2022 ANNUAL REPORT

ALCÂNTARA BRANCH
Architect
Porfírio Pardal Monteiro . 1921

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 2022”. 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.

Index

1.

BOARD OF DIRECTORS REPORT

PONTE DE LIMA BRANCH
Architect
António Reis Camelo . 1946

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

2022 was another challenging year for us all. We had to collectively manage the pandemic's most perennial effects and the sudden effects on the global economy and, consequently, on the banking sector, of the start of the war in Ukraine triggered by the Russian invasion in February.

In addition to the humanitarian catastrophe and uncertainty created in terms of worldwide geopolitics, highly significant economic repercussions have been felt across the world, in contrast to the positive outlook existing at the beginning of the year, based on an easing of restrictions associated with the pandemic, resolution of global logistics constraints, high levels of private savings and the recovery of the labour market.

This new framework was responsible for continued upward revisions of inflation forecasts across the year, which negatively impacted household disposable income and led to widespread uncertainty that affected consumption and investment decisions. Another contributory factor was a rapid reversal of the interest rate cycle, which, as opposed to expectations at the start of the year, led them once again into positive territory. This had the effect of increasing economic constraints, although its effects on net interest income from banking activity were positive.

Caixa remained strong and resilient in such an environment owing to the dedication and commitment of its teams and the trust of its customers and other stakeholders. We continued to focus on developing solutions to meet our customers' needs while, at the same time, contributing to the economic and social support and development of the community.

We have, at the same time, operated on the basis of our commitment to an ethical approach, transparency and social responsibility in all activities, as agents of positive change in society, contributing to sustainable development and the wellbeing of all those with whom we are associated.

The year 2022 consolidated a period of positive developments for Caixa, resulting from the implementation of its 2021-2024 strategic plan and continuation of the bank's transformation cycle. The plan includes a clear strategy for the future, with the aim of providing solutions to meet the financial needs of Portuguese households and companies, investing in the excellence and simplicity of customer service and furthering a business model aligned with best practice in terms of profitability and environmental, social and governance sustainability, strengthening Caixa's leading position in the Portuguese market.

Our commercial dynamics on different fronts contributed to a €3.6 billion annual growth in our business revenue, fuelled by the growth of both credit and domestic and international resources.

The personal customers' sector, in Portugal, witnessed growth in the level of mortgage loans and the development of our new Crédito Expresso offer as the main driver of the sharp growth in consumer credit (up 42% over 2021). As an insurance broker, Caixa has boosted its offer of non-financial insurance, particularly in health and life insurance associated with mortgages. We have also strengthened our lead in the means of payment area with 4.6 million cards, surpassing the historic milestone of more than 3 million personal customers with a Caixa debit card. As regards companies, our continued support to the economy was, inter alia, reflected in a 10% growth of the SME credit portfolio. These results are based on a culture of risk and rigor in balance sheet management.

As leaders in the financial sector, we remain committed to providing customers with the most efficient, customised, innovative and technologically advanced solutions. To this end, we have invested in improving the efficiency of processes to deliver the fastest and safest banking experiences while maintaining high standards of service.

Caixa's digital transformation process has contributed to a significant increase in new active digital customers, to a group total of 2.9 million. There has also been growth in the number of users of the mobile channel, online sales and customers' levels of satisfaction and recommendation.

In 2022 we achieved a consolidated net profit of €843 million, involving a contribution of €193 million from our existing international entities – its highest ever amount. This result supports our proposal to pay the largest dividend in Caixa's history, for the amount of €352 million and continues to help repay taxpayers for their endeavours in terms of the recapitalisation process.

Caixa's results have also enabled it to continue to ensure the principle of adequate remuneration for its employees and safeguarding of conditions in the context of the pension fund whose liabilities were transferred to Caixa Geral de Aposentações at the beginning of 2023, based on the payment of financial compensation. This operation permitted a reduction of management-related risk levels in results and the balance sheet and brings Caixa's operating conditions more into line with those of its European peers.

Caixa continued to enjoy a robust capital position that is above the average of Portuguese and European banks with tier 1 and total ratios of 18.7% and 20.2%, respectively. This year witnessed a significant reduction of €624 million in non-performing assets, contributing, inter alia, to a further downward revision of the capital requirements established by the supervisor. The development of the business model supported by a solid capital position and the maintenance of ample liquidity, in compliance with the best risk management practices, contributed to an assessment by the supervisor which resulted in a new downward revision of future capital requirements.

Caixa has maintained a strong culture of social and environmental responsibility which is reflected in its business model and supported by its sustainability strategy for the period 2021-2024 that materialises Caixa's ambition to be the leader in terms of sustainable financing in Portugal, supporting the transition to a low carbon economy and in its funding of projects with a social impact on people's lives.

Financial products and services were developed in support of households and companies in terms of energy transition, efficient buildings and sustainable mobility across 2022. The importance of the ESG (Environmental, Social and Governance) rating in the lending process and approach to customers was reinforced and inclusive digital solutions, such as Caixa's digital assistant, developed. Finally, two "green" issuances were launched, which, together with the "sustainable" issuance of 2021, raised total ESG issuances to €1.3 billion.

In short, 2022 was a challenging year. The world economy has faced an unprecedented series of events, ranging from the global pandemic to the social and economic impacts caused by the war, which have generated volatility in the financial market. Notwithstanding these obstacles, Caixa has once again shown its adaptability and resilience in continuing to grow, innovate and transform, to meet the future challenges of sustainably.

We are proud of our financial results, our strong culture of social and environmental responsibility, our commitment to technology and innovation and promotion of a positive, stimulating work environment for all employees. We believe that these are the pillars upon which our present status is based and which can provide us with a future of continued success.

A bank's success, however, is not only measured in numbers. We believe that a bank's true strength lies in its capacity to have a positive impact on people's lives. It is on this premise that we undertake to continue to evolve. With the trust of our stakeholders and the dedication of our teams, we believe that we can face any challenge and turn goals into reality.

Together we will go even further.

GUIMARÃES BRANCH
Architects
António Lino . 1957
João Santos Jorge . 1980

1.2. Highlights in 2022

In 2022, business was further improved by CGD's continued implementation of its 2021-2024 strategic plan, in particular in four areas:

Leadership with strong dynamics in serving Families and Corporates

Business volume was up 2% by €3.6 billion over the end of 2021, evolving both in terms of credit (up €1 billion) and customer resources, on and off balance sheet (up €2.6 billion), driven by both domestic and international operations.

Customer deposits in Portugal were up 6% by €3.9 billion in 2022. Particular reference should be made to the corporate segment (up 10%), confirming customers' confidence in CGD. CGD also strengthened its lead of the unit trust investment funds segment, with a 2 p.p. increase in its market share to 37%.

Reference should be made to credit agreements in the corporate segment, with a market share of 16.5%. This particularly included loans to SMEs, which contributed to credit portfolio growth of 10% in this segment.

CGD led the market with more than €3 billion in mortgage agreements in terms of personal customer business in Portugal. Consumer credit, in 2022, was up 14% by €128 million. CGD's new Crédito Expresso offer, based on simplicity and rapid approval, continues to be the main driver of such strong growth.

CGD made a decisive contribution to digital inclusion in the means of payment business, with more than 3 million customers having debit cards. There were 2.2 million active digital banking customers at the end of December 2022, up 18% in terms of mobile users to 1.5 million. Sales on digital channels in terms of CGD's activity in Portugal totalled €80 million.

Historical levels of International results and Dividend

Caixa Geral de Depósitos group's consolidated net income was up 44.5% over 2021 to €843 million, comprising a return on equity (ROE) of 9.8%, which, compared to the average of ROE for the period 2011-2022 of -1.3%, evidences the consolidation of the recovery initiated in recent years.

In addition to the growth of credit portfolios, the evolution of the ECB's key reference rates fuelled a 44% increase of €429 million in net interest income, a large proportion of which comprised treasury operations in Portugal (up €172 million, including the impact of ECB's TLTRO programme) and international activity (up €119 million).

The overall contribution of international activity to the group's net income was up 44% over 2021 to €193 million, being the highest result ever of the international entities currently held.

According to the dividends policy, this result of €352 million was the largest dividend ever paid by CGD and continued to contribute to a better return on invested capital and to repaying the endeavours of taxpayers under the recapitalisation process.

The current cost-to-income ratio continued to decline steadily to 39.1%, with sustained efficiency levels and improved earnings.

Sustained improvement in Reputation and Capital Strength

The CGD brand was cross-recognized by several studies: as the banking brand with the greatest spontaneous notoriety, due to its Reputation which, since 2017, has maintained a rating higher than that of the banking sector in Portugal, and as the most attractive Brand to new customers for the third consecutive year.

The sustainability strategy for the 2021-2024 period embodies CGD's aim of being the leader in sustainable financing in Portugal, backing the transition to a low carbon economy and financing projects with a social impact on people's lives. Two operations with "green" characteristics were carried out which, together with the "sustainable" issuance of 2021, bring total ESG issuances to €1.3 billion as part of a continuous commitment to achieving sustainable financing objectives. CGD was subject to the SSM Climate Risk Stress Test 2022 conducted by the European Central Bank (ECB) involving a total of 104 banks, with CGD achieving an above-average overall score.

CGD continues to enjoy a strong capital position that is above the average of Portuguese and European banks. Its tier 1 and total ratios stood at 18.7% and 20.2%, respectively, including net profit, net of the maximum distributable amount according to the dividend payment ratio of the previous year.

The supervisor reduced capital requirements (Pillar 2) from 2.0% to 1.9% at the beginning of 2023 and for the second consecutive year. This reflected an improvement in the perception of risk attached to CGD.

The MREL ratio of 27.82% exceeded the requirement applicable starting 2024, resulting from the positive evolution of shareholders' equity and the two senior preferred debt issuances of €800 million in 2022 on international markets.

The rating assigned by the international agencies improved in 2022, reflecting a favorable evolution in their perception of Caixa's risk. Fitch Ratings raised Caixa's IDR and senior long-term preferred debt ratings from BB+ to BBB-, placing Caixa at investment grade level by the three international agencies that assign it rating. DBRS confirmed Caixa's rating at BBB, having revised the Trend from Negative to Positive and, already in January 2023, Moody's raised the deposit rating outlook to "Positive".

Significant reinforcement of Balance Sheet Quality

CGD continued to improve asset quality in 2022 with declines in its NPL ratio and good performance in terms of the recovery and reduction of assets for disposal. The NPL ratio was down to 2.4%, while the NPL ratio, net of total impairment, remained at 0%.

Non-performing assets decreased by €624 million, as a result of the reduction in exposure to restructuring funds, the sale of properties held for sale (which reached the lowest value since 2008) and the recovery of defaulted loans.

The recovery activity continued to show good results, with a €283 million decrease in stock in recovery. Portfolio evolution and recovery activity resulted in a negative 0.01% cost of credit risk. Reference should also be made to the 27% reduction in properties held-for-sale to €291 million in addition to a 53% decrease in exposure to restructuring funds to €205 million.

CGD transferred all pension fund liabilities to Caixa Geral de Aposentações in 2023, having extinguished and liquidated the fund and paid financial compensation for the liabilities transferred to it. This operation makes it possible to reduce the risks resulting from the volatility deriving from the size of the pension fund, nature of its assets and liabilities and the accounting and prudential treatment in the bank's profit and loss statement and balance sheet. It also represents a major step towards bringing CGD's operating conditions more into line with those of other banks in the context of the European market. The impacts on results and in equity, resulting from this transfer, were reflected in advance in the 2022 accounts.

CGD INDICATORS

(EUR million)

INCOME STATEMENT	Restated 2021	2022
Net interest income	979	1,408
Net fees and commissions	749	882
Non-interest income	562	606
Total operating income	1,741	2,304
Net operating income before Impairments	982	1,101
Net core operating Income before impairments (1)(2)	717	1,153
Net operating income	837	1,130
Net income	583	843
BALANCE SHEET		
Net assets	104,018	102,503
Cash and loans and advances to credit institutions	26,655	25,803
Securities investments	21,151	18,689
Loans and advances to customers (gross)	51,989	53,032
Loans and advances to customers (net)	49,701	50,778
Central banks' and credit institutions' resources	6,755	338
Customer resources	79,031	83,972
Debt securities and subordinated liabilities	2,908	2,487
Shareholders' equity	9,287	9,483
PROFIT AND EFFICIENCY RATIOS		
Gross return on equity - ROE (3) (4)	10.0%	12.7%
Net return on equity - ROE (4)	7.0%	9.8%
Gross return on assets - ROA (3) (4)	0.9%	1.1%
Net return on assets - ROA (4)	0.6%	0.9%
Total operating income / Average net assets (3) (4)	1.8%	2.2%
Employee costs / Total operating income (2)(3)	28.7%	21.8%
Cost-to-income BoP (3)	42.2%	51.1%
Recurrent cost-to-income (2) (3)	48.0%	39.1%
CREDIT QUALITY AND COVER LEVELS		
NPL ratio - EBA	2.8%	2.4%
NPL ratio (net)	0.0%	0.0%
NPE ratio - EBA	2.3%	2.1%
NPL coverage - EBA	107.8%	122.0%
NPE coverage - EBA	98.6%	107.8%
Cost of credit risk	0.08%	-0.01%

(1) Net core operating Income before impairments = Net interest income incl. income from equity investments + net fees and commissions - Operating Costs;(2) Excluding non-recurring costs; (3) Ratios defined by the Bank of Portugal (instruction 6/2018); (4) Considering average shareholders' equity and net asset values (13 observations).

STRUCTURE RATIOS	Restated 2021	2022
Loans & adv. customers (net) / Net assets	47.8%	49.5%
Loans & adv. customers (net) / Customer deposits (3)	63.0%	60.5%
SOLVENCY RATIOS (CRD IV/CRR)		
Common equity tier 1 (phased-in & fully implemented)	18.2%	18.7%
Tier 1 (phased-in & fully implemented)	18.2%	18.7%
Total *(phased-in & fully implemented)*	19.7%	20.2%
LEVERAGE AND LIQUIDITY RATIOS (CRD IV/CRR)		
Leverage ratio (fully implemented (5)(6)	7.3%	7.7%
Liquidity coverage ratio (5)(6)	357.0%	303.4%
Net stable funding ratio (5)(6)	164.6%	182.6%
BRANCH OFFICE NETWORK AND HUMAN RESOURCES		
Banking presences - CGD Group	927	891
Number of branches - CGD Portugal (7)	555	521
Number of employees - CGD Group (8)	11,471	11,178
Number of employees - CGD Portugal (8)	6,117	5,837
RATINGS (LONG/SHORT TERM)		
Moody's	Baa2/P-2	Baa2/P-2
FitchRatings	BB+/B	BBB-/F3
DBRS	BBB /R-2 (high)	BBB /R-2 (high)

(3) Ratios defined by the Bank of Portugal (instruction 6/2018); (5) Prudencial perimeter including Net Income deducted of the maximum distributable amount according to the dividend payment ratio of the previous year, except for September 2021; (6) Excluding AT1 issue called in March 2022; (7) In 2022, CGD closed 1 branch in the 1st half and 23 in the 2nd half. The reorganization of corporate offices resulted in a reduction of 3 corporate offices; (8) Employees of the banking activity.

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'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.

[1] 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.

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, at the same time as the appointment of its Board of Directors in 2021, corresponds to the "dualist" or "Anglo-Saxon" model structured in accordance with the dispositions of articles 278, no. 1 b) and 423-B of the Code of Commercial Companies (*CSC)* and article 3 of the Legal Regime of Audit Supervision (*RJSA)*. CGD's governance structure includes a Board of Directors and, in terms of supervision, an Audit Committee and an Statutory Audit Company.

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. With the election and entry into office of the management body of Caixa Geral de Depósitos, S.A. for the 2021-2024 mandate, the Board of Directors approved, on January 10, 2022, new instrument for the delegation of authority.

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.

Members of CGD's Board of Directors are elected under a shareholders' resolution, under an approved succession plan, for a period of 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.

Management's supervisory activity, 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 Audit Committee.

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 2022 in the form of 768,828,747 shares with a nominal value of €5.00 each. In March 2023, there was an increase in the share capital by incorporation of reserves in the amount of 681,570,760 euros, with the share capital now being 4,525,714,495 euros, represented by 905,142,899 shares, maintaining the same value name unchanged.

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)	58.8%
			B. Interatlântico (Cape Verde)	81.7%
			B. Com. Invest. (Mozambique)	63.3%
			Banco Caixa Geral (Angola)	51.0%
ASSET MANAGEMENT	Caixa Gestão de Ativos	100.0%		
	CGD Pensões	100.0%		
INVESTMENT BANKING AND VENTURE CAPITAL	Caixa Banco de Investimento	100.0%	A Promotora (Cape Verde)	45.8%
	Caixa Capital	100.0%		
AUXILIARY SERVICES	Caixa Serviços Partilhados	100.0%	Inmobiliaria Caixa Geral (Spain)	100.0%
	Caixa Imobiliário	100.0%	Imobci (Mozambique)	46.3%
OTHER PARTICIPATIONS	Caixa Participações, SGPS	100.0%		

In 2022 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 sale of ESEGUR that took place in July 2022, the acquisition of 11,687 shares in August, representing 11.69% of Banco Interatlântico, from a 70% stake to 81.687% of the bank's share capital, and in December the merger of the stake held in Caixa Banco de Investimento by Caixa Participações, followed by the compulsory acquisition of the shares still on the market (0.23%) with the latter being fully owned by CGD.

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

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 2022, comprised 891 banking presences, 36 fewer than in 2021.

CGD ended the year with 486 branches and Espaços Caixa, 6 self-service branches, 24 “corporate offices” and an additional 2 office extensions, 3 mobile units and one Caixa BI branch, coming to a total of 522 presences in Portugal and continuing to present itself as the largest distribution network of national retail banking, a position underlined by the significant reductions in the physical presence of several other banks. CGD provides 3,182 self-service equipment, including 677 items of equipment on its own network plus 2,505 Multibanco network ATMs.

BANKING BRANCHES OF CGD GROUP

	2021-12	2022-12
CGD (Portugal)	555	521
Branches with face-to-face service and CGD stores	510	486
Mobile branches	3	3
Self-service branches	13	6
Corporate offices and local extensions	29	26
Caixa - Banco de Investimento (Lisbon+Madrid)	2	2
France Branch	48	48
Banco Nacional Ultramarino (Macau)	21	19
Banco Comercial e de Investimentos (Mozambique)	210	211
Banco Interatlântico (Cape Verde)	9	9
Banco Comercial Atlântico (Cape Verde)	34	34
Banco Caixa Geral Brasil (Brazil)	1	1
Banco Caixa Geral Angola	33	32
Other CGD branch offices	14	14
Total	**927**	**891**
Representative offices	**11**	**11**

At the international level, the group had 369 branches at the end of 2022 and in order to position its international presence in geographies with a strong relationship with Portugal, promoting the products and services available at 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	**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	**Canada**	
		CGD – Representative Office	1
Africa			
Cape Verde		**São Tomé e Príncipe**	
Banco Comercial do Atlântico	34	Banco Intern. S. Tomé e Príncipe	12
Banco Interatlântico	9	**Mozambique**	
A Promotora	1	Banco Comercial e de Investimentos	211
Angola		**South Africa**	
Banco Caixa Geral Totta Angola	33	CGD – Representative Office	1
Asia			
China – Macau		**India**	
Banco Nacional Ultramarino,SA	18	CGD – Representative Office	2
BNU – Shangai Representative Office	1	**East Timor**	
		CGD – East Timor Branch	14

Human resources

The Group had 11,178 employees at 31 December 2022, 293 fewer than in December 2021 in line with the technological evolution of CGD and the banking market. Despite the net reduction registered, CGD retained its ability to renew and rejuvenate, having carried out, in Portugal, 129 hires in the year and 470 paid internships since the launch of the Caixa Geração Program in 2020.

			Change	
	2021-12	2022-12	Total	(%)
Banking operations (CGD Portugal) [(1)]	6,117	5,837	-280	-4.6%
Other [(2)]	5,354	5,341	-13	-0.2%
Total	**11,471**	**11,178**	**-293**	**-2.6%**

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

In Portugal, promotions were carried out involving 19% of the number of employees and the attribution of commercial incentives and a Performance and Potential Bonus was maintained, involving around 85% of the employees, which together represented 16.3 million euros in 2022. In December an extraordinary payment of 900 or 600 euros was attributed to employees with remuneration lower than 2,700 euros to mitigate the effects of the unexpected increase in inflation.

With the aim of increasing employee training, in 2022 CGD reinforced its investment in training which, in the last three years, has amounted to around €5 million.

	2020	2021	2022
Investment in Training	1,355,409 €	1,645,800 €	2,019,956 €

The 6th Fora da Caixa Meeting, an annual event that brings together employees from the commercial areas and central services of CGD and the Group, took place on March 2022 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 in face-to-face format, with more than 2,000 employees.

In maintaining its commitment to equality and non-discrimination, the Plan for Gender Equality in Caixa Group was updated, listing the level of achievement of the measures identified in 2021 and adding new initiatives aimed at strengthening the response in the various dimensions of the Plan. Also with the aim of mitigating differences and promoting initiatives leading to the progressive elimination of inequalities between women and men, the Report on Remuneration Paid to Women and Men identifying the differences in remuneration in the Group was published.

Caixa Brand

Brand

CGD monitors and analyses the evolution and trends of the main attributes and indicators provided by studies in Portugal − BrandScore, RepScore, Powerful Brand and The Banker − on the CGD brand and its status in the banking sector. Various studies, in 2022, award CGD highly positive scores in terms of reputation in the eyes of consumers who continue to recognise CGD as Portugal's benchmark bank.

According to the RepScore study, CGD was also the leading brand in terms of emotional reputation in the Portuguese financial sector, in 2022. The emotional aspect of reputation evaluates attributes such as admiration, relevance, preference and recommendation. The evolution of the evaluation of CGD brand's reputation has remained positive since 2017, outperforming the rest of the banking sector in Portugal.

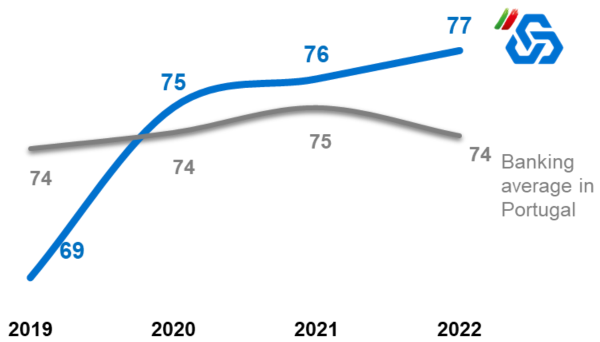
The CGD brand, in 2022, was once again awarded Powerful Brand status in the "Banks" category of the Marktest group's Powerful Brand - Brands with Value for the 2nd consecutive year. The Powerful Brand study measures the value of brands on the basis of KPIs (key performance Indicators) analysed in terms of brand innovation, sustainability and purpose.

In July 2022, the UK Banker magazine, from the Financial Times group, recognised CGD as the number 1 bank in Portugal in the TOP 1000 World Banks publication.

CGD was, once again the banking brand with the greatest appeal to new customers, in 2022, confirming the recognition of the CGD brand by those who are not, as yet, customers, as analysed by the BrandScore study of the Scopen consultancy company.

According to this study, the assessment of the Caixa Geral de Depósitos brand's reputation indicator remained highly positive in 2022, outperforming the banking sector average in Portugal. The indicator with the best evaluation, also in the banking context, is "Relevance", which translates the recognition of CGD in the Portuguese financial sector.

CAIXA'S REPUTATIONAL INDEX



Source: BrandScore 2022

Institutional Communication

Encontros Fora da Caixa (conference cycles) continued to be a meeting point between Caixa and civil society, in 2022, contributing to a collective vision of the country and strengthening the institution's ties with the business sector.

Topics related to current economic and business, regional and national issues were discussed and analysed at each conference in light of the European and global situation.

Caixa organised these discussions in nine nationwide locations in 2022 (Porto, Ilha do Pico, Sines, Vila Nova de Famalicão, Oeiras, Covilhã, Funchal, Figueira da Foz and Lisbon), attended by more than 3,500 guests in addition to live broadcasts and streaming transmissions of the respective content.

Each of these meetings also hosted cultural events, with music and poetry in the voice of Pedro Abrunhosa and Nicolau Santos. Such moments also gave rise to “disruptive" conversations with national reference personalities such as: Luís Marques Mendes, Francisco George, Rui Moreira, Luís Valente de Oliveira, or Francisco Simões.

Caixa’s presence across the year involved the participation of its executive board members at several institutional events related, inter alia, to financial sector, governance, ESG and innovation issues.

Also during the year, the usual press conferences were organized for the presentation of results, a unique opportunity to render accounts to society and clarify the most relevant aspects of the activity's development, framed in the market and economic context.

Commercial Communication

2022 began with the launch of the Crédito Expresso campaign, involving operations by Caixa in a territory in which it had not, as yet, been active, in the form of fast, personal loans, with a decision in 24 hours and accounts credited in 48 hours. This campaign, which adapted a well-known song by Deolinda: "If it has to be, let it be now," was one of Caixa’s most successful campaigns in the year according to the results of the Brandscore 2022 study.

With the aim of improving the communication of innovative solutions, this was followed, in February, by the launch of the "Digital Assistant" advertising campaign which publicised this pioneering solution in Portugal’s banking sector.

Reference should also be made, in the first six months, to the February announcement of the Caixa Social prizes disclosing information on this annual initiative that distinguishes and provides financial support to the work of entities operating in the third sector and the June launch of the PRR PT2030 campaign for corporate applications in respect of the financial incentives of this Caixa-backed programme.

CGD launched a series of sectoral campaigns in the second half year, targeted at companies (foreign trade, tourism, commerce and services and industry), in which it reaffirmed its supporting role in terms of financing the national business sector.

The Multicare Health Insurance and Retirement Savings Solutions campaigns were launched in November and December, to provide information on the health protection and retirement planning solutions marketed by CGD.

Support for culture

CGD’s mission letter, once again, stated that: "The mission of Caixa Geral de Depósitos is to create value for Portuguese society".

This value creation can not only be measured in numbers but can also involve investment in the community in which Caixa operates, with investment in Culture necessarily contributing to the construction of a better society.

Caixa increased the amount of its investment in culture, across 2022, in launching several innovative programmes and continuing or increasing investment in already existing projects.

Caixa supported, in 2022, the launch of works related to Management, Finance, Economy and Current Affairs, such as the book Strategic Autonomy and Economic Power: The Economy, by Vítor Bento, the Manual of Corporate Governance | Theory and Practice for Scholars, Executive and Non-Executive Directors by Duarte Pitta Ferraz and also the book «Impostos: Porquê e para quê?» by Paulo Marques and Joaquim Miranda Sarmento.

In partnership with the Institute of Economic, Financial and Tax Law – IDEFF, Caixa also promoted a cycle of 10 conferences "Thinking about the Economy: ten books, ten fundamental debates", under the scientific coordination of Prof. Doctor Eduardo Paz Ferreira, where the set of economic policy guidelines imposed by the implementation of the Recovery and Resilience Plan - PRR was debated, in light of the analysis of the authors of economics books published in recent years.

In addition to Culturgest's activity and programme, the central atrium of Caixa's headquarters building hosted three exhibitions. The exhibition of works from the Caixa Collection, the exhibition "People from Batalha", by António Barreto (curated by Ângela Camila Castelo-Branco), which sought to portray in black and white the magnificence of the Monastery of Batalha and the exhibition "Duarte Darmas – From Cálamo to Drone", by Santiago Macias, Director of the National Pantheon, who highlighted Duarte Darmas, a squire of the Royal House who, in the service of King D. Manuel I, in the early 16th century, surveyed the raianas fortifications.

Fundação Caixa Geral de Depósitos (Caixa Geral de Depósitos Foundation)

Caixa's support for the widest range of cultural activities has been publicly acknowledged. Reference should be made to its support for the Culturgest Foundation as a private foundation with the object of performing cultural, artistic and scientific activities.

The Culturgest Foundation has been granted "public utility" status owing to the merit of its not-for-profit activities.

Since opening its doors, the foundation has played a significant role in developing the artistic environment in city and country. It has accompanied the careers of stage directors and choreographers, creating new productions and presenting them to a diverse audience, has commissioned works from visual artists, sponsoring solo and group exhibitions, organising all kinds of music concerts and supporting and hosting the city's major film festivals.

This programme has been complemented by conferences and debates and a diversified range of workshops, guided tours, meetings and events for schools and families, at the service of the community in which it operates.

Caixa competition for young artists (1st edition)

The first competition for artists between the ages of 25 and 35 was held in 2022. This competition aims to acknowledge and stimulate the artistic production of young people in the visual arts field.

This initiative opens a new chapter in the history of Caixa's contemporary art collection, opening doors to younger generations with the aim of promoting its consolidation and qualification.

This competition included acquisitions of creations by six artists − Adriana Progranó, Dayana Lucas, Fernão Cruz, Igor Jesus, João Gabriel and Sara Mealha − whose works are now housed in the collection. The decision regarding the winners was made by the CGD collection's procurement committee chaired by Emílio Rui Vilar.

The Caixa Geral de Depósitos Foundation – Culturgest, as the CGD collection's management appointee, is also responsible for its procurement policy and the judicious implementation thereof pursuant to which it has made several acquisitions of relevance across the year.

Caixa in Culturgest

Another Caixa concert cycle was held at Culturgest, in 2022. This initiative aims to publicise Culturgest's activity to a wider audience.

This cycle seeks to support the best music in Portugal. This initiative comprised 6 concerts: Amália Hoje (2), Mariza, Sétima Legião (2) and Orquestra Geração, attended by around 3,000 spectators, enabling Caixa to reinforce its image as a promoter of culture.

Caixa's cultural programme

This programme developed from 2021 with the purpose of funding unequivocally high quality, distinctive, decentralising, creative projects that contribute to the country's cultural development. The objective of this programme is to provide financial support to artistic and cultural creation in the areas of theatre, dance, music, the visual arts, cinema, literature, performances, conferences and debates.

Caixa's cultural programme distinguished a set of eight initiatives, in two editions, in 2022:

- 10 Artists – Textile in Portuguese Art (Ideias Emergentes), an exhibition held under the aegis of Contextile 2022 - Bienal de Arte Têxtil Contemporânea.
- Bustrofédon (Arte no Tempo). This project includes the components of creation, a recital on the occasion of the opera's premiere to be held in the Teatro Aveirense.
- Ópera Express para Novos Encenadores (Ópera do Castelo) funding for the 3rd edition of the only Portuguese contemporary opera competition as part of Festival Operafest Lisboa 2022.
- Publication of 5 theatre booklets (Artistas Unidos), in partnership with the Cotovia publishing house, which publishes theatrical scripts by authors, often unpublished in Portugal.
- Creation of a musical programme − Capella Sanctae Crucis (Artway) − based on sixteenth century sources for Holy Week, from the now defunct Monastery of Santa Cruz de Coimbra.
- Creation of 15 mobile animation cinema workshops - Anima Vam (Amarela Mecãnica) in an endeavour to create a new space for reflection on the issue of migration, using animation cinema as a core tool.
- Publication of the catalogue of the As Bravas (PELE) exhibition with photographs of a group of elderly women from the Marão region taken by Paulo Pimenta.
- Production of a CD by Eixo do Jazz Ensemble (Eixo do Jazz), comprising musicians selected from residencies, with the objective of promoting and recording Portuguese and Galician jazz repertoires.

Prizes and Distinctions

The following prizes and distinctions related to CGD group's retail, digital banking and fund management activities were awarded in 2022:

- The Caixadirecta app's digital assistant won the Banking Tech Awards 2022, in the Best Use of AI - Intelligent Assistant category.
- CGD was distinguished with Powerful Brand 2022 status in the "Banks" category.
- ACEPI - Navegantes XXI prizes. CGD was the winner with its Caixa Lab space - innovation ecosystems, in the Best Strategy and Digital Transformation category.
- CGD is Portugal's leading bank according to the Top 1000 World Banks - The Banker 2022 review in terms of tier 1 capital, having retained its leading position, since 2020, in the Banker Magazine ranking, confirming its solid position in terms of tier 1 shareholders' equity.
- Contact centre in the World Global Top Ranking Performers Awards. CGD was, once again, the winner of the "Best Improvement Strategy", with remote management − Global Top Ranking Performers Awards 2022 in the EMEA – Europe, Middle East and Africa Region.
- IRGAwards distinguished CGD with a "Special Award", in recognition of the successful completion of its recapitalisation plan and the strengthening of CGD's leading position in the financial system.
- CGD is «Excellence in Transformation». This is a Salesforce award to companies that have excelled in implementing transformation strategies.
- CGD won the National Sustainability Award, in 2002, in the Sustainable Finance category as a distinction guaranteed by the first sustainable debt issuance by a Portuguese Bank.
- CGD was distinguished in the "Large Banks Category", by Marktest and CofinaMedia group's Powerful Brand initiative.
- CGD won the "Best Private Bank" and "Best Bank in Sustainability" awards by the BrandScore study, from the Scopen consultancy company.
- The DABOX app wins "5 Star Award" in the "Open Banking Apps" category with a higher rating in all criteria compared to the 2nd placed competitor having achieved an overall satisfaction rating of 78.4%.

- The CAIXA digital assistant wins the "Five Star Award", having achieved an overall satisfaction rating of 80.2%, in a study which considered the opinions of 2,096 consumers.

1.3.4. CGD Portugal – Commercial Activity and Digital Transformation

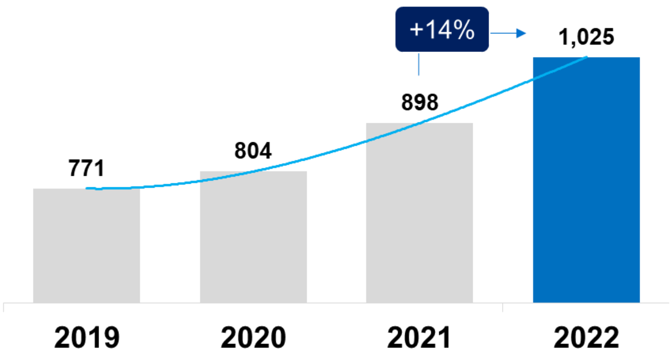
The retail network retained its commercial dynamics of 2022, particularly in terms of credit (real estate and business), investment products, health insurance and cards.

Caixa led in the field of mortgage lending having entered into agreements for more than €3 billion and achieving a portfolio of more than €25 billion which, notwithstanding the signs of a slowdown as a result of highly significant market changes, allowed it to consolidate its market share at around 24%.

The consumer credit portfolio was up 14% by €128 million in 2022 and agreements up by around 42%, in comparison to the preceding year. Its new Crédito Expresso offer, based on a user-friendly, fast approval approach, continues to spear this strong growth and improved profitability.

CONSUMER CREDIT

Million euros



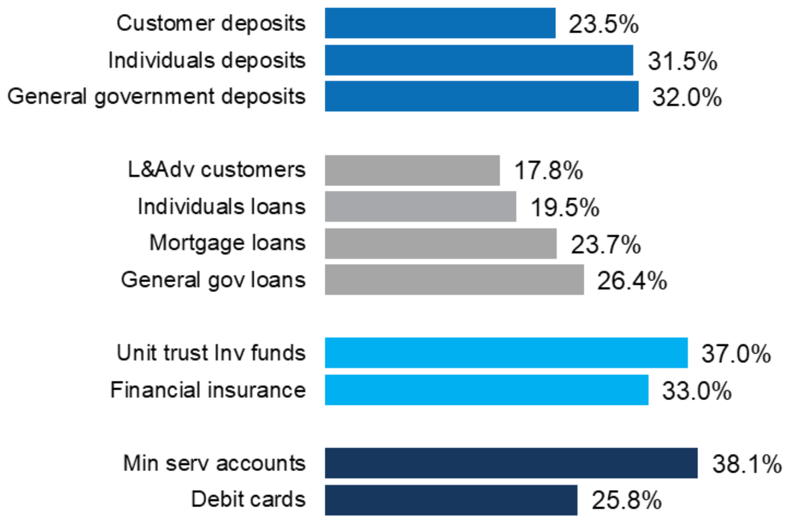
Includes Consumer credit, credit cards and others

Reference should be made to a market share of 16.5% in credit agreements for the corporate segment. Special reference should be made to credit to SMEs, which contributed to credit portfolio growth of 10% in this segment.

Reference should be made in business terms to an acceleration of global performance contributing to strengthening Caixa's status as a corporate bank. Support for micro and small enterprises has translated into around 10 thousand new customers.

A positive level of performance was achieved by such commissions-earning products as: Contas Caixa (Caixa accounts) with an additional 96 thousand active accounts in the case of personal customers (totalling 2.1 million accounts) and an additional 15 thousand Caixa Business corporate accounts; the acquiring service, with a 34% increase in commissions over 2021, with a 15% market share having been achieved in respect of automatic payment terminals; a highly favourable evolution in the case of credit cards and accelerating sales in terms of health insurance, leveraged by the Ofereça Saúde campaign.

MARKET SHARES - DECEMBER 2022



Source: CGD, Bank of Portugal and Portuguese Association of Insurance Companies (APS)

Personal customers

Personal customer management in 2022 continued to focus on the Caixa Platinum, Caixa Azul and mass market segments, with a particular concern in mitigating the economic and social consequences of rising inflation and evolution of interest rates. Reference should be made to the following measures for private customers:

- An exceptional, temporary scheme for the penalty-free redemption/reimbursement of retirement and savings plans for education (PPRs and PPR/Es);
- Support and oversight of personal borrowers in credit operations involving the acquisition or construction of permanent own housing, subject to a series of requirements.

In seeking to respond to the changes that have been occurring in the money market, Caixa launched its Depósito Pequeno Aforrador (small savers deposit) for its personal and self-employed business customers. This is a simple 1-year **non-renewable term deposit**, which enables early withdrawals. It also introduced its Depósito Caixa 15 Meses Não Renovável account as a simple 15 month term deposit account which does not permit withdrawals and which cannot be renewed. Caixa also increased its interest rates on term deposits in foreign currency.

With the aim of strengthening the level of its engagement with customers, Caixa has continued to adopt a strategy of strengthening **financial solutions** geared to meet different needs with various initiatives in different customer relationship areas such as: home purchases and projects (based on improvements and innovations in terms of mortgages and personal loans); day-to-day financial management (through Caixa Accounts, Caixadirecta and various initiatives related to easier access to Caixa); investing (promoting the launch of new investment products, such as life insurance, PPRs (retirement plans) and funds; safeguarding the future (by strengthening coverage and other healthcare innovations together with other non-financial solutions) and savings (adjustments to term deposits, savings accounts, funds and financial insurance). All of these initiatives were based on communication actions and the possibility of remote subscriptions/contracts which benefit from continuous functional improvements.

Caixa has increased its level of support for the **university segment** over the years, based on the following pillars: support for the academic community; knowledge promotion; promotion of access to higher education and economic-social and cultural responsibility. Forty six higher educational institutions benefited from a Caixa investment of €7.5 million under the Caixa IU - Polytechnics Institutes and Universities programme in 2022.

Caixa continued to provide a collection of **microcredit** solutions to combat poverty and social exclusion, based on lines of credit for entrepreneurship and own job creation, resulting from partnerships with CASES, IEFP (Institute of Employment and Professional Training) and the European Investment Fund. These partnerships help facilitate access to credit by a customer segment which is often a victim of social exclusion. These solutions particularly include the Microinvest, Investe+, Jovem Empreendedor (Young Entrepreneur) and Caixa Invest Social Projeto (social projects) lines of credit, which have helped encourage the creation of small businesses, which are crucial for the sustainable creation and maintenance of jobs.

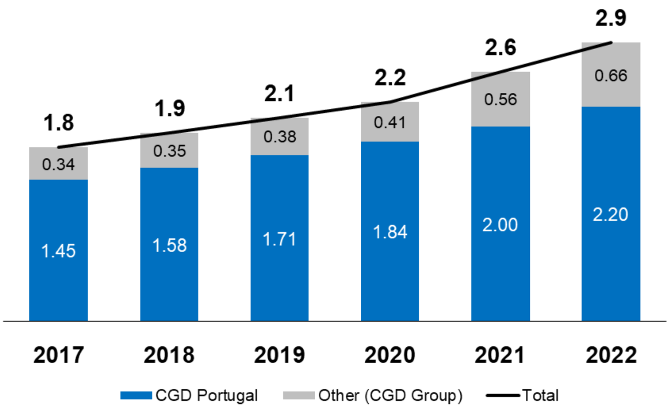
Caixa has been providing **minimum banking services** since 2000 following the three-party agreement entered into between Caixa, the government and the Bank of Portugal pursuant to the provisions of decree law 27-C/2000 of March 2000, with the objective of providing its customers with access to the banking system, notwithstanding their financial status. This service is currently for personal customers who only have one account in the banking system and includes, in addition to the maintenance and management of a current deposit account, access to the Caixadirecta service, a debit card and the following banking operations: deposits, withdrawals, payments of goods and services, direct debits and transfers. Caixa is the market leader with a share of 38.1%.

Digital banking

CGD consolidated its leadership as the digital bank of Portuguese citizens, in 2022, with significant growth in the number of active digital customers and its remote business.

ACTIVE DIGITAL CUSTOMERS

Million customers



CGD's domestic market total of 2.2 million **active digital personal** and corporate customers, comprised 65% of its customer base and growth of 8% over the same period last year. Reference should also be made to the increasing relevance of the 18% year-on-year growth of the mobile channel to 1.5 million personal and corporate customers.

The increase in the number of digital customers helped to increase the proportion of online sales to 80% (up 7% year-on-year). It also improved satisfaction levels and recommendations of digital channels. According to the BrandScore 4Q 2022 study, 58% of customers recommend CGD channels.

Throughout the year, innovation was placed at the heart of customer service. This proved to be essential to ensure greater satisfaction with the service, generating more accesses and more business. Caixadirecta had more than 275 million accesses in December, with the app accounting for 85% of logins.

The **total number** of 84 million **operations** was also significantly up by 12% over the same period last year. The contact centre which, since 2021, has been equipped with a virtual assistant to ensure a more efficient customer service, recorded high average levels of satisfaction.

The digital business, which has evolved significantly since CGD embarked upon its transformation programme, has seen strong growth in subscriptions for such online products as Crédito Pessoal Expresso, with more than 6,000 subscriptions, non-financial insurance with around 7,000 subscriptions and the opening of financial assets accounts with growth of 44%. In the corporate segment, reference should be made to the 110% growth of short term loans and 22% growth of factoring and confirming operations.

The **Caixadirecta app** with its strong innovation component focusing on customer needs, continues to be the Portuguese banking app with the highest number of users and the largest number of reviews in app stores. This solution's various innovations in the last quarter of the year, particularly include, inter alia, the

Multicare insurance simulator, online subscriptions for PPR Evoluir (retirement plans) and a new feature allowing users to place orders for non-financial products.

The **digital assistant**, as a benchmark solution in the national banking sector, not only on account of its transactional component but also as an inclusive solution, registered an accumulated annual total of 3.6 million accesses. In comparison to the same period, the number of consultations using the assistant was up by 34% and the number of transactions by 93%. This not only shows the usefulness of the voice service but also the confidence of users, who can now use the assistant to apply for credit cards.

DABOX continues to be the leading **open banking** app in Portugal, with a market share of 34% (according to the SIBS API Market data for 4Q 2022). It now permits views of balances and movements on the Caixa Break card.

In the corporate segment Caixa has increased the number of **Caixadirecta Empresas** features, increasing the speed of execution of operations and access to immediate liquidity. Special reference should be made to: factoring & confirming and trade finance operations on digital channels, particularly export and import financing (Finex) for corporate customers with defined contractual limits; applications for and simulations of short term credit; provision of accounting documentation and factoring lists; receipt of financial elements; requests for digital fingerprints on login and point of sales (POS) digital documents sent by email and secure messaging systems.

Corporate

New segmentation model: more services and greater proximity

In order to ensure greater proximity and consolidate its position, Caixa has reviewed its corporate segmentation model to include companies invoicing more than €3 million in its specialised SME service, with a dedicated account manager and service in special, reserved areas in a Caixa Empresas corporate office space, for around 5,000 companies with growth potential.

Within this new segmentation and to provide corporate network account managers with a more assertive business approach prioritisation model, a new cluster-based model for identifying high potential customers was introduced with the aim of treating different customers in different ways, i.e. companies with the potential to increase product penetration and/or obtain credit.

This new commercial approach has qualified 100% of the corporate database and was developed using propensity modelling with advanced analysis techniques, complemented by a pre-approved credit risk rating and sectoral fact sheets to support commercial activity which has made it possible to achieve certified efficiency rates in terms of best industry practice.

Reference should also be made to the strengthening of the geographical coverage of CGD’s corporate network in the interior of the country with the opening of the Covilhã office, providing better service to the districts of Guarda and Castelo Branco. The corporate network accordingly now comprises a total of 24 offices and 2 extensions for SMEs.

Caixa also reinforced the oversight of its corporate segment (companies invoicing up to €3 million) in 2022, not only in terms of numbers of customers (with an additional 32 thousand now benefiting from the specialised oversight of a Caixa Negócios manager) but also in terms of their nationwide presence in markets with the highest potential, allowing more customers to benefit from the availability of specialised oversight services.

Presence in the day-to-day affairs of companies: treasury and means of payment solutions

To support companies in the context of a sharp growth in their working capital needs across 2022, Caixa has provided a series of treasury and means of payment solutions which particularly include its Flexcash electronic platform for treasury management purposes (having already underwritten an amount of more than €2,400 billion since launch), trade finance products for Portuguese companies’ exports and imports, which acknowledge Caixa as a supporting partner in their international business and non-financial corporate insurance with various areas of coverage, such as group healthcare and life insurance, multi-risk insurance, freight insurance and motor insurance.

More than 15 thousand Caixa Business accounts were also opened and benefited from the launch of Caixa’s corporate account. Caixa’s acquiring service continued along a growth trajectory in its transaction values across 2022, achieving a market share of 15% at the end of 2022. There was a recovery of in-person payments of around 30.2% and growth of 62.6% in online payments, in comparison to 2021.

Investment support

In the investment solutions component and notwithstanding such a challenging context, companies continued to invest and Caixa continued to support them. Caixa provided a collection of financing solutions in this area in 2022, of which special reference should be made to the following:

- Caixa EIB line of credit 2021 to meet the investment needs of mid caps, large corporates and public sector entities with links to the health sector;
- Caixa EIF lines of credit, particularly including Start II, to support the transformation of new companies (medium/long term with an EIF guarantee and the Caixa Invest Green Land line of credit in support of environmental sustainability (medium/long term and leasing) under which Caixa has funded more than 16,000 projects, over the last three years;
- Tourism support 2021 line of credit aimed at strengthening working capital and boosting investments in the sector;
- Production support mutual guarantee lines of credit to fund working capital needs resulting from rising raw material and energy costs and disruption in supply chains;
- Investment banking for SME segment customers to identify and provide investment solutions to support the growth of companies in this segment.

Caixa, as a Portuguese state-owned bank and benchmark institution, has also played a proactive market role in its sales of European Funds through its Caixa PRR/Portugal 2030 offer. The integrated offer of European funds, in which Caixa operates side-by-side with its customers at all stages of the lifecycle of applications and business projects, includes:

- two innovative products: advances of approved incentives of up to 100% of the non-refundable incentive and medium/long term Caixa Flex funding, as an exclusive product for companies with PRR/PT2030 applications and Caixa TOP customers;
- Caixa's PRR/ PT 2030 platform, which enables companies to obtain information on European funds, open calls and Caixa's respective offer;
- a collection of consultancy partners with nationwide coverage specialising in the submission and management of applications to these programmes.

The PME Líder (leadings SMEs) 2021 programme distinguished 11,221 companies of which 3,774 benefiting from Caixa support (up 19% over to the preceding year). In the case of PME Excelência 2021, IAPMEI (institute for small and medium-sized enterprises) distinguished 3,881 companies of which 1,074 funded by Caixa (up 40% over 2020).

In 2022 Caixa also continued to promote its Caixa TOP recognition and partnerships programme, which provides benefit to companies selected by Caixa in the exports and more dynamic sectors of the economy, in addition to PME Líder, 500 largest companies and 1000 best SMEs.

Sustainable financing: en route to transition

Major steps were taken, in 2022, to increase the integration of the ESG focus in Caixa's corporate funding strategy, with agreements for €640 million in "green" lines of credit, leasing and renting of "green" vehicles (hybrid or electric) and corporate bond issuances and ESG commercial paper programmes, differentiated by price for companies with the highest ESG ratings.

Based on a comprehensive collection of sustainability initiatives, Caixa has provided its corporate customers with the following ESG solutions:

- The organisation and sale of corporate bond issuances (green bonds) and ESG commercial paper programmes;

- The CAIXA/EDP solar solution in which Caixa finances the acquisition/servicing of photovoltaic solar panels for the corporate market, SMEs and large companies in all sectors (financing more than 20,000 solar panels and achieving a reduction of more than 2,000 metric tonnes CO_2/year);
- Electric and hybrid vehicle financing campaigns, with increases of 45% in car leasing agreements;
- Financing of investments leading to decarbonisation and energy efficiency.

Reference should, herein, be made to the fact that Caixa is the first bank in Portugal with an ESG rating model for its corporate segment customers in all sectors of activity, actively helping companies to improve their ESG indicators and continuing to indicate this rating in its corporate portfolio.

Results (highlights)

The various initiatives taken in the corporate segment in 2022 have achieved the following:

- A 10% growth of credit stock with SMEs, higher than other banks in the market;
- Record amounts of medium/long term credit and factoring & confirming for SMEs and large enterprises;
- Strong growth in sales of core products in the segment, namely non-financial insurance (up 30%) and bank guarantees (up 10%);
- Growth of 33% in Flexcash platform operations, evidencing companies' growing use of digital channels;
- Strengthening of Caixa's leadership in terms of equipment leasing, demonstrating its commitment to backing companies' productive investments.

1.4. Activity and Financial Information

1.4.1. Economic-financial framework

Global economic evolution

Global economic activity, in 2022, continued to recover from the unprecedented contraction experienced in 2020. The situation was, however, in marked contrast to the more optimistic prospects envisaged at the beginning of the year, based on the reduction of pandemic-related restrictions and its positive respective impacts in eliminating constraints on goods supply chains, in addition to the high levels of private savings and labour market recovery.

Economic growth, which decelerated sharply, particularly from the second quarter of the year, was negatively affected by three major factors. Firstly, by the return of geopolitics to the series of risks and factors shaping not only sentiment, but also the decisions of various economic actors. Particular reference should be made, herein, to the outbreak of war in Ukraine triggered by the Russian military invasion in February, which has since overshadowed the European and world order. Secondly, by the unexpected magnitude of the reduction in the rate of growth not only of the US but also of the Chinese economy. Lastly, on account of the brutal increase in the cost of living caused by a sharp acceleration in the growth of overall price levels, which forced central banks to gradually accelerate the rate of normalisation of monetary conditions across the year as a whole and particularly in the case of the developed economies.

There was a sharp increase in inflation in 2022, at double-digit year-on-year levels, even in the main economies. The increase largely reflected significant adjustments to the prices of energy raw materials and food products carried over from the previous year, in a context in which constraints on the supply capacity of companies to meet the level of demand for goods remained high. The depreciation of the currencies of several emerging countries added to the strong pressure on the prices of imported goods.

Global economic growth decelerated across the year. According to the International Monetary Fund's (IMF's) most recent estimates GDP growth of 3.4% in 2022 was much lower than the preceding year's 6.2% and the projections advanced a year earlier. Growth moderation was registered in both the developed and emerging and developing blocs, at rates of 2.7% and 3.9%, respectively, in comparison to the preceding year's 5.4% and 6.7%.

In the United States of America, GDP was up 2.1% in real terms in 2022, in this case in agreement with the early estimate of the Bureau of Economic Analysis. With the exclusion of 2020, this increase, following the preceding years close to 6.0 pp was the smallest since 2011. This performance reflected a sharp reduction in the domestic demand component, particularly public consumption and the private consumption of consumer durables. Notwithstanding a continuation of favourable labour market dynamics in which unemployment remained historically low (returning to a level of 3.5% at the end of the year, its lowest of the last five decades), the negative growth of real wages, accompanied by a depreciation of financial assets, dictated a considerable drop in consumer confidence.

In Japan, estimated GDP growth in the eyes of the IMF returned to a level of close to 1 pp after achieving a higher growth rate in 2021 for the first time in a decade. The worldwide inflation shock has affected the Japanese economy, this time with an acceleration of consumer price growth, particularly owing to energy-related components and, to a lesser extent, food. The year-on-year change in the national index towards the end of the year was close to 4 pp, an event that had not been witnessed for over ten years.

EUROPEAN UNION AND EURO AREA ECONOMIC INDICATORS

(%)

	European Union		Euro Area	
	2021	2022	2021	2022
Gross domestic product (GDP) - Change Rate	**5.4%**	**3.5%**	**5.3%**	**3.5%**
Private consumption	4.0%	4.0%	3.7%	4.3%
Public consumption	4.1%	0.9%	4.3%	1.1%
Gross Fixed Capital Formation	3.8%	4.0%	3.8%	3.7%
Domestic demand	4.6%	3.7%	4.2%	3.7%
Exports	10.6%	7.0%	10.6%	7.0%
Imports	9.1%	7.8%	8.4%	7.9%
Inflation rate (HICP)	**2.7%**	**8.9%**	**2.6%**	**8.4%**
Ratios				(%)
Unemployment rate	7.4%	6.7%	7.7%	6.7%
General government deficit (as a % of GDP) [(a)]	-4.6%	-3.4%	-5.1%	-3.5%

Source: Eurostat

(a) European Commission: Autumn 2022 forecast (November 2022)

There was also a substantial moderation of economic growth in the euro area across 2022. In a year marked by the launch of the ambitious *NextGenerationEU* programme, whose first appropriations were distributed in 2021, the growth of activity in the region was particularly affected by the crisis related to price increases and scarcity of energy sources. The euro area, together with its other European Union partners was among the most vulnerable regions owing both to geographical proximity and to a high level of reliance on imports of fossil fuel and food from the regions in which the armed conflict continues to take place. The euro area's GDP that, according to Eurostat, was up 3.5% in real terms in comparison to 5.3% in 2021, was more than 2 pp up over the level observed immediately before the outbreak of the pandemic at the end of 2022.

Economic growth has benefited from the positive contribution of domestic demand, particularly owing to the major role played by tourism and other intensive contact activities linked to the service sectors in most member states.

Also taking into account European Commission forecasts for winter 2023, all euro area member states except for Estonia achieved positive, significant GDP growth rates, albeit lower than those of 2021. Particular reference should be made to Portugal, whose annual growth of 6.7% was supplanted only by Ireland's 12.2%. This was offset by the less favourable performances which, in addition to the referred to Baltic state, were observed in Germany, Latvia and Slovakia, with GDP growth of no more than 1.8% in the first two cases and 1.5% in the latter case.

Notwithstanding the slowdown in activity and heightened levels of global uncertainty, the labour market continued to pick up in 2022. In an environment of labour shortages, given the limited growth of the workforce, the percentage of companies reporting difficulties in hiring skilled employees continued to be high in various sectors. Unemployment continued to decline across the year, to successive lows in a market considered to be very close to full employment. Overall, the euro area's average annual unemployment rate stood at 6.7%, in comparison to 7.7% in 2021.

Inflation in the euro area, as measured by the change in the harmonised index of consumer prices (HICP), again increased more rapidly and persistently than expected, to an annual rate of 8.4% against 2.6% in 2021. This was the highest rate ever recorded since the official introduction of the euro and exceeded the European Central Bank's (ECB's) reference rate for the second successive year. The increase in inflation that, close to year-end, reached levels that had not been observed for three decades, was fuelled by the recovery of domestic demand, supply chain constraints and subsequent hikes in energy and food prices following the outbreak of the conflict in Ukraine. Excluding food and energy, consumer prices were up 3.9% in 2022, against 1.5% in 2021.

There was also sharp moderation in the rate of growth of economic activity in the emerging bloc, mainly owing to a cooling Chinese economy, whose growth, according to the IMF's publication of its latest estimates in its World Economic Outlook (WEO) last January, only slightly exceeded that of the global economy for the first time in many decades. Contracting activity in second quarter 2022, was affected both by the blockages deriving from the rigorous policy of restrictions on mobility related to Covid-19 and the deceleration of investment in the real estate sector. Economic growth in Latin American commodities exporting countries remained relatively high, benefiting from higher prices and the normalisation of activity in intensive contact sectors. Growth in several emerging Asian economies slowed in sync with the slower rate of expansion in China, whereas, in turn, eastern European economies were particularly affected by the war in Ukraine owing to their greater reliance on energy imports from the Russian Federation and contingencies associated with the conflict's physical proximity.

ECONOMIC INDICATORS

(%)

	GDP Change rate		Inflation Change rate		Unemployment	
	2021	2022	2021	2022	2021	2022
European Union	**5.4%**	**3.5%**	**2.7%**	**8.9%**	**7.4%**	**6.7%**
Euro Area	5.3%	3.5%	2.6%	8.4%	7.7%	6.7%
Portugal	**5.5%**	**6.7%**	**0.9%**	**8.1%**	**6.6%**	**6.0%**
Germany	2.6%	1.8%	3.2%	8.6%	5.7%	5.3%
France	6.8%	2.6%	2.1%	5.9%	7.9%	7.3%
Spain	5.5%	5.5%	3.0%	8.3%	14.8%	12.9%
Italy	7.0%	3.7%	2.0%	8.7%	9.5%	8.1%
United Kingdom	**7.6%**	**4.0%**	**2.6%**	**9.1%**	**4.6%**	**3.7%**
USA	**5.9%**	**2.1%**	**4.7%**	**8.0%**	**5.4%**	**3.6%**
Japan	**2.3%**	**1.1%**	**-0.3%**	**2.5%**	**2.8%**	**2.6%**
Russia	**5.6%**	**-2.1%**	**6.7%**	**13.8%**	**4.8%**	**3.9%**
China [(a)]	**8.4%**	**3.0%**	**0.9%**	**2.0%**	**5.1%**	**5.6%**
India	**9.1%**	**7.0%**	**5.1%**	**6.7%**	**n.a.**	**n.a.**
Brazil	**5.2%**	**2.9%**	**8.3%**	**9.3%**	**13.5%**	**9.3%**

Sources: Eurostat, ONS, BEA, BLS, Statistics Bureau of Japan, Rosstat, NBS, Indiastat, IBGE
(a) FMI (World Economic Outlook - october 2022 for unemployment rate in 2022)
n.a. – not available

More specifically, China's economy slowed considerably in 2022. According to the National Bureau of Statistics GDP growth was no more than 3.0%, in comparison to 8.4% in 2021, which, excluding 2020, was the lowest since 1976. This result also failed to meet the government's 5% target for last year for the first time. In addition to having been affected by the announcement of strategic measures to deal with the pandemic and real estate crisis, household consumption remained subdued owing to lower levels of consumer confidence, higher levels of savings, a reduction in the growth of disposable income and a tighter labour market. Unemployment was up across the year as a whole to an average annual rate of 5.6%. Lastly, investment in the sector was affected by the referred to worsening of the situation in the real estate sector owing to a reduction of fiscal policy support measures.

Latin America's growth of 3.9% was around half of that of the previous year (7.0%) with all economies in the region posting an expansion of economic activity. Eastern Europe, badly affected by the conflict in Ukraine, found itself close to stagnation, according to IMF estimates, largely owing to a contraction of activity in both Russia and Ukraine. In the case of the former, the economy, affected by financial and technological sanctions aimed at pressuring the country to declare an end to hostilities, was down 2.1%, according to the federal statistics service. This result was much less negative than the predictions in the weeks immediately following the military invasion of Ukraine. In the latter case, the conflict since February has not only caused enormous human suffering, owing to the number of deaths, wounded and displacement of millions of people, but also massive losses of fixed capital in infrastructures, resulting in a drop in activity that according to the IMF amounted to 35.0% at the time of the World Economic Outlook's (WEO) disclosure in October 2022.

As opposed to previous years, growth of 3.8% in Sub-Saharan Africa was in line with the rest of the world, albeit still down over the preceding year, in this case by slightly less than one percentage point (4.7% in

2021). Among the major emerging countries, reference should, once again, be made to India's economy that according to the IMF, achieved a considerable rate of growth of around 6.8%, albeit down from 8.7% in 2021.

The impact of the Covid-19 pandemic in Angola, continued to wane in 2022. Angola's economy registered a second consecutive year of expansion, this time by 2.9% in comparison to 0.8% in 2021, according to the IMF's WEO of October 2022, having benefited from the increase of oil prices. The non-oil sector has also shown signs of recovery. In a continent badly affected by rising inflation, Angola was an exception to be noted, as the annual growth in prices, although still high, recorded a significant reduction from around 27% to 14%, largely due to the effect of the relevant appreciation of the national currency, the kwanza.

In Mozambique, following GDP contraction of 1.2% in 2020 (the first in 30 years) and growth of 2.3% in 2021, the rate of expansion of economic activity accelerated in 2022 to 3.7%, the best result in five years and in which a significant contribution was made by the total lifting of Covid-19 restrictions from July onwards. In terms of price growth, inflation rose to double digits (10.3% in comparison to 6.4%), driven by international fuel and food prices in addition to the tropical storms which affected domestic food supply, particularly in the second quarter. Reference should also be made, at year-end, to the completion of the first review of the agreement between the IMF and Mozambique on an extended credit facility (ECF) programme that aims to support economic recovery and reduce public debt and funding vulnerabilities.

Cape Verde's economy continued to recover from the effects of the Covid-19 pandemic. In 2022, the IMF's executive board approved a 36 month agreement under the aegis of the ECF for Cape Verde for an amount equivalent to around $60 million to help offset funding gaps, together with ongoing funding support from the country's development partners. Following contraction of almost 15% in 2020, the economy grew 7% in the following year and accelerated considerably in 2022, particularly during the first half (with an average year-on-year change of 17.4%) benefiting from the sharp increase in the number of tourists. Economic activity also benefited from credit growth.

Economic activity in Macau was heavily constrained by the measures imposed by the Chinese authorities owing to the restrictions associated with its zero-Covid policy. Major health control constraints related to visitor arrivals had a particularly negative impact on an economy that is highly reliant on tourism. Macau had 5.7 million visitors in 2022, down 26.0% over last year. According to the statistics and census service division, this resulted in a 26.8% contraction of GDP, following a recovery of 19.3% in the previous year. This is still at a level well below 2019, to be precise, at around 60%.

The decisions of central banks were once again decisive factors in the evolution of the global economy and financial markets, as in previous years, although this time they were highly restrictive and, in several cases such as the case of the ECB, marked by a cumulative increase in interest rates in the space of just one unprecedented year.

The sharp and significant increase in inflationary pressures contributed to a decisive change in the level and, as a result, trajectory of several public finances-related variables. Over the short term the referred to tensions favour variables related to fiscal balances taking into account the benefits in terms of tax revenue, particularly those obtained from indirect taxes. The size of fiscal deficits, in 2022, was down again and even more sharply than in the previous year, as in the developed bloc, although they remained above their pre-pandemic levels in all regions. In comparison to 2019, the largest deficits in advanced economies still reflect higher levels of public expenditure than at the time in question, partly owing to responses to food and, particularly, energy crises, whereas, in emerging economies this mainly derives from the fact that government revenues have still to recover. China was an exception, with the IMF in the latest edition of its Fiscal Monitor published in October having estimated that the public fiscal balance has increased, in line with slowing growth and a continuation of very low inflation. As an exception, several oil and natural gas exporting countries achieved budget surpluses owing to the sharp hikes in commodity prices across much of the year. Similarly, the IMF has also estimated that in global terms, the level of public debt has remained above 90% of GDP (more than 100% for the third consecutive year in the case of the developed economies) and around 7.5 percentage points higher than before the pandemic.

Economic expansion has continued to fuel fresh demand for labour in most sectors of activity. Supply, on the other hand, has also been quick to respond, although the labour market participation rate in the case of developed economies, has remained at lower levels than before the pandemic. This has, accordingly, prolonged the imbalance between demand and supply, which has, on the one hand, contributed to further reductions in unemployment levels and, on the other, to an increase of pressure on wages, with the respective income, both in industry and in services, continuing to trend to pre-pandemic values. Notwithstanding the above, the fact that nominal wage growth has not fully kept pace with inflation, has, in several regions, entailed a sharp contraction of real growth that has particularly affected purchasing power and the well-being of households with more limited resources.

Economic activity, in 2022, remained conditioned by other risk areas, several of which arising in the previous year. This, once again, particularly included difficulties in goods production and supply chains, albeit decreasing, not only related to final consumer goods, but also to intermediate goods used in production processes.

A new focus of risk, as the main economic issue of 2022, was the beginning of the monetary policy normalisation process comprising the withdrawal of monetary *stimuli* in developed economies, which had remained in place at the beginning of the year, owing to the significant acceleration in terms of the growth of prices. With a decrease in inflation considered to be fundamental for the recovery of household purchasing power, investors and analysts consider that the triggering of the referred to process has made an inevitable and considerable contribution to the increasing short term likelihood of a recession across the year as a whole, both in the US and in Europe.

European Central Bank

The ECB adopted several measures to make monetary policy less expansionary, in 2022, gradually accelerating the rate of normalisation of monetary conditions across the year on the basis of inflation levels that had not been observed since 1992. Such measures particularly included the first key interest rate increase since 2011. In less than six months, the central bank announced a cumulative increase of 250 bps in interest rates that, in previous rate increase cycles, took at least eighteen months to implement. At the end of the year, the marginal lending facility, the main refinancing operations and the deposit facility rates were set at 2.75%, 2.50% and 2.00%, respectively.

As regards the quantitative easing programmes still in place, the ECB also took decisions to reverse accommodative monetary policy guidelines. In March, it closed the PEPP - Pandemic Emergency Purchase Programme and although, in the same month, announcing a monthly reduction schedule for the rate of securities purchases under the APP - Asset Purchase Programme, three months later the governing council decided to terminate all net acquisitions from the beginning of the second half year. Also as regards this programme, during the governing council meeting in December, the ECB announced that from March 2023, its size would begin to decrease based on the non-reinvestment of the principal on outstanding bonds. At the end of last year, the central bank anticipated an average decrease of €15 billion per month up until the end of second quarter 2023, from which time the subsequent rate would be reviewed in line with market conditions.

In October, with the aim of bringing the remuneration on the mandatory minimum reserve requirements held by credit institutions with the Eurosystem more into line with money market conditions, the ECB’s governing council decided that minimum reserves would be remunerated at the interest rate on the deposit facility instead of the main refinancing rate.

In addition to these decisions, the ECB’s governing council has, across the year, been paying greater attention to the effects that monetary policy adjustments, either by reducing the size of its balance sheet or by raising key interest rates, could begin to have, not only on the evolution of yield spreads on sovereign debt between member states, but also on the risks of financial fragmentation in the region.

In this context, the ECB’s governing council, in July, formally approved the creation of the *Transmission Protection Instrument* (TPI) precisely owing to the sharp increase in sovereign yield spreads and funding costs at the time, given expectations of short-term increases in base rates. The creation of the TPI was presented as being fundamental for ensuring the effective and uniform transmission of monetary policy across all euro area member countries, with the ECB having stated that it will use this instrument whenever considered necessary to counter disorderly, unjustified and potentially serious dynamics in debt markets based on the acquisition of sovereign bonds or securities issued by public agencies or regional governments. It was decided that the net volume of asset purchases will be based on future risks without any restriction prior to implementation.

Lastly and close to the end of the year, the ECB´s governing council also decided to amend the conditions attached to the third series of longer term refinancing operations (TLTRO III) in order to ensure consistency with the broader process of monetary policy normalisation and to restore price stability over the medium term. Starting at the end of November 2022 and up to the maturity or early repayment date of each operation in progress, the interest rate on these operations shall be indexed to the ECB’s applicable average base rates during this period.

Other Central Banks

With regard to the actions of G4 central banks, the board of governors of the Federal Reserve (Fed) began to adjust monetary policy accommodation levels earlier and more sharply. Reference should be made to a cycle of increases in the Fed Funds rate in 2022, totalling 425 bps, for a range of between 4.25% - 4.50% at the end of December, the highest since the end of 2007.

In 2022, the Federal Reserve also initiated an unconventional measures reversal process. The US central bank announced its plan to reduce the amounts of portfolio debt assets in the first few days of May. The members of the board of governors agreed on monthly limits for the non-reinvestment of government treasury bonds and mortgage-backed securities (commonly referred to as MBSs) of $30 billion and $17.5 billion per month, between June and September, latterly admitting an increase of these amounts in the following months to $60 billion and $35 billion per month. The US central bank's balance sheet which accounted for 37.4% of GDP at the end of 2021, was down to 33.6% in December 2022.

Other central banks in developed and emerging economies also made financial conditions less expansionary across 2022. The Bank of England, which had already begun work on a cycle of base rate hikes in December 2021, accelerated the rate of normalisation over the past year in the form of eight base rate increases which were also more significant across the second half of the year in response to the sharp increases in the growth of prices, to 325 bps, with the rate being set at 3.50% at the end of December. The central bank has also started to reduce the size of its quantitative easing programme after attaining a maximum amount of £895 billion, in two ways: (i) letting some of their sovereign bonds (Gilts) mature and (ii) disposing off a part of its portfolio securities.

In other developed bloc countries, reference should also be made to the performance of the Bank of Canada which announced seven increases in its policy rate since the beginning of March, from 0.25% to 4.25%. In the case of Switzerland and notwithstanding considerably lower inflation levels than in other European countries, the central bank announced three increases in its policy rate totalling 175 bps, from -0.75% at the end of 2021 to 1.00% twelve months later.

Already close to year end, reference should be made to the Bank of Japan's decision to double the permitted fluctuation limit for the level of yields on its 10 year sovereign debt securities of -/+ 25 bps to values from then on of between -0.50% and +0.50% owing to the mismatch at which the different maturities of the yield curve were being negotiated. This decision was understood as being an indication of the possible short-term normalisation of the yield curve control policy.

Also as regards Asia, reference should be made to China in which the maintenance of inflation below the ceiling admitted by the central bank contributed to a divergent monetary policy from that of the other major economies. The Central Bank of China even undertook a further easing of monetary policy over the summer to support the recovery of the economy. The trend over the rest of Asia was, however, one of base rate increases, as attested by the case of India whose central bank increased its respective base rate by an accrued amount of 225 bps to 6.25% in December.

Eastern Europe, close to the epicentre of the military crisis in Ukraine, also witnessed high price growth, with the various central banks reacting with the same objective of controlling inflation. In the case of the three major economies of Poland, Hungary and the Czech Republic, following highly substantial increases in interest rates across the first half of last year, starting at the end of summer those responsible for conducting monetary policy opted to maintain their central rates. It should be noted, however, that as opposed to their other European peers, there have been rate hikes in either of these three economies since the beginning of second half 2021. In Russia, after several sanctions packages were imposed on the economy by the international community shortly after the start of the conflict in Ukraine and to address the immediate depreciation of both the national currency − rouble − and portfolio financial assets, the central bank initially responded with an aggressive increase in base rate to 20.00%. The subsequent normalisation of exchange rates and favourable evolution of public account and inflation-related indicators led to a progressive easing of monetary conditions, with subsequent reductions to an end-of-year base rate of 7.50%.

In Latin America, reference should be made to the performance of several central banks, including Mexico, Chile, Peru and Brazil. In the latter case, the central bank, which was one of the first to embark upon a monetary policy adjustment phase as early as March 2021 (with a 750 bps increase, in the referred to year) added another 450 bps to its SELIC rate in 2022. As in the case of the main Eastern Europe economies, Brazil's monetary authority suspended the process of increasing its rate from the end of the summer.

In Angola, the National Bank announced a reduction of its BNA rate by 0.50 bps, to 19.50%, in September. This is the first time this has happened since 2019, with the decision having been justified by consistency in terms of price growth moderation. The respective year-on-year change in the price index was from 27.0%

to 13.9% last December compared to the same month 2021. This is a result of continued and rigorous liquidity control in the economy and particularly an appreciation of the kwanza. Mozambique's central bank, on the other hand, increased the cost of credit operations with a 400 bps hike in its MIMO rate last year (200 bps in March and the same amount in September) setting the rate at 17.25% at the end of 2022. This was its highest level since April 2018 and was in response to the acceleration of consumer price growth.

Portuguese economy

Global evolution

As in the case of the other euro area countries, the Portuguese economy has been affected by the deteriorating external and financial environment. According to the report on the national accounts for 2022 published by the National Statistics Institute (INE), economic activity grew 6.7% in 2022, in real terms, following the preceding year's expansion of 5.5%, largely deriving from economic performance in the first quarter of the year, recovery of the tourism and leisure sector and an above historical average annual growth rate of the European economy. The year 2022 also witnessed the return of GDP to a level higher than before the outbreak of the pandemic.

Reference should also be made to the resilience of private consumption, deriving from the accumulation of savings during the Covid-19 crisis, the making of delayed purchases and government support measures, which were primarily targeted at fringes of the population with lower income levels. According to the INE, private consumption which accounts for the largest proportion of the demand component was up 5.7% in 2022. This was offset by the slower rate of growth of gross fixed capital formation (GFCF) in this case 2.7%, in comparison to 8.7% in 2021. This slowdown was linked to a context of constraints on supply capacity, higher production costs and worsening financing conditions deriving from the ongoing monetary policy normalisation process, as elements less conducive to investment decisions.

PORTUGUESE ECONOMIC INDICATORS

(%)

	2020	2021	2022
Gross domestic product (GDP) - Change Rate	**-8.3%**	**5.5%**	**6.7%**
Private consumption	-7.1%	4.7%	5.8%
Public consumption	0.3%	4.6%	2.4%
Gross Fixed Capital Formation	-2.2%	8.7%	2.7%
Domestic demand [(a)]	-5.3%	5.8%	4.7%
Exports	-18.6%	13.4%	16.7%
Imports	-11.8%	13.2%	11.0%
Inflation rate (HICP)	**-0.1%**	**0.9%**	**8.1%**
Ratios			(%)
Unemployment rate	7.0%	6.6%	6.0%
General government deficit (as a % of GDP)	-5.8%	-2.9%	-1.9%
Public debt (as a % of GDP)	134.9%	125.5%	113.9%

Source: INE, Bank of Portugal and European Commission

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

In terms of foreign trade, exports remained dynamic, with the INE forecasting annual growth of 16.7%, mainly fuelled by exports of services (37.7%, in comparison to 19.6% in 2021) and in which the tourism-related component was up 80% in 2022. Imports were up 11.0%, in comparison to the preceding year's 13.2%. Reference should be made, herein, to moderating goods imports with a 13.2% to 11.0% growth rate from one year to the next owing to the goods component

As regards the foreign trade balance and in this case also according to the Bank of Portugal's estimate as published in its Economic Bulletin of March 2023, the Portuguese economy is expected to require external financing of 0.4% of GDP owing to the more negative contribution of the balance of goods, as a reflection of the deterioration of the terms of trade and reduction of the surplus on the income and capital accounts, which was only partly offset by a larger surplus on the balance of services owing to the recovery of tourism-related flows and revenues.

According to the INE, the general government deficit stood at 0.4% of GDP in 2022. This was lower than the estimate of 1.9% published in the 2023 state budget, resulting in a 2.5 pp improvement of GDP over 2021 (2.9%). The combined effect of the decrease in the proportion of total expenditure in terms of GDP (-3 pp of

GDP) which was greater than the decrease in the proportion of total revenue (-0.5 pp of GDP) contributed to the improvement of the fiscal balance.

On the other hand, the public debt ratio of 113.9% of GDP was 11.5 pp down over the previous year, mainly on account of the 11.4% contribution of nominal GDP growth.

According to Eurostat, the harmonised index of consumer prices grew by an annual 8.1% in 2022, to its highest level since 1993, in comparison to 0.9% in 2021. A large part of this change derived from the contribution of energy and unprocessed food items, with year-on-year changes of 23.6% and 12.2%, respectively. Notwithstanding, there was also a considerable increase in the remaining accounts included in the price basket, with underlying inflation up 4.9% in the year. Although several signs of an easing of inflationary pressures were noted across the second half of the year, levels remained very high across 2022.

In terms of the labour market, according to information on the employment statistics disclosed by the INE, in a context of labour supply shortages and economic recovery, there was a 2.0% increase in the number of employees in comparison to the previous year, and 1.9% in comparison to 2021. The unemployment rate continued to decline to a historically low level from 6.6% to 6.0%.

Deposits and credit

At the end of 2023, 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 7.5%, down 4.2 pp over the same period 2021. In the same month, total deposits registered a year-on-year change of 5.8%, in comparison to 4.7% in 2021. There was a change in the growth of the deposits of individuals and emigrants, from 6.8% to 5.5%. Following a first period during which there was a higher rate of accumulation, related to the increase in uncertainty and higher household savings levels, the second half year witnessed moderation in the rate of deposit growth owing to inflationary pressures on real disposable household income. Growth in the deposits of non-financial corporations decelerated across the year by 9.1 pp to 8.9%.

In terms of lending, total domestic credit registered a year-on-year change of 2.3% in December. This was less positive than the 3.9% of 2021, largely owing to the decrease in lending to personal customers. Reference should be made to the mortgage segment, with an expansion of 3.1%, in comparison to the preceding year’s 4.1%. The credit for consumption and other purposes account accelerated by 0.7 pp in comparison to 2.3% in 2021. In terms of credit to non-financial corporations, companies continued to trend towards reducing their indebtedness as noted in 2021. Growth in lending to corporates was down from 4.5% to 0.1% in 2022. Loans to local and central and local government contracted by 2.7% (2.1% in 2021).

MONETARY AGGREGATES IN PORTUGAL [(a)]

(%)

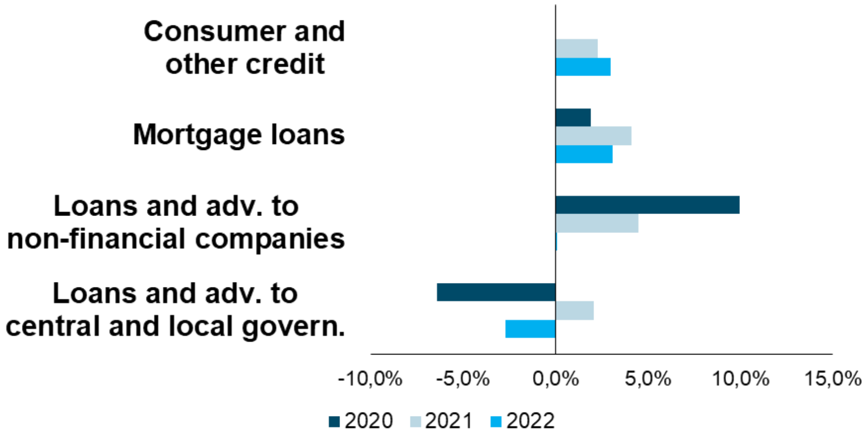
	2020	2021	2022
M3, excluding currency in circulation	**11.8%**	**11.7%**	**7.5%**
Total deposits	13.8%	4.9%	5.4%
Deposits made by non-financial companies	17.2%	17.0%	8.9%
Individual customers’ and emigrants’ deposits	7.9%	6.8%	5.5%
Total domestic credit	**3.7%**	**3.9%**	**2.3%**
Loans and adv. to central and local government	-6.4%	2.1%	-2.7%
Loans and adv. to non-financial companies	10.0%	4.5%	0.1%
Mortgage loans	1.9%	4.1%	3.1%
Consumer and other credit	0.0%	2.3%	3.0%

Source: Bank of Portugal

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

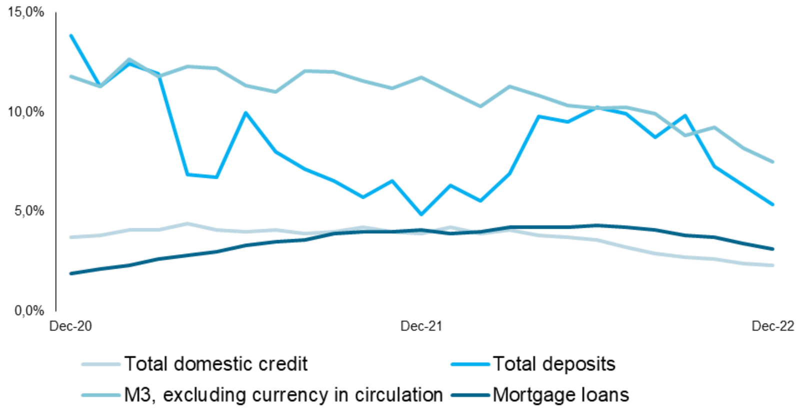
EVOLUTION OF CREDIT IN PORTUGAL

(%)



CURRENCY AND CREDIT

Year-on-year rates of change (%)

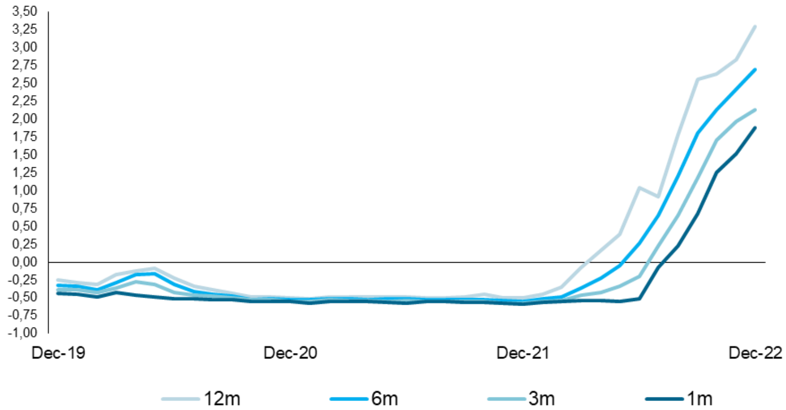


Interest rates

The European Central Bank's monetary policy in 2022 was strongly conditioned by the high levels of inflation in the euro area and in the rest of the world. Despite the slowdown in economic activity, accelerating inflation required a significant tightening of financial conditions in the form of base rate increases and the beginning of the reversal of quantitative easing programmes.

EURIBOR

(%)



Short-term interest rates, in 2022, registered the most significant annual increases since the creation of Economic and Monetary Union, in a year in which the governing council of the ECB decided on a cumulative 250 bps increase in its base rates over a period of only six months. Notwithstanding the existence of a certain intra-annual change and starting 2022 with low levels of volatility, the profile of short-term interest rates across the year was one of a practically constant increase based both on investors' economic considerations regarding inflation and the ECB's highly aggressive discourse regarding the future direction of monetary policy. The euro short term rate (€STR) has always remained at a level of around 10 bps less than the deposit facility rate and ended the year at 1.89%. Euribor interest rates were up between 248 bps for the 1 month rate (1.88%) and 279 bps for the 12 month rate (3.29%). In the case of 3 month and 6 month rates, the levels of 2.18% and 2.73% resulted from changes of 275 and 327 bps.

In Portugal, given the nature of Euribor rates as a benchmark for the credit operations of euro area banks, interest rates charged on new operations naturally kept pace with the trend on these benchmarks. The increase in the case of mortgage loans, was significant and constant, up from a level of 0.83% in 2021 to 3.24% in 2022, as opposed to operations with non-financial corporations in which it was up by 252 bps to 4.42%. Movements in terms of borrowing rates, were more marginal for the term deposits of personal customers (up 2 bps), contrasting with the rate for non-financial corporations (up 53 bps) of 0.08% and 0.58%, respectively.

INTEREST RATES (a)

(%)

	2020	2021	2022			
	Dec	Dec	Mar	Jun	Sep	Dec
Fed funds rate	**0.00%-0.25%**	**0.00%-0.25%**	**0.25%-0.50%**	**1.50%-1.75%**	**3.00%-3.25%**	**4.25%-4.50%**
ECB reference rate	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**1.25%**	**2.50%**
Euribor						
Overnight	-0.583%	-0.590%	-0.593%	-0.591%	0.642%	1.890%
1 month	-0.554%	-0.583%	-0.532%	-0.508%	0.679%	1.884%
3 months	-0.545%	-0.572%	-0.458%	-0.195%	1.173%	2.132%
6 months	-0.526%	-0.546%	-0.367%	0.263%	1.809%	2.693%
12 months	-0.499%	-0.501%	-0.073%	1.037%	2.556%	3.291%
New credit operations						
Non-financial companies (b)	1.67%	1.90%	1.55%	1.99%	2.73%	4.42%
Individual customers - mortgage loans	0.80%	0.83%	1.03%	1.47%	2.23%	3.24%
Term deposits and savings accounts (c)						
Non-financial companies	0.07%	0.05%	0.05%	0.06%	0.09%	0.58%
Individual customers	0.09%	0.06%	0.03%	0.03%	0.03%	0.08%

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

In foreign exchange markets, reference should, once again, be made to the US dollar in 2022. The US currency continued to trend to appreciation across much of the year, in a movement starting as early as the preceding June. The dollar benefited, on the one hand, from greater economic and financial uncertainty and on the other, from the Federal Reserve's more aggressive approach in terms of adapting higher levels of monetary restrictiveness compared to other central banks in developed economies.

The effective dollar (evolution in relation to a broad basket of currencies), which, in September, was up 19.3% since the start of the year, ended 2022 with an appreciation of 8.2%. This trend reversal also derives from a series of larger increases in base rates by other central banks, particularly the ECB and the Bank of England in the case of Europe. The bilateral change against the euro was 5.8%, in comparison to 7.4% in 2021, with the foreign exchange cross closing 2022 at $1.07 to the euro. Reference should, notwithstanding, be made to the period between the end of August and the beginning of November during which the euro remained for much of the time below parity against the dollar, for the first time since 2002. In contrast to the dollar's appreciation, the effective euro depreciated by a marginal 0.4%, in comparison to around 5.0% in the preceding year. This performance is explained by the ECB's continued adoption of an accommodative discourse in the first half year, when it had failed to demonstrate a firm conviction to reverse broad monetary stimuli despite the acceleration of inflation beyond the accepted limit.

Sterling, which in 2021 had appreciated 6.3% against the euro, was down 5.0% in 2022, ending the year at €1.13/£. The fall against the US dollar was more substantial than against the euro, in this case 10.7%, in a year in which the UK economy came under strong political and economic pressure, owing to the prevalence of fears of a deeper recession than in other developed economies across much of the year.

The yen was down against the dollar in 2022 for the second consecutive year, by two digits: 13.9%, in comparison to the preceding year's 10.3%. As in 2021, the Bank of Japan's monetary policy divergence was a decisive factor in investors' preference for other currencies, in addition to the fact that the economy once again disappointed, with consecutive negative first and second quarter growth levels.

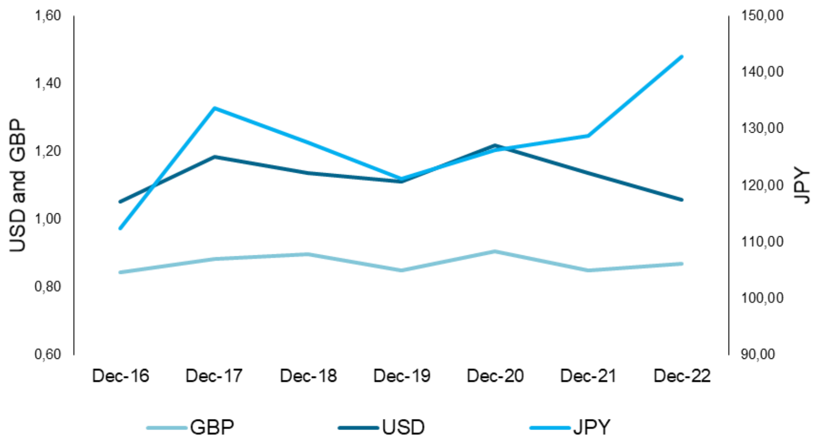
With regard to the currencies of emerging economies, the appreciation of the US dollar and increase in government bond yields once again led to the weakening of China's yuan (8.5%) and of most emerging currencies, particularly India's rupee (11.3%) as well as a loss of more than 40% by Turkey's lira. On the contrary, the US currency lost ground against Brazil's real (-5.1%) and Russia's rouble. Despite the sharp fall in the value of Russia's currency after the beginning of the conflict in Ukraine, which, in the first week of March was 67%, the decisive action of the central bank, which substantially increased its base rate, and the measures taken by the authorities to prevent the negative effects of sanctions led the currency to achieve a strong subsequent recovery, ending 2022 with a marginal gain of 1.3% against the dollar and 7.3% against the euro.

Angola's kwanza (Kz) appreciated for the second consecutive year against the euro and the dollar, in 2022, up 13.9% and 8.4%, respectively, to Kz 544.6/€ and Kz 509.3/$. The appreciation of the currency benefited from higher oil prices (with Brent up 9.7% across the year), as well as the loans and international financial aid that continued to boost the supply of foreign currency.

Notwithstanding the highly substantial gains achieved in 2021, Mozambique's metical once again appreciated against both euro and dollar, this time by 6.0% and 0.4%, respectively, to MT 68.3/€ and MT 63.4/$, respectively at end December. The improvement in the economic environment, with an acceleration of the growth of activity and 400 bps increase in base rate were the fundamental factors behind the maintenance of foreign exchange stability together with the lifting of restrictive measures related to the pandemic from summer onwards.

EURO EXCHANGE RATES

Monthly average (euros)



Capital markets

The substantial increase in inflation and consequent significant tightening of financial conditions by the central banks and the outbreak of armed conflict between Ukraine and Russia, which was one of the events, if not the event, with the greatest global impact, were factors that made 2022 one of the worst years in history for bonds and a very unfavourable year for corporate shares. The bond market was down by more than 15%, whereas the European and US stock markets recorded double-digit losses. In addition, 2022 was a year in which almost all assets, not only bonds and shares, were penalised in sync with a relatively rare occurrence.

The economic context in financial markets was notoriously peculiar. Global growth of slightly more than 3 pp was only a little below the average of the pre-pandemic years. Global inflation, however, surpassed a surprising threshold of 8 pp in the year, to levels higher than at any other time over the past three decades in several economies. A combination between mediocre growth and record inflation comprised a constant fear among investors over the short-term possibility of a period of stagflation, an occurrence rarely witnessed since the 1970s.

Investors have accordingly become increasingly apprehensive across the year, particularly since March, as a result of the outbreak of war in Ukraine and after the US Federal Reserve admitted the possibility that higher inflation levels might not, after all, be transitory as opposed to what had been previously stated. Stock and bond indices were down while the US dollar appreciated significantly in the ensuing months as the cycle of rising interest rates could prove to be longer and more aggressive. The euro, in turn, embarked upon a downwards trend, with the ECB in the following months showing reluctance to at least signal the beginning of a period of base rate adjustments. The year 2022 was also marked by a highly significant correction of the crypto currency market, pursuant to which reference should be made, in November, to the bankruptcy of FTX, one of the largest companies trading in these assets.

With a high level of geopolitical uncertainty and high inflation rates together with interest rates as the main constraints on the evolution of financial markets in 2022, Covid-19 infections have not ceased to be a factor on the list of investors' main concerns. The impact was particularly felt in China, whose authorities imposed significant constraints on the total opening of the economy across a significant part of the year owing to its Covid-zero policy which naturally affected the rate of economic expansion.

Stock Markets

A large part of 2022 was pervaded by a highly pessimistic climate that led most stock market indices to record their first annual depreciation in four years. Globally, 2022 was the worst year since the worldwide financial crisis of 2008, in which the MSCI international equity index lost around a fifth of its value. This was the worst result in fourteen years, i.e. since the global financial crisis of 2008 and 2009 wiped out 40% of the respective index. Breaking with historical norms, the US S&P 500 recorded a much larger number of days of losses than gains.

Persistent and far higher than expected inflation and aggressive increases in base rates by the major central banks in developed bloc economies had a negative impact on investor sentiment and valuations across the year as a whole, having particularly affected growth stocks (i.e. companies considered as having the potential to achieve above average profits and outperforming the sector in which they operate or even the market as a whole) and technology stocks, in this case with several big techs depreciating by more than 50%. Geopolitical concerns and the publication of underperforming economic data heightened fears of a global recession and further added to a very negative year in the main financial markets.

The top three US indices made the most significant losses since 2008. Special reference should be made to the NASDAQ, with a third of its value (down 33.1%) wiping out the gains of the previous two years, followed by the Russell2000 (down 21.6%) and the S&P 500 (down 19.4%), while in the case of the Dow Jones the loss, although equally significant, was lower (only 8.8%). Despite the decline and continued uncertainty and the risks identified, stock market volatility remained at a level in line with that recorded during the Asian crisis at the end of the last century and the recession associated with the dot.com crisis at the beginning of this century, although lower than the levels recorded during the great recession of 2008-09, during the sovereign debt crisis in Europe and the first months of the Covid-19 pandemic.

In terms of European indices, the Eurostoxx600 closed 2022 down 12.9%, to a minimum of the last two years near the end of the third quarter. The falls were led by the Italian (-13.3%) and German (-12.3%) stock markets, while France's CAC recorded a slightly lower annual depreciation of 9.5%. There were exceptions in Europe, particularly in the case of the UK's Footsie (0.9%) and Portugal's PSI20, which appreciated 2.8% following gains of 13.7% in 2021.

Also as regards Europe and in sectoral terms, reference should be made to the fact that depreciation was recorded across almost all sectors, in 2022 and which, in several cases, reached double-digit percentages. Particular reference should be made to real estate (-40.1%), together with technology (-28.4%) and financial services (-25.2%). The exceptions were related to the nature of the crisis, as only the natural resources sector (4.3%) and, above all, energy (24.4%) posted appreciation. The banking and insurance sectors, were down 3.2% and 1.0%, respectively and less serious than those recorded in the general index.

In emerging markets, the respective Morgan Stanley index was down 22.4% (-23.4% in the case of the BRIC region), particularly on account of Hong Kong's Hang Seng (-15.5%) and China's Shanghai 300 (-15.1%) indices as opposed to Brazil's Ibovespa and India's Sensex which were up 4.7% and 4.4%, respectively.

Japan's Nikkei225 and Topix stock indices ended 2022 with annual losses of 20.3% and 16.5%.

STOCK MARKET INDICES

	2021		2022	
	Index	Change	Index	Change
Dow Jones (New York)	36,338.3	18.7%	33,630.6	-7.5%
Nasdaq (New York)	15,645.0	21.4%	10,569.3	-32.4%
FTSE (London)	7,384.5	14.3%	7,699.5	4.3%
NIKKEI (Tokyo)	28,791.7	4.9%	26,093.7	-9.4%
CAC (Paris)	7,153.0	28.9%	6,861.0	-4.1%
DAX (Frankfurt)	15,884.9	15.8%	14,610.0	-8.0%
IBEX (Madrid)	8,713.8	7.9%	8,701.1	-0.1%
PSI-20 (Lisbon)	5,569.5	13.7%	5,909.4	6.1%

Bond Markets

In terms of the evolution of financial markets by asset class, reference should be made, in 2022, to the bonds and particularly the sovereign bonds segment. These securities, whose changes are usually more contained, have suffered the sharpest depreciation since at least 1977 owing to the escalation of inflation that forced central banks to announce an increase in their base rates at the fastest and most aggressive rate in at least 40 years. In practice, at the beginning of the second half year, the monetary authorities opted to announce aggressive increases of 75 bps in the case of the main central banks instead of the traditional increments of 25 bps in order to bring central bank interest rates close to or in line with a level considered restrictive as soon as possible.

Central banks worldwide announced nearly 300 increases in base rates across 2022, totalling more than a 25 bps rise per session. Although the Bank of Japan was isolated in this process, it was the only monetary authority in developed economies not to change its respective central rate, close to the end of the year and did not fail to surprise investors when it doubled the ceiling for the level of yields on 10 year sovereign bonds, in a decision interpreted to be a sign of the possible short term normalisation of the yield curve policy control. The US Federal Reserve increased its Fed funds rate by 400 basis points, including four increases of 75 bps, whereas in the euro area the ECB embarked upon its monetary policy adjustment process at a later stage, with a 250 points interest rate hike in the space of half a year. The change, in the case of the deposit facility rate was from -0.50% in July to 2.00% at the end of the year.

In 2022 the fixed-income bond market was also marked by the beginning of the implementation of the reversal of unconventional monetary policies from 2007, to complement the main operating measure. In this specific context, both in the case of the US and Europe, reference should be made to the start of the process of reducing the amount of debt securities acquired by central banks in recent years in order to ensure that their funding costs would remain at historically low levels.

The yield on government bonds in the main European countries and in the US experienced a second consecutive annual increase, which was, this time, much more significant than in the previous year and not only in the case of longer but also in the case of shorter maturities.

German and French debt securities which are usually selected as safe haven assets for investors did not benefit from this status in 2022. Yields on long-term sovereign bonds were up across all maturities. Ten-year bonds witnessed changes of 275 bps and 292 bps, against 39.2 bps and 53.6 bps in 2021, closing at 2.57% and 3.12%, respectively. The levels at the end of December were not only the highest in the year but the highest in around 11 years. Movements in 2-year bonds were further marked by ECB activity, with German and French yields rising 338 bps and 357 bps respectively.

Yields on Italian debt and the so-called countries on the European periphery also closed 2022 at levels well above those observed at the end of 2021. The series of decisions made by the ECB had, unsurprisingly, a greater impact on these countries as a whole, with annual increases in excess of 300 bps. Particular reference should be made to Italy (353 bps) closely followed by Greece (329 bps), with their respective yields of more than 4 pp. In the case of Spain (310 bps), the end of year rate of 3.66%, was the highest since the first weeks of 2014.

The yield on Portugal's 10 year public debt also increased considerably in 2022, in this case by 312 bps, closing at 3.59%, its highest since second quarter 2017. The respective yield on 2-year maturities rose 345 bps to 2.80%. The spread between the Portuguese and German 10 year yield, in 2022, widened for the second consecutive year from 37.3 bps to 101.5 bps. Compared to Spain, the change was practically zero at only -2 bps, with a difference of no more than 8 bps at the end of the year. The slope of the Portuguese curve between 10 years and 2 years decreased 33 bps, to 79 bps, in an almost full reversal of the 2021 increment.

US yields also increased sharply over the whole of the yield curve. This movement was slightly lower than that of its European counterparts in the case of longer maturity rates and marginally higher in the case of shorter maturities, owing to a more proactive approach by the Federal Reserve with regard to the monetary policy adjustment rate. The yield on 10-year sovereign bonds was up 237 bps to 3.87% at slightly below 4 pp, which was superseded between October and November. As in the case of the peripheral economies, the largest increase was in the yields of the shorter maturities, as was the case of the 2-year yield (369 bps to 4.43%). The slope between 10-year maturities and this period was accordingly significantly down by 133 pp.

Reference should also be made to the evolution of the UK's sovereign bond market. Gilts with the same maturity were up 270 bps to 3.67%. Despite their high level, the rate of 4.50% reached at the beginning of October was the highest since the bankruptcy of the US investment bank Lehman Brothers, As a result of the decision of the recently inaugurated government led by Liz Truss to advance with plans for a highly expansionary fiscal policy, which clashed with the endeavours of the Bank of England (BoE) to contain inflation.

In the case of Japan and after the 10 year sovereign debt yield remained at its upper limit of the range admitted by the central bank as part of its income curve control policy, the already referred to decision to extend the band's variation from +/-0.25% to +/-0.50% on 20 December immediately led to the yield on securities traded on the secondary market to be fixed at around 0.50 pp. The yield on the referred to maturity rose 35 bps across the year, ending at a five year high of 0.42%.

The emerging bloc witnessed smaller increases than those observed in the case of better quality issuers, as a consequence of a less aggressive increase in base rates. It should be noted that the central banks in these regions had already implemented a relevant part of their adjustments to financial conditions across 2021. Changes in 10-year sovereign bond yields in the case of Russia and Brazil were practically the same at 187 bps and 185 bps. China's yield remained virtually unchanged owing to the near inactivity of the Central Bank of China in terms of defining new central rates.

Uncertainty over the evolution of the economy, tightening financial conditions and geopolitical risks were contributory factors to an increase in CDSs (credit default swaps) in 2022. The indices, which until the outbreak of the military conflict in Ukraine remained close to their historical lows, increased sharply.

There were significant changes in spreads in the European credit default swaps (CDS) market which were up 47.8 bps to 90.6 bps in 2022. It should be noted that the spread had risen to 139 bps near the end of the third quarter. This was, at the time, the highest recorded since the first weeks of the pandemic and, before that, since the end of 2012. There was also an increase in spread in the financial sector, as in the generic index, in this case 44.4 bps, to end the year at 99.3 bps. Both indicators, at the beginning of the year were close to the values witnessed immediately prior to the pandemic.

In the case of Germany, the maximum value recorded in the year, during the month of October, supplanted what was attained during the first weeks of the pandemic. German CDSs were up from 9.9 bps to 18.9 bps at the end of 2022, which in terms of annual close, were their highest since 2019. In the case of Portugal, the annual increase in the respective CDSs was from 23.4 bps to 54.7 bps at the end of December, in this case the highest in four years.

Portuguese banking system

Global evolution

The domestic banking system remained strong in 2022, notwithstanding all the challenges and uncertainties inherent to the changes in the socio-economic context prevailing until then, with the outbreak of war and price increases, giving rise to prospects of deterioration in economic activity. However, this was accompanied, in parallel, by lessening uncertainty related to the pandemic's potential effects, which enabled a certain recovery of confidence by the national private sector, albeit affected by rising inflation and monetary policy normalisation. After the end of the extraordinary support measures, initial fears of a certain increase in defaults both by personal customers and the sectors most affected by the pandemic, particularly those more directly related to tourism and leisure, tended to disappear with domestic banks having evidenced stable levels of liquidity and capital and efficient management of their assets.

The adjustment of monetary policy to mitigate high and persistent price hikes had several effects on the improvement of domestic banks' net interest income which, allied to the reversal of provisions and impairment registered over the pandemic period, led to an increase in the average profitability of domestic credit institutions. The positive evolution of bank profitability was also the result of an improvement in their operational efficiency based on the progressive implementation of optimisation and digital transformation processes over the years and again in 2022. At the same time and allied to the lessening of uncertainty over the potential effects of the pandemic, there was an average level of expansion of domestic banks' assets. Higher lending levels without the occurrence of marked debt servicing difficulties by households and domestic business operatives, helped to expand the endogenous generation of capital that will potentially mitigate domestic institutions' future funding risks in wholesale markets. This is all the more important in a context of rising interest rates and the need to meet the final MREL (minimum requirement for own funds and eligible liabilities) targets.

Reference should be made to the funding of institutions, as bank deposits continued their markedly positive growth trend initiated in the pandemic, accompanied by a significant decrease in funding from central banks. Liquidity indicators recorded very high levels, as has been the case in the domestic banking system across recent years.

Asset quality

For several years, domestic banks have continued to trend to a reduction of their non-performing assets. The NPL ratio of Portuguese credit institutions has, accordingly, also continued to decrease on the basis of higher lending. This increase, however, occurred at a faster pace up to the end of the second quarter. The slowdown in the amount of lending in the second half of the year was possibly related to the start of the ECB's implementation of its monetary policy normalisation process in July 2022 which signalled the first direct base rate hike in Euro Area in eleven years. Together with mortgage lending, some of the reasons for the lower demand for credit in the second half of the year were related to lower levels of consumer confidence and less optimistic expectations over the evolution of prices in the housing market.

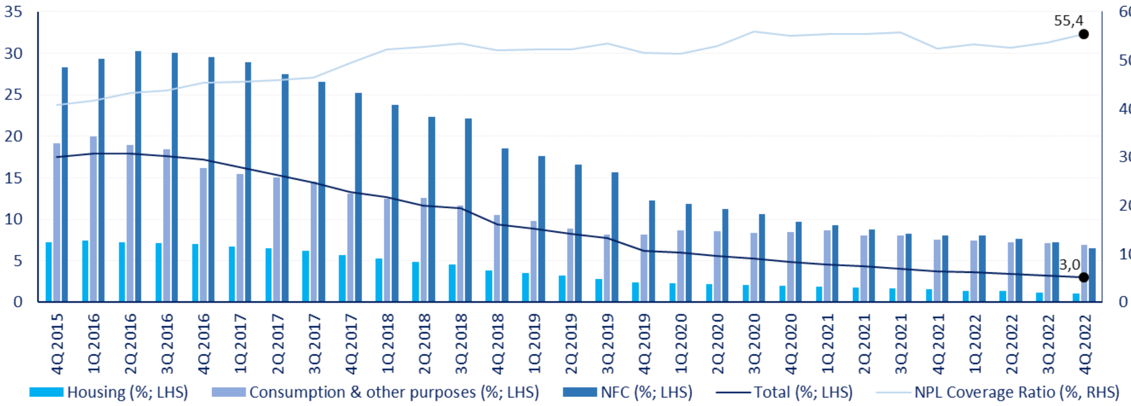
2022 was a landmark year for the disposal of non-core assets, in particular restructuring funds. The resolution of the so-called Crow Project, jointly launched by several banks in the Portuguese banking system, led to the sale of the stake in certain funds, which allowed for a significant reduction in exposure to this type of asset.

In the current economic environment, there is evidence of a greater possibility of a fresh materialisation of credit and market risk affecting domestic banks, either through increases of non-performing assets or depreciation of investment portfolios, particularly public debt securities. However, following (i) the increased implementation of the *action plan for the risk of default* (PARI) and the *out-of-court default settlement procedure* (PERSI) in August 2021; (ii) the reformulation, in April 2022, of the Bank of Portugal's macroprudential recommendation on new mortgage loans which reduced the maximum maturity of new mortgage credit operations, depending on a borrower's age; (iii) and the implementation of additional oversight measures and mitigation of the increase in the debt-to-income ratio (i.e. affordability) for mortgage credit agreements through decree law 80-A/2022 of 25 November, domestic banks now enjoy a solid regulatory framework that will enable the banks to provide customers with proactive solutions to enable them to service their debts and anticipate the possibility of defaults.

In December 2022 the NPL ratio stood at 3.0%, down 0.7 pp over the end of the previous year, reflecting domestic institutions' endeavours in terms of prudent asset management. In turn, the ratio of NPLs net of impairments was down 0.4 p.p. compared to December 2021 to 1.3%, while the NPLs coverage ratio showed an upward trajectory from the second quarter, having reached 55.4% at the end of the year, up 2.9 p.p. compared to the same period. It should also be noted that, in 2022, the sharpest decrease in NPL ratios occurred in loans to non-financial corporations (down 1.6 p.p. compared to 2021), due to the improvements in economic activity verified after the lifting of restrictions related to the pandemic.

PORTUGAL: BANKING SYSTEM – NPL RATIO AND RESPECTIVE COVERAGE

(%)



Source: Bank of Portugal.

Profitability

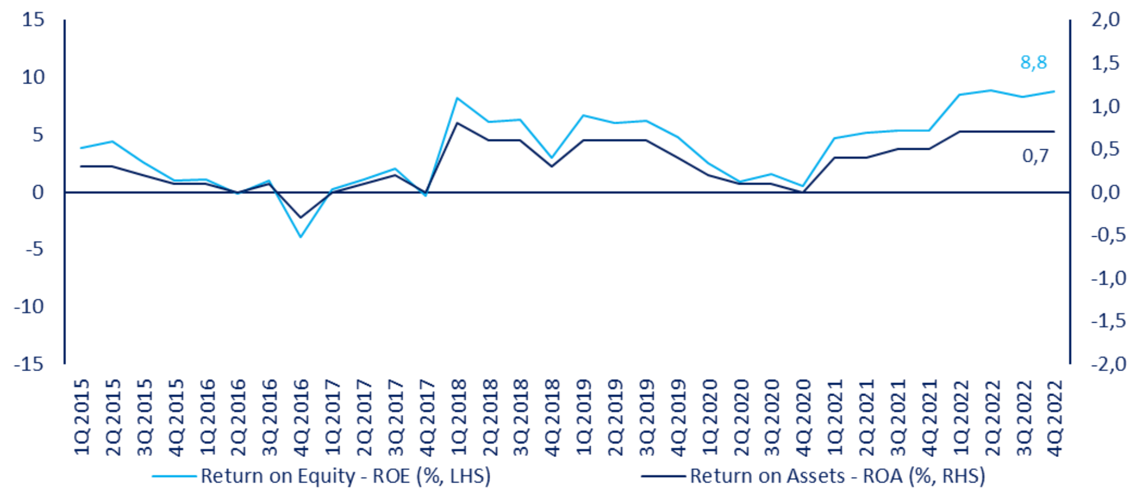
At the end of December 2022, the return on assets (ROA) of the Portuguese banking system stood at 0.7%, which represents an increase of 20 bps compared to the end of the previous year. This evolution benefited, above all, from the growth in operating income and the reduction in provisions and impairments. Compared to the end of 2021, the growth in operating income was largely due to the improvement in the net interest income, despite the negative pressure exerted by the increase in operating costs. It should be noted that net interest income benefited from the high weight of assets indexed, usually, to interbank interest rates, which increased in line with the increases registered in the key interest rates.

Given the improvement in banking income, which more than offset the increase in operating costs, the cost-to-income ratio decreased by 3.0 p.p. compared to the previous year, standing at 50.4%. It should also be noted that, during the third quarter of the year, a new low (49.9%) was reached since the current quarterly series of data was made available (2008). Considering annual data, there was also a slight reduction in the cost of credit risk (-4 bp compared to the same period last year, to 0.29%).

As for the return on equity (ROE) of the Portuguese banking system, it stood at 8.8% in the fourth quarter of 2022, i.e. an increase of 3.4 p.p. compared to the end of 2021, also being one of the highest values since 2009.

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

(%)



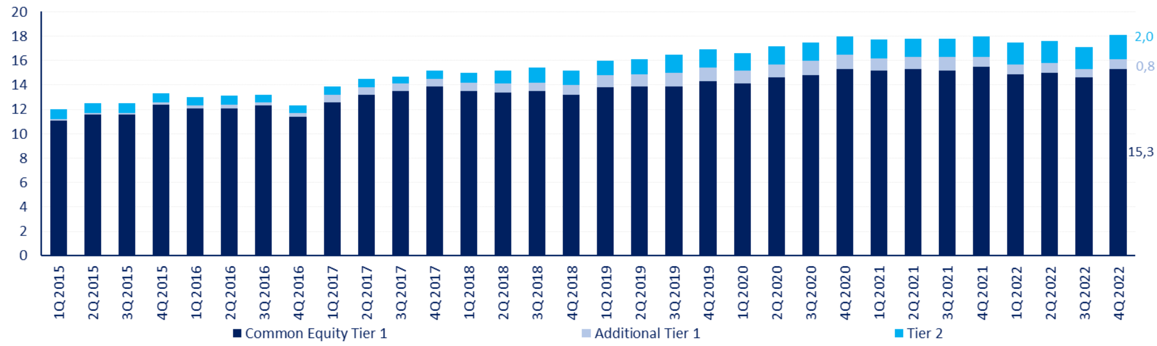
Source: Bank of Portugal.

