10.9%	10.9%
Total	13.5%	13.5%
Surplus (buffers)		
CET 1	9.2%	9.2%
Tier 1	8.5%	7.3%
Total	7.4%	6.2%

Notes:
. The calculated values apply to the Phasing-in and Full Implementation
. Equity includes the positive net result for the period approved by the Supervisor, pursuant to Article 26 (2) of Regulation (EU) No. 575/2013.

Structure of regulatory capital in 2021

The following table summarises Caixa Geral de Depósitos's regulatory capital, at December 31, 2021, for its consolidated activity:

	Own Funds
Share Capital	3,844,144
Other reserves and retained earnings	3,847,503
Net income attributable to CGD shareholder (included in CET 1 capital)	329,378
Revaluation reserves	255,079
Non-controlling interests (Prudential)	66,713
Total CET 1 capital prior to regulatory adjustments	**8,342,817**
Intangibles, net of related deferred tax liabilities	(177,534)
Deferred tax assets (arising from tax losses carry forward), net of related deferred tax liabilities	(14,349)
Defined benefit pension fund assets	(188,221)
Total CET 1 capital after the regulatory adjustments identified above	**7,962,714**
National filters and other deduction affecting CET 1, of which:	(187,392)
Irrevocable commitments - Deposit Guarantee Fund	*(155,553)*
Irrevocable commitments - Resolution Fund	*(22,575)*
AVA - Additional Valuation Adjustment	*(8,418)*
NPL (Prudential backstop)	*(846)*
Common Equity Tier 1 (CET 1)	**7,775,322**
Subsidiaries' contribution to Additional Tier 1	*5,236*
Tier 1 capital	**7,780,558**
Tier 2 capital, of which:	628,738
Equity instruments	*600,000*
Subsidiaries' contribution	*28,738*
Total capital	**8,409,296**
Total RWA, of which:	**42,635,560**
Credit	37,698,227
Market	1,579,902
Operational	3,357,431
CET 1 ratio	**18.2%**
Tier 1 ratio	**18.2%**
Total ratio	**19.7%**

For the assessment of its own funds and consolidated prudential ratios at December 31, 2021, as reported to the supervisor, a net profit of €329,378 thousand was considered, as authorised by the ECB under no. 2 of article 26 of regulation (EU) no. 575/2013, and article 5 of decision (EU) no. 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 €570,449 thousand, net of €241,071 thousand for the amount of the distributable dividend, calculated in conformity with CGD's dividends distribution policy.

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 corporations 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 corporations regime”. The Nostrum Mortgage no. 2 fund was included in the prudential perimeter at the behest of the supervisory body.

It should also be noted that BCG Brasil and CGD Investimentos CVC are recognised in the accounting perimeter in accordance with IFRS 5 – “Non-current assets held-for-sale and discontinued operations” (the assets of such entities have been recognised in a single consolidated assets account, in “Non-current assets held-for-sale” whereas liabilities 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.

The following branches, subsidiaries, special purpose entities and associates were included in CGD group's consolidation perimeter at December 31, 2021:

	31-12-2021				
	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.R.L.	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)
CGD Investimentos CVC, S.A. (*)	Full	Full	100.00%	Brazil	Brokerage and exchange
A Promotora, Sociedade de Capital de Risco, S.A.R.L.	Full	Full	45.33%	Cape Verde	Venture capital
Caixa Gestão de Ativos, S.A.	Full	Full	100.00%	Portugal	Asset management
CGD Pensões - Soc. Gestora de Fundos de Pensões, S.A.	Full	Full	100.00%	Portugal	Asset management
Imobci, Lda. (**)	Full	Full	46.31%	Moçambique	Real estate management
Caixa Serviços Partilhados	Full	Full	90.00%	Portugal	Group complementary companies
Banco Caixa Geral Angola, S.A.	Full	Full	51.00%	Angola	Financial institutions
Société Civile Immatriculée du 8 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
Fundo de Capital de Risco Empreender Mais	Full	-	100.00%	Portugal	Venture capital fund
Fundo de Capital de Risco Caixa Fundos	Full	-	100.00%	Portugal	Venture capital fund
Caixagest Private Equity - Fundo Especial de Investimento	Full	-	26.89%	Portugal	Investment fund (open-end)
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	Full	-	31.18%	Portugal	Investment fund (open-end)
Fundolis - Fundo de Investimento Imobiliário Fechado	Full	-	100.00%	Portugal	Investment fund (close-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 - Companhia Portuguesa de Aluguer de Viaturas, S.A.	Equity	Equity	50.00%	Portugal	Operational vehicle rental
SIBS - Sociedade Interbancária de Serviços, S.A.	Equity	Equity	22.97%	Portugal	Financial institutions
Fidelidade - Companhia de Seguros S.A.	Equity	Equity	15.00%	Portugal	Insurance company
Companhia de Papel do Prado, S.A. (***)	Equity	Equity	38.15%	Portugal	Industry
S.G.P.I.C.E. - Soc. de Serviços de Gestão de Portais na Internet e de Consultoria de Empresas, S.A.	Equity	Equity	33.33%	Portugal	Telecommunication services
TF - Turismo Fundos - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Equity	Equity	33.47%	Portugal	Asset management
Bem Comum - Sociedade de Capital de Risco, S.A.	Equity	Equity	32.00%	Portugal	Venture capital
Banco Internacional de São Tomé e Príncipe, S.A.R.L.	Equity	Equity	27.00%	S.Tomé Príncipe	Financial institutions

(*) Considering the effects of IFRS 5 - "Non-current assets held-for-sale and discontinued operations"

(**) Considering the effects of IFRS 10 - "Principle of Control Exercise"

(***) Effective participation in the Prudencial Scope = 37,4%

In 2021, with the aim of furthering its strategic plan, CGD group continued to reorganise as follows:

- with the incorporation of Parbanca, SGPS, S.A. into Caixa - Participações, SGPS, S.A. on June 30, 2021;
- with the incorporation of *GIE - Groupement d'Intérêt Économique* into the France Branch on July 1, 2021;
- with the decision to incorporate Fundo de Capital de Risco Crescimento into Fundo de Capital Empreender Mais on July 23, 2021.

It should be noted that, from an accounting viewpoint, the operations of the incorporated company were considered to have been carried out on behalf of the incorporating company from January 1, 2021, in the above referred to cases.

Fundiestamo - Fundo de Investimento Imobiliário Fechado also ceased to be a member of the CGD Group at December 31, 2021.

Reference should, lastly be made to the fact that Companhia Papel do Prado, S.A. and S.G.P.I.C.E - Sociedade de Serviços de Gestão de Portais na Internet e de Consultoria de Empresas, S.A. (e.g. Yunit Serviços, S.A.) continue to be suspended from the consolidation process.

Reconciliation between the consolidation perimeter balance sheet for accounting purposes and the prudential consolidation perimeter balance sheet.

The following table enables a reconciliation between the accounting and prudential perimeter balance sheets and also contains the "Key" enabling the identification of the prudential balance sheet elements included in own funds:

	31-12-2021					
ASSETS	Financial Perimeter	Consolidation of other entities + IFRS 5	Differences in consolidation adjustments	Differences in intragroup eliminations	Prudential Perimeter	Key (*)
Cash and cash equivalents at central banks	23,000,073	104	-	-	23,000,177	
Cash balances at other credit institutions	677,351	(88,127)	-	88,281	677,505	
Loans and advances to credit institutions	3,246,364	35,442	-	(31,654)	3,250,152	
Financial assets at fair value through profit or loss	2,125,489	(288,450)	49,861	-	1,886,899	
Financial assets at fair value through comprehensive income	6,031,819	47,796	-	-	6,079,615	
Financial assets with repurchase agreement	7,828	293	-	-	8,121	
Hedging derivatives	5,898	-	-	-	5,898	
Invetsments at amortised cost	12,994,274	-	-	-	12,994,274	
Loans and advances to customers	50,183,664	51,564	-	-	50,235,227	
Non-current assets held-for-sale	336,347	(187,393)	46,483	-	195,437	
Investment properties	33,346	(47,924)	35,042	-	20,464	
Other tangible assets	568,929	227	-	-	569,156	
Intangible assets	177,534	-	-	-	177,534	9
Investments in associates and jointly controlled entities, of which:	529,794	-	185,815	-	715,609	11
Insurers	429,339	-	-	-	429,339	
Other financial institutions (equity participation > 10%)	57,524	-	-	-	57,524	
Other investments in associates and subsidiaries excluded from consolidation	42,931	-	185,815	-	228,746	
Current tax assets	443,163	488	-	-	443,651	
Deferred tax assets, of which:	1,131,948	13,712	(7)	-	1,145,653	
Deferred tax assets for temporary differences	1,117,599	13,712	(7)	-	1,131,305	10
Deferred tax assets for tax losses carry forward	14,349	-	-	-	14,349	8
Other assets	2,516,327	(10,898)	-	864	2,506,293	
Total assets	**104,010,147**	**(473,167)**	**317,194**	**57,491**	**103,911,666**	

LIABILITIES AND EQUITY	Financial Perimeter	Consolidation of other entities + IFRS 5	Differences in consolidation adjustments	Differences in intragroup eliminations	Prudential Perimeter	Key (*)
Resources of central banks and other credit institutions	6,745,201	30,956	-	(31,024)	6,745,134	
Customer resources and other loans	79,755,690	102,955	-	87,659	79,946,304	
Debt securities	1,789,714	-	-	-	1,789,714	
Financial liabilities at fair value through profit or loss	381,661	9,429	-	-	391,091	
Hedging derivatives	35,628	-	-	-	35,628	
Non-current liabilities held-for-sale	147,714	(147,714)	-	-	-	
Provisions for employee benefits	658,255	-	-	-	658,255	
Provisions for other risks	318,839	89	46,483	-	365,412	
Current tax liabilities	32,489	56	-	-	32,545	
Deferred tax liabilities, of which:	111,431	1,213	(11,986)	-	100,658	
Deferred tax liabilities for temporary differences	111,431	1,213	(11,986)	-	100,658	10
Other deferred tax assets liabilities	-	-	-	-	-	8
Other subordinated liabilities	1,117,883	-	-	-	1,117,883	7
Other liabilities	3,628,679	(36,259)	(119,213)	856	3,474,063	
Total liabilities	**94,723,184**	**(39,274)**	**(84,716)**	**57,491**	**94,656,685**	
Share capital	3,844,144	(464,099)	464,099	-	3,844,144	1
Other equity instruments (Additional Tier 1)	500,000	-	-	-	500,000	6
Revaluation reserves	255,079	-	-	-	255,079	2
Other reserves and retained earnings	3,866,572	77,187	(96,257)	-	3,847,503	3
Net income attributable to CGD shareholder	583,361	(46,981)	34,069	-	570,449	4
Equity attributable to CGD shareholder	**9,049,156**	**(433,892)**	**401,910**	**-**	**9,017,174**	
Non-controlling interests, of which:	237,807	-	-	-	237,807	5
Ordinary shares	237,807	-	-	-	237,807	
Total equity	**9,286,963**	**(433,892)**	**401,910**	**-**	**9,254,981**	
Total liabilities and equity	**104,010,147**	**(473,167)**	**317,194**	**57,491**	**103,911,666**	

(*) - link between elements on Prudential Balance Sheet and regulatory Own Funds

Reconciliation between the prudential balance sheet and regulatory own funds

The following table shows the reconciliation between own funds and the respective accounting amounts as set out in the prudential perimeter balance sheet, with the "Key" being the element that relates the items between the two tables:

	Key (*)	Prudential Balance Sheet	Own Funds
Share Capital	1	3,844,144	3,844,144
Other reserves and retained earnings	3	3,847,503	3,847,503
Net income attributable to CGD shareholder (included in CET 1 capital)	4	570,449	329,378
Revaluation reserves	2	255,079	255,079
Non-controlling interests (Prudential)	5	237,807	66,713
Total CET 1 capital prior to regulatory adjustments		-	**8,342,817**
Intangibles, net of related deferred tax liabilities	9	177,534	(177,534)
Deferred tax assets (arising from tax losses carry forward), net of related deferred tax liabilities	8	14,349	(14,349)
Defined benefit pension fund assets		-	(188,221)
Total CET 1 capital after the regulatory adjustments identified above		-	**7,962,714**
Significant investments in common shares of financial entities (amount above the 10% threshold)	11	715,609	-
Deferred tax assets arising from temporary differences (amount above the 10% threshold)	10	1,131,305	-
Total CET 1 capital after the regulatory adjustments identified above		-	**7,962,714**
Amount exceeding the 17.65% threshold, of which:		-	-
Financial institutions and insurers	*11*	*715,609*	-
Deferred tax assets arising from temporary differences	*10*	*1,131,305*	-
National filters and other deduction affecting CET 1, of which:		-	(187,392)
Irrevocable commitments - Deposit Guarantee Fund		-	*(155,553)*
Irrevocable commitments - Resolution Fund		-	*(22,575)*
AVA - Additional Valuation Adjustment		-	*(8,418)*
NPL (Prudential backstop)		-	*(846)*
Common Equity Tier 1 (CET 1)		**-**	**7,775,322**
Additional Tier 1, of which:		-	5,236
Equity instruments issued	*6*	*500,000*	-
Subsidiaries' contribution to Additional Tier 1		-	*5,236*
Tier 1 capital		**-**	**7,780,558**
Tier 2 capital, of which:		-	628,738
Equity instruments	*7*	*1,117,883*	*600,000*
Subsidiaries' contribution		-	*28,738*
Total capital		**-**	**8,409,296**
Total RWA, of which:		**-**	**42,635,560**
Credit		-	37,698,227
Market		-	1,579,902
Operational		-	3,357,431
CET1 ratio		**-**	**18.2%**
Tier 1 ratio		**-**	**18.2%**
Total ratio		**-**	**19.7%**

(*) link between elements on 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= 17.5% | Tier 1= 17.5% | Total= 18.9%.

MREL - Minimum requirement for own funds and eligible liabilities

Regulatory framework

The SRM (single resolution mechanism) as the 2nd banking union pillar defines the bank resolution framework across 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 no. 2014/59/EU – bank recovery and resolution directive (BRRD) − imposes a minimum own funds and eligible securities (MREL) requirement for banking institutions to ensure their capacity to absorb losses and recapitalise in such a way as not to compromise the application of bail-ins or other resolution instruments and ensure the continuity of their critical functions without representing an additional cost for taxpayers.

The 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 on its characteristics, notably complexity, risk profile and resolution strategy. As the methodology used to calculate the requirement is applied on the basis of the SRB's MREL legislation and policy, considering balance sheet information at a given reference date (usually December 31), the stipulated requirement is subject to review over time (as a rule on an annual basis).

MREL decision

The binding MREL decision currently in force, communicated by the Bank of Portugal in February 2022, determines compliance with the following MREL requirements under the new BRRD 2 and SRMR 2 banking legislation package.

From January 1, 2022, under the interim requirement, CGD must have eligible own funds and liabilities equivalent to:

- 19.63% of total risk-weighted assets plus a combined own funds buffer requirement of 3.5% corresponding to a total requirement of 23.13%;
- A total leverage ratio exposure of 6.00%.

From 1 January 2024, CGD must have eligible own funds and liabilities equivalent to:

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

The requirements apply on a consolidated basis to the resolution perimeter determined by the SRB (prudential perimeter entities in the Banking Union, including branches abroad (devoid of legal personality) and Banco Nacional Ultramarino in Macau). The preferred resolution strategy is the multiple point-of-entry (MPE) approach. According to the decision in force at the time, CGD is not subject to any minimum subordination requirement.

At December 31, 2021, CGD was in compliance with the SRB's binding interim requirement, with the following ratios:

	31-12-2021
Own funds and eligible liabilities as % of RWA (MREL % RWA)	24.58%
Own funds and eligible liabilities as % of LRE (MREL % LRE)	8.84%

In March 2022, new requirements and a new resolution perimeter that excludes BNU Macau were communicated by the Bank of Portugal, coming into force from January 1, 2024, with a total requirement of 25.95% of total risk-weighted assets and 5.94% of total exposure of the leverage ratio.

To ensure compliance with MREL requirements, CGD has arranged for instruments eligible for this purpose, having produced a funding plan designed to achieve gradual convergence with the requirement stipulated for January 2024, which is adjusted in line with its evolution.

The first phase of this funding plan was implemented in 2019, with the senior non-preferred debt issuance of €500,000 thousand, as the first issuance of this type of debt by a Portuguese bank.

Caixa also undertook a senior preferred debt issuance of €500,000 thousand, with a maturity of 6 years and possibility of early repayment at the end of 5 years at a coupon rate of 0.375%, the lowest ever achieved by Caixa in its capital market issuances. This issuance has the particularity of being sustainable (environment, social and governance bonds) targeting the funds raised to finance the credit operations of its customers in the environmental and socio-economic development domain. The first such issuance with these characteristics by a Portuguese bank is an important milestone to enable Caixa to fulfil its commitments in the field of sustainable financing, creating value for its customers and reducing the environmental impact in terms of activity.

This issuance represented an important contribution to meeting the interim requirement for January 2022 with an adequate safety margin, in due consideration of the disqualification of the additional tier 1 own funds instrument of €500,000 thousand authorised by the supervisor.

Distribution of dividends

Since the start of the COVID-19 pandemic, the ECB has implemented a set of measures to ensure that banks maintain their ability to absorb losses and strengthen their capacity to support the economy.

These initiatives particularly include those relating to the distribution of dividends which were initially intended to ensure greater retention of profit made by banks, with the publication on March 27, 2020 of recommendation ECB/2020/19 which defined that, by October 1, 2020, no dividends should be paid, no irrevocable dividend commitments should be made by credit institutions and that credit institutions should refrain from share buy-backs intended to remunerate shareholders.

The ECB accordingly admitted two situations:

- To maintain the initial dividend distribution proposal, but make effective payment contingent upon a reassessment of the situation when the uncertainties caused by COVID-19 have disappeared (in any event not prior to October 1, 2020);
- To propose 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 October 1, 2020).

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

These restrictive recommendations related to the distribution of dividends were successively extended on July 27, 2020 by recommendation ECB/2020/35 and on December 15, 2020 by recommendation ECB/2020/62, the latter of which, however, allowing for the possibility of distributing dividends or entering into share buy-backs provided that the lower of two limits: 15% of respective accumulated profits for 2019 and 2020 or 20 basis points in terms of the CET ratio, has been complied with.

As regards recommendation ECB/2020/62 and its internal dividend distribution policy, CGD delivered around €83.639 thousand to its shareholder as approved by the general meeting of May 31, 2021, referring the possibility of resuming the distributions at a later stage, as defined in its policy based on the evolution of the ECB's position.

With the publication of recommendation ECB/2021/31 of July 23, 2021, in light of the latest macroeconomic projections available to-date (indicating the start of economic recovery and a further reduction in the level of economic uncertainty) the ECB decided not to extend the recommendation on dividend distributions after September 2021, while strengthening the guidelines that banks should remain prudent when deciding on dividends and share buy-backs, carefully considering the sustainability of their business model. Similarly, they should not underestimate the risk to capital arising from additional losses that may arise when the economic support measures begin to expire.

Accordingly, in November 2021, CGD distributed €300,000 thousand in dividends retained in 2019 and 2020, through the delivery of amounts in "Other reserves and retained earnings" to its shareholder, pursuant to articles 31 to 33 of the commercial companies code, therefore making a total payment of €383.639 thousand to its shareholder in 2021.

Between the completion of CGD's recapitalisation and the end of 2021, a total amount of €583,639 thousand was paid to its shareholder, of which amount €200,000 thousand in 2019 (relating to profit for 2018) and the remainder in 2021 (as described above).

Repayment of additional tier 1 instrument

In March 2017, under the recapitalisation plan agreed between the Portuguese state and the European Commission, CGD issued an instrument eligible as AT1 of €500,000 thousand on market terms, to international institutional investors at an interest rate of 10.75%.

Since then, CGD has strengthened its capital position and has achieved robust capital ratios at levels that comfortably exceed regulatory requirements and targets set in its risk appetite policy.

Its high levels of capitalisation rank CGD above the European average (according to the EBA dashboard), in terms of CET1, tier 1 and total ratios.

CGD's request to the ECB in 2021 for early repayment of the AT1 instrument was authorised on January 28, 2022. In compliance with the provisions of no. 2 of article 28 of Commission delegated regulation no. 241/2014, CGD ceased to include this instrument in its own funds as of December 2021 inclusive.

Owing to the high cost of the coupon (10.75%), the early repayment of AT1, improves CGD's ability to generate capital organically.

45. Subsequent events

Repayment of additional tier 1 issuance

On February 1, 2022 Caixa received authorisation from the European Central Bank for the early repayment of the additional tier issuance of €500,000 thousand, effective March 30, 2022. This perpetual issuance was introduced in March 2017 under the recapitalisation plan agreed between the Portuguese state and the European Commission, in market terms, with institutional international investors, at an interest rate of 10.75%.

Authorisation for early repayment derives from the ECB's positive assessment of Caixa's financial strength, reflecting the successful completion of its difficult and demanding restructuring plan.

Asset disposals

In February 2022, the sale of a Fundolis Fund owned property located in Marvila, resulted in capital gains of €25,118 thousand in comparison to the amount at which it was recognised in the group's accounts.

In February 2022, several mostly non-performing mortgage and non-mortgage loans were sold off for a gross amount of €65,400 thousand at the time of sale. At December 31, 2021, the estimated impairment for these assets already included the estimated effects of the transaction.

Crisis in Eastern Europe

Russia's invasion of Ukraine and subsequent events at the end of February 2022, in addition to its severe humanitarian impact, was the source of disruption to the economic and financial activity of the region and the rest of the world. As a consequence, the United States of America, United Kingdom and Europe started to impose heavy economic and financial sanctions on Russia. In response, Russia's central bank took measures to strengthen liquidity and exchange rate control.

In light of these developments, with regard to the conflict being waged by Russia against Ukraine, Caixa Geral de Depósitos has assessed the direct and indirect impact of this event on the bank and its customers. CGD has a direct exposure to Russia of approximately €4,000 thousand and €1,000 thousand in the case of Ukraine. Most of these amounts are for CGD Portugal's issue of mortgage loans to Russian and Ukrainian citizens residing in Portugal and which are collateralised by assets located in Portugal. Exposure to non-financial corporations is for a factoring transaction for the exports of a Portuguese customer and is partially insured.

The escalation of the conflict may have indirect consequences for the bank's customers. This is exemplified by hikes in energy prices, a reduction of commercial activity owing to the impact of sanctions on trade with Russia and the increase of cybersecurity issues as a result of an increase in criminal activities. Although these indirect consequences are difficult to quantify, CGD continues to oversee and monitor the development of the situation as a whole on various management levels, anticipating impacts and discussing risk mitigation measures.

Caixa does not consider that the impact of the exclusion of Russian banks from the SWIFT international system will have a significant impact on its activity as it does not have credit limits or current exposure to Russian banks. On a correspondent banking level, transfers involving Russia are of an occasional nature, depending on the flow of customers and consequently resulting in minimal expected losses. Even in such cases, payments are made by intermediary banks as CGD does not have any correspondent Russian bank.

With regard to CGD's above referred to exposure, we do not foresee any negative material implications owing to the residual value involved and respective characteristics.

As regards sanctions on imports/exports, with Russian entities or individuals having Russian nationality, CGD has already implemented procedures to mitigate the respective risk. CGD has an onboarding process for high risk customers, which includes persons having Russian nationality, born or resident in Russia, as well as companies based in Russia. This includes a screening procedure of all lists of sanctions and due diligence on KYC documents and information. For transactions, CGD has an automated tracking system that checks all payments received and made in relation to all relevant lists of sanctions. The Portuguese supervisor has recently implemented highly restrictive measures on business with Russian customers.

CGD does not trade directly in commodities or in stocks in which it may be directly exposed to commodity price volatility or oil and gas companies. Exposure to the securities of oil and gas companies is very low and limited to the investment grade bonds with short term maturities of robust European companies and no material impact is therefore expected on its credit profile. CGD does not trade in Russian roubles and has no position in this currency.

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**	11,915,000,176		91,996,665,881	
030	Equity instruments	0	0	1,148,756,379	1,148,756,379
040	Debt securities	6,685,329,752	6,685,329,752	17,100,182,315	17,100,182,315
120	Other assets	5,229,670,424		73,747,727,187	

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	59,652,584
150	Equity instruments	0	0
160	Debt securities	0	0
230	Other collateral received	0	59,652,584
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**	8,272,178,641	10,940,570,038

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 (*)

(EUR million)

	2021-12
Domestic activity	**1,254,002**
International activity	**540,605**
Europe	**92,716**
Spain	-73
France	92,789
Luxembourg	0
Africa	**349,340**
Angola	66,847
Mozambique	240,787
Cape Verde	41,705
Asia	**98,549**
China	92,864
Timor	5,685
Total	**1,794,607**

(*) refers to total operating income
Note: Values refer to each geographic area contribution to consolidated total operating income

NUMBER OF EMPLOYEES

	2021-12
Europe	**6,960**
Portugal	**6,406**
Spain	4
France	531
United Kingdom	3
Luxembourg	3
Switzerland	5
Belgium	3
Germany	5
Africa	**3,817**
Angola	526
Mozambique	2,713
Cape Verde	576
South Africa	2
America	**56**
Brazil	50
Canada	2
Venezuela	4
Asia	**638**
China	494
Timor	141
India	3
Total	**11,471**

INCOME TAX

(EUR million)

	2021-12
Domestic activity	**215,394**
International activity	**58,129**
Europe	7,490
Spain	0
France	7,490
Luxembourg	0
Africa	**44,758**
Angola	9,759
Mozambique	33,047
Cape Verde	1,952
Asia	**5,880**
China	5,799
Timor	82
Total	**273,523**

Note: Values refer to each geographic area contrubution

INCOME BEFORE TAX (*)

(EUR million)

	2021-12
Domestic activity	**613,712**
International activity	**288,237**
Europe	**27,070**
Spain	-314
France	27,384
Luxembourg	0
Africa	**207,193**
Angola	74,378
Mozambique	109,273
Cape Verde	23,542
Asia	**53,974**
China	53,676
Timor	298
Total	**901,949**

(*) Non controling Interest
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 2021 • 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 • Caixa Geral de Depósitos 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 and acronyms

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.

Acronyms

€, EUR – Euro

EA – Euro Area

APFIPP – Portuguese Investment, Pension and Asset Funds Association

ASPT – Suspension of Work Agreements

AT1 – Additional Tier 1

BCBS – Basel Committee on Banking Supervision

ECB – European Central Bank

BCGA – Banco Caixa Geral Angola

BCI – Banco Comercial e de Investimentos

BNU – Banco Nacional Ultramarino, S.A.

Bpv – Baisis point value

BRRD2 – Bank Recovery Resolution Directive 2

Caixa, CGD – Caixa Geral de Depósitos,SA

CALCO – Asset-liability committee

CCB – Capital Conservation Buffer

CDP – Carbon Disclosure Project

CDS – Credit Default Swaps

CEBS – Committee of European Banking Supervisors

CET1 – Common Equity Tier 1

CoCos – Contingent Convertibles

CRO – Chief Risk Officer

CRR – Capital Requirements Regulation

DG Comp – Directorate-General for Competition

DGS – Directorate-General of Health

EBA – European Banking Authority

ES – Expected Shortfall

ESG - Environmental, social, and governance

US – United States of America

FED – Federal Reserve

EIF – European Investment Fund

IMF – International Monetary Fund

FVTOCI - Fair Value Through Other Comprehensive Income

FVTPL – Fair Value Through Profit or Loss

IDR – Issuer Default Rating

IFRS – International Financial Reporting Standards

HICP – Harmonised Index of Consumer Prices

KPI – Key Performance Indicator

LCR – Liquidity Coverage Ratio

LGD – Loss Given Default

M&A – Mergers & Acquisitions

M€ – Millions of euros

mEuros – Thousands of euros

Mios - Millions

MPE – Multiple Point-of-Entry

MREL – Minimum Requirements for own funds and Eligible Liabilities

NPE – Non-performing exposures

NPL – Non performing loans

NSFR - Net Stable Funding Ratio

WHO – World Health Organization

O-SII – Other Systemically Important Institutions

b.p. – basis points

p.p. – percentual points

P2R – Pillar 2 Requirement

PEPP – Pandemic Emergency Purchase Programme

PH – Retirement and early retirement voluntary plan

GDP – Growth Domestic Product

SME – Small and medium-sized enterprises

PPR – Retirement plan

PRR – Recovery and Resilience Plan

RAEM – Macau Special Administrative Region

ROA – Return on Assets

ROE - Return on Equity

RWA – Risk-Weighted Assets

SGCN – Business Continuity Management System

SREP - Supervisory Review and Evaluation Process

SSM – Single Supervisory Mechanism

TLAC - Total Loss Absorbing Capacity

TLTRO – Targeted longer-term refinancing operations

ATP – Automatic Payment Terminal

TSCR – Total SREP Capital Requirement

EU – European Union

VaR – Value at Risk

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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 2021 (showing a total of 104.010.147 thousand euros and a total equity of 9.286.963 thousand euros, including a net income attributable to the shareholder of CGD of 583.361 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 2021, 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 52.498.093 thousand euros representing around 48.6% of total gross assets. The accumulated impairment recorded to loans to customers amounted to 2.314.429 thousand euros representing 4,4% of total credit. 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 2.7 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 (note 2.20 a)). 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	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 portfolio; • 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; • Understanding 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 of 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, to quantify impairment. 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 2021; (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); • Evaluation of 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

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
(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, consequently this is considered to be a key audit matter.	• 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 1.131.948 thousand euros as of 31 December 2021, of which 365.024 thousand euros are included in the special regime for deferred tax assets (SRDTA), as detailed in Note 2.13 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 2.20 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 this is considered 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 giving consideration to 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 2.15 to the consolidated financial statements). As of 31 December 2021, the total liabilities estimated for past service post-employment benefits of Group's employees amount to 3.303.032 thousand euros and medical post-employment benefits to 356.488 thousand euros (Note 36 to the consolidated financial statements). Additionally, given the current context and taking into account the structural changes of the banking activity, CGD Group approved, the extension of the early retirement plan until 2024. Consequently, on 31 December 2021, CGD estimated a provision of € 195.763 thousand euros related to the Early Retirement Plan ('PPR'), as mentioned in Note 36. These liabilities were estimated based on a report of an external actuary certified by the supervisory authority of insurance and pensions funds ("ASF"), who used actuarial methodologies and financial and actuarial assumptions defined by CGD Management, including the discount rate, annual increases in salaries and pensions and mortality and disability tables as detailed in Note 2.20 e) to the consolidated financial statements. 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.	Our response to the risk of material misstatements includes the following procedures: ► Understand internal controls over the estimation process of post-employment benefits related to pensions, other long-term employee benefits and commitments undertaken under the early retirement plan; ► Performance of analytical review procedures of the balances of post-employment liabilities comparing with previous periods and expectations based on an understanding of the variations of the number of employees and retirees and changes of assumptions; ► Verification of "ASF" registry related to the external actuary in charge of actuarial report and read of the independence declaration attached to the actuarial report relative to 31 December 2021; ► 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 2021 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 2021, the net book amount of the real estate assets repossessed by credit recovery was 402.896 thousand euros with related impairment of 214.006 thousand euros (covering 53% of the asset value) 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 2.8 to the consolidated financial statements. To determine the recoverable amount of the repossessed real estate assets, impairment is assessed individually for all the assets with a gross amount of 3 million euros and above, including, on a case-by-case basis, assets with a lower value with specific characteristics that justify an individual assessment. The remaining real estate assets are appraised based on a collective model. The individual assessment of impairment considers the specific characteristics of the real estate asset and the disposal strategy, incorporating available information on supply and demand and other specific risks that may influence the value of the asset. The collective impairment model determines the recoverable amount of each real estate asset as its acquisition value adjusted by a *haircut* and is discounted to reflect the 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 (vi) the risk that potential investors will demand premiums. The use of different valuation techniques and assumptions could give rise to different estimates of fair value, (Note 2.20 g) to the consolidated financial statements) particularly in the light of possible impacts of the Covid-19 pandemic on the real estate market,	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 real estate assets, tests of the reasonableness of the assumptions used by the external specialists registered with the CMVM, as well as of the appropriateness of the methodology used in the appraisals; ► For the real estate assets collectively assessed: (i) understand the main features of the model used, (ii) for a sample of real estate assets, tests of the data used in the model, (iii) recalculation of the coefficients of haircuts 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.

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
consequently this is considered to be a key audit matter.	

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 2021 the Group holds 1.362.177 thousand euros of financial instruments valued at fair value 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 used by CGD 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 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, (iv) the discount rates to be applied, (v) the ability to rent vacant properties and (vi) the risk that potential investors will demand premiums. The use of different valuation techniques and assumptions could give rise to different estimates of fair value, particularly in the light of possible impacts of the Covid-19 pandemic on the real estate market, consequently, this is considered to be a key audit matter.	Our response to the risk of material misstatements includes the following procedures: ► Understand internal control over the valuation process of financial instruments non-quoted on active market; ► Performance of analytical review procedures on the balances of financial instruments comparing with the previous period and expectations to obtain an understanding of the variations that occurred regarding changes in assumptions and methodologies; ► On the internal models used we performed the following procedures: (i) understand the formal methodology approved by management, (ii) analysis, on a sample basis of financial instruments, of the underlying data used in the internal models, (iii) recalculation of the fair value of the financial instruments on a sample basis; ► For the recovery funds and close-ended funds, our analysis was based on the latest financial information available and/or the last net asset value disclosed by the management entities of the funds and on the reports by the Group on the value of the underlying assets of the funds. 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, celebrated in August 2014. As described in a public statement by the Resolution Fund on 21 March 2017, the terms of the loans granted to the Resolution Fund to finance the resolution measures for BES and Banif were renegotiated during the first quarter of 2017. This included an extension of the term of the loans to 31 December 2046 and the possibility to further adjust that term to enable the Resolution Fund to settle the liabilities based on regular contributions without reliance on special contributions or other extraordinary contributions by the banking sector. It was also specified the treatment of the loans of the Resolution Fund to the banking syndicate, of which CGD is a part, *pari passu* with loans granted by the Portuguese State. In accordance to information released in the latest Report and Accounts of the Resolution Fund, at 31 December 2020, loans obtained from the State and the banking syndicate amounted to 6.383 million euros and 700 million, respectively. Additionally, in May 2021, a new loan agreement was signed up to the amount of 475 million euros. In this contract, treatment was maintained pari passu in relation to previous loans. To reimburse these loans and to face other responsibilities, 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.	Our response to the risk of material misstatements includes the following procedures: ▶ Analysis of the loan agreement concluded between CGD and the Resolution Fund. celebrated in August 2014, and the respective amendments signed in August 2016, February 2017 and May 2021; ▶ Analysis of the loan agreement signed between the Resolution Fund and the syndicate, which CGD participates, in May 2021; ▶ Obtaining from the Resolution Fund, the confirmation of balances, with reference to 31 December 2021; ▶ 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 on 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 between 2016 and 2020; ▶ 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); ▶ Analysis of the simplified cash flow model prepared by Resolution Fund, and shared by CGD, in the context of the loan agreement signed on May 2021; ▶ Review of the accounting framework of the contributions to the Resolution Fund; and ▶ Review of the disclosures included in the note 24 to the consolidated financial statements related to this matter.

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
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. However, 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.	

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 consolidated Management Report, Corporate Governance Report, including a chapter related to remuneration 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 related to corporate governance, as well as the verification that the 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 451º, nº 4 of the Commercial Companies code, in our opinion, the Corporate Governance Report includes the information required to the Group to provide as per article 29.º H 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 l) of nr. 1 of this 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. We were reappointed in the shareholders' general meeting held on 31 May 2021 for a second mandate from 2021 to 2024.
- 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 28 April, 2022; and
- We declare that we have not provided any prohibited services as described in article 5 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and we have remained independent of the Group in conducting the audit.

European Single Electronic Format (ESEF)

The accompanying consolidated financial statements of CGD for the year ended 31 December 2021 must comply with the applicable requirements set out in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (ESEF Regulation).

Management is responsible for preparing and disclosing the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements, included in the annual report, are presented, in accordance with the requirements set out in the ESEF Regulation.

Our procedures were performed according to the Technical Application Guide ("Guia de Aplicação Técnica") of the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas") on reporting in ESEF and included, among others:

- gaining an understanding of the financial reporting process, including the submission of the annual report in valid XHTML format; and
- the identification and assessment of the risks of material distortion associated with the tagging of the consolidated financial statements information, in XBRL format using iXBRL technology. This assessment was based on an understanding of the process implemented by the Group to tag the information.

In our opinion, the accompanying consolidated financial statements included in the annual report are presented, in all material respects, in accordance with the requirements set out in the ESEF Regulation.

Lisbon, April 28, 2022

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

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 Body

Caixa Geral de Depósitos, S.A.

Report and Opinion of the Audit Committee for 2021

In conformity with the dispositions of sub-paragraph g) of no. 1 of article 423-F, in conjunction with no. 1 of article 508-D, both of the Commercial Companies Code, the Audit Committee 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).

The audit committee notes that, following the change in CGD's management and supervisory structure and adoption of the model referred to in sub-paragraph b) of no.1 of article 278 of the commercial companies code, it initiated its functions as CGD's supervisory body on 23 December 2021, with the previous supervisory board having been extinguished.

The former supervisory board, which performed its supervisory activity up until 22 December 2021, provided the audit committee with full, detailed information on the scope of the works performed and the whole range of matters it considered to be of particular relevance for the purpose of the transfer of responsibilities.

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 2021, which particularly included:

i. Participation in all face-to face meetings of the board of directors and prior analysis of the issues considered at remote meetings;

ii. Oversight of the activity of special committees of the board of directors and maintaining permanent contact, namely between its chairman and the chairman of the board of directors and the chairman of the executive committee of the board of directors, in addition to the chairmen of the special committees;

iii. Oversight of the issues discussed at the weekly meetings of the executive committee, making special reference, if applicable, to any matters requiring more detailed oversight and, depending on the issues on the previously disclosed agenda, participation in meetings;

iv. Monitoring of CGD's exchange of correspondence with the supervisor, namely the European Central Bank;

v. Oversight of CGD's activities plan and budget, in addition to the implementation thereof;

vi. Follow-up and monitoring of the activity carried out by control functions - internal audit, risk management and compliance;

vii. Prior consideration of proposals and internal policies and procedures;

viii. Monitoring of the effectiveness and efficiency of CGD group's internal control system and resolution of any deficiencies identified;

ix. Oversight of the activity of CGD group entities;

x. Supervision of the activities of the statutory auditor/external auditor and supervision of their independence;

xi. Consideration of potential situations of conflicts of interest, as provided for in the general credit institutions and financial corporations regime, CGD's global policy for the prevention and management of conflicts of interest and the Bank of Portugal's notice no. 3/2020; and

xii. An analysis and issuance of a prior opinion on transactions with CGD's related parties under the terms of CGD's policy on transactions with related parties.

The supervisory board held 41 meetings in 2021. The audit committee has already held 10 meetings in 2022, either face-to-face or remotely, in which all its members were present and the respective minutes thereon produced. Special reference should be made to the following issues discussed and analyses performed:

a) An analysis of the activities plans of the internal audit, compliance and risk management divisions and their respective annual activity reports;

b) Oversight of the audit reports produced by the internal audit division and follow-up of the activities performed by control functions. As regards the internal audit function, the audit committee now reports directly, which function had, up to 22 December 2021, been delegated by the board of directors to the audit and control committee at the time (special committee of the board of directors);

c) Issue of opinions pursuant to its remit;

d) Consideration by the supervisory board of the reports on the adequacy and effectiveness of CGD's and CGD group's internal control system, with reference to December 2021, having, on 22 December 2021, issued the evaluation reports, pursuant to its remit, under the Bank of Portugal's notice no 3/2020 ("notice").

e) Analysis of complaints and claims addressed to it and referring such processes to CGD's relevant services;

f) Analysis of the exchange of correspondence between CGD and the supervisors;

g) Analysis of progress reports on actions to mitigate the deficiencies identified by the supervisors;

h) Oversight of the activity of CGD group's core entities, in the form of periodic meetings with the respective supervisory bodies and members of the board of directors, the analysis of information provided by them and the corporate reports prepared by CGD's structural bodies; and

i) Oversight and monitoring of the main impacts and risks attached to CGD's and CGD group's activity associated with the Covid-19 pandemic.

Pursuant to the provisions of article 3 of Law 148/2015 of 9 September, the then Supervisory Board and/or Audit Committee 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 6 meetings during 2021 and 4 meetings in 2022, 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 auditors, in legal terms, including the provisions of no. 2 of article 6 of regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16 April 2014, and, in particular, verified their? adequacy for approving the provision of services other than audit services in accordance with the applicable legislation;

d) Consideration of the additional report of the supervisory body prepared by the statutory audit company, in compliance with article 11 of the above referred to regulation (EU) no. 537/2014 of the European Parliament and of the Council, having discussed the contents thereof with EY representatives and which merited the agreement of the audit committee;

e) Analysis of the results of the statutory audit of the consolidated and separate accounts at 31 December 2021, agreeing with their respective conclusions and the contents of the statutory audit certificates and audit reports issued by EY;

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;

It should also be noted that, in April 2021, the supervisory board produced the proposal for the selection of the statutory auditor/statutory audit company for the 2021-2024 term of office in due consultation with the audit and control committee at the time. Subsequently, on 31 May 2021, EY was elected as CGD's statutory auditor for the 2021-2024 term of office at the annual general meeting.

In March 2022 and under the terms of the Bank of Portugal's notice no. 3/2020, the audit committee issued its opinion on the proposal for a review of the policy for the selection and appointment of CGD's statutory auditor and contracting for separate, non-prohibited auditing services, assessing the contributions of CGD's control functions and structural bodies involved in the process.

Under the terms of article 423-F of the Commercial Companies Code, the Audit Committee examined the Board of directors' report and the separate and consolidated financial statements of CGD with reference to the year ended 31 December 2021 and the respective statutory audit certificates and audit reports issued by EY without reservations and without emphasis which deserved the agreement of the Audit Committee.

Specifically, the Audit Committee 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 Audit Committee 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 2021 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 29-H of the Securities Market Code.

In light of the above, the following opinion is issued:

Opinion of the Audit Committee

Within the scope of its powers, the Audit Committee reviewed CGD's separate and consolidated board of directors' report referring to the 2021 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 Audit Committee declare, pursuant to the terms and for the purposes of sub-paragraph c) of no. 1 of article 29-G 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 2021, 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 Audit Committee recommends:

a) The approval of the board of directors' report and other accounting documents referring to the year 2021, 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 audit committee wishes to express its gratitude to the members of the supervisory board and the audit and control committee who left office last December, to the board of directors, executive committee and officers responsible for CGD's divisions and other workers, in addition to the statutory audit company for their collaboration in the performance of its duties.

Lisbon, 28 April 2022

AUDIT COMMITTEE

António Alberto Henriques Assis

(Signed)

Chairman

José António da Silva de Brito

(Signed)

Member

María del Carmen Gil Marín

(Signed)

Member

Maria João Martins Ferreira Major

(Signed)

Member

ANNEX TO THE REPORT AND OPINION OF THE AUDIT COMMITTEE

DISCLOSURES UNDER THE TERMS OF BANK OF PORTUGAL NOTICE 3/2020

Introduction

In compliance with the requirement of article 60 of the Bank of Portugal's notice no. 3/2020 the audit committee provides a summary of the self-assessment reports on the adequacy and effectiveness of the organisational culture and governance and internal control systems of Caixa Geral de Depósitos, S.A. ("CGD" or "Institution") and of CGD group's internal control system, as reported to the Bank of Portugal on 31 December 2021 ("Reports"), with reference to the period between 1 February 2021 and 30 November 2021 ("Reference Period").

Under the terms of articles 2 and 54 of the notice, the institution's management and supervisory boards are responsible, under the terms of their respective remit, for:

- promoting the existence, within the institution, of an organisational culture based on high ethical standards in accordance with the requirements of article 2 of the notice;
- ensuring that the institution's organisational culture and governance and internal control systems, including its remuneration practices and policies and other matters addressed in the notice, are adequate and effective and promote sound, prudent management;
- ensuring that the institution assesses the adequacy and effectiveness of the organisational culture in force within the institution and its governance and internal control systems; and
- preparing an annual report setting out the results of the referred to evaluation in accordance with the requirements of article 55 ("Report").

The report contains the assessment of the institution's supervisory body on the date of the report (supervisory board in office up until 22 December 2021) under the terms of article 56, the board of directors' assessment under the terms of article 57 and the reports of the officers responsible for the risk management, compliance and internal audit functions referred to in sub-paragraph s) of no. 1 of article 27, sub-paragraph p) of no. 1 of article 28 and sub-paragraph d) of no. 1 of article 32, with regard to the reference period.

Under the terms of nos. 3 and 4 of article 54 of the notice, the parent company's board of directors is responsible for preparing an annual self-assessment report on the financial group, enabling a conclusion to be reached on the adequacy and effectiveness of the group's internal control system ("group report").

Under the terms of the notice, the institution's board of directors is responsible for ensuring that:

- the group is organised in a transparent manner under the terms of the provisions of article 49 of the notice;
- all of the group's subsidiaries implement internal control systems which are consistent with each other and in conformity with the requirements set out in the notice;
- the institution has an internal control system which meets the requirements of article 51 of the notice;
- the institution's internal control functions are commensurate with the size and nature of the group's activities for meeting the requirements of article 52 of the notice; and
- an annual self-assessment report on the group and a separate report on each of the entities subject to supervision on a consolidated basis is produced, in accordance with the requirements of articles 54 and 55 of the notice.

As established in sub-paragraphs b) and c) of article 58 of the notice, the supervisory body is responsible for including an assessment of the following in the referred to annual report, as part of its lawfully attributed responsibilities:

- the adequacy and effectiveness of the institution's internal group control system to ensure compliance with the requirements of article 51 of the notice; and
- the consistency between the internal control systems of subsidiaries and the institution's internal control system, which evaluation may be based on the assessments produced for this purpose by the supervisory bodies of each of the subsidiaries.

Inherent limitations

The board of directors and the supervisory board in office at the time stated that they were aware of the limitations inherent to any internal control system which, irrespective of its level of adequacy and effectiveness, can only provide management and supervision with a reasonable level of security in achieving the objectives in terms of organisational culture, governance and internal control systems, in addition to the other matters set out in the notice. Accordingly, owing to the inherent limitations of internal control systems, irregularities, fraud or errors can occur without being detected.

The assessment of the impact of the deficiencies is estimated by CGD's board of directors and complies with the criteria established in the institution and classification process in accordance with established criteria and assumptions. Given the judgements involved in the definition of the criteria, assumptions and assessment of the impacts, different classifications could be attributed to the deficiencies if different criteria were followed or assumptions made. Similarly, an assessment of the same deficiency, made at another time, could come to different conclusions and the impact of a deficiency could materialise other than in the way it was estimated.

Taking the normal dynamics of any internal control system into account, the conclusions presented should not be used to make any projection on future periods on a level of the referred to system's implementation insofar as there may be changes in the processes and controls implemented.

Self-assessment report on Caixa Geral de Depósitos, S.A.

The report's structure and contents are in line with the provisions of article 2 of the Bank of Portugal's instruction no. 18/2020.

In its assessment report under the terms of article 56 of the notice, the supervisory board in office at the time stated that it oversaw and monitored CGD's internal control system in the reference period by: (i) overseeing compliance with the management policy on internal control deficiencies as regards the project for the recovery of the backlog of situations identified; (ii) giving regular consideration to the status of the unresolved deficiencies and periodic reports prepared by the control function on such deficiencies; (iii) holding periodic meetings with their officers; (iv) considering the internal audit reports; and (v) following-up the resolution of the deficiencies detected by the internal audit division, statutory auditors and regulators.

The supervisory board emphasised its close oversight of the implementation of the strategic plan for control functions, which included initiatives related to promoting the efficiency and effectiveness of the procedures associated with the internal control system and timely resolution of the situations identified.

Based on its performance of oversight activities and analysis of documentation, the supervisory board noted that CGD's management and administrative bodies have been making structural changes to its organisational culture and governance and internal control systems, pursuant to which it made reference to the following positive developments:

- On a level of its governance system, CGD has fully implemented almost all of the European Central Bank's ("ECB's") recommendations on On-Site Inspections (OSI) and Thematic Reviews (TR) on internal governance and risk management and remuneration policies, enabling it to achieve alignment with best practice in these areas;

- On a level of its internal control system, the implementation of the other OSI and TR recommendations, in conjunction with other structural improvement initiatives promoted by the management body, has made it possible to strengthen the institution's internal control systems over the last few years. It made specific reference, herein, to the progressive strengthening of the three lines of defence model in alignment with international best practice based on the implementation, still in progress, of the strategic plans for control functions and enhanced performance through the ad hoc outsourcing of operational tasks by control functions. Progress in the implementation of the strategic plans for control functions has led to a global completion rate of 92% − 98% for the risk management function, 83% for the compliance function and 91% for the audit function; and

- The creation, in 2020, of the internal control area as a new functional area in the risk division, responsible for overseeing the internal control model implemented in CGD and CGD group, making it possible to establish and implement a deficiencies monitoring process, established in CGD group's new internal control deficiencies management policy based on: (i) common processes and methodologies among all parties to the internal control process − strengthening the role of second-tier control functions for identifying, monitoring and supporting the resolution of deficiencies; (ii) a standard risk classification model; (iii) SLAs (service level agreements) for the resolution of deficiencies, based on their severity; (iv) the provision of better, regular reporting to allow the administration to monitor internal control deficiencies together with the risk of unresolved deficiencies; (v) an overview of all of the group's internal control deficiencies by housing all of the group's deficiencies in one single database; and (vi) improvements to the efficiency and effectiveness of the resolution thereof.

The supervisory board has, herein, highlighted the highly positive evolution in resolving the deficiencies identified with reference to 31 January 2021, as a result of the project for the evaluation and oversight of all deficiencies existing in CGD (encompassing CGD Portugal, France Branch, Timor Branch and Caixa Serviços Compartilhadas, S.A.).

The supervisory board made special reference to the following, as regards the main priorities for action aimed at strengthening the internal control system:

- Finalisation of the implementation of the strategic plans for the control functions and structuring projects in terms of information and data quality systems;

- Notwithstanding the significant progress achieved in resolving deficiencies, the supervisory board recommended that endeavours to promote the implementation of corrective actions on the deficiencies, currently in progress (carried over from past years and new deficiencies) should be maintained and/or strengthened, where necessary, with close control by the internal control area and regular reporting as provided for in the governance model set out in the internal control deficiencies management policy;

- There is still a need to continue to make improvements, particularly on a level of the information presented for the purpose of certifying the resolution of deficiencies and consolidating/streamlining the implementation of the oversight process, improving data quality and introducing additional information (such as information on the follow-up of deficiencies) and functionalities/controls on the implementation of management deficiencies; and

- Following the entry into force of the notice, an impact assessment identifying a roadmap of gaps and action plans to be implemented on each of the notice's components was carried out. These were substantially completed in 2021, except for the independent evaluations to be carried out by an entity external to the institution, on: (i) the conduct and values of the institution, including the conduct and values of its management bodies, committees and supervisory body, as provided for in nos. 2 and 3 of article 3 of the notice; (ii) the processes for the procurement, production and processing of information implemented in the institution 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.

- CGD approved the adoption of the schedule of these evaluations on 15 September 2021 and approved the one-time realisation thereof in each term of office of the board of directors, the first of which to take place by 31 March 2023, following the definition of the scope and content of the evaluations (by 30 June 2022) and the selection process for the external entity (by 30 September 2022).

To form its opinion, the supervisory board at the time, considered the current and potential impacts of the unresolved high-risk deficiencies and, based on the known results of the activities carried out and bearing in mind the improvements implemented, subject to the limitation deriving from the fact that the independent evaluations to be carried out by an external entity under the terms of the notice and without prejudice to any impacts had not been carried out: (i) the deficiencies identified in the management board's assessment report; and (ii) the above referred to inherent limitations, the supervisory board considered, 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 commensurate with the nature and magnitude of the risks associated with the institution's activity.

Under the terms of the definitions of articles 55 and 57 of the notice, CGD's board of directors stated, in its self-assessment report that, taking into account the measures implemented, the oversight activities, the results known, namely the reduction in the number and severity of deficiencies, greater compliance with the deadlines and strengthening of the control framework as embodied in the review of the deficiencies management policy, that it considers, without prejudice to the limitations indicated, with a reasonable level of certainty, that CGD's organisational culture, current governance and internal control systems, including remuneration practices and policies, in addition to the other matters set out in the notice, are globally effective and commensurate with the nature and magnitude of the risks associated with the institution's activity.

The supervisory board also stated that it has taken note of the reports of the officers responsible for the risk management, compliance and internal audit functions referred to in sub-paragraph s) of no.1 of article 27 and sub-paragraph p) of no. 1 of article 28, and d) no. 1 of article 32, respectively, in which no constraints on the level of independence of functions have been reported.

As regards the internal audit function's reports under the notice, in addition to the internal audit division's report, as provided for in sub-paragraph e) of no. 1 of article 2 of instruction no. 18/2020 on the classification of deficiencies, the supervisory board has taken note of the "Opinion of the internal audit function on the self-assessment report on the adequacy and effectiveness of the organisational culture and internal governance and control systems of Caixa Geral de Depósitos, S.A. – separate activity ("Statement of Compliance"), issued on 20 December 2021. This report was issued under the terms of liability of the certification of the self-assessment report of the board of directors under the notice, attributed in the internal control deficiencies management policy and was intended to assess compliance with the report, for materially relevant aspects, existing regulatory provisions and adequate reflection of the deficiencies registered in CGD's internal control deficiencies database.

On 20 December 2021 the internal audit division also provided the supervisory board with the report referred to in sub-paragraph c) of no. 1 of article 32) of the notice, which presents an overall assessment, based on the work carried out, that:

- considering the diverse projects and improvements implemented and in progress, in addition to the reduction in the number of unresolved deficiencies and greater speed of their resolution, it considers that CGD has been developing, restructuring and implementing multiple processes that have enabled it to strengthen its organisational culture and governance and internal control systems; and
- owing to the, as yet, unresolved deficiencies in resolution and projects in progress, highlighting the existence of deficiencies to be resolved by the control functions and a number of deficiencies whose resolution date has expired and whose action plans have been extended, it is of the opinion that the institution's organisational culture and its governance and internal control systems are globally commensurate with the nature and magnitude of the risks associated with CGD's business, even if improvements could be made to them in order to improve their effectiveness and make constant adjustments to business challenges and regulatory dynamics.

CGD Group's self-assessment report

The structure and contents of the group's report were in line with the provisions of article 58 of the notice and article 4 of the Bank of Portugal's instruction no. 18/2020.

The separate self-assessment reports on CGD and its eligible subsidiaries under the notice, were produced with reference to 30 November 2021. They include the annual reports of the officers responsible for the risk management, compliance and internal audit functions and were respectively prepared in accordance with sub-paragraph s) of no. 1 of article 27, sub-paragraph p) of no. 1 of article 28, and d) no. 1 of article 32, in which no constraints on the level of independence of functions have been reported.

The supervisory board stated in its evaluation report produced under the terms of sub-paragraphs b) and c) of no. 1 of article 58.1 of the notice that, on the basis of the oversight activities carried out and its analysis of documentation, it considered that CGD's management and administrative bodies have also been promoting structural changes to improve the group's internal control system.

The supervisory board highlighted, herein, the highly positive evolution in resolving the deficiencies identified in the group with reference to 31 January 2021, as a result of the project for the evaluation and oversight of all deficiencies existing in all CGD group entities.

As regards the main action priorities aimed at strengthening the group's internal control system, in addition to those referred to above for CGD, the supervisory board highlighted, inter alia, the following:

- The need to deepen the gap analysis conducted at a level of subsidiaries in relation to the requirements of the new notice applicable to them;
- The above referred to independent evaluations by an entity external to the institution should be performed in a transversal, harmonised manner across all of the group's subsidiaries;

- The board of directors has shown itself to be committed to strengthening quality in obtaining, producing and processing CGD data in which particular emphasis should be placed on the compliance plan with BCBS 239, approved in 2019, with an implementation period of four years. The implementation of this plan, which is a part of the strategic IT plan, is certified quarterly and information on its evolution presented to the board of directors.
- To specifically complement the existing RAS report and integrated risk report, DGR has recently developed a risk reporting package (operational and management report) which includes information based on a forward looking approach enabling the oversight of the evolution of the main risk indicators and their future development prospects. CGD intends to implement this reporting package in the group's main subsidiaries, adjusted as necessary to the size and complexity of their operations.
- The need for continuity in strengthening the supervisory procedures for subsidiaries on a level of local supervisory bodies and on a CGD level;
- On a risk management level, although CGD has issued several corporate standards to be implemented across-the-board in all group subsidiaries, there are still different levels of maturity in terms of their implementation, although there have been improvements in the oversight and reporting system at a central level;
- On a compliance level, which has also seen improvements in performance, there are still insufficiencies in terms of tools and methodologies for the oversight of compliance risk in all group entities; and
- Although several corrective measures for the strategic plan have already been implemented on an internal audit level, there are still insufficiencies in the procedures to ensure more effective control and oversight of group entities abroad.

In order to form its opinion on a group level, the supervisory board has considered the current and potential impacts of the unresolved high-risk deficiencies in CGD group and on the basis of the known results of the activities carried out and bearing in mind the improvements implemented, subject to the limitation deriving from the fact that the independent evaluations by an external entity have not been carried out, nor has a harmonised process for the production of a gap analysis on the requirements of the notice in all group subsidiaries and without prejudice to any impacts (i) the deficiencies identified in the board of director's evaluation report and (ii) the above referred to inherent limitations, the supervisory board has considered, with a reasonable level of certainty, that the group's existing internal control system is, in materially relevant respects, globally effective and commensurate with the nature and magnitude of the risks associated with CGD group's activities and that the internal control systems of the subsidiaries and CGD itself are consistent.

In compliance with the provisions of sub-paragraph a) of no. 1 of article 58.1 of the notice, CGD's board of directors has stated, in its self-assessment report that, in view of the activities undertaken, improvements made, known results, namely the relevant reduction in the number and severity of deficiencies, greater conformity with the established implementation deadlines, improvement of the deficiency management framework, as reflected in the review of the deficiency management policy, lower exposure to entity risk and greater alignment of entities with the group's internal control objectives, that it considers, without prejudice to the referred to limitations, with a reasonable level of security, that the current internal control systems are globally adequate to the nature and magnitude of the risks associated with the group's activity and that significant improvements leading to the effectiveness necessary for its development have been implemented.

The supervisory board has also taken note of the internal audit function's annual report as provided for in sub-paragraph c) of no. 1 of article 32 of the notice, issued on 20 December 2021, in which DAI provides several analyses on the deficiencies existing in CGD and concludes that: "The dynamics of resolving internal control deficiencies, all of which comprising action plans with associated risk mitigation measures and knowledge of the diverse internal governance structures, in addition to the diverse ongoing projects listed in this report show that CGD continues to operationalise the institution's control mechanisms and its procedures and processes leading to the progressive strengthening of the organisational culture and governance and internal control systems".

Reference should, lastly, be made to the fact that the board of directors stated, in its assessment, that it will continue to focus its attention on all opportunities for the improvement of the internal control system and other matters referred to in the notice and will persist, with commitment and determination, in implementing the necessary developments and, in particular, strengthening the group's internal governance and risk culture.

3.

CORPORATE GOVERNANCE REPORT

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MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS.

António Farinha Morais
Chairman of the board of directors

Caixa Geral de Depósitos embarked upon a new cycle in 2021, with recognition of the successful implementation of its 2017-2020 strategic plan, carried out with a great deal of effort and commitment from its employees and full involvement of other stakeholders. This new cycle is more geared to the growth and sustainability of what is considered to be the bank of all Portuguese citizens. It is a cycle of greater autonomy and consolidation of the traditional values which continue to characterise us, as recognised by our customers and by all Portuguese in general: financial strength, transparency, ethics and trust.

More than ever, it is our obligation to reaffirm Caixa's position as the bank of choice of each and every one of us, to provide a universal, effective, efficient, modern, inclusive, future-oriented service based on the pillars that have always characterised us. At the same time, we also have an obligation to create the conditions to return what has been entrusted to each of us, through our shareholder, in a sustainable and consistent way.

These are not just abstract desires. We have a new, concrete, strategic plan, with well defined, ambitious projects and objectives, initiatives and goals. We know where we want to go. We have a new governance model, more adapted to Caixa's needs, which will enable us to look forward with confidence. Since December 2021, we have had a renewed, motivated management to bring this mission to a successful conclusion with all and for all. **Several of our good indicators include capital, liquidity, quality assets and high efficiency ratios, which allow us to match and, in some cases, outperform our Portuguese peers and the European average. A legacy to which a decisive contribution was made by the previous management and supervisory board which we wish to emphasise and for which we are grateful.**

Now that the recapitalisation cycle has been completed and CGD has affirmed its status, we want more. We want a better level of performance, more value creation, more innovation, a focus on digital transformation, simplifying and streamlining our customer service, in a permanent commitment to achieve high social, environmental and governance standards. We want motivated, committed employees, recognised for their merit and good balance between their personal and professional lives, to continue to proudly consolidate our leading position in the Portuguese financial system.

The times we live in are not easy. We are going through a collective ordeal, a milestone that will be engraved in the memories of our lives. We are facing human, social and economic challenges every day. It is, however, precisely for these reasons that we must be resilient, adapt to survive and evolve and do our part.

To do our part, as a benchmark financial institution, is to support: (i) people – lending to households and providing quality services; (ii) the economy – by financing and supporting our businesses; (iii) society as a whole – providing assistance to the most disadvantaged social sectors; (iv) the environment – embracing ESG criteria in our rating models. We have to do all this with rigour, purpose, focusing on the sustainability of our results and of all those with whom we have a relationship.

The year 2021 was a year in which we overcame major challenges, whose results have been recognised by supervisors, investors, rating agencies and our shareholder. They allow us to face the future with hope and optimism. We are committed to the values of sustainability and, based on our Mission, will also do everything as part of a team to achieve the objectives set out in the strategic plan for the period 2021-2024.

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[8] 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 2021

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 2021. 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 establishing a specific Contingency Plan. The Covid Risk Committee, created in April 2020 to permanently monitor all risk areas in CGD Group's activity, held meetings every two weeks throughout 2021 for analysis, discussion and deliberation of topics related to the development of the pandemic and the consequent impact on CGD's activity.

Despite this particularly demanding framework, there were many changes and events of significant relevance to corporate governance in 2021, the following being worth mentioning:

- In December 2021, a new Board of Directors took office, elected for the 2021-2024 term, which is now composed of 17 members (8 Executive Directors and 9 Non-Executive Directors). From the previous term, two executive members left, one of which assumed a non-executive term, and two new members entered. Also, 5 non-executive directors left and 6 new ones joined in their replacement, resulting in a renewal of the Board of Directors in approximately half of its elements;
- Simultaneously with the entry into office of the new Board of Directors, a new governance model also came into force (the previous one had been in force since 2016), comprising a Board of Directors, an Audit Committee and a Statutory Auditor. This amendment, approved on 25 January 2021 by the

8 Available at https://www.utam.gov.pt/

Shareholder, determined the amendment of CGD's Articles of Association, and, among others, implied the extinction of the Supervisory Board, whose functions were now taken over by the Audit Committee;

- Continuation of the group´s corporate reorganization through simplification of the group's structure with a consequent reduction in the number of entities;
- The Gender Equality Plan, guided by the principles of equality and non-discrimination between men and women, was approved and published;
- The 2021 Report on Remuneration paid to men and women was approved and published, in the context of gender equality theme. This initiative, among others, aims to contribute to attenuating differences and to promote initiatives leading to the progressive elimination of wage inequalities between women and men.

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 2021 adjusted for available resources and funding sources	•		21/04/2022
	Obtained government approval for activities plan and budget for 2021	•		---
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	•		22/04/2022
Article 46	Elaborated report identifying occurrences, or risk of occurrences, associated with prevention of corruption	•		31/03/2021
Article 47	Updated and published the code of ethics and conduct	•		April 2020
Article 48	Has contracted the provision of public service or of general interest, if applicable		•	N/A
Article 49	Pursued social responsibility and environmental objectives	•		According to Sustainability Report attached
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	•		08/04/2022
Article 53	Took steps to ensure that UTAM is able to publish all relevant information on its website	•		31/03/2021 – Publication of the Report Identifying the Risks and Occurrences of Corruption and Related Infractions 2021
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)	•		27/04/2022

3.2. Mission, objectives and policies[9]

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:

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[9] 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, and the mission, vision, guidelines and fundamental values for CGD's future.

- 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

2021 was marked by the confirmation of the conclusion of the 2017-2020 Strategic Plan, with success recognized at European level by Caixa's different stakeholders, allowing the payment of dividends not initially foreseen in the aforementioned Plan, supported by levels of efficiency, asset quality and solvency in line with the European banking benchmark. Reference should be made to the fact that the achievement of the outlined objectives was recognized by rating agencies, resulting in Caixa's return to investment grade after a period of ten years.

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, CGD successfully achieved the Strategic Plan goals.

After making a strong commitment to strong financials, effective risk management and strengthening governance and internal control mechanisms, Caixa started a new cycle with the Strategic Plan 2021-2024:

from 2017 to 2020…	**from 2021 to 2024…**
Recapitalization	**Universal**
Profitability	**Digital**
Restructure	**Service and Client facing time**
Risk management and control	**Innovative**
Governance reinforcement	**Green and sustainable**
Rating upgrade	**Talent** (upskilling and performance)
Regain leadership	**Capital reimbursement to investors** (State and private)

With the Strategic Plan 2021-2024, Caixa will aim to achieve the following goals:

The Portuguese Bank
Portuguese management, Portuguese capital and state owned

Digital Bank
convenience, accessibility and simplicity

Green and Sustainable Bank
Leadership in the adoption of ESG best-practices

Universal leadership
Relevant and competitive presence in all segments, products services and current geographies

Service
No waiting lines, less usage of cash and more client-facing time

Talent and Performance
Preferred employer in the Portuguese market, competing for top talent

Value generation
Restitution of capital to investors (state and private) with adequate return

Innovation
expertise in Artificial Intelligence, Advanced Analytics and disruptive technologies

Trust
Most relevant and trusted bank in the financial sector in Portugal

Stability of the financial system
Contribute to cover market gaps, long-term creditor, deposits safety

Inclusion
Universal service provided to all customers, investing in their financial and digital literacy

Benchmark
Setting the bar in key areas – Digital, Innovation, service, risk management, efficiency and governance

Key factors upon which the company's results depend

The results obtained by the CGD Group are strongly influenced by external and conjunctural factors, of which the following stand out:

- Effects of the epidemiological situation and the measures taken by the competent authorities to contain it, with emphasis to the significant volume of credits in arrears with an expiration date in the period;
- 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, including capital requirements, plans and financial objectives in the event of resolution and the reform of interest rate indexes, among others;
- Extremely challenging macroeconomic environment, marked by the aforementioned epidemiological situation, by geopolitical factors, by the rise in energy prices, by the disruption in distribution chains worldwide and also by the general increase in the price levels. All these factors strongly influence the activities of Portuguese companies, compromising the resumption of economic activity.

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 2021.

Shareholders	Share Capital at 31/12/2021	% Equity Stake at 31/12/2021
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 holdings by business

	Head Office	31-12-2021 Voting rights
Holding Companies		
Caixa - Participações, SGPS, S.A.	Lisbon	100.00%
Banking		
Banco Comercial do Atlântico, S.A.	Praia	59.81%
Banco Comercial e de Investimentos, S.A.	Maputo	63.96%
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%
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	51.11%
Caixa Capital - Sociedade de Capital de Risco, S.A.	Lisbon	100.00%
CGD Investimentos CVC, S.A.	São Paulo	100.00%
Property		
Imobci, Lda.	Maputo	50.00%
Caixa Imobiliário, S.A.	Lisbon	100.00%
Inmobiliaria Caixa Geral S.A.U.	Madrid	100.00%
Complementary Corporate Groupings		
Caixa-Serviços Partilhados, ACE	Lisbon	90.00%

Relevant direct CGD shareholdings

	Head Office	31-12-2021 Voting rights
Esegur - Empresa de Segurança, SA	Lisbon	50.00%
Locarent - Comp. Portuguesa Aluguer de Viaturas, SA	Oeiras	50.00%
TF Turismo Fundos - Sgoic, SA	Lisbon	33.47%
Bem Comum - Soc. de Capital de Risco, SA	Oeiras	32.00%
GCI - Sociedade Capital de Risco, SARL	Maputo	30.00%
Banco Internacional de S. Tomé e Príncipe, SARL	S. Tomé	27.00%
SIBS SGPS, SA	Lisbon	21.60%
AdP – Águas de Portugal, SGPS, SA	Lisbon	19.00%
Fidelidade - Companhia de Seguros, SA	Lisbon	15.00%

Group structure changes and simplification

In 2021, the restructuring process continued by simplifying the Group's structure and concentrating on core activities, and the following operations were carried out:

- Merger by incorporation of Parbanca, SGPS, S.A. into Caixa - Participações, SGPS, S.A., with all its activity being incorporated into the latter;
- Settlement of G.I.E./CGD-S.I. Complementary Grouping Companies based in France;
- Merger by incorporation of the Caixa Desenvolvimento Venture Capital Fund into FCR Empreender Mais.

With regard to the processes of sale of Banco Caixa Geral – Brasil, SA. (BCG Brasil) and Banco Comercial do Atlântico, SA (BCA) (Cape Verde), during the 2021 financial year, initiatives were resumed with potential investors, but without proposals that corresponded to Caixa's interest. Hence, the cancellation of the process of sale of BCG Brasil was requested. With regard to the process of sale of BCA, a suspension was requested so that it can be restarted and relaunched later on, when appropriate in light of more favourable market conditions.

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 2021, was 3.12 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 Board of Directors and Audit Committee members

The members of the Board of Directors and the Audit Committee 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.

In 2021 and on 24 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 held office in both entities until 23 December 2021, the respective information disclosure requirements were complied with through the CMVM's system for the disclosure of information. After this date, 2 board members held office in both entities without any capital market operations to be disclosed.

3.5. Statutory bodies and committees

3.5.1. Governance model

Legal framework

CGD is an exclusively state-owned public limited liability company. As all of the shares comprising its equity capital, including those to be issued in future capital increases, belong to the Portuguese state and are held by the Directorate-General of the Treasury, all shareholder resolutions are, owing to the nature of the ownership of the equity capital, taken unanimously.

CGD's activity is regulated by the dispositions set out in law and its articles of association which comply with the *CSC* (commercial companies code) and *RGICSF* (general credit institutions and financial corporations' regime). Any plans to amend the articles of association must be duly circumstantiated and approved by the shareholder in addition to having been authorised in advance by the supervisory authorities based on the issues to be amended.

Governance model

The governance model adopted by CGD across the period 31 August 2016 to 22 December 2021 corresponds to the Latin "monist" (unitary) model, structured in accordance with the dispositions of articles 278 no. 1 a) and no. 3 and 413 no. 1 b) of the *CSC* and article 3 of the *RJSA* (legal regulation on audit supervision) and comprises a Board of Directors, Supervisory Board and a Statutory Audit Company.

The company's governance model was amended on 25 January 2021 in the form of a unanimous written resolution, to the "dualistic" or "Anglo-Saxon" model structured in accordance with the dispositions of articles 278, no. 1 b) and 423-B of the *CSC* and article 3 of the *RJSA*. CGD's governance structure therefore now comprises a Board of Directors and a Supervisory Board and Statutory Audit Company. As a result, CGD's governance structure now comprises a Board of Directors and, in terms of its supervisory component, an Audit Committee and a Statutory Audit Company, with the Supervisory Board having been extinguished. The implementation of this governance model was conditional upon the election of the members of CGD, S.A.'s Board of Directors for the 2021-2024 term of office and was implemented in the form of a unanimous written resolution of 21 December 2021.

In terms of its governance model, CGD's Board of Directors has been provided with the broadest range of powers to manage and represent the company, to include the effective issuance of guidelines on its activity, with the Executive Committee having responsibility for day-to-day management, under the delegation of authority approved at a meeting of CGD's management body held in 2017 which remained in force up until 22 December 2021. A new instrument for the delegation of authority was approved by the Board of Directors on 10 January 2022 when CGD, S.A.'s management board was elected and took up office for the 2021-2024 term.