Solvency

In 2022, the total equity ratio increased by 0.1 p.p. compared to the end of 2021, to 18.1%. The increase in the Tier 2 capital ratio (+0.3 p.p.) contributed to this evolution, which more than offset the decline in the Tier 1 capital ratio (-0.2 p.p.), while the ratio additional Tier 1 equity capital remained unchanged. The rise in the total own funds ratio essentially reflected the reduction in the total amount of exposures at risk.

PORTUGAL: BANKING SYSTEM – OWN FUNDS RATIOS

(%)



Source: Bank of Portugal.

Liquidity and Funding

Among the actions that materialize the normalization of monetary policy, the ECB decided, in October 2022, to change the conditions of the third series of targeted longer-term refinancing operations (TLTRO III). Despite this modification, and despite the fact that there was a decrease in the main liquidity indicators of Portuguese banks during 2022, Portuguese institutions remained with a solid liquidity position. Thus, at the end of the fourth quarter of 2022, the weight of funding obtained from central banks in total liabilities and equity of the Portuguese banking system decreased considerably compared to the same period of the previous year, having gone from 9.4% to 3.6%. Together, highly liquid assets accounted for 25.2% of the system's average total assets, i.e. a decrease of 2 p.p. compared to the value at the end of 2021. Finally, the liquidity coverage ratio (LCR) decreased by around 31 p.p. between the fourth quarter of 2021 and the fourth quarter of 2022, still standing at a very high level (229.2%) and above the respective regulatory requirement (100%).

In 2022, there continued to be a preponderance of dependence on funding by banks in the Portuguese system on customer deposits. Until the third quarter of 2022, the weight of customer deposits in total liabilities and capital remained practically unchanged, around, but below 70%. Furthermore, at the end of last year, there was a more pronounced quarterly rise in this ratio, standing at 73.1%, i.e. an increase of 4 p.p. compared to the previous quarter and 4.7 p.p. compared to the same quarter.

Notwithstanding an increase in risk premia demanded by investors and market interest rates across the year, as a result of deteriorating expectations over economic activity, several Portuguese banking institutions issued debt eligible for the minimum requirement for own funds and eligible liabilities (MREL) to provide for any changes in yields demanded by international financial markets pursuant to the current upwards trend in interest rates.

Banking sector challenges

The challenges facing the domestic banking sector involve two aspects: these are firstly aspects of a structural nature, following the emergence of economic and technological developments over recent decades, and, secondly they are related to the unusual context, characterised by the occurrence of sudden and highly infrequent events across the recent period.

The structural issues facing financial institutions are part of a long journey they have been undertaking towards providing customers with a fast, secure and efficient service. This evolution and sophistication in terms of banking has been enabled by the digitalisation process backed by new technologies and current trends, which, in addition to improving the efficiency of internal processes, will represent one of the necessary steps in terms of the indispensable effort towards achieving a sustainable economy. The journey, however, brings with it several other contingencies. On the one hand, digital transformation requires major investment, not only financial but also in terms of human capital, which disrupts the dynamics of more rigorous cost control needed to achieve higher profitability to meet the requirements of investors regarding their perception of remuneration in line with the risk of the investment and its cost of capital. On the other hand, entry into a space that has been operated by new financial system actors, with a certain degree of complexity and flexibility in terms of new technologies and with lower structural and regulatory costs, entails the need for a redoubling of endeavours to provide services that are competitive but which also make it possible to continue to merit the trust of bank customers. In parallel, the risks involved in a changeover to a format with less face-to-face contact, i.e. risks involving cyber and money laundering and countering the financing of terrorist activities, especially in terms of innovation and the adapting of the established technological security systems, require special attention.

This trend towards a more digital society has, in turn, been accompanied, by the greater use of digital assets on a daily basis. In addition to the stability of the financial and payments system, the issuance of digital currencies by central banks has been a common approach to resolving the eventual issue of monetary sovereignty in the euro area deriving from the increased use of crypto assets. As such, there is a possibility of transforming the current way in which financial brokerage activities are performed and, consequently, the sector's capacity to generate profitability.

As regards changes in the economic and geopolitical context, a conjunction of the extraordinary pandemic situation with its major impacts on the distribution chain and delays in goods deliveries, with a sharp recovery of private consumption following multiple economic *stimuli* has led to a framework capable of fuelling across-the-board growth in prices and consequently leading to interest rate hikes. In particular in the case of debtors in the greatest distress, either as a result of their activity being linked to sectors more affected by the pandemic or their greater exposure to rising interest rates or high levels of leverage, creates the potential for an increase in credit risk and consequent default, potentially minimising the ability to achieve returns and therefore future lending which will be reflected in investment and economic growth. The scenario of deteriorating economic activity and increasing uncertainty leads to apprehension over the possible revaluation of asset prices, with a potentially penalising effect on both the asset portfolios of credit institutions and their future financing costs in the market. In this sense, it may prove to be more expensive to issue the capital instruments to fulfil the minimum capital and eligible liabilities requirements (MREL), particularly those that are necessary for compliance with the final requirement up to 1 January 2024.

The challenges facing the domestic banking sector deriving from contextual changes of a regulatory nature, particularly include the necessary completion of the crisis management framework and eventual completion of the third Banking Union pillar (EDIS - European Deposit Insurance Scheme). Although the first circumstantial change will enable a more robust European system, it could also promote greater cross-border capital movements, enhancing M&As between banking institutions. On the other hand, the European Deposit Insurance System (EDIS), in addition to mitigating the pernicious continuation of ties between sovereign entities and banks, will enable banking sector depositors to enjoy greater stability and promote the system's financial stability although this may translate into additional costs for the banking sector.

Reference should, lastly, be made to the change in the regulatory and supervisory framework applicable to banks on ESG (Environmental, Social and Governance) risks that will require greater endeavours, not only regarding the adequacy of internal activities and provision of diverse services and assets to the community in a manner consistent with the objective of achieving a more sustainable economy, but also an increase in reputational risk in terms of the disclosure of information on this matter.

1.4.2. Activity: Strategic plan

Strategic Plan 2021 – 2024: Building the future

With the beginning of a new mandate at the end of 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's strategic options and initiatives.

After the results achieved in the financial strength, effective risk management and the consolidation of governance mechanisms and internal control, 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 the defined 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.

Evolution of the strategic plan execution

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 strategic areas as a result of the materialization of initiatives foreseen in the new Plan.

2022 was marked by improved results, particularly comprising increased returns on deposits and the credit portfolio with the end of a cycle of negative rates. Reference should be made to the consolidation of Caixa's performance in terms of ROE and cost-to-income, based on levels of efficiency, asset quality and solvency in line with European banking benchmark operations.

Reference should be made to the adoption of a flexible modus operandi across various areas of the organisation focusing on concrete business objectives with a significant impact on the growth of digital consumer credit sales that accounted for around 45% in December 2022 and the launch of new insurance sales campaigns for retail customers.

An across-the-board review of customer service models was carried out in 2022, strengthening the oversight of account managers, leveraging the remote management network and launching a dedicated private banking unit. These changes were accompanied by new transactional support solutions with a view to their expansion in future years.

Several campaigns, differentiated in terms of both product and price, were launched for SMEs, using advanced analysis models and investing in the automating of credit decisions for more mass, standardised products.

Caixa launched two new green bond issuances following its inaugural issuance of a sustainable bond in 2021 and is currently engaged on several sustainable and inclusive funding initiatives, particularly in its development of financial products and services for households and businesses in energy transition, efficient buildings and sustainable mobility and it has strengthened the importance of ESG ratings in terms of the lending process and its approach to customers.

As a benchmark operator in terms of ESG practice, greater emphasis has been placed on initiatives to promote equality, diversity and financial and digital inclusion based on inclusive digital solutions such as Caixa's digital assistant and participation in programmes such as "I am Digital".

1.4.3. Main risks and uncertainties in 2023

Economic framework

The year 2022 witnessed a slowdown in the growth of the global economy that, according to the IMF recorded a rate of expansion of less than 3 pp. Following strong recovery in 2021, largely owing to the easing of restrictions and blockages affecting activity in almost all countries, last year was particularly marked by strong inflationary pressures. Central banks responded to accelerating price growth through a considerable tightening of monetary policy which, across the year, contributed to a substantial increase in fears over the possibility of a recession in 2023.

Information on economic indicators in the transition from 2022 to 2023 has, however, indicated that the global economy has shown resilience to the expected negative impact of rising interest rates. This is particularly visible in the improvement of the sentiment indicators of business operatives and consumers. Price indicators, not only on a level of consumers but also producers also began to moderate at the end of last year. In Europe, notwithstanding the high levels of uncertainty, mainly deriving from the continuation of the war in Ukraine, the risks of an upwards GDP bias may derive from the high level of gas storage achieved on the back of milder than usual winter temperatures, in addition to the costs of domestic consumption which benefited from fiscal measures and efficiency improvements in several intensive energy use sectors. However, in the light of the high levels of global uncertainty and Europe's reliance not only on major energy commodity markets but also on exports in the case of several countries, the bias in terms of outlook remains predominantly negative and not only in Europe.

Emerging countries have also speared the trend towards rate increases since 2021. This has also become equally imperative in the major developed economies and particularly so owing to the outbreak of war in Ukraine. The consequent disruptions have led to even higher inflation rates than those already recorded and which have risen to multi-decade highs in a large number of countries. This context has forced central banks to make additional endeavours to tighten their respective monetary policies.

Taking into consideration the gradual moderation of global growth, greater financial constraints could result in an even more marked slowdown or even a global recession this year. The possibility of stagflation, which is considered to be one of the main risks, continues to be recognised and emphasised by the major supranational institutions owing to a combination between a slowdown in growth, high inflation and tighter financial conditions, in a situation in which debt levels in many countries, including emerging countries, are at all-time highs. A stagflation scenario could be even worse if investors' expectations regarding the decisions of central banks are not correctly and promptly anticipated. The materialisation of this risk could generate significant capital outflows, mainly from emerging and developing to developed countries.

The high level of inflation that started to become a factor of uncertainty at the beginning of the preceding year was confirmed to be more persistent than anticipated. The possibility of prolonged high prices fuelling both an increase in economic actors' expectations of inflation and a wage-price spiral, particularly at a time when productivity has been low for several years, is a risk, as it could eventually contribute to even much higher inflation levels over the next few years. Additional shocks in energy and food prices may continue to occur, particularly in cases in which supply is more sensitive not only to the evolution of the war in Ukraine but also to the depreciation of the main currencies of exporting countries *vis-à-vis* the dynamics of the dollar. The risk of the transmission of all these effects to underlying inflation could certainly lead to a further tightening of monetary policy and consequently, general market funding conditions

Additional risks could contribute to an even more considerable deterioration in the global economy's growth trajectory, particularly a reopening of China's economy, if this results in the spread of new waves of infection over other regions of the globe. They are also linked to the possible heightening of geopolitical tensions, not only in relation to the territory of Ukraine with a continued adjustment of restrictive monetary policy measures in excess of expectations, which could have a negative impact on both private and public sector financing capacity and the level of the capacity to meet credit liabilities. Reference should also be made to the resumption and resurgence of the energy crisis on a European level in addition to the whole range of risks associated with climate change.

In greater detail and first of all taking China's economy into account, the downside risks to the recovery of economic growth are a result of the most significant slowdown in the real estate sector, both in terms of construction and sales and prices. This sector accounts for a direct and indirect proportion of 25% of total activity and has been one of the foundations of the economy. The reopening of the country following the easing of restrictions associated with the control of recent Covid-19 outbreaks in force over virtually the whole of last year, has been unfolding at a surprisingly fast pace in early 2023. This may be similar to the experiences of the reopening process in most other countries which resulted in economic growth fuelled by consumption (which was suppressed during the pandemic years) and renewed pressure on production and supply chains as potentially negative factors in the evolution of inflation.

The war between Russia and Ukraine lies at the source of the acceleration of already existing inflationary pressures in 2021 and was an occurrence that, having contributed to increasing the level of adjustment to financial conditions, has considerably raised fears concerning the possibility of a global recession in 2023. Geopolitical tensions originating in the region could worsen if they encompass a larger number of countries, or if more aid from NATO members to Ukraine results in a more forceful reaction by Russia itself. The reduction of volatility in financial markets and review of the most affected asset classes in 2022 appear to indicate that investors are convinced that the intensity of the war in Ukraine will begin to wane and move towards a negotiated resolution to the end of the conflict, limiting the risks of a fresh escalation. The current absence of any kind of pre-agreement or talks between the parties may, however, indicate quite the opposite, i.e. an imminent escalation of the conflict, in the form of further attacks on civilian infrastructures or the fresh imposition of restrictions on maritime export capacity in the Black Sea.

Tensions in the European energy market, in 2022, may reoccur this year taking into account that it was only last year that Russia suspended natural gas flows through the Nord Stream pipeline with no end date and banned oil exports from 1 February to countries committing to the application of the price cap of $60 per barrel of Russian oil, set by the European Union, G7 and Australia. Notwithstanding, the capacity to accumulate reserves, greater efficiency in gas use, new liquefied natural gas (LNG) contracts signed in the meantime and a winter that by the end of the first half appeared less rigorous, were factors that, for the time being, have reduced the risk of an energy crisis and which may well come as a positive surprise. Markets have reassessed this risk, and natural gas prices in Europe have recently fallen sharply to below those prior to the war after having risen to maximum values in the summer.

As in the preceding year, the risk that geopolitical tensions could potentially spread to other regions remains considerable, namely the potential worsening of relations between mainland China and Taiwan, which has been the subject of territorial dispute for several decades. Taiwan plays a very important role in the production/distribution of semiconductors, which are crucial production components in numerous industrial sectors, and particularly the automotive sector. This represents a potentially disruptive factor in the functioning of supply chains.

Another risk that has been pointed out by international institutions in 2022 concerns the possibility of calibration errors between monetary policy adjustments and fiscal and budget policy, which may contribute to the occurrence of liquidity shocks, intensifying economic slowdown and increasing global debt ratios. Expectations at the beginning of the year have revolved around the thesis that central banks are close to the end of the period of adjustment of their respective base rates. However, the main central banks are making it clear that this more restrictive cycle is not yet complete, notwithstanding the slowdown in rate hikes. In the US, following a reduction from 75 bps to 50 bps, the Federal Reserve has indicated that there will only be a change in policy when the labour market shows signs of weakening, a scenario which so far does not appear to be the case. The labour market typically lags the cycle in terms of GDP. Accordingly a degree of adjustment on a level of central bank base rates guided mainly by the respective indicators, could result in a deeper recession than currently expected. Similarly, in Europe, the European Central Bank has also softened its approach, slowing the rate of interest rate hikes in 2022, although it still accepts that there will still have to be a significant increase in 2023 and at a constant rate to achieve sufficiently restrictive levels in order to ensure a return of inflation to the 2% medium term target. This monetary policy readjustment by the main central banks, in setting their base rates at levels far above those considered adequate, particularly after having been left at a very low level over a long period of time, has posed a negative risk in terms of investors' expectations of the likelihood and intensity of a recession.

The tightening of monetary policy by the Federal Reserve and other central banks may, more than anything else, add risks to the performance of the real estate sector and these risks will be all the greater the higher the rate of growth in house prices in each country to date. In this sense, it should be noted that prices at the beginning of this year were at extreme levels in a large number of developed countries.

The potential shock to household debt burdened with variable-rate financing is a major credit risk. There have already been increases in the amounts of households' monthly mortgage payments as interest rates on loans have continued to peak since 2008 as the year of the last major financial crisis. In the event of a prolonged recession, the growth of unemployment will further accentuate the amounts of credit in default, which so far has not happened.

The risk of corporate insolvencies has increased, owing to the increase in the costs of raw materials and intermediate goods, tightening financial constraints, disruptions that can still be felt in supply chains and, most importantly for European countries, the energy crisis related to interruptions of imports. An already adverse scenario has been aggravated by the possibility of an increase in average collection periods, which would have a marked effect on the cash flow of non-financial corporations. So far, corporate defaults are at low absolute values, reflecting the good results of most companies in 2022 and in many cases with surplus cash.

Despite the lessening of pandemic-related risks, they remain relevant in terms of possibility and need if restrictive measures are re-established to some degree, ranging from social distancing, cancellation of trips and limitations on the normal movement of goods and persons. This is currently the case involving restrictions on arrivals of passengers from Chinese territory in several European countries.

Lastly, risks associated with climate change and natural disasters continue to be included in the many possibilities of potential adverse events, as changing weather patterns contribute to increasingly disruptive situations, aggravated by the fact that public and private resources are being asked to face the latest crises, which will tend to limit the speed and scale of mitigation efforts in coming years.

Banking sector

The current context of monetary policy normalisation, following a period of very low interest rates over a long period of time, its speed of adjustment and expected magnitude, will affect the financial position of Portugal's private sector. Although there has been an increase in the savings of Portuguese households during the pandemic's most acute phase, the cumulative effect of inflation and higher interest rates is likely to reduce their disposable income and have a negative effect on the financial and liquidity situation of companies, increasing credit risk in the case of credit institutions in Portugal. This will continue to be one of the biggest challenges facing the national banking sector in 2023. In parallel, the ECB's elimination of monetary and liquidity stimuli adds to the possibility of increases in default risks in the country. However, the introduction of decree law 80-A/2022 of 25 November which aims to mitigate the impacts of the rise of benchmark rate indexers in credit agreements for the acquisition or construction of homes for their owners' own permanent residence, which will remain in force up to the end of 2023, in addition to the "Mais habitação" (More Housing) legislative package will, over the short term, lessen the possibility of an increase in the level of defaults by households.

Nevertheless, revaluations of market interest rates and risk premia will increase net interest income. However, during the adjustment period of the base rate as the preferred monetary policy instrument, there may be depreciation in terms of the banks' portfolio of government debt securities, particularly in the case of instruments with higher interest rate risks.

Notwithstanding the stable and comfortable situation of national banks in terms of their capital and liquidity, a significant increase in credit default by the private sector may affect profitability, and as a corollary, the sector's solvency. Interest rate hikes could bring additional pressure to bear on institutions' funding costs in the wholesale market, and in particular, the probability of meeting the final MREL requirement by 1 January 2024.

Among the recent challenges faced by Portuguese banks, the digital transformation of financial services appears to be most in need of mitigating related risks. Increased digitalisation, not only brings with it a greater risk of cyber attack, but also greater risks in terms of money-laundering and the financing of terrorism. The automated execution of a large number of processes involving higher levels of technological complexity, not only adds to operational risk but also requires greater sophistication in management terms and the internal risk controls implemented by institutions' management and executive bodies.

Reference should, lastly, be made to the overall direction taken by the financial sector towards a more sustainable economy and society, firstly in environmental terms, but also from the point of view of social inclusion. In order to ensure a path towards an economy with a low carbon footprint, institutions must continue to make progress in terms of their energy efficiency and internal waste management processes, their contacts with customers and, in particular, their management of the right incentives to allow a structural change in household and corporate allocations in order to ensure a more sustainable economy.

1.4.4. Consolidated activity[2]

Results

INCOME STATEMENT (CONSOLIDATED)

(EUR thousand)

	Restated		Change	
	2021-12	2022-12	Total	(%)
Interest and similar income	1,428,190	1,865,048	436,859	30.6%
Interest and similar costs	448,927	457,057	8,130	1.8%
Net interest income	979,263	1,407,991	428,729	43.8%
Income from equity instruments	13,051	14,099	1,049	8.0%
Net interest income including income from eq. investm.	**992,313**	**1,422,091**	**429,777**	**43.3%**
Fees and commissions income	685,890	755,983	70,094	10.2%
Fees and commissions expenses	124,370	149,529	25,159	20.2%
Net fees and commissions	561,520	606,454	44,934	8.0%
Net trading income	174,133	216,046	41,913	24.1%
Other operating income	13,491	59,850	46,360	343.6%
Non-interest income	**749,143**	**882,351**	**133,207**	**17.8%**
Total operating income	**1,741,457**	**2,304,441**	**562,984**	**32.3%**
Employee costs	422,923	816,254	393,331	93.0%
Administrative expenses	229,195	251,110	21,915	9.6%
Depreciation and amortisation	107,179	135,722	28,542	26.6%
Operating costs	759,297	1,203,085	443,788	58.4%
Net operating income before impairments	**982,160**	**1,101,356**	**119,196**	**12.1%**
Credit impairment (net)	41,792	-5,300	-47,092	-112.7%
Provisions and impairment of other assets (net)	103,340	-23,542	-126,882	-122.8%
Provisions and impairments	**145,132**	**-28,842**	**-173,974**	**-119.9%**
Net operating income	**837,027**	**1,130,198**	**293,171**	**35.0%**
Income Tax	**271,744**	**271,374**	**-371**	**-0.1%**
Current	69,097	78,005	8,908	12.9%
Deferred	173,914	156,265	-17,650	-10.1%
Contribution on the banking sector	28,733	37,104	8,372	29.1%
Net operating income after tax before non-contr. int.	**565,283**	**858,825**	**293,541**	**51.9%**
Non-controlling interests	50,334	80,289	29,955	59.5%
Results of associated companies	56,519	47,690	-8,829	-15.6%
Results of subsidiaries held for sale	11,893	16,561	4,667	39.2%
Net income	**583,361**	**842,786**	**259,424**	**44.5%**

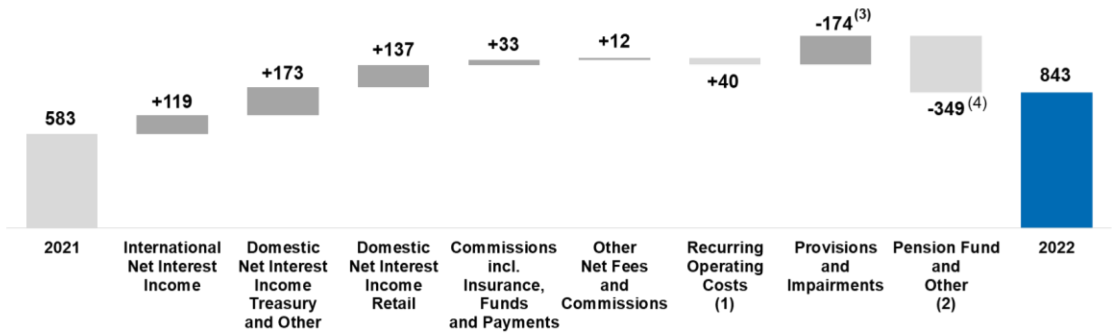
CGD ended 2022 with a consolidated **net income** of €843 million, up 44% over the end of 2021 figure of €583 million. In an unstable economic environment, the evolution of CGD's results in 2022 are justified essentially due to three effects: 1) obtaining a core operating income of €474 million above the figure recorded in 2021, offsetting the €444 million increase in operating costs (€404 million of which are related to non-recurring factors); 2) the increase in the results of the international activity, with a positive progression of the financial margin in most countries and a positive global impact from the exchange rate variation and 3) the decrease of €174 million in provisions and impairments, compared to 2021 (taking into account the non-recurring recording of provisions associated with personnel restructuring costs, carried out in 2021).

[2] The shareholding in Banco Comercial do Atlântico (BCA) was, in December 2022, classified under "Non-current assets held for sale", therefore, and for comparative purposes only, the consolidated balance sheet as of December 31, 2021 was restated, since IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" only requires the restatement of the income statement.

This evolution recorded in net income allowed for an increase of 2.8 percentage points in return on equity (ROE), from 7.0% in the same period last year to 9.8% in December 2022.

NET INCOME

(EUR million)



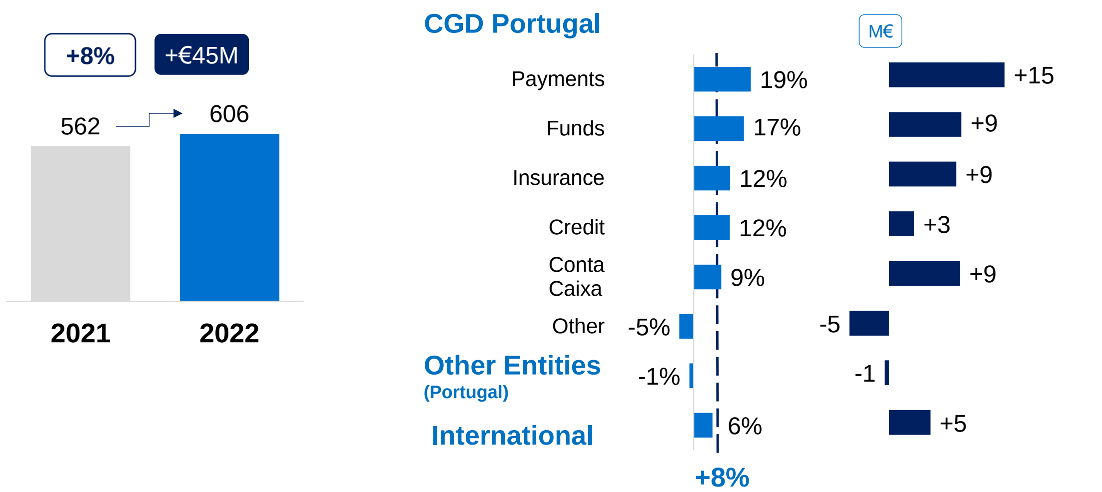
(1) Excluding personnel restructuring costs; (2) Including personnel restructuring costs and Pension Fund; (3) Provisions and impairments for credit risks: -€2.5 M; Other provisions and impairments: -€171.4 M (of which -€164 M associated with the pre-retirement programme: given the impairment charge in the amount of €104 M in 2021 for the period 2021-2024 and the use of €60 M recorded in 2022); (4) Includes about €80M (+€16M) of extraordinary contributions on the sector and regulatory costs

Consolidated **net interest income** was up by €429 million (+44%), mainly on account of CGD Portugal's contribution (up €308 million), reflecting the rise in interest rates in retail operations and the positive impact related to treasury and securities portfolio operations. The contribution of the international activity was also relevant to the evolution of net interest income (up €119 million), with emphasis on BCI Moçambique (up €60 million) and BCG Angola (up €40 million). The increase in the net interest income also includes the exchange rate variation (+€70 million, +16%), as well as the effect of the increase in the volume of the loan portfolio, and also the variation in pricing which, despite the increase in the index, was attenuated by the reduction of spreads.

Commissions were up €45 million (+8%) compared to December 2021. International activity contributed with a growth of €5 million, with the increase in Portugal focusing on fees charged with means payment (+€15 million), with purchases with CGD cards registering a 20% growth compared to 2021, and the sale of investment products: placement of investment funds (+€9 million) and insurance brokerage activity (+€9 million), with Caixa Gestão de Ativos reinforcing its position as market leader in the securities investment fund segment.

NET FEES AND COMMISSIONS

(EUR million)

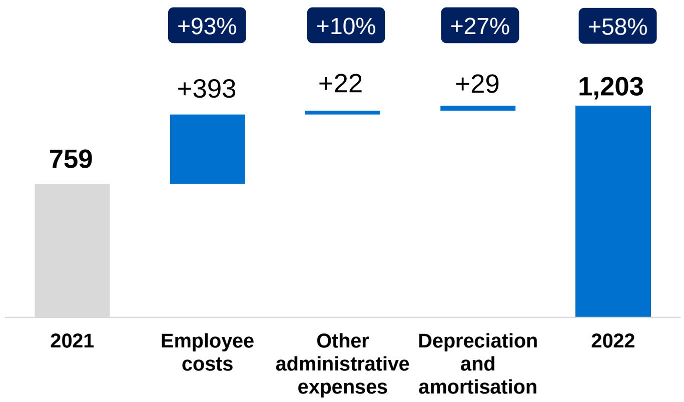


Income from financial operations was up €42 million (up 24%) compared to that obtained in December 2021, totaling €216 million. Domestic activity contributed with around half of the recorded change (€20 million), based on results with interest rate derivatives and the impact of the sale of positions in restructuring funds, which offset the effect of the extraordinary gains obtained in 2021. Net of the referred to extraordinary effects, income from financial operations was up €64 million (up 50%).

Other operating income was up €46 million compared to 2021, essentially explained by the effect of the disposal of real estate in Portugal (€25 million) and French branch (€36 million). Deducting extraordinary effects, the change is negative by €31 million.

OPERATING COSTS

(EUR million)



On a consolidated level, **operating costs** were up 58% by €444 million, compared to 2021, an evolution determined by non-recurring events in 2021 (of which: a €145 million reduction in provisions for past services associated with the medical services protocol signed by CGD in Portugal and €47 million for the staff restructuring program) and in 2022 (of which: €53 million in provisions for the staff restructuring program and €246 million relating to the agreement in principle concluded with the Government for the transfer of liabilities with pensions held by the Pension Fund). Recurring operating costs in December 2022 were up €40 million (+5%) compared to 2021. Deducting the extraordinary effects that occurred in 2021 and 2022, the contribution of domestic activity was down €2 million.

In the **international activity**, reference should also be made to BCI Moçambique's operating costs, which were up €22 million (+20%) largely explained by the positive exchange rate evolution (+€17 million) and BCG Angola, up €12 million (+43%), justified exclusively by the exchange rate effect.

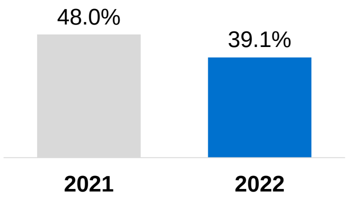
EFFICIENCY RATIOS

(%)

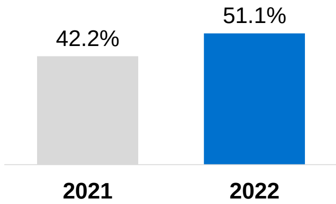
	Restated 2021-12	2022-12
Cost-to-income (consolidated operations) (1)	42.2%	51.1%
Cost-to-core income (2)(3)	48.0%	39.1%
Employee Costs / Total Operating Income (1)	24.3%	35.4%
Recurrent Employee Costs / Recurrent Total Core Operating Income (2) (3)	32.5%	24.3%
Administrative Expenses / Total Operating Income	13.2%	10.9%
Operating Costs / Average Net Assets	0.8%	1.1%
Total Operating Income / Average Net Assets	1.8%	2.2%

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

Recurrent Cost-to-income (1)
(Consolidated)



Cost-to-income (2)
(Consolidated)



(1) Calculated in accordance with Bank of Portugal Instruction No. 6//2018.Excludes non-recurring effects.
(2) Calculated in accordance with Bank of Portugal Instruction No. 6//2018.

Reference should be made to the influence that the aforementioned non-recurring factors had on the evolution of Caixa's efficiency ratios. The **cost-to-income** ratio of CGD's current activity continues to demonstrate a favourable trend, displaying its sustained efficiency, with reference levels at European level, essencially due to the increase of income in 2022. The ratio of 39.1% in December 2022, compares well with the ratio of 48.0% at the end of 2021.

Also, the ratio of **employee costs** to total core operating income output changes significantly when considering non-recurring effects. Thus, instead of registering a deterioration, this ratio reflects an improvement from 32.5% in 2021 to 24.3% at the end of 2022, thanks to the 2.2% decrease in current personnel costs combined with the relevant increase in total core operating income.

NET OPERATING INCOME BEFORE IMPAIRMENTS BY SEGMENT OF ACTIVITY

(EUR million)

	Restated		Change	
	2021-12	2022-12	Total	(%)
Domestic commercial banking	650.2	640.8	-9.5	-1.5%
International activity	260.2	387.4	127.2	48.9%
Investment banking	40.6	28.9	-11.8	-28.9%
Other	31.0	44.2	13.2	42.6%
Net Operating Income before Impairments	**982.2**	**1,101.4**	**119.2**	**12.1%**

As a result, **net operating income before impairments** was up €119.2 million to €1,101.4 million at the end of 2022. For this evolution, the contribution of the international activity was essential, main responsible for the increase in this item. However, excluding the non-recurring effects in the 2021 and 2022 activity, net operating income before impairments was up €469 million, due to the evolution of domestic commercial banking activity.

With a positive impact on the net income, **provisions and impairments** were down €174 million, resulting from a lower level of credit impairments, considering the stability observed in the asset quality indicators after the most critical period of the covid-19 pandemic. In fact, loan impairment net of recoveries went from €42 million in 2021 to -€5 million in 2022, resulting in a credit risk cost of -1 bp. (+8 bp in 2021).

PROVISIONS AND IMPAIRMENT FOR PERIOD

(EUR million)

	Restated		Change	
	2021-12	2022-12	Total	(%)
Provisions (net)	94.5	-16.0	-110.5	-116.9%
Credit impairment	41.8	-05.3	-47.1	-112.7%
Impairment losses, net of reversals	203.8	74.0	-129.8	-63.7%
Credit recovery	162.0	79.3	-82.7	-51.1%
Impairments of other financial assets	-8.9	8.8	17.7	-
Impairments of other assets	17.8	-16.4	-34.1	-192.0%
Provisions and impairments for period	**145.1**	**-28.8**	**-174.0**	**-119.9%**

It should be noted, however, that the change in provisions and impairments was also influenced by non-recurring factors, of which reference should be made to the reversal of €60 million, associated with the 2022 Early Retirement Plan, while in 2021 there was a reinforcement of the impairment associated with this Plan, in the amount of €104 million. Deducting the extraordinary effects that occurred in 2021 and 2022, provisions and impairments were down €57 million.

It should also be noted that credit recovery activities, including the write-off of assets and the disposal of non performing loans (NPL) and properties, had an impact on several components of CGD Group's income statement, essentially resulting in increases in net interest income, other operating results and in the recovery of impairments, with a total positive impact of €62 million in December 2022.

The **tax burden** borne in 2022 was similar to that of the previous year. However, tax and other operating income were impacted by the 24% increase in extraordinary contributions to the sector and regulatory costs which, as a whole, in December 2022 totalled €80 million, an increase of €16 million compared to 2021. Deducting the non-recurring effects that occurred in 2021 and 2022, taxes were down by €7 million.

As regards the remaining items in CGD Group's income statement, the **results of companies, as measured by the equity accounting method**, totalled €48 million and were down 16% over December 2021. The **results from held-for-sale subsidiaries** totalled €17 million, up €5 million over 2021. The non-controlling interests component was up €30 million, of which €18 million were associated with exchange rate variations affecting CGD's main subsidiaries. **Income from equity instruments** was up by 8% in December 2022, and totalled €14 million.

Balance sheet

CONSOLIDATED BALANCE SHEET

(EUR million)

		Restated		Change	
Assets	2021-12	2021-12	2022-12	Total	(%)
Cash and cash equivalents with central banks	23.000	22,962	21,812	-1,151	-5.0%
Loans and advances to credit institutions	3.924	3,693	3,992	299	8.1%
Securities investments	21.152	21,151	18,689	-2,462	-11.6%
Loans and advances to customers	50.184	49,701	50,778	1,077	2.2%
Assets with repurchase agreement	8	8	0	-8	-100.0%
Non-current assets held for sale	336	1,136	1,220	85	7.5%
Investment properties	33	33	56	23	69.3%
Intangible and tangible assets	746	729	780	51	7.1%
Investm. in subsid. and associated companies	530	526	476	-50	-9.4%
Current and deferred tax assets	1.575	1,573	1,029	-544	-34.6%
Other assets	2.522	2,506	3,670	1,163	46.4%
Total assets	**104.010**	**104,018**	**102,503**	**-1,515**	**-1.5%**
Liabilities					
Central banks' and credit institutions' resources	6.745	6,755	338	-6,417	-95.0%
Customer resources	79.756	79,031	83,972	4,941	6.3%
Debt securities	1.790	1,790	1,368	-421	-23.5%
Financial liabilities	382	382	221	-161	-42.1%
Non-current liabilities held for sale	148	887	990	102	11.5%
Provisions	977	974	906	-68	-7.0%
Subordinated liabilities	1.118	1,118	1,118	1	0.1%
Other liabilities	3.808	3,795	4,107	312	8.2%
Sub-total	**94.723**	**94,731**	**93,020**	**-1,711**	**-1.8%**
Shareholders' equity	**9.287**	**9,287**	**9,483**	**196**	**2.1%**
Total	**104.010**	**104,018**	**102,503**	**-1,515**	**-1.5%**

CGD's **consolidated net assets** decreased 1.5% over the €104,018 million at the end of December 2021 to €102,503 million at the end of December 2022.

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

CGD GROUP'S CONSOLIDATED NET ASSET

(EUR million)

	Restated			
	Dec - 21		Dec - 22	
CGD'S GROUP	Total	Structure	Total	Structure
Caixa Geral de Depósitos (1)	88,776	85.3%	85,908	83.8%
Banco Nacional Ultramarino, SA (Macau)	5,681	5.5%	6,232	6.1%
France branch	3,235	3.1%	3,213	3.1%
Banco Comercial e de Investimentos (Moçambique)	2,512	2.4%	2,977	2.9%
BCG Angola	977	0.9%	1,360	1.3%
Other companies (2)	2,837	2.7%	2,814	2.7%
Consolidated net assets	**104,018**	**100.0%**	**102,503**	**100.0%**

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

The securities investments balance was down 11.6% by €2,462 million over the preceding year amount to €18,689 million at the end of 2022. This evolution as determined by the decrease in financial assets at fair value through other comprehensive income, which were down by €3,664 million (-60.7%), compared to the end of 2021. This evolution reflects the liquidity management strategy followed by CGD, with the sale of public debt securities and those of other public issuers, to be counteracted by the increase in investments at amortized cost in Portuguese debt instruments and foreign issuers.

SECURITIES INVESTMENTS (CONSOLIDATED)

(EUR million)

	Restated		Change	
	2021-12	2022-12	Total	(%)
Fin. assets at fair value through profit or loss	2,125	2,080	-46	-2.1%
Financial assets at fair value through other comprehensive income	6,031	2,367	-3,664	-60.7%
Other investments at amortized cost	12,994	14,242	1,248	9.6%
Total	**21,151**	**18,689**	**-2,462**	**-11.6%**

Credit

The customer loan portfolio totalled €53,032 million, representing a 1% increase over the previous year.

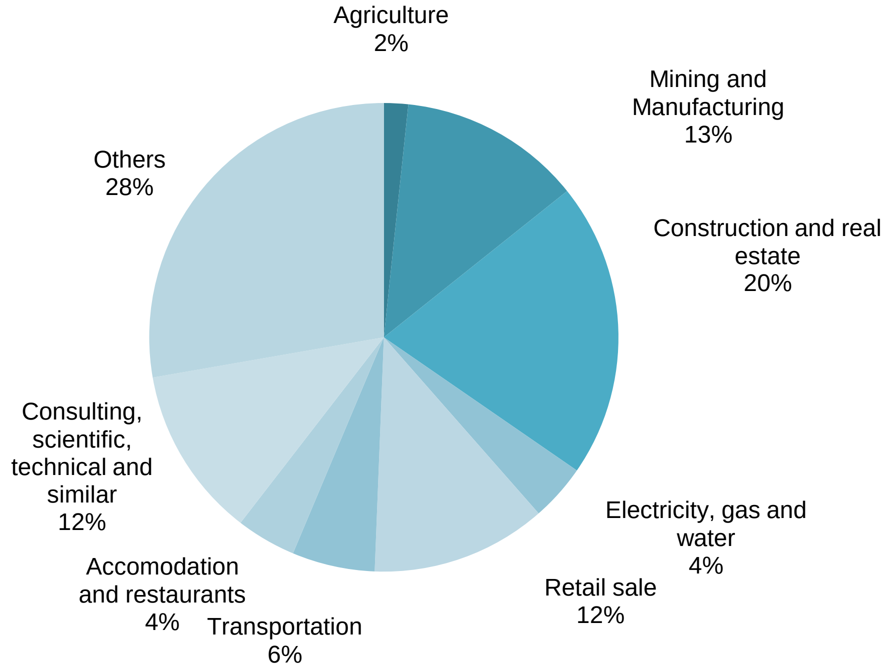
LOANS AND ADVANCES TO CUSTOMERS (GROSS)

(EUR million)

			Change	
	2021	2022-12	Total	(%)
Corporate & General government	22,731	22,732	1	0.0%
Individual customers	29,767	30,301	534	1.8%
Mortgage loans	27,265	27,611	346	1.3%
Consumer credit	1,378	1,580	202	14.6%
Other	1,124	1,110	-14	-1.2%
Total	**52,498**	**53,032**	**534**	**1.0%**

LOANS AND ADVANCES BY CORPORATE SECTOR

(%)



Loans and advances to corporates & General and government registered a slight increase by €1 million. Reference should be made, in terms of activity sectors, to the increases in Transportation (+10.7%), retail sale (+8.7%) and Construction and real estate (+1.1%), in contrast to the decrease in consulting, scientific technical activities and similar, electricity, gas and wate and 'Mining and Manufacturing.

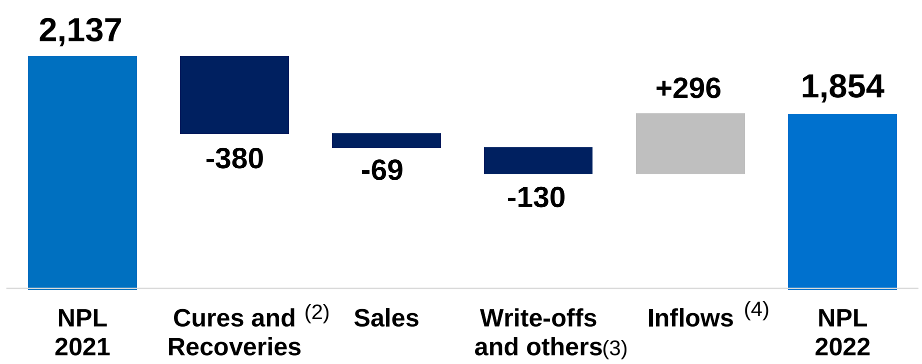
The loans and advances to individual customers balance increased by 1.8% to €30,301 million over the previous year.

In Portugal, growth was recorded in all segments, namely Corporate & General goverment (+0.7%), mortgage loans (+1.4%) and credit for consumption and other purposes (14.2%), reflecting the initiatives of the Strategic Plan 2021-2024 in the consumer credit area.CGD achieved a domestic credit market share of 18% in december 2022 (15% for corporate and 24% for mortgage loans) maintaining the leadership position in total loans, in individuals and in mortgage loans.

Asset quality continued to trend to improvement with NPLs (non-performing loans as defined by the EBA) down 13.3% by €283 million over December 2021 owing to the positive evolution in the components of cured credit, recoveries, sales and write-offs.

NPL EVOLUTION (1)

(EUR million)



(1) NPL –Non Performing Loans: EBA definitions; (2) Recovery value of the set of credits classified as NPL-Non Performing Loans;) Includes impact of exchange rate variations; (4) As a reminder, in the pre-COVID period, the values in December were €615 million and €482 million in 2018 and

It should be noted that the value of the new NPL recorded in 2022 of 296 million euros is below the values recorded in the pre-pandemic period of €615 Million and €482 Million.

ASSET QUALITY (CONSOLIDATED)

	2021-12	2022-12
NPL ratio (1)	2.8%	2.4%
NPE ratio (2)	2.3%	2.1%
Forborne ratio for loans and advances (3)	2.2%	2.2%
NPL coverage by impairments	107.8%	122.0%
NPE coverage by impairments	98.6%	107.8%
Coverage ratio on forborne loans and advances (3)	96.2%	79.1%
Crd. imp. (P&L) / Loans & adv. custom. (aver.)	0.08%	-0.01%

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

The improvement in Caixa's asset quality was also felt in terms of **real estate held for sale** which was down €110 million over the preceding year, totalling €291 million at the end of 2022, the lowest value since 2008. The balance on the **Restructuring Funds** also decreased by € 235 million with the successful completion of the Crow Project, a process for the sale of investment units in several funds, enabling 2022 to end with an exposure of € 205 million, less than half of the € 440 million recorded in the preceding year.

Resources

Customer deposits accounted for 90% of CGD's liabilities in December 2022, clearly illustrating the characteristics of a bank geared to the Portuguese retail market, operating for the benefit of households and companies.

Customer deposits increased by €4,934 million (+6.2%) when compared to the end of the previous year, an evolution essentially justified by the high savings rate in Portugal.

RESOURCES TAKEN BY GROUP – BALANCES

(EUR million)

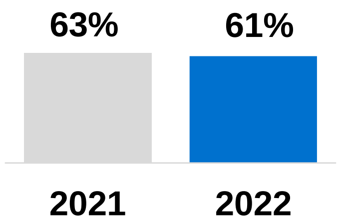
	Restated		Change	
	2021-12	2022-12	Total	(%)
Balance sheet	**79,031**	**83,972**	**4,941**	**6.3%**
Customer deposits (Consolidated)	78,941	83,875	4,934	6.2%
Domestic activity	*68,728*	*72,605*	*3,878*	*5.6%*
Individuals	*53,289*	*55,969*	*2,681*	*5.0%*
Corporates	*12,225*	*13,429*	*1,205*	*9.9%*
General Government	*3,214*	*3,207*	*-07*	*-0.2%*
International activity	*10,214*	*11,270*	*1,056*	*10.3%*
Other	89	97	07	8.2%
Off-balance sheet	**16,727**	**14,329**	**-2,398**	**-14.3%**
Total	**95,758**	**98,300**	**2,543**	**2.7%**

Total balance sheet funds raised in domestic activity amounted to €72,605 million at the end of December 2022, an increase of €3,878 million (+5.6%).

Caixa maintained its leadership position both in total customer deposits, with a share of 23% in December 2022, and in individual deposits, with a 32% share, demonstrating Caixa's customers' trust and loyalty.

LOANS-TO-DEPOSITS RATIO

(EUR million)



The loans-to-deposits ratio of 61%, in December 2022, against 63% in December 2021, reflected the significant increase of customer deposits, despite the increase in loans and advances to customers.

CUSTOMER RESOURCES – BALANCES

(EUR million)

	Restated		Change	
	2021-12	2022-12	Total	(%)
Customers deposits	78,941	83,875	4,934	6.2%
Sight deposits	42,610	46,092	3,482	8.2%
Term and savings deposits	35,475	36,871	1,396	3.9%
Mandatory deposits	857	913	56	6.5%
Other resources	89	97	07	7.9%
Total	**79,031**	**83,972**	**4,941**	**6.3%**

The total of **securities issued**, stood at €2,487 million, which represented a decrease of 14.5% compared to the end of 2021. This evolution resulted from the repayment of 2 issues of covered bonds placed with institutional investors, whose maturity took place during the year 2022.

In June, CGD carried out the issue of senior preferred debt (senior preferred), in the amount of 300 million euros, with a maturity of 4 years and the possibility of early repayment after 3 years and a coupon of 2.875%, CGD once again launched a new issue of senior preferential debt on the market in the amount of 500 million euros, with a maturity of 6 years and the possibility of early repayment at the end of 5 years and a coupon of 5.75%.

SECURITIES

(EUR million)

			Change	
	2021-12	2022-12	Total	(%)
Senior debt	530	1,368	838	158.0%
Covered bonds	1,259	0	-1,259	-100.0%
Subordinated debt	1,118	1,118	1	0.1%
Other	0	1	0	88.8%
Total	2,908	2,487	-421	**-14.5%**

Liquidity

The fact that CGD continues to enjoy significant liquidity, made it possible to reimburse €1.25 billion in covered bonds without recourse to market refinancing.

In addition, after obtaining prior authorisation from the European Central Bank (ECB), the early repayment option on the perpetual additional tier 1 capital issuance was exercised on the first contractually defined date for the call for the amount of €500 million and an interest rate of 10.75%, which enabled CGD to achieve significant annual savings in interest.

The early repayment of the €2.5 billion Nostrum Mortgages 2010 securitisation issuance was made in August 2022. The bonds had been fully subscribed for by CGD.

During the last quarter of 2022, CGD reimbursed the funding obtained from the ECB (third series of Targeted Longer-Term Refinancing Operations - TLTRO-III), within the scope of the Eurosystem's monetary policy measures, which totalled 5.8 billion euros.

The total amount of around €15 billion in assets available as Eurosystem collateral remained, however, stable, together with a significant volume of the balance of funds held with the Bank of Portugal.

The Liquidity Coverage Ratio (LCR) at the end of 2022, stood at 303.4%, which was much higher than the current regulatory liquidity coverage requirement of 100%. Net Stable Funding Ratio (NSFR) stood at 182.6%.

Capital management

As at 31 December 2022, consolidated shareholders' equity was up €196 million, to €9,483 million, over the end of 2021. The reduction of €500 million in "Other capital instruments", which referred to securities representing additional Tier 1 own funds (Additional Tier 1) that were called in March 2022, was offset by the €499 million increase in "Other reserves and retained earnings", already taking into account the payment of dividends to the Shareholder. This change is justified, among others, by the incorporation of the positive results of 2021 and by the positive impacts of exchange rate variations.

In 2022, the payment of dividends to CGD's shareholder, the Portuguese State, reached the amount of €378.2 million considering its robust financial situation and its net income for 2021. This amount included an amount previously withheld in accordance with the recommendations of the European Central Bank (ECB) regarding the distribution of dividends during the Covid-19 pandemic complying with the Dividend Policy currently in force.

SHAREHOLDERS' EQUITY (CONSOLIDATED)

(EUR million)

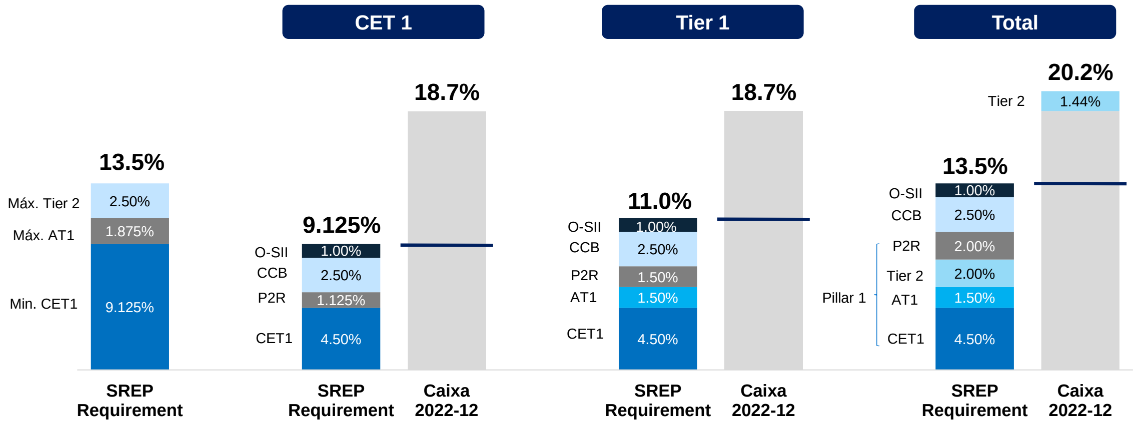
	Restated		Change	
	2021-12	2022-12	Abs.	(%)
Share capital	3.844	3,844	0	0.0%
Other capital instruments	500	0	-500	-100.0%
Revaluation reserves	255	130	-125	-49.2%
Other reserves and retained earnings	3.867	4,366	499	12.9%
Non-controlling interests	238	300	62	26.2%
Net income	583	843	259	44.5%
Total	**9.287**	**9,483**	**196**	**2.1%**

The fully loaded CET1, Tier 1 and Total ratios, including net income for the period deducted of the maximum distributable amount according to the dividend payment ratio of the previous year, were 18.7%, 18.7% and 20.2% respectively, meeting CGD's current capital requirements with a comfortable margin. These ratios, above the Portuguese and European average, show CGD's robust and adequate capital position.

Over the course of 2022 CGD took notice of its SREP requirements applicable from 2023 onwards, and reference should be made to the Pillar 2 requirement for CGD in 2023 is 1.9%, which represents a decrease of 10 b.p. compared to 2022 and 35 bp. compared to 2021 (two consecutive reductions), thus reflecting an improved perception by the Supervisor of the institution's global risk profile.

2022 SREP REQUIREMENTS AND CAPITAL RATIOS (*)

(%)



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

Information on own funds and capital ratios at the end of 2021 and 2022 is set out below:

SOLVENCY RATIOS (CONSOLIDATED)

(EUR million)

	CRD IV / CRR Regulation	
	2021-12	2022-12
Own funds		
Common equity tier 1 (CET 1)	7,775	8,121
Tier 1	7,781	8,126
Tier 2	629	626
Total	8,409	8,753
Weighted assets	**42,636**	**43,363**
Solvency ratios		
CET 1	18.2%	18.7%
Tier 1	18.2%	18.7%
Total	19.7%	20.2%

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 determination of own funds and consolidated prudential ratios at 31 December 2022, as reported to the supervisor, a net profit of around €483,723 million was considered, as authorised by the ECB, under no. 2 or article 26 of regulation (EU) 575/2013 and articles 3, 4 and 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 determined on net accounting profit of €837.8 million from the prudential perimeter, net of around €354.0 million for the maximum amount of distributable dividends in accordance with the preceding year's dividend payment ratio (implementation of decision (EU) 2015/656 of the ECB - conditions under which credit institutions may include interim or year-end profits in common equity tier 1).

Changes to the regulatory and supervisory framework

Law 23-A/2022, transposing directive (EU) no. 2019/878 on access to banking activity and prudential supervision and directive (EU) no. 2019/879 on the recovery and resolution of credit institutions and investment companies was published on 9 December 2022 and amends the RGICSF (general credit institutions and financial corporations regime), securities code and related legislation.

As regards the changes to the new version of the RGICSF document, in terms of own funds, reference should be made to the change in the maximum O-SII reserve requirement (reserve for other systemically important institutions) requirements from 2% to 3% and the restrictions on distributions (setting out how to calculate the maximum distributable amount, focused on meeting the minimum requirements). In terms of resolution reference should also be made to the introduction of restrictions on distributions of more than the maximum distributable amount, focused on compliance with minimum own funds and eligible liabilities requirements.

On 8 November 2022, the EU Council published its general guidance on the European Commission's legislative package on a set of changes to the Basel III regulatory framework for the implementation of the CRR III and CRD VI, which is scheduled to come into force on 1 January 2025.

Main aggregates contributing to the annual change of the consolidated CET1 ratio

The change in terms of the CET1 ratio between December 2021 and December 2022 is explained by the improvement of own funds to levels making it possible to accommodate the increase in risk-weighted assets (RWAs):

- The improvement of around €345.4 million in common equity tier 1 (CET1) capital represents a positive impact of 80 basis points (bp) on the CET1 ratio and essentially derives from the contribution of the following components;

  - The approximate amount of €483.7 million in net profit authorised by the ECB and calculated in own funds was the component responsible for the major positive contribution, in accounting for an increase of 112 bp on the change in terms of the CET1 ratio;

  - The approximate change of around €157.1 million in other reserves and retained earnings which contributed to a 36 bp increase on the change in terms of the CET1 ratio;

  - The negative evolution of around €125.4 million in revaluation reserves (essentially related to debt instruments), resulting in an impact of -29 bp on the change in terms of the CET1 ratio;

  - The increase in the deduction related to the pension fund surplus (notwithstanding the decrease in the value of the asset which was more than offset by the reduction in liabilities, contributing to an increase in the funding surplus over 2021) of around €-100.3 million which resulted in a -23 bp change in terms of the CET1 ratio, and

  - The increase of around €52.5 million in the deduction of deferred tax assets (for tax losses) with an impact of -12 bp on the change in terms of the CET1 ratio.

  The impacts of the change in net profit and the pension fund surplus on the above referred to CET1 ratios, reflect the effects of the liquidation operation on CGD's pension fund owing to the transfer of liabilities to CGA (Caixa Geral de Aposentações), totalling an increase of around €136.3 million in CET1 in December 2022.

- RWA between December 2021 and December 2022 were up by around €727.8 million. This had an impact of -30 bp on the CET1 ratio. This change is essentially explained by the following factors:

  - An increase of around €681 million (-28 bp in terms of the CET1 ratio) of RWA for credit risk on BCI Mozambique. This increase is explained by the combined effect of the 6% appreciation of the metical's exchange rate and the growth of its position at risk, particularly the 150% weighting of its sovereign exposure.

  - The increase of around €338 million (-14 bp in terms of the CET1 ratio) of RWAs for credit risk on BNU Macau, justified both by the effect of the around 6% exchange rate appreciation of the pataca (MOP) and Hong Kong dollar (HKD) and increased business, particularly in the corporate segment.

  - The favourable evolution of Angola's external rating, offsetting the impact of the 15.6% appreciation of the Kwanza on the RWA for credit risk deriving from the activity of BCG Angola.

  - Growth of the credit portfolio collateralised by real estate, particularly CGD Portugal's headquarters building, with an impact of €218 million on RWA (-9 bp in terms of the CET1 ratio).

- Reduction of exposure to investment units in funds, with a contribution to a decrease of €346 million in RWA (+14 bp in terms of the CET1 ratio);
- Decrease in exposure to derivatives, particularly in the corporate segment, with a global contribution of €336 million in the reduction of RWA (+14 bp in terms of the CET1 ratio);
- Decrease in the volume of investments in credit institutions with a contribution of €183 million to the decrease of RWA by (+ 7 bp in terms of the CET1 ratio);
- Decrease in the non-performing assets portfolio, with a global contribution of €246 million on the reduction of RWA (+10 bp in terms of the CET1 ratio);
- An increase of €253 million (-10 bp in the CET1 ratio) in RWA for market risk. The exchange rate appreciation observed in 2022, reflecting the increase in open foreign exchange positions in patacas (MOP) and Hong Kong dollars (HKD), but also in meticais (MZN) and kwanzas (AOA) explains most of the increase in RWAs for foreign exchange risk;
- An increase ***of*** €238 million in RWA for operational risk with an impact of -10 bps in terms of the CET1 ratio.

Capital requirements in 2022 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 2022, more details on which are latterly provided.

The ECB's letter of 2 February 2022 defined the minimum total SREP capital requirement (TSCR) of 10.0% (of which 8.0% for Pillar 1 and 2.0% for Pillar 2 - P2R), with a phased-in CET1 ratio of 9.125% required from CGD on a consolidated basis, which includes:

(i) a minimum CET1 ratio required by Pillar 1 of 4.5%;

(ii) a minimum CET1 ratio required by Pillar 2 (P2R) of 1.125%;

(iii) a CCB (capital conservation buffer) of 2.50%;

(iv) an "other systemically important institutions" buffer of 1.0%; and

(v) a countercyclical capital reserve of 0% of the total amount of positions at risk (as defined by the Bank of Portugal for fourth quarter 2022).

CGD must also achieve a minimum tier 1 ratio of 11.00% and a total capital ratio of 13.50% in 2022.

As regards the own funds buffer for "Other systemically important institutions" (O-SII), the Bank of Portugal defined a gradual 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 granted the possibility of extending the period for full compliance with the O-SII buffer percentage for another year. Caixa was informed of this decision in May 2020.

The phased implementation period of the own funds buffer for "Other systemically important institutions" ended at the close of 2021, with a requirement of 1% starting 2022.

On 30 September, 2022, the Bank of Portugal announced that the value of the countercyclical own funds buffer would remain at 0%.

Caixa must therefore achieve the following minimum ratios in 2022:

SREP – 2022 CAPITAL REQUIREMENTS (CONSOLIDATED)

(%)

2022					
Indicator	Minimum Ratio	Minimum Ratio Composition			
		Pillar 1	Pillar 2	Reserves	
				Conservation	O-SII
CET 1	9.125%	4.50%	1.125%	2.50%	1.00%
Tier 1	11.00%	6.00%	1.50%	2.50%	1.00%
Total	13.50%	8.00%	2.00%	2.50%	1.00%

CAPITAL SURPLUS - CONSOLIDATED ACTIVITY

(%)

	CRD IV Regulation	
	2021-12	2022-12
Buffer		
CET 1	9.2%	9.6%
Tier 1	7.3%	7.7%
Total	6.2%	6.7%

Capital requirements for 2023 applicable to consolidated activity under the SREP

The last SREP decision of 14 December 2022 and the Bank of Portugal's communication on the additional capital buffer pursuant to its O-SII (other systemically important institutions) status required Caixa Geral de Depósitos, S.A. to achieve a total ratio (TSCR) of 9.90% on a consolidated basis in 2023 (of which 8% for Pillar 1 and 1.90% 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 2023.

CGD's minimum phased-in CET1 capital requirement, on a consolidated basis, is now therefore 9.069% and includes;

(i) a minimum CET1 ratio required by Pillar 1 of 4.50%;

(ii) a minimum CET1 ratio required by Pillar 2 (P2R) of 1.069%;

(iii) a CCB (capital conservation buffer) of 2.50%;

(vi) an "other systemically important institutions" buffer of 1.0%; and

(iv) a countercyclical capital reserve of 0% of the total amount of positions at risk (as defined by the Bank of Portugal for first quarter 2023) as shown in the following table

SREP – 2023 CAPITAL REQUIREMENTS (CONSOLIDATED)

(%)

2023					
Indicator	Minimum Ratio	Minimum Ratio Composition			
		Pillar 1	Pillar 2	Reserves	
				Conservation	O-SII
CET 1	9.069%	4.50%	1.069%	2.50%	1.00%
Tier 1	10.925%	6.00%	1.43%	2.50%	1.00%
Total	13.40%	8.00%	1.90%	2.50%	1.00%

CGD must also achieve a minimum tier 1 ratio of 10.925% and a total capital ratio of 13.40% in 2023.

Repayment of additional tier 1 instrument

In 2021, Caixa asked for the ECB's authorisation to make an early repayment of the AT1 instrument for the amount of €500 million, which perpetual bond was issued in March 2017 under the recapitalisation plan agreed between the Portuguese state and the European Commission, at market conditions, with international institutional investors at an interest rate of 10.75%.

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, effective 30 March 2022 as the first contractually scheduled call date.

MREL

CGD was informed of the Single Resolution Board's (SRB) decision to revise its MREL (minimum requirement for own funds and eligible liabilities) requirements under the European Banking Resolution Directive (BRRD2), in first quarter 2022. According to this decision, starting 1 January 2024, CGD's own funds and eligible liabilities must be equivalent to 25.95% of total risk-weighted assets (including a combined buffer requirement of 3.5%) and a total leverage exposure of 5.94%.

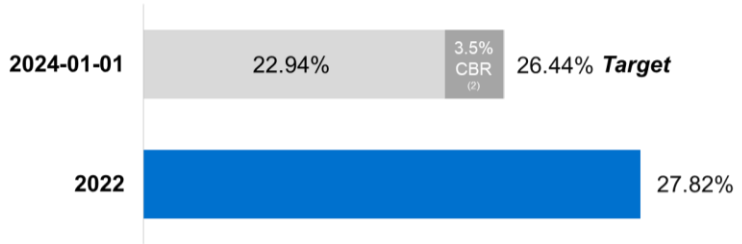
In March 2023, CGD was notified regarding the new binding MREL decision determined by the SRB, which revokes and replaces the one received in 2022, establishing that, in order to comply with the MREL requirements, from 1 January 2024 onwards, CGD must hold an amount of own funds and eligible liabilities equivalent to 26.44% of total risk-weighted assets (including a combined capital reserve requirement of 3.5%) and 6.27% of total leverage ratio exposure.

The requirements apply on a sub-consolidated basis for the determined resolution perimeter.

The preferred resolution strategy is the Multiple Point-of-Entry (MPE) approach. According to the decision currently in force, CGD is not subject to compliance with any minimum subordination requirement.

MREL (% OF RWA)[1]

(%)



(1) RWA – Risk Weighted Assets;
(2) CBR – Combined Buffer Requirement - O-SII + CCB.

Rating

On March 9, 2022, Fitch Ratings upgraded CGD's IDR and long-term preferred senior debt ratings from BB+ to BBB-, and revised 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 short-term preferred debt ratings were upgraded from B to F3.

With this change, CGD is now rated investment grade by the three international agencies that monitor its rating.

In May, DBRS affirmed CGD's rating at BBB, having revised the trend from Negative to Positive. This improvement reflects CGD's leadership position in Portugal, its solid funding and capital, as well as the resilience demonstrated during the pandemic.

In January 2023, Moody's upgraded CGD's deposit rating outlook to "Positive". At the same time, Moody's confirmed the deposit and long-term senior debt ratings at Baa2/Prime-2, as well as long-term senior non-preferred debt at Baa3, while maintaining the senior debt outlook at "Stable". This initiative reflects Moody's expectation that the gradual reinforcement of CGD's risk profile, mainly in terms of asset quality, capital and profitability, will continue despite the demanding environment.

1.4.4.1. Domestic Activity

Domestic activity's contribution to CGD Group's net income in 2022 was €649.5 million, up 44.5% from €449.4 million in 2021. CGD's activity in Portugal was the main responsible for the the net income in domestic activity, with a contribution of €541 million (up €209 million).

The positive performance of net interest income and commissions shows that domestic core activity is recovering from an adverse environment.

Conversely, operating costs were up 74.8%, to €930.3 million, justified by the evolution of employee costs (up €367.3 million) influenced by non-recurring factors, of which: the signature of a new protocol with the "Social Services of CGD" which led to the reversal of the provision for the medical plan (-€145 million) in April 2021, and the agreement in principle established with the Portuguese Government for the transfer of pension liabilities financed by the Pension Fund (+€246 million) in December 2022.

In 2022, provisions and impairments in domestic activity were down €199.1 million compared to 2021, due to the reduction of €51.4 million in net loan impairments and the reduction of €147.7 million in provisions and impairment of other assets (net), reflecting the favourable evolution compared to initial expectations in the context of a pandemic.

Specialized activity

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.

CaixaBI achieved total operating income of €26.5 million in 2022. Positive contributions to this amount were made by net interest income (€2.3 million), commissions from advisory and financial brokerage services (€18.8 million), income from financial assets (€4.1 million) and other operating income (€1.3 million). Net profit for the year amounted to €8.3 million.

CAIXA BANCO DE INVESTIMENTO - INDICATORS

(EUR Million)

			Change	
(Statutory accounts)	2021-12	2022-12	Total	(%)
Net interest income	2.5	2.3	-0.2	-7.9%
Commissions (net)	18.2	18.8	0.6	3.2%
Income from financial operations	0.2	4.1	3.9	2,087.4%
Total operating income	23.3	26.5	3.3	14.0%
Operating costs	-14.6	-15.7	-1.0	-
Net op. income before impairments	8.6	10.9	2.2	25.8%
Provisions and impairments	2.3	0.4	-1.9	-82.2%
Net income	8.1	8.3	0.2	2.9%
Net assets	467.4	485.9	18.5	3.9%
Securities investments	331.5	341.9	10.5	3.2%
Loans and adv. to customers (net)	1.8	1.8	0.0	-2.0%
Customer deposits	36.3	62.1	25.8	71.2%

CaixaBI retained its position as a benchmark institution in Portugal's debt capital market's bond sectors, coming first in Bloomberg's ranking on bonds issued by domestic entities, having provided advisory services for an overall amount of €1,429 million in 15 issuances.

In the Portuguese public debt segment, CaixaBI was joint lead manager and bookrunner for the syndicated placement of the new 10 year benchmark 1.65% treasury bonds issuance maturing in 2032 and co-lead manager for the syndicated placement of the new 20 year benchmark 1.15% treasury bonds issuance maturing in 2042, each for a global amount of €3 billion.

In the sustainability segment, reference should be made to CaixaBI's role as joint lead manager and bookrunner for Caixa's two Green Bonds Senior Preferred issuances (€300 million and €500 million) which are the only issuances in this format to-date by Portuguese financial institutions. Reference should also be made to the joint global coordination of the issuance of Mota-Engil's sustainability bonds 2022-2027 (€70 million) and GreenVolt's green bonds 2022-2027 (€150 million) both in the form of a public offering and public exchange offer (in the case of Mota-Engil). Note should also be taken of the organisation and leadership of the issuance of sustainability-linked bonds by The Navigator Company (€150 million), NOS (€75 million) and Sonae Sierra (€50 million).

In the corporate debt segment, reference should also be made to CaixaBI's role as joint lead manager and bookrunner for the €455 million bond issuance of the Autonomous Region of the Azores, organisation and joint lead of the €260 million and €225 million bond issuances of the Autonomous Region of Madeira, organisation and lead of the €100 million bond issuance of Locarent, Semapa (€100 million) Cin (€40 million) and Greenvolt (€35 million). Across this period the bank was also co-lead manager for UBS, Credit Suisse, Santander, HSBC and ING issuances. Reference should also be made to CaixaBI's intervention as the contracting entity for the Sport Lisboa e Benfica - Futebol, SAD bonds (€60 million) public offering and the Futebol Clube do Porto - Futebol, SAD bonds (€50 million) public offering and exchange operation, in addition to the organisation and structuring of the credit assignment operation of SU Eletricidade (€80 million) and the organisation and lead of twenty one new commercial paper programmes for corporate customers, particularly in the sustainability segment in a sustainability-linked commercial paper programme for NOS, four ESG-linked programmes for the Sonae group and a Green commercial paper programme for Corticeira Amorim.

As regards advisory activity in the organisation and structuring of financing, reference should be made to the successful completion of the refinancing of Centro Comercial Parque Atlântico (€22.5 million) and successful completion of operations in the project finance, real estate and acquisition finance areas.

Also relevant is CaixaBI's advisory role in Banco Caixa Geral Angola's initial public offering, GreenVolt's capital increase in the form of a public offering and the organisation and structuring of a public offer of convertible bonds by Farminveste. Reference should also be made to financial advisory services to Altri for the distribution of dividends, an operation in which the bank also acted as a paying agent.

CaixaBI continued to operate as a liquidity provider on a collection of Euronext Lisbon listed securities which continued to enjoy a high rating from Euronext as well as acting as the market-maker for a Fundiestamo real estate fund.

The venture capital activity of Caixa Capital as a wholly owned CaixaBI company, focused on the analysis of investment opportunities and management of the portfolio of subsidiary companies held by the venture capital funds under its management. Additional investments of €13.3 million and divestments of €16.5 million in fund subsidiaries, split between the two funds under management, were made.

Specialised credit

According to data published by the Portuguese Association of Leasing, Factoring and Renting (ALF) for 2022, business sector trajectories were upwards, in a reversal of the impact of the pandemic that influenced the year 2020, when the sector was hard hit.

In this context, the only stagnation in 2022 was in real estate leasing, whereas equipment leasing was up 5.4%, factoring by 16.9% and confirming by 29.2%.

(EUR Million)

			Change	
	2021-12	2022-12*	Total	(%)
Property leasing	804	804	0	0.0%
Equipment leasing	1,473	1,552	79	5.4%
Factoring	20,174	23,590	3,416	16.9%
Confirming	14,313	18,488	4,175	29.2%

* Provisional values

Caixa's commercial activity, notwithstanding the inevitable negative impacts of Covid-19 was favourable in 2022 and translated into an increase of its respective market share of various products.

SPECIALISED CREDIT - PRODUCTION

(EUR Million)

			Change	
Product	2021-12	2022-12	Total	(%)
Leasing	**432**	**518**	**86**	**19.8%**
Property leasing	139	166	27	19.4%
Equipment leasing	293	351	59	20.1%
Factoring	**4,846**	**5,960**	**1,113**	**23.0%**
Domestic and international factoring	2,291	2,395	105	4.6%
Confirming	2,556	3,564	1,008	39.5%
Vehicle finance (light vehicles)	**137**	**169**	**32**	**23.1%**
of which:				
Property leasing	126	159	33	26.0%

Leasing sales in the real estate sector in 2022 were up 19.4% across the year to €166 million. Caixa's 20.7% market share in this segment, in December 2022, was up 3.4 pp over the same period 2021.

Equipment leasing sales were up 20.1% over the preceding year to €351 million. Reference should be made to the 23.1% increase in light vehicle financing. Caixa's 22.6% market share of new operations at the end of 2022, was up for the third consecutive year.

Confirming sales account for 59.8% of total factoring and were up 39.5% over the same period last year, outperforming the total of previous years. The market share in this product was up 1.4 pp over 2021 to 19.3%.

Total factoring grew 23.0% in 2022. The market share of this product, showing a 0.1 improvement over 2021 stood at 14.2% in December 2022.

Asset management

According to data published by the Portuguese Association of Investment Funds, Pensions and Assets (APFIPP), in December 2022, the national market for unit trust funds was down 13.8% over the start of the year to €17.1 billion. Caixa Gestão de Ativos retained its market lead with a share of 36.6% (€6.268 billion at the end of the year). This was an increase of 1.6 percentage points over its market share at the end of 2021. Notwithstanding the increase in market share, the amounts under Caixa Gestão de Ativos management were down €684 million and across-the-board to all fund managers.

Caixa Gestão de Ativos continues to lead the market in the national higher value-added funds, shares and multiasset segments.

In the multiasset funds segment managed in Portugal, the Caixa Seleção Global Moderado fund, with €1,191 million under management at the end of 2022, was the second largest fund in the national market.

In the share segment special reference should be made to the Caixa Ações Líderes Globais fund which invests in the worldwide listed shares of companies with strong brand recognition factors, for several reasons:

- It has retained its status as the largest investment fund in the national market, ending 2022 with €2,163.8 million under management;
- It ranks as the third placed annual fund with the highest annualised returns over the last five years, according to data published by APFIPP.

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

The last few years have been marked by an acceleration of the integration of environmental, social and corporate governance (ESG) considerations in the investment strategy of Caixa Gestão de Ativos and CGD Pensões.

Both companies, as signatories to the PRI - Principles for Responsible Investment of the United Nations in 2019, have reinforced the importance of incorporating ESG factors in the investment process of the funds under management.

Socially responsible investment as a strategy and practice is aimed at incorporating environmental, social and corporate governance factors in investment decisions. The socially responsible investment approach therefore continues to be a strategic pillar of the activity of the fund managers and an integral part of the group's extended strategy, designed to support a more sustainable future.

In 2022 and in parallel with its response to the new regulatory requirements associated with this issue, particularly as regards regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 (SFDR - Sustainable Finance Disclosure Regulation) on sustainability-related disclosures in the financial services sector, Caixa Gestão de Ativos and CGD Pensões have consolidated their ambition to set an example in the implementation of socially responsible investments, strengthening their operational approach, which remains centred on three main areas:

- Integration of ESG factors in investment processes, in parallel with the use of traditional financial analysis factors;
- Engagement with companies by exercising voting rights associated with assets under management;
- Involvement with target investment companies, fostering engagement on matters of socially responsible investment.

With this action, the fund managers simultaneously aim to safeguard concerns over sustainable development and leverage sustainable, long term yields in the best interests of their customers.

The "Sustainability Preferences Questionnaire" was implemented in August 2022 by management companies in compliance with a new regulatory requirement. It requests feedback from each customer on their aims in terms of sustainability they wish to see reflected in the management of their assets.

With regard to joining international initiatives, in September 2022, Caixa Gestão de Ativos joined the Net Zero Asset Managers Initiative. This global initiative, officially launched in December 2020, brings together the efforts and commitment of its signatory international asset management companies regarding the decarbonisation of portfolios under management, thus contributing to achieving the goal of a zero level of net greenhouse gas emissions by 2050. This membership process was a natural step, owing to the management company's strategic commitment to meet the risks and challenges associated with climate change, contributing to the mitigation and reversal of global warming and aligning its performance with best ESG practice in the asset management industry

In line with the understanding of the management companies on their role in promoting environmental and/or social responsibility in terms of the Portuguese asset management industry, management companies have sought to contribute to a general improvement of financial literacy or focus on sustainable investments. In this context, Caixa Gestão de Ativos has contributed several press articles and has been involved in several conferences and the like on financial investment matters and the importance of integrating ESG criteria in investment processes in terms of asset management.

ASSET MANAGEMENT – INDICATORS

(EUR Million)

	2021-12	2022-12	Change	
			Total	(%)
Net Comissions	31.1	33.0	1.9	6.1%
Total operating income	33.0	34.8	1.8	5.4%
Operating costs	12.8	13.7	0.9	7.1%
Net op. income before impairments	20.3	21.2	0.9	4.4%
Net income	15.1	16.3	1.2	8.2%
Assets under management	**18,085**	**15,909**	**-2,175**	**-12.0%**
Securities Funds (1)	6,952	6,268	-684	-9.8%
Real Estate Funds (1)	892	909	17	1.9%
Pension Funds (2)	4,555	4,154	-401	-8.8%
Portfolio Management (3)	5,687	4,579	-1,108	-19.5%

[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 real estate and investment funds.

1.4.4.2. International activity

CGD Group has continued to proceed, in compliance with the 2021-2024 Strategic Plan, with the restructuring of 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 maintains a diversified international presence, with different models of representation (mainly subsidiaries, branches and representative offices), with greater focus on 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.

During 2022, 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.

CGD's representativeness in the governing bodies of the international units and the effective monitoring of the committees that support these governing bodies, in parallel with the corporate exercise of control functions and the harmonization of corporate policies, are tools that contribute to the reinforcement and harmonization of the strategy of the Group and contribute to consolidated results and risk management. The same action focuses on increasing articulation between the various functional structures (business, support and control) of CGD and international entities, in favor of reinforcing their contribution to the Group's strategy and consolidated results.

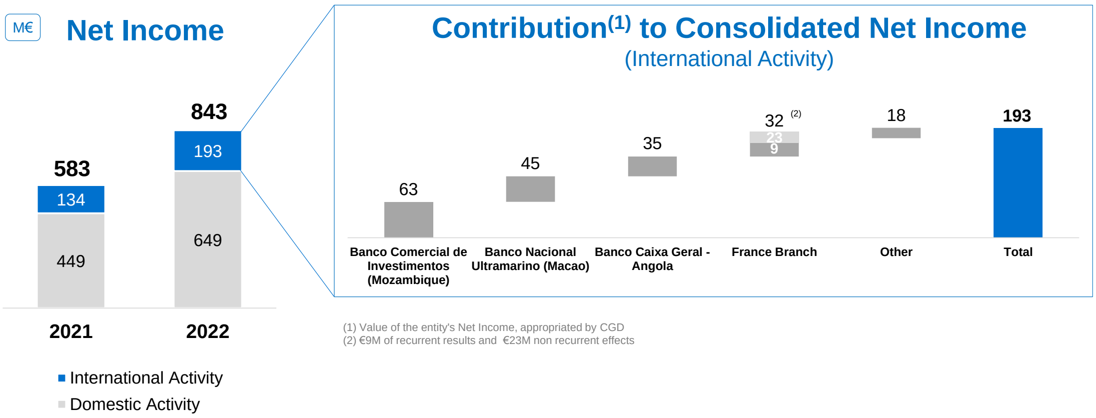
In 2022, international entities continued the adoption of a wide range of policies, standards and procedures identical to those of CGD, ensuring the harmonisation of rules and practices within the group (including the sharing of good practice) in accordance with the most advanced international rules.

It is also a strategic priority to promote the development of an integrated vision of the Group's customer, reinforcing the articulation between CGD and international entities (and also among them), with the aim of boosting business and offering a better and broader service to the customer, functioning as a multi-service banking platform (cross-border payments, transfers, trade finance, and other services).

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 2022 was up 44% over 2021 to €193 million. This evolution was influenced by exchange rate variations occurring in the countries of CGD group's principal business units abroad (+€24 million).



The main contributions to income from international activity were from BCI Moçambique (up €63 million), BNU Macao (up €45 million), BCG Angola (up €35 million) and France branch (up €32 million), the latter reflecting the non-recurring effect of the sale of its head office building.

The contribution of CGD Group's international units to the consolidated net income derived essentially from the positive performance of net interest income, but also from non-interest income items, which evidenced a scenario of economic recovery in the geographies in which CGD operates, offsetting the increase in operating costs (including exchange rate effects) recorded in the period. Accordingly, total operating income from international activity was up 34% over December 2021.

Operating costs were, in turn, up 19%, without offsetting the positive changes in net interest income and non interest income, resulting in a 49% increase in net operating income berfore impairments.

Provisions and impairments were up €25 million over 2021 mainly due to non-recurring reversals occurred last year.

CONTRIBUTION TO CONSOLIDATED NET INCOME (*)
INTERNATIONAL ACTIVITY

(EUR million)

	Restated		Change	
	2021-12	2022-12	Total	(%)
Net interest inc. incl. inc. from eq. investm.	382.0	501.0	119.0	31.2%
Net fees and commissions	85.2	90.5	5.3	6.3%
Net trading income	35.4	56.9	21.5	60.8%
Other operating income	6.6	34.9	28.3	430.7%
Total operating income	**509.1**	**683.3**	**174.2**	**34.2%**
Employee costs	141.9	168.0	26.0	18.3%
Administrative expenses	76.7	91.3	14.7	19.1%
Depreciation and amortisation	30.3	36.6	6.3	20.9%
Operating costs	**248.9**	**295.9**	**47.0**	**18.9%**
Net operating income before impairments	**260.2**	**387.4**	**127.2**	**48.9%**
Credit impairment (net)	28.9	33.2	4.3	14.9%
Provisions and impairments of other assets (net)	5.8	26.6	20.8	361.0%
Net operating income	**225.6**	**327.7**	**102.1**	**45.3%**
Income Tax	56.4	71.2	14.8	26.3%
Net op. inc. after tax and before non-contr. interests	**169.2**	**256.5**	**87.2**	**51.6%**
Non-controlling interests	48.1	80.3	32.2	67.0%
Results from subsidiaries held for sale	11.9	16.0	4.1	34.2%
Results of associated companies	0.9	1.2	0.3	34.8%
Net income	**133.9**	**193.3**	**59.4**	**44.4%**

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

Main CGD Group companies

BNU Macao

In 2020 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 issued currency for over 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.

2022 was the 120th anniversary of BNU's presence in Macau, which was recognised by the Macau SAR authorities with the Silver Medal Lotus of Honour for its contribution to the adequate diversification of Macau's economy and development of its in-depth cooperation zone.

In the context of the pandemic, which extended across 2022, BNU, in accordance with Macau government directives continued to implement diverse measures to protect and support its customers, employees and communities, strengthening its support to the population and SME, by extending moratoria, lines of credit and consumer incentives.

One of BNU's main strategic objectives in 2022 was to re-engineer its branch office network (closing two and renewing another two branches) and achieve a strong focus on the digitalisation of processes and services available to its customers.

BNU made a net profit of 381.6 million patacas (€44.9 million) and a return on equity (ROE) of 6.2% in 2022. Its default ratio remains at a low 1.1% and efficiency ratios have remained highly competitive in comparison to the industry average with a cost-to-income ratio of 40.6% and a cost-to-core income ratio of 35.9%.

The loans and advances to customers portfolio was up 8.6% over 2021 to 27,470 million patacas (net). This increase partly derives from the 30.7% growth of loans to non-financial corporations in the form of an increase in syndicated credit. Mortgage lending, in line with the evolution of the market, was down 1.7% and consumer credit slightly up, reflecting the easing of the measures implemented during the pandemic.

Customer resources were up 7.4%, mainly comprising residents' term deposits which were naturally boosted by the increase in the average interest rate on deposits and the increase of the deposits of integrated resorts following the renewal of licences and the guarantees provided to the Macau SAR government. Against this background, the loans-to-deposits ratio was up 72.4% in 2022 in comparison to 71.6% in 2021.

In financial terms Macau is a highly competitive market with the presence of 32 banks, several of which among the largest in the world. BNU, however comes 5th in terms of balance sheet and credit. BNU has a 9% share of the market for credit cards and a market share of 30% for the salary accounts of employees of integrated resorts and civil servants.

Operating costs were slightly down by 0.04% over 2021. Employee costs, subject to a continuation of pressure on wages in a highly competitive, full employment labour market were up 2.2% Administrative overheads were slightly up by 0.9%. Depreciation was down, partly owing to branch office closures.

As a consequence of the above and increase in interest rates, net operating income before impairment was up 12.8% to 557.7 million patacas.

BNU recognised net provisions and impairment of 127.3 million patacas in 2022. There was a considerable increase in impairment on credit (net) and on other financial assets owing to a downgrade of the securities of integrated resorts which is expected to be fully recoverable owing to the recent renewal of licences for an additional 10 years.

BNU MACAO - INDICATORS

			(EUR million)			(MOP million)
	2021-12	2022-12	Change (%)	2021-12	2022-12	Change (%)
Net interest income	73.0	90.4	23.9%	691.0	767.9	11.1%
Total operating income	92.9	111.0	19.5%	879.4	942.5	7.2%
Operating costs	40.6	45.3	11.5%	384.9	384.8	0.0%
Net op. income before impairments	52.2	65.7	25.8%	494.4	557.7	12.8%
Provisions and impairments	-1.5	15.0	-	-13.8	127.3	-
Net income	47.9	44.9	-6.2%	453.4	381.6	-15.8%
Net assets	6,005.8	6,644.8	10.6%	54,642.2	56,918.1	4.2%
Loans and adv. to customers (net)	2,780.4	3,207.0	15.3%	25,297.0	27,470.2	8.6%
Customer deposits	3,880.0	4,427.3	14.1%	35,301.1	37,923.5	7.4%

Exchange rate EUR/MOP - Balance sheet:9.0983 in dec/21and 8.5658 in dec/22; P&L 9.4693 in dec/21and 8.4922 in dec/22

BNU Macao's contribution to CGD Group's consolidated net income for 2022 was €44.9 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.

Across the course of 2022, France's economy suffered multiple shocks (including, inter alia, waves of the Omicron variant, major geopolitical tensions, rising energy prices, supply difficulties and interest rate hikes) which were responsible for creating high levels of uncertainty leading to a slowdown in economic growth notwithstanding the fiscal measures implemented.

It was in such an atypical macroeconomic environment, marked by uncertainty and an inflationary shock that the branch operated in 2022. Reference should be made, on the one hand, to the 2.6% decrease in lending over 2021 – largely deriving from the restrictive risk policy, in response to an increased level of economic uncertainty, and, on the other, a slight decrease in deposit-taking from customers in line with the decrease in the size of the credit portfolio (down 0.8% as opposed to an increase of 1.7% in 2021), in addition to a slowdown in securing transfers (up 3.9%, against 10.2% in 2021).

2022 was also marked by the completion of the sales process of the headquarters building in France to further the objective of rationalising physical space occupancy accompanied by the search for solutions more adapted to the current and future needs of the France branch office headquarters' work teams. This operation provided the branch with non-recurring profit and, consequently, enabled it to improve its performance in the French market.

Operating profit was up €17.1 million over 2021 to €44.5 million. The main contributory factors to this extremely favourable evolution were the sharp increase in non-interest income owing to the above referred to non-recurring profit, as net interest income was slightly down by 3.8%. Total operating income was up €28.9 million over the preceding year to €121.2 million, Operating costs were, on the other hand, up 12.7% by €7.5 million largely on account of the costs incurred on the sale of the headquarters building and rental of new replacement facilities and a 77.4% increase of €4.2 million in provisions and impairment following the significant increase in the level of economic uncertainty across the year. France branch therefore made a profit of €30.6 million, up 58.1% over the preceding year.

FRANCE BRANCH - INDICATORS

(EUR million)

			Change	
	2021-12	2022-12	Total	(%)
Net interest income	73.0	70.2	-2.8	-3.8%
Total operating income	92.4	121.2	28.9	31.2%
Operating costs	59.6	67.1	7.5	12.7%
Net op. income before impairments	32.8	54.1	21.3	64.9%
Provisions and impairments	5.4	9.6	4.2	77.4%
Net income	19.4	30.6	11.2	58.1%
Net assets	3,337.1	3,299.9	-37.2	-1.1%
Loans and adv. to customers (net)	2,641.6	2,573.0	-68.6	-2.6%
Customer deposits	2,826.0	2,803.1	-22.9	-0.8%

The contribution of the France branch to CGD Group's consolidated net income was EUR 32.2 million

Banco Caixa Geral Angola

Banco Caixa Geral Angola (BCGA or Caixa 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 has earned the status of a trusted institution, a partner in Angolan society, backing companies in terms of their business expansion and satisfying their individual aspirations, particularly providing the oil and gas sector and affluent personal customers with service levels of excellence.

The enormous potential of the country’s demographic structure, in addition to expectations of an improvement in its economic and social environment, make it an attractive market, not risk-free, but with a wealth of opportunities. Caixa Angola is able to provide its customers with the experience and local knowledge necessary to operate a successful business in Africa, exploiting CGD group’s network in order to broker the activities of foreign entities without a presence in Angola, capitalising on the perception of the robustness and confidence enjoyed by the group.

In April 2022, Caixa Angola, on the basis of a resolution of the board of its general meeting subscribed for a defined annual contribution retirement savings plan. This initiative reflects an investment and commitment to its existing and future employees.

25% of BCGA’s share capital owned by SONANGOL was sold on the stock exchange in third quarter 2022 in the form of an initial public offering resulting in an additional 691 shareholders and a success in terms of having been oversubscribed by a factor of 2.05, culminating in a pro rata allocation of 48%.

The evolution of the price of the shares quoted on the exchange was highly favourable, attaining a maximum price of Kz 17,575 during the session of 25 October 25. This was 3.52 times the amount of the initial public offering of Kz 5,000.

BCGA’s net interest income of 42,905 million kwanzas in 2022 was up 17.4% over 2021.

Income from services and commissions was slightly up by 1.15% over 2021 to 7,918 million kwanzas in 2022. Further growth was mainly constrained by the negative impact of the change in the kwanza’s value against the major currencies in addition to the reduction of commissions on securities owing to the new brokerage model.

Operating costs were down 5.4% in local currency owing to the optimisation of the procurement process as part of the management process for needs and purchases.

Net operating income before impairment was up 43.7% over the preceding year to 41,665 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 7.0% over the preceding year to 791,079 million kwanzas. This positive variation derives from the increase in cash and cash equivalents at central banks and investments at amortised cost (securities) offset by a reduction in investments and loans and advances to other credit institutions.

Gross credit was slightly up by 0.07% to 181,023 million kwanzas and balance sheet credit impairment down by around 1.59% to 14,076 million kwanzas in 2022.

Liabilities were up 5.3% over 2021, mainly owing to the increase in customer resources, whose positive change derived from the kwanza's depreciation against the major currencies in the last quarter of the year, to 656,158 million kwanzas in 2022.

BCG ANGOLA - INDICATORS

	(EUR million)			(AOA million)		
	2021-12	2022-12	Change (%)	2021-12	2022-12	Change (%)
Net interest income	49.3	89.4	81.2%	36,539	42,905	17.4%
Total operating income	66.8	127.3	90.4%	49,503	61,071	23.4%
Operating costs	27.7	40.4	46.0%	20,513	19,406	-5.4%
Net op. income before impairments	39.1	86.8	121.8%	28,990	41,665	43.7%
Provisions and impairments	-14.0	5.0	-	-10,373	2,412	-
Net income	43.4	73.0	68.3%	32,135	35,055	9.1%
Net assets	1,157.4	1,467.5	26.8%	739,406	791,079	7.0%
Loans and adv. to customers (net)	254.2	307.0	20.8%	162,373	165,470	1.9%
Customer deposits	955.4	1,216.5	27.3%	610,326	655,773	7.4%

Exchange rate EUR/AOA - Balance sheet: 638.8400 in Dec/21and 539.0500 in Dec/22; P&L: 740.5309 in Dec/21and 479.8845 in Dec/22.

BCG Angola's contribution to CGD Group's consolidated net income totalling €34.9 million in 2022.

BCI Mozambique

Mozambique's economy grew by an annualised 3.6% in third quarter 2022. According to the Bank of Mozambique (BdM), this growth reflects the good performance of the exporting sector, which particularly benefited from higher prices for the country's major export goods. The government of Mozambique (in its economic and social plan and state budget) and the IMF (in the World Economic Outlook report) forecast growth of 2.9% and 3.7% respectively for 2022.

December 2022 witnessed an increase in inflation to 10.91% (7.15% in December 2021), largely owing to the rising prices of: (i) food and non-alcoholic beverages; and (ii) transport, mainly owing to higher fuel prices in the international market, pursuant to which the BdM reviewed its base rates upwards to 17.25%.

The metical remained stable against the US dollar (0.06%) over 2022, owing to the balance between supply and demand and appreciated by 8.27% against the rand and 4.32% against the euro, reflecting the depreciation of the referred to currencies in the international market.

Given the above referred to macroeconomic scenario, Banco Comercial e de Investimentos (BCI) retained its leading position in Mozambique's banking system in the three main market share areas of credit, deposits and assets, at 24.25%, 25.41% and 23.68%, respectively at the end of 2022, having ended the year with 211 branches, 532 ATM and 13,427 items of POS equipment.

In balance sheet terms, net assets were up 10.8% to 204,392 million meticais, against 184,394 million meticais in December 2021. This evolution essentially reflects the growth of investments in credit institutions (up 10,107 million meticais) and public debt securities (up 8,658 million meticais) on account of the existing liquidity surplus and consequent increase in investment in debt securities deriving from the increase in the exposure limit in January and as an investment alternative in a context of weak demand for credit.

The loans and advances to customers portfolio (net) was down 4.5% by 2,943 million meticais over the same period to 63,150 million meticais against 66,093 million in 2021, having been influenced by the relatively unfavourable macroeconomic environment of the last two years, characterised by lower demand for credit and high market interest rate levels.

Customer resources were up 8.8% over 2021 to 158,653 million meticais in December 2022, owing to the resumption of economic activity.

In December 2022, the loans-to-deposits ratio was down 5.34 pp over the same period 2021 (45.10%) to 39.76%.

Shareholders' equity was up 4,509 million meticais over 2021 to 28,069 million meticais. This evolution was essentially influenced by net profit for the year and increase of the legal reserve and the other and retained income reserves.

The solvency ratio of 27.97% at the end of the year was well above the minimum level of 14.0% legally established by the Bank of Mozambique.

BCI made a net profit of 8,078 million meticais in 2022, up 90.5% over 2021. This increase is explained by the good performance of total operating income (up 1,802 million meticais) and impairment and provisions (down 2,704 million meticais).

Total operating income amounted to 20,209 million meticais, against 18,407 million meticais for the same period 2021, driven by the 16.8% improvement of net interest income over 2021 to 15,705 million meticais, owing to the sharp hike in base rates. Non-interest income was down 15.6% over the same period last year to 4,598 million meticais, having been penalised by other operating income (down 1,241 million meticais) owing to the larger volume of extraordinary losses, in 2022, following the return of commissions to customers for the period from April 2018 to 2021, as instructed by the Bank of Mozambique.

Operating costs remained under control, with growth in employee and general administrative costs below inflation, as a result of containment and enhanced operational efficiency measures, resulting in a cost-to-income ratio of 42.4% (43.8% in December 2021).

BCI MOZAMBIQUE - INDICATORS

	(EUR million)			(MZN million)		
	2021-12	2022-12	Change (%)	2021-12	2022-12	Change (%)
Net interest income	175.5	235.9	34.5%	13,448.6	15,705.1	16.8%
Total operating income	240.2	303.6	26.4%	18,407.1	20,208.7	9.8%
Operating costs	107.9	129.5	20.0%	8,271.4	8,620.8	4.2%
Net op. income before impairments	132.2	174.1	31.6%	10,135.7	11,587.9	14.3%
Provisions and impairments	44.0	10.1	-77.1%	3,375.8	671.6	-80.1%
Net income	55.3	121.4	119.4%	4,239.4	8,078.1	90.5%
Net assets	2,563.5	3,020.0	17.8%	184,394.3	204,391.5	10.8%
Loans and adv. to customers (net)	918.9	933.1	1.5%	66,093.1	63,150.2	-4.5%
Customer deposits	2,026.7	2,344.2	15.7%	145,782.9	158,652.6	8.8%

Exchange rate EUR/MZN - Balance sheet: 71.9300 in Dec/21 and 67.6800 in Dec/22; P&L: 76.6410 in Dec/21 and 66.5647 in Dec/22.

BCI Moçambique contributed €62.9 million to CGD group's consolidated profit in 2022.

1.4.5. Separate activity

Results

INCOME STATEMENT (SEPARATE)

(EUR thousand)

			Change	
	2021-12	2022-12	Total	(%)
Interest and similar income	1,005,004	1,283,516	278,512	27.7%
Interest and similar costs	344,525	313,428	-31,098	-9.0%
Net interest income	660,479	970,089	309,610	46.9%
Income from equity instruments	71,172	71,436	265	0.4%
Net interest income incl. income from eq. investm.	**731,651**	**1,041,525**	**309,874**	**42.4%**
Fees and commissions income	562,652	620,395	57,743	10.3%
Fees and commissions expenses	98,272	117,299	19,026	19.4%
Net fees and commissions	464,379	503,096	38,717	8.3%
Net trading income	131,750	151,002	19,252	14.6%
Other operating Income	-3,653	44,091	47,744	-
Non-interest income	**592,475**	**698,189**	**105,713**	**17.8%**
Total operating income	**1,324,126**	**1,739,714**	**415,588**	**31.4%**
Employee costs	291,595	660,708	369,113	126.6%
Administrative expenses	179,136	189,503	10,368	5.8%
Depreciation and amortisation	82,941	107,948	25,007	30.2%
Operating costs	553,672	958,159	404,487	73.1%
Net operating income before impairments	**770,454**	**781,555**	**11,100**	**1.4%**
Credit impairment (net)	19,938	-29,868	-49,806	-
Provisions and impairments of other assets (net)	100,267	-59,437	-159,704	-
Provisions and impairments	**120,205**	**-89,305**	**-209,510**	**-**
Net operating income	**650,249**	**870,859**	**220,610**	**33.9%**
Income Tax	**208,715**	**198,570**	**-10,144**	**-4.9%**
of which: Contribution on the banking sector	28,555	36,909	8,354	29.3%
Net income	**441,534**	**672,289**	**230,755**	**52.3%**

CGD's separate activity, comprising its operations in Portugal and its France and East Timor branches generated net profit of €672.3 million in 2022 (up 52.3% over 2021).

Total operating income was up €415.6 million compared to December 2021 (+31.4%), essentially due to the increase of €309.6 million in net interest income. The evolution of interest and similar income was the basis for this growth. In CGD's core activity, reference should also be made to the growth in net fees and commissions, which reached €503.1 million, up 8.3% from the previous year.

Operating costs of the separate activity reversed the downward trend of recent years, increasing by €404.5 million in December 2022 compared to the same period of 2021. Despite the increase of 5.8% and 30.2% in administrative expenses and depreciation and amortisation, respectively, it was employee costs that was mainly responsible for the evolution in operating costs, with an increase of €369 million. However, the change in employee costs was strongly influenced by non-recurring factors in the amount of €322.8 million in 2022 and -€77.2 million in 2021. Of these, reference should be made to restructuring costs with the pre-employment program in the 2 years, to the protocol relating to the medical plan in 2021 (-€145.3 million) and to the agreement for the transfer of responsibilities with the Pension Fund of CGD employees to Caixa Geral de Aposentações in 2023 (€245.8 million). Thus, excluding the described extraordinary factors, employee costs of the separate activity in 2022 decreased by €30.9 million compared to 2021.

As a result of the aforementioned developments, net operating income before impairments stood at €781.6 million in 2022, an increase of 1.4% (up €11.1 million) when compared to 2021.

The decreases in provisions and impairments and in taxes, -€209.5 million and -€10.1 million, respectively, led to an increase of net income of the separate activity of December 2022, by €230.8 million (up 52.3%). It should be noted, however, that the change in provisions and impairments is also influenced by non-recurring factors, of which reference should be made to the reversal of €60 million, associated with the pre-retirement plan in 2022, while in 2021 there was a reinforcement of the impairment associated with this plan, in the amount of €104 million.

Balance sheet

CGD's net assets from separate activity reached €90.756 million at the end of 2022, which represented a decrease of €5.6 billion (-5.8%) compared to December 2021. A decisive contribution to this change was from securities investments, which were down €5.3 million due to the sale of public debt securities and of other public issuers.

The cash and cash equivalents with central banks item reflects the strong liquidity position that CGD continues to enjoy. Reference should also be made to the evolution of loans and advances to customers, which were increased €567 million in 2022 (up 1.2%) reflecting CGD's support for families and companies in Portugal.

On the liabilities side, the decrease observed in 2022 (down €5.6 billion) was essentially justified by the evolution of central banks' and credit institutions'resources (down €6.4 billion), as a result of the reimbursement of the ECB loans (third series of targeted longer-term refinancing operations - TLTRO-III), within the scope of the Eurosystem's monetary policy measures, which totalled €5.8 billion.

Conversely, customer resources increased by €3.8 billion in 2022, reflecting the high rate of savings and customer confidence.

BALANCE SHEET (SEPARATE)

(EUR million)

			Change	
ASSETS	2021-12	2022-12	Total	(%)
Cash and cash equivalents with central banks	22,082	20,781	-1,300	-5.9%
Loans and advances to credit institutions	2,236	2,197	-39	-1.7%
Securities investments	21,708	16,363	-5,346	-24.6%
Loans and advances to customers	45,613	46,180	567	1.2%
Non-current assets held for sale	121	127	07	5.4%
Intangible and tangible assets	559	599	40	7.1%
Investm. in subsid. and associated companies	1,265	1,249	-16	-1.2%
Current and deferred tax assets	1,535	988	-547	-35.6%
Other assets	1,250	2,272	1,022	81.8%
Total assets	**96,368**	**90,756**	**-5,612**	**-5.8%**
LIABILITIES				
Central banks' and credit institutions' resources	7,216	809	-6,407	-88.8%
Customer resources	72,092	75,938	3,846	5.3%
Debt securities	1,790	1,368	-422	-23.6%
Financial liabilities	381	221	-160	-41.9%
Provisions	933	856	-77	-8.3%
Subordinated liabilities	1,118	1,118	01	0.1%
Other liabilities	4,694	2,307	-2,387	-50.9%
Sub-total	**88,224**	**82,618**	**-5,606**	**-6.4%**
Shareholders' equity	**8,145**	**8,139**	**-06**	**-0.1%**
Total	**96,368**	**90,756**	**-5,612**	**-5.8%**

Capital management

Shareholders' equity totalled €8,139 million at the end of 2022, similar to that recorded in the previous year. The reimburment of the AT1 issue in 2022, in the amount of €500 million, was offset by the increase recorded in other reserves and retained earnings and in the net income for the year.

SHAREHOLDERS' EQUITY (SEPARATE)

(EUR million)

			Change	
	2021-12	2022-12	Total	(%)
Capital	3,844	3,844	0	0.0%
Other capital instruments	500	0	-500	-100.0%
Revaluation reserves	244	137	-107	-43.7%
Other reserves and retained earnings	3,115	3,485	370	11.9%
Net income for the year	442	672	231	52.3%
Total	**8,145**	**8,139**	**-6**	**-0.1%**

CET1 and total ratios, at 31 December 2022, calculated on a separate basis under CRD IV / CRR rules were 21.5% and 23.3%, respectively.

Information on amounts of own funds and capital ratios for the end of 2021 and 2022 is given below:

SOLVENCY RATIOS (SEPARATE)

(EUR million)

	CRD IV / CRR Regulation	
	2021-12	2022-12
Own funds		
Common equity tier 1 (CET 1)	6,854	7,065
Tier 1	6,854	7,065
Tier 2	600	600
Total	7,454	7,665
Weighted assets	**33,408**	**32,929**
Solvency ratios		
CET 1	20.5%	21.5%
Tier 1	20.5%	21.5%
Total	22.3%	23.3%

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.

In the calculation of its separate own funds and prudential ratios reported to the supervisor at 31 December 2022, a net profit of around €318.3 million was considered in conformity with the ECB's authorisation under no. 2 of article 26 of regulation (EU) no. 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, which amount was calculated on the net accounting profit of around €672.3 million, net of approximately €354.0 million for the maximum distributable dividend in accordance with the preceding year's dividend payment ratio (implementation of decision (EU) 2015/656 of the ECB - conditions under which credit institutions may include interim or year-end profits in common equity tier 1).

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

The change in terms of the CET1 ratio between December 2021 and December 2022 derives a twofold benefit from the combined effect of the increase in own funds and reduction of risk weighted assets (RWA):

- CET1 funds were up by around €211.0 million. This represents a 64 basis points (bps) increase in the CET1 ratio and essentially derives from the contribution of the following components:
  - Net profit of around €318.3 million calculated in own funds was the main component making a positive contribution in accounting for an increase of 97 bp of the change in terms of the CET1 ratio;
  - An increase of around €169.4 million in other reserves and retained earnings which resulted in an increase of around 51 bp of the change in terms of the CET1 ratio;

- A change of around €-106.6 million in revaluation reserves which translated into an impact of around -32 bp on the change in terms of the CET1 ratio;

- The increase in the deduction related to the pension fund surplus (notwithstanding, the decrease in the value of the asset was more than offset by the reduction in liabilities, contributing to an increase in the funding surplus over 2021) of around €-100.3 million which resulted in a -30 bp change in terms of the CET1 ratio, and

- The increase of around €52.5 million in the deduction of deferred tax assets (for tax losses) with an impact of -16 bp on the change in terms of the CET1 ratio.

The impacts of the change in net profit and the pension fund surplus on the above referred to CET1 ratios, reflect the effects of the liquidation operation on CGD's pension fund owing to the transfer of liabilities to CGA (Caixa Geral de Aposentações).

- Between December 2021 and December 2022, there was a reduction of around €478.7 million in RWA, with an impact of 30 bp in terms of the CET1 ratio. This change is mainly explained by the following factors:

  - Reduction of exposure to investment units in funds, with a contribution of €346 million to the decrease in RWAs (+21 bp in terms of the CET1 ratio);

  - Reduction of exposure to derivatives contributing to a decrease of €330 million in RWA (+20 bp in terms of the CET1 ratio);

  - Decrease in the non-performing assets portfolio with a global contribution of €264 million to the reduction of RWA (+16 bp in terms of the CET1 ratio);

  - Decrease in the volume of investments in credit institutions contributing to a €168 million decrease in RWA (+10 bp in terms of the CET1 ratio);

  - Growth of the housing loan (mortgage) portfolio of domestic activity with an impact of €206 million on RWA (-12 bp in terms of the CET1 ratio);

  - An increase of €242 million in RWA for operational risk with an impact of -15 bp in terms of the CET1 ratio.

SREP capital requirements on separate activity for 2022

As regards its separate activity, Caixa Geral de Depósitos, S.A. (parent company) must maintain a permanent 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)

(%)

	2022
Common Equity Tier 1 (CET1)	**7.00%**
Pillar 1	4.50%
Capital Conservation Buffer (CCB)	2.50%
Tier 1	**8.50%**
Total	**10.50%**

CAPITAL SURPLUS - SEPARATE ACTIVITY

(%)

	CRD IV Regulation	
	2021-12	2022-12
Surplus (buffers)		
CET 1	13.5%	14.5%
Tier 1	12.0%	13.0%
Total	11.8%	12.8%

CGD employees' Pension Fund and Healthcare Plan

According to actuarial calculations carried out on a going concern basis, CGD's pension liabilities for its employees amounted to €2,772.6 million, at 31 December 2022. This amount was down €527.1 million over the €3,299.6 million euros, reported at 31 December, 2021.

Based on the value of the fund's assets, liabilities for the pension plan, at the end of 2022, had a coverage ratio of around 119.3% (100% for retirees and 146.7% for working employees). The pension fund's effective yield was less than expected, leading to a negative income deviation of around €294 million. CGD also made an actuarial profit on liabilities of around €578 million, as detailed in items 34 and 36 of the notes to the financial statements. Negative actuarial deviations associated with pension liabilities at the end of the year totalled around €469.8 million (against €753.5 million in 2021).

Based on a going concern approach CGD updated its discount rate from 1.35% in December 2021 to 3.60% in December 2022, owing to those interest rate movements in international markets which determine the various reference rates used to update actuarial liabilities. Following a long period of falling interest rates on international markets, particularly in the case of risk-free issuers, a phenomenon of rate increases was observed from the second half of 2021 and was very pronounced across 2022, owing to an inflationary macroeconomic environment. The constraints on economic activity and global trade deriving from the pandemic were accentuated by the invasion of Ukraine in February 2022, reflecting a significant across-the-board growth of international raw material prices.

Reference should also be made to the fact that in addition to the evolution of the military conflict in Ukraine, the way markets are reacting to the fiscal policies of the major European economies and the monetary policies of central banks has led to a significant increase in the volatility of short term reference rates. As such, CGD has set a discount rate that was slightly lower than the main benchmarks, as a mitigating factor for the situation deriving from the effects observed in the market.

The assumptions on the wage and pension growth rate were also revised upwards, particularly for 2023, as a result of the above referred to constraints on economic activity in 2022 that impacted the Portuguese economy, increasing uncertainty and higher inflation rates, particularly in terms of energy and food components.

CGD considers that it is possible to maintain the wage growth rate over the long term, i.e. at 0.9%, after 2024, as a threshold used in the June 2022 actuarial calculation and that, at the time in question, was in line with the most conservative market assumption. However, in view of the scenario of uncertainty and conservative approach that has characterised CGD's respective policy, it was decided to incorporate a 50 bp margin on the referred to wage growth rate to accommodate the risk of future deviations, resulting in the use of a wage growth rate assumption of 4.4% for 2023 and 1.4% in the following years.

Based on the same approach to the assumption for the pensions growth rate, i.e. using a margin of 50 bp to accommodate potential deviation risks - a rate of 3.9% was set for 2023 and 1% for subsequent years.

Contrary to the trend observed in the years 2020 to 2022, which were highly affected by the pandemic and whose future effects are still unclear, CGD also continued, on a level of mortality rates, to take a conservative approach to the calculation of its liabilities for post-employment benefits, by adopting the following mortality tables in June 2022, which reflected an increase in average life expectancy in comparison to the previous rates:

	31-12-2021	31-12-2022
Mortality tables		
Men	TV 88/90	TV 88/90 (-1 year)
Women	TV 88/90 (-3 years)	TV 99/01 (-2 years)

CGD STAFF PENSION FUND IN 2022 - FUND'S MOVEMENTS

(EUR million)

	Fund's movements
Amount of the Pension Fund on 31.12.2021 including liabilities	**3,558.7**
Employees' contributions	17.7
Company ´s regular contributions	29.8
Pensions paid	-81.3
Net yield of Fund	-218.0
Amount of the Pension Fund on 31.12.2022 including liabilities	**3,306.9**

At 31 December 2022, according to the fund manager's calculations, the fund was worth €3,306.9 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 €38.3 million was recognised in the employee costs account in the period, €30.3 million of which relative to the normal cost for the year, around €10.3 million for increased liabilities on early retirements, and -€2.3 million resulting from gains associated with mutually agreed terminations.

The evolution of (accrued) actuarial deviations directly recognised in equity from a negative €753.5 million at the end of 2021 to a negative €469.8 million in 2022, is essentially explained by the favourable deviation of €578.2 million associated with liabilities, mitigated by the negative actuarial deviation of around €294 million in pension fund yield.

The yield on CGD's pension fund was -6.03%. Details on the composition of the portfolio are given in items 34 and 36 of the notes to the financial statements.

The evolution of retirement pension liabilities and contributions over the last five years was as follows:

PENSION LIABILITIES FOR RETIREES

(EUR million)

	2018	2019	2020	2021	2022(1)
Pension Liabilities	**2,740.1**	**3,226.0**	**3,429.8**	**3,299.6**	**2,772.6**
Contributions to the Pension Fund	190.9	359.0	67.7	55.7	29.8
Regular	61.7	58.0	67.7	55.7	29.8
Extraordinary - recorded in liabilities	129.2	221.5	0.0	0.0	0.0
Extraordinary - delivered the same year	0.0	79.5	0.0	0.0	0.0

(1) For 2022, the liabilities presented were calculated under the going concern assumption.

CGD transferred all pension fund liabilities to Caixa Geral de Aposentações in 2023, having extinguished and liquidated the fund and paid financial compensation for the liabilities transferred to it (as described on page 106).

The following table shows that the liabilities for CGD employees' post employment medical benefits at 31 December 2021 and 2022 were fully provisioned for the amounts of €356.5 million and €309.2 million, respectively:

HEALTHCARE PLAN IN 2022 – PROVISION CHANGE

(EUR million)

	Provision
Value of provision at 31.12.2021	**356.5**
Current cost for period	10.2
Contribuition for healthcare services (SS and SAMS)	-21.3
Actuarial gains	-36.2
Value of provision at 31.12.2022	**309.2**

The actuarial profit referred to in the table derives from a revision of the calculations of medical plan liabilities. The accrued actuarial deviations balance at 31 December 2022 amounted to €130.5 million.

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 aims to comply with best practice on this matter, as set out in Community "Guidelines on Internal Governance under 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 and 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 2022

The year 2022 was marked by several challenges inherent to the current macroeconomic environment of high uncertainty resulting from the war caused by Russia's invasion of Ukraine, with the increase in the price of energy, raw materials, foodstuffs, disruption of supply chains and global production resulting in an increase in inflation and consequently interest rates. In effect, in its sphere of action, the risk management division has ensured the monitoring of the effects of the current macroeconomic environment on CGD's (and the Group's) activity, including periodic sensitivity analyses, considering various macroeconomic scenarios for the assessment of impacts on the level of impairments and capital requirements, and the implementation of various periodic internal reports.

In April 2022 measures were approved for the Companies most vulnerable to the increase in energy costs and in December 2022 measures were also approved under the Operational Plan for the Households most vulnerable due to the rise in Euribor (within and outside the scope of decree law nº80-A/2022).

Work continued throughout 2022 on the embodiment of the new Companies Platform (decision workflow) as one of the means of achieving the objective of clearly strengthening Immediate Decision. For the Individual Customers segment (mortgage loans and credit cards) and to achieve the same objective, a collection of improvements/automatisations in the risk algorithms was also approved, always maintaining the sector's good practices and all of CGD's risk principles.

The year 2022 was also marked by the updating of the regulations of all the Units abroad (Internal Credit Regulations/Guidelines).

The European Central Bank conducted two supervisory exercises related with climate and environmental risks in 2022, namely the Climate Stress Test and a thematic assessment on banks' alignment with supervisory expectations as well as the strength and scope of their respective plans to strengthen governance and strategy for managing such risks. CGD's results in both years were highly positive, positioning the institution above the average performance of its peers.

The results of the climate stress test show that Caixa Geral de Depósitos was above the average of the 104 banks that participated in this exercise, with a score of 2 (Medium-advanced), where around 65% of the banks, had scores of 3 (Medium) or 4 (Underdeveloped) in relation to their climate stress test framework, confirming the importance that Caixa Geral de Depósitos has given to combating climate change and the progress that it has been making in this regard.

The risk management division continued to implement the new risk management strategic plan for 2022-2024, over the course of the year, as part of CGD Group's strategic plan to position CGD as a benchmark operator in the domestic 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 2022, amounted to €43,363 million of which 87% related to credit risk, 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 (in 2023) on a consolidated basis a total ratio (TSCR) of 9.90% (of which additional own funds requirement of Pillar 2 (P2R) of 1.90%, 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 2022, the Pillar 2 requirement defined for CGD shows a reduction of 0.1%, thus reflecting an improvement in the supervisor's perception of the institution's overall risk.

The “Market Discipline 2022” document, scheduled for publication in first half 2023, 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.

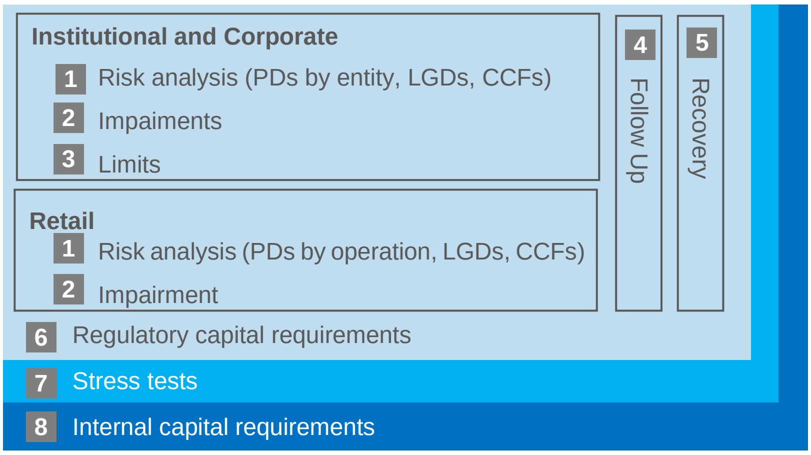
Credit and credit risk control portfolios, including compliance with the criteria defined for credit risk decisions are regularly monitored by DGR, based on operational systems which identify events of deterioration in the quality of credit risk on a daily basis, in addition to events that trigger automatic 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 Risk Division (DRC) is a top-level body within CGD's organic structure, with a corporate scope, with functions of risk analysis, issuing opinions and deciding on credit operations, in accordance with credit and of delegation of competences in force, and it is also responsible for assigning and validating credit exposure limits, monitoring defined credit alerts and approving the constitution / alteration of Economic Groups in accordance with the regulations in force.

DRT (rating and internal control division) performs a corporate function which is independent from business areas and is responsible for attributing credit ratings to all segments having a relationship with CGD group, ensuring that all exposures are noted and permanently updated, providing an adequate description of customer credit risk. It is also responsible for ensuring the adequacy of rating models (quantitative and qualitative) in addition to, bearing in mind its corporate function, ensuring the harmonisation of policies and ratings attribution processes on a CGD group level.

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 and (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, or equivalent, 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, firstly through the ESG Rating;.
  - 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), 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/proposals. 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).

In 2023, the Credit Risk Division, following its ambition inherent in the Strategic Plan 21-24, will continue the path of modernising the current process and optimising the Credit Decision, always in strict compliance with the best practices and risk principles/guidelines of the sector.

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;

- 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.

As a result of the invasion of Ukraine by Russia, which contributed to aggravating the rise in energy prices that had been felt since 2021, which allied to constraints still being felt in the production and supply chains, as well as the rise in inflation and interest rates, CGD implemented additional credit risk assessment 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 more exposed to rising energy prices or in customers who still have weaknesses from the Covid-19 pandemic.

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

a) Identification of customers potentially more vulnerable to increases in energy prices, inflation and interest rates, as regards their economic-financial capacity and normal debt servicing capacity;

b) Individual appraisals have been carried out for this purpose, based on forward-looking information, on a significant number of corporate customers;

c) Redefinition of credit decision rules regarding the definition of rejection limits based on an internal risk level (rating) in conjunction with the sector's vulnerability to rising energy prices;

d) Activation of stage 2 or stage 3 ratings based on an unlikely-to-pay analysis, deriving from the results of individual appraisals.

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 reference of 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.

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 as payment acquired in the context of credit recovery − 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 2022 focused on the following:

a) Follow-ups on customers with post moratoria measures as part of the debtors under surveillance project;

b) Increased automation, with an extension to low value-added activities;

c) Further improvement, adjustment and development of new Celonis functionalities as a tool for the analysis of oversight processes and end-to-end operational activity control;

d) Development of an action plan to comply with decree law nº. 80A of 25 November - Support measures for customers with financial difficulties owing to higher interest rates.

Activity in 2022

At the end of 2022, the portfolio comprised a total of 91,832 customers (29,053 at the negotiation and 62,779 at litigation stages), with an exposure of around €1,316 million, distributed as follows:

PORTFOLIO EXPOSURE

- Negotiation (€682 million);
- Litigation (€634 million).

Global impairment on this portfolio, representing around 25.7% of the exposure of portfolio customers, was around €337.9 million. Around 29.2% (€98.7 million euros) of such impairment was in the negotiation portfolio and 70.8% (€239 million euros) in the litigation portfolio.As regards performance in 2022 and notwithstanding the pandemic and its effects, it was possible to reduce the level of NPL s by €171 million (30% of the portfolio of NPLs under management in early 2022).

Considering the performing and non-performing portfolio, the total recovery in 2022 was 424 million euros. Collections (279 million euros) continue to be the main form of recovery, representing 66% of the amount recovered, cures dropped to just 12%, around 51 million euros (note that the moratoriums and post-moratorium measures had the impact of suspending the curing periods during maintenance), we also had the sale of a portfolio of 61 million euros, which represented 14% of recoveries and finally the auctions and write-offs represented 21 million euros (8 %).

Outlook

In 2023, in addition to current portfolio management operations, there is also a special focus on the oversight of defaults and implementation of default prevention measures, not only by strengthening oversight actions on initial non-compliances but also and mainly on the prevention of default levels, highly focused on the implementation of the measures announced in decree law nº.80A of 25 November, that will remain in force across the whole of 2023.

We shall continue to work with DGR on a review of the recovery model and possibility of expanding the predictive model created for debtors under surveillance to the whole of CGD's credit portfolio, enabling a proactive approach to restructuring solutions with pre-defined conditions in conjunction with the PARI (action plan for the risk of default) regime and shall also start work on the development of a recovery solutions model.

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 being responsible for monitoring and recovering the exposures of Companies, and respective groups, above 1 million euros. 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:

- Monitor and recover credits granted to companies, and respective groups under its management;
- 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 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 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 promote articulation with other CGD 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 recovery funds, namely corporate recovery funds and real estate recovery funds, with a focus on deleveraging CGD's participation in these funds.

Activity in 2022

In its permanent quest to further the bank's strategic plan (PE21-24), in 2022, DAE has continued to focus on reducing NPLs and succeeded in deleveraging an amount of €146 million in NPLs (leasing and factoring debts originating in CGD). The main components of this deleveraging process were cash recoveries (repayments and liquidations) and cures that, together, accounted for around 60% of global deleveraging.

DAE's operations also allowed it to release €25 million in bank guarantees and recover €22.6 million of write-offs.

DAE, in line with CGD's strategy, sought to implement recovery solutions based on economic support measures in view of the economic climate in 2022 and particularly the energy and raw materials crisis already in existence in 2021, aggravated by the invasion of Ukraine and the sanctions imposed on Russia, in addition to interest rate hikes comprising events occurring at a time when the economy was still in its post-pandemic recovery phase.

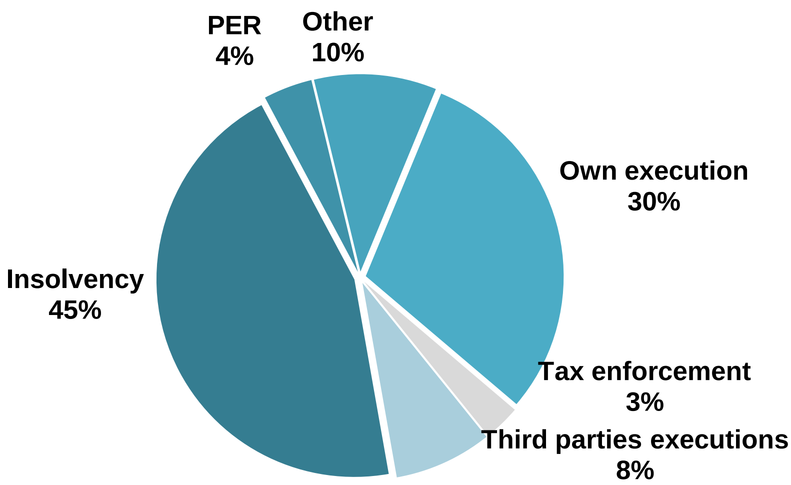
DAE's main restructuring measures, in 2022, accordingly comprised increases in the maturity of financing and dilution of payments, to enable customers to meet their debt servicing commitments. In several situations in which companies' circumstances did not allow restructuring operations, debt repayments comprised the liquidating of collateral.

There were three individual credit disposals, in 2022 and a portfolio for the disposal of unsecured credits consisting of both DAE credit and DAP credit (Saturn portfolio) was launched on the market and expected to be completed in 1st quarter 2023.

With regard to recovery funds, it was possible to deleverage around 50% of the exposure to the funds in a competitive process encompassing the FRT, FLIT and FRE funds.

The legal office, oversaw and controlled 596 court cases involving 335 customers in 2022, distributed as follows:

NUMBER OF PROCEEDINGS IN COURT - BY TYPE



It should be noted that, in addition to monitoring exclusively litigation processes, the Litigation DAE also supports the Business Areas in their relationship with the courts, with regard to clients in PER or insolvency with recovery.

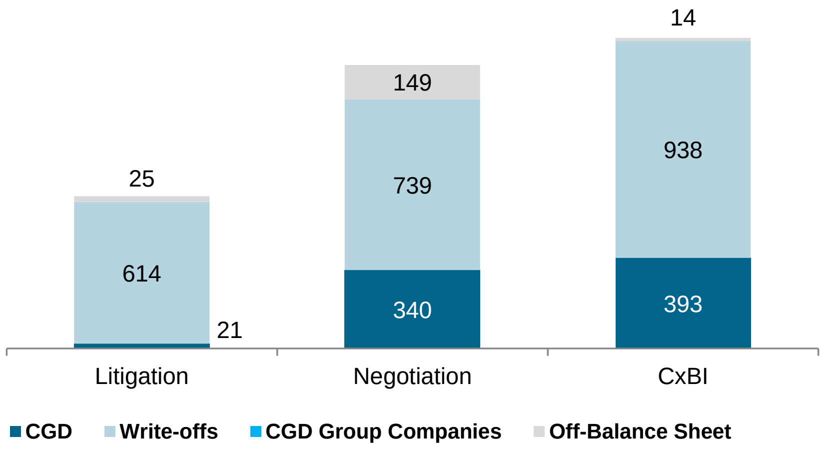
With regard to environmental issues, DAE continued to adopt all the sustainability measures assumed by CGD, namely in terms of the paperless strategy.

In December 2022, the portfolio amounted to around €3.4 billion.

As illustrated in the graphic below, debt under management is distributed among the negotiations area, with €1.2 billion under management, litigation with €646 million under management and CaixaBI with €1.5 billion under management:

CORPORATE BUSINESS CREDIT PORTFOLIO

(EUR million)

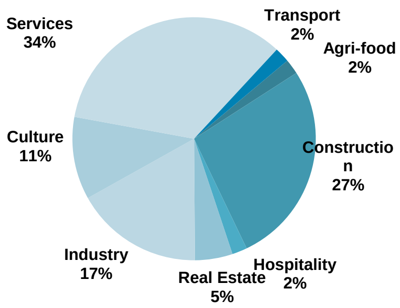


It should be noted that the debt under management in the business follow-up portfolio includes 56 million euros in leasing and factoring and about 2.3 billion euros in written-off loans, on which the business follow-up portfolio maintains its focus on the recovery perspective.

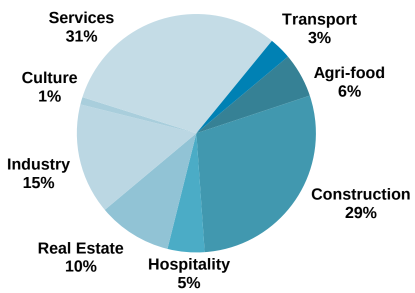
The volume of credit under management is spread over a total of 656 case files, of which 462 are NPEs. Customers are distributed as follows: 316 case files in the negotiating area, 321 in the litigation office and 19 in CaixaBI.

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 2022:

EXPOSURE BY SECTOR



CLIENTS BY SETOR



The activity sectors with the largest representation in the portfolio are Services, Construction and Industry, which together account for about 78% of the portfolio of companies monitored. The dispersion has been relatively stable over the years, as shown in the comparative table with the previous year.

Exposure by Sector	2021	2022
Agri-food	1.9%	1.8%
Construction	26.8%	26.7%
Culture	9.9%	10.7%
Hospitality	1.5%	1.7%
Real Estate	5.4%	5.3%
Industry	16.4%	17.0%
Services	35.9%	34.6%
Transport	2.2%	2.1%

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 2022

In 2022 a low level of inflow of properties was maintained which, combined with a good sales performance, resulted in a stock reduction of about 32%. Sales of around € 170 M in gross book value, reinforcing the downward trend in the weight of non-current assets held for sale on the balance sheet.

At the same time, more than 60% of the sales were financed by CGD.

As regards the type of property, in addition to housing which maintained an excellent performance, in 2022 it was the logistics and retail properties which were most in demand.

In property risk analyses, it was the residential and hospitality sectors that recorded the greatest increase, both in number and value of property projects analysed.

Market risk

Market risk translates into potential negative impacts on profit or loss or an institution’s capital, including the impact of adverse exchange rate variations on the balance sheet currency position. It arises in this way 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 2022 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.

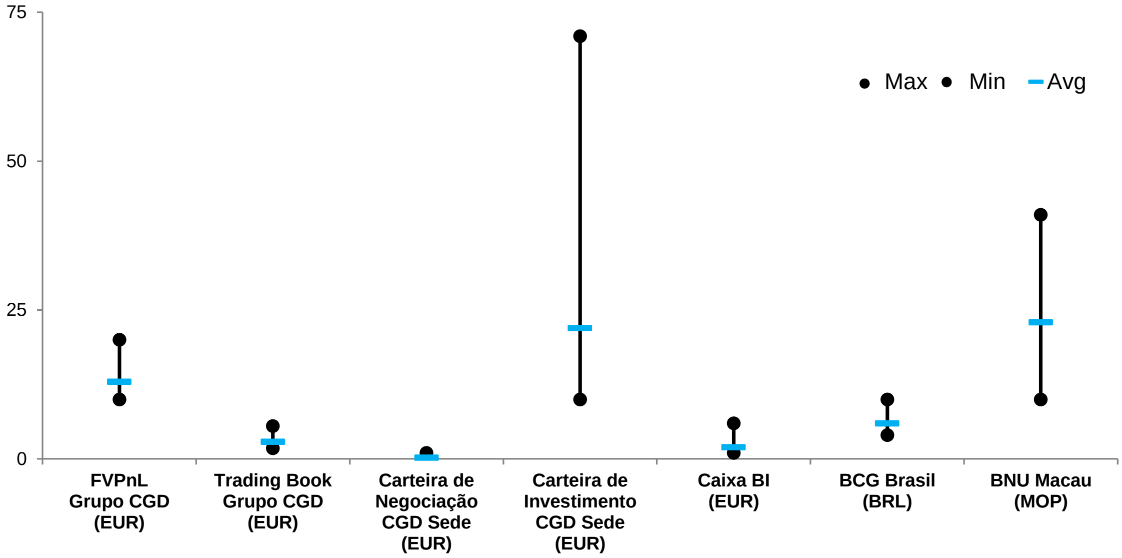
The VaR model is continuously put to the test, either through its day-to-day use or theoretical daily backtesting exercises, as well as a real monthly assessment of backtesting values for the most relevant management perimeters.

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 2022 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 €2.5 million against €4.4 million in 2021, with an average value of €3 million. Market risk on managed portfolios has decreased, mainly through a reduced exposure to sovereign debt. The risk of the portfolios managed, in general the market risk decreased, essentially due to the reduction in duration combined with greater diversification of exposure to sovereign debt

Pension fund risk

The Group continued until December 31, 2022 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 had been closed to new participants since 2012. The capacity to meet pension plan liabilities was hedged by the management of an assets portfolio whose strategy had 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 were also stipulated.

In this context, pension fund risk derived from mismatches between pension fund assets and liabilities. Such mismatches could 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 CGD while member may had to make up for potential shortfalls or resolve deficiencies, in the form of extraordinary contributions to the pension fund.

This risk with the pension fund risk was monitored throughout the year 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.

On 2 February 2023, the council of ministers approved the extinguishing of the Fundo de Pensões de Pessoal da CGD (CGD's employees' pension fund) and the transfer to Caixa Geral de Aposentações (CGA) of the liabilities and the amount corresponding to such liabilities with reference to 31 December 2022. This operation enables CGD to fully reduce the levels of risk resulting from the volatility deriving from the size of the pension fund, nature of its assets and liabilities and the accounting and prudential treatment thereof in the bank's profit and loss statement and balance sheet.

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 CGD to measure this type of risk comprises an accounting (or short term) and economic (or long term) perspective and uses both simplified interest rate 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 2022.

INTEREST RATE GAP, AT 31 DECEMBER 2022 *

(EUR million)

	<= 1W	>1W <=1M	>1M <=3M	>3M <=6M	>6M <=12M	>12M <=3Y	>3Y
Total assets	25,366	6,865	15,142	13,629	9,352	5,955	17,973
Total liabilities + capital	20,127	777	3,443	6,768	18,760	17,090	21,288
Total interest rate swaps	21	57	151	276	402	-24	-819
Gap for period	5,259	6,145	11,850	7,137	-9,006	-11,159	-4,134
Accumulated gap	5,259	11,404	23,254	30,392	21,386	10,227	6,093

* Perimeter: Prudential Banking

The size of the exposure to interest rate risk in December 2022 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 €21,386 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.

The management and liquidity risk tolerance strategy is established in accordance with CGD group's risk appetite statement supported by three basic pillars:

a) Maintenance of a stable, sound and secure liquidity profile, ensuring the adequate capacity to provide for liquidity stress situations;

b) Maintenance of stable funding sources and an adequate liquidity buffer, by adopting a proactive, market-oriented approach enabling CGD's balance sheet structure to adapt to existing conditions;

c) Control of the risk exposure of the group's international entities and their continued independence in terms of both deposit-taking and capital adequacy.

Methodology

Liquidity risk management in CGD group embraces several timeframes in order to ensure an adequate liquidity position at all times. The risk identification and measurement process includes a robust structure based on exhaustive projections of cash flows on the group's assets, liabilities and off-balance sheet positions and embraces several aspects which, inter alia include:

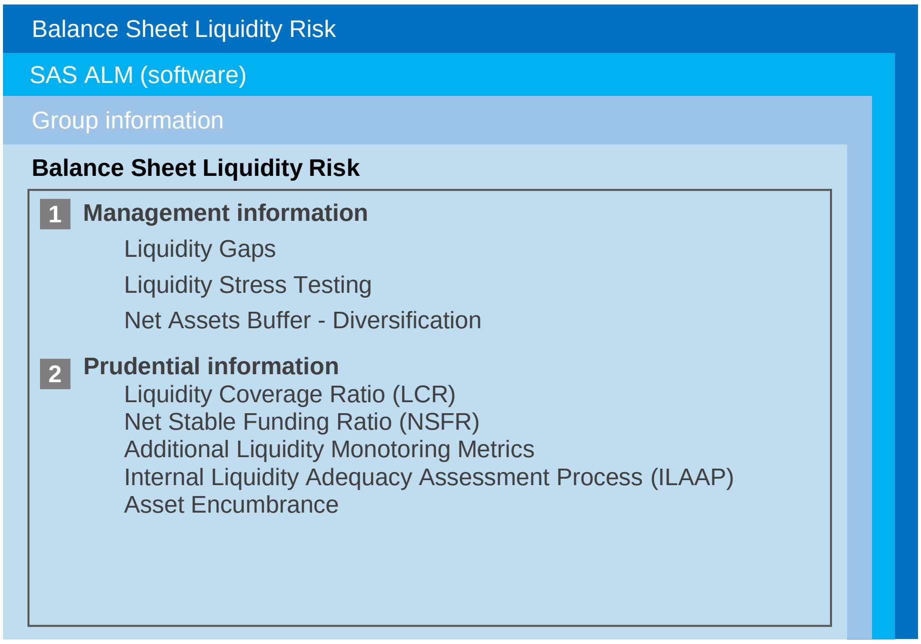
a) A rigorous, comprehensive liquidity risk measurement programme as part of the liquidity management strategy and CGD's contingency plans, comprising:
   i. A pro forma methodology for measuring and reporting funding needs based on contractual and contingent cash flow projections;
   ii. The maintenance of a stock of high quality, uncollateralised liquid assets that can be rapidly converted into cash in corporate markets, within a short period of time and without significant loss of value, during a period of liquidity stress;

b) A contingency funding plan measured on the basis of the results of liquidity stress test exercises and intended to be effective in managing any indication of funding and market liquidity risk;

c) The definition of internal limits and controls consistent with CGD's risk tolerance;

d) Risk-taking incentives in different business areas to ensure that they are aligned with the liquidity risk exposure intended for each institution, whether structural or contingent;

e) Managing access to a diverse collection of funding sources and maturities.



The measurement of an institution's liquidity involves, inter alia, an assessment of its receivables against its outgoings vis-à-vis the liquidity of its assets, to identify potential future net funding deficits. The structural liquidity concept is used for the analysis and definition of exposure limits and aims to incorporate the historical reaction of depositors in terms of the management of their current and savings accounts, distributing their balances among the different timeframes considered in accordance with in-house studies and models (note 42).

Liquidity risk management 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), CEBS (Committee of European Banking Supervisors) and EBA (European Banking Authority).

The internally developed methodology used to measure CGD'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, in the form of the baseline scenario, is also considered on the assumption that CGD's activity will be performed in line with its budget and consequent funding plan.

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

In 2022, CGD 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:

- Liquidity coverage ratio (LCR). This is the minimum liquidity standard under the CRR/CRD IV regulatory framework;

- Net stable funding ratio (NSFR). This is mandatory from June 2021 under the framework of regulation (EU) no. 2019/876 and enables an assessment of institutions' reliance 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). This is 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. It 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;

- Collateralisation ratio. This is the value of collateralised assets and the fair value of guarantees received and re-used vis-à-vis total assets and total guarantees received and available for collateralisation purposes;

- Internal liquidity adequacy assessment process (annual). This is a self-assessment exercise on the adequacy of credit institutions' liquidity levels that, in compliance with article 86 of directive 2013/36/EU, should have robust strategies, policies, processes and information systems for i) the identification, measurement, management and monitoring of liquidity risk across appropriate timeframes, and ii) the management and monitoring of funding positions in order to guarantee adequate liquidity buffer levels and an adequate funding structure;

CGD Group had a comfortable LCR of 3034% at 31 December 2022. This was significantly higher than the minimum requirements (a ratio of more than 100%) and confirms the Group's excellent liquidity position.

The Group's excellent liquidity position is also confirmed by its NSFR with a comfortable value of 182.6% at 31 December 2022. This ratio aims to promote the existence of a sustainable maturities structure between assets, liabilities and off-balance sheet items, with a required minimum of 100%.

Across 2022, 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.

Non-financial risks

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 2022, resulted in own funds requirements of €288 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 monitoring and reporting of risk tolerance and appetite limits for the whole Group;

- Identification of operational risks and respective controls, supported by the mapping of processes, analysis of new products and services and monitoring of activities carried out under subcontracting arrangements;

- Identification and analysis of operational risk events, losses and recoveries, reinforced and supported by control procedures;

- Self-assessment of potential operational risks and respective controls;

- Analysis of the impact of extreme scenarios;

- Definition and oversight of key risk indicators;

- Promotion of training programs and dissemination of information;

- Identification of internal control deficiencies and 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.

The methodology implemented in CGD Group is based on a corporate governance model and includes the disclosure of information through an internal reporting system that includes regular meetings of delegated councils/committees and the disclosure of reports to various Group structures.

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.

The transition audit and external audit oversight action on the international benchmark standard on this issue in the form of ISO 22301:2019 − Societal security − Business continuity management systems – Requirements, was carried out in September 2022. CGD continues to comply with the series of recommendations on business continuity management in the financial sector as defined in the Bank of Portugal's circular letter No CC/2021/00000047 in addition to taking the necessary steps to comply with the standard's specific requirements.

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.

The Group is responsible for ensuring the supervision of this matter with group entities and reporting to the regulatory and supervisory authorities.

In 2022, the easing of measures to combat the pandemic resulted in the gradual lifting of restrictions and allow CGD to resume the normal operation of various services

Notwithstanding the improvement of the epidemiological situation caused by Covid-19, CGD continues to oversee the evolution of the pandemic and will reassess the need for new measures and consequent activation of the contingency plan if justified.

Other non-financial risks

According to the CGD Group's risk taxonomy, 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 and environmental 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;
- Participate in scenario analysis exercises, projections and stress tests;
- 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;
- Identify internal control deficiencies and validation of the implementation of recommendations for mitigating non-financial risks of internal control deficiencies;
- Identify and validate non-financial risk events and follow up action plans where applicable.

The incorporation of non-financial risks is being further developed 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.

To achieve the objective and consistent integration of the impact of ESG criteria (i.e. non-financial risks) in investment and funding decisions, a new ESG (environmental, social and governance) rating model on the corporate and project finance segments was developed and implemented by DRT, in 2021, and which, in conjunction with traditional financial ratings, allows the definition of sustainable funding strategies to support the transition to a more sustainable economy.

Objectives for 2023

As in the recent past, 2023 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:

- Completion of the implementation plans defined for climate and environmental risks, for alignment with the expectations of the supervisors and best practice;
- Performance of the 2023 EU-wide stress test exercise;
- Participation in the design and implementation of an operational plan focused on customers exposed to the impact of energy costs, inflation and the war in Ukraine, in addition to the operational plan for compliance with decree law 80-A/2022 on the restructuring measures for mortgage loans for borrowers' permanent residence in response to interest rate hikes;
- Production of credit risk measurement models in entities (ratings across all entities and scorings for the main portfolios), models for the development of the climate risk management framework, together with other models of relevance to the business;
- Continued implementation of the new risk management function strategic plan for 2022-2024 as part of Caixa group's strategic plan;
- Centralisation of data collection processes and production of risk reports promoting the efficiency and harmonisation of quality criteria and documentary support;
- Dissemination of the risk culture, comprising the implementation of processes on i) self-assessments of risk culture, and ii) visits to entities, in addition to the training programme for the first line of defence.

It should also be noted that although the challenges, in the context of the invasion of Ukraine by Russia and in the current climate action context and consequent requirement for risk management, are unequivocal they must be met in a context of continuity, without any material deviation from the intended path.

1.6. Subsequent events

Change of outlook on Caixa's deposit rating to positive

On 13 January 2023, Moody's Investors Service upgraded its outlook on Caixa's deposit rating to "Positive". At the same time, it confirmed the deposits and senior long term debt ratings at Baa2/Prime-2, in addition to long term senior non-preferred debt at Baa3, keeping the outlook on senior debt at "Stable".

Resignation of chairman of the board of the general meeting

Effective 12 March 2023, Professor Nuno Filipe Abrantes Leal da Cunha Rodrigues resigned as chairman of the board of the general meeting of Caixa Geral de Depósitos, S.A., owing to his appointment as chairman of the board of directors of the Competition Authority.

Capital increase based on an incorporation of reserves

On 20 March 2023, Caixa Geral de Depósitos registered an increase in share capital of €681,570,760 euros and the issuance of 136,314,152 new shares, with a nominal unit value of €5 each, based on an incorporation of reserves deriving from an equal number of conversion rights, issued to the shareholder following Caixa's inclusion in the special regime applicable to deferred tax assets, decided in 2014.

As a result of this conversion, Caixa's share capital has increased from €3,844,143,735 to €4,525,714,495, fully owned by the Portuguese state as its sole shareholder.

Cessation of CGD's Pension Fund and transfer of responsibilities to CGA

On 24 February 2023, the Decree-Law 14/2023 was published by the Portuguese Government, transferring all liabilities covered by the Caixa Geral de Depósitos Staff Pension Fund (CGDPF) to Caixa Geral de Aposentações (CGA), extinguishing and liquidating CGDPF and determining that CGD transfer to CGA a financial compensation for the reassigned responsibilities.

Resignation as executive member of the board of directors and chief financial officer (CFO)

Effective 31 March 2023, Dr. Maria João Borges Carioca Rodrigues resigned as executive member of the board of directors and the chief financial officer (CFO) of Caixa Geral de Depósitos, S.A. Francisco Ravara Cary, executive member of Caixa's board of directors assumed the functions of CFO for the period elapsing between the effective resignation date and the date upon which the new member takes office.

1.7. Proposal for the appropriation of net income

Considering the legal provisions relating to the proposal for the appropriation of net income for the financial year, namely articles 66, no. 5, paragraph f) and 376 of the Commercial Companies Code;

Considering the provisions of article 34 of the Statutes of Caixa Geral de Depósitos;

Considering, lastly, the dividend policy in force at Caixa Geral de Depósitos, approved in 2019;

The Net Income for the Year relating to the Financial Statements of Caixa Geral de Depósitos, S.A., in the amount of €672,289,047, should be appropriated as follows:

- €134,457,809 for the legal reserve;
- €351,650,695 for dividends;
- €186,180,543 for the “Other reserves and retained earnings“ balance sheet account.

Additionally, Caixa Geral de Depósitos intends to propose handing over to its sole shareholder the ownership of the current Headquarters Building, located in Avenida João XXI, in Lisbon, in the form of a dividend in kind, to be deliberated at the General Meeting, and subject to a prior agreement on the conditions of its transfer and in compliance with the procedures required in related-party transactions, and the activities necessary for its implementation are currently being developed.

Lisbon, 20 April 2023

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

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 2022 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, 20 April 2023

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Deputy Chairman
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Monique Eugénie Hemerijck

1.9. Separate and consolidated financial statements

CAIXA GERAL DE DEPÓSITOS, S.A.

BALANCE SHEET (SEPARATE)

(EUR Thousand)

ASSETS	31-12-2022			31-12-2021	LIABILITIES AND EQUITY	31-12-2022	31-12-2021
	Amounts before impairment, amortisation and depreciation	Impairment and amortisation and depreciation	Net assets	Net assets			
Cash and cash equivalents at central banks	20.781.275	-	20.781.275	22.081.560	Resources of central banks and other credit institutions	808.554	7.215.620
Cash balances at other credit institutions	417.571	-	417.571	368.601	Customer resources and other loans	75.937.882	72.092.064
Loans and advances to credit institutions	1.780.015	728	1.779.287	1.867.041	Debt securities	1.368.330	1.790.117
Financial assets at fair value through profit or loss	1.729.319	-	1.729.319	3.240.561	Financial liabilities at fair value through profit or loss	220.947	380.605
Financial assets at fair value through other comprehensive income	1.856.874	-	1.856.874	5.415.687	Financial liabilities associated with transferred assets	-	2.593.366
Hedging derivatives	51.601	-	51.601	5.898	Hedging derivatives	310	35.628
Investments at amortised cost	12.776.447	-	12.776.447	13.052.244	Provisions	856.045	933.152
Loans and advances to customers	48.235.657	2.055.374	46.180.283	45.613.121	Current tax liabilities	2.171	3.192
Non-current assets held-for-sale	310.654	183.422	127.232	120.689	Deferred tax liabilities	59.097	93.573
Investment properties	6.122	-	6.122	7.847	Other subordinated liabilities	1.118.490	1.117.883
Other tangible assets	1.416.263	994.803	421.460	399.545	Other liabilities	2.245.711	1.968.635
Intangible assets	290.558	113.128	177.430	159.761	**Total Liabilities**	82.617.537	88.223.836
Investments in subsidiaries, associates and jointly controlled entities	1.574.215	325.103	1.249.112	1.264.710	Share capital	3.844.144	3.844.144
Current tax assets	52.703	-	52.703	434.631	Other equity instruments	-	500.000
Deferred tax assets	935.202	-	935.202	1.100.530	Revaluation reserves	137.110	243.691
Other assets	2.418.211	204.073	2.214.137	1.235.936	Other reserves and retained earnings	3.484.975	3.115.158
				-	Net income for the exercise	672.289	441.534
					Total Equity	8.138.517	8.144.527
Total Assets	94.632.685	3.876.631	90.756.054	96.368.363	**Total Liabilities and Equity**	90.756.054	96.368.363

Certified Public Accountant

Andreia Júlia Meneses Alves

Board of Directors

Chairman

António Farinha Morais

Deputy Chairman

Paulo José Ribeiro Moita de Macedo

Members

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Francisco Ravara Cary

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Monique Eugénie Hemerijck

CAIXA GERAL DE DEPÓSITOS, S.A.

INCOME STATEMENT (SEPARATE)

(EUR Thousand)

	31-12-2022	31-12-2021
Interest and similar income	1.283.516	1.005.004
Interest and similar expenses	(313.428)	(344.525)
Net Interest Income	970.089	660.479
Income from equity instruments	71.436	71.172
Income from services and commissions	620.395	562.652
Costs of services and commissions	(117.299)	(98.272)
Results from assets and liabilities at fair value through profit or loss	108.800	115.957
Results from financial assets at fair value through other comprehensive income	24.892	7.841
Exchange revaluation results	21.125	11.853
Hedge accounting results	(3.813)	(3.902)
Other results of financial operations	(1)	-
Other operating income	44.091	(3.653)
Total Operating Income	1.739.714	1.324.126
Employee costs	(660.708)	(291.595)
Other administrative costs	(189.503)	(179.136)
Depreciation and amortisation	(107.948)	(82.941)
Other provisions	22.342	(93.950)
Loan impairment	29.868	(19.938)
Other assets impairment	37.094	(6.317)
Income Before Tax	870.859	650.249
Income tax	(198.570)	(208.715)
Net Income For The Exercise	672.289	441.534
Average number of ordinary shares outstanding	768.828.747	768.828.747
Earnings per share (in Euros)	0,87	0,57

Certified Public Accountant
Andreia Júlia Meneses Alves

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CAIXA GERAL DE DEPÓSITOS, S.A.

STATEMENT OF COMPREHENSIVE INCOME (SEPARATE)

(EUR Thousand)

	31-12-2022	31-12-2021
Balances subject to reclassification to profit or loss		
Gains / (losses) arising during the exercise	(121.867)	(9.127)
Adjustments of fair value reserves reclassified to net income		
Impairment recognised in the exercise	55	185
Disposal of financial assets	(24.892)	(7.841)
Tax effect	40.124	4.590
Foreign exchange differences in branches		
Gains / (losses) arising during the exercise	1.599	2.060
Other	0	(27)
	(104.981)	(10.161)
Balances not subject to reclassification to profit or loss		
Benefits to employees - actuarial gains and losses		
Gains / (losses) arising during the exercise	320.833	339.736
Tax effect	(9.889)	4.068
Changes in the fair value of financial assets (option of valuation of equity instruments at fair value through other comprehensive income)	7.109	42
	318.053	343.846
Total comprehensive net income for the exercise recognised in reserves	213.072	333.685
Net income for the exercise	672.289	441.534
Total comprehensive net income for the year	885.361	775.219

CAIXA GERAL DE DEPÓSITOS, S.A.

CASH FLOW STATEMENTS (SEPARATE)

(EUR Thousand)

	31-12-2022	31-12-2021
OPERATING ACTIVITIES		
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	1.893.316	1.562.420
Interest, commissions and similar costs paid	(342.976)	(428.276)
Recovery of principal and interest	75.902	152.819
Payments to employees and suppliers	(500.086)	(504.937)
Payments and contributions to pensions funds and other benefits	(88.463)	(117.696)
Other results	10.315	(15.060)
	1.048.009	649.270
(Increases) / decreases in operating assets		
Loans and advances to credit institutions and customers	(448.417)	(1.775.567)
Assets held-for-trading and other assets at fair value through profit or loss	1.633.385	3.004.091
Other assets	(673.444)	(809.612)
	511.523	418.912
Increases / (decreases) in operating liabilities		
Resources of central banks and other credit institutions	(6.431.202)	4.711.202
Customer resources	3.840.230	6.117.676
Other liabilities	(2.439.717)	41.186
	(5.030.689)	10.870.064
Net cash from operating activities before taxation	(3.471.157)	11.938.246
Income tax	343.425	(47.467)
Net cash from operating activities	(3.127.732)	11.890.779
INVESTING ACTIVITIES		
Dividends received from subsidiaries, associates and jointly controlled entities	70.604	70.886
Dividends received from financial assets at fair value through other comprehensive income	833	285
Acquisition of investments in subsidiaries, associates and jointly controlled entities, net of disposals	68.609	17.533
Acquisition of financial assets at fair value through other comprehensive income, net of disposals	3.183.716	742.355
Acquisition of tangible and intangible assets, net of disposals	(54.972)	(114.617)
Net cash from investing activities	3.268.790	716.442
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(41.557)	(41.557)
Interest on debt securities	(12.591)	(10.467)
Interest on other equity instruments	(13.438)	(53.750)
Interest on lease agreements	(4.486)	(4.277)
Issue of debt securities, net of repayments	(414.104)	416.885
Reimbursement of other equity instruments	(500.000)	-
Repayments of financing operations through lease agreements	(29.638)	(10.003)
Dividends paid	(378.231)	(383.639)
Net cash from financing activities	(1.394.046)	(86.809)
Increase / (decrease) in cash and cash equivalents	(1.252.987)	12.520.413
Cash and cash equivalents at the beginning of the exercise	22.450.160	9.928.363
Foreign exchange differences on cash and cash equivalents	1.672	1.385
Net change of cash and cash equivalents	(1.252.987)	12.520.413
Cash and cash equivalents at end of the exercise	21.198.845	22.450.160

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 exercise	Total
			Revaluation reserves	Reserves for deferred tax	Fixed assets	Total	Legal reserve	Other reserves and retained earnings	Total		
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											
Extraordinary distribution of dividends											
Other entries directly recorded in equity											
Measurement gains / (losses) on revaluation reserves	-	-	(16.784)	4.590	-	(12.193)	-	-	-	-	(12.193)
Measurement gains / (losses) on equity instruments	-	-	-	-	-	-	-	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)	-	(27)
Net income for the exercise	-	-	-	-	-	-	-	-	-	441.534	441.534
Total gains and losses for the exercise recognised in equity	-	-	(16.784)	4.590	-	(12.193)	-	345.879	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	2.808.961	3.115.158	441.534	8.144.527
Appropriation of net income for 2021											
Transfer to reserves and retained earnings	-	-	-	-	-	-	88.307	112.156	200.463	(200.463)	-
Dividends paid											
Dividends paid 2021	-	-	-	-	-	-	-	-	-	(241.071)	(241.071)
Extraordinary distribution of dividends	-	-	-	-	-	-	-	(137.160)	(137.160)	-	(137.160)
Other entries directly recorded in equity											
Measurement gains / (losses) on revaluation reserves	-	-	(146.705)	40.124	-	(106.581)	-	-	-	-	(106.581)
Measurement gains / (losses) on equity instruments	-	-	-	-	-	-	-	7.109	7.109	-	7.109
Employee benefits - actuarial gains and losses	-	-	-	-	-	-	-	310.945	310.945	-	310.945
Foreign exchange differences in branches	-	-	-	-	-	-	-	1.599	1.599	-	1.599
Other	-	-	-	-	-	-	-	-	-	-	-
Net income for the exercise	-	-	-	-	-	-	-	-	-	672.289	672.289
Total gains and losses for the exercise recognised in equity	-	-	(146.705)	40.124	-	(106.581)	-	319.653	319.653	672.289	885.361
Reimbursement of other equity instruments (AT1)	-	(500.000)	-	-	-	-	-	-	-	-	(500.000)
Dividends and other charges associated with the issue of other equity instruments	-	-	-	-	-	-	-	(13.139)	(13.139)	-	(13.139)
Balances at December 31, 2022	3.844.144	-	36.730	(10.046)	110.425	137.110	394.505	3.227.631	3.622.135	913.360	8.516.749

CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED BALANCE SHEET

(EUR Thousand)

ASSETS	Notes	31-12-2022 Amounts before impairment, amortisation and depreciation	31-12-2022 Impairment and amortisation and depreciation	31-12-2022 Net assets	31-12-2021 Net assets
Cash and cash equivalents at central banks	4	21.811.574	-	21.811.574	23.000.073
Cash balances at other credit institutions	5	569.985	-	569.985	677.351
Loans and advances to credit institutions	6	3.422.817	897	3.421.920	3.246.364
Financial assets at fair value through profit or loss	7	2.079.941	-	2.079.941	2.125.489
Financial assets at fair value through other comprehensive income	8	2.367.528	163	2.367.366	6.031.819
Financial assets with repurchase agreement	9	-	-	-	7.828
Hedging derivatives	11	51.601	-	51.601	5.898
Investments at amortised cost	12	14.259.919	17.821	14.242.097	12.994.274
Loans and advances to customers	13	53.032.491	2.254.541	50.777.949	50.183.664
Non-current assets held-for-sale	14	1.424.914	204.448	1.220.466	336.347
Investment properties	15	56.419	-	56.419	33.346
Other tangible assets	16	1.755.117	1.169.773	585.343	568.929
Intangible assets	17	372.402	177.454	194.948	177.534
Investments in associates and jointly controlled entities	18	476.627	439	476.188	529.794
Current tax assets	19	61.115	-	61.115	443.163
Deferred tax assets	19	967.858	-	967.858	1.131.948
Other assets	20	3.767.833	149.594	3.618.239	2.516.327
Total Assets		106.478.139	3.975.130	102.503.009	104.010.147

LIABILITIES AND EQUITY	Notes	31-12-2022	31-12-2021
Resources of central banks and other credit institutions	21	338.153	6.745.201
Customer resources and other loans	22	83.971.711	79.755.690
Debt securities	23	1.368.330	1.789.714
Financial liabilities at fair value through profit or loss	10	221.099	381.661
Hedging derivatives	11	310	35.628
Non-current liabilities held-for-sale	14	989.507	147.714
Provisions for employee benefits	24	556.864	658.255
Provisions for guarantees and other commitments	24	247.044	219.685
Provisions for other risks	24	102.479	99.155
Current tax liabilities	19	47.819	32.489
Deferred tax liabilities	19	77.740	111.431
Other subordinated liabilities	25	1.118.490	1.117.883
Other liabilities	26	3.980.803	3.628.679
Total Liabilities		93.020.348	94.723.184
Share capital	27	3.844.144	3.844.144
Other equity instruments	27	-	500.000
Revaluation reserves	28	129.663	255.079
Other reserves and retained earnings	28	4.365.905	3.866.572
Net income attributable to the shareholder of CGD	28	842.786	583.361
Shareholders' equity attributable to CGD		9.182.497	9.049.156
Non-controlling interests	29	300.163	237.807
Total Equity		9.482.661	9.286.963
Total Liabilities and Equity		102.503.009	104.010.147

Certified Public Accountant

Andreia Júlia Meneses Alves

Board of Directors

Chairman

António Farinha Morais

Deputy Chairman

Paulo José Ribeiro Moita de Macedo

Members

José João Guilherme
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Hans-Helmut Kotz
Luís Filipe Coimbra Nazaret
Monique Eugénie Hemerijck

CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED INCOME STATEMENT

(EUR Thousand)

	Notes	31-12-2022	*Restated* 31-12-2021
Interest and similar income	30	1.865.048	1.428.190
Interest and similar expenses	30	(457.057)	(448.927)
Net Interest Income		1.407.991	979.263
Income from equity instruments	31	14.099	13.051
Income from services and commissions	32	755.983	685.890
Costs of services and commissions	32	(149.529)	(124.370)
Results from assets and liabilities at fair value through profit or loss	33	126.827	137.315
Results from financial assets at fair value through other comprehensive income	33	18.587	10.260
Exchange revaluation results	33	76.767	41.599
Hedge accounting results	33	(3.813)	(3.902)
Other results of financial operations	33	(2.322)	(11.139)
Other operating income	34	59.850	13.491
Total Operating Income		2.304.441	1.741.457
Employee costs	35	(816.254)	(422.923)
Other administrative costs	37	(251.110)	(229.195)
Depreciation and amortisation		(135.722)	(107.179)
Other provisions	24	15.994	(94.464)
Loan impairment	38	5.300	(41.792)
Other assets impairment	38	7.548	(8.876)
Income Before Tax		1.130.198	837.027
Income tax	19	(271.374)	(271.744)
Results of associates and jointly controlled entities	18	47.690	56.519
Results of Continuing Activities		906.514	621.802
Results of subsidiaries held-for-sale	14	16.561	11.893
Consolidated Net Income for the Exercise, of which		923.075	633.695
Non-controlling interests	29	(80.289)	(50.334)
Net Income Attributable to the Shareholder of CGD		842.786	583.361
Average number of ordinary shares outstanding	27	768.828.747	768.828.747
Earnings per share (in Euros)		1,10	0,76

Certified Public Accountant
Andreia Júlia Meneses Alves

Board of Directors

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CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR Thousand)

	31-12-2022			31-12-2021		
	Current operations	Non-current operations	Total	Current operations	Non-current operations	Total
Balances subject to reclassification to profit or loss						
Adjustments in the fair value of financial assets	-	-	-	-	-	-
Gains / (losses) arising during the exercise	(156.090)	(129)	(156.220)	(10.212)	(2.635)	(12.847)
Reclassification adjustments in revaluation reserves	-	-	-	-	-	-
Financial assets impairment	2.121	-	2.121	3.224	222	3.447
Disposal of financial assets	(18.587)	1.952	(16.635)	(10.260)	1.031	(9.229)
Tax effect	46.120	(826)	45.294	5.545	741	6.286
Adjustments in associates and jointly controlled entities	(84.373)	-	(84.373)	(30.893)	-	(30.893)
Foreign exchange difference resulting from consolidation	-	-	-	-	-	-
Gains / (losses) arising during the exercise	83.006	5.667	88.672	142.553	473	143.026
Other	1.150	-	1.150	(38.686)	-	(38.686)
	(126.654)	6.663	(119.990)	61.271	(168)	61.103
Balances not subject to reclassification to profit or loss						
Benefits to employees - actuarial gains and losses						
Gains / (losses) arising during the exercise	319.795	-	319.795	340.854	-	340.854
Tax effect	(9.889)	-	(9.889)	4.920	-	4.920
Changes in the fair value of financial assets (option of valuation of equity instruments at fair value through other comprehensive income)	9.432	-	9.432	42	-	42
	319.338	-	319.338	345.816	-	345.816
Total comprehensive net income for the exercise recognised in reserves	192.684	6.663	199.347	407.087	(168)	406.919
Net income for the exercise	906.514	16.561	923.075	621.802	11.893	633.695
Total comprehensive net income for the exercise, of which	1.099.198	23.224	1.122.422	1.028.889	11.725	1.040.614
Non-controlling interests	(97.736)	-	(97.736)	(50.036)	-	(50.036)
Total comprehensive net income attributable to the shareholder of CGD	1.001.462	23.224	1.024.686	978.853	11.725	990.578

CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED CASH FLOWS STATEMENTS

(EUR Thousand)

	31-12-2022	31-12-2021
OPERATING ACTIVITIES		
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	2.612.135	2.119.380
Interest, commissions and similar expenses paid	(509.417)	(561.163)
Recovery of principal and interest	79.281	163.840
Payments to employees and suppliers	(720.111)	(682.622)
Payments and contributions to pensions funds and other benefits	(89.514)	(118.638)
Other results	23.257	24.437
	1.395.630	945.233
(Increases) / decreases in operating assets		
Loans and advances to credit institutions and customers	(773.417)	(3.107.153)
Assets held-for-trading and other assets at fair value through profit or loss	185.768	2.889.202
Other assets	(3.077.655)	(949.432)
	(3.665.304)	(1.167.383)
Increases / (decreases) in operating liabilities		
Resources of central banks and other credit institutions	(6.430.743)	4.732.199
Customer resources	4.201.090	7.725.091
Other liabilities	1.022.015	(303.302)
	(1.207.639)	12.153.987
Net cash from operating activities before taxation	(3.477.312)	11.931.838
Income tax	291.783	(83.224)
Net cash from operating activities	(3.185.529)	11.848.614
INVESTING ACTIVITIES		
Dividends received from equity instruments	17.350	13.066
Acquisition of investments in subsidiaries and associated companies, net of disposals	11.975	(1.046)
Acquisition of available-for-sale financial assets, net of disposals	3.266.971	768.360
Acquisition of tangible and intangible assets and investment property, net of disposals	(88.668)	(8.602)
Net cash from investing activities	3.207.628	771.778
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(41.557)	(41.557)
Interest on debt securities	(12.587)	(10.466)
Interest on other equity instruments	(13.438)	(53.750)
Interest on lease agreements	(5.427)	(5.262)
Issue of debt securities, net of repurchases and repayments	(413.703)	416.885
Reimbursement of other equity instruments	(500.000)	-
Repayments of financing operations through lease agreements	(34.104)	(13.482)
Dividends paid	(378.231)	(383.639)
Net cash from financing activities	(1.399.048)	(91.272)
Increase / (decrease) in cash and cash equivalents	(1.376.948)	12.529.120
Cash and cash equivalents at the beginning of the exercise	23.677.423	10.972.276
Foreign exchange differences on cash and cash equivalents	81.083	176.027
Net change of cash and cash equivalents	(1.376.948)	12.529.120
Cash and cash equivalents at end of the exercise	22.381.558	23.677.423

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 exercise	Subtotal	Non-controlling interests	Total
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								
Changes in the revaluation reserves	-	-	(12.187)	-	-	(12.187)	(157)	(12.344)
Appropriation of comprehensive income from associates and jointly controlled entities	-	-	-	(30.893)	-	(30.893)	-	(30.893)
Employee benefits - actuarial gains and losses	-	-	-	345.437	-	345.437	337	345.774
Foreign currency differences	-	-	-	105.230	-	105.230	37.796	143.026
Changes in the fair value of equity instruments	-	-	-	42	-	42	-	42
Net income for the exercise	-	-	-	-	583.361	583.361	50.334	633.695
Other	-	-	-	(412)	-	(412)	(38.274)	(38.686)
Total gains and losses for the exercise 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
Other entries directly recorded in equity								
Changes in the revaluation reserves	-	-	(125.416)	-	-	(125.416)	(24)	(125.440)
Appropriation of comprehensive income from associates and jointly controlled entities	-	-	-	(84.373)	-	(84.373)	-	(84.373)
Employee benefits - actuarial gains and losses	-	-	-	310.333	-	310.333	(426)	309.906
Foreign currency differences	-	-	-	71.697	-	71.697	16.975	88.672
Changes in the fair value of equity instruments	-	-	-	9.432	-	9.432	-	9.432
Net income for the exercise	-	-	-	-	842.786	842.786	80.289	923.075
Other	-	-	-	227	-	227	923	1.150
Total gains and losses for the exercise recognised in equity	-	-	(125.416)	307.316	842.786	1.024.686	97.736	1.122.422
Appropriation of net income for 2021								
Transfer to reserves and retained earnings	-	-	-	342.290	(342.290)	-	-	-
Dividends paid	-	-	-	(137.160)	(241.071)	(378.231)	-	(378.231)
Dividends and other expenses related with the issue of other equity instruments	-	-	-	(13.139)	-	(13.139)	-	(13.139)
Reimbursement of other equity instruments (AT1)	-	(500.000)	-	-	-	(500.000)	-	(500.000)
Equity transactions with non-controlling interests	-	-	-	26	-	26	2.267	2.293
Dividends paid to non-controlling interests	-	-	-	-	-	-	(37.647)	(37.647)
Balances at December 31, 2022	3.844.144	-	129.663	4.365.905	842.786	9.182.497	300.163	9.482.661

2.

NOTES ON THE ACCOUNTS

CASTELO BRANCO BRANCH
Architect
Luís Cristina da Silva . 1938

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, with is headquartered at Av. João XXI, n.º 63, 1000-300 Lisbon, Portugal. Caixa became a public limited liability company on September 1, 1993 under decree law 287/93 of August 20 which also approved its respective articles of association. Banco Nacional Ultramarino, S.A. (BNU) was incorporated into CGD on July 23, 2001.

CGD's operations at December 31, 2022 comprised a nationwide network of 521 branch offices (486 of which with face-to-face services and Caixa spaces, 3 mobile branches, 6 self-service branches and 26 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 (group) and operate in such diverse sectors as commercial banking, investment banking, brokerage, venture capital, real estate, asset management, specialised credit and cultural activities. CGD also has non-controlling equity stakes in companies in non-financial sectors of the Portuguese economy.

The consolidated financial statements at December 31, 2022 were approved by the board of directors on April, 20, 2023 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 amendments.

Strategic plan

The group, under the banner: "Building the Future", promoted the strategic initiatives needed to strengthen CGD's sustainability, in 2021, in carrying out the works leading to the preparation of the bases of its strategic plan for the period 2021-2024, 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 Caixa's new board at the time of its appointment and was approved at the beginning of 2022.

The strategic plan for the referred to period has enabled CGD to embark upon a new cycle, focused on ensuring the group's provision of "universal" banking services, based on end-to-end digital processes to improve its service and provide its customers with more face-time. Based on training and improving the skills of its employees, 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.

2. Accounting policies

2.1 Presentation bases

The consolidated financial statements, at December 31, 2022 have been prepared on the basis of the international financial reporting standards (IFRS) 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 35/2005 of February 17.

As referred to in note 14, the group reclassified the assets and liabilities of Banco Comercial do Atlântico (Cape Verde), in December 2022, to "Non-current assets and liabilities held-for-sale – subsidiaries" under IFRS 5 – "Non-current assets held-for-sale and discontinued operations". The income generated by this equity stake under this standard is also set out in a single line of the profit and loss statement ("Income from subsidiaries held-for-sale"), whose period has been accordingly re-expressed for comparison purposes. Information on the reclassification effect has been set out in the referred to note on an aggregate basis.

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 of accounting policies in 2022, in comparison to those considered for the preparation of the financial information for the preceding year, which has been set out for comparison purposes. Neither have there been any changes in judgments or estimates for past years, or corrections of material errors.

2.2.2 New standards and interpretations for the period

Effective January 1, 2022 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:

- IFRS 16 (amendments) – COVID-19-related rent concessions after June 30, 2021. The amendments to the wording of the standard clarify that a lessee may exercise the option not to assess whether a COVID-19-related rent concession is a lease modification. If choosing to apply this expediency, they account for changes in rent payments resulting from a COVID-19 related concession in the same way as they would account for a change other than a lease modification, 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 wording of this standard include:

(i) A correction of the reference to the applicable conceptual structure, which continued to refer to the version published in 1989, as opposed to the most recent version which was published in 2018;

(ii) The introduction of a clarification on the treatment of liabilities acquired as the result of a business combination, which should be processed under IAS 37 and IFRIC 21, when eligible under their sphere of application;

(iii) An explanation of the wording of the standard that states that an acquirer should not recognise contingent assets which have been 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 wording 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 by management for its intended use, may not be deducted from the acquisition cost. An entity recognises the income obtained from the sale of such products and their production costs directly in profit and loss.

These amendments must be implemented in the financial years beginning on or after January 1, 2022. Retrospective implementation is only mandatory in the case of eligible assets which have been installed on their intended location after the date of the presentation of the first comparative period.

- IAS 37 (amendments) – “Provisions, contingent liabilities and contingent assets”. The amendments to the wording of this standard specify the accounting definition of eligible costs for classification as a sales contract. All costs which may be directly allocated to the fulfilment of contractual obligations, which may be incremental in nature (such as goods, equipment or fees) or on the basis of other types of allocation, provided that they are clearly identifiable (such as the depreciation costs of the equipment used to fulfil the referred to obligations) are considered for this purpose.

These amendments, whose effects are prospective, must be implemented in the financial years beginning on or after January 1, 2022. In the first year of implementation of the amendment, all contracts whose obligations have not been fully met by the date of presentation of the beginning of the first comparative period are included, without the need to re-express the comparison.

- *Annual improvements to IFRS standards 2018-2020*. The planned introduction of annual improvements for the period 2018-2020, considered non-urgent, but necessary, by the IASB, was published on May 14, 2020 and amends the wording of standards: IFRS 1, IFRS 9, IFRS 16 and IAS 41. Reference should be made to the following items which are potentially relevant to CGD’s activity:

(i) IFRS 9 – This amendment clarifies the eligibility criteria for commissions to be considered by an entity in the sphere of the liabilities derecognition test in conformity with paragraph B3.3.6 of the standard (10% test). Only commissions paid or received between an institution (issuer of a financial liability) and an investor (or investors), including commissions paid or received for or on behalf of the other party are recognised.

(ii) IFRS 16 – This amendment eliminates the example of reimbursements of charges paid by the lessor on improvements to the leased asset from the wording of illustrative example no. 13 (text accompanying IFRS 16), as its wording was not considered to provide a correct and clear interpretation of the treatment of lease agreement incentives.

These amendments must be implemented in the financial years beginning on or after January 1, 2022.

The adoption of the referred to standards, interpretations, amendments and revisions did not have any significant equity impacts on the group’s preparation of its financial statements for 2022.

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:

- IAS 1 (amendments) and IFRS practice statement 2. The amendments to the wording of the standard and practice statement aim to clarify the requirements to be considered in assessments of accounting policies for disclosure purposes, substituting the expression "significant accounting policies" by "material accounting policies". This was also accompanied by the introduction of illustrative examples designed 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 are implemented prospectively.

- IAS 8 (amendments). The amendments to the wording of the standard differentiate between the presentation and disclosure of the different types of modifications of the financial statements, with the introduction of clarifications on the treatment of accounting estimates, and in particular:

- Measurement in a concept of uncertainty;
- Difference between modifications of accounting estimates and corrections of errors;
- Accounting for the effects of modifications of accounting estimates.

The amendments must be implemented in the financial years beginning on or after January 1, 2023.

- IAS 12 (amendments) – The amendments to the wording of the standard aimed to clarify how to account for deferred tax on transactions as leases. The amendments include an additional condition in which the exemption on the initial recognition does not apply. A temporary difference resulting from the initial recognition of a right-of-use asset or lease liability is not subject to initial exemption if the transaction gives rise to the same taxable, deductible temporary differences. It is only applicable if the recognition of a right-of-use asset and a lease liability gives rise to taxable, deductible temporary differences that are not the same.

The amendments must be implemented in the financial years beginning on or after January 1, 2023.

The following standards, interpretations, amendments and revisions, still not endorsed by the European Union, must be implemented in future financial years:

- IFRS 16 (amendments) - Amendments to the wording of the standard differentiate between the presentation and disclosure of different types of lease liabilities in terms of sale and lease.

This amendment to the standard on leases introduces guidelines on the subsequent measurement of lease liabilities related to sale & leaseback operations that qualify as "sales" in accordance with the principles of IFRS 15 – “Revenue from contracts with customers”, with a greater impact when several or all of the lease payments are variable lease payments that are not contingent upon an index or an interest rate. When subsequently measuring lease liabilities, vendors-lessees determine the "lease payments" and "revised lease payments" in such a way as not to recognise gains/(losses) in relation to the right-of-use retained by them. This amendment is implemented retrospectively.

The amendments must be implemented in the financial years beginning on or after January 1, 2024.

- IAS 1 (amendments) - The amendments to the wording of the standard clarify the classification of liabilities as current or non-current balances based on the rights to defer their payment at the end of each financial reporting period. The classification of liabilities is not affected by an entity’s expectations as the assessment determines whether a right exists but does not consider whether or not an entity will exercise such a right, or by events occurring after the reporting date, such as non-compliance with a specific covenant. However, if the right to delay settlement for at least twelve months is subject to compliance with certain conditions after the balance sheet date, such criteria do not affect the right to defer a settlement for the purpose of classifying a liability as current or non-current.

The amendments must be implemented in the financial years beginning on or after January 1, 2024.

We do not consider that the adoption of the above standards, interpretations, amendments and revisions will have any equity impact on the group’s preparation of its financial statements.

2.3 Consolidation principles

The consolidated financial statements include the accounts of CGD and those of entities controlled directly and indirectly by the group (note 3), including special purpose entities.

Under IFRS 10 – “Consolidated financial statements”, the group considers that it wields 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 superintend their relative activities, take control of them (de facto power).

The accounts of CGD group subsidiaries were consolidated by the global integration method. Significant transactions and balances between the consolidated companies have been eliminated. Consolidation adjustments are also made, when applicable, to ensure consistency in the implementation of the group’s accounting principles.

The amount of third party investment in subsidiaries is recognised in "Non-controlling interests" in equity. In the specific case of investment funds included in the consolidation perimeter, any redemption options on the investments of holders of non-controlling interests are recognised at their equity value in "Other liabilities" (note 26) and their corresponding changes are recognised in the respective profit and loss account.

Consolidated profit comprises the aggregating of CGD’s and its subsidiary entities’ net profit, in proportion to their respective effective holdings, after consolidation adjustments have been made by eliminating 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 for achieving control over the acquired entity. The costs incurred in the sphere of 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 acquisition cost of a subsidiary and the fair value attributable to its respective assets, liabilities and contingent liabilities on the purchase date. Goodwill is recognised as an asset and is not depreciated.

If the fair value of identifiable assets, liabilities and contingent liabilities acquired in the transaction exceeds their acquisition cost, the excess is recognised as income in profit and loss for the period.

The acquisition of non-controlling interests after control over a subsidiary has been achieved is recognised as a transaction with shareholders, upon which no additional goodwill is recognised. The difference between the value attributed to non-controlling interests and the respective acquisition cost at the transaction date is directly recognised as a charge to reserves. Similarly, the impacts of disposals of non-controlling interests when not entailing a loss of control over a subsidiary are also recognised in reserves. Profit or loss on disposals of non-controlling interests, when entailing changes in control over the subsidiary, are recognised by the group 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 – "Impaired assets". For this purpose, goodwill is allocated to cash flow generating units whose respective recoverable value is based on future cash flow estimates 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, in conformity with the accounting policies defined by the Bank of Portugal, goodwill was fully deducted from shareholders' equity in the year of the acquisition of the subsidiaries. As permitted by IFRS 1 − "First-time adoption of international financial reporting standards" and as the group did not make any changes to this recognition, goodwill on operations, up to January 1, 2004, continued to be deducted from reserves.

Accounting of written put options on non-controlling interests

Liabilities resulting from written put options on non-controlling interests are initially recognised by the group 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 appropriations;
- Occurrence of material transactions between associate and group;
- Rotation between members of management; and
- The supply of essential technical information.

There are also situations in which the group wields control over the activity of a company in which the equity stake is held in conjunction with other entities (joint ventures). This is 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' shareholders' equity (including their results). The equity accounting method is applied up to the time when the associate's or joint venture's accrued losses, 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 the creation of a specific provision to recognise such losses.

The equity of the companies used for the application of the equity accounting method is adjusted to reflect the implementation of the group's accounting principles in the case of differences with a materially relevant impact.

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 separate 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 and loss and financial position is expressed in euros as the group's operating currency in the consolidated accounts.

In the preparation of its 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 at 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 at fair value, such as equity instruments upon which an option to classify them at fair value through other comprehensive income has been exercised and which are directly recognised in "Other reserves".

In the consolidated accounts the assets and liabilities of entities with a functional currency other than the euro are translated at the closing exchange rate, as opposed to income and costs which are translated at the average rate for the period. Under this method, exchange rate profit/loss is recognised in "Other reserves" in equity and the respective balance is 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 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 changes 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 characteristics of the financial instrument's contractual cash flows, unless an option to measure the financial instrument at fair value through profit or loss has been exercised.

CGD classifies and measures a financial asset at amortised cost when it is included 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 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 irrevocably opt to classify and measure an investment in an equity instrument through FVTOCI (when not held-for-trading nor comprising the recognition of a contingent payment by the acquirer in a business combination subject to IFRS 3 – "Business combinations") which otherwise would have been classified and measured by FVTPL.

To determine the business model used for the management of a financial asset, the group defines how it expects to obtain cash flows from the referred to financial asset. The business model is determined at a level that reflects how a group of financial assets is managed as a whole, in order to achieve the referred to business model's specific objective and is not reliant upon the plans for any financial asset in particular. As the allocation to a business model is a fact and not an assertion, the group considers all relevant information enabling a conclusion to be reached on the business model for the management of its financial assets. The group therefore evaluates:

- The way in which the performance of the business model and the financial assets held thereunder are measured and reported to management;

- The risks affecting the performance of the business model (and respective financial assets held thereunder) and, particularly, how such risks are managed; and

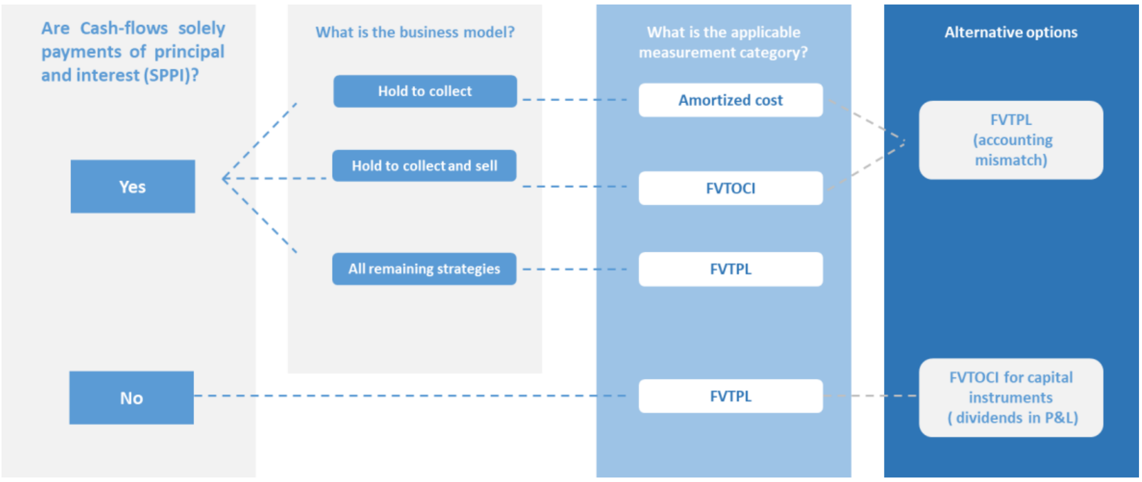
- The way in which managers are compensated (e.g. if based on the fair value of the assets managed or receipt of contractual cash flows).

As referred to above, two criteria are considered for the purpose of classifying and measuring financial assets under IFRS 9 – "Financial instruments":

- An entity's business model for managing the financial asset; and

- The characteristics of the financial asset's contractual cash flows: solely payments of principal and interest (SPPI).

Information on the classification process implemented by the group is set out in the following flowchart:



Initial recognition

A financial asset is recognised on the date upon which it is made available, i.e. the date upon which the funds are made available to the counterparty in the case of loans to customers or loans and advances to credit institutions or the settlement date in the case of equity instruments or debt securities.

Any change in the fair value of a financial asset between the trade and settlement dates is recognised according to the measurement criteria inherent to its classification at the time of initial registration.

Derecognition

A financial asset is derecognised when, and only when, the contractual right to receive cash flows expires or the financial asset is transferred and the transfer is eligible 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 on such assets have been retained but the group has contractually committed to deliver such cash flows to one or more beneficiaries. When the contractual rights to receive the cash flows are retained, the group only treats the operation as a transfer if all of the following conditions have been met:

(i) When the group is not obligated to pay any amounts to the beneficiary other than the amounts received from the original asset;

(ii) When the group is prevented from selling the original asset under the terms of the transfer agreement; and

(iii) When the group is obligated to pay the cash flows received, without any material delays and the cash flows cannot be reinvested up until such payment has been made.

When a financial asset's contractual cash flows are renegotiated or in any other way modified and such a renegotiation or modification does not result in the financial assets derecognition, the group recalculates the financial asset's gross balance sheet amount and recognises profit or loss on the difference between the previous gross balance sheet amount. The asset's new gross balance sheet amount is determined as the present value of renegotiated or modified cash flows, discounted at the asset's original effective rate (or adjusted interest rate in the case of purchased or originated credit impaired loans) or, when applicable, the revised effective interest rate. Any costs or commissions incurred are included in the new gross balance sheet amount and amortised over the asset's remaining life.

A scenario in which the modification of the contractual cash flows results in the financial asset's derecognition implies the following:

- The need for a new analysis to determine whether the contractual conditions 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) with impairment losses being 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 cash flow projections;
- The new financial asset recognised as the result of a contractual modification of a financial asset previously marked for forbearance (in accordance with Commission implementing regulation (EU) no. 2015/227 of January 9, 2015 and 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.

Reclassification of financial assets

If the group changes 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 implemented prospectively from the date upon which it becomes effective. Under IFRS 9 – "Financial instruments", reclassifications of equity instruments on whose fair value assessment through other comprehensive income or financial assets and liabilities at fair value under the fair value option have been included, are not permitted.

Fair value

As stated, "Financial assets at fair value through profit or loss" and "Financial assets at fair value through other comprehensive income" are measured at their fair value.

The fair value of a financial instrument comprises the amount at which an asset or financial liability can be sold or liquidated between independent, informed parties, interested in realising the transaction under normal market conditions.

The fair value of financial assets is measured by a CGD body which is independent from the trading function, based on the following criteria:

- Closing price at the balance sheet date, for instruments traded in active markets;
- Measurement methods and techniques are used for debt instruments not traded in active markets (including unlisted securities or securities with low liquidity levels) and include:

  (i) Bid prices published by financial information services such as Bloomberg and Reuters, including market prices available on recent transactions;

  (ii) Bid prices obtained from financial institutions operating as market-makers; and

(iii) Internal measurement models, based on market data which would be used to define the price of a financial instrument, reflecting market interest rates and volatility, in addition to the instrument's associated liquidity and credit risk.

- Investment funds not traded in active markets are measured on the basis of 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 on the assets under the management of the referred to investment funds.

Amortised cost

Financial instruments at amortised cost are initially recognised at fair value, net of the income or costs directly attributable to the transaction. Interest is recognised in accordance with the effective interest rate method.

Interest on impaired financial assets (stage 3) is recognised on the basis of the rate used to discount the future cash flows inherent to the measurement of the impairment loss.

B. Financial liabilities

Financial liabilities are 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:

- *Financial liabilities held-for-trading*

  Financial liabilities held-for-trading include derivatives with a negative revaluation value, in addition to the short selling of fixed and variable-income securities in active markets.

  These liabilities are recognised at their respective fair value. Profit or loss on their subsequent valuation is recognised in "Income from financial operations".

- *Other financial liabilities*

  This category includes credit institutions' and customers' resources, bond issuances, subordinated liabilities and liabilities incurred on payments for the provision of services or purchase of assets, recognised in "Other liabilities".

  These financial liabilities are measured at amortised cost. Any interest thereon is recognised by the effective interest rate method.

C. Derivatives and hedge accounting

The group's activity includes operations on derivatives to meet the needs of its customers and reduce its exposure to foreign exchange, interest rate and price fluctuations.

Derivatives are recognised at their fair value at the agreement date. They are also recognised in off-balance sheet accounts at their respective notional value.

The fair value of derivatives not traded in organised markets is calculated by using models which incorporate measurement techniques based on discounted cash flows which also reflect counterparties' credit and own credit risk (credit value adjustments and debit value adjustments − CVAs/DVAs).

Embedded derivatives

Derivatives embedded in other financial instruments recognised in liabilities are separated out from the host contract and processed separately, whenever:

- The embedded derivative's economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and

- The total combined financial instrument is not recognised at fair value, with respective changes 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 comprising the difference between the total value of the combined contract and the derivative's initial revaluation. No profit is therefore recognised on the operation's initial recognition.

Trading derivatives

Trading derivatives include all derivatives not associated with effective hedge relationships, namely:

- Risk hedging derivatives on assets or liabilities recognised at fair value through profit or loss, thus rendering the use of 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 effectiveness tests show that they are not effective; and
- Derivatives contracted for trading purposes.

Trading derivatives are registered at fair value and the results of their revaluation are registered on a daily basis and recognised in "Income from financial operations" in income and costs for the period, except for the part relating to accrued and liquidated interest, which is recognised in "Interest and similar income" and "Interest and similar costs". Positive and negative revaluations are recognised in "Financial assets held-for-trading" and "Financial liabilities held-for-trading" balance sheet accounts, respectively.

Hedge derivatives

These derivatives are contracted for to hedge the group's exposure to the risks inherent to its activity.

At December 31, 2022 and December 31, 2021 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 when a hedge relationship is entered into, to include the following minimum aspects:

- Risk management objectives and strategy associated with the hedge operation, according to defined risk hedging policies;
- Description of hedged risk(s);
- Identification and description of hedged and hedging financial instruments; and
- Hedge effectiveness and periodicity assessment method.

Hedge derivatives are registered at fair value and their results recognised daily in income and costs for the period. If the hedge is shown to be effective, the group also recognises the change in fair value of the hedged item, 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 no longer meet the hedge accounting requirements defined in the standard. In such situations adjustments to hedged items up to the date upon which hedge accounting is no longer applied, are recognised in profit and loss up to the maturity of the corresponding financial asset or liability, 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 items 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 changes in fair value of the hedged item and hedging instrument vis-à-vis changes in interest rates. This was done using the DV01 metric, as one of CGD's 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. On the other hand, 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 the analysis of sensitivity to changes in the fair value 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 stated and taking the characteristics of the hedged item and hedging instruments into account, 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 flow 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 relathionships based on interest rate futures on German sovereign bonds*

  The above referred to hedge relationship contains sources of ineffectiveness that lead to a situation in which the hedge does not result in a nil fair value change:

  - The quantity of the nominal amount between the hedges item and hedging instrument is not stictly equivalent;
  - Change of cheapest-to-deliver bond;
  - Aquisitions of the instrument designated as a hedged item when designated in the same hedge relationship ans disposals of the hedged item;
  - Sale or aquisition 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 changes in interest rates may, on occasions, be slightly unbalanced.

  A change in the cheapest-to-deliver bond, may change the quantity of futures needed to cover the hedged item, as there may be a slight alteration 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 an ongoing assessment in each reporting period or whenever there is a significant change in the circumstances affecting hedge effectiveness requirements, whichever occurs soonest.

- *Rebalancing of the hedge relationship*

  When a hedge relationship no longer meets the hedge effectiveness requirement for the hedge relationship but the risk management objective for this relationship has not been changed, CGD shall adjust the respective ratio. This rebalancing refers to adjustments made to the designated quantities of the hedged item or hedging instrument in this relationship in order to maintain a hedge ratio in accordance with the defined risk management objective.

  In such a context and in a scenario in which:

  (i) New securities are acquired and when a new hedge relationship for these securities acquisitions has not been designated, but when the designation of these new securities in this hedge relationship is used; or,

  (ii) In the event of the partial disposal of the securities designated as hedged items in this hedge relationship and when CGD rebalances the hedge relationship in such a way as for the hedge relationship to remain 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) A hedge ratio no longer meets the risk management objective on whose basis it was qualified for hedge accounting purposes;

  (ii) The hedging instrument is sold or cancelled; and

  (iii) An economic relationship between the hedged item and the hedging instrument no longer exists or the credit risk effect begins to dominate changes in value resulting from the referred to economic relationship.

D. Impaired financial assets

The impairment model of IFRS 9 – “Financial instruments” applies to the following financial assets:

- All financial assets measured at amortised cost (including lease agreements − IFRS 16 – “Leases”);
- Debt instruments measured at fair value through other comprehensive income (FVTOCI);
- The rights and obligations referred to in IFRS 15 − “Revenue from contracts with customers”, when this standard refers to accounting 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 month expected losses.* This is the expected loss deriving from a loss event occurring in the 12 months following the calculation date, applied in stage 1 operations; and

- *Lifetime expected losses.* This is the expected loss based on the difference between contractual cash flows and cash flows the entity expects to receive up to the contract's maturity. The expected loss is therefore the result of all potential loss events up to maturity and is applied in stage 2 and 3 operations.

Although IFRS 9 - "Financial instruments" does not define a concept of default, CGD group applies the same definition of default as used for management purposes, on an internal credit risk level, which incorporates the EBA's recommendations as set out in its "Final Report on Guidelines on Default Definition (EBA-GL-2016-07)" published on September 28, 2016.

Stage 2 classification is based on the observation of a significant increase in credit risk (SICR) since the time of initial recognition.

The quantitative metric used to decide when an asset is transferred to stage 2 is based on a comparison of the deterioration of the forward-looking probability of lifetime default between the date of initial recognition and the reporting date.

Qualitative criteria for the transfer of a financial asset to stage 2 were also considered: credit in arrears for more than 30 days (backstop), restructured credit based on financial difficulties and objective credit risk criteria noted when monitoring customers.

Although based on historical and current information, the measurement of an expected loss also incorporates reliable, reasonable, justifiable and forward-looking projection scenarios which are available at no cost or without unduly excessive endeavours.

The amount of the expected credit loss to be recognised accordingly considers a forward-looking component based on the weighting of three different macroeconomic scenarios (central, pessimistic and optimistic). The scenarios to be considered are defined by a methodological approach comprising the projection of macroeconomic variables in which the probabilities of the occurrence of each of the scenarios are defined internally.

Evidence of impairment is measured on individually significant exposures and individually or collectively for exposures which are not individually significant. If no objective evidence of impairment for a certain exposure is considered, 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 assets disposal groups, 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 assets and liabilities disposal groups 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 assets and liabilities disposal group) 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 lesser of the following amounts:

(i) O Bid price; or

(ii) Balance sheet carrying amount, net of impairment on the recovered loans with which they are directly associated.

The group periodically analyses the recoverable value of property repossessed for credit recovery purposes 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 on property assets is measured separately for all property with a gross book value (before impairment) of €3,000 thousand or more and properties with a lesser 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 which includes all information available on demand, supply and specific risks such as licences, investment needs, occupancy status and rental or other agreements which could affect the property's value.

Impairment on other property is measured on the basis of a collective model, namely:

- The collective model for calculating impairment on property assets 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 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, whose 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 the referred to period is exceeded, impairment is calculated on the basis of the collective parameters model.

A reversal of impairment losses for past periods is always recognised when the property is sold or when there is evidence to the effect that the previously recognised impairment losses no longer exist or have diminished. An impairment loss on an asset which has been recognised in past periods is reversed in the event of any alteration 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 receiving income from their rental and/or appreciation in value.

Investment properties are not depreciated and are recognised at fair value, determined annually on the basis of experts' appraisals. Fair value changes 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 the applicable legal provisions and net of their accrued 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".

The group revalued its tangible assets up to January 1, 2004 under the terms of the applicable legislation. As permitted by IFRS 1 − "First time adoption of international financial reporting standards", their cost, in the transition to IFRS, including the effect of the referred to revaluations, was deemed to be their book value, as the respective proceeds, at the time of the referred to revaluations generally corresponded to cost or depreciated cost under international accounting standards, adjusted to reflect alterations in price indices. As, in Portugal, 40% of the increase in depreciation on these revaluations is not tax deductible, the corresponding deferred tax liabilities thereon have been recognised.

Depreciation is calculated on a straight line basis across an asset's estimated useful life, comprising the period in which it is expected to be available for use, as follows:

	Useful life (years)
Property for own use	50 - 100
Equipment	
Furniture and material	8
Machines and tools	5 - 8
Computer equipment	3 - 8
Interior fittings	3 - 10
Transport material	4 - 6
Security equipment	4 - 10

Land is not depreciated.

The cost of works on and improvements to property used 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" – defines the principles applicable to the recognition, measurement, presentation and disclosure of lease agreements, with the objective of ensuring pertinent information to provide an accurate description of such transactions.

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 recognises the lease payments for these agreements as costs. CGD considers an underlying asset to be of low value when the value of the new asset is less than €4,688 (according to IASB guidelines – as translated from dollars to euros at the December 2022 closing rate).

Lessor

Leases are classified as financial or operating leases. 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 on the group's activities. When the requirements of IAS 38 – "Intangible assets" are met, the direct internal costs incurred on software development are capitalised as intangible assets. These costs essentially comprise employee costs.

Intangible assets are recognised at their acquisition cost, net of accrued depreciation and 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 and is taxed under the special tax regime for corporate groupings of article 69 et seq of the referred to code. The group perimeter covered by the referred to tax regime, in which CGD is the dominant entity, comprises all companies with headquarters or effective management in Portugal, whose total income is subject to the general IRC tax regime, at the highest standard rate, in whose equity capital it has held either a direct or indirect stake of at least 75%, for a period of more than 1 year and when such an equity stake entitles it to more than 50% of voting rights. The group's taxable profit is calculated on the algebraic sum of the separate taxable profit and losses made by each of the companies in the perimeter.

Branch accounts are included in the respective headquarters' accounts under the principle of the taxation of global profit of article 4 of the IRC code. In addition to being subject to IRC, in Portugal, the profit made by branches may also be subject to local taxes in the countries/territories in which they are established. Local taxes are deductible from the group's IRC tax bill as a tax credit in accordance with double taxation agreements under article 91 of the respective code.

Current tax is calculated on taxable profit for the period which differs from accounting income owing to adjustments resulting from costs or income which are not relevant for fiscal purposes or only considered in other accounting periods. They particularly include:

- *Profits made by non-resident subsidiaries with a more favourable tax regime*

  Under article 66 of the IRC code, the profits 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 income included is deductible from the taxable profit for the period in which the referred to profit is distributed to CGD. CGD does not recognise any deferred taxes for this situation.

- *Impaired credit*

  Law 98/2019 was published on September 4, 2019. It alters the IRC code on impairment in credit institutions and other financial institutions and creates rules on as yet non-tax deductible impairment losses not recognised in taxation periods prior to January 1, 2019. Under this new regime, impairment losses on the credit risk of individually analysed exposures or when analysed on a collective basis and in taxation periods beginning on or after January 1, 2019, recognised under the terms of the applicable accounting and regulatory standards (with the exceptions provided for in no. 7 of article 28-C of the IRC code) are now fully deductible. The rules in force up to December 31, 2018, i.e. limitation of tax deductions to the amounts calculated under the provisions of Bank of Portugal *notice* 3/95 (latterly revoked) and provided that the 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 addressed to the director general of the tax and customs authority on October 31, 2019 from which tax year it is covered by the new regime.

- *Credit write-offs*

  At December 31, 2022 and December 31, 2021 the group continued to recognise deferred tax assets on non tax deductible impairment on credit operations which had already been written off from assets, based on the expectation of their inclusion as taxable material in the taxation periods in which the conditions required for their deduction have been fulfilled, both on a level of the delay period (24 months) and compliance with the limits set out in the legislation in force on the referred to dates or, additionally, 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 law 42/2016, based on an addendum to no. 6, ruling that, for 2017 and following periods, impairment losses and other value adjustments on equity investments or other own equity instruments, included in taxable profit, are considered to be positive components of taxable profit for the taxation period in which the respective sale has taken place. As a result of this situation, CGD began to recognise deferred tax liabilities on impaired financial investments as being deductible as a tax cost at the time of the constitution thereof when the intention involves a sale or liquidation (or when in progress). These amounted to €42,776 thousand and €30,055 thousand, at December 31, 2022 and December 31, 2021.

  The amount of unrecognised deferred tax liabilities on the impaired tax deductible financial investments, owing to 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 €65,915 thousand and €71,173 thousand at December 31, 2022 and December 31, 2021 respectively.

- *Employee costs*

  CGD has considered its payment of employee costs, as processed and recognised in its accounts, including, inter alia, 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 January 19, 2006 of the secretary of state for fiscal affairs, 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 are tax deductible under article 43 of the IRC code.

  Also herein and as a result of the alteration of the 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 fulfilled the requirements of article 183 of law 64-B/2011 of December 30, the negative equity changes originated in 2011, which were not considered for tax purposes, in the period, were 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, 2022 and December 31, 2021.

- *Settlement result*

  Under article 92 of the IRC code, taxable income, net of international double taxation deductions and fiscal benefits, may not be less than 90% of the amount that would have been determined if the taxpayer:

  (i) Did not enjoy fiscal benefits and

  (ii) Did not make supplementary contributions to pension funds and the like to cover retirement pension liabilities as a result of the implementation of the international accounting standards.

  The referred to limitation does not apply to the fiscal benefits listed in no. 2 of the same article.

  CGD did not make any adjustments to the assessment of its taxable income for the 2022 and 2021 financial years 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 on the tax to be paid or recovered in future periods of temporary deductible or taxable differences between the book value of assets and liabilities and their fiscal basis used to determine taxable income.

Whereas deferred tax liabilities are normally recognised for all temporary taxable differences, deferred tax assets are only recognised to the amount of the probable 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 temporarily non-tax deductible provisions, impairment and employee benefits.

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.

When not probable, the future expenditure of resources is considered to be a contingent liability. Contingent liabilities require no more than a disclosure procedure, unless the possibility 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 group's principal benefits include retirement and survivors' pensions, healthcare costs and other long term benefits.

Pensions and healthcare liabilities

CGD group has several pension plans, including defined benefit and, in several situations, defined contribution plans. CGD has set up a defined benefit pension plan which aims to ensure the payment of employees' retirement, disability and survivors' pensions. Other group companies, including Banco Comercial do Atlântico and Banco Nacional Ultramarino (Macau) also have liabilities for defined benefit plans.

Healthcare for CGD Portugal's working and retired employees is also provided by Caixa Geral de Depósitos' social services and funded by contributions from CGD Portugal and its employees.

CGD also has liabilities for contributions to SAMS (healthcare services) for its former BNU employees retiring prior to the July 23, 2001 merger between BNU and CGD.

The liability for defined benefit plans recognised in the balance sheet comprises the difference between the present value of liabilities and fair value of the pension fund's assets. Total liabilities are calculated 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 the liabilities.

Profit and loss on differences between actuarial and financial assumptions and the effective amounts regarding the evolution of liabilities and the pension fund's expected yield, in addition to changes in 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 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 changeover to "non-working" status of those employees with whom it has entered into voluntary redundancy agreements. This provision is recognised as a charge to "Employee costs" in profit and loss.

As shown in detail in notes 35 and 36 of the notes to the financial statements, on February 24, 2023, the Portuguese government published decree law 14/2023 transferring all of the liabilities of CGD's pension fund (FPCGD) to Caixa Geral de Aposentações (CGA), extinguishing and liquidating FPCGD and with payment of financial compensation for the liabilities transferred to CGA by CGD.

Under the terms of IAS 19, CGD recognised the premium paid on the operation, comprising the difference between the amount of liabilities calculated on a going concern basis and the amount defined in the operation, on the basis of a settlement scenario, in employee costs in profit and loss for 2022.

Pursuant to this transaction CGD provides CGA with a compensation mechanism for any deviations between the wage and pension growth rates assumed in the operation and the effective rates. This compensation will be determined in 2028 using data up to December 2027 and subject to a maximum amount of €320,000 thousand.

According to accounting standards (IAS 37), Caixa recognises the contingent liability associated with this compensation mechanism in its financial statements. The valuation carried out in the context of the preparation of the December 2022 financial statements has led to the conclusion that the mechanism has a nil value at this time, both on account of Caixa's management capacity over the various remuneration components with an impact on wage and pensions growth for its employees as a whole, liabilities for which are being transferred to CGA and the degree of conservatism of the premises underlying the transfer. 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 based on actuarial assessments. All actuarial profit and loss is recognised as a charge to profit and loss for the period under IAS 19 – "Employee benefits" for the type of benefits identified.

Liabilities for the costs of seniority bonuses 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 (note 35) 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 (note 35).

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 such operations, in "Interest and similar income" and "Interest and similar costs" (note 30).

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 own equity instruments

The issuance of own 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 own equity instruments. Preference shares issued by subsidiaries fulfilling these requirements are recognised in "Non-controlling interests" in the consolidated balance sheet (note 29).

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" (note 4) and "Cash balances at other credit institutions" (note 5) total.

2.20 Critical accounting estimates and more relevant judgmental aspects for the implementation of accounting policies

The implementation of the above referred to accounting policies requires CGD's executive committee and group entities to make estimates. The estimates having the greatest impact on the consolidated financial statements, include those set out below. The effects of the Covid-19 pandemic and crisis in eastern Europe deriving from the ongoing war between the Russian Federation and Ukraine were also taken into consideration, whenever relevant.

a) *Measurement of impairment losses on loans and advances to customers*

Impairment losses on loans at amortised cost are measured by the methodology defined in note 2.7. d). This measurement is, inter alia, based on a series of weighting factors reflecting knowledge of a customer's circumstances, treatment of historical data and amount of guarantees associated with the operations in question and is therefore highly subjective.

The group considers that impairment measured by this methodology enables the risks on its credit portfolio to be adequately recognised, in conformity 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, alterations 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 the rules defined in IFRS 9 – "Financial instruments" into account.

c) *Measurement of financial instruments not traded in active markets*

Under IFRS 9 – "Financial Instruments", the group measures all financial instruments at fair value, except for those recognised at amortised cost. The measurement models and techniques described in note 2.7. 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 value of such financial instruments is measured by a body that is independent from the trading function.

d) Measurement of non-current assets held-for-sale – investments in subsidiaries

The measurement of investments in subsidiaries recognised in "Non-current assets held-for-sale" accounts is based on measurement methodologies mainly supported by external valuations, which use 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 use of different assumptions and estimates may result in a different valuation level for these investments.

e) Employee benefits

As referred to in note 2.15. the group's liabilities for the post employment and other long term benefits granted to its employees are determined actuarially. These actuarial assessments 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) Determination of income tax

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 situations, however, tax legislation is not sufficiently clear and objective and may give rise to different interpretations. The amounts recognised in such cases represent the best understanding of CGD group's entities on the correctness of the operations although this may be queried by the fiscal authorities.

The group's recognition of deferred tax assets, including the carry-back of tax losses, is based on its expectation of future taxable profit enabling them to be realised, determined on the basis of more up-to-date projections of accounting income and considering the objective defined for the reduction of non-performing assets. The recoverability of deferred tax assets is, therefore, contingent upon the successful implementation of CGD's board of directors' strategy, namely the capacity to generate the estimated taxable profit and interpretation of fiscal legislation in force in the future (note 19).

g) Property valuations

Property valuations, recognised in "Non-current assets held-for-sale" consider a set of judgmental assumptions which are contingent upon each asset's specific characteristics and the group's respective marketing strategy. The assumptions regarding future events may not materialise or, even if materialising, could have different real results. By way of example, there may be changes on a level of property market expectations, relevant macroeconomic variables or on a level of the intrinsic characteristics of the actual property and its physical 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 and when this may be reliably measured.

Contingent liabilities are not recognised in the financial statements with information thereon being disclosed if the possibility of the need to make payments is not classified as being remote.

Decisions regarding the recognition of provisions and their respective measurement take into account the board of directors' assessment of the risks and uncertainties associated with ongoing processes and expected confirmation of cash flow projections, 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 undertakes an annual year-end evaluation of the recoverable value of its investments in associates and joint ventures. 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 and value over time and business risks whose fair value is estimated by 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 its consequent impact on the group's profit and loss.

3. Group companies and transactions in period

The group's structure on a level of its principal subsidiaries, sectors of activity and respective financial data taken from its separate, statutory financial accounts, unless otherwise expressly indicated, is summarised below:

Activity / Entity	Head office	31-12-2022			31-12-2021	
		% Effective participating interest	Equity (a)	Net income	Equity (a)	Net income
Holding Companies						
Caixa - Participações, SGPS, S.A.	Lisbon	100.00%	589,005	61,357	170,563	27,698
Banking						
Banco Caixa Geral - Brasil, S.A.	São Paulo	100.00%	53,411	353	50,130	(1,529)
Banco Nacional Ultramarino, S.A. (Macau)	Macau	100.00%	912,683	37,913	825,628	47,249
CGD Investimentos CVC, S.A.	São Paulo	100.00%	4,246	136	3,692	78
Caixa - Banco de Investimento, S.A. (b)	Lisbon	100.00%	374,799	8,331	385,650	8,100
Banco Interatlântico, S.A.R.L.	Praia	81.69%	30,077	2,792	27,415	2,470
Banco Comercial e de Investimentos, S.A.	Maputo	63.27%	416,734	121,357	334,243	67,893
Banco Comercial do Atlântico, S.A.	Praia	58.82%	89,236	15,844	80,728	13,042
Banco Caixa Geral Angola, S.A.	Luanda	51.00%	229,610	71,852	158,543	45,261
Asset Management						
Caixa Gestão de Ativos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	Lisbon	100.00%	39,786	13,795	38,356	12,495
CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	Lisbon	100.00%	10,136	2,486	10,228	2,578
Venture Capital						
Caixa Capital - Sociedade de Capital de Risco, S.A.	Lisbon	100.00%	11,114	1,821	15,294	1,728
A Promotora, Sociedade de Capital de Risco, S.A.R.L.	Praia	45.84%	3,629	49	4,269	19
Real Estate						
SCI du 8 Rue du Helder	Paris	100.00%	7,276	307	6,969	333
Inmobiliaria Caixa Geral, S.L.	Madrid	100.00%	(74,473)	1,310	(75,784)	(314)
Caixa Imobiliário, S.A.	Lisbon	100.00%	32,582	6,959	25,623	5,807
Flitptrel IV, S.A.	Lisbon	100.00%	(84,825)	(8,499)	-	-
Flitptrel Porto Santo, S.A.	Lisbon	100.00%	(23)	(14)	-	-
Imobci, Lda.	Maputo	46.33%	1,267	531	841	337
Special Purpose Entities and Investment Funds						
Fundo de Capital de Risco Empreender Mais	Lisbon	100.00%	85,848	4,918	82,215	4,332
Fundo de Capital de Risco Caixa Fundos	Lisbon	100.00%	143,958	6,945	137,014	18,146
Fundolis - Fundo de Investimento Imobiliário Fechado	Lisbon	100.00%	20,740	5,312	45,428	(1,742)
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	Lisbon	28.35%	102,112	5,802	105,291	8,981
Caixagest Private Equity - Fundo Especial de Investimento	Lisbon	21.41%	55,352	(1,099)	63,944	7,019

(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 associates, branches and special purpose entities in the group's perimeter is presented in note 44.

The main movements in the group's subsidiaries, in 2022 and 2021, were as follows:

Caixa Serviços Partilhados (CSP)

On February 9, 2022, owing to the fact that the insurance group companies were no longer members of Caixa Geral de Depósitos group, their exclusion as members of Caixa Serviços Partilhados, A.C.E. ("EIG") was requested. This economic interest grouping became a fully owned Caixa Geral de Depósitos ("CGD") subsidiary from the said date.

Banco Interatlântico

CGD acquired 11,687 shares comprising 11.69% of the equity of Banco Interatlântico on August 3, 2022, increasing its stake in the bank from 70% to 81.687%.

Nostrum Mortgages N. º 2

Following CGD's resolution of August 22, the Nostrum 2010 transaction was amortised in advance and the portfolio loans repurchased from TAGUS (securitisation company), leading to the structure's liquidation.

Projeto Crow

In 2021, CGD and other investors ("vendors") used the ECS Capital fund manager to launch an organised, open sales process on 100% of the shares of the FLIT - PTREL SICAV ("FLIT") fund, 100% of the investment units of the Fundo de Recuperação Turismo, FCR ("FRT") in addition to several hotel assets owned by the Fundo de Recuperação, FCR ("Project Crow"). The process was completed on December 29, 2022. Under this operation, CGD became the owner of the companies FlitPtrel IV, S.A. and FlitPtrel Porto Santo, S.A. (referred to as "carve-out" assets), which became part of the CGD Group.

4. Cash and cash equivalents at central banks

This account comprises the following:

	31-12-2022	31-12-2021
Cash	641,267	597,910
Demand deposits in central banks	21,168,596	22,405,417
	21,809,864	23,003,327
Interest on demand deposits in central banks	1,710	(3,254)
	21,811,574	23,000,073

The objective of CGD’s demand deposits with the Bank of Portugal is to comply with the minimum reserve requirements of the European Central Banks System (ECBS).

The funds deposited at central banks by CGD and CGD group banks at December 31, 2022 and December 31, 2021 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:

	31-12-2022	31-12-2021
Cheques for collection		
Portugal	42,627	20,064
Abroad	12,426	12,106
	55,053	32,171
Demand deposits		
Portugal	10,407	149,174
Abroad	500,387	494,560
	510,794	643,734
Accrued interest	4,138	1,446
	569,985	677,351

Cheques for 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:

	31-12-2022	31-12-2021
Interbank money market	-	39,901
Term deposits		
Portugal	145,040	180,615
Abroad	1,184,287	1,540,330
Loans		
Portugal	310,808	297,182
Abroad	187,307	143,870
Other applications		
Portugal	21	639
Abroad	1,124,368	823,219
Purchase operations with resale agreement	469,852	221,821
Overdue loans and interest	27	27
	3,421,709	3,247,603
Accrued interest	6,641	1,343
Deferred income	(5,533)	(519)
	3,422,817	3,248,427
Impairment (Note 38)	(897)	(2,062)
	3,421,920	3,246,364

The "Purchase operations with resale agreements" account at December 31, 2022 and December 31, 2021 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 a loan to credit institutions, measured at its respective amortized cost. These operations were contracted for under global master repurchase agreements (GMRAs) whose mechanisms provide for a strengthening of the collateral associated with such transactions based on the evolution of their respective market value determined in accordance with the specifications defined between the counterparties and usually in the form of surety deposits.

Information on impairment movements on loans and advances to credit institutions, for the periods ended December 31, 2022 and December 31, 2021 is set out in note 38.

7. Financial assets at fair value through profit or loss

This account comprises the following:

	31-12-2022			31-12-2021		
	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	38,136	-	38,136	10,775	-	10,775
Treasury bills	612,541	-	612,541	46	-	46
Bonds of other public issuers						
Foreign	-	1,251	1,251	311,897	-	311,897
Other issuers						
Bonds and other securities						
Residents	20,981	93	21,074	27,522	100	27,621
Non-residents	45,636	-	45,636	22,507	-	22,507
	717,293	1,343	718,636	372,748	100	372,848
Equity instruments						
Residents	166	241,720	241,886	1,849	236,113	237,962
Non-residents	-	104,153	104,153	-	104,898	104,898
	166	345,873	346,039	1,849	341,011	342,860
Other financial instruments						
Residents	-	464,833	464,833	-	560,633	560,633
Non-residents	-	141,372	141,372	-	332,608	332,608
	-	606,205	606,205	-	893,240	893,240
Loans and receivables						
Loans and advances to customers	-	67,509	67,509	-	82,853	82,853
Other loans and receivables	-	14,180	14,180	-	16,146	16,146
	-	81,689	81,689	-	98,999	98,999
Derivatives with positive fair value (Note 10)						
Swaps	308,377	-	308,377	351,341	-	351,341
Futures and other forward operations	2,960	-	2,960	7,979	-	7,979
Options - shares, currency and commodities	340	-	340	8,278	-	8,278
Caps and floors	15,696	-	15,696	49,943	-	49,943
	327,372	-	327,372	417,542	-	417,542
	1,044,831	1,035,110	2,079,941	792,139	1,333,350	2,125,489

The "Other financial instruments" account, at December 31, 2022 and December 31, 2021 includes €158,331 thousand and €391,992 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 owned by the corporate vehicle in which CGD has a stake), the referred to 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 the credit operations and their respective control were considered to have been met. The corporate vehicles in which CGD has a non-controlling interest are autonomous in terms of their management. To ensure the neutrality of operations, at the time of their realization, impairment on the estimated losses on the transferred assets was set against the amount of the equity investment in the respective associated corporate vehicles. Following their initial recognition, such holdings reflect the revaluation of such companies' equity.

Information on CGD's exposure to such assets at December 31, 2022 and December 31, 2021 is set out below:

	31-12-2022	31-12-2021
Fundo Imobiliário Aquarius	83,141	83,767
Fundo Recuperação, FCR	29,407	53,373
Flit-Ptrel SICAV	-	186,401
Fundo de Reestruturação Empresarial, FCR	14,084	14,084
Predicapital FEIIF	12,035	11,555
Fundo Recuperação Turismo, FCR	-	23,324
FCR Fundo Turismo Algarve	4,595	-
Fundo Imobiliário Vega	11,814	16,233
Nexponor - Sociedade Especial de Investimento Imobiliário de Capital Fixo - SICAFI	3,255	3,255
	158,331	391,992

As the valuation of the asset transfer funds considers the group's analysis of the recoverable amount 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. Detailed information 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".

Agreement for the sale of investments in restructuring funds and other assets (Project Crow)

In 2021, CGD and other investors ("vendors") used the ECS Capital fund manager to launch an organized, open sales process, on the sale of 100% of the shares of the FLIT - PTREL SICAV ("FLIT") fund, 100% of the investment units of the Fundo de Recuperação Turismo, FCR ("FRT") in addition to several hotel assets owned by the Fundo de Recuperação ("Project Crow").

After entering into the purchase and sales and other agreements with a company related to Davidson Kempner Capital Management LP ("buyer") on August 12, 2022 the vendors completed the Crow Project on December 29, 2022 through the implementation of the agreements, following verification of the contractual suspensive conditions therein stipulated.

As a result of the completion of Project Crow:

(i) the investment units in the FRT held by the vendors, together with the assets held directly and indirectly by them, were sold to the buyer.

(ii) the shares owned by the vendors in the FLIT, together with the assets held directly and indirectly by them were also sold to the buyer.

Prior to the sale:

(iii) several hotel assets owned indirectly by the Fundo Recuperação FCR were acquired indirectly by FLIT (carve-in).

(iv) several assets owned indirectly by FLIT and the Fundo de Recuperação Turismo, FCR were transferred to the vendors (carve-out).

Considering the balance sheet carrying amounts of CGD's equity stakes in restructuring funds at December 31, 2022, the Crow Project allowed this type of assets to be deleveraged by around 46%. The impacts of this operation gave rise to the recognition of a profit of €24,975 thousand, recognised in financial operations in the profit and loss aggregate (note 33) and a loss of €10,902 thousand recognised in the other operating income aggregate (note 34).

The book value of the securities and property investment funds managed by group entities, recognised in financial assets at fair value through profit or loss, at December 31, 2022 and December 31, 2021 was as follows:

	31-12-2022		31-12-2021	
	Securities investment funds	Real estate investment funds	Securities investment funds	Real estate investment funds
Book value	5,372	97,761	25,291	112,697

The book value of the securities funds managed by group entities, recognised in financial assets at fair value through profit or loss, at December 31, 2022 was as follows:

Securities investment funds	Number	Book value
Caixagest Infraestruturas	593,602	4,875
Caixa Disponível	96,645	497
	690,247	5,372

8. Financial assets at fair value through other comprehensive income

This account comprises the following:

	31-12-2022	31-12-2021
Debt instruments		
Public debt	859,410	2,050,522
Other public issuers	686,719	2,773,984
International financial organisations	89,974	-
Other issuers	581,139	1,043,996
	2,217,243	5,868,502
Equity instruments	87,881	101,396
Other instruments	62,404	62,406
	2,367,528	6,032,304
Impairment (Note 38)		
Debt instruments	(163)	(485)
	2,367,366	6,031,819

The reduction of debt instruments comes under the aegis of liquidity surplus management and mainly derives from the decrease of the short term securities component, in which a contributory factor was the maturing of instruments held.

Details on the group's exposure to "Other Instruments" at fair value through other comprehensive income − securities subscribed for under asset transfer operations, at December 31, 2022 and December 31, 2021, are as follows:

	31-12-2022		31-12-2021	
	Book value	Fair value reserve	Book value	Fair value reserve
Discovery Portugal Real Estate Fund	62,404	(22,935)	62,404	(22,935)

CGD opted to classify and measure the above referred to equity instruments at fair value through other comprehensive income in conformity with the option provided by IFRS 9 – "Financial instruments" (note 2.7). Detailed information 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 fair value reserves, net of deferred taxes associated with assets measured at fair value through other comprehensive income, amounted to €16,133 thousand and €143,034 thousand at December 31, 2022 and December 31, 2021, respectively (note 28).

9. Financial assets with repurchase agreements

The following is a breakdown of information on financial assets with repurchase agreements at December 31, 2021:

	31-12-2022	31-12-2021
At fair value through other comprehensive income		
Debt instruments from public issuers		
Debt securities of other foreign public issuers	-	7,828
	-	7,828

The group entered into sales operations on financial assets with purchase agreements at a future date and predefined price with financial institutions and customers at December 31, 2021.

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 across the period of the agreement.

The liabilities arising 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 attached to its derivatives activities on the basis of its approval procedures on operations, definition of exposure limits per product and customer and daily oversight of their evolution and respective results.

The value of these operations, at December 31, 2022 and December 31, 2021, was measured in conformity with the criteria described in note 2.7.c). A breakdown of information on the operations' notional and book values at the said dates is given below:

	31-12-2022							
	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				2,960	(2,794)	-	-	166
Purchase	141,909	-	141,909					
Sale	141,739	-	141,739					
Swaps								
Currency swaps				69,974	(12,807)	-	-	57,167
Purchase	1,339,137	-	1,339,137					
Sale	1,274,031	-	1,274,031					
Interest rate swaps and cross currency interest rate swaps				238,403	(189,525)	51,601	(310)	100,169
Purchase	7,660,087	591,300	8,251,387					
Sale	7,660,087	591,300	8,251,387					
Futures								
Currency				-	-	-	-	-
Long positions	36,657	-	36,657					
Interest rate				-	-	-	-	-
Long positions	12,065	-	12,065					
Short positions	163,202	492,219	655,421					
Equity				-	-	-	-	-
Short positions	757	-	757					
Options								
Currency				13	(1)	-	-	12
Purchase	628	-	628					
Sale	628	-	628					
Equity				327	(327)	-	-	-
Purchase	10,438	-	10,438					
Sale	10,438	-	10,438					
Interest rate (Caps & Floors)				15,696	(15,645)	-	-	51
Purchase	184,286	-	184,286					
Sale	175,020	-	175,020					
	18,811,109	1,674,819	20,485,929	327,372	(221,099)	51,601	(310)	157,565

	31-12-2021								
	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				1,326	(1,416)	-	-	(90)
Purchase	151,015	-	151,015					
Sale	137,755	-	137,755					
Forwards Bond				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

Derivatives recognised in "Assets held-for-trading", "Liabilities held-for-trading", "Hedge derivatives - assets" and "Hedge derivatives - liabilities" at December 31, 2022 and December 31, 2021, include operations collateralised by surety accounts designed to hedge the fair value of exposures on lending and borrowing operations between CGD and various financial institutions. The balances deposited by the referred to financial institutions with CGD and by CGD with the referred to financial institutions at the said dates are recognised in the "Other liabilities - resources - surety account" (note 26) and "Other assets - debtors and other assets - other debtors" (note 20), respectively.