The division of responsibilities allows effective separation between supervisory and management functions with the added benefit of constant and extensive supervision, in furthering the objectives and interests of the company, its shareholder, employees, customers and other stakeholders, enabling a level of trust, transparency and balance to be accordingly achieved across the various functions, necessary for their proper operation and effectiveness.

Covid-19 pandemic crisis − governance model

The year 2021 continued to be marked by the Covid-19 pandemic crisis. CGD's statutory bodies, however, continued to operate regularly, based on their use of telematic media and their permanent oversight and monitoring its activity, based on the internal governance model specifically created for this purpose.

The Covid risk committee, created in April 2020 for the permanent oversight and monitoring of all risk areas inherent to CGD Group's activity, met every fortnight in 2021 for the purpose of 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 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*, risk areas, the office for economic research, international business relations division and marketing divisions (corporate and retail) risk areas.

Term of office of the management and supervisory body

Members of CGD's Board of Directors are elected under a shareholders' resolution for a period of 4 (four) years and may be re-elected or co-opted at the behest of the supervisory boby, 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. A co-opted board member shall remain in office up to the end of the current term of office. Members of the Board of Directors, in addition to members of the supervisory body may, in any event, only take up their duties after being subject to the suitability assessment mechanisms provided for in the *RGICSF*.

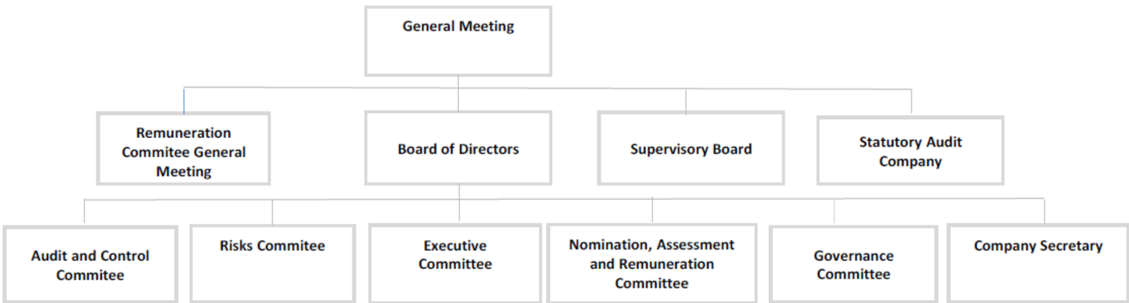
In statutory terms, the number of terms of office successively undertaken by members of the Board of Directors is limited to 4 (four), with the terms of office of members of the Supervisory Board and the Statutory Audit Company being subject to the dispositions set out in law. Upon coming to the end of their respective terms of office, members of statutory bodies shall remain in place until new officeholders have been elected, without prejudice to the requirements and limits set out in law. Members of the management body are elected for a period of 4 (four) years and may be re-elected in accordance with the dispositions set out in law. The terms of office of the various statutory bodies are not necessarily coincident. The current term of office of the Supervisory Board began in 2016 and ended on 31 December 2019, as opposed to the term of office of the Board of Directors which began in 2017 and ended on 31 December 2020, notwithstanding the fact that its members remained in office up until 22 December 2021.

With the extinguishing of the Supervisory Board on 22 December 2021, the supervision of management, monitoring of CGD's compliance with the law and its articles of association, verification and oversight of the independence of the Statutory Audit Company in legal terms and, in particular, verification of the suitability and approval of the provision of other services, in addition to audit services, are now the responsibility of the audit committee.

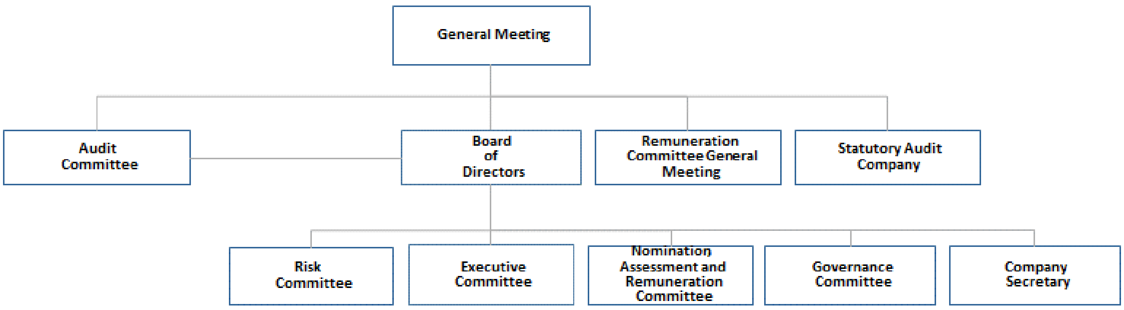
The Statutory Audit Company is appointed by the general meeting on the basis of a proposal of the supervisory board.

The company Ernst & Young Audit & Associados, SROC, S.A, was elected to perform CGD's inspection/audit functions for the 2021-2024 term of office in the form of a unanimous written resolution of 31 May 2021.

CORPORATE GOVERNANCE STRUCTURE IN FORCE UNTIL 22 DECEMBER 2021



CORPORATE GOVERNANCE STRUCTURE IN FORCE SINCE 23 DECEMBER 2021



To allow a better understanding of CGD's operational model in terms of its corporate governance, information on its current articles of association, internal regulations of the Board of Directors, executive committee, Supervisory Board and special committees of the Board of Directors, in addition to the main policies as described in this report are available to the general public on CGD's website. Information on specific access to each document is given in chapter 3.6.5.

3.5.2. Statutory bodies

3.5.2.1. General meeting

The general meeting is particularly responsible for approving the Board of Directors' report and accounts for the year, appropriation of net income, amendments to the articles of association and capital increases, annually approving the remuneration policy of members of the management and supervisory bodies when justified and other activities thereto related in addition to dealing with matters for which it has been called.

The 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 current board of the general meeting, elected on 19 May 2020 for the 2020-2023 four year term of office, comprises the following:

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 general meeting__

Curriculum of each member of the Board of the General Meeting, on 31/12/2021, 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).

Academic Positions
Professor at the Faculty of Law of the University of Coimbra. Visiting Professor at the University of Sarre (Universität des Saarlandes), Germany.

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).

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.

Other current positions
Member of the Supervisory Board of NOS, SGPS. Referee and Legal Consultant.

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. Chairman of the Board of the General Meeting of Parvalorem, S.A. Parups, S.A. and Parparticipadas, SGPS, S.A.

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).

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.

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.

The following resolutions, either passed at a general meeting or in the form of a unanimous written resolution in 2021 were as follows.

- Resolution on the adoption of the governance model of paragraph b) of article 278 of the commercial companies code, comprising a Board of Directors, made up of an Audit Committee and statutory auditor (unanimous written resolution of 25 January 2021);
- Approval of the management report and accounts for the company's separate and consolidated activity for 2020, approval of the proposal for the appropriation of net income and a general assessment of the company's management and supervision (general meeting of 31 May 2021);
- Resolution on the policy for the selection and appointment of the Statutory Audit Company and the outsourcing of different non-prohibited audit services for Caixa Geral de Depósitos, S.A. (general meeting of 31 May 2021);
- Resolution on the election of the statutory auditor for the 2021-2024 term of office (general meeting of 31 May 2021);
- Taking into consideration the ECB's recommendations of 27 March 2020 (recommendation ECB/2020/19) on dividend distributions during the Covid-19 pandemic and its successive updates of 27 July 2020 (recommendation ECB/2020/35), 15 December 2020 (recommendation

ECB/2020/62) and 23 July 2021 (recommendation ECB/2021/31), having, on the basis of this latter recommendation, decided to lift the restrictions on dividend distributions after September 2021 and the consequent favourable resolution on dividend distributions made by CGD's management and supervisory bodies, issued on 27 October 2021, its shareholder has ruled that Caixa Geral de Depósitos, SA should deliver to the Portuguese state, as its sole shareholder, an amount of three hundred million euros in dividends (unanimous written resolution of 29 November 2021);

- Resolution on the election of Caixa Geral de Depósitos, S.A.'s new Board of Directors for the 2021-2024 term of office (unanimous written resolution of 21 December 2021).

CRAG (Remuneration Committee of the General Meeting)

In addition to legal and statutory dispositions, the remit, organisation and operation of *CRAG* (Remuneration Committee of the General Meeting) have been set out in the respective regulation, approved on 16 June 2017, the date upon which it became effective.

CRAG comprises 3 (three) independent members appointed by the General Meeting which shall also appoint its president. Its members shall not be members of the Board of Directors and must comply with the rules on incompatibilities and requirements for independence applicable to them under the law and banking regulation.

CRAG's composition for the four year 2017-2020 period 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 post of president of *CRAG* has been vacant since October 5, 2019 owing to the death of its previous president.

Although *CRAG's* term of office expired on 31 December 2020, its members remain in office.

This committee's remit includes, *inter alia*:

- Definition of the fixed and variable components of the remuneration of members of the company's statutory bodies, to the extent applicable, in due compliance with the remuneration policy for members of CGD, S.A.'s management and supervisory bodies pursuant to the limits therein defined;

- Definition of the maximum amount of all compensation payable to members of the management and supervisory bodies, when their term of office comes to an end, as set out in law and, to the extent applicable, the current remuneration policy;

- Adoption and review of the general remuneration policy principles applicable to members of management and supervisory bodies, in articulation with *CNAR* (appointments, assessment and remuneration committee), submitting the proposed amendment for the approval of the general meeting;

- Submission to the general meeting of a proposal for the approval of a higher maximum level than legally established for the variable component of total remuneration, indicating the proposed maximum ratio, grounds and the scope of the proposal, including the number of board members covered, their respective functions and demonstrating that the proposed ratio is compatible with CGD's obligations, particularly for the purpose of maintaining a sound own funds base;

- Oversight of the contractual vicissitudes of the terms of office of members of the management and supervisory bodies when reflected in their remuneration, namely in cases involving the suspension or termination thereof;

- Ensuring compliance with legal and regulatory requirements applicable to the remuneration policy of members of management and supervisory bodies and its implementation.

The remuneration committee of the general meeting shall meet every quarter and whenever called by its president or at the request of any of its members. The president of *CRAG* and its respective members shall be present at the annual general meeting and at any other meetings 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.

CRAG held 9 (nine) meetings in 2021 with no record of absences by its members.

3.5.2.2. Board of Directors

Composition

The Board of Directors shall be made up of a minimum of 11 (eleven) and a maximum of 17 (seventeen) members, including a non-executive president and a vice-president, elected by the general meeting, for a 4 (four) year term of office.

Up until 22 December 2021, the Board of Directors comprised 8 (eight) executive and 8 (eight) non-executive board members

The Board of Directors is made up of an adequate number of members, particularly 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, as members of the diverse special committees of the Board of Directors, ensuring effective oversight, supervision and assessment of the activity of executive board members in efficiently and effectively complying with the duties assigned to them.

Information on the composition of the Board of Directors elected for the 2017-2020 period and in office up until 22 December 2021, number of meetings held, corresponding level of assiduity of each member and number of terms of office held is set out in the following table.

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	26	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	26	100%	1
2017-2020	Executive Member of the Board of Directors	Francisco Ravara Cary	31-01-2017	26	100%	1
2017-2020	Executive Member of the Board of Directors	João Paulo Tudela Martins	31-01-2017	25	96%	2
2017-2020	Executive Member of the Board of Directors	José António da Silva de Brito	31-01-2017	25	96%	1
2017-2020	Executive Member of the Board of Directors	José João Guilherme	31-01-2017	25	96%	1
2017-2020	Executive Member of the Board of Directors	Maria João Borges Carioca Rodrigues	31-01-2017	26	100%	2
2017-2020	Executive Member of the Board of Directors	Nuno Alexandre de Carvalho Martins	31-01-2017	26	100%	1
2017-2020	Executive Member of the Board of Directors	Carlos António Torroaes Albuquerque	02-08-2017	25	96%	1
2017-2020	Non-Executive Member of the Board of Directors	Ana Maria Machado Fernandes	17-03-2017	26	100%	1
2017-2020	Non-Executive and Independent Member of the Board of Directors	José Maria Monteiro de Azevedo Rodrigues	17-03-2017	26	100%	1
2017-2020	Non-Executive and Independent Member of the Board of Directors	Hans-Helmut Kotz	19-10-2017	26	100%	1
2017-2020	Non-Executive and Independent Member of the Board of Directors	Mary Jane Antenen	04-04-2018	26	100%	1
2017-2020	Non-Executive and Independent Member of the Board of Directors	Altina Sebastian Gonzalez	05-04-2018	26	100%	1
2017-2020	Non-Executive and Independent Member of the Board of Directors	Nuno Filipe Abrantes Leal da Cunha Rodrigues	08-07-2019	26	100%	1
2017-2021	Non-Executive Member of the Board of Directors	Arlindo Manuel Limede de Oliveira	2020-08-05	26	100%	1

The Board of Directors elected for the 2021-2024 term of office initiated its mandate on 23 December 2021. The board currently comprises 17 (seventeen) members, 8 (eight) executive and 9 (nine) non-executive board members:

<u>Executive board members</u>: Paulo Moita de Macedo, Francisco Ravara Cary, João Paulo Tudela Martins, José João Guilherme, Maria João Borges Carioca Rodrigues, Nuno Alexandre de Carvalho Martins, Madalena Rocheta de Carvalho Talone and Maria Manuela Martins Ferreira.

Non-executive board members: António Farinha Morais, António Alberto Henriques Assis, Monique Eugénie Hemerijck, Hans-Helmut Kotz, Arlindo Manuel Limede de Oliveira, José António da Silva de Brito, María del Carmen Gil Marín, Maria João Martins Ferreira Major and Luis Filipe Nunes Coimbra Nazaret.

Remits

According to the articles of association, the Board of Directors has the following remit:

- To manage the company's corporate affairs and perform all acts related to its corporate object;
- To define the company's global strategies and policies;
- To establish the company's internal organisation and produce expedient regulations and instructions to ensure the implementation of adequate internal control, risk management, reporting, supervision and accounting structures;
- To appoint proxies with expedient powers;
- To decide upon investments in the equity capital of other companies and contracts in association, complementary corporate groupings and European economic interest groupings;
- To acquire, burden and dispose of any moveable or immoveable assets and rights, including equity stakes and to make investments, when considered to be in the company's interests;
- To decide upon issuances of bonds or any other instruments;
- To implement and ensure compliance with the resolutions of the general meeting;
- To represent the company in legal and non-legal matters as a plaintiff or defendant, having the right to confess, withdraw or come to terms in any lawsuits and to agree to be bound by the decisions of arbitrators in arbitration procedures;
- To exercise other powers attributed by law or the articles of association and to pass resolutions on any other matters outside the remit of the company's other bodies.

Professional qualifications of members of the Board of Directors

Curricula of the members of the Board of Directors, elected for the 2021-2024 term and who were in office until December 22, 2021, with the academic and professional qualifications relevant to the performance of their duties is presented below.

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.

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

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.

(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 Advisory Board of Instituto Superior Técnico (IST). Member of the Rector's Strategic Advisory Board – Universidade Católica Portuguesa. Member of the Advisory Committee – European University Alliance for Global Health (EUGLOH). Member of the Board of Trustees of the Higher Education Assessment and Accreditation Agency (A3ES).

Academic Positions
Visiting Full Professor, Instituto Superior de Economia e Gestão (ISEG) and Instituto Superior de Ciências Sociais e Politicas (ISCSP), Universidade de Lisboa.

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 as tax commissioner. 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.

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.

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. Member of the Board of the Portuguese-Spanish Chamber of Commerce and Industry. External and independent member of the General Council of the University of Lisbon.

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.

Previous professional experience

Non-Executive Chairman of the Board of Directors of Banco Comercial e de Investimentos, SA, Mozambique (2017-2020) and of Banco Caixa Geral Angola, SA, Angola (2017-2020). Non-Executive Director of the Board of Directors of Caixa Leasing e Factoring, SA (2017-2020). Member of the Audit Board of the Eugénio de Almeida Foundation (2017-2019). 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.

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.
1st Vice-Chairman of the Board of Directors of Banco Caixa Geral Angola S.A.

Academic qualifications

Degree in Business Administration and Management, Universidade Católica Portuguesa (1988).
MBA, INSEAD, France (1993).

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

Chairman of the Board of Directors of Caixa Leasing e Factoring, SFC, S.A. and of Banco Caixa Geral, S.A. (Spain) (2017-2019). Member of the Board of Directors of Banco Comercial e de Investimentos, S.A. (Mozambique), of Banco Nacional Ultramarino, S.A. (Macao-China) and of Banco Caixa Geral Angola S.A. (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)
3rd Vice-Chairman of the Board of Directors of Banco Comercial e de Investimentos, S.A. (Mozambique)

Academic qualifications

Degree in Management - Universidade Católica Portuguesa (1989).
Sustainability and Climate Risk - GARP (2021)
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).

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.

Committees that integrates

Chairman of the Risk Committee - BNU (Macao-China)
Chairman of the Risk Committee - BCI (Mozambique)
Chairman of the Risk Committee - Banco Interatlântico (Cape Verde)

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

Non-Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A.
Vice-Chairman of the Board of Directors of Banco Interatlântico (Cape Verde)

Academic qualifications

Degree in Economics, Faculty of Economics of Universidade Nova de Lisboa (1987).
Post-Graduation, Senior Banking Management course, Bank Training Institute and Universidade Católica Portuguesa (1992).

Committees that integrates

Appointments, Assessment and Remuneration Committee
Risk Committee
Audit Committee

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

Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A., with the functions of CFO (2017-2021). Member of the Board of Directors of Caixa Geral de Aposentações (2017-2021). 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).

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)
Member of the Board of Directors of Fidelidade Companhia de Seguros, S.A.

Academic qualifications

Advanced International Corporate Finance Programme, INSEAD (2021).
Design Thinking, Columbia Business School (2019).
Driving Strategic Innovation, Massachusetts Institute of Technology (2018).
Leading Change and Organizational Renewal (LCOR), Harvard Business School (2012).
Master in Business and Administration (MBA), INSEAD (1996).
Degree in Economics from Universidade Nova de Lisboa (1993).

Other current positions

Member of the Board of Trustees of Fundação Universidade de Aveiro. Member of the Advisory Board of Fundação Ulisses (Representing CGD).

Knowledge and Skills

Significant experience in executive and leadership roles, particularly in the areas of digital transformation and information systems.

Previous professional experience

Member of the Supervisory Board of Porto Business School (Representing CGD). 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). 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 of SIBS, SGPS and SIBS - Forward Payment Solutions, S.A. Member of the Board of Directors and Executive Committee of Caixa Geral de Depósitos, S.A. (2013-2016). Non-executive member of the Board of 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

Academic qualifications

Degree in Physical Engineering, Instituto Superior Técnico, Lisbon (1993).
PhD in Economics, Northwestern University - Evanston, Illinois, USA (2000).
Master in Economics - Universidade Nova de Lisboa (1995).

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

Vice-Chairman of the Board of Directors of Caixa - Banco de Investimento, S.A. (2018-2021). 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

Bachelor's Degree in Accounting and Administration, Instituto Superior de Contabilidade e Administração de Lisboa.

Previous professional experience

Director of the Prudential Supervision Department of Banco de Portugal (2014-2017). Alternate of the Portuguese

Degree in Business Organization and Management, ISE UTL.
Post-Graduation in Political Science and International Relations, Institute of Political Studies, Universidade Católica Portuguesa, Lisbon.
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).

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.

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).

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
Degree in Economics, Faculty of Economics of Porto (1986).
MBA in Management, Porto School of Management (1989).
Post-Graduation in International Finance, Faculty of Economics of Porto (1989).
Several executive backgrounds at INSEAD, IESE and UNL in different countries.

Other current positions
Member of the Board of the Faculty of Science and Technology, Universidade Nova de Lisboa

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.

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.

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.

Committees that integrates Chairman of the Audit and Control Committee Risk Committee	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 that integrates

Chairman of the Governance Committee
Risk 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.

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,

Committees that integrates
Risk Committee
Governance Committee

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.

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

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.

Academic Positions

Full Professor at Instituto Superior Técnico.

Committees that integrates

Chairman of the 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 professor 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.

Professional qualifications of members of the Board of Directors *(post 22 December)*

Curricula of the members of the Board of Directors, elected for the 2021-2024 term, and who took up their duties on December 23, 2021, with the academic and professional qualifications relevant to the performance of their duties is presented below. A more detailed version of all of the *Curricula* of the members of the Board of Directors currently in office can be found in Appendix III of this Report.

António Farinha Morais

Portugal. August 2, 1951

Chairman of the Board of Directors of Caixa Geral de Depósitos, S.A.

Academic qualifications

Degree in Finance, ISCEF – Instituto Superior de Ciências Económicas e Financeiras – UTL (1974).

Previous professional experience

Executive Director and General Manager at Banco BPI S.A. with the functions of Chief Risk Officer (CRO) (2009-2021). Director and Chairman of the Risk Committee at BCI - Banco Comercial e de Investimentos, S.A. (Mozambique) (2019-2021). Executive Director (1998-2009) and Central Director (1996-1998) at Banco BPI. Director at Allianz Portugal S.A. (2004-2014), at SIBS S.A. (2009-2014) and at UNICRE S.A.

Academic Positions

General Accounting Assistant, ISCTE - Higher Institute of Labor and Business Sciences (1979-1982).
General and Financial Accounting II and Cost Accounting and Management II Assistant, ISCAL – Instituto Superior de Contabilidade e Administração de Lisboa (1975 - 1979).

Knowledge and Skills

Extensive professional career in leadership roles in the various areas of activity in the banking and insurance sector, particularly in the financial, risk management and commercial areas. Experience as a professor in higher education in the areas of accounting.

(2010-2014). Executive Director at BPI – Fundos S.A. (1997-2005) and at BPI – Global Investment Fund Management S.A. (1999-2005). Executive Director at Banco Borges & Irmão (1992-1996), at Banco de Fomento e Exterior SA (1993-1996), at BFE – Capital Markets and Services, SGPS, SA (1993-1994), at Aliança Seguradora, SA (1992) and in Aliança UAP – Companhia de Seguros Vida (1992). Chairman of the Board of Directors at Fungest – Sociedade Gestora de Fundos de Pensões, SA (1992-1996), at Eurovalor – Sociedade Gestora de Fundos de Investimento Mobiliário, SA (1993-1994), at BFE – Gestão de Patrimónios, SA (1993-1994) and at BFE – Capital Markets and Services, SGPS, SA (1995-1996). Executive Director of Banco Pinto & Sotto Mayor (1989-1991). Chairman of the Board of Directors of Plurifundos – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A. (1989-1991) and of Sottogest – Sociedade Gestora de Patrimónios, S.A. (1989-1991). Executive Director of Euro-Financeira – Sociedade de Investimentos, S.A. (1984-1987) and of Sefis – Soc. Europa de Financiamentos e Serviços, S.A. (1987-1989). Chairman of the Board of Soginpar – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A. (1987-1989). Director and Deputy Director at BFE, in the financial and capital markets areas (1981-1989).

António Alberto Henriques Assis

Portugal. June 15, 1954

Non-Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A.

Academic qualifications

Bachelor's Degree in Accounting and Business Administration, Instituto Superior de Contabilidade e Administração de Lisboa (ISCAL) (1976)
Degree in Organization and Business Management, Instituto Superior de Economia (ISE) (1984)
Training in Leadership, Banking, Auditing, Internal Control, Corporate Governance, among others, IMD, INSEAD, PwC and OROC (1978-2021)
Management Skills Development Program for Executives, Nova Fórum – Faculdade de Economia da Universidade Nova de Lisboa (2005)

Other current positions

Chairman of the Supervisory Board of Centro Social Paroquial de Torres Vedras. Statutory Auditor (since 1992). Certified Accountant.

Previous professional experience

Chairman of the Supervisory Board of Caixa - Banco de Investimento, SA (2019-2021), of Caixa Capital, Sociedade de Capital de Risco, SA (2018-2021), of ESEGUR – Empresa de Segurança, SA (2018-2021) and of Caixa Leasing and Factoring – Sociedade Financeira de Crédito, SA (2020). Member of the Supervisory Board of Banco Caixa Geral Angola, S.A. (2019-2021). Member of the Disciplinary Council of the Association of Official Auditors (OROC) (2018-2021). Member of the Quality Control Committee of the Association of Official Auditors (OROC) (2015-2018). Partner in the Audit and Financial Advisory area at PwC - PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. (1978-2017). Tax Technician at the General Directorate of Contributions and Taxes (1977-1978).

Committees that integrates

Chairman of the Audit Committee
Risk Committee

Knowledge and Skills

Has very relevant experience in the areas of auditing and financial advisory, as well as experience in performing at the highest level of supervisory functions in several companies in the Caixa Geral de Depósitos universe.

Maria Manuela Martins Ferreira

Portugal. December 26, 1970

Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A.

Academic qualifications

Degree in Economics, Universidade de Coimbra (1994)
Postgraduate Degree in Marketing, Instituto Superior de Estudos Financeiros e Fiscais (2002)
Advanced Course in Banking Management, Instituto Superior de Gestão Bancária (2005)
PADE – Programa de Alta Direção de Empresas (Top Management Program), AESE (2018)
High Performance Boards, IMD Business School (2021)
Risk Management in Banking, INSEAD (2021)

Previous professional experience

Member of the Board of Directors and Executive Committee of Caixa – Banco de Investimentos, S.A. (2019-2021). Central Director, Coordinating Director, Commercial Director (and other technical roles) of the Corporates, Individuals and Business areas at Caixa Geral de Depósitos S.A. (1995-2021).

Knowledge and Skills

Contributes with her skills developed throughout his significant career in banking, in the different commercial areas, accumulating extensive experience at Caixa Geral de Depósitos.

Madalena Rocheta de Carvalho Talone

Portugal. April 2, 1976

Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A.

Academic qualifications

Degree in Environmental Engineering, Instituto Superior Técnico, Lisboa (1999)
Master in Business Administration (MBA), Columbia University, USA (2004)
High Performance Boards - International Institute for Management Development, IMD (2021)

Other current positions

Non-executive member of the Board of Directors at SIBS, SGPS, S.A. Vice-Chairman of the General Assembly of COTEC

Previous professional experience

Executive Director of Business Development, Central Director of Operations, Coordinating Director of Maintenance and Application Development and of Demand Management of IT Projects, Director of Organization and Quality and of Marketing of Credit Products to Individuals, Current Accounts and Means of Payment, at Banco BPI (2004-2021). Participation in several interdisciplinary committees to monitor and control the institution's activity, for example, in the areas of Operational Risk, Business Continuity and Information Technologies, at Banco BPI (2004-2021). Business Analyst at Mckinsey & Company (1999-2002).

Knowledge and Skills

Her experience in banking stands out, with leadership roles in business and support areas, combining business skills and sales processes and operationalization of financial services, with knowledge of technology. Leadership of several transformation programs in different areas of Banking, involving the mobilization of large teams for change. Experience and certification in agile management methodologies. Experience as a consultant in several countries and sectors.

Monique Hemerijck

Netherlands. February 20, 1960

Non-Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A.

Academic qualifications

Master in Economics, Universidade de Tilburg (1990)
Advanced Program in International Corporate Finance, INSEAD (2019)
Corporate Governance Program - Executive Education, Nijenrode Business University (2019)
Individual Executive Development Program, Nomadic Executive Development (2011)
Results-oriented Executive Education, INSEAD (2008)
Module - Certification of Examination, Dutch Security Institute (2000)
Global Asset Allocation - Fame, International Center for Financial Asset Management and Engineering (2001)
Postgraduate Diploma for Specialist in Capital Markets, KPMG, Dnb, Aif, INSEAD (2000)

Previous professional experience

Chief risk officer (CRO) and Executive Member of the Board of Directors of NN Bank (2013-2020). Executive Director of the NN Group (2013-2020). General Manager, ING Group and CRO ING Direct N.V. & International Retail Banking (Rbi) (2012-2013). Head of Corporate Model Validation, ING Group (2007-2010). Senior Supervisor of International Conglomerates, De Nederlandsche Bank (2002-2007). Policy Advisor, Financial Markets Department and Scientific Research and Econometrics Department, De Nederlandsche Bank (1991-2002). Assistant University Researcher, Quantitative Monetary Economics, Tilburg University (1990-1991).

Committees that integrates
Chairman of the Risk Committee
Governance Committee

Knowledge and Skills
Very relevant contribution in the areas of risk management, due to the experience accumulated in high leadership positions in the banking sector.

María del Carmen Gil Marín
Spain. February 11, 1973

Non-Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A.

Academic qualifications
Degree and Master in Electrical Engineering, ICAI (Pontifical University of Comillas de Madrid) (1996)
Academic Doctorate in Renewable Energies, UNED (Spain)
MBA, INSEAD (France) (1999)
Specialized Executive Education, INSEAD, Stanford University, Harvard Business School, Nova School of Business & Economics and UCLA Anderson School of Management (USA and Europe) (2019-2022)

Previous professional experience
Executive Member of the Board of Directors (COO, CISO and CIO), Novabase S.G.P.S. (2018-2020). Managing Director of the Board of Directors, Novabase Capital S.C.R. (2001-2018). Head of Investor Relations, Novabase S.G.P.S. (2009-2018). Strategic Consultant, The Boston Consulting Group (Spain and Portugal) (1996-2001). Investment Banking Associate, Lehman Brothers (London and New York) (1999). University Professor, School of Engineering at the Pontifical University of Comillas (I.C.A.I.), Madrid (1999-2000).

Committees that integrates
Audit Committee
Appointments, Assessment and Remuneration Committee

Knowledge and Skills
Significant experience in management roles, particularly in the technology sector, and in supervisory and auditing roles. Extensive international experience as a strategic consultant in several areas of activity, namely in the financial sector, energy, telecommunications, retail, aviation. Has skills in investment banking and capital markets and academic experience as a marketing professor.

Other current positions
Member of the Board of Directors of Novabase S.G.P.S. and Group Affiliates
Independent Non-Executive Director and Member of the Audit Committee at CTT – Correios de Portugal, S.A.
Member of the General Council of the Association of Market Issuers (A.E.M.)
Member of the Strategic Innovation Council of Vieira de Almeida, Sociedade de Advogados

Maria João Martins Ferreira Major
Portugal. September 6, 1969

Non-Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A.

Academic qualifications
Degree in Organization and Business Management. ISCTE-IUL, with specialization in finance (1992)
Master's in Business Sciences in the main theme of Business Finance, ISCTE-IUL (1996)
Aggregation Examinations in Accounting, ISCTE – University Institute of Lisbon (IUL) (2014)
Post-Doctorate in Accounting and Management Control, Manchester Business School, UK (2010)
Ph.D. (PhD) in Accounting and Finance (sub-area of Management Accounting and Control), 'The University of Manchester', UK (2002)

Committees that integrates
Governance Committee
Audit Committee

Academic Positions
Full Professor of Accounting at ISCTE - Instituto Universitário de Lisboa. Member of the Scientific Council of ISCTE - Instituto Universitário de Lisboa

Previous professional experience
Associate Professor (2015-2019) with Aggregation of 'Management Accounting & Control' and Guest Professor (2013-2015), Faculty of Economics of Universidade Nova de Lisboa (Nova School of Business and Economics). Trainer of Executive Programs at Nova SBE – Executive Education (2016-2020). Member of Nova SBE Finance Knowledge Center (2015-2019). Scientific and pedagogical direction and coordination of programs for Executives at Nova SBE Executive Education (2016-2019). Integrated researcher at INOVA (2015-2019). Lecturer in the Management Development Institute program (Global Business School Network) and NovaAfrica Center (Nova SBE) (2017-2019), at The Lisbon MBA Católica | Nova (in collaboration with MIT) (2015-2016). Associate Professor, ISCTE – Lisbon University Institute (2010-2015). Visiting Researcher Fellow, Alliance Manchester Business School (2016) and University of Manchester, UK (2008). Director of the Accounting Department of ISCTE-IUL (2012-2015), of the Executive Master in Business Management (Mozambique), INDEG-

Other current positions

Director of the Accounting Department, ISCTE-IUL Business School. Publisher of the scientific journal 'Accounting and Management Review'. Member of the Accounting History Commission, Order of Certified Accountants. Director of the Executive Master in Management and Performance Control, ISCTE Executive Education. Member of the Advisory Board of Grudis – Portuguese Network for Research in Accounting. Member of the Supervisory Board of the Grudis Association – Association for Accounting Research.

IUL, (2013-2015), of the Master in Accounting (Mozambique), ISCTE-IUL (2007-2015)), of the Executive Master in Management and Performance Control, INDEG-IUL (2014-2015), of the Master in Accounting at ISCTE (2006-2009) and of the Degree in Finance at ISCTE (2004-2006). Director of the Doctoral Program in Management with Specialization in Accounting (2011-2012), of the Master's in Accounting (2006-2009) and of the Degree in Finance (2004-2006) at ISCTE. Teaching Assistant, University of Manchester – Manchester School of Accounting and Finance, UK (1999-2000).

Knowledge and Skills

Has extensive national and international academic experience in the areas of management and accounting, including various leadership roles, as well as teaching degree courses, MBAs, Masters, Doctorates and Executive Programs. Distinguished with several academic awards, with doctoral grants and relevant work published in her area of expertise

Luís Filipe Nunes Coimbra Nazaret

Portugal. December 31, 1957

Non-Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A.

Academic qualifications

Degree (1980), Master and MBA (1994) in Business Management, ISEG, Universidade de Lisboa

Committees that integrates

Governance Committee
Risk Committee

Other current positions

Executive Director and Member of the Board of Directors of the Private Media Platform (PMP). Partner of Gestíssimo Consultoria e Gestão, Lda. Member of the ISEG School Council. President of the General Assembly of IDEFE (Institute for Economic, Financial and Business Development and Studies of ISEG). Vice-president of the Technical University of Lisbon Support Office (Gaptec). President of the Alvalade Parish Assembly. Columnist for Jornal de Negócios

Previous professional experience

Member of the Advisory Board of Banco de Portugal (2017-2020). Chairman of the General Assembly of Sport Lisboa e Benfica and Sport Lisboa e Benfica SGPS (2009-2020). President of Airplus Portugal (DTT) (2008-2009). Chairman of the Strategic Council of CTT-Correios de Portugal (2008-2011). Chairman and CEO, CTT - Correios de Portugal (2005-2008) and ANACOM (National Communications Authority) (1998-2002). Member of the Portugal Telecom Advisory Board (2003-2005). Adviser to the Prime Minister of Portugal on Industry and Economy matters (1995-1998). Consultant in Strategic Organization, Marketing and Management (1993-1995). Executive Director of IDEFE/ISEG – Institute for Economic and Business Development and Studies (1992-1993)

Knowledge and Skills

Important contribution in the context of strategic management. Competences developed in high leadership positions in different sectors of activity. Relevant academic experience, either as a manager or as a professor in the areas of management and strategic marketing.

Academic Positions

Associate Professor and Director of the Strategic Management, Scenarios & Strategic Foresight and Strategic Marketing (Masters in Marketing) courses, ISEG - Universidade de Lisboa.

Across 2021, 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 INSEAD, namely, the courses "Risk Management in Banking" and "Advanced International Corporate Finance" as well as the GARP (Global Association of Risk Professionals) course, "Sustainability and Climate Risk" (SCR) , which confers certification.

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, including the session held with the Deputy Secretary of State and Energy, João Galamba, under the theme of the National Hydrogen Strategy, the sessions held with the consultancy Mckinsey & Company under the themes "Non-financial risks" and "IT and Digital Trends". Also within the scope of this program, it is important to mention the sessions held that addressed the themes of Governance, Change Management and Crisis Management.

In 2021, training was also carried out with some constraints resulting from the Covid-19 pandemic crisis.

Selection of candidates as members of the Board of Directors

The process of identifying skills and qualifications for the selection of candidates as members of the Board of Directors is provided for in the succession plan of the members of the management body and key function holders which is also aimed at ensuring the continuity of CGD's management in order to avoid the simultaneous replacement of an excessive number of members of the management body.

The composition of the Board of Directors shall reflect the knowledge, skills and experience necessary to fulfil its obligations, as set out in the suitability assessment policy for the selection of management and supervisory bodies, key function holders and managers of branches abroad and in the succession plan. This implies, in collective terms, that the management body 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 which should achieve balance between knowledge, capacities, qualifications and professional experience. CGD complies with the dictates of law 62/2017 as regards the objectives and goals of achieving balanced representation between women and men in management and supervisory bodies, having, in 2019, approved CGD Group's diversity policy for its employees and members of its management and supervisory bodies, which defines and establishes across-the-board diversity principles applicable to its employees, including members of its statutory bodies.

The 2017-2020 term of office of CGD's Board of Directors expired on 22 December 2021, with the 2021-2024 term of office for board members starting on 23 December of the same year. The succession plan across 2020 and 2021 was implemented in the form of initiatives requiring a series of actions, overseen by a group of stakeholders, at different procedural stages and at pre-established times in due liaison with the supervisory entities and the Portuguese state in order to ensure the implementation of an efficient and timely succession process. The implementation of the succession plan was urgently prioritised by the appointments, assessment and remuneration committee which implemented a series of initiatives, including: (i) a preliminary assessment of the technical skills and capacities of professionals as candidates for executive and non-executive positions on management and supervisory bodies; (ii) assessment and issuance of the reports on the individual and collective suitability of the management and supervisory bodies and other "fit & proper" process documentation from the competent supervisors and (iii) oversight of requests for additional information requested by the Bank of Portugal and the European Central Bank.

The suitability of members of the management body is subject to an initial assessment and annual reassessment and upon the occurrence of any supervenient events and is the responsibility of the appointments, assessment and remuneration committee.

Three processes involving the annual reassessment of the suitability of the management body and its members were carried out between 2017 and 2020. They were all conducted by the appointments, assessment and remuneration committee with the collaboration of assessees for the collection of the necessary information.

Accumulation of functions of members of the Board of Directors

The following table identifies the positions held in addition to functions with other entities, inside and outside the CGD Group by the members of the Board of Directors as at 31 December 2021:

EXECUTIVE BOARD MEMBERS

Executive Members of the Board of Directors	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
	Instituto Superior Técnico	Member of the Consulting Committee	Public
	Universidade Católica Portuguesa	Member of the Rector's Strategic Advisory Board	Private
	Conselho de Curadores da Agência de Avaliação e Acreditação do Ensino Superior (A3ES)	Member	
	European University Alliance For Global Health	Member of the Consulting Committee	Private
Francisco Ravara Cary[1]	Banco Caixa Geral - Brasil, S.A.	Chairman of the Board of Directors	Private
	Locarent - Companhia Portuguesa de Aluguer de Viaturas, S.A.	Chairman of the Board of Directors	Private
	Caixa - Banco de Investimento, S.A.	Chairman of the Board of Directors	Public
	Banco 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.	1st Vice President 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. (Moçambique)	3rd Vice President of the Board of Directors	Public
José António da Silva Brito[2]	Caixa Geral de Aposentações	Chairman of the Directive Council	Public
	Banco Interatlântico, S.A	Vice-Chairman of the Board of Directors	Private
José João Guilherme[3]	Banco Nacional Ultramarino, S.A. (Macau)	Chairman of the Board of Directors	Private
	Banco Interatlântico, S.A	Chairman of the Board of Directors	Private
	Fidelidade Companhia de Seguros, S.A.	Member of the Board of Directors	Private
Maria João Borges Carioca Rodrigues[4]	Caixa Geral de Aposentações	Chairman of the Directive Council	Public
	Banco Nacional Ultramarino, S.A. (Macau-China)	Member of the Board of Directors	Private
	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 Board of Trustees	Private
	Fundação Ulisses (Em representação da CGD)	Member of the Consulting Committee	Private
	COTEC Portugal (Em representação da CGD)	Vice-Chairperson of the Shareholders Meeting	Private
	Confederação Empresarial de Portugal (CIP)	Member of the CIP Strategic Council of the Digital Economy	Private
Nuno Carvalho Martins[5]	Caixa Serviços Partilhados, ACE	Chairman of the Board of Directors	Public
	Caixa Capital - Sociedade de Capital de Risco, S.A	Chairman of the Board of Directors	
	Caixa - Banco de Investimento, S.A.	Vice-Chairman of the Board of Directors	Public
Carlos António Torroaes Albuquerque[6]	Banco Comercial e de Investimentos, S.A. (Moçambique)	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

Executive Members of the Board of Directors (in office since December 23, 2021)	Accumulation of functions		
	Entity	Functions	Regime (Public/Private)
Madalena Carvalho Rocheta Talone[7]	SIBS, SGPS, S.A.	Member of the Board of Directors	Private
	SIBS Forward Payment Solutions, S.A.	Member of the Board of Directors	Private
	COTEC Portugal (Em representação da CGD)	Vice-Chairperson of the Shareholders Meeting	Private
	Confederação Empresarial de Portugal (CIP)	Member of the Strategic Council for the Digital Economy	Private
Maria Manuela Martins Ferreira[8]	x	x	x

[1] At the elective General Meeting to be held until the end of May 2022, will hold the position of Vice-Chairman of the Board of Directors of Locarent - Companhia Portuguesa de Rent de Viaturas, S.A., replacing the position held as Chairman of the Board of Directors. With regard to Banco Comercial do Atlântico - Cape Verde, there is a process of cessation of duties as Chairman of the Board of Directors of the Bank. The cessation of functions will occur with the registration of the Executive Member of Caixa Geral de Depósitos, S.A, Maria Manuela Martins Ferreira to exercise the role of Chairman of the Board of Directors, pending registration by the Central Bank of Cabo Verde.

[2] Executive Member until December 22, 2021. As of December 23, 2021, took office on the Board of Directors as a Non-Executive Member, having resigned from the position of Vice-Chairman of the Board of Directors of Banco Interatlântico S.A.

[3] Resigned as Chairman of the Board of Directors of Banco Interatlântico on March 18, 2022.

[4] Resigned on April 13, 2022 to the position of Member of the Board of Directors of SIBS, SGPS, S.A. and SIBS Forward Payment Solutions, S.A. Resigned in January 2022 as Vice-Chairman of the Board of the General Meeting of COTEC Portugal and Member of the Strategic Council for the Digital Economy of the Business Confederation of Portugal (CIP).

[5] Resigned from position at Caixa Serviços Partilhados, ACE on 30 June 2021 and resigned from position at Caixa Capital - Sociedade de Capital de Risco, S.A on 27 December 2021.

[6] Ceased functions on December 22, 2021.

[7] Took office as a member of the Board of Directors of SIBS, SGPS, S.A. and SIBS Forward Payment Solutions, S.A on April 14, 2022. Took office as Vice-Chairman of the Board of the General Meeting of COTEC Portugal and Member of the Strategic Council for the Digital Economy of the Business Confederation of Portugal (CIP).

[8] The registration process with the Central Bank of Cape Verde for the exercise of the position of Chairman of the Board of Directors of Banco Comercial do Atlântico - Cape Verde is in progress.

NON-EXECUTIVE BOARD MEMBERS

Non-Executive Members of the Board of Directors (in office until December 22, 2021)	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
	Banco Comercial e de Investimentos, S.A. (Moçambique)	Member of the Board of Directors	Public
	SDCL EDGE Acquisition Corporation	Independent member of the Board of Directors	Private
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 Academic Advisor	Private
	Konstanz Seminar on Monetary Theory (Bona)	Member of the Consulting Committee	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
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
	Conselho da Diáspora Portuguesa	Councelor of "Portugal in the World"	Public
	Universidad Complutense	Teacher	Public
	Universidade Católica Portuguesa	Teacher	Private
Nuno Filipe Abrantes Leal da Cunha Rodrigues	Faculdade de Direito da Universidade de Lisboa	Teacher	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
	INESC	Chairman of the Executive Committee	Public
	Vieira de Almeida, Sociedade de Advogados	Member of the Strategic and Innovation Council	Private
	HeartGenetics S.A.	Member of the Consulting Committee	Private
	Confederação Empresarial de Portugal (CIP)	Member of the CIP Strategic Council of the Digital Economy	Private
	European Parliament's panel for the Future of Science and Technology	Member of the Consulting Committee	Public
	Assocação Portuguesa para a Inteligência Artificial (APPIA)	Member of the Consulting Committee	Private
	Associação Portuguesa para o Desenvolvimento de Sistemas de Informação (APDSI)	Member of the General Council	Private

Non-Executive Members of the Board of Directors (in office since December 23, 2021)	Accumulation of functions		
	Entity	Functions	Regime (Public/Private)
António Farinha Morais	x	x	x
António Alberto Henriques Assis	Centro Social Paroquial de Torres Vedras	Chairman of the Supervisory Board	Public
Monique Eugenie Hemerijck	x	x	x
Arlindo Manuel Limede de Oliveira	Instituto Superior Técnico	Full Professor	Public
	INESC	Chairman of the Executive Committee	Public
	Vieira de Almeida, Sociedade de Advogados	Member of the Strategic and Innovation Council	Private
	HeartGenetics S.A.	Member of the Consulting Committee	Private
	Confederação Empresarial de Portugal (CIP)	Member of the CIP Strategic Council of the Digital Economy	Private
	European Parliament's panel for the Future of Science and Technology	Member of the Consulting Committee	Public
	Assocação Portuguesa para a Inteligência Artificial (APPIA)	Member of the Consulting Committee	Private
	Associação Portuguesa para o Desenvolvimento de Sistemas de Informação (APDSI)	Member of the General Council	Private
Hans-Helmut Kotz	Universidade Goethe (Frankfurt)	Officer in charge of SAFE Policy Center	Private
	Mckinsey & Co	Senior Consultant and Academic Advisor	Private
	Konstanz Seminar on Monetary Theory (Bona)	Member of the Consulting Committee	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
José António da Silva de Brito[1]	Caixa Geral de Aposentações	Member of the Board of Directors	Public
	Banco Interatlântico, S.A	Vice-Chairman of the Board of Directors	Private
María del Carmen Gil Marín	Novabase S.G.P.S	Member of the Board of Directors	Private
	Novabase Capital, SCR, S.A	Member of the Board of Directors	Private
	CTT - Correios de Portugal, S.A	Independent Non-Executive Member of the Board of Directors	Private
	Associação de Emitentes do Mercado (A.E.M.)	Member of the General Council	Private
	Vieira de Almeida, Sociedade de Advogados	Strategic Council Member	Private
	CELFOCUS	Member of the Board of Directors	Private
	Globaleda - Telecomunicações e Sistemas de Informação	Chairman of the Board of the General Meeting	Private
Maria João Martins Ferreira Major	ISCTE – Instituto Universitário de Lisboa	Full Professor	Public
Luis Filipe Nunes Coimbra Nazaret	Plataforma de Media Privados (PMP)	Member of the Board of Directors	Private
	Gestíssimo Consultoria e Gestão, Lda.	Partner	Private
	ISEG - Instituto Superior de Economia e Gestão	Associate Professor	Public

[1] Executive Member until December 22, 2021. As of December 23, 2021, took office on the Board of Directors as a Non-Executive Member, having resigned from the position of Vice-Chairman of the Board of Directors of Banco Interatlântico S.A.

The annual reassessment processes on the suitability of members of the management body show their receptiveness and devotion of the time necessary to, individually and collectively, perform the role and functions assigned to them.

On the basis of a 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.

With reference to the year 2020, the process for the assessment of the performance of CGD, S.A.'s Board of Directors and process for the assessment of the individual performance of its executive and non-executive members were conducted, internally, by the appointments, assessment and remuneration committee.

This process was implemented with the coordinated interventions of a significant number 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 Board of Directors and its individual members by the referred to committee.

With reference to the year 2021 and in view of the recent election of the members of CGD, S.A.'s management and supervisory bodies for the 2021-2024 term of office, starting on 23 December 2021, the Board of Directors decided that a process involving an assessment of the individual and collective performance of executive and non-executive members as a whole with reference to 2021 was not justified as a fairly large group of members of the management board (particularly non-executive) and all members of the supervisory body were reappointees. However, in view of the reappointment of a large number of executive board members to the management board in this current term of office, it was considered, in their case and in the case of the Executive Committee that a performance assessment process should be carried out with reference to 2021. This will, once again, be an internal process performed by the *CNAR* with the support of the necessary structural bodies.

Requirements for the independence of non-executive board members.

In accordance with good corporate governance practice, the recommendations of the *IPCG's* (Portuguese Institute of Corporate Governance) code of governance and guidelines on the assessment of the suitability of members of the management body and key function holders jointly issued by the *EBA* (European Banking Authority) and *ESMA* (European Securities and Markets Authority) − EBA/GL/2021/06 of 2 July 2021) − companies should include at least one third but an always plural number of non-executive board members who fulfil the requirements of independence, in which a person who is not associated with any specific interest group in the company, nor whose analysis or decision-making capacity is, in any circumstances, likely to be affected under the guidelines is considered to be independent, in particular because of:

a) Having performed functions in any of the company's bodies for 12 (twelve) consecutive years or more if at least three years (cooling-off period) have not elapsed between the expiry of their duties in any of the company's bodies and the new appointment;

b) Having been the employee of the company or a company in which it has been in a controlling relationship if at least 3 (three) years have not elapsed between leaving office and joining the Board of Directors;

c) Having, over the last 5 (years) served as a member of the management board in a management function, in an institution within the prudential consolidation sphere;

d) Having, over for the last 3 (three) years, performed important duties as head of a relevant professional adviser, external auditor or key adviser of a relevant institution or other entity within the prudential consolidation sphere, or having been an official in any other way significantly associated with the service provided;

e) Being or having been, in the last year, a major supplier or a significant customer of a relevant institution or other entity within the prudential consolidation sphere or has had another significant business relationship or is a senior staff member or otherwise directly or indirectly associated with a supplier, customer or significant commercial entity with which a significant business relationship exists;

f) Having received 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;

g) Living in a *de facto* union with, or as the spouse, relation or the like up to and including the 3rd degree 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;

h) Having a qualified investment or representing a shareholder with qualified investments.

The following non-executive board members, in office up until 22 December 2021, are considered to be independents: Ana Maria Machado Fernandes, José Maria Monteiro de Azevedo Rodrigues, Hans-Helmut Kotz, Mary Jane Antenen, Nuno Filipe Abrantes Leal Cunha Rodrigues and Arlindo Manuel Limede de Oliveira.

The non-executive president of the Board of Directors, Emílio Rui da Veiga Peixoto Vilar and the non-executive board member Altina de Fátima Sebastian Gonzalez Villamarin, are not considered to be independents, owing to the following circumstances:

a) The non-executive president of the Board of Directors, Emílio Rui da Veiga Peixoto Vilar, was elected to this position to represent the 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 of the legal regulations governing the state's corporate sector, which rules that the Directorate General for the Treasury and Finance should be represented on the boards of management of state-owned companies;

b) The non-executive board member Altina Sebastián González has held positions in a CGD Group, company over the last 5 (five) years;

All members of the board of directors meet the requirement of independence set out in article 31–A of the *RGICSF.*

The following Non-Executive Directors, in office since December 23, 2021, are considered independent: António Alberto Henriques Assis, Monique Eugénie Hemerijck, Arlindo Manuel Limede de Oliveira, Hans-Helmut Kotz, María del Carmen Gil Marín, Maria João Martins Ferreira Major, Luis Filipe Nunes Coimbra Nazaret.

The Non-Executive Chairman of the Board of Directors, António Farinha Morais and the Non-Executive Director, José António da Silva de Brito, are not considered independent, given the following circumstances:

a) The non-executive president of the Board of Directors, António Farinha Morais, was elected to this position to represent the 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 of the legal regulations governing the state's corporate sector, which rules that the Directorate General for the Treasury and Finance should be represented on the boards of management of state-owned companies;

b) The non-executive board member José António da Silva de Brito held the position of Executive board member of Caixa Geral de Depósitos, S.A until 22 December 2021 and in CGD Group companies over the last 5 (five) years.

All members of the board of directors meet the requirement of independence set out in article 31–A of the *RGICSF*.

Transition process of management and supervisory bodies (2017-2020 / 2021-2024)

The succession process of CGD, S.A.'s management and supervisory bodies for the 2021-2024 term of office was implemented during the course of 2021 in the form of an election by means of a unanimous written resolution of 21 December 2021, effective 23 December 2021.

Starting 17 December 2021 as the date upon which the European Central Bank (ECB) confirmed the individual and collective suitability of the candidates proposed for the management and supervisory body, and subsequently, with the issuance of the elective unanimous written resolution and with the taking-up of office of the management body for the 2021-2024 term, the handover and onboarding processes that had already been outlined in the organisation were immediately implemented and enabled the transition from the previous management (2017-2020 term of office) to the newly elected management without disruptive effects, in a positive, collaborative and functional changeover.

CGD's new governance model in the form of the "dualist" or "Anglo-Saxon" model, structured in accordance with articles 278 no. 1 b) and 423 - B of the *CSC* and article 3 of the *RJSA* and approved in the form of a unanimous written resolution dated 25 January 2021 came into effect as a consequence of the taking-up of office of the Board of Directors. The implementation thereof was conditional on the election of CGD, S.A.'s board members for the 2021-2024 term of office.

CGD's governance structure therefore now comprises a Board of Directors and, in terms of supervision, an Audit Committee and a Statutory Audit Company with the Supervisory Board having been extinguished. Therefore, in 2021, within the framework of CGD's governance bodies' transition process, the Supervisory Board initiated several handover activities for the new supervisory body − Audit Committee − in the form of letters identifying the most relevant aspects of CGD's monitoring activity and the transition process of the supervisory bodies. The following were also prepared with the direct involvement of the Supervisory Board and the audit and control committee and special committee of the Board of Directors: (1) proposals for the regulation of the audit committee, activity plan and *RACI* ("Responsible, Accountable, Consulted, and Informed") matrix for 2022; (ii) identification of reports to be examined by the audit committee; (iii) systemising of follow-up topics carried over from the audit and control committee and the supervisory board; and (vii) procedures to streamline the audit committee's operational model.

As regards the special committees of the Board of Directors − audit and control committee, risk committee, appointments, assessment and remuneration committee and governance committee − the transition process to the new term of office involved the implementation of handover activities enabling elected members for the 2021-2024 term of office to benefit from an informed and collaborative adaptation process. Each of the outgoing special committees provided a broad range of documents permitting an immediate and functional transition to ensure the full continuity of the functioning and management of these governing bodies.

In the sphere of the implementation of the succession plan, the onboarding training programme to be attended by elected board members was defined and approved, both individually and jointly, taking into account the attribution of responsibilities as executive or non-executive members of the Board of Directors with the aim of facilitating their integration in CGD's structure, culture and values, emphasising its distinctive factors and identifying key stakeholders. It also allowed the acquisition and permanent reinforcement of theoretical and practical knowledge with updates and the dissemination of information on pedagogical and cognitive trends. Knowledge-sharing seeks to strengthen a holistic vision, promoting a sense of belonging to the organisation and has been implemented with remarkable success.

Special committees of the Board of Directors

Without prejudice to the continuing responsibility for exercising its respective powers as a corporate body, the internal regulation of the Board of Directors provides for the possibility of setting up special standing committees, comprising several of its members, whenever considered convenient and adequate, giving them responsibility for several specific functions. The main task of the special committees shall be the specific and permanent oversight of the matters entrusted to them, in order to ensure informed decision-making processes of the Board of Directors.

The committees' activities are overseen by the president of the Board of Directors who shall ensure their adequate articulation with the activity of the said body's plenary meeting, through their respective presidents, who shall keep him informed of the activities performed.

Up until 22 December 2021 and in the sphere of the Latin "monist" governance model in force up until the said date, the special committees of the board of the directors were as follows:

- Audit and control committee
- Risk committee
- *CNAR*
- Governance committee

Audit and Control Committee

Composition

The audit and control committee comprises 3 (three) non-executive members with appropriate qualifications and experience, most of whom independents, appointed by the Board of Directors, including at least, one member with a higher educational degree level qualification suitable for the performance of his/her functions and auditing and accounting knowledge, comprising the following members:

Term of office (Start-End)	Audit and Control Committee - CAC			Meetings in 2021	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	29	29	29	100%
2017-2020	Member	Altina Sebastian Gonzalez	Board of Directors decision 09.04.2018		29	29	100%
2017-2020	Member	Nuno Filipe Abrantes Leal Cunha Rodrigues	Board of Directors decision 28.02.2019		29	29	100%

Remit

The committee, without prejudice to the authority of the Supervisory Board and the Risk Committee on such issues is, *inter alia*, responsible for:

- Oversight of 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, within the scope of its powers, to ensure that CGD's organisational culture and its governance and internal control systems are adequate and effective and promote sound and prudent management;
- Assessing and promoting the effectiveness and efficiency of the internal audit function, ensuring direct reporting by this function.

- Ensuring compliance with legal and regulatory dispositions, articles of association and regulations issued by the supervisory authorities, in addition to the independence of the Statutory Audit Company.

It should also take note of all of the inspection actions of the ECB, Bank of Portugal and other entities on CGD and other CGD Group companies subject to supervision.

Activity in 2021

This committee's functions include, *inter alia*, its performance of the following activities, up until 22 December 2021: (i) Oversight of the activity of the Executive Committee in accordance with its regulation; (ii) consideration and discussion of the financial reporting and statutory auditing process, holding regular meetings for the purpose in question with the accounting, consolidation and financial information division and the Statutory Audit Company, in which the new risks to the process deriving from the Covid-19 pandemic were specifically addressed; (iii) supervision of the independence of the Statutory Audit Company and oversight of the tender for the selection of the Statutory Audit Company for the new 2021-2024 term of office, issuing its opinions for the supervisory board; (iv) consideration of the review process on CGD Group's internal control deficiencies management policy and the new framework for the certification of deficiencies, helping to ensure appropriate articulation between the three lines of defence and oversight of the implementation of the policy and internal control area activity (v) oversight of the implementation process of the requirements of the new Bank of Portugal *notice* 3/2020 in CGD, monitoring the evolution of the gaps identified; (vi) monitoring the activity and reporting of the internal audit function, based on the approval and implementation of its audit plan, certification of the initiatives of its strategic plan, oversight of the process of harmonising methodologies among the group's various internal audit functions**,** analysis of the reports of internal quality assurance and improvement programme exercises and validation of the implementation of the action plans to address the deficiencies of the function itself; (vii) oversight of the governance and corporate model harmonisation process of control functions in CGD Group's international "core" entities and; (viii) discussion, pursuant to its remit, of several subjects pertaining to CGD's Covid-19 contingency plan or their impact on the bank's activity and results, having issued recommendations and guidelines thereon.

Number of meetings held

The audit and control committee held 29 (twenty nine) plenary meetings in 2021. It also met on 3 (three) occasions with CGD's supervisory board, held meetings with the presidents of sister committees in CGD Group's core international entities. Its president held fortnightly functional working meetings with the internal audit division. Minutes were drawn up on all meetings.

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/2021/11 (02.07.2021) and the recommendations of the code of corporate governance of the Portuguese Institute of Corporate Governance.

Risk committee

Composition

Up until 22 December 2021, the Risk Committee was made up of 5 (five) non-executive members, with appropriate qualifications and experience, most of whom independents, appointed by the Board of Directors and comprising the following members:

Term of office (Start-End)	Risks Committee - CR			Meetings in 2021	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	12	80%
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	14	93%
2017-2020	Member	Arlindo Manuel Limede de Oliveira	Board of Directors decision 05.08.2020		15	15	100%

With the beginning of the new term of office on December 23, 2021 and following the decision of the Board of Directors of January 10, 2022, the Risk Committee (CR) is now composed of 6 (six) members with non-executive functions, with adequate qualifications and experience, most of whom are independent, appointed by the Board of Directors, comprising the following members: Monique Eugénie Hemerijck (Chairman) and Members, Hans-Helmut Kotz, António Alberto Henriques Assis, Arlindo Manuel Limede de Oliveira, José António da Silva de Brito and Luis Filipe Nunes Coimbra Nazaret.

Remit

This committee has the following remit:

- Oversight of the management policies of all financial and non-financial risks related to CGD's activity, on an individual and consolidated basis, namely liquidity, interest rate, exchange rate, market and credit, compliance and reputational risks, without prejudice to the responsibilities of the Supervisory Board in financial matters;

- Advising the Board of Directors on CGD's risk strategy, analysing the level of overall risk that CGD is willing to accept in order to achieve its objectives in terms of the implementation of its business strategy;

- Oversight of internally adopted risk measurement and own funds calculation models, in addition to Community directives and Bank of Portugal and ECB risk guidelines;

- Oversight of conformity with regulatory capital requirements and the adequacy of internal capital, taking into account the internal policies defined for the implementation of CGD's and CGD Group's risk profile;

- Analysis of the effectiveness and efficiency of the internal control processes in CGD Group, taking internal and external recommendations into account and oversight of the implementation of the respective mitigation measures;

- The *CR* is also responsible for assessing and promoting the effectiveness of risk and compliance functions, including the processes in place for monitoring financial and non-financial risks.

Activity in 2021

This committee's functions includes, *inter alia,* the following activities, up until 22 December 2021: (i) Analysis, *inter alia*, of the reports submitted by *DGR* (risk management division) and the risk compliance division, consideration of the financing and refinancing proposals submitted by the respective structural bodies and issue of an opinion on the proposals for the appointment of officers responsible for the risk management function and compliance function in CGD Group; (ii) analysis, *inter alia*, of the risk reports submitted by *DGR* (risk appetite dashboard, integrated risk report, credit monitoring report, operational risk report, forward-looking report or the *ICAAP* dashboard (internal capital adequacy assessment process) in addition to a relevant set of reports produced by the compliance function (activity reports of the anti-financial crime areas, report on CGD's non-compliances or the report on conflicts of interest); (iii) consideration of a series of risk-related policies; (iv) oversight of the preparation of *ICAAP* cycles and the internal liquidity adequacy assessment (*ILAAP*) process; (v) monitoring the implementation of *DGR's* and the compliance division's annual activity plan; (vi) oversight and supervision of the impacts of the pandemic crisis on CGD Group; (vii) analysis of a collection of risk reports on group entities' local *RAS* (risk appetite statement) dashboard and group entities' compliance risk monitoring report, having met with local risk management and compliance officers across the year; (viii) a critical analysis and monitoring of the implementation of the strategic plan for control functions in addition to the strategic IT plan; (ix) across-the-board involvement in the planning and implementation process of the recovery plan 2021; (x) critical analysis and active contribution to improving the effectiveness of CGD Group's internal control system, having also overseen the adaptation to the requirements of Bank of Portugal *notice* 3/2020 and (xi) monitoring the supervisor's risk-related inspections.

Number of meetings held

The risk committee held 15 (fifteen) meetings in 2021. Minutes were drawn up on all the meetings.

CNAR

Composition

Up until 22 December 2021, *CNAR* comprised 3 (three) members of the Board of Directors with non-executive functions and 2 (two) members of the Supervisory Board with adequate qualification and experience, most of whom independents, appointed by the Board of Directors. It is made up as follows:

Term of office (Start-End)	Appointment, Assessment and Remuneration Committee - CNAR			Meetings in 2021	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	17	17	17	100%
2017-2020	Member	Ana Maria Machado Fernandes	Board of Directors decision 26.07.2019		17	17	100%
2017-2020	Member	Manuel Lázaro Oliveira de Brito	Board of Directors decision 22.06.2017		17	17	100%
2017-2020	Member	António Borges de Assunção	Board of Directors decision 23.03.2017		17	17	100%
2017-2020	Member	Arlindo Manuel Limede de Oliveira	Board of Directors decision 05.08.2020		17	17	100%

With the beginning of the new term of office on December 23, 2021 and following the decision of the Board of Directors of January 10, 2022, the Appointments, Evaluation and Remuneration Committee (CNAR) is now composed of 3 (three) members with non-executive functions, with adequate qualifications and experience, and most of them independent, appointed by the Board of Directors, comprising the following members: Arlindo Manuel Limede de Oliveira (Chairman) and the Members, José António da Silva de Brito and María del Carmen Gil Marín.

Remit

This committee is specifically responsible for supporting and advising the Board of Directors in defining, approving and supervising the implementation of the following matters: (i) remuneration policy in line with the principles set out in the *RGICSF* and other legal and regulatory standards, either national or issued by European authorities; (ii) mechanisms to ensure that the assessment of the individual and collective suitability of the Board of Directors and the Supervisory Board is carried out effectively; (iii) suitability of management and supervisory bodies' compositions and succession plan; (iv) assessment of the effective performance of members of management and supervisory bodies; (v) effective process for the selection and assessment of the annual or specific suitability of key function holders.

As regards CGD's management and supervisory bodies: (i) to identify and recommend candidates for office in the said bodies, assessing the composition thereof in terms of knowledge, skills, diversity and experience, producing a job description on the qualifications for the positions in question and assessing willingness to serve in such a function (ii) to ensure compliance with the objectives in terms of gender representation in the said bodies and encourage an increase in the number of persons of the under-represented gender, with the aim of achieving the defined objectives; (iii) to assess the structure, size, composition and performance of bodies as a whole, at least once a year; (iv) to assess the knowledge, skills, experience and performance of each of the members of the bodies at least once a year; (v) to periodically review the management body's policy on the selection and appointment of members of management and supervisory bodies; (vi) to perform 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 bodies, key function holders and managers of branches abroad and the succession plan (together, "Suitability and succession policy").

In the case of officers responsible for control functions and other key function holders and managers of CGD's branches abroad, 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 performance appraisal and (v) termination of the functions of the key function holders.

The appointments, assessment and remuneration committee is also responsible for: (i) providing the Board of Directors with support and advice on the production and review of the remuneration policy for CGD Group employees; (ii) providing support to the Board of Directors to ensure the global consistency of the group's remuneration policies, including the processes for identifying the relevant key function holders and their correct implementation on a consolidated, sub-consolidated and individual basis, supervision of remuneration processes, policies and practices and controlling compliance with CGD's and CGD Group's remuneration policies; (iii) preparing, in conjunction with *CRAG*, the annual statement on the remuneration policy of members of the Board of Directors and the supervisory board, to be submitted for the approval of the General Meeting.

Activity in 2021

Its functions included, *inter alia*, the following activities: (i) "Fit and proper processes in the sphere of the implementation of the succession process of members of the management and supervisory bodies which took up a large number of the committee's working sessions owing to the need to ensure the election of members of CGD S.A.´s management and supervisory bodies for the 2021-2024 term of office; (ii) an annual reassessment of the suitability of members of CGD, S.A.´s and CGD Group's entities' management and supervisory bodies in cases in which local committees have not been established; (iii) an annual assessment of the collective performance of CGD, S.A.'s management and supervisory bodies and individual performance of their members; (iv) monitoring the transposition of the remuneration policy for CGD Group employees into CGD Group entities; (v) monitoring the transposition of the remuneration policy for CGD, S.A.'s members of governing bodies into CGD Group entities, (vi) transposition of the succession plan into CGD Group entities; (vii) process for the identification of CGD's key function holders; (viii) accumulation of positions of members of CGD, S.A.'s management and supervisory bodies; (ix) oversight and approval of the gender equality plan; (x) adaptation of its activity to the entry into force of Bank of Portugal *notice* 3/2020; (xi) oversight of the implementation process of local structures equivalent to CGD's *CNAR* in international core entities; (xii) preliminary analysis reports on conflicts of interest.

Number of meetings held:

CNAR held 17 (seventeen) meetings in 2021. Minutes were drawn up on all meetings.

Governance committee

Composition

Up until 22 December 2021, the *CG* (governance committee) was made up of 4 (four) non-executive members, with appropriate qualifications and experience, most of whom independents, appointed by the Board of Directors and consisting of the following members:

Term of office (Start-End)	Governance Committee - CG			Meetings in 2021	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	11	11	11	100%
2017-2020	Member	Nuno Filipe Abrantes Leal Cunha Rodrigues	Board of Directors decision 22.06.2017		11	11	100%
2017-2020	Member	Hans-Helmut Kotz	Board of Directors decision 23.11.2017		11	11	100%
2017-2020	Member	Mary Jane Antenen	Board of Directors decision 26.07.2019		11	11	100%

With the start of the new term of office on December 23, 2021 and following the decision of the Board of Directors of January 10, 2022, the Governance Committee (GC) composed of 4 (four) members with non-executive functions, with qualifications and adequate experience, and for the most part independent, appointed by the Board of Directors is now made up of the following members: Hans-Helmut Kotz (Chairman) and the Members, Monique Eugénie Hemerijck, Maria João Martins Ferreira Major and Luis Filipe Nunes Coimbra Nazaret.

Remit

The committee has the following remit:

(i) to oversee and assess the suitability of the governance model implemented by CGD: (ii) to recommend the Board of Directors' adoption of corporate governance policies, in compliance with the dispositions of CGD's articles of association and legal dispositions applicable to this matter in accordance with recommendations, standards and best national and international practice; (iii) to propose improvements to CGD's governance and supervisory model and that of all companies at any time in a controlling or group relationship with it; (iv) to oversee the production of the annual corporate governance report (as an integral part of the annual report) and issue an opinion thereon prior to its approval by the Board of Directors and the annual corporate governance reports of CGD Group entities which are lawfully required to comply with this obligation; (v) to produce an annual report in writing on CGD's governance structure for submission to the Board of Directors; (vi) to submit proposals to the Board of Directors on measures designed to further improve the governance model; (vii) to assist the Board of Directors on the assessment of the structures and suitable procedures to identify and manage conflicts of interest and perform the functions defined in the global policy for the prevention and management of conflicts of interest; (viii) to help CGD and CGD Group entities define a policy on behavioural standards, adoption of good practice and compliance with the highest ethical standards; (ix) to submit 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) to submit proposals to the Board of Directors for guidelines on social responsibility, sustainability and environmental protection; (xi) to oversee 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 the incorporation thereof in business units; (xii) to oversee sustainable finance-related initiatives and propose subsequent guidelines for the Board of Directors' analysis, considering the valorisation of environmental, social and governance criteria for the purpose of increasing awareness and the transparency of governance which may have an impact on CGD's stability, investments and the provision of financial services.

Activity in 2021

This committee's functions included, *inter alia*, the following activities: (i) Oversight and monitoring of issues referring to the corporate governance recommendations issued by *EBA, ESMA* and the *IPCG*; (ii) issue of an opinion on CGD's corporate governance in comparison to the previous year; (iii) opinion on CGD's corporate governance report (as an integral part of the annual report and accounts); (iv) analysis of compliance with the policy for the prevention of conflicts of interest; (v) analysis of conformity of the review of the code of conduct; (v) oversight of the evolution and implementation of the strategic plan for control functions; (vi) monitoring the implementation of initiatives on social responsibility, sustainability and environmental protection; (vii) overseeing the definition of the corporate sustainability strategy and its implementation and sustainable finance matters.

Number of meetings held

The governance committee held 11 (eleven) meetings in 2021. Minutes were drawn up on all meetings.

Executive Committee

Following a unanimous written resolution of 25 January 2021, the Executive Committee is now made up of between 5 (five) and 8 (eight) members of the Board of Directors which appointed it and which also designates its president. 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 meets at least once a month in accordance with its regulation and usually meets at least once a week. The Executive Committee held 51 meetings in 2021.

The following table provides information on the composition of the Executive Committee elected for the four year period starting 2017 and which remained in office up until 22 December 2021, identifying the number of meetings held and each member's level of assiduity:

Term of office (Start-End)	Position	Name	Date of the resolution	Number of Meetings	Attendance Report
2017-2020	Chair	Paulo José de Ribeiro Moita de Macedo	31-01-2017	48	94%
2017-2020	Executive Member	Francisco Ravara Cary	31-01-2017	48	94%
2017-2020	Executive Member	João Paulo Tudela Martins	31-01-2017	44	86%
2017-2020	Executive Member	José António da Silva de Brito	31-01-2017	45	90%
2017-2020	Executive Member	José João Guilherme	31-01-2017	45	88%
2017-2020	Executive Member	Maria João Borges Carioca Rodrigues	31-01-2017	48	94%
2017-2020	Executive Member	Nuno Alexandre de Carvalho Martins	31-01-2017	49	96%
2017-2020	Executive Member	Carlos António Torroaes Albuquerque	02-08-2017	46	92%

Annex II "Distribution of the remits of members of the executive committee" provides information on the distribution of such areas among Executive Committee members in 2021.

Starting 23 December 2021, the Executive Committee elected for the 2021-2024 term of office, now comprises: Paulo Moita de Macedo, Francisco Ravara Cary, João Paulo Tudela Martins, José João Guilherme, Maria João Borges Carioca Rodrigues, Nuno Alexandre de Carvalho Martins, Madalena Rocheta de Carvalho Talone and Maria Manuela Martins Ferreira.