At December 31, 2022 the balance sheet carrying amount of operations with derivatives having positive and negative fair values, collateralised by surety deposits or securities, totalled €99,273 thousand and €43,274 thousand (€119,746 thousand and €199,478 thousand, respectively at December 31, 2021).

Details on CVAs (credit value adjustments) and DVAs (debit value adjustments) are given in note 43.

Information on the distribution of derivatives operations, at December 31, 2022 and December 31, 2021 by periods to maturity (notional amounts) is set out below:

	31-12-2022					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	> 5 years	Total
Forward foreign exchange transactions						
Exchange Fowards						
Purchase	77,799	35,465	28,645	-	-	141,909
Sale	77,751	35,323	28,665	-	-	141,739
Swaps						
Currency swaps						
Purchase	833,451	140,471	1,523	363,692	-	1,339,137
Sale	839,605	140,087	1,504	292,836	-	1,274,031
Interest rate swaps and cross currency interest rate swaps						
Purchase	382,975	425,519	903,213	4,284,061	2,255,620	8,251,387
Sale	382,975	425,519	903,213	4,284,061	2,255,620	8,251,387
Futures						
Currency						
Long positions	36,657	-	-	-	-	36,657
Interest rate						
Long positions	12,065	-	-	-	-	12,065
Short positions	655,421	-	-	-	-	655,421
Equity						
Short positions	757	-	-	-	-	757
Options						
Currency						
Purchase	628	-	-	-	-	628
Sale	628	-	-	-	-	628
Equity						
Purchase	-	-	10,438	-	-	10,438
Sale	-	-	10,438	-	-	10,438
Interest rate (Caps & Floors)						
Purchase	-	-	14,701	168,567	1,017	184,286
Sale	-	-	7,368	164,453	3,199	175,020
	3,300,714	1,202,382	1,909,707	9,557,670	4,515,456	20,485,929

	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

Information on the distribution of derivatives operations, by counterparty type, at December 31, 2022 and December 31, 2021, is set out below:

	31-12-2022		31-12-2021	
	Notional value	Book value	Notional value	Book value
Forward foreign exchange transactions				
Exchange Fowards				
Financial institutions	124,967	(1,364)	114,910	558
Other	158,680	1,530	173,859	(648)
	283,647	166	288,770	(90)
Forward Bonds				
Other	-	-	-	6,653
	-	-	-	6,653
Swaps				
Currency swaps				
Financial institutions	2,568,862	57,077	2,716,292	8,871
Other	44,305	90	24,611	301
	2,613,168	57,167	2,740,903	9,172
Equity swaps				
Other	-	-	3,686	66
Interest rate swaps and cross currency interest rate swaps				
Financial institutions	14,525,786	78,757	30,300,780	(125,129)
Other	1,976,987	21,412	2,917,243	115,400
	16,502,774	100,169	33,218,023	(9,729)
Futures				
Currency				
Stock exchange	-	-	-	-
Financial institutions	36,657	-	44,850	-
	36,657	-	44,850	-
Interest rate				
Stock exchange	667,487	-	1,956,774	-
	667,487	-	1,956,774	-
Equity				
Stock exchange	757	-	1,418	-
Other	-	-	-	-
	757	-	1,418	-
Other				
Stock exchange	-	-	2,517,930	-
	-	-	2,517,930	-
Options				
Currency				
Other	1,257	12	9,668	11
	1,257	12	9,668	11
Equity				
Financial institutions	20,876	-	31,042	784
Other	-	-	1	(634)
	20,876	-	31,043	151
Interest rate (Caps & Floors)				
Financial institutions	65,309	(5,983)	87,561	(48,692)
Other	293,997	6,033	322,454	48,609
	359,306	51	410,014	(83)
	20,485,929	157,565	41,223,079	6,151

11. Hedge accounting

As referred to in note 2.7. c), the group performs derivative operations with the objective of hedging its exposure to the risks inherent to its activity. In 2022 and 2021 the hedge accounting option in accordance with the requirements of IFRS 9 applied to the change in the fair value hedge model associated with interest rate risk on the securities portfolio in addition to non-subordinated debt issued under the EMTN programme.

Hedge derivatives are measured at their fair value and their respective changes are recognised as a charge to profit or loss. The fair value of derivatives not traded in organised markets is calculated on the basis of internal models that incorporate discounted cash flow measurement techniques which make use of observable market data, whenever available. According to the fair value ranking criteria set out in note 43, these instruments are classified at level 2.

Within the framework of CGD group's balance sheet interest rate risk management strategy, which is in conformity with the principles set out in the corporate balance sheet interest rate risk management policy and CGD's risk appetite statement and which aims to reduce the volatility of the bank's net interest income and capital to interest rate changes, in addition to the guidelines on securities in banking book securities portfolios at fair value through other comprehensive income, which set out, inter alia, limits on the interest rate risk that may be incurred by holding such securities, hedge operations are performed on several portfolios to ensure compliance with the limits set out in the guidelines.

These hedges aim to reduce exposure to interest rate risk on debt securities and translate into a limitation of the impact of changes in the benchmark rate on the value of debt securities in the banking portfolio at fair value through other comprehensive income, essentially sovereign debt securities, i.e. changes in the time structure of interest rates. This involves hedge operations based on interest rate swaps and/or interest rate futures on Republic of Germany bonds. Therefore, the effect of changes in the value of assets owing to changes in market interest rate is recognised in profit or loss, offsetting the effect of changes in the value of interest rate swaps and interest rate futures on German sovereign bonds that are also recognised in profit or loss. The credit risk attached to the issuers of debt securities is not considered part of the hedge relationship.

Taking the characteristics of debt securities into account and the intended designation of the hedge relationship, the hedged part of each debt security will be the benchmark component. As this component is separately identifiable in the yield curves observable at the date of the hedge's designation, the hedged item is represented by a bond whose contractual conditions are exactly the same as the bond held but at a fixed interest rate corresponding to the applicable benchmark risk-free interest rate on the period to maturity of the hedged item, taking the time structure of interest rates into account.

As referred to above, hedges are performed on the basis of interest rate swaps and interest rate futures operations whose DV01 is practically equivalent to that obtained from the hedged item designated in the hedge relationship. It should be added that as interest rate futures have a maturity of 3 months, these derivatives are rolled over and the quantity of the contracts are adjusted by the quantities necessary to satisfy the changes in the DV01 ratio, in such a way as for the hedging of fair value changes attributed to changes in market interest rate to be 100%.

Lastly, in terms of hedge effectiveness requirements, it should be noted that the hedge ratio in the hedge relationship should be identical to that resulting from the quantity of the hedged item that the entity effectively hedges and the quantity of the hedging instrument that the entity effectively uses to hedge the quantity of the hedged item. Therefore, considering the strategy adopted by CGD to fully hedge the interest rate risk on bonds, the hedge ratio to be considered is 100%. However, at each revaluation date an assessment should be made in order to adjust the quantities of hedging instruments to provide for the changes in sensitivity to interest rate.

The following is a breakdown of hedging instruments at December 31, 2022 and December 31, 2021:

	31-12-2022				
	Notional value				
	<= 3 months	> 1 year	Total	> 1 year	Total
Derivatives for hedging the fair value of interest rate changes					
Interest rate swaps and cross currency interest rate swaps				51,291	51,291
Purchase	-	591,300	591,300		
Sale	-	591,300	591,300		
Interest rate futures				-	-
Sale	492,219	-	492,219		
	492,219	1,182,600	1,674,819	51,291	51,291

	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					(3)	22	(29,749)	(29,729)
Purchase	1,398	7,382	610,628	619,409				
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)

The following is a breakdown of hedged items at December 31, 2022 and December 31, 2021:

	31-12-2022			31-12-2021		
	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 (*)
Financial assets at fair value through other comprehensive income						
Public debt	725,152	76,971	(133,644)	1,901,877	585	(45,494)
Foreign public debt	428,707	81,297	(126,889)	839,109	(4,684)	(8,498)
	1,153,859	158,268	(260,533)	2,740,986	(4,099)	(53,991)
Bonds issued under the EMTN programme	26,050	(175)	5,618	26,050	(5,793)	(1,227)
	1,179,909	158,093	(254,915)	2,767,036	(9,892)	(55,219)

(*) 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 €3,813 thousand (note 33) on the ineffectiveness component of its hedge relationships in 2022.

12. Investments at amortised cost

The following is a breakdown of investment balances at amortised cost at December 31, 2022 and December 31, 2021:

	31-12-2022	31-12-2021
Debt instruments		
Public debt	4,814,873	4,810,376
Other public issuers		
Other residents	15,000	-
Other non-residents	9,018,969	7,785,138
	13,848,842	12,595,515
Other international issuers	115,862	-
Other issuers		
Other non-residents	295,215	408,292
	411,077	408,292
	14,259,919	13,003,807
Impairment (Note 38)	(17,821)	(9,533)
	14,242,097	12,994,274

Investments at amortised cost, at December 31, 2022 and December 31, 2021 included Angola sovereign debt instruments for the amounts of €514,520 thousand and €327,396 thousand respectively.

The “Debt instruments – public debt” account at December 31, 2022 and December 31, 2021 included securities allocated to the issuance of covered bonds with a book value of €15,000 thousand and €15,097 thousand respectively (Note 23).

13. Loans and advances to costumers

This account comprises the following:

	31-12-2022	31-12-2021
Domestic and foreign loans		
Loans	39,917,525	39,307,902
Current account loans	981,590	923,958
Other loans	3,451,333	3,421,519
Other loans and amounts receivable - securitised		
Commercial Paper	964,107	1,177,048
Other	3,270,534	3,330,906
Property leasing operations	822,646	829,489
Discounts and other loans secured by bills	172,005	127,310
Equipment leasing operations	826,267	771,793
Factoring	1,520,993	1,469,452
Overdrafts	147,910	138,241
	52,074,911	51,497,618
Accrued interest	134,572	109,409
Deferred income, commissions and other cost and income associated with amortised cost	39,654	(4,163)
	52,249,137	51,602,865
Overdue loans and interest	783,354	895,228
	53,032,491	52,498,093
Impairment (Note 38)	(2,254,541)	(2,314,429)
	50,777,949	50,183,664

"Domestic and foreign credit – other loans", at December 31, 2022 and December 31, 2021, included €27,768 thousand and €31,237 thousand, relating to CGD's mortgage and personal loans to its employees, respectively.

Other credit disposal operations

CGD disposed of a series of mainly non-performing mortgage and non-mortgage loans with a book value, before impairment on the transaction date of approximately €74,822 thousand in 2022. The losses made on these loans were recognised in "Impaired credit net of reversals and recoveries" in profit and loss (note 38).

Credit-write offs on the asset at the time of the transaction were also included. Income of approximately €15,765 thousand (note 38) was also recognised on these operations.

The “Loans” portfolio at December 31, 2021 includes mortgage loans assigned by CGD as part of securitisation operations. Movements in this loan account, in 2021 and 2022, were as follows:

	Nostrum Mortgages no. 2
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
Repayments	(124,769)
Repurchase	(890)
Other	(418)
Early repayment of the securitisation position	(2,448,378)
Balances at 31-12-2022	0

The group is fully responsible for the liabilities associated with this operation which were therefore eliminated in the preparation of its consolidated financial statements.

The Nostrum 2010 transaction was amortised in advance following CGD’s resolution of August 22, 2022 and the portfolio loans were repurchased from TAGUS (securitisation company). Following the amortisation, the transfer of the amount collected in each period (principal and interest) was suspended from the cut-off date of July 31, 2022, which led to CGD’s repurchase of the portfolio loans. The amortisation date was set at the coupon date of August 22, 2022, on which date CGD repurchased the loans from Tagus (securitisation company) having, on the same date made an early redemption of the bonds (class A, B and C) as well as ending the swaps and closing the accounts associated with the transaction.

The “Loans” account, at December 31, 2022 and December 31, 2021 includes mortgage loans with a book value of €4,085,921 thousand and €5,604,258 thousand, respectively, allocated to the issuance of covered bonds.

The assets pool collateralising the referred to issuances, at December 31, 2022 and December 31, 2021 also includes debt securities with a book value of €15,000 thousand and €15,097 thousand, respectively (note 12) at the said dates.

Information on impairment movements in 2022 and in 2021, is given in note 38.

14. Non-current assets and liabilities held-for-sale

Information on non-current assets and liabilities held-for-sale balances at December 31, 2022 and December 31, 2021, is set out below:

ASSETS	31-12-2022	31-12-2021
Property and equipment	293,136	402,896
Subsidiaries		
Banco Caixa Geral - Brasil, S.A.	273,294	189,749
Banco Comercial do Atlântico, S.A.	853,462	-
CGD Investimentos CVC, S.A.	5,022	4,449
	1,424,914	597,093
Impairment (Note 38)		
Property and equipment	(161,357)	(214,006)
Subsidiaries	(42,837)	(46,483)
Other	(254)	(257)
	(204,448)	(260,746)
	1,220,466	336,347
LIABILITIES		
Subsidiaries		
Banco Caixa Geral Brasil, S.A.	224,137	146,958
Banco Comercial do Atlântico, S.A.	764,590	-
CGD Investimentos CVC, S.A.	781	756
	989,507	147,714

The profit made by “subsidiaries held-for-sale”, in 2022 and 2021, is itemised in “Income from subsidiaries held-for-sale” in the consolidated profit and loss statement, as set out below:

	31-12-2022	*Restated* 31-12-2021
Results of subsidiaries held-for-sale		
Banco Caixa Geral - Brasil, S.A.	104	(1,605)
Banco Comercial do Atlântico, S.A.	15,718	13,420
CGD Investimentos CVC, S.A.	136	78
Esegur, S.A.	603	-
	16,561	11,893

These entities are classified in the “Other” lines of the business segment (note 39).

Subsidiaries

In the framework of CGD’s recapitalisation commitments, agreed between the Portuguese state, as the sole shareholder of Caixa Geral de Depósitos and the competent European authorities, CGD took a series of steps 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. The investment balances in these entities, net of their respective impairment, were reclassified from "Investments in subsidiaries, associates and joint ventures" to "Non-current assets held-for-sale", as a direct result of this situation.

The BCG Brazil disposal process was, in the first instance, conditioned by the period of political instability affecting the country in 2018 which was responsible for various delays to the completion of several initially scheduled initiatives which it was only possible to develop further across 2019. The government’s approval of the tender documents for the direct sale of BCG Brazil’s equity shares held directly and indirectly by Caixa Geral de Depósitos in August 2019 was particularly relevant in these circumstances.

A capital reduction of €71,689 thousand and €2,732 thousand in BCG Brazil and CGD Investimentos, respectively (at the December 2019 exchange rate) was approved during the course of 2019 in preparation of the current disposal process.

On September 4, 2019 the Portuguese government selected three investors for stage II, beginning September 25 (following the publication of the ministerial order announcing the periods for stage II on September 24) whose bidders were able to prepare a comprehensive due diligence report on BCG Brazil and interact with CGD on strategic matters, in addition to key aspects underpinning the transaction documents.

None of the binding offers received on December 16, 2019, was considered acceptable by CGD and the process was brought to an unsuccessful conclusion.

Initiatives leading to consideration of the opportunity to initiate new contacts with potential investors were resumed during the course of 2020, despite the uncertainty deriving from the effects of the current pandemic. Notwithstanding the various initiatives initiated with a view to the disposal of the bank, it has not, as yet, been possible to successfully complete this process. A significant factor in this situation has been the context of major political-economic instability characterising not only Brazil but the world as a whole, in which reference should be made to the effects of the crisis deriving from the pandemic and more recently the ongoing war between Ukraine and Russia.

CGD’s executive committee reaffirmed its intention to continue with a sale, as opposed to a liquidation process, owing to the likelihood of its value destruction capacity for the group in the immediate future and it is currently assessing the circumstances and terms in which this may be carried out in accordance with its objectives and its shareholder’s best interests.

Based on an incidental review of its commitments to DGComp under the recapitalisation process, Caixa Geral de Depósitos, S.A. decided to dispose of its equity stake in Banco Comercial do Atlântico in the Republic of Cape Verde (BCA) in January 2019 and embarked upon the process and development of the respective legal and procedural steps. Decree law 146/2019, approving the terms governing CGD’s total or partial disposal of its equity shares in BCA, was published in September 2019. Several steps have been taken since then with a view to selecting potential investors as a precondition for the evolution of the negotiating process.

The group reversed the reclassification of the assets and liabilities of Banco Comercial do Atlântico (Cape Verde) from "Investments in subsidiaries, associates and joint ventures", until then classified under IFRS 5 - "Non-current assets held-for-sale and discontinued operations", in November 2021 as the disposal process on BCA, in progress since 2019 was considered to have been unsuccessful, with the conditions of IFRS 5 for retaining this subsidiary as a non-current asset held-for-sale no longer being met.

In September 2022 CGD was notified by the secretary of state of the treasury (ministerial ruling no. 267/2022-SET) of the authorisation to relaunch the sales process with the aim of identifying and selecting potential investors and receiving expressions of interest in the form of non-binding offers (NBOs). As a result of these guidelines, the executive committee, on November 14, 2022, considered the results of the market research undertaken by Caixa-BI having approved the relaunch of the sales process and its implementation schedule, pursuant to which, at December 31, 2022, the conditions for recognising BCA as a non-current asset held-for-sale under IFRS 5 had been met, with the group having reclassified the assets and liabilities of Banco Comercial do Atlântico (Cape Verde) to "Non-current assets and liabilities held-for-sale - subsidiaries" under IFRS 5 - "Non-current assets held-for-sale and discontinued operations".

Additionally, as a result of the application of IFRS 5 to BCA, the profit and loss account was restated to accommodate the effects of this standard. Information on the effects of these modifications is given in the following table:

			Restated
	31-12-2021	IFRS 5 - Reclassification BCA	31-12-2021
Interest and similar income	1,459,153	(30,963)	1,428,190
Interest and similar expenses	(453,335)	4,409	(448,927)
Net Interest Income	1,005,818	(26,555)	979,263
Income from equity instruments	13,066	(15)	13,051
Income from services and commissions	689,597	(3,708)	685,890
Costs of services and commissions	(124,864)	494	(124,370)
Results from assets and liabilities at fair value through profit or loss	137,315	0	137,315
Results from financial assets at fair value through other comprehensive income	10,260	-	10,260
Exchange revaluation results	43,202	(1,603)	41,599
Hedge accounting results	(3,902)	-	(3,902)
Other results of financial operations	(11,139)	-	(11,139)
Other operating income	13,604	(114)	13,491
Total Operating Income	1,772,957	(31,500)	1,741,457
Employee costs	(432,288)	9,365	(422,923)
Other administrative costs	(234,709)	5,514	(229,195)
Depreciation and amortisation	(108,830)	1,651	(107,179)
Provisions	(93,879)	(586)	(94,464)
Loan impairment	(41,221)	(571)	(41,792)
Other assets impairment	(10,415)	1,539	(8,876)
Income Before Tax	851,616	(14,589)	837,027
Income tax	(273,523)	1,779	(271,744)
Results of associates and jointly controlled entities	57,129	(610)	56,519
Results of Continuing Activities	635,222	(13,420)	621,802
Results of subsidiaries held-for-sale	(1,527)	13,420	11,893
Consolidated Net Income for the Period, of which	633,695	(0)	633,695
Non-controlling interests	(50,334)	-	(50,334)
Net Income Attributable to the Shareholder of CGD	583,361	(0)	583,361

Banco Caixa Geral – Brasil, S.A.

Information on the key financial data of Banco Caixa Geral – Brasil, at December 31, 2022 and December 31, 2021, is set out below:

ASSETS	31-12-2022	31-12-2021
Cash balances and loans and receivables at other credit institutions	52,820	34,028
Financial assets at fair value through profit or loss	37,955	31,198
Financial assets at fair value through other comprehensive income	60,735	47,796
Financial assets with repurchase agreement	5,699	293
Non-current assets held-for-sale	7,046	6,804
Other tangible assets	498	219
Investments in associates and subsidiaries excluded from consolidation (*)	9,662	8,634
Current tax assets	244	357
Deferred tax assets	14,090	13,712
Loans and advances to customers	90,966	51,564
Other assets	3,241	3,777
Total assets	282,956	198,382
LIABILITIES AND EQUITY		
Resources of other credit institutions	70,179	30,956
Customer resources	139,604	102,955
Financial liabilities at fair value through profit or loss	11,377	9,429
Provisions for guarantees and other commitments	276	347
Provisions for other risks	383	766
Deferred tax liabilities	683	855
Other liabilities	1,636	1,649
Total Liabilities	224,137	146,958
Total Equity, of which	58,819	51,425
Revaluation reserves	(160)	(1,170)
	282,956	198,382

Note: On December 31, 2022 and December 31, 2021, the individual balance sheet of Banco Caixa Geral Brasil, incorporates the interest it holds on CGD Investimentos, CVC, in the amount of 9,662 tEuros and 8,634 tEuros.

NET INCOME	31-12-2022	31-12-2021
Other income and expenses		
Interest and similar income	22.528	9.692
Interest and similar expenses	(17.241)	(4.505)
Income from services rendered and commissions	338	711
Cost of services and commissions	(95)	(45)
Income from equity instruments (*)	23	-
Results from financial operations	1.474	(544)
Employee costs	(4.980)	(3.795)
Other administrative costs	(3.216)	(2.772)
Depreciation and amortisation	(67)	(64)
Provisions and impairments	2.256	(1.161)
Other	(852)	(360)
	169	(2.842)
Income tax	(42)	1.237
Net Income	126	(1.605)

(*) On December 31, 2022 the item Income from equity instruments includes the amount of 23 thousand Euros in dividends distributed by CGD Investimentos, CVC, 100% owned by Banco Caixa Brasil.

The balances set out in the preceding tables include operations with other group entities which were not eliminated in the consolidation process, details on which are given in the following table:

	31-12-2022	31-12-2021
Net assets	191	242
Liabilities	64,829	33,941

	31-12-2022	31-12-2021
Other income	3	395
Other expenses	1,711	331

Impairment of €42,837 thousand and €46,483 thousand was declared on BCG Brazil at December 31, 2022 and December 31, 2021, respectively, to adjust the equity value of these subsidiaries' assets and liabilities to their estimated respective fair value, net of disposal costs (note 38) at the said date.

CGD Investimentos, CVC

Information on the key financial data of CGD Investimentos, CVC, at December 31, 2022 and December 31, 2021, is set out below:

ASSETS	31-12-2022	31-12-2021
Cash balances and loans and receivables at other credit institutions	4.755	4.087
Financial assets at fair value through profit or loss	-	75
Other tangible assets	-	8
Current tax assets	163	131
Other assets	103	148
Total Assets	5.022	4.449
LIABILITIES AND EQUITY		
Provisions for other risks	291	80
Current tax liabilities	232	109
Deferred tax liabilities	200	358
Other liabilities	58	210
Total Liabilities	781	756
Total Equity, of which	4.241	3.692
	5.022	4.449

NET INCOME	31-12-2022	31-12-2021
Other income and expenses		
Interest and similar income	551	182
Other administrative costs	(85)	(97)
Provisions and impairments	(212)	(58)
Other	(57)	(6)
	190	20
Income tax	(55)	58
Net Income	136	78

The balances set out in the preceding tables include operations with other group entities which were not eliminated in the consolidation process, details on which are given in the following tables:

	31-12-2022	31-12-2021
Net assets	4.124	3.090

	31-12-2022	31-12-2021
Other income	443	129

Banco Comercial do Atlântico, S.A.

Information on the key financial data of Banco Comercial do Atlântico, S.A. at December 31, 2022 is set out below:

ASSETS	31-12-2022
Cash balances and loans and receivables at other credit institutions	304.521
Financial assets at fair value through other comprehensive income	581
Non-current assets held-for-sale	16.849
Investment property	13
Other tangible assets	15.554
Intangible assets	1.044
Investments in associates and subsidiaries excluded from consolidation	4.786
Current tax assets	1.451
Deferred tax assets	895
Loans and advances to customers	495.925
Other assets	12.109
Total Assets	853.728
LIABILITIES AND EQUITY	
Resources of credit institutions	283
Customer resources	749.062
Provisions for employee benefits	2.380
Provisions for guarantees and other commitments	216
Provisions for other risks	420
Current tax liabilities	2.423
Other subordinated liabilities	9.805
Total Liabilities	764.590
Total Equity, of which	89.138
Revaluation reserves	404
	853.728

NET INCOME	31-12-2022
Other income and expenses	
Interest and similar income	30.860
Interest and similar expenses	(4.037)
Income from services rendered and commissions	4.681
Cost of services and commissions	(687)
Income from equity instruments	16
Results from financial operations	1.794
Employee costs	(9.689)
Other administrative costs	(6.426)
Depreciation and amortisation	(1.825)
Provisions and impairments	(77)
Other	1.417
	16.027
Income tax	(1.185)
Income Before Tax And Non-Controlling Interests	14.842
Non-controlling interests	877
Net Income	15.718

The balances set out in the preceding tables include operations with other group entities which were not eliminated in the consolidation process, details on which are given in the following table:

	31-12-2022	31-12-2021
Assets	43.114	-
Liabilities	313	-

	31-12-2022	31-12-2021
Other income	175	7
Other expenses	29	39

Esegur, S.A.

The integration method used to include Esegur as the group entity which is now recognised as non-current assets held-for-sale under IFRS 5 was changed in June 2022 and it is no longer accounted for by the equity accounting method.

Caixa's equity stake in Esegur was sold to the Spanish group Trablisa on July 28, 2022 after the necessary authorisations had been obtained. No additional impact was recognised in the group's accounts as its book value had already been reflected in the estimated amount of the sale.

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" are transferred to profit and loss for the period as they constitute an integral part of the profit or loss made on the transaction. For this purpose and in light of the requirements of IAS 21 – "The effects of changes in foreign exchange rates", operations classified as a reimbursement of the amount invested, and, namely, when comprising share capital reductions, are also considered to be reductions of an interest in subsidiaries. The foreign currency reserves to be reclassified to profit and loss, in such cases, are measured by the proportion of the amount of the reimbursement to the total amount invested.

Accumulated profit and loss on foreign exchange operations at December 31, 2022, recognised as a charge to "Other reserves" in the consolidation of subsidiaries classified as non-current assets and liabilities held-for-sale, comprises losses of approximately €72,393 thousand (€79,103 thousand at December 31, 2021).

Property and equipment

As referred to in note 2.10, non-current assets held-for-sale also include property and other assets received on credit recovery operations.

Information on the above asset movements for 2022 and 2021 is set out below:

	Balances at 31-12-2021						Balances at 31-12-2022	
	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	400,970	213,090	36,508	(135,252)	(10,851)	(52,396)	291,375	160,695
Other	1,926	915	1,629	(1,591)	(203)	(253)	1,762	663
	402,896	214,006	38,137	(136,843)	(11,054)	(52,648)	293,136	161,357

	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

Net income from non-current assets and liabilities held-for-sale, at December 31, 2022 and December 31, 2021, amounted to €17,191 thousand and €24,879 thousand, respectively (note 34), of which €1,979 thousand and €2,226 thousand, respectively, for the costs of maintaining the referred to assets in the period up to their disposal.

Impairment for the amount of around €24,125 thousand was used in 2022 following the sale of 2 properties (note 38).

15. Investment properties

Investment properties owned by the group, at December 31, 2022 and December 31, 2021 are recognised at fair value. Profit and loss on the revaluation of such properties are recognised as a charge to "Other operating income" (note 2.9) in profit and loss.

Information on "Investment properties" movements, in 2022 and 2021, is set out below:

	31-12-2022	31-12-2021
Balances at the beginning of the year	33,346	188,849
Changes in the consolidation perimeter	50,432	(156,466)
Revaluations (Note 34)	10,297	824
Sales	(39,287)	(5,050)
Transfers from / to tangible assets and non-current assets held-for-sale	(319)	2,427
Other	1,949	2,762
Balances at the end of the year	56,419	33,346

In December 2021, CGD disposed of a significant part of its position in the Fundiestamo fund, − from 78% to 45.4% − in December 2021. However, as CGD's investment units do not enable it to control or significantly influence the relevant activities associated with the management of the fund's assets its holding in the fund has been excluded from CGD group's consolidation perimeter under IFRS 10. On December 31, 2022, under the heading "Investment Properties" were registered the properties owned by Fliptrel, within the scope of the conclusion of the Crow operation. Under this operation, CGD became the owner of the companies FlitPtrel IV, S.A. and FlitPtrel Porto Santo, S.A. (referred to as "carve-out" assets), which became part of the CGD Group.

The other properties recognised in this account essentially derive from overdue credit recoveries.

Measurement methodologies and fair value appraisals

The measurement of the fair value of investment properties, in addition to other relevant factors, takes into consideration the type, characteristics and geographies of the properties, with the objective of determining 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 information on a significant number of transactions;

- *Income method:* The income method estimates the value of an item of property by capitalising the annual amount of rents or annual operating income from the activity being performed in the building. When, over time, changes in income are likely to be more significant than generally expected in the market, the discounted cash flows (DCF) technique is used. The income method is applied in the case of the effective rental of a property, when the property is for rent, when the rental market for the type of property being valued is active or when the property is to be exploited economically;

- *Cost method:* The cost method estimates the value of property on the basis of the amount which would currently be needed to obtain alternative property, as a replica of the original or with an equivalent use, adjusted for obsolescence. It is calculated on the basis of the sum of the acquisition cost of the land and construction costs (including charges) and depreciated on the basis of a 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 there is no market information available on transactions of similar property and no potential income associated with it is identifiable;

- *Residual worth method*: The residual worth method estimates the residual worth of land, constructions to be rehabilitated or unfinished properties, net of the presumed sales price of the finished property, obtained by the market method and all costs and margins associated with the unfinished construction.

The availability of relevant data and its relative subjectivity may affect the choice of valuation method/techniques. The choice, in this case, should particularly focus 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. parking spaces). 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 in question.

(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. parking spaces). In active rental markets, these variables are provided by directly or indirectly observable data in the said market, although they may need to be adjusted (harmonised) depending on the specific characteristics of the property in question.
- Variables contributing to 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 a property's potential income generating capacity, taking into account the information available on the assumptions of market actors. The data supplied by the entity operating the property may be used in the absence of any reasonably available information indicating that market actors would not employ different assumptions.
- Capitalisation rate. This is associated with the risk on capital invested, income, liquidity, tax burden, risk-free interest rate, expected market evolution. In active markets, it establishes the 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 in the amounts and times of future cash flows. The inclusion of a risk adjustment factor based on the uncertainty of this type of measurement is usually required.
- Discount rate. This is considered to be the value of money over time, associated with a risk-free interest rate and the price to be paid on the uncertainty involved in cash flows (risk premium).

(iii) Cost method

- Construction cost per sqm. This variable is essentially reliant upon a property's construction characteristics although the place of construction is also taken into account. 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 2.8. 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, 2022 and December 31, 2021, by type, development status in terms of preparation for use and current occupancy, considering the methodologies used to measure fair value:

			31-12-2022			
Property type	State development	Occupation	Book value	Measurement techniques	Relevants inputs	Reference range of relevant inputs
Housing	Concluded	Rented	1,049	Cost method / Income capitalisation method	Estimated rental value per m2	2
			314	Market comparable method	Estimated rental value per m2	[517 - 667]
			67	Income capitalisation method / Market comparable method / Cost method	Estimated rental value per m2	[1561 - 1633]
		Capitalisation / sale	560	Income capitalisation method	Estimated rental value per m2	[2000 - 2500]
			1,990			
Stores	Concluded	Capitalisation / sale	50	Income capitalisation method / Market comparable method	Estimated sale value per m2	5.0 / 740
			50			
Land	n.a.	Capitalisation / sale	200	Income capitalisation method / Market comparable method / DCF	Estimated sale value per m2 housing / stores	[3315 - 4200]
			200			
Stores	Concluded	Rented	751	Market comparable method	Estimated rental value per m2	206
			751			
Accommodation	Concluded	Capitalisation / sale	30,646	Income capitalisation method / Market comparable method / DCF	Discount rate / potential income	n.a.
Accommodation	Under construction	Capitalisation / sale	8,886	Income capitalisation method / Market comparable method / DCF	Discount rate / potential income	n.a.
			39,532			
			42,523			
Other			13,896			
			56,419			

			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
			5,895	Market comparable method	Estimated rental value per m2	[437 - 2123]
			257	Market comparable method	Estimated sale value / rental value per m2	[224 - 1098]
			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]
			8,079			
Stores	Concluded	Rented	1,111	Market comparable method	Estimated rental value per m2	356
	Concluded	Capitalisation / sale	369	Income capitalisation method / Market comparable method	Estimated sale value per m2	5.0 / 740
			1,480			
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	1,176	Market comparable method	Estimated rental value per m2	[143 - 252]
			1,176			
			23,817			
Other			9,529			
			33,346			

As already stated, valuations of land and buildings maximise the use of observable market data. However, as they also consider non-observable data, most valuations are classified at level 3 of the fair value ranking of IFRS 13 − "Fair value measurement".

16. Other tangible assets

Other tangible asset movements (net), in 2022 and 2021, were as follows:

	Balances at 31-12-2021									Balances at 31-12-2022	
	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	64,433	-	5	276	(3,092)	(693)	-	-	(8,905)	52,023	-
Buildings	475,200	(277,026)	653	5,774	(15,622)	7,185	(8,899)	(526)	(10,459)	439,269	(262,991)
Leasehold improvements	109,529	(81,798)	1,517	1,069	7,786	(97)	(3,556)	(7,068)	(16)	116,832	(89,467)
Equipment											
Fittings and office equipment	63,367	(58,196)	1,386	245	62	(106)	(1,267)	-	(10)	62,294	(56,814)
Machinery and tools	24,821	(23,023)	181	135	-	78	(667)	-	(2)	25,204	(23,682)
Computer equipment	267,550	(241,981)	14,201	664	771	2,048	(11,919)	-	(90)	261,471	(230,226)
Indoor facilities	355,276	(328,218)	6,409	461	4,805	4,512	(8,674)	94	(160)	362,771	(328,267)
Transport material	13,226	(8,969)	1,273	230	-	464	(1,809)	-	(309)	13,739	(9,632)
Safety/security equipment	50,474	(46,911)	1,389	53	302	(121)	(1,460)	(130)	(16)	50,469	(46,889)
Other equipment	7,017	(5,033)	195	85	-	(347)	(398)	(643)	0	5,773	(4,897)
Lease - right-of-use assets	251,384	(66,283)	84,125	1,281	-	(173)	(49,126)	-	15	326,841	(105,618)
Tangible assets in progress	23,189	-	36,806	662	(19,403)	(16,152)	-	-	-	25,102	-
Other tangible assets	9,585	(8,683)	118	38	1,217	-	(208)	(31)	-	13,328	(11,292)
	1,715,049	(1,146,121)	148,259	10,973	(23,174)	(3,404)	(87,984)	(8,304)	(19,952)	1,755,117	(1,169,773)

	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)
Other tangible assets	30,583	-	14,810	1,991	(16,033)	(8,138)	-	-	(25)	23,189	-
Tangible assets in progress	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)

Accumulated impairment on other intangible assets, at December 31, 2022 and December 31, 2021 totalled €36,002 thousand and €29,366 thousand, respectively (note 38).

17. Intangible assets

“Intangible assets” movements in 2022 and 2021 were as follows:

	Balances at 31-12-2021			Write-offs				Balances at 31-12-2022	
	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	13,037	(13,037)	-	-	2,413	(2,413)	-	15,450	(15,450)
Software	236,413	(124,168)	22,275	13,418	68,599	645	(47,471)	296,966	(151,492)
Other intangible assets	11,143	(5,650)	-	567	(4,806)	305	(267)	11,237	(10,512)
Intangible assets in progress	59,796	-	53,456	-	(64,682)	179	-	48,749	-
	320,389	(142,855)	75,731	13,985	1,525	(1,284)	(47,738)	372,402	(177,454)

	Balances at 31-12-2020			Write-offs				Balances at 31-12-2021	
	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	10,486	(10,486)	-	-	2,551	(2,551)	-	13,037	(13,037)
Software	159,343	(83,104)	23,978	(35)	46,064	1,061	(35,026)	236,413	(124,168)
Other intangible assets	9,759	(4,139)	-	(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	(273)	2,940	(283)	(35,434)	320,389	(142,855)

Intangible assets in progress, at December 31, 2022 and December 31, 2021, essentially refer to the development costs of software which had still not come into operation on the said dates.

Write-offs of automatic data processing systems in 2022 and 2021 derived from discontinuations or obsolescence.

Accumulated impairment on intangible assets, at December 31, 2022 and December 31, 2021 amounted to €15,450 thousand and €13,037 thousand, respectively (note 38).

Changes in gross value and impairment on goodwill in respect of Banco Caixa Geral Angola across the period derive from foreign exchange revaluations.

CGD spent €48,016 thousand and €60,968 thousand, on research, development and innovation projects, in 2022 and 2021, respectively.

18. Investments in associates and joint ventures

This account comprised the following at December 31, 2022 and December 31, 2021:

	31-12-2022			31-12-2021	
	Effective participating interest (%)	Book value	Contribution to the results of the group	Effective participating interest (%)	Book value
Jointly controlled entities					
Esegur, S.A.	-	-	-	50.00	6,486
Locarent, S.A.	50.00	23,721	1,728	50.00	21,215
		23,721	1,728		27,701
Associated companies					
Banco Internacional de São Tomé e Príncipe, S.A.	27.00	5,558	1,022	27.00	4,952
SIBS - Sociedade Interbancária de Serviços, S.A.	22.97	57,747	8,441	22.97	52,571
Fidelidade – Companhia de Seguros, S.A.	15.00	384,886	35,833	15.00	436,607
Other	-	4,714	667	-	8,401
		452,906	45,962		502,531
Impairment (Note 38)	-	(439)	-	-	(439)
		476,188	47,690		529,794

Information on the statutory financial data (unaudited financial statements) of the principal associates and joint ventures, at December 31, 2022 and December 31, 2021 is set out below:

		31-12-2022				
Activity / Entity	**Head office**	Assets	Liabilities	Equity (a)	Net income	Total income
Insurance						
Fidelidade – Companhia de Seguros, S.A (b)	Lisbon	20.259.208	17.400.479	2.858.730	214.249	4.748.515
Other						
Locarent, S.A.	Lisbon	296.792	250.066	46.726	3.413	36.146
SIBS - Sociedade Interbancária de Serviços, S.A. (c)	Lisbon	427.068	175.627	251.441	41.846	280.801

(a) Equity includes net income for the year and excludes non-controlling interests.

(b) Data taken from the consolidated financial statements.

(c) Data for November 2022.

		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, S.A.	Lisbon	39.461	23.546	15.915	220	39.922
Locarent, S.A.	Lisbon	278.141	235.667	42.475	2.466	35.014
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	396.497	166.403	230.094	44.256	275.663

(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 €6,471 thousand and €3,370 thousand from these entities in 2022 and in 2021 respectively.

The integration method used to include Esegur as the group entity which was recognised as non-current assets held-for-sale under IFRS 5 was changed in June 2022 and it is no longer accounted for by the equity accounting method. CGD's equity stake in Esegur was sold to the Spanish group Trablisa on July 28, 2022. No additional impact was recognised in the group's accounts as its book value had already been reflected in the estimated amount of the sale.

19. Income tax

Tax assets and liabilities balances on income, at December 31, 2022 and December 31, 2021, were as follows:

	31-12-2022	31-12-2021
Current tax assets		
Income tax recoverable	58.772	19.138
Tax credits	-	420.575
Other	2.343	3.449
	61.115	443.163
Current tax liabilities		
Income tax payable	30.259	26.229
Other	17.559	6.259
	47.819	32.489
	13.296	410.674
Deferred tax assets		
Temporary differences	874.332	1.117.599
Tax credit provided for by the international double taxation	26.659	-
Reported tax losses	66.867	14.349
	967.858	1.131.948
Deferred tax liabilities	77.740	111.431
	890.118	1.020.517

"Current tax assets – tax credit" at December 31, 2022 and December 31, 2021, refers to the conversion of deferred tax assets into tax credit under the special regime approved by law 61/2014. The tax credit was settled in full in December 2022.

Deferred tax movements, for the periods ended December 31, 2022 and December 31, 2021 were as follows:

	Balance at 31-12-2021	Change in		Transfers to current tax	Other	Balance at 31-12-2022
		Equity	Profit or loss			
Impairment losses on credit	780,167	-	(254,451)	-	(117)	525,599
Employee benefits	205,415	(9,889)	48,910	-	-	244,437
Impairment and adjustments in property and tangible and intangible assets	19,649	881	1,031	-	-	21,560
Measurement of financial assets at fair value through other comprehensive income	(51,461)	45,238	-	-	(1)	(6,223)
Impairment and other value changes in equity investments and other securities	20,943	-	(26,903)	(6,185)	-	(12,146)
Other provisions and impairment non-tax deductible	16,830	-	(278)	-	-	16,552
Tax loss carry forward	14,349	-	52,519	-	-	66,867
Tax credit provided for by the international double taxation	-	-	26,659	-	-	26,659
Other	14,625	-	(3,750)	-	(4,061)	6,814
	1,020,517	36,230	(156,265)	(6,185)	(4,179)	890,118

	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 non-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

The “Other” column, in 2021 includes €689 thousand deriving from the transfer of BCA’s assets and liabilities from non-current assets and liabilities held-for-sale categories (note 14) pursuant to the discontinuation of the application of IFRS 5 – “Non-current assets held-for-sale and discontinued operations” to this business unit.

As described in greater detail in note 14, the group discontinued its application of IFRS 5 - "Non-current assets held-for-sale and discontinued operations" on BCA in November 2021.

In September 2022 CGD was notified by the secretary of state of the treasury (ministerial ruling no. 267/2022-SET) of the authorisation to relaunch the sales process with the aim of identifying and selecting potential investors and receiving expressions of interest in the form of non-binding offers (NBOs). As a result of these guidelines, at December 31, 2022, the conditions for recognising BCA as a non-current asset held-for-sale under IFRS 5 had been met, with the group having reclassified the assets and liabilities of Banco Comercial do Atlântico (Cape Verde) to "Non-current assets and liabilities held-for-sale - subsidiaries" under IFRS 5 - "Non-current assets held-for-sale and discontinued operations".

Special regime applicable to deferred tax assets

Caixa Geral de Depósitos and Caixa - Banco de Investimento subscribed for the special deferred tax assets regime, in 2014, following the resolutions in favour of their respective general meetings of shareholders.

This regime (and latter amendments), approved by law 61/2014 of August 26, includes deferred tax assets on the non-deduction of costs and negative equity changes with impairment losses on loans (as provided for in nos. 1 and 2 of article 28-A of the IRC code and respective exclusions) and its employees’ post-employment or long term benefits.

Amendments to the regime brought in by law 23/2016 of August 19, excluded the costs and negative equity changes accounted for in the taxation periods beginning on or after January 1, 2016, in addition to their associated deferred taxes from the scope of its timeframe. The deferred taxes protected by this regime therefore solely correspond 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 changes with impairment losses on loans and employees’ post-employment or long term benefits are converted into tax credit when the taxpayer’s net results in the respective tax period are negative or in the event of a voluntary liquidation or court-ordered insolvency. In the case of a conversion resulting from negative net results, the amount of the tax credit to be attributed will be the result of the proportion of such negative net results for the period to the taxpayer’s total equity (assessed prior to the deduction of the result) plus the amount of CoCo bonds, applied to the eligible deferred tax assets balance. In cases in which the conversion is the result of liquidation or insolvency or the taxpayer has negative equity, the full amount of the deferred tax assets is converted into tax credit.

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, together with the issuance of securities in the form of conversion rights to be attributed to the state that, in the case of CGD, is, at the same time, its sole shareholder. The consequence of exercising conversion rights is to increase the taxpayer’s share capital through the incorporation of the special reserve and issuance of new ordinary shares for free delivery to the state. This special reserve cannot be distributed. On the date of the issuance of the conversion rights, shareholders enjoy the potestative right to their acquisition in proportion to their respective investment.

Information on the type of deferred tax assets recognised by the group and considered eligible under this regime, at December 31, 2022 and December 31, 2021, is set out below:

Deferred tax within the scope of the special regime for deferred tax assets	31-12-2022	31-12-2021
Impairment losses on credit	49,365	305,706
Employee benefits	53,595	59,318
	102,959	365,024

As a consequence of Caixa Geral de Depósitos' assessment of negative net results from its separate 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 its net results to shareholders' equity and amounting to €420,575 thousand. As already stated the amount of the tax credit was settled in full in December 31, 2022.

Under 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 to meet the requirements of no. 3 of article 11 of law 61/2014 (note 28). The creation of the special reserve was accompanied by the issuance and simultaneous attribution of conversion rights for an equivalent amount to the state. The above referred to corporate acts, in addition to the amount of the tax credit conversion were certified by a statutory auditor as specified in article 12 of the appendix to law 61/2014 (of which it is an integral part).

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.

In compliance with the provisions of ministerial order no. 293-A/2016 of November 18, according to the wording of ministerial order no. 272/2017 of September 13 and pursuant to ministerial ruling no. 2445/2019 issued by the then minister of finance, Caixa deposited €681,571 thousand (note 20) in the name of the directorate general of the treasury and finance, as holder of the conversion rights on behalf of the state, for the exact amount of the call price of the potestative right to acquire the full amount of the conversion rights. The amount of the deposit will be returned to CGD after the formalisation of the conversion act on the rights and consequent share capital increase in the form of an incorporation of the special reserve.

Income tax as a charge to shareholders' equity

The group altered its accounting policy on the recognition of actuarial profit and loss on pension plans and other post-employment benefits in 2011, pursuant to which actuarial profit and loss on revaluations of pensions and healthcare liabilities and pension fund yield projections were fully recognised as a charge to a shareholders' equity account. Up to 2010 such profit and loss had been accounted for by the corridor method.

The amount of tax on the contribution of the actuarial deviations component 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 the referred to 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, 2022 and December 31, 2021, in addition to the fiscal burden, measured by the tax appropriation to net profit for the period before tax ratio, is set out below:

	31-12-2022	Restated 31-12-2021
Current tax		
For the year	74,685	50,165
Extraordinary contribution of the banking sector	37,104	28,733
Prior year adjustments (net)	3,320	20,533
	115,109	99,430
Deferred tax	156,265	174,093
Total income tax	271,374	273,523
Consolidated income before tax	1,130,198	851,616
Tax charge	24.01%	32.12%

The breakdown of "Adjustments for past years" for the periods ended December 31, 2022 and December 31, 2021 is as follows:

	31-12-2022	31-12-2021
Insufficiency / (excess) of estimated tax for 2020 and 2021)	5,988	21,860
Adjustments to previous years taxable income	(2,669)	(1,327)
	3,320	20,533

The "Insufficiency/(excess) of estimated tax" for the amount of €5,988 thousand at December 31, 2022, mainly refers to temporary differences determined in the calculation of IRC for 2021, adjustable to the taxable income of future years. These differences led to the constitution of deferred taxes for the same period.

The reconciliation between the amount of tax calculated on the basis of the nominal rate and the costs/(income) with tax on profit for the periods ended December 31, 2022 and December 31, 2021 was as follows:

	31-12-2022		31-12-2021 (Restated)	
	Rate	Tax	Rate	Tax
Income before tax		1,130,198		851,616
Tax at the nominal rate	27.35%	309,109	27.35%	232,917
Impact of companies with tax rates different from the nominal rate in Portugal	(0.73%)	(8,300)	0.58%	4,947
Permanent differences to be deducted	0.25%	2,776	(0.11%)	(905)
Permanent differences to be increased				
Non-deductible provisions and impairment	0.36%	4,072	0.14%	1,228
Other	0.27%	3,039	0.11%	968
Recognition of impairment on equity investments, net of write-offs	(0.17%)	(1,893)	0.13%	1,142
Annulment of tax losses considered non-recoverable	(4.68%)	(52,877)	0.01%	86
Autonomous taxation	0.03%	309	0.07%	570
Contribution of the banking sector	3.28%	37,104	3.37%	28,733
Dividend charges on other equity instruments	(0.32%)	(3,593)	(1.73%)	(14,701)
Other	(2.20%)	(24,895)	0.94%	8,019
	23.43%	264,850	30.88%	263,003
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	0.58%	6,524	1.24%	10,520
Other	0.00%	-	0.00%	-
	0.58%	6,524	1.24%	10,520
	24.01%	271,374	32.12%	273,523

CGD's nominal tax rate, for the period ended December 31, 2022, 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 42/2016, on the basis of an addendum to no. 6, which rules, for 2017 and following years, that impairment losses and other value adjustments to equity investments or other own equity instruments included as part of taxable profit under no. 2 of article 28-A, are considered to be positive components of taxable profit for the taxation period in which the respective sale has taken place.

The group has accordingly recognised deferred tax liabilities for impairment on 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 €42,776 thousand and €30,055 thousand, at December 31, 2022 and December 31, 2021, respectively.

Limitations on tax deductions of impairment losses on loans and other value adjustments (note 2.13)

Law 98/2019, amending the IRC code on impairment in credit institutions and other financial institutions and establishing rules on impairment losses recognised in tax periods prior to 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 continue to apply to impairment losses and other value adjustments for specific credit risk accounted for in prior tax periods, i.e. limiting tax deductions to the amounts assessed under the provisions of Bank of Portugal notice 3/95 (latterly revoked) 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 the 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, in the form of a communication addressed to the director general of the tax and customs authority on October 31, 2019.

The applicable deduction rules under the referred to 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 to the extent 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 evaluation was carried out on the basis of exercises projecting the activities listed in the strategic objectives submitted to the shareholder to be implemented across the current term of office of the board of directors, allowing CGD, over the referred to timeframe, to achieve adequate profitability and capital levels and the non-performing asset reduction targets reported to the supervisory entities.

The potential impacts on CGD's activity owing to the evolution of the pandemic on national and global economic development and its undeniable effects on its capacity to achieve the desired economic and financial goals were also considered.

Expectations of generating future taxable profits are based on profitability projections which have been duly adjusted to the evolution of the relevant macroeconomic and financial indicators.

The following assumptions of relevance to the conclusions on the recoverability of deferred tax assets were also considered:

(i) The application of deduction rules on impairment on credit risk as defined by law 98/2019;

(ii) The incorporation of the estimated fiscal profit/loss deriving from the restructuring strategy on international operations and the deleveraging process on non-performing assets agreed with the supervisory bodies; and

(iii) The projected deduction of the costs of present and future employee benefits based on the tax period in which the respective payments are likely to be made.

Another significant aspect for defining the assumptions of the recoverability exercise derived from the amendment of the IRC code by law 24-D/2023, which approves the state budget for 2023, as regards the elimination of the timeframe for future tax loss carry-overs, combined with the reduction of the annual deduction limit from taxable profit to 65% of taxable income (previously, 70%). This amendment applies to the deduction of tax losses in tax periods beginning on or after January 1, 2023, in addition to the losses made in previous periods whose deduction period is still in progress on the said date.

For this purpose and notwithstanding the elimination of the timeframe for the carry-back of tax losses, CGD considered that its analysis of the annual limit for the deduction of the accrued tax losses balance available at December 31, 2022 should include a maximum period of 5 years, as it considered that projections over longer periods are subject to greater factors of uncertainty and volatility. Following this analysis it was concluded that the tax losses originating in 2017, which were previously unrecognised owing to the unlikelihood of the existence of sufficient taxable income for deduction purposes, will now be recoverable. Following this conclusion, the respective deferred taxes, resulting in gains of €62,668 thousand for the period were recognised. Deferred taxes of €17,362 thousand for tax credit on international double taxation regarding the activity of the overseas branches for past years were also recognised.

No losses were estimated for the remaining deferred taxes recognised in the balance sheet. Any alterations to the assumptions used or the variables pertaining to the determination of taxable profit projections could lead to substantially different results and conclusions.

Owing to the uncertainties deriving from the outbreak of armed conflict in the European territorial space in February 2022 and its undeniably profound geopolitical dimension and impacts, the type of exercise performed and the robustness of its results enable the board of directors, according to the data currently at its disposal, to continue to consider the results obtained as being valid.

Banking sector and additional solidarity contribution

Article 141 of the state budget law for 2011 (law 55-A/2010 of December 31), introduced a new contribution regime for the banking sector. This contribution, regulated under the terms of ministerial order 121/2011 of March 30, is levied on an institution's liabilities, net of the own and complementary funds therein included, in addition to the deposits covered by the deposit guarantee fund and the notional amount of derivatives other than hedge derivatives. The tax is also levied on the subsidiaries of credit institutions headquartered outside Portuguese territory and the branches in Portugal of credit institutions headquartered outside the European Union.

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 basis upon which the contribution is levied is regulated by ministerial order 191/2020 of August 10, whose requirements are the same as those applicable to the assessment of the previously referred to banking sector contribution.

The group recognised costs of €37,104 thousand and €28,733 thousand, for the periods ended December 31, 2022 and December 31, 2021 respectively, for the total amount payable by it 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 eventual possibility of adjustments to taxable profit for past years (considering that inspections were carried out on most entities headquartered in Portugal and included in the group's fiscal perimeter by the tax authorities in 2017 and 2018 although the fiscal years 2019 to 2021 are still subject to inspection), any possible adjustments, given the nature thereof, cannot be quantified at present. CGD's board of directors considers, however, that any adjustments for the above years are unlikely to have a significant effect on its consolidated financial statments.

20. Other assets

This account comprises the following:

	31-12-2022	31-12-2021
Other assets		
Debt certificates of the Territory of Macau	1,336,301	1,239,001
Gold, precious metal, numismatics and medals	3,441	3,424
Other receivables	24	23
Other	6,005	5,957
Debtors and other investments		
Central and local government	10,060	7,818
Shareholders' loans	7,183	7,167
Debtors - futures contracts	37,507	25,688
Grants receivable from		
The State	20,903	18,183
Other entities	13,696	13,299
Amount receivable from the sale of assets recovered as settlement of defaulting loans	866	640
Other overdue debtors	14,673	18,150
Other debtors	1,726,770	837,451
Commitments with pension and other employee benefits		
Excess responsabilities coverage		
Caixa Geral de Depósitos	288,530	259,079
Other	177	8
Income receivable	48,939	56,073
Deferred costs		
Rent	356	186
Other	22,837	20,060
Operations pending settlement	216,442	159,892
Stock exchange operations	13,122	742
	3,767,833	2,672,841
Impairment (Note 38)	(149,594)	(156,513)
	3,618,239	2,516,327

Information on impairment movements for debtors and other assets for the periods ended December 31, 2022 and December 31, 2021 is set out in note 38.

The “Debtors and other assets – other debtors” account at December 31, 2022 included a deposit of €681,571 thousand on behalf of the directorate general for the treasury and finance, as part of the deferred taxes to fiscal credit conversion process (note 19).

The “Debtors and other assets – other debtors” account, at December 31, 2022 and December 31, 2021, includes €23,091 thousand and €241,148 thousand, respectively, for surety accounts in several financial institutions. The referred to sureties derive from the liquidity injection operations collateralised by financial assets and interest rate swap (IRS) agreements with such entities (note 10). The change derives from the evolution of the fair value of the underlying transactions.

The “Debtors and other assets – other debtors” account, at December 31, 2022 and December 31, 2021, includes €26,279 thousand and €22,575 thousand, respectively, for sureties in the form of an irrevocable commitment to make contributions to the European single resolution fund (note 34).

Under the contract to issue notes between Banco Nacional Ultramarino, S.A. (Macau) and the Administrative Region of Macau, the bank provides the region with convertible currency for the countervalue of notes in circulation and, in turn, receives a debt certificate for an equivalent amount to cover the liability resulting from the currency issuance (note 26). The amounts to be provided by the bank to the region are reconciled in the first fifteen days of each month, based on the preceding month's average daily balances. The debt certificate of the Macau government, at December 31, 2022 and December 31, 2021, totalled €1,336,301 thousand and €1,239,001 thousand, respectively.

The "Debtors and other assets - other overdue debtors" account at December 31, 2022 and December 31, 2021 includes outstanding balances for the execution of guarantees provided to customers and other costs directly associated with such operations for the amounts of €12,654 thousand and €15,896 thousand, respectively. Accrued impairment on these transactions totalled €9,626 thousand and €12,318 thousand, respectively.

The amounts of "Other lending operations pending settlement" at December 31, 2022 and December 31, 2021 essentially refer to stock market derivatives operations, means of payment and bank transfers, payment of which had still not been made.

Information on shareholders' loans, at December 31, 2022 and December 31, 2021, is set out below:

	31-12-2022	31-12-2021
Other	7,183	7,167
	7,183	7,167

21. Credit institutions’ and central banks’ resources

This account comprises the following:

	31-12-2022	31-12-2021
Resources of central banks		
Resources - European Central Bank		
Loans, deposits and other resources		
Caixa Geral de Depósitos	-	5,800,000
Resources of other central banks		
Deposits and other resources		
Of domestic credit institutions	5,625	1,149
Of foreign credit institutions	54,944	40,791
Other resources	2,700	3,176
Interest payable / (receivable)	5	(28,697)
	63,273	5,816,419
Resources of other credit institutions		
Deposits and other resources		
Of domestic credit institutions	24,854	236,623
Of foreign credit institutions	229,839	611,893
Interbank money market resources	-	17,800
Immediate short term resources		
Of domestic credit institutions	19,679	35,207
Of foreign credit institutions	120	20,350
Loans		
Of domestic credit institutions	-	300
Of foreign credit institutions	212	-
Resources of international financial entities	-	1,428
Sale operations with repurchase agreement	-	-
Interest payable / (receivable)	176	5,183
	274,880	928,782
	338,153	6,745,201

The "Central banks’ resources − resources − European Central Bank − Loans, deposits and other resources – Caixa Geral de Depósitos” account at December 31, 2021 refers to CGD’s participation in the 3rd series of the targeted longer term refinancing programme (TLTRO) created by the ECB to assist 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 under IFRS 9 requirements in accordance with ECB administrative variable-rate financing. Each alteration to programme rates therefore has the effect of altering the effective interest rate on the financing, whose impacts are recognised prospectively.

There have been several adaptations regarding participation in and conditions governing interest on the third TLTRO series, announced on March 7, 2019, initially for operations with a maturity of two and subsequently changed to three years, with quarterly auctions. Access to funding by financial institutions could extend to up to 55% of a specific set of their loans (for all of the 10 operations provided for under the programme). Interest was payable on the basis of the average interest rate level on the main refinancing operations (MRO).

CGD repaid €5,800,000 thousand in funding obtained from the ECB (third series of targeted longer-term refinancing operations - TLTRO-III) under Eurosystem monetary policy measures, in the last quarter of 2022.

The net impact of the referred to operations in the net interest income aggregate (note 30) in the financial statements for the period was €49,059 thousand.

22. Costumers' resources and other loans

This account comprises the following :

	31-12-2022	31-12-2021
Savings deposits	2,352,011	2,394,938
Other debts		
Repayable on demand	46,083,124	42,960,088
Term		
Deposits	32,629,518	31,523,069
Mandatory deposits	903,792	848,512
Other resources		
Cheques and orders payable	99,814	82,127
Loans	-	2,826
Operations with repurchase agreement	-	7,750
Other	1,860,339	1,908,200
	35,493,464	34,372,483
	81,576,588	77,332,572
Interest payable	47,061	32,218
Deferred costs net of deferred income	(645)	(665)
Commissions associated with amortised cost (deferred)	(3,312)	(3,380)
Adjustments to liabilities under hedging operations	8	8
	43,112	28,180
	83,971,711	79,755,690

23. Debt securities

This account comprises the following:

	31-12-2022	31-12-2021
Bonds in circulation		
Bonds issued under the EMTN Programme		
Remuneration indexed to interest rates	1,361,597	526,050
Covered bonds	-	1,249,600
	1,361,597	1,775,650
Other		
Issues under the Euro Commercial Paper and Certificates of Deposit Programme		
Commercial Paper	745	395
	745	395
Adjustments to liabilities under hedging operations	175	5,793
Deferred costs net of income	(4,530)	(2,007)
Interest payable	10,344	9,884
	1,368,330	1,789,714

The breakdown of the debt securities account, at December 31, 2022 and December 31, 2021 is net of the accrued debt balances repurchased in the meantime, as follows:

	31-12-2022	31-12-2021
Covered bonds	3,000,000	3,000,000
	3,000,000	3,000,000

CGD uses the following specific programmes to diversify its funding sources:

(i) *Euro Commercial Paper and Certificates of Deposits (ECP e 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 on these operations have been defined.

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 direct issuance, up to a current maximum amount of €15,000,000 thousand in November 2006. The bonds to be issued are backed by a mortgage loans bonds portfolio which must, at all times, comply with the minimum conditions required by the regulation applicable to issuances of such instruments, in the form of decree law 59/2006, Bank of Portugal notices 5, 6, 7 and 8 and instruction 13.

The bonds may be issued in any currency with a minimum maturity of 2 and maximum maturity of 50 years. Fixed or variable-rate interest is payable on these issuances which may also be indexed to the performance of indices or shares.

These bonds entitle their holders to special credit rights – over any other creditors – on assets which have been set aside in the issuing entity's balance sheet to guarantee the debt and to which bondholders enjoy access in the event of insolvency.

Assets eligible for the creation of an asset pool comprise residential mortgage or commercial loans in a European Union member state or, alternatively, loans and advances to central governments or the regional and local authorities of one of the European Union member states and loans with the express and legally binding guarantee of such entities. Mortgage loans cannot exceed 80% of the value of the mortgaged assets given as collateral for residential property (60% for other property).

In accordance with the issuance conditions defined under 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 amount of mortgage loans and other assets allocated to the referred to bonds;
- The average maturity of covered bonds issuances may not, for issuances as a whole, exceed the average life of the associated mortgage loans;
- The total amount of interest payable by the covered bonds may not, for issuances as a whole, exceed the amount of interest charged to borrowers of the mortgage loans allocated to the referred to bonds; and
- The present value of the covered bonds may not exceed the present value of the assets allocated to them, which ratio must be maintained for parallel shifts of 200 basis points on the yield curve.

A maximum of 20% of the assets pool may also include autonomous assets in the form of deposits at the Bank of Portugal or securities eligible for Eurosystem credit and other operations defined by law.

The nominal value of CGD's covered bonds issuances at December 31, 2022 and December 31, 2021, totalled €3,000,000 thousand and €4,250,000 thousand, respectively, with the following characteristics:

DESIGNATION	Nominal amount		Date of issue	Date of redemption	Interest payment	Remuneration	Interest rate at 31-12-2022	Interest rate at 31-12-2021
	31-12-2022	31-12-2021						
Hipotecárias Série 4 2007/2022	-	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%	0.236%	-0.556%
Hipotecárias Série 17 2015/2022	-	1,000,000	2015-01-27	2022-01-27	Annually, on January 27	Fixed rate	-	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%	0.266%	-0.589%
	3,000,000	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 comprises mortgage loans originating in Portugal with a book value of €4,085,921 thousand and €5,604.258 thousand respectively (note 13), at December 31, 2022 and December 31, 2021.

The assets pool used as collateral for the issuances also comprised debt securities, with a book value of €15,000 thousand and €15,097 thousand respectively (note 12), at December 31, 2022 and December 31, 2021.

The Fitch and DBRS ratings on these covered bonds issuances, at December 31, 2022 were A and AA, respectively.

CGD launched a €500,000 thousand senior preferred debt issuance on September 21, 2021, with a maximum maturity of 6 years at a coupon rate of 0.375%, which is the lowest ever achieved by the group in its capital market issuances. This issuance has the particularity of being sustainable in targeting the funds raised to the financing of its customers' credit operations in the environmental and socio-economic domain. This is the first time a Portuguese bank has launched an issuance with these characteristics.

Similarly, on June 15, 2022, CGD launched another "green" or senior preferred debt issuance for the amount of €300,000 thousand, with a maturity of 4 years and an early redemption option after 3 years at a coupon rate of 2.875%.

On October 31, 2022, CGD launched another "green" or senior preferred debt issuance for the amount of €500,000 thousand, with a maturity of 6 years and an early redemption option after 5 years at a coupon rate of 5.75%.

The referred to issuances are part of the funding plan defined for compliance with MREL (minimum requirements for own funds and eligible liabilities) as defined by the Bank of Portugal and decided by the single resolution board. These issuances were sold on international debt markets for this purpose, following the senior non-preferred debt issuance of November 2019 and increasingly represent an important milestone in implementing sustainable financing commitments, creating value and reducing the environmental impact of its activity.

Details on bond issuances, by type of interest and period to maturity at December 31, 2022 and December 31, 2021 are given below:

	31-12-2022		
	EMTN Programme assets indexed to interest rate	Other bonds	Total
Up to one year	-	745	745
One to five years	841,547	-	841,547
Five to ten years	500,000	-	500,000
Over ten years	20,050	-	20,050
	1,361,597	745	1,362,341

	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

24. Provisions and contingent liabilities

Provisions

Movements in provisions for employee benefits and for other risks, for the periods ended December 31, 2022 and December 31, 2021 were as follows:

	Balance at 31-12-2021	Additions and reversals	Write-offs	Exchange differences	Transfers and others	Balance at 31-12-2022
Provision for employee benefits (Note 36)	658,255	(59,141)	(59,686)	110	17,325	556,864
Provision for litigation	24,846	(4,779)	(6,484)	37	(195)	13,424
Provision for guarantees and other commitments	219,685	25,946	-	290	1,123	247,044
Provision for other risks and charges	74,309	30,927	(6,962)	(37)	(235)	98,002
	318,839	52,094	(13,447)	289	694	358,470
	977,094	(7,047)	(73,132)	399	18,019	915,334

	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

The following is a breakdown of the use of the provision for liabilities for the cost of employee benefits, for the periods ended December 31, 2022 and December 31, 2021, totalling €59,686 thousand and €62,934 thousand, respectively:

- €21,294 thousand for the medical/healthcare plan, €33,599 thousand for the *Horizonte* plan and other agreements to terminate employment and €3,741 thousand for voluntary redundancies, in 2022. An amount of around €1,052 thousand for pension and early retirement plans was also used by several group companies.

- €22,370 thousand for the medical/healthcare plan and €33,848 thousand for the Horizonte plan and other agreements to terminate employment and €5,774 thousand for voluntary redundancies, in 2021. An amount of around €942 thousand for pension and early retirement plans was also used by several group companies.

The "Provisions for the costs of employee benefits", in 2022, includes a €36,178 thousand increase in the provision for the early retirement programme for 2022, as a charge to employee costs (note 35).

Information on the amounts recognised in the "Transfers and other" column of the table of provisions movements for the costs of employee benefits, for the periods ended December 31, 2022 and December 31, 2021 is set out below:

	31-12-2022	31-12-2021
Provisions recognised as employee costs		
Healthcare – CGD (Notes 35 and 36)	10,194	8,263
Labour suspension agreements, Plano Horizonte and Early Retirement Plan (Note 36)	36,251	30,109
Mutually agreed terminations (Notes 35 and 36)	4,353	5,164
Others (Gains associated with the change in the Medical Plan)	-	(145,396)
Others (Note 36)	2,990	2,666
	53,787	(99,194)
Provisions recognised as other reserves	-	-
Actuarial and financial deviations (Note 36)	(36,157)	(8,854)
Other actuarial deviations	(305)	(1,764)
	17,325	(109,812)

Provisions for other risks and liabilities are for contingencies arising from CGD's activity.

Provisions for legal contingencies comprise CGD's best estimate of any amounts to be spent on the resolution thereof, based on the estimates of its legal affairs department and attendant lawyers.

Provisions for guarantees and commitments undertaken reflect estimated unrealised losses for liabilities to customers, deriving from CGD's commercial activity and have been determined by the risk management division in conformity with the requirements of IFRS 9 – "Financial instruments".

	Provision for guarantees and other commitments			
	Stage 1	Stage 2	Stage 3	Total
Balance at 31-12-2021	22,118	25,281	172,169	219,569
Movements resulting from changes in the classification by stages	9,532	(1,512)	19,165	27,184
Other changes	591	(903)	604	291
Balance at 31-12-2022	32,241	22,865	191,938	247,044

	Provision for guarantees and other commitments			
	Stage 1	Stage 2	Stage 3	Total
Balance at 31-12-2020	25,738	38,082	171,453	235,273
Movements resulting from changes in the classification by stages	(4,082)	(9,760)	(1,988)	(15,830)
Other changes	463	(3,041)	2,704	126
Balance at 31-12-2021	22,118	25,281	172,169	219,569

Contingent liabilities and commitments

Contingent liabilities associated with banking activity are recognised in off-balance sheet accounts, as follows:

	31-12-2022	31-12-2021
Contingent liabilities		
Assets given as collateral	11,485,700	17,915,029
Guarantees and sureties	3,015,587	2,800,254
Open documentary credits	232,756	345,520
Stand by letters of credit	45,102	7,564
	14,779,145	21,068,367
Commitments		
Revocable commitments	9,779,346	9,067,350
Securities subscription	1,485,175	1,227,469
Irrevocable lines of credit	1,135,839	1,299,158
Term liabilities relating to annual contributions to the Deposit Guarantee Fund	155,553	155,553
Investor compensation system	47,216	48,710
Other irrevocable commitments	26,279	67,575
Forward deposit agreements		
Receivable	(333)	-
	12,629,075	11,865,815
Deposit and custody of securities	48,823,975	53,831,053
Other values managed by the institution	26,506,296	25,287,904

“Asset-backed guarantees” at December 31, 2022 and December 31, 2021 include the following situations:

	31-12-2022	31-12-2021
Debt Instruments		
Consigned resources		
EIB - European Investment Bank	1,232,462	1,139,088
Council of Europe Development Bank	4,840	10,400
Bank of Portugal (*)	10,039,500	16,581,683
Deposit Guarantee Fund	177,740	157,740
Investor Compensation System (futures)	25,500	20,500
Euronext	5,000	5,000
Other	658	618
	11,485,700	17,915,029

(*) 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 refer to debt instruments which, based on 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, 2022 and December 31, 2021 totalled €10,512,516 thousand and €18,850,580 thousand, respectively of which amount €2,949,308 thousand and €2,970,599 thousand comprised debt repurchases.

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, 2022 and December 31, 2021, was €204,787 thousand and €202,084 thousand, respectively.

The deposit guarantee fund aims to guarantee customers' deposits in conformity with the limits defined by the general credit institutions and financial corporations 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 €1,940 thousand and €1,447 thousand for its annual contribution to the deposit guarantee fund at December 31, 2022 and December 31, 2021 respectively.

Competition authority

On June 3, 2015, CGD, together with fourteen other credit institutions, 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, while retaining the suspending of the response time. A new resolution latterly passed by the competition authority's board of directors terminated the suspension of the response time, ending 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 elements.

In March 2019, CGD was notified of the competition authority's resolution to extend the process's investigation period up to 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 the charges concerning the alleged breaches and the fine levied on it contain errors and omissions and therefore contested them 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 court's consideration of the need thereof for the purpose of suspending the execution of the fine. This decision is, however, being contested by CGD.

The trial began on October 6, 2021 and the hearing reopened on April 8, 2022, after the final allegations made by the parties. The reopening of the hearing was determined by the presiding judge for the purpose of altering non-substantial facts in relation to those contained in the charge. On April 28, 2022, the court decided to refer a number of questions concerning the interpretation of European Union law to the court of justice of the European Union for a preliminary ruling pursuant to which the infringement procedure has been suspended until the court of justice has issued its decision.

Resolution fund

The resolution fund was created by decree law 31-A/2012 of February 10. It is funded by resources from the contributions of 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.

Resolution measure on Banco Espírito Santo, S.A.

On August 3, 2014, the board of trustees of the Bank of Portugal decided to apply a resolution measure on Banco Espírito Santo, S.A. (BES), pursuant to which most of BES's activity and assets were transferred to Novo Banco S.A., as a new transitional banking institution created for the purpose and fully owned by the resolution fund.

Following the resolution measure, Novo Banco, S.A. was deemed to have capital requirements of €4,900,000 thousand to be paid up by the sole shareholder under the terms of the legislation in force. Considering that the resolution fund's own resources for the operation at the said date were insufficient, the capital was subscribed for on the basis of two loans:

- €3,900,000 thousand from the Portuguese state; and
- €700,000 thousand from eight fund member institutions (of which €174,000 thousand from CGD).

In September 2015 the Bank of Portugal suspended the sales process on the resolution fund's equity 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. The Bank of Portugal decided to reassign liability for the non-subordinated bonds issued by it for institutional investors to BES. The nominal amount of the bonds reassigned to BES was €1,941,000 thousand, comprising a balance sheet carrying amount of €1,985,000 thousand. The Bank of Portugal also clarified that in addition to this measure, 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 appraisal process on the recovery of loans in each category of BES creditors, in a hypothetical liquidation scenario in August 2014, as an alternative to the implementation of the resolution measure, the Bank of Portugal clarified that, in the event of the closure or liquidation of BES, its creditors whose loans had not been transferred to Novo Banco, S.A., would incur a greater loss than would otherwise have been the case and should be compensated for the difference by the resolution fund.

On August 4, 2016, the resolution fund announced an alteration of the conditions of the loans obtained to fund the implementation of the resolution measure (both with a maximum maturity of August 4, 2016) which would now mature at December 31, 2017, without prejudice to early redemption or agreement to further alterations.

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 review "would permit an extension of the maturity for the purpose of guaranteeing the resolution fund's capacity to fully comply with its obligations based on its regular revenue, notwithstanding any positive or negative contingencies to which the resolution fund is exposed." On the same date, the office of the ministry of finance also announced that: "under the agreement with the resolution fund and bases already established, any increases or reductions of liabilities deriving from any future contingencies, shall entail an adjustment to the maturity of the state's and banks' loans to the resolution fund, with the contributions required from the banking sector remaining at their current levels."

On March 21, 2017 the resolution fund announced the formalisation of the above referred to contractual alterations, including an extension of the maturity period to December 31, 2046. The objective behind the review of the loan conditions was to ensure the resolution fund's sustainability and financial balance, based on stable, foreseeable, manageable costs for the banking sector.

On March 31, 2017, the Bank of Portugal selected Lone Star for the completion of the Novo Banco sales operation. The agreement entailed two capital increases, the first of which for €750,000 thousand in October of the said year and the second for €250,000 thousand in December 2017.

The sale was preceded by a liability management exercise (LME) on 36 bond series with a book value of €3,000,000 thousand. The success of this operation translated into the purchase and redemption of bonds representing 73% of book value, with immediate proceeds of €209,700 thousand.

The sales process was followed by the creation of a contingent capital mechanism enabling Novo Banco to receive compensation of up to €3,890,000 thousand on the recognition of any losses on its assets under resolution fund management.

On October 18, 2017, the resolution fund complied with the operation's final formalities in implementing the resolutions of the Bank of Portugal as the national resolution authority, retaining a 25% equity stake in Novo Banco with Lone Star taking 75%. This operation increased Novo Banco's share capital from €4,900,000 thousand to €5,900,000 thousand.

Following the completion of this operation, Novo Banco ceased to be subject to the transitional institutions regime and now operates normally and in full, albeit subject to several measures limiting its activity imposed by the European competition authority.

On March 28, 2018, following the bank's announcement of its results for 2017, the contingent capitalisation mechanism, provided for in the agreements entered into at the time of sale was activated, requiring the resolution fund to pay €792,000 thousand to Novo Banco.

The above payment was made on May 24, 2018, following the 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 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, 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. In conformity with the results announced by Novo Banco, an amount of €1,149,000 thousand was paid by the resolution fund in 2019.

The amount payable by the resolution fund in 2019 was realised on May 6, 2019. The resolution fund, as in 2018, used its available financial resources from the contributions paid by the banking sector, complemented by a loan of €850,000 thousand from the Portuguese state.

In its announcement reporting its results for 2019, Novo Banco requested compensation of €1,037,000 thousand under the contingent capital mechanism, as stipulated in the sales contract. The referred to payment was made in May 2020 for the amount of €1,035,000 thousand.

The resolution fund also provided the budget and finance committee with a written account of all clarifications on its decision to deduct the variable remuneration allocated to members of Novo Banco's executive board of directors 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) totalled €2,976,000 thousand. The maximum amount of the payments to be made by the resolution fund as agreed in the contingent capitalisation agreement is €3,890,000 thousand.

Regarding the information disclosed on June 4, 2020, following the public finance council's publication of its "Economic and Fiscal Outlook 2020-2022", the resolution fund clarified that, in conjunction with Novo Banco, it had entered into an arbitration process for the purpose of clarifying the treatment merited by the effects of Novo Banco's intention to dispense with the transitional regime from which it currently benefits and which was 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. on March 31, 2017, in addition to the “contingent capitalisation agreement” entered into between the resolution fund and Novo Banco on October 18, 2017.

On August 10, 2020, the resolution fund made an announcement clarifying that the sale of Novo Banco’s equity stake 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 obligated to sell its equity stake in GNB Vida by December 31, 2019.

The stake was acquired by "APAX Partners" funds whose suitability was assessed by the competent authority. The resolution fund’s appraisal considered that the amount of the sale comprised the best offer received following an open and competitive sales process, reflecting the asset’s market value at the time.

Following its payment to Novo Banco in May 2019 in compliance with the contingent capitalisation agreement, on September 3, 2020, the resolution fund announced that it had received the special audit report commissioned by the government, under law 15/2019 of February 12, 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., and 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 powers exercised under the contingent capitalisation agreement.

On June 4, 2021, the resolution fund paid an amount of €317,013 thousand to Novo Banco in respect of the contingent capitalisation agreement regarding its accounts for 2020. This payment was made on the basis of Novo Banco’s request for the payment of €598,312 thousand, on April 7, 2021. Following the completion of all of the validation procedures, it was confirmed that, with reference to December 31, 2020, the condition determining payment by the resolution fund had been met. The amount necessary for Novo Banco’s CET 1 ratio to achieve the contractually stipulated level of 12% is €598,312 thousand, which amount was confirmed by the Bank of Portugal and the European Central Bank as the authorities lawfully competent for this purpose.

The resolution fund considered that adjustments should be made to the aggregate amount of €169,299 thousand requested by Novo Banco. This adjustment derives from the sum of the figures for the following situations:

(i) The reduction of the amount corresponding to the impact, on Novo Banco’s capital holding, of the loss resulting from the decision to sell off Novo Banco’s activity in Spain, with reference to December 31, 2020 (€147,442 thousand);

(ii) The reduction corresponding to measurement differences on a collection of assets held by Novo Banco (€18,000 thousand);

(iii) The reduction of costs corresponding to the variable remuneration attributed to members of Novo Banco’s executive board for the financial years 2020 (for the amount of €1,860 thousand) and 2019 (for the amount of €1,997 thousand). This latter tranche had already justified a reduction of the payment made in 2020, but should continue to be adjusted, taking into account the functioning of the contingent capitalisation mechanism. The amount of the payment to Novo Banco determined by the resolution fund was therefore €429,013 thousand.

Payment made by the resolution fund required a budgetary amendment, which was authorised in a ruling issued by the minister of state and finance.

Authorisation for a tranche of €112,000 thousand of the amount of €429,013 thousand was made conditional on the completion of a further investigation, which included the need for an external opinion on Novo Banco’s option not to implement a hedge accounting policy on derivatives to hedge interest rate risk on exposure to long term sovereign debt bonds. A payment of €317,013 thousand was therefore made to Novo Banco and the necessary steps will be taken to assess the existence of the condition governing the transfer of the amount of €112,000 thousand.

The payment to Novo Banco was fully financed by resources from a loan obtained from seven national credit institutions. The loan matures in 2046 and pays interest at the Portuguese Republic's financing cost for the period between the date upon which the contract was entered into (May 31, 2021) and December 31, 2026, plus a 15 basis points margin. The interest rate will be reviewed at December 31, 2026 and thereafter every five years, corresponding to the Portuguese Republic's five year financing cost, plus a 15 basis points margin.

Even considering the amount of €429,013 thousand (or up to the amount requested by Novo Banco), the amount determined for 2020 is less than the amount of the losses of €752,000 thousand recognised in the said year on the assets covered by the contingent capitalisation mechanism.

On the other hand, accrued losses on such assets (between June 30, 2016 and December 31, 2021 totals €4,367,000 thousand and even if the amount of €429,013 thousand for 2020 is taken into consideration the accrued amount of resolution fund payments will be €3,405,000 thousand, which is €962,000 thousand less than the accrued losses.

As in previous years, the contingent capitalisation mechanism limits the amount of the resolution fund's payments to the amount necessary for Novo Banco's capital ratios to remain at the agreed levels.

On February 13, 2023, the ministry of finance announced that the European Commission intended to declare the completion of Novo Banco's restructuring process, confirming the successful restructuring of Novo Banco, resulting from the combined implementation of the restructuring plan agreed in 2017, in the context of the sales operation conducted by Banco de Portugal and the sales agreements, in particular the contingent capitalisation agreement under which the amount transferred by the resolution fund to Novo Banco was €485,000 thousand less than the maximum amount of €3,890,000 thousand defined in the contract.

The completion of Novo Banco's restructuring operation in which the resolution fund has retained a 19.31% stake is also another indicator that Novo Banco will not need to request any further payment from the resolution fund under the contingent capitalisation agreement, without prejudice to the ongoing or any future dispute regarding the amounts already requested by Novo Banco for past years and that the resolution fund considers are not due.

Resolution measure on Banif - Banco Internacional do Funchal, S.A.

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) as 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 for Banif – Banco Internacional do Funchal, S.A. (Banif), enabling the debt to be reduced from €489,000 thousand to €353,000 thousand.

The amount not transferred to the single resolution fund will be paid by the institutions covered by the unique mechanism of resolution (UMR) regulation to the same single resolution fund across a period of eight years (ending 2024), as provided for in Council implementing resolution no. 2015/81 (EU) of December 19, 2014.

On March 21, 2017, the resolution fund announced an alteration of 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 remote, and

(ii) Any resolution fund deficits are expected to be financed by periodic contributions under article 9 of decree law 24/2013 of February 19, which stipulates that periodic contributions to the resolution fund should be paid by 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 under IFRIC 21 – “Levies”.

Any alterations on a level of the 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:

	31-12-2022	31-12-2021
Bonds	1,100,000	1,100,000
Interest payable	20,340	20,311
Deferred income net of charges	(1,850)	(2,427)
	1,118,490	1,117,883

On June 29, 2012, CGD issued €900,000 thousand in hybrid financial instruments eligible as core tier 1 own funds, fully subscribed for by the Portuguese state (as defined in ministerial ruling 8840-C/2012 of June 28, 2012). These bonds were convertible into shares in the following circumstances:

- CGD's full or part cancellation or suspension of the payment of interest on the hybrid financial instruments;
- A materially 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 specified by the state in the issuance conditions; and
- If the hybrid financial instruments cease to be eligible as core tier 1 own funds.

Following authorisation from the European Central Bank and the Bank of Portugal on December 6, 2016, obtained 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), as a capital increase in kind plus their corresponding accrued and unpaid interest up to January 4, 2017 as the date of the capital increase.

Following this process, the European Commission also lifted the interdiction in force on the payment of discretionary coupons on subordinated debt. CGD resumed payment of the respective coupons in first quarter 2017.

CGD completed the last stage of the recapitalisation procedure agreed with the European institutions in 2018, through its issuance of €500,000 thousand in tier 2 subordinated debt.

The following is a summary of the principal issuance conditions:

Issuer	Bonds	Currency	Value of issue	Book value at 31-12-2022	Book value at 31-12-2021	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 June, 28.	In the payment date of the coupons as from June, 28, 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 March, 3.	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 November, 25.	n.a.

26. Other liabilities

This account comprises the following:

	31-12-2022	31-12-2021
Creditors		
Consigned resources	664,766	684,605
Resources - collateral account	517,562	308,884
Resources - subscription account	42,924	30,411
Resources - surety account	0	1,112
Suppliers of finance leasing assets	237,815	196,462
Caixa Geral de Aposentações	2,593	3,610
Creditors for transactions in securities	67	71
Creditors for sale of assets recovered as settlement of defaulting loans	5,132	4,936
Other suppliers	36,448	44,942
Other creditors	264,278	307,953
Other liabilities		
Notes in circulation - Macau (Note 20)	1,356,596	1,304,644
Withholding taxes	25,052	29,571
Social Security contributions	5,621	3,299
Other taxes payable	3,012	5,127
Collections on behalf of third parties	783	557
Other	2,845	9,587
Accrued costs	163,734	152,302
Deferred income	37,196	39,370
Liabilities pending settlement	591,825	500,466
Stock exchange operations	22,554	770
	3,980,803	3,628,679

The “Resources – surety account” at December 31, 2022 and December 31, 2021 includes €72,670 thousand and €27,300 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, 2022 and December 31, 2021 includes €116,664 thousand and €119,213 thousand, respectively, for financial liabilities with non-controlling interest investors in the investment funds included in CGD Group’s consolidation perimeter.

The "Costs payable" account at December 31, 2022 and December 31, 2021, includes €10,524 thousand and €10,965 thousand for CGD employees’ seniority bonuses, respectively.

The following is a summary of the conditions attached to the “Consigned resources” account, at December 31, 2022 and December 31, 2021:

DESIGNATION	COUNTERPARTY	Balances at 31-12-2022	Balances at 31-12-2021	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	34,286	37,143	15-12-2010	15-09-2034
Mid-Cap I taxa revisível	European Investment Bank	-	9,992	15-12-2010	15-09-2022
CGD - Empréstimo Global XIII	European Investment Bank	18,750	23,438	15-12-2010	15-09-2026
CEB - PARES	CEB - Council of Europe Development Bank	3,075	4,612	23-12-2010	23-12-2024
CEB - Educação	CEB - Council of Europe Development Bank	1,229	2,458	21-02-2011	21-11-2023
Operations carried out by Banco Comercial e de Investimentos, S.A.R.L.		7,422	6,947		
Other		5	16		
		664,766	684,605		

Interest on the “Consigned resources” account, at December 31, 2022 and December 31, 2021 was paid at an average annual rate of 0.704% and 0.802%, respectively.

27. Capital and other instruments

CGD's share capital, at December 31, 2022 and December 31, 2021 was fully owned by the Portuguese state, as follows (in euros):

	31-12-2022	31-12-2021
Number of shares	768,828,747	768,828,747
Unit price (Euros)	5	5
Share capital	3,844,143,735	3,844,143,735

The Portuguese state, under the March 2017 agreement with the European authorities as part of CGD's recapitalisation process, on January 4, 2017, decided to perform the following operations:

(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 issued a resolution undertaking a new capital increase of €2,500,000 thousand, through the issuance of 500,000,000 new ordinary shares with a nominal value of €5 each, fully subscribed for by the sole shareholder.

CGD issued €500,000 thousand in additional tier 1 shares, fully subscribed for by corporate professional investors on the same date. Interest of 10.75% is paid on this issuance.

On February 1, 2022, Caixa was authorised by the European Central Bank to make early repayment of its issuance of additional tier 1 capital for the amount of €500,000 thousand, effective March 30, 2022.

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

28. Reserves, retained earnings and profit attributable to CGD's shareholder

Reserves and retained earnings, at December 31, 2022 and December 31, 2021, were as follows:

	31-12-2022	31-12-2021
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)	16,133	143,034
Assets with repurchase agreement	137	-
Other revaluation reserves	2,967	1,619
	129,663	255,079
Other reserves and retained earnings		
Legal reserve - CGD	394,505	306,198
Special reserve associated with the special regime applicable to deferred tax assets (Note 19)	681,571	681,571
Other reserves	5,112,569	4,656,890
Retained earnings	(1,822,740)	(1,778,086)
	4,365,905	3,866,572
Net income attributable to the shareholder of CGD	842,786	583,361
	5,338,354	4,705,012

As referred to in greater detail in note 19, as a consequence of the negative net income from CGD's separate activity in 2016 and as defined by law 61/2014, the procedures for the conversion of deferred tax assets into tax credit, for a final amount of €420,575 thousand were completed in 2019. Under the applicable legislation, the conversion of deferred tax assets was preceded by the creation of a special reserve of €681,571 thousand plus 10%, for the amount of the tax credit calculated in the conversion process, adjusted to meet the requirements of no. 3 of article 11 of law 61/2014. The creation of the special reserve was accompanied by the issuance and simultaneous attribution of an equivalent amount of conversion rights to the state.

The special reserve is recognised in "Other reserves".

The "Fair value reserve" recognises unrealised capital gains and losses on debt instruments measured at fair value through other comprehensive income.

The currency translation reserve, which recognises the translation of subsidiaries' financial statements in foreign currency, is included in "Other reserves".

The legal revaluation reserves for fixed assets may only be used to cover accrued 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, 2022 and December 31, 2021 was as follows:

	31-12-2022	31-12-2021
Caixa Geral de Depósitos, S.A.		
Caixa Geral de Depósitos	540,793	331,550
France Branch	32,189	19,559
East Timor Branch	4,067	217
	577,048	351,326

	31-12-2022	31-12-2021
Contribution to net income from		
Subsidiaries		
Banco Caixa Geral - Brasil, S.A.	104	(1,605)
Caixa - Banco de Investimento, S.A. (a)	13,185	12,916
Banco Comercial e de Investimentos, S.A.	62,935	34,878
Banco Interatlântico, S.A.R.L.	1,928	1,602
Banco Comercial do Atlântico, S.A.	9,246	7,809
Banco Nacional Ultramarino, S.A. (Macau)	44,930	47,878
Caixa - Participações, SGPS, S.A.	(1,551)	(1,796)
CGD Investimentos CVC, S.A.	136	78
A Promotora, Sociedade de Capital de Risco, S.A.R.L.	81	110
Caixa Gestão de Ativos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	13,795	12,495
CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	2,512	2,581
Fundo de Capital de Risco Empreender Mais	2,639	5,402
Fundo de Capital de Risco Caixa Fundos	5,045	13,183
Caixagest Private Equity - Fundo Especial de Investimento	(274)	1,887
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	1,645	2,800
Fundolis - Fundo de Investimento Imobiliário Fechado	17,593	(1,035)
Fundiestamo - Fundo de Investimento Imobiliário Fechado	-	8,000
Banco Caixa Geral Angola, S.A.	34,910	22,574
Inmobiliaria Caixa Geral, S.L.	1,310	(314)
Caixa Imobiliário, S.A.	6,956	5,807
Other	478	447
	217,603	175,698
Associates and jointly controlled entities	48,135	56,337
Consolidated net income attributable to the shareholder of CGD	842,786	583,361

(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.

Appropriation of profit for the period

Financial year 2021

A resolution was passed at the general meeting of shareholders held on May 31, 2022, to appropriate 20% of net profit to the legal reserve (€88,307 thousand), incorporate €112,156 thousand in the “Other reserves and retained earnings” account and make a dividend payment of €241,071 thousand following the respective approval of the competent supervisory authorities under the terms of European and national legislation in force. Considering that Caixa also enjoys a robust financial situation and that the alteration of the amount to be paid to its shareholder does not prejudice its capacity to comply with legal and regulatory, namely prudential, requirements, including MREL (minimum requirement for own funds and eligible liabilities) and also considering the communications with the supervisors on this matter, a decision was also made to pay an additional amount of €137,160 thousand, under the same terms and conditions as set out in the resolution of November 29, 2021.

Caixa therefore paid its shareholder an amount of €378,231 thousand in 2022.

Financial year 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 authorities under European and national legislation in force.

Under the terms of its sole shareholder's unanimously approved corporate resolution set out in writing of November 29, 2021, the Portuguese state decided to pay an extraordinary dividend of €300,000 thousand, which was settled in November 2021. This resolution was based on the ECB's recommendations on the distribution of dividends during the pandemic and the lifting, in July 2021, of restrictions on their distribution after September 2021, normalisation of economic activity and financial markets and the October 2021 resolutions of CGD's management and supervisory bodies in favour of such a dividend distribution, pursuant to which Caixa paid its shareholder a total amount of €383,639 thousand in 2021.

29. Non-controlling interests

Third party investments in subsidiaries are distributed among the following entities:

	31-12-2022	31-12-2021
Caixa – Banco de Investimento, S.A.	-	884
Banco Comercial e de Investimentos, S.A.	148,377	117,259
Banco Interatlântico, S.A.R.L.	5,433	8,101
Banco Comercial do Atlântico, S.A.	36,348	33,101
A Promotora - Sociedade de Capital de Risco, S.A.R.L.	1,796	2,102
Banco Caixa Geral Angola, S.A.	107,539	75,912
Other	671	448
	300,163	237,807

Information on the amount of consolidated profit attributable to non-controlling interests for the periods ended December 31, 2022 and December 31, 2021 is set out below:

	31-12-2022	31-12-2021
Banco Comercial e de Investimentos, S.A.	37,105	20,437
Banco Interatlântico, S.A.R.L.	610	687
Banco Comercial do Atlântico, S.A.R.L.	6,472	5,610
Fundiestamo - Fundo de Investimento Imobiliário Fechado	-	2,246
Banco Caixa Geral Angola, S.A.	35,794	21,022
Other	308	332
	80,289	50,334

30. Interest and income and interest and similar costs

These accounts comprise the following:

	31-12-2022	Restated 31-12-2021
Interest income - Calculated using the effective interest method		
Interest on loans and advances to credit institutions	78,892	41,904
Interest on loans and advances to customers	1,046,091	850,726
Interest on financial assets at fair value through profit or loss (except derivative instruments)	3,679	4,896
Interest on financial assets at fair value through other comprehensive income	41,486	32,134
Interest on debtors and other investments	980	1,155
Interest on assets with repurchase agreement	98	1,497
Interest on cash equivalents	84,071	2,583
Interest on other loans and other amounts receivable	65,817	54,148
Other interest and similar income	256,462	153,820
Commissions received relating to amortised cost	163,767	127,523
Other Interest and similar income		
Interest on trading derivatives	121,972	157,562
Interest on hedging derivatives	1,733	242
	1,865,048	1,428,190
Interest and similar costs - Calculated using the effective interest method		
Interest on deposits	176,831	120,878
Interest on resources of credit institutions	58,774	73,840
Interest on other trading liabilities	153	2,683
Interest on unsubordinated debt securities	13,047	11,497
Interest on subordinated liabilities	41,587	41,546
Other interest and similar costs	16,384	14,789
Commissions paid relating to amortised cost	27,020	23,577
Other Interest and similar costs		
Interest on trading derivatives	117,560	152,867
Interest on hedging derivatives	5,701	7,248
	457,057	448,927

31. Income from equity instruments

This account comprises the following:

	31-12-2022	Restated 31-12-2021
Income received from investment funds	12,587	12,164
Other	1,512	887
	14,099	13,051

32. Income and costs of services and commissions

These accounts comprise the following:

	31-12-2022	*Restated* 31-12-2021
Income from services rendered and commissions		
On guarantees provided	32,889	28,658
On commitments to third parties	8,030	8,760
On operations on financial instruments	3,090	1,341
On services provided		
Deposit and safekeeping of valuables	17,292	19,770
Collection of valuables	6,767	5,867
Management of securities	12,474	13,780
Collective investment in transferable securities	93,395	81,113
Transfer of valuables	20,062	17,868
Cards management	19,232	16,999
Annuities	31,121	32,546
Structured operations	788	1,832
Credit operations	38,424	36,138
Other services rendered	279,781	254,699
On operations carried out on behalf of third parties	13,993	13,279
Other commissions received	178,645	153,240
	755,983	685,890
Cost of services and commissions		
On guarantees received	4,393	1,724
On operations on financial instruments	742	321
On banking servicers rendered by third parties	126,284	109,581
On operations carried out by third parties	3,979	2,504
Other commissions paid	14,130	10,239
	149,529	124,370

33. Income from financial operations

These accounts comprise the following:

	31-12-2022	Restated 31-12-2021
Exchange revaluation results		
Revaluation of foreign exchange position	79,795	(11,708)
Results from currency derivatives	(3,028)	53,307
	76,767	41,599
Results from assets and liabilities at fair value through profit or loss		
Results from trading assets and liabilities		
Securities		
Debt instruments	(9,259)	(4,665)
Equity instruments	230	374
	(9,029)	(4,291)
Derivatives		
Interest rate	102,580	25,549
Equity	(6,647)	(786)
Other	(6,440)	(10,802)
	89,493	13,962
	80,464	9,671
Results on assets and liabilities mandatorily at fair value through profit or loss		
Securities		
Debt instruments	(12)	47,009
Equity instruments	22,279	34,695
Other securities	23,123	46,838
Loans and other amounts receivable	973	(899)
	46,363	127,644
	126,827	137,315
Results from financial assets at fair value through other comprehensive income		
Debt instruments	18,587	10,260
	18,587	10,260
Hedge accounting results		
Hedging derivatives	251,102	51,317
Value adjustments of hedged assets and liabilities (Note 11)	(254,915)	(55,219)
	(3,813)	(3,902)
Other results of financial operations	(2,322)	(11,139)
	216,046	174,133

Income from financial operations particularly reflects the impact of interest rate hikes on hedging instruments in light of the evolution of monetary policy. The year-on-year reduction in debt instruments at fair value through profit or loss derives from the extraordinary effects occurring in 2021.

The "Other" account, at December 31, 2022 and December 31, 2021 includes €3,152 thousand and €11,312 thousand respectively, in income with minority investors included in the investment funds in CGD group’s consolidation perimeter.

34. Other operating income

These accounts comprise the following:

	31-12-2022	*Restated* 31-12-2021
Other operating income		
Rendering of services	24,907	24,053
Expense reimbursement	6,700	6,642
Gains on subsidiaries, associates and jointly controlled entities	3,255	4
Lease income under operating lease agreements	4,530	15,644
Gains on non-financial assets		
Non-current assets held-for-sale	19,577	28,740
Other tangible assets	36,962	1,644
Investment property	26,854	3,254
Other	1,199	565
Secondment of employees to Caixa Geral de Aposentações	927	450
Sale of cheques	473	461
Other	74,664	25,617
	200,048	107,073
Other operating costs		
Donations and subscriptions	9,061	9,732
Losses on subsidiaries and jointly controlled entities	-	21
Losses on non-financial assets		
Non-current assets held-for-sale	2,387	3,936
Other tangible assets	10,838	247
Investment property	16,556	2,430
Other taxes	18,541	14,230
Contribution to the Deposit Guarantee Fund	1,940	1,398
Contribution to the Resolution Fund	33,985	28,437
Administrative expenditure under the Single Resolution Board	384	330
Fines and penalties	1,395	2,914
Other	45,110	29,910
	140,197	93,583
	59,850	13,491

The increase in "Income from non-financial assets - Other tangible assets", in 2022, is explained by the capital gains of €35,902 thousand on France branch’s sale of its headquarters building in Rue de Provence.

The increase in "Income from non-financial assets - Investment properties" in 2022 derives from the capital gains of €25,118 thousand on the disposal of a Fundolis fund properly.

The increase in "Other Operating Income - Other" recorded in 2022, derives from the effect of the recoverability of IRC taxable income for 1994 and 1995 of the former BNU, with an impact of €34,278 thousand.

The resolution fund, created by decree law 31-A/2012 of February 10, introduced a resolution regime under the general credit institutions and financial corporations regime, approved by decree law 298/92 of December 31.

The measures provided for in the 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 therefore 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.

	31-12-2022	31-12-2021
National Resolution Fund	12,993	10,526
Single Resolution Fund	24,697	21,067
	37,689	31,593

The group made cash contributions of €20,992 thousand and €17,911 thousand to the single European resolution fund in 2022 and 2021, respectively, and €3,704 thousand and €3,156 thousand, respectively, in the form of an irrevocable commitment comprising a surety for the said purpose (note 20).

The group’s banking sector contribution amounted to €31,396 thousand and €24,190 thousand at December 31, 2022 and December 31, 2021 respectively. The banking sector’s additional solidarity contribution was €5,708 thousand and €4, 543 thousand respectively (note 19).

35. Employee costs and average number of employees

This account comprises the following:

	31-12-2022	*Restated* 31-12-2021
Remuneration of management and supervisory bodies	15,130	13,714
Remuneration of employees	381,755	367,192
Provision for suspension of labour agreements and early retirement (Note 24)	36,251	30,109
Mutually agreed terminations (Note 24)	4,353	5,164
	437,489	416,178
Other charges relating to remunerations	35,097	32,837
Healthcare - CGD		
Normal cost (Note 24)	10,194	8,263
Gains associated with changing the Plan	-	(145,396)
Contributions relating to current employees	11,453	11,258
Pension liabilities - CGD		
Normal cost	30,342	66,489
Retirements before the normal retirement age	10,295	9,784
Gains associated with termination by mutual agreement	(2,309)	(3,378)
Other pension costs	9,487	7,137
Other mandatory social charges	7,389	6,332
	111,948	(6,674)
Other employee costs(Note 36)	266,817	13,419
	816,254	422,923

At the end of 2021, the human resources adjustment programme, created under CGD's restructuring plan based on retirements, early retirements and voluntary redundancies, applicable to the group's domestic perimeter was renewed for the period 2022 to 2024.

Pursuant to the above, CGD recognised a global amount of €46,546 thousand, in employee costs for the period ended December 31, 2022. Of this amount, €36,251 thousand was associated with the provision for early retirements and voluntary redundancies, with the remainder comprising the recognition of an increase of €10,295 thousand in the "Retirements prior to the standard retirement age" aggregate of the "Pension liabilities" component. A net cost of €2,044 thousand was also recognised in employee costs as a result of the combination between the costs of voluntary redundancies (around €4,353 thousand) and gains of around €2,309 thousand associated with this agreement.

The average number of employees in CGD and its subsidiaries, for the periods ended December 31, 2022 and December 31, 2021 by type of function, was as follows:

	31-12-2022	31-12-2021
Senior management	505	464
Management	2,177	2,210
Technical staff	4,432	4,536
Administrative staff	4,092	4,262
Auxiliary	113	125
Average number of employees	11,319	11,597
Number of employees at the end of the period	11,142	11,434

The average number of employees at December 31, 2022 and December 31, 2021 does not include employees of the Caixa Geral de Aposentações support department (237 and 249 respectively), employees assigned to CGD's social services (37 and 42, respectively) and employees in other situations i.e. secondments or extended absences (151 and 164 respectively).

The number of permanent staff at the end of December 31, 2022 and December 31, 2021 does not include employees in the Caixa Geral de Aposentações support department (230 and 246 respectively), employees assigned to CGD's social services (36 and 37, respectively) and employees in other situations i.e. secondments or extended absences (156 and 150 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 48.953 of April 5, 1969 and decree law 161/92 of 1 August, CGD is responsible for the payment of employees' retirement pensions for sickness, disability or old age and the survivors' pensions of employees taken on after January 1, 1992. Caixa Geral de Aposentações ("CGA") is responsible for the survivors' pensions of employees taken on prior to January 1, 1992. These employees discount 2.5% of their remuneration to CGA, for the purpose in question.

In conformity with the vertical collective wage bargaining negotiations in force in the banking sector, the former BNU had also undertaken to make cash payments to its employees for their early retirement and old age, disability and survivors' pensions. These payments comprised a percentage increasing in line with the number of years' service, applied to the wage scales negotiated annually with banking employees' unions. Pension liabilities for BNU employees were transferred to CGD in 2001, following BNU's incorporation into CGD. Former BNU employees, still 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 liabilities for the retirement pensions of CGD employees were transferred to CGA in respect of their length of service up to December 31, 2000 under decree laws 240-A/2004 of December 29 and 241-A/2004 of December 30. The transfer included liability for the death grant after the standard retirement age for the above referred to length of service.

The Portuguese government published decree law 14/2023 on February 24, 2023. Effective December 31, 2022, it transfers the remaining liabilities covered by CGD's pension fund (FPCGD) to Caixa Geral de Aposentações and extinguishes the FPCGD. Caixa paid financial compensation to CGA for the transferred liabilities.

Unless expressly stated, the information disclosed in this note for December 31, 2022 is based on an actuarial assessment carried out from a viewpoint of the continuity of CGD's pension fund as a going concern.

CGD's pension liabilities, at December 31, 2022, therefore comprised the following:

1. Liabilities for the services of working employees, after December 31, 2000;

2. Part share of liabilities for the length of service provided in the said period, for employees retiring between January 1, 2001 and December 31, 2022;

3. Liabilities for the retirement and respective survivors' pensions of BNU employees already being paid at the date of the merger; and

4. Liabilities for death grants for the length of service provided after December 31, 2000.

Pension payments are based on employees' length of service and respective remuneration upon their retirement date and are reviewed on the basis of the remuneration in force for working employees.

CGD's pension plan is not applicable to working employees taken on after January 1, 2006, as following the closure of the Caixa Geral de Aposentações regime to new members from the said date, workers hired by CGD after the said date have already been obligatorily enrolled in the general social security regime.

CGD makes the contributions necessary to cover its pensions liabilities, for which it set up a pension fund in December 1991. According to the regime applicable to CGD, its employees pay the following percentages of their remuneration into the pension fund:

- Employees hired before January 1, 1992 — 7,5%
- Employees hired after January 1, 1992 — 11,0%

The full amount of the latters' contribution is paid into the pension fund given that it is responsible for the respective survivors' pensions regime.

The liability for defined benefit plans recognised in the balance sheet comprises the difference between the present value of liabilities and fair value of pension funds' assets. Total liabilities are calculated 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 the liabilities, in line with the provisions of IAS 19.

Profit and loss on differences between the actuarial and financial assumptions used and the effective amounts of liabilities as regards the pension fund's expected yield, in addition to the results of alterations of actuarial assumptions are recognised directly in a shareholders' equity account.

The annual cost of retirement and survivors' pensions, including current servicing and interest costs, net of the expected yield of the fund's assets and employees' contributions, 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".

Determination of liabilities for retirement pensions and post-retirement death grants.

Actuarial studies to determine liabilities for the current payment of retirement pensions and past services of working employees, at December 31, 2022 (with the pension funds as a going concern) and December 31, 2021, have been carried out by an independent. specialised entity.

The following hypotheses and technical bases were used:

	31-12-2022	31-12-2021
Actuarial method	Projected Unit Credit	Projected Unit Credit
Mortality table		
Men	TV 88/90 (-1 year)	TV 88/90
Women	TV 99/01 (-2 years)	TV 88/90 (-3 years)
Disability table	EKV 80	EKV 80
Discount rate	3,600%	1,350%
Salary growth rate	4.4 % until 2023 and 1.4% after	0.60% from 2022
Pension growth rate	3.9% until 2023 and 1.0% after	0.30% from 2022
Retirement age	36 years of service with at least 60 years of age, with a maximum of 70 years of age. There is also the possibility of retirement at 59 years of age with 39 years of service or 58 years of age with 42 years of service.	36 years of service with at least 60 years of age, with a maximum of 70 years of age. There is also the possibility of retirement at 59 years of age with 39 years of service or 58 years of age with 42 years of service.

As defined under IAS 19 – "Employee benefits", the discount rate is determined on the basis of market rates on low risk bonds, with a similar maturity to Caixa's liabilities (15 years). In 2022, in view of the significant alterations in the main market benchmarks for fixing the discount rate between December 2021 and December 2022, CGD opted to increase its discount rate from 1.35% to 3.60% from a viewpoint of the pension fund's continuity, owing to the interest rate movements in international markets, namely those which determine the diverse reference rates calculated for updating actuarial liabilities.

Following a long period of falling interest rates in international markets, in particular risk-free issuers, a phenomenon of rate increases was observed across second half 2021. This was very pronounced across 2022, owing to a macroeconomic inflationary environment. The constraints on economic activity and global trade deriving from the pandemic were heightened by the invasion of Ukraine in February 2022 and reflected in a significant, across-the-board growth of international commodity prices.

In addition to the evolution of the military conflict in Ukraine reference should also be made to the way in which markets are reacting to the fiscal policies of the main European economies and the monetary policies of central banks have led to a relevant increase in the volatility of short term reference rates. CGD has accordingly set a lower discount rate than the main benchmarks, as a mitigating factor of the environmental effects noted in the market.

The assumptions regarding wage and pension growth rates were also revised upwards, especially for 2023, as a result of the already referred to constraints on economic activity in 2022 and their impact on the Portuguese economy, in fuelling uncertainty and higher inflation rates, particularly in the energy and food components.

CGD considers that it is possible to maintain the wage growth rate over the long term, i.e. at 0.9%, after 2024, as a threshold used in the June 2022 actuarial calculation that was in line with the most conservative assumption used in the market on the said date.

However, in view of the uncertain scenario and the conservative approach that has characterised CGD's policy in this regard, it was decided to incorporate a 50 bps margin in the referred to wage growth rate to accommodate the risk of future deviations, using, an assumed wage growth rate of 4.4% for 2023 and 1.4% for the following years.

Using the same approach regarding the assumption for the pensions growth rate, i.e. incorporating a 50 bps margin to accommodate any risk of deviations - a rate of 3.9% was set for 2023 and 1% for the following years.

As opposed to the trend observed across the period 2020 to 2022, greatly affected by the pandemic and whose future effects are still to be determined, in terms of mortality rates, CGD also continued to adopt a conservative approach to its calculation of post-employment benefits, by altering mortality tables in June 2022 to reflect an increase in average life expectancy compared to the previous rates.

A comparison between the actuarial and financial assumptions used to assess CGD's pension costs, for 2022 and 2021 and effective amounts is set out in the following table:

	31-12-2022		31-12-2021	
	Assumption	Real	Assumption	Real
Rate of return of fund asset	3.600%	(6.030%)	1.350%	5.610%
Salary growth rate	4.400%	2.140%	0.600%	0.850%
Pension growth rate	3.900%	1.480%	0.300%	0.350%

At December 31, 2022 (with the pension fund as a going concern) and December 31, 2021, liabilities for past services according to the actuarial studies, in addition to the funds available to cover them, amounted to:

	31-12-2022			31-12-2021		
	CGD	Other	Total	CGD	Other	Total
Past service liability						
Current employees	1,145,336	1,431	1,146,767	1,535,470	2,058	1,537,528
Retired and early retired employees	1,627,232	1,773	1,629,005	1,764,149	1,355	1,765,504
	2,772,568	3,204	2,775,772	3,299,619	3,413	3,303,032
Autonomous pension funds	3,306,871	990	3,307,861	3,558,698	1,089	3,559,787
Provision for pensions and similar charges	-	2,391	-	-	2,331	2,331
	3,306,871	3,381	3,307,861	3,558,698	3,421	3,562,118
Excess(+) / Deficit(-) of financing	534,303	177	532,088	259,079	8	259,086
Funding level	119.27%	105.52%	119.17%	107.85%	100.23%	107.84%

The Bank of Portugal's notice 4/2005 of February 28, sets out an obligation to fully finance liabilities for retirees and early retirees with a minimum financing level of 95% for liabilities for the past services of working employees.

At December 31, 2022, according to the fund manager's calculations, the fund was worth €3,306,871 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 2022, the financial coverage of liabilities for the plan and pensions was around 119%.

Information on the number of beneficiaries of CGD's employee pension fund, at December 31, 2022 and December 31, 2021 was as follows seguinte:

	31-12-2022	31-12-2021
Current employees	3,974	4,254
Retired and early retired employees	9,765	9,469
	13,739	13,723

Pension funds and provisions for pension and similar costs movements, in 2022 and 2021, were:

	CGD	Other	Total
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
Pensions paid	(76,791)	(52)	(76,843)
Net income of the pension fund	185,076	23	185,099
Other changes	(2,407)	(594)	(3,002)
Balances at December 31, 2021	3,558,699	3,421	3,562,119
Contributions paid			
Regular contributions			
By employees	17,652	-	17,652
By the entity	29,829	-	29,829
Pensions paid	(81,328)	(61)	(81,388)
Net income of the pension fund	(217,980)	23	(217,957)
Other changes	-	(2)	(2)
Balances at December 31, 2022	3,306,872	3,381	3,310,253

CGD's employees' pension fund, at December 31, 2022 and December 31, 2021 was managed by CGD Pensões – Sociedade Gestora de Fundos de Pensões, S.A.

The component parts of the worth of Caixa employees' pension fund, at December 31, 2022 and December 31, 2021 were as follows:

	31-12-2022	31-12-2021
Equity investments presented by activity sector		
Consumer industry	30,351	32,644
Manufacturing industry	68,549	79,893
Financial institutions	23,720	26,848
Healthcare	-	436
Energy	30,667	31,893
Telecoms	10,604	14,732
	163,891	186,447
Debt investments presented by issuer' credit rating		
AAA	255,772	269,936
AA	341,205	297,409
A	277,903	353,140
BBB	474,950	606,327
Not rated	104,055	119,121
	1,453,884	1,645,933
Equity instrument funds	1,075,086	1,005,626
Deposits in credit institutions	154,499	290,052
Real estate	420,390	401,368
Others (remaining)	39,120	29,271
Balances at the end of the year	3,306,871	3,558,698

At December 31, 2022, CGD employees' pension fund, as calculated by CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A. was worth €3,306,871 thousand.

The following is an analysis of shares and bonds at December 31, 2022 and December 31, 2021:

	31-12-2022	31-12-2021
Portuguese shares	84,547	82,267
Listed	100%	100%
Foreign shares	79,344	104,179
Listed	100%	100%
Fixed rate bonds	917,170	1,060,052
Listed	100%	100%
Floating rate bonds	536,714	585,881
Listed	100%	100%

CGD employees' pension fund rented out buildings to Caixa for the amount of €322,271 thousand and €330,439 thousand, at December 31, 2022 and December 31, 2021, respectively in addition to holding securities, issued by Caixa and investment units in property funds managed by CGD group companies for the amount of €344,202 thousand and €372,715 thousand, respectively.

CGD employees' pension fund had deposits of €154,499 thousand and €290,052 thousand with Caixa Geral de Depósitos, at December 31, 2022 and December 31, 2021, respectively.

The fund's assets are subject to interest rate, credit, equity market, property market, liquidity and foreign exchange risk.

The fund's investment policy involves exposure to the equities, bonds and property market in addition to alternative investments such as private equity and infrastructure funds.

The 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 as 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 to the scarcity of alternative, longer term maturity investments, has not made it possible to match the different asset categories to the average maturity of liabilities, based on an asset liability matching (ALM) approach.

Information on the change in spread between liabilities for past services and the pension fund in addition to its corresponding impact in the financial statements, at December 31, 2022 and December 31, 2021 is given below:

	31-12-2022			31-12-2021		
	CGD	Other	Total	CGD	Other	Total
Initial situation (I)	259.079	8	259.087	(52.912)	91	(52.821)
Current service cost	(43.320)	(104)	(43.424)	(66.015)	(154)	(66.169)
Expected return on pension fund assets	76.506	14	76.520	35.126	12	35.138
Interest cost	(63.527)	(358)	(63.885)	(35.600)	(384)	(35.984)
Normal cost of the exercise (Note 35)	(30.341)	(447)	(30.788)	(66.489)	(526)	(67.015)
Accrued liability for retirement before the normal retirement age (Note 35)	(7.986)	8	(7.978)	(6.406)	11	(6.395)
Change with impact on results (II)	(38.327)	(439)	(38.766)	(72.895)	(515)	(73.410)
Change in salary growth rate	(155.530)	-	(155.530)	-	-	-
Change in pension growth rate	(373.243)	-	(373.243)	-	-	-
Change in discount rate	1.230.336	-	1.230.336	-	-	-
Other deviations from responsibilities	(123.355)	273	(123.081)	179.232	(95)	179.137
Income deviations	(294.486)	334	(294.152)	149.950	527	150.477
Actuarial and financial deviations (III)	283.722	608	284.330	329.182	432	329.614
Regular contributions to CGD Pension Funds (IV)	29.829	-	29.829	55.704	-	55.704
Exercise situation before Extraordinary Contrib. (I) + (II) + (III) + (IV)	534.303	177	534.480	259.079	8	259.087

Liabilities deviations, on a CGD level, in 2022 and 2021, were as follows:

	31-12-2022	31-12-2021
Change in the salary growth rate	(155,530)	-
Change in pension growth rate	(373,243)	-
Change in the discount rate	1,230,336	183,219
Other actuarial gains and losses	(123,355)	(3,987)
	578,208	179,232

The occurrence of a liabilities deviation in December 2022, for an overall amount of around €578,000 thousand is mainly explained by the positive impact of the alteration of the discount rate (1.35% to 3.60%) as opposed to the negative impacts of the alteration of wage and pension growth rates and alteration of mortality tables.

Medical – social care

CGD Portugal's social services are responsible for the medical care services for its working employees and pensioners. Based on the new agreement between CGD and its social services (SS CGD) on April 30, 2021, there was a change in CGD's contributions to its social services from a fixed rate of 6.5% to a different fixed monthly amount depending on a subscriber's status (working, retired and other beneficiaries). CGD is also responsible for making contributions to its medical care services (SAMS) for former BNU employees, retiring up 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 are recognised in "Provisions" (note 24). The respective movements for 2022 and 2021 were:

Liabilities at December 31, 2020	524,845
Current service cost (Notes 24 and 35)	8,263
Effect of changing the Plan	(145,396)
Payments to SAMS and CGD's Social Services	(22,370)
Actuarial gains (Note 24)	(8,854)
Liabilities at December 31, 2021	356,488
Current service cost (Notes 24 and 35)	10,194
Payments to SAMS and CGD's Social Services	(21,294)
Actuarial gains (Note 24)	(36,157)
Liabilities at December 31, 2022	309,231

Other long term benefits

Beginning March 2020, CGD, as part of the alterations to the company agreement, replaced the seniority bonus by a career bonus, payable to each employee on the date of his/her retirement and comprising up to 1.5* times the amount of their remuneration. The liability of €8,167 thousand to meet this commitment at December 31, 2022 was recognised in "Other liabilities" (note 26).

Caixa pays a death grant for its working employees prior to the standard retirement age.

France branch also pays long term benefits to employees. Liabilities of €14,724 thousand and €15,427 thousand were assessed, at December 31, 2022 and December 31, 2021, respectively.

Actuarial profit and loss

Information on the evolution of CGD Headquarter's accrued actuarial profit and loss for 2022 and 2021 is given below:

	Actuarial gains and losses		Total
	Pensions	Health	
Balances at December 31, 2020	1,082,693	175,516	1,258,209
Actuarial deviations of the year			
For other reserves	(329,182)	(8,854)	(338,036)
Balances at December 31, 2021	753,511	166,662	920,173
Actuarial deviations of the year			
For other reserves	(283,722)	(36,157)	(319,879)
Balances at December 31, 2022	469,789	130,505	600,294

An analysis of 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 given below:

	31-12-2022		31-12-2021		31-12-2020		31-12-2019		31-12-2018	
	Retirement pensions	Medical plan	Retirement pensions	Medical plan	Retirement pensions	Medical plan	Retirement pensions	Medical plan	Retirement pensions	Medical plan
Liabilities	2,772,568	309,231	3,299,619	356,488	3,432,199	524,845	3,226,048	511,287	2,740,053	452,878
Value of the fund	3,306,871	-	3,558,698	-	3,379,287	-	3,004,575	-	2,611,946	-
Provisions	-	309,231	-	356,488	-	524,845	221,473	511,287	129,212	452,878
Under / (Over) financed liabilities	(534,303)	-	(259,079)	-	52,912	-	-	-	(1,105)	-
Gains / (Losses) resulting from liabilities	578,208	36,157	179,232	8,854	(191,431)	(44,554)	(417,396)	(67,078)	(29,767)	4,874
Gains / (Losses) resulting from the fund's assets	(294,486)	-	149,950	-	93,390	-	118,211	-	(114,281)	-
	283,722	36,157	329,182	8,854	(98,041)	(44,554)	(299,185)	(67,078)	(144,048)	4,874

Provisions

Provisions for the costs of employee benefits, at December 31, 2022 and December 31, 2021 comprised the following:

	31-12-2022	31-12-2021
CGD		
Provision for post-employment healthcare	309,231	356,488
Provision for labour suspension agreements (PH and ASPT)	82,621	79,969
Provisions for early retirement (PPR)	137,580	195,763
Provisions for mutually agreed terminations (RMA)	1,239	627
Liability of the France Branch	14,724	15,247
	545,395	648,094
Provision for pension and other liabilities		
Banco Comercial de Investimento, S.A.	2,391	2,331
Caixa Banco de Investimento	1,733	2,183
Caixagest	581	1,192
Caixa Imobiliária	705	580
Caixa Serviços Partilhados	1,748	1,528
Other	4,311	-
	11,470	7,814
Provision for post-employment healthcare		
Banco Comercial do Atlântico, S.A.	-	2,347
	556,864	658,255

CGD recognises a specific liability for the impact of the change to "non-working" status of employees with whom it has entered into redundancy agreements. CGD set up a provision for its early retirement programme in 2017 to cover the three year period 2018-2020, as an extension to the early retirement programme set up in 2017 to facilitate the exits of CGD and CGD group employees who, not being eligible for voluntary retirement, were interested in the possibility of early retirement. CGD extended the early retirement programme for an additional 3 years (2022 to 2024) in December 2021.

The respective liability recognised by CGD, at December 31, 2022 and December 31, 2021 amounted to €220,201 thousand and €275,732 thousand, respectively and is recognised in “Provisions” (note 24):

	31-12-2022	31-12-2021
Balances at the beginning of the year	658,255	725,478
Provisions recognised as employee costs:		
Healthcare – CGD (Note 35)	10,194	8,263
Labour suspension agreements (Note 35)	36,251	30,109
Mutually agreed terminations (Note 35)	4,353	5,164
Other expenses from other Group entities'	-	(145,396)
Actuarial gains and losses on post-employment healthcare liability	(36,157)	(8,854)
Other actuarial gains and losses	(305)	(1,764)
Other	2,990	2,666
	17,325	(109,812)
Increase, net of reversals, recorded by corresponding entry to “Provisions”	(59,141)	104,833
Payments to SAMS and CGD’s Social Services	(21,294)	(22,370)
Payment of labour suspension agreements and early retirement	(33,599)	(33,848)
Other payments	(4,793)	(6,716)
Other	110	689
Balances at the end of the year	556,864	658,255

Transfer of the current liabilities of CGD’s pension fund to Caixa Geral de Aposentações (CGA)

In conformity with its preliminary note of February 24, 2023, the Portuguese government published decree law 14/2023, transferring all liabilities covered by CGD’s pension fund (FPCGD) to CGA, including the extinguishing and liquidation of the FPCGD and Caixa’s payment to CGA of financial compensation for the transferred liabilities.

This operation was based on a conservative scenario with the technical support of the legal framework and actuarial studies carried out by an independent actuary, validated by the insurance and pension funds authority (ASF).

Whereas all of Caixa’s current and potential liabilities for which the fund is responsible will be transferred to CGA, including liabilities for pensions and current payments thereof in addition to new pensions and payments, the pension fund will be liquidated in accordance with the above referred to decree law, effective December 31, 2022.

Under the terms of IAS 19, CGD has already recognised the premium paid on the transaction, comprising the difference between the liabilities calculated on a going concern basis - €2,772,568 thousand (at a discount rate of 3.6%) and the amount defined in the operation – €3,018,340 thousand (at a discount rate of 3.2%), calculated on the basis of a settlement scenario in employee costs in its profit and loss statement for 2022, having accordingly recognised a cost of €245,772 thousand in 2022 (gross, for a net impact of around €178,554 thousand).

It should also be noted that, following the formal approval process of this legal statute, CGD took the necessary steps to dispose of most of the fund’s assets, including risk assets. On February 24, as the date upon which the decree law was promulgated, a considerable reduction in exposure to all asset classes, except for real estate, had already been achieved, as follows:

Asset Class (24-02-2023)	Fund Allocation			Change vs. 31-12-2022	
	31-12-2022	31-01-2023	24-02-2023	31-01-2023	24-02-2023
Equity	784,727	837,347	5,481	52,620	(779,246)
Bonds	1,610,220	1,626,503	350,484	16,284	(1,259,736)
Real Estate	621,551	620,896	621,061	(655)	(490)
Alternative Inv.	78,157	78,256	78,119	99	(38)
Money Market	212,217	216,772	2,333,854	4,555	2,121,637
Total	3,306,871	3,379,775	3,388,998	72,904	82,127

This operation entails an immediate cost for Caixa but eliminates the future actuarial risks associated with the pension fund.

Caixa's only risk up until the end of 2027 is associated with a CGA compensation mechanism for any deviations between the wage and pension growth rates used as assumptions in the operation and the effective rates. This compensation will be assessed in 2028 with data up to December 2027 subject to a maximum amount of €320,000 thousand.

According to IAS 37, Caixa's financial statements must recognise the contingent liability associated with this compensation mechanism. The assessment made in the context of the preparation of the financial statements for December 2022 has led to the conclusion that this mechanism has a zero value at this time, taking into account both Caixa's management capacity over the various remuneration components having an impact on the growth of the remuneration and pensions of beneficiaries as a whole, whose liabilities are being transferred to CGA and the degree of conservatism of the assumptions underlying the transfer:

- Wages − 4.4% in 2023 and 1.4% starting 2024 − compared to the assumption of 0.9% that CGD would use in a going concern scenario, taking historical data into account;

- Pensions − 3.9% in 2023 and 1% starting 2024 − compared to the assumption of 0.9% that CGD would use in a going concern scenario, taking historical data into account.

Caixa will assess the value of this contingent liability on a half-yearly basis as part of the preparation of its financial statements for disclosure purposes, recording a provision if a positive figure arises within the scope of that assessment.

37. Other administrative costs

This account comprises the following:

	31-12-2022	Restated 31-12-2021
Specialised services		
IT services	58,007	57,879
Safety and security services	6,488	5,455
Information services	6,289	5,812
Cleaning services	5,191	5,203
Contracts and service fees	6,156	3,943
Studies and consultancy	917	965
Other	53,260	48,547
Operating leases	7,326	5,861
Communications and postage	27,458	22,552
Maintenance and repairs	28,754	28,059
Advertising and publications	11,040	10,107
Water, energy and fuel	15,404	12,934
Transport of cash and other values	6,656	6,472
Travel, lodging and representation expenses	4,094	2,648
Standard forms and office supplies	3,448	3,531
Other	10,621	9,227
	251,110	229,195

Under the “Others” heading, emphasis should be given to services provided from staff to other group companies, consultancy services and outsourcing services.

38. Impaired assets

Information on impairment movements for the periods ended December 31, 2022 and December 31, 2021 is set out below:

		Reinforcements							
	Balances at 31-12-2021	New production	Remaining	Additions and reversals	Write-offs	Exchange differences	Transfers and others	Balances at 31-12-2022	Credit recovery, interest and expenses
Impairment of loans and advances to customers (Note 13)	2,314,429	116,088	830,353	(872,461)	(128,541)	14,046	(19,373)	2,254,541	(79,281)
Impairment of loans and advances to credit institutions (Note 6)	2,062	-	2,457	(3,599)	(0)	42	(65)	897	-
Impairment of financial assets at fair value through other comprehensive income (Note 8)	485	-	2,121	(2,333)	-	0	(110)	163	-
Impairment of financial assets at amortised cost (Note 12)	9,533	-	7,941	(610)	(49)	1,007	0	17,821	-
Impairment of other tangible assets	29,366	-	31,004	(22,700)	-	100	(1,768)	36,002	-
Impairment of intangible assets	13,037	-	-	-	-	-	2,413	15,450	-
Impairment of non-current assets held-for-sale (Note 14)									
Properties	213,090	-	30,207	(50,568)	(30,011)	946	(2,969)	160,695	-
Equipment	915	-	278	(160)	(370)	-	-	663	-
Subsidiaries	46,483	-	2,443	(6,085)	-	-	(5)	42,837	-
Other assets	257	-	63	-	-	10	(77)	254	-
Impairment of investments in associates and jointly controlled entities (Note 18)	439	-	-	-	-	-	0	439	-
Impairment of other assets (Note 20)	156,513	2	10,440	(8,448)	(8,867)	968	(1,014)	149,594	-
	472,181	2	86,954	(94,504)	(39,298)	3,073	(3,594)	424,814	-
	2,786,610	116,090	917,307	(966,965)	(167,839)	17,119	(22,968)	2,679,355	(79,281)

		Reinforcements							
	Balances at 31-12-2021	New production	Remaining	Additions and reversals	Write-offs	Exchange differences	Transfers and others	Balances at 31-12-2022	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)	0	-
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)	6,816	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)

Impairment on subsidiaries recognised as being held-for-sale at December 31, 2021 – BCG Brazil – amounted to €46,483 thousand.

Impairment of €42,837 thousand on BCG Brazil had also been declared at December 31, 2021 for the purpose of adjusting the equity value of these subsidiaries' assets and liabilities to its estimated respective fair value, net of disposal costs (note 14) at the said date.

The Impairment for the amount of around €24,125 thousand was used in 2022 following the sale of 2 properties (note 14).

The fact that increases of impairment on loans and advances to customers in 2022, were less than reversals and cancellations, in conjunction with asset write-offs, resulted in a reduction of the amount of impairment from €2,314,429 thousand at December 31, 2021 to €2,254,541 thousand at December 31, 2022. Reference should, herein, be made to the portfolio's positive reaction and particularly the reduction of exposure classified in additional risk stages mainly on account of the completion of credit recovery processes (stage 3 reduction), the finalising of credit cure periods in the case of recovery processes implemented in previous years (stage 2 and stage 3 reductions) and early loan repayments by several customers (across-the-board to the various stages).

Total impairment was in line with impairment on loans and advances to customers with a reduction of the total impairment balance from €2,786,610 thousand at the end of 2021 to €2,679,355 thousand at December 31, 2022.

Credit disposals, in 2022, originated the use of €61,128 thousand in impairment (note 13).

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 31-12-2021	246,050	320,690	1,747,689	2,314,429
Movements resulting from changes in the classification by stages	(2,873)	9,342	(6,469)	-
Stage 1 - Inputs / (outputs)	-	1,321	1,290	2,611
Stage 2 - Inputs / (outputs)	(1,704)	-	(7,760)	(9,464)
Stage 3 - Inputs / (outputs)	(1,169)	8,021	-	6,853
Movements resulting from changes in credit risk	25,101	266,218	(335,925)	(44,606)
Write-offs	(2,292)	(7,805)	(118,444)	(128,541)
Other changes	34,953	23,121	55,185	113,259
Balances at 31-12-2022	300,939	611,566	1,342,036	2,254,541

More detailed information on impairment on credit movements for 2022 are given in the chapter “Disclosures − financial instruments” (note 43).

39. Segment reporting

The group adopted the following business segments to comply with IFRS 8 − "Operating segments" and measurement of own funds requirements to cover operational risk, using the standard method under the terms of regulation (EU) 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 activity with personal customers, sole traders and micro enterprises. This segment also includes consumer credit, mortgage lending, credit cards and deposit-taking from personal customers.

- *Commercial banking*: Commercial banking includes lending activities and resource-taking from large enterprises and SMEs. This segment includes loans, current accounts, investment project finance, discounted bills, venture capital activity, factoring, equipment and property leasing and the underwriting of syndicated loans as well as loans and advances to the public sector.

- *Asset management*: Asset management includes activities associated with customer portfolio management, open-ended or closed end securities and property fund management and discretionary wealth management funds.

- *Corporate Finance*: Corporate finance includes activities related to acquisitions, mergers, restructuring operations, privatisations, subscriptions for and sales of securities (primary market), securitisations, preparation and organisation of syndicated loans (merchant banking – loan sales), investment management, market and corporate financial analyses and advisory services; and

- *Other*: This includes all activity segments not described in the above business areas, namely:

    - *Payment and settlement*: This includes payment operations and the issuance and management of means of payment;

    - *Agency services*: These services includes 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, sole traders and micro enterprises. Activities involving the receipt and transmission of orders on one or more financial instruments, processing of orders on behalf of customers and sales of financial instruments without underwriting operations, should be included;

    - *Activities of non-financial corporations*: This comprises the activities of commercial, industrial, technological and other companies.

Information on the distribution of profit and principal balance sheet aggregates, by business areas and geographies, at December 31, 2022 and December 31, 2021 is given below:

Business areas

	31-12-2022						
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate Finance	Other	Total
Net interest income	123,131	858,196	255,865	(0)	169,597	1,203	1,407,991
Income from equity instruments	1,036	244	201	12,587	32	-	14,099
Income from services rendered and commissions	74,488	183,563	71,166	6,413	42,386	377,967	755,983
Cost of services and commissions	(20,136)	(19,419)	(5,734)	(3,139)	(587)	(100,514)	(149,529)
Results from financial operations	204,868	228	1,512	(3,287)	(1,194)	13,919	216,046
Other net operating income	(2,220)	42,019	18,312	5,851	(14,422)	10,310	59,850
Net operating income from banking	381,167	1,064,831	341,323	18,425	195,811	302,885	2,304,441
Other income and expenses	-	-	-	-	-	-	(1,461,655)
Net income attributable to the shareholder of CGD							842,786
Cash balances and loans and advances to credit institutions (net)	24,129,202	571,191	1,100,050	-	1,321	1,714	25,803,479
Investments in securities and derivatives (net)	17,639,513	4,087	797,307	139,718	57	160,322	18,741,005
Loans and advances to customers (net)	-	33,730,572	17,047,378	-	-	-	50,777,949
Non-current assets held-for-sale	-	-	-	-	-	1,220,466	1,220,466
Investments in associates by the equity method	-	-	-	-	-	476,188	476,188
Total net assets	44,041,646	34,630,794	19,342,059	628,358	185,579	3,674,573	102,503,009
Resources of central banks and credit institutions	336,109	2,044	-	-	-	-	338,153
Customer resources	735	71,505,098	12,465,806	-	-	73	83,971,711
Debt securities	1,341,975	26,354	-	-	-	-	1,368,330

Restated

	31-12-2021						
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate Finance	Other	Total
Net interest income	420,602	267,710	145,493	4	154,566	(9,112)	979,263
Income from equity instruments	227	-	367	12,407	48	-	13,051
Income from services rendered and commissions	45,493	187,751	54,378	34,767	17,872	345,629	685,890
Cost of services and commissions	(19,110)	(15,131)	(717)	(3,010)	(663)	(85,739)	(124,370)
Results from financial operations	134,046	4,805	3,622	7,271	(2,569)	26,958	174,133
Other net operating income	(627)	6,299	4,665	10,455	790	(8,091)	13,491
Net operating income from banking	580,631	451,434	207,807	61,895	170,044	269,645	1,741,457
Other income and expenses	-	-	-	-	-	-	(1,158,095)
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

The financial information on 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. The "Other" segment includes investments in associates and joint ventures based on the equity accounting method and non-current assets and liabilities held-for-sale.

Geographies

	31-12-2022						
	Portugal	Rest of European Union	Latin America	Asia	Africa	Intragroup	Total
Net interest income	896,881	70,610	-	96,970	333,313	10,217	1,407,991
Income from equity instruments	111,217	-	23	32	795	(97,967)	14,099
Income from services rendered and commissions	641,339	32,641	-	23,095	75,150	(16,242)	755,983
Cost of services and commissions	(120,164)	(10,579)	-	(7,764)	(22,393)	11,371	(149,529)
Results from financial operations	166,126	42	-	4,353	52,481	(6,956)	216,046
Other net operating income	36,012	28,761	0	4,836	2,888	(12,646)	59,850
Net operating income from banking	1,731,411	121,474	23	121,522	442,234	(112,223)	2,304,441
Other income and expenses	-	-	-	-	-	-	(1,461,655)
Net income attributable to the shareholder of CGD							842,786
Cash balances and loans and advances to credit institutions (net)	22,719,434	649,173	-	1,960,312	1,745,704	(1,271,145)	25,803,479
Investments in securities and derivatives (net)	17,055,587	899	-	397,784	1,328,087	(41,352)	18,741,005
Loans and advances to customers (net)	43,586,435	2,573,049	-	3,229,546	1,433,119	(44,199)	50,777,949
Total net assets	89,041,038	3,313,370	287,978	6,985,812	5,609,350	(2,734,539)	102,503,009
Resources of central banks and credit institutions	1,138,551	11,481	-	125,390	18,236	(955,505)	338,153
Customer resources	72,938,325	2,884,824	-	4,694,936	3,786,632	(333,007)	83,971,711
Debt securities	1,341,975	26,354	-	-	-	-	1,368,330

Restated

	31-12-2021						
	Portugal	Rest of European Union	Latin America	Asia	Africa	Intragroup	Total
Net interest income	588,682	73,764	-	75,835	232,817	8,165	979,263
Income from equity instruments	92,388	-	-	48	438	(79,823)	13,051
Income from services rendered and commissions	582,125	33,220	-	25,262	58,008	(12,726)	685,890
Cost of services and commissions	(102,701)	(9,307)	-	(8,100)	(14,631)	10,369	(124,370)
Results from financial operations	165,602	29	-	5,121	30,231	(26,850)	174,133
Other net operating income	28,317	(4,961)	-	384	11,201	(21,450)	13,491
Net operating income from banking	1,354,413	92,746	-	98,549	318,063	(122,314)	1,741,457
Other income and expenses	-	-	-	-	-	-	(1,158,095)
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

The following is a breakdown of the contribution to group profit by business area, based on internal management criteria, for the periods ended December 31, 2022 and December 31, 2021:

	31-12-2022					
	Banking business in Portugal	International business	Investment banking	Insurance and healthcare	Intragroup	Total
Interest and similar income	1,212,471	683,498	17,099	-	(48,020)	1,865,048
Interest and similar costs	(319,855)	(182,981)	(1,929)	-	47,708	(457,057)
Income from equity instruments	833	478	201	-	12,587	14,099
Net interest income	893,448	500,996	15,371	-	12,275	1,422,091
Income from services rendered and commissions	584,731	130,886	14,396	-	25,970	755,983
Cost of services and commissions	(107,299)	(40,361)	(4,120)	-	2,250	(149,529)
Results from financial operations	146,548	56,876	17,826	-	(5,203)	216,046
Other net operating income	9,132	34,928	1,030	-	14,761	59,850
Net operating income	633,112	182,329	29,132	-	37,778	882,351
Net operating income from banking	1,526,560	683,325	44,503	-	50,054	2,304,441
Other income and expenses	(985,767)	(489,990)	(23,634)	35,833	1,902	(1,461,655)
Net income attributable to the shareholder of CGD	540,793	193,335	20,869	35,833	51,956	842,786

						Restated
	31-12-2021					
	Banking business in Portugal	International business	Investment banking	Insurance and healthcare	Intragroup	Total
Interest and similar income	969,509	507,485	15,292	-	(64,096)	1,428,190
Interest and similar costs	(384,943)	(125,836)	(2,005)	-	63,857	(448,927)
Income from equity instruments	215	305	367	-	12,164	13,051
Net interest income	584,781	381,954	13,654	-	11,925	992,313
Income from services rendered and commissions	527,306	116,490	16,355	-	25,738	685,890
Cost of services and commissions	(90,390)	(31,301)	(4,024)	-	1,346	(124,370)
Results from financial operations	115,737	35,381	27,917	-	(4,902)	174,133
Other net operating income	2,221	6,581	1,457	-	3,231	13,491
Net operating income	554,874	127,151	41,705	-	25,413	749,143
Net operating income from banking	1,139,655	509,105	55,359	-	37,338	1,741,457
Other income and expenses	(808,105)	(375,178)	(23,863)	38,525	10,525	(1,158,095)
Net income attributable to the shareholder of CGD	331,550	133,927	31,496	38,525	47,863	583,361

Information on the "Intragroup" column set out in the above tables includes balances between group companies eliminated in the consolidation process, in addition to other consolidation adjustments.

As regards business segments, reference should also be made to the effects of group 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 related entities.

The group's financial statements, at December 31, 2022 and December 31, 2021 include the following balances and transactions with related entities, excluding management bodies:

	31-12-2022			31-12-2021		
	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	6,938,876	294,167	66,627	6,857,263	370,865	55,000
Loans and advances to customers	476,707	538,835	134,469	29,543	591,232	142,675
Impairment of loans and advances to customers	-	27,467	997	-	31,223	18
Other assets	7	4,582	355,332	-	5,518	361,845
Liabilities						
Customer resources	7,448	354,831	388,025	6,683	346,093	310,577
Financial liabilities held-for-trading	233	1,864	2,985	233	16,702	142
Other liabilities	1,160	68,658	99,130	1,197	57,756	137,336
Guarantees given	1,500	549,161	36,397	3,810	488,623	39,619
Net income						
Interest and similar income	64,737	7,699	3,299	57,565	11,270	5,350
Interest and similar costs	-	7,135	875	-	7,395	192
Income from services rendered and commissions	10	8,290	83,065	52	82,873	5,028
Cost of services and commissions	-	329	32	15	2,059	524
Results from financial operations	(36,579)	(17,662)	2,991	(72,194)	(13,147)	(1,291)
Other operating income	(1)	376	24	(4)	269	108
General administrative costs	-	4	553	-	(6)	2,093

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, 2022 and December 31, 2021, does not include balances with regional or local govermment.

41. Lease agreements

Lease agreements at December 31, 2022 and December 31, 2021 were accounted for as follows:

	31-12-2022		
Leases	Property	Vehicles	Other
Amortisation costs of right-of-use assets in the period	33,188	2,069	-
Interest costs of lease liabilities in the period	4,861	31	534
Costs related to low-value leases	474	-	897
Carrying amount of right-of-use assets at the end of the period	165,199	1,680	54,345
Carrying amount of lease liabilities at the end of the period	(172,116)	2,381	(58,388)
Maturity of lease liabilities			
Up to one year	5,241	785	-
One to five years	31,517	882	55,753
Over five years	146,221	-	-
Gains recognised with leaseback contracts	4,693		

	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	-	814
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	(188,295)	(2,898)	-
Maturity of lease liabilities			
Up to one year	30,047	2,099	-
One to five years	105,286	911	-
Over five years	73,288	-	-
Gains recognised with leaseback contracts	3,095		

Interest received on financial lease agreements amounted to €5,427 thousand and €5,262 thousand at December 31, 2022 and December 31, 2021, respectively. On the same dates repayments of financing transactions based on lease agreements totalled €34,104 thousand and €13,482 thousand respectively.

Information on the distribution of the instalments of financial lease agreements in respect of the present value of minimum payments and financial income not obtained on December 31, 2022 and December 31, 2021 by period to maturity is as follows:

	31-12-2022					
	<= 3 months	> 1 year <= 6 months	> 1 year <= 2 years	> 2 years <= 5 years	> 5 years	Total
Minimum payments on finance lease	100,220	273,393	307,333	520,329	454,324	1,655,598
Residual value	3,235	15,815	18,293	48,733	82,251	168,326
Gross investment	103,455	289,207	325,625	569,062	536,574	1,823,924
Present value of minimum payments	85,056	232,532	262,988	435,773	375,754	1,392,103
Net investment	88,291	248,346	281,281	484,506	458,005	1,560,429
Unearned financial income	15,164	40,861	44,345	84,556	78,569	263,496

	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

42. Provision of insurance brokerage services

Total remuneration from the provision of insurance brokerage services, for 2022 and 2021, amounted to €80,175 thousand and €71,382 thousand, respectively, all of which cash commissions.

All remuneration, in 2022 and 2021, derived from the provision of insurance brokerage services for associate Fidelidade - Companhia de Seguros S.A., as itemised below:

BRANCH	31-12-2022	31-12-2021
Life insurance	58,823	58,623
Non-life insurance	21,353	12,760
	80,175	71,382

CGD recognised all commissions received on its sales of the life and non-life insurance products of Fidelidade - Companhia de Seguros S.A. by its branch office network as profit for the period, at the time of origination, recognised in “Income and costs of services and commissions” (note 32).

The balances receivable by Caixa from Fidelidade - Companhia de Seguros S.A. as commissions for brokerage services amounted to €19,239 thousand and €4,623 thousand at December 31, 2022 and December 31, 2021, respectively. Caixa’s activity as an insurance broker does not involve collecting any amounts related to customers’ payments of insurance contracts.

The nominal amount of Fidelidade’s financial insurance in force, sold over CGD counters totalled €7,264,543 thousand and €7,639,414 thousand at December 31, 2022 and December 31, 2021, respectively, mainly in respect of retirement savings plans (PPRs).

In spite of retaining a non-controlling equity stake in Fidelidade, CGD group does not have any direct involvement in the company’s investment policy nor does it have any contractual liability to customers for these products.

43. Disclosures relating to financial instruments

Management policies on financial risks inherent to the group's activity

CGD operates a centralised risk management model embracing the assessment and control of all of the group's credit, market and liquidity risks, based on the principle of the separation of functions between commercial and risk areas.

Credit risk

The credit risk attached to CGD's customer portfolio is overseen and controlled by the monitoring of indicators which are split up by type of product, customer segment, maturities, types of guarantee, level of exposure to the financial system, sector of activity and geography. The amount of large exposures vis-à-vis the maximum limits defined by supervisors is also analysed. CGD has implemented a system for the identification, assessment and control of risk on its credit portfolio, beginning at the time the loan is made and continually monitored across the lifetime of the operations.

CGD assesses the amount of impairment on each credit sub-portfolio on a monthly basis in its implementation of the international accounting standards by splitting them up into like-for-like risk segments and use of probabilities of default (PD) and migration to default and recoveries after default (loss given default − LGD) annually updated on the basis of historical information.

The credit portfolio was monitored by the credit risk division (DGR) which reviewed 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 daily monitoring operations on the credit portfolio. This system incorporates a series of rules and functionalities designed to promptly recognise risk events and enable work to begin on a series of corrective actions designed to regularise and recover credit:

(i) All customers have an associated risk level which is updated daily;

(ii) Retail customers on which more serious risk levels are identified are automatically allocated to specialised recovery areas; and

(iii) The measures taken to regularise the loan are identified, enabling their level of efficiency to be assessed.

The process is monitored and sent by the risk management division in a monthly report.

As part of the lending process, the credit risks division, which has corporate functions and reports directly to the executive committee, is responsible for decision-making and/or credit analysis functions on 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 assessment models in addition to quantitative and qualitative weighting factors on the customer/economic group and operation in question. The overall market environment 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 in 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 the management of each portfolio.

Market risk hedging operations are decided by portfolio or business unit managers, based on the need to comply 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 the underlying assets (basis point value − bpv, on interest rates) and other sensitivity indicators commonly used for share portfolios and usually referred to as "Greeks", are also used.

The reliability of the VaR (value at risk) model is monitored daily on the basis of a comparative analysis between value at risk and theoretical and real backtesting results. The number of exceptions obtained enables the model's accuracy to be assessed and the need for any necessary adjustments or calibrations. 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 on exposure to risk, based on their impact on the fair value of investments and the quantitative and qualitative suitability of CGD group's own funds. Stress tests are based on risk factor scenarios that, as a whole, represent situations that could originate extraordinary losses on portfolios subject to market risk. These factors specifically include events with a low possibility of occurrence associated with the principal types of risk, including various market and foreign exchange risk components. The scenarios used aim to identify the potential risk of extreme market conditions and the probabilities of occurrence not covered by VaR. Several of the scenarios accordingly aim to replicate the behaviour of financial variables to past events (i.e. crises) whereas others correspond to sensitivity analyses on 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 an individual 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 total open and currency positions.

Liquidity and balance sheet interest rate risk

Liquidity and balance sheet interest rate risk management policies are defined by the CALCO (Capital, Asset and Liability) committee. The risk management division's liquidity and balance sheet interest rate risk area measures, monitors and reports on the two types of risk.

The capital, assets and liabilities management board is the executive committee's decision-making arm responsible for the integrated assets and liabilities management process (ALM-asset liability management), which aims to achieve proactive balance sheet management and CGD group profitability. In the risk management domain, the ALM process normally focuses on liquidity and balance sheet interest rate risk, as a forum for the rapid dissemination of group-wide management information.

Liquidity risk management includes an analysis of the periods to maturity of different balance sheet assets and liabilities, evidencing cash inflow/outflow volumes for each bucket and respective liquidity gaps (spreads).

Liquidity risk management also includes stress tests based on an internally developed methodology 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 margins. The methodology used for this purpose aggregates all assets and liabilities sensitive to interest rate changes into time bands, in accordance:

(i) with periods to maturity for fixed-rate financial instruments, and

(ii) with periods up to the repricing of interest rates for variable-rate financial instruments.

The respective interest rate gaps for these time bands are then calculated to approximate the effects of interest rate changes on 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 of relevance to banking activity in addition to scenarios on the evolution of different market rates and expectations reflected in yield curves.

The long term or economic perspective on the assessment of interest rate risk aims to estimate the effect of adverse changes in interest rates on the economic value of capital. The methodology used for this purpose involves calculating the effective duration of assets and liabilities which are sensitive to changes in interest rates in addition to the respective duration gap, enabling the effect of interest rate changes to be matched to the economic value of capital.

Simulation techniques are also used to improve the reliability of the estimates obtained from the duration gap of the sensitivity of the economic value of capital. They include the assessment and respective estimation of all future cash flows on assets and liabilities sensitive to interest rate changes (i.e. full valuation).

Liquidity and balance sheet interest rate risks are based on a set of guidelines approved by the CALCO committee which includes the defining of limits on several significant exposure variables to such types of risk. The guidelines aim to ensure that CGD group is able to manage the return-risk trade-off for balance sheet management purposes and that it is also able to define a convenient exposure level and control the results of its risk policies and positions.

Credit Risk

Maximum exposure to credit risk

The following is a breakdown of the group's maximum exposure to credit risk at December 31, 2022 and December 31, 2021:

	31-12-2022	31-12-2021
Trading securities		
Public debt	650,676	322,719
Private debt	66,617	50,029
	717,293	372,748
Financial assets at fair value through profit or loss		
Public debt	1,251	-
Private debt	93	100
Credit and securities	81,689	98,999
	83,032	99,098
Financial assets at fair value through other comprehensive income (*)		
Public debt	1,546,130	4,824,506
Private debt	670,951	1,043,511
	2,217,081	5,868,017
Financial assets at amortised cost (*)		
Public debt	13,848,842	12,595,515
Private debt (a)	393,256	398,759
	14,242,097	12,994,274
Financial assets with repurchase agreement		
Public debt	-	7,828
	-	7,828
	17,259,504	19,341,965
Derivatives	378,973	423,440
Cash balances at other credit institutions	569,985	677,351
Loans and advances to credit institutions (*)	3,427,453	3,246,884
Loans and advances to customers (*)	50,738,296	50,187,698
Other debtors (*)	3,356,024	2,326,054
Other operations pending settlement	229,563	160,634
	58,700,294	57,022,061
Other commitments		
Personal/ Institutional guarantees given (**)		
Guarantees and sureties	2,768,542	2,580,569
Stand-by letters of credit	45,102	7,564
Open documentary credits	232,756	345,520
Irrevocable lines of credit	1,135,839	1,299,158
Securities subscription	1,485,175	1,227,469
Other irrevocable commitments	26,279	67,575
	5,693,693	5,527,855
Maximum exposure to credit risk	81,653,491	81,891,881

[*] Balances net of impairment [**] Balances net of provisions

(a) On December 31, 2022 and December 31, 2021, includes debt acquired from the European Union's Financial Stabilization Mechanism, in the amount of 100,000 Euros and 101,102 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 terms 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 ratings were used:

- Reduced risk (“AAA” – “BBB-“ or investment grade);
- Average risk (“BB+” – “B-“); and,
- High risk (“CCC+” – “C”).

The following table splits up the balance sheet amounts of loans and advances to credit institutions, at December 31, 2022 and December 31, 2021, considering the risk aggregating categories (reduced, average and high) associated with the external ratings and a counterparty’s country of origin:

	31-12-2022						
	Portugal	Rest of European Union	North America	Asia	Brazil	Other	Total
Reduced risk	145,529	1,129,780	-	951,073	-	532,610	2,758,991
Medium risk	-	-	-	247	10,184	100,668	111,099
High risk	-	-	-	-	-	431,442	431,442
No Rating	42	-	-	53,356	60,872	6,118	120,388
	145,570	1,129,780	-	1,004,676	71,056	1,070,838	3,421,920

	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

Credit quality of debt securities

The following table provides a breakdown of the book value of debt securities in the portfolio, net of impairment (excluding matured securities) based on the attribution of a rating (presented on a scale equivalent to Standard & Poor's and Fitch), by type of guarantor or issuing entity and by the guarantor's or issuing entity's geography, at December 31, 2022 and December 31, 2021:

	31-12-2022				
	Portugal	Rest of European Union	North America	Other	Total
Financial assets at fair value through profit or loss					
AA+ to AA-	-	2,976	1,980	-	4,956
A+ to A-	-	6,159	6,441	-	12,600
BBB+ to BBB-	32,439	9,170	11,551	7,359	60,519
BB+ to BB-	20,576	-	-	-	20,576
Not rated	618,734	1,251	-	-	619,985
	671,750	19,556	19,971	7,359	718,636
Issued by					
Governments and local authorities	650,676	1,251	-	-	651,927
Corporates	405	18,305	18,001	7,359	44,070
Financial institutions	20,576	-	-	-	20,576
Othet issuers	93	-	1,971	-	2,063
	671,750	19,556	19,971	7,359	718,636
Financial assets at fair value through other comprehensive income					
AAA	-	95,273	22,341	8,665	126,279
AA+ to AA-	14,207	172,875	-	87,714	274,796
A+ to A-	428	268,808	25,604	85,336	380,176
BBB+ to BBB-	803,118	177,493	9,620	13,060	1,003,291
BB+ to BB-	11,154	1,952	1,012	1,176	15,295
B+ to B-	-	2,325	-	-	2,325
Lower than B-	-	-	-	102,137	102,137
Not rated	58,180	219,543	33,972	1,088	312,782
	887,088	938,269	92,549	299,175	2,217,081
Issued by					
Governments and local authorities	859,410	550,611	-	102,137	1,512,158
Corporates	1,887	54,993	10,740	55,913	123,533
Financial institutions	23,745	329,242	47,837	140,122	540,947
Othet issuers	2,045	3,423	33,972	1,003	40,443
	887,088	938,269	92,549	299,175	2,217,081
Held-to-maturity investments					
AAA	-	584,591	93,563	-	678,154
AA+ to AA-	-	1,072,653	85,181	-	1,157,835
A+ to A-	-	1,044,184	9,672	78,862	1,132,717
BBB+ to BBB-	3,764,012	1,687,056	-	12,162	5,463,230
BB+ to BB-	-	-	-	63,663	63,663
B+ to B-	-	-	-	37,116	37,116
Lower than B-	-	-	-	688,773	688,773
No Rating	1,050,861	3,452,732	-	517,017	5,020,610
	4,814,873	7,841,217	188,416	1,397,592	14,242,097
Issued by					
Governments and local authorities	4,814,873	7,608,238	178,744	1,176,108	13,777,962
Corporates	-	-	-	134,453	134,453
Financial institutions	-	232,980	9,672	87,030	329,682
	4,814,873	7,841,217	188,416	1,397,592	14,242,097

	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

Exposure to the sovereign debt of peripheral eurozone countries

Information on the principal characteristics of the sovereign debt issuances of peripheral eurozone countries in Caixa’s and its subsidiaries’ portfolios at December 31, 2022 and December 31, 2021 is set out below:

	Book value net of impairment at 31-12-2022			Fair value	Fair value reserve	Rating
	Residual maturities					
	2023	After 2023	Total			
Financial assets at fair value trough profit or loss						
Portugal	612,541	38,136	650,676	650,676	-	
	612,541	38,136	650,676	650,676	-	
Financial assets at fair value through other comprehensive income						
Portugal	-	725,152	725,152	725,152	(36,605)	
Ireland	-	100,809	100,809	100,809	(13,467)	
Spain	-	137,180	137,180	137,180	(17,975)	
Italy	-	-	-	-	(554)	
	-	963,141	963,141	963,141	(68,602)	
Financial assets at amortised cost						
Portugal	50,000	4,484,390	4,534,390	4,172,264	-	
Ireland	-	980,000	980,000	877,391	-	
Spain	402,000	3,238,000	3,640,000	3,299,309	-	
Italy	-	850,000	850,000	813,282	-	
	452,000	9,552,390	10,004,390	9,162,246	-	
Total						
Portugal	662,541	5,247,678	5,910,218	5,548,093	(36,605)	BBB+
Ireland	-	1,080,809	1,080,809	978,200	(13,467)	AA-
Spain	402,000	3,375,180	3,777,180	3,436,489	(17,975)	A-
Italy	-	850,000	850,000	813,282	(554)	BBB
	1,064,541	10,553,667	11,618,207	10,776,064	(68,602)	

	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	

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, 2022 and December 31, 2021. Greater detail on the distinguishing elements of these categories together with their principal assumptions are provided in the "Fair value" column.

Credit riskde

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 management division's main functions also include:

(i) The prior, mandatory issuance of a risk opinion on the attribution of internal limits or consideration of operations not covered by the said limits on customers whose exposure (in terms of economic groups), rating or specific characteristics of the operation (or its proponent), so justifies (in accordance with internal regulations);

(ii) A redefinition of credit limits to be submitted to a more senior level whenever deemed advisable under the circumstances; and

(iii) The approval of the constitution/alteration of economic groups.

Credit decisions on the most relevant exposures are the responsibility of the board of directors, credit risks executive committee or credit board, depending upon the amounts involved in the exposure in question. Other operations are the responsibility of credit risk committees on a credit risk division level.

The submission of operations/limits for a decision of the board of directors requires the advance approval of the financial risks committee.

The risk management division is involved 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 subsidiaries;

(iii) The identification of customers at greater risk of default based on early warning signs;

(iv) The assessment and validation of individual impairment;

(v) A Determination of the expected credit loss (collective impairment) on all credit portfolio segments;

(vi) Assessment of compliance with the limits defined for major risks.

The risk management division may also submit the approval and review of the group's credit risk management policies and guidelines 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 for debt recovery optimisation purposes. The oversight process is regulated by an internal "credit oversight and recovery policy regulation".

CGD has implemented a workflow process across commercial, recovery and credit risk areas. The workflow classifies a customer's creditworthiness daily on the basis of pre-defined events and the level of severity of the probability of a default situation, automatically identifying customers in financial distress and in default.

All portfolio customers are segmented into one of the following categories:

- Performing customers without any additional risk events having been identified;
- Performing customers with early warnings which may indicate a greater probability of default;
- Customers registering serious events and a high probability of default who are classified as being in financial distress;
- Customers in a 24 months' probation period following the occurrence of a restructuring operation owing to its financial difficulties;
- Customers classified as being in default; and
- Customers classified as being in quarantine following actions taken to remedy default situations.

The workflow process incorporates operational measures which vary in line with the severity of the event and which provide the first line of defence based on mechanisms designed to actively prevent potential future defaults.

An automatic process immediately transfers customers from commercial to recovery areas whenever more serious events have been identified, to ensure that potentially more problematic cases are handled by specialised credit recovery managers.

When these more serious events involve 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 level of liabilities of the customers in question, based on a specific report produced by the risk management division.

The credit risk management division diagnoses the process as a whole as part of the credit portfolio oversight process and makes any necessary changes in line with its analysis of metrics and indicators, set out in monthly monitoring reports on credit portfolio quality which are examined monthly by the executive committee and quarterly by the risk committee.

1.1.3 Credit recovery

As soon as any arrears of payment have been noted, adequate steps are taken to recover the overdue credit to enable a settlement of the situation, in due compliance with the provisions of decree law 227/2012 (action plan for the risk of default ("PARI)"and extrajudicial procedures for the settlement of situations of default "PERSI") for loans and advances to personal customers. CGD's process was reviewed at the end of 2022 to respond to Decree-Law no. 80-A/2022.

Credit recovery consists of a series of CGD group actions on arrears of payment of one or more instalments of a credit operation. It is a fundamental function of CGD group's credit management and is implemented at the time of the first overdue payment of an instalment and across the whole of the rest of the loan's lifetime up to settlement.

Negotiated credit recoveries comprise three types of action by order of priority in terms of their application:

- Collection of payments in arrears;
- Restructuring solutions; and
- Terminal solutions not involving litigation.

Contacts with customers with a view to the settlement of overdue amounts at the initial credit collection phase are made by the call centre and the commercial area. If the initial contacts are not successful and the customer is in arrears for more than 30 days, the case is re-allocated to a recovery area with the objective of finding the most appropriate credit recovery solution.

In cases in which the negotiating process with a customer is not producing the desired effect for CGD group and its customers, credit recovery should move on to the litigation stage. This solution consists of the executing of assets or rights either mortgaged or pledged as loan collateral for the purpose of their judicial sale.

As an alternative 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 an asset, based on the write-off policy, as set out in an internal regulation, is made at a senior level when expectations of credit recovery are nil or highly residual and when all of the negotiating and, when applicable, legal proceedings have been taken with all of the parties involved in a loan agreement. Loans eligible for write-offs, when implying the full recognition of provisions and impairment, also include:

- Loans in arrears for more than 24 months; and

- Loans without a real guarantee.

3. Impairment reversal policy

The quantification of impairment losses is conditioned by the identification of events which indicate the deterioration of a counterparty's creditworthiness when having an impact on a loan's future cash flows.

In situations involving the occurrence of significant improvements in a debtor's creditworthiness and/or an adequate strengthening of real guarantees, the previously recognised loss is reduced to the level of the new calculated loss with a direct reversal of impairment.

Impairment is also reversed when loans are sold for a higher amount than their net impairment exposure.

4. Description of the implementation of restructuring measures 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 limits defined in internal regulations.

Recovery solutions always bear a customer's individual circumstances and CGD's best interests in mind, in line with three basic principles:

(i) *Impact on capital and cash flows.* The first aspect to be considered is the referred to process's impact on CGD group's invested capital and cash flows generated by the operation in the future. This impact should be measured by calculating the incremental NPV on processing the operation as opposed to a solution involving litigation (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 to 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 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. 2021/451 of December 17, 2020.

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 taking its construction potential into account); and

- Land without construction potential as its prime and best use.

The principal components of the valuation methodology on immovable assets in CGD group are:

(i) *Inspection of property*: Property is inspected when all new mortgage lending operations are entered into, with the objective of determining its presumed transaction price in a free market.

Certification of the value of an item of property is documented and includes, inter alia, copies of the plans, property registration booklet and description in the land registry, when supplied. These valuations are complemented by individual, direct in situ observations

(ii) An updated valuation of the property's worth by an appraiser: Mortgage lending operations whose contractual terms have been changed usually require a new valuation as if they were new operations.

In the case of non-performing credit, the amounts of real guarantees are examined and/or reviewed in line with the frequency defined in internal regulations; and;

(iii) Updated indexed amount: A review of property prices whenever there is sufficient data enabling a measurement to be made by this method by an internal CMVM-registered property appraiser. This methodology is used for residential or commercial properties, non-performing credit with a debtor balance of less than €300 thousand and, in the case of performing credit, a debtor balance of less than €500 thousand.

Valuation procedures for immovable assets:

- The staff complement 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, 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 management portal. The appraiser records the date of the visit and valuation report in the portal in a standardised format which includes the relevant documents for the valuation and photographs of the property.

Other collateral

In addition to the property, the following collateral is eligible for mitigating the calculation of credit impairment:

- Pledges over term deposits – assessed on the amount of the pledge;

- Pledges over bonds issued by CGD – assessed on the nominal value of the bonds; and

- Pledges over listed shares – assessed at market value at the calculation's reference date.

6. Type of principal judgments, estimates and hypotheses used to measure impairment

CGD's credit impairment model uses appropriate, well established 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 impairment measurement purposes but which involve judgments in defining the processes, namely:

(i) Historical information considered for modelling purposes (PDs, LGDs, collateral haircuts);

(ii) Workout period for the calculation of LGDs and multiple default assessment methodologies;

(iii) Portfolio segmentation criteria:

- *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, scoring level; and

- *Lending to corporates: 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 and rating*.

(iv) Loan conversion factors applied to off-balance sheet exposures;

(v) Defined exposure level and risk criteria for individual impairment assessments;

(vi) Criteria used to measure significant increases in risk from the time of the financial instrument's initial recognition, incorporating forward-looking 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 lending to corporate and personal customers. It also includes the provision of bank guarantees and irrevocable and revocable lines of credit, assessing each operation's risk profile which it classifies in the credit portfolio sub-segments defined on the basis of the operation's current and past performance.

The following concepts are used to calculate credit impairment:

(i) *Individual impairment*: This is based on an assessment of customers with individually significant exposures by filling in an impairment form and calculation template based on a going or gone concern approach; and

(ii) *Collective or parametric impairment*: This is automatically determined by the credit impairment model. Parametric calculations are performed on a level of each credit operation.

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:

- *Stage 3*: exposures with objective evidence of credit impairment, for operations in default;

- *Stage 2*: As exposures with a significant increase in credit risk (SICR) since initial recognition or with objective criteria of signs of impairment;

- *Stage 1*: exposures which cannot be classified in stages 2 or 3.

Stage 3 classification

For securities and investment portfolios in other credit institutions, the definition of stage 3 is in alignment with the ratings issued by external rating agencies and considers all exposures with a D rating.

The definition of stage 3 for the credit portfolio is in alignment with CGD's definition of default. The following events are considered:

- 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 of customers with individually significant exposures;

- Declaration of insolvency;
- An insolvency application, including PERs (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 a customer's financial difficulties, 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 a customer's financial difficulties, in a probation period, with arrears of more than 30 days, when classified as a non-performing exposure prior to the start of the probation period; and
- Restructured operations owing to a customer's financial difficulties in the event of loss events (in accordance with the defined materiality).

Although IFRS 9 -"Financial instruments" does not define a concept of default, CGD uses the same definition as for management purposes, on an internal credit risk level, incorporating the EBA's recommendations in its "Final Report on Guidelines on Default Definition" (EBA-GL-2016-07), issued on September 28, 2016. Past events for modelling purposes reflect the definition of default at the said date.

Stage 2 classification

Stage 2 credit classification is based on the observation of a significant increase in 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 change in the forward-looking lifetime PD since origination, weighted by a residual maturity in excess of a certain threshold; and

(ii) A relative change in the forward-looking lifetime PD since origination in excess of a certain threshold.

Stage 2 classification also considers objective criteria of signs of default, classifying an exposure at this stage, whatever the deterioration in credit risk, as follows:

- Credit overdue in CGD for more than 30 days but not classified as being in default;
- Operations restructured owing to financial difficulties which do not meet stage 3 classification criteria;
- POCI (purchased or originated credit-impaired) operations which do not meet stage 3 classification criteria;
- 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 PERs (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.

In this context, securities portfolios exposures that do not meet stage 2 or stage 3 criteria 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 PDs on a portfolio scoring and rating basis and PDs by sub-segment (purpose of loans and advances to personal customers and CAE (classification of economic activity) segment for loans to corporates and type of card for credit cards) applicable to the unrated portfolio;

(ii) *Lifetime default probability (PDLT)* - This is the probability of a loan defaulting up to the maturity of an agreement. Lifetime PDs are different for rated and unrated portfolios. In the case of rated portfolios, lifetime PDs are distinguished by the level of a customer's or operation's ratings. Lifetime PDs on unrated portfolios are different for customers or operations with:

- External signs accompanied by arrears of less than 30 days;
- Arrears of between 30 and 90 days and
- Restructured 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 LGDs are differentiated in line with the length of time the loan has been in default enables impairment losses to be differentiated by length of default. Some LGDs are differentiated on the basis of the type of collateral existing when impairment is assessed, and

(iv) *Exposure at default* (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 which is a credit conversion factor which measures the proportion of the off-balance sheet exposure which is converted into an equity exposure up to the date of default.

Estimations of risk factors, i.e. probabilities of default, include a forward-looking component based on macroeconomic scenarios which are updated every six months.

8. Indication of thresholds defined for individual analyses

The limits on individual impairment assessments, defined in an internal CGD group standard, take the specific characteristics of each group unit's diverse credit portfolios into account, with the objective of determining all exposures considered to be individually significant in each unit and the group. In the case of CGD and with reference to December 31, 2022, an individual analysis is performed on corporate customers whose exposure in conjunction with risk criteria, meets the following criteria:

- *Stage* 1: All customers with an exposure of €20 million or more or with an exposure of €10 million or more if the customer is showing signs of an increased risk (e.g. early warnings) or has a rating of less than 12 (on a scale of 1 to 15 excluding default);
- *Stage* 2: All customers with an exposure of €10 million or more or €3 million or more if the customer shows signs or warnings of increased risk (e.g. early warnings or more serious events) or has a rating of less than 12 (on a scale of 1 to 15 excluding default);
- *Stage* 3: Stage 3. All customers with an exposure of €3 million or more.

9. Policy on 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 defaulting customers had previously been allocated to recovery area managers, there were no breaks in the negotiating process which is initiated at the time of the transfer of customers from commercial to recovery areas.

The recovery solution considered most adequate to customers' and CGD's interests is applied, on the basis of an analysis, with litigation for credit recovery purposes as a last resort.

10. General description of the formo f calculating the presente value of future cash flows for individual and collective impairment loss assessments

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 the 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 estimations of the future cash flows of customers with signs of loss are less than the contractual cash flows. The amount of the impairment, in such cases, is consequently adjusted.

One of the following approaches is used to determine 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 determine whether they are sufficient to pay off 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:

- The company's future operating cash flows are material and can be adequately estimated; and
- 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 involving the termination of the activity of a company whose collateral is executed and when the company's operating cash flows therefore cease to exist. The application of this approach is considered when at least one of the following situations occurs:

a) When the customer's exposure has been overdue for a considerable length of time with the presumption that the gone concern approach should be applied when the loan has been overdue for more than 18 months;

b) When estimated future operating cash flows are residual or negative or less than the estimated amount of the collateral and clearly insufficient to enable the customer to service its debt;

c) When the exposure is highly collateralised and the collateral is essential for producing cash flow

d) When the application of a going concern approach would have a material, negative impact on the recoverable amount as opposed to a gone concern approach;

e) When there is a high level of uncertainty over estimated future cash flows, namely when EBITDA over the last few years has been negative; and

f) When the available information for a going concern analysis is insufficient.

A mixed approach can be adopted in several situations, considering 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 determine the recoverable amounts.

Collective impairment

For stage 1 operations, the expected credit loss *ECL*([3]) considers a 12 months' loss and is calculated by the following formula:

For stage 2 operations lifetime credit losses are calculated by the following formula:

In which r represents the original interest rate and SR represents the default's survival probability.

Given that the stage 3 concept is aligned with the internal default concept, a lifetime PD of 100% is considered. Expected losses on stage 3 operations are therefore given by the following formula:

Credit losses should also derive from the losses calculated on the basis of three possible macroeconomic scenarios (central, pessimistic and optimistic), weighted by the probabilities of each scenario's occurrence.

Quantitative

The following tables provide information on the loans and advances to customers portfolio and property received in kind or repossessed, based on the contents applicable to the group's activity.

Information on exposures and impairment, by segment, at December 31, 2022 and December 31, 2021 is set out below:

	Exposure in 31-12-2022				Impairment in 31-12-2022			
	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	3,638,737	25,804	4,529	3,669,070	2,811	283	203	3,297
Other financial institutions	252,678	54,831	3,838	311,347	4,803	4,462	935	10,200
Non-financial institutions	15,201,140	2,284,500	1,265,896	18,751,537	198,250	460,963	898,001	1,557,214
Small and medium institutions	8,373,044	1,604,302	897,840	10,875,187	116,142	265,902	640,619	1,022,663
Commercial real estate	3,024,790	480,989	285,992	3,791,771	20,691	74,641	142,585	237,917
Others	5,348,254	1,123,314	611,848	7,083,416	95,451	191,261	498,034	784,747
Other institutions	6,828,095	680,198	368,056	7,876,349	82,108	195,060	257,382	534,551
Commercial real estate	747,978	26,383	85,875	860,237	8,250	966	52,986	62,202
Others	6,080,117	653,815	282,181	7,016,113	73,858	194,095	204,396	472,348
Households	28,243,055	1,502,168	555,314	30,300,537	95,074	145,859	442,897	683,830
Mortgage loans with property mortgage	26,103,882	1,267,097	240,017	27,610,997	82,534	120,171	179,198	381,903
Consumption	1,395,494	125,016	59,135	1,579,644	8,817	14,312	42,211	65,340
Others	743,679	110,055	256,162	1,109,896	3,724	11,375	221,488	236,587
	47,335,610	3,867,303	1,829,578	53,032,491	300,939	611,566	1,342,036	2,254,541

(1): EAD = *Exposure at Risk*; PD = *Probability of Default*; LGD = *Loss Given Default*.

	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	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

Information on exposures and impairment, between performing and non-performing operations, at December 31, 2022 and December 31, 2021 is set out below:

	Exposure in 31-12-2022										Impairment in 31-12-2022							
	Performing			Non-Performing							At Performing Exposures	At Non-Performing Exposures						
	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	3,650,908	13,633	3,664,541	2,124	-	576	1,056	774	4,529	3,669,070	3,094	203	-	-	-	-	203	3,297
Other financial institutions	303,715	3,793	307,509	13	2	3,256	567	0	3,838	311,347	9,265	2	0	0	782	151	935	10,200
Non-financial institutions	17,361,458	124,182	17,485,640	777,167	44,195	56,716	300,657	87,162	1,265,896	18,751,537	659,213	518,134	24,763	37,287	251,343	66,475	898,001	1,557,214
Small and medium institutions	9,901,696	75,651	9,977,347	466,657	39,305	53,966	256,208	81,704	897,840	10,875,187	382,044	313,237	20,198	34,557	209,745	62,883	640,619	1,022,663
Commercial real estate	3,487,211	18,568	3,505,779	146,391	9,073	11,710	75,557	43,261	285,992	3,791,771	95,332	52,292	3,658	4,187	51,739	30,710	142,585	237,917
Others	6,414,485	57,083	6,471,568	320,267	30,231	42,256	180,651	38,443	611,848	7,083,416	286,713	260,945	16,541	30,370	158,005	32,173	498,034	784,747
Other institutions	7,459,762	48,532	7,508,294	310,510	4,890	2,750	44,448	5,458	368,056	7,876,349	277,169	204,897	4,564	2,730	41,599	3,592	257,382	534,551
Commercial real estate	767,902	6,460	774,361	77,961	-	2	3,322	4,590	85,875	860,237	9,216	47,600	-	2	2,270	3,114	52,986	62,202
Others	6,691,860	42,072	6,733,932	232,548	4,890	2,748	41,126	868	282,181	7,016,113	267,953	157,297	4,564	2,729	39,329	478	204,396	472,348
Households	29,651,836	93,387	29,745,222	184,226	20,226	26,128	96,569	228,166	555,314	30,300,537	240,933	131,439	12,250	18,335	73,327	207,545	442,897	683,830
Mortgage loans with property mortgage	27,303,720	67,259	27,370,979	112,663	11,086	12,556	68,336	35,376	240,017	27,610,997	202,705	84,384	7,047	7,920	49,994	29,854	179,198	381,903
Consumption	1,503,903	16,606	1,520,509	10,101	5,683	10,789	14,732	17,829	59,135	1,579,644	23,129	8,263	3,569	9,018	13,113	8,248	42,211	65,340
Others	844,213	9,521	853,734	61,463	3,456	2,783	13,501	174,961	256,162	1,109,896	15,099	38,792	1,634	1,397	10,220	169,444	221,488	236,587
	50,967,918	234,995	51,202,912	963,531	64,423	86,675	398,848	316,102	1,829,578	53,032,491	912,505	649,777	37,013	55,623	325,452	274,171	1,342,036	2,254,541

	Exposure in 31-12-2021										Impairment in 31-12-2021							
	Performing			Non-Performing							At Performing Exposures	At Non-Performing Exposures						
	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	3,556,303	8,766	3,565,069	3,305	-	1,006	-	797	5,107	3,570,176	7,001	36	-	-	-	-	36	7,037
Other financial institutions	290,547	2,986	293,533	19	2,755	323	1,267	1,021	5,385	298,918	13,948	2	1,681	199	586	945	3,413	17,361
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	676,782	579,046	38,748	23,552	250,732	85,324	977,402	1,654,184
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	500,473	341,989	28,663	22,135	192,950	61,861	647,598	1,148,071
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	115,311	60,039	21,505	7,054	68,643	32,498	189,739	305,050
Others	6,684,818	75,679	6,760,497	444,323	14,618	23,602	169,167	43,425	695,134	7,455,631	385,161	281,950	7,158	15,080	124,307	29,364	457,859	843,020
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	176,310	237,057	10,085	1,417	57,782	23,463	329,804	506,114
Commercial real estate	989,597	585	990,182	26,910	3,592	228	7,614	9,689	48,033	1,038,215	22,806	15,252	1,868	227	6,292	8,686	32,325	55,131
Others	6,362,230	26,780	6,389,010	384,119	10,974	1,364	58,199	17,903	472,560	6,861,570	153,504	221,805	8,217	1,190	51,490	14,777	297,479	450,983
Households	29,032,654	84,045	29,116,699	200,562	20,439	24,828	143,112	261,265	650,206	29,766,906	223,469	102,249	7,626	13,053	74,205	215,245	412,378	635,846
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	178,388	55,324	3,983	4,118	53,760	38,320	155,504	333,892
Consumption	1,314,561	12,618	1,327,179	7,635	5,008	10,917	16,076	11,274	50,909	1,378,089	21,193	5,663	2,413	7,450	11,121	5,217	31,864	53,057
Others	845,147	9,123	854,270	64,255	2,672	2,937	15,623	183,850	269,336	1,123,606	23,888	41,262	1,231	1,485	9,324	171,708	225,009	248,898
	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	921,201	681,332	48,055	36,803	325,524	301,514	1,393,228	2,314,429

Information on the credit portfolio, by segment and year of production at December 31, 2022, is given below:

	Government			Other financial institutions			Non-financial institutions			Non-financial institutions: of which commercial real estate			Households: of which loans with mortgage property			Households: of which 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																					
2007 and before	807	691,838	171	12	388	4	4,274	1,163,682	379,237	715	528,565	117,710	253,238	7,894,079	213,350	117,455	538,249	222,775	375,786	10,288,237	815,537
2008	78	832,091	115	23	51,968	3,884	1,127	765,575	113,661	255	285,112	20,340	28,513	1,418,794	37,089	16,937	55,392	5,033	46,678	3,123,821	159,782
2009	56	101,938	0	8	91	0	1,050	220,196	70,438	219	129,324	29,678	25,058	1,470,758	32,536	19,261	50,741	5,872	45,433	1,843,724	108,847
2010	34	28,537	3	10	178	1	1,174	252,913	50,107	209	36,764	12,549	18,343	1,221,930	24,602	20,929	61,856	7,133	40,490	1,565,414	81,845
2011	12	21,432	90	8	121	1	943	151,618	29,069	178	59,082	8,491	8,029	506,687	10,937	14,763	39,615	2,228	23,755	719,473	42,326
2012	2	2,639	-	4	78	0	992	155,069	37,298	177	29,184	9,042	3,387	211,511	3,956	11,916	40,066	9,209	16,301	409,364	50,463
2013	9	29,833	6	5	217	151	1,443	204,566	65,021	173	24,668	5,379	3,584	239,965	4,937	52,535	60,973	3,274	57,576	535,555	73,389
2014	12	198,224	815	9	15,147	386	2,442	589,310	236,087	324	104,501	16,306	4,586	354,453	6,019	15,985	50,339	3,387	23,034	1,207,473	246,693
2015	28	26,432	5	9	520	2	3,645	981,798	209,386	537	142,547	26,333	8,260	654,339	9,365	18,626	77,934	8,545	30,568	1,741,024	227,303
2016	67	239,602	1,448	13	73,239	1,836	4,507	998,318	99,326	654	129,661	10,486	9,556	790,886	4,417	24,485	74,490	8,188	38,628	2,176,535	115,215
2017	49	73,715	301	13	4,415	154	6,259	641,282	60,851	919	105,280	9,673	10,756	938,963	4,257	27,741	96,251	4,578	44,818	1,754,626	70,140
2018	65	40,052	60	23	267	1	6,703	967,398	28,015	883	143,187	3,723	13,843	1,408,602	4,952	27,977	100,942	1,475	48,611	2,517,261	34,504
2019	61	160,455	20	41	772	16	9,615	1,863,561	36,453	1,679	721,355	9,481	17,556	1,832,220	7,359	38,516	164,102	4,726	65,789	4,021,111	48,573
2020	127	404,410	57	36	21,353	569	16,042	2,569,710	48,672	2,574	658,718	6,703	19,763	2,284,118	7,536	55,792	254,551	5,543	91,760	5,534,142	62,378
2021	129	382,441	36	45	76,249	2,166	13,547	2,372,001	32,822	2,576	654,358	6,635	26,827	3,300,727	6,394	62,713	421,175	5,676	103,261	6,552,594	47,094
2022	107	435,433	168	62	66,342	1,031	19,478	4,854,537	60,769	3,160	899,702	7,591	24,074	3,082,963	4,200	147,931	602,864	4,286	191,652	9,042,138	70,454
	1,643	3,669,070	3,297	321	311,347	10,200	93,241	18,751,537	1,557,214	15,232	4,652,008	300,119	475,373	27,610,997	381,903	673,562	2,689,540	301,927	1,244,140	53,032,491	2,254,541

Information on the amount of gross credit exposure and impairment by segment at December 31, 2022 and December 31, 2021, is as follows:

	31-12-2022													
	Government		Other financial institutions		Non-financial institutions		Non-financial institutions: of which commercial real estate		Households: of which loans with mortgage property		Households: of which consumption and other purposes		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Evaluation														
Individual	904	10	-	-	764,744	532,040	195,594	91,463	1,895	1,133	305,297	189,075	1,072,840	722,258
Collective	3,668,166	3,287	311,347	10,200	17,986,793	1,025,174	4,456,414	208,656	27,609,102	380,770	2,384,243	112,852	51,959,651	1,532,284
	3,669,070	3,297	311,347	10,200	18,751,537	1,557,214	4,652,008	300,119	27,610,997	381,903	2,689,540	301,927	53,032,491	2,254,541

	31-12-2021													
	Government		Other financial institutions		Non-financial institutions		Non-financial institutions: of which commercial real estate		Households: of which loans with mortgage property		Households: of which 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

Information on the amount of gross credit exposure and impairment by sector of activity at December 31, 2022 and December 31, 2021, is as follows:

	31-12-2022			
	Credit exposure			
	Gross carrying amount	Of which with forbearance measures	Of which non-performing	Accumulated impairment
Activity sector				
Agriculture, forestry and fishing	379,087	48,255	56,874	42,574
Extraction industries	107,980	7,704	17,997	14,757
Manufacturing	2,756,821	203,290	265,015	305,775
Production and distribution of electricity, gas, steam and air conditioning	693,299	27,938	804	26,395
Water supply	195,849	53,841	13,181	22,380
Construction	1,984,026	205,297	199,001	167,232
Wholesale and retail trade	2,748,544	121,593	129,273	161,262
Transport and storage	1,297,400	298,896	83,066	177,378
Accommodation and food service activities	939,143	204,366	59,816	144,764
Information and communication	206,214	8,894	12,403	12,099
Real estate activities	2,641,892	265,475	186,567	149,158
Consulting, scientific, technical and similar activities	2,680,223	153,497	122,402	170,440
Administrative and support services activities	417,065	34,178	31,762	33,416
Public administration and defense, compulsory social security	790	92	-	18
Education	107,131	27,816	15,154	14,440
Human health services and social action activities	247,161	13,919	9,626	13,664
Arts, entertainment and recreation	101,521	11,938	9,789	33,036
Other services	1,247,390	120,256	53,166	68,425
Public administrations	3,669,070	685,337	4,529	3,297
Other financial activities	311,347	11,518	3,838	10,200
Households: of which mortgage loans with property mortgage	27,610,997	1,286,166	240,017	381,903
Households: of which consumption	1,579,644	53,291	59,135	65,340
Households: of which others	1,109,896	284,437	256,162	236,587
	53,032,491	4,127,993	1,829,578	2,254,541

	31-12-2021			
	Credit exposure			
	Gross carrying amount	Of which with forbearance 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: of which mortgage loans with property mortgage	27,265,211	1,326,905	329,961	333,892
Households: of which consumption	1,378,089	34,285	50,909	53,057
Households: of which others	1,123,606	307,647	269,336	248,898
	52,498,093	3,941,241	2,170,043	2,314,429

Information on the fair value of collateral underlying the non-financial corporations and household credit portfolio: of which mortgage loans with a pledge on the property at December 31, 2022 and December 31, 2021 is as follows:

	31-12-2022													
	<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	613,914	363,317	462,237	264,097	1,881,541	948,797	2,967,002	471,645	2,291,796	482,267	1,234,724	647,670	9,869,063	632,035
Non-financial institutions: of which commercial real estate	159,171	96,201	156,791	97,431	775,034	422,383	355,097	170,764	551,378	308,262	478,107	221,359	976,983	405,322
Households: of which loans with mortgage property	55,455,150	37,660,021	3,166,712	1,304,231	884,743	401,764	174,294	10,185	145,327	1,277	133,102	681	78,339	44
	56,228,235	38,119,539	3,785,741	1,665,760	3,541,319	1,772,944	3,496,394	652,594	2,988,501	791,807	1,845,933	869,711	10,924,385	1,037,401

	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: of which 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: of which 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

Details on the restructured loan portfolio by the application of the deferral method (Forborne) at December 31, 2022 and December 31, 2021, are as follows:

	31-12-2022											
	Performing loans				Non-performing loans				Total			
	Number of operations	Exposure	Individual impairment	Collective impairment	Number of operations	Exposure	Individual impairment	Collective impairment	Number of operations	Exposure	Individual impairment	Collective impairment
Measure												
Credit term extension	2,883	827,029	342	49,983	1,519	165,081	54,644	82,342	4,402	992,110	54,986	132,325
Grace period	598	187,494	-	20,737	292	31,667	2,120	18,388	890	219,162	2,120	39,125
Interest rate changes	293	646,719	-	155,674	315	320,162	274,541	22,044	608	966,881	274,541	177,718
Other	6,452	1,439,363	-	168,734	6,564	510,477	210,200	179,290	13,016	1,949,840	210,200	348,024
	10,226	3,100,605	342	395,128	8,690	1,027,388	541,505	302,064	18,916	4,127,993	541,847	697,192

	31-12-2021											
	Performing loans				Non-performing loans				Total			
	Number of operations	Exposure	Individual impairment	Collective impairment	Number of operations	Exposure	Individual impairment	Collective impairment	Number of operations	Exposure	Individual impairment	Collective impairment
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

Information on additions to and exits from the deferred credit portfolio (Forborne) for the period ended December 31, 2022 and in 2021, is given below:

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
Credits with deferral measures in the period (Forborne)	866,507
Accrued interest on credit with deferral measures (Forborne)	13,304
Credits with deferral measures liquidation (Forborne), partial or total	(767,221)
Credits reclassified from "with deferral measures" (Forborne) to "normal"	(32,958)
Other	107,119
Balance of restructured loans (gross of impairment) at 31-12-2022	4,127,993

Details on the credit portfolio by LTV ratio at December 31, 2022 and December 31, 2021 are set out below:

	31-12-2022					
	Exposure			Impairment		
Segment / Ratio	Performing	Non-Performing		Performing	Non-Performing	
Non-financial institutions	17,485,640	1,265,896	18,751,537	659,213	898,001	1,557,214
With no associated collateral	13,033,466	910,222	13,943,688	547,924	685,604	1,233,528
< 60%	2,670,001	207,269	2,877,270	78,533	121,475	200,008
>= 60% and < 80%	337,774	26,089	363,862	3,681	17,156	20,836
>= 80% and < 100%	849,968	44,281	894,249	12,147	22,480	34,626
>= 100%	594,431	78,036	672,468	16,929	51,286	68,216
Commercial real estate	4,280,141	371,867	4,652,008	104,548	195,571	300,119
With no associated collateral	284,282	87,769	372,051	2,457	27,656	30,113
< 60%	2,461,294	167,705	2,628,999	74,334	98,475	172,809
>= 60% e < 80%	255,403	20,529	275,932	2,880	13,839	16,718
>= 80% e < 100%	712,289	30,561	742,850	8,781	12,605	21,386
>= 100%	566,873	65,303	632,176	16,096	42,996	59,092
Households: of which loans with property mortgage	27,370,979	240,017	27,610,997	202,705	179,198	381,903
< 60%	13,121,792	118,561	13,240,353	73,900	83,755	157,655
>= 60% and < 80%	11,270,726	63,648	11,334,374	90,433	50,756	141,189
>= 80% and < 100%	2,806,602	38,094	2,844,696	34,126	28,621	62,747
>= 100%	171,859	19,714	191,574	4,247	16,065	20,312
Households: of which consumption and other	2,374,243	315,297	2,689,540	38,228	263,699	301,927
With no associated collateral	2,093,015	235,169	2,328,183	33,505	218,279	251,784
< 60%	167,372	7,527	174,899	2,212	2,485	4,697
>= 60% and < 80%	68,545	47,182	115,727	1,503	31,176	32,679
>= 80% and < 100%	20,864	5,741	26,606	646	3,377	4,023
>= 100%	24,448	19,678	44,125	361	8,382	8,743
Other financial institutions	307,509	3,838	311,347	9,265	935	10,200
With no associated collateral	237,513	825	238,338	5,607	632	6,239
< 60%	31,856	3,013	34,869	1,321	303	1,624
>= 60% and < 80%	34,944	-	34,944	2,066	-	2,066
>= 80% and < 100%	647	-	647	1	-	1
>= 100%	2,548	-	2,548	271	-	271
Government	3,664,541	4,529	3,669,070	3,094	203	3,297
With no associated collateral	3,594,434	3,529	3,597,963	2,927	203	3,130
< 60%	6,573	-	6,573	29	-	29
>= 60% and < 80%	15,544	-	15,544	132	-	132
>= 80% and < 100%	33,953	-	33,953	1	-	1
>= 100%	14,037	1,000	15,037	5	-	5
	51,202,912	1,829,578	53,032,491	912,505	1,342,036	2,254,541

Segment / Ratio	31-12-2021					
	Exposure			Impairment		
	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: of which 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: of which consumption and other	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

Details on the fair value and net accounting value of property and equipment received in kind or repossessed by type of asset and seniority at December 31, 2022 and December 31, 2021 are set out below:

Asset	31-12-2022		
	Number of real estate	Assets' fair value	Book value
Land			
Urban	118	39,001	9,001
Rural	42	1,243	522
Under construction buildings			
Commercial	22	4,961	2,775
Housing	77	12,080	6,475
Concluded buildings			
Commercial	558	111,957	57,185
Housing	1,069	105,628	53,487
Other	21	14,335	1,235
Other	41	1,644	1,099
	1,948	290,851	131,779

Time elapsed since the initial recognition / repossesssion	31-12-2022				
	< 1 year	>= 1 year < 2.5 years	>= 2.5 years < 5 years	>= 5 years	Total
Land					
Urban	56	3,058	791	5,096	9,001
Rural	2	293	155	72	522
Under construction buildings					
Commercial	34	1,652	209	880	2,775
Housing	339	128	2,543	3,464	6,475
Concluded buildings					
Commercial	6,805	8,547	10,643	31,190	57,185
Housing	11,181	6,286	19,316	16,705	53,487
Other	1,216	-	15	4	1,235
Other	244	367	14	473	1,099
	19,877	20,331	33,686	57,885	131,779

Asset	31-12-2021 Number of real estate	Assets' fair value	Book value
Land			
Urban	167	65,131	31,311
Rural	46	1,531	577
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
	2,513	372,270	188,890

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	2,758	15,881	31,311
Rural	75	247	191	64	577
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	68,252	64,992	188,890

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.* This 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*": The non-financial corporations sector, comprising institutional units with their own legal personality whose principal activity consists of producing non-financial goods and services; and
- *"CRE": (construction and real estate).* Economic activity related to the "construction" or "property activities" sectors, according to the respective CAE (classification of economic activities) release 3;
- *"Household sector".* This 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 sole traders as members of individual companies and companies of persons not having a legal personality which are mercantile producers;
- *"Personal − housing".* The household sector, comprising mortgage loans;
- *"Personal − consumption and other purposes" household sector*. The purpose of the credit is not mortgage loans (usually consumer credit); and
- *"Other – other financial corporations":* financial institutions sector. This includes institutional units with their own legal personality which are mercantile producers and whose principal activity consists of producing financial services, excluding financial brokerage and other institutions or individuals.

(i) *"Performing/non-performing loans".* These follow the default criteria defined in item 8 of the qualitative information.

(ii) *"Restructured credit".* This follows the criteria defined in item 4 of the qualitative information.

(iii) *"Individual and collective analysis".* This is the difference between credit with individual and collective impairment in accordance with the impairment model.

Legal and corporate moratoria granted in the sphere of the Covid-19 pandemic

The moratoria granted in Portugal, for the purpose of mitigating the economic impacts of the pandemic, ended during 2021. These included corporate moratoria granted under the interbank protocol mentored by the Portuguese Banking Association and the legal moratoria published in decree law 10-J/2020.

However, at December 31, 2022, legal moratoria were still in place in Cape Verde and Macau, in due compliance with the local rules extending these economic support measures. Legal moratoria in CGD group are still, therefore, only in force in Banco Nacional Ultramarino in Macau.

The moratoria, granted at December 31, 2022 were distributed between performing and non-performing loans as follows:

	Exposure in 31-12-2022				Impairment in 31-12-2022			
		Performing				Performing		
			Of which with forbearance measures	Of which with significant increase in credit risk since initial recognition (Stage 2)			Of which with forbearance measures	Of which with significant increase in credit risk since initial recognition (Stage 2)
Loans and advances subject to moratorium (granted)	12,986	12,986	8,812	9,954	(347)	(347)	(321)	(347)
Households	11,318	11,318	7,144	8,286	(218)	(218)	(191)	(217)
Mortgage loans with property mortgage	1,835	1,835	370	370	(18)	(18)	(18)	(18)
Non-financial institutions	1,668	1,668	1,668	1,668	(130)	(130)	(130)	(130)
Small and medium institutions	1,668	1,668	1,668	1,668	(130)	(130)	(130)	(130)

The moratoria, granted at December 31, 2022 were spread across the following periods to maturity:

	Number of clients	Exposure in 31-12-2022				
			Of which legislative moratoria	Of which expired	Residual maturity of moratoria	
					<= 3 months	> 3 months <= 6 months
Loans and advances for which moratorium was offered	70,642					
Loans and advances subject to moratorium (granted)	61,891	6,296,679	5,811,068	6,283,693	12,616	370
Households		2,877,269	2,391,658	2,865,952	10,948	370
Mortgage loans with property mortgage		2,644,451	2,198,628	2,642,616	1,465	370
Non-financial institutions		3,376,859	3,376,859	3,375,191	1,668	-
Small and medium institutions		2,708,393	2,708,393	2,706,724	1,668	-
Commercial real estate		1,229,931	1,229,931	1,229,931	-	-

New credit operations granted under public guarantee programmes in response to the Covid-19 pandemic

The lines of credit contracted for on the basis of public guarantees at December 31, 2022 were distributed as follows by segment and level of collateralisation:

	Exposure in 31-12-2022		Maximum amount of the guarantee that can be considered	Inflows to Non-Performing
		Of which with forbearance measures	Public guarantees received	
Newly originated loans and advances within the scope of public guarantees	1,478,236	10,080	1,191,607	12,923
Households	36,355	-	-	60
Non-financial institutions	1,434,196	8,747	1,155,760	12,864
Small and medium institutions	1,316,267	-	-	9,144
Commercial real estate	248,083	-	-	1,878

Strengthening of oversight and monitoring of credit portfolio

To prepare CGD's efficient response to the pandemic's impacts on its credit portfolio, CGD reviewed its internal procedures for identifying customers likely to be most affected by the pandemic:

(i) Specific forward-looking analyses on the pandemic's potential impacts on CGD's activity for the corporate and personal customers' segments subscribing for the moratoria or in sectors considered most vulnerable to the effects of the pandemic (e.g. hotels and restaurants, transport, etc.);

(ii) A review of the classification criteria for operations/customers with restructured credit operations owing to financial difficulties and default, with their consequent allocation to stage 2 or stage 3, based on forward-looking and case-by-case analyses to identify situation involving the likelihood of receiving payment, with direct impacts on the level of measurement of the expected credit loss;

(iii) Definition of restructuring measures tailored to the risk perception on each customer in order to provide effective support to enable them to service their debt.

The process developed in response to the pandemic was incorporated into CGD's internal processes for responding to disruptive events or extraordinary situations having potentially negative impacts on its customers' economic-financial capacity with potentially less positive effects on the quality of the bank's credit portfolio.

When identifying disruptive events, the risk management division accordingly defines a proactive action plan, comprising the following guidelines:

- To identify customers potentially most vulnerable to the event in question;
- To define bottom-up or top-down analysis methodologies, including sensitivity analyses, based on a forward-looking approach to identify potential financial difficulties and mitigate any potential future defaults;
- To define rules and criteria on the rating of the potentially most vulnerable customers and the credit decision-making process;
- To develop dedicated credit risk monitoring processes on potentially vulnerable customers.

Russia-Ukraine conflict - potential impacts on the credit portfolio

CGD initiated an assessment of the potential impacts on its credit portfolio of the outbreak of the conflict between Russia and Ukraine, based on the following approach:

- 1st order impacts related to exposures under the sanctions regime defined by the European Union have not been identified in CGD group;
- 2nd order impacts, related to direct or indirect exposures to Russiano r Ukrainian costumers were considered not to be relevant, as CGD group's exposure to these costumers is relatively imaterial;
- 3rd order impacts related to impacts on the credit portfolio resulting from an across-the-board deterioration of macroeconomic conditions.

To assess 3rd order impacts, CGD carried out several analyses with the aim of assessing the potential deterioration of its credit portfolio considering higher energy costs, interest rate hikes and rising inflation and existing constraints in production and distribution chains:

1. Identification of sectors considered most vulnerable to rising energy prices (comprising around 20% of total exposure in the corporate segment):

    a) An evaluation based on a forward-looking questionnaire, on a customer by customer basis, to identify situations of financial difficulties, with impacts on a level of stage 2 or stage 3 classification;

    In this context, two rounds of questionnaires were conducted across the year. The last round was carried out in the last quarter of 2022 and also included customers from other sectors. The results particularly included the following:

    - A relevant proportion of the exposure (79%) was classified as showing no signs of increased risk (questionnaire with a score of 1) with the remaining 21% being classified in the questionnaire with a need for continuous monitoring (scores of 2, 3 or 4);

- The customers with the lowest scores (scores of 3 and 4 in the questionnaire) represent only 7% of the evaluated exposure and are, at a minimum, classified in stage 2 although it should be noted that, for a relevant proportion of such customers this result does not entail the worsening of the stage in which CGD had already classified the customer on the basis of other existing criteria.

b) Definition of more conservative tolerance levels in terms of decision-making and proactive credit restructuring processes;

c) The assumption that improvements of automatically generated ratings on costumers in these sectors will not show any improvements.

2. Sensitivity analysis on the loans and advances to personal customers portfolio:

a) Assessment of the impact of rising interest rates and inflation on customers' income;

b) Identification of any customer migrations to stage 2 or stage 3.

The analyses did not identify any material impacts for 2022 in terms of a significant deterioration of the quality of credit risk. The materialisation of several risks, particularly in the sectors most vulnerable to rising energy prices and/or those most affected by the pandemic, may lead to a deterioration of the portfolio's credit quality in 2023, leading to the recognition of overlays.

Macroeconomic scenarios used in the impairment model

The macroeconomic projections upon which the impairment model's forward-looking information is based are updated every six months with the definition of three scenarios with different probabilities of occurrence. Information on the economic indicators for each of the updated scenarios is set out in the following table:

Portugal - Macroeconomic projections (in percentage) used in the ECL on 31 December, 2022

	Favourable scenario				Central scenario				Adverse scenario			
	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Occurrence probability	15,0%				60%				25,0%			
GDP (1)	4,90%	7,00%	2,80%	2,70%	4,90%	6,20%	0,70%	2,40%	4,90%	4,00%	-1,60%	1,70%
Harmonized consumer price index (1)	0,90%	8,70%	5,80%	5,70%	0,90%	7,90%	4,70%	2,60%	0,90%	5,80%	2,30%	0,60%
Unemployment rate (2)	6,60%	5,60%	5,40%	5,60%	6,60%	6,10%	6,50%	6,40%	6,60%	6,90%	6,70%	6,60%
Euribor 3M	-0,55%	0,30%	1,60%	1,36%	-0,55%	0,53%	2,69%	2,44%	-0,55%	0,65%	3,70%	3,16%
Yield 10 years - Portugal	0,29%	2,19%	2,82%	2,65%	0,29%	2,46%	4,26%	3,73%	0,29%	2,68%	5,96%	4,92%

(1) Annual percentage rate of change
(2) Percentage of the active population

A comparison with the projections used with reference to December 31, 2021, as set out in the following table, shows a sharp rise in short and long term inflation and interest rates. The probability of occurrence of the adverse scenario rose to 25.0%, an increase of 10 pp.

Portugal - Macroeconomic projections (in percentage) used in the ECL on 31 December, 2021

	Favourable scenario				Central scenario				Adverse scenario			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Occurrence probability	25,0%				60,0%				15,0%			
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

Additional impairment (overlays)

The abrupt nature of the recent unparalleled historical normalisation of monetary policy is especially relevant, particularly as it coincides with the deteriorating outlook on economic activity, as referred to in the financial stability reports of November 2022 published by the Bank of Portugal. The same report indicates a series of financial system risks and vulnerabilities of which reference should be made to the materialisation of credit risk driven by the worsening current economic environment (rising energy prices, inflation, interest rates and constraints in supply and production chains) which could lead to an increase in situations of financial difficulties and non-performing loans (NPLs).

CGD has also carried out several analyses to identify any potential short and medium term deterioration of its credit portfolio, taking the current macroeconomic environment into account in which special reference should be made to rising interest rates and high levels of inflation. The eventuality of impacts on more vulnerable customers requiring measures under the Covid-19 pandemic was also considered, given a higher probability of migration of these customers to stage 2 or stage 3. Based on the conclusions drawn from its analyses, CGD recognised additional impairment of €699,331 thousand to address potential expected losses not captured by the current impairment model, representing an increase of €45,754 thousand over the previous period. The increase is largely a result of the implementation of more conservative assumptions on customers in sectors most vulnerable to rising energy prices, the non-existence of rating improvements over the projection's horizon and rising inflation and interest rates in addition to the increased likelihood of the occurrence of an adverse scenario.

Sensitivity analyses

Owing to the high levels of uncertainty of macroeconomic projections and considering that deviations from the scenarios presented may have an impact on the expected amount of loss estimations, sensitivity tests on the distribution of the portfolio by stages and respective impact on impairment were carried out.

The following analyses were performed for this purpose:

1) Probability of occurrence of 100% for the favourable scenario;

2.a) Consideration of a probability of occurrence of 100% for the baseline scenario, assuming that the property market remains stable (i.e. no fall in property prices);

2.b) Consideration of a probability of occurrence of 100% for the baseline scenario, assuming slightly lower property market prices (5% reduction of property prices);

3.a) Consideration of a probability of occurrence of 100% for the severe scenario assuming that the property market remains stable (i.e. no fall in property prices);

3.b) Consideration of a probability of occurrence of 100% for the severe scenario, assuming slightly lower prices in the property market (5% reduction of property prices);

3.c) Consideration of a probability of occurrence of 100% for the severe scenario, assuming slightly lower prices in the property market (5% 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 2022, on CGD Portugal's credit portfolio whose expected losses are estimated on the basis of the weighting of the three macroeconomic scenarios: a central scenario with 60%, favourable scenario with 15% and adverse scenario with 25%.

The following tables provide information on the total impacts of 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 the origination of operations, owing to a change of the lifetime default probability curves estimated for each scenario.

Distribution of credit portfolio stock (assets and off-balance sheet) and respective impairment and provisions, based on the considered sensitivity scenario:

	31-12-2022	Favourable scenario	Central scenario		Adverse scenario		
Occurrence probability of the scenario	Weighting of the three scenarios	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 (EAD)	57.329	57.329	57.329	57.329	57.329	57.329	57.329
Stage1	51.506	51.328	51.416	51.416	51.554	51.554	51.554
Corporates	20.904	20.896	20.943	20.943	20.980	20.980	20.980
Personal	26.962	26.804	26.831	26.831	26.926	26.926	26.926
Specialised credit	3.640	3.628	3.642	3.642	3.648	3.648	3.648
Stage 2	3.808	3.986	3.898	3.898	3.760	3.760	3.760
Corporates	2.037	2.045	1.999	1.999	1.962	1.962	1.962
Personal	1.329	1.487	1.460	1.460	1.365	1.365	1.365
Specialised credit	442	454	440	440	433	433	433
Stage 3	2.016	2.016	2.016	2.016	2.016	2.016	2.016
Corporates	1.552	1.552	1.552	1.552	1.552	1.552	1.552
Personal	266	266	266	266	266	266	266
Specialised credit	198	198	198	198	198	198	198
Impairment and provisions	1.593	1.582	1.595	1.606	1.600	1.611	1.623
Stage1	198	194	200	201	200	201	203
Corporates	132	130	133	134	133	134	134
Personal	31	29	31	32	30	31	32
Specialised credit (*)	36	35	36	36	37	37	37
Stage 2	273	267	274	277	278	281	285
Corporates	191	188	188	189	191	192	193
Personal	66	62	69	72	71	74	77
Specialised credit (*)	16	17	16	16	16	16	16
Stage 3	1.122	1.122	1.122	1.128	1.122	1.128	1.135
Corporates	927	927	927	929	927	929	931
Personal	108	108	108	111	108	111	114
Specialised credit (*)	87	87	87	88	87	88	89

in Millions of euros

(*) Does not incorporate individual impairment and comfort chart adjustments

EAD: Exposure at default

Impacts as a percentage of the results of the sensitivity scenarios in comparison to impairment calculated at December 31, 2022:

	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	0%	0%	5%	0%	5%	10%
Exposure (EAD)						
Stage1	-0.35%	-0.18%	-0.18%	0.09%	0.09%	0.09%
Corporates	-0.04%	0.18%	0.18%	0.36%	0.36%	0.36%
Personal	-0.59%	-0.49%	-0.49%	-0.14%	-0.14%	-0.14%
Specialised credit	-0.33%	0.06%	0.06%	0.24%	0.24%	0.24%
Stage 2	4.68%	2.38%	2.38%	-1.24%	-1.24%	-1.24%
Corporates	0.40%	-1.87%	-1.87%	-3.68%	-3.68%	-3.68%
Personal	11.91%	9.85%	9.85%	2.75%	2.75%	2.75%
Specialised credit	2.72%	-0.47%	-0.47%	-1.97%	-1.97%	-1.97%
Impairment and provisions	-0.70%	0.11%	0.79%	0.40%	1.09%	1.85%
Stage1	-2.35%	0.66%	1.30%	0.79%	1.42%	2.15%
Corporates	-1.21%	1.29%	1.49%	1.18%	1.39%	1.68%
Personal	-6.72%	-0.92%	2.31%	-3.36%	-0.24%	3.13%
Specialised credit	-2.75%	-0.29%	-0.25%	2.93%	2.98%	3.06%
Stage 2	-2.27%	0.15%	1.47%	1.67%	3.01%	4.51%
Corporates	-1.83%	-1.75%	-1.35%	-0.32%	0.09%	0.61%
Personal	-4.60%	5.94%	10.25%	8.19%	12.56%	17.26%
Specialised credit	1.97%	-0.73%	-0.72%	-1.09%	-1.07%	-1.05%
Stage 3	-0.02%	0.00%	0.54%	0.02%	0.57%	1.16%
Corporates	-0.02%	-0.01%	0.21%	0.03%	0.24%	0.47%
Personal	0.00%	0.00%	2.70%	0.00%	2.70%	5.67%
Specialised credit	-0.01%	0.00%	1.36%	0.01%	1.37%	2.81%

EAD: Exposure at default

The impact on impairment in the severe scenario may vary between 0.4% and 1.9%, depending on the level of the fall of property market prices.

There would be a slight 0.7% reduction of impairment in the favourable scenario assuming that property prices remain stable. The impact on impairment in the central scenario may vary between 0.1% and 0.8%, in line with lower property market prices.

Stage 2 exposure is slightly higher in the optimistic scenario in comparison to the baseline scenario. The fact that the inflation rate, which has a positive correlation with the probability of default (PD), is higher in the optimistic scenario and overlaps the positive effect of economic growth in the reduction of the PD explains the statistical effect observed.

Restructuring funds

The restructuring funds in which CGD has holdings (notably structures associated with asset lending operations - notes 7 and 8) are measured at their respective fair value by reference to the net asset value (NAV) reported by the fund manager and subject to the risk management division’s internal analysis of the recoverable value of the assets held by these structures. The analysis may indicate the possibility of the need for negative adjustments to the NAV of the restructuring funds and recognition of additional losses to those that would be recognised on the basis of the valuation reported by the fund managers.

This analysis derives from the internal policy approved by CGD's management bodies for the purposes of monitoring the risks inherent to exposures to restructuring funds, in line with the supervisor's recommendations for the furtherance of an adequate internal control and governance activity for the bank's profile and organisational structure with the objective of carrying out analyses making it possible to challenge the assumptions used by each fund manager.

The work is based on the development of alternative analysis methodologies used to measure the value of the funds' principal assets and accordingly gain a perception of the deviation potential from the NAV reported by the fund manager.

For its analysis of business restructuring funds, CGD evaluates the information it has available on the assets of each fund (representing at least 80% of NAV whenever possible), by verifying historical and projected EBITDA, when provided, and a sensitivity analysis on the fund managers' assumptions in measuring companies' NAVs (namely: discount rates, levels of sales growth, EBITDA margins) whenever available.

As the restructuring fund managers do not supply full information on the assumptions and respective rationale underpinning corporate valuations, CGD makes use of the internal information housed in its systems which it seeks to complement with the use of sectoral EBITDA multiples to challenge the NAV, i.e. producing a sensitivity analysis on asset valuations.

In the property component, CGD's real estate business division issues an opinion on the valuation of this type of assets, as opposed to the real estate valuations sent to it by the fund managers, applying depreciation rates according to the type of asset and its location. The real estate business division's opinion is used by the risk management division for comparison purposes with the NAV reported by the fund managers.

The analysis carried out by the real estate business division focuses on a prudential approach to future real estate marketing activities, taking into account aspects related to the long term sustainability of the property price, normal and local market conditions, in addition to current and possible alternative uses when elements of a speculative nature are not considered in the valuation. The analysis should also include the determination of external factors, such as the current shortages of raw materials, increase in the price of construction materials and labour (with double digit growth according to the most recent data published by the INE (National Statistics Institute) with the consequent increase in construction costs, hikes in inflation rates and reference interest rates, in addition to the constraints resulting from the current post-pandemic scenario and the effects of the war in Ukraine and macroeconomic changes having an impact on the disposable income of the principal economic actors.

As regards the quantitative information underlying the fair value measurement of the real estate restructuring funds in CGD's portfolio at December 31, 2022 information on valuations of the real estate analysed 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	100,00%	20,00%	24,55%
Discovery Portugal Real Estate Fund	100,00%	100,00%	100,00%
Fundo Turismo Algarve, FCR	100,00%	100,00%	100,00%
Fundo Imobiliário Vega	99,00%	80,00%	99,56%

(*) GAV: Gross Asset Value

The following table provides a sample of the assumptions underlying the available valuation reports on real estate assets broken down by type of asset:

Type of Asset	Average occupancy rate			Average daily value		
	Minimum	Average	Maximum	Minimum	Average	Maximum
Hotels	30.00%	59.70%	83.00%	40	159	747

Type of Asset	Discount rate			Capitalisation rate			Evaluation method
	Minimum	Average	Maximum	Minimum	Average	Maximum	
Hotels	6.25%	8.63%	19.50%	5.41%	7.31%	9.00%	Market and Income
Land under development	5.00%	10.18%	19.40%	5.40%	7.05%	8.50%	Market and Income
Comercial centers	8.40%	9.09%	9.60%	7.45%	8.05%	9.00%	Market and Income
Rustic land	7.00%	8.56%	12.50%	7.00%	7.17%	7.50%	Market and Income
Housing for sale	5.00%	7.28%	8.50%	5.21%	5.61%	6.00%	Market and Income
Income housing	4.00%	7.83%	11.10%	6.45%	7.30%	8.50%	Market and Income
Offices	7.00%	7.00%	7.00%	6.50%	8.18%	9.00%	Market and Income

The following table provides information on average haircuts by asset type resulting from CGD's analysis of valuations (real estate assets) in comparison to the amount of the valuation:

Type of Asset	Average Haircut
	CGD Analysis vs. Evaluation Value
Hotels	-23.73%
Land under development	-39.78%
Comercial centers	-31.67%
Rustic land	-55.00%
Housing for sale	-22.14%
Income housing	-28.81%
Offices	-31.30%

Several qualitative variables are used to determine haircuts. They include: (i) measurement assumptions used for property assets valuation purposes and (ii) the specific features of each individual asset. The assumptions used by appraisers are occasionally lacking in terms of the validation of the real situation in documentary, registration and physical terms (examination of the project's effective state of development, on-site visit, validation of documentation regarding the project, assets and licensing, in addition to its state of repair and occupancy status) and may compromise asset values, particularly as regards the presumed sales price or present value. In addition to the above mentioned issues related to the specific risk attached to each asset which include depreciation and wear of materials, project licensing status, use, size and singularity of projects, management quality, location and comparability with the competition and the dynamics of market supply/demand. All such non-observable factors may impact the value of the coefficients used and, accordingly, the fair value of investments in property restructuring funds.

These analyses have resulted in the reporting of gradual adjustments to the NAV of the restructuring funds.

The organised, open sales process mentored by ECS Capital at the request of CGD and other investors in 2021 and referred to as Project Crow was completed in 2022. It included 100% of the shares of the FLIT - PTREL SICAV fund, 100% of the investment units in the Fundo de Recuperação de Turismo in addition to several hotel assets of the Fundo de Recuperação. This sale witnessed the creation of the Fundo de Turismo Algarve, FCR (FTA) which acquired a single asset from the Fundo de Recuperação de Turismo (FRT). CGD now has an equity stake in the FTA fund.

Liquidity risk

Liquidity risk represents the risk of negative impacts on profit or loss or capital resulting from insufficient liquidity to address idiosyncratic or systemic adverse events.

The management and liquidity risk tolerance strategy is in conformity with CGD group's risk appetite statement and is based on three pillars:

a) The maintenance of a stable, solid, safe liquidity profile, ensuring an adequate capacity to provide for liquidity stress situations;

b) The maintenance of stable funding sources and an adequate liquidity buffer based on the adoption of a proactive, market-oriented approach enabling the institution's balance sheet structure to be adapted to existing conditions;

c) Control of the risk exposure of the group's international entities, maintaining their independence in terms of fund-taking and capital adequacy.

The measurement of an institution's liquidity involves, inter alia, an assessment of the receipt of its cash flows in light of the amount of the liquidity of its assets to identify potential future net funding deficits.

According to the requirements of IFRS 7 - "Financial instruments: disclosures", the contractual periods to maturity of financial instruments, at December 31, 2022 and December 31, 2021 are set out below:

	31-12-2022									
	Residual terms of 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	21,809,896	-	-	-	-	-	-	-	-	21,809,896
Cash balances at other credit institutions	561,757	-	-	-	-	-	-	-	4,113	565,870
Loans and advances to credit institutions	1,549,618	592,980	146,733	75,956	2,540	2,483	6,164	47,507	1,036,119	3,460,098
Securities										
Trading	147,846	348,624	55,319	87,178	26,281	8,716	56,115	12,839	316,844	1,059,762
Other	327,068	452,681	308,190	1,387,036	3,943,006	3,406,294	8,284,366	652,168	(40,910)	18,719,898
Loans and advances to customers (gross balances)	3,121,233	2,202,635	2,705,759	3,499,993	11,428,337	8,465,408	14,747,022	29,248,967	101,834	75,521,187
Hedging derivatives	-	-	-	-	-	-	-	-	51,601	51,601
	27,517,417	3,596,920	3,216,001	5,050,163	15,400,163	11,882,901	23,093,666	29,961,480	1,469,600	121,188,311
Liabilities										
Resources of central banks and credit institutions	(224,026)	(4,799)	(23,507)	-	(2)	-	(280)	-	(86,102)	(338,717)
Customer resources and other loans	(56,406,242)	(9,651,759)	(16,611,851)	(1,353,275)	(778,414)	(95,944)	(13,208)	(7,893)	(88,437)	(85,007,024)
Debt securities	(0)	(159)	(8,856)	(30,856)	(421,314)	(1,059,979)	(796)	(20,368)	(745)	(1,543,073)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	(221,099)	(221,099)
Hedging derivatives	-	-	-	-	-	-	-	-	(310)	(310)
Subordinated liabilities	-	(5,980)	(528,750)	(6,250)	(518,212)	(11,960)	(105,994)	-	-	(1,177,145)
Consigned resources	(7,436)	(96)	(311,021)	(11,227)	(180,549)	(175,020)	(15,921)	(5,886)	9	(707,147)
	(56,637,704)	(9,662,794)	(17,483,986)	(1,401,608)	(1,898,490)	(1,342,903)	(136,199)	(34,147)	(396,683)	(88,994,515)
Derivatives	(1,202)	7,485	2,837	5,441	42,755	27,732	21,533	(20,071)	-	86,509
Difference	(29,121,489)	(6,058,388)	(14,265,148)	3,653,996	13,544,428	10,567,730	22,979,000	29,907,261	1,072,916	32,280,306

	31-12-2021									
	Residual terms of 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

As they also include cash flow projections on principal and interest the above tables are not directly comparable to the accounting balances at December 31, 2022 and December 31, 2021. Interest projections on variable-rate operations incorporate the forward rates implicit in the yield curve in force on the respective reference dates.

The amounts of outstanding capital balances, not including interest projections or accrued interest, on the "structural" periods to maturity of CGD group's balance sheet at December 31, 2022 and December 31, 2021 are also shown below:

	31-12-2022									
	Residual terms of structural 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	21,809,864	-	-	-	-	-	-	-	-	21,809,864
Cash balances at other credit institutions	561,580	-	-	-	-	-	-	-	4,267	565,847
Loans and advances to credit institutions	1,234,864	593,723	151,052	88,514	62,217	62,170	155,389	37,633	1,036,119	3,421,682
Securities										
Trading	554,302	57,814	9,199	14,370	3,883	973	8,750	78,697	316,844	1,044,831
Other	13,271,226	49,613	31,305	155,096	424,398	386,124	979,098	1,923,973	(40,910)	17,179,923
Loans and advances to customers (gross balances)	2,308,054	2,151,741	2,545,955	3,084,378	10,056,984	7,191,293	11,118,236	13,486,162	132,108	52,074,911
Hedging derivatives	-	-	-	-	-	-	-	-	51,601	51,601
	39,739,889	2,852,892	2,737,512	3,342,359	10,547,482	7,640,560	12,261,472	15,526,464	1,500,029	96,148,659
Liabilities										
Resources of central banks and credit institutions	(224,114)	(4,787)	(22,967)	-	-	-	-	-	(86,104)	(337,972)
Customer resources and other loans	(2,851,904)	(1,760,061)	(1,866,026)	(2,897,673)	(5,593,599)	(3,785,827)	(6,087,128)	(57,463,064)	(1,623,316)	(83,928,599)
Debt securities	-	-	-	-	(341,547)	(1,000,000)	(0)	(20,050)	(745)	(1,362,341)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	(221,099)	(221,099)
Hedging derivatives	-	-	-	-	-	-	-	-	(310)	(310)
Subordinated liabilities	-	-	(500,000)	-	(500,000)	-	(100,000)	-	-	(1,100,000)
Consigned resources	(7,436)	-	(300,000)	(10,311)	(166,627)	(160,402)	(14,286)	(5,714)	9	(664,766)
	(3,083,454)	(1,764,848)	(2,688,993)	(2,907,983)	(6,601,772)	(4,946,229)	(6,201,414)	(57,488,829)	(1,931,564)	(87,615,087)
Derivatives	(1,202)	7,485	2,837	5,441	42,755	27,732	21,533	(20,071)	-	86,509
Difference	36,655,233	1,095,528	51,355	439,817	3,988,465	2,722,063	6,081,591	(41,982,436)	(431,535)	8,620,081

	31-12-2021									
	Residual terms of structural 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

Structural liquidity as opposed to the concept of contractual liquidity (based on the contractual considerations of the marketed products, specifically as regards their periods to maturity), incorporates, the existence of a buffer of high-quality liquid assets to meet an institution's liquidity requirements and expectations on the behaviour of retail customers. The above information therefore differs from the tables on contractual periods to maturity, in its use of the following assumptions:

- *Debt and equity securities*: reallocation of amounts with adequate liquidity to the "up to 1 month" bucket, except for collateralised debt securities which are allocated to buckets corresponding to the maturity of the operations they are collateralising;

- *Customers' demand deposits and savings accounts without a defined maturity (CGD Portugal, France branch and BNU)*: distribution of balance by period-to-maturity buckets in accordance with internally developed studies and models;

- *Customers' demand deposits (other 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 comply with the recommendations of the Basel Committee on Banking Supervision (BCBS) on the average and maximum maturity of core deposits;

- In the special case of mortgage loans, the distribution of principal and interest flows took into consideration expectations of early repayment rates based on an analysis of the past performance of operations and present macroeconomic context.