Specialised executive boards, committees and advisory boards

With the aim of broadening the discussion and consideration of critical issues for CGD's business model and competitiveness, the Executive Committee has set up several forums with the authority to make decisions to enhance the decision-making process and operate in a more efficient and regular way, streamlining resources – specialised executive boards, committees and advisory boards. Each of these categories is a discussion forum for considering and deciding on proposals in diverse spheres.

Specialised executive boards, *CERC* (credit risk executive committee) and *CC* (credit board)

Specialised executive boards, *CERC* and *CC* are decision-making bodies for assessing and deciding proposals based on (i) an analysis of supporting documents and other information prepared by the structural bodies, in addition to (ii) a discussion thereon, including interested parties contributing to the decision-making process. At least three (3) executive board members, with voting rights, are permanent members of the boards, in which representatives of the structural bodies either on a permanent or an *ad hoc* basis depending on the issues in question, shall participate.

Depending on the subjects proposed, need for discussion and degree of urgency, the meetings of these forums are held: (i) face-to-face, (ii) telematically (videoconferencing) with simultaneous participation at the time set by the president of the forum or (iii) telematically (via email), deferred, with a longer decision-making period. Telematic meetings are preferred when proposals on the agenda involve more simplified discussion and decision-making processes.

Specialised executive boards have a structural body responsible for their conduct according to their remits, as follows:

CDCI (specialised cost and investment board)

The specialised costs and investment board considers the issues related to CGD Group's expenditure (costs and investments) and is made up of *CSP*, *DSI* (information systems division) and group structures. Its remit includes: (i) the strategic measurement of the type of expenditure, consideration of alternatives and respective authorisation of the expenditure; (ii) an analysis and querying of the need for the proposed expenditure when the decision falls within the remit of the executive committee; (iii) analysis of budgetary performance; (iv) authorisation of contractual conditions proposed by the service provider.

Number of meetings held: 37

CALCO (specialised capital, assets and liabilities board)

CALCO considers and oversees integrated capital and assets and liabilities management (ALM), helping CGD Group to achieve a consolidated balance sheet and profitability; it is also responsible for managing balance sheet interest rate, market, liquidity and regulatory risks. Its remit includes: (i) promoting the ALM process and actions and procedures necessary for the implementation thereof, analysing and discussing the evolution of ALM indicators and ensuring a commitment to the alignment of the process; (ii) consideration and decisions on proposals for strategic guidelines for CGD Group's funding and liquidity policy; (iii) oversight of *ICAAP* and *ILAAP* processes and preparatory work, in addition to recovery and resolution plans; (iv) consideration of proposals/measures to optimise the balance sheet and net interest income, in addition to strategic initiatives to optimise the risk/return binomial, monitoring and overseeing its implementation and results; (v) promoting links between the group's financial strategy and commercial policy.

Number of meetings held: 10

CDP (specialised products board)

CDP approves the launch of CGD's products and services, ensuring their conformity with regulations, policies and internal procedures in different areas: legal, conduct, compliance, ethics, fiscal, accounting, regulatory management and reporting information requirements. Its remit includes: (i) approval of proposals for products and services, following the prior commitment of the divisions involved in the assessment of their viability; (ii) decisions on the discontinuation of products from Caixa's range; (iii) analysis of oversight reports issued by the compliance division as part of its monitoring of product creation and distribution processes, on the adequacy of control mechanisms in preventing risks of non-compliance with regulatory obligations and internal procedures; (iv) consideration of communications, requests or recommendations issued by supervisory authorities in the sphere of the creation and marketing of products and services.

Number of meetings held: 15

CDRT (specialised ratings executive board)

CDRT monitors credit risk, policies and methodologies related to the monitoring, management and control of risks within its remit and the attribution or review of an internal ratings on certain counterparties. Its remit includes: (i) decisions on the internal rating of counterparties with an exposure of €50 million or more in all risk segments; (ii) decisions on derogations from the rating models for counterparties with an exposure of €10 million or more; (iii) assessments of the total percentage of derogations from the ratings attributed by the models; (iv) monitoring the evolution of ratings attributed to exposure levels below those of the *CDRT*; (v) oversight of the review of the internal rating attribution methodology; (vi) approval of minimum mandatory information to be collected from customers for risk analysis purposes in each sector of activity; (vii) oversight of equivalence between the rating classes of the international agencies and the internal rating.

Number of meetings held: 13

CDGSPD (specialised governance, security and data protection board)

CDGSPD is a tripartite board split up into three areas: data governance for which the *CDO* (chief data officer) is responsible, information security as the remit of the *CISO* (chief information security officer) and data protection for which the *DPO* (data protection officer) is responsible. The board supervises the activities performed within the governance and data quality framework and issues related to the monitoring and management of data protection. It also considers and coordinates information security initiatives in CGD and CGD Group. Its remit includes: (i) decisions on data-related structuring projects, allocating resources and the means for their implementation or assessing in advance the proposals to be submitted to the executive committee; (ii) supervision of the data governance strategy, ensuring the conformity of information assets and managing their associated risks by informing the Executive Committee of the most relevant points; (iii) defining priorities and the strategic direction, data governance guidelines and alignment between IT and business; (iv) making decisions with a material impact on CGD as the processing entity, in addition to data protection management; (v) overseeing the evolution of CGD Group's conformity with the *GDPR* (general data protection regulation), in addition to supporting the resolution of conflicts, ensuring the necessary steps to comply with the *GDPR* have been taken; (vi) monitoring CGD's compliance with its legal and regulatory obligations in the field of information security, discussing and proposing information security initiatives to increase the level of internal control within CGD; (vii) verifying and enforcing the integration of the *SGSI* (information security management system) in the organisation's processes and stakeholders' requirements, overseeing *SGSI* performance indicators, including non-conformity trends and corrective actions, monitoring and measuring results, audit results and compliance with information security objectives.

Number of meetings held: 8

CDCRC (specialised business continuity, operational risk and internal control board)

CDCRC coordinates, considers and discusses matters related to the management of operational risk and group level internal control deficiencies, including: (i) monitoring the overall level of operational risk assumed by the group, verifying its conformity with established strategy and policies, in addition to decisions on the submission of action plans; (ii) promoting the effectiveness of the internal control system based on its oversight of the deficiencies and their action plans, streamlining management decisions that make implementation more efficient; (iii) ensuring the alignment of business continuity with the recommendations of regulatory authorities; (iv) periodic testing and audits of business continuity plans; (v) the proposed operational risk management strategy and policies to be followed by the group; (vi) verification of conformity with operational risk strategy and management policies, with the regulatory requirements across all group entities and the group's global objectives; (vii) monitoring operational risk on a level of the various components of the methodology adopted within the group.

Number of meetings held: 17

CDFP (specialised pension fund executive board)

CDFP is responsible for considering and discussing issues related to CGD's pension fund risk. Its remit includes: (i) a strategic assessment of proposals concerning the fund's investment policy, strategy for hedging the pension fund's liabilities and respective rationale; (ii) informing the Executive Committee of demographic, actuarial and market assumptions in addition to the impacts of any changes thereto.

Number of meetings held: 3

CERC and *CC* are also bodies which have been authorised by the Executive Committee but which only consider and make decisions on credit matters:

CERC (credit risks executive committee)

CERC's remit is in the credit area, in accordance with the authority delegated to it, based on amounts, maturities and conditions. It sets limits, decides on transactions and analyses non-performing credit, particularly at its pre-litigation and litigation cases. Its remit includes, *inter alia*, the following attributions: (i) authorisation of exceptional maintenance of customers with credit in arrears and delays in certain situations under CGD's branch office network management; (ii) the allocation of customers who require specialised oversight to *DAE*; (iii) periodic authorisation of customer's impairment levels and periodic definition of limits; (iv) decisions on transactions, analysing non-performing credit, particularly in pre-litigation and litigation cases in which there has been a loss of interest or reduction of assets; (v) consideration and decisions on the progress made towards achieving the objectives and targets defined under the non-performing exposures strategy; (vi) definition of corrective measures whenever significant deviations have been identified; (vii) consideration of the credit portfolio monitoring reports produced by *DGR* (risk management division).

Number of meetings held: 75

CC (credit board)

The credit board is also responsible for credit matters, in accordance with the authority delegated to it by the executive committee, based on amounts, maturities and conditions. It sets limits, decides on operations with specific characteristics, including credit restructuring operations, intragroup operations and entities in certain sectors of activity and has, *inter alia*, the following attributes. (i) authorisation of exceptional maintenance of customers with credit in arrears and delays in certain situations under CGD's branch office network management; (ii) the allocation of customers requiring specialised oversight to *DAE* and *DAP*; (iii) the periodic setting of credit limits; (iv) decisions on transactions with certain characteristics: in terms of maturity, guarantees; equipment leasing; restructuring operations with a specified grace period; restructuring operations with increased exposure; with intragroup entities and entities operating in certain sectors of activity.

Number of meetings held: 274

Committees

Committees are also structures which are dependent upon the executive committee, but do not have the authority to make decisions. They are privileged forums for discussion and advisory support for decision-making operations, adopting recommendations and as enablers of discussions on transversal issues. Committees allow the visibility of topics of interest to Caixa when submitted by structural bodies. They may also have 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 pandemic context, streamlining reporting operations and the transversal oversight of human resources, business, risk management, information and operating systems, in addition to market evolution scenarios and Caixa's financial position.

The following are standing committees

CCR (retail banking commercial committee)

CCR aims to discuss, analyse and oversee the business and commercial activity of CGD's retail network and to consider structuring initiatives having an impact on CGD's retail network management and commercial strategy. Its remit includes, *inter alia*: (i) analysis, oversight and reporting of activity indicators and commercial dynamics; (ii) analysis and oversight of the business plan; (iii) analysis and consideration of proposals for the products/service portfolio; service models, communications plan and other activities having an impact on retail network management; (iv) analysis and consideration of structuring issues in terms of retail network management; (v) consideration of proposals for the operation of networks and distribution channels, including the opening, reconfiguration and closure of sales outlets, as well as service models restructuring initiatives on face-to-face and remote channels; (vi) oversight and coordination of actions aimed at ensuring an integrated market approach by group companies, boosting the cross-selling of products and services and enabling the sustained growth of customer value for the group.

Number of meetings held: 5

CCE (commercial corporate banking committee)

CCE discusses, analyses and oversees 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. Its remit includes: (i) analysis, oversight and reporting of activity and commercial dynamics indicators; (ii) analysis and oversight of the business plan; (iii) analysis and consideration of proposals for the products/service portfolio; service models, communications plan and other activities having an impact on the management of the corporate network; (iv) analysis and consideration of proposals for the operation of networks and distribution channels; (v) oversight and coordination of actions aimed at ensuring an integrated approach to the market by group companies, boosting the cross-selling of products and services and enabling the sustained growth of customer value for the group.

Number of meetings held: 9

CR (resolution committee)

CR 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 defined impediments to the resolution and meet expectations, in addition to meeting information deadlines for reporting purposes. Its remit includes: (i) consideration and delegation of the coordination of the information sought by the resolution authorities in the resolution oversight area; (ii) consideration of information requested to be managed by different *OEs* (structural bodies); (iii) analysis of the impediments identified to the resolution and discussion of and guidance on mitigation measures; (iv) presentation of the communications conveyed by the resolution authority and its decisions, such as *ad hoc* requests, topics to be discussed at conferences and workshops; (v) consideration of deliverables submitted which, depending on the matters being dealt with or the specific requirements of the single resolution board, may subsequently be submitted for the consideration of the Executive Committee or the Board of Directors for final approval.

Number of meetings held: 7

CVM (models validation committee)

CVM is responsible for the functional management of *GVM* (models validation office). 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 *GVM's* sphere of operation. The models validation office's remit includes responsibilities for approving the recommendations issued in the models validation sphere and respective mitigation plans. It also includes: (i) oversight and monitoring of *GVM's* activity, guaranteeing the conditions necessary to enable it to fulfil its mission; (ii) approval of *GVM's* annual activities plan for 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; (iii) approval of amendments to the validation manual or other documents submitted by *GVM*; (iv) consideration of validation reports and decisions on the recommendations proposed by *GVM* and the mitigation plans proposed by the officers responsible for the model, submitting the minutes of the committee containing the decisions on recommendations, periods and entities responsible for the implementation thereof for the consideration of the executive committee; (v) analysis and assessment of the rules, guidelines and methods used by *GVM* in the performance of its activity, considering, when appropriate, inputs from other CGD areas or internal audit recommendations.

Number of meetings held: 8

CSU (sustainability committee)

CSU supervises the management of and provides guidance on the definition and implementation of the sustainability strategy, incorporating the "Principles for sustainable development and finances and responsible banking" in terms of CGD Group's operations, in line with its strategic plan and stakeholders' expectations, to include branches and subsidiaries. Its remit includes: (i) ensuring compliance with the sustainability governance model in addition to the means and resources for efficient and effective performance; (ii) monitoring compliance with good business practice and principles of conduct in legal and compliance terms, in addition to economic, social, environmental and reputational issues within its remit; (iii) supervision of compliance with CGD's commitments in the national, international and publications of corporate policies context; (iv) guidelines on CGD's contribution to sustainability and subsequent strategic guidelines for the inclusion therein of CGD Group's branches and subsidiaries; (v) examining the performance of the *SGA* (environmental management system), respective environmental management plan and fulfilment of objectives and responsibilities therein reflected under international standard ISO 14001; (v) education for sustainability conference, in addition to the communication of good practice and results, with the aim of helping to achieve a leading position in this field and positively strengthening the reputation, notoriety of and trust in CGD.

Number of meetings held: 3

CPIN (projects and IT portfolio committee)

CPIN coordinates, considers and decides on project portfolio and information systems issues on a group level, in addition to matters relating to costs, management capacity and sourcing models for the purpose of responding to information system requests. Its remit includes: (i) assessments of proposals for projects involving information systems to be included in the projects portfolio; (ii) monitoring the projects portfolio and objective compliance with deadlines and costs; (iii) decisions on changes in scope having an impact on cost or term estimates; (iv) assessments and decisions on action proposals relating to projects whose deadlines may be compromised; (v) inclusion on the dashboard of information relating to projects which have failed to meet the deadlines at the definition of requirements stage; (vi) decision on sourcing proposals for projects conforming to the respective strategies approved by the executive committee.

Number of meetings held: 4

Advisory boards

Advisory boards are also structures which are dependent on the Executive Committee but do not have the authority to make decisions and are privileged forums for discussion and advisory support for decision-making purposes. They are based on the adoption of recommendations or for the presentation and discussion of across-the-board issues. They are different from the committees insofar as their composition includes the presence of entities with information, advisory and performance of specific work functions which are external to CGD. They may include non-executive board members.

The following are advisory boards:

CCD (digital advisory board) / Digital Advisory Board (DAB)

CCD is 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 conformity and the impact that the implementation of policies and decisions of a technological and digital nature may have on CGD Group. It was created in the context of the implementation of the strategic digital banking objective, fostering debate and bringing in a vision of external participants, in a holistic approach to Caixa's performance in the area of digitalisation. Its remit includes: (i) analysis and discussion on the technological and digital evolution and transformational process in CGD Group; (ii) analysis and discussion on standards associated with technological and digital evolution and transformation within CGD Group; (iii) oversight of CGD Group's conformity with legal and regulatory obligations on technological and digital transformation; (iv) monitoring the impacts of technological and/or digital initiatives in the framework of CGD's strategic plan; (v) support for other governance bodies, particularly the risk committee, on issues related to CGD Group's technological and digital transformation and potential associated risks, providing them with the necessary technical opinions; (vi) discussion and debate on strategic plans for the areas identified as being in need, proposals for development projects, status reports on current projects, market analyses, internal organisation models, annual plans and budgets, in terms of their technological and digital transformation components.

Number of meetings held: 2

Composition of specialised executive boards, committees and advisory boards

Table summarising distribution of areas of responsibility:

Specialised Executive Boards or Commitee	Executive members of the Board of Directors							
	Paulo Moita de Macedo	José João Guilherme	José de 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		

(1) At least, one of the members with the responsibility of commercial area

Specialised 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 its permanent members, may participate on specialised executive boards, committees or advisory boards.

Whenever justified in the performance of its function, the internal audit division shall participate on specialised executive boards or committees, as a permanent or non-permanent member, with observer status and *in loco* access to the issues under analysis and relevant information.

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 Institution 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. In addition to the holders of essential functions mentioned above, they are holders of relevant functions as members of the top management reporting directly to the manager of the department, the central directors or the first responsible for the following structural bodies:

  - Logistic Support Division, Strategy, Planning and Control Division, Operations Center, Organization and Quality Division, Prevention and Security Office, Information and Technology Division, Accounting, Consolidation and Financial Information Division, Legal Affairs Division, Human Resources Division, Caixa Geral de Aposentações Support Division, Communication and Brand Management Division, Digital Banking Division, Remote Management Division, Corporate Marketing Division, Retail Marketing Division, Bancassurance Business Division, Payments and Consumer Credit Business Division, International Business Relations Division, Corporate Business Monitoring Division, Retail Business Monitoring Division, Real Estate Business Division, Models Validation Office, Large Corporate and Institutional Business Division, Corporate Banking Division, Retail Baking Division - North Area and Retail Baking Division - South Area.

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.

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

Up until 22 December 2021, the company's supervisory function was the responsibility of its Supervisory Board and an external, independent audit company. Starting 23 December 2021, with the entry into force of the new "Anglo-Saxon" governance model - the supervisory function was performed by an Audit Committee and a Statutory Audit Company, with the Supervisory Board having been extinguished.

Supervisory board

Members of the Supervisory Board are independent under the terms of current legislation (*RGICSF, CSC*) and the legal regime on audit supervision in addition to CGD's articles of association.

The Supervisory Board comprised 3 (three) permanent members, in compliance with the legal regulations governing the state-owned corporate sector which, as a rule, determines a maximum of 3 (three) permanent members for the supervisory body of state-owned companies. In 2021 the Supervisory Board comprised an adequate number of members, particularly taking into account CGD's structure and size and the complexity of the risks inherent to its activity. The suitability of members of the supervisory body is subject to an initial assessment and an annual reassessment and always upon the occurrence of any supervenient events and is the responsibility of the appointments, assessment and remuneration committee.

According to no. 1 of article 28 of CGD's articles of association, the Supervisory Board is made up of three permanent and one alternate member. On 5 July 2019, owing to the election of Professor Nuno Cunha Rodrigues as a non-executive CGD board member, there was an incompatibility between the performance of such functions and maintenance of the position as alternate member of the supervisory board. No new alternate member was appointed up until the end of the 2016-2019 term of office, which decision was the responsibility of CGD's shareholder. The supervisory board, however, considers that members have been rigorous in the performance of their duties, as evidenced in minutes, quarterly reports and annual consideration of the activities plan.

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 supervisory board's remit is set out in law and the articles of association. It specifically includes:

- Inspecting the company's management;
- Oversight of 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;
- Supervising 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 supervisory activities and issuing an opinion on the report, accounts and proposals submitted by the Board of Directors;
- Supervising a review of the accounts and auditing of the company's accounting documents;
- Proposing the appointment of a Statutory Audit Company to the general meeting in accordance with the terms of the selection and designation policy for the Statutory Audit Company and outsourcing of different non-prohibited audit services ;

- Supervising the activity and independence of the Statutory Audit Company, including prior consideration of the provision of non-prohibited audit services;
- As the Statutory Audit Company's principal point of contact, it is specifically responsible for proposing the respective remuneration and ensuring the existence of adequate conditions within CGD for the provision of services;
- Assessing and commenting on the company's strategic guidelines and risk management policy and supervising the quality and effectiveness of risk management, internal control and internal audit systems;
- Receiving communications concerning irregularities, protests and/or complaints addressed to it and submitted by the shareholder, company employees or others and implementing procedures for the reception, registration and processing thereof;
- Outsourcing the services of experts to assist it in performing its functions, with the outsourcing 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 controls, making reference to its detection of anomalies and main deviations from any forecasts under article 6, number 2 of decree law 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
41	CGD headquarters, video conference and asynchronous	Guilherme Valdemar Pereira d´Oliveira Martins (SB Chairperson) and António Borges de Assunção e Manuel Lázaro Oliveira de Brito (Members)	No absences

With the beginning of the new term of office on 23 December 2021 and with the entry into force of the new Governance Model – "Anglo-Saxon" – the supervisory function is now carried out by an Audit Committee, composed of 4 (four) members with non-executive functions, with adequate qualifications and experience, and mostly independent, made up of the following members: António Alberto Henriques Assis (Chairman) and the Members, José António da Silva de Brito, María del Carmen Gil Marín and Maria João Martins Ferreira Major.

Professional qualifications of members of the supervisory board

The following is a list of the résumés of members of the supervisory board elected for the term of office 2016-2019, setting out their academic and professional qualifications of relevance to the performance of their duties. More detailed information is given in annex III to 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.

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).

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.

António Luís Traça Borges de Assunção

Portugal. November 8, 1958

Member of the Supervisory Board of Caixa Geral de Depósitos, S.A.

Academic qualifications

Degree in Business Management and Administration, Universidade Católica Portuguesa, Lisbon (1980).
MBA, Universidade Nova de Lisboa (1981).
PhD in Finance, Wharton School, University of Pennsylvania, USA (1987).

Other current positions

Manager, VLX, Lda. Manager, Sinvegere, Lda. Professor of Finance at the Universidade Católica Portuguesa, Lisbon.

Committees that integrates

Appointments, Assessment and Remunerations Committee

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.

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).

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.

Other current positions

Manager of DFK & Associados, Sociedade de Revisores Oficiais de Contas, Lda. (Statutory Auditors).

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

Knowledge and Skills

Contributes with his long experience as Statutory Auditor and company management.

Accumulations of functions by members of the supervisory board

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 campaign agent for Presidential candidate República Marcelo Rebelo de Sousa	Financial campaign agent	

The suitability of members of the supervisory body is subject to an initial assessment and annual reassessment and always upon the occurrence of any supervenient events and is the responsibility of *CNAR*,

Since 2017, 3 (three) processes to reassess the suitability of the supervisory body and its members have been carried out, all of which were conducted by *CNAR* with the collaboration of the assessees for the collection of the information necessary for this 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, having been reappointed on 31 May 2021 for the 2021-2024 term of office following the selection process carried out, in compliance with the legal precepts and the principles contained in the Policy for the selection and designation of the statutory auditors and contracting non-audit services.

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
2021-2024	Ernst & Young Audit & Associados, SROC, S.A.	178	General Meeting of 31 May 2021	2	5

The fees invoiced in 2021 for the audit and Statutory Audit Company and companies in a control relationship related to external audit and statutory audit, and other assurance services, are presented in the following table:

	Fees (*)			
	Portugal	Abroad	Total	%
Separate accounts				
Audit and statutory audit	535,473	80,444	615,917	52%
Other assurance services	544,430	18,000	562,430	48%
Other advisory services	-	-	-	0%
Total	**1,079,903**	**98,444**	**1,178,347**	**100%**
Consolidated accounts				
Audit and statutory audit	687,876	516,263	1,204,139	55%
Other assurance services	628,115	362,177	990,292	45%
Other advisory services	0	0	0	0%
Total	**1,315,991**	**878,440**	**2,194,431**	**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 (with the changes introduced by Law No. 99-A/2021, of 31 December), 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 new 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, with a maximum duration of 10 years.

For the purposes of no. 2 and 3 of article 54 of Law no. 140/2015 of 7 September (with the changes introduced by Law No. 99-A/2021, of 31 December), the counting of deadlines are calculated from the first financial year covered by the contractual relationship by which the statutory auditor or company of statutory auditors was first appointed to carry out consecutive statutory audits of the same public interest entity.

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 article 30 of CGD’s articles of association, the Audit Committee 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.

It should be noted that as a result of the statutory amendment carried out by means of a unanimous written resolution of 25 January 2021, under the terms of articles 8 and 28 of the Articles of Association, the Company's supervisory body is composed of the Statutory Auditor and the Audit Committee whose members are part of the Board of Directors. On December 21, 2021, the members of the Audit Committee were appointed.

For the purposes of monitoring and verifying the services provided by the Statutory Auditor, the Supervisory Board (Supervisory Board until December 21, 2021 and the Audit Committee after this date) complies with the duties provided for in paragraph d) and e) of no. 3 of article 3 of Law nº 148/2015 (with the changes introduced by Law nº 99-A/2021, of 31 December - enters into force on the thirtieth day following its publication – 30 January 2022 , with the exception of the wording given by this law to article 3 of the Legal Regime for Auditing Supervision, which came into force on January 1, 2022).

In this context, the supervisory body regularly meets with the Statutory Auditor and the head of the External Audit team to monitor its activity, namely through a critical analysis of the work plan prepared by the Audit for the year under analysis, as well as in the clarification of doubts and survey of topics that eventually you want to be more scrutinized in the process of preparing the accounts or of another nature. Prior to the issuance of the Legal Certification of Accounts, Audit Committee receives from the Statutory Auditor a report called the Additional Report to the Supervisory Body, which summarizes the most relevant topics for the year's audit.

Internal procedures for the approval of Non-Audit Services

In addition to the audit work/legal review of the accounts, in 2021 the Auditor provided the following different audit services, related to audit services or classified as assurance services:

- 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 the Supervisory Board as part of this 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; ii) comfort letters for the renewal of the EMTN (Euro Medium Term Notes) programme and public issuances under this programme and services to be provided under the TLTRO (targeted longer-term refinancing operations).

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 (with the changes introduced by Law n.º 99-A/2021, of 31 December), the statutory auditor who provides different auditing services not prohibited by European Union legislation organizes a file containing:

a) The approval of the referred services and the respective grounds by the relevant supervisory bodies;

b) The contracts concluded;

c) Documentation supporting the work carried out and the conclusions reached; and the

d) Final result delivered to the audited entity or its parent company or entities under its control, as applicable.

If the services referred to in the previous number are provided by entities, based in Portugal, of the network to which the statutory auditor belongs, the statutory auditor guarantees that the latter organizes a file that complies with the provisions of the previous number.

Caixa Serviços Partilhados ("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 Audit Committee 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.

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 an alternate secretary appointed by the Board of Directors.

The term of office of the permanent and alternate secretaries shall coincide with the term of office of the Board of Directors which has appointed them and may be renewed on one or more occasions.

In addition to the other functions set out in law, the company secretary is responsible for:

- Providing meetings with secretarial services;
- Drawing up and signing the minutes of the meetings together with the members of the respective statutory bodies and the president 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;
- Arranging for the registration of the corporate social acts for which he/she is responsible.

Until September 23, 2021, the position of effective Company Secretary was held by João Eduardo de Noronha Gamito de Faria, having been replaced by Artur Rocha Gouveia.

On 31 December 2021, the posts of permanent and alternate secretaries were held, respectively, by Artur Rocha Gouveia and Carlos Manuel Silva Pacheco Pinheiro.

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/2021/05 of 02/07/2021), joint EBA and ESMA (European Securities and Markets Authority) guidelines on the suitability of members of boards of management and key function holders (EBA/GL/2021/06 of 02/07/2021 and ESMA35-36-2319), 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 body 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, that does not determine consequences expressly provided for by law, 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 body;

  The Compliance Division referred to analysis and advance opinion are sent to CNAR, to the Risk Committee (CR), to 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 body 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 CR to take notice of situations and ask for any additional clarifications it deems necessary in the exercise of its role as a support committee for the Board of Directors in terms of risks, namely Compliance risks;

- 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 body, which body should, as a whole, assess the conflict and establish the proceedings to be adopted to settle or mitigate it.

The supervisory body shall inform the Joint Supervisory Team of the Single Supervisory Mechanism 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 body that does not determine consequences expressly provided for by law, it is the responsibility:

- Of the supervisory body, 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 body.

CNAR shall inform the chairman of the supervisory body 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 body. The occurrence of a situation of a conflict of interest involving a member of the supervisory body 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 body, it should be made known to the other members of that supervisory body, 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 bodies

The policies on prohibitions and restrictions on lending to members of CGD's management and supervisory bodies, 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.

Members of the management or supervisory body may not participate in the assessment and decision of credit granting operations that directly or indirectly concern them or that benefit companies or other collective entities of which they are managers, including entities of the CGD Group, or in which they hold qualifying holdings, requiring in all these situations the approval by a majority of at least two thirds of the remaining members of the management body and the favorable opinion of the supervisory body.

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 2021.

3.6. Internal organisation

3.6.1. Statutes[10] 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;

[10] The Chapter 5 "Statutory Bodies and Committees" provides the required information on CGD's Statutes

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:

   - 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 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;

   - Regulated market management entities, multilateral trading systems, settlement systems, clearing houses, centralised securities systems, central counterparties or their respective holding companies;

   - 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

Internal control system

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;

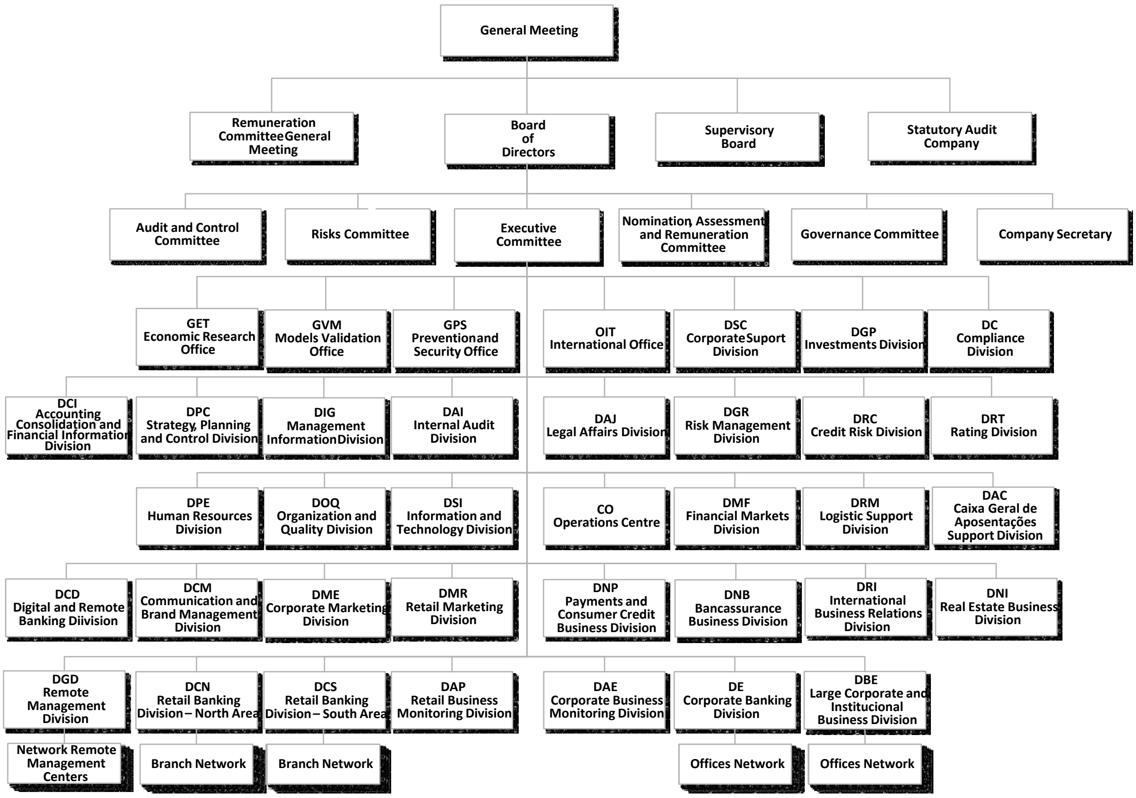
e) Compliance with legislation, regulations and guidelines applicable to CGD's activity, as issued by the competent authorities, compliance with CGD's own internal regulations, as well as professional and deontological standards and practices and rules of conduct and customer relations.

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:



With the beginning of the new term of office on December 23, 2021, the change in the Company's governance model was formalized, starting to be considered the "dualist" or "Anglo-Saxon" model, approved by Unanimous Deliberation in Writing of January 25 2021, structured in accordance with the provisions of articles 278, paragraph 1 b) and 423-B of the CSC and article 3 of the RJSA. Consequently, CGD's governance structure now considers a Board of Directors (CA) and, in the supervisory component, an Audit Committee and a SROC, with the Supervisory Board being extinguished.

In turn, the Risk Management Division’s organic structural manual, which was updated in November 2021, aims to expand the scope of this Division’s remit as a second line of defence with responsibility for CGD group’s risk management function, overseeing all financial and non-financial risks, to which the group is exposed.

The new Risk Management Division model integrated a new functional area in the form of the Internal Control Area, which has reported to the Chief Risk Officer since 29 September 2021. It is responsible for the oversight of CGD group’s internal control model which aims to establish, implement and streamline the monitoring process on the resolution of deficiencies.

The specification of CGD group’s internal control deficiencies management policy was finalised in September 2021 and reviewed and approved by the board of directors.

Improvements included: 1) the definition of processes and methodologies common to all parties to the internal control process − strengthening the role of second line control functions in identifying, monitoring and helping to resolve deficiencies, improving communication with the owner of such deficiencies; 2) the definition of a standard risk classification model; 3) the definition and control of SLAs (service level agreements) for the resolution of deficiencies, depending on how serious they are; 4) the reporting and monitoring of internal control deficiencies, providing the board of directors with up-to-date information commensurate with the risk involved in the unresolved deficiencies; 5) an overview of all of the group’s internal control deficiencies - centralising all of them in a single database and 6) improving 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. To facilitate the understanding of such articulation, a description of each entity's intervention, by subject matter, is given although the interpretation thereof is not limited thereto.

The implementation of a project involving the centralisation, reclassification and focus on resolving the group's deficiencies was consolidated in the sphere of improvements to the internal control and risk management system and carried out by the end of January 2021, with the aim of re-evaluating and resolving the list of deficiencies.

CGD therefore kept the number of critical group risk deficiencies down to zero at the end of December 2021, achieving progress in resolving deficiencies, with a 44% reduction in the number of unresolved deficiencies and a 77% reduction in the total number of deficiencies of more than 2 years since the end of January 2021.

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;
- 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 Committee

CGD group amended its governance model in December 2021, setting up a new supervisory body, referred to as the Audit Committee. This body was created on the basis of a merger between the Audit and Control Committee and the Supervisory Board. Reference should be made to the following areas of competence:

- To ensure compliance with CGD's legal and regulatory dispositions, articles of association and code of conduct, standards and recommendations issued by supervisory authorities, in addition to its general, in-house policies, standards and practice;
- To supervise the company's management in addition to overseeing the implementation of CGD's and CGD group's strategy. To promote and monitor the adequacy and effectiveness of CGD's and CGD group's organisational culture, governance and internal control systems;
- To supervise the process for the preparation and disclosure of separate and consolidated financial information, verifying that the accounting policies and measurement criteria adopted lead to a correct valuation of assets and results and are in accordance with the accounting standards adopted. To assess the reliability of CGD's and CGD group's prudential and financial reporting and processes for the preparation of prudential and financial reporting. To produce a report on its monitoring activities and issue an opinion on the report and accounts and proposals submitted by the board of directors, including whether or not they are in conformity with the annual management report and accounts, the declaration signed by each of its members and summary of the self-assessment report on the adequacy and effectiveness of CGD's and CGD group's organisational culture, governance and internal control systems, assessing assess compliance with the duties to disclose information to the public

The Audit Committee is responsible for submitting a duly substantiated proposal to the general meeting on the appointment of the audit company and the exoneration thereof when duly substantiated, inspecting the revision of the company's accounting documents and the independence of the statutory audit company, informing the board of directors of the results of the statutory audit and how it has contributed to the integrity of the process of preparing and disclosing the financial information, assessing the policy for the selection and appointment of the statutory auditor or statutory audit company prior to its submission to the general meeting and contracting out different non-prohibited auditing services, in accordance with the legislation in force, and subsequent revisions.

- To monitor CGD group's risk management and classification system, issuing an opinion on the respective policies and procedures and considering any decisions to exclude risk categories identified in legislation and other complementary regulations.
- To monitor the effectiveness of CGD's and CGD group's internal control system and functions, notably by means of:

  a) Oversight of control functions activity (internal audit, compliance and risk management) in addition to regular consideration of the reports produced by them, informing the board of directors of recommendations considered opportune on the subject matters of such reports, assessment of the quality of the performance and adequacy of the independence of internal control functions, including any subcontracted tasks.

  b) Issue of the following opinions: a) a prior opinion on the activities plan and control function regulations for the approval of the board of directors and consideration of the annual activity reports produced by them; b) an opinion prior to the approval of the board of directors on the risk management and compliance report, annual report of the internal audit function, assessing the adequacy and effectiveness of the organisational culture and governance and internal control systems, performance of the management and supervisory bodies, high level (F3) and severe (F4) deficiencies identified in control actions, recommendations issued and measures proposed to correct such deficiencies, annual report on the independence of the respective function and on the internal control deficiencies identified, signed by the officers responsible for control functions; c) a binding prior opinion on the decision to replace those responsible for internal control functions at the discretion of the board of directors; d) an opinion on the quality of the internal control system for the prevention of money laundering and financing of terrorism.

c) To ensure the direct reporting of the audit function, assessing and promoting the function's effectiveness and guaranteeing its independence, as regards knowledge of restrictions of scope or difficulties in assessing the required information.

d) To assess and oversee the measures defined to resolve CGD's and CGD group's internal control deficiencies. To produce an annual report on the assessment of the adequacy and effectiveness of the organisational culture in place in CGD and CGD group and their internal governance systems.

- To issue an opinion prior to the board of directors' consideration and approval of matters relating to CGD's and CGD group's organisational structure, code of conduct and internal policies and regulations which develop and implement it, policy for identifying and analysing transactions with parties related to CGD and policy for the prevention, communication and resolution of conflicts of interest.

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 committee and certifies the resolution of internal control deficiencies, in accordance with the internal control deficiencies management policy, which periodically reports to the management bodies and the Audit Committee in addition to producing and submitting the following to the management bodies and the Audit Committee:

- 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

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 Audit Committee (CAUD), in turn, issues an opinion on the report, accounts and proposals submitted by the board of directors and supervises the process for the company's preparation and disclosure of financial information in the sphere of its responsibilities.

The financial statements contained in the annual report and accounts and their respective notes are subject to an audit report issued by an external entity.

The governance committee, in conformity with its regulation, is responsible for issuing a formal opinion on the corporate governance report prior to its approval by the board of directors. 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

Risk Committee

The Risk Committee is responsible for (i) assisting and advising the board of directors on CGD's separate and consolidated risks, namely its risk appetite and general, current and future risk strategies, taking into account all types of financial and non-financial risks, to ensure that they are in line with CGD's business strategy, objectives, culture and business values; (ii) assessing and promoting the effectiveness of the risk and compliance functions, in addition to the processes and procedures in place for monitoring financial risks (credit, market, liquidity, etc.) and non-financial risks (operational, IT, compliance, reputational, etc.), particularly assessing whether the internal functions responsible for discharging these obligations have adequate resources available (budget and authority) to appropriately discharge their responsibilities, (iii) assisting the board of directors in supervising the execution and implementation of CGD's risk strategy by its top management, including: a) overseeing the management policies of all risks related to CGD's activity: business and strategy, solvency, liquidity, credit, interest rate, market, pension funds, operational, IT, compliance and reputational; b) advising the board of directors on CGD group's general policies, relating to risk-taking, management and control, namely by hedging or mitigating risk factors, inter alia; c) examining whether the incentives set out in CGD's remuneration policy promote an adequate risk culture and if they take risks to own funds, liquidity and stakeholder expectations on sustainable results into account; d) supervising the consistency of all products and services offered to customers vis-à-vis CGD's business model and risk strategy, ensuring the prompt submission of adequate mitigation plans to the board of directors when the said analysis shows that the referred to conditions do not adequately reflect the risks; iv) performing the other functions assigned to the Risk Committee as referred to by article 115 L of the General Credit Institutions and Financial Companies Regulation (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 and Audit Committee, 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 Risk Committee and Audit Committee, 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.

ALCO 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 Risk Executive Committee and Credit Board

The Credit Risk Executive Committee (CERC) and the 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) is responsible for reviewing the models validation reports, deciding upon the recommendations submitted and approving changes to the Validation Manual or other methodological documents pertaining to the scope of action of the Models Validation Office. The Models Validation Committee is also responsible for approving the annual activities plan of the 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.

In 2021, on account of the constraints deriving from the pandemic, this board met 9 times for assessment purposes and decisions to be made on data protection issues associated with the furtherance of banking business, optimisation of internal processes, technological innovations and corporate governance support activities.

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 nº 18/2020 and, on a complementary level, based on the European Banking Authority – EBA’s document: “EBA Guidelines on Internal Governance under Directive 2013/36/EU” (EBA/GL/2021/05)”. 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, 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:

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 Guidelines on Internal Governance under Directive 2013/36/EU" (EBA/GL/2021/05) 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 of the institution, continuously ensuring 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;

- 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;

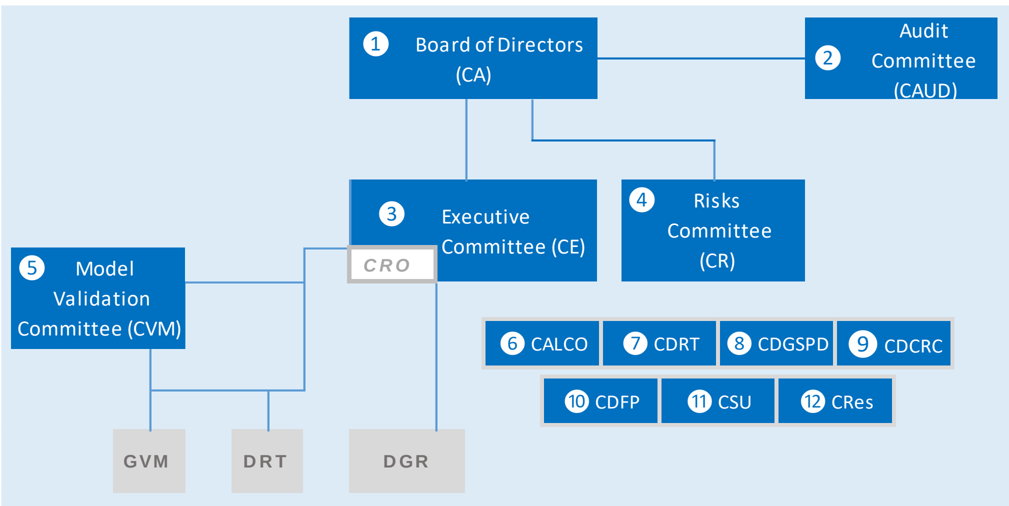
- Supplying information, analyses and pertinent, independent expert appraisals on risk positions, in addition to issuing an opinion on the compatibility of the risk-related proposals and decisions with CGD's risk tolerance/appetite;

- 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 Risk Committee (CR) (❹) and Audit Committee (CAUD) (❷), 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 Audit Committee (❷) It is the body responsible for supervising the effective, independent and efficient functioning of the Risk Management and Compliance Functions, and for monitoring, evaluating and promoting the effectiveness of the internal control system and the Internal Audit Function..

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 Risk Management Division (DGR), is present in the following forums:

❸ 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 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.

❷ Audit committee meetings when specifically requested and periodically for a presentation on the evolution of financial and non-financial risks indicators and essential concerns on this issue for the following periods.

❺ 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.

❻ ALCO (Specialised Capital Management, Assets and Liabilities Management Executive Board), in conjunction with business generating areas, support areas and members of the Executive Committee. ALCO 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:

- Promotion 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.

❼ 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.

❽ 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.

❾ 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.

❿ 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.

⓫ 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.

⓬ 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 and, under Regulation (EU) No. 876/2019, applies since June 2021 the new method for calculating the value at risk of positions on derivatives, the so-called standard method for counterparty credit risk (SA-CCR). 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.

CGD has implemented a centralised credit decision model to ensure separation between credit applications and decision-making functions, ensuring that all credit proposals originating in commercial areas are decided with the intervention of the Credit Risk Division, according to the criteria published in internal policies and regulations.

The monitoring of credit portfolios and control of credit risk, including compliance with the criteria for the decision on credit risk, are carried out regularly by the Risk Management Division, based on operational systems that identify the possibility of additional credit risk events on a daily basis, in addition to events that generate the automatic marking of credit which has been restructured on account of financial difficulties or defaults/non-performing exposures. Reports making reference to the performance and perceived quality of the credit portfolio are produced, in terms of 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. These reports are submitted for the consideration of management bodies and shared with the first line of defence.

A process for measuring impairment losses related with default and the measurement of credit assets has also been implemented in CGD group and is overseen by the board of directors on a monthly basis in compliance with IFRS 9. The criteria and methodologies involved in the calculation of impairment subject to control and audit processes both by the internal bodies responsible for validation (Models Validation Office and Internal Audit Division) and CGD's external auditors who produce an independent report to be sent to the Bank of Portugal every six months. The Risk Management Division submits information on the evolution of provisions and impaired credit, to management bodies on a monthly basis. This includes the evolution of the portfolio by IFRS 9 stages and respective provisions and impaired credit levels.

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 authorisations 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.

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.

Interest rate risk in the banking portfolio

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, basis risk and yield curve risk, for which matters involving the assessment of interest rate risk in the banking portfolio should be closely monitored.

Guidelines defining the roles and responsibilities of the various parties, metrics to be monitored, limits on such metrics and the control system on these limits have been defined for the management and control of banking portfolio interest rate risk. The process of monitoring the size of the exposure to this risk results in the monthly production of reports supporting the monitoring of compliance vis-à-vis existing guidelines and subject to a monthly assessment by CALCO (and the executive committee in the context of the integrated risk report).

Liquidity risk

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 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 to maturity of assets and liabilities.

Guidelines have been defined for the roles and responsibilities of the different actors, the metrics to be monitored, the limits on such metrics and the control system on such limits for the management and control of liquidity risk guidelines The process of monitoring the size of exposure to these risks results in the monthly production of reports supporting the monitoring of compliance vis-à-vis existing guidelines subject to a monthly assessment by CALCO (and the executive committee in the context of the integrated 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.

The management of operational risk at CGD Group adopts a methodology supported by an end-to-end approach, implemented both at Caixa and at 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, positioning and business strategy, investment, equity investments in banks and non-banking entities, climate change and pandemics;
- Model risk: losses motivated by decisions that can be taken mainly based on the results of internal models, due to the occurrence of errors in the development, application or use of these models;
- IT risk: losses deriving from the risk of change, data integrity, IT system failures, ciber 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 corporate policy and a Corporate Reputational 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 corporate 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 having been adopted across-the-board by CGD group entities and with the objective of strengthening the oversight and monitoring of their activities, particularly focusing on their core operations, the areas of competence 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 Audit Committee and the provision of information by such entities' audit committees and CGD's Audit Committee were also defined and implemented.

Strategic Plan for the Risk Management Function

In 2021, the Risk Management Division continued to implement the risk management function's strategic plan for 2019-2021, having completed most of the planned initiatives. The risk management function was continuously strengthened across this period. Reference should be made to the following initiatives:

- Implementation of the risk management function's new organisational model, based on a matrix approach, permitting greater articulation between all areas and closer, dedicated oversight of issues and projects across the risk management function. Reference should be made to the creation of new transversal teams: internal control, planning and forward looking transversal projects, data and IT and risk culture, as well as a dedicated team specialising in emerging non-financial risks responsible for monitoring IT, climate change, reputational and other relevant risks.

- Implementation of new risk management and reporting tools, including automation of existing reports and also ensuring the integration of a risk vision in the implementation of the "single source of truth" within CGD group, based on 1) the implementation of a new market risk tool, 2) automated risk reporting, transferring the time spent on collecting and validating information for risk analysis purposes, using intelligent interfaces with a drill-down capacity and 3) the integration of the risk requirements for the implementation of a "single source of truth", including the CGD group's data as a whole and close oversight of its implementation.

- Improvement of the internal communication process, mainly between management and teams, more training programmes and recruitment of more senior employees, permitting higher levels of skills according to the needs identified.

- Completion of the implementation of the corporate risk management function model, based on further alignment with the best governance practice already implemented at CGD headquarters, as well as strengthening existing functional reporting, particularly: i) the implementation of holistic risk committees in each of the base model entities, with the presence of CGD group's Chief Risk Officer or the person directly in charge of the risk management function; ii) the transposition of the new organisational structure of the central risk management function to each of the base model entities, adapted to local realities, but ensuring compliance with centrally defined requirements; and; iii) the strengthening of functional reporting established in the corporate model, through the validation and central approval of the activities plan, resources, training and budget of each risk management function, in addition to incorporating an assessment of the central risk management function's valuation in the variable remuneration to be allocated the local risk management function

Despite the successes achieved with the implementation of the Strategic Plan 2019-21, there remains a commitment to transforming and strengthening the function. In this sense, as part of the process of strengthening the Risk Management Division and adaptation to new external and internal needs and realities, a new Strategic Plan for the risk function has been developed for the period 2022-2024 as part of CGD group's strategic plan in order to position the Risk Management Division with benchmark status in the national banking system.

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). CGD's activity 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, the securities code and all regulatory standards issued by the Bank of Portugal and the securities market commission (CMVM).

In 2021, as in 2020, life continued under the spectrum of Covid-19 and its variants.

Measures designed to reduce and mitigate the economic impacts of the pandemic continued to be adopted and implemented.

As in 2020, diverse legislation containing exceptional, temporary measures to deal with the Covid-19 pandemic continued to be published. This included, inter alia, support measures for households and companies, fiscal and economic measures targeted at public and private entities and measures on remote working, occupancy rules, the need for a physical presence and physical distancing requirements, health-related rules, opening times, priority access and the duty to disclose information.

The publication of Law 83/2021 of 6 December, which amended the labour code, modified, inter alia, existing remote working regulations, allowing workers with children up to the age of eight to work from home, if fulfilling certain lawfully defined requirements.

Reference should also be made to the coming into effect on 1 January 2021 of Law nº 44/2020 of 19 August, Law nº 53/2020 of 26 August and Law nº 57/2020 of 28 August of the rules on bank commissions, such rules limited or prohibited commissions from being charged on services associated with credit agreements and transfers made by third party payment apps, particularly as regards minimum banking service accounts, personal loans and mortgage lending.

Law 75/2021 of 18 November, reinforcing the access to credit and insurance contracts of persons who have recovered from or mitigated a serious health or disability risk, was also published. This law outlawed discriminatory practice and established the right to be forgotten, amending Law 46/2006 of 28 August and legal regulations on insurance contracts.

Decree Law 109-E/2021 of 9 December was published following the publication of the government-approved National Anti-Corruption Strategy 2020-2024. This created a national anti-corruption mechanism which establishes general regulations on the prevention of corruption. These regulations eliminate the implementation of instruments such as compliance programmes, which should include prevention or risk management plans, codes of ethics and conduct, training programmes and whistle-blowing channels from the area of "soft law" and appoints a legal compliance officer.

Several regulations and recommendations on sustainability were also published, namely sustainable finance and environmental, social or corporate governance factors. These particularly included Commission Delegated Directive (EU) 2021/1269 of 21 April 2021 amending Delegated Directive (EU) 2017/593 on the integration of sustainability factors in terms of product governance obligations, Delegated Regulations (EU) 2021/1255, 2021/1256, 2021/1257 and the EBA report on the management and supervision of ESG risks for credit institutions and investment firms (EBA/REP/2021/18).

Reference should be made to the non-exhaustive contents of the documents identified by us. They include the need to:

- prioritise the provision of financial services or products. This includes sustainability criteria, e.g. investment support for customers whose economic activity contributes to the preservation and conservation of the environment (use of energy resources, renewable energies, raw materials, water and land, waste generation and greenhouse gas emissions or impact on biodiversity and the circular economy, or an investment in an economic activity with a social-type objective, making it possible to combat inequalities or promoting social cohesion, social integration and labour relations or an investment in human capital or in economically or socially disadvantaged communities, provided that such investments do not significantly prejudice any of these objectives and that companies benefiting from the investment employ good governance practice, particularly as regards management structures);

- adopt sound employment policies (non-discrimination on grounds of gender, race, colour, ethnic or social origin, language, religion or belief, politics, members of minorities, disabled persons, age or sexual orientation, recruitment policies, career development and openness to candidacies for internal vacancies, eliminating gender pay gaps and implementing quotas in terms of representativeness, adequate training, health and safety in the workplace);

- identify and adopt best practice and opportunities for reducing business costs, widely publicising them among employees and encouraging compliance therewith.

To encourage transparency and the uniform application of standards on conduct and organisational culture and governance, internal control and risk management systems, reference should also be made, on a European level to the publication of EBA guidelines on:

(i) risk factors (EBA/GL/2021/02);
(ii) remuneration polices (EBA/GL/2021/04);
(iii) internal governance (EBA/GL/2021/05);
(iv) assessment of the suitability of members of management bodies and key function holders (EBA/GL/2021/06).

Reference should be made, in the bank resolution context, to the publication of Bank of Portugal circular CC/2021/00000060 of 17 December which discloses information on and calls for adequate compliance with guidelines that specify the assessment criteria for exceptional cases in which institutions exceed the limits on large exposures as referred to in article 395 of Regulation (EU) 575/2013 and the periods and measures for restoring compliance with the limits in accordance with number 3 of article 396 of the said Regulation.

In terms of financial intermediation, reference should be made to the publication of Law 99-A/2021 of 31 December which amended the Securities Code, General Regulations on Collective Investment Undertakings, the Statute of the Order of Statutory Auditors, Legal Framework on Audit Supervision, statutes of the Securities Market Commission, Corporate Insolvency and Recovery Code and related legislation.

Reference should be made to the following changes to the Securities Code:

- As regards market operations: raising of the threshold under which the publication of a prospectus is not required, elimination of obligation of a helpdesk service and public offerings, flexibility of choice for the language of the prospectus, end of the subjection of public share exchange offers to regulations on takeover bids and the clarification and facilitation of the applicable market exit requirements, clarifying the circumstances under which the obligation to launch a takeover bid is waived.

The following publications of relevance to CGD’s activity in terms of domestic legislation are expected in 2022:

- Banking Activity Code, comprising a single item of legislation aggregating several dispersed legal regulations, which systematises and updates Portuguese banking regulations with a view to promoting the resilience of the banking system, strengthening governance instruments, increasing transparency and mitigating conflicts of interest in the sphere of credit institutions, in addition to strengthening the supervisor’s intervention capacity and repealing of the General Credit Institutions and Financial Corporations Regulations;

- Asset management regulations which aim to simplify and give proportionality to the asset management sector, in order to foster competitiveness and market development, safeguarding the protection of investors, while still at the public consultation stage. It will repeal the General Regulations on Collective Investment Undertakings and the Legal Regulations on Venture Capital, Social Entrepreneurship and Specialised Investment.

On a European level the publication of a legislative package designed to strengthen the anti money-laundering and counter-terrorism financing policy (AML package), is expected. It will consist of a draft Regulation of the European Parliament and of the Council on preventing the use of the financial system for the purposes of money-laundering or financing terrorism; a draft Directive of the European Parliament and of the Council on mechanisms to prevent the use of the financial system for the purpose of money-laundering or the financing of terrorism and repealing Directive (EU) 2015/849; a draft Regulation of the European

Parliament and the Council establishing the European Authority for Countering Money-Laundering and the Financing of Terrorism and amending Regulations (EU) 1093/2010, (EU) 1094/2010 and (EU) 1095/2010 and a draft Regulation of the European Parliament and of the Council on information accompanying fund transfers and certain crypto assets. These statutes will be subject to public consultation during the course of the year.

CGD has an SNI ("Internal Standards System") which is accessible to and binding upon all employees. It covers the most relevant aspects of the company's operation and performance of its activity.

Codes of Conduct and Ethics

The values, ethical principles and standards of professional conduct governing the performance of CGD's employees have been published in its Code of Conduct.

This code is a fundamental instrument for the management of CGD's ethics as a self-regulating document which must be complied with in and by CGD. It contributes to:

- Harmonising reference standards for ethical dilemmas;
- Affirming the values, performance principles and standards of conduct governing relationships with various interested parties;
- Promoting an organisational culture of legal compliance and conformity with the values and principles adopted;
- Developing best corporate governance and ethical conduct practices.

CGD provided its employees with training on the issues set out in the code of conduct, following its April 2020 update, which, inter alia, involved a strengthening of the provisions on ethical issues such as the prevention of corruption, social responsibility and sustainable development and conflicts of interest. The training included examples of good practice and case studies with the aim of facilitating the learning process.

Training in ethics and conduct, was given to all employees in November 2021, in e-learning format, with a particular focus on the code of conduct, while also however, always keeping in mind CGD's values and mission. It follows an approach in line with the presentation of the provisions set out in the code which was re-examined in 2020, with the aim of facilitating the understanding thereof based on examples of good practice aimed at providing 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:

a) 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;

b) 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.

In 2021, CGD's Compliance Division provided training on issues related to the management and reporting of conflicts of interest, plan for the prevention of corruption and code of conduct management model to employees in different CGD structural bodies and 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 2021 was published on CGD's website on 31 March 2022 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

Report on remuneration paid to men and women 2021

With a view to promoting gender equality in the labour market and the progressive elimination of salary inequalities between women and men, Resolution of the Council of Ministers nº. 18/2014, March 7 sought to intensify specific measures aimed at achieving effective gender parity. In this context, Public Business Sector entities were obliged to prepare, every three years, a report characterizing the salary gaps in remuneration paid to their employees.

In compliance, CGD prepared the "Report on remuneration paid to men and women 2021" with the aim of diagnosing, identifying and analyzing remuneration gaps in Group entities in Portugal. It should be noted that CGD has been working on the issue of gender equality, having published the "Plan for gender equality in the CGD Group" towards this end, outlining a set of actions aimed at mitigating differences and promoting initiatives leading to the progressive elimination of wage inequalities between women and men.

The Board of Directors of Caixa Geral de Depósitos, S.A as of 31 December 2021, totaled 17 members, of which 35.3% were women, an increase compared to the same period last year and one of the highest percentages of the under-represented gender in banking and in large corporates operating in Portugal. In terms of average annual remuneration between women and men, it can be seen that there is parity amongst Executive Directors and Non-Executive Directors.

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.

As mentioned above, several statutes were published in 2021. They included, inter alia, the continuing need to adapt to the pandemic in force since 2020, in terms of CGD's labour activities, in addition to the legal admissibility (national and European regulations) of banking moratoria (new regulation on the issue and adjustments to existing regulations, such as the inclusion of operations in PARI and PERSI programmes).

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 technological evolution and its ongoing digital transformation, CGD continued in 2021 to disclose information and update its policies to strengthen the data protection information of personal data subjects, taking into account the circumstances deriving from the pandemic which have fuelled digital and remote contacts.

This revision, as in 2020, was publicised as part of 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.

CGD's Personal Data Protection Policy, was published on 20 December 2021. The third release of this Regulation (COR OS 11/2018 (V3) - PT) updates several aspects deriving from the evolution occurring since the full application of the GDPR.

19 April 2022 was the deadline for CGD group entities to complete the internal transposition processes of this corporate standard into their internal regulations. A significant number has already started work on this process and interaction with the data protection officer for the purpose of validating the transposition proposals.

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.

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, 2021 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 2021. Reference should be made to participation at 160 videoconferences and calls with 131 investors of the main European financial centers as well as responses to 91 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. During the month of July 2021, a Moody's Investor Service upgraded the rating of senior long-term debt of CGD one notch, from Ba1 to Baa3, and short-term senior debt, including commercial paper, from Not Prime to P-3. The outlook remained as Stable. At the same time, the long term senior non preferred debt rating was also upgraded one notch, from Ba2 to Ba1.

During the month of September, 2021, Moody's Investors Service upgraded again the rating of senior long-term debt of CGD one notch, from Baa3 to Baa2, and short-term senior debt, including commercial paper, from P-3 to P-2. The outlook remained as Stable.

At the same time, the long term senior non preferred debt rating was also upgraded one notch, from Ba1 to Baa3, raising it to investment grade. The short and long term ratings of deposits were raised to Baa2 and P-2, respectively, the same level as the Republic of Portugal.

These upgrades are a consequence of the upgrade of the Baseline Credit Assessment rating from ba1 to baa3 placing the "intrinsic" rating at an investment grade level. In its review, Moody's highlights that this evolution is a consequence of the successful delivery of the 2017-2020 Strategic Plan, reflected on CGD's capital level and asset quality indicators, further pointing out the enhanced profitability and liquidity. With this upgrade, CGD's rating has now been raised two notches by Moody's in 2021.

In October, Fitch Ratings affirmed CGD's IDR (Issuer Default Rating) and its senior long-term debt ratings at BB+, changing its outlook from Negative to Positive, maintaining a prospect of a future rating upgrade.

The revised outlook reflects CGD's resilience and improved asset quality, stable profitability during the pandemic period, and enhanced capital ratios. Also, although Fitch considers that there are risks to the evolution of the Portuguese economy in the short term, they are now lower than initially expected.

Supervisory Entities

Banking Supervision

2021 was a year of a continuation of the Covid-19 pandemic which continued to influence the outlook for European banking sector risk. Notwithstanding the continuation of the pandemic, the Supervisor has noted that institutions remain resilient in rising to meet the challenge deriving from the adverse economic shock caused by the pandemic.

In comparison to macroeconomic conditions in 2020, the Supervisor has taken note of an improvement in 2021 although the economic outlook has remained sensitive to the pandemic's evolution.

Faced with a threat of the perpetuation of the pandemic, the Supervisor has adapted prudential priorities and measures to the economic context, focusing on four areas: credit risk management; capital strength; sustainability of business models and governance.

In addition and during the course of 2021, the Supervisor undertook supervisory activities related to other structural risks, such as climate, environmental and cyber risks.

The meetings with the Joint Supervisory Team (JST) of the European Central Bank (ECB) and the Bank of Portugal (BdP) were fully digital in the form of conference or video calls, with around 69 meetings having been held. In addition to these meetings and in line with the experience already consolidated, CGD continued to hold a weekly conference call meeting with the JST with a view to providing a status report on the most diversified topics deriving from the ongoing supervision for which the JST is responsible.

Off-site fieldwork was carried out on two inspections in 2021 in the form of Off-Site Inspections (Offsi) - namely Offsi #5171 – Off-site Inspection on Liquidity and Funding Risk and Offsi # 0178817 – Off-Site Inspection on Credit Risk.

Offsi #5171 - Liquidity and Funding Risk, focused on liquidity and funding risk issues, with the aim of assessing the identification, management, monitoring and control of liquidity risk.

Offsi #0178817 - Credit Risk, focused on the bank's responsiveness to credit risk management in a pandemic context, in addition to the Supervisor's letter of 4 December, 2020 on the identification and measurement of credit risk in the Covid-19 context, which emphasised the Supervisor's strong concern over credit risk.

This concern was mainly directed at the need for banks to be rigorous in terms of the processes and tools in place for differentiating between vulnerable and less vulnerable borrowers by endeavouring to achieve proactive credit risk management to ensure the identification of vulnerable exposures, particularly owing to the impending termination of public support and moratoria. The Supervisor, in its letter on the identification and measurement of credit risk in the context of COVID-19, requested CGD to provide a detailed response regarding the soundness of its policies and practices, namely its capacity to estimate the impact of COVID-19, as a crucial factor in terms of the adequacy of its strategic planning. The Supervisor considers this to be a fundamental issue in its consideration of the need to prepare for any increase in the number of debtors experiencing compliance difficulties and to respond adequately to this potential risk and has therefore requested robust processes to be put in place on the monitoring, identification, classification and adequate prompt management of these exposures.

In 2021, as in previous years, workshops were held with several structural bodies (DGR/GVM/DAI) on topics considered under the JST's risk assessment process, namely: market risk, liquidity risk, operational risk and IRRBB.

The COVID Committees, set up in 2020, namely COVID BoD, COVID Exco, COVID Risk, COVID International, COVID OPS and COVID JST have continued to meet with the aim of discussing, considering and overseeing topics considered crucial in the context of the pandemic (a total of 73 meetings).

As regards the BdP, the Supervisor has interacted with CGD on a domestic level through its normal banking regulatory activity, in parallel to the support it provides to the ECB in the framework of the supervision of significant entities, having had a presence in all interactions.

Banking Resolution

As regards banking resolution, the relationship with the resolution authority − Single Resolution Board − continues through the furtherance of resolution works in the form of the Resolvability Work Programme – in accordance with the letter of priorities sent to CGD.

The necessary works were carried out in this area, in 2021 and included the creation of a multiannual work plan programme from 2021 to 2023 for the implementation of all resolution requirements in accordance with the Expectations for Banks guidance, received from the Single Resolution Board.

The plan and timetable established under the programme for 2021 has been fully complied with and all deliverables provided to the Single Resolution Board on the agreed dates.

The works carried out in 2021 particularly included:

- The publication of a set of 10 internal regulations designed to operationalise various resolution aspects, ranging from the governance model, to the management of the actual work plan and including other issues requiring specific treatment in the resolution sphere;
- In terms of the resolution plan's main instruments, the bail-in playbook, financial markets infrastructures contingency plan, communication plan and governance structures of the communication in a resolution context and resolution risk assessment were also updated;
- The development of an internal communication and training plan, which was published on a CGD intranet page - Somos Caixa - with information on resolution, an e-learning course and a set of 6 training actions for the main resolution stakeholders as a means of achieving involvement in and awareness of the topic;
- The annual information collection exercise, involving the need to fill in a large number of organisational and financial reporting models by CGD and other CGD group entities called to participate in the exercise;
- The continuity in a resolution context exercise with the definition of the succession and retention models of key employees in a resolution context in addition to the definition and application of specific requirements for critical resolution contracts;
- The definition of the strategy for the creation of a resolution database that will have 4 applications. The first application and respective data set have already been provided;

- Work also began on liquidity and funding in a resolution context with the identification of the group's key entities in terms of liquidity, main drivers and liquidity estimation scenarios in a resolution context;

- A self-assessment exercise on the bank's capabilities to report the information required for an assessment of the valuation of the bank in a resolution context (Self-assessment valuation) for CGD, SA, Caixa BI and BNU Macau and delivery of the consolidated report with the findings for the year;

- On a MREL level, the quarterly projections were delivered as agreed and the funding and capital plan exercise was carried out at the request of the Single Resolution Board.

Resolution work oversight also comprised 7 resolution committees, 4 presentations to the executive committee and 2 presentations to the board of directors.

In terms of external interactions, CGD was also involved in a series of workshops with the Single Resolution Board, European Banking Federation and had several meetings with the Bank of Portugal for the purpose of obtaining information and aligning understandings on resolution matters.

Finally, it should be noted that, at the end of 2021, CGD delivered its detailed plan on the next work programme for the 2022 resolution exercise, accompanied by the necessary activities, in compliance with the 2022 letter of priorities received from the Single Resolution Board, having complied with the deliverables defined in addition to the other activities that aim to strengthen the various types of resolution work in 2022.

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 2021, 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.

CGD oversaw the activity plan for 2021 as released by the National Data Protection Board, paying particular attention to issues concerning the use of cookies in terms of web browsing, requirement to disclose information to data subjects, main decisions regarding sanctions and issue of opinions pertaining to the national legislative process whenever data protection issues are raised.

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.

Structures of Collective Representation of Employees

CGD's operations are governed by sound relationships with all collective structures representing workers, based on dialogue and respect for the rights to which the structures are lawfully entitled.

In addition to several more informal contacts for the provision of various clarifications and information, meetings are held whenever requested and justified, or in the context of specific processes to which these structures are a party.

The relationship with the unions, in 2021, essentially focused on wage scale negotiations for 2021 as well as the oversight of the professional situation of its members and CGD's management of the pandemic crisis.

18 (eighteen) meetings were held with the unions in 2021. They included 12 with STEC as the union representing most of the company's employees, 2 with Mais Sindicato and 4 with SINTAF.

In accordance with its legal obligations under the Labour Code, CGD's executive committee holds a monthly meeting with the workers' committee, which submits a proposal in advance on the respective agenda. Minutes providing an exhaustive description of all issues under discussion are drawn up on the meetings.

8 (eight) meetings were held between the workers' committee and the executive committee, in 2021. The reason why more meetings were not held is on account of the transition process of members of the workers' committee.

The monthly meetings with the executive committee are accompanied by several, more informal contacts for the purpose of clarifying minor issues or to report any more pressing situations. There is a regular dialogue between CGD and the workers' committee, which has the opportunity to be informed about and participate in all matters pertaining to the scope of its intervention. The 8 meetings held with the executive committee were therefore accompanied by an additional 11 (eleven) meetings with CGD divisions, without the presence of CGD's board of directors.

In 2021, CGD provided the workers' committee with all of the necessary support required for the process for the election of the members of the workers' committee for the 2021/2025 term of office as it considers that this contributes to dignifying the electoral process and, ultimately, in the last instance, CGD's workers.

The main issues discussed with the workers' committee, in 2021, were:

a) Management of the pandemic crisis in terms of human resources (remote working/rotation system/contingency plan, particularly as regards the branch office network and supply of protective material to employees);

b) Oversight of pre-retirement and voluntary redundancy programmes;

c) Oversight of the performance management system;

d) Training plan;

e) Employee complement;

f) Management control.

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 2021, to ensure the incorporation of the rectifications identified on the basis of complaints, satisfaction surveys and monitoring of service levels.

A total number of 12,214 communications comprising 12,050 complaints and 164 suggestions was received in 2021, with the volume of 2020 remaining relatively unchanged. Distribution across the year was heterogeneous, with a greater concentration of the volume of complaints having been registered in the first half year (57% of the total in comparison to 43% in the second half year).

The main issues were personal customer service, means of payment/processing and self-service channels with 25%, 21% and 18% of the total, respectively, with an increase of 35% in customer service and 10% in the case of self-service channels and a 13% reduction in means of the payment/processing area. There was also a reduction in the number of credit-related claims (29%), financial instruments (21%) and deposits (7%) over 2020.

In the case of customer service (the issue accounting for the highest proportion and greatest variation) reference should be made to the proportion of complaints related to the impact of the pandemic, namely waiting times and access conditions, branch office opening hours and contact difficulties.

In the case of self-service channels (which recorded the second largest increase) reference should be made to complaints related to Caixadirecta on-line which accounted for the highest proportion in 2021, namely difficulties in activating/unlocking access/contract codes and the impossibility or difficulty of use. The fact that the pandemic has fuelled an increase in the demand for and use of remote channels should be taken into consideration and Caixa has, accordingly, endeavoured to expand its supply of these channels. The volume of active contracts and the volume of transactions recorded significant increases, without, however, an increase in the weight of complaints compared to transactions carried out, which remained below 0.1%.

Reputation

The positive evolution of the Caixa brand's reputation over recent years was confirmed in 2021. According to the Brand Score study, in terms of its customers' assessment, the Caixa brand has improved upon those attributes considered essential to the bank's sustainability (Trust, Financial Strength, Governance, Ethics and Transparency) and has achieved a further improvement in its brand indicators score, particularly in terms of "Financial Strength" and "Trust" (as the indicator with the highest increase).

In the banking area, Caixa is the leading brand in the "Relevance in the Sector" indicator, which reflects recognition of the bank's importance in the financial sector. It is also the banking brand with the most appeal to new customers.

The Repscore brand reputation study confirms the positive evolution of the Caixa brand's reputation, which has a higher than average assessment than the rest of the sector as a whole, as evaluated by this study (Rational, Emotional and Social Responsibility). It also confirms that the Caixa brand benefits from the good reputation of its CEO, who leads the reputation index of the Executive Presidents of the Banking Sector in Portugal. Caixa came in second place in the financial sector ranking (Banking) – Financial Bank − category in the evaluation of brands with the greatest relevance and emotional reputation in the eyes of Portuguese citizens. This indicator is the result of the evaluation of the attributes associated with its brand recognition factor, relevance, consideration, confidence, admiration, preference and recommendation.

The Caixa brand has been ranked as a "Powerful Brand" in the "Large Banks" category of the 2021 edition of Marktest group's "Powerful Brand - Brands with Value" study. In global terms, Caixa comes 237th, and leads the ranking of banking brands in Portugal. The Powerful Brand Study measures the value of brands on the basis of key performance indicators (KPIs), analysed in the spheres of brands' Innovation, Sustainability and Purpose.

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 2021.

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 2021, 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.

Data protection contributed to the implementation of the IVAucher programme, which aimed to contribute to the recovery of the accommodation, culture and catering sectors (IVAucher) and mitigate the socio-economic impacts of hikes in fuel prices (AUTOvoucher) which were particularly affected by the pandemic.