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, 2022 and December 31, 2021 is set out in the following tables:

	31-12-2022								
	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	20,518,695	1,291,169	-	-	-	-	-	-	21,809,864
Cash balances at other credit institutions	565,847	-	-	-	-	-	-	-	565,847
Loans and advances to credit institutions	2,021,827	501,671	588,580	143,276	72,960	-	37,633	55,735	3,421,682
Securities									
Trading	-	147,000	348,400	55,000	86,600	23,399	67,588	(10,528)	717,459
Other (net of impairment)	104,475	212,811	514,934	447,031	1,130,235	3,267,071	10,704,327	(154,288)	16,226,594
Loans and advances to customers (gross)	4,283,095	7,556,375	11,615,126	12,509,850	8,107,031	2,182,410	5,693,041	127,983	52,074,911
	27,493,939	9,709,026	13,067,040	13,155,157	9,396,826	5,472,879	16,502,589	18,902	94,816,357
Liabilities									
Resources of central banks and credit institutions	(237,899)	(23,973)	(4,787)	(23,177)	-	-	-	(48,136)	(337,972)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	(221,099)	(221,099)
Customer resources and other loans	(50,573,521)	(5,111,107)	(9,634,124)	(16,584,396)	(1,325,425)	(581,123)	(84,230)	(34,674)	(83,928,599)
Debt securities	-	-	-	-	-	(341,547)	(1,020,050)	(745)	(1,362,341)
Subordinated liabilities	-	-	-	(500,000)	-	(500,000)	(100,000)	-	(1,100,000)
Consigned resources	(7,436)	-	(4,304)	(300,000)	(43,607)	(151,714)	(157,714)	9	(664,766)
	(50,818,855)	(5,135,080)	(9,643,215)	(17,407,573)	(1,369,032)	(1,574,384)	(1,361,994)	(304,645)	(87,614,777)
Derivatives									
Interest rate swaps (IRS)	96,013	109,604	471,173	146,385	456,996	(410,584)	(869,588)	-	-
Interest rate futures	-	-	(667,487)	-	-	-	-	-	(667,487)
Interest rate options	-	-	(20,375)	29,640	-	-	-	-	9,266
	96,013	109,604	(216,689)	176,026	456,996	(410,584)	(869,588)	-	(658,221)
Net exposure	(23,228,903)	4,683,550	3,207,136	(4,076,391)	8,484,790	3,487,912	14,271,007	(285,743)	6,543,359

	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

The above tables include the amounts of outstanding principal, 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' on-demand 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.

Sensitivity analysis

The following table shows the effect on the net interest income projections for CGD group of a parallel shift of +50, +100 and +200 bps on the yield curves for the financial years 2023 and 2022. The estimates were obtained from the interest rate gap in which a revised methodology was used for the projection for 2023. This projection is more conservative as it takes into account the existing 0% floors for customer deposits in lower rate scenarios and high pass-through rate of market rates on interest on customer deposits in higher rate scenarios.

ESTIMATED CHANGE IN NET INTEREST INCOME

	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
2022	(329,344)	(164,672)	(82,336)	82,336	164,672	329,344
2023	(995,470)	(490,351)	(237,792)	117,974	235,948	471,895

It should be noted that the information set out in the above table does not take into account structural balance sheet changes or interest rate risk management policies that could be adopted as a consequence of the sensitivity analyses.

Long term or economic perspective – fair value

The following tables provide information on the balance sheet and fair values of the principal financial assets and liabilities, at amortised cost, at December 31, 2022 and December 31, 2021:

	31-12-2022						
	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	21,811,574	-	-	21,809,369	(2,205)	-	21,811,574
Cash balances at other credit institutions	569,985	-	-	569,985	-	-	569,985
Loans and advances to credit institutions	3,367,720	-	-	3,369,036	1,316	54,200	3,421,920
Investments at amortised cost	14,159,688	11,233,485	-	1,370,689	(1,555,514)	82,410	14,242,097
Loans and advances to customers	51,951,281	991,514	276,595	51,768,980	1,085,808	(1,173,332)	50,777,949
	91,860,247	12,224,999	276,595	78,888,058	(470,595)	(1,036,722)	90,823,526
Liabilities							
Resources of central banks and other credit institutions	(252,041)	-	-	(252,015)	26	(86,112)	(338,153)
Customer resources and other loans	(83,979,393)	-	-	(83,964,014)	15,379	7,682	(83,971,711)
Debt securities	(1,368,976)	(1,252,622)	-	(23,148)	93,205	646	(1,368,330)
Other subordinated liabilities	(1,118,490)	(1,094,721)	-	-	23,769	-	(1,118,490)
Consigned resources	(664,760)	-	-	(675,626)	(10,866)	(7)	(664,766)
	(87,383,660)	(2,347,343)	-	(84,914,804)	121,513	(77,790)	(87,461,450)

	31-12-2021						
	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	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)

Fair value was assessed on the following assumptions:

(i) The book value of balances payable on demand corresponds to their fair value;

(ii) The fair value corresponds to the respective net market price of listed debt issuances;

(iii) The fair value of the remaining financial instruments is measured on the basis of discounted cash flow models up to the maturity of the operations for both fixed and variable interest rate instruments. The contractual conditions of the operations and, additionally, for the estimated variable-rate instruments, the future cash flows, incorporating the forward rates implicit in the yield curve in force on the respective reference dates were considered for the purpose in question together with the use of discount curves appropriate to the type of instrument, including:

- Market interest rates, incorporating average spreads on new investment operations and credit institutions' resources; and

- Market rates incorporating average spreads on new lending operations and customers' 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.

At December 31, 2022 and December 31, 2021, the impact of parallel shifts of +50, +100 and +200 (bps) on yield curves for the fair value of financial instruments sensitive to interest rate risk, excluding derivatives, is set out in the following following tables:

	Fair value						
	31-12-2022						
	- 200 bp	- 100 bp	- 50 bp	Base scenario	+ 50 bp	+ 100 bp	+ 200 bp
Cash and cash equivalents at central banks	22,866,011	22,864,141	22,863,208	22,862,276	22,861,346	22,860,417	22,858,563
Loans and advances to credit institutions	3,167,867	3,143,439	3,131,975	3,120,980	3,110,427	3,100,291	3,081,179
Securities							
Trading	759,514	752,181	748,720	745,384	742,163	739,050	733,120
Other	2,850,891	2,744,639	2,693,795	2,644,405	2,596,421	2,549,796	2,460,446
Held-to-maturity investments (gross)	16,274,034	15,461,976	15,076,870	14,704,998	14,345,849	13,998,936	13,339,960
Assets with repurchase agreement	4,794	4,725	4,691	4,658	4,625	4,592	4,528
Loans and advances to customers	57,523,263	56,364,338	55,816,256	55,291,664	54,786,624	54,300,454	53,381,748
Sensitive Assets	103,446,374	101,335,439	100,335,516	99,374,365	98,447,456	97,553,537	95,859,543
Resources of central banks	(63,302)	(63,290)	(63,285)	(63,279)	(63,273)	(63,268)	(63,257)
Resources of other credit institutions	(198,212)	(198,114)	(198,065)	(198,016)	(197,967)	(197,918)	(197,821)
Customer resources and other loans	(82,876,009)	(80,814,510)	(79,849,335)	(78,893,625)	(77,999,477)	(77,140,748)	(75,521,371)
Debt securities	(1,423,704)	(1,372,549)	(1,347,784)	(1,323,082)	(1,298,840)	(1,275,102)	(1,229,093)
Other subordinated liabilities	(1,118,929)	(1,102,605)	(1,094,597)	(1,086,691)	(1,078,883)	(1,071,173)	(1,056,036)
Sensitive Liabilities	(85,680,156)	(83,551,069)	(82,553,066)	(81,564,693)	(80,638,440)	(79,748,208)	(78,067,577)
Market value	17,766,218	17,784,370	17,782,450	17,809,672	17,809,016	17,805,329	17,791,966

	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

Within the framework of the procedure established in CGD group for determining fair value and to ensure that the principles of IFRS 13 are correctly considered: Fair value is understood as being the price that would be received on the divestment of a particular asset or to be paid on the transfer of a certain liability in a typical, orderly transaction between market participants at the date of the fair value measurement. This is, accordingly, an exit price (and not a purchase price), and should therefore be in line with market information. Fair value aims to include all factors that would be used by market actors in pursuit of their best economic interest.

CGD has produced internal regulations on the governance model used to measure the value of the group's financial instruments. They define the policies and procedures to be followed for the identification and measurement of financial instruments, control procedures and definition of the responsibilities of the actors involved in this process. To ensure the harmonisation of criteria within the group, an obligation for the positions originated in CGD group's trading rooms or positions in securities at fair value originated by the respective entities' other commercial areas to be systematically and correctly reflected in the financial markets' front-office system has been established. The use of a single system makes it possible to ensure that the models and procedures followed are consistent and employ the same assumptions. The market risks area of the risk management division, which is independent from the business area, is responsible for a daily reassessment process that is intended to be robust, exhaustive and auditable and which not only involves consultations on the various prices, interest rates and exchange rates necessary for the valuation of all positions and all contracts registered in the front-office system but also for the periodic certification thereof.

In general, when determining fair value, the privileged source of information is the reference market for the asset in question or valuations which use standard market models with observable inputs which are available and accepted by the industry. The most representative level of fair value is therefore its market price. In the absence of a price, measurement techniques which maximise the use of relevant and observable market factors, in an endeavour to minimise the use of non-observable inputs or the use of measurement assumptions should be used.

The proposed change must be accompanied by an impact analysis in cases of a more structural intervention which may require corrections to the measurement approach (measurement model or structural change in risk factors). A proposal to change the measurement model or structural change in risk factors should be submitted for the consideration of the executive committee prior to implementation. The same applies for measurement approaches to positions in new instruments for which a measurement approach has not, as yet, been defined.

The above referred to processes and procedures are across-the-board to all levels of the fair value ranking. Details on the measurement techniques and specificities of financial instruments, can be found in the "Derivatives", "Debt instruments of financial and non-financial entities" and own "Equity instruments" section.

The form of measuring the fair value of financial instruments recognised in the financial statements, at fair value, at December 31, 2022 and December 31, 2021 may be summarised as follows:

	31-12-2022			
	Measurement techniques			Total
	Level 1 Market prices	Level 2 Market inputs	Level 3 Other measurement techniques	
Securities held-for-trading	717,459	-	-	717,459
Other financial assets at fair value through profit or loss	145,705	-	889,405	1,035,110
Financial assets at fair value through other comprehensive income	2,106,268	34,017	227,081	2,367,366
Trading derivatives	-	106,581	(307)	106,274
Hedging derivatives	-	51,291	-	51,291
	2,969,432	191,888	1,116,179	4,277,499

	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	0	374,597
Other financial assets at fair value through profit or loss	182,294	-	1,151,056	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)
	6,275,710	116,233	1,361,802	7,753,745

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 measured on the basis of internal models using, inter alia, observable market inputs (interest rates, exchange rates, ratings attributed by external entities). 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 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.

CGD has internal regulations defining the rules for the classification of the fair value ranking of instruments accounted for at fair value, in line with IFRS definitions. Quarterly and based on the price/valuation source of each financial asset, each operation is classified in terms its fair value ranking together with an analysis of the need to change the classification of any of these assets.

Information on financial instruments movements, classified in the "Other measurement techniques" column, in 2022 and 2021, is set out below:

	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 31-12-2021	1,150,957	100	1,151,057	89,044	2,385	119,196	210,625	120	1,361,802
Acquisitions	41,543	-	41,543	1,909	-	92,562	94,472	(336)	135,678
Sales	(255,203)	-	(255,203)	(6,542)	(714)	-	(7,256)	-	(262,459)
Amortisations	(23,263)	-	(23,263)	-	(35)	(84,188)	(84,223)	-	(107,487)
Gains / (losses) recognised as a charge to net income - alienated instruments	3,618	-	3,618	90	-	2,857	2,946	-	6,565
Gains / (losses) recognised as a charge to net income - portfolio instruments (*)	(27,559)	(7)	(27,566)	(2,105)	42	5,036	2,973	(2,974)	(27,567)
Gains / (losses) recognised as a charge to fair value reserves	-	-	-	2,094	(61)	(3,776)	(1,744)	-	(1,744)
Transfers from / (to) other levels (Levels 1 and 2)	419	-	419	(20)	-	4,830	4,810	2,883	8,112
Exchange differences	(1,198)	-	(1,198)	280	-	4,422	4,702	-	3,504
Other	(1)	-	(1)	(225)	0	1	(225)	-	(225)
Book value (net) at 31-12-2022	889,312	93	889,405	84,525	1,617	140,939	227,081	(307)	1,116,179

(*) 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 31-12-2020	1,080,056	98	1,080,154	84,431	3,117	110,928	198,476	(11,706)	1,266,925
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(*)	7,974	1	7,976	6,580	24	(4,913)	1,691	(3,303)	6,364
Gains / (losses) recognised as a charge to fair value reserves	-	-	-	35	(40)	(985)	(990)	-	(990)
Transfers from / (to) other accounting captions	-	-	-	-	-	-	-	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	1,150,957	100	1,151,057	89,044	2,385	119,196	210,625	120	1,361,802

(*) Includes values of equity unit redemption portfolios

At December 31, 2022 and December 31, 2021 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 decreases of around €20.00 thousand and €36.80 thousand in fair value in the balance sheet and revaluation reserves and results, respectively.

At December 31, 2022, equity instruments measured by other measurement techniques (level 3) essentially include investment structures measured on the basis of data on the net asset value of the underlying assets supplied by the management bodies or other information services providers.

Unobservable inputs

Quantitative information of unobservable inputs used to calculate level 3 valuations is presented below as at December 31, 2022:

Financial Instruments	Valuation Model	Assumptions	Range of unobservable inputs			Unit
			Low	Average	High	
Equity instruments	DFC (Discounted Cash Flow)	Risk free rates	5.2%	5.7%	6.2%	%
		Risk premiums	5.5%	5.5%	5.5%	%
		Beta Coefficient	48.0%	58.0%	68.0%	%
		Macroeconomic Data	0.5%	5.0%	9.4%	%
		Perpetuity growth rates	1.5%	2.0%	2.5%	%
		Minority Discounts	15.0%	22.5%	30.0%	%
Debt instruments	Discounted Cash Flow	Yield Curve	4.7%	10.0%	21.0%	%
		Conditional prepayment rate (CPR)	5.5	22.0	87.0	%

Transfers between levels

Transfers between levels 1 and 2 of the fair value ranking, in 2022, were as follows:

	31-12-2022	
	Assets at fair value through other comprehensive income	
	Transfers from level 1 to level 2	Transfers from level 2 to level 1
Debt instruments	8,447	5,188
	8,447	5,188

The amount of financial instruments transferred between valuation levels in the period ended December 31, 2022 corresponds to the above changes in the cross-level classification, as the valuation of such financial instruments has been measured using a price from a different source, which may imply the position's lower liquidity level or may be determined using inputs which are not directly observable in the market. In the case of derivatives, changes in level will generally be associated with the proportion of the CVA component compared to the instrument's total fair value. In the specific case of this financial year, most of the transfers between levels occurred in the case of debt financial instruments. Only transfers between levels 3 to level 2 are associated with interest rate derivatives, whose proportion of the CVA was below the defined threshold.

Sensitivity analyses

The following table shows the main measurement methods used and the impact of the main variables used on their respective valuation, where applicable, for the relevant financial assets included in level 3 of the fair value ranking, excluding exposure to recovery funds:

Assets classified in Level 3	Valuation model	Assumptions	Fair Value	Unfavorable Scenario Impact	Favorable Scenario Impact
Other financial assets at fair value through PnL					
Debt instruments	Discounted Cash Flows	(a)	-	-	-
Equity instruments	DFC (Discounted Cash Flow)	Risk free rates Risk premiums Beta Coefficient Macroeconomic Data Perpetuity growth rates Minority Discounts	196	(8)	74
	Net Asset Value (NAV)	(b)	211	-	-
	Book Value	(c)	-	-	-
Financial assets at fair value through OCI					
Debt instruments	Discounted Cash Flows	Yield Curve Conditional prepayment rate (CPR)	34	(0.6)	0.6
Equity instruments	DFC (Discounted Cash Flow)	Risk free rates Risk premiums Beta Coefficient Macroeconomic Data Perpetuity growth rates Minority Discounts	-	-	-
	Net Asset Value (NAV)	(b)	11	-	-
	Book Value	(c)	11	-	-

(a) A sensitivity analysis was not carried out for these categories because they include financial assets of immaterial individual value.

(b) In the specific case of investment units valued according to the NAV provided by the respective management company, it is not reasonable to analyze the impact of changing the variables underlying the determination of the quotation by that entity.

(c) In the case of valuation via the book value of equity, it is unreasonable to analyze the impact of changing the variables underlying the determination of the quotation.

Derivatives

Derivatives are traded in organised and OTC (over-the-counter) 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
- Measurements 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, which generally include yield curves, volatility curves, equities/indices prices, exchange rates and dividend yields.

Yield curves are produced on deposit rates and swap prices taken from Reuters/Bloomberg. An adjustment based on interest rate futures or FRAs (forward rate agreements) is applied to currencies with the highest exposure levels. Different future yield curves are obtained for future cash flows, depending on the period of the operation's indexer.

Volatility curves are produced on the basis of implicit volatilities in the prices of listed options on the underlying asset. Past volatility is calculated on the basis of the historical price of a series of its component parts if there are no listed options for an underlying asset.

The prices of shares/indices, exchange rates and dividend yields are supplied by Reuters/Bloomberg.

Under IFRS 13 − "Fair value measurement" requirements, CGD incorporated add-ons to its measurement of the said financial instruments to reflect its own credit risk based on a market discount curve it considers to reflect the associated risk profile. Based on its current exposure, the group also adopted a similar methodology to reflect counterparty credit risk on derivatives with positive fair value. The fair value obtained accordingly comprises the risk-free measurement affected by this addition.

Credit value adjustments and debit value adjustments − CVAs/DVAs − are determined 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 to determine 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 an instrument's fair value on the reference date.

The risk parameters consist of probabilities of default (PDs) and loss given defaults (LGDs) and are determined centrally 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 credit value adjustments (CVAs) as recognised in the "Financial assets held-for-trading" account and DVAs recognised in the "Financial liabilities held-for-trading" account at December 31, 2022 totalled €984 thousand and €438 thousand respectively (€8,335 thousand and €704 thousand, respectively, at December 31, 2021).

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 adequate 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 supplied by Bloomberg and Refinitiv (e.g. Thomson Reuters) systems. There are, however, 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 estimations of future discounted cash flows. They may be forecast by a reasonably complex model ranging from simple discounted cash flows resulting from forward rates based on the most adequate yield curve, which, in turn, is produced on the basis of money market rates and swap prices, whose money market component is adjusted by interest rate futures or FRAs 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.

The specific case of mortgage-backed securities and other assets (MBS/ABS) includes residential and commercial MBSs and other ABSs. ABSs have specific characteristics as they may have different underlying assets and issuing entities with different capital structures. As this type of asset is not generally quoted in regulated markets, it is necessary to resort to standard industry measurement models that make the greatest possible use of available observable inputs. Industry standard models calculate payments of principal and interest based on assumptions that can be independently tested. Inputs include, inter alia, conditional prepayment rates, prepayment speeds, loss assumptions (timing and severity), discount rates (spread, interest rate or discount margin). These inputs/assumptions are, whenever possible, are given by real transactions, external market research and market indices. These types of assets are generally classified at level 3 given the need to assume certain assumptions to establish a valuation.

Own capital instruments

Whenever possible, own equity instruments are measured at market prices taken from the financial market/index in which they were traded. In the case of shares and funds which are not listed in a regulated market, the measurement shall be made using external valuations for the position's constituent parts. The measurements may be based on the DCF (discounted cash flow) model in which future flows for shareholders and creditors are analysed and estimated and subsequently updated by discounting a weighted average rate of costs of capital (WACC). If, owing to the immateriality of the position in the balance sheet, the request for an external valuation is not justified, the position is revalued on the basis of the entity's book value.

Yield curves are produced using money market rates and swap prices. Euro and USD yield curves are adjusted by the market price of interest rate futures and/or FRAs.

The values of the curves of the currencies with the highest levels of exposure, at December 30, 2022 and December 31, 2021 were as follows:

	31-12-2022		31-12-2021	
	EUR	USD	EUR	USD
Overnight	1.9900	4.3800	(0.5650)	0.0600
1 month	2.0350	4.5850	(0.5550)	0.1550
2 months	2.1450	4.6850	(0.5550)	0.1750
3 months	2.2450	4.7750	(0.5550)	0.2150
6 months	2.7250	5.0750	(0.5350)	0.3450
9 months	3.1050	5.2850	(0.5050)	0.4750
1 year	3.3550	5.4450	(0.4850)	0.6150
2 years	3.3550	4.6385	(0.2970)	0.9215
3 years	3.2490	4.2820	(0.1450)	1.1575
5 years	3.1300	3.9670	0.0190	1.3550
7 years	3.0900	3.8430	0.1320	1.4615
10 years	3.0830	3.7745	0.3010	1.5735
15 years	3.0170	3.7490	0.4850	1.6980
20 years	2.8080	3.6810	0.5380	1.7610
25 years	2.5940	3.5530	0.5120	1.7570
30 years	2.4150	3.4320	0.4650	1.7380

The values of the credit curves of the Portuguese and German governments, at December 30, 2022 and December 31, 2021 were as follows:

	31-12-2022		31-12-2021	
	Portuguese Government	German Government	Portuguese Government	German Government
3 months	1.2987	1.6720	(0.8634)	(0.7300)
6 months	1.8010	2.0405	(0.8392)	(0.6990)
9 months	2.4353	2.5000	(0.7445)	(0.7040)
1 year	2.6220	2.5200	(0.7217)	(0.6520)
2 years	2.7161	2.6370	(0.6117)	(0.6350)
3 years	2.7843	2.4905	(0.4624)	(0.6736)
5 years	2.8386	2.4575	(0.1738)	(0.4585)
7 years	3.0819	2.4200	0.1091	(0.3580)
10 years	3.3533	2.4450	0.4306	(0.1825)
15 years	3.7023	2.5340	0.8317	0.0150
20 years	3.6903	2.4547	1.0401	(0.0617)
25 years	3.7108	2.3897	1.1664	0.0614
30 years	3.7187	2.2940	1.1742	0.1845

Foreign exchange rates use the prices set by the central bank. The following table provides information on the foreign exchange rate pairings of several relevant currencies, at December 30, 2022 and December 31, 2021:

	31-12-2022	31-12-2021
EUR/USD	1.0666	1.1326
EUR/GBP	0.8869	0.8403
EUR/CHF	0.9847	1.0331
EUR/AUD	1.5693	1.5615
EUR/JPY	140.6600	130.3800
EUR/BRL	5.6386	6.3101

Reform of "IBOR" rates

Following the decisions taken by regulators worldwide to replace many so-called "IBOR" rates, several national taskforces were set up with the support of the same regulators, for the purpose of helping the industry find alternative rates to accommodate principles of greater transparency and robustness.

The solution found, recommended by most financial regulators, was the use of interest rates supported by overnight transactions, commonly known as risk-free rates.

To conform with the ongoing reforms CGD set up an internal taskforce at the end of 2018 for the continuous oversight of the approaches and developments being proposed in the rates reform context. The taskforce was made up of employees from the legal, financial, operational, commercial, technological and compliance components, mentored by the chief financial officer (CFO) and took the form of regular meetings to assess the evolution of the works and the involvement of the CALCO (capital, assets and liabilities committee) for the most relevant decisions.

As a result of this reform, the European Central Bank, in summer 2019, asked the main credit institutions to provide action plans on this issue pursuant to which CGD prepared its plan which was successively updated in line with the various scheduled rate changes.

To provide for the possibility of litigation and the administrative burden associated with contractual changes in legacy transactions, particularly with financial counterparties, CGD accordingly subscribed for the "ISDA 2020 IBOR Fallbacks Protocol" on January 8, 2021 which allowed it, in situations in which another counterparty has also subscribed for the protocol, to apply the terms laid down in the said protocol.

CGD successfully completed the transition of the LIBOR rate on the currencies with a closing date of December 31, 2021. The transition of the USD LIBOR component which will take place by June 30, 2023 is at its completion phase. No major constraints have been identified in this last stage.

In the context of LIBOR, CGD has also, when possible, compressed transactions in derivatives and their respective settlement in the form of central clearing operations, both on rate operations which have already been terminated and the termination of the USD LIBOR component which will occur up to the end of June 2023.

In commercial terms, the volume of existing operations and their aggregate value are relatively contained, although bilateral talks continue to be held with customers for the purpose of changing the USD LIBOR USD rate still existing in legacy contracts.

The main risks identified, monitored and managed by CGD in the LIBOR transition encompassed, but were not limited to, categories such as:

- The legal risk of possible litigation deriving from contractual changes;
- Financial risk for CGD and its customers owing to changes made during the ongoing reform;
- Measurement risk on assets under CGD management;
- Operational risk in changing the systems upon which interest rate indices activity is based;

- Accounting risk in defining that contractual cash flows are economically equivalent in terms of rate substitutions;
- Reputational risk on customers' failure to perceive present or future changes.

Market risk

Market risk is the risk of a change in the fair value or cash flows of financial instruments based on changes in market prices including foreign exchange, interest rate and price risks.

Market risk is determined by the following metrics:

(i) Value at risk (VaR) on the following portfolios:

- *Held-for-trading portfolio*: perimeter of held-for-trading positions and transactions originating in CGD group;
- *Trading portfolio:* includes securities and derivatives traded with the objective of detecting business opportunities over the short term;
- *Own portfolio*: securities acquired for investment purposes upon which deleveraging operations are currently being performed;
- *Investment portfolio*: with the aim of creating a value and liquidity reserve. It includes the remaining securities in CGD's own portfolio and associated hedges, except for equity stakes and securitised credit;
- *Treasury management activity:* comprising money market funding, derivatives associated with this activity and debt issuances exposed to market risk;
- *Branches France; and*
- *Subsidiaries – Caixa Banco de Investimento, BCG Brazil, BCI and BNU.*

(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 subsidiaries' 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) – market risk

VaR (value at risk) is the estimated maximum unrealised loss on a specific assets portfolio over a given timeframe, considering a given confidence level based on normal market patterns.

The calculation methodology is based on historical simulation, i.e. future events are fully explained by past events, based on the following 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 are empirical.

The following is a breakdown of VaR, at December 30, 2022 and December 31, 2021:

Activity performed under the aegis of Caixa Geral de Depósitos

Held-for-Trading portfolio (VaR 99%, 10 days)

	31-12-2022	Maximum	Minimum	31-12-2021
VaR	18,707	19,848	9,773	14,467

Held-for-Trading portfolio (VaR 95%, 1 day)

	31-12-2022	Maximum	Minimum	31-12-2021
VaR by type of risk				
Interest rate	193	555	150	205
Foreign exchange rate	42	495	2	38
Price	0	30	0	-
Volatility	0	12	0	7
Diversification effect	(50)	-	-	(52)
	184	650	158	197

Treasury management (VaR 95%, 1 day)

	31-12-2022	Maximum	Minimum	31-12-2021
VaR by type of risk				
Interest rate	108	3,978	80	2,367
Foreign exchange rate	2,342	4,804	2,212	3,928
Diversification effect	(126)	-	-	(1,596)
	2,325	5,065	2,208	4,698

Own portfolio (VaR 99%, 10 days)

	31-12-2022	Maximum	Minimum	31-12-2021
VaR by type of risk				
Interest rate	769	793	288	290
Foreign exchange rate	85	139	0	111
Price	177	1,290	160	1,272
Diversification effect	(464)	-	-	(427)
	567	1,318	287	1,246

Investment portfolio (VaR 99%, 10 days)

	31-12-2022	Maximum	Minimum	31-12-2021
VaR by type of risk				
Interest rate	10,410	71,091	10,195	71,430
Foreign exchange rate	0	0	-	-
Volatility	0	3	0	3
Diversification effect	(0)	-	-	(9)
	10,410	71,085	10,195	71,424

Investment banking activity

Caixa - Banco de Investimento (VaR 99%, 10 days)

	31-12-2022	Maximum	Minimum	31-12-2021
VaR by type of risk				
Interest rate	866	5,985	714	5,820
Foreign exchange rate	248	980	191	970
Price	54	458	3	46
Volatility	1	7	1	4
Diversification effect	(164)	-	-	(779)
	1,005	6,409	703	6,061

The diversification effect is calculated implicitly. Total VaR (value at risk) refers to the combined effect of interest rate, price, foreign exchange and volatility risks.

Foreign exchange risk

Breakdown of financial instruments by currency

Financial instruments were broken down into the following currencies, at December 31, 2022 and December 31, 2021:

	31-12-2022												
	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	20.818.018	274.824	4.442	1.301	142.040	117.500	297.316	1.812	27.845	109.388	17.086	-	21.811.574
Cash balances at other credit institutions	106.242	341.799	9.188	4.889	28.486	66.968	2.834	1.017	1.299	-	7.263	-	569.985
Loans and advances to credit institutions	574.205	728.201	222.796	10	784.948	53.043	423.675	12.907	-	39.143	583.888	-	3.422.817
Financial assets at fair value though profit or loss	1.717.316	29.324	0	-	-	-	-	-	3.189	2.741	-	327.372	2.079.941
Financial assets at fair value though other comprehensive income	2.084.196	161.560	-	-	9.277	-	105.742	-	681	342	5.730	-	2.367.528
Loans and advances to customers (gross)	48.185.791	540.908	3.408	521	1.901.486	1.018.751	840.116	3.547	199.055	293.526	45.384	-	53.032.491
Investments at amortised cost	12.419.692	694.261	2.266	-	46.822	14.200	691.355	-	-	373.070	18.253	-	14.259.919
Other assets	2.027.183	1.506.565	(98.669)	203.503	439.974	(601)	31.363	(475)	1.971	8.994	(351.975)	-	3.767.833
Accumulated impairment (financial instruments)	(2.217.269)	(18.075)	(6)	(7)	(36.875)	(11)	(110.645)	(39)	(6.239)	(33.389)	(460)	-	(2.423.016)
	85.715.373	4.259.366	143.426	210.218	3.316.158	1.269.849	2.281.756	18.769	227.801	793.814	325.169	327.372	98.889.071
Liabilities													
Resources of central banks and other credit institutions	(116.378)	(138.758)	(2.716)	(977)	(23.957)	(44.938)	(7.726)	(0)	(272)	-	(2.430)	-	(338.153)
Customer resources and other loans	(74.213.998)	(3.337.057)	(53.820)	(5.012)	(2.805.339)	(722.929)	(1.869.015)	(14.867)	(216.326)	(589.640)	(143.708)	-	(83.971.711)
Debt securities	(1.332.702)	-	-	(35.628)	-	-	-	-	-	-	-	-	(1.368.330)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	(221.099)	(221.099)
Subordinated liabilities	(1.118.490)	-	-	-	-	-	-	-	-	-	-	-	(1.118.490)
Consigned resources	(657.345)	-	-	-	-	-	(7.422)	-	-	-	-	-	(664.766)
Other	(1.486.238)	(169.122)	(3.275)	(651)	(866.384)	(505.346)	(160.505)	68	(40.931)	(72.987)	(10.665)	-	(3.316.037)
	(78.925.151)	(3.644.936)	(59.812)	(42.267)	(3.695.680)	(1.273.214)	(2.044.668)	(14.800)	(257.530)	(662.627)	(156.803)	(221.099)	(90.998.585)
Derivatives (Notional)													
Currency swaps	(285.242)	852.952	(190.176)	35.547	-	170.439	-	(1.050)	-	-	65.106	57.167	704.742
Interest rate swaps	-	-	-	-	-	-	-	-	-	-	-	100.169	100.169
Futures	(591.658)	(15.797)	-	-	-	-	-	-	-	-	(607.455)	-	(1.214.911)
Options and Caps & Floors	9.266	-	-	-	-	-	-	-	-	-	9.266	63	18.594
Forward foreign exchange transactions	5.123	(2.805)	-	(100)	-	-	-	-	-	-	170	166	2.554
	(862.512)	834.349	(190.176)	35.447	-	170.439	-	(1.050)	-	-	(532.914)	157.565	(388.852)
Net exposure	5.927.710	1.448.779	(106.562)	203.398	(379.522)	167.073	-	2.919	(29.729)	131.187	(364.548)	263.838	7.501.634

	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

VaR analysis – foreign exchange

To guarantee the control and measurement of foreign exchange risk, CGD calculates and monitors value at risk (VaR) and the limits on its total open position and open position by currency for each relevant group subsidiary on a daily basis, consolidating the amounts every month.

Information on CGD group's management perimeter's VaR (10 days with a 99% confidence level) by currency, at December 30, 2022 and December 31, 2021 is shown in the following table:

	31-12-2022	31-12-2021
Hong Kong Dollar	3	12
Macau Pataca	5	2
South African Rand	25	21
US Dollar	2,578	1,679
Mozambican Meticais	13	587
Pound Sterling	35	52
Japanese Yen	35	3
Other currencies	1,029	3,602
Diversification effect	(1,613)	(1,445)
	2,110	4,513

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 supervisors' regulatory requirements, in particular the European Central Bank, Bank of Portugal, National Council of Financial Supervisors and the Single Resolution Board, as regards 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 bank's and group's reputation, maintaining the integrity of the operations performed during the course of their activity.

To achieve the objectives described, Caixa plans its capital needs and liabilities eligible for MREL over the short and medium term, with a view to financing its activity and ensuring its capacity to absorb losses and recapitalise in adverse scenarios.

This planning is based on internal estimates of the evolution of balance sheet operations and financing based on borrowing operations and primarily comprises the issuance of subordinated debt, subject to certain conditions, in addition to 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 298/92, which plays a primary role in Portuguese prudential regulation in largely reflecting Community directives applicable to the financial system (directives 2006/48/EC, 2006/49/EC and 2010/76/EU).

With the coming into force, in January 2014, of the new Basel III regulatory framework (regulation (EU) 575/2013 and directive 2013/36/EU of the European Parliament and of the Council both of which dated June 26), applicable to all European Union member states and defining the prudential requirements for credit institutions and investment firms, the regulatory framework provided for a series of transitional provisions permitting the staged application of the new capital requirements, with more restrictive requirements on the calculation of capital quality and risk-weighted assets. The competent authorities of the member states are entitled to maintain or accelerate their implementation.

The principal impacts of regulation (EU) 575/2013 (CRR/CRD IV) on capital ratios were on deferred tax assets (DTAs), provisions for impairment deficits on loss projections, 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 6/2013 which regulates the transitional regime of regulation (EU) 575/2013, having established the transitional implementation of the impacts of own funds elements.

With the coming into force of regulation (EU) 2016/445 of the European Central Bank, on October 1, 2016, credit institutions ceased to consider the percentage applicable to unrealised profit as defined by article 468, 1 of regulation (EU) 575/2013 in the calculation of their CET 1 components, including the profit on positions at risk in central governments recognised in the "available-for-sale" category and thus accelerating the implementation 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 modifications relating to the treatment of central counterparties, MDA (minimum distributable amount), Pillar 2, leveraging ratio and Pillar 3, *inter alia*.

The most significant change was the implementation of the TLAC (total loss absorbing capacity) term sheet, internationally defined by the Financial Stability Board (FSB) in the capital structure. Consequently, systemically important banks must comply with MREL/TLAC requirements under Pillar 1, as opposed to banks that are not systemically important which need only comply with MREL in the sphere of Pillar 2 to be decided by the resolution authority on a case by case basis.

In December 2017, the Bank of Portugal published its notice 10/2017, revoking notice 6/2013 and defining a new structure for the gradual application of deductions from own funds, particularly including, on account of their relevance, deferred tax assets which are contingent upon future returns, starting January 1, 2018.

The same period also witnessed the publication of regulation (EU) 2017/2395 of the European Parliament and of the Council, amending regulation (EU) 575/2013 on the transitional regime for reducing the impact of the introduction of IFRS 9 - "Financial instruments" on own funds and for the treatment of major risks to certain positions at risk 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) 2019/630, amending regulation (EU) 575/2013 on the minimum coverage for losses on non-performing exposures (NPEs), with a view to preventing the excessive accumulation of NPEs in the future and preventing the emergence of systemic risks in the non-banking sector.

This regulation complemented the prudential rules of regulation (EU) 575/2013 on provisions requiring a deduction from own funds when NPEs are not sufficiently covered by provisions or other adjustments.

The regulation defined that institutions shall deduct the amount of insufficient cover for non-performing exposures from CET 1 own funds if the exposure originated after April 26, 2019.

Regulation 2019/876 (CRR II), amending regulation 575/2013 and directive 2019/878 (CRD V) was published in May 2019.

The amendments under the CRR II focus on the leverage ratio, net stable funding ratio, own funds requirements and eligible liabilities, counterparty credit risk, market risk, positions at risk of central counterparties, collective investment undertakings’ risks, large exposures and information and disclosure requirements.

The CRD V entered into force on June 27, 2020, applicable from December 28, 2020, in order to give member states time to transpose it into national legislation.

The CRR II entered into force on June 28, 2021, with several exceptions that had entered into force during the period starting January 1, 2019.

These exceptions particularly include, inter alia, the entry into force, on June 27, 2019, of the main changes to capital, own funds deductions and determination of credit risk based on the standard and IRB method.

The Covid-19 pandemic forced supervisors to adopt a set of measures designed to ensure that banks would retain their capacity to absorb losses and their capacity to fund the economy, as referred to in the following items:

a) Requirement to set up a capital buffer

In September 2015, the Bank of Portugal's notice 1/2015, instructed credit institutions headquartered in Portugal to bring forward the application of the own funds conservation buffer of 2.5%, under article 138-D of the general credit institutions and financial corporations regime.

Consideration of the context of the single supervisory mechanism (SSM) in which credit institutions' capital-related decisions are assessed and adopted for the whole of the euro area with the capital operations deriving from such decisions essentially comprising recourse to the market, required the need to ensure that national credit institutions should operate under the same conditions as the majority of institutions in the same space.

As such, the Bank of Portugal issued notice 6/2016 of May 31, revoking notice 1/2015, as it considered that bringing forward the application of the own funds conservation buffer, under the terms of notice 1/2015 could prejudice the existence of such conditions and entail the subjection of the entities to the transitional regime of nos. 1 to 4 of article 23 of decree law 157/2014 of October 24.

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 the obligation to set up an O-SII buffer totally covered by CET 1, on a consolidated basis.

The amount of this capital buffer was set by the Bank of Portugal at 1% for CGD and a decision made to implement it on a staged basis, with the application of 0.25% per annum between 2018 and 2021, in conformity with its decision announced on November 30, 2017.

However, in May 2020, the Bank of Portugal, as part of the measures designed to mitigate the impact of the Covid-19 pandemic, announced a one year postponement of the period of gradual implementation of this requirement.

CGD's consolidation perimeter must therefore have a capital buffer of 0.25% in 2018, 0.50% in 2019, 0.75% in 2020 and 2021 and 1% in 2022 (inclusive), pursuant to its status as an OSII.

c) Requirement to set up a countercycle buffer

According to the Basel Committee, the principal objective of the countercycle 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 fulfilling its role as the national macroprudential entity, may force credit institutions to set up an additional own funds buffer with the objective of protecting the banking sector in periods of increased cyclical systemic risk owing to excessive credit growth.

The countercycle buffer (measured as a percentage of the total amount of positions at risk) 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 countercycle buffer" is a weighted average of the countercycle buffer's percentages applicable in the countries in which an institution's credit risk positions are located.

For 2022 the Bank of Portugal set the countercycle buffer at 0% of the total amount of positions at risk.

It should be pointed out that 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 distribution 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 for the consolidated perimeter in conformity with the SREP

Capital requirements in 2022

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 2022, more details on which are latterly provided.

In its letter of February 2, 2022, the ECB defined the obligation for CGD to comply with a minimum total SREP capital requirement (TSCR) of 10.0% (of which 8.0% for Pillar 1 and 2.0% for Pillar 2 - P2R), with a phased-in CET 1 ratio of 9.125% on a consolidated basis, which includes:

(i) a minimum CET 1 ratio required by Pillar 1 de 4,5%;

(ii) a minimum CET 1 ratio required by Pillar 2 (P2R) of 1,125%;

(iii) a capital conservation buffer (CCB) of 2,50%;

(iv) an “other systemically important institutions” buffer of 1.0%; and

(v) a countercyclical capital reserve of 0% of the total amount of positions at risk (as defined by the Bank of Portugal for fourth quarter 2022).

CGD must also achieve a minimum tier 1 ratio of 11.00% and a total capital ratio of 13.50% in 2022.

As regards the own funds buffer for "Other systemically important institutions" (O-SII), the Bank of Portugal defined a gradual 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.

The phased implementation period of the own funds buffer for "Other Systemically Important Institutions" ended at the close of 2021, with a requirement of 1% starting 2022.

On September 30, 2022, the Bank of Portugal announced that the value of the countercyclical own funds buffer would remain at 0%.

CGD must therefore achieve the following minimum ratios in 2022:

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%

Capital requirements for 2023

On December 14, 2022, the European Central Bank (ECB) informed CGD of the minimum prudential requirements applicable in 2023, particularly the Pillar 2 requirement of 1.90%, comprising a reduction of 0.10% over 2022. This second consecutive downward revision of the Pillar 2 requirement shows that the supervisor recognises the positive evolution of the overall risk attached to CGD.

Based on this SREP decision and the Bank of Portugal's announcement on the additional capital buffer required by its O-SII (other systemically important institution) status, Caixa Geral de Depósitos, S.A. must achieve a total ratio (TSCR) of 9.90% on a consolidated basis in 2023 (of which 8% for Pillar 1 and 1.90% for Pillar 2 - P2R), with the value of the P2R defined for CGD being 56.25% covered by CET 1 instruments, 18.75% by AT 1 instruments and 25% by tier 2 instruments, applicable starting and including March 2023.

CGD's minimum phased-in CET 1 requirement, on a consolidated basis, is now therefore 9.069% and includes:

(i) a minimum CET 1 ratio required by Pillar 1 of 4,50%;

(ii) a minimum CET 1 ratio required by Pillar 2 (P2R) of 1,069%;

(iii) a capital conservation buffer (CCB) of 2,50%;

(iv) an "Other systemically important institutions" buffer of 1.0%; and

(v) a countercyclical own funds buffer of 0% of the total amount of positions at risk (as defined by the Bank of Portugal for first quarter 2023).

CGD must also achieve a minimum tier 1 requirement of 10.925% and a total capital ratio of 13.40% in 2023, as shown in the following table:

2023					
Indicator	Minimum Ratio	Composition of the minimum ratio			
		Pillar 1	Pillar 2	Buffers	
				Conservation	O-SII
CET 1	9,07%	4,50%	1,07%	2,50%	1,00%
Tier 1	10,93%	6,00%	1,43%	2,50%	1,00%
Total Capital	13,40%	8,00%	1,90%	2,50%	1,00%

Regulatory capital

CGD's regulatory capital in its consolidated perimeter, includes the following components:

a) Common equity tier 1 (CET1)

The net equity components making a positive contribution to CET 1 in December 2022 are:

- Share capital;
- Other reserves and retained earnings;
- Net profit for period[4];
- Revaluation reserves; and
- Non-controlling interests (prudential).

Deductions related to the following are made to the above referred to positive components:

- The net book value of intangible assets;
- The book value of deferred tax assets (tax losses);
- The amount of the funding surplus of the defined benefit pension fund based on the application of item (109) of article 4, no. 1, sub-paragraph e), 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 of 2017);
- AVA (asset valuation adjustments) resulting from the application of articles 34 and 105 of regulation (EU) 575/2013 – on the prudent assessment of all trading portfolio positions; and
- NPE - non-performing exposures (or prudential backstop): insufficient coverage for defaulting exposures, as defined in sub-paragraph m of article 36 and no. 1 of article 47-C of the CRR.

The framework governing the composition of own funds, in addition to its applicable deductions is explained in the market discipline report for the period, which is available on CGD, S.A.'s website.

b) Additional tier 1 capital

In December 2022, additional tier 1 own funds derive exclusively from the contribution of the non-controlling interests of subsidiaries, as, following the ECB's authorisation for the repayment of €500,000 thousand in AT 1 instruments under CGD's recapitalisation process implemented in 2017, they are no longer considered as additional tier 1 capital (detailed information in repayment of AT 1 instrument).

c) Additional tier 2 capital

Tier 2 own funds include the instruments issued or subordinated loans contracted and fully paid up, in addition to the contribution of subsidiaries' non-controlling interests.

The details of instruments eligible as tier 2 own funds are set out in the market discipline report, which is available on CGD's website.

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[4] The inclusion of net profit for the period in own funds in accordance with decision (EU) 2015/656 of the European Central Bank, with no. 2 of article 26 of regulation (EU) 575/2013 (ECB/2015/4) and approved by the supervisor.

Own funds and capital ratios

CGD's solvency indicators in 2022 are at comfortable levels in comparison to the capital requirements for its consolidated activity and exceed the levels of the same period last year, as the improvement in own funds has made it possible to accommodate the increase in risk-weighted assets (RWAs):

	CRD IV Rules	
	31-12-2022	31-12-2021
Capital		
CET 1 (Common Equity Tier 1)	8,120,748	7,775,322
Tier 1	8,126,369	7,780,558
Tier 2	626,314	628,738
Total	8,752,684	8,409,296
Risk Weigthed Assets	43,363,368	42,635,560
Solvency ratios		
CET 1	18.7%	18.2%
Tier 1	18.7%	18.2%
Total	20.2%	19.7%
Minimum ratios		
CET 1	9.1%	9.0%
Tier 1	11.0%	10.9%
Total	13.5%	13.5%
Surplus (buffers)		
CET 1	9.6%	9.2%
Tier 1	7.7%	7.3%
Total	6.7%	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 2022

The following table summarises Caixa Geral de Depósitos' regulatory capital, at December 31, 2022, in respect of its consolidated activity:

	Own Funds
Share Capital	3,844,144
Other reserves and retained earnings	4,333,971
Net income attributable to CGD shareholder (included in CET 1 capital)	483,723
Revaluation reserves	129,663
Non-controlling interests (Prudential)	68,269
Total CET 1 capital prior to regulatory adjustments	8,859,770
Intangibles, net of related deferred tax liabilities	(195,992)
Deferred tax assets (arising from tax losses carry forward), net of related deferred tax liabilities	(66,867)
Defined benefit pension fund assets	(288,530)
Total CET 1 capital after the regulatory adjustments identified above	8,308,381
National filters and other deduction affecting CET 1, of which:	(187,633)
Irrevocable commitments - Deposit Guarantee Fund	(155,553)
Irrevocable commitments - Resolution Fund	(26,279)
AVA - Additional Valuation Adjustment	(4,820)
NPL (Prudential backstop)	(981)
Common Equity Tier 1 (CET 1)	8,120,748
Additional Tier 1, of which:	5,622
Issued by Subsidiaries (contributions from Minority Interests)	5,622
Tier 1 capital	8,126,369
Tier 2 capital, of which:	626,314
Instruments issued by the entity that owns the Group	600,000
Issued by Subsidiaries (contributions from Minority Interests)	26,314
Total capital	8,752,684
Total RWA, of which:	43,363,368
Credit	37,935,281
Market	1,833,042
Operational	3,595,045
CET 1 ratio	18.7%
Tier 1 ratio	18.7%
Total ratio	20.2%

For the determination of own funds and consolidated prudential ratios at December 31, 2022, as reported to the supervisor, a net profit of €483,723 thousand was considered, as authorised by the ECB, 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 February 4, 2015 on the inclusion of interim or year-end profits in common equity tier 1 capital, which amount was determined on net accounting profit of €837,759 thousand net of around €354,036 thousand for the maximum amount of distributable dividends in accordance with the preceding year's dividend payment ratio (implementation of decision (EU) 2015/656 of the ECB - conditions under which credit institutions may include interim or year-end profits in common equity tier 1).

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 operating 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".

It should also be noted that BCG Brazil, CGD Investimentos CVC and Banco Comercial do Atlântico are recognised in the perimeter in accordance with IFRS 5 – "Non-current assets held-for-sale and discontinued operations" (the assets of such entities have been recognised in a single consolidated assets account, in "Non-current assets held-for-sale" as opposed to liabilities which have been recognised in "Non-current liabilities held-for-sale"). These entities have been consolidated in the prudential perimeter on an account by account basis.

The following branches, subsidiaries, special purpose entities and associates were included in CGD group's consolidation perimeter at December 31, 2022:

	31-12-2022				
	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	100.00%	Portugal	Financial institutions
Banco Comercial e de Investimentos, S.A.	Full	Full	63.27%	Mozambique	Financial institutions
Banco Interatlântico, S.A.R.L.	Full	Full	81.69%	Cape Verde	Financial institutions
Banco Comercial do Atlântico, S.A.	Full	Full	58.82%	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	45.84%	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
Flitptrel IV SA	Full	Full	100.00%	Portugal	Real estate management
Flitptrel Porto Santo SA	Full	Full	100.00%	Portugal	Real estate management
Imobci, Lda. (**)	Full	Full	46.33%	Moçambique	Real estate management
Caixa Serviços Partilhados	Full	Full	100.00%	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					
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	-	21.41%	Portugal	Investment fund (open-end)
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	Full	-	28.35%	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	35.69%	Mozambique	Venture capital
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
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%

Work continued on the corporate reorganisation of CGD group in 2022 for the purpose of furthering its strategic plan:

- end of the Nostrum Mortgage 2 securitisation operation on August 22, 2022;
- disposal of the equity stake in Esegur, S.A. on July 28, 2022;
- 70% increase in the equity stake in Banco Interatlântico, S.A.R.L. to 81.69% through the purchase of the equity investment previously held by the minority shareholder Empreitel Figueiredo S.A. on August 3, 2022 ;
- 90% increase in the equity investment in Caixa Serviços Partilhados, ACE to 100% in June 2022;
- increase in the share capital of Caixa - Banco de Investimento, S.A. to 100% based on a potestative acquisition completed in December 31, 2022;

As part of the Crow project CGD group achieved 100% ownership of the company Flitptrel IV, S.A. on December 27, 2022, which company, in turn, owns the full amount of the share capital of Flitptrel Porto Santo, S.A.

Lastly, reference should be made to the fact that:

- S.G.P.I.C.E - Sociedade de Serviços de Gestão de Portais na Internet e de Consultoria de Empresas, S.A (ex: Yunit Serviços, SA) is still suspended from the consolidation process, and
- Companhia Papel do Prado, S.A. ceased to be a CGD group member on May 31, 2022.

Reconciliation between the consolidation perimeter balance sheet for accounting purposes and the prudential consolidation perimeter balance sheet.

The following table enables a reconciliation to be achieved between the accounting and prudential balance sheets. It also contains the "Key" making it possible to identify the elements of the prudential balance sheet recognised in own funds:

	31-12-2022					
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	21.811.574	35.606	-	-	21.847.179	
Cash balances at other credit institutions	569.985	(117.983)	-	122.124	574.125	
Loans and advances to credit institutions	3.421.920	318.171	-	(105.024)	3.635.067	
Financial assets at fair value through profit or loss	2.079.941	(262.085)	40.724	-	1.858.580	
Financial assets at fair value through comprehensive income	2.367.366	61.315	-	-	2.428.681	
Financial assets with repurchase agreement	-	5.699	-	-	5.699	
Hedging derivatives	51.601	-	-	-	51.601	
Invetsments at amortised cost	14.242.097	-	-	-	14.242.097	
Loans and advances to customers	50.777.949	586.891	(2.439)	-	51.362.402	
Non-current assets held-for-sale	1.220.466	(1.107.884)	42.837	-	155.420	
Investment properties	56.419	(16.125)	16.138	-	56.432	
Other tangible assets	585.343	16.052	-	-	601.395	
Intangible assets	194.948	1.044	-	-	195.992	6
Investments in associates and jointly controlled entities, of which:	476.188	4.521	183.638	-	664.346	
Insurers	377.618	-	-	-	377.618	8
Other financial institutions (equity participation > 10%)	63.305	-	-	-	63.305	8
Other investments in associates and subsidiaries excluded from consolidation	35.265	4.521	183.638	-	223.423	
Current tax assets	61.115	1.858	-	-	62.973	
Deferred tax assets, of which:	967.858	14.986	-	-	982.844	
Deferred tax assets for temporary differences	900.991	14.986	-	-	915.977	9
Deferred tax assets for tax losses carry forward	66.867	-	-	-	66.867	7
Other assets	3.618.239	282	-	1.639	3.620.160	
Total assets	102.503.009	(457.653)	280.898	18.739	102.344.993	

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	338,153	70,462	-	(105,539)	303,075	
Customer resources and other loans	83,971,711	888,665	-	122,099	84,982,476	
Debt securities	1,368,330	-	-	-	1,368,330	
Financial liabilities at fair value through profit or loss	221,099	11,377	-	-	232,476	
Hedging derivatives	310	-	-	-	310	
Non-current liabilities held-for-sale	989,507	(989,507)	-	-	-	
Provisions for employee benefits	556,864	2,380	-	-	559,245	
Provision for guarantees and other commitments	247,044	492	-	-	247,536	
Provisions for other risks	102,479	(3,717)	40,398	-	139,160	
Current tax liabilities	47,819	2,630	-	-	50,449	
Deferred tax liabilities, of which:	77,740	883	(13,886)	-	64,737	
Deferred tax liabilities for temporary differences	77,740	883	(13,886)	-	64,737	10
Other subordinated liabilities	1,118,490	-	-	-	1,118,490	7
Other liabilities	3,980,803	(33,308)	(116,664)	2,179	3,833,010	
Total liabilities	93,020,348	(49,643)	(90,151)	18,739	92,899,293	
Share capital	3,844,144	(417,804)	417,804	-	3,844,144	1
Revaluation reserves	129,663	-	-	-	129,663	2
Other reserves and retained earnings	4,365,905	30,206	(62,141)	-	4,333,971	3
Net income attributable to CGD shareholder	842,786	(20,413)	15,386	-	837,759	4
Equity attributable to CGD shareholder	9,182,497	(408,010)	371,049	-	9,145,537	
Non-controlling interests, of which:	300,163	-	-	-	300,163	5
Ordinary shares	300,163	-	-	-	300,163	
Total equity	9,482,661	(408,010)	371,049	-	9,445,700	
Total liabilities and equity	102,503,009	(457,653)	280,898	18,739	102,344,993	

(*) - 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 book values in the prudential perimeter balance sheet in which the element linking the items between the two tables is the "Key":

	Key (*)	Prudential Balance Sheet	Own Funds
Share Capital	1	3,844,144	3,844,144
Other reserves and retained earnings	3	4,333,971	4,333,971
Net income attributable to CGD shareholder (included in CET 1 capital)	4	837,759	483,723
Revaluation reserves	2	129,663	129,663
Non-controlling interests (Prudential)	5	300,163	68,269
Total CET 1 capital prior to regulatory adjustments		-	8,859,770
Intangibles, net of related deferred tax liabilities	9	195,992	(195,992)
Deferred tax assets (arising from tax losses carry forward), net of related deferred tax liabilities	8	66,867	(66,867)
Defined benefit pension fund assets		-	(288,530)
Total CET 1 capital after the regulatory adjustments identified above		-	8,308,381
Significant investments in common shares of financial entities (amount above the 10% threshold)	11	440,923	-
Deferred tax assets arising from temporary differences (amount above the 10% threshold)	10	851,240	-
Total CET 1 capital after the regulatory adjustments identified above		-	8,308,381
Regulatory adjustments to be applied to CET 1 (arising from insufficient AT 1)		-	-
Total CET 1 capital after the regulatory adjustments identified above		-	8,308,381
Amount exceeding the 17.65% threshold, of which:		-	-
Financial institutions and insurers	11	440,923	-
Deferred tax assets arising from temporary differences	10	851,240	-
National filters and other deduction affecting CET 1, of which:		-	8,308,381
Irrevocable commitments - Deposit Guarantee Fund		-	(155,553)
Irrevocable commitments - Resolution Fund		-	(26,279)
AVA - Additional Valuation Adjustment		-	(4,820)
NPL (Prudential backstop)		-	(981)
Common Equity Tier 1 (CET 1)		-	8,120,748
Additional Tier 1, of which:		-	5,622
Subsidiaries' contribution to Additional Tier 1		-	5,622
Tier 1 capital		-	8,126,369
Tier 2 capital, of which:		-	626,314
Equity instruments	7	-	600,000
Subsidiaries' contribution		-	26,314
Total capital		-	8,752,684
Total RWA, of which:		-	43,363,368
Credit		-	37,935,281
Market		-	1,833,042
Operational		-	3,595,045
CET1 ratio		-	18.7%
Tier 1 ratio		-	18.7%
Total ratio		-	20.2%

(*) 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 single resolution mechanism (SRM) 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 failing banking institutions at minimal costs for taxpayers and the real economy. To this end, regulation (EU) no. 806/2014 – the single resolution mechanism regulation (SRMR) and directive 2014/59/EU − Bank recovery and resolution directive (BRRD) determine compliance with a minimum requirement for eligible own funds and liabilities (MREL) to enable banks to have a sufficient loss-absorbing and recapitalisation capacity in order not to put the application of bail-ins or other resolution instruments at risk and ensure the continuity of their critical functions without representing an additional burden on taxpayers.

The target level to be complied with is decided by the resolution authority in the form of the single resolution board (SRB) on a case-by-case basis for each bank based, inter alia, on its characteristics, notably complexity, risk profile and resolution strategy. As the methodology used to calculate the requirement is applied on the basis of the legislation and the SRB's MREL policy, considering the balance sheet information at a given reference date (usually December 31), the stipulated requirement is therefore subject to review over time (generally on an annual basis).

MREL decision

Starting January 1, 2022, CGD was required to comply with the interim MREL requirement, defined in accordance with the SRB’s decision in force at that date, under which CGD was required to have:

- a 19.63% total risk-weighted assets ratio, plus a combined own funds buffer requirement of 3.5%, comprising a total requirement of 23.13%;

- a total leverage ratio exposure of 6.00%.

On January 1, 2022, CGD complied with the binding interim requirement in presenting eligible MREL instruments for its RWAs of 24.58% and 8.84% for its leverage ratio exposure (LRE).

The Bank of Portugal announced its binding MREL decision in March 2022, revoking and substituting the former decision and determining compliance with the following MREL requirements, starting January 1, 2024:

- a 22.45% total risk-weighted assets ratio plus a combined own funds buffer requirement of 3.5% comprising a total requirement of 25.95%;

- a total leverage ratio exposure of 5.94%.

In March 2023, CGD was notified regarding the new binding MREL Decision determined by the CUR, which revokes and replaces the one received in 2022, establishing compliance with the following MREL requirements, as of 1 January 2024:

- 22,94% of total risk-weighted assets, plus a combined Own Funds reserve requirement of 3.5%, corresponding to a total requirement of 26.44%;

- 6,27% of total leverage ratio exposure.

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

At December 31, 2022, CGD was in compliance with the SRB’s binding final requirement in accordance with the decision in force at the time, in achieving the following ratios:

	31-12-2022
Own funds and eligible liabilities as % of RWA (MREL % RWA)	27.82%
Own funds and eligible liabilities as % of LRE (MREL % LRE)	9.97%

To ensure compliance with MREL requirements, CGD implemented a funding plan, to allow gradual convergence with the requirement set for January 2024.

The first stage of this funding plan was implemented in 2019, with a senior non-preferred debt issuance of €500,000 thousand. This was the first such issuance of this type of debt by a Portuguese bank.

Caixa also realised a senior preferred debt issuance of €500,000 thousand in 2021, with a maturity of 6 years and possibility of early redemption after 5 years at a coupon rate of 0.375%. This was the lowest ever achieved by Caixa in its capital market issuances. This issuance has the particularity of being sustainable (environment, social and governance bonds) and targets fund-taking operations to fund the credit operations of its customers in the environmental domain and for socio-economic development purposes. This is the first issuance with these characteristics ever made by a Portuguese bank and is an important milestone in Caixa's implementation of its commitments in the field of sustainable financing, creating value for its customers and reducing the environmental impact of its activity.

Lastly, in 2022, CGD realised another three issuances for a total amount of €834,037 thousand to meet requirements. In June 2022, CGD launched a "Green" or senior preferred debt issuance for the amount of €300,000 thousand, with a maturity of 4 years and an early redemption option after 3 years at a coupon rate of 2.875%. This was Caixa's first "Green" issuance, i.e. targeting funds to the credit operations of its customers in the environmental domain and, in this case, promoting energy efficiency in financing homes with A+, A and B energy certificates.

Caixa realised a new "Green" issuance of €500,000 thousand, with a maturity of 6 years and the possibility of early redemption after 5 years at a coupon rate of 5.75% in October. This was Caixa's third issuance with ESG characteristics totalling an amount of €1,334,037 thousand.

Lastly and also in October 2022, CGD issued a senior preferred bond for the amount of €5,000,000 thousand yen (around €34,037 thousand), which was sold to a private investor. The bond had a maturity of 4 years and the possibility of early redemption after 3 years at a coupon rate of 1.3%.

Distribution of dividends

As a result of the Covid-19 pandemic, the ECB adopted a series of measures to ensure that banks would retain their capacity to absorb losses and strengthen their capacity to lend to the economy.

These particularly included initiatives related to dividend distributions which were, in the first stage, intended to ensure greater retention of the profit made by banks, with the publication on March 27, 2020 of recommendation ECB/2020/19, ruling that, up until October 1, 2020, no dividends should be paid, no irrevocable commitments to pay dividends should be taken by credit institutions and that credit institutions should refrain from share buy-backs aimed at remunerating their 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 have disappeared (in any event not prior to October 1, 2020);

b) 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).

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

These restrictive recommendations related to dividend distributions were successively extended on July 27, 2020 by recommendation ECB/2020/35 and on December 15, 2020 by recommendation ECB/2020/62 although this latter recommendation admitted the possibility of dividend distributions or share buy-backs, subject to compliance with the lower of the following two limits: 15% of respective accrued profit for the 2019 and 2020 financial years or 20 basis points in terms of the CET 1 ratio.

As regards recommendation ECB/2020/62 and the internal dividends distribution policy, CGD paid an amount of €83,639 thousand to its shareholder, following the approval of its general meeting of May 31, 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 July 23, 2021 and based on 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, in November 2021, CGD distributed €300,000 thousand in dividends retained in 2019 and 2020, by paying its shareholder an amount of €383,639 thousand in 2021 available in "Other reserves and retained earnings" under articles 31 to 33 of the commercial companies code.

On May 31, 2022, the board of directors decided at a general meeting on the appropriation of profit of approximately €570,449 thousand in 2021 for the distribution of dividends of around €241,071 thousand (maximum amount distributable according to internal policy) and the payment of an additional amount of around €137,160 thousand from reserves (under the same terms and conditions as the November 2021 resolution referred to in the preceding paragraph).

Between the completion of CGD's recapitalisation and end 2022, a total amount of €961,870 thousand was paid in dividends to CGD's shareholder.

Repayment of additional tier 1 (AT 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 for the amount of €500,000 thousand at market rates, for international institutional investors, at a yield of 10.75%.

Its high capitalisation levels place CGD above the European average (according to the EBA dashboard), in terms of CET 1, tier 1 and total ratios.

CGD applied to the ECB, in 2021, for the early redemption of the AT 1 instrument and was authorised by the ECB on January 28, 2022 to make early repayment without the need to substitute the issuance of additional tier 1 own funds, effective March 30, 2022 as the first date contractually provided for exercising the call.

Owing to the high cost of the referred to coupon rate of 10.75%, the early redemption of the AT1 has improved CGD's organic capacity to generate capital.

45. Subsequent events

On 24 February 2023, the Decree-Law 14/2023 was published by the Portuguese Government, transferring all liabilities covered by the Caixa Geral de Depósitos Staff Pension Fund (CGDPF) to Caixa Geral de Aposentações (CGA), extinguishing and liquidating CGDPF and determining that CGD transfer to CGA a financial compensation for the reassigned responsibilities (Note 36).

On 20 March 2023, Caixa Geral de Depósitos registered an increase in share capital of €681,570,760 euros and the issuance of 136,314,152 new shares, with a nominal unit value of €5 each, based on an incorporation of reserves deriving from an equal number of conversion rights, issued to the shareholder following Caixa's inclusion in the special regime applicable to deferred tax assets, decided in 2014.

As a result of this conversion, Caixa's share capital has increased from €3,844,143,735 to €4,525,714,495, fully owned by the Portuguese state as its sole shareholder.

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**	3,411,533,795		98,933,459,691	
030	Equity instruments	0	0	867,532,058	867,532,058
040	Debt securities	2,003,214,699	2,003,214,699	19,656,010,938	19,656,010,938
120	Other assets	1,408,319,096		78,409,916,695	

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	51,480,448
150	Equity instruments	0	0
160	Debt securities	0	0
230	Other collateral received	0	51,480,448
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**	692,592,360	1,297,627,782

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)

	2022-12
Domestic activity	**1,644,251**
International activity	**683,325**
Europe	**121,474**
Spain	-175
France	121,649
Africa	**440,329**
Angola	125,706
Mozambique	304,463
Cape Verde	10,161
Asia	**121,522**
China	110,979
Timor	10,543
Total	**2,327,576**

(*) refers to total operating income
Note: Values refer to each geographic area contribution to consolidated total operating income

NUMBER OF EMPLOYEES

	2022-12
Europe	**6,680**
Portugal	**6,118**
Spain	4
France	538
United Kingdom	4
Luxembourg	3
Switzerland	5
Belgium	3
Germany	5
Africa	**3,805**
Angola	515
Mozambique	2,713
Cape Verde	575
South Africa	2
America	**59**
Brazil	52
Canada	3
Venezuela	4
Asia	**634**
China	498
Timor	133
India	3
Total	**11,178**

INCOME TAX

(EUR million)

	2022-12
Domestic activity	**200,189**
International activity	**71,184**
Europe	12,172
France	12,172
Africa	**51,726**
Angola	8,747
Mozambique	42,889
Cape Verde	90
Asia	**7,287**
China	5,756
Timor	1,531
Total	**271,373**

Note: Values refer to each geographic area contrubution

INCOME BEFORE TAX (*)

(EUR million)

	2022-12
Domestic activity	**802,555**
International activity	**407,933**
Europe	**45,978**
Spain	1,310
France	44,667
Africa	**305,672**
Angola	115,246
Mozambique	180,602
Cape Verde	9,824
Asia	**56,283**
China	50,686
Timor	5,598
Total	**1,210,487**

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 • CGD today • Activity and financial information Corporate Governance Report.
2.	Description of strategies and objectives (including strategies and objectives specifically related with securitisation operations and structured products);	See I.1 above. Notes 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 Alternative Performance Measures

Glossary

Balance Sheet

Average net assets

Average of the last 13 monthly observations

Eligible assets in ECB pool

Encumbered financial assets for the purpose of obtaining funding from the European Central Bank

Eligible unencumbered assets

Unencumbered financial assets available for the purpose of obtaining funding from the European Central Bank

Loans-to-deposits ratio *[As defined by Bank of Portugal Instruction 6/2018]*

Ratio between total loans and advances to customers (net of impairment) and customer deposits

Income Statement

Net interest income

Interest and similar income [Income Statement] net of Interest and similar expenses [Income Statement]

Net interest margin

Corresponds to the ratio between the net interest income and the average interest-earning assets

Retail net interest margin

Difference between the average interest rate of interest received from customer loans and the average interest rate of interest paid on customer deposits

Net interest income including income from equity instruments

Sum of two P&L items: "Net interest income" and "Income from equity instruments"

Net fees and commissions

Income from services rendered and commissions [Income Statement] net of costs of services and commissions [Income Statement]

Non-interest income

Sum of three P&L items: "Net fees and commissions", "Net trading income" and "Other operating income"

Total operating income

Sum of two P&L items: "Net interest income including income from equity instruments" and "Non-interest income"

Operating costs

Sum of P&L items: "Employee costs", "Administrative expenses" and "Depreciation and amortisation"

Net operating income before impairments

Total operating income net of operating costs

Net operating income

Net operating income before impairments net of provisions and impairments

Efficiency Indicators

Cost-to-income *[As defined by Bank of Portugal Instruction 6/2018]*

Efficiency ratio, measured by the relation between operating costs and the sum of total operating income and income of associated companies

Employee costs / Total operating income *[As defined by Bank of Portugal Instruction 6/2018]*

Efficiency ratio, measured by the relation between employee costs and total operating income

Total operating income / Average net assets *[As defined by Bank of Portugal Instruction 6/2018]*

Profitability ratio, measured by the relation between the sum of total operating income and results from associates and jointly controlled entities and the average of net assets (average of the last 13 monthly observations)

Gross return on equity (ROE) *[As defined by Bank of Portugal Instruction 6/2018]*

Profitability ratio, measured by the relation between the sum of net income, tax and non-controlling interests and the average shareholders' equity (average of the last 13 monthly observations)

Gross return on assets (ROA) *[As defined by Bank of Portugal Instruction 6/2018]*

Profitability ratio, measured by the relation between the sum of net income, tax and non-controlling interests and the average net assets (average of the last 13 monthly observations)

Asset Quality Indicators

Non-performing loans ratio *[As defined by EBA]*

Asset quality ratio, measured by the relation between loans and advances to customers in default (gross) and total loans and advances to customers (gross)

Coverage ratio on non-performing loans *[As defined by EBA]*

Ratio between accumulated impairment on loans and advances to customers and loans and advances to customers in default (gross)

Non-performing exposure ratio *[As defined by EBA]*

Asset quality ratio, measured by the relation between: (Non-performing: debt securities + loans and advances to customers + off balance-sheet exposures) and (Gross: total debt securities + loans and advances to customers + off balance-sheet exposures)

Coverage ratio on non-performing exposure *[As defined by EBA]*

Ratio between accumulated impairment (on debt securities, loans and advances to customers and off balance-sheet exposures) and total non-performing exposures (gross)

Forborne ratio for loans and advances *[As defined by EBA]*

Asset quality ratio, measured by the relation between forborne loans and advances under probation and total loans and advances to customers (gross)

Coverage ratio on forborne loans and advances *[As defined by EBA]*

Ratio between accumulated impairment on forborne loans under probation and total forborne exposures

Credit quality per stages

- 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;

Solvency and Liquidity Indicators

CET 1 ratio

Solvency ratio, measured by the ratio between total Tier 1 own funds (Common Equity Tier 1) and total risk-weighted assets

Tier 1 ratio

Solvency ratio, measured by the ratio between the sum of total Tier 1 equity (Common Equity Tier 1) with additional Tier 1 equity (Additional Tier 1), and total risk-weighted assets

Total solvency ratio

Solvency ratio, measured by the ratio between total own funds and total risk-weighted assets

Leverage ratio (LR)

Leverage ratio, measured by the ratio between Tier 1 capital and non-risk-weighted exposure

Liquidity coverage ratio (LCR)

Liquidity ratio, measured by the ratio between the net asset buffer and the net outflows in a 30-day stress period

Net stable funding ratio (NSFR)

Liquidity ratio, measured by the ratio of stable funding available to stable funding required

Other Indicators

Contribution on the banking sector

Extraordinary contribution by Portuguese banks to finance the Bank Resolution Fund

Loan-to-value ratio (LTV)

Ratio between the amount of credit granted and the appraised value of the financed property

Off-balance sheet customer resources

Sum of off-balance sheet customer resources

Total customer resources

Sum of balance sheet customer resources and off-balance sheet customer resources

Bancassurance

Bancassurance products relating to capitalisation insurance, unit linked insurance and retirement savings plans

Spread

Addition (in percentage points) to the index used by CGD in asset and liability operations

Regulatory costs

Costs associated with banking activity, resulting from legal and regulatory obligations

Business volume

Sum of total customer resources and loans and advances to customers (gross)

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

Alternative Performance Measures

Balance Sheet

Measure of financial position

Designation	Definition	Calculation basis	Reconciliation with Financial Statements
Securities investments	On-balance sheet securities portfolio	Financial assets at fair value through profit or loss + Financial assets at fair value through other comprehensive income + Other investments at amortized cost	**[Balance Sheet]** Financial assets at fair value through profit or loss + **[Balance Sheet]** Financial assets at fair value through other comprehensive income + **[Balance Sheet]** Other investments at amortized cost
Loans & advances to customers (net) / Net assets	Ratio between loans and advances to customers (net of impairments) and total assets (net of impairments)	Loans and advances to customers (net of impairments) / Total assets (net of impairments)	**[Balance Sheet]** Loans and advances to customers (net of impairments) / **[Balance Sheet]** Total assets (net of impairments)

Income Statement

Measure of financial position

Designation	Definition	Calculation basis	Reconciliation with Financial Statements
Recurrent employee costs	Employee costs deducted from non-current factors	Employee costs - Non-current factors of employee costs	**[Inc. Statem.]** Employee costs - **[Inc. Statem.]** Non-current factors of employee costs
Total core operating income	Sum of two P&L items: "Net interest income" and "Net fees and commissions"	Net interest income + Net fees and commissions	**[Inc. Statem.]** Net interest income + **[Inc. Statem.]** Net fees and commissions
Net core operating Income before impairments	Total core operating income deducted from operating costs	Net interest income including income from equity investments + Net fees and commissions - Operating costs	**[Inc. Statem.]** Net interest income including income from equity investments + **[Inc. Statem.]** Net fees and commissions - **[Inc. Statem.]** Operating costs
Recurrent net income	Net income deducted from non-current factors	Net income for the period - Non-current factors in Income Statement items	**[Inc. Statem.]** Net income for the period - **[Inc. Statem.]** Non-current factors in Income Statement items

Efficiency Indicators

Measure of financial position

Designation	Definition	Calculation basis	Reconciliation with Financial Statements
Cost-to-core income	Efficiency ratio, measured by the relation between operating costs and total core operating income	Operating costs / (Net interest income + Net fees and commissions)	**[Inc. Statem.]** Operating costs / (**[Inc. Statem.]** Net interest income + **[Inc. Statem.]** Net fees and commissions)
Recurrent cost-to-income	Efficiency ratio, measured by the relation between operating costs [excluding non recurrent items] and the sum of total operating income [excluding non recurrent items] and income of associated companies	Operating costs [excluding non recurrent items] / (Total operating income [excluding non recurrent items] + Income of associated companies)	**[Inc. Statem.]** Operating costs [excluding non recurrent items] / (**[Inc. Statem.]** Total operating income [excluding non recurrent items] + **[Inc. Statem.]** Income of associated companies)
Recurrent employee costs / Total core operating income	Efficiency ratio, measured by the relation between employee costs [excluding non recurrent items] and the core operating income	Operating costs [excluding non recurrent items] / Total core operating income	**[Inc. Statem.]** Operating costs / **[Inc. Statem.]** Total core operating income
Administrative expenses / Total operating income	Efficiency ratio, measured by the relation between Administrative expenses and Total operating income	General administrative expenses / Total operating income	**[Inc. Statem.]** General administrative expenses / **[Inc. Statem.]** Total operating income
Operating costs / Average net assets	Ratio between operating costs and the average of total assets (net of impairments) (average of the last 13 monthly observations)	Operating costs / Average net assets [average of the last 13 monthly observations]	**[Inc. Statem.]** Operating costs / **[Balance Sheet]** Average net assets [last 13 monthly observations] * Annualisation
Net return on equity (ROE)	Profitability ratio, measured by the relation between the sum of net income and non-controlling interests and the average shareholders' equity (average of the last 13 monthly observations)	(Net income + Non-controlling interests) / Average shareholders' equity [average of the last 13 monthly observations]	(**[Inc. Statem.]** Net income + **[Inc. Statem.]** Non-controlling interests) / **[Balance Sheet]** Average equity [last 13 monthly observations] * Annualisation
Net return on assets (ROA)	Profitability ratio, measured by the relation between the sum of net income and non-controlling interests and the average net assets (average of the last 13 monthly observations)	(Net income + Non-controlling interests) / Average net assets [average of the last 13 monthly observations]	(**[Inc. Statem.]** Net income + **[Inc. Statem.]** Non-controlling interests) / **[Balance Sheet]** Average net assets [last 13 monthly observations] * Annualisation

Asset Quality Indicators

Measure of financial position

Designation	Definition	Calculation basis	Reconciliation with Financial Statements
Cost of credit risk	Asset quality ratio, measured by the relation between loans impairment (net of reversals and recoveries) in the period and the average gross loans and advances to customers	Annualised credit impairment for the period (net) / Average loans and advances to customers balance (gross) [average of the last 13 monthly observations]	**[Inc. Statem.]** Credit impairment for the period (net) / **[Balance Sheet]** Average loans and advances to customers balance (gross) [average of the last 13 monthly observations] * Annualisation
Texas ratio	Asset quality ratio, measured by the relation between NPE (non-performing exposures) and the sum between tangible equity and the impairment of non-performing exposures	Non-performing exposures / (Equity - Intangible assets + Impairment of non-performing exposures)	Not applicable
RWA density	Solvency ratio, measured by the ratio between total risk-weighted assets and total net assets	Risk weighted assets / Net assets	Not applicable

3.

CORPORATE GOVERNANCE REPORT

BRAGA BRANCH
Architect
Manuel Fernandes de Sá . 1940 – 1947

Index

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS.

António Farinha Morais
Chairman of the board of directors

Following the completion of this first full year of the new 2021-2024 term of office, it is with a sense of duty accomplished that we can point to the intensification of a cycle of growth, sustainability, transformation and strengthening of Caixa's position as a benchmark institution in Portugal, as shown by the results achieved, both financial and in terms of strategic consolidation.

Albeit a centenary institution, Caixa is an increasingly modern and dynamic bank, with well-prepared and high-powered teams, highly qualified, motivated and resilient employees, with a vision of the future and the determination to meet objectives.

We remain committed to providing a quality, inclusive and future-oriented service, with a firm focus on digital transformation, innovating, simplifying, improving agility and flexibility, while also maintaining high social, environmental and governance standards.

The good results achieved in 2022 and the implementation of our ambitious strategic plan in progress have required an additional effort from our teams, who merit a special word of recognition for the commitment and dedication they have shown. Their work has been fundamental to Caixa's success and the satisfaction of our customers and other stakeholders.

As we are dealing with an unstable macroeconomic environment and have seen an increase in the volatility of financial markets, driven by uncertainties related to political developments in various geographies, we will continue to face important challenges. Unhappily we do not, as yet, see a solid and lasting path towards peace in Ukraine and we do not know all of the resulting consequences on our economy and society.

We are conscious of the difficult times we face, but we are also prepared. As a benchmark financial institution, our mission and duty is to support our customers, the economy and society as a whole, keeping our employees motivated and their merit recognised.

Based on the strength of the various financial indicators and the confidence afforded by the recognition of those who judge us, whether customers, supervisors, rating agencies or the different national and international entities that distinguish us in the most diverse ways, we are preparing the future by investing in innovation, technology, cybersecurity and in optimising support processes and commercial dynamics, making our institution more resilient and robust.

Reference should also be made to the change in Caixa's corporate governance model, in line with international best practice, which has improved our efficiency and achieved more effective separation between management and supervisory functions, helping to achieve Caixa's and its stakeholders' objectives and interests.

We are committed to contributing to our country's economic and social development and to the communities in which we operate. We believe that the financial sector has a key role to play in fostering sustainable development, encouraging job creation and reducing inequalities.

We have been recognised as a benchmark operator in all sustainability-related aspects. We have developed several initiatives and partnerships in areas such as financial literacy, social inclusion and environmental protection. We have played a decisive role in financing the energy transition that businesses and people will have to undertake in coming years owing to the greatest challenge that is the maintenance of human life and biodiversity in general on a planet so impacted by climate change and which is so evident today. We are proud to be a responsible bank, committed to the well-being of people and society in general.

2023 will be a challenging year but we will face it with confidence. Personally, I remain committed to creating greater value for our stakeholders and can assure you that Caixa will continue to contribute to a better future and the promotion of best corporate governance practice.

Together, with resilience and a strong sense of responsibility in meeting the challenges we face, we will achieve all of our goals and consolidate Caixa's leading position in the Portuguese financial system.

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[5] 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 2022

In 2022, of the various changes and events of significant relevance to corporate governance, the following are worth mentioning:

- 2022 marks the first complete year after the new Board of Directors took office in December 23, 2021;
- With the start of the new mandate, in the early part of the year, the induction process of the new Board members took place;
- It was the first complete year under the governance model adopted with the appointment of the new Board made uo of a Board of Directirs, an Audit Committee and a Startuatory Audit Company and seeks to foster the institutional relationship and functionality between governing bodies with an effective separation between managent and oversight duties;
- The Stratgic Plan 2021-2024 continued its execution aiming to keep Caixa a leader in service to cleints and society as a whole, reaching by 2024 performance indicators aligned with European peers in terms of capital and profitability;
- With the end of the pandemic crisis in the first quarter of 2022 and, simultaneously the outbreak of the war in Ukraine in first quarter 2022 the former Covid Risk Committee, with the aim of overseeing and monitoring the effects of the Covid-19 pandemic crisis in all risk areas of Caixa group's activity ended and the Ukraine Crisis Committee was created. The Ukraine crisis

[5] Available at https://www.utam.gov.pt/

committee is an advisory committee comprising a forum for discussion and is made up of members of the board of directors in addition to representatives of CGD’s and CGD group entities’ structural bodies and aims to assess the impacts of the war in Ukraine in various areas of risk for Caixa as a whole.

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 2022 adjusted for available resources and funding sources	•		17/02/2022
	Obtained government approval for activities plan and budget for 2022		•	
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	•		28/04/2023
Article 46	Elaborated report identifying occurrences, or risk of occurrences, associated with prevention of corruption	•		March 2023
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 No subsequent changes
Article 53	Took steps to ensure that UTAM is able to publish all relevant information on its website	•		March 2023 – Publication of the Identification Report of Risks and Occurrences of Corruption and Related Infractions 2022
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)	•		28/04/2023

3.2. Mission, objectives and policies[6]

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.

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[6] 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.

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.

Objectives and degree of compliance

The year 2022 was marked by the rise in inflation and interest rates, reflected in the substantial improvement in results, in particular the increase in the profitability of deposits and the loan portfolio after a prolonged period of negative rates. The consolidation of CGD's performance was evident in the return on capital (ROE) and efficiency (Cost-to-Income) ratios, supported by levels of efficiency, asset quality and solvency in line with benchmarks for European banking.

In 2022 Caixa continued to implement its 2021-2024 Strategic Plan. Reference should be made to the following initiatives:

- adoption of agile work models, transversal to various areas of the organization and focused on concrete business objectives, with a significant impact on the growth of digital sales of Consumer Credit, which reached a value of around 45% in December 2022 and the launch of new insurance sales days for retail Customers;
- transversal review of the Customer service models was carried out, reinforcing the monitoring of commercial managers, leveraging the Remote Management Network and launching a dedicated Private Banking unit. These changes were accompanied by new transaction support solutions, boosting its expansion in future years;
- the launch of differentiated campaigns aimed at the segment of small and medium-sized companies (SMEs), differentiated campaigns were launched, in terms of product and price, using advanced analytics models and a commitment to automating credit decisions for more mass-market and standardized products;
- As a reference bank in ESG practices, initiatives were reinforced to promote equality, diversity and financial and digital inclusion through several initiatives for sustainable and inclusive financing, namely in the development of financial products and services to support households and companies in the energy transition, efficient buildings and sustainable mobility; the importance of the ESG (Environmental, Social and Governance, in English) rating in the credit granting process and approach to customers was reinforced and inclusive digital solutions such as the Caixa digital assistant were developed.

In 2022 Caixa also ensured the execution of its funding strategy, guaranteeing compliance with the necessary capitalisation levels in accordance with MREL requirements. 2022 therefore witnessed the launch of two new green bond issues following the inaugural issue of a sustainable bond in 2021.

Key factors upon which the company's results depend

Caixa Group's results were strongly influenced by external and conjunctural factors, of which we highlight those that manifested themselves as from 2022:

- The increased inflation and interest rates with an impact of reduction in household disposable income and, consequently, in consumption, as well as a lower demand for credit. On the other hand, the increase in interest rates had a positive effect on the evolution of the net interest income, and consequently on the Bank's results.

- The increase in household funding costs will placing increased pressure on the risk of non performing loans, as well as an increase in customers with lower credit quality.

- The increased pressure on production costs, the reduction in private consumption and customers payment difficulties leading to additional pressure on companies' treasury, leading to an increase in risk and the need to manage any defaults in a timely manner.

- The impact of new legal measures restrictive of commissioning and which imply constraints on banking activity, an example of which was the suspension of the commission for early repayment of mortgage credit.

- Risk management to prevent cyber-threats, aligned with the business needs and with the necessary dynamism to ensure its evolution. To this end, CGD has defined and implemented its Global Information Security Policy, in order to preserve the confidentiality, integrity and availability of information and maintain the trust of stakeholders.

- Renewal of CGD's corporate culture, with emphasis on talent development and retention, mobilizing and committing the entire organization by promoting innovation, agility and transformation, while maintaining high standards of professionalism, integrity and transparency.

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 2022.

Shareholders	Share Capital at 31/12/2022	% Equity Stake at 31/12/2022
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.

On March 20, 2023, CGD's share capital increased from €3,844,143,735 to €4,525,714,495, fully owned by CGD's sole shareholder, the Portuguese State, through the incorporation of reserves arising from the same number of conversion rights, in favour of the shareholder following CGD's joining the Special Regime applicable to Deferred Tax Assets in 2014.

The increase in share capital of €681,570,760 resulted in the issue of 136,314,152 new shares, each with a nominal value of 5 euros.

3.4. Group structure and bond holdings

Group holdings by business

		31-12-2022
	Head Office	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	81.68%
Banco Nacional Ultramarino, S.A. (Macau)	Macau	100.00%
Caixa - Banco de Investimento, S.A.	Lisbon	100.00%
Banco Caixa Geral Angola, S.A.	Luanda	51.00%
Asset Management		
Caixa Gestão de Ativos, S.A.	Lisbon	100.00%
CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	Lisbon	100.00%
Venture Capital		
A Promotora, Sociedade de Capital de Risco, S.A.R.L.	Praia	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%
FLIPTREL IV, S.A.	Lisbon	100.00%
FLIPTREL Porto Santo, S.A.	Lisbon	100.00%
Complementary Corporate Groupings		
Caixa-Serviços Partilhados, ACE	Lisbon	100.00%

Relevant direct shareholdings

		31-12-2022
	Head Office	Voting rights
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 2022, to continue the restructuring process, the simplification of the Group's structure and the concentration on core activities, the following operations were carried out:

- Increase in the share capital of Caixa-Participações, SGPS, S.A. (Caixa-Participações) paid in kind by the sole shareholder, Caixa Geral de Depósitos S.A., through the delivery of all the shares held in Caixa - Banco de Investimento S.A. (CaixaBI);
- Caixa-Participações, through an offer to acquire total control and the compulsory acquisition of 182,901 shares representing 0.23% of CaixaBI's share capital, now holds directly 100% of the share capital and voting rights in Caixa - Banco de Investimento S.A.;
- Release of Caixa-Serviços Partilhados, ACE from the Group Fidelidade companies, which now only provides services to CGD Group companies.

The following developments in the structure of the CGD Group were carried out in 2022:

- Reinforcement of 11.687% of the stake in the share capital of Banco Interatlântico, S.A. (Cape Verde) through the acquisition of the share capital held by one of the minority shareholders, thus giving CGD a direct stake of 81.687%;
- Increase in the share capital of Banco Caixa Geral Angola, S.A. to 60,000,000,000 Kwanzas, through the incorporation of reserves in the amount of 51,425,000,000 Kwanzas. During the third quarter of 2022, 25% of the share capital held by SONANGOL was sold on the stock exchange by SONANGOL, through an Initial Public Offering, resulting in an additional of 691 new shareholders;
- Acquisition of the real estate company FLIPTREL IV, S.A. Following this acquisition, the Group now holds 100% of “FLIPTREL Porto Santo, S.A.;
- At the end of 2022, the process of selling the direct and indirect stake held in Banco Comercial do Atlântico, S.A. (BCA) (Cape Verde) was resumed.

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 comprised an initial endowment of €3.5 millions from its founder Caixa Geral de Depósitos, S.A. which also provided its installations and makes an annual endowment which, in 2022, was 2,887,801.59 euros.

Since opening its doors, the Foundation has played a significant role in developing the artistic environment in city of Lisbon and country. It has accompanied the careers of directors and choreographers, creating new productions and presenting them to a diverse audience, has commissioned works from visual artists, sponsoring solo and group exhibitions, organising all kinds of music concerts and supporting and hosting the city’s major film festivals.

Caixa reinforced its investment in culture, across 2022, in its launch of innovative programmes and continuation or increased investment in already consolidated investments. These programmes were complemented by conferences and debates and a diversified range of workshops, guided tours, meetings and shows for schools and families to serve the community in which it operates.

As the designated manager of the CGD collection, the Caixa Geral de Depósitos Foundation - Culturgest is also responsible for its procurement policy and the judicious implementation thereof having made several acquisitions of relevance across the year.

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, the last one already in 2023.

The not-for-profit entities of which CGD is an associate member are listed in annex IV.

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.

The executive members of the Board of Directors who held office during the 2017-2020 term, as well as one of the current non-executive members who held office as executive member at the time, hold commercial paper issued by Caixa, relating to variable remuneration for the years 2018 and 2020, paid in kind in 2022. In chapter 3.7.5. Disclosure of Remuneration, the values of the referred remuneration are detailed.

It should also be noted that the executive members Madalena Rocheta de Carvalho Talone and Maria Manuela Martins Ferreira, and her spouse, also hold commercial paper relating to variable remuneration awarded in previous years when they took office as as managers in Caixa Geral de Depósitos.

In compliance with the Article 447 of the Commercial Companies Code, Annex V of this Corporate Governance Report details the holdings (CGD shares and bonds) held by members of the Board of Directors and Audit Committee, and their spouses and minor descendants.

In 2022 and on 15 different occasions, Fidelidade – Companhia de Seguros, S.A. (“Fidelidade”) informed CGD that it had acquired or sold debt securities issued by it. As CGD has a minority shareholding in Fidelidade and that, until March 31, 2022, 2 board members and, after that date, 3 board members held office in both entities, the respective information disclosure requirements were complied with through the CMVM’s system for the disclosure of information.

3.5. Statutory bodies and committees

3.5.1. Governance model

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 corresponds to the "dualist" 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 includes a Board of Directors and, in terms of supervision, an Audit Committee and an Statutory Audit Company.

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. With the election and entry into office of the management body of Caixa Geral de Depósitos, S.A. for the 2021-2024 mandate, the Board of Directors approved, on January 10, 2022, new instrument for the delegation of authority.

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.

Term of office of the management and supervisory body

According to CGD's Articles of Association, 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, replaced or nominated 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*.

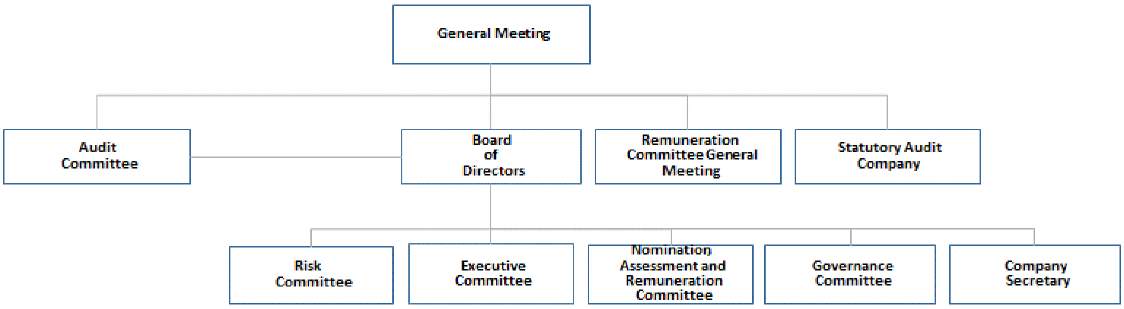
In statutory terms, the number of terms of office successively undertaken by members of the Board of Directors is limited to 4 (four), with the terms of office of members of the Audit Committee and the Statutory Audit Company being subject to the dispositions set out in law. Upon coming to the end of 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. The terms of office of the various statutory bodies are not necessarily coincident.

Management's supervisory activity, 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 Audit Committee.

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



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. In the course of 2022, the Chair of the General Meeting, Paulo Mota Pinto, resigned from his position due to legal incompatibility for the function considering the beginning his mandate as member of the Portuguese Parliament. By deliberation of the General Assembly of May 31, 2022, Nuno Cunha Rodrigues was appointed to complete the 2020-2023 mandate. On December 31, 2022, the General Meeting had the following composition:

Term of office	Position	Name	Appointment	
			Form	Date
2020-2023	Chair	Nuno Leal da Cunha Rodrigues	UWR	31.05.2022
2020-2023	Vice-Chair	Maria João Pessoa de Araújo	UWR	19.05.2020
2020-2023	Secretary	Manuela Duro Teixeira	UWR	19.05.2020

Already in 2023, Nuno Cunha Rodrigues resigned from his position, with effect from March 12, 2023, considering his appointment as Chairman of the Board of Directors of the Portuguese Competition Authority.

Professional qualifications of members of the general meeting

Curriculum of each member of the Board of the General Meeting, on 31/12/2022, 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.

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.

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. Executive member of Caixa – Banco de Investimento, S.A

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 were passed in 2022, either at general meetings or in the form of unanimously approved corporate resolutions set out in writing.

- Approval of the board of directors' report and separate and consolidated accounts, corporate governance report and sustainability report for 2021 in addition to the proposal for the appropriation of net income and distribution of dividends (general meeting of 31 May 2022);
- Approval of changes to the policy for the selection and appointment of the statutory auditors and separate non-prohibited audit services by CGD, S.A. (general meeting of 31 May 2022);
- Appointment of the chairman of the board of the general meeting to complete the 2020-2023 term of office (general meeting of 31 May 2022);
- Approval of proposals for the allocation of variable remuneration for 2019 and 2020 to all CGD executive board members (general meeting of 31 May 2022);
- Appointment of members of the remuneration committee of CGD's general meeting for the 2022-2024 three year period. (corporate resolution of 8 November 2022);
- Confirmation of verification of the conditions governing eligibility, at 31 December 2020 and 2021, for the variable components of remunerations paid in cash and kind for 2017 and 2018 to acting executive board members in the 2017-2020 term of office (corporate resolution of 9 November 2022).

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 three year 2022-2024 period is as follows:

Term of office	Position	Name	Appointment	
			Form	Date
2022-2024	Chair	João Nuno de Sottomayor Pinto de Castello Branco	UWR	08.11.2022
2022-2024	Member	Patrícia Andrea Bastos Teixeira Lopes Couto Viana	UWR	08.11.2022
2022-2024	Member	Duarte Manuel Ivens Pitta Ferraz	UWR	08.11.2022

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.

In 2022, CRAG did not hire consultancy services to external entities. However, it informs that the contracting of consultancy services is subject to transparent procedures related to the acquisition of goods and services, guided by principles of economy and efficiency, guiding its conduct by observing the established objectives and principles of legality and business ethics, namely , in the Legal Regime of the State Business Sector. Caixa – Serviços Partilhados, A.C.E. (CSP) is mandated by CGD to ensure the acquisition of goods and services for CGD. It is CRAG's responsibility to verify the independence of the service providers that may be hired, since independence is a sine qua non condition for the constitution and operation of CRAG as provided for in Article 5.4 of the CRAG Regulation.

CRAG held 6 (six) meetings in 2022 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.

The Board of Directors elected for the 2021-2024 term, which took office on December 23, 2021, is made up of seventeen members (eight Executive Directors and nine Non-Executive Directors.

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 2021-2024 period, 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
2021-2024	Chair of the Board of Directors	António Farinha Morais	21-12-2021	28	100%	1
2021-2024	Vice-Chair of the Board of Directors and Chairman of the Executive Committee	Paulo José de Ribeiro Moita de Macedo	21-12-2021	28	100%	2
2021-2024	Executive Member of the Board of Directors	José João Guilherme	21-12-2021	26	93%	2
2021-2024	Executive Member of the Board of Directors	Francisco Ravara Cary	21-12-2021	28	100%	2
2021-2024	Executive Member of the Board of Directors	João Paulo Tudela Martins	21-12-2021	27	96%	3
2021-2024	Executive Member of the Board of Directors	Maria João Borges Carioca Rodrigues	21-12-2021	25	96%	2
2021-2024	Executive Member of the Board of Directors	Nuno Alexandre de Carvalho Martins	21-12-2021	28	100%	2
2021-2024	Executive Member of the Board of Directors	Madalena Rocheta de Carvalho Talone	21-12-2021	28	100%	1
2021-2024	Executive Member of the Board of Directors	Maria Manuela Martins Ferreira	21-12-2021	26	93%	1
2021-2024	Non-Executive Member of the Board of Directors and Chair of the Audit Committee	António Alberto Henriques Assis	21-12-2021	28	100%	1
2021-2024	Non-Executive Member of the Board of Directors and Member of the Audit Committee	José António da Silva Brito	21-12-2021	28	100%	2
2021-2024	Non-Executive Member of the Board of Directors and Member of the Audit Committee	María del Carmen Gil Marín	21-12-2021	28	100%	1
2021-2024	Non-Executive Member of the Board of Directors and Member of the Audit Committee	Maria João Martins Ferreira Major	21-12-2021	28	100%	1
2021-2024	Non-Executive Member of the Board of Directors	Arlindo Manuel Limede de Oliveira	21-12-2021	28	100%	2
2021-2024	Non-Executive Member of the Board of Directors	Hans-Helmut Kotz	21-12-2021	28	100%	2
2021-2024	Non-Executive Member of the Board of Directors	Luís Filipe Coimbra Nazaret	21-12-2021	28	100%	1
2021-2024	Non-Executive Member of the Board of Directors	Monique Eugénie Hemerijck	21-12-2021	28	100%	1

Already in 2023, Maria João Borges Carioca Rodrigues resigned from her position, with effect from 31 March 2023. The fit and proper process of the candidate for executive member of the Board of Directors and CFO, to complete the 2021-2024 term of office was initiated. Francisco Ravara Carry was appointed CFO until the date of appointment of the new Board Member.

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, 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).
Executive Training at ISEAD (2021) and IMD (2022).

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.

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. (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).

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, Wharton) in several countries.

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).

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). Member of the Citizens' Council of the Faculty of Medicine of the University of Lisbon (FMUL).

Academic Positions
Visiting Full Professor, Instituto Superior de Economia e Gestão (ISEG) and Instituto Superior de Ciências Sociais e Politicas (ISCSP), Universidade de Lisboa.

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)
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
Chairman of the Board of Directors of Banco Interatlântico S.A., Cape Verde (2022). 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) and of Banco Caixa Geral Brasil, S.A. (Brazil),
Member of the Board of Directors of Locarent, Companhia Portuguesa de Aluguer de Viaturas, 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

Member of the Board of Directors of Fidelidade Companhia de Seguros, S.A. (2017-2022). Chairman of the Board of Directors of Banco Comercial do Atlântico, Cape Verde (2020-2022), 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), of Banco Comercial e de Investimentos, S.A. (Mozambique) and of Banco Interatlântico, S.A. (Cape Verde)

Academic qualifications

Degree in Management - Universidade Católica Portuguesa (1989).
International Advanced Certificate in Regulatory Compliance - ICA (2022).
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)

Other current positions

Executive Member of the Management Body responsible for the implementation of AML/CFT legislation and regulations

Knowledge and Skills

Relevant management experience in the banking sector, with particular emphasis on the commercial and risk management areas.

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, information systems and financial.

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 Banco Interatlântico S.A. (Cape Verde)

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

Chairman of the Board of Directors of Caixa Capital – Sociedade Capital de Risco, S.A. (2022). Chairman of the Board of Directors of Caixa - Serviços Partilhados, ACE (2022). 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).

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)
Strategic Leadership Program – Instituto Superior de Economia e Gestão da Universidade de Lisboa, ISEG and Columbia Business School (2022)
High Performance Boards - International Institute for Management Development, IMD (2021)
Master in Business Administration (MBA), Columbia University, USA (2004)

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.

Maria Manuela Martins Ferreira

Portugal. December 26, 1970

Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A.
Chairman of the Board of Directors of Banco Comercial do Atlântico S.A. (Cape Verde)

Academic qualifications

Degree in Economics, Universidade de Coimbra (1994)
Strategic Management in Banking Programme, INSEAD (2022)
High Performance Boards, IMD Business School (2021)
Risk Management in Banking, INSEAD (2021
PADE – Programa de Alta Direção de Empresas (Top Management Program), AESE (2018)
Advanced Course in Banking Management, Instituto Superior de Gestão Bancária (2005)
Postgraduate Degree in Marketing, Instituto Superior de Estudos Financeiros e Fiscais (2002)

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.

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)

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

Other current positions

Chairman of the Supervisory Board of Centro Social Paroquial de Torres Vedras. Statutory Auditor (since 1992). Certified Accountant.

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.

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.
Member of the Board of Directors of Caixa Geral de Aposentações, IP (CGD)

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

Audit Committee
Appointments, Assessment and Remuneration Committee
Risk 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

Vice-Chairman of the Board of Directors of Banco Interatlântico, Cape Verde (2020-2022). 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).

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,

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

telecommunications, retail, aviation. Has skills in investment banking and capital markets and academic experience as a marketing professor.

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

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.

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-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

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).

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

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 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

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.

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).

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).

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.

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, Tilburg University(1990)
Advanced International Corporate Finance Program, INSEAD (2019)
Corporate Governance Program - Executive Education, Nijenrode Business University (2019)
Individual Executive Leadership Program, Nomadic Executive Development (2011)
Executive Education Leading for Results, INSEAD (2008)
DSI Module - Certification of Examination, Dutch Security Institute (2000)
Global Asset Allocation - Fame, International Centre for Financial Asset Management and Engineering (2001)
Postgraduate Program for Capital Markets Specialist, KPMG, DNB, Amsterdam Institute of Finance, INSEAD (2000)

Previous professional experience

Chief Risk Officer (CRO) and Member of Executive Board within NN Group (NN Bank 2013-2020). Executive Director of NN Group (2013-2020). CRO and Member of Executive Board within ING Group (ING Direct & Retail Banking International 2010-2013). Corporate Head Model Validation of ING Group (2007-2010). Senior Supervisor of International Conglomerates, De Nederlandsche Bank (2002-2007). Policy Advisor, Financial Markets Division and Scientific Research and Econometrics Division, De Nederlandsche Bank (1991-2002). Research assistant 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, finance, balance sheet and capital management due to the experience accumulated in high leadership positions in the banking sector.

Permanent Education Programme

Across the course of 2022 and within the framework of the permanent education programme (PEP) for CGD's board members, executive and non-executive board members attended a series of training actions given by INSEAD, Wharton University, the Financial Times and IMD. These courses particularly included the following: "Strategic Management in Banking Programme", "CEO Academy ®", "Effective Non-Executive Director Programme" and “High Performance Boards” respectively. Reference should also be made to the attendance of executive board members on the "International Advanced Certificate in Regulatory Compliance" course given by the Compliance Association (ICA) with the issue of a course completion certificate.

Members of CGD’s board of directors also attended several sessions of the Strategic Management in Banking Programme (PEP Programme 2). These particularly included the session held with Professor Vítor Constâncio, on "Inflation and Monetary Policy" in addition to the sessions given by the former president of the European Commission Dr. Durão Barroso and Professors Charles Goodhart and Manoj Prahad on "Current trends in Europe and the World, main risks and opportunities" and "The Great Demographic Reversal: Ageing Societies, waning inequality and an inflation revival”.

The programme also included sessions on digital transformation, climate risks and cybersecurity.

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 and the Audit Committee, as statement signed by the Company Secretary. Included in the Corporate Governance Report of the year of the beginning of the mandate (2021). In the year 2022, there was no update of the referred to declarations.

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 acrossthe-board diversity principles applicable to its employees, including members of its statutory bodies.

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.

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 2022:

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	Private
	Associação Portuguesa de Bancos (APB) (Representing CGD)	Member of the Board	Private
	Instituto Superior Técnico	Member of the Advisory Committee	Public
	Fundação Arpard Szenes-Vieira da Silva	Guest Curator of the Curators Committee	Private
	Universidade Católica Portuguesa	Member of the Advisory and Strategy Committee of the Rector	Private
	Agência de Avaliação e Acreditação do Ensino Superior (A3ES)	Member of the Curators Council	Private
	EPIS – Empresários pela Inclusão Social	Member of the Board	Private
	Faculdade de Medicina da Universidade de Lisboa (FMUL)	Member of the Citizens Board	Public
	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	Private
	Locarent - Companhia Portuguesa de Aluguer de Viaturas, S.A.	Non-Executive Member of the Board	Private
	Caixa - Banco de Investimento, S.A.	Chairman of the Board	Private
	Banco Caixa Geral Angola S.A.	1st Vice Chairman of the Board	Private
João Tudela Martins	Banco Nacional Ultramarino, S.A. (Macau-China)	Non-Executive Member of the Board	Private
	Banco Interatlântico (Cabo Verde)	Vice Chairman of the Board	Private
	Banco Comercial e de Investimentos, S.A. (Moçambique)	3rd Vice Chairman of the Board	Public
José João Guilherme[2]	Banco Nacional Ultramarino, S.A. (Macau)	Chairman of the Board	Private
	Fundação Eugénio de Almeida	Non-Executive Member of the Board	Private
	Fidelidade Companhia de Seguros, S.A.	Non-Executive Member of the Board	Private
	Câmara de Comércio e Indústria Luso-Espanhola (Representing CGD)	Member of the Board of Directors	Private
Maria João Borges Carioca Rodrigues[3]	Caixa Geral de Aposentações	Non-Executive Chairperson	Public
	Banco Nacional Ultramarino, S.A. (Macau-China)	Non-Executive Member of the Board	Private
	Caixa - Banco de Investimento, S.A.	Non-Executive Member of the Board	Private
	Associação INDEG-ISCTE Education	Non-Executive Member of the Board	Private
	Associação INDEG-ISCTE Projetos	Non-Executive Member of the Board	Private
	Fundação Universidade de Aveiro	Member of the Curators Committee	Private
	Fundação Ulisses (Representing CGD)	Member of the Advisory Committee	Private
	Fidelidade – Companhia de Seguros, S.A.	Non-Executive Member of the Board	Private
	Banco Interatlântico (Cabo Verde)	Chairman of the Board	Private
Madalena Carvalho Rocheta Talone	SIBS, SGPS, S.A.	Non-Executive Member of the Board	Private
	SIBS Forward Payment Solutions, S.A.	Non-Executive Member of the Board	Private
	COTEC Portugal (Representing CGD)	Vice-Chairperson of the General Assembly	Private
	Confederação Empresarial de Portugal (CIP)	Member of the Strategy Committee for the Digital Economy of CIP	Private
Maria Manuela Martins Ferreira	Banco Comercial do Atlântico, S.A. Cabo Verde	Chairman of the Board	Private

1- Resigned as Member of the Board of Directors of Fidelidade Companhia de Seguros, S.A. in September 2022.

2 - Resigned as Chairman of the Board of Directors of Banco Interatlântico on March 18, 2022.

3- 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).

NON-EXECUTIVE BOARD MEMBERS

Non-Executive Members of the Board of Directors	Accumulation of functions		
	Entity	Function	Regime (Public/Private)
António Farinha Morais		No other positions	
António Alberto Henriques Assis	Centro Social Paroquial de Torres Vedras	Chaiman of the Supervisory Board	Public
Monique Eugenie Hemerijck		No other positions	
Arlindo Manuel Limede de Oliveira[4]	Instituto Superior Técnico	Professor	Public
	INESC	Chairman of the Board of Directors and Executive Committee	Public
	Vieira de Almeida, Sociedade de Advogados	Member of the Innovation Strategy Committee	Private
	Confederação Empresarial de Portugal (CIP)	Member of the Strategy Committee for the Digital Economy	Private
	NeuralShift- Deep Learnig, Lda	Member of the Advisory Committee	Private
	Conselho Nacional de Ciência, Tecnologia e Inovação	Member of the Advisory Committee	Public
	European Parliament's panel for the Future of Science and Technology	Member of the Advisory Committee	Public
	Assocação Portuguesa para a Inteligência Artificial (APPIA)	Member of the Advisory Committee	Private
	Associação Portuguesa para o Desenvolvimento de Sistemas de Informação (APDSI)	Member of the General Committee	Private
Hans-Helmut Kotz	Universidade Goethe (Frankfurt)	Responsible for the SAFE Policy Center	Private
	Mckinsey & Co	Senior Consultant and Academic Advisor	Private
	Konstanz Seminar on Monetary Theory (Bona)	Member of the Advisory 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 Orientation Committee	Private
	Centre Cournot por la Recherche en Économie	Member of Scientific Committee	Private
José António da Silva de Brito[5]	Caixa Geral de Aposentações	Member of the Board of Directors	Public
María del Carmen Gil Marín	Novabase S.G.P.S	Member of the Board	Private
	Novabase Capital, SCR, S.A	Member of the Board	Private
	CTT - Correios de Portugal, S.A	Non-Executive Member of the Board	Private
	Associação de Emitentes do Mercado (A.E.M.)	Member of the General Committee	Private
	CELFOCUS	Member of the Board	Private
	Vieira de Almeida, Sociedade de Advogados	Member of the Innovation Strategy Committee	Private
	Globaleda - Telecomunicações e Sistemas de Informação	Chairman of the General Assembly	Private
Maria João Martins Ferreira Major	Revista Científica da Ordem dos Contabilistas Certificados	Chief Editor	Private
	Qualitative research on accounting and management journal	Reviewer of Academic Publications	Private
	Journal of accounting and organizational change	Reviewer of Academic Publications	Private
	Journal of public budgeting, accounting & financial management	Reviewer of Academic Publications	Private
	Comitê da História da Contabilidade da Ordem dos Contabilistas Certificados	Member	Private
	ISCTE Executive Education	Executive Master Director	Public
	ISCTE – Instituto Universitário de Lisboa	Professor	Public
Luis Filipe Nunes Coimbra Nazaret	Plataforma de Media Privados (PMP)	Member of the Board	Private
	Gestíssimo Consultoria e Gestão, Lda.	Partner	Private
	Gaptec - Universidade Técnica de Lisboa	Vice Chairman	Public
	ISEG	Associate Guest Professor	Public
	IDEFE	Chairman of the General Assembly	Public

4 - Ceased duties as a Member of the Consulting Committee of in October 2022.
5 - Took office as a Non-Executive Member of the Board of OMIP - Operador do Mercado Ibérico (Portugal), SGPS in February 2023.

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 2022, 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. Based on an internal evaluation methodology, grounded on the evaluation criteria of executive board members described in the Remuneration Policy for

Board Members and Supervisory Bodies of Caixa Geral de Depósitos, S.A., it 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.

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 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*.

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.

The special committees of the board of the directors are the following:

- Risk committee
- *CNAR*
- Governance committee

Risk committee

Composition

The risk committee (CR) comprises 6 (six) non-executive board members, with adequate qualifications and experience, most of whom independents, appointed by the board of directors and made up of the following board members:

Term of office (Start-End)	Risk Committee - CR			Meetings in 2021	N. of meetings held while in office	N. of meetings attended	Attendance
	Position	Name	Appointment				
2021-2024	Chair	Monique Eugénie Hemerijck	Board of Directors decision 10.01.2022	18	18	18	100%
2021-2024	Member	António Alberto Henriques Assis	Board of Directors decision 10.01.2022		18	18	100%
2021-2024	Member	Arlindo Manuel Limede de Oliveira	Board of Directors decision 10.01.2022		18	18	100%
2021-2024	Member	Hans-Helmut Kotz	Board of Directors decision 10.01.2022		18	16	89%
2021-2024	Member	José António da Silva de Brito	Board of Directors decision 10.01.2022		18	17	94%
2021-2024	Member	Luís Filipe Nunes Coimbra Nazaret	Board of Directors decision 10.01.2022		18	18	100%

Remit

The committee's remit particularly includes:

- Oversight of management policies for all financial and non-financial risks related to Caixa's separate and consolidated activity, namely and *inter alia,* liquidity, market, credit, compliance and reputational risks;
- 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;
- An analysis of a series of possible scenarios, including stress tests to assess how the bank's risk profile would react to external and internal events;
- 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 2022

As part of its functions, this committee undertook a series of activities, in 2022, which particularly included the following:

(i) An analysis, *inter alia*, of the risk-related reports submitted by the risk management division (DGR) and compliance division (DC), consideration of the financing and refinancing proposals submitted by the respective structural bodies and an opinion on the proposals for the appointment of the officers responsible for Caixa group's risk management and compliance offices;

(ii) An analysis, *inter alia*, of the risk-related reports submitted by DGR: (risk appetite dashboard, integrated risk report, credit monitoring report, operational risk report, or the internal capital adequacy assessment process [ICAAP] dashboard), in addition to a relevant set of reports produced by the compliance office (activity reports of the anti-financial crime areas, report on CGD's non-compliances or report on conflicts of interest);

(iii) Consideration of a series of risk-related policies;

(iv) Oversight of the preparation and critical review of the internal capital adequacy assessment process (ICAAP) and the internal liquidity adequacy assessment process (ILAAP) cycles;

(v) Monitoring of the implementation of DGR's and DC's annual activity plans, ensuring the independence and effectiveness of these functions;

(vi) Oversight and supervision of the impacts of the pandemic crisis and evolution of the geopolitical and macroeconomic context in Caixa group;

(vii) Analysis of a series of risk-related reports on CGD group entities (Local RAS dashboard and CGD 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 risk management-related projects considered relevant to CGD group, having issued recommendations whenever adequate;

(ix) Involvement across the whole of the planning and implementation process of the recovery plan 2022;

(x) A critical analysis of and active contribution to improving the effectiveness of Caixa group's internal control system, overseeing the preparation of the respective reports for delivery to the Bank of Portugal and

(xi) Monitoring the supervisor's risk-related actions, ensuring that the respective recommendations are effectively communicated.

Number of meetings held

CR held 18 (eighteen) meetings in 2022. Minutes were drawn up on all the meetings.

Appointments, Assessment and Remuneration Committee

Composition

With the start of the new term of office on 23 December 2021 and in line with the board of directors' resolution of 10 January 2022, the Appointments, Assessment and Remuneration Committee (CNAR) comprised 3 (three) non-executive board members, with adequate qualifications and experience, most of whom independents and comprising the following board members: Arlindo Manuel Limede de Oliveira (chairman), and board members José António da Silva de Brito and María del Carmen Gil Marín.

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				
2021-2024	Chair	Arlindo Manuel Limede de Oliveira	Board of Directors decision 10.01.2022	17	12	12	100%
2021-2024	Member	Maria del Carmen Gil Marín	Board of Directors decision 10.01.2022		12	12	100%
2021-2024	Member	José António da Silva Brito	Board of Directors decision 10.01.2022		12	12	100%

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 2022

This committee's functions, in 2022, included the following:

i) consideration of the internalisation or externalisation of the assessment process on the structure, size, composition and performance of CGD S.A.'s management and supervisory bodies as a whole and of its members severally and recommendations on possible changes and/or other forms of "*Board Effectiveness Review*" with reference to 2022;

ii) furtherance of a series of initiatives related to the regular oversight of the onboarding training process of new members of CGD, S.A.'s board of directors;

iii) oversight of the works related to the appointments processes submitted to it, i.e. the management and supervisory bodies of subsidiaries (domestic) and international (core and non-core), key function holders, managers of CGD branches abroad, in addition to the annual reassessment processes on the individual and collective suitability of members of the management and supervisory bodies of CGD group entities which to not have their own CNAR;

iv) first time oversight of processes for the reassessment of the suitability of the key function holders of CGD group's domestic entities;

v) annual assessment of the collective performance of Caixa Geral de Depósitos, S.A.'s management boards and of its individual members;

vi) oversight of the process for identifying CGD group's key function holders;

vii) oversight of the process of accumulation of positions of members of Caixa Geral de Depósitos, S.A.'s management and supervisory boards

viii) oversight and approval of the gender equality plan;

ix) oversight of the activity of local structures equivalent to Caixa's CNAR in core international entities;

x) oversight of the works related to preliminary analysis of reports on conflicts of interest.

Number of meetings held

CNAR held 12 (twelve) meetings in 2022. Minutes were drawn up on all the meetings.

Governance Committee

Composition

The governance committee (CG) comprises 4 (four) non-executive members, with adequate qualifications and experience, most of whom independents, appointed by the board of directors and comprising the following members:

Term of office (Start-End)	Governance Committee - CG			Meetings in 2022	N. of meetings held while in office	N. of meetings attended	Attendance
	Position	Name	Appointment				
2021-2024	Chair	Hans-Helmut Kotz	Board of Directors decision 10.01.2022	11	11	11	100%
2021-2024	Member	Monique Eugénie Hemerijck	Board of Directors decision 10.01.2022		11	11	100%
2021-2024	Member	Maria João Martins Ferreira Major	Board of Directors decision 10.01.2022		11	11	100%
2021-2024	Member	Luis Filipe Coimbra Nazaret	Board of Directors decision 10.01.2022		11	11	100%

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 2022

This committee's functions included, *inter alia*, the following activities in 2022:

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;

vi) oversight of the evolution and implementation of the strategic plan for control functions;

vii) monitoring the implementation of initiatives on social responsibility, sustainability and environmental protection;

viii) 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 2022. Minutes were drawn up on all meetings.

Executive Committee

As stipulated in a unanimously approved corporate resolution set out in writing of 21 December 2021, the executive committee comprises 8 (eight) members of the board of directors.

The executive committee's activity is governed by its respective regulation as approved by the board of directors on 27 January 2022.

The executive committee should meet at least once a month in accordance with its regulation and usually meets at least once a week, having held 56 meetings in 2022.

The following table provides information on the composition of the executive committee elected for the four year period starting 2021, specifying 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
2021-2024	Chair	Paulo José de Ribeiro Moita de Macedo	21-12-2021	54	96%
2021-2024	Executive Member	José João Guilherme	21-12-2021	48	86%
2021-2024	Executive Member	Francisco Ravara Cary	21-12-2021	52	93%
2021-2024	Executive Member	João Paulo Tudela Martins	21-12-2021	51	91%
2021-2024	Executive Member	Maria João Borges Carioca Rodrigues	21-12-2021	53	95%
2021-2024	Executive Member	Nuno Alexandre de Carvalho Martins	21-12-2021	53	95%
2021-2024	Executive Member	Madalena Rocheta de Carvalho Talone	21-12-2021	53	95%
2021-2024	Executive Member	Maria Manuela Martins Ferreira	21-12-2021	52	93%

Annex II: "Distribution of remits of members of the executive committee" provides information on the distribution of such areas among executive committee members in 2022.

Executive boards and committees

CGD currently has 10 executive boards and 5 committees, in which the former are decision-making bodies that consider and decide upon proposals submitted by the executive committee and the latter are structures which report to the executive committee but which do not have any decision-making authority and which prioritise discussion and advisory support to the decision-making process.

The evolution of boards to which the executive committee has delegated authority, remains positive, particularly as regards the flexibility and efficiency of the adopted model, which has allowed for in-depth discussions on the issues, disclosure of information relevant to informed decision-making and the dissemination of relevant guidance on various matters.

The current management model regulating the intervention of governance bodies allows effective support to be provided to the management and governance of CGD and CGD group, in a context of increasing regulatory requirements in terms of supervision, business, and market. In such a context, reference should be made to the revision of current regulation, which particularly includes the creation of the IT development executive board (CDDI) as a forum for definitions of and decisions on strategic priorities for information systems and technologies and strengthening the liaison existing between boards and between them and the executive committee, fostering proximity with structural bodies. The composition of these forums was also changed, with regard to the required attendance of executive members and senior officials which has made it possible to improve the model's efficiency and strengthen the participation, accountability and commitment of the various parties involved.

The flexibility of the group's current management model permits the creation of forums for discussion and advisory support for decision-making in response to the challenges being faced by CGD owing to the current context, such as the Covid risk committee and its transition to the Ukraine crisis committee.

In the committees domain, adjustments were made to the structure to meet the new challenges of improving efficiency, in line with the strategic plans of the control and governance functions.

The scope of performance and activity of the executive boards in 2022 were 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: 39

CALCO (Capital, Assets and Liabilities Board)

CALCO considers and oversees the integrated capital, assets and liabilities management (ALM) process, helping Caixa group to balance its consolidated balance sheet and profitability. It is also responsible for managing balance sheet interest rate, market, liquidity and regulatory risks.

Its remit includes: (i) furtherance of the ALM process and the actions and procedures necessary for its implementation, including the establishment of a systematic oversight and reporting system on financial risks, liquidity situation, capital situation and regulatory ratios, ensuring its commitment to process alignment; (ii) consideration of and decisions on proposals for strategic guidelines for CGD group's financing and liquidity policy, defining objectives for liquidity indicators and general financing guidelines, namely the wholesale financing programme (iii) regular consideration of the consolidated and separate liquidity situation of various CGD group entities in addition to compliance with the regulatory determinations issued by the supervisors; (iv) approval and review of contingency plans to address unexpected liquidity developments; (v) oversight of processes and preparatory work on ICAAP and ILAAP, in addition to recovery and resolution plans; (vi) consideration of and decision on proposals for strategic guidelines (and latter oversight) on risk management policy, in the form of the group's balance sheet interest rate risk and market risks, defining indicators, limits and guidelines; (vii) regular consideration of balance sheet interest rate risk and market risks, taking the necessary steps to ensure compliance with defined objectives and guidelines and compliance with regulatory determinations issued by supervisors.

Number of meetings held: 16

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: 20

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: 12

CDGS (Governance Data and Information Security Board)

CDGS is a bipartite board split up into two areas: data governance for which the *CDO* (chief data officer) is responsible, and information security as the remit of the *CISO* (chief information security officer). 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.

ts 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) 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; (v) 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: 6

CDCRC (Business Continuity, Operational Risk and Internal Control Board)

CDCRC coordinates, considers and discusses matters related to operational risk management and group-level internal control deficiencies, in addition to the monitoring and management of data protection and monitoring of reputational risk.

Its remit includes: (i) monitoring the group's overall level of operational risk, verifying conformity with established strategy and policies, in addition to decisions on the action plans submitted; (ii) promoting the effectiveness of the internal control system based on the oversight of deficiencies and their action plans, streamlining management decisions that improve the efficiency of their implementation; (iii) ensuring the alignment of business continuity with the recommendations of regulators; (iv) considering and proposing the planning and periodic performance of tests and audits on the different business continuity plans; (v) proposing the strategy and operational risk management policies to be complied with by the group; (vi) verifying conformity with strategy and operational risk management policies, with regulatory requirements across all group entities and the group's overall objectives; (vii) monitoring operational risk on a level of the various components of the methodology adopted in the group; (viii) ensuring structural decision-making for data protection management purposes, enforcement by top management and empowerment of the data protection officer and data protection office in day-to-day management; and (ix) monitoring the overall level of reputational risk and raising top management's awareness of the issues raised in this area.

Number of meetings held: 16

CDFP (Specialised Pension Fund Executive Board)

CDFP was 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

CDDI (Information Technology Development Executive Board)

CDDI is responsible for considering and discussing management capacity to define budget allocation guidelines to business areas and CGD's priorities in terms of information systems and technologies.

Its remit includes: (i) the definition of CGD's information systems and technologies for the following quarter; (ii) the definition of guidelines and approval of budget allocations to business areas in line with the priorities defined for CGD; (iii) the approval and implementation of programmes, consisting of series of projects with common objectives, whose momentum is relevant to CGD's activity and its capacity to achieve the defined strategic objectives; (iv) the control and oversight of requests by development phases (macro-estimation, priority requests, details of requirements, performances, acceptance and completion tests), evaluating any constraints and deciding on the need for any resolution measures; and (v) controlling, after delivery, the fruition of the estimated potential benefits underlying the respective priority and implementation, defining consequences (e.g. termination of projects, reductions of capacity, budget increases).

Number of meetings held: 2

CERC and CC are also bodies to which authority has been delegated by the executive committee but which only consider and decide upon credit-related matters:

<u>*CERC* (Credit Risks Executive Committee)</u>

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: 58

<u>*CC* (Credit Board)</u>

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.

Its remit includes, *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: 245

<u>**Committees**</u>

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:

<u>*CCR* (Retail Banking Commercial Committee)</u>

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

<u>*CCE* (Commercial Corporate Banking Committee)</u>

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

<u>*CR* (Resolution Committee)</u>

CR oversees, discusses, analyses, considers and supervises all resolution-related matters. It is also responsible for ensuring the implementation of the resolution workplan and other information related to credit institutions, to enable compliance with the requests of the resolution authority as the entity responsible for bank resolution.

Its remit includes: (i) consideration and charging the head of resolution planning (HoRP) with the coordination and collection of information requested by the resolution authorities; (ii) oversight, discussion and analysis, within the framework of the resolution workplan on matters relative to the priorities defined by the resolution authority and other activities aimed at effectively addressing all identified determinations to the removal of impediments to resolution and meeting expectations, in addition to compliance with reporting deadlines; (iii) consideration of solutions proposed for the activities of the resolution workplan (resolvability work programme) prepared by the resolution oversight area in conjunction with the different structural bodies, as regards their specialisms; (iv) assessment of any substantial impediments to the resolution, risks and problems identified and discussion for issuing guidelines on mitigation measures to be implemented; (v) analysis of the resolution of and determinations of resolution authority's communications; (vi) consideration of the deliverables submitted which, depending on the matters in question or concrete requirements of the single resolution board, may latterly be submitted for the consideration of the executive committee or board of directors for final approval.

Number of meetings held: 8

<u>*CVM* (Models Validation Committee)</u>

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.

Its remit 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: 12

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 Caixa group's operations, in line with its strategic plan and its stakeholders' expectations, to include branches and subsidiaries.

Its remit includes the following: (i) to ensure compliance with the governance model for sustainability, in addition to the means and resources for its efficient and effective implementation; (ii) to monitor 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) to supervise the preparation of sustainability reports and other respective relevant information in the form of ratings and external audits of CGD and CGD group's branches and subsidiaries; (iv) to oversee the development and implementation of CGD group's strategic guidelines on climate action; (v) to review CGD group's climate position statements and its carbon neutrality commitments, including climate commitments in major carbon emissions sectors (vi) to monitor and promote the implementation of the business strategy and key policies regarding climate change and RC&A (risk control and audit) risks; (vii) to promote the corporate alignment of sustainable financing, streamlining the implementation of mitigation and adaption measures to the RC&A; (viii) to monitor and streamline measurements of carbon footprint, pricing mechanisms and transition plans; (ix) to oversee and streamline the measurement, management and reduction of the emissions financed; (x) to oversee and streamline actions for the good performance of KPIs and RC&A targets; (xi) to discuss and propose strategies for the integration of the results of climate stress test exercises and scenario analyses into CGD group's business strategy; (xii) to oversee and streamline the development of action plans in response to the requirements of the regulator and supervisor; (xiii) to discuss and streamline the integration of climate and ESG aspects into CGD group's main business areas, internal processes and regulations; (xiv) to oversee documents and reports on CGD's RC&A status and performance; (xv) to consider the measures proposed under CGD's sustainable financing action plan; (xvi) to verify the adherence to and degree of compliance with undertakings set out in national and international codes and principles; (xvii) to verify the performance of the environmental management system, respective environmental management plan and compliance with objectives and responsibilities reflected therein under international standard ISO 14001; (xviii) to submit the planning and annual compliance of the sustainability strategy to the governance committee; (xix) to submit matters identified as being structuring and important to CGD and/or any recommendations and future developments for the consideration of the executive committee.

Number of meetings held: 4

Ukraine Crisis Committee (former Covid Risk Committee)

Following the creation of the Covid risk committee, in April 2020, with the aim of overseeing and monitoring the effects of the Covid-19 pandemic crisis in all risk areas of Caixa group's activity, a progressive transition of this committee to the analysis of issues related to the outbreak of the war between Russia and Ukraine War in February was initiated in first quarter 2022 and culminated, in October, with a change of name to the "Ukraine crisis committee". The Ukraine crisis committee is an advisory committee comprising a forum for discussion and is made up of both executive and non-executive members of the board of directors in addition to representatives of CGD's and CGD group entities' structural bodies and aims to assess the impacts of the war in Ukraine in various areas of risk for Caixa as a whole.

Monthly meetings were held in 2022 for analyses, discussions and deliberations on issues related to the evolution of the referred to geopolitical conflict and its consequent social, economic and business risk impacts on CGD group's activity. The committee monitored risk areas for CGD and CGD group entities, especially impacts on credit, market, financial, cybersecurity, interest rate, banking, compliance and pension fund risk and particularly focusing on the following matters: evolution of macroeconomic indicators, oil, natural gas and energy prices; rise in interest rates deriving from hikes in the ECB's key interest rates; increase in inflation and reduction of the accommodative nature of monetary policy; sovereign spread on Portuguese debt *vis-à-vis* Germany; sanctions on Russia and the operational plan to deal with distressed debtors.

These meetings were attended by the members of the risk committee (CR), chief risk officer (CRO), executive and non-executive members of the board of directors and all divisions involved in areas of concern to Caixa group, including, in addition and *inter alia,* control functions (DGR and DC), the economic research office, international relations division and the planning and control division. In terms of international entities, reference should be made to the participation of France branch, BCI Moçambique, BNU Macau, BNU Timor and Banco Caixa Geral Angola.

Number of meetings held: 10

Composition of specialised executive boards, committees and advisory boards

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.

Table summarising distribution of areas of responsibility:

Specialised Executive Boards	Members with mandatory presence (*)(**)							
	Paulo Moita de Macedo	José João Guilherme	Francisco Cary	João Tudela Martins	Maria João Carioca	Nuno Martins	Madalena Talone	Manuela Ferreira
CDCI - Specialised Cost and Investment Board				P		A	X	
CALCO - Capital, Assets and Liabilities Board			A	X	P			
CDP - Specialised Products Board		X (1)	X (1)	P	A			
CDRT - Specialised Ratings Executive Board			X	P				A
CDGS - Governance Data and Information Security Board				X	A		P	
CDCRC - Business Continuity, Operational Risk and Internal Control Board				P	A		X	
CDFP - Specialised Pension Fund Executive Board				A	P	X		
CDDI - Information Technology Development Executive Board		X (1)	X (1)	X	X		P	
CERC - Credit Risks Executive Committee		X (2)	X (2)	X				P
CC - Credit Board		X (2)	X (2)					P

(*) Considering the breakdown of areas of responsabilities for the 2021-2024 term
(**) Considering two Board Members as a deliberative quorum and the presence of the Alternate only in case of need for replacement
(1) Presence of at least one of the Board Members responsible for one of the marketing areas
(2) Preferential presence, whenever possible, of at least one of the Board Members responsible for a commercial area
Caption: P-President; A-Alternate; X-Other participating Executive Committee Members

Commitee	Members with mandatory presence (*)							
	Paulo Moita de Macedo	José João Guilherme	Francisco Cary	João Tudela Martins	Maria João Carioca	Nuno Martins	Madalena Talone	Manuela Ferreira
CCR - Retail Banking Commercial Committee		P					X	
CCE - Commercial Corporate Banking Committee			P (1)					
CR - Resolution Committee					P		X	
CVM - Models Validation Committee				P	X			
CSU - Sustainability Committee	P	X (2)	X (2)	X	X			

(*) Considering the breakdown of areas of responsabilities for the 2021-2024 term
(1) Presence of a second Board Member required according to agenda
(2) Presence of at least one of the Board Members responsible for a commercial area
Caption: P-President; X-Other participating Executive Committee Members

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, the person responsible for regulatory compliance 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, Transformation Office, Data Protection Office, 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, Real Estate Business Department - Hiring and Legal Support,Models Validation Office, Large Corporate and Institutional Business Division, Corporate Banking Division, Retail Banking Division - North Area and Retail Banking Division - South Area , Analytical Intelligence Center, Private Banking and Wealth Management Office, Representation Offices Department and Corporate Products Government Office.

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

On 23 December 2021, with the entry into force of Caixa's new "dualistic" or "Anglo-Saxon" governance model, structured in accordance with the provisions of articles 278, no. 1 b) and 423 B of the commercial companies code and article 3 of the RJSA (legal regulations governing audit supervision) – Caixa's supervisory function is now the responsibility of an audit committee and a statutory audit company (SROC), with the supervisory board having been extinguished.

Therefore, across 2021, within the framework of CGD's governance bodies' transition process, the supervisory board initiated several handover activities to the new supervisory body in the form of the audit committee, comprising letters identifying the most relevant aspects of CGD's supervisory activity and the transition process of the supervisory bodies. With the direct involvement of the previous supervisory board and audit and control committee as a special board of directors committee to which the internal audit function reported, the following actions were also taken: (i) production of proposals for the audit committee regulation and the activities plan and RACI matrix for 2022, latterly approved by the audit committee; (ii) a systemised follow up of issues carried forward from the audit and control committee and supervisory board; and (iii) definition of proposals for procedures to streamline the audit committee's operating model.

Audit committee

Composition

CGD's audit committee for the 2021-2024 term of office comprises 4 (four) permanent members, appointed by the company's general meeting, in the form of a unanimously approved corporate resolution set out in writing, chosen from among the non-executive members of the board of directors. The number of members of the audit board is adequate and sufficient, particularly taking into account Caixa's structure and size together with the complexity of the risks inherent to its activity.

Most of the audit committee members are independents, including their chairman, in accordance with current legislation, Caixa's articles of association and audit committee regulation. They have, as a whole, the appropriate skills, qualifications and professional experience for the performance of their duties, in particular a high level of competence and knowledge of the financial, accounting and audit areas, in addition to past training and experience in banking and finance activity.

The suitability of members of the supervisory body was 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.

Term of office (Start-End)	Audit Committee			Meetings in 2022	N. of meetings held while in office	N. of meetings attended	Attendance
	Position	Name	Appointment				
2021-2024	Chair	António Alberto Henriques Assis	UWR [1] of 21.12.2022	27	27	27	100%
2021-2024	Member	José António da Silva de Brito	UWR of 21.12.2022		27	27	100%
2021-2024	Member	María del Carmen Gil Marín	UWR of 21.12.2022		27	27	100%
2021-2024	Member	Maria João Martins Ferreira Major	UWR of 21.12.2022		27	27	100%

(1) UWR = Unanimous Written Resolution

Remit

The audit committee'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
- To supervise the process for the preparation and divulgence of financial information, verifying the accuracy of accounting documents and, in general, supervising the quality and integrity of the financial information therein set out;
- 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;
- To promote, monitor and evaluate the adequacy and effectiveness of CGD's and CGD group's organisational culture and governance, risk management and internal control systems;

- To supervise the effectiveness of the activity and independence of control functions and, in relation to the internal audit function, ensure the direct reporting of the function and supervising the performance of its attributes.

- To receive communications concerning irregularities, protests and/or complaints addressed to it by the shareholder, company employees or others and implement procedures for the reception, registration and processing thereof.

Members of the audit committee shall also, jointly or severally:

- Attend meetings of the general assembly and board of directors

- Be conscientious and impartial in their supervision;

- Make a written record of all verifications, inspections, denunciations received and steps taken and results thereof;

- Inform the other members of the board of directors of verifications, inspections, steps taken and results thereof;

- Issue an opinion on any issue provided for in the applicable legal provisions or which has been submitted by the board of directors;

- Inform the board of directors of any matter which should be considered by it.

Activity in 2022

As part of its supervisory actions, the audit committee was involved in the following activities in 2022:

(i) Supervision of the activity of the executive committee in accordance with its regulation, overseeing the implementation of CGD’s strategic plan 2021-2024 and attending six of its meetings, particularly those in which the company’s accounts were considered;

(ii) Taking note of all correspondence received from the supervisors, meeting to consider the specific contents of such correspondence when requested by the chairman or any member of Audit Committee;

(iii) Supervision of the process for the preparation and disclosure of financial information, meeting monthly with the head of accounting, consolidation and financial information division and the chief financial officer;

(iv) Oversight and supervision of the process involving the statutory auditing of accounts by the SROC, having, in April, considered the statutory audit certificate, audit report on CGD’s and CGD group’s financial statements for 2021 and the additional report for the audit body and, in September, the reports on a limited review of the condensed separate and consolidated interim financial statements;

(v) Issue of the report on its supervisory action and its favourable opinions on the board of directors’ report, other accounting documents for 2021, proposals for the appropriation of net income and extraordinary distribution of "Other reserves and retained earnings" and, in September, on the board of directors’ report and interim accounts for 1st half 2022, all of which submitted by the board of directors:

(vi) Supervision of the independence of the SROC and assessing all proposals for the provision of specific audit services, in particular as regards the possible classification thereof as prohibited audit services, in addition to any situation that may compromise its independence as CGD’s and CGD group’s statutory auditor;

(vii) Supervision of conduct, organisational culture and internal governance;

(viii) Supervision of the effectiveness of the internal control system and monitoring of the activity of the internal control area and implementation of the internal control deficiencies management policy;

(ix) Issue of the audit committee’s assessment reports on the adequacy and effectiveness of the organisational culture and CGD and CGD group’s governance and internal control systems, based on in its supervisory action and conclusions of the support work provided by the external auditor as required by Bank of Portugal *notice* 3/2020.

(x) Issue of an opinion on CGD's internal control system for the prevention of money laundering and countering the financing of terrorism, as provided for in Bank of Portugal *notice* 1/2022, based on the conclusions of the support work provided by the external auditor for this purpose and the internal audit reports;

(xi) Supervision of the activity and independence of control functions, issuing an opinion on a revision of its regulations and activity plans, considering its reports and maintaining a direct and immediate liaison with them, allowing them to inform the supervisory body of the identification of any constraints to their independence and/or limitations of their authority;

(xii) Supervision of activity and ensuring the direct reporting of the internal audit function, promoting its effectiveness and efficiency, monitoring the implementation of the 2022 audit plan and overseeing the preparation of the 2023-2025 multiannual activity plan;

(xiii) Meeting with the chairmen of the supervisory bodies of the international core entities and the special board of directors' committees that ensure the reporting of the respective internal audit functions with a view to ascertaining the main aspects of the supervisory activity performed and promoting the corporate harmonisation of criteria and procedures across all entities.

The audit committee considers that it has been diligent in fulfilling all of the legal and statutory responsibilities assigned to it in 2022, positively assessing its contribution to the improvement of CGD's internal control system, the effectiveness of its control functions and liaison with similar committees of group entities. Reference should also be made to its contribution in overseeing the processes for the preparation and disclosure of financial information and the statutory audit, considering that the interactions maintained and the issues raised in this context were relevant and enriching and issuing alerts concerning the most significant risks that could impact these processes.

Meetings

The audit committee held 27 (twenty seven) meetings across the year, always with the presence or participation of all its members. In addition to the 20 ordinary meetings held, there were 7 extraordinary meetings, four of which remote, for document distribution purposes. The audit committee also decided to adopt a document distribution process for several proposals that were set out in the minutes of the following meeting whenever necessary in view of the urgency of the issues involved.

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 2022 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	1,967,600	39,240	2,006,840	76%
Other assurance services	594,288	35,000	629,288	24%
Other advisory services	-	-	-	0%
Total	**2,561,888**	**74,240**	**2,636,128**	**100%**
Consolidated accounts				
Audit and statutory audit	2,168,503	495,283	2,663,786	74%
Other assurance services	687,693	241,789	929,481	26%
Other advisory services	-	-	-	0%
Total	**2,856,195**	**737,072**	**3,593,267**	**100%**

(*) Amounts in euros and exclusive of VAT.

Note: The fees on consolidated accounts already includes the fees on separate accounts.

Policy and rotation period of the External Auditor and respective partner

In accordance with no. 2 of article 54 of law 140/2015 of 7 September, in public interest entities the maximum period for performing statutory audit functions by the partner responsible for the guidelines on or direct performance of the statutory audit is 7 years, starting from the time of first appointment, with the possibility of a 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, 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.

Under subparagraphs d) and e) of paragraph 3 of article 3 of Law nº 148/2015, the supervisory body is responsible for verifying and monitoring the independence of the SROC, as well as the legal review of the individual and consolidated annual accounts and other services provided within the scope of the attributions conferred to the SROC.

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 2022 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 Audit Committee 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 the provisions of article 4 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council, of April 16, 2014, the statutory auditor who provides services other than auditing not prohibited by law of the European Union 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 since the 4^{th} year of the mandate.

Reference should be made to the fact that the updated rules of the IESBA's (International Ethics Standards Board for Accountants) code of ethics came into force on 15 December 2022. Owing to the rules governing independence and procedures currently in force for audited EU PIEs (Public interest entities) the main impacts thereof were related to the need to update the pre-approval procedures for non-audit services agreed with the supervisory bodies, complementing them with a general pre-concurrence policy.

The concept of pre-concurrence is different from the concept of approval/pre-approval existing for EU PIEs, as assessing the permissibility of the provision of non-audit services in accordance with the independence requirements of the IESBA's code of ethics, is exclusively the responsibility of the auditor of the PIE. An assessment of the individualised independence of the public interest entity is not required of the supervisory boards.

In addition, the scope of territorial application is different from the existing requirements for EU PIEs, and requires pre-concurrence for the non-audit services provided to the ascendant and descendant entities of the IESBA PIE, no matter where they are based/domiciled (i.e. outside the EU).

Policy for the selection and appointment of the statutory auditors and agreements for the provision of non-prohibited, non-audit services

CGD has updated its policy on the selection and appointment of its statutory auditor and agreement for non-prohibited, non-audit services. The changes made were based on the report prepared by DAI (RAI 0001-01-2021-130 - Policy and agreement for the selection and appointment of the statutory auditors) dated 19 January 2021 and based on the JST´s guidelines which were sent to CGD on 15 April 2021 (DGUDI/2021/0260 - ECB's feedback on CGD's policy for selecting and appointing the statutory auditors).

The most recent version of the policy was published on 31 May 2022 and prior to the publication and disclosure thereof followed the following approval process as described in article 38. no. 1 and article 38 no. 2 of *notice* 3/2020:

- CAUD on 28 March 2022, decided in favour of the approval of the policy review proposal by CGD's shareholder;
- The board of directors on 05 April 2022, considered and approved the proposal for the revision of the policy after due consideration given that the proposed review was assessed favourably by CAUD;
- On 06 May 2022, in reply to the letter sent by JST the updated policy incorporating the opportunities for improvement identified by JST and the contributions received from the compliance and internal audit divisions was sent. JST generally considered that this new version of the policy adopts a broad-brush approach to the opportunities for improvement identified.
- The general meeting of 31 May 2022 decided favourably on the main aspects of the proposed review of the policy, namely resulting from legal alterations, changes to the governance model adopted by CGD and the recommendations of the internal audit and the supervisor.

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.

On 31 December 2022, the posts of permanent and alternate secretaries were held, respectively, by Artur Rocha Gouveia and António Miguel Dias Mateus.

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 prevent 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 (where Bank of Portugal Notice 3/2020 stands out) 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);
- CGD's Policy for Transactions with Related Parties, published in the system of internal rules and on CGD's institutional website, which defines the criteria and procedures to be observed in the analysis of transactions with Related Parties.
- CGD's internal rules on the Acceptance or Offer of Gifts and Hospitality establish the principles of action and rules of professional conduct to be observed by employees when, in the exercise of their activities and functions, they are confronted with the possibility of accepting or offering gifts and other advantages, namely hospitality.

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. Article 410, nº. 6 of the Commercial Companies Code also states that directors shall not vote on matters in which, for their own account or on behalf of a third party, they have an interest in conflict with that of the company.

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 that there is any situation of conflict or potential conflict of interest during the exercise of the position of member of the Board of Directors that does not determine consequences expressly provided for by law, the following is applied:

- 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 the Supervisory Body, 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 that there is any situation of conflict or potential conflict of interests during the exercise of the position of 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 1^{st} 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 2022.

3.6. Internal organisation

3.6.1. Statutes[7] and communications

Communication of irregularities

Credit institutions, in conformity with the RGICSF[8] must implement specific, independent, autonomous means for the reception, treatment and archiving of reports on serious irregularities related to their administration, accounting organisation and internal supervision and serious indications of any infractions of the duties listed in the RGICSF 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 means of reporting, to allow their workers to report legitimate, significant concerns on matters related to the activity of organisations.

In compliance with these recommendations, under article 37 of its code of conduct, CGD must implement an internal reporting procedure on irregular practice alleged to have occurred in the sphere of its activity, ensuring confidentiality in terms of treatment, in addition to not taking any retaliatory measures against any whistle-blower who has acted in good faith.

This procedure is regulated by the internal standard which establishes the "internal reporting system on irregular practice" (SCIPI) which evaluates their characteristics, the treatment afforded to such communications and the parties involved in the system.

Law 83/2017 of 18 August, which defines anti-money laundering and countering the financing of terrorism measures requires credit institutions to define adequate internal means, providing their workers with access to a specific, independent, anonymous channel to report 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, a summary of the information on communications dealing with such issues is reported as part of the report on anti-money laundering and countering the financing of terrorism.

Similarly, according to the securities code, financial brokers must adopt specific, independent, autonomous means and procedures to enable their workers to report facts, evidence or information on any infractions or irregularities which have already been, are being or which appear likely to be committed, related to the issues defined in the referred to law, namely financial instruments, public securities offerings and organised forms of trading in financial instruments.

Law 93/2021 of 20 December, which came into force at the end of first half 2022, transposes directive (EU) no. 2019/1937 of the European Parliament and of the Council on the protection of whistle-blowers who report violations of Union law, created new rules applicable to systems involving irregular practice, both internally and in the case of public bodies. CGD has made appropriate changes to its policy to comply with these new legislative provisions.

Decree law 109-E/2021 of 7 December also established the "general regulations on the prevention of corruption", reinforcing the need for institutions to implement and regulate their internal systems on irregular practice.

SCIPI may be used for communications on the following matters:

a) Potential or actual violations of CGD's obligations in its pursuit of financial brokerage activities, as set out in regulation (EU) no. 600/2014 of the European Parliament and of the Council;

b) Infractions 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 matters:

- Financial instruments, public securities offerings, organised means of trading in financial instruments, settlement and clearing systems, central counterparties, financial brokerage, loan

[7] The Chapter 5 "Statutory Bodies and Committees" provides the required information on CGD's Statutes

[8] RGICSF − general credit institutions and financial corporations regulations

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, risk ratings and regulations governing information on and the advertising on any such matters;

- Entities managing regulated markets, multilateral or organised trading systems, settlement systems, clearing houses, centralised securities systems, initial registration or management of centralised registration systems, central counterparties or the holding companies of such entities and data reporting service providers;

- Regulations on market abuse;

c) Complaints related to the process for the submission of prices that could compromise the integrity of the Euribor benchmark;

d) Serious irregularities related to CGD's management, accounting organisation and internal supervision;

e) Serious signs of infractions of duties provided for in the RGICSF, such as rules of conduct, customer relations, professional secrecy, own funds, reserves, corporate governance, internal capital, risks and disclosure and information duties;

f) Serious signs of infractions of duties provided for in regulation (EU) no. 575/2013 of the European Parliament and of the Council, namely as regards own funds, risks, liquidity, leverage and disclosure of information;

g) Violations of law 83/2017 of 18 August which establishes 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, namely internal regulations on anti-money laundering and countering the financing of terrorism, prevention of market abuse, prevention of money laundering – filtering system for entities and correspondent banks.

In addition to the matters listed in the preceding sub-paragraphs, anonymous communications on irregularities or violations of legal or regulatory provisions produced by supervisors on the performance of banking activity or practice made through SCIPI, should also be accepted.

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.

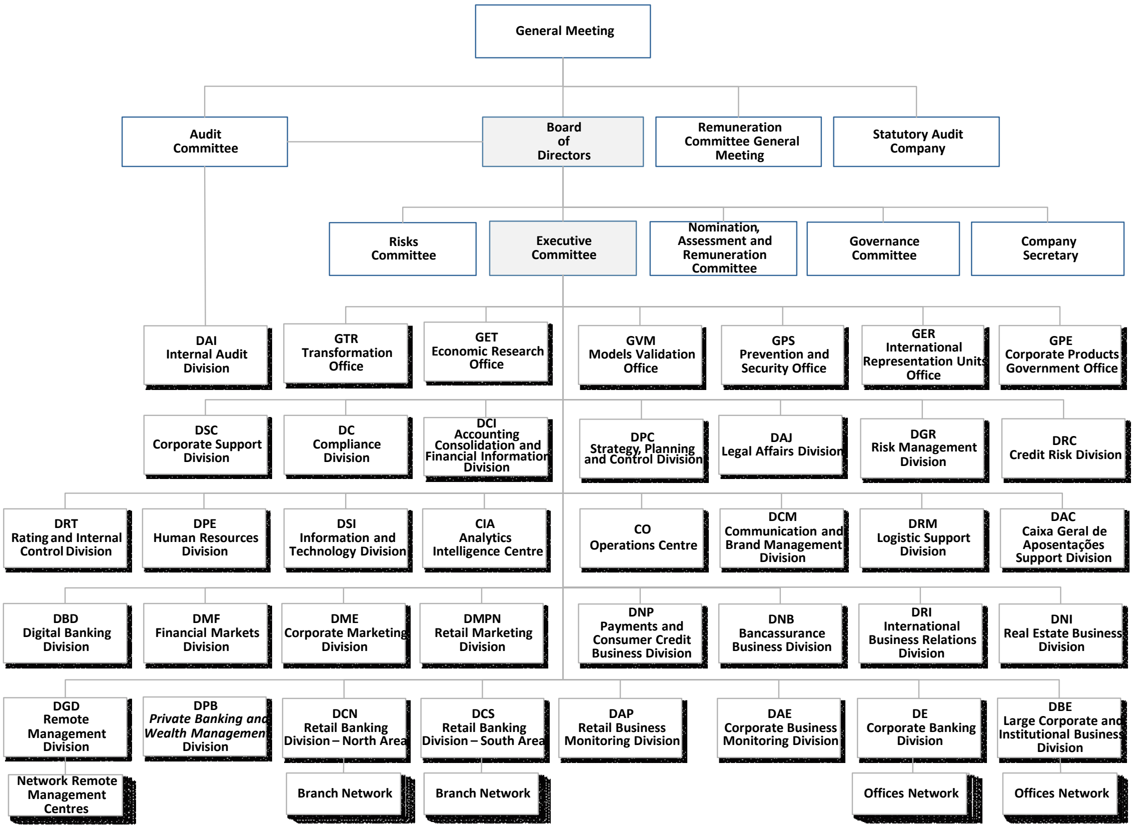
Bank of Portugal *notice* 3/2020, published on 15 July, lists the minimum requirements governing the internal control systems of credit institutions and financial corporations and systemises the core principles governing their implementation, adopting internationally recognised and accepted concepts as defined in the "Internal

Control - Integrated Framework", methodology published by the "Committee of Sponsoring Organisations of the Treadway Commission (COSO)" and the recommendations issued by the Basel Committee on Banking Supervision through the "Framework for Internal Control Systems in Banking Organisations" and "Internal Governance" guidelines published by the EBA.

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 and Group’s exposure to each type of risk.

Under this framework and to effectively comply with its defined objectives, CGD Group endeavours to guarantee an adequate control environment, a solid risk management system, an efficient information and communication system and a continuous monitoring process with the objective of ensuring the quality and efficacy of the system over time.

To achieve these objectives, specific, transversal responsibilities related with the management of internal control systems have been attributed to certain CGD structural bodies whose hierarchical and/or functional relationships are reflected in the organisational chart below:



The governance model adopted in Caixa Geral de Depósitos, S.A., comprises a board of directors, audit committee and statutory auditor and endeavours to promote the institutional and functional relationship between corporate bodies, implementing effective separation between management and supervisory functions.

In March 2020, the chairman of the board of directors and chairman of the executive committee of Caixa Geral de Depósitos, S.A. submitted a proposal to its sole shareholder for a change in its governance model, proposing the extinguishing of the supervisory board and the creation of an audit committee, as part of the board of directors. The proposal was approved in the form of a unanimously approved written corporate resolution of 25 January 2021.

This change was implemented at the time of the election of the board of directors of Caixa Geral de Depósitos, S.A. for the 2021-2024 term of office, in the form of a unanimously approved written corporate resolution of 21 December 2021. With this change, Caixa Geral de Depósitos, S.A. abandoned the classical governance model and returned to the Anglo-Saxon model, comprising a board of directors, audit committee and statutory auditor[9]. In this model, the audit committee, as a supervisory body, comprises members of the board of directors who do not have executive functions.

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 the group's risk management function, overseeing all financial and non-financial risks, to which the group is exposed.

One of the strategic priorities of the "strategic plan on control functions" (PEFC), approved by the board of directors, was to define a new organisational and functional model for the compliance division (DC), internal audit division (DAI) and risk management division (DGR), particularly in terms of their articulation with management and supervisory boards, in order to improve the effectiveness of the 2nd and 3rd lines of defence for risk monitoring purposes and their contribution to enable CGD to implement its strategy in addition to eliminating overlapping areas between control functions to achieve effective complementarity. The new model implemented in DGR is no longer a part of the internal control area (ACI) which was integrated into the rating division (DRT) with the objective of strengthening the focus on risk management responsibilities and ensuring the equidistance of ACI vis-à-vis the three control functions of internal audit, compliance and risk management.

The business continuity, operational risk and internal control executive board (CDCRC) is the executive committee's decision-making body responsible for the coordination, consideration and discussion of matters related to operational risk management and internal control deficiencies on a group-wide level, in addition to matters relating to the monitoring and management of data protection and the monitoring of reputational risk.

Structural decision-making to ensure data protection management, enforcement by top management and empowerment of the data protection officer and data protection office in terms of current management has been delegated to CDCRC.

This board met eleven times, in 2022, for considering and making decisions on data protection matters deriving from the furtherance of banking business, optimisation of internal processes, technological innovations and corporate governance support activities.

The appointment of a data protection officer (DPO) in banking activity is obligatory under the terms of the general data protection regulation (GDPR), owing to the processing operations on the regular and systematic control of customers' data required during the normal course of banking activity.

A corporate-level data protection officer, whose respective functions were defined in harmony and compliance with the provisions of articles 37 to 39 of the GDPR was appointed under an executive committee resolution of 6 December 2017.

The data protection officer is independent and autonomous in the performance of his/her functions and reports directly to the executive committee and chief risk officer. The GDPR requires the function of the data protection officer to involve direct communication with an institution's top management and reference should be made to his/her participation on executive boards, advisory committees and 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 the group, controls the conformity of CGD and the group's data processing operations with the applicable legal provisions 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 in liaison with data protection officers (subsidiaries) and data protection pivots (branches).

The data protection officer is responsible for ensuring in situ conformity checks on data protection in CGD and the group, examining and ensuring the 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 policy, internal regulations on data protection or connected matters, issue of opinions on data protection in general and data protection impact assessments (DPIAs), in

[9] See article 278, no. 1, b) of the Portuguese Commercial Companies Code.

particular, together with the promotion of banking business (e.g. digital transformation, validation of communications on the marketing of banking products and services, campaigns and events).

ACI, now part of DRT and now referred to as the rating and internal control division (DRT), is responsible for overseeing the internal control model implemented in CGD group. This model established and implemented a robust monitoring process on deficiencies and, in 2020, defined a CGD group internal control deficiencies management policy which was recently revised and approved by the board of directors in August 2022 and transposed into all CGD group entities, with the exception of BCG Brasil and the Timor branch. Special reference should be made in this latter revision to the optimisations of the materiality matrix to be taken into account for the identification and grading of the level of risk involved in the deficiencies, such as opportunities for improvement, in addition to the improvements to the previous review, namely 1) definition and control of service level agreement (SLAs) to resolve deficiencies, depending on their level of severity; 2) reporting and monitoring of internal control deficiencies with regular reporting to management, consentaneous with the risk of unresolved deficiencies; and 3) improving effectiveness and efficiency in resolving deficiencies.

The validation framework for the resolution of deficiencies to be validated by the 2nd line of defence was consolidated, in the context of the defined policy and implementation of the plan, based on very close and constant oversight of the internal control area and chief risk officer.

This policy enables CGD to strengthen its role as the parent company and, in a structured and comprehensive manner, ensures its effective supervision of CGD group entities in order to enforce, monitor, and validate the progress achieved in addressing deficiencies.

CGD therefore only had one critical group risk deficiency at the end of December 2022, achieving progress in resolving such deficiencies, with a 25% reduction in the number of unresolved deficiencies and a 84% reduction in the total number of deficiencies of more than 1 year since the end of December 2021.

Advancement and implementation of the Internal Control System

The responsibility and sphere of competence of all CGD bodies (commissions, boards, committees and structural bodies) include the following:

- To ensure the existence of an adequate Internal control system and contribute to the effective development and consolidation of an internal control culture, permitting sound and prudent management by CGD and group entities;
- To manage the risks inherent to their respective activities;
- To implement and maintain control procedures and implement corrective or improvement actions to remedy any control deficiencies/weaknesses identified and reported on processes within their scope of intervention.

There are also responsibilities related to the internal control system:

- Listed in the respective regulations as regards CGD bodies;
- Listed in the respective organic structure manuals, with regard to CGD's structural bodies in their functional relationship with CGD group entities and which complement the management of CGD's internal control system as a parent company.

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 3/2020 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.

The Group Risk Appetite is based on three general principles:

- To ensure solvency and liquidity levels - 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.
  - Long-term sustainability of the business model within the scope of the commitments assumed for carbon neutrality and sustainable development.
- Adopting risk management practices of excellence − 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

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.

Within this framework, visits by risk management function Central to local risk management function are ensured, training sessions and workshops dedicated to matters within the scope of the function, as well as periodic and frequent meetings for alignment and dynamization of the common strategy

The dissemination of the risk culture across the organisation as a whole and particularly the first line of defense also comprises the Group management priority as the negotiating units are mainly responsible for day-to-day compliance with the Group's policies, procedures and controls based on its risk appetite.

The risk management function has therefore organized a number of specific training sessions for the first line of defence, with a view to promoting and disseminating the Group's risk culture.

Risk Management

Risk management function in CGD Group is based on a governance model that complies 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 the 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) and the CGD Group Recovery Plan, 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;

- Supporting the Risks Commission by means of specific analysis in advising the Board of Directors on measures that are expected to have an impact on CGD's strategy and risk profile.

- 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 the 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 the 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 the Group’s material risks are adequately identified, assessed, overseen and reported in this context, it is worth mentioning the continued development of the framework for managing climate and environmental risks;

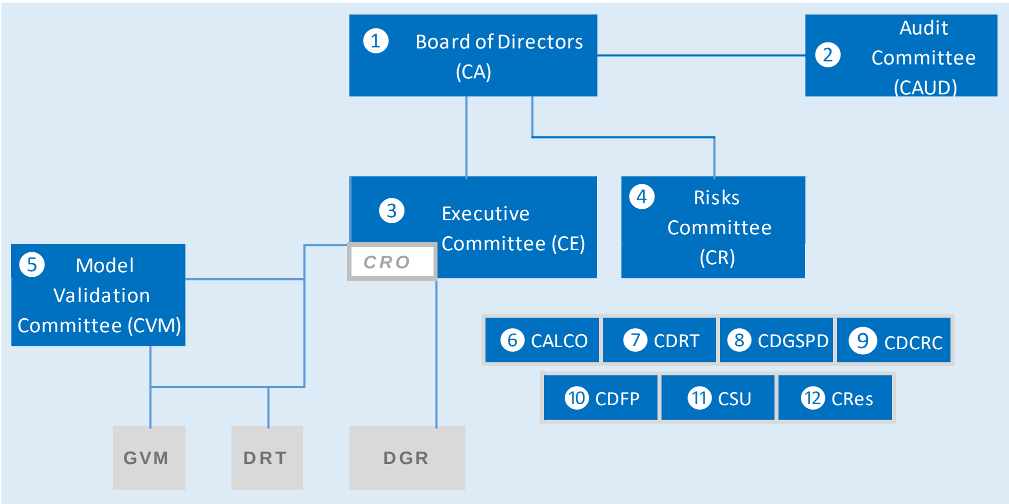
- Supplying information, analyses and pertinent, independent expert appraisals on risk positions, in addition to issuing an opinion on the compatibility of the risk-related proposals and decisions with CGD’s risk tolerance/appetite;

- 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 the 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;

- Confirm/validate the successful resolution of internal control deficiencies in the 1st line of defense;

- 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 the Group's risk management system;
- Ensuring an opinion on the appointment and assessment of the Chief Risk Officer of CGD's subsidiaries and the Local Responsible for the Risk Management Function.



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 (CAUD) (❷) is the body responsible for overseeing the activity of the executive committee and examining the process for the disclosure of financial information and effectiveness of CGD's and CGD group entities' control, risk management, and internal audit systems.

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), the Models Validation Office (GVM) and the Rating Division (DRT) 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 In the data governance and information executive board (CDGS), as the decision-making body of the executive committee that supervises the activities performed in the governance and data quality sphere and which considers and coordinates CGD and CGD group's information security initiatives.

❾ The business continuity, operational risk and internal control executive board (CRCDC), as the body responsible for coordinating, considering and discussing issues related to the group-wide management of operational risk and internal control deficiencies, in addition to matters relating to the monitoring and management of data protection and monitoring of reputational risk. It is responsible for (i) monitoring the overall level of operational risk assumed by CGD group, verifying its conformity with established strategy and policies in addition to deciding on the action plans which have been submitted; (ii) promoting the effectiveness of the internal control system, by overseeing deficiencies and their action plans, streamlining management decisions to improve the efficiency of their implementation; (iii) ensuring structural decision-making to enable data protection management, senior management's enforcement and empowerment of the data protection officer and data protection office in terms of day-to-day management; and (iv) monitoring the overall level of reputational risk and raising the awareness of senior management on the respective issues;

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 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, the 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.

The 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.

The 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 the 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 the 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 continued until December 31, 2022 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 had been closed to new participants since 2005. The capacity to meet pension plan liabilities was hedged by the management of an assets portfolio whose strategy had 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 were also stipulated.

In this context, pension fund risk derived from mismatches between pension fund assets and liabilities. Such mismatches could 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 CGD while member may had to make up for potential shortfalls or resolve deficiencies, in the form of extraordinary contributions to the pension fund.

This risk with the pension fund risk was monitored throughout the year 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.

On February 24, 2023, the Portuguese government published Decree-Law 14/2023, which transfers all liabilities covered by the Caixa Geral de Depósitos Staff Pension Fund (CGDPF) to Caixa Geral de

Aposentações (CGA), extinguishing and liquidating CGDPF and determining that CGD transfer to CGA a financial compensation for the reassigned responsibilities.

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 established 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).

Non-Financial Risks

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 CGD 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. It also includes the identification of deficiencies in internal control and the assessment of the quality and completeness of the proposed action plans to resolve the respective recommendations, as well as the process of validating the implementation of the recommendations for mitigating operational risk.

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.

Other 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 across the 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

CGD is certified to the international ISO 22301:2019 - business continuity management system (BCMS) standard and is annually audited by an external entity in the form of the British Standards Institution (BSI), for monitoring/overseeing its respective certification. In group terms, CGD continues to oversee and develop projects for the support/implementation of the good practice framework issued by the Bank of Portugal (circular letter 47/2021 of 20 September - Recommendations on business continuity management) with its entities abroad.

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

FGR has developed a new strategic plan for the 2022-2024 three year period as part of the process of strengthening the CGD group's risk management function (FGR) and adapting it to new external and internal requirements and circumstances.

The plan comprises 10 strategic pillars with the following core objectives:

- To consolidate DGR's functional model, reallocating responsibilities and redesigning internal processes, fostering efficiency and focus on the management and analysis of the risks to which CGD group is exposed, in addition to anticipating future and emerging risks. To ensure that CGD group's risk management function has adequate skills and resources for the development of its activities, ensuring the retention of internally identified and developed talent.
- To continue to strengthen and foster a strong risk culture in the first line of defence, ensuring total alignment and commitment to comply with the defined risk strategy, in addition to greater knowledge and awareness of risk issues and their impacts. To ensure that the 1st line of defence has the necessary knowledge and tools for the development of commercial activities, always keeping in mind and aiming to defend the bank's robustness.
- To strengthen oversight of local risk management functions, seeking to ensure greater harmonisation between local and corporate procedures, in addition to the correct and adequate application of the principles set out in corporate policies.
- To ensure the coherence, completeness and integrity of the data used to monitor and control risk, ensuring alignment with BCBS 239 principles.
- To strengthen the IT risk management framework and DGR's role as the 2nd line of defence, ensuring greater critical capacity in terms of this risk area and total independence of the 1st line.
- To define a climate risk governance and monitoring framework in order to ensure a close and complete oversight of all such risk areas and impacts in CGD group.

Reference should be made to the following non-recurring activities in 2022:

- Successful participation in the stress tests exercise focused on climate risk and in the thematic review on climate and environmental risks
- Participation in the design and implementation of an operational plan focused on customers exposed to the impact of energy costs, inflation and the war in Ukraine, in addition to the operational plan to provide for decree law 80-A/2022 on the restructuring measures to be applied to mortgage loans for borrowers' permanent residence in response to interest rate hikes.
- Production of credit risk assessment models in entities (ratings across all entities and scorings for the main portfolios), models for the development of the climate risk management framework, together with other models of relevance to the business.
- Centralisation of data collection processes and production of risk reports to promote the efficiency and harmonisation of quality criteria and documentary support.
- Dissemination of the risk culture, comprising the implementation of processes on i) self-assessments of risk culture, and ii) visits to entities, in addition to the training programme for the first line of defence.

3.6.3. Regulations and codes

Internal and external regulations applicable

CGD's activity is subject to the legal rules applicable to public limited companies, namely the commercial companies code, in addition to the regulations governing the state's business sector, owing to its status as a public company (cf. decree law 133/2013 of 3 October[10] and law 52/2019 of 31 July, approving the regulations on the functions performed by holders of political and other high public office). CGD's activity is also governed by its statutes.

CGD's activities are also regulated by European and national legislation. In terms of national law, this particularly includes the general credit and financial corporations regulations (RGICSF) and the securities

[10] Changed by law 75-A2014 of 30 September and law 42/2016 of 28 December.

code in addition to all regulatory standards issued by the Bank of Portugal and the securities market committee.

A positive aspect, in 2022, owing to the development of the epidemiological situation deriving from Covid-19 was a reduction in the need for new measures and renewal of those already approved, culminating in the publication of council of ministers' resolution 96/2022 of 4 October determining the cessation of the application of council of ministers' regulations published in the sphere of the Covid-19 pandemic.

The year 2022 was marked by the invasion of Ukraine by Russia.

In response to this military aggression, the European Union approved successive packages of restrictive measures, on:

- The prohibition on providing funds or economic resources to specific lists of persons and entities;
- Financial services and businesses, including the exclusion of the major Russian banks from the *Swift* system and the prohibition/limitation of deposits of more than €100,000 by Russian citizens or entities;
- Tightening and extending export controls on dual-use goods;
- Export and import bans on an extensive list of products.

Owing to rising inflation, statutes to mitigate the impact of inflation on Portuguese incomes have been published, of wish stands out the law 19/2022, of 21 October, that, *inter alia*, establishes regulations on redemptions of savings plans without incurring any penalty, in addition to decree law 80-A/2022 of 25 November which sets out measures designed to mitigate the effects of the increases in reference rate indexes on loan agreements for the acquisition or construction of permanent own residence.

Notwithstanding the regulations on the action plan for the risk of default (PARI) and extrajudicial procedure for the settlement of situations of default (PERSI) established by decree law 227/2012 of 25 October and strengthened in 2021, the government, owing to interest rate hikes, considered it necessary to strengthen the preventative mechanisms to be adopted by institutions in anticipation of the risks or possibility of default situations. Institutions are accordingly obliged to implement measures allowing assessments to be made on the increase of the debt-to-income ratio and application of the above referred to decree law 227/2012 when such an increase is detected. These regulations will remain in force until 31 December 2023.

Regulations and recommendations on sustainability were published.

Commission delegated regulation (EU) 2022/1288, which supplements regulation (EU) 2019/2088 on regulatory technical standards specifying in greater detail the content and presentation of information related to the "do not significantly harm" principle, content, methodologies and presentation of information related to sustainability indicators and negative impacts on sustainability and the content and presentation of information related to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents on websites and periodic reports was published.

Reference should also be made to the publication of directive (EU) no. 2022/2464 amending regulation (EU) no. 537/2014, directive no. 2004/109/EC, directive no. 2006/43/EC and directive no. 2013/34/EU as regards corporate sustainability reports.

Such amendments particularly include the amendments to directive no. 2013/34/EU (on annual financial statements and consolidated financial statements) who start to demand- Reports not only on the need for sufficient information for an understanding of the evolution, performance and position of companies but also on the information needed to understand the impact of a company's activities on environmental, social and worker issues, respect for human rights, combating corruption and attempted bribery. Companies are required to report information on the impact of their activities on people and the environment, in addition to how they are affected by sustainability issues. This directive should be transposed by member states no later than 6 July 2024.

The Basel Committee on Banking Supervision of the Bank for International Settlements (BIS) also published the "Principles for the effective management and supervision of climate-related financial risks" document which sets out principles for the effective management and supervision of climate-related financial risks in order to improve banks' risk management and supervisors' practice as regards climate-related financial risks.

As regards anti-money laundering and countering the financing of terrorism (AML/CFT), the Bank of Portugal, following a public consultation, published its *notice* 1/2022, repealing *notice* 2/2018 and *instruction*

2/2021. The new *notice* regulates the conditions governing the performance, procedures, instruments, mechanisms, application formalities, reporting obligations and other aspects necessary to ensure compliance with preventative ML/FT duties, within the scope of the activity of financial entities subject to the supervision of the Bank of Portugal. It also regulates the means and mechanisms necessary to fulfil the duties related to the implementation and enforcement of restrictive measures approved by the UN or EU and the measures to be adopted by payment service providers to detect transfers of funds in cases in which information on the payer or payee is omissive or incomplete and the procedures they adopt to manage fund transfers that are not accompanied by the information required by regulation (EU) no. 2015/847.

The EBA, herein, has published guidelines on compliance management policies and procedures and the role and responsibilities of the AML/CFT compliance officer in accordance with article 8 and chapter VI of directive (EU) no. 2015/849.

These guidelines specify the role, functions and responsibilities of the AML/CFT compliance_officer, management body and senior management member responsible for AML/CFT compliance, in addition to policies, controls and internal procedures.

The EBA has also published guidelines on the remote use of customer onboarding solutions. They establish common standards on the development and implementation of sound and risk-sensitive due diligence policies and processes in the context of remote customer onboarding.

Law 23-A/2022, transposing directive (EU) no. 2019/878 on access to banking activity and prudential supervision and directive (EU) no. 2019/879 on the recovery and resolution of credit institutions and investment companies has been published, amending the RGICSF, securities code and related legislation.

This law has essentially made extensive amendments/additions to the RGICSF, particularly as regards the following subjects:

- Introduction of the ML/FT criterion in assessing worker suitability;
- Provision of information on loans to members of management and supervisory boards, respective spouses, *de facto* unions or first-degree relatives, companies of which they are part or over which they may wield significant influence;
- Risk resulting from changes in interest rates;
- Internal reporting of irregularities;
- Additional own funds;
- Recovery plan;
- Intra-group financial support;
- Remuneration and variable remuneration policies;
- Own funds reserves; and
- Resolution.

Regulation (EU) no. 2022/2554 on the digital operational resilience of the financial sector in the cybersecurity area was also published.

This regulation establishes uniform requirements regarding the security of network and information systems upon which the operational processes of financial entities are based.

Three directives on cybersecurity and digital operational resilience have also been published, but still need to be transposed into national law:

- Directive (EU) no. 2022/2555 on measures to ensure a high common level of cybersecurity in the Union, amending regulation (EU) no. 910/2014 and directive (EU) no. 2018/1972 and repealing directive (EU) no. 2016/1148 (NIS2 directive).
- Directive (EU) no. 2022/2556 amending directives nos. 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU, 2014/65/EU, 2015/2366/EU and 2016/2341/EU as regards digital operational resilience for the financial sector; and
- Directive (EU) no. 2022/2557 on the resilience of critical entities.

Regulation (EU) no. 2016/679 of the European Parliament and of the Council on the protection of natural persons regarding the treatment and free circulation of personal data, repealing directive no. 95/46/CE (GDPR), was published on 4 May 2016 as part of the European digital agenda, which aims to achieve a digital single market in the European Union.

The GDPR, which is fully applicable to member states of the Union from 24 May 2018, strengthens the rights and guarantees of personal data subjects, giving them control over the treatment of their respective personal data, defines a series of processing principles and rules to be complied with by companies which are responsible for processing personal data and attributes a series of functions to the "data protection officer", namely advising the processing officer over the control of conformity with the new regulatory requirements on data protection and as a liaison officer with the national control authority and personal data subjects.

Law 58/2019, ensuring the transposition of the GDPR into national legislation, complementing the approximately 70 open GDPR clauses left to the legislative discretion of national lawmakers, and including several innovations, was published on 8 August.

This new regulatory framework is also based on law 59/2019 of 8 August, which approves rules on the treatment of personal data for the purposes of the prevention, detection, investigation or repression of criminal offences or enforcement of penal sanctions, transposing directive (EU) no. 2016/680 of the European Parliament and of the Council of 27 April 2016.

Following the publication of law 58/2019, the national data protection board, on 3 September 2019, issued its ruling 2019/494 on the elimination of several of the standards of law 58/2019 and ruling 2019/495 on the waiving of fines levied on public entities during the three year period starting from the date upon which law 58/2019 came into force.

The national data protection committee has been issuing opinions and guidelines on several matters, particularly in 2022, on anti-money laundering and countering the financing of terrorism operations, as requested by the Bank of Portugal, with a view to repealing *notice* 2/2018 of 26 September and *instruction* 2/2021, of 26 February; in addition to having instructed telecommunications suppliers to delete data stored under law 32/2008, following the publication of the judgment declaring several of the standards to be unconstitutional.

As for the European data protection board (EDPB), created by the GDPR, reference should be made, by way of example, to the announcement of the beginning of a coordinated supervisory action involving 22 data protection authorities in the European Economic Area (EEA), including the European data protection supervisor (EDPS) who will investigate how (national) public entities are using "cloud" based services.

The European data protection board, in addition to the following binding guidelines on organisations and companies, adopted in 2022 the following guidelines: i) on 19 January, guidelines on the rights of data subjects, focusing on the right of access. The guidelines analyse various aspects of the right of access and provide more precise instructions on how this right can be exercised, clarifying its scope, the information to be provided to the data subject by the controller, format of the request, the main mode of granting access and the notion of manifestly unfounded or excessive requests; ii) on 15 March, guidelines on article 60 of the GDPR as part of the EDPB strategy and work programme for 2021-2022 with the aim of supporting effective law enforcement and efficient cooperation between national control authorities. The guidelines provide a detailed description of cooperation between the national control authorities under the GDPR and aim to further enhance the coherent application of the legal provisions relating to the one-stop shop mechanism; iii) on 12 May, guidelines on the practical application of friendly settlement agreements; iv) on 10 October, guidance on notifications of data violations.

The group's personal data protection policy in the form of corporate internal regulation 11/2018 was revised in 2022 to accommodate regulatory developments and guidelines and the understanding of the national supervisory authority on personal data protection, whose revised version has been transposed into CGD group entities.

As regards the group's data protection governance model in the form of its corporate internal regulation 4/2019 which aims to implement this policy, defining the data protection management cycle and responsibilities allocated to CGD and the group, the oversight and monitoring of these activities with the aim of strengthening the data protection compliance organisational culture, CGD group entities have completed the respective transposition process into their respective internal regulations.

CGD has an “internal standards system” (SNI) which is accessible to and binding upon all workers. It covers the most relevant aspects of the company’s operation and performance of its activity, compliance with legislation and regulations.

Application of competition and consumer protection standards

In the performance of its activity, Caixa Geral de Depósitos is governed by ethical principles, set out in its code of conduct, in pursuit of its objectives of profitability, quality, customer satisfaction, fair prices and strict compliance with competition and banking customer protection standards.

Revision of standards on transparency and customer relationships

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 to the new normative requirements.

Item 3.6.3. makes reference to a collection of statutes published in 2022. They include, inter alia, the adoption of successive packages of restrictive measures by the European Union, statutes designed to mitigate the impact of inflation on the income of Portuguese citizens, in addition to sustainability-related regulations and recommendations.

To adjust its performance in line with the referred to behavioural standards, CGD has systematically analysed its practice and internal standards on such matters, identifying opportunities for improvement, in its preparation of future legal and regulatory changes.

Product marketing

Owing to the nature and importance of financial products and services in citizens’ day-to-day lives, they are constantly scrutinised by supervisors in addition to customers and consumer protection, self-regulating, sectoral representation and legislative entities.

Financial products and services marketed by CGD are subject to strict internal control mechanisms, from their design up to their marketing and disclosure/advertising stages, for the purpose of ensuring scrupulous compliance with all legal and regulatory obligations, in addition to best practice as publicised by international and national entities and CGD’s ethical principles.

Corporate policy on the management, approval and monitoring of products

The governance, approval and monitoring of products policy (PGAMP) which came into effect on 18 November 2018 and is currently in force, defines the operating principles behind the internal approval of products in due compliance with the governance and monitoring guidelines and formal policy on the approval of new products/services.

The development of new products/services is focused on specific target customers, ensuring that their interests, objectives and characteristics are taken into account, with the formal indication and justification of the customer’s objectives that the product aims to meet and the characteristics of such target customers.

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 and CGD’s compliance division and latterly authorised by CGD entities’ management.

Codes of conduct and ethics

The values, ethical principles and standards of professional conduct governing the performance of CGD and its workers 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 helps to:

- Harmonise reference standards vis-à-vis ethical dilemmas;
- Affirm the values, performance principles and standards of conduct governing relationships with various interested parties;
- Promote an organisational culture of legal compliance and conformity with the values and principles adopted; and
- Develop best corporate governance and ethical conduct practice.

An in-depth review of CGD's code of conduct, in April 2020, resulted in the strengthening of provisions on ethical issues, such as, inter alia, the prevention of corruption, social responsibility and sustainable development and conflicts of interest.

In 2022, CGD provided its workers with training on the topics set out in the code, including examples of good practice and practical cases in order to facilitate learning.

CGD's code of conduct is available on its intranet and website at: https://www.cgd.pt/Governo-Sociedade-CGD/Regulamentos/Documents/Codigo-de-Conduta-CGD.pdf

CGD also has a code of good conduct for preventing and combating harassment in the workplace, complying with the latest developments in the labour code to strengthen the legislative framework designed to prevent harassment in the workplace and in accordance with CGD's own code of conduct. The code aims to identify conduct that may be considered as being harassment in the workplace and defines measures to prevent and combat them. It comprises a framework-guide for all CGD workers.

Implementation of standards on the prevention of corruption and action plans to prevent and mitigate fraud

Prevention and mitigation of fraud

The primary objectives of the compliance division's prevention and management of fraud area is to prevent and manage external fraud incidents 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, such as:

- The monitoring and analysis of fraud alerts and situations reported by internal channels and external entities, assessing the need to implement additional preventative measures, in addition to the existence of possible systemic effects and patterns of action in articulation with the relevant divisions and/or external entities for the identification of new patterns of customer behaviour, possible contaminations of occurrences and new procedures to be adopted;
- The evaluation of the efficacy and efficiency of the processes implemented in CGD in the sphere of combating fraud, identifying possible opportunities for improvement to be implemented, promoting the implementation of monitoring mechanisms and the continuous identification of solutions and/or tools to ensure the reduction of operational risk and maintenance of the quality of service provided to customers;
- The regular publication of news, alerts or issue of recommendations designed to keep pace with trends and new types of fraud with the primary objective of curtailing instances of fraud and preventing the future occurrence thereof;
- The analysis of situations identified by internal controls or alerts received by external entities/international brands in the issuing and acquiring spheres in order to assess the existence of incidents of fraud and possible adoption of any containment measures seen to be necessary.

To further its activities in the sphere of the prevention and management of external fraud, the 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 area 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, particularly 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 preventative measures to control capital flows in suspect accounts. Whenever justified, occurrences determining the development of more specific analyses give rise to the start of the corresponding verification processes.

Prevention of corruption and related infractions

The fact that CGD's governance model is based on effective separation between management and audit functions helps to prevent and mitigate diverse risks inherent to the activities of credit institutions, such as the risks of corruption and its associated infractions.

As part of its internal control system, CGD has implemented standing measures designed to prevent and repress the crime of corruption and its associated infractions. These measures are reflected in diverse procedures and internal standards of which special reference should be made to the code of conduct, policy for the prevention of corruption and associated infractions, global policy for the prevention and management of conflicts of interest or the internal reporting system on irregular practice.

In addition to the above referred to procedures and internal standards, all of the activity of CGD and its workers is governed by the principle of the active rejection of all forms of corruption. Such imperative professional conduct has been set out in article 34 of its code of conduct that expressly states the following:

a) CGD actively rejects all forms of corruption and its workers 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 combating corruption.

It should also be noted that the PPCIC ("policy for the prevention of corruption and associated infractions") is a corporate standard which establishes guideline principles on the detection and prevention of corruption and associated infractions, lists the areas potentially more exposed thereto and describes prevention measures and lists the respective officers and rules applicable to the monitoring, assessment and revisions of the actual policy.

This policy also enables workers to report situations which have come to their knowledge and which they deem to be corruption based on the use of defined internal or external mechanisms, namely the internal reporting system on irregular practice (SCIPI) whose objectives are also related to preventing and countering corruption.

The PPCIC's provisions are also and whenever necessary, complemented by specific internal standards or other instruments.

In order to strengthen these instruments and in view of the provisions of decree law 109-E/2021 of 7 December which created the national anti-corruption mechanism and establishes the general regulations on the prevention of corruption, CGD has systemised its plan for the prevention of corruption and related infractions, by means of which each structural body identifies the risks of corruption associated with each and indicates the measures adopted to mitigate their occurrence, as defined in the policy for the prevention of corruption, related infractions and measures and action plans to be implemented.

In 2022, CGD's compliance division provided workers from different CGD structural bodies with training on the prevention of corruption.

Through the offices of its internal audit division (DAI) in the sphere of its permanent audit system, CGD monitors a series of indicators and alerts on operations whose characteristics could indicate the potential existence of fraud. Such indicators permanently and automatically activate audit alarms, which may require the need to question the parties involved in the respective operations.

In addition to a continuous monitoring aspect, Caixa has a specialised DAI team which addresses internal fraud on the basis of a strategy of investigation, conclusion and proposal for disciplinary procedures and/or remediation (mitigation) of the root cause.

The investigations, carried out following the report of an occurrence, complaint or denunciation, aim to identify any irregularities committed, either deliberately or negligently, and their respective perpetrators (employees) in addition to proposing the eventuality of any disciplinary, civil (right of redress) or criminal liability, to the executive committee with a view to recovering the amounts of any losses suffered by Caixa. Whenever, during the course of these investigations, control weaknesses or the need to improve operational and/or control procedures are identified, recommendations are addressed to the internal entities/structural bodies best suited to examine them in greater detail and implement them.

DAI has provided all Caixa employees with a mailbox facility to enable them to report situations of (i) harassment in the workplace or sexual harassment and (ii) allegations of internal fraud. DAI also has a tool for registering all occurrences related to internal fraud, in addition to all of the measures taken to remedy (mitigate) the situation, which are followed up on a periodic basis.

The identification of any occurrences which may be related with corruption will be dealt with by DAI in the sphere of its authority and incorporated in the above referred to register.

Reference should, lastly be made to the fact that the report identifying the risks and occurrences of corruption and related infractions in 2022 was published on CGD's website in March 2023 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

With a view to promoting gender equality in the labor market and progressively eliminating wage inequalities between women and men, Council of Ministers Resolution No. gender parity. In this context, the entities of the Public Business Sector were obliged to prepare, every three years, a report characterizing the salary differences associated with the remuneration paid to their employees.

In compliance with this, Caixa released, in January 2022, the "Report on remuneration paid to men and women 2021", whose objective was to diagnose, identify and analyze remuneration differences in Caixa Group entities in Portugal. It should be noted that Caixa has been working on the issue of gender equality, having published the "Plan for gender equality in the Caixa Group", outlining a set of actions aimed at mitigating differences and promoting initiatives leading to the elimination progressive increase in pay inequalities between women and men.

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, CGD 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.

Revision of corporate standard on the governance model for personal data protection

Internal corporate regulation 4/2019 (V2) on the governance model for the protection of personal data, was revised on 29 September 2022, to ensure the revision of several aspects arising from the evolution occurring since the full application of the GDPR.

A deadline of 29 December 2022 was set for CGD Group entities to complete the internal processes involved in the transposition of this corporate regulation into their internal standards, which has been ensured.

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.

On June 22, 2022, the minutes of the General Meeting and the Unanimous Resolution in Writing were made available on SiRIEF, contemplating the approval of the accountability documents (Including the Report and Accounts, the Corporate Governance Report and the Sustainability Report) related to the 2021 financial year.

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, among others: the 2023 financial calendar, the disclosure of quarterly results, changes to the rating assigned and respective 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 face-to-face and virtual 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 2022. Reference should be made to participation at videoconferences and calls with investors of the main European financial centers as well as responses to emails requesting information. At the time quarterly results are announced, a conference call is conducted by the Chief Financial Officer, providing direct and regular access to the highest levels of the bank's management. A podcast is also made available for future consultation, as hosting it on its internet site for all interested parties.

  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 2022 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 during 2022 were recognized by the three rating agencies who assign rating to CGD. In the first quarter of 2022, Fitch Ratings upgraded CGD's IDR and long-term preferred senior debt ratings from BB+ to BBB-, and revised its outlook from Positive to Stable. With this change, CGD became investment grade by the three international agencies that attribute its rating. In turn, DBRS affirmed CGD's rating at BBB in May 2022, having revised the trend from Negative to Positive. Already in January 2023, Moody's confirmed the deposit and long-term senior debt ratings at Baa2/Prime-2 and upgraded CGD's deposit rating outlook to "Positive" while maintaining the senior debt outlook at "Stable". These developments contribute to an improvement of the cost of funding for CGD in capital markets.

Supervisory Entities

Banking Supervision

Notwithstanding the favourable development of the Covid-19 pandemic situation in 2022, the economic outlook remained uncertain. Therefore, in spite of the fact that extraordinary support measures have helped to avoid a sharp increase in bankruptcies and non-performing loans (NPLs), the quality of credit institutions' assets continued to be a cause for concern. The crisis aggravated several structural vulnerabilities, particularly related to the sustainability of business models and internal governance of credit institutions, which require prompt, effective action by them and the supervisors.

Against this background, the supervisor took several steps related to the main risks and vulnerabilities faced by institutions and redefined its supervisory priorities to enable credit institutions to 1) achieve a robust exit from the pandemic; 2) seize the opportunity to correct structural deficiencies based on effective digitalisation strategies and enhanced governance; and 3) respond to emerging risks, including climate-environment-related and cyber risks.

Accordingly, in 2022 and as in previous years, workshops were held with several structural bodies (DGR,GVM and DAI) on topics considered under the JST's risk assessment process, namely: market risk, operational risk, IRRBB (interest rate risk in the banking book) and forbearance. This last theme, together with OffSI #0178817 − Credit Risk − gave rise to a set of recommendations, communicated on 15 December following the definition of supervisory priorities for 2022-2024 in order to ensure that the bank emerges strengthened from the pandemic, improving its credit risk management practice, especially with regard to the prompt identification, monitoring and mitigation of credit risks.

Pursuant to the definition of supervisory priorities for 2022-2024, CGD also contributed to a questionnaire on the effective implementation of the bank's digital transformation in the form of the SSM survey on digital transformation - whose results will be published in 2023.

CGD also participated in the targeted review of management body effectiveness, which particularly focused on the change of governance model with the beginning of the term of office of the board of directors and supervisory bodies for the 2021-2024 period.

The following main supervisory initiatives were also implemented in 2022:

- Following the fieldwork related to OffSI - Liquidity and Funding risk, dealing with the issues of liquidity and funding risk, recommendations were communicated to the bank and are currently being implemented.
- All of the recommendations identified under OffSI - Credit risk, whose fieldwork took place in 2021, focused on the bank's capacity to provide for credit risk management in a pandemic context, in addition to the supervisor's, were addressed.
- Two onsite inspections (OSIs) issued in the previous year were also completed in 2022: OSI Internal governance: Internal audit and OSI Internal governance: compliance.
- On-site field work for OSI Market risk, whose activities will continue across 2023, has also started. This OSI aims to assess the identification, management, monitoring and control of market risk in Caixa Geral de Depósitos group.

Following the outbreak of the conflict between Russia and Ukraine in February 2022, the bank adopted prudential measures to comply with the sanctions imposed on Russia by the European Union, in addition to the communication thereof to all group entities. This situation is subject to monthly oversight, in the form of a comprehensive report, which allows it to be monitored by the group's governance bodies. The issues related to the Covid-19 pandemic situation also continued to be monitored in regular reports.

Around 70 meetings were held between CGD and JST in 2022. The main topics addressed were related to the SREP decision, strategic plan and budgeting process, on-site inspections in progress and other relevant supervisory issues (forbearance, climate and environmental risk-related thematic review, BCBS 239, IRRBB, obsolete systems replacement plan). JST also held face-to-face meetings on supervisory issues with the board of directors and chairs of the special committees.

Notwithstanding the changes in the JST team and the team overseeing supervisory themes in CGD, all of the supervisor's activities in the bank and the full involvement of the teams and governance bodies continued to be guaranteed on the basis of a very close and articulated monitoring process. This enabled CGD to achieve a significant reduction in the number of recommendations issued by JST, improving its overall rating in terms of the 2022 supervisory review and evaluation process (SREP) in addition to achieving highly positive ratings in other supervisory exercises such as the SSM climate stress test results.

The Bank of Portugal interacted with CGD, on a domestic level, through its normal banking regulation activity and scope of supervision over significant entities and was present in all interactions with JST.

Banking Resolution

As regards banking resolution, the relationship with the Resolution Authority, the Single Resolution Board (SRB) is maintained, and the continuation of the Resolution Works – the Resolvability Work Program (RWP) – in accordance with the letter of priorities sent to CGD.

The necessary works were carried out in this area, in 2022 with the continuation of the implementation of Expectations for Banks with a view to achieving, by the end of 2023, the completeness of all the principles and dimensions contained in this main requirements guidance.

According to this program, the plan and calendar established for 2022, 62 of the 64 planned activities were carried out within the initially planned date, with 2 activities being extended during the first half of 2023 with a view to their completion within the desired quality standards.

Regarding the evaluation of this Work Plan by the SRB, CGD received a very favorable evaluation that materialized in the elimination of the 8 potential candidates for substantial impediments to the Resolution and in the obtaining of 8 best market practices

The works carried out in 2022 stand out:

- In terms of the resolution plan's main instruments, the bail-in playbook, financial markets infrastructures contingency plan, communication plan and governance structures of communication in a resolution context, identification and mobilisation of collateral in a resolution context and the quantitative report on liquidity in resolution were revised;
- The dry run exercise on the resolution strategy was carried out under the management of several members of CGD's board of directors with the stakeholders being involved in the various resolution functions tested, together with the participation of the SRB and Bank of Portugal as observers;

- 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;

- Work also began on the separability and restructuring aspect with the delivery of the business reorganisation plan and a study of the separability of relevant CGD group entities;

- The resolvability self-assessment exercise was also carried out in June and December for the purpose of implementing CGD's self-assessment process in terms of the evolution and progress of the implementation of the expectations for banks;

- On a MREL level, the quarterly projections were delivered as agreed and the funding and capital plan exercise was carried out at the SRB's request.

Resolution work oversight also comprised 8 resolution committees, 6 presentations to the executive committee, 2 presentations to the board of directors and 1 presentation to the Government Commission.

In terms of external interactions, CGD also participated in a series of 4 workshops with the SRB and also in several meetings with the European Banking Federation and the Portuguese Association of Banks.

Finally, it should be noted that, at the end of 2022, CGD delivered its detailed plan on the next work programme for the 2023 resolution exercise, accompanied by the necessary activities, in compliance with the 2023 letter of priorities received from the Single Resolution Board, having complied with the deliverables defined in addition to the other activities that aim to finalize the various types of resolution work in 2023.

Insurance and Pension Fund Supervision

In 2022, CGD, in its capacity as an insurance broker and acting as an insurance distributor, in Portugal, exclusively on behalf of Fidelidade - Companhia de Seguros, S.A., with the exception of the distribution of credit insurance in which it acts exclusively on behalf of COSEC – Companhia de Seguro de Créditos, S.A., had several interactions with this supervisory authority. Such interactions particularly included the following reports sent via the ASF portal:

- *Report on the identification of persons directly involved in insurance distribution activity*

  In compliance with the provisions of sub-paragraph e) of no. 1 and no. 2, both of which of article 34 of the legal regulations governing the distribution of insurance and reinsurance (RJDSR), on 31 January CGD sent a list identifying the persons directly involved in insurance distribution activity that were at its service at 31 December 2021, indicating their respective adequate qualification and the establishment in which they performed their activity

- *Report on the management of complaints*

  On 28 February, CGD, complying with the contents of no. 1 of article 40 of regulatory standard 13/2020-R, sent a report on the management of complaints, with reference to the preceding financial year (according to the provisions of Regulatory Standard No. 13/2020-R, the Report, in 2022, was made with reference to the period from 07/01/2021 to 12/31/2021). This report is made up of two parts: the first part contains statistical elements and the second part comprises a narrative, concerning the conclusions drawn from the complaints management process and measures implemented or intended to be implemented.

- *Report on the annual accounting documents for 2021*

  Under the terms of sub-paragraph v) of no. 1 of article 24 of the RJDSR, CGD, on June 7, sent its annual report on the accounts for 2021, in compliance with articles 52 to 55 of regulatory standard 13/2020-R.

In 2022, CGD also entered several updates on the ASF portal. They included an update of its declaration of professional civil liability insurance together with an update of its data as an insurance broker, entering new contacts to be used by the ASF for the purpose of its supervisory activity.

Regarding complaints, the ASF, whenever necessary, requested CGD to provide additional clarifications to enable it to assess CGD's performance as an insurance broker, which clarifications were promptly provided.

In 2022, inspection visits were also made to Caixa branches, and in one case the supervisor requested that the certificates of initial qualification and initial continuous training of the employees of one branch be sent to him.

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 2022, 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 monitored the Activity Plan for 2022 released by the National Data Protection Commission, with special attention to the themes of (i) "the sudden implementation of a "distance" society that massively processed personal data in an online environment using solutions that did not take into account, primarily, information security"; (ii) provision of information duties to data subjects; (iii) ,the main sanctioning decisions and (iv) the opinions issued within the scope of the national legislative process, whenever there are questions of data protection.

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.

Collective bargaining structures representing workers

Similar to the practice and principles that have always guided CGD's activities, the year 2022 witnessed regular dialogue between CGD and the collective bargaining structures representing workers which are familiar with and participate in all matters coming under the scope of their intervention.

Unions

The relationship with the Unions, in 2022, particularly included negotiations on wage scales for 2021 and 2022, oversight of various issues related to the professional situation of workers as Union members and the presentation of the 2021/2024 strategic plan. Additional and exceptional measures for workers designed to mitigate the social impacts of the current inflationary environment were also articulated with the Unions.

Twenty two meetings were held with the Unions in 2022: 10 with STEC as the company's most representative workers' Union, 4 with Mais Sindicato/SBC/SBN, 5 with SinTAF and 3 with SNQTB/SIB.

Workers' committee

In accordance with its legal obligation deriving from the labour code, CGD's executive committee meets with the workers' committee on a monthly basis for discussions and analyses of matters related to its remit, providing the workers' committee with an advance copy of the proposed agenda.

Eleven meetings were held between the workers' committee and the executive committee in 2022.

Dialogue with the workers' committee, however, is by no means limited to its monthly meetings with the executive committee. All areas of the bank, particularly DPE as CGD's employee management and development division are available for the provision of various clarifications and information or to discuss the situations of various workers, always within the committee's scope of intervention. In addition to the eleven meetings with the executive committee another 12 meetings with CGD divisions also took place, without a management presence.

CGD workers' committee comprises 11 acting members, with 6 full-time members having been authorised for the current term of office (2021/2025).

The main topics discussed with the workers' committee in 2022 are listed below;

a) Staff contingent;

b) Performance of management control;

c) Branch office network (organic structure, branch office closures, staff contingent, new branch office layout and equipment);

d) Oversight of pre-retirement programmes and mutually agreed redundancies;

e) Performance management system (SGD) – oversight of the evaluation process on workers and changes to the SGD;

f) Presentation of strategic plan for 2021-2024;

g) Application of additional and exceptional measures for workers to mitigate the social impacts of the current inflationary environment;

h) Requests for consultation and advance issuance of opinions under the workers' committee's right of participation.

Customers

Customer experience

CGD considers expressions of customer dissatisfaction to be essential for the measurement of its customer experience and the process of continuous improvement of the quality of service. They result in the regular identification of opportunities for adjustments and improvements and are critical to the identification of various risks, including equity and compliance risks, in addition to improving the level of customer satisfaction. To further foster this objective and in order to achieve greater synergies, the areas responsible for processing and responding to complaints and identification and oversight of opportunities for improvement were integrated into the same unit in 2022, which unit has since been transferred to the operations centre.

Close collaboration/articulation between the units responsible for product development, support units and operations continued across the year, in addition to internal control units in order to continue to ensure the incorporation of the rectifications/improvements identified through complaints, satisfaction surveys and monitoring of service levels in such units.

The 10,748 complaints and 75 suggestions registered in 2022, totalling 10,823 instances were down 11% in volume over 2021. The annual distribution pattern across the year was heterogeneous, with a higher concentration of the volume of complaints received in the second half year (55% of the total compared to 45% in the first half year).

The main topics were face-to-face services, means of payment/cash movements, deposits and credit with 24%, 21%, 20% and 19% of the total, respectively. There was an 11% reduction in the number of complaints regarding face-to-face customer service, a 10% reduction in means of payment/cash movements, an increase of 7% in deposits and 4% in credit-related complaints in comparison to 2021.

In the case of face-to-face customer service reference should be made to the proportion of complaints related to waiting times, resulting from aspects related to the reorganisation of branch offices, namely opening hours and network restructuring/optimisation projects.

The largest differences in comparison to 2021, were registered on self-service channels, with a reduction of 36%. Complaints related to Caixadirecta online and financial instruments accounted for the largest proportion, which recorded growth of 33%, although they continued to be relatively insignificant in terms of absolute value.

When comparing the complaints monitored by the Bank of Portugal (Complaints Book and Banking Customer Portal) with the rest of the banks, CGD recorded a growth of 7%, below the 13% recorded in the banking system.

In terms of products, and comparing the 5 largest banks in terms of complaints by number of contracts, CGD is the second bank with the fewest complaints in sight deposits and consumer credit.

Reputation

In 2022, several studies gave CGD a very positive assessment in terms of reputation with consumers who continue to recognize CGD as a reference bank.

According to Brandscore, CGD's brand reputation indicator, it maintains a very positive assessment and above the average for banking in Portugal. The indicator with the best evaluation is "Relevance", recognizing CGD's importance in the financial sector. Likewise, in the RepScore study, CGD was the leading brand in terms of emotional reputation in the Portuguese financial sector in 2022. The emotional dimension of reputation evaluates attributes such as Admiration, Relevance, Preference and Recommendation. Since 2017, the Reputation of the CGD brand has maintained a positive evolution, superior to that of the banking sector in Portugal. According to Powerful Brand – *Marcas com Valor*, by the Marktest Group, the CGD brand was the Powerful Brand in the "Banks" category, for the 2nd consecutive year. This analysis measures the value of the brands based on indicators of Innovation, Sustainability and Purpose of the brands, and is published annually by the magazine Senado.

In addition to these studies, according to the customers' evaluation in the Brandscore study, the CGD brand maintained leadership in the evaluation of the Attractiveness to New Customers indicator, reinforced the score of the Governance indicator and confirmed the same level of evaluation in Trust, Solidity, Ethics and Transparency, attributes considered essential to the Bank's sustainability. Brandscore is a national study, carried out with individuals aged between 15 and 70 years old.

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 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), 6,500 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 the group is substantially larger.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 2022, 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 also monitored several strategic projects included in the digital transformation of CGD's activity, thus contributing to compliance with "Privacy by design" and "Privacy by default", structuring principles enshrined in the General Regulation on Data Protection ("RGPD").

From an information security viewpoint, the data protection officer was involved in an exercise for updating dataflows and their respective mapping, in 2022, in addition to the assessment of incident reports, in conjunction with the competent structures.

The central activities performed in 2022 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 four years, the data protection officer and data protection office, in 2022, 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 the International Data Protection Day, which is celebrated on January 28 of each year, a piece of news was released on SomosCaixa alluding to the occasion and reiterating the importance of complying with the principles of data processing and the responsibility of each and every one of Employees for compliance in this matter. Reference was also made to the competitive added value that the conformity of its data protection activity represents for CGD, as a catalyst for banking business and intervention in the country's economy.

Marking the 4th Anniversary of the full application of the GDPR in Portugal and in the other Member States of the European Union, the Data Protection Officer participated, as a speaker, in the Colloquium: "Data protection and the new challenges in the banking sector", organized by Banco de Portugal and the Associação Portuguesa de Bancos, on 30 May 2022, addressing the theme "Artificial Intelligence in Banking and data protection: opportunities and challenges".

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 2021 – Data Protection", of 22 March 2022, in order to document the endeavours to conform with RGPD, 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 28 March 2022 and approved.

The work carried out within the scope of the III DPO Forum, promoted by the European Banking Federation, on July 5, 2022, as well as in the Working Group on Privacy and Data Protection constituted by the APB – Associação Portuguesa de Bancos, with the purpose of discuss and monitor GDPR implementation and compliance challenges in the banking sector.

CGD is essentially compliant with GDPR requirements owing to the work performed in 2022 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 - Tomás Velez Grilo

General manager of Digital Banking Department at Caixa Geral de Depósitos. He has a degree in engineering from IST and 15 years of experience in banking, in the areas of marketing, organization, information systems and digital, having participated in several volunteer initiatives as an IST Alumni - namely in mentoring young people about to enter the market work with a focus on financial literacy.

Editorial management team - Maria Silva

Marketing Officer at Digital Banking 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 internal policies and regulations	
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
Statutory Audit Company (SROC) Selection and Designation Policy	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Politica-Selecao-Designacao-SROC.pdf
Employee Remuneration Policy	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Politica-Remuneracoes-Colaboradores.pdf
Policy for Transactions with Related Parties	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Politica-Trans-Partes-Relacionadas.PDF
Cookies Policy	https://www.cgd.pt/Ajuda/Documents/Politica-Cookies.pdf

External regulations applicable
The list of external regulations applicable to Caixa is very extensive, and this report refers to the most significant ones. The main changes that occurred in 2022 are described in section 3.6.3 of this report.
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

Code of ethics
https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Regulamentos/Documents/Codigo-de-Conduta-CGD.pdf
Report on remuneration by gender
https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Praticas-de-Bom-Governo/Documents/RCRHM_2021.pdf
Occurrences Report
https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Praticas-de-Bom-Governo/Documents/Relatorio-Ocorrencias-Corrupcao-Infracoes-Conexas.pdf
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 body

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 reflects adjustments made following a set of recommendations addressed 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 in office at the time had 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 management and supervisory 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 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 Joint Supervisory Teams - ECB Banking Supervision (JST) are corrected.

Following the publication of the group workers' remuneration policy in corporate internal regulation 03/2021 and in order to finalise a last recommendation - performance and risk measurement process - identified by JST, CGD undertook to attach an autonomous document clarifying the process for calculating variable remuneration to the remuneration policy, ensuring alignment with the performance evaluation, revising internal regulations defining the commercial incentives model and performance management system.

On 23 November 2020 CGD submitted a draft document to JST and on 25 January 2021 JST considered the recommendation implemented, pursuant to CGD's undertaking to conclude and approve the document.

The memorandum systemising the procedures in respect of the performance and potential award and internal regulation 21/2022 − management of performance and performance model − as proposed to JST was approved on 29 September 2022 and published on 30 September 2022.

Internal regulation 22/2022 annexed to GCGD's remuneration policy − commercial incentives system was approved on 27 October 2022 and published and sent to JST on 31 October 2022.

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 2022, the salary mass increased by 2.4%, and the inflation rate of 8.1%, with promotions involving 19% 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 85% of the employees of the aforementioned Perimeter, which, as a whole, represented 16.3 million euros.

	2018	2019	2020 [(b)]	2021	2022
Wage variation [(a)]	2.84%	2.41%	2.35%	2.16%	2.42%
Inflation rate (Portugal)	1.0%	0.3%	0.0%	0.9%	8.1%

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

In December an extraordinary payment of 900 or 600 euros was attributed to employees with remuneration lower than 2,700 euros to mitigate the effects of the unexpected increase in inflation.

The minimum amount of the total monthly remuneration paid by CGD in 2022 was 1,359 euros. The average remuneration in 2022 was 2,501 euros, with 5,599 euros for employees with managerial functions and 2,402 euros for those who do not have managerial functions.

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	**245,779**	**260,838**	**505,262**	**5,599,555**
Base remuneration	**208,277**	**206,138**	**438,862**	**4,976,876**
Variable remuneration	**37,502**	**54,700**	**66,400**	**622,679**
- Paid	**27,500**	**39,250**	**56,450**	**485,390**
- Cash	27,500	19,625	48,200	370,590
- In kind (a)	0	19,625	8,250	114,800
- Deferred	**10,002**	**15,450**	**9,950**	**137,289**
- Vested	**10,002**	**15,450**	**9,950**	**137,289**
- Cash	5,001	7,725	4,975	79,353
- In kind	5,001	7,725	4,975	57,936
- Unvested	**0**	**0**	**0**	**0**
- Cash (b)	0	0	0	0
- In kind (c)	0	0	0	0
Number of Beneficiaries	2	2	6	55
Additional Information				
New Hirings in 2022	___	___	___	6
Amounts paid due to early termination of the employment contract	___	___	___	250,121

(a) Cash paid in 2022 in relation to the premium awarded in 2022. (b) Issuance of commercial paper in 2022 in relation to the premium awarded in 2022. (c) Cash paid in 2022 in relation to premiums awarded in previous years. (d) Issuance of commercial paper in 2022 in relation to premiums awarded in previous years.

At 31 December 2022, CGD employees' pension fund as calculated by the fund manager was worth €3,307 million. The mandatory minimum requirement to fund 100% of liabilities to pensioners was exceeded and at least 95% by assets (146.7%). Compliance with this liability was positively influenced by the positive evolution of the discount rate (1.35% to 3.6%).

CGD transferred all pension fund liabilities to Caixa Geral de Aposentações in 2023, having extinguished and liquidated the fund and paid financial compensation for the liabilities transferred to it. This operation makes it possible to reduce the risks resulting from the volatility deriving from the size of the pension fund, nature of its assets and liabilities and the accounting and prudential treatment in the bank's profit and loss statement and balance sheet.

3.7.5. Disclosure of remuneration

Board of General Meeting

Remuneration

Term of office	Function	Name	Annual Remuneration	Attendance Fee	Gross Remuneration (€)
2020-2023	Chairman	Paulo Mota Pinto (1)	6,000	(5)	6,000
2020-2023	Chairman	Nuno Cunha Rodrigues (2)	8,211	(5)	
2020-2023	Vice-Chairman	Maria João Pessoa de Araújo (3)	0	(5)	0
2020-2023	Secretary	Manuela Duro Teixeira (4)	0	(5)	0
					14,211

(1) Resigned from his position due to legal incompatibility for the function considering the beginning his mandate as member of the Portuguese Parliament;
(2) Started functions on 31/05/2022;
(3) Unpaid for representing the DGTF where holds the position of General Director
(4) Unpaid for being a CGD employee
(5) 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	30,000
Patrícia Andrea Bastos Teixeira Lopes Couto Viana	30,000
Total	**60,000**

Travel expenses

No travel costs were recorded for members of the General Meeting Remuneration Committee in 2022.

Board of Directors

Fixed Remuneration

(EUR)

Board of Directors	Remuneration (Monthly values - 14 months)	Annual Fixed Remuneration in 2022
Non-Executive President		
António Farinha Morais	23,285.71	325,999.94
Vice-President		
Paulo José de Ribeiro Moita de Macedo	30,214.29	423,000.06
Executive Members		
José João Guilherme	23,285.71	325,999.94
Francisco Ravara Cary	23,285.71	325,999.94
João Paulo Tudela Martins	23,285.71	325,999.94
Maria João Borges Carioca Rodrigues	23,285.71	325,999.94
Nuno Alexandre de Carvalho Martins	23,285.71	325,999.94
Madalena Rocheta de Carvalho Talone	23,285.71	325,999.94
Maria Manuela Martins Ferreira	23,285.71	325,999.94
Non-Executive Members		
António Alberto Henrique Assis	5,000.00	70,000.00
José António da Silva Brito	3,500.00	49,000.00
María del Carmen Gil Marín	3,500.00	49,000.00
Maria João Martins Ferreira Major	3,500.00	49,000.00
Arlindo Manuel Limede de Oliveira	3,500.00	49,000.00
Hans-Helmut Kotz	3,500.00	49,000.00
Luís Filipe Coimbra Nazaret	3,500.00	49,000.00
Monique Eugénie Hemerijck	3,500.00	49,000.00
Total	**245,999.97**	**3,443,999.58**

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 Committee who is paid an attendance fee of 4,900 euros.

Board member	Remuneration - Attendance fee (€)
	Earned Value in the year
António Farinha Morais	0
António Alberto Henrique Assis	49,000
José António da Silva Brito	49,000
María del Carmen Gil Marín	49,000
Maria João Martins Ferreira Major	49,000
Arlindo Manuel Limede de Oliveira	49,000
Hans-Helmut Kotz	49,000
Luís Filipe Coimbra Nazaret	49,000
Monique Eugénie Hemerijck	49,000
Total	**392,000**

Variable remuneration

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. After this date, there is no longer any regulatory restriction on the payment of variable remuneration.

So, in November 2022, the deferred portions for 2021 were paid in cash and in kind of the variable remuneration attributed in previous years, 2017 (cash) and 2018 (cash and commercial paper subscription, with one year retention).Remunerations paid in cash were subject to personal income withholding tax, according to the applicable rates in force. Remuneration paid in kind is subject to personal income tax at the maximum rate in force (48%).

VARIABLE REMUNERATION ASSIGNED IN 2018 REGARDING 2017 RESULTS

Board of Directors	Variable Remunerationin in Cash (€)						
	2018 (1)	2019(2)	2020 (3)	2021(4)	2022	2023 (5)	Total (5)
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 in November 2019; (3) Portion paid only in June 2021; (4) Portion paid only in November 2022; (5) As the minimum denomination of Commercial Paper is €1, the "in kind" component of variable remuneration has been rounded off by default, w ith the amount below €1 paid in cash in the last year (2023).

[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.

Board of Directors	Variable Remuneration in Kind (€) (1)						
	2018	2019 (2)	2020	2021	2022	2023 (2)	Total (2)
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 (1)	2020 (2)	2021 (3)	2022	2023	2024 (4)	Total (4)
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 in November 2019; (2) Portion paid only in June 2021; (3) Portion paid only in November 2022; (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 (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 2020; (2) Paid on the Commercial Paper's maturity date of August 2021; (3) Installment subscribed in November 2022 with repayment date on November 2023; (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 (2024).

Also during 2022, variable remuneration was paid to the executive members of the Board of Directors for 2019 and 2020.

VARIABLE REMUNERATION ASSIGNED IN 2022 REGARDING 2019 RESULTS

Board of Directors	Variable Remuneration in Cash (€)						
	2022 (1)	2023	2024	2025	2026	2027 (2)	Total (2)
Paulo José de Ribeiro Moita de Macedo	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Francisco Ravara Cary	30,312.58	6,062.52	6,062.52	6,062.52	6,062.52	6,065.65	60,628.31
João Paulo Tudela Martins	30,312.58	6,062.52	6,062.52	6,062.52	6,062.52	6,065.65	60,628.31
José António da Silva de Brito	23,792.58	4,758.52	4,758.52	4,758.52	4,758.52	4,761.65	47,588.31
José João Guilherme	27,052.58	5,410.52	5,410.52	5,410.52	5,410.52	5,413.65	54,108.31
Maria João Borges Carioca Rodrigues	27,052.58	5,410.52	5,410.52	5,410.52	5,410.52	5,413.65	54,108.31
Nuno Alexandre Carvalho Martins	23,792.58	4,758.52	4,758.52	4,758.52	4,758.52	4,761.65	47,588.31
Carlos António Torroaes Albuquerque	23,792.58	4,758.52	4,758.52	4,758.52	4,758.52	4,761.65	47,588.31
Total	**186,108.06**	**37,221.64**	**37,221.64**	**37,221.64**	**37,221.64**	**37,243.55**	**372,238.17**

(1) Portion paid only in June 2022; (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 (2027).

Board of Directors	Variable Remuneration in Kind (€)						
	2022 (1)	2023	2024	2025	2026	2027 (2)	Total (2)
Paulo José de Ribeiro Moita de Macedo	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Francisco Ravara Cary	30,312.00	6,062.00	6,062.00	6,062.00	6,062.00	6,062.00	60,622.00
João Paulo Tudela Martins	30,312.00	6,062.00	6,062.00	6,062.00	6,062.00	6,062.00	60,622.00
José António da Silva de Brito	23,792.00	4,758.00	4,758.00	4,758.00	4,758.00	4,758.00	47,582.00
José João Guilherme	27,052.00	5,410.00	5,410.00	5,410.00	5,410.00	5,410.00	54,102.00
Maria João Borges Carioca Rodrigues	27,052.00	5,410.00	5,410.00	5,410.00	5,410.00	5,410.00	54,102.00
Nuno Alexandre Carvalho Martins	23,792.00	4,758.00	4,758.00	4,758.00	4,758.00	4,758.00	47,582.00
Carlos António Torroaes Albuquerque	23,792.00	4,758.00	4,758.00	4,758.00	4,758.00	4,758.00	47,582.00
Total	**186,104.00**	**37,218.00**	**37,218.00**	**37,218.00**	**37,218.00**	**37,218.00**	**372,194.00**

(1) Paid on the Commercial Paper's maturity date of July 2022; (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 (2027).

Paulo Macedo waived receiving variable compensation for the 2019 financial year.

VARIABLE REMUNERATION ASSIGNED IN 2022 REGARDING 2020 RESULTS

Board of Directors	Variable Remuneration in Cash (€)						
	2022 (1)	2023	2024	2025	2026	2027 (2)	Total (2)
Paulo José de Ribeiro Moita de Macedo	60,867.05	12,173.41	12,173.41	12,173.41	12,173.41	12,175.48	121,736.17
Francisco Ravara Cary	42,755.25	8,551.05	8,551.05	8,551.05	8,551.05	8,551.53	85,510.98
João Paulo Tudela Martins	46,902.51	9,380.50	9,380.50	9,380.50	9,380.50	9,383.50	93,808.01
José António da Silva de Brito	42,755.25	8,551.05	8,551.05	8,551.05	8,551.05	8,551.53	85,510.98
José João Guilherme	42,755.25	8,551.05	8,551.05	8,551.05	8,551.05	8,551.53	85,510.98
Maria João Borges Carioca Rodrigues	42,755.25	8,551.05	8,551.05	8,551.05	8,551.05	8,551.53	85,510.98
Nuno Alexandre Carvalho Martins	42,755.25	8,551.05	8,551.05	8,551.05	8,551.05	8,551.53	85,510.98
Carlos António Torroaes Albuquerque	38,607.99	7,721.60	7,721.60	7,721.60	7,721.60	7,725.55	77,219.94
Total	**360,153.80**	**72,030.76**	**72,030.76**	**72,030.76**	**72,030.76**	**72,042.18**	**720,319.02**

(1) Portion paid only in June 2022; (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 (2027);

Board of Directors	Variable Remuneration in Kind (€)						
	2022 (1)	2023	2024	2025	2026	2027 (2)	Total (2)
Paulo José de Ribeiro Moita de Macedo	60,867.00	12,173.00	12,173.00	12,173.00	12,173.00	12,173.00	121,732.00
Francisco Ravara Cary	42,755.00	8,551.00	8,551.00	8,551.00	8,551.00	8,551.00	85,510.00
João Paulo Tudela Martins	46,902.00	9,380.00	9,380.00	9,380.00	9,380.00	9,380.00	93,802.00
José António da Silva de Brito	42,755.00	8,551.00	8,551.00	8,551.00	8,551.00	8,551.00	85,510.00
José João Guilherme	42,755.00	8,551.00	8,551.00	8,551.00	8,551.00	8,551.00	85,510.00
Maria João Borges Carioca Rodrigues	42,755.00	8,551.00	8,551.00	8,551.00	8,551.00	8,551.00	85,510.00
Nuno Alexandre Carvalho Martins	42,755.00	8,551.00	8,551.00	8,551.00	8,551.00	8,551.00	85,510.00
Carlos António Torroaes Albuquerque	38,607.00	7,721.00	7,721.00	7,721.00	7,721.00	7,721.00	77,212.00
Total	**360,151.00**	**72,029.00**	**72,029.00**	**72,029.00**	**72,029.00**	**72,029.00**	**720,296.00**

(1) Paid in June 2022 with Commercial Paper with maturity date on June, 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 (2027);

The deferred component of the variable remuneration for the years 2017, 2018, 2019 and 2020, as well as the variable remuneration acquired for the year 2021, was paid in 2022 to Directors of Participating Banks, Board members of domestic units, Directors and employees of the Group.

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								
António Farinha Morais[b]	0.00	0.00	Social security [a]	77,933.43				
Vice-President and Board of Directors President								
Paulo José de Ribeiro Moita de Macedo	0.00	0.00	Social security	100,462.46		3,925.04	Study grant	489.00
Executive Members						0.00		
José João Guilherme	0.00	0.00	Social security	77,425.04	0,00	3,925.04		
Francisco Ravara Cary	0.00	0.00	Social security	77,425.04	0,00	3,925.04	Study grant	570.50
João Paulo Tudela Martins	0.00	0.00	Social security	77,425.04	0,00	3,925.04	Study grant	284.00
Maria João Borges Carioca Rodrigues	0.00	0.00	Social security	77,425.04	0,00	3,925.04	Study grant	610.00
Nuno Alexandre de Carvalho Martins	0.00	0.00	Social security	77,425.04	0,00	3,925.04	Study grant	764.00
Madalena Rocheta de Carvalho Talone	0.00	0.00	Social security	77,425.04	0,00	3,925.04	Study grant/Childcare Grant	1,267.90
Maria Manuela Martins Ferreira	0.00	0.00	CGA/Pension Fund	35,217.35	0,00	3,925.04		
Non-Executive Members								
António Alberto Henrique Assis	0.00	0.00	Social security [b]	28,371.65	0,00	0.00		
José António da Silva Brito	0.00	0.00	CGA/Pension Fund [c]	0,00	0,00	0.00	Study grant	652.00
María del Carmen Gil Marín	0.00	0.00	Social security	0,00	0,00	0.00		
Maria João Martins Ferreira Major	0.00	0.00		0,00	0,00	0.00		
Arlindo Manuel Limede de Oliveira	0.00	0.00	Social security	23,275.00	0,00	0.00		
Hans-Helmut Kotz	0.00	0.00		0.00	0,00	0.00		
Luís Filipe Coimbra Nazaret	0.00	0.00	Social security	23,275.00	0,00	0.00		
Monique Eugénie Hemerijck	0.00	0.00	Social security [d]	-290.38	0,00	0.00		
Total	**0.00**	**0.00**		**820,604.11**	**0.00**	**31,400.32**		**4,637.40**

(a) Of w hich €508.39 are settlements w ith reference to 2021.