From an information security viewpoint, the data protection officer was involved in an exercise for updating dataflows and their respective mapping, in 2021, in addition to the assessment of incident reports, in conjunction with the competent structures.

The central activities performed in 2021 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 three years, the data protection officer and data protection office, in 2021, 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.

To celebrate International Data Protection Day, which is celebrated on 28 January each year, Professor Nuno Martins, the executive director responsible for data protection provided all CGD and CGD group employees with a video communication, broadcast in Somos Caixa, alerting them to CGD’s competitive advantage in complying with data protection, as a catalyser for the banking business and intervention in the country’s economy.

To mark the 3rd anniversary of the full implementation of the GDPR in Portugal and other European Union member states, the data protection officer produced and published the Data Protection Guide in Somos Caixa on 25 May 2021. This is a quick reference guideline document on the principles and rules governing the processing of personal data in CGD, and condenses the operating rules published in internal regulations and internal procedures on this issue as defined in CGD.

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 2020 – Data Protection”, of 17 February 2021, 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 26 February 2021 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
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 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 to be attributed to the members of the board of directors and supervisory board of the company 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 management body and supervisory body, 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 review proposal to CRAG, if justified, to include discretionary pension benefits, for members of CGD's statutory bodies;
- To annually approve and/or revise as far as justifiable 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.

CNAR shall enjoy the assistance of CGD’s human resources function, in the annual review of the remuneration policies and shall examine the alignment between such policies and good human resources management practice, particularly as regards the adequacy of the structure and levels of remuneration needed to attract and retain human resources to meet CGD’s good operating requirements, based on its issuance of opinions on such topics.

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 Remuneration Policy in force on December 31, 2021 was revised, following a set of recommendations communicated by the Supervisor, in November 2019 and August 2020, which resulted in adjustments addressing ex-ante and ex-post risk in the process of awarding variable remuneration, in assessing performance and risk, as well as their alignment with CGD's strategy, among others. The proposed Remuneration Policy for the Members of CGD's Management and Supervisory Bodies was sent to the Supervisor, who concluded that the changes introduced were in line with his recommendations. Notwithstanding that CRAG submitted the proposal for the revision of the Remuneration Policy to the shareholder's appreciation, to date its approval has not been verified, so the text of the updated Policy has not yet entered into force and has not produced its effects. When approved by the shareholder, the final 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.

The remuneration of non-executive Board members, in addition to members of the supervisory body 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:

- 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;

- 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:

a) Solvency, including weighted capital and leverage ratios, internal capital sufficiency and MREL;

b) Profitability, including return on equity (ROE) and risk adjusted return on capital (RAROC), return on assets and evolution of net interest income;

c) Efficiency: cost-to-income ratios;

d) Market position: CGD's market shares;

e) 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;

f) Liquidity: balance sheet loans-to-deposits ratio and level of funding from the European Central Bank.

- The following qualitative criteria are also be considered:

a) Level of customers' complaints;

b) CGD's reputational indicators.

c) 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:
    - 50% on the acquisition date, payable up to the end of the following calendar month;
    - 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:
    - 50% is considered to have been acquired on the attribution date with the instruments being delivered up to the end of the retention period;
    - 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.

The policy set out in internal regulation 3/2021 is applicable to CGD group employees and seeks to help group entities achieve CGD's objectives and values, taking into account their risk appetite, based on the adoption of sound, prudent remuneration practice, promoting solid, effective risk management within the group's corporate structure and providing its employees with a competitive remuneration framework aligned with best national and international market practice.

As defined in the remuneration policy applicable to the members of CGD's management and supervisory bodies, the remuneration (and composition thereof) to be allocated to CGD group employees should be consistent with CGD group's governance structure and aligned with its risk profile in conformity with its long term interests, discouraging excessive risk taking and be proportional to the size, internal organisation, nature, scope and complexity of CGD and CGD group entities' activity, the type and magnitude of the risks incurred and to be incurred and the degree of centralisation and delegation of entrusted powers.

CGD group employees' remuneration is made up of a fixed component defined in accordance with the wage scales and labour agreements in force and essentially reflects the relevant professional experience and organisational responsibility corresponding to the allocation of functions, taking remuneration practice in force in the industry and respective market into account.

In addition to their fixed remuneration, CGD group employees may receive a non-guaranteed variable remuneration component, depending on the profit made by CGD group and respective CGD entities, always pursuant to the risk appetite criteria defined by CGD's board of directors.

The amount of any variable remuneration paid to employees may not exceed the amount of their fixed annual remuneration for the purposes of ensuring that the fixed component represents a sufficiently high proportion of total remuneration.

The criteria for assessing the individual variable component of remuneration are based on CGD's, its units' and employees' performance.

Group employees' remuneration policy also considers the allocation of business and credit recovery incentives for employees who perform duties in the business and credit recovery divisions, eligibility for which is dependent upon verification of compliance with a set of legal and regulatory dispositions and validation by the risk and compliance functions, in conjunction with the human resources function, approved by the executive committee, after CNAR has been consulted.

As referred to above, internal regulation 3/2021 sets out in a single document the rules applicable to the identification and allocation of variable remuneration, in addition to ensuring that the deficiencies previously identified by the JST are corrected.

Within the framework of the remuneration policy, the company agreement and internal regulations govern, inter alia, the following issues:

- 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.

In 2021, the salary mass increased by 2.16%, above the inflation rate of 0.9%, with promotions involving 22% of the total domestic perimeter employees. The attribution of commercial incentives was also maintained, having been decided to award a Performance and Potential Award that involved around 82% of the employees of the aforementioned Perimeter, which, as a whole, represented 16.2 million euros.

	2017	2018	2019	2020 (b)	2021
Wage variation (a)	2.19%	2.84%	2.41%	2.35%	2.16%
Inflation rate (Portugal)	1.4%	1.0%	0.3%	0.0%	0.9%

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

The minimum amount of the total monthly remuneration paid by Caixa in 2021 was 1,359 euros. The average remuneration in 2021 was 2,462 euros, with 5,685 euros for employees with managerial functions and 2,365 euros for those who do not have managerial functions.

At 31 December 2021, CGD employees' pension fund as calculated by the fund manager was worth €3,559 million. The mandatory minimum requirement to fund 100% of liabilities to pensioners was exceeded and at least 95% by assets (116.8%). Compliance with this liability was positively influenced by the positive evolution of the discount rate (1.05% to 1.35%).

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	**246,961**	**256,004**	**409,858**	**6,009,669**
Base remuneration	**195,212**	**197,429**	**351,417**	**5,400,896**
Variable remuneration	**51,750**	**58,575**	**58,441**	**608,774**
- Paid	**40,300**	**37,500**	**44,000**	**440,700**
- Cash	28,295	18,750	36,500	318,450
- In kind (a)	12,005	18,750	7,500	122,250
- Deferred	**11,450**	**21,075**	**14,441**	**168,074**
- Vested	**0**	**0**	**0**	**0**
- Cash	0	0	0	0
- In kind	0	0	0	0
- Unvested	**11,450**	**21,075**	**14,441**	**168,074**
- Cash (b)	2,600	3,975	4,408	56,182
- In kind (c)	8,850	17,100	10,033	111,892
Number of Beneficiaries	2	2	5	53
Additional Information				
New Hirings in 2020	___	___	___	1
Amounts paid due to early termination of the employment contract	___	___		___

(a) Issuance of commercial paper in 2021 in relation to the prize awarded in 2021.

(b) Cash Paid in 2021 for prizes awarded in previous years.

(c) Issuance of commercial paper in 2021 in relation to prizes awarded in previous years (includes the issue of Feb/2021 in relation to 2019 in the amount of €99,625)

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	(3)	14,000
2020-2023	Vice-Chairman	Maria João Pessoa de Araújo (1)	0	(3)	0
2020-2023	Secretary	Manuela Duro Teixeira (1) (2)	0	(3)	0
					14,000

(1) Started functions on 19.05.2020; (2) Unpaid for being a CGD employee

(3) 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	45,000
Patrícia Andrea Bastos Teixeira Lopes Couto Viana	45,000
Total	**90,000**

Note: €40,000 were paid in attendance fees in 2021 and €50,000 in 2022 relative to 2021

Travel expenses

No travel costs were recorded for members of the General Meeting Remuneration Committee in 2021.

Board of Directors

Fixed Remuneration

(EUR)

Board of Directors	Remuneration (Monthly values - 14 months)	Annual Fixed Remuneration in 2021
Non-Executive President		
Emílio Rui da Veiga Peixoto Vilar [(a)]	0.00	0.00
António Farinha Morais[(b)]	23,285.71	8,134.05
Vice-President		
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[(c)]	23,285.71	320,236.83
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[(d)]	23,285.71	319,014.23
Madalena Rocheta de Carvalho Talone[(b)]	23,285.71	8,134.05
Maria Manuela Martins Ferreira[(b)]	23,285.71	8,134.05
Non-Executive Members		
Ana Maria Machado Fernandes[(e)]	3,500.00	47,950.00
José Maria Azevedo Rodrigues[(e)]	3,500.00	47,950.00
Hans-Helmut Kotz	3,500.00	49,000.00
Mary Jane Antenen[(e)]	3,500.00	47,950.00
Altina de Fátima Sebastian Gonzalez Villamarin[(e)]	3,500.00	47,950.00
Nuno Filipe Abrantes Leal Cunha Rodrigues[(e)]	3,500.00	47,950.00
Arlindo Manuel Limede de Oliveira	3,500.00	49,000.00
António Alberto Henrique Assis[(f)]	5,000.00	1,746.58
Maria del Carmen Gil Marín[(f)]	3,500.00	1,222.60
Maria João Martins Ferreira Major[(f)]	3,500.00	1,222.60
Luís Filipe Coimbra Nazaret[(f)]	3,500.00	1,222.60
Monique Eugénie Hemerijck[(f)]	3,500.00	1,222.60
Total	**306,571.39**	**3,061,039.95**

(a) This member opted not to receive

(b) Started 23.12.2021

(c)Terminated the term of Executive Director on 12.22.2021 and began the term of Non-Executive Director on 12.23.2021

(d) The term of office of Executive Director ended on 22.12.2021

(e) The term of Non-Executive Director ended on 22.12.2021

(f) The term of office of Non-Executive Director began on 23.12.2021

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	**49,000**
Total	**343,000**

Variable remuneration

In 2020 and 2021, no variable remuneration was paid to the executive members of the Board of Directors regarding the year of 2019 and 2020, 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[11]. 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.

As of that date, the ECB decided not to extend the recommendation on the distribution of dividends. In these terms, and having verified all the requirements established by the supervisor, Caixa proceeded, in November 2021, to the distribution of dividends withheld in the years 2019 and 2020, in the amount of 300 million euros, in addition to the dividend of 83.6 million euros that had been approved at the General Meeting of 31 May 2021.

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

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[11] 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.

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. Caixa ended the 2021 financial year with a total capital ratio of 19.7%.

The process of evaluating the performance of the executive members of the Board of Directors, for the purposes of attributing variable remuneration, with reference to the 2020 financial year, carried out by Members of the General Meeting Remuneration Committee, for the purposes of attributing variable remuneration to that group of people, was concluded in December 20, 2021, Members of the General Meeting Remuneration Committee having proposed, on December 30, 2021, by correspondence addressed to the shareholder, a proposal for the allocation of Variable Remuneration that has not yet been the subject of a decision.

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:

a) The payment of the referred to component with reference to 2017 was postponed to 2023 and no such payments were therefore made in 2021;

b) The component corresponding to one fifth of the deferred variable remuneration for 2020 in kind awarded in respect of 2018, it was only awarded in 2021, after verification of the access conditions by reference to 31-12-2019. Accordingly, the commercial paper was subscribed on August 3, 2021, and matured on 26 August 2021, considered 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 2021, the deferred portion for 2021 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(3)	2022	2023 (4)	Total (4)
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 paid only in June 2021; (3) Portion not yet paid;(4) 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 (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 will 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, with 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(2)	2022	2023	2024 (3)	Total (3)
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 paid only in June 2021; (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 (2024).

Board of Directors	Variable Remuneration in Kind (€)						
	2019 (1)	2020 (2)	2021(3)	2022	2023	2024 (4)	Total (4)
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, w ith the amount below €1 paid in cash in the last year (2024).

The deferred component of the variable remuneration for the years 2017, 2018 and 2019, as well as the variable remuneration acquired for the year 2020, was paid in 2021 to Directors of Participating Banks, Directors and employees of the Group.

In addition, 1,963,057 euros are deferred relative to previous years.

Social benefits

Board member	Social benefits (€)							
	Meal allowance		Social security regime		Healthcare insurance	Life insurance	Other	
	Amount / day	Annual amount paid	Identify	Amount			Identify	Amount
Non-Executive President								
Emílio Rui da Veiga Peixoto Vilar (*)								
António Farinha Morais[b]	0.00	0.00	Social security	1,423.46				
Vice-President and Board of Directors President								
Paulo José de Ribeiro Moita de Macedo	0.00	0.00	Social security	100,462.46	0,00	0,00	Study grant	402.50
Executive Members								
Francisco Ravara Cary	0.00	0.00	Social security	77,425.04	0,00	0,00	Study grant	602.00
João Paulo Tudela Martins	0.00	0.00	Social security	77,425.04	0,00	0,00	Study grant	266.00
José António Silva Brito[c]	0.00	0.00	CGA/Pension Fund	41,412.65	0,00	0,00	Study grant	602.00
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	588.00
Nuno Alexandre Carvalho Martins	0.00	0.00	Social security	77,425.04	0,00	0,00	Study grant	679.00
Carlos António Torroaes Albuquerque[d]	0.00	0.00	Social security	93,632.77	0,00	0,00		0.00
Madalena Rocheta de Carvalho Talone[b]	0.00	0.00	Social security	1,931.84	0,00	0,00		57.36
Maria Manuela Martins Ferreira[b]	0.00	0.00	CGA/Pension Fund	2,469.50	0,00	0,00	Childcare grant	0.00
Non-Executive Members								0.00
Ana Maria Machado Fernandes[e]	0.00	0.00	Social security	23,025.63	0,00	0,00		
José Maria Azevedo Rodrigues[e]	0.00	0.00	Social security	0,00	0,00	0,00		
Hans-Helmut Kotz	0.00	0.00	Social security	0,00	0,00	0,00		
Mary Jane Antenen[e]	0.00	0.00	Social security	0,00	0,00	0,00		
Altina de Fátima Sebastian Gonzalez Villamarin[e]	0.00	0.00	Social security	23,025.63	0,00	0,00		
Nuno Filipe Abrantes Leal Cunha Rodrigues[e]	0.00	0.00	Social security	23,025.63	0,00	0,00		
Arlindo Manuel Limede de Oliveira	0.00	0.00	Social security	23,275.00	0,00	0,00		
António Alberto Henrique Assis[f]	0.00	0.00	Social security	305.66	0,00	0,00		
Maria del Carmen Gil Marín[f]	0.00	0.00	Social security	290.38	0,00	0,00		
Maria João Martins Ferreira Major[f]	0.00	0.00	Social security	0,00	0,00	0,00		
Luís Filipe Coimbra Nazaret[f]	0.00	0.00	Social security	290.38	0,00	0,00		
Monique Eugénie Hemerijck[f]	0.00	0.00	Social security	290.38	0,00	0,00		
Total	**0.00**	**0.00**		**721,986.57**	**0.00**	**0.00**		**3,196.86**

(a) This member opted not to receive; (b) Started 23.12.2021 (c) The term of office of Executive Director ended on 22.12.2021 and the term of Non-Executive Director began on 23.12.2021 (d) The term of office of the Executive Director ceased on 22.12.2021 (e) The term of office of the Non-Executive Director ceased on 22.12.2021 (f) The term of office of the Non-Executive Director began on 23.12.2021

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 2021 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(a)	5,200	71,240	0	71,240
António Luís Traça Borges de Assunção (a)	4,500	61,650	49,000	110,650
Manuel Lázaro Oliveira de Brito (a)	4,500	61,650	49,000	110,650
Total	**14,200**	**194,540**	**98,000**	**292,540**

(a) Ceased functions on 22.12.2021

Social benefits

Members of Supervisory board	Social benefits (€)								
	Meal allowance		Social security regime		Healthcare insurance	Life insurance	Other	
	Amount / day	Annual amount paid	Identify	Amount			Identify	Amount
Guilherme Valdemar Pereira Oliveira Martins	0.00	0.00	Social security	14,462	0.00	0.00		
António Luís Traça Borges Assunção	0.00	0.00	Social security	22,462	0.00	0.00		
Manuel Lázaro Oliveira Brito	0.00	0.00	Social security	22,462	0.00	0.00		
Total		**0,00**		**59,386**	0.00	0.00		

Travel expenses

Members of Supervisory board	Gross annual travel expenses (€)					
	Official travel	Accommodation costs	Allowances	Other		Total travel expenses
				Identify (a)	Amount	
Guilherme Valdemar Pereira d'Oliveira Martins	0.00	100.00	0.00	0.00	0.00	100.00
António Luís Traça Borges de Assunção	0,00	0,00	0,00	0,00	0,00	0.00
Manuel Lázaro Oliveira de Brito	0.00	0.00	0.00	0.00	0.00	0.00
Total	**0.00**	**100.00**	**0.00**	**0.00**	**0.00**	**100.00**

a) Includes: Visas, Vaccines, Taxis, Representation Expenses.

3.8. Transactions with related and other parties

The financial reporting of transactions with related parties is carried out in accordance with IAS 24, and all companies controlled by CGD Group, associated companies, joint ventures, CGD's management bodies and other entities controlled by the Portuguese State are considered as CGD's related entities.

CGD's separate financial statements, at 31 December 2021, include the following balances and transactions with related entities, excluding management bodies:

(EUR thousand)

	31-12-2021			
	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	-	41,981	315	-
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	44,428	458	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 2021, included the following balances and transactions with related entities, excluding management bodies:

(EUR thousand)

	31-12-2021		
	The Portuguese State (Treasury)	Other Portuguese State entities	Associates
Assets:			
Securities and derivatives held-for-trading	6,857,263	370,865	55,000
Loans and advances to customers	29,543	591,232	142,675
Impairment for loans and advances to customers	-	31,223	18
Other assets	-	5,518	361,845
Liabilities:			
Customer resources	6,683	346,093	310,577
Financial liabilities held-for-trading	233	16,702	142
Other liabilities	1,197	194,395	697
Guarantees Given	3,810	488,623	39,619
Results			
Interest and similar income	57,565	11,270	5,350
Interest and similar costs	-	7,395	192
Income from services rendered and commissions	52	82,873	5,028
Cost of services and commissions	15	2,059	524
Results from financial operations	-72,194	-13,147	-1,291
Other operating income	-4	269	108
General administrative costs	-	-6	2,093

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 approved a policy on transactions with related parties, with the main objective 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, or it may be covered by an aggregated authorization that is renewed quarterly by decision of a minimum of two thirds of the members of the Board of Directors, which is also subject to the opinion of the risk management and compliance functions and of the supervisory body.

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;
- 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 2021
PT500068801	Companhia IBM Portuguesa, S.A.	31,403,516 €
PT505107546	SIBS Forward Payment Solutions	25,765,962 €

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 2021.

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 » 4.8. Sustainability strategy 2021-2024	499 - 499
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 » ESG Policies	490 - 491
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » Commitments Adopted	492 - 493
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » Working Groups	494 - 494
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 » 4.11. Equity, digital and financial inclusion » Accessibility and Financial Inclusion	530 - 533
	4. Sustainability Report » 4.11. Equity, digital and financial inclusion » Cybersecurity and Data Protection	534 - 537
	4. Sustainability Report » 4.11. Equity, digital and financial inclusion » Investment in the Community	538 - 545
	4. Sustainability Report » 4.12. Transparent governance models » ESG Governance Practices and Ethical Business Conduct	546 - 550
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. Climate Risk Management » Environmental Risks and Climate Action	511 - 514
	4. Sustainability Report » 4.10. Climate Risk Management » Sustainable Management of Value Chain Operations	515 - 522
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 » 4.11. Equity, digital and financial inclusion » Equity, Development and Well-Being of Employees	523 - 530
d) Reference to concrete measures with regard to Gender Equality Principle;	4. Sustainability Report » 4.11. Equity, digital and financial inclusion » Equity, Development and Well-Being of Employees	523 - 530
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 » 4.11. Equity, digital and financial inclusion » Equity, Development and Well-Being of Employees	523 - 530
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » ESG Policies	490 - 491
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.	4. Sustainability Report » 4.3. Message from the Chief Executive Officer	488 - 488
	4. Sustainability Report » 4.6. Stakeholders and Materiality » Material Topics	496 - 496

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 » 4.8. Sustainability strategy 2021-2024	499 - 499
	4. Sustainability Report » 4.11. Equity, digital and financial inclusion » Accessibility and Financial Inclusion	530 - 533
	4. Sustainability Report » 4.10. Climate Risk Management » Environmental Risks and Climate Action » ESG risk assessment	511 - 513
	4. Sustainability Report » 4.11. Equity, digital and financial inclusion » Equity, Development and Well-Being of Employees	523 - 530

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 Letter No. 505, of January 31, 2022. 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 2021, 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 8 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.

	2020				2021				Annual average change	
Quarter	**1st**	**2nd**	**3rd**	**4th**	**1st**	**2nd**	**3rd**	**4th**	**Amount**	**%**
Payment period (days)	47	40	27	50	30	36	26	42	-8	-18.3%

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. At the end of 2021, more than half of CGD's supplier invoices were received in electronic format.

In addition, the CSP has actively invested in the optimization and standardization of processes related to billing management, and in reducing the time associated with the approval of bills by CGD areas that manage the respective contracts/services.

These actions have allowed for a significant reduction in the time interval between receipt and processing of invoices at CGD, streamlining and dematerialization of the procedures associated with the handling of invoices, and thus better contributing to compliance with payment deadlines agreed with suppliers. This surveillance by CGD allowed an 84% reduction in the number of invoices with an overdue date and not yet paid in 2021, when compared to the end of 2020.

PAYMENTS PENDING

	December 2021				
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	6,776,945	70,599	313,616	276,821	155,746
Acquisitions of capital	1,077,579	4,200	-	-	244
Outstanding balance	7,854,523	74,799	313,616	276,821	155,990
Debt to Suppliers (Total)	**8,675,751**				

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 (€)						
	2015	2016	2017	2018	2019	2020	2021
Annual amount	19,924	18,136	2,795	3,230	5,397	4,724	6,374

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	117	
Francisco Ravara Cary	N/A	135	
João Paulo Tudela Martins	N/A	117	
José António Silva Brito	N/A	121	
José João Guilherme	N/A	251	
Maria João Borges Carioca Rodrigues	N/A	153	
Nuno Alexandre Carvalho Martins	N/A	142	
Carlos António Torroaes Albuquerque	N/A	1,792	
Total		**2,826**	

ANNUAL VEHICLE COSTS

Board member	Monthly fuel limit	Annual vehicle costs (€)				
		Fuel	Tolls	Other repairs	Insurance	Remarks
Paulo José Ribeiro Moita Macedo	N/A	3,991.55	693.45	745.16	539.46	'Vehicle from Jul 2014; Annual Circulation Unique Tax €636.44
Francisco Ravara Cary	N/A	1,869.44	471.45	60.27	-	
João Paulo Tudela Martins	N/A	4,097.99	1,042.85	329.26	-	Sum of the expenses with the 2 vehicles during the year 2021
José António Silva Brito	N/A	1,746.73	176.50	-	-	
José João Guilherme	N/A	4,290.84	1,187.95	1,335.68	-	
Maria João Borges Carioca Rodrigues	N/A	3,107.67	309.75	-	-	
Nuno Alexandre Carvalho Martins	N/A	2,463.35	743.00	508.92	-	
Carlos António Torroaes Albuquerque	N/A	2,122.19	320.85	2,216.39	-	
Total		**23,689.76**	**4,945.80**	**5,195.68**	**539.46**	

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	Y	N	51,568.88	Acquisition	2014(*)	-	-	-	-
Francisco Ravara Cary	Y	Y	41,675.86	Renting	2018	2022	543.09	6,517.08	3
João Paulo Tudela Martins	Y	Y	78,944.63	Renting	2021	2025	948.75	10,827.20	44
José António Silva Brito	Y	Y	62,639.13	Renting	2019	2022	949.30	11,391.60	10
José João Guilherme	Y	Y	69,082.95	Renting	2018	2022	932.31	11,187.72	2
Maria João Borges Carioca Rodrigues	Y	Y	73,126.49	Renting	2018	2022	910.64	10,927.68	5
Nuno Alexandre Carvalho Martins	Y	Y	73,208.00	Renting	2018	2022	858.64	10,303.68	6
Carlos António Torroaes Albuquerque	Y	Y	63,820.90	Renting	2018	2022	793.66	9,523.92	2
Total			**514,066.84**				**5,936.39**	**70,678.88**	

(*) Year of vehicle; (1) Dr. Paulo Macedo vehicle , was acquired for fixed assets on 12/01/2017, after a rental period starting 22/07/2014. Reference value corresponds to the acquisition value for the vehicle's fixed assets; (2) Monthly Income Value, corresponds to the value of the last rent for 2021, of the vehicle; (3) The annual expense corresponds to the indicated monthly income multiplied by the number of months since the beginning of use, including the month of beginning of use as complete; (4) Remaining Installments on 01.01.2022, considering only complete months. Values shown include non-deductible VAT. Dr. João Tudela Martins includes the annual rent expenses of the two vehicles he had during 2021 (10 months of the old one and 2 of the new one), with the data in the previous columns referring to the new vehicle.

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			592.29
Paulo José Ribeiro Moita Macedo	0.00	1,070.46	0.00			1,070.46
Francisco Ravara Cary	7,806.47	734.30	0.00	Visa	260.00	8,800.77
João Paulo Tudela Martins	35.00	400.55	0.00			435.55
José António Silva Brito	0.00	150.00	0.00			150.00
José João Guilherme	1,110.13	3,288.73	0.00			4,398.86
Maria João Borges Carioca Rodrigues		297.02	0.00			297.02
Nuno Alexandre Carvalho Martins	0.00	326.11	0.00			326.11
Carlos António Torroaes Albuquerque		325.51	0.00			325.51
Ana Maria Machado Fernandes			0.00			0.00
José Maria Monteiro Azevedo Rodrigues			0.00			100.00
Hans Helmut Kotz	0.00	0.00	0.00			0.00
Mary Jane Antenen	779.47	795.85	0.00			1,575.32
Altina de Fátima Sebastian Gonzalez Villamarin	2,463.47		0.00			2,613.47
Nuno Filipe Abrantes Leal da Cunha Rodrigues			0.00			100.00
Arlindo Manuel Limede de Oliveira			0.00			0.00
Total	**12,194.54**	**8,330.82**	**0.00**		**260.00**	**20,785.36**

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	2021
Annual amount (*)	10,634	0	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. There are no undocumented or confidential expenses.

Plan for Gender Equality

In September 2021, the report referred to in the Law n.º 62/2017 was published prepared in accordance with the guide provided for in the Normative Dispatch n.º 18/2019 of June 21.

https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Praticas-de-Bom-Governo/Documents/CGD_Plano-para-igualdade-genero.pdf

Report on remuneration paid to women and men

In addition to the Plan for Gender Equality was prepared, in 2021, the report referred to in no. 2 of Resolution of the Council of Ministers no. 18/2014, of 7 March, which is published since January 2022.

The document can be consulted on Caixa's institutional website at:

https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Praticas-de-Bom-Governo/Documents/RCRHM_2021.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 with a value of more than €5 million

The following acts or agreements with a value of more than €5 million (exclusive of VAT) were entered into by Caixa Geral de Depósitos, S.A. in 2021:

- Services agreement with Esegur - Empresa de Segurança, S.A. for transport and valuables handling services;
- Services agreement with Banco Credibom, S.A. for specialised services in the consumer credit area;
- Licensing agreement with Salesforce - MIRA Project;
- Services agreement with Kndrl Services Portugal, S.A.;
- Microsoft software licensing agreement with Crayon Software Licensing, Unipessoal Lda.;
- Addendum no. 3 to the communications and operation, maintenance and management of communications infrastructures service agreement with NOS Comunicações S.A.;
- Second addendum to the software licensing agreement and second addendum to the software maintenance services agreement with Companhia IBM Portuguesa, S.A.;
- Second addendum to the development and applications maintenance and services agreement of the central system entered into by Caixa Geral de Depósitos, S.A. with Accenture, Consultores de Gestão, S.A.;

Acts and agreements submitted for the previous approval of the court of auditors

In 2021, the following agreements requiring the advance agreement of the Portuguese Audit Court were entered into by Caixa Geral de Depósitos, S.A.:

- Development and implementation of the credit negotiation and corporate services programme agreement with Critical Software S.A.;

- Services agreement with Esegur - Empresa de Segurança, S.A. for transport and valuables handling services;
- Approval of extra expenditure 2021 with Newspring Services S.A. for document centralisation and digitalisation services;
- Extension of services agreement from 1 July 2021 to 31 December 2022 with Newspring Services, S.A. for document centralisation and digitalisation services;
- Services agreement with: Banco Credibom, S.A. for specialised services in the field of consumer credit;
- Services agreement with DXC Technology Portugal, Lda. for distributed systems administration services and support services and evolutionary maintenance and development services for CAMS II systems;
- Services agreement with: Accenture Consultores de Gestão, S.A. - central system application maintenance services;
- Extension of consulting services and implementation of corporate commercialisation programme with Critical Software S.A;
- Salesforce licensing agreement - MIRA Project;
- Licence schedule entered into with Misys Spain SL - Branch in Portugal, for a Front-to-Back project;
- Services schedule entered into with Misys Spain SL - Branch in Portugal, for a Front-to-Back project;
- Services agreement with Kndrl Services Portugal, S.A.;
- Microsoft software licensing agreement with Crayon Software Licensing, Unipessoal Lda.;
- Addendum no. 3 for the communications and operation, maintenance and management of communications infrastructures service agreement with NOS Comunicações S.A.;
- Second addendum to the software licensing agreement and second addendum to the software maintenance services agreement entered into between Caixa Geral de Depósitos, S.A. and Companhia IBM Portuguesa, S.A.;
- First Addendum to the Omnichannel Platform licensing agreement entered into between Caixa Geral de Depósitos, S.A. and Backbase Services B.V.;
- Second addendum to the development and applications maintenance and services agreement of the central system entered into by Caixa Geral de Depósitos, S.A. with Accenture, Consultores de Gestão, S.A.

Vehicle fleet

Vehicle Fleet						
	2016	2017	2018	2019	2020	2021
No.vehicles	1,296	873	812	810	804	817

CGD has been reducing the number of vehicles (475 vehicles less than in 2016 (-37%)), with the application of the new vehicle allocation policy (approved in 2017). This initiative aims to reduce costs, especially in terms of regarding the management of vehicles and business trips, pointing to an even more responsible and environmentally sustainable use of the CGD Group's vehicle fleet.

In this regard, measures for centralized management and optimization of processes related to the acquisition, allocation and use of service vehicles continue to be adopted both at CGD and within the scope of CGD Group companies headquartered in Portugal.

Reduction of operating expenses

In 2021, there was a further reduction in operating expenses, in line with what had been seen in previous years. The results achieved with the implementation of the 2017-2020 Strategic Plan and the continued improvement in operational efficiency contributed to this effect.

Among the measures implemented since the beginning of the Plan, the following stand out:

Optimization of personnel costs:

- Adjustment of the employee (retirements, early retirements and voluntary redundancies);
- Convergence of basic social costs/charges to the sector benchmark;
- 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.

Reduction of administrative overheads:

- Execute the staff adjustment plan (Retirements, Pre-Retirements and Terminations by Mutual Agreement, without the need to replace employees);
- Converging base social charges to the sector's benchmark;
- Systematize, simplify and effectively manage the various remuneration components, with a better balance between fixed and variable remuneration and greater articulation with performance;
- Optimize personnel management, ensuring the correct balance between internal resources and outsourcing resources, face-to-face service and remote service and between the commercial network and central departments.

The initiatives planned for the effective reduction of general administrative expenses at Caixa Group are as follows:

- 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)

				2021 / 2020	
	2020	2019	2018	Δ Total.	Change %
EBITDA	n.a	n.a	n.a	-	-
External services and supplies	162,009	170,508	201,594	-8,500	-5.0%
Employee costs	251,201	321,342	396,374	-70,141	-21.8%
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 Collective bargaining agreements	0	0	0	-	-
Staff expenses excluding costs i), ii) and iii)	251,201	321,342	396,374	-70,141	-21.8%
Operational costs	413,210	491,850	597,968	-78,641	-16.0%
Turnover [(c)]	1,227,088	1,210,887	1,352,754	16,201	1.3%
Expenses/turnover	34%	41%	44%	95 p.p.	-
Communications	6,895	8,084	11,500	-1,189	-14.7%
Travel / accommodation	640	784	1,429	-144	-18.4%
Allowances	102	97	262	5	5.2%
Vehicle expenses	3,330	3,509	3,790	-179	-5.1%
Total	10,967	12,474	16,981	-1,507	-12.1%
Studies, opinions, projects and consultancy	9,215	12,019	22,248	-2,804	-23.3%
Total number of HR (SB+ Total Employees)	**6,136**	**6,265**	**6,725**	**-129**	**-2.1%**
Total No. of Employees:	6,117	6,244	6,706	-127	-2.0%
Of wich: No. Management positions	185	184	176	1	0.5%
No. Statutory bodies (SB)	20	22	20	-2	-9.1%
No. Employees (exc. SBs and managers)	5,931	6,059	6,529	-128	-2.1%
No. Employees / Management positions	32	33	37	-1	-2.6%
No. vehicles	817	804	810	13	1.6%

(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. In 2020 excluded from the accounting effect associated with the closure of the Spanish Branch.

Audits by the Court of Auditors during the last three years

In the last 3 years, no Audits were conducted by the Court of Auditors of CGD.

Compliance with the duty to provide information on the “SEE” (State Corporate Sector) website

Information to be published on "SEE" (state corporate sector) website	Disclosure Y / N / na	Disclosure 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 505 of january 31, 2022, is as follows:

	Compliance			Quantification / Identification	Justification / reference in report
	Y	N	N/A		
Management objectives	X				Chapter 1.3.1. Mission and values
Targets of the 2020 Activity and Budget Plan	X				The implementation of the 2021-24 Strategic Plan, which will govern CGD Group's activity over the next few years, began in 2021. This new set of strategic pillars and priorities should reinforce the gains obtained with the implementation of the previous Plan, being focused on six critical dimensions: Pillar I - Innovation and Service Quality; Pillar II - Leadership and Value Proposition, Pillar III - Profitability and Efficiency, Pillar IV - Risk Management, Pillar V - People, Culture and Talent, Pillar VI - Sustainability and Social Impact.
Execution % at the budgetary information system	X				At the end of 2021, the Bank's main financial indicators achieved the following targets: • A ROE of 7.0% (6.1% in 2020); • A recurring Cost-to Income of 42.4% (50.0% in 2020); • An NPL ratio of 2.8% (3.9% in 2020); • A CET1 solvency ratio of 18.2% (18.2% in 2020).
Evolution of average payment time to suppliers				Less 8 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. At the end of 2021, more than half of CGD's supplier invoices were received in electronic format.
Disclosure of information on arrears	X			8,675,751 €	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				All reimbursed expenses are supported by a document proving their realization
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				https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Praticas-de-Bom-Governo/Documents/RCRHM_2021.pdf
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			17	Chapter 10 - Legal Guidelines Under RJSPE
Audits - court of auditors			X		In 2021, there is no knowledge that there were recommendations addressed to CGD resulting from audits conducted by the Court of Auditors
Vehicle fleet	X			817	CGD has been reducing the number of vehicles over the past few years,less 56 vehicles compared to 2017
Operating expenses of state-owned companies	X				Compared to the previous year, there was a reduction on, administrative expenses of 5.0% and employee costs of 21.8%.

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. Since 2020, CGD has published in its 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.

This statement of compliance reflects CGD's governance model in force up until 22 December 2021 - Latin "monist" model - structured in accordance with the dispositions of articles 278 no. 1 a) and no. 3 and 413 no. 1 b) of the CSC (commercial companies code) and article 3 of the RSJA (legal regime on audit supervision) which comprises a board of directors, a supervisory board and a statutory audit company. Reference should be made to the fact that with the election of the members of CGD, S.A.'s management and supervisory bodies for the 2021-2024 term of office in the form of a unanimous written resolution of 21 December, effective 23 December, the company changed its governance model to the "Anglo-Saxon" model, structured in accordance with the dispositions of articles 278 no. 1 b) and 423 - B of the CSC and article 3 of the RJSA. CGD's governance structure now therefore comprises a board of directors and, in supervisory terms, an audit committee and a statutory audit company, with the supervisory board having been extinguished.

Following the assessment of the level of adoption with reference to the 2020 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 six (46) and seven (7) are not applicable given its legal status. 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 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

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
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 according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.	Adopted	The process of identifying the competencies and qualifications for selecting candidates to be part of the CGD Board of Directors is 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.	Chapter 3.5.2 – 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. Please note that all of these regulations have also been translated into English and published on the same 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 37 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	Chapter 3.6 – Section 3.6.1

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
		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.	
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	Adopted	CGD, as a credit institution, has organisational and administrative mechanisms appropriate to the nature, scale and complexity of its	Chapter 3.5.3

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
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.		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 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 approved and implemented its transactions with related parties policy in 2021, with the main objective of ensuring that this type of transaction takes place under market conditions and providing for cases in which a related party would benefit from a transaction which would not be advantageous for CGD. The above-referred to policy has been published on CGD's website.	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	Chapter 3.8

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
		of directors to consider the matter, after obtaining the opinions of the supervisory board, the Compliance Department and the Risk Management Department.	
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	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
transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.			
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.	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	Chapter 3.5.2

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
		efficiency and effectiveness, the duties assigned to them.	
III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.	Adopted	Until 22 December 2021, CGD's Board of directors (CA) was composed of eight executive members and eight non-executive members. Although the number of non-executive members is not greater than the executives, the 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. With the issuance of the unanimous written resolution of 21 December 2021, effective 23 December of the same year, electing the board of directors for the 2021-2024 term of office, the management body comprises eight executive and nine non-executive board members. The current composition of this body therefore complies with the maxim that the number of non-executive board members should be greater than the number of executive board 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;	Adopted	Assessment of compliance with the independence requirements for CGD's non-executive board members is verified in the annual reassessment process on suitability and whenever there is any awareness of facts which could have an impact on it, in accordance with the legal dispositions of the commercial companies code, general credit institutions and financial corporations regime, internal regulations on this matter in force in CGD, S.A. of which reference should be made to the suitability policy for the assessment of the selection of members of the management and supervisory bodies, key function holders and managers of branches abroad and the succession plan, in line with good corporate governance practice and the recommendations of IPCG's corporate governance code.	Chapter 3.5.2

Recommendations	**Recommendation Compliance:** Adopted Not Adopted Not Applicable	**Observations**	**Description in Report**
iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties; v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or vi. having been a qualified holder or representative of a shareholder of qualifying holding.			
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 supervisory body is responsible for assessing and expressing an opinion on the company's strategic guidelines and risk policy, supervising the quality and effectiveness of the risk management, internal control and internal audit systems and supervising the performance of functions in the internal audit and internal control system prior to their final approval by the board of directors.	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

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
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.*			
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	Article 5, sub-paragraph 5.6 of the internal regulation of the board of directors, available on CGD's website states, under the heading "Independence and conflict of interest" that a board member intending to take up executive or non-executive functions in an entity which is not a member of the CGD group shall inform the president of the board of directors thereof or, or in the latter case, the president of the audit committee, with the rules on the management of conflicts of interest as set out in the global policy for the prevention and management of conflicts of interest in force in CGD, being applied.	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 8 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.	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	Under the terms of article 12, paragraph 12.2 of the board of directors' regulation, the appointments, assessment and remuneration committee, special committee of the board of directors, shall issue an opinion on any vacancy to be filled in corporate bodies, choice of board members for the executive and other committees, in addition to the assessment thereof and remuneration policy. 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	Chapter 3.5.2.1 (General Meeting's Remunerati on Committee)

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
		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.	
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 General Meeting (CRAG) in conjunction with the Appointments, Evaluation and Remuneration Committee (CNAR).	Chapter 3.5.2.1. (General 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 Audit Committee (formerly 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 all 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	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	Chapter 3.5.2.1

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
convenient consulting services to carry out the committee's duties.		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.	
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 2021, 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.	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 deferred part of the variable remuneration component depends on the fulfilment of the access condition (as defined in the remuneration policy and deferral period (5 years from the date of attribution), fulfilment of the access condition and verification of the non-applicability of reduction and reversal mechanisms, in accordance with the remuneration policy and 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 deferred in time for a period of no less than three years.	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
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 Audit Committee (formerly 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	Up until 22 December 221, CNAR (appointments, assessment and remuneration committee) comprised 3 members of the board of directors with non-executive functions and 2 members of the	Chapter 3.5.2.2

Recommendations	**Recommendation Compliance:** Adopted Not Adopted Not Applicable	Observations	Description in Report
		supervisory board, all of whom independents.	
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 was provided for in the internal regulation of the supervisory board, in office up until 22 December 2021, which function was performed by an audit committee from 23 December 2021 with the entry into office of the new board of directors elected for the 2021-2024 term and, consequently, the new "Anglo-Saxon" governance model. Starting 23 December 2021, with the entry into force of CGD's new "Anglo-Saxon" governance model - this function became the responsibility of the audit committee.	Chapter 3.5.2.3

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
		The supervisory body is responsible for assessing and issuing an opinion on the company's strategic guidelines and risk policy, supervising the quality and effectiveness of the risk management, internal control and internal audit systems and supervising the performance of functions in the sphere of the internal audit and internal control system.	
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 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.	Adopted	This matter was provided for in the internal regulation of the supervisory board, in office up until 22 December 2021 and which was performed by an audit committee from 23 December 2021 with the entry into office of the new board of directors elected for the 2021-2024 term and, consequently, the new "Anglo-Saxon" governance model. Starting 23 December 2021, with the entry into force of CGD's new "Anglo-Saxon" governance model - this function became the responsibility of the audit committee. The control mechanisms and procedures for monitoring compliance with the Risk Management System result from the supervisory body's Annual Activity Plan, which contains the activities and respective planning to be carried out by this body 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.	Chapter 3.5.2.3. Chapter 3.6.2
VI.4. The supervisory body should provide its view on the work plans and resources allocated to the services of the internal	Adopted	This subject matter was provided for in the internal regulation of the supervisory board, in office up until	Chapter 3.5.2.3

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary.		22 December 2021 and which was performed by an audit committee from 23 December 2021 with the entry into office of the new board of directors elected for the 2021-2024 term and, consequently, CGD's new "Anglo-Saxon" governance model. This matter was provided for in the internal regulation of the supervisory board, published on CGD's website, which indicated that the supervisory board is responsible for overseeing the activities of control functions − internal audit, compliance and risk management − providing the board of directors with recommendations considered opportune to improve the monitoring of the adequacy and effectiveness of CGD's and CGD group's organisational culture, internal governance and internal control systems.	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 subject matter was provided for in the internal regulation of the supervisory board, in office up until 22 December 2021 and which was performed by an audit committee from 23 December 2021 with the entry into office of the new board of directors elected for the 2021-2024 term and, consequently, CGD's new "Anglo-Saxon" governance model. The internal regulation of the supervisory board indicated that the supervisory board was responsible for certifying the effectiveness of the internal control, internal audit and risk management systems, and should, for the purpose: (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, 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,	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.	
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	Up until 22 December 2021, CAC (audit and control committee) was responsible for a critical appraisal 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, prudent management. Starting 23 December 2021, with the entry into force of CGD's new "Anglo-Saxon" governance model – these functions were performed by an audit committee, which has assumed the role of the supervisory body. The supervisory body 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 was provided for in the internal regulation of the supervisory board, in office up until 22 December 2021, which function was performed by an audit committee from 23 December 2021 with the entry into office of the new board of directors elected for the 2021-2024 term and, consequently, the new "Anglo-Saxon" governance model. The supervisory body 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	As regards the statutory audit company and in accordance with the dispositions of the internal regulation of the supervisory board (in office up until 22 December 2021), available on CGD's website, the supervisory body was responsible for monitoring the independence of the statutory audit company and, within such a framework, assessing and deciding, after consulting the audit and control committee, on the statutory audit company's provision of additional services to CGD group companies in addition to their respective conditions. Starting 23 December 2021, with the entry into force of CGD's new "Anglo-Saxon" governance model responsibility for this function was given to the audit committee - as set out in the respective internal regulation published on CGD's website.	Chapter 3.5.2.3

Recommendations	**Recommendation Compliance:** Adopted Not Adopted Not Applicable	Observations	Description in Report
		The "Selection policy and appointment of the statutory audit company and outsourcing of different non-prohibited audit services" was approved and published on CGD's website in 2021. It includes, inter alia, the procedures associated with the following activities: (i) oversight and verification of the services provided by the statutory audit company; (ii) supervision of the independence of the statutory audit company and; (iii) outsourcing of separate, non-prohibited audit services	
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	Up until 22 December 2021 CGD's supervisory board was 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. Starting 23 December 2021, with the entry into force of CGD's new "Anglo-Saxon" governance model this function is now the responsibility of the audit committee.	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 propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.	Adopted	Up until 22 December 2021, the supervisory board was responsible, in accordance with the respective internal regulation published on CGD's website, for an annual evaluation of the work carried out by the statutory audit company, proposing the appointment of the statutory audit company to the general meeting and supervising the independence of the statutory audit company. The selection and appointment policy of CGD's statutory audit company governs the process for the selection and appointment of the statutory audit company, including a description of the steps and procedures to be followed, selection criteria and due consideration of the importance thereof, procedures and initiatives to be taken by the supervisory body for the purpose of overseeing and verifying the services provided by the statutory audit company and supervising its independence. Starting 23 December 2021, with the entry into force of CGD's new "Anglo-Saxon" governance model this function is now the responsibility of the audit committee.	Chapter 3.5.2.3

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. Caixa Geral de Depósitos Today	13 - 21
	3. Corporate Governance Report » 3.3. Shareholders' Structure	338 - 338
	3. Corporate Governance Report » 3.5. Statutory Bodies and Committees	341 - 387
	1. Board of Directors' Report » 1.3. Caixa Geral de Depósitos Today » 1.3.1. Mission and values	13 - 14
ENVIRONMENTAL ISSUES		
Policies implemented	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » ESG Policies	490 - 491
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » Commitments Adopted	492 - 493
Results achieved	4. Sustainability Report » 4.10. Climate Risk Management » Sustainable Management of Value Chain Operations	515 - 522
	4. Sustainability Report » 4.10. Climate Risk Management » Environmental Risks and Climate Action	511 - 514
	4. Sustainability Report » 4.13. Disclosure of sustainability information » Sustainability performance evaluations by external entities	554 - 555
	4. Sustainability Report » Annex A – Sustainability Indicators	556 - 563
Main associated risks and the way these risks are managed	4. Sustainability Report » 4.10. Climate Risk Management » Sustainable Management of Value Chain Operations	515 - 522
	4. Sustainability Report » 4.10. Climate Risk Management » Environmental Risks and Climate Action	511 - 514
	4. Sustainability Report » Annex D – Task Force on Climate Financial Disclosures (TCFD)	607 - 632
Key performance indicators	4. Sustainability Report » 4.8. Sustainability strategy 2021-2024	499 - 499
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	564 - 600
	4. Sustainability Report » Annex D – Task Force on Climate Financial Disclosures (TCFD)	607 - 632

SOCIAL AND WORKER ISSUES		
Policies implemented	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » ESG Policies	490 - 491
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » Commitments Adopted	492 - 493
Results achieved	4. Sustainability Report » 4.11. Equity, digital and financial inclusion » Equity, Development and Well-Being of Employees	523 - 530
	4. Sustainability Report » 4.13. Disclosure of sustainability information » Sustainability performance evaluations by external entities	554 - 555
	4. Sustainability Report » Annex A – Sustainability Indicators	556 - 563
Main associated risks and the way these risks are managed	4. Sustainability Report » 4.11. Equity, digital and financial inclusion » Equity, Development and Employee Well-Being	523 - 530
	4. Sustainability Report » 4.12. Transparent governance models » ESG Governance Practices and Ethical Business Conduct	546 - 550
Key performance indicators	4. Sustainability Report » 4.8. Sustainability strategy 2021-2024	499 - 499
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	564 - 600
EQUALITY BETWEEN WOMEN AND MEN AND NON-DISCRIMINATION		
Policies implemented	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » ESG Policies	490 - 491
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » Commitments Adopted	492 - 493
Results achieved	4. Sustainability Report » 4.11. Equity, digital and financial inclusion » Equity, Development and Well-Being of Employees	523 - 530
	4. Sustainability Report » 4.12. Transparent governance models » ESG Governance Practices and Ethical Business Conduct	546 - 550
	4. Sustainability Report » 4.13. Disclosure of sustainability information » Sustainability performance evaluations by external entities	554 - 555
	4. Sustainability Report » Annex A - Sustainability Indicators	556 - 563
Main associated risks and the way these risks are managed	4. Sustainability Report » 4.11. Equity, digital and financial inclusion » Equity, Development and Well-Being of Employees	523 - 530
	4. Sustainability Report » 4.12. Transparent governance models » ESG Governance Practices and Ethical Business Conduct	546 - 550
Key performance indicators	4. Sustainability Report » 4.8. Sustainability strategy 2021-2024	499 - 499
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	564 - 600
RESPECT FOR HUMAN RIGHTS		
Policies implemented	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » ESG Policies	490 - 491
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » Commitments Adopted	492 - 493
Results achieved	4. Sustainability Report » 4.11. Equity, digital and financial inclusion » Equity, Development and Well-Being of Employees	523 - 530
	4. Sustainability Report » 4.12. Transparent governance models » ESG Governance Practices and Ethical Business Conduct	546 - 550

	4. Sustainability Report » 4.13. Disclosure of sustainability information » Sustainability performance evaluations by external entities	554 - 555
	4. Sustainability Report » Annex A - Sustainability Indicators	556 - 563
Main associated risks and the way these risks are managed	4. Sustainability Report » 4.11. Equity, digital and financial inclusion » Equity, Development and Well-Being of Employees	523 - 530
	4. Sustainability Report » 4.12. Transparent governance models » ESG Governance Practices and Ethical Business Conduct	546 - 550
Key performance indicators	4. Sustainability Report » 4.8. Sustainability strategy 2021-2024	499 - 499
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	564 - 600
FIGHTING CORRUPTION AND BRIBERY ATTEMPTS		
Policies implemented	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » ESG Policies	490 - 491
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » Commitments Adopted	492 - 493
Results achieved	4. Sustainability Report » 4.12. Transparent governance models » ESG Governance Practices and Ethical Business Conduct	546 - 550
	4. Sustainability Report » 4.13. Disclosure of sustainability information » Sustainability performance evaluations by external entities	554 - 555
	4. Sustainability Report » Annex A - Sustainability Indicators	556 - 563
Main associated risks and the way these risks are managed	4. Sustainability Report » 4.12. Transparent governance models » ESG Governance Practices and Ethical Business Conduct	546 - 550
Key performance indicators	4. Sustainability Report » 4.8. Sustainability strategy 2021-2024	499 - 499
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	564 - 600

Annex II – Executive Committee: distribution of responsibilities

The distribution of responsabilities and respective substitutes, in force until December 22, 2021, is shown in the following table. With the appointment of the new administration on December 23, 2021, a new distribution of responsibilities was carried out with effect from January 1, 2022.

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
Fundação Caixa Geral de Depósitos - Culturgest	-

(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
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
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

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 31/12/2021. 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	
Chairman – António Farinha Morais	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Antonio-Farinha-Morais.pdf
Vice-Chairman – 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
Chairman of the Audit Committee – António Alberto Henriques Assis	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Antonio-Alberto-Henriques-Assis.pdf
José João Guilherme	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Jose-Joao-Guilherme.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
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
Maria Manuela Martins Ferreira	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Maria-Manuela-Martins-Ferreira.pdf
Madalena Rocheta Carvalho Talone	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Madalena-Rocheta-Carvalho-Talone.pdf
Monique Hemerijck	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Monique-Hemerijck.pdf
Hans-Helmut Kotz	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Hans-Helmut-Kotz.pdf
Arlindo Manuel Limede de Oliveira	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Arlindo-Manuel-Limede-de-Oliveira.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
Maria Carmen Gil Marin	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Maria-Carmen-Gil-Marin.pdf
Maria Joao Martins Ferreira Major	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Maria-Joao-Martins-Ferreira-Major.pdf
Luis Filipe Nunes Coimbra Nazaret	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Luis-Filipe-Nunes-Coimbra-Nazaret.pdf

Annex IV - Declarations of interest

The declarations referred to in n.º 9 of article 22 of the Public Manager Statute, approved by Decree-Law n.º 71/2007, of 27 March, and n.º 1 of article 52 of Decree-Law n.º 133/2013, of 3 October, concerning the members of the Board of Directors of Caixa Geral de Depósitos for the 2021-2024 term, were handed over to the General Inspectorate of Finance, as well as to the Board of Directors, which includes the Audit Committee, as statement below signed by the Company Secretary.

DECLARAÇÃO

Artur Miguel Marques da Rocha Gouveia, Secretário da Sociedade da Caixa Geral de Depósitos, S.A., sociedade anónima de capitais exclusivamente públicos, com sede em Lisboa, Avenida João XXI, número 63, registada na Conservatória do Registo Comercial de Lisboa, com o número de matrícula e de identificação de pessoa coletiva 500960046 e com o capital social de € 3.844.143.735, declara que todos os membros do Conselho de Administração eleitos para a Caixa Geral de Depósitos, S.A., pela DUE de 21 de dezembro de 2021 e com início de funções a 23 do mesmo mês e ano, entregaram, nos termos e para os efeitos do nº 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, as declarações à Inspeção-Geral de Finanças, bem como ao Conselho de Administração, englobando este a Comissão de Auditoria.----------------------

Lisboa, 8 de abril de 2022

Caixa Geral de Depósitos, SA · Sede Social: Av. João XXI, 63, 1000-300 Lisboa · Capital Social: 3.844.143.735,00 € · CRCL e Contribuinte 500 960 046

Annex V - Non-profitable organizations of which CGD is an associated member

December 2021

Organization
Associação Portuguesa de Bancos (inclui IFB e quota swift)
AEP - Associação Empresarial de Portugal
AIP - Associação Industrial Portuguesa
COTEC
Centro Nacional da Cultura
Fundação de Serralves
Fundação Eça de Queirós
Fundação Económicas
Instituto Português de Corporate Governance
Fórum para a Competitividade
Câmara de Comércio e Industria Portuguesa
Câmara Comercial Portuguesa na Alemanha
Câmara de Comércio Belgo-Portuguesa
Centro Português de Caracas
SEDES - Associação para o Desenvolvimento Económico e Social
AC - Aliança Connector
American Club of Lisbon
Câmara de Comércio Industria Árabe Portuguesa
Câmara de Comércio Americana em Portugal
Câmara de Comércio e Industria Luso Alemã
Câmara de Comércio e Industria Luso Britânica
Câmara de Comércio e Industria Luso Chinesa
Câmara de Comércio e Indústria Luso Colombiana
Câmara de Comércio e Industria Luso Espanhola
Câmara de Comércio e Industria Luso Francesa
Câmara de Comércio e Industria Luso-Brasileira - Fusão com Clube de Empresários do Brasil
Câmara de Comércio e Industria Luso-Mexicana
Câmara de Comércio e Industria Portugal Angola
Câmara de Comércio Industria e Turismo Portugal Cabo-Verde
Câmara de Comércio Luso Sul Africana
Câmara de Comércio Luso-Belga-Luxemburguesa
Câmara de Comércio Portugal Moçambique
CE CPLP Conselho Empresarial da Comunidade dos Países de Língua Portuguesa
Fundação Portugal África
ESBG- European Savings Banks Group / WSBI – World Savings and Retail Banking Institute
BCSD - Conselho Empresarial para o Desenvolvimento Sustentável
CADIN
Carbon Disclosure Project
Foundation 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 - FI + PRB
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
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 Industria Internacional - Secção Portuguesa
Politec & ID - Associação para o desenvolvimento de conhecimento e inovação (Instituto Politécnico de Lx)
DSPA – Data Science Portuguese Association
CIMPAS – Centro de Informação, Mediação e Arbitragem de Seguros
ALF - Associação Portuguesa de Leasing, Factoring e Renting
ICA - Internacional Coucil on Archives
Associação Smart Waste Portugal
UCCLA - União das Capitais de Língua Portuguesas

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 2021 annual report by the board of directors

CERTIFICATE

Artur Miguel Marques da Rocha Gouveia, Company 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 21st of 2022, with a unanimous vote of its members, regarding the topic: "Annual Report, Corporate Governance Report and Sustainability Report for 2021: (…)---------

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 2021, showing a consolidated net result of €583,361,267 and a net result in respect of CGD's separate activity of €441,534,238 and the respective proposal for the appropriation of results, with 20% for the legal reserve, €88,306,848, €241,070,965 for dividends, and €112,156,425 for the balance sheet item "Other reserves and retained income"". --------

Because it is true, I issue this Certificate. -------------

Lisbon, April 21, 2022

(Signed)

4.

SUSTAINABILITY REPORT

Index

4.1. About this report

Caixa Geral de Depósitos, S.A., (referred to as Caixa throughout this document), hereby issues the annual corporate sustainability report concerning the activity carried out during the 2021 financial year.

The quantitative data contained herein refer to the period from 1 January to 31 December 2021; where relevant, information related to previous years is also included, so as to provide an overview of the way Caixa's performance has progressed throughout the years.

The information reported on sustainability mainly refers to Caixa's banking activity in Portugal and also includes information on Caixa Gestão de Ativos Sociedade Gestora de Fundos de Investimento, S.A., Caixa Banco de Investimento S.A., Caixa Serviços Partilhados, ACE, Culturgest - Fundação Caixa Geral de Depósitos and Serviços Sociais da Caixa.

Relevant information on the sustainability of international structures is also disclosed, namely: Banco Comercial do Atlântico S.A., Banco Interatlântico, Banco Caixa Geral Angola S.A., Banco Comercial e de Investimentos S.A., Banco Nacional Ultramarino S.A., Banco Nacional Ultramarino - Macau, France Branch and Timor Branch.

Acknowledging the importance of the various dimensions of Sustainability for a thorough insight on the way a company operates, Caixa 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 Caixa's ability to achieve long-term sustainability.

The content disclosed in this report also contributes to the reporting of the sustainability requirements defined by the UTAM (Technical Unit for Supervising and Monitoring the Public Business Sector), namely the Company's sustainability analysis in the economic, social and environmental domains and the Non-financial Statement set forth in Decree-Law no. 89/2017.

The issues to be addressed in this report are based on the results of the materiality analysis arising from the consultation of internal and external stakeholders completed in 2021.

The scope of reporting is, in the case of Caixa's activity carried out in Portugal, aligned with the results of the materiality obtained, while the affiliate banks report information according to their capacity

for reporting, monitoring and aligning with the material topics identified.

Caixa 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 Caixa's alignment are highlighted in the GRI table.

With the aim of promoting the continuous improvement of its sustainability report, Caixa provides the email sustentabilidade@cgd.pt for readers' feedback.

This report has been prepared in accordance with the GRI Standards: Essential option.

The contents of this document were verified by Ernst & Young Audit & Associados, SROC, S.A.

4.2. Highlights 2021

Entity	No. of employees	Distribution by gender	Variation in energy consumption (compared to 2020)	Variation in GHG emissions (compared to 2020)
	6,117	38% male 62% female	-4%	-18%
Banco Interatlântico	158	35% male 65% female	+7%	+7%
BCA BANCO COMERCIAL DO ATLÂNTICO	424	36% male 64% female	+18%	+15%
Caixa Angola Banco Caixa Geral Angola	531	46% male 54% female	+39%	+34%
BCI	2,716	46% male 54% female	-5%	-21%
BNU Banco Nacional Ultramarino	527	38% male 62% female	-4%	-12%
BNU TIMOR	141	53% male 47% female	+10%	-4%
Caixa Geral de Depositos	544	41% male 59% female	+5%	+45%

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER.

Paulo Moita de Macedo

Vice-chairman of the board of directors
and Chief Executive Officer

Less than a decade before the completion of the United Nations' ambitious 2030 Agenda, Humanity was faced with a worldwide pandemic and Europe was haunted by a war that violates fundamental principles that we took for certain in our lives, such as Human Rights and the independence and sovereignty of democratic States. COVID-19 brought about additional challenges, aggravating poverty and exclusion amongst the least favoured socio-economic groups. In light of these facts, the world has reinvented itself as we watched an urgent social response and the emergent support provided to those more vulnerable and sick, together with an irreversible change in technological transformation and digitalization trends.

Similarly to other sectors, the financial system has also come together to respond to the society's call, by supporting households and companies in their way towards recovery and resilience and promoting financial and digital inclusion. Caixa Geral de Depósitos kept focused on its close relationship with the client, on understanding the customers' needs and funding their projects. Two thousand and one was a particularly relevant financial year in what concerns CGD's sustainability strategy, with the first issuance of an ESG (environmental, social & governance) bond translating the bank's stance in terms of responsible business and sustainable development. The funds raised with this issuance (500 million euros) will be used for credit financing and refinancing within the scope of environment and socioeconomic development.

The demands of the supervisor and the regulator, as well as the pressure on our clients and investors, impose a sustainability agenda demanding the implementation of ESG challenges as part of the business strategy, including the integration of environmental and climate risks into the rating model, the development of a range of financial products promoting environmental efficiency and a low-carbon economy, the stress testing of climate risks, as well as the forecasting of climate-related scenarios pursuant to the EBA Guidelines and the supervisor's expectations. Also within the scope of the management of climate risks, we highlight CGD's signing of the commitment statement pertaining to the financial initiative convened by the United Nations, Net Zero Banking Alliance, drawing up an ambitious plan for reducing the emissions of its client portfolio.

From an investment standpoint, Caixa Gestão de Ativos extended the implementation of ESG criteria to all classes of assets under management, amounting to a total of 6.46 billion euros in investment funds promoting social and/or environmental issues.

CGD maintained its ongoing support to the community through an investment amounting to over 12.4M€, involving protocols with over 40 universities and polytechnic institutes, supporting 34 projects within the scope of the Caixa Social awards and also the Caixa Mais Mundo merit award, for 150 students enrolled in higher education institutions. Incentives for quality education have also been deployed with the support to e-accessibility, through the donation of over 670 articles of IT equipment, as well as with the employees' participation in dozens of activities on CGD's Volunteering Day.

The challenge of digital inclusion was surmounted with the Bank reaching the mark of 2 million clients active on digital platforms.

In terms of social equity and equal opportunities, CGD implemented a Plan for Gender Equality with measures aiming to reduce wage inequalities, formalize career progression and strengthen the processes of performance assessment and award of variable remuneration.

The environmental performance of the bank's operations was very positive across all spheres, with the renewal of the Environmental Management System having been ensured and with CGD scoring "leadership" in CDP's Climate Change questionnaire, one of the current most respected environmental benchmarks.

The Sustainability Strategy for the 2021-2024 period materializes CGD's ambition in becoming a sustainable finance leader in Portugal, sup porting the transition toward a low-carbon economy and funding projects that have a social impact on people's lives, and is underpinned by five strategic lines of action: 1) Being a sustainable finance leader within the Portuguese market, supporting the transition toward a low-carbon economy and funding projects that have a social impact on people's lives; 2) Climate risk management – accelerating the transition toward a low-carbon economy through the efficient management of climate risks; 3) Social Equity, Digital and Financial Inclusion – being an inclusive bank that prioritizes the well-being of its employees and that of society; 4) Transparent Governance Models – implementing efficient governance models focused on boosting performance in a responsible, diversified and transparent manner; and 5) Disclosure of Sustainability Information.

The outcome of our work has come to be acknowledged by our customer satisfaction indicators, the financing of more resilient companies and the building of more prosperous societies. It is, therefore, with a strengthened sense of responsibility that we saw CGD being once again appointed as "Best Bank for Individual Customers" and "Best Bank for Young People", having been distinguished as "Best Bank in terms of Sustainability" or, more recently, receiving the National Sustainability Award in the category "Sustainable Finance".

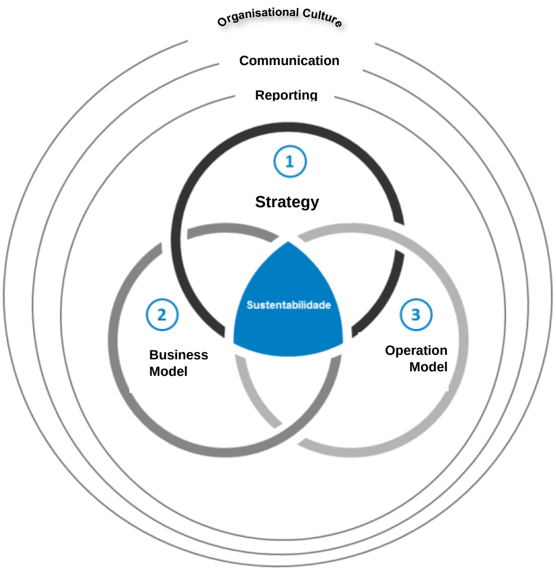
We hereby renew and strengthen CGD's commitment to financing the future, supporting the fulfilment of the United Nations' Sustainable Development Goals and the building of more sustainable, prosperous and inclusive societies.

4.4. Caixa

The Caixa Group operates from a universal banking perspective, offering its customers specialised financial services, particularly commercial banking, asset management and investment banking. It is also committed to international business, as a strategic pillar of its sustained growth and, equally important, its main role in the recovery and internationalisation of the Portuguese economy.

Strategic approach to sustainability

As a publicly owned bank, Caixa plays a relevant role in the country's economic and social development and the sustainable finance of society. 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.



It is with this purpose of future and responsibility that Caixa has been guiding its activity in order to provide an efficient, innovative and integrated response to the main challenges that society is facing, whether economic, environmental or social.

Through a process of regular engagement with its stakeholders, Caixa has developed a strategic approach to sustainability, supported by a set of internal ESG (Environmental, Social and Governance) Policies and an alignment with the main national and international benchmarks and commitments in matters of sustainability.

Alignment between sustainability strategy and Caixa's business strategy is guaranteed through comprehensive, ambitious action plans which ensure a focused approach to a series of key action areas and alignment with the needs and expectations of its stakeholders. Transparent reporting of environmental, social and governance information, combined with the development of internal and external communication initiatives, enable the public recognition of Caixa's performance in sustainability matters and the gradual integration of the institution's culture.

Best Bank in Sustainability 2021

Caixa was distinguished as the Best Bank in Sustainability, in the context of Banking in Portugal, in the Brandscore study, by the Scopen consultancy, which reflects the results of the spontaneous naming of customers and non-customers. This recognition reinforces Caixa's commitment to sustainable development and the orientation of its activity towards value creation, through management based on principles of not only economic, but also social and environmental responsibility.

Brandscore is a national survey that covers bank users aged between 15 and 70. Its results are obtained by means of 8,000 telephone interviews, spread over 4 quarters, 2,000 interviews per quarter.

4.5. Policies, commitments and working groups

Policies and commitments outline Caixa's performance in terms of its responsible business practices, encouraging the prevalence of ethics, precision and transparency in all activities and operations, binding employees and functional structures, Group companies and, whenever applicable, partners, suppliers, and other stakeholders.

ESG Policies

Caixa has been developing a set of policies and other corporate documents that are relevant to its performance in terms of sustainability and alignment with its stakeholders' expectations regarding ESG issues, 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 Caixa interacts with its various stakeholders;

Sustainability Policy: Establishes Caixa'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 Caixa and complies with the most recent developments in the law and the Labour Code to strengthen the legislative framework for preventing workplace harassment;

Socially Responsible Investment Policy: It sets out Caixa Gestão de Ativos' main guidelines on responsible investment;

Framework for Sustainable Finance: Aligned with the Green Bond Principles and the Sustainability Bond Guidelines published in June 2021 by the International Capital Market Association, it provides investors with more information on Caixa's sustainable finance strategy and sustainability commitment;

Caixa Geral de Depósitos Group's Corporate Policy on Non-Financial Risk Management: It outlines the responsibilities and establishes the principles applicable to the management of Caixa's non-financial risks (e.g. climate risk) on an individual basis, covering all branches abroad and, on a consolidated basis, also including all subsidiaries that are part of the prudential supervision perimeter;

Global Information Security Policy: It formalises and communicates the strategic and programme outlines approved by Caixa's Board of Directors in matters of information security, as well as its commitment to meeting the applicable requirements related to information security;

Personal Data Protection Policy: It sets out the principles, legal and regulatory rules, operating standards and best practices followed by Caixa and the Caixa Group when processing personal data as part of their activity;

Diversity Policy for Caixa Group Employees and Members of Caixa's Management and Supervisory Bodies: It establishes the principles applicable in matters of diversity to Caixa employees, as well as the goals and targets for a balanced representation of women and men in Caixa's management and supervisory bodies;

Principles in Tax Matters: It provides a set of guidelines for Caixa's response in tax matters;

Remuneration policy for Caixa Group employees: It establishes the principles and criteria applicable to the remuneration of Caixa employees;

Principles for Sectorial Limitation and Exclusion: Sets out a list of principles for activities and projects that are excluded, or restricted under certain conditions, from Caixa's credit policy;

Product Governance, Approval and Monitoring Policy: It 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 Caixa suppliers contractually adhere and are a way of mitigating environmental and social risks in the supply chain.

Diversity policy: It establishes the principles applicable to Caixa employees in terms of diversity and the goals and targets for a balanced representation of women and men in Caixa's management and supervisory bodies.

Dimension: Social

Community Engagement Policy: Sets out the guidelines for action related to the imminent 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;

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 undertaken by the Institution, namely respect for human rights and the pursuit of Sustainable Development Goals.

Statement of Commitment to Human Rights: It reinforces Caixa's commitment to respecting human rights in its relations with stakeholders;

Training Policy – Caixa Group Employees: It aims to contribute to the consistency between the Caixa Group's strategic plan and the training priorities of the different Group Entities; this Policy is aimed at implementing a global programme that guarantees the development of all Caixa Group employees.

Dimension: Environmental

Environmental Policy: It provides a framework for Caixa's commitment to reducing its environmental impact by continuously improving processes, implementing measures that foster eco-efficiency in its operations and its ability to adapt to and mitigate the challenges posed by climate change;

Climate Action Position Paper: It demonstrates Caixa's involvement, positioning, main commitments, initiatives and results in terms of climate action.

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.

The implementation of Quality Management Systems at Caixa resulted from a strategic decision aimed at leveraging the improvement of its performance and providing a solid basis for sustainable development initiatives.

In 2021, Caixa retained the certification of six processes under the ISO 9001 standard.

Commitments adopted

Caixa voluntarily subscribes to commitments and/or principles set out by benchmark international and national organisations in sustainability matters, which are complementary to the validity of its corporate policies and codes under the Sustainability Programme, most notably:

International commitments

Net Zero Banking Alliance

The Net Zero Banking Alliance (NZBA), launched in April 2021, was co-organised by the United Nations Environment Programme Finance Initiative (UNEP FI) and the Financial Services Task Force of the Sustainable Markets Initiative. This initiative mobilises the financial sector to build a carbon-neutral economy, by gradually reducing emissions in line with the objectives of the Paris Agreement.

Women's Empowerment Principles

Caixa joined the United Nations by subscribing to the Women's Empowerment Principles (WEP), a joint initiative of the United Nations Global Compact and the United Nations Development Fund for Women aimed at promoting gender equality and strengthening the role of women in the workplace, the market, and the community. With this subscription, Caixa declares its commitment to implementing the seven WEP Principles and to concretely and ambitiously amplify its Gender Equality goals.

Principles for Responsible Banking

Caixa is a founding member of the Principles for Responsible Banking (PRB) launched by the United Nations Environment Programme. The PRBs set forth the role and duty of the financial sector in building a sustainable future, but also its alignment with the Sustainable Development Goals. More information on the PRB integration process is available in the status report at cgd.pt.

Principles for Responsible Investment

Caixa Gestão de Ativos, a Caixa Group company, is a signatory to the United Nations Principles for Responsible Investment (PRI). PRI membership reinforces the importance of incorporating ESG factors into the investment process of the various funds under management.

Business Ambition for 1.5 °C

Caixa signed the Business Ambition for 1.5 °C letter of commitment, an initiative led by the Science-Based Targets initiative (SBTi) with the support of the United Nations Global Compact and the We Mean Business Coalition. This initiative encourages companies to make a strong commitment to fighting climate change, by setting concrete targets for reducing greenhouse gas emissions.

The Ten Principles of the UN Global Compact

Caixa subscribed to the 10 Global Compact Principles based on the areas of human rights, labour practices, environmental protection and anti-corruption and aims to integrate them into the company's strategy and operations.

More information on the process of integrating the 10 Principles of the Global Compact into Caixa's Communication on Progress (CoP) is available at unglobalcompact.org.

National commitments

SDG Alliance Portugal

Caixa is a member of the Global Compact Network Portugal (GCNP), which has an international mandate to lead the business sector's contribution to achieving the United Nations' 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 activities.

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.

Caixa 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.

Commitment to the Lisbon European Green Capital 2020

Caixa joined the city of Lisbon in meeting environmental targets by signing the Commitment Lisbon European Green Capital 2020 - Climate Action 2030. Caixa undertakes this commitment by means of 21 actions in the areas of energy, mobility, water, greenhouse gas emission reduction, waste and paper consumption measures, as well as through the dissemination and promotion of awareness-raising and communication events related to the topic.

Charter of Business Principles for Sustainability

The BCSD Portugal (Business Council for Sustainable Development) Charter of Principles is a voluntary benchmark that can be subscribed to and applied by any company, regardless of its size and activity sector. The companies subscribing to the Charter promote continuous improvement in management and conduct their activity guided by the creation of value for all stakeholders, customers, suppliers, employees, investors, local communities, and the environment.

Manifesto: Taking advantage of the crisis to launch a new paradigm of sustainable development

Caixa 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.

Portuguese Charter for Diversity

The Portuguese Charter for Diversity is an initiative of the European Commission and it is one of the voluntary instruments created to encourage employers to implement and develop internal policies and practices to promote diversity. Signing this Charter symbolises Caixa's will to evolve and actively promote and explore the full potential of diversity in line with its resources and possibilities.

Timely payment commitment

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.

Working groups

Caixa is a member of several working groups whose mission is to create mechanisms and tools to respond to business challenges in terms of sustainability, namely:

High-Level Think Tank for Sustainable Finance – Coordinated by the Ministry of Environment in partnership with the Ministries of Economic Affairs and Finance, its mission is to align all areas of the financial sector in Portugal so as to identify obstacles and solutions to streamline sustainable finance in Portugal, with a view to ensuring energy transition and boosting new opportunities for the economy.

"Sustainable Finance" Working group of the Portuguese Banking Association - Along with representatives from all banks in Portugal, Caixa 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.

Sustainable Finance Working Group (SFWG), of the European Banking Federation (EBF) – On behalf of the Portuguese Banking Association, Caixa is a member of the Sustainable Finance working group and the Taxonomy subgroup.

Financial Education and Literacy 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. Caixa 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, Caixa participates in the Sustainable Finance and Carbon Neutrality working groups.

Strategy Implementation, Monitoring and Evaluation Group (GIMAE) - Caixa 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, Caixa 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. Caixa 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.

BCSD Portugal Sustainable Finance Working Group

One of the activities developed by the BCSD Portugal Sustainable Finance group, of which Caixa is a member, was to restructure and update the website sustainablefinance.pt. This website aims to position itself as a space dedicated to fostering knowledge and promoting sustainable finance, contributing towards hastening the implementation of green economy practices.

In addition to providing information on the latest developments in sustainable finance, the website also includes case studies and other resources related to this area. Caixa contributed with a case study on sustainable debt issuance, as a milestone in implementing the institution's commitments in the field of sustainable finance.

4.6. Stakeholders and materiality

Caixa recognises that a continuous dialogue with its stakeholders is crucial for the sustainable development of its activity and maintains several relationship channels with the main stakeholder groups.

Forms of relationship and main stakeholder expectations

Stakeholder	Forms of communication	Main expectations to be highlighted
Employees	• Surveys on organisational environment • Intranet (SomosCaixa) • Caixapessoal Portal • Performance evaluation • Sustainability Surveys • Employee meeting	• Employee training and development • Governance model and ethical conduct • Working conditions and employee benefits • Efficient management of resources (e.g. energy) • Inclusion and equal opportunities • Sustainable product solutions • Social responsibility practices
Customers	• Customer Area (Suggestions and Complaints) • Satisfaction Surveys • Caixa Website • Social Networks • Branch Office Network • Cycle of meetings Fora da Caixa • Sustainability Surveys	• Cybersecurity and data protection • Governance model and ethical conduct • Job creation and development of the business fabric • Customer relationship management • Financial inclusion
The State	• Meetings/Assemblies • Reporting of periodic information • Sustainability Surveys	• Promoting savings and financing the economy • Ensuring levels of solidity, profitability, service and efficiency in line with the best practices of the European banking sector • Boosting economic growth
Investors and analysts	• Presentations to investors • Periodic meetings and contacts • Caixa Website • Caixa Reports • Sustainability Surveys	• Climate strategy • Carbon footprint reporting • Integration of ESG criteria in investment and financing analysis • Responding to regulatory requirements • ESG practices in the governance model • Financial soundness
Suppliers	• Trading platform and contract management • Periodic meetings and contacts • Audits (via the Environmental Management System) • Sustainability Surveys • Caixa Website	• Sustainable management of operations and the value chain • Social responsibility practices • Financing the transition to a low-carbon economy • Inclusion and equal opportunities
Community	• Social Responsibility Projects (e.g. Caixa Social Awards) • Fundação Caixa Culturgest • Protocols with Higher-Education Institutions • Periodic meetings and contacts • Free access training • Sustainability Surveys • Caixa Website	• Social responsibility practices • Financial inclusion • Job creation and development of the business fabric • Financing the transition to a low-carbon economy
Entities and trade associations	• Participation in working groups • Participation in public consultations • Sustainability Surveys • Caixa Website	• Governance model and ethical conduct • Financial soundness • Responding to regulatory requirements • Financing the transition to a low-carbon economy • Responding to social and environmental challenges
Regulators	• Supervisory actions • Periodic reporting to the regulator • Participation in working groups • Sustainability Surveys	• Legal and regulatory compliance • Financial soundness • Governance model and ethical conduct
Media	• Press office • Disclosure of results • Cycle of meetings Fora da Caixa • Caixa Website • Sustainability Surveys	• Access to relevant information of public interest

2020/2021 Sustainability Questionnaire

In order to integrate stakeholders' expectations in outlining the 2021-2024 Sustainability Strategy, Caixa developed a consultation process based on the United Nations' 17 Sustainable Development Goals.

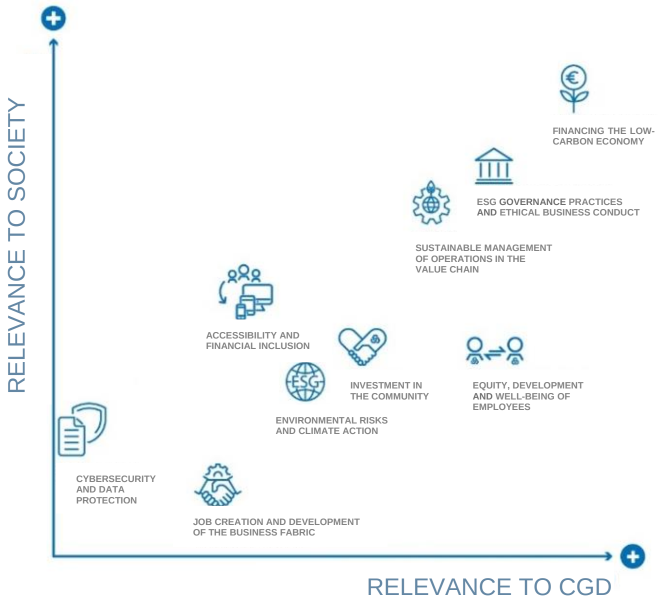
This questionnaire was answered by 3,087 stakeholders.

Based on a diversified set of channels, Caixa regularly engages with its stakeholders and contributes to a comprehensive identification of their needs and expectations.

- **15** groups of stakeholders answered the sustainability questionnaire
- > **500,000** followers on social media[1] in 2021
- **164** suggestions from customers
- **31** Press releases sent in 2021
- **160** videoconferences and calls with **131** investors in 2021
- **> 520,000** customers under remote management
- **> 4 million** conversations with customers via the Caixa Digital Assistant

Material topics

As a result of the materiality analysis completed in 2021, nine topics considered relevant to Caixa's internal and external stakeholders were identified. The materiality matrix shows the relevance of each topic from society's perspective and from Caixa's internal business perspective and is used to align its sustainability strategy.



- **Financing the low-carbon economy**: Financing the transition to a climate neutral impact economy in a fair and inclusive way.
- **ESG governance practices and ethical business conduct:** ensuring the integration of ESG principles into governance practices ensuring the highest standards of ethics and transparency.
- **Equity, development and well-being of employees**: Promoting the development and well-being of employees, safeguarding a culture of diversity and equal opportunities.
- **Investment in the community**: Supporting the development of the communities in which Caixa operates, contributing to create social and economic value.
- **Sustainable management of operations in the value chain**: Promoting the development of projects and initiatives that contribute to reducing the environmental impact associated with Caixa's operations, influencing the value chain.
- **Accessibility and financial inclusion** Accelerating digital transformation as an agent promoting the population's inclusion and financial literacy and reducing inequalities in the access to financial products and services.
- **Environmental risks and climate action**: Ensuring an efficient climate risk management and the incorporation of ESG factors into financing and investment policies and analyses.
- **Cybersecurity and data protection**: Ensuring the confidentiality, integrity and security of customer data, as well as the management of cyber risks.
- **Job creation and development of the business fabric** Providing products and services that meet the needs of Portuguese families and the development and resilience of the business sector.

[1] Facebook, LinkedIn, Instagram, and YouTube

4.7. Sustainable Development Goals (SDGs)

The 2030 Agenda for Sustainable Development is a broad and ambitious agenda that aims to promote prosperity and well-being for all, as well as to protect the environment and combat climate change. It consists of 17 Sustainable Development Goals, broken down into 169 targets, approved by the 193 UN Member States in 2015.

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.

SDGs with the most significant contribution

1 NO POVERTY	Playing an active role in promoting projects aimed at poverty alleviation, social inclusion and the construction of fairer and more inclusive societies.
5 GENDER EQUALITY	Ensuring the existence of principles of equality and non-discrimination between women and men as a structuring element for value creation.
8 DECENT WORK AND ECONOMIC GROWTH	Providing financial solutions that encourage economic growth and the resilience of society and the business fabric.
10 REDUCED INEQUALITIES	Operating under solid principles of equal opportunities and decent working conditions throughout the value chain.
11 CIDADES E COMUNIDADES SUSTENTÁVEIS	Providing financial solutions that contribute to the development of more sustainable cities and communities.
13 CLIMATE ACTION	Strengthening the capacity for resilience and adaptation to climate risks, by developing strategies aligned with the main national and international commitments.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Adopting efficient governance models based on principles of integrity and ethics, which drive performance in a responsible, diverse and transparent manner.
17 PARTNERSHIPS FOR THE GOALS	Disseminating pertinent and relevant sustainability information to stakeholders and promoting the development of partnerships that contribute to sustainable development.

Objectives and Goals

Caixa considers the SDGs to be an important framework to guide its strategy, goals and activities.

In order to redirect its action and focus towards the challenges in which it can effectively make a greater contribution and have a greater impact, Caixa has outlined a set of quantitative and qualitative goals that contribute to achieving the SDGs, namely:

	Goal	Status
1 NO POVERTY	Invest €40 million in the community (period 2021-2024).	€12.4 milion invested (2021)
5 GENDER EQUALITY	Achieve at least 38% of women in management positions by 2024.	35% (2021)
8 DECENT WORK AND ECONOMIC GROWTH	New sustainable debt issuance (green, social or sustainable) by 2024.	To be started
10 REDUCED INEQUALITIES	Achieve 525,000 active customers (> 45 years old) with access to digital platforms.	493,645 (2021)
11 CIDADES E COMUNIDADES SUSTENTÁVEIS	Development of a new financial solution that promotes investment in more energy efficient housing by 2022.	In progress
13 CLIMATE ACTION	Setting a greenhouse gas (GHG) emissions reduction target in line with the Science Based Target Initiative (SBTi) by 2022.	In progress
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Incorporation of *ESG* metrics into variable management remuneration by 2024.	To be started
17 PARTNERSHIPS FOR THE GOALS	Calculate and publicly disclose scope 3 GHG emissions (category 15) by 2021.	Publication of the climate action position paper with the scope 3 emissions report (2021).

Impacts on the value chain

Caixa recognises that its activities cause positive and negative impacts throughout the value chain.

Based on the eight priority SDGs, an assessment was made of the main type of impact and the stage in the value chain where this impact mostly occurs. This analysis, besides allowing a holistic vision, contributes to the development of specific projects with the aim of enhancing the positive impacts and mitigating the negative ones.

As a next step and in order to strengthen this assessment, Caixa intends to encompass the results of the impact analysis as part of the Responsible Banking Principles, which will be developed in 2022.

Impacts on the Value Chain

	Upstream Acquiring goods and services	Operations Developing and marketing financial products and services	Downstream Use of financial products and services by households and businesses
1 NO POVERTY	+ Economic development and job creation (via the supply chain).	+ Financial solutions that contribute to job creation and to economic and social resilience.	+ Promoting entrepreneurship and job + creation (through financing activities).
5 GENDER EQUALITY	Not significant	+ Full and effective participation of women and equal opportunities throughout the organisation.	Not significant
8 DECENT WORK AND ECONOMIC GROWTH	+ Streamlining the national production and economy by means of a supply chain composed mostly of national suppliers.	+ Working conditions and employee benefits.	+ Improvement of the well-being of Portuguese families and the development of the business sector resulting from the allocation of funding.
10 REDUCED INEQUALITIES	+ Promoting the adoption of a more socially responsible behaviour by the supply chain, through contractual mechanisms and engagement *initiatives*.	+ Developing projects and initiatives that contribute to the financial and digital inclusion of society.	Not significant
11 SUSTAINABLE CITIES AND COMMUNITIES	Not significant	+ Production of energy from renewable sources in the organisation's buildings.	+ Development of more resilient and sustainable cities resulting from the use of funding lines.
13 CLIMATE ACTION	+ Promoting the adoption of a more environmentally responsible behaviour by the supply chain, through contractual mechanisms and engagement initiatives.	− Direct environmental impact associated with the organisation's activities and operations.	− Indirect environmental impact associated with financing activities.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Not significant	+ Promotion of effective, accountable and transparent management practices in all levels of the organisation.	+ Promoting principles of truthfulness, transparency and clarity in communication with customers and other stakeholders.
17 PARTNERSHIPS FOR THE GOALS	+ Development of multisectoral partnerships that contribute to sustainable development along the value chain.		

− Negative impact + Positive impact

4.8. 2021-2024 Sustainability Strategy

The 2021-2024 Sustainability Strategy embodies Caixa's ambition to become the leader in sustainable finance in Portugal, supporting the transition to a low-carbon economy and financing projects with a social impact on people's lives, based on five strategic areas of action.

1) **Sustainable and Inclusive Financing** -Financing the transition to a low-carbon economy in a fair and inclusive way.

2) **Climate Risk Management** – Accelerating the transition to a more sustainable and resilient economy by efficiently managing climate risks.

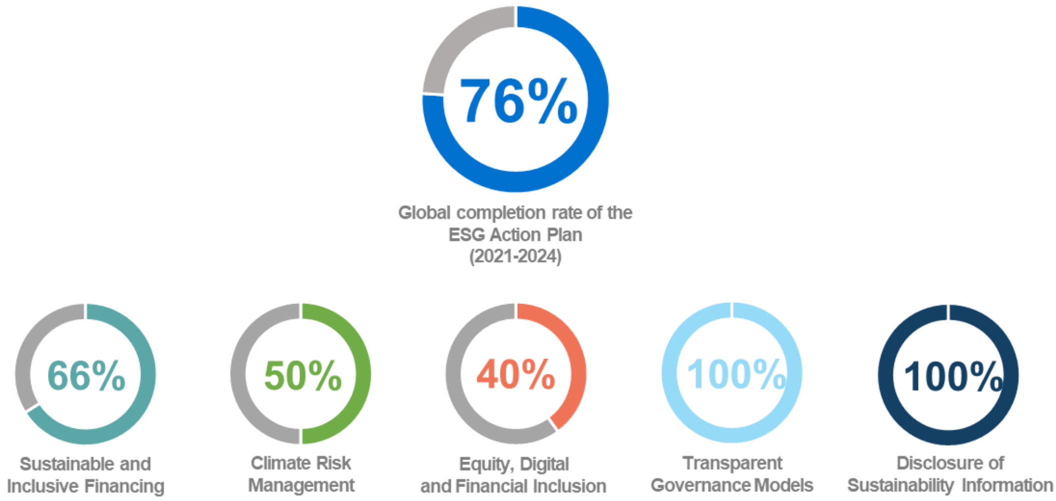
3) **Equity, Digital and Financial Inclusion** – Being an inclusive Bank that prioritises the well-being and development of employees and society.

4) **Transparent Governance Models** – Adopting efficient governance models that drive performance in a responsible, diverse, and transparent manner.

5) **Disclosure of Sustainability Information** - Make regular and transparent disclosures on *ESG* performance in accordance with best reporting practice and applicable regulations.

ESG action plan

As one of the workstreams of Caixa's Strategic Plan, the ESG aspect is driven by a progressive and dynamic action plan, which relies on the direct participation of different internal structures. In the first year of implementation of the Sustainability Strategy, the rate of completion of the actions planned for 2021 was 76%.



Internal training in Sustainability

Sustainability and the management of ESG dimensions are key components of Caixa's strategy for 2021-2024. In 2021, the e-learning course 'Sustainability in Investment Funds' was developed with the aim of enabling Caixa employees to acquire, develop and consolidate knowledge in the area of sustainability and support customers who want to make more responsible choices.

4.9. Sustainable and inclusive financing

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 under the Paris Agreement.

The contribution of the financial sector is crucial for this evolution. The financial sector should become an agent for promoting sustainable development through the advice it provides to its customers, and by developing products and services that take ESG factors into account.

However, it is also necessary to ensure that the transition to a carbon-neutral economy is carried out in a fair, inclusive manner and leaving no one behind.

Financing the low-carbon economy

As a benchmark institution in the financial sector, one of Caixa's priorities is to support the transition to a low-carbon economy through its financing and investment activities. Considering that this is an issue with impacts on several levels (internal and external), Caixa has been developing a holistic management approach supported by several policies, commitments and other corporate documents.

In this context, it is important to highlight the Sustainable Finance Framework as a document that provides an important guideline for Caixa's financing activities. Reference should also be made to the Socially Responsible Investment Policy of Caixa Gestão de Ativos, which outlines the process for incorporating ESG factors into the investment process.

The development and implementation of projects and initiatives associated with the topic 'Financing the low-carbon economy' are periodically evaluated by senior management via the Sustainability Committee.

In order to assess the chosen management approach, Caixa measures and monitors the indicators associated with this material topic, reporting them in this chapter of the 2021 Sustainability Report and also in Annex B - GRI Table.

Caixa's approach to the topic Financing the Low-carbon Economy contributes directly to SDG 11 – Sustainable Cities and Communities, and indirectly to SDG 9 – Industry, Innovation and Infrastructure, and SDG 12 – Responsible Consumption and Production.

Sustainable financing instruments

For an economy that aims to be carbon neutral, it is necessary that all economic agents, especially the financial sector, understand the risks and opportunities associated with the transition to an economic model that contributes to the environmental goals outlined at European level, such as the mitigation of and adaptation to climate change or the transition to a circular economy. As a publicly-owned bank, Caixa intends to play a leading role in developing and promoting the market for sustainable financial products.

Issuance of sustainable debt

In 2021, Caixa successfully completed a €500-million senior preferential debt issue. As a sustainable finance instrument, the funds raised are directed towards the refinancing and financing of new operations in the field of environment and socio-economic development.

This is the first issue made by a Portuguese bank with these characteristics and is an important milestone in fulfilling the commitments undertaken by Caixa Geral de Depósitos in the field of sustainable finance.

The main results achieved include:

- First issue in ESG format by a Portuguese bank;
- Demand reached €1.7 billion with 133 orders;
- The transaction set a coupon of 0.375%, which represents the lowest coupon for a Portuguese issuer of this type of debt;
- Around 60% of the issue was allocated to ESG investors.

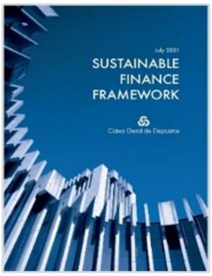
National Sustainability Award 2022

Caixa won the National Sustainability Award 2022 in the Sustainable Finance category.

The National Sustainability Award is an initiative promoted by Jornal de Negócios to distinguish companies and organisations that stand out for their good sustainability practices in various areas: environmental, social and governance.

The Sustainable debt issue was based on Caixa's Sustainable Finance Framework and is in line with the Green Bond Principles and the Sustainability Bond Guidelines published in June 2021 by the International Capital Market Association. The Sustainable Finance Framework provides investors with more information on Caixa's sustainability strategy and commitment.

Under the Sustainable Finance Framework, Caixa can issue three types of instruments:



Green Financing Instruments – whose amounts are exclusively allocated to green project categories;

Social Financing Instruments – whose amounts are exclusively allocated to social project categories;

Sustainability Financing Instruments – whose amounts are allocated to both green and social project categories.

The Framework was developed in line with the Sustainable Development Goals (SDGs) as a universal guide to identify areas where issuing sustainable debt will have a positive impact on sustainable development. In addition to identifying the eight SDGs that were impacted, 13 associated indicators are also identified in order to promote greater transparency in the impact assessment process.

The Sustainable Finance Framework encompasses the following project categories: Sustainable water and wastewater management; renewable energy and energy efficiency; green buildings; clean transport; access to essential financial services (microfinance); access to essential financial services (small farmers); access to essential services (health care), and job creation.

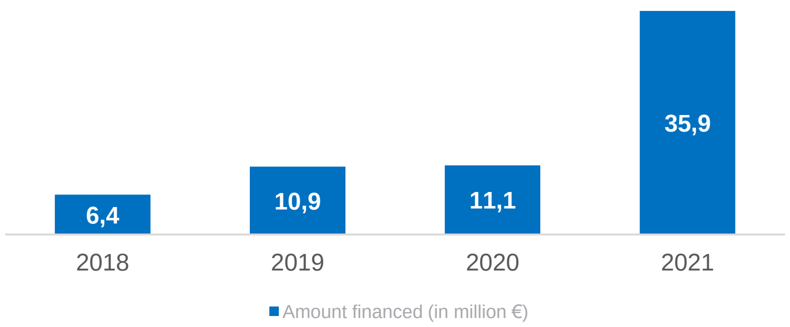
Credit lines for families and companies

Caixa has been investing in the development of new financial products and marketing credit lines that help support the transition of companies and families to a more efficient economy with less environmental impact, such as:

Leasing for hybrid and electric vehicles: Credit line aimed at supporting investment in hybrid and electric vehicles, financing the transition to a more sustainable mobility model.

A total of €35.9 million was funded in 2021.

Leasing for hybrid and electric vehicles: Developments in the amount financed



Leasing for Hybrid and Electric Vehicles contributes to mitigating environmental impact, namely by reducing greenhouse gas emissions by Caixa customers.

In 2021, Caixa financed 965 vehicles. It is estimated that these vehicles, compared to the same number of combustion vehicles, will allow avoiding the emission of 1,251 tCO_2/year, which corresponds to 313 Lisbon - Porto plane trips (domestic flight).

Caixa Invest Green Land: Credit line for supporting the transformation and adaptation of companies' businesses, promoting greater environmental responsibility and the creation of positive impacts. A total of €1.7 million was funded in 2021.

Eco-Friendly Car Credit: Credit line for purchasing a hybrid or electric vehicle. A total of €1.4 million was funded in 2021.

Start-up of the B2B EDP/Caixa solar solution

In 2021, Caixa entered into a partnership with EDP for the business-to-business (B2B) solution to purchase/service solar panels with associated financing. The pilot project, carried out in 12 business offices and 12 branches, financed 1,956 solar panels that allow a reduction of 259 t CO_2/year.

Flexcash Digital Factoring

The Flexcash solution is aimed at companies connected to the Saphety-Doc platform which subscribe to Caixa's Digital Factoring solution, based on invoices transmitted, filed and validated on that platform. Electronic Invoicing is a factor that allows simplifying and automating business processes among companies, in terms of accounting, improvement of payment deadlines and a subsequent reduction in their environmental impact thanks to the elimination of paper and all processes associated with printing, shipping, transport and filing, among others.

Sustainable Investment Action Strategy

In 2021, Caixa Gestão de Ativos strengthened its ambition to set an example in socially responsible investments, continuing to focus its activities on three main areas:

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).

Caixa Gestão de Ativos has developed an internal rating methodology known as Caixa Gestão de Ativos Sustainability Rating, which consolidates different assessment approaches/methodologies depending on the underlying asset class, thus ensuring a cross-cutting coverage of all asset classes managed by the Management Company in terms of sustainability.

The implementation of this approach is framed and validated by the Caixa Gestão de Ativos Sustainability Committee, which meets every two months and relies on the participation of the various investment teams and members of the Executive Committee.

The Sustainability Committee is responsible for analysing and checking compliance with the strategy and policies established in terms of Socially Responsible Investment in the assets under management. Additionally, the aforementioned Committee is responsible for deliberating on the exercise of voting rights and on engagement within the same scope, reporting on the main changes in the ESG indicators of the portfolios under management.

In 2021, Caixa Gestão de Ativos met one of the goals set in its Sustainability strategy, having extended the adoption of ESG criteria to all asset classes under management. The Real Estate and Alternative Investment classes have set internal methodologies that allow ESG criteria to be incorporated into the composition and valuation of their assets.

Thus, with reference to December 2021, Caixa Gestão de Ativos incorporates ESG criteria into all its assets, highlighting the total amount of investment funds under management that promote social and/or environmental characteristics and comply with all the assumptions in Caixa Gestão de Ativos's SRI Policy (Article 8 in light of the Regulation (EU) 2019/2088, also known as the SFDR Regulation) for a total of €6.46 billion. This amount comprises €6.25 billion in securities investment funds, €153 million in Open Pension Funds, and €57 million in Retirement Savings Funds (PPR).

Jornal de Negócios/APFIPP Award [12]

In 2021, the Caixa Ações Europa Socialmente Responsável - Fundo de Investimento Mobiliário Aberto de Ações fund won the Jornal de Negócios/APFIPP[2] award as the best domestic fund in the "European Equity Fund" category, rewarding the strategy followed by the fund since 2019 of favouring in its composition companies that stand out in the different dimensions of sustainability. This fund has been classified since March 2021 as an Article-8 Fund under the European Regulation 2019/2088, also known as the SFDR Regulation.

Jornal de Negócios/APFIPP also awarded Article-8 funds 'Fundo Caixa Ações Líderes Globais – Fundo de Investimento Mobiliário Aberto de Ações'[2] in the 'Other Equity Fund' category and 'Caixa Seleção Global Arrojado - Fundo de Investimento Mobiliário Aberto'[2] in the 'Multi-Asset Fund' category.

2021 Melhor Fundo de Ações Europeias
PRÉMIOS MELHORES FUNDOS · JORNAL DE NEGÓCIOS/APFIPP

2021 Melhor Outro Fundo de Ações
PRÉMIOS MELHORES FUNDOS · JORNAL DE NEGÓCIOS/APFIPP

2021 Melhor Fundo Multi-Ativos
PRÉMIOS MELHORES FUNDOS · JORNAL DE NEGÓCIOS/APFIPP

[2] The "Best Jornal de Negócios/ APFIPP Funds" awards seek to distinguish the best national funds in their respective categories, based on risk-adjusted return metrics over the last 3 years.

Participation of Caixa Banco de Investimento (Caixa BI) in sustainable debt operations

In the ESG area, on which CaixaBI has been placing great emphasis, reference should be made, in 2021, to the Bank's involvement in leading seven sustainable debt operations:

- In April, CaixaBI was Joint Lead Manager & Bookrunner for the REN Green Bonds issue, maturing in April 2029 and amounting to €300 million. This was REN's inaugural sustainable format issue, following the publication of its Green Finance Framework.

- CaixaBI organised and led the structuring of Corticeira Amorim's €20 million Sustainability-Linked Commercial Paper Programme, in August.

- In September, CaixaBI was Joint Lead Manager & Bookrunner for two subordinated issues of EDP Hybrid Dual-tranche Green Bonds, with the total amount of €1.25 billion, of which €750 million with a 5.5-year call and €500 million with an 8-year call, both maturing in 2082, intended to finance the Company's green projects portfolio, which includes renewable energy production projects and which is EDP's largest Green Hybrid issue to date.

  CaixaBI was also joint lead manager & Bookrunner for Caixa's Senior Sustainability Bond issue, in September - an operation for an overall amount of €500 million, with a maturity of 6 years and a 5-year call, maturing in September 2027. Caixa's inaugural sustainable debt issue on the market, under the terms of its Sustainable Finance Framework of July 2021, was the first sustainable format issue by a Portuguese financial institution.

- In November, CaixaBI acted as Joint Global Coordinator for the issue of Mota-Engil Sustainability-Linked Bonds, called Mota-Engil Sustainability-Linked Bonds 2021-2026, for the amount of €110 million and a maturity of 5 years, maturing in December 2026, made through a Public Offering for Subscription and Public Offerings for the Exchange of Mota-Engil 2018/2022 and Mota-Engil 2018/2023 Bonds, for placement in the Portuguese retail market and institutional investor market. This operation was the Company's inaugural sustainable format issue, and was also the first sustainable format issue to be placed on the Portuguese retail market.

- Following the initial issue of Mota-Engil Sustainability Bonds 2021-2026, CaixaBI once again acted, in December, as Joint Global Coordinator of the operation to increase the amount (tap) of the issue - by a further €21,999,500 - placed with institutional investors and which raised the global value of the Issue of Mota-Engil Sustainability Bonds 2021-2026 to €131,999,500.

Contribution of international structures

International structures play a very important role in the development of sustainability projects that contribute to financing the low-carbon economy.

We highlight some examples:

BNU (Macau) - Participation in sustainable bond issue

Banco Nacional Ultramarino (Macau) participated as Joint Lead Manager in the issue of sustainable bonds:

- A Green Bond totalling MOP 2 billion (approximately €211 million) issued by the Macau branch of the Industrial and Commercial Bank of China Limited;
- A Biodiversity-Themed Green Bond by Bank of China Limited, Macao branch, totalling MOP 1 billion (approximately €105.6 million).

BCI – BCI SUPER credit line

In April 2021, Banco Comercial e de Investimentos (BCI) launched the SUPER credit line, which is aimed at supporting the agricultural sector for the sustainability of its activities through the use of renewable energy.

This line was launched as part of a partnership between BCI, the United Nations Industrial Development Organisation (UNIDO), and the Energy Fund (FUNAE) in the form of a guarantee fund to mitigate the risk associated with financing the agricultural sector.

Job creation and development of the business fabric

Caixa's mission is to generate value for Portuguese society, providing quality banking services to both retail and corporate 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.

In the pursuit of its activity, Caixa assumes support to the economy as one of its guidelines, by providing funding for companies, especially to promote the internationalisation and to operationalise support lines for small and medium-sized companies.

In this context, it is important to highlight the General Corporate Committee as an advisory body to the Executive Committee, responsible for debating, analysing and monitoring the business and commercial activity of Caixa's Corporate Network, as well as for analysing and assessing structuring initiatives with an impact on the management and commercial strategy of the Corporate Network.

In order to assess the chosen management approach, Caixa measures and monitors the indicators associated with this material topic, reporting them in this chapter of the 2021 Sustainability Report and also in Annex B - GRI Table.

Caixa's approach to the topic job creation and development of the business fabric contributes directly to SDG 8 – Decent Work and Economic Growth, and indirectly to SDG 10 – Reduced Inequalities, and SDG 1 – No Poverty.

Business segment evolution

Throughout 2021, with the mission of supporting Portuguese companies in resuming their post-pandemic activity, Caixa launched a comprehensive set of solutions aimed at improving treasury, continuity of its customers' economic activity, and investment financing (through medium- and long-term credit, securities leasing and property leasing), such as:

- New Medium-/Long-Term Credit Lines (with EIF guarantee): Caixa Invest Fundo Maneio, Caixa Invest Transforma, Caixa Invest Green Land, Caixa Invest Social Projeto II and Caixa Invest Start II. Special mention should be made of the Caixa Invest Tesouraria solution, which, as a checking account, also benefits from the 70% EIF guarantee;

- New Covid-19 Support Lines with mutual guarantee: LAE Industry and Tourism Exporting Companies; LAE Tourism Medium and Large Enterprises; LAE Travel Agencies and Tour Operators; LAE Event Staging; LAE Major Cultural Events; LAE Sports Federations;

- Caixa BEI 2021 MLP Line to meet the investment needs for Mid Caps, Large Corporates, Public Sector Entities;

- Equipment and Property Leasing, with Caixa, in the scope of its sustainability policy, strongly backing investment in hybrid and electric vehicles, financing companies with environmental concerns;

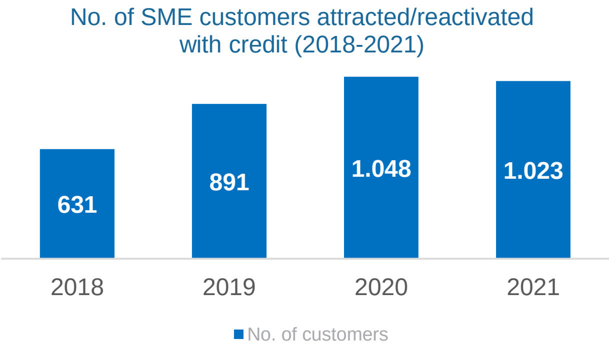
- Adherence to the legal moratorium and support solutions in the post-moratorium period, namely with the launch of the Retomar Refinanciar and Retomar Mais Liquidez lines, with the guarantee of the mutual guarantee company.

This year, we highlight the placement of Medium- and Long-term Loans (MLP) with EIF guarantees as support for working capital and investment in micro, small and medium-sized companies, and also the placement of Factoring and Confirming solutions as treasury support.

There is a growing concern to provide the value proposition for companies with solutions that fit the commitment arising from the ESG Programme. Benefiting companies that have environmental and social concerns in their corporate policies is a purpose that has already been launched and that will gradually be deepened in favour of an irrefutable common value of well-being resulting from the balance between society and nature. An example of this are debt services such as Caixa Invest Green Land with EIF guarantee, with maturities of up to 15 years and more attractive commissions for companies.

With an approach of continuous improvement of processes and customer experience, we continued to develop the corporate platform. This solution simplifies the process of contracting new credit operations for companies. In the second half of 2021, through this corporate platform, Caixa approved internal credit limits for around 110,000 customers and contracted more than €10 million in corporate loans. The placement of more than 20,000 Caixa Business Accounts confirms a strong Customer adherence to this multi-product solution that encompasses several products, namely Caixadirecta Empresas, which allows Customers to access their accounts and perform the most frequent banking operations autonomously and hassle-free, without the need to go to the Branch.

In 2021, Caixa achieved a growth of 30% (compared to 2018) in the base of SME customers attracted/reactivated with credit. With respect to company distinction programmes, the first half of the year saw the end of the PME Líder 2020 programme, which distinguished 9,955 companies, of which 2,592 through Caixa (+43% compared to the 2019 programme). In the Retail and Business Network, 2,019 companies were awarded this status, a very significant development compared to the previous programme (+52%).



The period for submitting applications for the 2022 Programme has been running since 29 December, and Caixa remains committed to supporting companies wishing to apply.

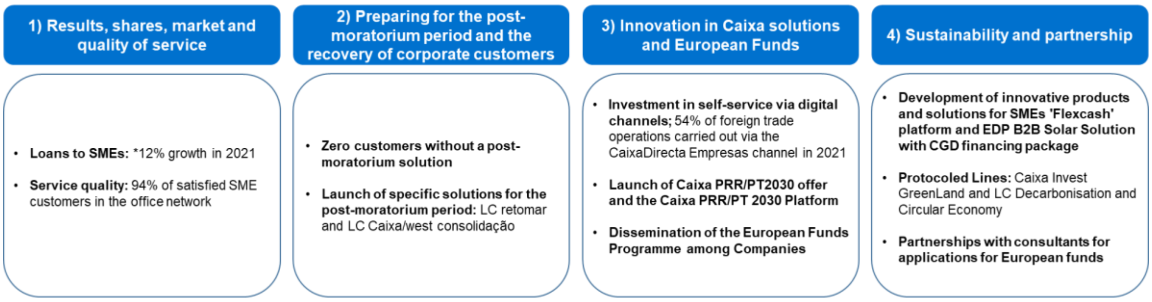
Also in the first half of the year, Caixa joined COTEC in the award of the COTEC 2021 Innovative Status, promoting and recognising the innovation and technological cooperation of Portuguese companies. This programme distinguished 574 companies, 168 of which through Caixa.

Caixa continued to play a proactive role in the market by placing European Funds in the 2nd half of the year through the Caixa PRR/Portugal 2030 Offer, providing benefits and a new digital platform about European Funds, publicising open PRR notices, Caixa's offer and advisory partners for companies, placing Caixa alongside its customers at all stages of the life cycle of applications and corporate projects.

Once again, in a year full of uncertainties and challenges, Caixa remained by Companies' side, endeavouring at all times to support the recovery and development of their businesses, providing multiple support measures and strengthening its commitment to finding the best solutions.

The increase in total loans to SMEs, the increase in the number of customers who have chosen Caixa to support their investments or treasury needs, Caixa's leadership in PME Excelência 2020, and the greater growth in PME Líder 2020, contributed to strengthening Caixa's position as the bank of Portuguese companies.

Caixa has been developing a set of actions aimed at supporting companies in the recovery process.



Caixa mobilises support for companies

In 2021, Caixa and Confederação Empresarial de Portugal (CIP) signed a collaboration protocol providing for the mobilisation of €200 million by Caixa in support for CIP member companies, in the form of funding to anticipate approved incentives and medium- to long-term co-financing to support investments that are not eligible, in projects under the Recovery and Resilience Plan, PT2030 and PT2020.

This partnership involves the launch of joint business training initiatives, the dissemination of information and opportunities as part of PT2030 and the Recovery and Resilience Plan, and the promotion and placement of Caixa financing lines to support the activity of companies in the universe associated with CIP.

DIGITAL PLATFORM caixaprrpt2030.pt

Caixa has provided a new digital platform, 'Caixa PRR/PT 2030', containing all the information about European Funds, open PRR Notices, Caixa's Offer and advisory partners for companies, which also allows managing applications to European Programmes online, placing Caixa alongside its Customers at all stages of the life cycle of applications and corporate projects.

The Digital Platform 'Caixa PRR/PT 2030' has already reached about 70,000 visitors since its launch (October 2021 to January 2022).

100% digital Trade finance platform

The Trade Finance digital platform is an ecosystem that guarantees the electronic transmission of documents between companies, banks and carriers.

The digitalisation of the Documentary Trade Finance Operations reduces risks, costs and inefficiencies in a traditionally complex process based on the use of hard-copy documents, adding opportunities and synergies for companies.

ESG action pillars for the corporate segment

Taking into account Caixa's ambition in terms of sustainable finance, an ESG action plan was developed for the corporate segment based on three pillars comprising several initiatives.

PILLAR 1 - ENVIRONMENTALLY RESPONSIBLE PRODUCTS	PILLAR 2 - DIGITALISATION AND DEMATERIALISATION	PILLAR 3 - ECONOMY 4.0 AND TRAINING
STRATEGIC GOAL: Financing the Low-carbon Economy	STRATEGIC GOAL: Digital Innovation and efficiency for companies	STRATEGIC GOAL: Innovation and training in company management
• Caixa/EDP Partnership - B2B Solar Solution with solar panels • Leasing for hybrid or electric vehicles with price differentiation in relation to other vehicles; • Renting for electric or hybrid plug-in vehicles with window display campaigns and a four-monthly review of the offer; • Protocoled Lines - Caixa *Invest Greenland* and LC Descarbonização e Economia Circular (New) • Financing for decarbonisation projects under the PRR/PT2030	• Caixa PRR PT2030 Digital Platform • CP FINEX Online Contracting • *Flexcash* - increasing e-invoices on the platform • CaixaFast, optimising product use in self-service • *Online foreign exchange trading* - increasing the number of participants via a digital platform on an authenticated channel (FNC); • Adhesion of companies to digital trade finance platforms; • Caixa Business Account Online Contracting • Caixadirecta Empresas - Reducing the number of customers with postal communications and increasing the % of operations on the digital channel.	• Sessions for publicising PRR PT2020/2030 notices - Green Transition - Climate and Digital • ESG seal for financial products/services in the light of the contribution to the SDGs • COTEC Status (visibility to innovative companies 2021); • Communication - Webinars, training, Caixa Empresas newsletter; • Framework of environmentally responsible financial products; • Extending the number of partnerships with Consultants for PRR support; • Contacting all companies with a satisfactory ESG rating for improvement.

Microcredit

Caixa provides a series of microcredit solutions designed to combat poverty and social exclusion, through lines of support for entrepreneurship and self-employment, resulting from partnerships with CASES, ANJE, ANDC, IEFP and the European Investment Fund. These partnerships help to speed up access to credit for a customer segment often affected by social exclusion.

These solutions include Linha Microinvest, Linha Invest+, Caixa Jovem Empreendedor, Caixa Invest Start, Caixa Invest Social Projeto, Microcrédito ANDC and Microfinanciamento ANJE, which have contributed towards encouraging the creation of small businesses, which are crucial for creating and retaining jobs in a sustainable way.

In December 2021, Caixa, together with CASES, launched the first edition of the Caixa Microcrédito Cases Competition, which will run until April 2022, and which is intended to reward the best implementation of business projects using Caixa's Microcredit, with the aim of distinguishing business promoters who, with courage and entrepreneurial capacity, have invested in an idea seeking to serve the market. Caixa and CASES are keen to recognise this merit by distinguishing the most outstanding businesses in a series of areas that have a direct impact on society: employability and environmental, economic and financial sustainability.

Management of complaints and suggestions

In 2021, 12,050 complaints and 164 suggestions were registered, making a total of 12,214 entries, roughly the same volume as in 2020. Throughout the year there was a heterogeneous distribution, with a greater concentration of complaints in the 1st half of the year (57% of the total compared to 43% in the 2nd half).

The most discussed topics were Customer Service, Payment/Operation Methods and Self-Service Channels with 25%, 21% and 18% of the total, respectively, with a 35% increase in Customer Service and 10% in Self-Service Channels, and a 13% reduction in Payment/Operation Methods. There was also a reduction in the number of complaints in Credit (29%), Financial Instruments (21%), and Deposits (7%) compared to 2020.

In Customer Service (the topic with the highest weight and greatest variation), we should highlight the weight of complaints related to the impact of the pandemic context, namely the waiting time and conditions for customer service, the opening hours of the branches, and the difficulties in contacting the Bank.

In Self-Service Channels (the topic with the second highest increase), we should highlight the weight of complaints related to Caixadirecta online, which was the most expressive throughout 2021, namely difficulties in activating/unlocking access/contract keys and impossibility or difficulty of use, bearing in mind that, given the pandemic context, there was greater demand and use of remote channels, which Caixa sought to address by expanding its offer related to these channels.

4.10. Climate risk management

Target 13.2

Climate change represents a decisive challenge for humanity. From the implications of the increasing number of extreme weather events, to rising sea levels, increased flood risk and loss of biodiversity, its impacts have an unprecedented scale, making it urgent to implement effective measures to reduce greenhouse gas (GHG) emissions.

The transition to a low-carbon economy, aligned with the Paris Agreement, requires systemic economic transformation, underpinned by government policy commitments and corporate action

Environmental risks and climate action

The 2022 Global Risks Report developed by the World Economic Forum identifies environmental risks as one of the main risks on a global scale, highlighting in this context the failure of climate action, extreme weather events and the loss of biodiversity as three of the most severe risks that humanity will have to face.

Considering the financial repercussions of this type of impact, companies should develop adaptation and mitigation strategies in order to reduce and manage the risk associated with climate change.

Caixa has been strengthening the control of non-financial risks, which provides for the identification, assessment, measurement, monitoring, control and reporting of the Group's non-financial risks, which include the dimensions of emerging risks intrinsically related to sustainability, as well as a specific risk subcategory concerning the impact of climate change in the context of banking activity.

In terms of the governance model, it is important to highlight the Sustainability Committee as an advisory body to the Executive Committee, responsible for supervising management and issuing guidelines on outlining and implementing the Sustainability Strategy. The Sustainability Committee includes representation from the main functional areas, including the Risk Management Division (DGR) and the Rating Division (DRT).

In order to assess the chosen management approach, Caixa measures and monitors the indicators associated with this material topic, reporting them in this chapter of the 2021 Sustainability Report and also in Annex B - GRI Table.

Caixa's approach to the topic Environmental risks and climate action makes a direct contribution to SDG 13 – Climate Action.

ESG risk assessment

Climate change and environmental degradation will have a direct and indirect impact on economic activity and, therefore, on the financial system. Achieving a carbon-neutral economy in 2050 will bring risks and opportunities for Caixa that, in addition to materialising in the short term, also have an impact in the medium and long term.

Climate and environmental risks comprise two key risk factors:

- Physical risk: refers to the financial impact of climate change, including more frequent extreme weather events and gradual climate change, as well as environmental degradation, such as air, water and soil pollution, pressure on water resources, biodiversity loss and deforestation. Consequently, physical risk is categorised as 'acute' when it arises from extreme events such as droughts, floods and storms, and as 'chronic' when it results from gradual changes such as rising temperatures or sea levels, pressures on water resources, loss of biodiversity, land use change, habitat destruction, and scarcity of resources. These situations can lead directly to, for example, damage to property or a decrease in productivity or indirectly cause subsequent events, such as the disruption of supply chains;

- Transition risk: refers to the financial losses of an institution that may result, directly or indirectly, from the adjustment process towards a low-carbon and more environmentally sustainable economy. This risk can be triggered, for example, by a relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences.

Climate and environmental risks are integrated into the Caixa Group's risk framework and, therefore, integrate the bank's risk appetite, decision-making processes and strategy. They are currently a subcategory of strategy and business risk and also an additional risk factor for the other prudential risk categories (credit risk, market risk, operational risk, reputational risk).

Caixa has sought to develop capacities to identify, measure or assess, monitor and manage climate and environmental risks. This will allow improving the business model's resilience to the possible impact and magnitude of these risks. A forward-looking and long-term approach is especially important given the uncertainty regarding the time horizon for these risks to occur, which appears to be longer term but dependent on short-term action.

The management of climate and environmental risks includes considering new variables when Caixa grants a loan, such as the energy category of a property given as collateral for an operation, the GHG emissions of companies, the strategies that companies have for their energy transition, as well as the location of their assets, given that there are regions that are more or less exposed to climate phenomena.

Sensitivity and scenario analysis and stress testing exercises for climate and environmental risks are also an important contribution to better understand the impact of these risks on the credit portfolio and the business model's resilience to climate risk.

In 2021, the European Central Bank (ECB) launched the first climate stress testing exercise targeted at the European financial system. This exercise will take place in the first half of 2022 with the aim of understanding the banks' vulnerabilities, best practices and challenges in this regard, allowing the supervisor to assess the exposure and resilience of the financial system and financial institutions to climate risk.

Caixa is exploring scenario analysis, considering short-, medium- and long-term scenarios, as well as different paths of transition to carbon neutrality, considering not only the transition scenario consistent with the Paris Agreement goals, but also more adverse scenarios. The assessment of physical risks, for events deemed to be extreme, is also part of the scenario framework, projections and stress tests that are being developed by Caixa.

Caixa's response to climate and environmental risks involves optimising the bank's adaptive and dynamic capacity in the face of emerging national, international, political and regulatory developments on these risks. This effort is being made by all Caixa's divisions, according to a holistic and forward-looking approach.

The definition of information requirements, the alignment of risk appetite with different transition trajectories and with intermediate and long-term sustainability targets, as well as the introduction of scenario analyses in the definition of the institution's business strategy, will be Caixa's focus over the next year.

ESG Rating Model

Investment and financing carried out in a socially responsible manner are positioned and act as a lever in promoting and hastening the adoption of best practices in the environmental, social and governance fields, and this effect has been exacerbated in the context of greater volatility and uncertainty provided by the Covid-19 pandemic.

The choice of solutions that incorporate ESG factors allows for better risk management, while boosting the generation of consistent returns in the long term.

Understanding the importance and urgency of this issue, it was critical for Caixa to outline and implement a new index, called ESG Rating, integrating ESG criteria into decision-making processes.

The main goal of the ESG Rating is to support companies in the process of transition to a greener and more inclusive economy, providing inputs to improve their rating, in order to redirect capital flows towards sustainable finance strategies, ensuring the maximisation of value for the various stakeholders.

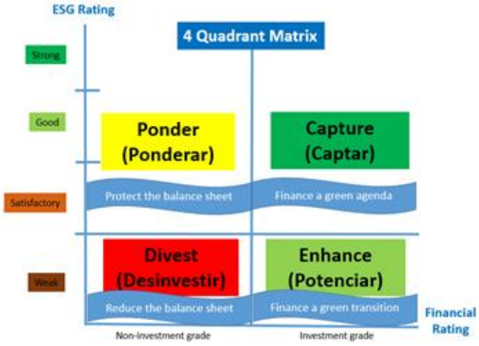
The ESG Rating methodology weights:

i) Environmental criteria, namely climate, such as the assessment of physical risk (from general to particular, at the level of country, region, activity, company) and transition risk (greenhouse gas emissions, carbon intensity, energy expenditure and investment in R&D);

ii) Social criteria, such as gender equality, level of remuneration and investment in training;

iii) Governance criteria, such as the quality of the partners/shareholders and management.

The ESG Rating allows:



i) Assessing and ranking companies in terms of sustainability, according to a given rating scale (Strong, Good, Satisfactory or Weak), which may contribute to set credit pricing;

ii) Combining this assessment of non-financial aspects with the traditional financial assessment (divided between investment grade and non-investment grade ratings), generating a matrix with four possible sustainable financing strategies: Enhance, Capture, Ponder or Divest.

This Rating comes across as disruptive and innovative in the domestic market, given that, in a simple, objective and holistic way, it allows automatically classifying around 300,000 companies and around 20 billion bank loans. Overall, and with data as at April 2021, the distribution of Caixa's corporate and project finance portfolio shows an acceptable exposure to ESG risks. The exposures rated as Satisfactory and Good have a weight of 49% and 45%, respectively. On the other hand, with regard to the Sustainable Finance Strategy, around €6.5 billion of exposure are identified in the 'Capture' quadrant and €7.9 billion in the 'Ponder' quadrant.

The main goal is to support companies in the transition to a greener and more inclusive economy by providing inputs to improve their ESG rating, in order to redirect capital flows towards sustainable finance strategies, in line with the Paris Agreement and European Green Deal targets.

The specific goals to be achieved in the short term are as follows:

- Integrating ESG criteria into Caixa's credit analysis and decision-making process;
- Contributing towards setting credit pricing, rewarding companies with the best ratings and
- Providing inputs for the ECB Climate Stress Test and for Caixa's Risk Appetite Statement (RAS), thereby promoting more robust risk management.

Investor Relations and Governance Awards (IRGAwards)

In 2021, Caixa was distinguished in the Sustainability Initiative Award category at the Investor Relations and Governance Awards (IRGAwards), organised by Deloitte on 23 September at Pavilhão Carlos Lopes, in Lisbon.

Caixa was among the three best companies in the country, with the ESG rating model.

Assessment of environmental and social risks and opportunities for sustainable investment

In order to evaluate the risks and opportunities that environmental, social and governance factors bring to the selection of securities for investment, an integration strategy was outlined that coordinates 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, and;

3) Engagement, where, based on the terms set out in Caixa Gestão de Ativos'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.

The incorporation of ESG factors into Caixa's investment process is taken into account alongside the incorporation of traditional financial analysis factors. To this end, as a complement to the fundamental analysis that has been applied, in 2021 Caixa Gestão de Ativos developed an internal rating methodology known as Caixa Gestão de Ativos Sustainability Rating.

This rating consolidates different analysis approaches according to the underlying asset class into a score obtained through the weighted average of the ESG ratings of each asset by its relative weight, ranging between 0 and 10 and framed within a rating interval between CCC (minimum) and AAA (maximum)[3]. In the case of investment in alternative funds and real estate funds, specific procedures related to the characteristics of the investment in question are adopted.

To calculate Caixa Gestão de Ativos's Sustainability Rating, the following approaches are considered according to the asset class under analysis:

- For Direct Investment and/or Indirect Investment (including investment in shares, bonds, money market, alternative assets) Caixa Gestão de Ativos uses an internationally recognised ESG research provider, whose analysis methodology focuses on companies, countries and investment funds, and is framed by a score that ranges from 0 to 10 and by a rating interval between CCC (minimum) and AAA (maximum)[3]. Where a particular asset is not subject to analysis by this provider, Caixa Gestão de Ativos will consider the *ESG* rating and analysis of a comparable entity.

- In the case of Direct Real Estate Investment, Caixa Gestão de Ativos has developed an internal methodology for ESG rating of Real Estate in which each property is classified from the standpoint of sustainability, based on environmental and social indicators and, in the corporate governance component, aspects relating to the Management Company. For each of the ESG dimensions, an average score is obtained which is weighted respectively by 40%, in the case of the environmental and social parameters, and 20% in the case of corporate governance, resulting in a final ESG rating ranging between 1 (minimum) and 10 (maximum). The ESG rating of each property can be used in the valuation of a multi-asset portfolio, using its market value as a weight.

- In the case of investment in alternative funds and real estate funds, the goal is to have a minimum exposure of 50% of their total value to assets under the responsibility of management companies that are PRI signatories, or adherents to commitments and indicators equivalent to this initiative, in terms of commitment to Socially Responsible Investment.

The Caixa Gestão de Ativos Sustainability Rating applicable to portfolio management assumes that the portfolios will be made up of at least 85% of ESG-rated assets. These portfolios must also have a minimum weighted average ESG rating of BBB[13] and no new investments will be made in companies with an ESG rating of CCC.

[13] On a rating scale from AAA to CCC (best AAA, AA, A, BBB, BB, B, CCC worst).

Sustainable management of operations in the value chain

Target 13.1 Target 7.2 Target 6.4

The sixth report of the Intergovernmental Panel on Climate Change (IPCC), developed by more than 230 scientists from 66 nationalities and based on 14,000 published studies, states unequivocally that, unless there are immediate, rapid and wide-ranging reductions in GHG emissions, it will not be possible to limit the increase in global warming to 1.5 °C.

Companies must play an active role in reducing the environmental impact of their activities by developing more efficient and sustainable production processes and models along the value chain.

Caixa makes three vital commitments as part of its Environmental Policy: compliance with environmental rules, the adoption of a proactive attitude and the implementation of measures to prevent pollution and the continuous improvement of environmental performance. The Environmental Policy is communicated to all Caixa 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, Caixa has developed several projects and initiatives that directly and indirectly contribute to this material topic, most notably the Environmental Management System (SGA) as a key tool for identifying, prioritising and managing the environmental risks associated with its operations.

In order to assess the chosen management approach, Caixa measures and monitors the indicators associated with this material topic, reporting them in this chapter of the 2021 Sustainability Report and also in Annex B - GRI Table.

Caixa's approach to the topic Sustainable Management of operations in the value chain contributes directly to SDG 13 – Climate Action, and indirectly to SDG 7 – Affordable and Clean Energy and SDG 6 – Clean Water and Sanitation.

Environmental Management System

Caixa's Environmental Management System completed another cycle of continuous improvement in line with the ISO 14001 standard. In 2021, the certifying entity did not identify any non-compliance and/or sensitive area.

The favourable evolution of the SGA over the last few years is the result of projects and initiatives developed by various internal structures with the aim of responding to Caixa's Environmental Policy and, consequently, promoting the improvement of Caixa's environmental performance, most notably:

- **Promotion of water and energy efficiency**: installation of presence detectors for HVAC control and lighting in the meeting centres; purchase of flush toilets with lower storage capacity;
- **Internal operational control actions**: operational visits to monitor and identify opportunities for improving internal processes and with service providers;
- **Emergency preparedness and mitigation**: 17 environmental simulations (spillage of fuel, dangerous materials, fire) carried out at the Head Office Building;
- **Communication/Awareness**: dissemination of the environmental management system in external seminars and magazines, as well as promotion of best internal practices;
- **Promotion of the circular economy**: raising awareness and promoting the bank card recycling project;
- **Purchase of carbon neutral materials**: as part of the renovation work on the Head Office Building, Caixa purchased 6,955 m^2 of carbon-neutral modular carpeting.

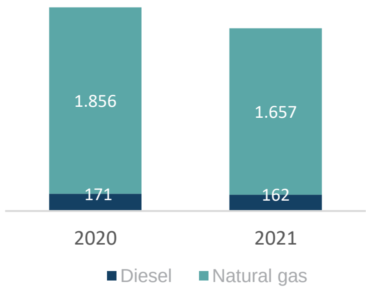
Energy consumption

Caixa consumes two types of energy:

- Direct energy - fuel consumption of the fleet (diesel and petrol) and buildings (diesel and natural gas); Caixa uses natural gas to heat its infrastructures (Porto and Leiria). In addition, it uses diesel fuel to run the emergency groups. Compared to 2020, there was an 11% decrease in the consumption of natural gas and 6% in the consumption of diesel.

- Indirect energy - electricity consumption in central buildings and branch network.

Direct energy consumption in Buildings (in GJ)
Scope: Caixa



Caixa has been investing in measures to reduce energy consumption over the years, having reduced electricity consumption by 3% compared to the previous year.

In 2021, the following measures were implemented:

- Installation of HVAC control presence detectors and lighting in the north and south meeting centres and adjacent areas;

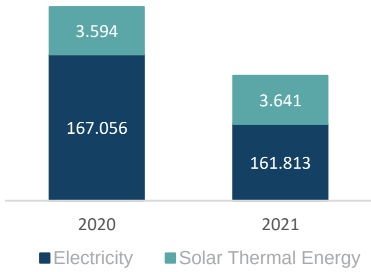
- Implementation of movement sensors to control lighting in the lounges on floors 5 and 6 of the Headquarters Building;

- Complete replacement of autonomous emergency lighting blocks with new LED technology on all underground floors of the head office building;

- The lighting in the lift halls is adjustable and is currently at 50% of its capacity;

- Modernisation and installation of variable speed drives on the fans in the air treatment units.

Indirect energy consumption by type (in GJ)
Scope: Caixa



In terms of thermal improvement and best technical practices, work was carried out at Caixa's head office building focused on the thermal insulation of circulators, exchangers, and condenser covers.

In addition to these measures, Caixa 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 generated in the commercial network is sold to the national electricity grid.

The solar power plant at Caixa's head office building consists of 158 solar collectors installed on 1,600 m^2 of the building's roof at Av. João XXI, in Lisbon, generating energy that is used to heat and cool (via an absorption chiller) water for air conditioning systems, sanitary facilities, and the cafeteria kitchen.

Thermal Energy Solar Plant - **3.641 GJ**
↑ 1% compared to 2020

Photovoltaic Electricity - **1.362 GJ**
↓ 1% compared to 2020

In 2021, there was a decrease in energy consumption at the corporate level:

ENERGY
2021

GLOBAL	CAIXA	BI	BCA	BCI	BNU MACAU	BCGA	TIMOR BRANCH	FRANCE BRANCH
322,838 GJ	186,453 GJ	2,208 GJ	9,336 GJ	88,153 GJ	10,629 GJ	14,393 GJ	3,194 GJ	8,471 GJ
↓ 2% compared to 2020	↓ 4% compared to 2020	↑ 7% compared to 2020	↑ 18% compared to 2020	↓ 5% compared to 2020	↓ 4% compared to 2020	↑ 39% compared to 2020	↑ 10% compared to 2019	↓ 3% compared to 2020

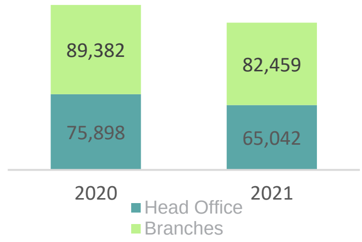
Water consumption

Caixa makes several efforts to reduce its consumption of natural resources. In 2021, as part of the renovation works carried out at its facilities, it promoted the choice of more water-efficient equipment, namely:

- Installation of flush tanks with 3-litre reduction/flush;
- Implementation of taps and flowmeters with flow reduction, water labelling (A+).

In 2021, there was an 11% decrease in Caixa's water consumption.

Total water consumption (in m^3)
Scope: Caixa



At corporate level, there is a decrease in consumption of 10% in relation to the previous year:

WATER
2021

GLOBAL	CAIXA	BI	BCA	BCI	BNU MACAU	BCGA	FRANCE BRANCH
246,476 m^3	147,501 m^3	679 m^3	5,436 m^3	66,547 m^3	9,514 m^3	13,529 m^3	3,270 m^3
↓ 7% compared to 2020	↓ 11% compared to 2020	↓ 32% compared to 2020	↓ 4% compared to 2020	↓ 6% compared to 2020	↓ 4% compared to 2020	↓ 27% compared to 2020	↑ 118% compared to 2020

Material Consumption

In 2021, some materials from the stationery catalogue whose raw material is plastic were eliminated. The materials that are most relevant to Caixa, S.A.'s activity are photocopy paper, envelopes, passbooks, and plastic in the form of bank cards.

Paper consumption decreased significantly in 2021 (-16%). This reduction was driven by the following initiatives:

- Continued investment in the transition of suppliers to electronic invoicing. The year 2021 ended with more than 1000 suppliers signing on to electronic invoicing, which represents 80% of the documents issued by their regular suppliers, real estate agents and appraisers.
- Implementation of the Auto-invoicing project for real estate agents and appraisers, under which Caixa now has a completely dematerialised solution for issuing (in electronic format) automatic accounting and payment of these invoices within two working days.
- The "Zero Paper" campaign made it possible to reduce the consumption of printed paper through analysis of consumption by Department, internal awareness-raising with opinion articles, periodic dissemination of results, awarding of green certificates and identification of possible optimisations and best practices.

The photocopy paper used at Caixa is certified by PEFC and Ecolabel, which are internationally recognised standards that promote sustainable forest management, safeguarding the economic, environmental and social roles played by forests.

In terms of the consumption of plastic in the form of bank cards, Caixa issued 1.5 million cards resulting from new subscriptions, renewals and replacements, which corresponds to around 7.5 tonnes of plastic consumed.

Card-Recycling Project

Caixa promotes the circular economy by collecting and sending bank cards for recycling. PVC debris resulting from the destruction of these cards are incorporated into urban equipment made of 100% recycled plastic.

Since the project began in 2015, Caixa has collected more than 26.5 tonnes of cards and delivered, in partnership with Extruplás, 23 pieces of urban equipment. In 2021, 3.8 tonnes of cards were sent for recycling and five pieces of urban equipment were delivered to private charitable institutions.

With respect to the Caixa Group, there was an overall decrease of 22% in paper consumption compared to 2020.

PAPER
2021

GLOBAL	CAIXA	BI	BCA	BCI	BNU MACAU	BCGA	TIMOR BRANCH	FRANCE BRANCH
405.0 ton	217.0 ton	6.9 ton	3.3 ton	122.6 ton	29.6 ton	6.2 ton	4.6 ton	14.9 ton
↓ 22% compared to 2020	↓ 16% compared to 2020	↓ 5% compared to 2020	41% compared to 2020	↓ 31% compared to 2020	↓ 17% compared to 2020	↓ 9% compared to 2020	↓ 39% compared to 2020	↓ 46% compared to 2020

Low-Carbon Programme

Caixa's Low-Carbon Programme embodies the action strategy to prevent and mitigate the effects of climate change. Based on the Environmental Policy, the programme aims to help reduce the environmental impact of Caixa's activities, by promoting sustainable development and seeking to induce best practices among stakeholders. This programme is driven by four areas 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 Caixa's activities	Reporting information in a transparent manner and raising stakeholders' awareness to the importance of adopting best environmental practices

Low-Carbon Economy Financing

Financing the Low-Carbon Economy is a strategic area of 2021-2024 Sustainability. In this context, Caixa has developed financial solutions that make it easier for its customers to access environmentally responsible products that effectively contribute to reducing GHG emissions, namely in areas such as energy efficiency, renewable energy, and sustainable mobility.

Environmental and social credit lines

Caixa offers its customers a number of environmental and social credit lines.

In 2021, €380 million were financed under this type of lines, of which €39 million were allocated to environmental lines. These lines contribute to addressing goals such as: sustainable water and wastewater management; renewable energy/energy efficiency; sustainable mobility; among others.

Reduction of greenhouse gas emissions

Caixa recognises that the starting point for mitigating the effects of its activity is monitoring and inventorying the emissions associated with its value chain in accordance with the guidelines of the Greenhouse Gas Protocol (GHG Protocol.).

Caixa'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 Caixa fleet; direct emissions stemming from F-gas leaks in equipment installed in Caixa's facilities.
- Scope 2: Indirect emissions stemming from electricity generation.

- Scope 3: Work-related trips (plane, train, boat); Private transportation and treatment of waste produced in the buildings; Investments.

Scope 1
1,704
ton of CO_2eq.

Scope 2
6,024
ton of CO_2eq.

Scope 3
5,138,115
ton of CO_2eq.

Fuels (Buildings)
106 ton. CO_2eq.

Fuels (Fleet)
1,445 ton. CO_2eq

F-gas leaks
153 ton. CO_2eq

Electricity (*location-based*)
6,024 ton. CO_2eq.

Electricity (*market-based*)
9,355 ton. CO_2eq.

Work-related trips
203 ton. CO_2eq.

Waste treatment
59 ton. CO_2eq.

Investments
5,137,853 ton CO_2eq.

CAIXA

There was a slight increase (1%) in scope-1 emissions compared to 2020, due to the consumption of fluorinated gases in refrigeration equipment. In terms of the fleet and fuel consumption in buildings, there is an ongoing downward trend in consumption. In scope 2, there was a decrease in emissions resulting from improved infrastructures and a subsequent reduction in consumption.

With regard to scope 3, for the first time, in its annual sustainability report, Caixa included the calculation of emissions associated with the financing portfolio, noting that these represent 99.8% of Caixa's total greenhouse gas emissions.

This exercise was carried out in line with the guidelines of the Partnership for Carbon Accounting Financials (PCAF), a collaborative initiative that aims to develop methodologies for calculating and reporting emissions associated with the credit portfolio and investments of financial institutions. The most carbon-intensive sectors of activity are highlighted below.

Section	Activity	Emissions (tCO_2)
C	Manufacturing industries	2,053,267
E	Water collection, treatment and distribution; sewerage, waste management and depollution	815,830
H	Transport and storage	445,424
A	Agriculture, livestock, hunting, forestry and fishing	441,585
D	Electricity, gas, steam, hot and cold water, and cold air	272,640

In 2018, Caixa set the goal of reducing its total GHG emissions (scope 1 and 2) by 43% by 2021, compared to 2015. This goal was set based on the tool from one of the main international trends, the Science Based Targets Initiative (SBTi), to whose simulation five percentage points were added.

In this context, Caixa achieved a 74% reduction compared to 2015 (market-based method), having exceeded the goal due to the energy efficiency measures that were implemented, the significant reduction in the emission factor associated with electricity generation, and also due to the pandemic context. Since the proposed goal has already been achieved, Caixa is currently in the process of validating new emission reduction goals until 2030 with SBTi.

Mitigation of environmental operational risk

In terms of the management of risks associated with Caixa's operational activities, two drills were carried out in 2021 at the Head Office and Aliados buildings, both in a room and without evacuation, given the pandemic scenario. These exercises were carried out in the form of a TTX Tabletop Decision Exercise, in compliance with health safety rules.

That Drill, carried out under the terms of the Integrated Protection and Rescue Operations System (SIOPS), has a very large scale and complexity, thus allowing all those involved to improve procedures and their coordination in order to act more effectively in the event of a real incident.

Among others, the following were successfully tested: Internal Emergency Plans/Self-Protection Measures in a fire scenario; Organisation and Management of the Safety and Emergency Model; activation of the

Emergency Management Office; intervention capacity of Internal Resources; Evacuation Plans; Protocols for Action and Communication; the Environmental Management System - Activation of the Environmental Management System team to treat waste resulting from fires; and coordination with the Civil Protection Agents.

At the Head Office Building, there are daily rounds to check the storage of critical and hazardous products, all of which are duly identified, stored and placed in retention vats. In 2021, with a view to testing the procedures that have been set up, Caixa carried out 17 operational exercises in which environmental scenarios with hazardous materials were tested, namely fire situations, fuel and hazardous liquid spills. In terms of self-protection measures, 37 evacuation drills were carried out by the branch office network, namely at properties in Risk Category 2.

SGA – Operational control visits

The SGA team made several visits to sites relevant to the system, with the aim of promoting the identification of opportunities for improvement and reducing the environmental risk associated with the various operational activities.

In 2021, there were 11 visits promoted by the SGA team. These operational control visits contributed to the results achieved in the 2021 external audit (zero non-conformities).

Environmental awareness in 'Visita Segura'

Caixa periodically organises the Safe Visit, which is mandatory, and its main goal is to get to know Caixa's head office building, to raise awareness to and inform new users of basic safety and environmental procedures.

As of January 2021, in order to improve the value chain's awareness of the environmental performance procedures in force at Caixa's Head Office Building, a video on the Environmental Management System was developed and presented during the safe visit for new employees/service providers working at the Head Office Building. In this context, 184 visits were made with a total of 591 participants.

Transparency and Awareness-raising

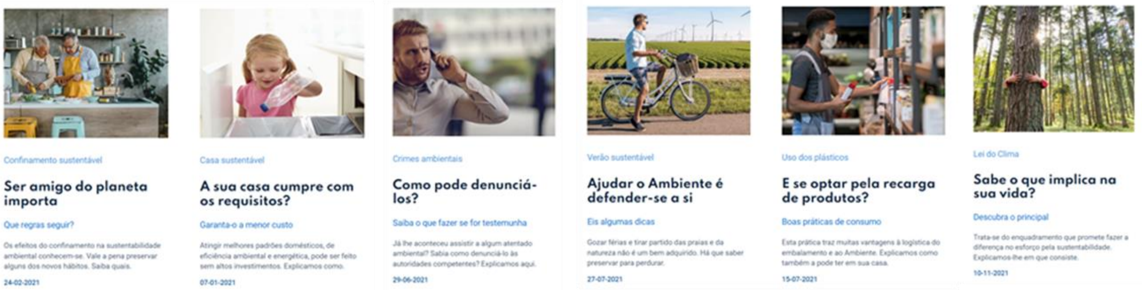
In line with its 2021-2024 Sustainability strategy, Caixa recognises that communication and environmental awareness in society is a key component in mitigating and adapting to climate change.

Environmental Management at Caixa - Indústria e Ambiente magazine

At the invitation of Indústria e Ambiente magazine, Caixa developed an article on 'Environmental Management at Caixa Geral de Depósitos' for the Environmental Management Systems, Certification and Auditing dossier.

The article briefly addresses the path developed by Caixa in favour of environmental sustainability over the last few years, with particular emphasis on the implementation and maintenance of the Environmental Management System implemented at Caixa's Head Office Building.

In 2021, several environmental awareness news items were published on the 'Saldo Positivo' portal, most notably awareness-raising for choosing more sustainable products, reducing waste production and environmental legislation.



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 (BCI) continued to market the BIO Card, the first bank card in Mozambique made of biodegradable material.

In addition to the banking component, the BIO card also has a social responsibility component. By using the BIO card at terminals in commercial establishments (POS), customers are contributing to the conservation of biodiversity in Mozambique.

BCI – Environmental actions

As part of the celebration of the 'World Cleanup Day', on 18 September, BCI promoted a clean-up and awareness-raising activity associated with this event.

Employees from the institution volunteered to take part in the event, cleaning and collecting solid waste in the areas around the Bank's Head Office Building in a solidarity act of citizenship and civic and environmental education, which the bank has been developing over the years.

BNU (Macau) – Environmental impact reduction

As part of Environmental Sustainability, BNU (Macau) has a number of ongoing actions:

- Support in promoting the recycling of various items, including the popular moon cake boxes widely offered among the population in the 'Golden Week'.
- Participation in the energy conservation activity 'Earth Hour' by switching off all exterior lights, including advertising signage and all non-essential interior lights, for one hour.
- Delivery of recyclable bags to customers who subscribe to certain products and/or distribution of cash coupons for the purchase of environmentally friendly products (electric cars).

France Branch – Eco-efficiency measures

In order to reduce resource consumption, the France branch has implemented several measures in this area:

- Internal digitalisation project - Incentive to reduce paper use;
- Promoting digital channels;
- Waste collection and recycling;
- Raising awareness and reducing the use of plastic (e.g. cups);
- Replacing traditional lighting with LEDs;
- Transition to professional electric (hybrid) vehicles;
- Project to move the central services to a building with the best environmental requirements.

4.11. Equity, digital and financial inclusion

Inequality of opportunities is still a global challenge and has a direct impact on some of the main problems that affect contemporary society, such as digital exclusion or financial illiteracy.

The digitalisation and digital transformation of companies is a key component for the recovery process and increasing the resilience of the economy. In this context, companies must take an active role in the development of a culture underpinned by principles of diversity, equity and inclusion, which ensures not only the creation of value and the well-being of their employees, but also an effective response to the main challenges faced by society.

Equity, development and well-being of employees

Target 10.4 Target 8.5 Target 5.5

The existence of a management system focused on the human factor and on a socially responsible leadership should involve all hierarchical levels of the company in creating an environment of respect, equity and inclusion, allowing the development and well-being of its employees.

In this context, reference should be made to the Caixa Geral de Depósitos 2022 Gender Equality Plan, a document that recognises that gender balance throughout the company's structure represents a significant evolution for its activity and an important contribution to compliance with the Bank's commitments, namely respect for Human Rights and the pursuit of the Sustainable Development Goals.

Over the years, Caixa has developed several initiatives that directly and indirectly contribute to this topic, reporting them in the 2021 Sustainability Report.

In order to assess the chosen management approach, Caixa measures and monitors the indicators associated with this material topic, reporting them in this chapter of the 2021 Sustainability Report and also in Annex B - GRI Table.

Caixa's approach to the topic Equity, development and well-being of employees contributes directly to SDG 10 – Reduced inequalities, and indirectly to SDG 8 – Decent Work and Economic Growth and SDG 5 – Gender Equality.

Training and development

The year 2021 was characterised by the consolidation of Human Resource processes and policies, namely: the Trainees Programme (Geração Caixa), the launch of the Caixa Talent Management Programme, the new Mobility Policy and the new Welcoming and Integration model at Caixa (100% Caixa Welcoming Programme). The focus on training continued to be the cornerstone of all these programmes, with increasingly customised activities and programmes, always with an eye on the future, as a key instrument for transforming the business, developing and motivating employees, as well as managing critical knowledge for the organisation. Some examples include the Coordinator Programme (Managing for the Future), the Customer Managers and Commercial Assistants Programme (Upgrade), the Commercial Directors and Managers Programme, along with specific activities targeted at the technical and regulatory needs of each business area.

The implementation of the 2021 training plan was a vital aspect in developing the teams, reflecting a clear focus on technical, business and regulatory training, as well as on the adoption of new methodologies, in a perspective of customisation to banking and practical exemplification.

As at 31 December 2021, Caixa (considering employees in permanent service at Caixa and employees on assignment) achieved the following annual results:

- Number of training hours: 447,635 hours;
- Average number of hours of training per employee: 73 hours (compared to 38 hours of training per employee in 2020).
- Level of overall satisfaction with training initiatives: 93%.

If we consider the Domestic Perimeter, the total number of training hours amounts to 486,000 hours. The law indicates 40 hours of training per employee.

Welcoming Programme – 100% Caixa

The 100% Caixa Welcoming Programme is an initiative specifically created to mark the arrival of new members to the organisation and a moment that is especially important for both parties.

In the 3rd edition of the 100% Caixa Programme, which took place on 15 November at Culturgest, various topics were presented and promoted throughout the session, duly adjusted to the bank's overall goals and its strategic operating areas, by members of the various Divisions and the Chairman of the Executive Committee, Paulo Moita de Macedo.

The session, which took place with great dynamism, allowed new employees to establish and strengthen relationships, facilitating the entire process of networking and integration into the Caixa team.

E-learning courses

Caixa has been developing several e-learning courses that help raise its employees' level of knowledge on topics included in the 2021-2024 Sustainability Strategy, with the following completion rates as at 31/12/2021:

- Cybersecurity and Information Protection: 97%
- Conflict of Interest and Internal Reporting of Irregular Practices: 98%
- GDPR and the new Data Protection Act: 98%
- Environmental Management System | Change for the Better: 97%
- Sustainability in Investment Funds: 67%

Recruitment, internal mobility and internship programmes

Considering the need to meet the strategic goals in the management of the Caixa Group's workforce, 22 External Recruitment Processes were launched in 2021, in order to strengthen specific skills in strategic areas, namely in the area of internal control and information systems. As part of these processes, Caixa received around 338 applications.

Simultaneously, 12 internal recruitment processes were launched to reinforce certain areas throughout the Group, through the mobility of internal employees. A total of 92 employees applied.

Recognising the importance of internal mobility for strengthening the cross-cutting culture of the Caixa Geral de Depósitos Group and promoting the sharing of knowledge among employees, the Group's Corporate Mobility Policy was published on 25/05/2021.

With the aim of promoting rotation between functions and areas of knowledge, the Mobility Programme will allow the development of the Employees through the acquisition of knowledge and skills thanks to the experience gained in the diversity and multiplicity of the professional challenges that are issued, in Portugal and in the different countries where the Group operates.

On the other hand, promoting mobility as a tool to motivate learning and skills development will contribute to retaining Employees with the potential to evolve to other functions in the organisation, thus ensuring the preparation of future managers and leaders.

The Mobility Policy is an important tool for the Caixa Group to give a quick and agile response to business needs, and its application is an instrument for implementing the human resources strategy.

In 2021 there were 1,122 mobilities in the domestic perimeter of the Caixa Geral de Depósitos Group, corresponding to 16.5% of the total number of employees as at 31 December 2021. Of these employees, 8.9% advanced their career as a result of national or international mobility; 23.3% of the mobilities were interdepartmental or between Group companies, including companies based abroad.

In 2021, two new editions of the Internship Programme called 'Geração Caixa' were also launched, with the integration of 134 trainees. These trainees worked in different areas of the Group (commercial, internal control, operational and support areas), allowing them to develop their skills over a 12-month period, with the inclusion of a Caixa internship grant and a significant investment in on-the-job learning. Additionally, the Summer Academy had 20 participants and two non-professional internships were also granted.

Talent management and valorisation of human capital

Caixa has maintained its commitment to valuing and training its teams, through various initiatives to recognise talent and individual results such as Excellence Awards (recognition of the value created by employees through key projects), annual Performance Awards associated with individual and overall results (reinforcing the cross-cutting nature and importance of Caixa's goals) and Commercial Incentives (applied to the branch network teams).

Furthermore, Caixa ensures the development of team motivation activities, such as celebrations of results, sessions for sharing information about Caixa, and moments of collaboration and teamwork, most notably the regional and global 'Fora da Caixa' meetings.

2021 Excellence Awards

At the 'Caixa Fora da Caixa' Meeting held on 13 February 2021, the talent and commitment of 40 employees was once again distinguished with the awarding of the 2021 Caixa Excelência Prize. A prize which aims to be an assertion of the value of employees and their performance, stimulating personal development and appreciation and rewarding outstanding achievements that give the most relevant contributions to Caixa's results.

Gender equality and non-discrimination practices

The 2022 Gender Equality Plan reflects Caixa's commitment to the importance of equality and non-discrimination between women and men, not only as structuring areas of society, but also as decisive factors in creating value for the company.

We should highlight the following measures in the 2022 Equality Plan:

a) Ensuring a talent attraction process that promotes equality by integrating candidates of both genders in the admission shortlists, paying particular attention to the under-represented gender and by giving priority, in equal circumstances, to the under-represented gender for management positions;

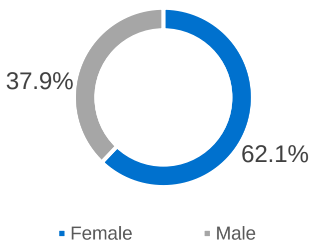
b) Ensuring an internal promotion process that fosters equality, enhancing equity in internal promotions according to gender representation and giving priority in access to promotions, in equal circumstances, to the under-represented gender for management positions;

c) Ensuring a talent identification, development and management process that promotes equality, aiming for equity in talent identification through the inclusion of the gender criterion, as well as capacity-building in management/leadership for the under-represented gender;

d) Ensuring the principle of equal pay for equal work or work of equal value, by carrying out an internal analysis and review (if necessary) of the job analysis system, job descriptions and the functions/tasks existing in the company, remunerations and the setting of goals whose attainment determines the variable remuneration, seeking to ensure that they comply with clear, objective and transparent evaluation criteria, in order to exclude any gender-based discrimination and to respect the principle of 'equal pay for equal work or work of equal value'.

As this is a structuring project with a medium-/long-term impact, this plan is monitored annually in order to validate the progress achieved.

Distribution by gender



Gender	Average Annual Remuneration (€)[14]
Female (F)	33,902
Male (M)	39,549
(F + M)	36,040

Age Group	M	F	Total	Distribution (%)
<30	85	129	214	3.5%
>30-50	1,278	2,549	3,827	62.6%
>50	953	1,123	2,076	33.9%
No. of employees	2,316	3,801	6,117	100%

As at 31 December 2021, Caixa's activity in Portugal (own employees and employees assigned to Caixa's structural bodies) has 6,117 employees, 2,316 of whom are male (37.9%) and 3,801 are female (62.1%). Of these, 119 employees are physically disabled (1.9%).

It should be noted that around 70% of the employees have higher education, of which 67% are women.

[14]Average Annual Remuneration considers the Monthly Remuneration actually paid during 2021 as well as the amount of the Performance Bonus awarded in 2021 and the Commercial Incentives paid in 2021. It also considers the meal allowance.

2021 Report on remuneration paid to women and men

Aiming to promote gender equality in the labour market and the gradual elimination of wage inequalities between women and men, Council of Ministers Resolution No. 18/2014, of 7 March, intensified specific measures aimed at achieving effective gender parity. In this context, every three years the entities of the State-Owned Enterprise sector are obliged to draw up a report characterising the wage differences associated with the remunerations paid to their employees.

In compliance with Council of Ministers Resolution No. 18/2014, the *2021 Report on remuneration paid to women and men* aims to diagnose, identify and analyse remuneration differences at Caixa Geral de Depósitos Group entities in Portugal (Caixa Group).

This report is available for consultation at cgd.pt.

Reconciliation between personal, family and professional life

Caixa fosters a balance between personal, family and professional life, supported by regulatory measures systematised by the DPE, and sustainable solutions agreed upon by the Social Action Unit. For this balance, all hierarchical levels of the Company are involved, both in creating an inclusive environment and in supporting integration, as well as in developing people and preventing various types of problems.

Among the measures with an impact on the balance between personal/family and professional life at Caixa, there is the PAC – Employee Support Programme, implemented by the Social Action Unit (UAS). This programme includes various interventions in the socio-professional, socio-family, socio-economic and health fields.

With regard to the socio-family area, the intervention guidelines include:

- Contributing to a better conciliation of personal life/family and professional life;
- Supporting employees in solving problems in a variety of life situations.

It should also be noted that measures promoting a balance between work and personal/family life are a contribution towards reducing tensions, with an impact on increasing motivation and productivity levels. In this context, we highlight the following measures.

Socio-family Responsibility Measures:

- Mobility / Transfers of a social nature.
- Family assistance.
- Family allowances.
- Intervention in family crisis situations.
- Adoption of measures in case of domestic violence.
- Adoption of measures in the case of children at risk.
- Bereavement support.
- Priority to family members for admission.
- Employee Exit Support.

'Caixa Consigo' Line

In order to minimise the negative impact of the pandemic, Caixa launched the 'Caixa Consigo' Line, aimed exclusively at active employees and consisting of five members from the Occupational Medicine and the Social Action Unit areas.

The 'Caixa Consigo' Line creates an e-mail address, which allows providing direct support to employees nationwide and under confidentiality conditions.

Therefore, the 'Caixa Consigo' Line contributes to greater proximity between employees and the institution, while promoting an increase in well-being and individual balance.

Workplace health

In 2021, in compliance with the legal obligation, a total of 3,656 medical examinations were performed (Caixa and Caixa Group companies)

- Periodic Examinations: 2,641
- Periodic Examinations: 785
- Initial Exams / Admission: 152
- Occasional Examinations: 16
- Occasional OS 27/2002 - Retirement on grounds of disease or disability agreed upon with the institution: 23
- Occasional return examinations/return to work: 39

Outside the scope of legal obligation and as part of health prevention:

- Support to travellers on duty: 2 consultations were carried out.

In 2021, there were four cases of occupational diseases confirmed (three women and one man) by the National Centre for Protection against Occupational Risks.

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, crisis situations (assault, bereavement and other traumatic events), interpersonal conflicts, dissatisfaction, lack of motivation and burnout, and prolonged absenteeism due to illness (absence due to illness for more than 30 consecutive days).

In 2021, the psychology area described and monitored a total of 973 interviews:

- All situations of prolonged absenteeism due to illness, totalling 794 interviews.
- All problematic situations identified, totalling 179 interviews.

Reporting cases and/or suspicions of COVID-19

Given the context of the COVID-19 pandemic that began in February 2020 and continued in 2021, Occupational Medicine, in collaboration with the GPS and the DGR, implemented the creation of a mailbox so that cases and/or suspicions of COVID-19 could be reported at Caixa, with the aim of implementing strategies for mutual assistance, problem-solving, and monitoring of problem situations triggered by the pandemic.

In this context, 1,275 records/e-mails were analysed/processed and the clinical criteria of 310 employees eligible for teleworking were analysed. On the other hand, the reports made via this mailbox allowed us to get a better idea of the impact COVID-19 had and continues to have on Caixa in terms of absenteeism, whether due to illness, family assistance or others.

Means of contact available to employees

Caixa employees have several ways to file complaints or ask questions:

They can submit their question via the application known as 'Helpdesk RH', available on the Caixa 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 the person who is analysing the request and its status.

Alternatively, employees can question/complain via email or letter, addressed to the DPE – Human Resources Division.

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. According to this Manual, there are six decision levels, depending on the issue at stake, which are:

- Caixa's Board of Directors
- Caixa's Executive Committee
- Two Directors (DPE + Structural Body)
- Managing Director of the DPE + First Officer of the DPE
- First Officer of the DPE + Manager of the DPE
- Respective Governing Body

Once a decision is made, it is communicated to the employee 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 General Manager of the DAI, with an indication of confidentiality;
- Through the DAI-Harassment Communication mailbox, with no obligation to communicate it to any other person or area at Caixa.

Any reported cases of harassment will be investigated for possible disciplinary action and dealt with in a confidential, impartial and efficient manner.

Alignment of the international structures

International structures play a very important role in the development of projects and initiatives that contribute to the development and well-being of employees.

We highlight some examples:

BCI – UNIVAX Initiative

BCI joined the UNIVAX initiative with more than 400 Mozambican companies from the private sector, which aimed to support the Mozambican State in the vaccination against COVID-19. In this context, three nationwide vaccination campaigns were carried out between the months of July and December aimed at employees and their households. The operation covered a total of 2,372 people, of which 1,864 were employees and 508 were households.

BNU (Macau) – ESG: THE MISSION ~~IM~~POSSIBLE

In late December 2021, BNU (Macau) launched the ideas competition *ESG – THE MISSION ~~IM~~POSSIBLE* with monetary prizes for the employees who presented the 3 best ideas, with the purpose of further promoting sustainability in the environmental, social and governance aspects of the institution.

Accessibility and financial inclusion

Target 10.2 Target 1.4

Financial accessibility and inclusion contributes to economic and social development, encouraging the sustainable development of the economy and stimulating the gradual improvement of the population's living conditions.

Over the years, Caixa has developed several projects and initiatives aimed at promoting inclusion and digital and financial literacy among its customers, and Caixa's approach in this area is regularly followed and monitored by the Sustainability Committee.

In order to assess the chosen management approach, Caixa measures and monitors the indicators associated with this material topic, reporting them in this chapter of the 2021 Sustainability Report and also in Annex B - GRI Table.

Caixa's approach to the topic accessibility and financial inclusion contributes directly to SDG 10 – Reduced inequalities and SDG 1 – No poverty.

Digital banking

In 2021, Caixa consolidated its leadership as the Digital Bank of the Portuguese, surpassing 2 million digital customers, both individuals and companies, and 1.3 million mobile customers, which represents a year-on-year growth of 12% and 21%, respectively.

In remote Customer management, we continued to invest in innovative projects, such as the Virtual Assistant in the Contact Centre, which allows customers to interact and carry out operations using natural language, ensuring that their requests are answered automatically, with a humanised voice and in a conversational context.

The positive feedback given by users has been decisive to the development in the quality of the solution, with an emphasis on suggestions from heavy users of the telephone service. We should note that there has been a significant increase in accessibility and improved experience for blind customers.

Also in the context of remote management, a new channel aimed at interacting with university customers was implemented, via WhatsApp, allowing for a closer relationship with this segment.

The Caixa Digital Assistant, now with a new interface and available in English, has already recorded more than 4 million conversations with customers and unlocked 400,000 accesses to the Caixadirecta Service. This voice solution, in natural language and available 24/7 on the Caixadirecta app, proved to be a key tool in simplifying customers' daily financial management and in supporting the exit from moratoria, helping to gather critical information to assess situations of possible financial stress for mortgage loan customers.

The app channel already accounts for 77% of all accesses to the Caixadirecta Service, with a growth of 21% in the number of active users, which now total 1.23 million.

Personal finance management

The DABOX app is an Open Banking solution, aimed at all bank customers, which allows users to aggregate their checking accounts with the main banks operating in Portugal, thus getting an integrated overview of their financial availabilities.

The DABOX app has extended its offer through features that encourage savings goals, such as the 'Mealheiro' and 'Saving Goals'. Furthermore, it is now possible to view 'Recurring Expenses', thus ensuring an optimisation of the monthly budget.

Personal finance management

In 2021, Caixa was also in the TOP 3 of the 2021 European Contact Centre & Customer Service Awards (ECCCSA), having been distinguished in the category 'Most Effective Business Transformation Programme in Customer Service'. This award aims to recognise organisations that are successfully transforming the way they work, improving the way they connect with their customers and colleagues, enabling them to deliver a unique customer service experience.

Digital inclusion and financial literacy

Saldo Positivo Portal

Caixa pioneered the launch of a structured financial literacy project, the Saldo Positivo portal. Saldo Positivo is Caixa's financial literacy portal, whose main goal is to clarify financial doubts enabling the Portuguese population to make more informed, financially savvy decisions.

Saldo Positivo, which continues to win over the Portuguese (Caixa customers and non-customers), has an average of more than 430,000 monthly visits (116% more than in 2020).

Throughout 2021, approximately 280 articles were published addressing various topics, ranging from financial literacy, digital security, banking, taxation, to sustainability, civic literacy, citizenship, among others, thus responding to the major concerns of the various segments at which the portal is aimed: consumers in general, families, young people and university students, seniors, small entrepreneurs and business owners.

Also as part of Saldo Positivo, we entered into partnerships with higher-education institutions to promote financial and digital literacy among the university segment.

EUSOUDIGITAL Programme

Caixa has also strengthened its position as a sustainable, inclusive bank by joining the EUSOUDIGITAL Programme as a Social Investor.

The EUSOUDIGITAL programme aims to promote the digital literacy of 1 million adults in Portugal by the end of 2023, by developing a national network of thousands of volunteers supported by over 1,500 digital training spaces throughout the country.

This programme will support adults who have never used the Internet, through digital training actions developed by volunteers in the family context or in places close to the community, such as parish councils, schools, nursing homes, among others. This initiative is funded by Caixa Geral de Depósitos and promoted by MUDA – Movimento pela Utilização Digital Ativa, with the support of Estrutura de Missão Portugal Digital and co-funded by Portugal Inovação Social, POISE – Programa Operacional Inclusão Social e Emprego, Portugal 2020, and the European Union.

APB Financial Literacy Working Group

Caixa is a member of the Portuguese Banking Association (APB) Financial Education and Literacy Working Group and maintains a regular collaboration in different activities and initiatives aimed at supporting and promoting financial education, in partnership with the various financial institutions that make up this Working Group. In 2021, we highlight the European Money Week celebrations. Created by the European Banking Federation, the European Money Quiz is the biggest European competition that aims to test the financial literacy knowledge of 13- to 15-year-olds.

For the fourth consecutive year, Caixa joined this initiative, which this year was held exclusively online due to the current epidemiological context, with the participation of more than 40 national schools and more than two thousand students from the 7th to 9th grade.

As part of European Money Week, in addition to the Financial Literacy Quiz, an information session was organised for secondary-school and university students on the characteristics and functions of bank loans.

This was the first session that the APB Financial Literacy working group developed in 2021 with young people who, in the near future, will have their first contact with financial products and services.

The 1st session, entitled "Loans: what is it and how does it work?" was attended by 400 secondary-school students from 14 schools across the country.

Minimum banking services

Caixa has made available minimum banking services from 20/03/2000, following the signing of the tripartite protocol between Caixa, the Government and the Bank of Portugal and as part of the provisions under Decree-Law no. 27-C/2000, of March 2000, aiming to provide customers with access to the banking system regardless of their financial situation.

This service is currently aimed at retail customers with a single account in the banking system [15]and includes, in addition to the maintenance and management of their sight deposits account, access to the Caixadirecta service, debit card and allows making: deposits, withdrawals, payments for goods and services, direct debits and transfers, including standing orders within the EU (namely intra-bank credit transfers, ATM transfers and 24 SEPA+ credit transfers and/or SEPA+ standing orders per calendar year, made via Caixadirecta online.

As of 1 January 2021, transfers via payment applications operated by third parties are also included (up to 5 (five) per month and with a limit of €30 per transaction)[16]. Customers with a credit from salary, pension or social benefit below the national minimum wage are exempt from paying this commission.

Alignment of the international structures

International structures play a very important role in developing sustainability projects and initiatives that contribute towards increasing accessibility and financial inclusion in society.

We highlight some examples:

BCI – Financial Literacy

BCI promoted a financial education initiative at the Madjadjane Primary School, in Salamanga (Matutuíne), Maputo province, covering dozens of students from the 5th to 7th grade.

In addition, a similar bilingual session (Xichangana and Portuguese) was held for more than twenty women from the community, in which procedures and instructions for carrying out banking operations were shared.

BCI was hired by UNOPS, the entity responsible for providing logistical support to the Government of Mozambique in implementing the DDR (Demobilisation, Disarmament and Reintegration) programme in 6 provinces, to provide bank account opening services for 3,700 combat veterans and financial literacy talks.

[15] 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.

[16] Transactions (withdrawal of funds, payment of services or transfers) carried out through payment applications operated by third parties that do not exceed the limit of 30 euros per transaction, or 150 euros transferred through the application during the period of one month, or 25 transfers carried out in the same month, are also exempt from payment of commissions.

BNU (Macau) – Online sessions about Stock Trading

In 2021, BNU (Macau) promoted two online webinars on Stock Trading aimed at explaining to the participants what stocks are, how they are traded, their advantages and dangers, and other features that enable the public to increase their knowledge on this increasingly popular type of products.

Cybersecurity and data protection

Target 16.10

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 (ICTs) managed by them while performing their activities.

Proper preservation of the confidentiality, integrity and availability of information is a legal, regulatory and ethical imperative for Caixa and all its structures and employees, and a pillar of trust and sustainability in Caixa's relationship with customers and other stakeholders.

Caixa's Global Information Security Policy formalises the strategic and programme outlines approved by Caixa's Board of Directors for information security matters, as well as its commitment to meeting applicable requirements related to information security.

Over the years, Caixa has promoted several initiatives that directly and indirectly contribute to this topic, reporting them in the 2021 Sustainability Report. In order to assess the management approach used, Caixa measures and monitors the indicators associated with this topic and reports them in this chapter and also in Annex B - GRI Table.

Caixa's approach to the topic Cybersecurity and data protection makes a direct contribution to SDG 16 – Peace, Justice and Strong Institutions.

Information security regulatory model

Information Security is a top priority for Caixa and a responsibility to be exercised on a day-to-day basis across the organisation.

Caixa's corporate regulatory model for information security is structured based on its Global Information Security Policy, which includes a governance model and sectoral policies, procedures, manuals, instructions, and other mandatory or guideline documents.

The rules and principles in the Global Policy on Information and other internal information security regulations incorporate the best practices set out in the ISO/IEC 27000[17] family of international standards, considering relevant internal and external requirements in Caixa's context, and apply to all tangible or intangible data and records, including voice and image, regardless of their format, processing method, means of transmission and type of support, physical or logical, relating to Caixa's life or to its relations with its customers and other stakeholders.

Caixa's overall Information Security goals are as follows:

- Ensure the alignment of information security with the business;
- Ensure the identification, assessment and treatment of Information Security Risks, including cyber risks relevant to Caixa;
- Ensure the consistency of the information security regulatory model and its implementation;

[17] Namely, ISO/IEC 27000, ISO/IEC 27001 and ISO/IEC 27002

- Provide Employees with adequate training in accordance with the Information Security responsibilities attached to their functions;

- Raise maturity in Information Security, ensuring continuous improvement and correcting non-conformities;

- Demonstrate to stakeholders the organisation's commitment and capability regarding information security;

- Adopt an information security culture.

Information Security Governance

The Governance, Security and Data Protection Executive Board (CDGSPD) is a body under the Executive Committee that oversees the activities carried out as part of Data Governance and quality and matters relating to data protection monitoring and management.

The CDGSPD assesses and coordinates Information Security initiatives carried out at Caixa and the Caixa Group. It meets once a month and consists of the Directors responsible for the DSI, DGR and the Data Protection Office, persons with cross-cutting data management functions, the CISO, DPO and CDO, the heads of the main Divisions that supply or consume data, and persons with cross-cutting management, organisation and control functions.

The CDGSPD is delegated to make structural decisions to ensure data protection management, enforcement by senior management, and training of the Data Protection Officer and the Data Protection Office in day-to-day management.

IT Strategic Plan

The IT Strategic Plan consists of 96 initiatives structured according to 5 Pillars (Governance and Organisation Model, Technological Transformation, IT Risk and Cybersecurity, Data (BCBS 239/GDPR) and International with a time horizon from 2019 to 2028 (in the Data component) and an estimated investment of approximately €153 million, of which approximately €49.6 million have already been used up (45% of the initial budget).

The plan's activities have been certified by the Internal Audit Division (DAI) and reported to the ECB with a rate of 98% as at June 2021 (period where the certifications are already closed); having achieved a degree of compliance with activities of 94%.

In 2021, we should point out, in a non-exhaustive manner, the following activities related to network and information systems security:

- Strengthening of security in contracts with suppliers by including contractual requirements in the information security area;

- Streamlining due diligence and subsequent assessment of security risks in Cloud service contracting;

- Implementation and internal audit of the Swift Customer Security Programme (CSP) in the Caixa Group;

- External and independent assessment of the Caixa Group's level of maturity in cybersecurity according to the NIST framework and CNCS National Reference Framework for Cybersecurity;

- Implementation of new technological security solutions, namely:

    - Platform for managing and storing cryptographic keys;

    - Security Orchestration, Automation and Response (SOAR) Platform;

    - Centralised platform for managing and auditing firewall rules;

- Platform for analysis of application security in DEVSECOPS context;
- Implementation of a Malware Information Sharing Platform (MISP) for integration with Caixa's Security Information & Event Management (SIEM) platform.

- Strengthening the operation of the privileged access control platform;
- Strengthening of security awareness with the publication of new e-learning courses, dissemination of articles and security news and simulation of phishing campaigns;
- Carrying out intrusion tests on essential services exposed to the outside, carrying out blind tests and other security assessments on internal cross-cutting services;
- Cooperation with similar entities in the financial sector, namely the participation in Ciberperseu, the national cyber-security exercise promoted by the Portuguese Army;
- Promoting the replacement of obsolete systems and reinforcing the monitoring of security vulnerabilities;
- Outlining of the Cybersecurity Plan for the three-year period (2021-2023), organised into 3 pillars, Governance and Organisation, Innovation and Transformation of Cybersecurity and Response to Cyberattacks and Cyber incidents;
- Updating and consolidating the regulations on Information Security issues, incorporating the best practices and guidelines of national and international regulations related to this topic.

Security Awareness – Phishing

DSI Summer Bit' 21

The DSI gathered around 300 employees online at the Summer Bit '21 event. The meeting aimed to take stock of the results obtained in the 1st half of 2021 and of the initiatives carried out in the context of fulfilling the IT Strategic Plan for 2021. The live broadcast to all DSI and IT employees of the (Group's) Overseas Units took place on 8 July from Caixa LAB, in the Head Office Building, via zoom.

Data protection

In the context of the European Digital Agenda, which aims to establish the Digital Single Market in the European Union, the protection of personal data must be undertaken by companies and organisations as a new reality and as a critical factor for the success of ongoing digital transformation processes.

Compliance with the General Data Protection Regulation (GDPR) is an opportunity to provide customers with a quality service and add value to the relationship of trust that they have with Caixa and the Caixa Group. This is achieved by strictly self-assessing its internal processes and procedures for handling customer and employee data.

In terms of Caixa's control and compliance with data protection legislation, we highlight the following initiatives:

- **Update of the Personal Data Protection Policy**: In order to ensure compliance with Law no. 58/2019, which ensures the implementation of the GDPR in the national legal system, Caixa Group entities are completing the process of transposing this corporate standard into their respective internal regulations, thereby contributing to the maturity of the Caixa Group's organisational culture of compliance with data protection and strengthening the trust of its customers and stakeholders.

- **Process of implementing a technological tool to support data protection management**: The year 2021 marked the start of the process for implementing a technological tool supporting data protection management at corporate level. This tool consists of the following 8 modules: Data mapping; automation of data protection assessments; response to exercise of data subject rights; consents; cookie compliance; vendor management; data breach incident management.

  Considering the technical complexity, the volume of corporate information to be processed as part of this project and the different laws applicable in the countries where Caixa operates, implementation is scheduled for completion by the end of the first half of 2022.

- **International Data Protection Day**: To mark the date (28 January), the director in charge of data protection, Professor Nuno Carvalho Martins, sent a video message through Somos caixa to all Caixa employees to raise awareness to privacy and compliance with the principles and rules on personal data processing and the adoption of procedures for identifying the data subject, collecting consent (direct marketing communications, campaigns and events) and exercising their rights. The protection of personal data is an individual responsibility of each and every employee involved in processing operations. The corporate aspect of the data protection strategy was also highlighted.

- **Responding to the exercise of data subjects' rights**: Caixa, 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 been collaborating 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. Complaints are another avenue through which data subjects have exercised their rights, in which data protection issues have been considered by the DPO and the DPOffice.

- **Awareness-raising and training**: Since the full implementation of the GDPR as of May 2018, the DPO and the DPOffice have provided Employees with awareness-raising and specific training (face-to-face and e-learning) on data protection, having updated FAQs on data protection, in addition to the preparation of the Data Protection Guide.

Data Protection Guide

A Data Protection Guide has been prepared as a guiding document, in simple and accessible language, in order to be used as a working and consultation tool by any employee, to ensure compliance with legislation and internal regulations on data protection, compliance of the personal data processing carried out by Caixa, and to contribute to an organisational culture of compliance with data protection.

This Guide contributes to keeping the legal framework and Caixa's internal regulations in mind, updating guidelines and procedures aimed at operationalising, internally and in practice, compliance with the obligations imposed by the new legal framework and institutional supervision model with respect to data protection.

Investment in the community

The Covid-19 pandemic has created a complex set of challenges and consequences for the Portuguese economy and society that have further worsened social inequalities.

As a publicly owned bank, Caixa must respond to those who need it the most, according to the most pressing social emergencies. Caixa's Community Involvement Policy recognises that involvement with the community (internal and external) should be one of the Bank's social responsibility areas, which includes several areas of action, such as social inclusion, support to the social economy, education and promotion of culture.

Throughout the years, Caixa has promoted several initiatives directly and indirectly contributing to this material topic, describing them in the 2021 Sustainability Report.

In order to assess the chosen management approach, Caixa measures and monitors the qualitative and/or quantitative indicators related to this topic, reporting them in this chapter and also in Annex B – GRI Table.

Caixa's approach to the topic Investment in the community contributes directly to SDG 10 – Reduced inequalities and SDG 1 – No poverty, and indirectly to SDG 2 – Zero hunger, SDG 4 – Quality education, and SDG 17 – Partnerships for the goals.

Corporate social responsibility

For Caixa, Corporate Social Responsibility is aimed at developing strategies, policies and actions that foster a more responsible, inclusive business, promoting the creation of value for society and other stakeholders.

Caixa Social Awards 2021

The Caixa Social Awards' mission is to finance and develop innovative, replicable social projects undertaken by third-sector organisations geared towards addressing social problems to mitigate poverty and social exclusion, using Caixa's skills to leverage new economic models and the ability to involve stakeholders in a single mission and goals.

Aware of the current difficulties caused by COVID-19, Caixa anticipated the 2021 Caixa Social Awards with the aim of supporting social-sector entities whose activity was linked to combating, controlling, preventing and responding to the health, social and economic impacts of the pandemic. With an overall budget of €500,000, the selected projects were awarded amounts ranging between €2,000 and €20,000.

In this special edition where the common denominator was 'Protecting People', the winning projects submitted proposals in three areas of intervention: Health Care, Solidarity, and Inclusion and Employment Promotion. The 2021 Caixa Social awards ceremony was held on 29 November, at Caixa's Head Office Building, and was attended by representatives of the distinguished social institutions.

MAIN RESULTS

416
applications

34
supported projects

500.000 €
invested

> 125.000
impacted beneficiaries

Volunteer programme

Caixa'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. As part of the Corporate Volunteering Programme, Caixa's Volunteering Day was established on 10 April, the date of its anniversary.

In 2021, approximately 150 volunteers participated in Caixa's Volunteering Day, making it possible to support 24 social institutions and deliver about 3 tonnes of food, ensuring adequate safety conditions for both Caixa employees and recipients of the initiatives.

Caixa also joined the 'Good Deeds Day' initiative, an annual day dedicated to doing good deeds. Several employees volunteered to do good deeds by putting into practice the simple idea that each person can do something good to improve the lives of others and make a positive impact on the community.

Blood donor group

Serviços Sociais
da Caixa Geral de Depósitos

At Caixa' Social Services (SSCaixa), the Blood Donor Group (GDS) is a national reference for its contribution to the sustainability of blood reserves in Portugal.

The GDS has 12,226 members, of which 9,769 are currently active donors. In 2021, in the midst of a pandemic, the activity of the GDS recorded the highest result in 38 years of existence, with a 7% increase in new donors.

The Group held 64 blood drives and 107 initiatives at the Lisbon, Porto and Coimbra Blood Centres, the IPO (Cancer Institutes) in Lisbon and Porto and eighteen other hospitals.

A total of 2,551 people participated in the blood drives, including Caixa employees and external donors (outsourcing companies, employees' families and friends, customers and the general public). The donations allowed collecting 1,150 litres of blood, which translates into help for approximately 6,900 patients.

Christmas Campaign 2021

Caixa developed a number of solidarity initiatives under the motto 'The best of Christmas is bringing together the best of everyone', challenging employees to join several causes in order to help families in need, homeless people, refugees, children, and senior citizens.

The 2021 Christmas campaign encompassed two types of initiatives.

a) Internal action

- CASA Association - collection of foodstuffs for the core centres of Setúbal, Coimbra, Funchal - Madeira, Faro and Paredes;
- Suppers for Comunidade Vida e Paz - 150 volunteers prepared about 1,000 suppers for homeless people;
- Collection of goods at the Head Office and at the Clinical Centres in Lisbon and Porto - support for needy families affected by the pandemic (non-perishable food and hygiene articles).

b) External action

- A fund-raising campaign was launched through the use of Caixa cards, which enabled the financial support of five solidarity projects in the amount of 25,000 euros, equally distributed among five social institutions.

CO Solidarity Village

The Operations Centre (CO) celebrated the Christmas season by involving all the teams in the construction of its Solidarity Village. Each team was responsible for building, decorating and naming one or more houses.

On 20 December, the teams gathered their homes and created the CO Solidarity Village, raising an amount of money that was donated to Associação Acreditar.

Support to the Portuguese Multiple Sclerosis Society

As part of the celebration of its 6th anniversary, the CO found a special way of celebrating its values of sharing and social responsibility by collecting, over two weeks, second-hand items that were donated to the Portuguese Multiple Sclerosis Society (SPEM), to be given to families in need or to be recycled to create new handcrafted items.

Cultura Caixa: Solidarity initiative from the Remote Management Division

The DGD (Remote Management Division) participated in numerous spontaneous and informal initiatives with its teams and their families, such as cleaning and collecting rubbish at Parque das Nações and Praia da Torre (Carcavelos), recycling in the Loures area, cultivating a community vegetable garden in Vila Franca de Xira, and cleaning Mata de Alvalade, in Lisbon.

Donation programme

Caixa stepped up its programme for donating goods to social institutions, responding to countless requests for donations of pieces of furniture and IT equipment.

This programme demonstrates Caixa's merit and capacity for social intervention in the community, making it possible to meet the needs of different entities, promoting the reuse of discontinued equipment and materials by local communities, educational institutions and underprivileged citizens who will give them a new use and value. This favours the reuse of materials, helping to reduce waste, waste generation and the environmental footprint, facilitating the reorganisation of fixed assets that have been depreciated or written off for accounting purposes, and which have no future use.

In 2021, Caixa donated 1,657 items such as pieces of office furniture (cabinets, chairs, desks, drawer blocks, among others) to 21 institutions.

Donation of IT equipment

With the aim of mitigating inequalities in access to education, Caixa established a partnership with Student Keep, which receives and reconditions computer equipment and ensures that it is fully functional and operational. Caixa donated 677 pieces of IT equipment to different institutions and school groups, benefiting hundreds of students across Portugal.

"Sou Cidadão" Programme

Caixa considers it extremely important to find answers to facilitate socioeconomic integration and combat poverty and has, therefore, been developing and promoting different initiatives for homeless people or people in need. This approach enhances the implementation of the National Strategy for the Integration of Homeless People (ENIPSSA 2017-2023), in coordination with the GIMAE.

Through the 'Sou Cidadão" (I am a Citizen) programme, Caixa supports the issue and allocation of identity documents (Citizen's Card, Passport, Residence Permit) by giving donations to the social entities responsible for the process of identification of homeless people (PSSA) who spend the night at the Caixa's automatic areas and branch network.

Between 2019 and 2021, Caixa ensured the issue of 150 identification documents to PSSA, contributing to recovering their 'identity' and access to basic rights, such as hospital assistance and other benefits that contribute to reducing the number of situations of socio-economic exclusion.

#TODOSJUNTOS Campaign

The #TodosJuntos solidarity campaign, a solidarity initiative launched by 10 Banks in the Portuguese financial system, raised €2.5 million for food support to families in the context of the current crisis.

Caixa contributed individually with a donation of €250,000.

Solidarity campaign with Ukraine

Caixa is preparing a set of measures aimed at supporting the Ukrainian population, enabling it to meet the most pressing needs in terms of health, shelter/accommodation, food, and access to education, among others:

- Exemption from fees for interbank transfers to Ukraine (until the end of May);
- Annual debit card fee exemption (1-year duration);
- Internal fundraising campaign: Caixa will double the amount raised internally (maximum amount of €100,000):
    - Lusíada University: support to equip the reception centre (initial €2,500, with a maximum of €5,000);
    - Jesuit Refugee Service (JRS): in instalments of €2,500 until the remainder of the total raised.

Caixa also started an internal fundraising campaign, in which it will match the amount donated by employees. This initiative was highlighted in the IV Caixa Fora da Caixa Meeting.

Fostering knowledge

Caixa has a close relationship with Portuguese education and has been strengthening its support to the university segment over the years.

In 1994, Caixa was a pioneer with the Caixa IU - Institutos Politécnicos e Universidades programme and has been strengthening its leadership in this segment. In 2021, 38 Higher-Education institutions received an investment of €7.5 million from Caixa under this programme.

The partnerships that have been established are based on three lines of action:

1) **Support to the Academic Community**

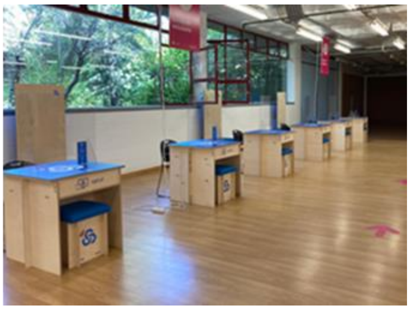
   Through digital onboarding with a package of products and services that facilitate the management of students' daily lives, adapting the sales process to customers' expectations

2) **Fostering Knowledge**

   Highlighting the academic performance of students and employees of the different HEIs supported by Caixa, with more than 200 merit and research awards, study grants and recognition of innovation projects.

3) **Economic, Social and Cultural Responsibility**

   Support in areas such as entrepreneurship, employability, economics, innovation and technology.

Caixa Mais Mundo Awards

The Caixa Mais Mundo Awards are a response to Caixa's commitment to supporting education and not only by distinguishing academic merit, but also by enabling the creation of opportunities for students with fewer economic resources whose academic performance shows their interest and commitment to higher education and to contribute to a more equitable, fairer and more supportive society.

In this 3rd edition, Caixa increased the number of prizes. A total of 150 merit awards, worth €1,000, were granted, according to the following distribution criteria:

I. 40 Academic Merit Awards: national students enrolled in degree or integrated masters study programmes and students enrolled in Vocational Higher Technical Courses (CTeSP);

II. 40 Scholarships for needy students: national students enrolled in bachelor's degrees or integrated master's degrees and students enrolled in Vocational Higher Technical Courses (CTeSP), who experience economic difficulties while ensuring their regular attendance at higher education (according to the award criteria of the DGES);

III. 30 Merit Awards for students in vocational courses: students who have completed secondary vocational courses and continued their studies in Higher Education Institutions;

IV. 40 Merit Awards for PALOP students: students who have concluded secondary education in Portugal, and who are enrolled in degree or integrated master's study programmes in Portuguese HEIs, with the following nationalities: Angola, Cape Verde, Guinea-Bissau, Mozambique, Timor, S. Tomé and Príncipe.

The Caixa Mais Mundo Awards ceremony took place on 18 March 2021, at a digital event that brought together the distinguished students and the deans of the Higher Education Institutions

EPIS – Companies for Inclusion

Caixa joined the network of social investors of EPIS – Empresas pela Inclusão, undertaking the mission of contributing annually towards promoting social inclusion by awarding academic scholarships, donating computer equipment and participating in volunteer work. In 2021, 4 university scholarships (worth €9,600) and 50 desktop computers were granted and several Caixa employees were identified to tutor mathematics to needy students from grades 5 to 9.

Caixa Social Services – Education Support

Caixa's Social Services provide annual support to students who wish to continue their university studies. A total of 57 scholarships were awarded in the 2020/2021 academic year for students to attend degree and integrated master's degree study programmes at higher education institutions.

Contribution of international structures

International structures play a very important role in developing sustainability projects that contribute to supporting the communities where they are located.

BCI – *Girl Move*

Banco Comercial e de Investimentos has been providing support to Girl Move by investing in training grants for the CHANGE programme and the leadership and social innovation programme, which is aimed at supporting young women aged between 20 and 30, graduates or masters, promoting a new generation of young women leaders and agents of change for sustainable development.

BNU (Macau) – CHANGE Programme

In 2021, Banco Nacional Ultramarino de Macau continued to support the education system, supporting students from schools and universities with scholarships, namely to Instituto Politécnico de Macau, Instituto para os Estudos de Turismo, Universidade de São José, Universidade de Macau, and Universidade de Ciências e Tecnologia de Macau.

Promoting culture

Caixa Geral de Depósitos Foundation - Culturgest

The activity programme of the Caixa Geral de Depósitos Foundation - Culturgest 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 pursued this mission by presenting a programme dedicated to contemporary creation in the fields of performing arts, music, visual arts and cinema, complemented by a panel of conferences and debates that seek to bring a critical and open look at the world around us and with a diversified offer of participatory initiatives and programmes for schools.

The 2021 programme reflected this approach, aware that it is in this contemporary, multidisciplinary and cosmopolitan matrix that Culturgest fulfils its purpose, continuing to make a significant contribution to the national cultural fabric and an added value to the cultural offer in the cities of Lisbon and Porto, where complementarity and specialisation guarantee a rich and plural cultural offer.

Complementing its artistic goals, Culturgest's main goal is to increase and diversify its audiences. In an increasingly developed and educated society, Culturgest's bold programming has the ability to dialogue with a broad and growing audience.

In the second year of the Covid-19 pandemic, Culturgest managed to recover slightly from the sharp fall of 2020, receiving 39,869 spectators and in-person visitors, 20.4% more than in 2020. Its investments in the online offer continued to bear fruit, resulting in growth, also in this segment of the offer, with 70,950 online visits. We should note that online programming was created in 2020 as a response to the pandemic, albeit with the creation of a new digital offer of cultural and scientific content in mind.

European ACT Project - Art, Climate, Transition

As coordinator of the European project ACT – Art, Climate, Transition, which brings together ten organisations from ten European countries, Culturgest focused on the topic of environmental sustainability and climate action, namely through the following events:

- Cinema and Ecological Reason Cycle + Being Lichen Conference + Secrets of Nature Microsite, by Teresa Castro;
- Energy nightmares: From Chernobyl to climate emergency, by Michael Marder;
- Moving Earths, by Burno Latour and Frédérique Ait-Touati.

Historical Heritage

In 2021, the dimension of the tasks associated with Historical Heritage remained in line with the projects that had already been launched, with the responsibilities linked to the consultation service of the Historical Archives, as well as with proposals for other challenges.

The Caixa Geral de Depósitos – Architectural Heritage project, a book on the Bank's branches and subsidiaries from the architectural point of view, took up an important share of 2021. It was invariably necessary to make further efforts in researching elements related to the buildings' projects. This work has encouraged a close collaboration between the DCM, which preserves the institutional memory through Historical Heritage Management, and the DRM, as the Division responsible for producing the elements included in the construction files for each of Caixa's buildings. The past year was crucial for the final phase of this project, whose outcome is awaited with growing expectations.

The transfer of the Overseas Library to the Faculty of Arts of the University of Lisbon was formalised in March 2021 with the signing of a Deposit Agreement between the two entities.

As Historical Heritage is responsible for preserving the institution's memory, it collects decorative pieces that, not having a place in the refurbished areas of the building, are selected upon their sale to employees. Among these pieces, decorative arts stand out: screen prints, engravings, reproductions of paintings from the Calouste Gulbenkian collection, among others. In 2020, there was a sale of furniture without historical interest, whose value (€5,308.87) was donated to the Portuguese Cancer Society in 2021. This year there were also two other sales of similar pieces and a sale of decorative arts.

In the context of creating a museum, Banco de Cabo Verde requested Caixa's collaboration to develop this project by making available its considerable collection about that country. Caixa's collaboration allowed consulting dozens of documents and photographs that will form the basis for implementing this project.

The selection and evaluation process of the documents made available by the Central Archive was carried out. This procedure, in collaboration with the Document Management Unit, is crucial to maintaining the integration of documents with historical interest.

Heritage has also been contributing to the 'Fora da Caixa' Meetings by providing information with a view to retracing the history of the local branches where these meetings take place, in addition to producing related content for Social Media.

There are also other equally relevant projects, mainly with regard to disseminating Caixa's historical heritage, which are still ongoing during the current year, namely the support provided for an exhibition on the 120th anniversary of BNU in Macau or the loan of the tapestry 'Chegada de Vasco da Gama a Calicut' for a temporary exhibition in Angers, France.

Despite the fact that this was an atypical year, consultations remained active and there were around 60 requests (internal and external) related to the Caixa and BNU collections, the museum collection, and collectors' items.

4.12. Transparent governance models

Caixa believes that ethical and transparent management practices are key to boosting performance in a responsible and diversified manner. In this context, Caixa has been building a more efficient governance model, based on an organisational culture committed to meeting the expectations and needs of customers, employees, shareholders, regulators and other stakeholders, taking up the basic values that should guide the activity of an institution that is a reference in the Portuguese economy.

ESG governance practices and ethical business conduct

Ethical and transparent management practices are key to maintaining the confidence and credibility of the financial sector. Companies that have solid and agile governance models and that incorporate ESG dimensions become particularly resilient to risks and increase their ability to create value over time.

Caixa maintains in force a number of standards and other internal documents that contribute to this goal, including, among others, the Diversity Policy for Caixa Group Employees and Members of Caixa's Management and Supervisory Bodies; Caixa's Global Policy on Preventing and Managing Conflicts of Interest; its Policy and Plan for Preventing Corruption and Related Offences, and the work order for Specialized Executive Boards, Committees and Advisory Boards detailing information on the scope and powers associated with the Sustainability committee, the body responsible for disseminating ESG practices throughout the organisation.

Over the years, Caixa has promoted several initiatives that directly and indirectly contribute to this topic; these initiatives are described in this chapter of the 2021 Sustainability Report. In order to assess the chosen management approach, Caixa measures and monitors the qualitative and/or quantitative indicators related to this topic, reporting them in this chapter and also in Annex B – GRI Table.

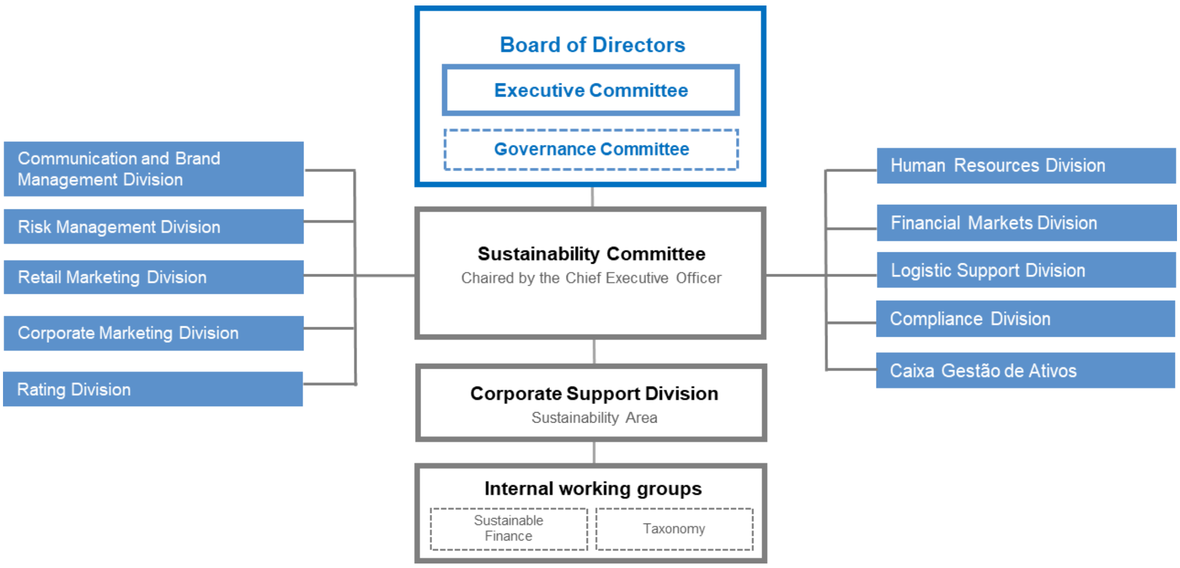
Caixa considers that the topic ESG governance practices and ethical business conduct contributes directly to SDG 16 – Peace, Justice and Strong Institutions and SDG 5 – Gender Equality.

Sustainability Management Model

The management model for sustainability is cross-sectional to Caixa, 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.

In this process, the Sustainability Committee stands out as an advisory body to the Executive Committee, chaired by the Chief Executive Officer and composed of managers from the different corporate areas responsible for implementing activities associated with the Sustainability Strategy.

In 2021, the Sustainability Committee held three meetings.



The following bodies, structures and working groups are also part of the sustainability management model:

- **Board of Directors**: responsible for the Caixa Group's senior decision for sustainability-related policies and strategies;
- **Executive Committee**: responsible for taking decisions on the main sustainability projects and overseeing the progress achieved by Caixa's sustainability strategy.
- **Governance Committee**: made up of members with non-executive functions, it is tasked with analysing, monitoring and advising on matters such as: corporate governance, ethics and conduct, conflicts of interest, social responsibility, sustainability and sustainable financing, an annual report on the functioning of the corporate governance structure and an opinion on the Corporate Governance Report which is an integral part of the Annual Report and Accounts.
- **Sustainability Area**: Integrated into the Corporate Support Division, it coordinates the plan for strategic sustainability initiatives, programmes and related systems, ensuring internal mechanisms and circuits for pursuing performance indicators, evaluation procedures and reporting processes.
- **Internal Working Group on Sustainable Finance and Taxonomy:** composed of various internal structures whose activities are related to the development of 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.

Independence of non-executive directors

In 2021 Caixa had 75% of independent non-executive directors in Portugal.

The following Non-Executive Directors, in office until 22 December 2021, are considered independent: Ana Maria Machado Fernandes, José Maria Monteiro de Azevedo Rodrigues, Hans-Helmut Kotz, Mary Jane Antenen, Nuno Filipe Abrantes Leal Cunha Rodrigues, and Arlindo Manuel Limede de Oliveira.

Diversity in the management and supervisory bodies

Under the Portuguese Charter for Diversity, signed by Caixa, the concept of diversity is understood as the recognition, respect and appreciation of differences between people, including particularly those related to sex, gender identity, sexual orientation, ethnicity, religion, belief, territory of origin, culture, language, nationality, place of birth, ancestry, age, political, ideological or social orientation, marital status, family, economic or health situation, disability, personal style and training.

Based on the Diversity Policy for Caixa Group employees and members of management and supervisory bodies, Caixa shall, among others, comply with the following applicable principles:

- Caixa's management body should be composed of members whose qualifications and background in terms of professional experience are diverse and balanced, enabling them to have appropriate knowledge of Caixa's activities and strategy;
- Caixa's management body should include people of diverse ages;
- Caixa's management body should include members with diverse and appropriate geographical origins in terms of their cultural background, qualifications and professional experience in relation to the Caixa Group's challenges and positioning;
- The proportion of persons of each gender appointed to Caixa's management and supervisory bodies must be equal to or greater than 33.3 per cent in each of these bodies.

Caixa Board of Directors for the 2021-2024 term of office

The new composition of Caixa's Board of Directors is based on a strategy of continuity, albeit with the replacement of some members, namely the Chairman, in order to ensure management stability and the pursuit of good results in the coming years. This balance aims to support the start of a new strategic cycle after the conclusion of the 2017-2020 Restructuring Plan, safeguarding the necessary aspects of management stability and the pursuit of good results in the coming years. The choice of the new directors or their reappointment was based on criteria of competence, a high sense of public interest, independence, and ethical values.

Compliance risk management

The values, ethical principles and rules of professional conduct that govern the performance of Caixa and its Employees are disclosed in the Institution's Code of Conduct, published on its intranet and on its public website at https://www.cgd.pt/English/Institutional/Corporate-Governance/Documents/CGD-Code-of-Conduct.pdf.

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.

With a view to continuously reinforcing a culture of compliance at Caixa, 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 Divisions.

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 Caixa'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 2021, Caixa provided training to all Caixa employees on Ethics and Conduct; it also provided training on issues related to the management and reporting of Conflicts of Interest, the Corruption Prevention Plan, and the Code of Conduct Management model to employees of different Caixa divisions and employees of Caixa Group Entities.

Additionally, if irregularities or insufficiencies are identified by the DC or by the Supervisory Bodies as part of Behavioural Supervision, the DC assesses the respective action plans outlined by the intervening Divisions, recommending the adoption of new measures if deemed necessary.

Monitoring and control of compliance risk in the Caixa Group's international structures

At Group Entities, the compliance function is independently ensured by local compliance structures, headed by Compliance Officers (COs), who, in close cooperation with the DC, coordinate the management of compliance risk in the respective Caixa entities, reporting functionally to Caixa's Head of Compliance, in line with the best high-level practices internationally established for the function.

To monitor and control the compliance risk in the Caixa Group's international structures, an Entity Compliance Monitoring and Reporting Model was established, comprising the activities performed by the DC for effectively monitoring the Entities, as well as the obligations of the Entities towards the DC, particularly with regard to compliance with the reporting duties on the various compliance issues that must be accompanied and monitored by the parent company, ensuring the reliability and timeliness of the information that is reported.

The main objectives of the Entity Compliance Monitoring and Reporting Model are to ensure the effective supervision of the Group Entities, to allow a continuous assessment and monitoring of the Group Entities' risks, to contribute to the timely adoption of corporate policies, to promote the timely resolution of compliance risk deficiencies, and to increase control and monitoring of the execution of the annual compliance plan and budget.

Evaluation of suppliers and service providers from the point of view of ethical and conduct risk

The Code of Conduct requires Caixa 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.

Caixa'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 outsourced service providers in relation to various risks, including compliance. In this context, opinions are issued by the Compliance Division which cover matters of ethics and conduct.

Existing mechanisms for reporting irregular practices

The Code of Conduct states that Caixa must provide an internal reporting circuit for alleged irregular practices occurring as part of its activity. Caixa has an Internal Reporting System for Irregular Practices (SCIPI), governed by its own internal regulations.

The internal regulations that govern this system aim to ensure, among other things, the existence of adequate means for reporting and dealing with irregular practices, ensuring the confidentiality of information and the identity of the whistle-blower, when known.

Money-Laundering Prevention and Taking Action Against Terrorist Financing

Caixa is committed to the best practices in the area of Anti-Money Laundering and Counter-Terrorist Financing (AML/CTF) and, in order to comply with the legal and regulatory standards in force, as well as with the recommendations of the relevant international entities on this matter, it has outlined and implemented a clear set of policies, procedures and control systems that allow assessing and mitigating the possible risks inherent to its customers and business relations.

To this end, Caixa, through its Anti-Financial Crime Area, is equipped with several computer tools that allow monitoring its banking activity in the context of AML/CTF, with an emphasis on applications dedicated to monitoring accounts and customers (performed continuously, systematically and according to indicators established according to a Risk-based Approach – RBA), to classifying the customers' risk profile, and to filtering out sanctioned customers, politically exposed persons, and holders of other political and public positions. In 2021, as part of the legal due diligence obligations set out in Law no. 83/2017 and Bank of Portugal Notice no. 2/2018, Caixa implemented procedures that ensure the collection of additional information and documentation regarding customers with specific characteristics in terms of the risk of Money Laundering and/or Terrorist Financing. Therefore, in order to complete the customer creation process, a differentiated due diligence is required according to the money-laundering risk profile, which means that high-risk clients have to be accepted by the Compliance Division for a business relationship to be established.

In 2021, we should also highlight the development of the new research and business support application that will integrate the data from Caixa's various information systems and will improve the effectiveness and efficiency of the AML/CTF activity. As 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 duties, as well as with all the internal rules and procedures established for normally conducting their activity, two training videos were made available in 2021 on the topics of 'Beneficial Owner' and 'Customer Onboarding'.

Review of the Policy for Preventing Corruption and Related Offences

In 2021, the Policy for Preventing Corruption and Related Offences was reviewed and new areas potentially more exposed to the phenomenon of corruption and related offences were identified. Following the review of the Policy, an e-learning course was also prepared to be made available to Caixa employees.

Furthermore, this Policy includes the processes and decisions related to gifts and other advantages, namely hospitality, in the group of areas potentially more exposed to corruption phenomena. In 2021, a new internal regulation was published on Accepting or Offering Gifts and Hospitality that establishes the principles of action and standards of professional conduct to be followed by Caixa employees.

4.13. Disclosure of sustainability information

Caixa considers it imperative to make regular, transparent disclosures on ESG performance in accordance with the best reporting and regulatory practices, complemented by multi-sector partnerships that mobilise and share knowledge, enabling a global approach to sustainable development.

Sustainability Reporting Approach

Target 17.14

Stakeholders (customers, employees, investors, suppliers, third sector, among others) are paying increasing attention to how companies integrate ESG factors into their business strategies and operations, accompanied by an increase in the development and level of demand of laws and regulations that will require companies to disclose more transparent and relevant non-financial information.

Based on the analysis of the results of consultations with its stakeholders, as well as on the assessment of the main trends and regulations in this area, Caixa has been developing a reporting approach underpinned by the principle that each stakeholder has specific information needs and, as such, the content, form and channels of communication should be adapted in order to provide a transparent and efficient view of the institution's ESG performance.

Caixa considers that regular disclosure of sustainability information makes a positive contribution to SDG 17 – Partnerships for the Goals.

In 2021, we highlight the development of the following ESG reporting documents:

Position papers for key topics

Following the 26th United Nations Climate Change Conference (COP26), Caixa published a Position Paper demonstrating its involvement, positioning, main commitments, initiatives and results in terms of climate action.

This document, with a more technical nature, also shares a set of very relevant information for different groups of stakeholders, such as scope 3 greenhouse gas emissions — category 15 (investments) and the respective identification of the TOP 5 most carbon-intensive sectors.

For a financial institution, category 15 emissions (investments) often represent the most significant part of its GHG emissions inventory, so their accounting is crucial for assessing risks and opportunities associated with climate change, and also for setting its emission reduction goals and business strategy.

Response to the recommendations of the Task Force on Climate Financial Disclosures (TCFD)

The Financial Stability Board has created the Task Force on Climate Financial Disclosures (TCFD), with the aim of promoting the disclosure of more transparent, effective and comparable financial information related to climate change. Various stakeholders, particularly in the financial markets, are increasingly demanding access to consistent risk information that enables them to make more informed investments with lower risks of incorrect capital allocations.

Caixa presents a detailed approach to the recommendations of the TCFD in Annex D to the 2021 Sustainability Report.

Strategic ESG Communication

Given the large number of global standards, initiatives and frameworks, one of the main challenges in terms of communicating non-financial topics is related to the size and complexity of the reporting documents, making it difficult for stakeholders less familiar with ESG concepts and metrics to understand the organisations' performance.

Caixa has developed a complementary document to its annual sustainability report, which is more adapted to digital channels and aims to provide its stakeholders with a more compact and simplified view of Caixa's sustainability performance.

Opinion articles in the written press, conferences and other initiatives

Sharing information in various forums on the main challenges in the area of Sustainability and on how Caixa is addressing them is something that contributes to a higher level of information and awareness among stakeholders.

The 2021-2024 Sustainability Strategy is supported by an ambitious action plan that includes subscribing to some of the most important and demanding international sustainability commitments; in some of these, Caixa is the only Portuguese financial sector institution that is currently represented (e.g. Principles for Responsible Banking).

This led several stakeholders such as educational institutions, media, business associations, among others, to invite Caixa to share its approach to incorporating ESG factors into its activity.

In 2021, Caixa published 27 opinion articles in the written press, held conferences and carried out other external communication initiatives on sustainability issues.

An example of this is the 20th Executive Digest conference on 'The Imperatives of Corporate Responsibility – Social, Environmental, Corporate, Business', which brought together a large group of specialists to debate and share the challenges and opportunities that this topic entails.

Caixa, represented by its Chief Executive Officer, was one of the guests at the event, having presented the topic 'Corporate Responsibility. ESG at Caixa'.

One of the ideas addressed the fact that the pandemic context has generated a greater weight and also a long-term perspective in terms of social responsibility actions, such as the issue of climate change, which will require a tiered planning and approach by companies.

Financial literacy on sustainable investments

The role played by Caixa Gestão de Ativos in promoting environmental and/or social responsibility in the Portuguese asset management industry scene has been focused on improving financial literacy on sustainable investments.

We highlight the participation of Cristina Brízido, Chief Investment Officer at Caixa Gestão de Ativos, as a speaker at Amundi's Webinar – Amundi Iberia ESG Academy. This initiative strengthens the importance of integrating ESG criteria into the investment processes of investment funds.

Alignment with regulatory requirements

European ESG regulations have evolved significantly over the last few years, through the development of laws, regulations and guidelines that will be key to aligning the financial sector with the goals of the European Green Deal.

Caixa has been monitoring the evolution of the regulatory context and acting proactively by means of a multi-departmental initiative through the internal taxonomy and sustainable finance working group.

Sustainable Taxonomy

The European Union (EU) Taxonomy is a classification system that establishes a list of environmentally sustainable economic activities. It aims to contribute to the implementation of the Green Deal and achieve carbon neutrality by 2050. As a classification tool, the taxonomy seeks to provide information to companies, financial institutions and other players about which economic activities contribute most towards achieving the EU's environmental goals and increasing the flow of funding for such activities.

In 2020, the European Parliament and the European Council adopted the Taxonomy Regulation (Regulation (EU) 2020/852) and, in 2021, the Article 8 Delegated Act was adopted, which determines what content, methodology and information that must be disclosed by entities to comply with the Taxonomy's requirements. Credit institutions are required to disclose the following information for the period between 1 January 2022 and 31 December 2023: i) the proportion of total assets linked to exposures to taxonomy-eligible and non-taxonomy-eligible economic activities; ii) the proportion of total assets linked to exposures to companies not covered by the Non-Financial Reporting Directive; iii) the proportion of total assets linked to exposures to central governments, central banks and supranational issuers; iv) the proportion of total assets linked to exposures to derivatives; v) the proportion of the trading portfolio and interbank spot loans in total assets; vi) the qualitative information referred to in Annex XI to the Delegated Act.

Caixa measured these indicators (for Dec-2021) and obtained the following results:

	% in relation to total assets
Proportion of total assets linked to exposures to eligible economic activities	31%
Proportion of total assets linked to exposures to non-eligible economic activities	6%
Proportion of total assets linked to exposures to companies not covered by the Non-Financial Reporting Directive	33%
Proportion of total assets linked to exposures to central governments, central banks and supranational issuers	0.01%
Proportion of total assets linked to exposures to derivatives	17%
Proportion of the trading portfolio in total assets	4%
Proportion of interbank spot loans in total assets	0.8%

Disclosure of sustainability-related information in the financial services sector

Following the proposal made by the European Commission under the 'Action Plan on Financing Sustainable Growth', Regulation (EU) 2019/2088, of 27 November 2019, on sustainability- related disclosures in the financial services sector was published on 9 December 2020.

The regulation sets out a series of harmonised transparency rules applicable to financial market participants and financial advisors, with the aim of achieving greater transparency in the way in which financial market participants take sustainability risks into account in their investment decisions or investment advisory activities.

Caixa Gestão de Ativos's Socially Responsible Investment Policy aims to comply with the provisions of Regulation (EU) 2019/2088 of the European Parliament and of the Council, of 27 November 2019, on sustainability- related disclosures in the financial services sector.

In 2021, Caixa Gestão de Ativos updated the Policies that frame the Company's sustainable investment approach – its Sustainable Investment Policy, Engagement Policy, and Policy for Exercising Voting Rights. These documents were complemented by the publication of the Caixa Gestão de Ativos's Due Diligence Policy, following up on a new regulatory requirement.

The Socially Responsible Investment Policy frames the nature of the various products managed by Caixa Gestão de Ativos, which promote, among others, environmental or social characteristics and which, under the regulation, may correspond to the terms of Articles 6 and 8 of the aforementioned regulation, as explained in the pre-contractual information for each product. Furthermore, this Policy extends, under the same terms, to the discretionary management and investment advisory services provided by Caixa Gestão de Ativos.

As part of the implementation of the SFDR regulations, we highlight the classification of 22 Funds managed by Caixa Gestão de Ativos as Article 8, and 37 Funds as Article 6.

Sustainability performance evaluations by external entities

Caixa regularly responds to different external sustainability indices in order to objectively and transparently assess its ESG performance; this is one of the areas of action of the 'Disclosure of Sustainability Information' pillar of the 2021-2024 Sustainability Strategy.

Sustainability ratings are extremely important for companies because they assess their level of exposure to ESG risks, as well as their ability to mitigate those risks and contribute to sustainable development.

Being assessed by external entities, Caixa promotes a practice of transparency and a concrete response to the expectations of various stakeholders, such as investors, who favour the integration of ESG criteria into their investment decisions.

Below we highlight some of Caixa's achievements.

ESG Ratings

SUSTAINALYTICS
a Morningstar company

The ESG Risk Rating from Sustainalytics (a Morningstar company) measures the institution's exposure to ESG risks, weighted by sector of activity, by assessing the ESG Risk Exposure and Risk Management dimensions in different areas of activity.

Caixa has been gradually reducing its level of risk, having reached the Low Risk level in February 2022, which demonstrates the evolution and soundness of the ESG dimensions under assessment. The result ranks Caixa 199th in the financial sector out of a worldwide universe of 1,071 companies under assessment (data as at 02/02/2022).

V.E

Vigeo Eiris, part of Moody's group, is a global ESG information provider whose mission is to equip market participants with the ESG knowledge needed to manage risk and better address social and environmental impact. In 2021, Caixa achieved a rating of 54/100 (robust) in the ESG Profile and ranked 9th in the retail banking sector (out of 98 European banks under assessment).

Environmental ratings

CDP
DISCLOSURE INSIGHT ACTION

CDP is an international non-profit organisation that provides one of the most recognised and comprehensive environmental disclosure systems, aiming to promote the transition of the business sector to a low-carbon economy.

Caixa participates annually and voluntarily in CDP and has obtained five leadership rankings in the last six years.

This assessment is an important tool to identify and assess climate risks and opportunities associated with its activity.

In 2021, the organisation awarded Caixa a Leadership rating (A- rating) in the Climate Change questionnaire, a result obtained by only 20% of the world's financial institutions. This result demonstrates the transparency and good performance of the measures implemented to meet environmental challenges, positioning Caixa above the global average (B-) and above the financial sector average (B).

Performance levels are divided into Disclosure (D- and D), Awareness (C- and C), Management (B- and B) and Leadership (A- and A). In the categories under assessment, Caixa achieved outstanding results in Business Strategy & Financial Planning (A-), Emissions Reduction Initiatives (A), and Governance (A).

Caixa's response can be found on the CDP website or on the Caixa institutional website (https://www.cgd.pt/English/Sustainability-CGD/Performance/Pages/External-Assessments.aspx).

2021 CDP Supplier Engagement Rating (SER)

Caixa was awarded an 'A-' rating in the 2021 Supplier Engagement Rating (SER) of the Carbon Disclosure Project (CDP) for the initiatives developed to encourage its value chain to adopt environmental commitments and practices that contribute to mitigating the impact of climate change.

Performance levels are identical to the Climate Change questionnaire. In the categories under assessment, Caixa's results were particularly noteworthy in 'Supplier engagement' (A), '*Scope 3 emissions*' (A) and 'Overall CDP Climate Change Score' (A-).

Europe's Climate Leaders

Caixa was distinguished among the 300 European companies that are leading the fight against climate change, according to the '2021 Europe's Climate Leaders' produced by the Financial Times and Statista, which assessed data from around 4,000 companies.

Of the four Portuguese companies in the ranking, Caixa is the only one that has subscribed to the Science-Based Target initiative (SBTi), an initiative that promotes innovative approaches to setting ambitious and significant targets for reducing greenhouse gases.

Caixa was also the Portuguese financial institution in the ranking with the greatest reduction in emissions considering the growth in its revenues and with the greatest reduction in greenhouse gas emissions between 2014 and 2019.

Annex A - Sustainability Indicators

102-8- PROFILE OF TOTAL WORKFORCE BY EMPLOYMENT CONTRACT TYPE AND GENDER (NUMBER)

	Permanent staff	Fixed-term contract	Total
Caixa - Portugal	**6,015**	**102**	**6,117**
Male	2,276	40	2,316
Female	3,739	62	3,801
BCA - Cape Verde	**334**	**90**	**424**
Male	117	36	153
Female	217	54	271
BI - Cape Verde	**113**	**45**	**158**
Male	42	13	55
Female	71	32	103
BCGA - Angola	**480**	**46**	**526**
Male	217	24	241
Female	263	22	285
BCI - Mozambique	**2,690**	**26**	**2,716**
Male	1,234	19	1,253
Female	1,456	7	1,463
BNU - Macau	**430**	**97**	**527**
Male	166	36	202
Female	264	61	325
Timor Branch	**140**	**1**	**141**
Male	75	0	75
Female	65	1	66
France Branch	**519**	**25**	**544**
Male	215	8	223
Female	304	17	321
Total	**10,721**	**432**	**11,153**

401-1- HIRINGS AND LEAVINGS BY GENDER AND AGE GROUP (percentage)

		< age 30		ages 30 - 50		> age 50		TOTAL	
Bank	**Rate of:**	M	F	M	F	M	F	M	F
Caixa	new hirings	59%	55%	4%	2%	4%	3%	6%	5%
	turnover	22%	16%	5%	3%	15%	11%	10%	6%
BCA	new hirings	0%	4%	1%	3%	0%	0%	1%	2%
	turnover	0%	8%	1%	1%	18%	21%	5%	5%
BI	new hirings	17%	13%	2%	4%	0%	0%	4%	5%
	turnover	0%	7%	4%	5%	0%	0%	4%	5%
BCGA	new hirings	37%	8%	4%	3%	0%	0%	8%	4%
	turnover	13%	4%	10%	10%	31%	8%	12%	9%
BCI	new hirings	9%	8%	1%	1%	4%	7%	3%	2%
	turnover	12%	2%	5%	2%	14%	25%	7%	3%
BNU Macau	new hirings	15%	18%	3%	1%	0%	2%	4%	5%
	turnover	20%	7%	5%	5%	4%	5%	8%	5%
Timor Branch	new hirings	40%	56%	2%	4%	0%	0%	4%	11%
	turnover	0%	0%	2%	2%	0%	0%	1%	2%
France Branch	new hirings	86%	55%	4%	12%	3%	2%	14%	16%
	turnover	71%	36%	7%	8%	6%	12%	15%	14%

Caixa Geral de Depósitos	405-1 Employees per professional category, gender and age group (%)						404-3 Employees who received a Performance Evaluation (no.)			404-1 Average Training Hours (h)		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		
										72.1	**73.8**		
Senior Managers	0%	45%	55%	54%	46%	11%	345	299	644	101.4		93%	87%
Intermediate Managers	4%	70%	27%	39%	61%	55%	1,290	2,011	3,301	111.3		95%	93%
Highly-qualified and qualified professionals	4%	57%	39%	31%	69%	35%	652	1,441	2,093	63.0		97%	97%
Semi-qualified professionals	0%	13%	88%	100%	0%	0%	8	0	8	63.9		-	-
Non-qualified professionals	-	-	-	-	-	-	-	-	-	1.1		-	-
TOTAL	**3%**	**63%**	**34%**	**38%**	**62%**	**100%**	**2,295**	**3,751**	**6,046**	**73.2**		**91%**	**86%**

Banco Comercial do Atlântico	405-1 Employees per professional category, gender and age group (%)						404-1 Average Number of Hours of Training (%)		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		
							10.0	**10.8**		
Board of Directors	0%	60%	40%	60%	40%	1%	1.6		85%	85%
Administration	0%	45%	55%	64%	36%	3%	27.9		98%	106%
Leadership/Management	0%	85%	15%	34%	66%	23%	10.6		103%	104%
Technical	17%	73%	10%	31%	69%	49%	13.9		106%	103%
Multi-role	9%	84%	7%	35%	65%	10%	3.9		97%	97%
Administrative	0%	29%	71%	47%	53%	4%	3.1		112%	105%
Auxiliary Staff	0%	45%	55%	52%	48%	10%	0.0		80%	79%
TOTAL	**9%**	**71%**	**19%**	**36%**	**64%**	**100%**	**10.5**		**102%**	**99%**

Banco InterAtlântico	405-1 Employees per professional category, gender and age group (%)						404-1 Average Number of Hours of Training (%)		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		
							19.4	**25.2**		
Board of Directors	0%	100%	0%	50%	50%	1%	0.0		100%	101%
Operational/Specialized Staff	15%	70%	15%	30%	70%	21%	39.0		112%	104%
Bank Clerks	13%	84%	3%	34%	66%	75%	19.9		99%	98%
General Service Assistants	0%	75%	25%	100%	0%	3%	0.0		-	-
TOTAL	**13%**	**81%**	**6%**	**35%**	**65%**	**100%**	**23.2**		**104%**	**101%**

Banco Caixa Geral, Angola	405-1 Employees per professional category, gender and age group (%)						404-1 Average Number of Hours of Training (%)		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		
							17.2	**13.3**		
Board of Directors	0%	80%	20%	0%	100%	1%	4.6		-	-
Management	0%	75%	25%	53%	48%	8%	44.4		85%	96%
Coordination	1%	88%	11%	41%	59%	21%	23.1		98%	98%
Specialised	15%	81%	3%	48%	52%	38%	14.5		101%	102%
Operational	29%	67%	4%	42%	58%	31%	4.6		95%	96%
Support	0%	82%	18%	91%	9%	2%	-		88%	78%
TOTAL	**15%**	**78%**	**7%**	**45%**	**55%**	**100%**	**15.1**		**66%**	**75%**

Banco Comercial e de Investimentos	405-1 Employees per professional category, gender and age group (%)						404-1 Average Number of Hours of Training (%)		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		
							33.1	**27.9**		
Board of Directors	0%	29%	71%	100%	0%	0%	4.0		-	-
Administration	1%	75%	24%	71%	29%	4%	19.9		83%	85%
Leadership/Management	6%	91%	3%	50%	50%	24%	17.0		98%	99%
Technical	14%	84%	3%	58%	42%	20%	32.0		100%	100%
Multi-role	5%	92%	2%	24%	76%	7%	17.6		98%	98%
Administrative	22%	77%	1%	39%	61%	43%	40.7		101%	101%
Auxiliary Staff	2%	45%	52%	74%	26%	2%	8.3		76%	76%
TOTAL	**14%**	**82%**	**4%**	**46%**	**54%**	**100%**	**30.3**		**69%**	**67%**

Banco Nacional Ultramarino (Macau)	405-1 Employees per professional category, gender and age group (%)						404-1 Average Number of Hours of Training (%)		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		
							19.3	**18.5**		
Executive Committee	0%	0%	100%	100%	0%	1%	84.0		-	-
Administration	0%	53%	47%	50%	50%	6%	17.8		89%	89%
Management	4%	56%	40%	32%	68%	25%	22.1		93%	94%
Technical	46%	50%	4%	68%	32%	9%	26.4		81%	79%
Supervisor	12%	78%	10%	33%	67%	31%	20.2		112%	112%
Administrative	41%	51%	8%	37%	63%	28%	9.9		88%	88%
Auxiliary Staff	0%	0%	100%	0%	100%	1%	4.7		-	-
TOTAL	**20%**	**60%**	**20%**	**38%**	**62%**	**100%**	**18.8**		**82%**	**82%**

Timor Branch	405-1 Employees per professional category, gender and age group (%)						404-1 Average Number of Hours of Training		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		
							21.0	**14.8**		
Board of Directors	0%	50%	50%	50%	50%	1%	46.2		51%	51%
Administration	17%	67%	17%	100%	0%	4%	34.8		-	-
Leadership/Management	0%	67%	33%	58%	42%	26%	17.7		94%	79%
Technical	29%	48%	24%	62%	38%	15%	34.9		102%	104%
Multi-role	-	-	-	-	-	0%	-		-	-
Administrative	14%	81%	4%	40%	60%	50%	12.6		98%	98%
Auxiliary Staff	0%	33%	67%	100%	0%	4%	0.0		-	-
TOTAL	**12%**	**70%**	**18%**	**53%**	**47%**	**100%**	**18.1**		**56%**	**54%**

France Branch	405-1 Employees per professional category, gender and age group (%)						404-1 Average Number of Hours of Training (%)		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		
							25.7	**21.8**		
Board of Directors	-	-	-	-	-	0%	-		-	-
Senior Managers	0%	29%	71%	71%	29%	1%	10.9		70%	58%
Intermediate Managers	1%	29%	69%	73%	27%	14%	28.8		91%	86%
Highly-qualified and qualified professionals	19%	63%	18%	37%	63%	49%	22.4		94%	83%
Semi-qualified professionals	20%	31%	49%	35%	65%	17%	25.3		92%	79%
Non-qualified professionals	19%	28%	53%	29%	71%	18%	20.7		91%	82%
TOTAL	**16%**	**46%**	**38%**	**41%**	**59%**	**100%**	**23.4**		**100%**	**68%**

302-1 - ENERGY CONSUMPTION BY SOURCE AND COUNTRY (GJ)

	Caixa		BCA		BI		BCGA		BCI		BNU Macau		Timor Branch		France Branch	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Fuel for buildings (GJ)	**2,027**	**1,818**	**187**	**210**	**95**	**74**	**824**	**2,886**	**262**	**249**	**-**	**-**	**57**	**139**	**-**	**-**
Diesel (GJ)	171	162	187	210	95	74	824	2,886	262	249	-	-	57	139	-	-
Natural Gas (GJ)	1,856	1,657	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fuel for own fleet (GJ)	**20,820**	**19,180**	**1,455**	**1,937**	**366**	**376**	**1,796**	**1,684**	**8,140**	**6,649**	**317**	**321**	**513**	**418**	**529**	**479**
Petrol (GJ)	349	329	504	1,159	42	56	1,151	1,152	1,076	548	317	321	-	-	158	228
Diesel (GJ)	20,471	18,851	951	778	324	320	645	531	7,064	6,101	-	-	513	418	371	251
Electricity (GJ)	**167,056**	**161,813**	**6,285**	**7,189**	**1,595**	**1,758**	**7,718**	**9,823**	**84,381**	**81,255**	**10,782**	**10,308**	**2,340**	**2,637**	**7,569**	**7,992**
Direct primary energy generated (GJ)	**4,966**	**5,003**														
Solar Thermal Power Plant Caixa's Head Offices (GJ)	3,594	3,641														
Photovoltaic electricity, branch office network (GJ)	1,372	1,362								-						
Direct primary energy sold (GJ)	**1,372**	**1,362**														
Photovoltaic electricity, branch office network (GJ)	1,372	1,362														
Total energy consumption (GJ)	**193,497**	**186,453**	**7,927**	**9,336**	**2,057**	**2,208**	**10,338**	**14,393**	**92,783**	**88,153**	**11,099**	**10,629**	**2,910**	**3,194**	**8,099**	**8,471**

305-3 - DISTANCE TRAVELLED BY MEANS OF TRANSPORTATION AND STRUCTURE (in km)

	Caixa		BCA		BI		BCGA		BCI		BNU Macau		Timor Branch		France Branch	
Work-related trips	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Plane (km)	2,041,053	1,605,181	17,994	192,129	61,521	157,197	NA	NA	374,939	325,276	11,201	0	147,476	287,989	72,484	168,573
Train (km)	108,738	56,067	-	-	-	-	-	-	-	-	-	-	-	-	16,110	24,978
Boat (km)	-	-	40	271	-	-	-	-	-	-	-	-	-	510	-	-
Private transportation (km)	379,889	316,685	-	-	-	-	-	-	-	-	-	-	-	-	523,467	277,571

NA - Not available

303-1 - WATER CONSUMPTION BY SOURCE **/ 301-1** - MATERIAL CONSUMPTION **/ 306-2** - WASTE PRODUCTION BY STRUCTURE

	Caixa		BCA		BI		BCGA		BCI		BNU Macau		Timor Branch		France Branch	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Water (m^3)																
Third-party water suppliers	165,280	147,501	5,690	5,436	992	679	18,606	13,529	6,700	4,888	9,916	9,514	NA	NA	1,499	3,270
Surface Water	-	-	-	-	-	-	-	-	51,776	61,658	-	-	-	-	-	-
Groundwater	-	-	-	-	-	-	-	-	4,504	-	-	-	-	-	-	-
Materials (Ton.)																
White Photocopy Paper	204	191	2.3	2.5	7.1	6.7	6.7	6.1	176	123	32.7	18.5	7.5	4.6	27.4	8.9
Paper in the form of envelopes	34	13	0.1	0.8	0.2	0.1	0.0	0.0	2.2	1.2	1.8	10.1	0.0	0.0	0.3	6.0
Paper and cardboard in the form of bank passbooks	19	14	NA	NA	NA	NA	NA	NA	NA	NA	1.0	0.9	NA	NA	NA	NA
Plastic in the form of Bank Cards	8	8	0.3	0.3	0.1	0.1	0.1	0.07	2.3	2.4	0.2	0.2	0.1	0.1	0.2	NA
Waste (ton.) **Recycling/Energy recovery**																
Paper and Cardboard	425.1	319.4														
Glass	11.3	11.0														
Plastics and packaging	9.9	9.9														
Metals	37.3	22.4														
Wood	18.7	6.2														
Electrical and electronic equipment	3.5	4.2								-						
Mix of urban and equivalent waste	12.6	0.4														
Batteries	0.02	0.05														
Other	165.8	173.0														
Incineration and Landfill																
Hospital Waste	6.3	9.6														
Other	39.1	106.1														

305-1/ 305-2/305-3 - GHG EMISSIONS BY SCOPE, SOURCE AND STRUCTURE (in t CO_2e)

	Caixa		BCA		BI		BCGA		BCI		BNU Macau		Timor Branch		France Branch	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Scope 1	**1,691**	**1,704**	**154**	**191**	**34**	**33**	**190**	**335**	**621**	**512**	**320**	**140**	**43**	**42**	**39**	**35**
Fuel consumption at the facilities (tCO_2e)	118	106	14	16	7	5	61	215	20	19	0	0	4	10	0	0
Fuel consumption by the fleet (tCO_2e)	1,479	1,445	106	139	27	28	128	120	601	493	23	22	38	31	39	35
F-gas leaks (tCO_2e)	94	153	34	36	-	-	-	-	-	-	297	118	-	-	0	-
Scope 2	**7,518**	**6,024**	**992**	**1,134**	**252**	**277**	**1,218**	**1,550**	**23**	**23**	**1,827**	**1,747**	**394**	**447**	**69**	**78**
Electricity generation (tCO_2e) - market-based	9,376	9,355	NA	NA	NA	NA	NA	NA	5,391	5,191	2,369	2,348	NA	NA	NA	164
Electricity generation (tCO_2e) - location-based	7,518	6,024	992	1,134	252	277	1,218	1,550	23	23	1,827	1,747	394	447	69	78
Scope 3	**263**	**5,138,115**	**2**	**16**	**5**	**13**	**NA**	**NA**	**35**	**29**	**1**	**0**	**15**	**28**	**96**	**62**
Work-related trips (tCO_2e)	247	203	2	16	5	13			35	29	1	0	15	28	96	62
- Plane	185	149	2	16	5	13	NA	NA	35	29	1	0	15	28	6	14
- Train	2	1	-	-	-	-	NA	NA	-	-	-	-	-	-	0	1
- Boat	-	-	0	0	-	-	NA	NA	-	-	-	-	-	0	-	-
- Private transportation	61	52	-	-	-	-	NA	NA	-	-	-	-	-	-	90	48
Waste treatment	15	59	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Investments	NA	5,137,853	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total (tCO_2e) - location based	**9,471**	**5,145,843**	**1,148**	**1,341**	**291**	**324**	**1,407**	**1,885**	**679**	**563**	**2,148**	**1,887**	**451**	**516**	**204**	**175**

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 Depósitos, S.A.	-	-	-	-
102-2	Main activities, products and services	Caixa 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 Caixa 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: Caixa	-	-	B. Business Model	-
102-3	Location of headquarters	Caixa's head office is located at Avenida João XXI, 63, 1000-300 Lisbon (Portugal)	-	-	-	-
102-4	Countries where the organisation operates, or that are particularly relevant to the sustainability topics covered in the report	1. Report of the Board of Directors » 1.3. Caixa Geral de Depósitos today » 1.3.3 Caixa Group	-	-	B. Business Model	-
102-5	Type and legal nature of the organisation	1. Report of the Board of Directors » 1.3. Caixa Geral de Depósitos today » 1.3.3 Caixa Group	-	-	B. Business Model	-
102-6	Markets served	1. Report of the Board of Directors » 1.3. Caixa Geral de Depósitos today » 1.3.3 Caixa 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
102-7	Size of the organisation	1. Report of the Board of Directors » 1.3. Caixa Geral de Depósitos today » 1.3.3 Caixa Group	-	-	B. Business Model	-
102-8	Profile of the employees	4. Sustainability Report » 4.11. Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees 4. Sustainability Report » Annex A - Sustainability Indicators 1. Report of the Board of Directors » 1.3. Caixa Geral de Depósitos today » 1.3.3 Caixa Group Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	Principle 6 - Elimination of discrimination in respect of employment and occupation	SDG 8 - Decent work and economic growth SDG 10 - Reduced Inequalities	D. Policies Implemented - iii. Workers and Gender Equality and Non-discrimination	-
102-9	Description of the supply chain	In 2021, Caixa had 636 active suppliers, of which 555 were domestic (87%). The main annual expenditure on supply was: - *Software*(Projects and Specialised Outsourcing); - Water, Gas and Electricity, Hygiene and Cleaning Material, Security, Surveillance and Cleaning Services; - ATM and Payment Terminals (Acquisition of TPAs, Acquisition of ATM Machines, Acquisition of Recirculators, Support and Maintenance); - Advertising Services (Sponsorship, Advertising Campaigns and Protocols); - Supply of Backoffice Subcontracting services (CO, CCC, Document Management, Logistics and others); - Printing, Envelopes, Correspondence, Courier, Support and Multifunctional consumptions; - Civil Construction (Branch modification projects) (includes Works in Leased Properties, HVAC and electrical installations, Lifts and NOMA Project, furniture for branches and space rental); - Own Properties - Maintenance of the Head Office, other buildings and the Branch Network (Maintenance of Passenger and Cargo Lifts, HVAC and electrical installations).	-	-	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
		In 2021, Caixa spent a total of €223 million on suppliers, with domestic suppliers accounting for 94% of this expenditure. This is also one of the ways in which the Bank contributes to stimulating the domestic economy, while creating indirect employment. In 2021, Caixa prepared Procedures Manual No. 12/2021 - Checking Signatures, setting forth rules for the adoption of qualified electronic signatures in the formalisation of agreements for the supply of goods and services, and revised annexes and contractual topics in order to incorporate and update the best practices related to these matters, namely through: Review of Subcontracting clauses as part of the 'Termination Rights' and 'Exit Strategies' set out in points 13.4 and 15 of EBA/GL/2019/02, respectively, which were transposed into the Caixa Group's Subcontracting Policy in force; Continuous development and systematisation of the Procurement policies outlined for the Caixa Group. Scope: Caixa				
102-10	Main changes to the organisation or value chain	1. Report of the Board of Directors » 1.2 2021 Highlights Scope: Caixa	-	-	A. Introduction	
102-11	Addressing the precautionary principle	Caixa has been strengthening the control of non-financial risks, which provides for the identification, assessment, measurement, monitoring, control and reporting of the Group's non-financial risks, which include the dimensions of emerging risks intrinsically related to sustainability, as well as a specific risk subcategory concerning the impact of climate change in the context of banking activity. In 2021, Caixa developed and implemented an ESG rating model materialising the integration of ESG criteria into decision-making processes. The main goal of the ESG Rating is to support companies in the process of transition to a greener and more inclusive economy, providing inputs to improve their rating, in order to redirect capital flows towards	-	-	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
		sustainable finance strategies, ensuring the maximisation of value for the various stakeholders In addition, Caixa Gestão de Ativos has developed an internal rating methodology known as Caixa Gestão de Ativos Sustainability Rating. This rating consolidates different analysis approaches according to the underlying asset class in a score obtained through the weighted average of the ESG ratings of each asset by its relative weight, ranging between 0 and 10 and falling within a rating range between CCC (minimum) and AAA (maximum). 4. Sustainability Report » 4.10. Climate Risk Management » Environmental risks and climate action Scope: Caixa and Caixa Gestão de Ativos				
102-12	Charters, principles or other externally developed initiatives of an economic, environmental and social nature that the organisation subscribes to or endorses	Caixa subscribes to policies and commitments that limit its responsible business practices, encouraging the prevalence of ethics, precision 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 Workgroups » Commitments adopted Scope: Caixa	-	-	A. Introduction	-
102-13	Participation in domestic or international associations and organisations	Caixa is present in several multisector 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 Workgroups » Workgroups Scope: Caixa	-	-	-	-
2 - STRATEGY						
102-14	Message from the Chief Executive Officer	4. Sustainability Report » 4.3 Message from the Chief Executive Officer Scope: Caixa	-	-	-	-

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	Main impacts, risks and opportunities	1. Report of the Board of Directors » 1.5. Risk Management 4. Sustainability Report » 4.9. Sustainable and Inclusive Finance » Financing the Low-Carbon Economy 4. Sustainability Report » 4.10. Climate Risk Management » Environmental Risks and Climate Action Scope: Caixa	-	-	C. Main risk factors	-
3 – ETHICS AND INTEGRITY | MATERIAL: ESG GOVERNANCE PRACTICES AND ETHICAL BUSINESS CONDUCT						
103-1	Explanation of the material topic	4. Sustainability Report » 4.12 Transparent Governance Models » ESG Governance Practices and Ethical Business Conduct	-	-	-	-
103-2	Forms of management and their components	4. Sustainability Report » 4.12 Transparent Governance Models » ESG Governance Practices and Ethical Business Conduct	-	-	-	-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.12 Transparent Governance Models » ESG Governance Practices and Ethical Business Conduct	-	-	-	-
102-16	Values, principles and standards of behaviour	The Code of Conduct sets out the principles of action and rules of professional conduct observed in and by Caixa in the exercise of its activity. The Code of Conduct is available at: https://www.cgd.pt/English/Institutional/Corporate-Governance/Documents/CGD-Code-of-Conduct.pdf 4. Sustainability Report » 4.5 Policies, Commitments and Workgroups Caixa 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.	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
	The following stand out in this regard: The Caixa Principles for Sectoral Exclusion and Limitation, which state, among other things, that Caixa does not finance companies or projects that use child labour or work considered forced. The Ethical Principles and Good Business Practices, in which Caixa 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: Caixa				

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	Caixa 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. The Code of Conduct states that Caixa must provide an internal reporting circuit for alleged irregular practices occurring as part of its activity. Caixa has an Internal Reporting System for Irregular Practices (SCIPI), governed by its own internal regulations. The internal regulations that govern this system aim to ensure, among other things, the existence of adequate means for reporting and dealing with irregular practices, ensuring the confidentiality of information and the identity of the whistle-blower, when known. 4. Sustainability Report » 4.12 Transparent Governance Models » ESG Governance Practices and Ethical Business Conduct Scope: Caixa	-	SDG 16 - Peace, Justice and Strong Institutions	D. Policies Implemented - V. Combating corruption and attempted bribery	-
4 – GOVERNANCE | MATERIAL TOPIC: ESG GOVERNANCE PRACTICES AND ETHICAL BUSINESS CONDUCT						
103-1	Explanation of the material topic	4. Sustainability Report » 4.12 Transparent Governance Model	-	-	-	-
103-2	Forms of management and their components	4. Sustainability Report » 4.12 Transparent Governance Model	-	-	-	-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.12 Transparent Governance 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
102-18	Governance structure of the organisation	1. Report of the Board of Directors » 1.3 Caixa Geral de Depósitos Today » 1.3.2 Governance Model 4. Sustainability Report » 4.12 Transparent Governance Models » ESG Governance Practices and Ethical Business Conduct Scope: Caixa	-	-	C. Main risk factors	-
102-21	Stakeholder consultation on economic, environmental and social topics	4. Sustainability Report » 4.6 Stakeholders and materiality Scope: Caixa	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	-
102-26	Role played by the highest governance body in setting purpose, values and strategy	4. Sustainability Report » 4.12 Transparent Governance Models » ESG Governance Practices and Ethical Business Conduct Scope: Caixa			D. Policies Implemented	
102-31	Review of economic, environmental and social topics	4. Sustainability Report » 4.6 Stakeholders and materiality » Material topics Scope: Caixa	-	-	B. Business Model	-
5 - STAKEHOLDER ENGAGEMENT						
102-40	Groups of stakeholders of the organisation	4. Sustainability Report » 4.6 Stakeholders and materiality » Forms of relationship and main stakeholder expectations Scope: Caixa	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	-
102-41	Percentage of employees under collective bargaining agreements	At Caixa, all employees are covered by collective bargaining agreements. With regard to non-unionised employees, collective bargaining agreements are applied through internal regulations, as the conditions of the agreements are considered to be globally more favourable than those included in the legal framework that would apply to them. Caixa has 55% of unionised employees. Scope: Caixa	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	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
102-42	Approach to stakeholder selection and identification	Caixa maintains several relationship channels with the main stakeholder groups: employees, customers, government, investors and analysts, suppliers, community, sector entities and associations, regulators, and the media. The materiality analysis provides information on future trends, risks and business opportunities that influence value creation. It also provides information on the issues that Caixa's internal and external stakeholders regarded as the most relevant to Caixa's operation. 4. Sustainability Report » 4.6 Stakeholders and materiality Scope: Caixa	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	-
102-43	Approach adopted regarding involvement with stakeholders, including the frequency of involvement by type and by group	In order to have a holistic view of the most important environmental, social and governance issues, Caixa listened to the main expectations of internal and external stakeholders. Internal and external stakeholders were consulted via an online survey. In addition to this means of communication, the identification of material topics is strengthened by information gathered via other mechanisms such as organisational climate surveys, website, social media, employee meetings, presentations to investors, among others. 4. Sustainability Report » 4.6 Stakeholders and materiality Scope: Caixa	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	-
102-44	Main issues and concerns	4. Sustainability Report » 4.6 Stakeholders and materiality » Forms of relationship with stakeholders 4. Sustainability Report » 4.6 Stakeholders and materiality » Material topics Scope: Caixa	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	-
6 - REPORTING PRACTICES						

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
102-45	Entities included in the consolidated financial statements	1. Report of the Board of Directors » 1.9. Separate and Consolidated Financial Statements Scope: Caixa	-	-	-	-
102-46	Process adopted for outlining the contents of the report and the topics' limits	The structure and contents of the 2021 Sustainability Report were developed to meet the standard guidelines in the 'Essential' option of the Global Reporting Initiative (GRI). Stakeholder inclusion: Caixa has identified its main stakeholders by addressing their main interests and expectations; Sustainability Context: Caixa presents its performance for the various dimensions of sustainability; Materiality: Caixa presents its material topics, taking into account the stakeholders' expectations, the main market trends, and the challenges and opportunities identified by benchmark institutions. Completeness: Caixa provides sufficient information, including its limitations, enabling stakeholders to assess the organisation's performance. Scope: Caixa	-	-	A. Introduction	-
102-47	Material topics identified in the process of outlining the content of the report	4. Sustainability Report » 4.6 Stakeholders and materiality » Material topics Scope: Caixa	-	-	A. Introduction	-
102-48	Reworking of information provided in previous reports and the reasons for such reworking	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	Significant changes relative to periods covered by previous reports with regard to the scope and the Aspect limit	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 should highlight the extension of the reporting scope of the calculation of scope 3 emissions – category 15 (Investments) to Caixa and extension of the reporting scope of paper consumption for 2020. In addition, an adjustment was made to the reporting scope to align the data on employees reported in the annual report and accounts with the sustainability report.	-	-	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
		Annex C - Methodological Notes				
102-50	Period covered by the report	1 January 2021 to 31 December 2021	-	-	-	-
102-51	Date of the latest previous report	2020	-	-	-	-
102-52	Report issuance cycle	Annual reporting cycle	-	-	-	-
102-53	Contacts for questions about the report or its contents	4. Sustainability Report » 4.1 About this Report	-	-	-	-
102-54	Statement made by the organisation if it has drafted the report in accordance with GRI Standards and which option it has chosen	This report has been prepared in accordance with the GRI Standards: Essential option 4. Sustainability Report » 4.1 About this Report	-	-	Information on the standards/guidelines followed Identification of the scope and methodology for calculating indicators	-
102-55	GRI Content Index	Present table	-	-	Identification of the scope and methodology for calculating indicators	-
102-56	External verification policy and practice	4. Sustainability Report » 4.1 About this Report	-	-	-	-
SPECIFIC STANDARD CONTENTS - CATEGORY: ECONOMIC						
GRI TOPIC: ECONOMIC PERFORMANCE (201) | Material topic: Job creation and development of the business fabric						
103-1	Explanation of the material topic	4. Sustainability Report » 4.9 Sustainable and Inclusive Finance » Financing the Low-Carbon Economy	-	-	-	-
103-2	Forms of management and their components	4. Sustainability Report » 4.9 Sustainable and Inclusive Finance » Financing the Low-Carbon Economy	-	-	-	-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.9 Sustainable and Inclusive Finance » Financing the Low-Carbon Economy	-	-	-	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
201-1	Economic value generated and distributed	**Caixa** Economic Value Generated: €1,324,125,956 Economic Value Distributed €1,021,102,640 Accumulated Economic Value: €303,023,316 **BCA** Economic Value Generated: €33,153,974 Economic Value Distributed €20,303,738 Accumulated Economic Value: €12,850,236 **BCGA** Economic Value Generated: €66,847,435 Economic Value Distributed €34,799,288 Accumulated Economic Value: €32,048,146 **BCI** Economic Value Generated: €218,764,883 Economic Value Distributed €131,245,249 Accumulated Economic Value: €87,519,634 **BI** Economic Value Generated: €10,441 Economic Value Distributed €6,105 Accumulated Economic Value: €4,336 **BNU (Macau)** Economic Value Generated: €94,426 Economic Value Distributed €112,195 Accumulated Economic Value: -€17,769 **Timor Branch** Economic Value Generated: €5,685 Economic Value Distributed €4,585 Accumulated Economic Value: €1,100 **France Branch** Economic Value Generated: €92,541,239 Economic Value Distributed €52.605.891 Accumulated Economic Value: €32,935,348 Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	-	SDG 8 - Decent work and economic growth SDG 9 - Industry, innovation and infrastructure	D. Policies Implemented - ii. Social and Fiscal Policies	-
GRI TOPIC: ECONOMIC PERFORMANCE (201) | Material topic: Environmental Risks and Climate Action						
103-1	Explanation of the material topic	4. Sustainability Report » 4.9 Sustainable and Inclusive Finance » Financing the Low-Carbon Economy	-	-	-	-

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	Forms of management and their components	4. Sustainability Report » 4.9 Sustainable and Inclusive Finance » Financing the Low-Carbon Economy	-	-	-	-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.9 Sustainable and Inclusive Finance » Financing the Low-Carbon Economy	-	-	-	-
201-2	Financial implications, risks and opportunities arising from climate change	Caixa 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. Caixa's response can be found on the CDP website or on the Caixa institutional website (https://www.cgd.pt/English/Sustainability-CGD/Performance/Pages/External-Assessments.aspx) In 2021, Caixa was rated Leadership (A-) in the CDP Climate Change questionnaire. 4. Sustainability Report » 4.10 Climate Risk Management Annex D – Response to the recommendations of the Task Force on Climate Financial Disclosures (TCFD) Scope: Caixa	-	SDG 13 – Climate Action	C. Main risk factors	-
202-1	Ratio of standard entry-level salary to local minimum salary by gender, by location of the significant operation	**Caixa** Female: N.A. (in the lowest professional category, there are no women in 2021). Male: 201% **BCA** Female: 211% Male: 211% **BCGA** Female: 407% Male: 309% **BCI** Female: 144% Male: 143% **BI** Female Gender: 243% Male Gender: 243% **BNU Macau** Female Gender: 173% Male Gender: 173% **Timor Branch** Female Gender: 230% Male Gender: 230% **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	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
		Female: 115% Male: 115% Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).				
GRI TOPIC: INDIRECT ECONOMIC IMPACTS (203) | Material topic: Investment in the Community						
103-1	Explanation of the material topic	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Investment in the Community	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	-
103-2	Forms of management and their components	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Investment in the Community	-	-		-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Investment in the Community	-	-		-
203-1	Development and impact of investments in infrastructure and services offered	Caixa fosters the development of projects that have a positive social impact by making donations, organising commercial initiatives (e.g. sponsorships, protocols) and developing sustainability projects (e.g. Eu Sou Digital Programme). In 2021, Caixa invested €12.4 million in the community, most notably donations under protocols with Higher-Education Institutions (€7.6 million). Scope: Caixa	-	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: PURCHASING PRACTICES (204) | Material topic: Job creation and development of the business fabric						
103-1	Explanation of the material topic	4. Sustainability Report » 4.9 Sustainable and Inclusive Finance » Job creation and development of the business fabric	-	-	-	-
103-2	Forms of management and their components	4. Sustainability Report » 4.9 Sustainable and Inclusive Finance » Job creation and development of the business fabric	-	-	-	-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.9 Sustainable and Inclusive Finance » Job creation and development of the business fabric	-	-	-	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
204-1	Proportion of expenses with local suppliers	In 2021, Caixa total annual expenditure on suppliers was €223,321,852 million, of which 94% relates to local (domestic) suppliers. BCA had a 77% proportion of expenditure with local suppliers, BCGA 73%, BCI 93%, BI 53%, BNU Macau 74%, Timor Branch 61%, and the France Branch 95%. Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	-	SDG 8 - Decent work and economic growth SDG 12 - Responsible Consumption and Production	D. Policies Implemented - ii. Social and Fiscal Policies	-
GRI TOPIC: ANTI-CORRUPTION (205) | Material topic: ESG Governance Practice and Ethical Business Conduct						
103-1	Explanation of the material topic	4. Sustainability Report » 4.12 Transparent Governance Models » ESG Governance Practices and Ethical Business Conduct	-	-	-	-
103-2	Forms of management and their components	4. Sustainability Report » 4.12 Transparent Governance Models » ESG Governance Practices and Ethical Business Conduct	-	-	-	-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.12 Transparent Governance Models » ESG Governance Practices and Ethical Business Conduct	-	-	-	-
205-1	Operations assessed for risks related to corruption	In 2021, all Caixa Group entities carried out risk assessments focused on corruption and related offences (by preparing their Reports on the Implementation of the Plan for Preventing Corruption and Related Offences); the typology of significant risks varied according to the specifics of each entity and the context in which they operate (country, applicable legislation, business model, among others), which, due to the contents of these Reports, we consider to be Risk assessments. Moreover, 7 entities, whose Plans for Preventing Corruption and Related Offences were prepared and approved in previous years, revised and published them in 2021. Scope: Corporate (Caixa + 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 on anti-corruption policies and procedures	Caixa 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	Principle 10 - Businesses should work against corruption in all its forms, including	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
	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. Caixa makes its Code of Conduct available on its internal and external website, **Caixa:** 100% of employees have received communications regarding anti-corruption issues; 99% of employees have received training on anti-corruption issues. **BCA:** 0% of employees have received communications regarding anti-corruption issues; 64% of employees have received training on anti-corruption issues. **BCGA:** 14% of employees received communication regarding anti-corruption issues; 92% of employees have received training on anti-corruption issues. **BCI:** 100% of employees have received communications regarding anti-corruption issues; 4% of employees have received training on anti-corruption issues. **BI:** 4% of employees received communication regarding anti-corruption issues; 75% of employees have received training on anti-corruption issues. **BNU Macau:** 100% of employees have received communications regarding anti-corruption issues; 91% of employees have received training on anti-corruption issues. **Timor Branch:** 100% of employees have received communications regarding anti-corruption issues;	extortion and 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
		0% of employees have received training on anti-corruption issues. **France Branch:** 100% of employees have received communications regarding anti-corruption issues; 44% of employees have received training on anti-corruption issues. Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).				
205-3	Confirmed occurrences of corruption and measures taken	**Caixa** 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: N/A Total number of confirmed occurrences in which contracts with business partners were terminated or not renewed due to corruption-related violations: N/A Total number of public legal cases of corruption brought against the company or its employees during the reporting period: 0 **BCA** 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 **BCGA** Total number of confirmed corruption incidents: 2 Total number of confirmed incidents in which employees have been dismissed or received disciplinary actions for corruption: 2 Total number of confirmed occurrences in which contracts with business partners were terminated or not renewed due to corruption-related violations: 0	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 public legal cases of corruption brought against the company or its employees during the reporting period: 0 **BCI** Total number of confirmed corruption incidents: 2 (e.g. money laundering; illegal collection and solicitation of bribes). Total number of confirmed incidents in which employees have been dismissed or received disciplinary actions for corruption: 2 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 corruption incidents: 1 (Internal card fraud) Total number of confirmed incidents in which employees have been dismissed or received disciplinary actions for corruption: 1 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 **Timor Branch** Total number of confirmed occurrences of corruption: 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 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 **France Branch** Total number of confirmed corruption incidents: 1 (fraud and breach of the principles of the Policy for preventing and managing conflicts of interest) Total number of confirmed incidents in which employees have been dismissed or received disciplinary actions for corruption: 1 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: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).				
206-1	Legal actions for unfair competition, trust and monopoly practices	In September 2019, the Competition Authority ('AdC') imposed a fine of €82,000,000.00 on Caixa. According to the AdC, between May 2002 and March 2013, several banks established in Portugal (including Caixa) participated in an exchange of sensitive information, in housing loans, consumer credit and corporate credit on (i) commercial conditions (prices/spread or intentions to change the respective prices/spreads which, according to the AdC, were not in the public domain at the time of the exchange of information or were difficult to access or systematise), and on (ii) production data (monthly production figures of each bank: individualised data from each bank on 'marketed' quantities, i.e. broken-down information on the value and volume of loans granted in euros in a given period, usually relating to the previous month). The AdC also considered that the shared information has a relevant, strategic and non-public nature,	-	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
		and that it is individual and broken-down information, which allows reducing the risk of competitive pressure and the uncertainty usually associated with the strategic behaviour of a competitor. Caixa judicially challenged the decision with the Competition, Regulation and Supervision Court on 22 October 2019. The judicial appeal is still pending. Scope: Caixa				
SPECIFIC STANDARD CONTENTS - CATEGORY: ENVIRONMENTAL						
GRI TOPIC: MATERIALS (301) | Material topic: Sustainable Management of Operations in the Value Chain						
103-1	Explanation of the material topic	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain	-	-	-	-
103-2	Forms of management and their components	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain	-	-	-	-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain	-	-	-	-
301-1	Total consumption of materials by weight or volume	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain » Material Consumption Annex A - Sustainability Indicators Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	Principle 7 - Businesses should support a precautionary approach to environmental challenges Principle 8 - Undertake initiatives to promote environmental responsibility	SDG 8 - Decent work and economic growth SDG 12 - Responsible Consumption and Production	D. Policies Implemented - i. Environmental Policies	
GRI TOPIC: ENERGY (302) | Material topic: Sustainable Management of Operations in the Value Chain						
103-1	Explanation of the material topic	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain	-	-	-	-
103-2	Forms of management and their components	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain	-	-	-	-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain	-	-	-	-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
302-1	Energy consumption within the organisation	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain » Material Consumption Annex A - Sustainability Indicators Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	Principle 7 - Businesses should support a precautionary approach to environmental challenges Principle 8 - Conduct initiatives to promote environmental responsibilities	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	Caixa calculates energy intensity based on full-time equivalent and taking into account its operating income: Caixa: 30 GJ/FTE and 0.1 GJ/Thousand € Annex C - Methodological Notes Scope: Caixa	Principle 8 - Conduct initiatives to promote environmental responsibilities		D. Policies Implemented - i. Environmental Policies	-
302-4	Lower energy consumption	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain » Material Consumption Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	Principle 8 - Conduct initiatives to promote environmental responsibilities Principle 9 - Encourage the development and diffusion of environmentally friendly technologies.		D. Policies Implemented - i. Environmental Policies	-
GRI TOPIC: WATER (303) | Material topic: Sustainable Management of Operations in the Value Chain						
103-1	Explanation of the material topic	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain	-	-	D. Policies Implemented - i. Environmental Policies	-
103-2	Forms of management and their components	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain	-	-	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
103-3	Evaluation of the form of management	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain	-	-	D. Policies Implemented - i. Environmental Policies	-
303-1	Total water abstractions broken down by source	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain » Water Consumption Currently, neither reused nor recycled water is used at Caixa facilities. Annex A - Sustainability Indicators Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	Principle 7 - Businesses should support a precautionary approach to environmental challenges Principle 8 - Conduct initiatives to promote environmental responsibilities	SDG 6 - Clean water and sanitation SDG 12 - Responsible Consumption and Production	D. Policies Implemented - i. Environmental Policies	-
GRI TOPIC: EMISSIONS (305) | Material topic: Environmental Risks and Climate Action						
103-1	Explanation of the material topic	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain	-	-	D. Policies Implemented - i. Environmental Policies	-
103-2	Forms of management and their components	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain	-	-	D. Policies Implemented - i. Environmental Policies	-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain	-	-	D. Policies Implemented - i. Environmental Policies	-
305-1	Direct Greenhouse Gas Emissions (Scope 1)	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain Low-Carbon Programme Annex A - Sustainability Indicators Annex C - Methodological Notes Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	Principle 7 - Businesses should support a precautionary approach to environmental challenges Principle 8 - Conduct initiatives	SDG 3 – Good health and well-being SDG 12 - Responsible Consumption and Production SDG 13 - Climate Action	D. Policies Implemented - i. Environmental Policies	-
305-2	Direct Greenhouse Gas Emissions (Scope 2)				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
305-3	Direct Greenhouse Gas Emissions (Scope 3)	The scope 3 emissions that were reported relate to work-related trips by Caixa and Affiliated Bank employees, treatment of waste produced at facilities, and Caixa's financing portfolio. 4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain Low-Carbon Programme Annex A - Sustainability Indicators Annex C - Methodological Notes Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	to promote environmental responsibilities	SDG 14 – Life below water SDG 15 - Life on land	D. Policies Implemented - i. Environmental Policies	
305-4	Carbon intensity	Caixa calculates carbon intensity based on full-time equivalent and taking into account the operating income: Caixa: 892 tCO_2eq./FTE and 0.14 $kgCO_2eq$/€ Annex C - Methodological Notes Scope: Caixa	Principle 8 - Conduct initiatives to promote environmental responsibilities	SDG 13 – Climate Action SDG 14 – Life below water SDG 15 – Life on land	D. Policies Implemented - i. Environmental Policies	
305-5	Reduction of Greenhouse Gas Emissions	4. Sustainability Report » 4.10 Climate Risk Management » 4.11.2 Sustainable Management of Operations in the Value Chain » Low-Carbon Programme Annex A - Sustainability Indicators Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	Principle 8 - Undertaking initiatives to promote environmental responsibility Principle 9 - Encourage the development and diffusion of environmentally friendly technologies.	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>305-7</td><td>NOx, SOx and other atmospheric emissions</td><td>Emissions of this type of substances can arise mainly from the consumption of diesel and petrol by the fleet and from the consumption of diesel by generators:
Total NOx emissions: 15.4 t
Total SOx emissions: 4.0 t

Annex C - Methodological Notes

Scope: Caixa</td><td>Principle 7 - Businesses should support a precautionary approach to environmental challenges
Principle 8 - Conduct initiatives to promote environmental responsibilities</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) | Material topic: Sustainable Management of Operations in the Value Chain</td></tr>
<tr><td>103-1</td><td>Explanation of the material topic</td><td>4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain</td><td>-</td><td>-</td><td>D. Policies Implemented - i. Environmental Policies</td><td>-</td></tr>
<tr><td>103-2</td><td>Forms of management and their components</td><td>4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain</td><td>-</td><td>-</td><td>D. Policies Implemented - i. Environmental Policies</td><td>-</td></tr>
<tr><td>103-3</td><td>Evaluation of the form of management</td><td>4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain</td><td>-</td><td>-</td><td>D. Policies Implemented - i. Environmental Policies</td><td>-</td></tr>
<tr><td>306-2</td><td>Weight of waste produced, by type and by treatment method</td><td>In 2021, Caixa reported waste under the MIRR (Integrated Waste Registration Chart) framework for Caixa buildings, Clinical Centres and Culturgest. With regard to service providers operating in the Head Office Building, Caixa reports waste resulting from the activity of Gertal, Canon, Konica Minolta and Siemens.
<table>
<tr><th>Caixa</th><th>2021</th></tr>
<tr><td>Hazardous waste - Recovery</td><td>1.8</td></tr>
<tr><td>Hazardous waste - Disposal</td><td>9.4</td></tr>
<tr><td>Non-hazardous waste - Recovery</td><td>544.8</td></tr>
<tr><td>Non-hazardous waste - Disposal</td><td>106.3</td></tr>
<tr><td>Total</td><td>662.3</td></tr>
</table>
The Affiliated Banks do not compile information on waste production.

Annex A - Sustainability Indicators
Annex C - Methodological Notes

Scope: Caixa</td><td>Principle 8 - Conduct initiatives to promote environmental responsibilities</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
306-3	Occurrence of spills	To manage environmental risk at the Caixa 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 2021, with a view to testing the procedures that have been set up, Caixa carried out 17 operational exercises in which environmental scenarios with hazardous materials were tested, namely fire situations, fuel and hazardous liquid spills. Scope: Caixa	Principle 8 - Conduct initiatives to promote environmental responsibilities	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) | Material topic: Sustainable Management of Operations in the Value Chain						
103-1	Explanation of the material topic	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain	-	-	D. Policies Implemented - i. Environmental Policies	-
103-2	Forms of management and their components	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain	-	-	D. Policies Implemented - i. Environmental Policies	-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain	-	-	D. Policies Implemented - i. Environmental Policies	-
307-1	Fines and non-monetary penalties resulting from non-compliance with environmental laws and regulations	In 2021 no sanctions were applied for non-compliance with environmental laws and/or regulations. Scope: Caixa	Principle 8 - Conduct initiatives to promote environmental responsibilities	SDG 16 – Peace, Justice and Strong Institutions	D. Policies Implemented - i. Environmental Policies	-
GRI TOPIC: ENVIRONMENTAL ASSESSMENT OF SUPPLIERS (308)						
103-1	Explanation of the material topic	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain	-	-	D. Policies Implemented - i. Environmental Policies	-
103-2	Forms of management and their components	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain	-	-	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
103-3	Evaluation of the form of management	4. Sustainability Report » 4.10 Climate Risk Management » Sustainable Management of Operations in the Value Chain	-	-	D. Policies Implemented - i. Environmental Policies	-
308-1	New suppliers assessed with environmental criteria	In 2021, 237 suppliers were hired, none of which were assessed taking into account environmental criteria. However, 45% (286) of all Caixa's suppliers (636) had environmental clauses in their contracts and 5 were subject to environmental audits as part of the SGA. Scope: Caixa	Principle 8 - Conduct initiatives to promote environmental responsibilities	-	D. Policies Implemented - i. Environmental Policies	-
SPECIFIC STANDARD CONTENTS - SOCIAL CATEGORY						
GRI TOPIC: EMPLOYMENT (401) | MATERIAL TOPIC: Equity, Development and well-being of employees						
103-1	Explanation of the material topic	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-	D. Policies Implemented - i. Environmental Policies	-
103-2	Forms of management and their components	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-	D. Policies Implemented - i. Environmental Policies	-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-	D. Policies Implemented - i. Environmental Policies	-
401-1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	4. Sustainability Report » Annex A – Sustainability Indicators Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	-	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	
401-3	Rates of return to work and retention after maternity/paternity leave, by gender	Rate of return to work Caixa: Male: 100% Female: 100% Total: 100% Rate of retention Caixa: Male: 93 % Female: 92% Total: 92% Rates 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%	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 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: 100% Total: 100% Rate of return to work BNU Macau: Male: 100% Female: 100% Total: 100% Rate of retention BNU Macau: Male: 100% Female: 88% Total: 91% Rate of return to work Timor Branch: Male: 0% Female: 71% Total: 71% Rate of retention Timor Branch: Male: 100 % Female: 100% Total: 100% Rate of return to work France Branch: Male: N/A Female: 29% Total: 29% Rate of retention France branch: Male: - Female: 100% Total: 100% Rate of return to work BCI: Male: 100% Female: 100% Total: 100% Annex C - Methodological Notes Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).				
GRI TOPIC: HEALTH AND SAFETY AT WORK (403) | MATERIAL TOPIC: Equity, Development and well-being of employees						
103-1	Explanation of the material topic	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-	D. Policies Implemented - i. Environmental Policies	-
103-2	Forms of management and their components	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-	D. Policies Implemented - i. Environmental Policies	-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-	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
403-9	Work Accidents	Caixa has a unit dedicated to issues such as Safety at Work. As part of the staff policy, the Occupational Safety Unit favours individual and personalised contact with all the Divisions, being committing to identifying and minimising occupational risks in the workplace and investing in equipment and methods compatible with the compliance with the applicable legislation and OSH standards. These are the basic preconditions for an effective improvement in working conditions. Below, Caixa 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: 18 No. of injuries with and without sick leave: 48 No. of cases of occupational diseases: 4 No. of days lost (as a result of accidents and occupational diseases): 230 No. of days of absence (excluding temporary leave such as public holidays, study, maternity/paternity leave or bereavement leave): 47,361 The main types of work-related injuries were: Superficial injuries; sprains and strains and multiple injuries. Scope: Caixa	-	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: Equity, Development and well-being of employees						
103-1	Explanation of the material topic	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
103-2	Forms of management and their components	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-		-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-		-

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 number of hours of training per year per employee, broken down by gender and functional category	4. Sustainability Report » Annex A – Sustainability Indicators Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	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 - Reduced Inequalities	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	
404-2	Programmes for managing skills and continuous learning	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-Being of Employees Training and Development Scope: Caixa	-	SDG 8 - Decent work and economic growth	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	
404-3	Percentage of employees regularly receiving performance assessment, by gender and professional category	4. Sustainability Report » Annex A – Sustainability Indicators In 2021, 99% of Caixa 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; - In 2021, they were not at Caixa'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: Caixa	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: DIVERSITY AND EQUAL OPPORTUNITIES (405) | MATERIAL TOPIC: Equity, Development and well-being of employees						
103-1	Explanation of the material topic	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-	D. Policies Implemented - ii. Workers and gender equality and non-discrimination	-
103-2	Forms of management and their components	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-		-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-		-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
405-1	Composition of the governing bodies of the company and list of employees per category, according to gender, age group, minorities and other diversity indicators.	4. Sustainability Report » Annex A – Sustainability Indicators Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and 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	-
405-2	Ratio of base salary to remuneration for females and males, by employee category	4. Sustainability Report » Annex A – Sustainability Indicators Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and 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: NO DISCRIMINATION (406) | MATERIAL TOPIC: Equity, Development and well-being of employees						
103-1	Explanation of the material topic	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
103-2	Forms of management and their components	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-		-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-		-
406-1	Total number of cases of discrimination and corrective measures taken	No situations of this nature were identified in the Caixa Group in 2021. Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and 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) | MATERIAL TOPIC: Equity, Development and well-being of employees						

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
103-1	Explanation of the material topic	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
103-2	Forms of management and their components	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
410-1	Security personnel trained in human rights procedures or policies	In 2021, 21% of all security personnel received training regarding human rights. Scope: Caixa	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	-
GRI TOPIC: LOCAL COMMUNITIES (413) | MATERIAL TOPIC: Accessibility and Financial Inclusion						
103-1	Explanation of the material topic	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
103-2	Forms of management and their components	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
413-1	Operations with local community involvement, impact assessments, and development programmes	In order to integrate stakeholders' expectations in outlining the 2021-2024 Sustainability Strategy, Caixa developed a consultation process based on the United Nations' 17 Sustainable Development Goals. This questionnaire was answered by 3,087 stakeholders.				

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
		As a result of the materiality analysis completed in 2021, nine topics were identified as the most relevant for Caixa's internal and external stakeholders. As part of its environmental management system, Caixa monitors the receipt of environmental suggestions and complaints sent by customers and the local community (Espaço Cliente). Via this channel, 4 environmental suggestions/complaints were received, focusing mainly on noise complaints (e.g. alarm and air conditioning), the cleaning of various spaces and contamination of correspondence with biological material. We highlight the following as the main projects aimed at supporting the local community: Caixa Social Awards - 416 applications were received for the 2021 Caixa Social Awards and 34 projects in the overall amount of 500,000 (an estimated over 125,000 beneficiaries); Caixa volunteering programme (Caixa Volunteering Day) - In 2021, 24 companies were supported with a total of 3 tonnes of food delivered to them; Blood Donor Group - In 2021, there were 9,769 active donors, 107 initiatives at the Lisbon, Porto and Coimbra Blood Centres, the IPO (Cancer Institutes) in Lisbon and Porto and 18 other hospitals, 64 blood drives, which allowed collecting 1,150 litres of blood, which translate into help for approximately 6,900 patients. EUSOUDIGITAL Programme - In 2021, 2,156 people received training.				
GRI TOPIC: SOCIAL ASSESSMENT OF SUPPLIERS (414) | MATERIAL TOPIC: Equity, Development and well-being of employees						
103-1	Explanation of the material topic	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
103-2	Forms of management and their components	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-	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
103-3	Evaluation of the form of management	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Equity, Development and Well-being of Employees	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
414-1	New suppliers assessed according to social criteria	In 2021, 237 suppliers were hired, none of which were assessed taking into account social criteria. Scope: Caixa	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) | MATERIAL TOPIC ESG GOVERNANCE PRACTICES AND ETHICAL BUSINESS CONDUCT						
103-1	Explanation of the material topic	4. Sustainability Report » 4.12. Transparent Governance Models » ESG Governance Practices and Ethical Business Conduct	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
103-2	Forms of management and their components	4. Sustainability Report » 4.12. Transparent Governance Models » ESG Governance Practices and Ethical Business Conduct	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.12. Transparent Governance Models » ESG Governance Practices and Ethical Business Conduct	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
417-2	Non-compliances concerning product and service labelling information	Caixa recorded a total of 10 non-compliances with regulations and voluntary codes related to information and labelling of products/services, with 1 of these non-compliances resulting in a fine or penalty and the remaining 9 in a warning from the Bank of Portugal. Scope: Caixa	-	SDG 16 - Peace, Justice and Strong Institutions	D. Policies Implemented - ii. Social and Fiscal Policies	-
417-3	Non-compliances related to marketing communications	Caixa recorded a total of 6 non-compliances with regulations and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. All non-conformities resulted in a warning by the Bank of Portugal. Scope: Caixa	-	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
GRI TOPIC: CUSTOMER PRIVACY (418) | Material Topic: Cybersecurity and Data Protection						
103-1	Explanation of the material topic	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Cybersecurity and data protection	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
103-2	Forms of management and their components	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Cybersecurity and data protection	-	-		-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.11 Equity, Digital and Financial Inclusion » Cybersecurity and data protection	-	-		-
418-1	Substantiated complaints regarding violation of customer privacy and losses of customer data	Caixa recorded 34 complaints about customer data privacy breaches arising from: ● Disclosure of Customer data to third parties, namely by email, SMS or post (e.g. statements); ● Forwarding communications/contacts for commercial or promotional purposes without consent for such purpose or after termination of the contractual relationship with Caixa; ● Disclosure of Customer data to third parties, namely by e-mail, SMS or post (e.g. statements) and forwarding communications for commercial or promotional purposes without consent for such purpose or after termination of the contractual relationship with Caixa; ● Illegitimate request by Caixa to update data without a commercial relationship (through CNPD). The international structures that received complaints related to customer data privacy breaches were as follows: BCA: 112 complaints; BCGA: 78 complaints; BCI: 436 complaints; BNU Macau: 3 complaints. BI, Timor Branch and France Branch received no complaints for customer data privacy violation. Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	-	SDG 16 – Peace, Justice and Strong Institutions	D. Policies Implemented - ii. Social and Fiscal Policies	-
419-1	Substantial fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Caixa received 1 sanction/fine considered significant (several administrative offences and breach of the duty of banking secrecy), having paid a total of €200,000. BCGA received 6 sanctions/fines considered significant and paid €60 million.	Principle 8 - Conduct initiatives to promote environmental responsibilities	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
		BCI received 1 sanction/fine considered significant and paid €54,700. The remaining structures were not subject to penalties/fines considered significant Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).				
SECTORAL SUPPLEMENT | Material Topic: Job creation and development of the business fabric						
103-1	Explanation of the material topic	4. Sustainability Report » 4.9 Sustainable and Inclusive Finance » Job creation and development of the business fabric	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	-
103-2	Forms of management and their components	4. Sustainability Report » 4.9 Sustainable and Inclusive Finance » Job creation and development of the business fabric	-	-		-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.9 Sustainable and Inclusive Finance » Job creation and development of the business fabric	-	-		-
FS7	(Monetary) volume of products and services with social benefit, by business line	The percentage of products with social benefits corresponds to 2% of the total monetary volume of Caixa's products. Caixa has various lines of credit aimed at supporting projects in the area of entrepreneurship and job creation by providing access to bank loans at favourable conditions for small businesses that generate self-employment or for the development of micro-businesses 4. Sustainability Report » 4.9 Sustainable and Inclusive Finance » Financing the Low-Carbon Economy Scope: Caixa	-	SDG 1 - No Poverty SDG 8 – Decent work and economic growth SDG 9 - Industry, innovation and infrastructures SDG 10 - Reduced Inequalities SDG 11 - Sustainable Cities and Communities	D. Policies Implemented - ii. Social and Fiscal Policies	-
SECTORAL SUPPLEMENT | MATERIAL TOPIC: Financing the Low-Carbon Economy						
103-1	Explanation of the material topic	4. Sustainability Report » 4.9 Sustainable and Inclusive Finance » Financing the Low-Carbon Economy	-	-	D. Policies Implemented - ii. Social and Fiscal Policies	-
103-2	Forms of management and their components	4. Sustainability Report » 4.9 Sustainable and Inclusive Finance » Financing the Low-Carbon Economy	-	-		-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.9 Sustainable and Inclusive Finance » Financing the Low-Carbon Economy	-	-		-

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	The percentage of products with social benefits corresponds to 2% of the total monetary volume of Caixa's products. 4. Sustainability Report » 4.9 Sustainable and Inclusive Finance » Financing the Low-Carbon Economy Scope: Caixa	-	SDG 1 - No Poverty SDG 8 – Decent work and economic growth SDG 9 - Industry, innovation and infrastructures 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	The percentage of products with environmental benefits corresponds to 0.3% of the total monetary volume of Caixa's products. 4. Sustainability Report » 4.9 Sustainable and Inclusive Finance » Financing the Low-Carbon Economy Scope: Caixa	-	-	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: 36% Percentage of assets subject to negative environmental and/or social screening: 0.2% Percentage of assets subject to positive and negative environmental and/or social screening: 36% Scope: Caixa Gestão de Ativos	-	SDG 10 – Reduced inequalities	D. Policies Implemented - ii. Social and Fiscal Policies	-
SECTORAL SUPPLEMENT | Material Topic: Accessibility and Financial Inclusion						
103-1	Explanation of the material topic	4. Sustainability Report » 4.11 Equity, Development and Well-being of Employees » Accessibility and Financial Inclusion	-	-	D. Policies Implemented - iii. Workers and gender equality and non-discrimination	-
103-2	Forms of management and their components	4. Sustainability Report » 4.11 Equity, Development and Well-being of Employees » Accessibility and Financial Inclusion	-	-		-
103-3	Evaluation of the form of management	4. Sustainability Report » 4.11 Equity, Development and Well-being of Employees » Accessibility and Financial Inclusion	-	-		-

2016 GRI Standards Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Compliance with CMVM recommendations on sustainability reporting	Omissions and their justification
FS14	Initiatives to improve accessibility for people with disabilities	As in previous years, the refurbishment of Branches in accordance with Decree-Law no. 163/06 has been slowing down as the cases that remain to be dealt with and solved are more complex from a technical standpoint: Branches with full accessibility – 98.1% In 2021, 6 facilities were equipped with internal, external and/or removable folding metal ramps with signage and bell. Scope: Caixa	-	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

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Stationary combustion (combustion in stationary equipment – i.e. non-mobile equipment, such as boilers, furnaces or gas heaters)

After quantifying the above consumptions, the conversion factors shown in the table below are applied for each year:

Table 1- Conversion factors for natural gas, diesel and petrol.

			Caixa	
		Unit	**2021**	-
Natural Gas	PCI (heat of combustion)	GJ/((N)m^3 x 10^3	38.2	APA (2021) National Inventory Report 2021 Portugal (pg. 3-23 table 3.9)
Diesel	PCI (heat of combustion)	GJ/ton	43.3	
	Density	kg/l	0.84	APA (2021) National Inventory Report 2021 Portugal (pg. 3-80 table 3.50)
Petrol	PCI (heat of combustion)	GJ/ton	43.8	APA (2021) National Inventory Report 2021 Portugal (pg. 3-23 table 3.9)
	Density	kg/l	0.75	APA (2021) National Inventory Report 2021 Portugal (pg. 3-80 table 3.50)
			BCA, BCI, BI, BCGA, BNU Macau, Timor and France Branches	
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	

Then, these values are converted into emissions by applying the emission factors (EFs) listed below:

			Caixa, BCA, BCI, BI, BCGA, BNU Macau, Timor and France Branches	
			2021	-
Natural Gas	EF	kg CO_2/GJ	56.4	APA (2021) National Inventory Report 2021 Portugal (pg. 3-111 table 3.81)
Diesel	EF	kg CO_2/GJ	74.1	

Mobile combustion (non-electric means of transport owned by the organisation)

With regard to Caixa's fleet in Portugal, the figures include fuel consumption by its own fleet (Galp cards) and by other vehicles used by the company, whose expenses are reimbursed upon presentation of an invoice. In this latter case, in 2021, the figure for litres consumed was calculated using the average price per litre of the fuel that was used:

		Caixa	
		2021	**Source**
Regular Diesel	€/litre	1.419	https://precoscombustiveis.dgeg.gov.pt/estatistica/preco-medio-diario/#download(DGEG) at 31/12/2021
Regular 95 petrol	€/litre	1.632	

Timor Branch: The figures for the fuel consumed by the company's vehicles is calculated via the computerisation of filling station invoices.

BCA and France Branch: The consumption figures are the litres of fuel used by each vehicle.
BI and BNU Macau: The figures for fuel consumption are calculated based on the average price per kilometre of each vehicle.

BCGA: the figures for fuel consumption in litres are estimated considering accounting movements, assuming that 70% of the travel costs are associated with petrol vehicles and 30% are associated with diesel vehicles.

Energy consumptions within the organisation were converted into energy units (GJ) according to *Table 1*. The following table reports the emission factors that were used:

Table 2- Emission factors associated with fleet fuels

			Caixa	
		Unit	**2021**	**Source**
Diesel	EF	kg CO_2/GJ	74.6	APA (2021) National Inventory Report 2021 Portugal (pg. 1-9 table 1.1)
Petrol	EF	kg CO_2/GJ	72.3	
			BCA, BCI, BI, BCGA, BNU Macau, Timor and France Branches	
Diesel	EF	kg CO_2/GJ	74.1	GHG Protocol (March 2017) http://www.ghgprotocol.org/calculation-tools/all-tools
Petrol	EF	kg CO_2/GJ	69.3	

Fugitive emissions (due to gas leaking from refrigeration equipment, air conditioners, fire extinguishers, sulphur hexafluoride or nitrogen trifluoride)

In the case of F-gas leaks, the global warming potential of the gas was considered. At Caixa (Portugal), leaks from air conditioning systems in central buildings and the branch office network are included (extinguishing equipment is excluded). BI, BCGA, BCI, the Timor Branch and the France Branch do not have standardised methods for compiling this information.

Table 3- Emission factors for fluorinated gases

		Caixa, BCA, BNU Macau	
Gas	**Unit**	**2021**	**Source**
R134	kgCO_2eq/kg gas	1,100	Figures consulted on the website of the Portuguese Environment Agency (APA), available at: https://formularios.apambiente.pt/converter/
R134A	kgCO_2eq/kg gas	1,430	
R402A	kgCO_2eq/kg gas	2,100	
R404A	kgCO_2eq/kg gas	3,922	
R407C	kgCO_2eq/kg gas	1,774	
R410A	kgCO_2eq/kg gas	2,088	
R417A	kgCO_2eq/kg gas	2,346	
R422A	kgCO_2eq/kg gas	3,143	
R422D	kgCO_2eq/kg gas	2,729	
R424A	kgCO_2eq/kg gas	2,440	
R427A	kgCO_2eq/kg gas	2,138	

305-2

In 2021, EDP Comercial was Caixa's electricity supplier (mainland Portugal). In the Azores Autonomous Region, electricity was supplied by Eletricidade dos Açores (EDA), and in the Madeira Autonomous Region, it was supplied by Empresa de Eletricidade da Madeira (EEM).

The figures 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.

The following table presents the emission factors used to perform the conversion of associated emissions:

Table 4- Emission factors associated with electricity generation

Emission factors		Caixa	
	Unit	**2021**	**Source**
EDP (Energia de Portugal)	kg CO_2/kWh	0.200	https://www.edp.pt/origem-energia/
EDA (Eletricidade dos	kg CO_2/kWh	0.423	http://www.eda.pt/Regulacao/Rotulagem

Azores)			
EEM (Empresa De Eletricidade Madeira)	kg CO_2/kWh	0.446	https://www.eem.pt/pt/conteudo/sustentabilidade/rotulagem-de-energia-eletrica/evolucao-mensal-do-mix-da-oferta-e-das-emissoes-de-co2/
Location-based	kg CO_2/kWh	0.134	APREN 2021, https://www.apren.pt/pt/energias-renovaveis/outros
		BI, BCA and BCGA	
Africa	kg CO_2/kWh	0.568	International Energy Agency (2019), CO_2 Emissions from Fuel Combustion 2019 Highlights
		BCI	
Electricidade de Moçambique	kg CO_2/kWh	0.230	
Africa	kg CO_2/kWh	0.001	International Energy Agency (2013), CO2 Emissions from Fuel Combustion Highlights 2013
		BNU Macau	
Companhia de Electricidade de Macau	kg CO_2/kWh	0.820	https://www.cem-macau.com/files/sustainability_report/15/en/Sustainability%20Report%202020%20(EN)%20-%20Final.pdf
Asia	kg CO_2/kWh	0.610	International Energy Agency (2019), CO_2 Emissions from Fuel Combustion 2019 Highlights
		France Branch	
France	kg CO_2/kWh	0.033	RTE, 2020 https://www.rte-france.com/eco2mix/les-chiffres-cles-de-lelectricite
		Timor Branch	
Asia	kg CO_2/kWh	0.610	International Energy Agency (2019), CO_2 Emissions from Fuel Combustion 2019 Highlights

Affiliated Banks BI, BCA, BCGA, the France and Timor Branches do not have mechanisms that allow calculating emissions using the market-based method.

305-3

The Caixa Group calculates scope-3 emissions related to the following categories:

1. Category 6, work-related trips by plane, train and in third-party vehicles at Caixa, S.A (Portugal), Timor Branch and France Branch.
2. Category 5, *ex-situ* treatment of waste produced at Caixa (Portugal).
3. Category 15, the financing portfolio at Caixa (Portugal).

Category 6: work-related trips by plane, train and in third-party vehicles

In terms of work-related trips, the emissions associated with transport by plane, train, boat and individual transport (in third-party vehicles) are considered in accordance with each Bank's reality:

Table 5- Summary table of work-related trips by affiliated banks

	Caixa	BCA	BCGA	BCI	BI	BNU Macau	Timor Branch	France Branch
Plane	x	x	-	x	x	x	x	X
Train	x	-	-	-	-	-	-	x
Boat	-	x	-	-	-	-	x	-
Private Transportation	x	-	-	-	-	-	-	x

Key: Applicable (x) ; Not available / Not applicable (-)

Regarding data processing, there are specificities related to the mode of travel:

- Air travel – flights are subdivided by destinations and number of stopovers (categorising them as domestic, short and long haul), taking into account their origin and destination.

- Train – Calculated based on accounting movements and origin-destination pairs according to the standard cost of journeys between major stations.
- Individual transport –Calculated based on the accounting movements recorded in the system; an average conversion factor is applied to estimate the kilometres travelled.

The emission factors below were applied to the distances travelled:

Table 6- Emission factors associated with the means of transport that was used

Emission factors	Caixa, BCA, BCI, BI, BCGA, BNU Macau, Timor and France Branches		
	Unit	2021	Source
Plane - Domestic Travel (<463 km)	kg CO_{2eq}/pkm	0.130	2021 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting
Plane – Short Haul (> 463 km and < 3700 km)	kg CO_{2eq}/pkm	0.081	
Plane – Long Haul (≥ 3700 km)	kg CO_{2eq}/pkm	0.102	
Train	kg CO_{2eq}/pkm	0.026	Comboios de Portugal - RS 2020 (page 80)
Taxi	kg CO_{2eq}/vkm	0.149	2021 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting
Car (unknown fuel)	kg CO_{2eq}/km	0.171	
Boat	kg CO_{2eq}/km	0.019	

1. Category 5: Waste treatment *ex-situ*

Scope: Caixa, S.A (Portugal)

Emissions associated with the waste produced are calculated taking into account the amounts of waste produced throughout the year at the Head Office Building, the Avenida dos Aliados Building (Porto) and the Sacavém Warehouse, the Social Services and Culturgest Clinical Centres, which are forwarded to each type of final destination in accordance with the Integrated Waste Registration Map (MIRR). With regard to service providers operating in the Head Office Building, Caixa reports waste resulting from the activity of Gertal, Canon, Konica Minolta and Siemens.

Table 7- Emission factors associated with the final destination of the waste that is produced

Final Destination	Unit	2021	Source
Landfill	kg CO_{2eq}/ton	446.2	*Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting*
Recycling – Municipal Waste	kg CO_{2eq}/ton	21.3	
Combustion	kg CO_{2eq}/ton	21.3	

2. Category 15: Financing Portfolio

Scope: Caixa, S.A (Portugal)

For a financial institution, scope-3 – category-15 emissions (investments) often represent the most significant part of its greenhouse gas emissions (GHG) inventory. Accounting for emissions in this category is crucial for financial institutions to assess climate risks and opportunities, to set emission reduction targets and to develop their decarbonisation strategies.

PCAF (Partnership for Carbon Accounting Financials) is a collaborative initiative that aims to develop methodologies for calculating and reporting emissions associated with financial institutions' investments, for six types of asset classes: business loans and unlisted equity, listed equity and corporate bonds, project finance, housing mortgages, commercial mortgages, and motor vehicle loans. PCAF has developed the standard for calculating investment emissions based on the GHG Protocol guidelines and is recognised by the Science-Based Targets Initiative (SBTi) in the "Financial Sector Science-Based Targets Guidance".

Caixa calculated emissions from investments in the categories of business loans (loan portfolio), project finance (electricity generation projects), residential mortgages ("mortgages") and commercial mortgages ("real estate").

- Loan Portfolio:

Issues of Caixa's credit portfolio were calculated in accordance with the PCAF methodology for the "business loans" category and in accordance with the following options:

PCAF option	Formula	Scope of emissions
Option 3a (Quality score 4)	$\sum_{c} \frac{Outstanding\ amount_c}{Total\ equity + debt_c} \times Revenue_c \times \frac{GHG\ emissions_s}{Revenue_s}$	Scope 1 and 2 emissions of counterparties
Option 3b (Quality score 5)	$\sum_{c} Outstanding\ amount_c \times \frac{GHG\ emissions_s}{Assets_s}$	Scope 1 and 2 emissions of counterparties

Data used: in PCAF, option 3a were used: i) balance sheet figures, , equity debt and revenues on 31-Dec-2021 (bank internal data); ii) sector emission factors (tCO_2/turnover) calculated based on the most recent information available at INE, Pordata, DGEG, APREN. In situations where the inexistence of data was identified (e.g.: equity, debt or revenues), formula 3b was applied (Score 5), where the sectoral emission factors (tCO_2/assets) were also calculated based on information available at INE, Pordata, DGEG, APREN.

- Housing Mortgages and Real Estate:

Issues of housing mortgages and real estate mortgages are calculated using the PCAF methodology for these types and in accordance with the following options:

PCAF option	Formula	Scope of emissions
Option 3 (Quality score 5)	$\sum_{b,e} \frac{Outstanding\ amount_b}{Property\ value\ at\ origination_b} \times Estimated\ energy\ consumption\ from\ statistics_{b,e} \times Number\ of\ buildings_b \times Average\ emission\ factor_e$	Scope 1 and 2 emissions of the properties

Data used: i) amounts due (€), assessment value (€) and energy certificate level of the buildings (internal data from the Bank) and; ii) Emission factors per building (tCO2/building) taken from the PCAF "European building emission factor database"" according to the energy certificate level and type of property.

In cases where it was not possible to identify the property's energy certificate, the PCAF database also provides average emission factors (lower quality).

- Project Finance – Electricity Generation:

Emissions from electricity-generation projects in project finance were calculated according to the PCAF methodology relative to this category and according to the option below:

PCAF option	Formula	Scope of emissions
Option 2b (Quality score 3)	$\sum_{p} \frac{Outstanding\ amount_p}{Total\ equity + debt_p} \times Production_p \times Emission\ factor$	Scope 1 emissions from electricity-generation projects (Note: scope 2 emissions should be residual in this project type)

Data used in the calculation: i) Bank's internal data regarding electricity-generation projects (amounts due (€), total equity+debt (€) and production (MWh)); ii) Emission factors made available by ERSE per generation technology.

306-2

The quantification of waste presented for Caixa (Portugal) refers to waste collected at the Head Office Building, the Avenida dos Aliados Building (Porto), the Sacavém Warehouse, and the La Vie Shopping Centre Building (Porto). 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, Caixa reports waste resulting from the activity of Gertal, Canon, Konica Minolta and Siemens. The data reported herein are based on the integrated waste registration maps (MIRRs) that are annually submitted to the Portuguese Environment Agency (APA) and on the electronic waste tracking forms (e-gars), where applicable.

401-1

The formulas used to calculate turnover rates and new hires for Caixa 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 far as Caixa is concerned, the figures given refer only to new hires and exits recorded in Portugal.

401-3

The formulas used to calculate the return and retention rates for Caixa 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.

At BCGA, parental leave does not apply for the male gender.

404-1

This indicator was calculated using the following formula for Caixa 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.

405-2

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, Caixa's Code of Conduct and other voluntary codes of conduct.

Annex D – Response to the recommendations of the Task Force on Climate Financial Disclosures (TCFD)

Disclosure of financial information on climate as per TCFD guidelines

In 2015, the Financial Stability Board established the Task Force on Climate Financial Disclosures with the aim of developing a set of recommendations to clearly and consistently disclose information that helps financial markets understand climate change-related risks and impacts.

In the 2020 Sustainability Report, for the first time, Caixa developed a comprehensive approach to the basic recommendations of the TCFD, thereby promoting the disclosure of comparable, reliable and clear climate information to the various stakeholders.

The Caixa Group believes that disclosing information in line with the best reporting practices will enable stakeholders to understand the financial implications associated with climate change and to develop mitigation and adaptation efforts, helping to promote investment in sustainable and resilient solutions, opportunities, and business models.

Summary of recommendations

The structure of the recommendations is supported by four theme-based areas that represent key components for companies to operate: governance, strategy, risk management, and metrics and targets.

Governance

The company's governance in terms of climate-related risks and opportunities

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning

Risk Management

The processes used by the organisation to identify, access and manage climate-related risks

Metrics and targets

The metrics and targets used to measure and manage relevant climate-related risks and opportunities

TCFD disclosure index			
Main area	**Recommended disclosure**		**Pages**
Governance Disclosing the company's governance with regard to climate-related risks and opportunities.	a)	Describing the company's governance of climate-related risks and opportunities.	609 - 611
	b)	Describing the role of the management body in assessing and managing risks and opportunities.	609 - 611
Strategy Disclosing the actual and potential impacts of climate-related risks and opportunities on the company's business model, strategy and financial planning where such information is material.	a)	Describing the climate-related risks and opportunities identified by the company in the short, medium and long term.	612 - 618
	b)	Describing the impact of climate-related risks and opportunities on the company's business model, strategy and financial planning.	612 - 618
	c)	Describing the resilience of the company's strategy, considering different climate scenarios, including a scenario of 2 °C or less.	618 - 620
Risk Management Disclosing how the company identifies, assesses and manages climate-related risks.	a)	Describing the company's processes for identifying and assessing climate-related risks.	621 - 628
	b)	Describing the company's processes for managing climate-related risks.	627 - 628
	c)	Describing how the processes of identifying, assessing and managing climate-related risks are integrated into the overall management of the company's risks.	621 - 628
Metrics and targets Disclosing the metrics and targets used to assess and manage relevant climate-related risks and opportunities where this information is material.	a)	Disclosing the indicators used by the company to assess climate-related risks and opportunities in line with its strategy and risk management processes.	629 - 632
	b)	Disclosing scope 1, scope 2 and, where appropriate, scope 3 greenhouse gas emissions and their inherent risks.	631 - 632
	c)	Describing the company's results regarding the management of climate-related risks and opportunities, namely its performance in light of the targets that have been set.	629 - 632

Governance

Fully owned by the Portuguese Government, Caixa is a credit institution whose mission is to create value for Portuguese society by providing quality banking services to individuals and companies, thereby contributing to promoting sustainable finance in Portugal and to the transition to a carbon-neutral economy by 2050.

The Caixa Group has direct and indirect holdings in several domestic and international companies operating in sectors as diverse as commercial banking, investment banking, venture capital, asset management, specialised credit, and the real estate market. Its organisational and management model combines this mission with the objective of profitability, growth and financial strengthening, prudent risk management, good relations with stakeholders, and a strategic commitment to sustainable development.

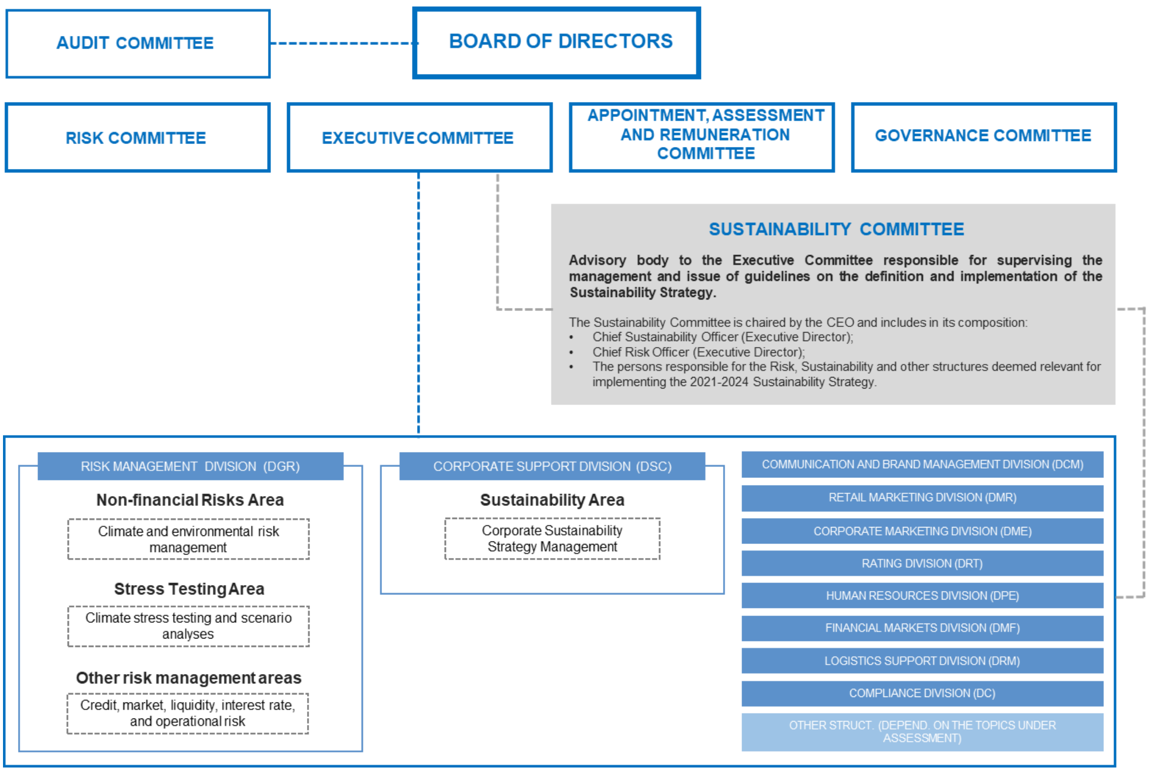
Sustainability and social impact is one of the six pillars of the 21-24 Strategic Plan outlined by Caixa's management. This pillar is supported by an ambitious action plan that incorporates a series of actions and KPIs in relevant areas for developing a more responsible, resilient and inclusive business model, such as climate risk management.

Governance model for climate-related risks and opportunities

The governance model for risks and opportunities inherent to climate and environmental risk cuts across the entire organisation and encompasses the participation of several Caixa Group divisions and companies. However, the Risk Management Division (DGR) and the Corporate Support Division (DSC) play a key role in supervising the Board of Directors in terms of governance of climate-related risks and opportunities.

As of 2022, the Sustainability Committee, which is chaired by the Chief Executive Officer, will also include the Chief Risk Officer and the Chief Sustainability Officer (both executive directors). This guarantees the existence of a robust and transparent management model that promotes the development of cross-cutting ESG (Environmental, Social and Governance) projects and the respective continuous monitoring by the administration.

Governance diagram



Brief description of the most relevant bodies and structures for climate management	
Board of directors	It outlines, supervises and is responsible, together with the Audit Committee, within their respective powers, for applying governance systems that ensure effective and prudent management, including the separation of functions within the organisation and the prevention of conflicts of interest. **The Board of Directors, supported by the Risk Committee and the Audit Committee, establishes the risk appetite, which is implemented by the Executive Committee with the support of the Risk Management Division and the control and business areas. The Board of Directors is also responsible for aligning the risk appetite with the bank's strategic priorities for sustainable finance and climate action.**
Executive committee	Caixa's day-to-day management is delegated by the Board of Directors to an Executive Committee. **The Executive Committee is responsible for the overall risk management of the Caixa Group, namely by managing and executing its risk appetite, monitoring risk metrics and ensuring consistency between risk appetite and the corporate strategy for sustainable finance and climate action.** In 2021, the Executive Committee held 51 meetings.
Governance Committee	**The Governance Committee ensures compliance with the principles of internal governance and the assessment of sustainability strategies and policies, proposing guidelines on sustainability and social and environmental responsibility to the Board of Directors.** Its competencies include, among others; • Proposing guidelines on social responsibility, sustainability and environmental protection to the Board of Directors; • Monitoring the outlining of the Corporate Sustainability Strategy and its implementation, drafting policies and global trends - existing and emerging - and best practices within and outside the Caixa Group, with relevance to sustainability issues associated with governance, compliance, people development culture and their incorporation into the business units; • Following up on Sustainable Finance initiatives and proposing subsequent guidelines for analysis by the BoD, considering the valuation of ESG criteria, in order to increase awareness and transparency on Governance that may have an impact on Caixa's stability, investments, and the financial services it provides. The Governance Committee held 11 meetings in 2021.
Risk Committee	**The Risk Committee monitors the management policy of all the risks related to the Caixa Group's activity, namely climate and environmental risk along with the risk measurement model and the model for calculating own funds adopted internally, as well as the Community Directives and guidelines of the Bank of Portugal and the European Central Bank on this matter. As part of its functions and competencies, it analyses, among others, the reports submitted by the Risk Management Division on climate and environmental risk.** **The Risk Committee is also responsible for monitoring the management policies of all the financial and non-financial risks inherent to Caixa's activity, namely with regard to climate and environmental risk.** In 2021, the Risk Committee held 15 meetings.
Sustainability Committee	**The Sustainability Committee (CSU) supervises the management and guides the decision with regard to outlining and implementing the Sustainability Strategy**. As an advisory body, it also informs the Governance Committee on the annual planning and compliance with the Sustainability Strategy and submits issues identified as structuring and important actions for the evolution of Caixa's sustainable development to the Executive Committee for assessment. In 2021, the Sustainability Committee held 3 meetings.
Risk Management Division (DGR)	**The Risk Management Division manages and controls non-financial risks, namely climate and environmental risk, ensuring the identification, assessment, measurement, monitoring, control and reporting of climate and environmental risks to which the Caixa Group is exposed and of their interrelationships with other risk categories in force. It also aims to ensure that risks remain within the risk appetite level established by the Board of Directors and that they will not significantly affect the institution's financial situation, continuously ensuring compliance and conformity with external standards and legal and regulatory requirements in this area.** **The Risk Management Division is also responsible for carrying out sensitivity and scenario analyses and stress-testing exercises for climate and environmental risks.**

Corporate Support Division (DSC)	The Corporate Support Division provides corporate advice and support to Caixa's governing bodies in carrying out their duties and fulfilling the responsibilities assigned to them by the shareholder. **It includes the Sustainability area, which is responsible for outlining, promoting and monitoring the Corporate Sustainability Strategy and ensuring compliance with the Principles of the United Nations Global Compact and alignment with the Sustainable Development Goals, coordinating the Corporate Sustainability Programme and the Environmental Management System, taking into account economic, social and environmental intervention values.**

Strategy

The shareholder envisions Caixa 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.

Caixa recognises that the adoption of sustainable development practices in the bank's day-to-day management is an integral part of its mission and is committed to:

- Integrating environmental criteria as determining factors for creating value and the sustainability of the business, supporting and strengthening its corporate strategy, brand and values;
- Being responsible for preserving the environment, managing and monitoring the direct and indirect impacts of its activities, products and services;
- The promotion and participation of stakeholders, taking into account their expectations and values in decision-making and strategy.

The Caixa Group believes that, by incorporating climate-related risks and opportunities into risk management and strategic planning processes, it will be better able to understand the financial implications associated with climate change and leverage mitigation and adaptation to climate change, strengthening the organisation and its customers, and directing investment towards sustainable and resilient solutions, opportunities and business models.

Sustainability strategy

In order to guarantee the implementation of Caixa's Sustainability Strategy, a management model was implemented across the organisation as a whole, including the Caixa Group divisions and companies regarded as the most relevant to meet the proposed sustainability goals.

Sustainability and Social Impact was outlined as one of the areas of Caixa's 2021-2024 Strategic Plan. The 2021-2024 Sustainability Strategy embodies Caixa's ambition to become the leader in sustainable finance in Portugal, supporting the transition to a low-carbon economy and financing projects with a social impact on people's lives, based on five strategic areas of action.

1) **Sustainable and Inclusive Finance –** Financing the transition to a low-carbon economy in a fair and inclusive way.

2) **Climate Risk Management** – Accelerating the transition to a more sustainable and resilient economy by efficiently managing climate risks.

3) **Equity, Digital and Financial Inclusion** - Being an inclusive Bank that prioritises the well-being and development of employees and society.

4) **Transparent Governance Models** – Adopting efficient governance models that drive performance in a responsible, diverse, and transparent manner.

5) **Disclosure of Sustainability Information** - Make regular and transparent disclosures on ESG performance in accordance with best reporting practice and applicable regulations.

The Sustainability Strategy is reflected in an annual action plan that incorporates the challenges and commitments voluntarily undertaken by Caixa, in particular:

In 2021, Caixa joined the Net Zero Banking Alliance - NZBA, joining banking institutions from different countries that are committed to implementing strategies and business models that allow achieving carbon neutrality (Net Zero) by 2050.

NZBA member commitments include:

- Aligning greenhouse gas (GHG) emissions associated with the financing and investment portfolio with the necessary path to achieve carbon neutrality by 2050;
- Prioritising efforts in the sectors where there is the most significant impact, i.e. the most intensive and GHG-emitting sectors, which are key to the transition to a carbon-neutral economy;
- Determining immediate targets for 2030, prioritising emissions-intensive sectors;
- Using decarbonisation scenarios from recognised sources and maximising alignment with the Sustainable Development Goals.

Meeting its commitments and the Paris Agreement goal of 'limiting the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels', Caixa has implemented the following projects and policies:

Low-Carbon Programme	The Low-Carbon Programme aims to help reduce the environmental impact associated with Caixa's activities, promoting sustainable development while seeking to induce best practices among its stakeholders. The Low-Carbon Programme comprises four areas of action: • Financing the Low-Carbon Economy - Consists of offering financial solutions that contribute to the Low-Carbon Economy; • Reducing Greenhouse Gas Emissions - Implementing measures to reduce energy consumption and mitigate the corresponding emissions; • Mitigating the Environmental Risk - Implementing measures aimed at reducing environmental risks liable to affect Caixa's activities; • Transparency and awareness-raising - Reporting information in a transparent manner and raising the stakeholders' awareness to the importance of adopting best environmental practices For more information, please visit: https://www.cgd.pt/English/Sustainability-CGD/Environmental-Responsibility/Pages/LowCarbon-Program.aspx
Environmental Management System	In 2014, Caixa implemented and certified an Environmental Management System (SGA) at its Head Office Building in accordance with the ISO 14001 standard. The SGA is an important tool to ensure a culture of pollution prevention and continuous improvement of environmental performance For more information, please visit: https://www.cgd.pt/English/Sustainability-CGD/Environmental-Responsibility/Pages/Environmental-Management-System.aspx
ESG Rating Model	Caixa has developed an ESG Rating Model for corporate customers from all sectors of activity, whose results have an impact on sustainable finance strategies and support the transition to a low-carbon, inclusive economy. For more information, please visit: https://www.cgd.pt/English/Sustainability-CGD/Responsible-Business/Pages/ESG-Rating-Model.aspx
Environmental Policy	Caixa's Environmental Policy recognises that the adoption of sustainable development practices in the Bank's day-to-day management is an integral part of its mission and is based on three essential pillars: • Compliance with environmental legislation; • The adoption of a proactive attitude and measures to prevent pollution; • The continuous improvement of its environmental performance. For more information, please visit: https://www.cgd.pt/English/Sustainability-CGD/Vision/Documents/Environmental-Policy-CGD.pdf
Policy for Limitation and Sectorial Exclusion	The Caixa Group acknowledges the existence of sectors of activity or projects that may contribute negatively towards Sustainable Development and, therefore, establishes a list of principles underpinning activities and projects that are excluded, or restricted under certain conditions, from its credit policy. Under the Principles of Sectoral Exclusion and Limitation, Caixa does not finance and restricts its financial support to: • Companies and activities engaged in the unlicensed trade of wildlife or endangered species;

	• Companies that use scarce natural resources, whose exploitation or extraction can cause a negative environmental impact and that do not comply with the conditions set out in national or international regulations in this field; and • Companies that produce or transform hazardous materials or substances restricted by national legislation, among others related to environmental, social and reputational risks. For more information, please visit: https://www.cgd.pt/English/Sustainability-CGD/Vision/Documents/Policy-Limitation-Sectorial-Exclusion.pdf
Socially Responsible Investment Policy	The Socially Responsible Investment Policy of Caixa Geral de Ativos (the management company of the Caixa Geral de Depósitos Group focused on managing Investment Funds and Discretionary Portfolio Management) aims to comply with the provisions of Regulation (EU) 2019/2088 of the European Parliament and of the Council, of 27 November 2019, on sustainability- related disclosures in the financial services sector. Accordingly, this Policy frames the nature of the various products managed by Caixa Gestão de Ativos, which promote, among others, environmental or social characteristics and which, under the regulation, may correspond to the terms of Articles 6 and 8 of the aforementioned regulation, as explained in the pre-contractual information for each product. Furthermore, this Policy extends, under the same terms, to the discretionary management and investment advisory services provided by Caixa Gestão de Ativos. For further information, please visit: https://www.cgd.pt/Site/CXA/Caixa-gestao-ativos/Sustentabilidade/Documents/Politica_ISR_CXA.pdf (page in Portuguese)
Framework for Sustainable Finance	Aligned with the Green Bond Principles and the Sustainability Bond Guidelines published in June 2021 by the International Capital Market Association, it provides investors with more information on Caixa's sustainable finance strategy and sustainability commitment; For more information, please visit: https://www.cgd.pt/English/Investor-Relations/Debt-Issuances/Prospectus/Documents/Caixa-SustainableFinanceFramework.pdf

Climate change as a material and emerging risk

As a priority of its business strategy, the Caixa Group has set forth the strengthening of non-financial risk control, whose main responsibilities include identifying, assessing, measuring, monitoring, controlling and reporting the Group's non-financial risks, which include the dimensions of emerging risks intrinsically related to sustainability, as well as a specific risk subcategory concerning the impact of climate change in the context of banking activity.

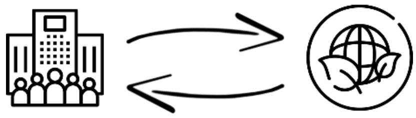
The management of non-financial risks and, in particular, challenges related to sustainability, is becoming increasingly relevant for the Caixa Group. Its concern with the risks underlying sustainability is intended to be increasingly relevant and effectively make a difference in the decision-making process.

Since 2019, Caixa has acknowledged climate and environmental risk as a material and emerging risk for the Caixa Group, considering that climate and environmental risks comprise two vital risk factors:

- Transition risk, which refers to financial losses that may result, directly or indirectly, from the adjustment towards a low-carbon and more environmentally sustainable economy. This risk can be triggered, for example, by a relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences.
- Physical risk that refers to the financial impact of climate change, including the more frequent occurrence of extreme weather events and gradual climate change, as well as environmental degradation, such as air, water and soil pollution, pressure on water resources, loss of biodiversity, and deforestation. Consequently, physical risk is categorised as 'acute' when it arises from extreme events such as droughts, floods and storms, and as 'chronic' when it results from gradual changes such as rising temperatures or sea levels, pressures on water resources, loss of biodiversity, land use change, habitat destruction, and scarcity of resources. These situations can lead directly to, for example, damage to property or a decrease in productivity or indirectly cause subsequent events, such as the disruption of supply chains.

Dual-materiality approach

Caixa's approach to climate change has a 'dual materiality' perspective, taking into account both the impact of climate on Caixa's activity and Caixa's impact on the environment.



Financial materiality (risk of negative impact on the company)		**Environmental and social materiality** (Risks of negative climate impacts)
Transition risks	**Physical risks**	
Risks for the company arising from the transition to a low-carbon and climate-resilient economy: ✓ **Regulatory risks** ✓ **Legal risks** ✓ **Technological risks** ✓ **Market risks** ✓ **Reputational risks**	Risks for the company arising from the physical effects of climate change: ✓ **Acute physical risks**, when triggered by extreme weather events such as cyclones and floods; ✓ **Chronic physical risks**, when triggered by long-term climate change, such as global warming or rising sea levels.	They arise from the company's own operations and can occur throughout the value chain. The biggest concern is related to GHG emissions, which cover three scopes: **Scope 1**: Direct GHG emissions from sources owned or controlled by the organisation; **Scope 2**: Direct GHG emissions from electrical energy purchased by the organisation; **Scope 3:** Other indirect emissions that result from activities not owned or controlled by the company but which have an indirect impact throughout the value chain. For a financial institution, scope 3 – category 15 emissions (investments) often represent the most significant part of its GHG emissions inventory, so their accounting is crucial for assessing risks and opportunities associated with climate change, and also for setting its emission reduction goals and business strategy.

Climate-related risks fall into two main categories: risks inherent to the transition to a low-carbon economy ('transition risks') and risks inherent to the physical impacts of climate change ('physical risks').

The transition to a low-carbon economy may entail wide-ranging political, legal, technological and market changes to meet climate change-related mitigation and adaptation requirements. Depending on the nature, speed and incidence of these changes, transition risks may represent various levels of financial and reputational risk for Caixa.

Physical risks resulting from specific climatic phenomena (acute) or resulting from long-term climate change (chronic) may have financial implications for Caixa, such as direct damage to assets and indirect impacts on operations and business continuity.

Financial performance can also be affected by changes in water availability, supply and quality, food safety and extreme temperature changes, which affect the organisations' facilities, operations, supply chain, transport needs, and employee safety.

A strong growth in market dynamics is expected, anchored in various public policies in order to ensure the goal of carbon neutrality by 2050 undertaken by Portugal. The magnitude and distribution of physical and transition risks depend on the speed of mitigation measures and the degree of organisation of the transition.

Climate-related risks

	Subtype of risk	Underlying risk factors	Potential impacts on Caixa	Time horizons*		
				ST	MT	LT
Transition Risks	**Legal and regulatory**	• Increasing cost of GHG emissions • Additional emission-reporting obligations • Changes in regulations on existing products and services • Increase in capital requirements associated with ESG risks • Risk of exposure to litigation and possible environmental fines	• Increase in the cost of the Bank's direct emissions in its operations • Increased staff and development costs due to the need for new due diligence and customer engagement requirements • Increased compliance-related operating costs • Increased impact on results and liquidity for Caixa customers due to higher costs or greater investment in neutralising emissions or arising from regulatory changes • Impairment of customer asset positions due to the generation of devalued or discontinued assets • Impact on sales due to changes in regulations on existing products and services • Increased regulatory capital requirements due to risks associated with climate change • Possible lawsuits or fines for non-compliance with environmental regulations • Adverse regulatory changes that may cause certain exposures in Caixa's balance sheet to consume more capital	✓	✓	✓
	Technological	• Replacement of existing products and services with lower-emission options • Unsuccessful investment in new technologies • Costs of transition to low-carbon technologies	• Investment costs of refurbishing and adapting Caixa branches and other buildings • Increased impact on costs for Caixa customers due to changes in production models, investments in R&D, and technological changes • Costs of adopting/implementing new practices and processes		✓	✓
	Market	• Changing market trends and customer preferences • Uncertainty in market signals • Increase in the cost of raw materials	• Changes in market trends and preferences of Caixa's counterparties that may lead to a decrease in sales and profit • Increase in costs for Caixa customers due to market changes affecting the cost of raw materials and energy, which may affect the fulfilment of credit commitments • Reduction in demand for certain products with an impact on Caixa customer sales and profitability, which may affect the fulfilment of credit commitments • Risk of instability of forecasts by analysts or rating agencies due to abrupt changes in the market, either in terms of demand or regulations • Risk of a significant increase in the cost of loans to customers with greater exposure to climate risks, which may affect the fulfilment of credit commitments • Impacts on Caixa and Caixa customers ratings due to market changes related to ESG requirements		✓	✓
	Reputational	• Changing consumer preferences • Stigmatisation of certain sectors • Stakeholder pressure for climate action	• Reputational risk if Caixa fails to meet the stakeholders' expectations regarding the challenge of climate change and fostering sustainable finance • Impact on the market position of Caixa customers if they carry out an activity that is not considered sustainable, which may affect the fulfilment of credit commitments • Risk of discontinued assets due to a strong change in the perception of an industry, with a significant loss of sales • Divestment from profitable businesses due to the reputational risk of association with	✓	✓	✓

			counterparties from stigmatised sectors or with environmental controversies			
Physical Risks	**Acute Risk**	• Increased severity of extreme weather events, such as floods, urban flooding, coastal flooding, earthquakes, landslides, tsunamis, and forest fires	• Increased costs due to damage to property and facilities in high-risk locations • Increased costs for customers in repairing damage or losses caused by weather incidents, which may affect the fulfilment of credit commitments • Reduced revenues and higher costs arising from negative impacts suffered by employees (e.g. health, safety, absenteeism) • Increased costs arising from increased insurance premiums and/or reduced availability of insurance on assets in higher-risk locations • Demographic changes for climatic reasons that may affect business in a particular region		✓	✓
	Chronic Risk	• Changes in precipitation patterns and extreme variability in weather patterns • Increasing average temperature • Rising sea level	• Increased costs due to damage to property and facilities in high-risk locations • Increased costs for customers in repairing damage or losses caused by weather incidents, which may affect the fulfilment of credit commitments • Increased costs arising from increased insurance premiums and/or reduced availability of insurance on assets in higher-risk locations • Demographic changes for climatic reasons that may affect business in a particular region • Risk of discontinuation and/or devaluation of assets due to being located in areas affected by climate change		✓	✓

Notes:
1. The categorisation of the time horizon is as follows: Short term (0-2 years), medium term (2-5 years) and long term (> 5 years).

Climate-related opportunities

Climate change mitigation and adaptation efforts also generate opportunities for Caixa, such as:

Power Source	**According to the International Energy Agency (IEA), in order to meet global emissions reduction targets, countries will need to transition a significant percentage of their power generation to low-emission alternatives, such as wind, solar, wave, tidal, hydro, geothermal or nuclear energy, energy from biofuels, as well as carbon capture and storage.** **Caixa is aware of the opportunity associated with the use of new technologies and low-emission energy sources. Caixa has been investing in the production of renewable energy and implementing various energy efficiency measures in its corporate buildings and branch office network** **Its main projects in this field are as follows:** **- The solar thermal power plant at the Head Office Building: collectors installed on the head office's 1,600-m^2 roof generate energy for heating and cooling water required for centralised air conditioning and sanitary facilities (3,641 GJ generated in 2021).** **- Solar photovoltaic microgeneration in the branch network: installation of solar photovoltaic panels (1,362 GJ generated in 2021).**
Products and services	According to the 2050 Roadmap for Carbon Neutrality, the global aggregate value of investment required in Portugal to achieve carbon neutrality is estimated at €1.017 billion. As a benchmark institution in the financial sector, one of Caixa's priorities is to support the transition to a low-carbon economy through its financing and investment activities. Caixa recognises the opportunity associated with the development of sustainable products and services that can potentially contribute to reducing greenhouse gas emissions in its financing portfolio. An example is Leasing for hybrid and electric vehicles, a financing line that aims to support investment in hybrid and electric vehicles, financing the transition to a more sustainable mobility model. A total of €35.9 million was funded in 2021, corresponding to an increase of 223% compared to 2020.
Markets	The fact that investors are increasingly focused on the transformation to a net-zero economy is increasingly being reflected in the bond market. According to data released by S&P Global Ratings, the global issuance of sustainable bonds is expected to exceed USD 1.5 trillion by 2022. Caixa monitors trends and opportunities generated by new markets and agents of change, integrating different aspects into its portfolio and providing financial offers that make it easier to access environmentally responsible products with less environmental impact. In 2021, Caixa successfully completed a €500-million senior preferential debt issue. This is the first issue made by a Portuguese bank with these characteristics and is an important milestone in fulfilling the commitments undertaken by Caixa Geral de Depósitos in the field of sustainable finance.
Reputation	Caixa is a benchmark in the Portuguese financial sector and is recognised for its contribution to promoting savings, financing the economy, strengthening competitiveness, innovation and the internationalisation of Portuguese companies. According to the 2021 Most Valuable Portuguese Brands study, developed by the OnStrategy Consulting Company, Caixa was the brand that recorded the greatest growth, reaching a figure of €636 million. Caixa plays an active role in the transparent disclosure of climate-related information and in raising its stakeholders' awareness of environmental issues, thereby helping to increase its reputation and brand value. In order to manage its reputational risks, Caixa has been promoting the principles of Sustainability along the supply chain, by implementing environmental and social clauses in agreements with suppliers (ethical principles and best business practices), regularly consulting its stakeholders, voluntarily participating in the assessment of various sustainability indices, such as the Carbon Disclosure Project, and requesting audits by an external entity of the information contained in its sustainability report. In 2021, Caixa was distinguished as the Best Bank in Sustainability, in the context of Banking in Portugal, by the Brandscore study, by the consultancy firm Scopen, which reflects the result of the spontaneous naming from customers and non-customers.

Scenario analysis and stress testing

A sustainable European future is a priority and the financial sector plays a key role in delivering an ambitious and comprehensive package of measures to ensure Europe's climate neutrality by 2050. In this context, Caixa is developing a set of forward-looking tools with the aim of better understanding its vulnerabilities, main risks and opportunities, as well as its challenges as part of climate risk.

In outlining its business strategy, where climate and environmental risks are integrated, sensitivity analyses and short-, medium- and long-term scenarios are regarded as a particularly useful tool in identifying limitations, vulnerabilities and deficiencies in a future that is still extremely uncertain with potential transition paths that are significantly different.

Thus, already integrating climate and environmental risks into its stress-testing framework, Caixa is developing and strengthening a set of quantification methodologies that allow it to test the resilience of its business model, taking into account the sensitivity of portfolios, sectors and geographic locations vulnerable to climate factors when making strategic decisions.

With this goal in mind, Caixa started by carrying out several risk assessments, both for transition risk and physical risk, for different portfolios, sectors and geographic areas. Initially based on a series of qualitative assumptions, these sensitivity analyses and scenarios will allow those assumptions to be strengthened with more quantitative data and methodologies.

In addition, scenario analyses will be used to capture and test the impacts of climate hazards in the short, medium and long term, for different degrees of severity with regard to the physical and transition risk dimensions. For this purpose, the basis of the scenarios that have been considered are the climate scenarios developed by the Network for Greening the Financial System (NGFS). For the long term, three NGFS scenarios, with distinct environmental policy ambitions and technological changes, were considered: Net Zero 2050 (1.5 °C), Delayed Transition (<2 °C) and Current Policies (3 °C +). For the short term, we considered two scenarios: the Delayed Transition scenario (<2 °C) and the budget baseline scenario, which will be supplemented with climate factors. Additionally, a single weather event scenario will be created to assess the impacts of acute physical events.

In the first stage, this assessment will be focused on households and companies. In the case of exposure to companies, for each sector, there are two main goals: determining the impact of physical risk events on the supply chain, activity disruption, productivity decline or physical asset devaluation, and determining the impact of the carbon transition on investment in low-carbon technologies, changes in market sentiment, and direct and indirect costs. In loans to households, for the time being, the climate stress testing methodology focuses on housing loans, as this is the segment with the greatest weight in the household loan portfolio. In this case, the aim is to use the location of the collateral to determine exposure to each physical risk event and to use the energy rating to assess exposure to transition risks. Both physical and transition risk are expected to decrease the value of real estate assets, having an impact on credit risk via an increase in Loss Given Default (LGD).

Therefore, these scenario and sensitivity analyses are expected to include an assessment of the climate and environmental risks to which the institution is exposed in its current activity-planning horizon, as well as an assessment in the longer term, beyond the typical activity-planning horizon.

All this will not only strengthen the resilience of Caixa's business model in the short, medium and long term and prepare the Group for a number of unpredictable but increasingly plausible risks, but also seize the opportunities that a future more concerned with climate and environmental change will bring.

Alignment of the portfolio and carbon footprint at Caixa

The accounting of GHG emissions and their periodic monitoring are vital practices for building an effective strategy for managing and reducing GHG emissions. Caixa prepares an annual GHG emissions inventory in accordance with the guidelines of the Greenhouse Gas Protocol (GHG Protocol), including emissions from three types of scopes:

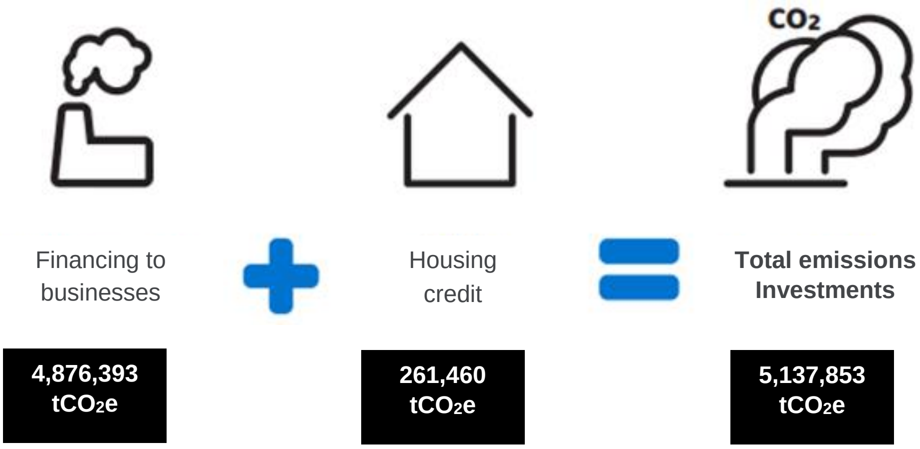
- Scope 1: Direct emissions stemming from fuel consumption in buildings; Direct emissions stemming from fuel consumption by the Caixa fleet; Direct emissions resulting from F-gas leaks in equipment installed in Caixa's facilities.
- Scope 2: Indirect emissions resulting from electricity consumption.
- Scope 3: Indirect emissions, which are associated with various types of activities (15 categories, according to the GHG Protocol).

In 2021, for the first time, Caixa calculated scope 3 emissions - category 15 (investments).

For a financial institution, category 15 emissions (investments) often represent the most significant part of its GHG emissions inventory, so their accounting is crucial for assessing risks and opportunities associated with climate change, and also for setting its emission reduction goals and business strategy.

This exercise was carried out in line with the guidelines of the Partnership for Carbon Accounting Financials (PCAF), a collaborative initiative that aims to develop methodologies for calculating and reporting emissions associated with the credit portfolio and investments of financial institutions, for 6 types of asset classes: business loans and unlisted equity, listed equity and corporate bonds, project finance, housing mortgages, commercial mortgages, and motor vehicle loans. This standard was developed based on the GHG Protocol guidelines and is recognised by SBTi in the 'Financial Sector Science-Based Targets Guidance'.

The figure below shows the results of the carbon footprint for 2021:



The carbon footprint of the loan portfolio was calculated in accordance with the PCAF methodological approach (scores 4 and 5), based on data provided by Eurostat, the Directorate-General for Geology and Energy (DGEG), the Portuguese Renewable Energies Association (APREN), and the National Statistics Institute (INE), among others; proxies were applied in situations where there was no information available.

The housing loan footprint was calculated based on PCAF emission factors associated with Caixa's energy certificate levels. In cases where the energy certificate was not available, we used average values provided by the PCAF.

To learn more about calculation methodologies, please see annex C to the 2021 Sustainability Report.

Strategic priorities

We highlight Caixa's strategic priorities and goals with regard to managing climate risks and opportunities:

- Fostering the adaptation of the business model and strategy with the aim of achieving carbon neutrality (Net Zero) by 2050;
- Setting interim targets for 2030, prioritising emission-intensive sectors;
- Promoting a strong risk management culture and adopting best practices in managing emerging risks underlying sustainability and climate change;
- Increasing the portfolio of environmentally sustainable products and projects;
- Promoting green products and financing actions for environmental transition;
- Supporting clients in energy transition, as an agent for promoting sustainable finance;
- Promoting engagement with customers with regard to the due diligence of non-financial information;
- Improving the infrastructure and availability of climate and environmental data in all its dimensions;
- Strengthening the methodologies for identifying, assessing and measuring climate and environmental risks and their integration into internal processes and policies;
- Considering climate and environmental risks in the credit-granting and monitoring processes;
- Integrating scenario analyses and climate stress testing into the bank's risk management framework and decision processes;
- Outlining and monitoring indicators related to the alignment of the loan portfolio, under different energy transition scenarios;
- Continuously improving ESG risk reporting and disclosure.

Risk Management

The Chief Risk Officer (CRO), who is a member of the Executive Committee, is ultimately responsible for the Caixa Group's risk management function. The CRO of Caixa is globally responsible for monitoring the Group's risk management and, in particular, for ensuring the adequate functioning and efficiency of risk management, equally aiming to inform and clarify the members of top management and supervisory bodies concerning any risks incurred, on Caixa and the Group's global risk profile and on the degree of fulfilment of risk tolerance levels established.

Risk management is centralised and supported by a dedicated structure – the Risk Management Division (DGR) –, under the responsibility of the CRO.

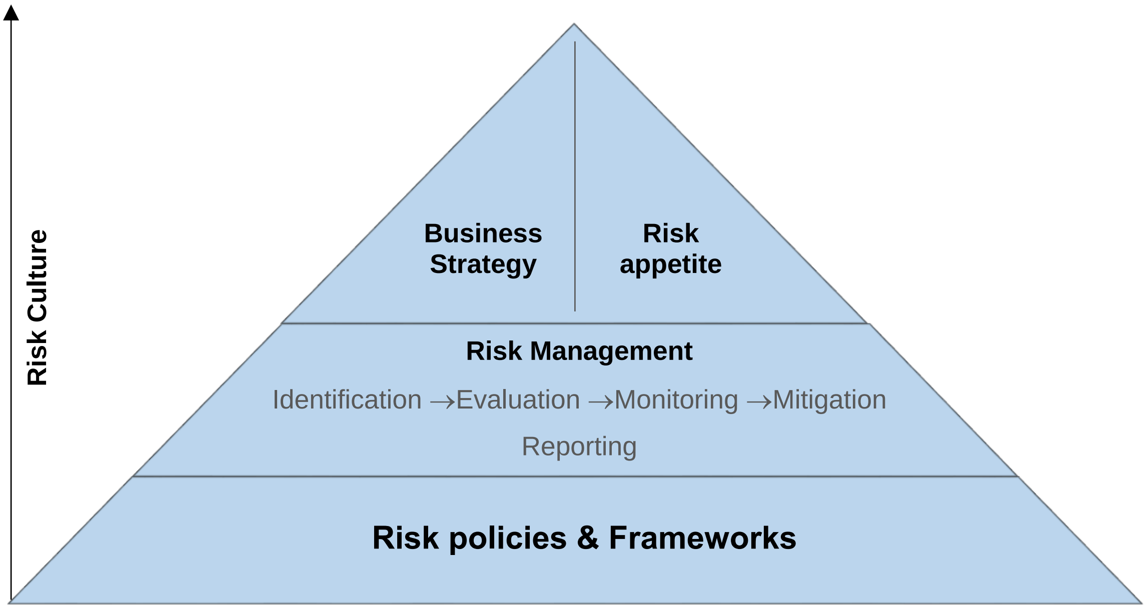
The Non-Financial Risks Area of the Risk Management Division, created in 2019, is responsible for identifying, assessing, monitoring, controlling and reporting the climate and environmental risk to which the Caixa Group is exposed and for the interrelationships with other risk categories in force, with a view to ensuring that climate and environmental risk remains within the risk appetite level set forth by the Board of Directors.

Additionally, this area contributes towards outlining the strategy and implementing risk management policies and procedures, continuously ensuring compliance and conformity with the supervisor's guidelines and legal and regulatory requirements in this area.

This area also aims to outline the strategy and subsequent risk management model, within a framework of coordinated intervention between the three lines of defence, and develop a specific management model for climate and environmental risk, with its own tools and methodologies that include, among others, outlining and monitoring a series of risk indicators.

Risk management framework

Climate and environmental risks are integrated into the Caixa Group's risk framework and, therefore, integrate the bank's risk appetite, decision-making processes and strategy. They are currently a subcategory of strategy and business risk and also an additional risk factor for other risk categories in place: credit risk, market risk, liquidity risk, operational risk, reputational risk, and compliance risk.



According to the Caixa Group's risk taxonomy, non-financial risks include four key risks, namely: strategy and business, model, information technology, and reputational.

Strategy and business risk is the risk of losses arising from macroeconomic, geopolitical, positioning and business model strategy, investments made, holdings in banks and other types of institutions, climate and environmental risks, and pandemics.

Climate and environmental risk is the risk of negative impacts on results or capital arising from climate change and environmental degradation that affect systems (natural and human) and regions, being sources of structural changes that affect economic activity. As a rule, climate and environmental risks are considered to comprise two vital risk factors - transition risk and physical risk.

A specific management model for these risks has been implemented, which provides for the identification, assessment, measurement, monitoring, control and reporting of non-financial risks (complementing the area specialised in 'traditional operational' risks) throughout the Caixa Group.

The climate and environmental risk management framework also aims to mitigate other relevant negative impacts, namely in terms of achieving strategic goals for sustainability and carbon neutrality, sustainable finance, and compliance with regulatory requirements.

The principles and responsibilities applicable to the management of these risks are set forth in the Corporate Policy on Non-Financial Risks.

Risk Identification and Assessment

The Caixa Group has implemented a process to identify the Group's risk profile, which is carried out in annual cycles and is based on the Caixa Group's risk taxonomy, in order to assess and inventory risks regarded as concerns. The process is structured in two stages; the first consists of a risk self-assessment carried out by Caixa and the Group's entities, while the second phase consists of determining the Caixa Group's risk profile based on the results of the self-assessment by all the entities that participate in the process.

This process relies on the broad involvement of different areas of the bank (including the first line of defence, the Compliance Division for compliance risk and the Risk Management Division for all other risks) and culminates with the outlining of the Caixa Group's risk profile and the identification of risks subject to quantification under the internal capital adequacy assessment process (ICAAP).

Identifying the risk profile is crucial insofar as it enables conclusions to be drawn about the risks to which Caixa is exposed, thus enabling more informed decision-making within the risk management framework, namely in essential pillars such as the ICAAP, the risk appetite framework, internal stress-testing exercises, and the outlining of its corporate strategy.

According to the assessment carried out in 2021, climate and environmental risk was considered a material and emerging risk for the Caixa Group.

Although climate and environmental risk is a main risk category for the Caixa Group, Caixa recognises that this risk may also have an impact on the Group's risk profile via other risk categories in force. Therefore, there was an assessment of the materiality of the impact of the different risk factors associated with climate change on the other risks in force.

The level of sensitivity to transition risk is estimated based on the qualitative analysis of the estimated exposure of a given risk typology to regulatory, technological, market and reputational changes caused by decarbonisation, and the impact of those effects over a given time horizon.

The level of sensitivity to physical risk is estimated based on the qualitative analysis of the estimated exposure of a given risk typology to chronic and acute climatic phenomena and the impact of those effects over a given time horizon.

The results of Caixa's self-assessment for each risk category were as follows:

	Transition risk			Physical risk		
	Short Term	Medium Term	Long Term	Short Term	Medium Term	Long Term
Credit risk						
Market Risk						
Operational Risk						
Interest rate risk						

Liquidity risk						
Strategy and business risk						
Reputational risk						

Low risk — Moderate risk — High risk

It should be noted that the risk assessment presented in the table above reflects the level of risk that Caixa estimates will occur in the context of fulfilling Caixa's ambitions, limiting global warming in line with the Paris Agreement goals. This risk assessment was based on Caixa's position as at December 2021 and on its strategic planning and overall goals.

I. Transition Risk

In order to identify and assess transition risk, Caixa identified the sectors and segments most susceptible to transition risk, using a heatmap approach. The heatmap was then mapped with the exposure of the portfolio to analyse how materiality and transition risk intersect.

This methodology makes it possible to identify exposure concentrations in assets or sectors with higher risk, providing an indication of risk prioritisation and the magnitude of the transition risk to which Caixa is exposed.

The heatmap was built based on the impact, at various time horizons, on the following factors:

- Direct and indirect emission costs;
- Carbon intensity of CAPEX and
- Changes in demand and revenue.

To identify the sectors of activity most vulnerable to transition risk, Caixa carried out an analysis taking into account the sectors identified by various external sources, such as the European Central Bank, UNEP-FI, and Moody's, combined with expert judgement.

The following table shows Caixa's exposure in the sectors considered most vulnerable to transition risk, with an impact assessment indicator, using a heatmap approach.

Heatmap of transition risk for the corporate loan portfolio

Sectors	Exposure (%)	Transition Risk
Agriculture & Forestry	**2.0%**	
Plant and animal production	1.7%	
Forestry and plant exploration	0.2%	
Fisheries and Aquaculture	0.1%	
Extractive Industry	**0.5%**	
Industry	**18.0%**	
Food industries	3.8%	
Textiles	5.9%	
Chemicals	0.9%	
Pharmaceutical products; rubber and plastic products	1.1%	
Non-metallic mineral products	2.1%	
Basic metallurgical industries	2.3%	
Computer equipment and electronic products; machinery and equipment	1.1%	
Furniture; repair and installation of machinery and equipment	0.8%	
Vehicles	**2.8%**	
Manufacture of motor vehicles	0.6%	
Wholesale and retail trade of motor vehicles and motorbikes	2.2%	

Sectors	Exposure (%)	Transition Risk
Energy	**6.9%**	
Energy	5.3%	
Oil & Gas	1.6%	
Water and Sanitation	**1.1%**	
Wholesale and Retail Trade	**13.7%**	
Transport	**7.1%**	
Land Transport	2.3%	
Water transport	0.1%	
Air Transport	0.9%	
Other	3.9%	
Real Estate Activities & Construction	**23.3%**	
Real Estate Activities	13.4%	
Construction	9.9%	
Other non-vulnerable sectors	**24.7%**	-

Notes:
1. The figures refer to the Caixa Group's corporate segment, as at 31 December 2021.

Low risk   Moderate risk   High risk

With regard to the mortgage loan segment, Caixa considers that it will be affected by the transition risk due to the energy performance of properties. As the economy transitions to a low-carbon economy, policies and market trends will indirectly affect the financial value of properties. Additionally, the energy rating of properties will affect the alignment of the loan portfolio with Caixa's commitments to carbon neutrality.

The following table shows the distribution of the exposure of the mortgage loan portfolio by energy class of the property given as collateral.

Energy class	A	B	C	D	E	F	G
Exposure (%)	5.26%	4.26%	39.93%	41.26%	4.98%	4.31%	0.01%

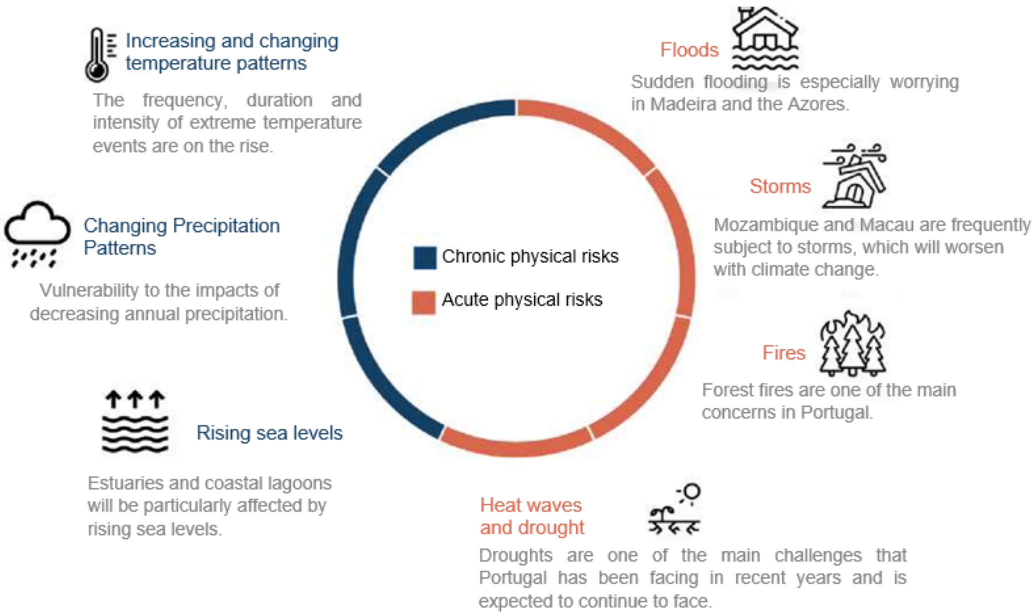
The analysis shows that the mortgage loan portfolio (about 81.19%) is more concentrated in energy classes C and D, with reference to 31 December 2021.

The analysis showed that the most recent operations have a greater weight in energy classes A and B, which is in line with the business strategy of gradually moving the concentration of distribution to these energy classes.

II. Physical Risk

Caixa started by identifying the most relevant physical risk factors for the geographic areas where the bank is exposed. The chosen methodology considers different sources of information, namely the EU Taxonomy (EU Taxonomy – Regulation (EU) 2020/852), the 2019 Civil Protection National Risk Assessment Report, and the ThinkHazard platform (service provider recommended by the United Nations Environment Programme Finance Initiative - UNEP FI).

The figure below shows the climatic phenomena included in the methodology, as they are considered the most relevant in terms of impact for Caixa, given the nature and location of the activity carried out by Caixa and its counterparties.



It should be noted that, although Caixa is also aware of other environmental risks such as the loss of biodiversity and pollution, due to the insufficiency of cross-cutting methodologies and data, the bank is still analysing possible methodologies that allow assessing these risks.

In order to monitor companies, Caixa carried out a preliminary assessment of the sectors most vulnerable to physical risk, based on internal analyses and the guidelines of various international initiatives and working groups, namely UNEP-FI and Moody's.

The following table shows Caixa's exposure in the sectors considered most vulnerable to physical risk, with an impact assessment indicator, using a heatmap approach.

Heatmap of physical risk for the corporate loan portfolio

Sectors	Exposure (%)	Physical Risk
Agriculture & Forestry	**2.0%**	
Plant and animal production	1.7%	
Forestry and plant exploration	0.2%	
Fisheries and Aquaculture	0.1%	
Extractive Industry	**0.5%**	
Industry	**18.0%**	
Food industries	3.8%	
Textiles	5.9%	
Chemicals	0.9%	
Pharmaceutical products; rubber and plastic products	1.1%	
Non-metallic mineral products	2.1%	
Basic metallurgical industries	2.3%	
Computer equipment and electronic products; machinery and equipment	1.1%	
Furniture; repair and installation of machinery and equipment	0.8%	
Vehicles	**2.8%**	
Manufacture of motor vehicles	0.6%	
Wholesale and retail trade of motor vehicles and motorbikes	2.2%	

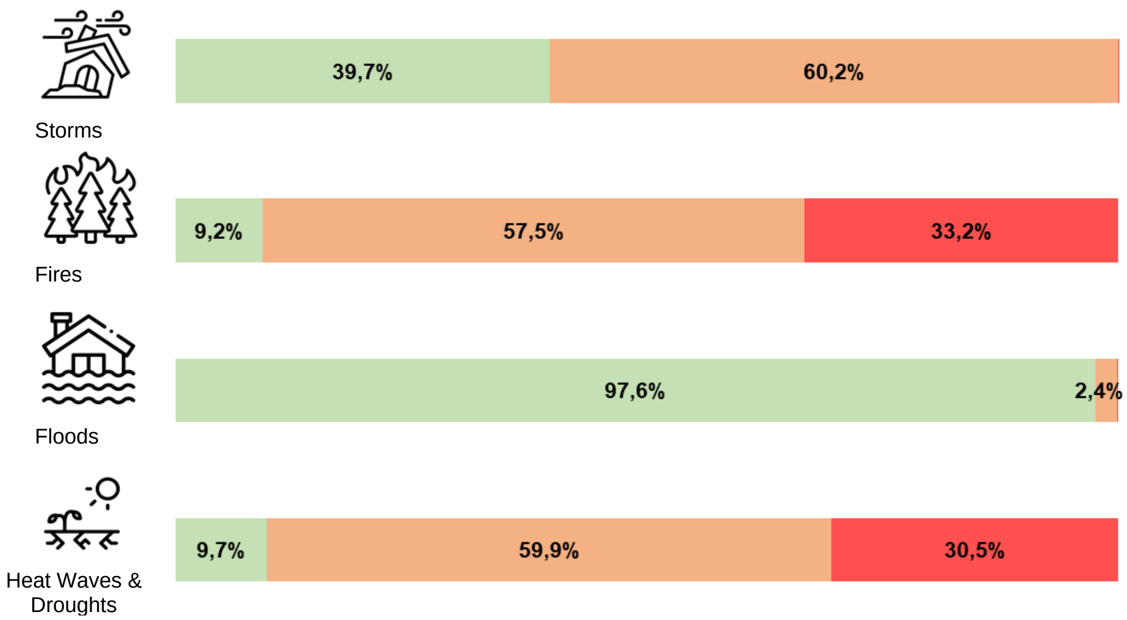
Sectors	Exposure (%)	Physical Risk
Energy	**6.9%**	
Energy	5.3%	
Oil & Gas	1.6%	
Water and Sanitation	**1.1%**	
Wholesale and Retail Trade	**13.7%**	
Transports	**7.1%**	
Land Transport	2.3%	
Water transport	0.1%	
Air Transport	0.9%	
Other	3.9%	
Real Estate Activities & Construction	**23.3%**	
Real Estate Activities	13.4%	
Construction	9.9%	
Other non-vulnerable sectors	**24.7%**	-

Notes:
1. The figures refer to the Caixa Group's corporate segment, as at 31 December 2021.

Low risk Moderate risk High risk

In order to assess the physical risk related to the mortgage loan portfolio, Caixa carried out a preliminary assessment of the geographical location of mortgage loans where the value of the asset is particularly exposed to a given climatic phenomenon, using a heatmap approach.

Heatmap of physical risk for the real estate credit portfolio



Notes:
1. The figures refer to the Caixa Group's housing loans segment, as at 31 December 2021.

Low risk Moderate risk High risk

III. ESG Rating Model

Banking Institutions play a key role in the development of Sustainable Finance, which is defined as financing that, in addition to considering traditional financial aspects such as profitability, liquidity and financial soundness in the evaluation of corporate investment projects, also includes non-financial aspects related to ESG criteria such as transition risk, physical risk, working conditions, and governance practices.

The Rating Division (DRT) is responsible for ensuring the standardisation of rating assignment policies and processes at the Caixa Group level, collaborating with the various Group Entities in outlining methodologies, processes and internal regulations in order to guarantee the implementation of best practices in the rating assignment process.

In 2021, given the importance of this topic, the DRT developed a new index, known as ESG Rating, materialised through the integration of ESG criteria into decision-making processes, being combined with traditional financial ratings.

The main goal of the ESG Rating is to support companies in the process of transition to a greener and more inclusive economy, providing inputs to improve their rating, in order to redirect capital flows towards sustainable finance strategies, ensuring the maximisation of value for the various stakeholders.

The ESG Rating methodology implemented by Caixa considers:

i) Environmental criteria, namely climate, such as the assessment of physical risk (from general to particular, at the level of country, region, activity, company) and transition risk (greenhouse gas emissions, carbon intensity, energy expenditure and investment in R&D);

ii) Social criteria, such as gender equality, level of remuneration and investment in training;

iii) Governance criteria, such as the quality of the partners/shareholders and management.

The ESG Rating allows:

i) Assessing and ranking companies in terms of sustainability, according to a given rating scale (Strong, Good, Satisfactory or Weak), which may contribute to set credit pricing;

ii) Combining this assessment of non-financial aspects with the traditional financial assessment (divided between investment grade and non-investment grade ratings), generating a matrix with four possible sustainable finance strategies: Leveraging, Attracting, Weighting or Divesting.

This Rating is disruptive and innovative in the domestic market, given that, in a simple, objective and holistic manner, it will allow us to rate 97.4% of the corporate and project finance loan portfolio in 2021.

IV. Scenario analyses and stress tests

Sensitivity and scenario analysis and stress testing exercises for climate and environmental risks are also an important contribution to better understand the impact of these risks on the credit portfolio and the business model's resilience to climate risk.

In 2021, the ECB launched the first climate stress-testing exercise for the European financial system. This exercise will take place in the first half of 2022 with the aim of understanding the banks' vulnerabilities, best practices and challenges in this regard, allowing the supervisor to assess the exposure and resilience of the financial system and financial institutions to climate risk.

Caixa is exploring scenario analysis, considering short-, medium- and long-term scenarios, as well as different paths of transition to carbon neutrality, considering not only the transition scenario consistent with the Paris Agreement goals, but also more adverse scenarios. The assessment of physical risks, for events deemed to be extreme, is also part of the scenario framework, projections and stress tests that are being developed by Caixa.

Risk monitoring and control

The climate and environmental risk management strategy was established based on the Risk Appetite Statement (RAS), which formally establishes Caixa's risk appetite, detailing the maximum level of risk that the bank is willing to take for each risk category regarded as material. This risk strategy is directly related to Caixa's goals and strategic plan, which is regularly reviewed and monitored by the Board of Directors and the management team. The general principles of risk appetite derive from, and are aligned with, Caixa's business strategy and an understanding of the resulting risk-benefit trade-offs.

Risk monitoring and control is also supported by a corporate governance model and incorporates the disclosure of information by means of an internal reporting system that includes the regular holding of Specialized Executive Boards/Committees and the disclosure of reports to various Group structures.

This methodology includes outlining, monitoring and reporting tolerance limits and risk appetite for the entire Group.

The appetite for climate and environmental risk is also integrated into Caixa's management via its interdependence with other exercises, namely capital and liquidity adequacy exercises (ICAAP and ILAAP), budget, capital planning and allocation, and stress-testing exercises.

The management and control of climate and environmental risks also includes the consideration of new variables when Caixa grants a loan, such as the energy category of the property given as collateral for an operation, the companies' GHG emissions, the strategies that companies have in place for their energy transition, as well as the location of their assets, given that there are regions that are more or less exposed to climate phenomena.

Currently, the Caixa Group already acknowledges the existence of sectors of activity or projects that may contribute negatively to sustainable development, so it establishes a list of principles underlying activities and projects that are excluded or restricted, under certain conditions, from its credit policy, namely companies and activities engaged in the unlicensed trade of wildlife or endangered species; companies and projects that use scarce natural resources, whose exploitation or extraction can cause a negative environmental impact and that do not comply with the conditions set out in national or international regulations in this field, and companies that produce or transform hazardous materials or substances restricted by national legislation.

Caixa has endeavoured to develop capacities to identify, assess, monitor and manage climate and environmental risks, which will make it possible to improve the business model's resilience to the possible impact and magnitude of these risks. A forward-looking and long-term approach is especially important given the uncertainty regarding the time horizon of manifestation of these risks, which appears to be longer term but dependent on short-term action.

Caixa's response to climate and environmental risks involves optimising the bank's adaptive and dynamic capacity in the face of emerging national, international, political and regulatory developments on these risks. This effort is being made by all Caixa's divisions, according to a holistic and forward-looking approach.

Metrics and targets

The Caixa Group has been disclosing environmental metrics in its Sustainability Report for several years.

Climate and environmental risks are integrated into the Caixa Group's risk framework and, therefore, integrate the bank's risk appetite, decision-making processes and strategy.

Caixa has, therefore, developed climate and environmental risk metrics, some of which are included in the Caixa Group's risk appetite statement, which includes tolerance levels and limits.

Caixa is currently monitoring the following risk metrics:

Metric	Definition
Exposure to more carbon-intensive sectors	Percentage of exposure in carbon-based sectors over total credit exposure
Exposure to sectors with high risk of climate change impact	Percentage of exposure in sectors with high risk of climate change impacts over total credit exposure.
Exposure of the loan portfolio in regions most exposed to climate change risk	Percentage of exposure in the 10 worst-performing industrialised countries in the Climate Change Performance Index (CCPI) over total credit exposure, in the corporate segment.

The chosen methodology was based on the identification of the most carbon-intensive sectors and the sectors most sensitive to the impact of climate change based on internal analyses and guidelines from various international initiatives and working groups on this topic.

The selection of sectors is based on the Portuguese Classification of Economic Activities and the calculation methodology consists of dividing the total value of credit associated with the identified sectors of activity by the total value of the loan portfolio in the corporate segment.

A preliminary assessment was also carried out for regions where Caixa's carbon footprint may suffer a greater impact from transition risks, considering that exposure in countries whose government plays a weaker role in terms of keeping global warming well below 2 °C results in a higher risk of impacts related to climate change.

The chosen methodology was the concentration of credit exposure in countries with the worst performance in the Climate Change Performance Index (CCPI). Published annually since 2005, the CCPI is an independent monitoring tool that assesses and compares the climate protection performance of 57 countries and the European Union, which collectively account for over 90% of global GHG emissions. It aims to increase transparency in international climate policy and allows comparing climate protection efforts and the 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 places the following countries in the top 10 worst-performing countries: Kazakhstan, Saudi Arabia, Iran, Canada, Korea, Taiwan, Malaysia, the Russian Federation and the United States of America.

The following table presents the figures of the metrics for 2021 compared to those for 2020 and 2019.

Thousand €	**2021**	**2020**	**2019**
Exposure to more carbon-intensive sectors	**424.390**	**304.400**	**297.045**
	2.40%	**1.75%**	**1.69%**
Extraction of crude oil and natural gas	0	0	0
Manufacture of coke, refined petroleum products and fuel pellets	302.381	209.083	209.437
Manufacture of charcoal (vegetal and animal) and associated products	2.217	197	180
Generation of electricity of thermal origin	93.455	73.004	63.620
Production of gas; distribution of gaseous fuels through mains; trade in gas through mains	428	452	351
Wholesale trade of petroleum products	25.909	21.663	23.457

Exposure to sectors with high risk of climate change impact	**565.979** **3.21%**	**461.936** **2.66%**	**470.984** **2.68%**
Extractive industries	67.100	81.147	61.339
Manufacture of coke, refined petroleum products and fuel pellets	302.381	209.083	209.437
Manufacture of industrial gases	551	1.251	1.852
Manufacture of charcoal (vegetal and animal) and associated products	2.217	197	180
Generation of electricity of thermal origin	93.455	73.004	63.620
Production of gas; distribution of gaseous fuels through mains; trade in gas through mains	428	452	351
Wholesale trade of petroleum products	25.909	21.663	23.457
Occasional transport of passengers in light vehicles	7.894	7.183	4.775
Air transport	66.045	67.955	105.975
Exposure of the loan portfolio in regions most exposed to climate change risk	**122.988** **0.70%**	**105.612** **0.61%**	**107.054** **0.61%**
Canada	14.151	13.864	16.099
Australia	67	68	70
United States of America	108.080	91.680	90.886

Notes:

1. The figures refer to the Caixa Geral de Depóstitos, S.A. corporate segment.
2. The metric 'Exposure to more carbon intensive sectors' considers the following CAEs (Portuguese classification of economic activities): 6; 19; 20142; 35112; 352 and 46711.
3. The metric 'Exposure to sectors with high risk of climate change impact' considers the following CAEs: B; 19; 20110; 20142; 35112; 352; 46711; 4932; 495 and 51.
4. The metric 'Loan portfolio exposure in regions most exposed to climate change risk" considers the 10 worst-performing countries in the Climate Change Performance Index ranking.

The metrics 'Exposure to more carbon-intensive sectors' and 'Exposure of the loan portfolio in regions more exposed to the risk of climate change' are part of the Caixa Group's Risk Appetite Statement and are assessed on a quarterly basis. Throughout 2021, it was found that the metrics remained within the risk appetite limits.

Sensitivity and scenario analysis and stress-testing exercises for ongoing climate and environmental risks will be an important contribution to better understanding the impact of these risks and a dynamic adaptation of risk appetite and business strategy. This will allow establishing new risk indicators that consider different transition trajectories and different time horizons, as well as new performance indicators that allow measuring the alignment of the loan portfolio with Caixa's carbon neutrality commitments and the bank's performance against intermediate targets.

Environmental metrics

In its annual sustainability report, Caixa publicly discloses relevant information to its stakeholders.

In 2021, for the first time, Caixa included scope 3 emissions – Investments (Category 15) in its sustainability report. This exercise was carried out in line with the guidelines of the Partnership for Carbon Accounting Financials (PCAF), a collaborative initiative that aims to develop methodologies for calculating and reporting emissions associated with the credit portfolio and investments of financial institutions.

	2019	2020	2021
GHG EMISSIONS (Scope 1)	**1,954**	**1,691**	**1,704**
Fuel consumption at the installations (tCO_2e)	117	118	106
Fuel consumption by the fleet (tCO_2e)	1,731	1,479	1,445
F-gas leaks (tCO_2e)	106	94	153
GHG EMISSIONS (Scope 2)	**19,415**	**7,518**	**6,024**
Electricity generation (tCO_{2e}) – market-based	13,834	9,376	9,355
Electricity generation (tCO_{2e}) – location-based	19,415	7,518	6,024
GHG EMISSIONS (Scope 3)	**1,023**	**263**	**5,138,115**

Investments (tCO_2e)	-	-	5,137,853
Work-related trips (tCO_2e)	951	247	203
Waste treatment (tCO_2e)	72	15	59
RENEWABLE ENERGY GENERATION (GJ)	**5,014**	**4,966**	**5,003**
Solar Thermal Power Plant Caixa's Head Offices (GJ)	3,443	3,594	3,641
Photovoltaic electricity, branch office network (GJ)	1,571	1,372	1,362

Notes:
1. The figures shown are included in the annual sustainability reports and refer to Caixa's activity in Portugal. To learn more about the developments in other metrics or the performance of international structures, please see Annex A to the 2021 Sustainability Report. To learn more about calculation methodologies, please read Annex C to the 2021 Sustainability Report.

Environmental Targets

In order to become a reference bank in adapting to and mitigating climate change, Caixa has set the goal of reducing 43% of its global GHG emissions (scopes 1 and 2) by 2021, compared to 2015. This goal was set based on a tool from one of the main international trends, the Science-Based Targets Initiative, to whose simulation five percentage points were added.

Since the proposed target has been achieved, Caixa is currently in the process of validating new emission reduction goals until 2030 with SBTi.

	2021	2020	2019
% GHG emission reductions (scope 1 and 2 – market-based method) compared to 2015	74%	74%	63%

Corporate environmental or ESG ratings

Caixa participates, annually and voluntarily, in the CDP, which is currently one of most relevant environmental indexes. This assessment is an important tool to identify and assess climate risks and opportunities associated with its activity.

In 2021, the organisation awarded Caixa a Leadership rating (A- rating) in the Climate Change questionnaire, a result obtained by only 20% of the world's financial institutions. This result demonstrates the transparency and good performance of the measures implemented to meet environmental challenges, positioning Caixa above the global average (B-) and above the financial sector average (B).

	Target 2021	2021	2020
CDP DISCLOSURE INSIGHT ACTION CDP Climate Change questionnaire	B	A-	B

The ESG Risk Rating from Sustainalytics (a Morningstar company) measures the institution's exposure to ESG risks, weighted by sector of activity, by assessing the ESG Risk Exposure and Risk Management dimensions in different areas of activity.

Caixa has been gradually reducing its level of risk, having reached the Low-Risk level in February 2022, which demonstrates the evolution and soundness of the ESG dimensions under assessment. The result ranks Caixa 199th in the financial sector out of a worldwide universe of 1,071 companies under assessment.

	Target 2021	2021	2020
SUSTAINALYTICS Caixa ESG Rating	Medium	Low	Medium

Opportunity metrics

In 2021, Caixa successfully completed a €500-million senior preferential debt issue. As a sustainable finance instrument, the funds raised are used to finance credit operations in the environmental and socioeconomic development areas. The sustainable bond financing framework provides for the issuance of three types of instruments (i) Green Financing Instruments, (ii) Social Financing Instruments, and (iii) Sustainability Financing Instruments.

Additionally, and in a strong commitment to sustainable finance, throughout 2021, Caixa Banco de Investimento, S.A., a Caixa Group entity, was involved in leading seven sustainable debt (ESG) operations, comprising green bonds and sustainability-linked bonds and commercial paper.

Million €	2021
Sustainable bonds	
Caixa	500
Green Bonds	
REN (Caixa Group acted as Joint Lead Manager & Bookrunner)	300
EDP (Caixa Group acted as Joint Lead Manager & Bookrunner)	1,250
Sustainability-Linked Commercial Paper	
Corticeira Amorim (Organisation and leadership of the Caixa Group)	20
Sustainability-Linked Bonds	
Mota-Engil (the Caixa Group acted as Joint Global Coordinator)	132

In 2021, Caixa Gestão de Ativos, S.A., a Caixa Group entity, reinforced its ambition to establish itself as a model in the practice of socially responsible investments. Its sphere of action is based on three main components, (i) Integration of ESG factors into investment processes, (ii) Engagement with target investment companies through the exercise of voting rights, and (iii) Engagement with companies that fall within the potential investment universe, fostering socially responsible investment.

Caixa Gestão de Ativos incorporates ESG criteria into its global assets, with an emphasis on the total amount of investment funds under management that promote social and/or environmental characteristics and comply with all the provisions of Caixa Gestão de Ativos's Socially Responsible Investment Policy.

Billion €	2021
Sustainable Funds that adopt ESG criteria	
Total funds managed by the Caixa Group that promote social and/or environmental features	6.46

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Independent Limited Assurance Report on the Sustainability Report

To the Board of Directors of
Caixa Geral de Depósitos, S.A.

Introduction

1. We have been engaged by the Board of Directors of Caixa Geral de Depósitos, S.A. to proceed with the independent review of the Sustainability Report 2021, included in the Annual Report 2021, hereinafter the "Sustainability Report", relating to the sustainability performance from 1 January to 31 December 2021.

Responsibilities

2. The Board of Directors is responsible for preparing the Sustainability Report 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. Procedures performed in a limited assurance engagement vary in timing and nature from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement 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 2021;
   - 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;
   - Review of the conformity of the information included in the Sustainability Report 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 and evidence obtained, nothing has come to our attention that causes us to believe that the information disclosed in the Sustainability Report, for the year ended 31 December 2021, is not free from relevant material misstatements. Additionally, nothing has come to our attention that causes us to believe that the Sustainability Report does not include the required data and information for a "In accordance – Core" option as defined by the GRI Standards and by the Article 508-G of the Portuguese Companies Act and paragraph r) of the article 245-A of the Securities Market Code.

Lisbon, 28 April 2022

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas (nº 178)
Represented by:

(signed)

Manuel Ladeiro de Carvalho Coelho da Mota - ROC nº 1410
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2021 ANNUAL REPORT

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