(b) Of w hich €109.15 are settlements w ith reference to 2021.

(c) Of w hich €736.93 are settlements by reference to 2021.

(d) Annulment of €290.38 by reference to 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 2022 there was no payment of indemnities to former executive directors.

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 2022, include the following balances and transactions with related entities, excluding management bodies:

(EUR thousand)

	31-12-2022			
	The Portuguese State (Treasury)	Other Portuguese State entities	Associates	Other Companies of CGD Group
Assets:				
Liquid assets held in credit institutions	-	-	-	3,148
Loans and advances to credit institutions	-	-	-	101,519
Bonds and trading derivatives	6,766,541	294,167	66,627	41,349
Loans and advances to customers	476,707	538,835	134,469	-
Impairment for loans and advances to customers	-	27,467	997	-
Other Assets	-	951	353,909	976,877
Liabilities:				
Resources from credit institutions	-	-	85	560,029
Customer resources	7,448	354,039	388,247	197,478
Debt securities	-	-	98,103	-
Financial liabilities held for sale	233	1,864	2,985	-
Other Liabilities	16	68,591	955	17,173
Guarantees Given	1,500	545,129	36,397	26,463
Results				
Interest and similar income	63,890	7,699	3,299	10,100
Interest and similar costs	-	7,131	875	26,172
Income from services rendered and comissions	10	2,742	82,667	4,232
Costs from services rendered and comissions	-	1	-	1,031
Results from financial operations	-28,870	-17,662	2,991	-1,636
Other operating income	-	367	61	4,811
Impairment for loans and adv. to customers (net of reversals)	-	-940	-105	-
General administrative costs	-	-	-	16,815

CGD’s consolidated financial statements, at 31 December 2022, included the following balances and transactions with related entities, excluding management bodies:

(EUR thousand)

	31-12-2022		
	The Portuguese State (Treasury)	Other Portuguese State entities	Associates
Assets:			
Securities and derivatives held-for-trading	6,938,876	294,167	66,627
Loans and advances to customers	476,707	538,835	134,469
Impairment for loans and advances to customers	-	27,467	997
Other assets	7	4,582	355,332
Liabilities:			
Customer resources	7,448	354,831	388,025
Financial liabilities held-for-trading	233	1,864	2,985
Other liabilities	1,160	166,761	1,027
Guarantees Given	1,500	549,161	36,397
Results			
Interest and similar income	64,737	7,699	3,299
Interest and similar costs	-	7,135	875
Income from services rendered and commissions	10	8,290	83,065
Cost of services and commissions	-	329	32
Results from financial operations	-36,579	-17,662	2,991
Other operating income	-1	376	24
General administrative costs	-	4	553

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.

The Policy for Transactions with Related Parties was first updated in 2022, to reflect the change in CGD's governance model, which replaced the Supervisory Board with an Audit Committee.

The initial version of the aggregated authorization approved in 2021 was revised in 2022, to include operations in which CGD intervenes as a purchaser of goods and services under market conditions, with the approval of amendments to the aggregated authorization that came into force on 1 January 2023, in order to provide an exemplary list of types of operations covered by the aforementioned mechanism and the establishment of a quantitative limit below which a certain transaction of lesser relevance is considered covered by the aggregate authorization.

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

- Registration and pre-qualification of suppliers on the e-procurement platform;
- Initiation of process with the identification of the need and definition of requirements for new services or renewal of contracts;

- Production of tender documents, using the adequate draft model for the goods/service;
- Identification of suppliers to be consulted;
- Preparation of the proposals 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 and/or open to the market;
- 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 and approval of expense

- 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;

Contracts

- Production of draft contract and negotiation of the final terms, 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;
- Ensure the inclusion of obligations arising from regulatory requirements;
- Signature of the contract draft of the purchase of goods/services from the supplier;
- Notification of excluded suppliers throughout the negotiation process.

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 or subsidiaries are involved:

- Hiring of own insurance with Fidelidade – Companhia de Seguros, S.A.;
- Hiring of banking services with SIBS – Forward Payment Solutions S.A;
- Vehicle hire – LOCARENT - Companhia Portuguesa de Aluguer de Viaturas, SA;

SUPPLIERS REPRESENTING MORE THAN 5% OF EXTERNAL SUPPLIES AND SERVICES ON A SEPARATE BASIS

(EUR)

Tax no.	Supplier	Total in 2022
PT505107546	SIBS Forward Payment Solutions	27,537,338 €
PT516360558	KNDRL Services Portugal, S.A.	26,631,463 €
PT502309440	ACCENTURE	18,493,501 €

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 2022.

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	1. Board of Directors' Report » 1.4. Activity and Financial Information » 1.4.2. Strategic plan	44-46
	4. Sustainability Report » 4.6. Sustainable Development Goals » Objectives and Goals	482-482
	4. Sustainability Report » 4.7. Sustainability strategy 2021-2024	484-489
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	475-477
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » Commitments Adopted	477-479
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » Working Groups	479-480
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 » 4.6. Sustainable Development Goals » Impacts on the value chain	483-483
	4. Sustainability Report » 4.7. Sustainability strategy 2021-2024 » Stakeholders and materiality	484-488
	4. Sustainability Report » 4.8. Sustainable and inclusive financing » Supporting social and financial inclusion	493-499
	4. Sustainability Report » 4.10. Equity, digital and financial inclusion » Accessibility and Financial Inclusion	533-538
	4. Sustainability Report » 4.10. Equity, digital and financial inclusion » Cybersecurity and Data Protection	538-542
	4. Sustainability Report » 4.10. Equity, digital and financial inclusion » Investment in the Community	523-532
	4. Sustainability Report » 4.11. Transparent governance models » ESG Governance Practices and Ethical Business Conduct	543-549
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	565-620
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 » 4.6. Sustainable Development Goals » Impacts on the value chain	483-483
	4. Sustainability Report » 4.8. Sustainable and inclusive financing » Financing the low-carbon economy	490-492
	4. Sustainability Report » 4.9. Climate Risk Management » Sustainable management of operations in the value chain	507-515
	4. Sustainability Report » 4.11. Transparent governance models » ESG Governance Practices and Ethical Business Conduct	543-549
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	565-620

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 » 4.10. Equity, digital and financial inclusion » Equity, Development and Well-Being of Employees	516-523
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	565-620
d) Reference to concrete measures with regard to Gender Equality Principle;	3. Corporate Governance Report » 3.6. Internal organisation » 3.6.3. Regulations and codes » Compliance with Legislation and Regulations » Report on remuneration paid to men and women 2022	396-396
	4. Sustainability Report » 4.10. Equity, digital and financial inclusion » Equity, Development and Well-Being of Employees	516-523
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	565-620
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 » 4.10. Equity, digital and financial inclusion » Equity, Development and Well-Being of Employees	516-523
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	565-620
f) Information on economic responsibility policy, with regard to the way in which the company's competitiveness was safeguarded, namely through research, innovation, development and integration of new technologies in the production process. Reference to the action plan for the future and shareholder value creation measures (increased productivity, customer orientation, reduced exposure to risks arising from the environmental, economic and social impacts of activities, etc.).	1. Board of Directors' Report » 1.2. Highlights in 2022	8-11
	1. Board of Directors' Report » 1.4. Activity and Financial Information » 1.4.2. Strategic plan	44-46
	1. Board of Directors' Report » 1.5. Risk management	83-102
	3. Corporate Governance Report » 3.6. Internal organisation » 3.6.3. Regulations and codes » Application of standards relating to competition and consumer protection	396-397
	4. Sustainability Report » 4.3. Message from the Chief Executive Officer	473-473
	4. Sustainability Report » 4.7. Sustainability strategy 2021-2024	484-489
	4. Sustainability Report » 4.8. Sustainable and inclusive financing » Job creation and development of the business fabric	499-503
	4. Sustainability Report » 4.9. Climate Risk Management » Environmental Risks and Climate Action	504-507
	4. Sustainability Report » 4.10. Equity, digital and financial inclusion » Accessibility and Financial Inclusion	533-538

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 2022, 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 equal to the previous year.

This indicator represents the average number of days between the date of receipt of the invoice at CGD and the respective payment and does not provide direct indications on the level of overdue debt. As most of CGD's contracts with its suppliers have payment terms of 60 days, the result of this indicator suggests that Caixa in 2022 tended to pay invoices before they were due.

Also as in previous years, the increase in the fourth quarter is not directly related to a greater delay in payments in that quarter, but to the increase in invoicing volume (in amount and quantity), in that period which, applying the calculation methodology defined in the Dispatch, (which foresees the division of the value owed at the end of the quarter in relation to the total value of invoicing for that quarter), results in this outcome.

	2021				2022				Annual average change	
Quarter	**1st**	**2nd**	**3rd**	**4th**	**1st**	**2nd**	**3rd**	**4th**	**Amount**	**%**
Payment period (days)	30	36	26	42	44	31	22	42	0	0.0%

CGD has a mandate agreement with Caixa Serviços Partilhados, 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 2022, 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.

PAYMENTS PENDING

	December 2022				
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	11,030,060	173,910	910,128	214,533	214,340
Acquisitions of capital	2,017,856	0	15,306	5,802	55,317
Outstanding balance	13,047,916	173,910	925,434	220,335	269,657
Debt to Suppliers (Total)	**14,637,253**				

Articles 32 and 33 of the Public Manager Statute

Guidelines for use of credit cards

In the current term, no credit cards were attributed to members of the Board of Directors and any expense account items submitted by them were reimbursed.

BOARD REPRESENTATION EXPENSES

Board Representation Expenses (€)							
	2016	2017	2018	2019	2020	2021	2022
Annual amount	18,136	2,795	3,230	5,397	4,724	6,374	5,371

MOBILE COMMUNICATIONS EXPENSES

Board member	Mobile communications expenses (€)		
	Defined monthly limit	Annual amount	Remarks
Paulo José de Ribeiro Moita de Macedo	N/A	16,330	
José João Guilherme	N/A	14,170	
Francisco Ravara Cary	N/A	447	
João Paulo Tudela Martins	N/A	1,603	
Maria João Borges Carioca Rodrigues	N/A	7,186	
Nuno Alexandre de Carvalho Martins	N/A	935	
Madalena Rocheta de Carvalho Talone	N/A	90	
Maria Manuela Martins Ferreira	N/A	330	
Total		**41,091**	

ANNUAL VEHICLE COSTS

Board member	Monthly fuel limit	Annual vehicle costs (€)				
		Fuel	Tolls	Other repairs	Insurance	Remarks
Antonio Farinha Morais	N/A	1,904.60	511.40	30.75	-	
Paulo José de Ribeiro Moita de Macedo	N/A	5,012.73	612.75	6,537.63	537.25	Vehicle from Jul 2014; Annual Circulation Unique Tax €642.11
José João Guilherme	N/A	5,061.01	948.45	0.00	-	
Francisco Ravara Cary	N/A	2,596.31	587.10	312.69	-	
João Paulo Tudela Martins	N/A	3,116.65	1,156.55	0.00	-	Electricity cost included in the fuel column (hybrid vehicle)
Maria João Borges Carioca Rodrigues	N/A	2,598.92	373.10	5,189.62	-	
Nuno Alexandre de Carvalho Martins	N/A	2,224.35	795.90	1,114.42	-	
Madalena Rocheta de Carvalho Talone	N/A	2,894.91	656.10	0.00	-	
Maria Manuela Martins Ferreira	N/A	1,319.64	0.00	274.11	-	
Total		**26,729.12**	**5,641.35**	**13,459.22**	**537.25**	

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)
Antonio Farinha Morais	Y	S	72,973.42	Acquisition	2016	2026	929,10	7.702,56	42
Paulo José de Ribeiro Moita de Macedo	Y	N	51,568.88	Aquisição	-	-	-	-	-
José João Guilherme	Y	Y	69,082.95	Renting	2018	2023	914.68	10,976.16	2
Francisco Ravara Cary	Y	Y	41,675.86	Renting	2018	2023	527.59	6,331.08	3
João Paulo Tudela Martins	Y	Y	78,944.63	Renting	2021	2025	949.31	11,391.72	32
Maria João Borges Carioca Rodrigues	Y	Y	89,494.76	Renting	2022	2026	1,019.52	10,926.88	42
Nuno Alexandre de Carvalho Martins	Y	Y	73,338.26	Renting	2022	2026	950.48	10,854.72	40
Madalena Rocheta de Carvalho Talone	Y	Y	75,870.23	Renting	2022	2026	947.04	11,364.48	41
Maria Manuela Martins Ferreira	Y	Y	39,275.01	Renting	2020	2024	534.95	6,419.40	19
Total			**592,224.00**				**6,772.67**	**75,967.00**	

Income Value corresponds to the value of the last rent for 2022 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 01.01.2023, considering only complete months. Values shown include non-deductible VAT. In the vehicles of Dr.ª Maria João Carioca, Prof. Nuno Martins and Dr. Farinha Morais includes annual expenses with rents for the two vehicles they had during 2022 (sums up the value of the months of the old and new), and the data in the previous columns refer to the new vehicle. Regarding Eng.ª Madalena Talone's vehicle, since the previous vehicle was a rent-a-car vehicle, the costs of these rents were not considered and the rent of the renting vehicle was multiplied

TRAVEL EXPENSES

Board member	Gross annual travel expenses (€)					
	Official travel	Accommodation costs (a)	Allowances (b)	Other		Total travel expenses
				Identify (c)	Amount	
António Farinha Morais	841.96	1,748.10	0.00			2,590.06
Paulo José de Ribeiro Moita de Macedo	29,937.00	19,415.20	0.00	VISA	380.00	49,732.20
José João Guilherme	22,377.62	21,354.12	0.00			43,731.74
Francisco Ravara Cary	19,770.74	2,681.85	0.00	VISA	290.00	22,742.59
João Paulo Tudela Martins	868.81	434.87	0.00			1,303.68
Maria João Borges Carioca Rodrigues	25,516.40	14,300.60	0.00	VISA	235.00	40,052.00
Nuno Alexandre de Carvalho Martins	8,072.38	802.36	0.00			8,874.74
Madalena Rocheta de Carvalho Talone	5,770.70	149.00	0.00			5,919.70
Maria Manuela Martins Ferreira	7,489.28	3,561.45	0.00			11,050.73
António Alberto Henrique Assis	461.06	1,043.31	0.00			1,504.37
José António da Silva Brito	0.00	149.00	0.00			149.00
María del Carmen Gil Marín	0.00	149.00	0.00			149.00
Maria João Martins Ferreira Major	0.00	0.00	0.00			0.00
Arlindo Manuel Limede de Oliveira	0.00	149.00	0.00			149.00
Hans-Helmut Kotz	6,952.08	2,932.45	0.00			9,884.53
Luís Filipe Coimbra Nazaret	0.00	0.00	0.00			0.00
Monique Eugénie Hemerijck	6,815.03	14,695.63	0.00			21,510.66
Total	**134,873.06**	**83,565.94**	**0.00**		**905.00**	**219,344.00**

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	2022
Annual amount (*)	10,364	0	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 2022, 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 CGD'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 2022:

- Licensing of IBM software − Companhia IBM Portuguesa S.A.
- Licensing of Microsoft software – Crayon Software, Lda.
- Support services for the implementation of CGD's strategic plan 2021-2024 − McKinsey International. Inc.
- Full outsourcing of contact centre − Randstad II - Prestação de Serviços, Lda.
- Communications services − NOS Comunicações, S.A.
- General maintenance of CGD's premises − Siemens, S.A.
- Central system application maintenance services − Accenture - Consultores de Gestão, S.A.
- Business intelligence application maintenance services, workflow processes and SAP applications − Accenture - Consultores de Gestão, S.A.
- Backbase implementation services − Bring Global Portugal, S.A.
- Distributed systems management services − Kndrl Services Portugal, S.A.
- Outsourcing services − DAC − DXC Technology Portugal, Lda.
- Systems management services, systems operation and production planning, distributed systems operational services and business continuity and recovery services - Kndrl Services Portugal, S.A.
- Application maintenance services for digital channels − NTT Data Portugal, S.A.
- Outsourcing services related to operational support activities − CTT - Soluções Empresariais, S.A.;

Acts and agreements submitted for prior inspection by the court of auditors

In 2022, the following agreements requiring the advance agreement of the Portuguese Audit Court were entered into by Caixa:

- Electrical Installations and HVAC project for the remodelling of CGD's headquarters building − Siemens, S.A.
- Evolution maintenance and systems development services and additional projects for the CAMS II system - DXC Technology Portugal, Lda.
- Licensing of IBM software - Companhia IBM Portuguesa S.A.
- Licensing of Microsoft software − Crayon Software, Lda.
- Support services for the implementation of CGD's strategic plan 2021-2024 − McKinsey International Inc.
- Full outsourcing of contact centre − Randstad II - Prestação de Serviços, Lda.
- Renewal of central system's application maintenance services − Accenture - Consultores de Gestão, S.A.
- P21 software maintenance − Celfocus, S.A.
- Communications Services − NOS Comunicações, S.A.
- Licensing and implementation services of the initial margins software module − Misys Spain SL (branch in Portugal).
- General Maintenance of CGD's premises − Siemens, S.A.;
- Changes to Front to Back project − Misys Spain SL (branch in Portugal);
- First addendum to the external audit contract 2021-2024 − Ernst & Young, Audit & Associados - SROC, S.A.
- Postal distribution services − CTT - Correios de Portugal S.A.
- Open banking digital transformation services − Tink AB.
- Licensing of TIBCO software − Tibco Software (Ireland) Lda.
- Central system application maintenance services − Accenture - Consultores de Gestão, S.A.
- Business intelligence application maintenance services, workflow processes and SAP applications − Accenture - Consultores de Gestão, S.A.
- Backbase implementation services − Bring Global Portugal, S.A.
- Second addendum to the external audit contract 2021-2024 - Ernst & Young, Audit & Associados - SROC, S.A.
- Distributed systems management services − Kndrl Services Portugal, S.A.
- Licensing of Salesforce' audit trail, SMS and personalised marketing − SFDC Ireland Limited.
- Licensing of Salesforce's event monitoring - SFDC Ireland Limited.
- Licensing of Salesforce's inbox and scheduler − SFDC Ireland Limited.
- Licensing of Salesforce's Sandbox - SFDC Ireland Limited.
- Extension of consultancy services and implementation of corporate marketing services programme − Critical Software S.A.
- Outsourcing services − DAC − DXC Technology Portugal, Lda.
- Additional contact centre services − Randstad II - Prestação de Serviços, Lda.

- Additional contact centre services − ManpowerGroup Solutions, Unipessoal, Lda.
- Systems management services, systems operation and production planning, distributed systems operational services and business continuity and recovery services - Kndrl Services Portugal, S.A.
- Application maintenance services for digital channels − NTT Data Portugal, S.A.
- Licensing and implementation of SWIFT XLM & target plugin as part of the Front to Back project − Misys Spain SL (branch in Portugal).
- Outsourcing services related to operational support activities − CTT - Soluções Empresariais, S.A.

Vehicle fleet

Vehicle Fleet							
	2016	2017	2018	2019	2020	2021	2022
No.vehicles	1.296	873	812	810	804	817	785

CGD has been reducing the number of vehicles (511 vehicles less than in 2016 (-39.4%)), 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.

Operating expenses

With the 2021-2024 Strategic Plan, a strategy was maintained in terms of Employee costs focused on retaining and attracting talent through more training and higher awards, and in terms of General Administrative Expenses in enabling the transformation to overcome inflationary pressure.

In 2022, the focus on continuing to improve operational efficiency materialized in the implementation of a set of Plan initiatives, of which:

Optimisation of employee costs:

- Completion of the convergence process between public pension systems based on the transfer of the liabilities of Caixa Geral de Depósitos to Caixa Geral de Aposentações, at 31 December 2022;
- Adjustment to employee complement via retirement-based exits, early retirements and voluntary redundancies (without the need to replace employees) and hirings based on the need to requalify and refresh structures;
- Greater linkage to performance for defining the variable component of remuneration with a review of the performance appraisal process geared to teamwork (360º) and CGD’s strategic priorities;
- Continued optimisation of employee management to achieve the right balance between face-to-face and remote customer service and between the branch office network and central departments on an outsourcing basis, namely by internalizing application support functions.

Operational Efficiency Gains:

- Use of electronic procurement tools to reduce the acquisition costs of goods and services with the access and introduction of greater competition on a level of suppliers;
- Review and negotiation of key supply and service contracts, namely contracts related to information systems and technologies, in terms of scope, support mechanisms and agreed service levels;

- Cost-to-serve reduction based on a 7.7% increase in the number of active digital customers and provision of ATM and digital assistant (app) based unblocking services for Caixadirecta contracts;
- Increase in the number of virtual teller machine (VTM) operations with basic coin withdrawal and deposit functions in 2023 in order to reduce cost-to-serve;
- Outsourcing of the Caixa Contact Centre's information services based on a reduction of computer equipment costs and space occupancy in Caixa's head office building;
- Reduction of needs to outsource services through in-house training in the customer journey mapping area and user experience;
- Optimisation of loan approval workflows and immediate decision-making processes by improving the level of decision-making and processing time in terms of customer service;
- Paperless procedures for a series of branch offices processes to simplify customer service in terms of subscriptions for investment products and insurance;
- Investment in robotic process automation Robotic Process Automation (RPA), with a significant impact in reducing processing times;
- Improvement of processes allowing activities to be integrated in the operations centre and obtaining greater operating efficiency.

The initiatives envisaged for the effective reduction of Caixa group's administrative overheads are as follows:

- Improvement of process for defining requirements and procurement strategy for relevant purchases to improve the adequacy of spending to CGD's effective needs;
- Improved monitoring of the implementation and impact capture on key investments and implementation of the cost-to-serve oversight model;
- Harmonisation and centralisation of Caixa group procurement with the aim of capitalising on the synergies resulting from the centralised negotiation and acquisition of goods and services in Caixa group;
- Implementation of a new physical distribution model, with new branch office formats and partnership models, increasing the number of machines (VTM) accompanied by across-the-board cost reductions (rents, electricity, facility services, vehicles, ATMs/VTM, etc.);
- Negotiation of real estate rents and optimisation of space occupancy with the release of excess spaces requirements;
- Review and negotiation of insurance contracts;
- Optimisation of the costs of Caixa's vehicle fleet (number, type and scope of related services);
- Implementation of energy efficiency measures;
- Installation of 80 photovoltaic panel electricity generating units for own use;
- Review and simplification of the documentary management process, including archives, with cost reductions based on the negotiation of new contracts;
- Reduction of the costs of production and mailing of correspondence;
- Simplification of product portfolios (cards, mortgage loans, consumer credit);
- New series of digital end-to-end applications for cards, "immediate" consumer credit, investment products and insurance.

EVOLUTION OF OPERATIONAL COSTS - CGD PORTUGAL

(EUR Thousand)

	2022	2021	2020	2022 / 2021 ∆ Total.	2022 / 2021 Change %
EBITDA	n.a	n.a	n.a	-	-
External services and supplies	170,840	162,009	170,508	8,832	5.5%
Employee costs	616,466	251,201	321,342	365,265	145.4%
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)	616,466	251,201	321,342	365,265	145.4%
Operational costs	787,306	413,210	491,850	374,097	90.5%
Turnover [(c)]	1,609,180	1,227,088	1,210,887	382,092	31.1%
Expenses/turnover	49%	34%	41%	95 p.p.	-
Communications	6,999	6,895	8,084	104	1.5%
Travel / accommodation	1,363	640	784	723	113.0%
Allowances	182	102	97	80	78.4%
Vehicle expenses [(d)]	3,990	3,330	3,509	660	19.8%
Total	12,534	10,967	12,474	1,567	14.3%
Studies, opinions, projects and consultancy	14,617	9,215	12,019	5,402	58.6%
Total number of HR (SB+ Total Employees)	**5,853**	**6,136**	**6,265**	**-283**	**-4.6%**
Total No. of Employees:	5,837	6,117	6,244	-280	-4.6%
Of wich: No. Management positions	179	185	184	-6	-3.2%
No. Statutory bodies (SB)	17	20	22	-3	-15.0%
No. Employees (exc. SBs and managers)	5,657	5,931	6,059	-274	-4.6%
No. Employees / Management positions	32	32	33	0	-1.4%
No. vehicles	785	817	804	-32	-3.9%

(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.(d) The increase in vehicle expenses is explained by the resumption of economic activity after the Pandemic period and the increase in fuel prices after the start of the war in Ukraine in February 2022.

Employee costs in 2022, amounting to 616.5 million euros, were impacted by extraordinary and non-recurring costs of 322.8 million euros (245.8 million euros of which refer to the transfer of assets and liabilities of the pension fund to Caixa Geral de Aposentação). Also in the 2021 financial year, this item was impacted by non-recurring factors, in the total amount of -77.2 million euros, essentially due to the adjustment of provisions associated with post-employment benefits and the adjustment to expected costs with the pre-retirement program . Deducting non-recurring effects, employee costs in 2022 compared to 2021 registered a reduction of 34.8 million euros.

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		Remarks
	Y / N / na	Last update	
Articles of association	Y	May 22	
Characterisation of company	Y	January 23	
Supervisory and shareholder function	Y	June 17	Unchanged
Governance model / members of statutory bodies			
- Identification of statutory bodies	Y	November 22	
- Fixed remuneration status	Y	November 22	
- Disclosure of information on remuneration earned by statutory bodies	Y	November 22	
- Functions and responsibilities of members of the board of directors	Y	November 22	
- Presentation of résumés of members of statutory bodies	Y	November 22	
State funding	Y	March 23	
Summary	Y	January 23	
Historical and current financial information	Y	January 23	
Good governance principles			
- Internal and external regulations binding on company	Y	January 23	
- Relevant transactions with related entities	Y	January 23	
- Other transactions	Y	January 23	
- Analysis of company's sustainability in the following domains:			
- Economic	Y	January 23	
- Social	Y	January 23	
- Environmental	Y	January 23	
- Appraisal of compliance with good governance principles	Y	January 23	
- Code of ethics	Y	January 23	
Management guidelines	Y	December 22	

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				Implementation of the 2021-24 Strategic Plan, which will govern CGD Group activity over the next few years, began in 2021. This set of pillars and strategic priorities should reinforce the gains obtained with the implementation of the previous Plan, focusing on six critical dimensions: Pillar I - Innovation and Quality of Service; 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 the 2022 financial year, the Bank's main financial indicators achieved the following targets: • A ROE of 9.8% (7% in 2021); • A recurring Cost-to-Income of 39.1% (48% in 2021); • An NPL ratio of 2.4% (2.8% in 2021); • A CET1 solvency ratio of 18.7% (18.2% in 2021).
Evolution of average payment time to suppliers				Unchanged	In 2022 the average payment term on an annual basis, was the same as the previous year. Chapter 10 - Legal Guidelines Under RJSPE/Compliance with legal guidelines on average payment periods
Disclosure of information on arrears	X			14,637,253 €	Chapter 10 - Legal Guidelines Under RJSPE/Compliance with legal guidelines on average payment periods
Shareholder's recommendations at the time of the last approval of the accounts:			X		
Remunerations					
Non attribution of management bonuses			X		In 2022, variable remuneration was paid to the executive members of the Board of Directors for the 2019 and 2020 fiscal years and the deferred parts for 2021 in cash and in kind of the variable remuneration awarded in previous years, 2017 (cash) and 2018 (cash and commercial paper subscription, with retention of one year). 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 expenses reimbursed 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. Chapter 10 - Legal Guidelines Under RJSPE
Contracts submitted for the approval of the court of auditors	X			33	Chapter 10 - Legal Guidelines Under RJSPE
Audits - court of auditors			X		In the last 3 years, no Audits were conducted by the Court of Auditors of CGD.
Vehicle fleet	X			785	CGD has been reducing the number of vehicles over the past few years, less 511 vehicles compared to 2016
Operating expenses of state-owned companies	X				Compared to the previous year, there was a reduction on, administrative expenses of 5.5% and employee costs of 10.6%.

3.11. Assessment of corporate governance

3.11.1 Statement of compliance - RJSPE

Assessment of the level of compliance with good corporate governance practice binding upon CGD

CORPORATE GOVERNANCE REPORT		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	✓	
2	Policies and guidelines within the defined strategy	✓	3.2. Mission, Objectives and Policies
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	✓	
2	Possible limitations on the ownership and / or transferability of shares	✓	3.3. Shareholders' Structure
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	✓	
2	The acquisition and disposal of corporate investments and involvement in any associative or foundational entities	✓	3.4. Group Structure and Bond Holdings
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	✓	
2	Statutory minimum and maximum number of members and statutory term of office	✓	3.5.2.2. Board of Directors
3	Composition and duration of term of office	✓	
4	Identification of the executive and non-executive members of the Board of Directors and identification of the independent members of the CGS.	✓	
5	CVs of each of the members	✓	3.5.2.2. Board of Directors Annex III
6	Communicating the submission of declarations 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	✓	3.4. Group structure and bond holdings 3.5.2.2. Board of Directors
7	Family, professional or commercial relationships of members, with shareholders	✓	3.5.3. Prevention of conflicts of interest
8	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
9	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	✓	
2	CVs of each member	✓	
3	Procedures and criteria applicable for the purpose of contracting additional services to the external auditor	✓	3.5.2.3. Supervision
4	Other functions and, if applicable, the financial matters committee	✓	
5	Indication of the statutory minimum and maximum number of members and statutory term of office, as applicable, for the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Financial Matters Committee	✓	
6	Composition of the fiscal council, the audit committee, the general and supervisory board or the committee for financial matters	✓	
7	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	✓	3.5.2.2. Board of Directors 3.5.2.3. Supervision
8	Characterization of the functioning of the fiscal council, the audit committee, the general and supervisory board or the committee for financial matters	✓	

	CORPORATE GOVERNANCE REPORT	Comply	Chapter
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
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, date of the last update and compliance with the legislation	✓	
3	Corruption and related offenses risk management plan, date of the last update, compliance with the legislation and availability for publication on the UTAM website	✓	
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 for disclosing: headquarters, statutes and operating regulations of bodies and/or commissions, members of governing bodies and other statutory bodies, curricular elements, remuneration, accountability documents, underlying funding model and financial support received of the State in the last three	✓	3.6.5. Disclosure of information on CGD´s website
2	Internet addresses used for disclosing: applicable internal regulations and external regulations, code of conduct and ethics, annual report on the implementation of the PGRCIC, report on remuneration by gender	✓	
3	Internet addresses used in disclosing the documents subject to remission in the RGS	✓	
F	**Prestação de Serviço Público ou de Interesse Geral**		
1	Reference to the contract signed with the public company	n.a.	Does not have a formal public service contract
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	✓	3.5.3. Prevention of conflicts of interest 3.7.2. Remuneration Policy for members of the Board of Directors and Supervisory Body
B.	**Remuneration Committee**		
1	Composition of the remuneration setting committee	✓	3.5.2.1. General Meeting

	CORPORATE GOVERNANCE REPORT	Comply	Chapter
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 Body
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	Communication of availability in SiRIEF of the minutes of the General Meeting, Unanimous Deliberation in Written or Dispatch that contemplates the approval of the accountability documents	✓	3.6.4. Disclosure duties and relationship with stakeholders
2	Compliance with recommendations received	✓	3.11.1 Statement of Compliance - RJSPE
3	Other information	✓	3.11.2 Statement of Compliance - IPCG Code
XI	**Annexes**		
1	Supervisory board report	✓	5.2. Report and opinion of the supervisory body
2	Non-Financial Statement	✓	Annex I

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 - "Anglo-Saxon" - structured in accordance with the dispositions of articles 278 no. 1 b) and 423.º-B of the CSC (commercial companies code) and article 3 of the RSJA (legal regime on audit supervision). Therefore, CGD's governance structure comprises a board of directors and, in supervisory terms, an audit committee and a statutory audit company, with the supervisory board having been extinguished.

From a total of fifty three recommendations, CGD considers adopted forty six and seven 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
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.*			

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
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 author of the communication made in good faith. This circuit is regulated by the internal regulation that establishes the Internal Communication System of Irregular Practices (SCIPI), which determines its characteristics, the treatment given to communications, as well as those involved in the system.	Chapter 3.6 – Section 3.6.1

Recommendations	**Recommendation Compliance:** Adopted Not Adopted Not Applicable	Observations	Description in Report
I.3. Relationships between the company bodies			
Principle: *Members of the company's boards, especially directors, should create, considering the duties of each of the boards, the appropriate conditions to ensure balanced and efficient measures to allow for the different governing bodies of the company to act in a harmonious and coordinated way, in possession of the suitable amount of information in order to carry out their respective duties.*			
I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.	Adopted	The internal regulations of the management and supervisory bodies and Special Committees of the Board of directors, available on CGD's institutional website, provide that its members have prior access to the preparatory documents for the meetings at least 5 (five) days before the date of the meeting and the use of support elements, internal or external, with experience acquired in the areas of its competence, to provide information and carry out work aiming to substantiate the respective analyses and conclusions. All supporting documentation and the respective minutes of the meetings of CGD's governing bodies are filed in a computer tool accessible to the members of these bodies.	Chapters 3.5.2 and 3.6.5
I.3.2. Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	Adopted	The internal regulations of the management and supervisory bodies and the Special Committees of the Board of directors, available on CGD's institutional website, provide that its members have prior access to the preparatory documents for the meetings at least 5 (five) days before the date of the meeting to prepare for its timely preparation and to promote an informed decision-making process.	Chapter 3.5.2
I.4 Conflicts of interest			
Principle: *The existence of current or potential conflicts of interest, between members of the company's boards or committees and the company, should be prevented. The non-interference of the conflicted member in the decision process should be guaranteed.*			
I.4.1. The members of the managing and supervisory boards and the internal committees are bounded, by internal regulation or equivalent, to inform the respective board or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest.	Adopted	CGD, as a credit institution, has organisational and administrative mechanisms appropriate to the nature, scale and complexity of its activity that effectively enable the identification of possible conflicts of interest, the adoption of appropriate measures to avoid or mitigate the risk of their occurrence and aimed at preventing the conflict of interests of the clients' interests from being harmed. CGD's internal rules, to which the members of the governing bodies are bound, include: (i) CGD's Code of Conduct, published on CGD's institutional website; (ii) CGD's	Chapter 3.5.3

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
		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	The implemented transactions with related parties policy has 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 of directors to consider the matter, after obtaining the non-binding opinions of the supervisory body, the Compliance Department and the Risk Management Department.	Chapter 3.8
Chapter II – Shareholders and General Meetings			

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
Principles: *II.A. As an instrument for the efficient functioning of the company and the fulfilment of the corporate purpose of the company, the suitable involvement of the shareholders in matters of corporate governance is a positive factor for the company's governance.* *II.B. The company should stimulate the personal participation of shareholders in general meetings, which is a space for communication by the shareholders with the company's boards and committees, and for reflection about the company itself.* *II.C. The company should implement adequate means for the participation and remote voting by shareholders in meetings.*			
II.1. The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	Not Applicable	CGD is a public limited company with exclusively public capital, and the shares representing its share capital belong to the Portuguese State, with no restrictions on voting rights or the application of defensive measures, in particular those that provide for limitation the number of votes that may be detained or exercised by a single shareholder, individually or in agreement with other shareholders.	Chapters 3.3 and 3.5
II.2. The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.	Not Applicable	CGD is a limited liability company with exclusively public capital, and the shares representing its share capital belong to the Portuguese State, its only shareholder.	Chapters 3.3 and 3.5
II.3. The company should implement adequate means for the remote participation by shareholders in the general meeting, which should be proportionate to its size.	Not Applicable	CGD is a limited liability company with exclusively public capital, and the shares representing its share capital belong to the Portuguese State, its only shareholder.	Chapters 3.3 and 3.5
II.4. The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.	Not Applicable	CGD is a limited liability company with exclusively public capital, and the shares representing its share capital belong to the Portuguese State, its only shareholder.	Chapters 3.3 and 3.5
II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits.	Not Applicable	CGD is a limited liability company with exclusively public capital, and the shares representing its share capital belong to the Portuguese State, its only shareholder.	Chapters 3.3 and 3.5
II.6. The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.	Not Applicable	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
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 efficiency and effectiveness, the duties assigned to them.	Chapter 3.5.2
III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.	Adopted	CGD's Board of directors (CA) is composed of nine non-executive members and eight executive members.	Chapter 3.5.2

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: i. having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or nonconsecutive basis; ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years; iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person; iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties; v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or vi. having been a qualified holder or representative of a shareholder of qualifying holding.	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
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	Chapter 3.5.2.3

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
		internal control system prior to their final approval by the board of directors.	
III.7. Companies should have specialised committees, separately or cumulatively, on matters related to corporate governance, appointments, and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the aforementioned matters.	Adopted	Without prejudice to the maintenance of responsibility for the exercise of the respective powers as a corporate body, the Internal Regulations of the Board of directors provide for the possibility of setting up special permanent commissions, composed of some of its non executive members, whenever deemed convenient and appropriate, delegating the exercise to them. certain specific functions. Among CGD's Special Committees, there are, in line with recommendation III.7, the Governance Committee and the Appointments, Evaluation and Remuneration Committee.	Chapter 3.5.1.2
Chapter IV – Executive management			
Principles: *IV.A. As way of increasing the efficiency and the quality of the managing body's performance and the suitable flow of information in the board, the daily management of the company should be carried out by directors with qualifications, powers and experience suitable for the role. The executive board is responsible for the management of the company, pursuing the company's objectives and aiming to contribute towards the company's sustainable development.* *IV.B. In determining the number of executive directors, it should be taken into account, besides the costs and the desirable agility in the functioning of the executive board, the size of the company, the complexity of its activity, and its geographical spread.*			
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	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	Chapter 3.5.2

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
in virtue of the amounts involved, the risk, or special characteristics.		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.	
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
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

Recommendations	**Recommendation Compliance:** Adopted Not Adopted Not Applicable	Observations	Description in Report
V.2 Remuneration			
Principles: *V.2.A The remuneration policy of the members of the managing and supervisory boards should allow the company to attract qualified professionals at an economically justifiable cost in relation to its financial situation, induce the alignment of the member's interests with those of the company's shareholders — taking into account the wealth effectively created by the company, its financial situation and the market's — and constitute a factor of development of a culture of professionalization, sustainability, promotion of merit and transparency within the company.* *V.2.B. Directors should receive compensation:* *i) that suitably remunerates the responsibility taken, the availability and the expertise placed at the disposal of the company;* *ii) that guarantees a performance aligned with the long-term interests of the shareholders and promotes the sustainable performance of the company; and* *iii) that rewards performance.*			
V.2.1. The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.	Adopted	At CGD, proposals on the remuneration of management and supervisory bodies members are the responsibility of the Remuneration Committee of the General Meeting (CRAG), whose internal regulations are available on CGD's institutional website. CRAG members cannot be members of the Board of directors and must cumply with the regime of incompatibilities and comply with the independence requirements that apply to them under the law and banking regulation.	Chapter 3.5.2.1 (General Meeting's Remuneration Committee)
V.2.2. The remuneration should be set by the remuneration committee or the general meeting, on a proposal from that committee.	Adopted	At CGD, the Remuneration Policy for the members of the management and supervisory bodies is proposed by the Remuneration Committee of the 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

Recommendations	**Recommendation Compliance:** Adopted Not Adopted Not Applicable	Observations	Description in Report
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 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 convenient consulting services to carry out the committee's duties.	Adopted	Under the terms of CRAG's internal regulations, available on CGD's institutional website, CRAG may designate, when it deems necessary, one or more elements of support, with experience acquired in the areas of its competence, to provide information and carry out work aiming to substantiate the respective analyses and conclusions, provided that the respective costs are incorporated in CGD's budget.	Chapter 3.5.2.1
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 2022, CRAG did not hire consultancy services to external entities. CGD has transparent procedures relating to the acquisition of goods and services, guided by principles of economy and efficiency, guiding its conduct by observing the objectives and principles of legality and business ethics set out, namely, in the Legal Regime of the State Business Sector. Caixa – Serviços Partilhados, A.C.E. (CSP) is mandated by CGD to ensure the procurement of goods and services for CGD. It is CRAG's responsibility to verify the independence of the service providers that may be contracted, since independence is a sine qua non condition for the constitution and operation of CRAG as provided for in Article 5.4 of the CRAG Regulation.	Chapter 3.5.2.1

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
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, is 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) 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	The deferral period is five years.	Chapter 3.7 – 3.7.3
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, 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.*			

Recommendations	**Recommendation Compliance:** Adopted Not Adopted Not Applicable	Observations	Description in Report
V.3.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	Adopted	Respect for diversity in the governing bodies is one of the structuring elements in the process of identifying competences and qualifications for selecting candidates to sit on the CGD Board of directors and which is provided for in the Succession Plan for the members of the Board of directors and holders of essential functions (Succession Plan) which also aims to ensure the continuity of CGD's management in order to avoid replacing an excessive number of members at the same time. The composition of the management body must reflect the knowledge, skills and experience necessary to fulfill its obligations. With regard to diversity on the Board of directors, CGD has a firm commitment to greater gender diversity and parity in its composition and that it also provides a balance between knowledge, skills, qualifications and professional experience.	Chapter 3.5.2.2
V.3.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee unless this is not justified by the company's size.	Adopted	CGD's Nomination, Evaluation and Remuneration Committee (CNAR) provides support to the Board of directors in the processes for identifying the Holders of Relevant Functions and in the selection and assessment of the suitability, annual or specific, of the holders of essential functions.	Chapter 3.5.2.2
V.3.3. This nomination committee includes a majority of nonexecutive, independent members.	Adopted	CNAR (appointments, assessment and remuneration committee) is composed of 3 members of the board of directors with non-executive functions, most of whom are independent.	Chapter 3.5.2.2
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	Chapter 3.5.2.2

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
		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 VI – Internal control			
Principle: *Based on its mid and long-term strategies, the company should establish a system of risk management and control, and of internal audit, which allow for the anticipation and minimization of risks inherent to the company's activity.*			
VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include the establishment of limits on risk-taking.	Adopted	This matter is provided for in the CGD Board of directors' internal regulations, publish on CGD's institutional website. The Board of directors, in particular, is responsible for defining CGD's general policies, approving the strategic plan and budgets.	Chapter 3.5.2.2
VI.2. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.	Adopted	This matter is provided for in the internal regulation of the supervisory body. 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. As stated in its Regulations, it is incumbent upon the Audit Committee to carry out statutory and legally assigned functions, namely those provided for in article 423-F of the Commercial Companies Code and other applicable legislation and regulations: (i) monitor the execution of CGD's strategy and the CGD Group; (ii) promote and monitor the suitability and effectiveness of the organizational culture, governance and internal control systems of CGD and the CGD Group; (iij) Monitor the CGD Group's risk management system and risk taxonomy, issuing an opinion on the respective policies and procedures and assessing any decisions to exclude risk categories identified in legislation and other complementary regulations; (iv) Supervising the effectiveness of the internal control	Chapter 3.5.2.3

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
		system and the Control Functions at CGD (…)" Such competences are also explained in the chapter "3.6.2. Internal Control and Risk Management" of the CGR.	
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 is provided for in the internal regulation of the supervisory body. 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 control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary.	Adopted	This subject matter is provided for in the internal regulation of the supervisory body. The supervisory body 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 3.5.2.3 Chapter 3.6.2
VI.5. The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters	Adopted	This subject matter is provided for in the internal regulation of the supervisory body.	Chapter 3.5.2.3

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.		The internal regulation of the supervisory body indicated that the Audit Committee 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, Compliance and Risk Management.	Chapter 3.6.2
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) and the supervisory body 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	Supervisory body is 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. 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	Chapter 3.6.2

Recommendations	Recommendation Compliance: Adopted Not Adopted Not Applicable	Observations	Description in Report
		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 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 subject matter is provided for in the internal regulation of the supervisory body. 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 body, the Audit Committee is responsible for monitoring the independence of the statutory audit company and, within such a framework, assessing and deciding, on the statutory audit company's provision of additional services to CGD group companies in addition to their respective conditions. The "Selection policy and appointment of the statutory audit company and outsourcing of different non-prohibited audit	Chapter 3.5.2.3

Recommendations	**Recommendation Compliance:** Adopted Not Adopted Not Applicable	Observations	Description in Report
		services" has been in force since 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	The Audit Committee is 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.	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	The Audit Committee is 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.	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 2022, 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	12-26
	3. Corporate Governance Report » 3.3. Shareholders' Structure	328-328
	3. Corporate Governance Report » 3.5. Statutory Bodies and Committees	332-372
	1. Board of Directors' Report » 1.3. Caixa Geral de Depósitos Today » 1.3.1. Mission and values	12-13
ENVIRONMENTAL ISSUES		
Policies implemented	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » ESG Policies	475-477
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » Commitments Adopted	477-479
Results achieved	4. Sustainability Report » 4.6. Sustainable Development Goals » Objectives and Goals	482-482
	4. Sustainability Report » 4.9. Climate Risk Management » Sustainable management of operations in the value chain	507-515
	4. Sustainability Report » 4.12. Disclosure of sustainability information » Sustainability performance evaluations by external entities	551-555
	4. Sustainability Report » Annex A – Sustainability Indicators	556- 564
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	565-620
Main associated risks and the way these risks are managed	3. Corporate Governance Report » 3.6. Internal organisation » 3.6.2. Internal control and risk management » Internal control system	374-377
	4. Sustainability Report » 4.7. Sustainability strategy 2021-2024	484-489
	4. Sustainability Report » 4.10. Climate risk management » Environmental risks and climate action	504-507
	4. Sustainability Report » 4.9. Climate Risk Management » Sustainable management of operations in the value chain	507-515
	4. Sustainability Report » 4.11. Transparent governance models » ESG Governance Practices and Ethical Business Conduct	543-549

	4. Sustainability Report » Annex D – Task Force on Climate Financial Disclosures (TCFD)	628-655
Key performance indicators	4. Sustainability Report » 4.7. Sustainability strategy 2021-2024	484-489
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	565-620
	4. Sustainability Report » Annex D – Task Force on Climate Financial Disclosures (TCFD)	628-655
SOCIAL AND WORKER ISSUES		
Policies implemented	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » ESG Policies	475-477
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » Commitments Adopted	477-479
Results achieved	4. Sustainability Report » 4.6. Sustainable Development Goals » Objectives and Goals	482-482
	4. Sustainability Report » 4.10. Equity, digital and financial inclusion » Equity, Development and Well-Being of Employees	516-523
	4. Sustainability Report » 4.12. Disclosure of sustainability information » Sustainability performance evaluations by external entities	551-555
	4. Sustainability Report » Annex A – Sustainability Indicators	556-564
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	565-620
Main associated risks and the way these risks are managed	3. Corporate Governance Report » 3.6. Internal organisation » 3.6.2. Internal control and risk management » Internal control system	374-377
	4. Sustainability Report » 4.7. Sustainability strategy 2021-2024	484-489
	4. Sustainability Report » 4.10. Equity, digital and financial inclusion » Equity, Development and Well-Being of Employees	516-523
	4. Sustainability Report » 4.11. Transparent governance models » ESG Governance Practices and Ethical Business Conduct	543-549
Key performance indicators	4. Sustainability Report » 4.7. Sustainability strategy 2021-2024 » Completion Rate	489-489
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	565-620
EQUALITY BETWEEN WOMEN AND MEN AND NON-DISCRIMINATION		
Policies implemented	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » ESG Policies	475-477
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » Commitments Adopted	477-479
Results achieved	3. Corporate Governance Report » 3.6. Internal organisation » 3.6.3. Regulations and codes » Compliance with Legislation and Regulations » Report on remuneration paid to men and women 2022	396-396
	4. Sustainability Report » 4.6. Sustainable Development Goals » Objectives and Goals	482-482
	4. Sustainability Report » 4.10. Equity, digital and financial inclusion » Equity, Development and Well-Being of Employees	516-523
	4. Sustainability Report » 4.11. Transparent governance models » ESG Governance Practices and Ethical Business Conduct	543-549
	4. Sustainability Report » 4.12. Disclosure of sustainability information » Sustainability performance evaluations by external entities	551-555

	4. Sustainability Report » Annex A - Sustainability Indicators	556-564
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	565-620
Main associated risks and the way these risks are managed	3. Corporate Governance Report » 3.6. Internal organisation » 3.6.2. Internal control and risk management » Internal control system	374-377
	4. Sustainability Report » 4.7. Sustainability strategy 2021-2024	484-489
	4. Sustainability Report » 4.10. Equity, digital and financial inclusion » Equity, Development and Well-Being of Employees » Gender equality and non-discrimination practices	518-520
	4. Sustainability Report » 4.11. Transparent governance models » ESG Governance Practices and Ethical Business Conduct	543-549
Key performance indicators	4. Sustainability Report » 4.7. Sustainability strategy 2021-2024 » Completion Rate	489-489
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	565-620
RESPECT FOR HUMAN RIGHTS		
Policies implemented	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » ESG Policies	475-477
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » Commitments Adopted	477-479
Results achieved	4. Sustainability Report » 4.10. Equity, digital and financial inclusion » Equity, Development and Well-Being of Employees	516-523
	4. Sustainability Report » 4.10. Equity, digital and financial inclusion » Cybersecurity and data protection	538-542
	4. Sustainability Report » 4.11. Transparent governance models » ESG Governance Practices and Ethical Business Conduct	543-549
	4. Sustainability Report » 4.12. Disclosure of sustainability information » Sustainability performance evaluations by external entities	551-555
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	565-620
Main associated risks and the way these risks are managed	3. Corporate Governance Report » 3.6. Internal organisation » 3.6.2. Internal control and risk management » Internal control system	374-377
	4. Sustainability Report » 4.7. Sustainability strategy 2021-2024	484-489
	4. Sustainability Report » 4.10. Equity, digital and financial inclusion » Equity, Development and Well-Being of Employees	516-523
	4. Sustainability Report » 4.10. Equity, digital and financial inclusion » Cybersecurity and data protection	538-542
	4. Sustainability Report » 4.11. Transparent governance models » ESG Governance Practices and Ethical Business Conduct	543-549
Key performance indicators	4. Sustainability Report » 4.7. Sustainability strategy 2021-2024 » Completion Rate	489-489
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	565-620

FIGHTING CORRUPTION AND BRIBERY ATTEMPTS		
Policies implemented	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » ESG Policies	475-477
	4. Sustainability Report » 4.5. Policies, Commitments and Working Groups » Commitments Adopted	477-479
Results achieved	5. Reports and opinions on the accounts » 5.1. Statutory and auditor's report on the consolidated accounts	660-668
	5. Reports and opinions on the accounts » 5.1. Statutory and auditor's report on the consolidated accounts	669-680
	4. Sustainability Report » 4.11. Transparent governance models » ESG Governance Practices and Ethical Business Conduct	543-549
	4. Sustainability Report » 4.12. Disclosure of sustainability information » Sustainability performance evaluations by external entities	551-555
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	565-620
Main associated risks and the way these risks are manage	3. Corporate Governance Report » 3.5. Statutory Bodies and Committees » 3.5.2. Statutory bodies » Requirements for the independence of non-executive board members	350-350
	3. Corporate Governance Report » 3.5. Statutory Bodies and Committees » 3.5.3. Prevention of conflicts of interest	369-371
	3. Corporate Governance Report » 3.6. Internal organisation » 3.6.1. Statutes10 and communications » Communication of irregularities	373-374
	3. Corporate Governance Report » 3.6. Internal organisation » 3.6.2. Internal control and risk management » Internal control system	374-377
	3. Corporate Governance Report » 3.6. Internal organisation » 3.6.3. Regulations and codes » Application of standards designed to prevent corruption and action plans to prevent and mitigate fraud	394-395
	4. Sustainability Report » 4.7. Sustainability strategy 2021-2024	484-489
	4. Sustainability Report » 4.12. Transparent governance models » ESG Governance Practices and Ethical Business Conduct	543-549
Key performance indicators	4. Sustainability Report » 4.7. Sustainability strategy 2021-2024 » Completion Rate	489-489
	4. Sustainability Report » Annex B - Global Reporting Initiative (GRI) Index	565-620

Annex II – Executive Committee: distribution of responsibilities

The distribution of responsabilities and respective substitutes, in force until December 31, 2022, is shown in the following table:

Paulo José de Ribeiro Moita de Macedo - Chairman	
Responsibilities	**Substitutes**
Organizational Units of CGD:	
Human Resources Division (DPE) (1)	Nuno Martins
Corporate Support Division (DSC) (2)	Maria João Carioca
Communication and Brand Management Division (DCM)	Nuno Martins
Economic Research Office (GET)	Maria João Carioca
Domestic Entities:	
Associação Portuguesa de Bancos	Maria João Carioca
(1) Monitoring delegation: Nuno Carvalho Martins	
(2) Monitoring delegation: Maria João Carioca	
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
Individuals and Business Marketing Division (DMPN)	Francisco Cary
Bancassurance Business Division (DNB)	Francisco Cary
Payments and Consumer Credit Business Division (DNP)	Madalena Talone
Distance Banking Management Division (DGD)	Madalena Talone
Legal Affairs Division (DAJ)	Francisco Cary
International Business Relations Division (DRI)	Francisco Cary
International Units:	
Banco Nacional Ultramarino – Macau	Francisco Cary
CGD Branch - Timor	Francisco Cary
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
Corporate Products Government Office (GPE)	
Domestic Units:	
Caixa Banco de Investimento, SA	Manuela Ferreira
Locarent - Companhia Portuguesa de Aluguer de Viaturas, SA	José João Guilherme
International Units:	
Banco Caixa Geral – Brazil	José João Guilherme
CGD Investimentos CVC – Brazil, SA	José João Guilherme
Banco Caixa Geral Angola	José João Guilherme
Maria João Borges Carioca Rodrigues - Executive member	
Responsibilities	**Substitutes**
Organizational Units of CGD:	
Accounting, Consolidation and Financial Information Division (DCI)	João Tudela Martins
Strategy, Planning and Control Division (DPC)	João Tudela Martins
Financial Markets Division (DMF)	Francisco Cary
Caixa Geral de Aposentações Support Division (DAC)	Nuno Martins
Environmental, Social and Governance (ESG)	João Tudela Martins
Domestic Units:	
CGD Pensões, SGPS, S.A.	Nuno Martins
Caixa Participações, SGPS, SA	João Tudela Martins
International Units:	
Banco Comercial e de Investimentos (BCI)	João Tudela Martins

João Paulo Tudela Martins - Executive member	
Responsibilities	**Substitutes**
Organizational Units of CGD:	
Risk Management Division (DGR)	Maria João Carioca
Validation Models Office (GVM)	Maria João Carioca
Rating Division (DRT)	Manuela Ferreira
Prevention and Safety Office (GPS)	Nuno Martins
Compliance Division (DC)	Maria João Carioca
Domestic Units:	
Caixa Serviços Partilhados	Nuno Martins
Madalena Talone - Executive member	
Responsibilities	**Substitutes**
Organizational Units of CGD:	
Operations Centre (CO)	Maria João Carioca
Information and Technology Division (DSI)	Maria João Carioca
Digital Banking Department (DBD)	Maria João Carioca
Transformation Office (GTR)	Nuno Martins
Center for Analytical Intelligence (CIA)	Nuno Martins
Domestic Entities:	
SIBS, SGPS, SA	José João Guilherme
Nuno Alexandre de Carvalho Martins - Executive member	
Responsibilities	**Substitutes**
Organizational Units of CGD:	
Retail Business Monitoring Division (DAP)	Manuela Ferreira
Corporate Business Monitoring Division (DAE)	Francisco Cary
Real Estate Business Division (DNI)	Manuela Ferreira
Private Banking and Wealth Management Division (DPB)	José João Guilherme
Domestic Units:	
Caixa Gestão de Ativos, SA	Maria João Carioca
Caixa Capital, SA	Francisco Cary
Caixa Imobiliário, SA	Manuela Ferreira
Serviços Sociais da Caixa Geral de Depósitos	Maria João Carioca
International Units:	
CGD Branch - France	José João Guilherme
Banco Interatlântico – Cape Verde	José João Guilherme
Representative Offices Division (GER)	José João Guilherme
Manuela Ferreira - Executive member	
Responsibilities	**Substitutes**
Organizational Units of CGD:	
Credit Risk Division (DRC)	Maria João Carioca
Logistic Support Divisions (DRM)	Nuno Martins
International Units:	
Banco Comercial do Atlântico – Cape Verde	Francisco Cary
Banco Internacional de S. Tomé e Príncipe	José João Guilherme

The Internal Audit Department (DAI) reports functionally to the Audit 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 31/12/2022. The full version is available on CGD's website by the following links:

Board of the General Meeting	
President – Nuno Filipe Abrantes Leal Da Cunha Rodrigues	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Nuno-Filipe-Abrantes-Leal-Cunha-Rodrigues.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 - Non-profitable organizations of which CGD is an associated member

December 2022

Organization
Associação Portuguesa de Bancos
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
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
CIP - Confederação Empresarial de Portugal
EPIS - Empresários pela Inclusão Social
South African Portuguese Chamber of Commerce
ISACA - Information Systems Audit and Control Association

Annex V - Holdings of board of directors and supervisory body members

In compliance with the Article 447 of the Commercial Companies Code, the CGD shares and bonds held by the members of the Board of Directors and the Supervisory Body, and their spouses and minor descendants, as of 31 December 2022, were as follows:

Functions	Board of Directors member	Description		
		Holding type	Amount	Maturity
Chair of the Board of Directors	António Farinha Morais	-	-	-
Vice-Chair of the Board of Directors	Paulo José de Ribeiro Moita de Macedo	Commercial Paper	€60,867	30-06-2023
		Commercial Paper	€12,330	24-11-2023
Executive Member of the Board of Directors	José João Guilherme	Commercial Paper	€42,755	30-06-2023
		Commercial Paper	€9,388	24-11-2023
Executive Member of the Board of Directors	Francisco Ravara Cary	Commercial Paper	€42,755	30-06-2023
		Commercial Paper	€8,818	24-11-2023
Executive Member of the Board of Directors	João Paulo Tudela Martins	Commercial Paper	€46,902	30-06-2023
		Commercial Paper	€9,388	24-11-2023
Executive Member of the Board of Directors	Maria João Borges Carioca Rodrigues	Commercial Paper	€42,755	30-06-2023
		Commercial Paper	€8,818	24-11-2023
Executive Member of the Board of Directors	Nuno Alexandre de Carvalho Martins	Commercial Paper	€42,755	30-06-2023
		Commercial Paper	€8,818	24-11-2023
Executive Member of the Board of Directors	Madalena Rocheta de Carvalho Talone	Commercial Paper	€15,000	04-08-2023
Executive Member of the Board of Directors	Maria Manuela Martins Ferreira	Commercial Paper	€15,000	04-08-2023
		Commercial Paper	€7,889	21-12-2023
Spouse	*Rui Manuel Negrões Soares*	Commercial Paper	€5,250	04-08-2023
		Commercial Paper	€2,200	21-12-2023
Non-Executive Member of the Board of Directors and Chair of the Audit Committee	António Alberto Henrique Assis	-	-	-
Non-Executive Member of the Board of Directors and Member of the Audit Committee	José António da Silva Brito	Commercial Paper	€42,755	30-06-2023
		Commercial Paper	€8,818	24-11-2023
Non-Executive Member of the Board of Directors and Member of the Audit Committee	Maria del Carmen Gil Marín	-	-	-
Non-Executive Member of the Board of Directors and Member of the Audit Committee	Maria João Martins Ferreira Major	-	-	-
Non-Executive Member of the Board of Directors	Arlindo Manuel Limede de Oliveira	-	-	-
Non-Executive Member of the Board of Directors	Hans-Helmut Kotz	-	-	-
Non-Executive Member of the Board of Directors	Luís Filipe Coimbra Nazaret	-	-	-
Non-Executive Member of the Board of Directors	Monique Eugénie Hemerijck	-	-	-

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 5.2. Report and opinion of the Supervisory Body of this document.

4.

SUSTAINABILITY REPORT

CHAVES BRANCH
Architects
João Simões, com António Reis Camelo . 1940
João Miguel Duarte Ferreira, com José Guedes Cruz . 1986

Index

4.1. About this report

Caixa Geral de Depósitos, S.A. (referred to as Caixa throughout this document), hereby publishes the annual corporate sustainability report concerning its activity in 2022.

The quantitative data contained herein refer to the period from 1 January to 31 December 2022, including, where relevant, information related to previous years so as to provide an overview of the way Caixa's performance has progressed throughout the years.

The information reported on sustainability refers mainly to Caixa's banking activity in Portugal and includes also 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.

In order to provide an insight on corporate sustainability performance, relevant quantitative and qualitative information on environmental, social and governance issues of the international structures, 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 - Macau, French Branch and Timor Branch, is also disclosed.

Acknowledging the importance of the various dimensions of Sustainability for a thorough insight on the way a company operates, Caixa has kept the Sustainability Report within its Annual Report. This sustainability reporting model aims to improve access to the available information for all stakeholders, as well as to adopt a more comprehensive approach, informing about the factors liable to materially affect Caixa's ability to achieve long-term sustainability.

The content disclosed in this report also contributes to the reporting of the sustainability requirements outlined 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 Commercial Companies Code.

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 in alignment with the development of the 2021 – 2024 Sustainability Strategy.

In the case of Caixa's activity carried out in Portugal, the scope of reporting is aligned with the results of the materiality obtained, while the affiliate banks report information according to their reporting, monitoring and alignment capacity 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 included in the Global Reporting Initiative (GRI) table.

With the aim of promoting the continuous improvement of the sustainability report, Caixa provides the email sustentabilidade@cgd.pt for readers' feedback.

The 2022 Sustainability Report was prepared in accordance with the GRI standards, including the update to GRI 1, 2 and 3 universal standards.

The contents of this document were verified by Ernst & Young Audit & Associados, SROC, S.A.

4.2. Highlights 2022

ENTITY	NUMBER OF EMPLOYEES	DISTRIBUTION BY GENDER	VARIATION IN SCOPE 1 AND SCOPE 2 (LOCATION BASED) GHG EMISSIONS (compared to 2021)
	5,837	37% Male 63% Female	-0,6%
Banco Interatlântico Grupo Caixa Geral de Depósitos	158	34% Male 66% Female	-11%
BCA Banco Comercial do Atlântico	419	37% Male 63% Female	-19%
Caixa Angola Banco Caixa Geral Angola	515	46% Male 54% Female	-18%
BCI	2,716	46% Male 54% Female	9%
BNU Banco Nacional Ultramarino 大西洋銀行	527	38% Male 62% Female	-9%
BNU TIMOR Grupo Caixa Geral de Depositos	138	52% Male 48% Female	-15%
Caixa Geral de Depositos FRANCE	550	42% Male 58% Female	9%

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER.

Paulo Moita de Macedo

Vice-chairman of the board of directors and Chief Executive Officer

In a year marked by numerous climate adversities with important socio-economic impacts, meeting the goals of the Paris Agreement and the 17 United Nations Sustainable Development Goals seems an almost impossible target to achieve by 2030. However, sustainable development has never been more imperative than in the difficult times we are living, with a war in Europe at our doorsteps, in the aftermath of a pandemic, with high inflation, rising interest rates, instability in supply chains and energy markets, which adds to political uncertainty and a succession of climate disasters.

The regulatory agenda, the energy crisis and the pressure exerted by new generations are examples of drivers of change towards a low carbon economy based on circular business models, the respect for human rights and the adoption of more transparent governance models. Recently, we have seen heat waves, floods, tornadoes and other weather phenomena impact families, businesses and cities. Climate change is already considered a major cause of disease and epidemics, forced migrations, desertification, and loss of biodiversity.

Aware of its role as an agent for change, Caixa has committed to ensure the carbon neutrality of its activity by 2050, through the setting of intermediate goals for the reduction of carbon emissions arising from its activity, including within the scope of customer financing. As a signatory to the Net Zero Banking Alliance (NZBA) commitment, Caixa has reinforced its leading role in sustainable finance in the domestic market, making an effective contribution to the balanced development of the Portuguese economy.

From an investment standpoint, Caixa Gestão de Ativos took on the commitment to align its business with the carbon neutrality goals, through the United Nations' Net Zero Asset Managers initiative, having already extended the implementation of ESG criteria to all classes of assets under management, amounting to a total of 5.9 billion euros in investment funds incorporating ESG criteria.

As the leading institution in the Portuguese financial system, Caixa plays a fundamental role in financing energy transition and a low-carbon economy, also minding the associated social impacts. Caixa's calculation of eligibility and future alignment with the sustainable activities defined in the Taxonomy Regulation is yet another step towards aligning sustainable finance policies and supporting our customers in energy transition.

In this highly demanding legal and regulatory context, alongside the recent expectations of regulators and supervisors in ESG matters, financial institutions face challenges requiring the transformation of their usual business models to better manage the exposure of their credit portfolios to climate, environmental and social risks and consequently become more resilient in adverse scenarios. Caixa has accordingly conducted its first stress test climate exercise and is preparing to conduct its first reporting of prudential ESG risks.

From a social standpoint, Caixa maintained its ongoing support to the community through an investment amounting to over 12.4M€, involving protocols with over 46 universities and polytechnic institutes, supporting 29 projects within the scope of the Caixa Social awards and also the Caixa Mais Mundo merit award, for 300 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 300 articles of IT equipment, as well as with the employees' participation in dozens of activities on CGD's Volunteering Day.

In terms of social equity and equal opportunities, CGD reviewed its 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 path to sustainable finance is urgent and decisive. Caixa was the first Portuguese bank to issue ESG bonds and, in 2022, it has reinforced its commitment to the issue of two green bonds, for a total amount of € 800 million, proving its commitment to sustainable finance and its ambition to boost and streamline the successful implementation of the agendas for change of Portuguese companies and citizens.

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 Geral de Depósitos

Since 1876, Caixa Geral de Depósitos (Caixa) has been committed to contributing to a better society by providing banking products and services aimed at improving families' well-being and developing the business sector. As such, the Caixa Group operates from a universal banking perspective, offering its customers specialised financial services, particularly commercial banking, asset management and investment banking.

VISION

'To be a benchmark institution in the financial system and a leader in the banking sector in Portugal'

MISSION:

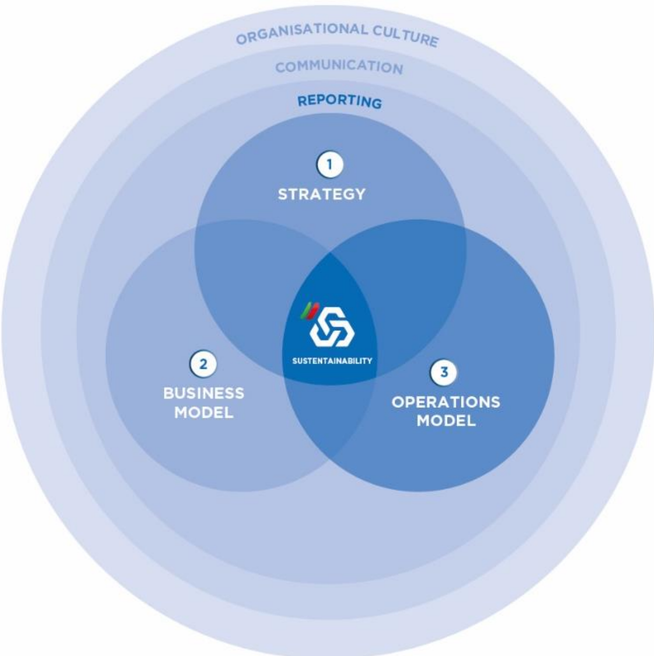
'Generate value for Portuguese society, providing quality banking services to both retail and corporate customers, hence contributing towards improving the well-being of Portuguese families and towards developing the corporate sector, ensuring the right amount of profit for the Shareholder'

VALUES:

'Trust
Profitability
Transparency
Integrity
Professionalism
Proximity
Responsibility
Risk and stringency culture
Innovation'

For more information about Caixa's Mission, Vision and Values, please refer to chapter 1.3.1 of the Annual Report.

Strategic approach to sustainability



Caixa develops 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 on sustainability matters.

It is worth highlighting the fact that the ESG dimension represents one of Caixa's six strategic pillars for the 2021-2024 period.

Alignment between Caixa's sustainability strategy and its business strategy is guaranteed through a comprehensive, dynamic action plan which ensures an approach focused on a set of key action areas and alignment with the needs and expectations of its stakeholders.

The transparent reporting of environmental, social and governance information, together with the development of internal and external communication initiatives, allow for the public recognition of Caixa's activities and performance in the area of sustainability and its gradual integration into the institution's culture.

4.5. Policies, commitments and working groups

Caixa has subscribed to a set of policies, commitments and other corporate documents considered relevant for the achievement of its strategic vision in terms of sustainability and alignment with its stakeholders' main expectations regarding environmental, social and governance issues, of which we highlight:

ESG POLICIES AND OTHER CORPORATE DOCUMENTS

Dimension: Environmental

Environmental policy: Presents the main commitments and guidelines for reducing the environmental impact associated with Caixa's activities.

Climate action position paper: Demonstrates Caixa's positioning, main commitments, initiatives and results in terms of climate action.

Corporate non-financial risk management policy: Outlines the responsibilities and establishes the principles applicable to the management of Caixa's non-financial risks (including 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.

Sustainable Finance Framework: Aligned with the Green Bond Principles and Sustainability Bond Guidelines published in June 2021 by the International Capital Markets Association, it provides relevant information on the areas of activity and eligibility criteria for environmental financing activities.

Governance Model of the Environmental Management System: In alignment with the requirements of ISO 14001:2015, it defines the structure, responsibilities and articulation model between the internal structures and CGD Group entities involved in the EMS.

Dimension: Social

Community involvement policy: Sets out the guidelines for action related to the eminent challenges for the socio-economic inclusion of individuals and families, with particular focus on financial education, support for third sector entities, job creation and volunteering.

Statement of commitment to human rights: It reinforces Caixa's commitment to respecting human rights in its relations with stakeholders.

Code of good conduct for preventing and combating harassment at work: 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.

Diversity policy for Caixa Group employees and members of CGD'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.

2023 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.

Training policy – CGD Group employees: Establishes the principles and criteria applicable to the management of training for all CGD Group employees, aiming to contribute to the consistency between the CGD Group's strategic plan and the training priorities of the different group entities, as well as to implement a global programme that guarantees the development of all employees.

Remuneration policy for Caixa Group employees: It establishes the principles and criteria applicable to the remuneration of Caixa employees.

Remuneration policy for members of Caixa's management and supervisory bodies: Establishes the principles, rules and procedures intended to set the criteria, periodicity and persons responsible for assessing the performance of members of the management and supervisory bodies for remuneration purposes, as well as the respective form, structure and payment conditions.

Sustainable Finance Framework: Aligned with the Social Bond Principles and Sustainability Bond Guidelines published in June 2021 by the International Capital Markets Association, it provides relevant information on the areas of activity and eligibility criteria for social financing activities.

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.

Internal Governance Policy: Outlines and frames Caixa's internal governance systems, processes and mechanisms in a single document, in order to ensure the effective and prudent management of the institution, determining compliance with internal governance processes and mechanisms by CGD, its branches and respective subsidiaries.

Sustainability policy: Establishes Caixa's general sustainability principles with a view to creating value for the institution and its stakeholders.

Socially responsible investment policy: It sets out Caixa Gestão de Ativos' main guidelines on responsible investment.

Sustainable finance framework: 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.

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: Establishes the principles, strategies, functions and internal processes aimed at creating and/or distributing products on the market, with the goal of ensuring that it fits CGD Group's strategy and respects the risk appetite established by the Board of Directors and 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.

Policy for the prevention of corruption and related offences It determines the guiding principles for the detection and prevention of corruption practices and related offences, the potentially more vulnerable areas, the preventive measures to be taken up and the responsible entities, as well as the rules applied to the monitoring, assessment and update of the Policy itself.

System for internal reporting of irregular practices: Establishes the characteristics, handling of communications, the communication circuit and the parties involved in the system.

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.

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.

Tax principles: It provides a set of guidelines for Caixa's response in tax matters.

Caixa - Corporate Sustainability Policy

With a view to adopting a common governance and conceptual framework in the CGD Group, regarding the nature and scope of sustainability matters, a review of Caixa's Sustainability Policy was initiated in 2022. This process seeks to formalise the definition of the governance model, guiding principles and specific activities, as well as of the main parties and respective responsibilities for managing sustainability at Caixa and the Group entities included.

COMMITMENTS ADOPTED

Main international commitments

Net Zero Banking Alliance

MEMBER OF THE INDUSTRY-LED, U.N.-CONVENED 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. More information on Caixa's performance in terms of GHG emissions is available in chapter 4.9 – Climate Risk Management.

Women's Empowerment Principles

In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office

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. More information on Caixa's performance in terms of gender equality and non-discrimination practices is available in chapter 4.10 – Equity, digital and financial inclusion.

Principles for Responsible Banking

UNEP FINANCE INITIATIVE | 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 Caixa's response to the PRBs is available in the sustainability area of cgd.pt.

Principles for Responsible Investment

Signatory of:

PRI 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. More information on the PRI integration process is available in chapter 4.8 - Sustainable and inclusive financing.

Business Ambition for 1.5°C

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. More information on the Science-Based Targets definition process available in chapter 4.9 - Climate Risk Management.

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.

In 2022 and under the scope of the Communication on Progress (COP) submission, Caixa achieved the GC Advanced self-assessment level. 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.

Main national commitments

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.

More information on Caixa's process of integrating environmental, social and governance criteria into financing and investment analysis is available in chapter 4.8 **–** Sustainable and inclusive financing.

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 has taken 21 internal 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.

Caixa reports annually to the project management entity on the status of implementation of the commitments made.

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.

More information on Caixa's strategic definition process in terms of Sustainability and respective performance is available in chapter 4.7 - 2021-2024 Sustainability Strategy.

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.

More information on Caixa's approach to promoting diversity is available in chapter 4.10 - Equity, digital and financial inclusion.

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.

More information on the average payment period to suppliers is available in chapter 3.10 of the Corporate Governance Report - Legal guidelines under the RJSPE (legal scheme for the public corporate sector).

CEO Guide to Human Rights

Caixa became a signatory to the CEO's Guide on Human Rights, prepared by the WBCSD and transposed to Portugal by the BCSD. The signing by Paulo Moita de Macedo, CEO of Caixa Geral de Depósitos, reinforces the Bank's commitment to universally recognised Human Rights, by valuing and respecting its Principles when developing products and services, in its relations with employees, customers, suppliers and the communities in which it operates, ensuring that its activity is carried out in full respect and compliance thereof.

More information on Caixa's approach in terms of human rights protection is available in chapter 4.10 - Equity, digital and financial inclusion, and supplemented by the indicators available in Annex B - Global Reporting Initiative Index.

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 and Climate Action 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 a member of the APB Financial Education and Literacy Working Group, promoting initiatives tailored to foster financial education among 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. Caixa is also a co-organiser of the financial cluster, contributing to fostering the sustainability issue in the financial sector.

Global Compact Network Portugal - Caixa is a member of the Portuguese network Global Compact Network Portugal, 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 actions. More information on the SDGs with the most significant impact for Caixa in chapter 4.6 - Sustainable Development Goals.

Caixa - GRACE Financial Cluster

On 19 October 2022, Culturgest hosted the conference 'Decarbonising the Economy, Financing Companies' promoted by GRACE - Responsible Companies, as part of the Financial Cluster of which Caixa is a member.

The event, which addressed the role of the financial sector in decarbonising the economy and the respective challenges and opportunities, was opened by Paulo Moita de Macedo, Chairman of Caixa's Executive Committee.

4.6. Sustainable Development Goals

As one of the pillars for the economic development of societies, the financial sector plays a critical role in achieving the Sustainable Development Goals (SDGs), since it is banks that provide most of the financing to households and companies, thus promoting investment in 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, inclusion nd decent working conditions throughout the value chain.
11 SUSTAINABLE CITIES AND COMMUNITIES	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, equitable 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.

Caixa - Observatory of the SDGs in Portuguese companies

The annual report 'SDG Observatory in Portuguese Companies' was an initiative developed by the Center for Responsible Business and Leadership of CATÓLICA-LISBON with the aim of monitoring the implementation of the United Nations 2030 Agenda SDGs by monitoring a representative group of large, small and medium-sized Portuguese companies.

Caixa was distinguished as a good practice in achieving SDG 13 - Climate Action through its Low-Carbon Programme. This programme's main objective is to contribute towards reducing the environmental impact of Caixa's activities.

For more information on the action areas of the Low-Carbon Programme refer to chapter 4.9. Climate risk management.

Goals and Targets

In order to redirect its action and focus towards the areas 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:

Caixa - Alignment with the United Nations Principles for Responsible Banking

Pursuant to its commitment and based on the Impact Analysis Tool provided by the Principles for Responsible Banking, Caixa assessed the areas with the most significant potential for positive and negative impact. The main inputs of this assessment were the specific context and challenges of Portugal as a country, and also the type of business developed by Caixa, with a special focus on retail banking activities and its level of financing exposure to specific sectors of activity. The analysis identified the following areas of impact: Job creation (SDG 8); Healthy and inclusive economies (SDG 8, SDG 9 and SDG 11); Access to housing (SDG 11); Access to education (SDG 1 and SDG 10), Climate (SDG 13) and Strong and Stable Institutions (SDG 16 and SDG 17).

With a view to aligning Caixa with Principle 2 - Impact and setting PRB targets, targets were set by weighting: a) the materiality of the areas considered critical according to the framework tool and b) the alignment with previously established targets, namely those identified in the sub-chapter 'Goals and Targets'.

The analysis developed resulted in setting targets for three areas, with the respective SDGs:

1) **Job creation (SDG 8):** Channeling EUR 500 M through a sustainable debt issue (maturing by 2027) to support Micro and SMEs in Portugal in economically disadvantaged areas, thereby promoting job creation and retention;

2) **Access to housing (SDG 11):** Financing EUR 5.9 B in housing credit, of which EUR 841 M in housing credit for properties with energy certificates A+, A and B (2023-2024);

3) **Environmental impact (SDG 13):** Approval and achievement of emission reduction goals by 2030, in alignment with the Science-Based Target Initiative (SBTi) methodology.

Caixa promotes the internal monitoring of these goals on a regular basis and provides additional information throughout this report on the approach process and respective results achieved.

Main impacts on 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, also contributes to the development of specific projects with the aim of enhancing the positive impacts and mitigating the negative ones.

IMPACTS ON THE VALUE CHAIN

SDG	UPSTREAM Acquiring goods and services	OPERATIONS Develop and market financial products and services	DOWNSTREAM Use of financial products and services by households and companies
1	+ Economic development and job creation (through business relationships with the supply chain)	+ Creation of decent and quality employment as a reference employment entity	+ Stimulating entrepreneurship and job creation (through financing activities)
5	Not significant	+ Implementing practices of gender equality between men and woman and of equal opportunities in the organisation	Not significant
8	+ Stimulating the domestic economy and production by means of a supply chain composed mostly of domestic suppliers	+ Creation of healthy, safe and decent working conditions as a reference employment entity	+ Improving the well-being of Portuguese families and the development of the business sector through the provision of quality banking products and services
10	+ Promoting the adoption by the supply chain of more socially responsible behavior, through contractual mechanisms and engagement initiatives	+ Development of projects and initiatives that contribute to the financial and digital inclusion of society	Not significant
11	+ Promotion and development of more sustainable societies through purchasing practices that focus on the acquisition of materials with reduced environmental impact.	+ Production of energy from renewable sources in the company's buildings	+ Development of more resilient and sustainable cities through the use of financing lines
13	+ Promoting the adoption by the supply chain of more environmentally responsible behaviours, 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	+ Promoting responsible business practices in the supply chain, through specific contractual mechanisms	+ Promoting of effective, responsible and transparent management practices at all levels of the organisation	+ Promoting veracity, transparency and clarity principles in communication with customers and other stakeholders.
17	+ Development of multisectoral partnerships that contribute to sustainable development throughout the value chain		

+ Positive Impact - Negative Impact

Caixa - National Sustainability Award in Sustainable Finance

Prémio Nacional de Sustentabilidade 2030 negocios

For the financial sector, sustainable finance is one of the areas with the greatest potential for impact in promoting a more sustainable future.

Caixa's sustainable debt issuance project won the second edition of the National Sustainability Award in the sustainable finance category. This distinction reflects Caixa's trajectory and performance in terms of sustainability and sustainable finance.

4.7. 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.

Stakeholders and materiality

The development of the sustainability strategy for the 2021-2024 period was based on a process of dialogue with the stakeholders, making it possible to know their expectations and concerns, an essential condition for identifying the topics considered material for the institution.

MAIN FORMS OF RELATIONSHIP AND STAKEHOLDER EXPECTATIONS

STAKEHOLDER	MAIN FORMS OF COMMUNICATION	MAIN EXPECTATIONS TO BE HIGHLIGHTED
EMPLOYEES	• Surveys on organisational environment • Intranet (SomosCaixa) • Caixapessoal Portal • Performance evaluation • Sustainability Surveys • Employee meeting	• Training and career advancement • Working conditions • Inclusion and equal opportunities • Efficient management of natural resources • Sustainable product solutions • Social responsibility practices
CUSTOMERS	• Suggestions and Complaints • Satisfaction Surveys • Caixa website • Social Media • Commercial Network • Cycle of meetings Fora da Caixa • Sustainability Surveys	• Quality of service • Cybersecurity and data protection • Governance model and ethical conduct • Job creation and development of the business fabric • Sustainable product solutions • Accessibility and financial inclusion
SHAREHOLDER	• Meetings/Assemblies • Reporting of periodic information • Sustainability Surveys	• Sustainability of the business model • Supporting the economy • Raising savings • Continuous valuing of employees • Digitalization • International coverage
INVESTOR AND ANALYSTS	• Roadshows with investors • Periodic meetings and contacts • Caixa website • Management Report and Accounts • Sustainability Brochure • Sustainability Surveys	• Climate transition strategy and plan • Reporting of ESG information (including GHG emissions from financing) • 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 • Regular meetings and contacts • Audits (via the Environmental Management System) • Sustainability Surveys	• Inclusion and equal opportunities • Compliance with payment deadlines • Social responsibility practices • Financing the transition to a low-carbon economy
COMMUNITY	• Social Responsibility Projects • Regular contacts • Caixa Culturgest Foundation • Protocols with Higher-Education Institutions • Caixa Website • Sustainability Surveys	• Social responsibility practices • Financial inclusion • Job creation and development of the business fabric • Responding to social and environmental challenges

STAKEHOLDER	MAIN FORMS OF COMMUNICATION	MAIN EXPECTATIONS TO BE HIGHLIGHTED
SECTORIAL ORGANIZATIONS AND ASSOCIATIONS	• Participation in working groups • Participation in public consultations • Caixa Website • Sustainability Surveys	• Financial education and literacy • Trust, ethics, transparency and stringency • Financial soundness • Responding to regulatory requirements • Financing the transition to a low-carbon economy
REGULATORS AND SUPERVISORS	• Supervisory actions • Periodic reporting to the regulator • Participation in working groups • Sustainability Surveys • Caixa Website	• Stability of the financial system • Include climate change considerations in the monetary policy • Strengthen the risk assessment capacity • Legal and regulatory compliance
MEDIA	• Press office • Disclosure of results • Cycle of meetings Fora da Caixa • Caixa Website • Sustainability Surveys	• Access to relevant information of public interest • ESG performance and practices

MAIN HIGHLIGHTS

15 Stakeholder groups participation in the sustainability survey

3.6 Million customers

450.743 followers on social media

Participation in **150** videoconferences and calls with **82** investors

3.472 Suppliers

10.823 Customer suggestions and complaints

16 Press releases sent

Caixa - Best Bank in Sustainability

2022 BRAND SCORE PORTUGAL BY SCOPEN

Monitoring the evolution of the Caixa brand in relation to sustainability attributes is an important tool for assessing its stakeholders' perception of its ESG performance.

In 2022, Caixa was again nominated 'Best Bank in Sustainability' and 'Best Bank in Household Support' (spontaneous nomination), improving, compared to 2021, the assessment of this indicator by customers and non-customers.

MATERIALITY ANALYSIS

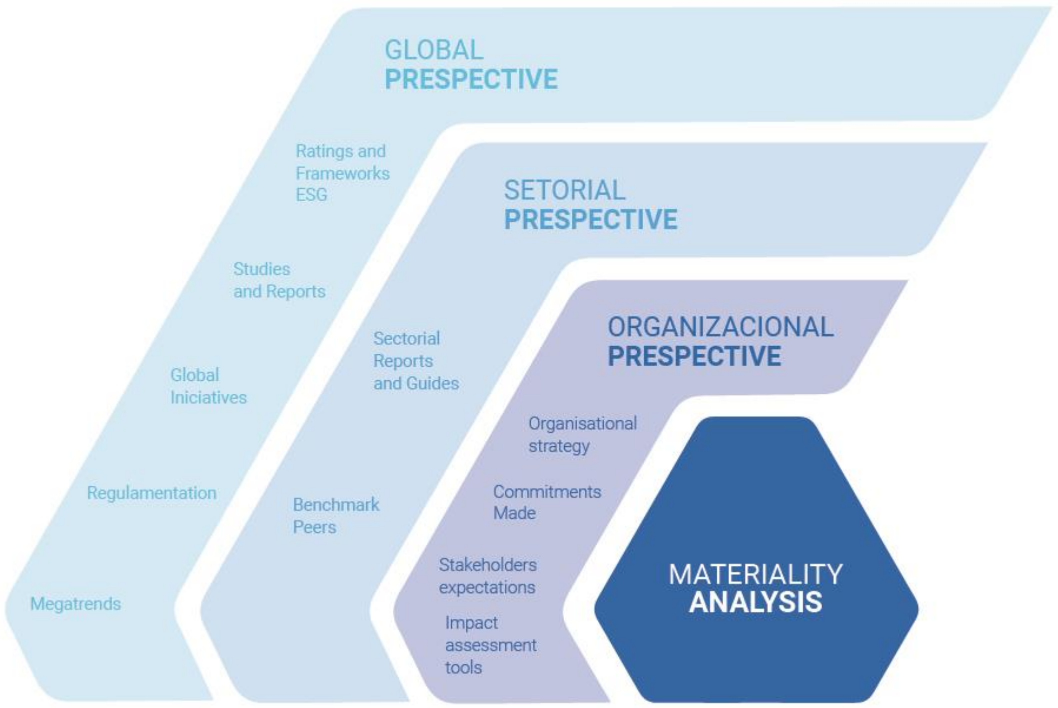
Caixa considers that the materiality analysis should be a tool for strategic outlining, with implications beyond the reporting of sustainability information.

To conduct the materiality exercise, Caixa used a methodological approach based on three perspectives:

- **Global perspective**: Analysis of key global trends, regulations and initiatives on ESG. The United Nations Sustainable Development Goals are an example of this.

- **Sectoral perspective**: Analysis of the most relevant sectoral initiatives and guides and strategic analysis of the best practices used by companies in the financial sector. The Encouraging and rewarding Sustainability – Accelerating sustainable finance in the banking sector report of the European Banking Federation (EBF) is an example of this.

- **Organisational perspective**: Alignment with the organisation's strategy, commitments made, impact assessment results and key stakeholder expectations. The impact analysis performed by Caixa based on the Impact Analysis Tool provided by the Principles for Responsible Banking is an example of this.



Corporate approach - Banco Nacional Ultramarino (Macau)

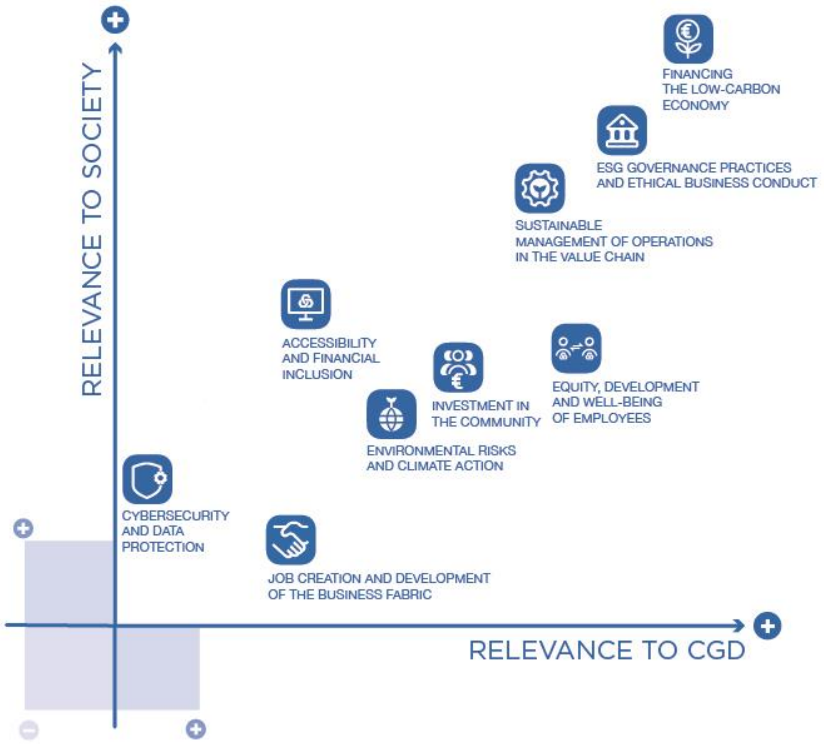
BNU
Banco Nacional Ultramarino
大西洋銀行

BNU Macau outlined an organisational structure and governance model to coordinate the ESG strategy, ensuring the alignment of the value proposition, business processes and practices and support operations, integrating sustainability principles into the Bank's decision processes.

Through a multidisciplinary internal working group, BNU is developing an action plan in order to create a materiality matrix and identify the main pillars of its ESG strategy, based on the United Nations' 17 Sustainable Development Goals.

MATERIALITY MATRIX

Based on the materiality analysis process, nine topics considered relevant to Caixa's stakeholders and to the development of Caixa's business were identified. The materiality matrix shows the relevance of each topic from a social perspective and from Caixa's internal business perspective, in Portugal, and served as the basis for outlining the 2021-2024 Sustainability Strategy and for aligning and organising the sustainability report.



MAIN TOPIC	KEY SDGs AND ASSOCIATED TARGETS
Financing the low-carbon economy: Funding the transition to a climate neutral economy in a fair and inclusive way.	8.4; 11.3/11.6
ESG governance practices and ethical conduct in business: Ensuring the integration of ESG principles into governance practices ensuring the highest standards of ethics and transparency	16.5/16.6/16.7
Sustainable management of operations in the value chain: Promoting the development of projects and initiatives that contribute to reducing the environmental impact associated with CGD's operations, influencing the value chain.	13.1/13.3
Equity, development and well-being of employees: Promoting the development and well-being of employees, safeguarding a culture of diversity and equal opportunities	5.5; 10.3/10.4
Investment in the community: Supporting the development of the communities in which CGD operates, contributing to creating social and economic value.	1.4/1.5; 17.17

MAIN TOPIC	KEY SDGs AND ASSOCIATED TARGETS
Accessibility and financial inclusion: Accelerating digital transformation as an agent promoting the population's inclusion and financial literacy and reducing inequalities in access to financial products and services.	8.10 17.17
Environmental risks and climate action: Ensuring an efficient climate risk management and the incorporation of ESG factors into funding and investment policies and analyses.	13.1 13.2
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.	8.3
Cybersecurity and data protection: Ensuring the confidentiality, integrity and security of customer data as well as the management of cyber risks.	16.10

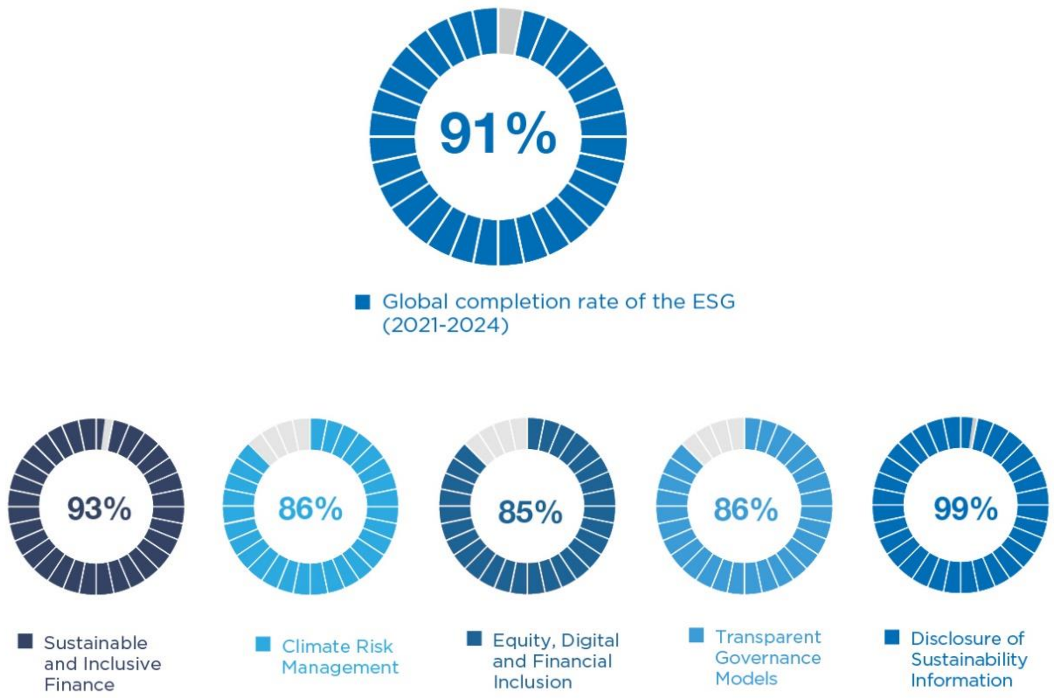
Strategic areas of action

Based on five strategic areas of action, Caixa's (Portugal) 2021-2024 Sustainability Strategy is driven by a progressive and dynamic action plan which relies on the participation of different internal structures.

COMPLETION RATE

As part of its sustainability strategy, Caixa developed a dynamic and cross-cutting action plan across all areas of the Bank, designed to contribute to implementing the 2021-2024 Strategic Plan.

In the second year of implementation of the sustainability strategy, the rate of completion of the actions planned for 2021-2022 was 91%.



4.8. Sustainable and inclusive financing

The Climate Framework Law has as one of its central objectives the rapid and socially balanced transition to a sustainable economy and a greenhouse gas-neutral society.

The contribution of the financial sector as a financing pillar for economies and economic development is vital 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 process towards a carbon-neutral economy is carried out in a fair, responsible and inclusive manner, taking into account possible social risks.

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.

The Sustainable Finance Framework stands out as a document that provides an important guideline for Caixa's financing activities in line with the principles of the International Capital Markets Association and the alignment with certain requirements of the Taxonomy regulation. The Caixa Gestão de Ativos' Socially Responsible Investment Policy, which outlines the process for incorporating ESG factors into the investment process, is also mentioned. This chapter presents a set of projects and initiatives aimed at enhancing the positive impacts and minimising the negative impacts associated with this material topic. Caixa also measures and monitors various performance indicators in this chapter and/or in Annex B - GRI Index, thereby enabling the effectiveness of the measures implemented to be assessed.

ISSUANCE OF SUSTAINABLE DEBT

In 2022 Caixa took a further significant step towards completing its objective of achieving leadership in sustainable finance in Portugal, with two 'green' senior preferred debt issues).

The first issue was held in June and amounted to EUR 300 million, while the second issue was held in October, amounting to EUR 500 million. Both issues aim to direct the funds raised towards financing home loans with a specific environmental objective, namely the promotion of energy efficiency in housing, by financing homes with energy certificate classes A+, A and B. Since 2021 Caixa has already performed three sustainable debt issues totalling EUR 1.3 billion.

Caixa - Publication of the 1st allocation and impact report

In 2022 Caixa published its allocation and impact report on the first sustainable debt issue made by a Portuguese financial institution. One year after issuance, the social and environmental impact of the associated financing was estimated, highlighting:

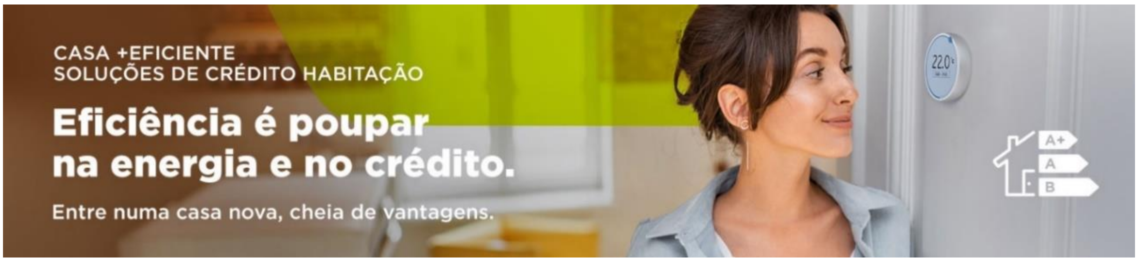
- **5,746 enterprises** supported through Covid-19 support lines (99% of which are SMEs in economically disadvantaged areas);
- **31,400 jobs** impacted;
- **3,094,000 MWh** of renewable energy generated**;**
- **2,115 tCO_2e** of emissions avoided related to the four buildings with minimum certification BREEAM Very Good (3rd highest level of certification);
- **470 electric** vehicles financed.

For more information, see the allocation and impact report available at cgd.pt.

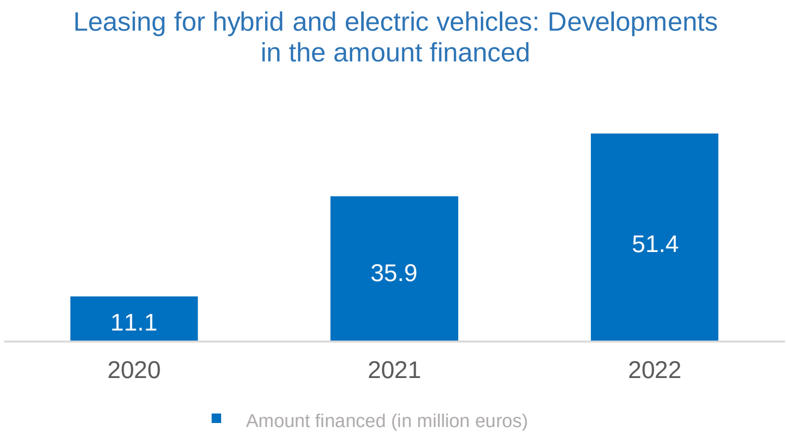
ENVIRONMENTAL FINANCING LINES

Caixa has been investing in the development of specific campaigns and marketing credit lines that help support the transition of companies and families to a more efficient economy with less environmental impact, such as:

CASA +EFICIENTE (+Efficient House) - Energy-Efficient Properties Facility: The CASA +EFICIENTE offer was created in order to incorporate climate and environmental risk factors into product management (commercial policy and conditions) and with the aim of encouraging the acquisition of more energy-efficient property's for customers who require financing for the acquisition of property with a valid Energy Certificate with an A+, A or B classification. 1,502 operations were financed in 2022, for a total amount of EUR 270.4 million.



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. EUR 51.4 million were financed in 2022, representing an increase of 43% compared to 2021.



Caixa Invest Green Land: In line with Caixa's position as a sustainable financial institution, responsible for promoting solutions fostering economic development based on environmentally responsible standards, Caixa incorporated the Caixa Invest Green Land line into its portfolio in 2022.

A debt service solution, encompassing credit and leasing, with advantages in terms of commission and interest rate prices, deriving from Caixa's agreement for the distribution of guarantees associated with the EGF - European Guaranty Fund Programme. A path that has begun and will be intensified over the years, on the grounds of the values defended and practised at Caixa in terms of sustainable finance and which are also in line with increasingly demanding regulatory requirements.

In 2022, EUR 11.7 million were financed under this line.

Caixa | EDP solar solution: This offer is aimed at small and medium-sized enterprises and large companies from all sectors and focuses on the financing of "turnkey" solar panel solutions that are suitable for the characteristics and needs of customers, based on a prior diagnosis made through an online questionnaire and/or a technical on-site visit.

In 2022, Caixa financed the installation of approximately 20,000 solar panels under this solution, contributing to an estimated annual reduction of around 2,000 tCO_2/year.

Corporate approach - Banco Nacional Ultramarino (Macau)

With the purpose of financing sustainable development, BNU Macau has been investing in the development of financing lines with special conditions for environmentally responsible purchases, such as the acquisition of electric cars.

The green loan granted to Transmac - Transportes Urbanos de Macau should be highlighted. On 31/12/2022, BNU financed 90 green buses with an amount of MOP 87 million (about EUR 10.2 million). BNU Macau has also granted financing to other types of projects such as the design, construction and maintenance of the wastewater treatment plant of Macau's outer harbour.

Corporate approach - Banco Interatlântico

In 2022, Banco Interatlântico signed the cooperation protocol, to operationalise the process of granting interest rate subsidies for the micro-production of electricity through the use of renewable energy sources, with the National Directorate of Industry, Commerce and Energy (DNICE) and the General Directorate of the Treasury of the Ministry of Finance and Business Development (DGTMFFE).

With this protocol, the parties agreed on the guiding principles aimed at establishing the terms for a mutual cooperation that allows guaranteeing the operationalisation of the process for awarding the Interest Rate Subsidy for the micro-generation of electricity using renewable energy sources.

Corporate approach - Banco Comercial e de Investimentos

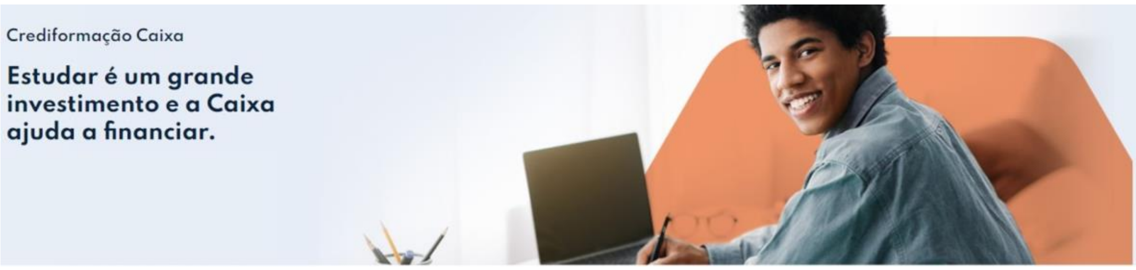
Banco Comercial e de Investimentos launched the eco-environmental line that aims to fund energy generation projects with renewable sources and also the acquisition of energy-efficient equipment, with an energy saving or reduction of CO_2 emissions of at least 15%, or involving the use of renewable energy sources. MZN 46,575,193 (about EUR 699,000) were financed under this line.

Supporting social and financial inclusion

Caixa considers that, to promote a fair transition to a low-carbon economy, it is also necessary to guarantee a response to the main social challenges. As such, Caixa offers a series of products that contribute to promoting the social and financial inclusion of its customers, namely:

Crediformação Caixa: A solution that aims to support students who wish to attend private schools, in Portugal and abroad, subject to training fees.

A total of EUR 4.3 million was financed in 2022.



Subsidised credit for people with disability: A solution that allows private customers with disability with a degree equal to or greater than 60%, to purchase, build or renovate their permanent home, with loans at a reduced interest rate. EUR 25.2 million were financed in 2022 under this line.

Health Personal Loan: Offer aimed at private customers who want credit to purchase goods or services to meet the health needs of their household and/or direct relatives (parents and children). EUR 1.2 million were financed in 2022 under this line.

Corporate approach - Banco Comercial e de Investimentos

Banco Comercial e de Investimentos launched the Rural Areas Business Line aimed at supporting sole proprietors, micro, small and medium-sized enterprises, by funding their projects and/or businesses, thereby promoting the improvement of their productivity, competitiveness and job creation. MZN 127,273,871 (around 1.9 million euros) were financed under this line.

Corporate approach - Banco Comercial do Atlântico

Based on the objective of fostering education and specialised training in Cape Verde, Banco Comercial do Atlântico launched the BCA University Training Line. This line is aimed at the pursuit of higher education studies (bachelor, master or doctorate) and also the purchase of IT equipment, namely computers. CVE 33,342,592 were financed in 2022 (about EUR 302,000).

SUSTAINABLE INVESTMENT ACTION STRATEGY

In 2022, Caixa Gestão de Ativos strengthened its ambition to be an example in making Socially Responsible Investments, reinforcing its action approach which continues to focus on three main aspects:

1) Integration of ESG factors into investment processes, concurrent with the use of traditional financial analysis factors;

2) Engagement with the target investment companies through the exercise of voting rights associated with the assets under management;

3) Engagement with companies that fall within the realm of potential investment, fostering a close dialogue on issues of Socially Responsible Investment (Engagement).

In 2022, in compliance with a new regulatory requirement, Caixa Gestão de Ativos implemented the 'Sustainability Preferences Questionnaire' with its customers in August, requesting their feedback in terms of sustainability ambition that it wishes to see reflected in the management of its assets.

In parallel with this new questionnaire, the management company, on the one hand, updated its Due Diligence Statement, explaining the main negative impacts assessed in the management of the portfolios, and, on the other hand, in the Funds considered - Art. 8 - under the Sustainable Financial Reporting Regulation (SFDR legislation), proceeded to set a minimum level of alignment of the fund with the Taxonomy.

In line with the reinforcement of the managing company's ambition in terms of sustainability, namely in terms of exclusions, Caixa Gestão de Ativos' Sustainable Investment Policy was updated at the end of the year, limiting investment in companies with activities in socially controversial areas (a maximum of 20% of revenue), on the one hand, and new investments in issuers with sustainability rating of Caixa Gestão de Ativos below BB.

As part of the legislation in force, the annual reports of the aforementioned funds - Article 8 - now show an evaluation of the evolution of the sustainability indicators of the aforementioned Funds.

Accordingly, with reference to December 2022, Caixa Gestão de Ativos, notwithstanding the fact that it incorporates ESG criteria in the entirety of its assets, we highlight the total amount of EUR 5.9 billion in open-ended securities investment funds and pension funds under management that promote social and/or environmental features and comply with all the assumptions in the SRI Policy, of the Caixa Geral de Depósitos Group management companies - Caixa Gestão de Ativos, SGOIC, SA and CGD Pensões, SGFP, SA - (article 8 in light of European Regulation 2019/2088 also known as the SFDR Regulation). This amount comprises EUR 5.2 billion in securities investment funds, EUR 191 million in Open Pension Funds and EUR 537 million in UCITS Retirement Pension Funds.

The main investments managed by Caixa Gestão de Ativos under ESG criteria, classified as “article 8” of the SFDR Regulation, include the open-ended securities investment funds Caixa Ações Líderes Globais, Caixa Ações EUA, Caixa Ações Europa Socialmente Responsável, Caixa Ações Portugal Espanha, Caixa Ações Oriente and Caixagest Ações Emergentes. In addition, the open-ended securities investment funds Caixagest Obrigações, Caixagest Obrigações Mais, Caixagest Obrigações Longo Prazo and Caixa Obrigações 2025, comply with the same criteria as the offer of multi-asset funds, with Socially Responsible Investment, Defensive, Moderate and Agressive profiles of the Selection, Wealth and PPR/UCITS funds.

Incorporation of ESG factors into the investment process

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 basic analysis applied, Caixa Gestão de Ativos developed an internal rating methodology called Caixa Gestão de Ativos Sustainability Rating.

This rating consolidates different analysis approaches/methodologies 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 from 0 to 10 and falling within a rating range between CCC (minimum) and AAA (maximum). 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' sustainability rating, the following approaches are considered according to the asset class under analysis:

- For direct and/or indirect investment (including investment in shares, bonds, money market, alternative assets) Caixa Gestão de Ativos uses an internationally renowned 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 range between CCC (minimum) and AAA (maximum). 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 on the corporate governance component. 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 from 1 (minimum) to 10 (maximum). The ESG rating of each property can be used in evaluating 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.

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[12] and no new investments will be made in companies with an ESG rating lower than BB.

Additionally, the management company, as part of its management processes, continuously monitors the Main Adverse Impacts, established in accordance with the SFDR legislation, and selected for the analysis of the managed assets, using an internal methodology, which considers the existing and recognised limitations to the quality and reliability of the information currently provided by the issuers.

[12] On a rating scale from AAA to CCC (best AAA, AA, A, BBB, BB, B, CCC worst).

Caixa Gestão de Ativos - ESG criteria in pension funds management

As a result of the sustainability strategy followed, the process of integrating sustainability factors as a complement to basic analysis is followed in the selection of assets regardless of the type of customer considered.

In this context, all pension funds managed by CGD Pensões, sociedade gestora de fundos de Pensões of the Caixa Geral de Depósitos Group, consolidated their sustainability approach in 2022, for a total amount of EUR 4.2 billion. Among those, we highlight the open pension funds classified as “Article 8” of the SFDR Regulation, for a total amount of EUR 191 million, namely the Open Pension Funds Caixa Reforma Defensivo, Caixa Reforma Moderado and Caixa PPR Rendimento Mais.

Main highlights in terms of Engagement

Caixa Gestão de Ativos' approach, in accordance with its Socially Responsible Investment Policy, identifies the engagement dimension as one of the management company's main vectors of action, with the ambition of seeking to influence issuers to adopt more sustainable practices, in accordance with the management company's vision.

In accordance with the details provided in its Engagement and Voting Rights Exercise Policies, the materialisation of Caixa Gestão de Ativos' intentions in the approach followed, although intended to be as comprehensive as possible, focus more on the following situations:

- At the level of General Shareholders Meetings (GSM) with a focus on Companies, the management company took part in the most representative GSM in the context of the assets managed by the Management Company, or with the lowest overall ESG evaluation, always with a view to improving the issuer's practices. In 2022, Caixa Gestão de Ativos participated in a total of around 130 GSM's.

- Regarding Engagement with Companies, the Management Company participated, in coordination with other international investors, as part of the pooled engagement contracted by Caixa Gestão de Ativos from an external partner recognised internationally in the engagement area, to assess and ascertain identified situations which allegedly involved possible inadequate practices in terms of sustainability.

As a corollary to the strategic dimension that the Engagement approach assumed in the Management Company's sustainability strategy, a negative response to efforts it supported to correct practices considered inadequate in light of its sustainability vision was naturally a factor that negatively conditioned a potential investment in the issuer in question.

Implementation of the Principles for Responsible Investment

Caixa Gestão de Ativos' adherence in 2019 to the Principles for Responsible Investment (PRI), as an internationally renowned organisation in the sustainable investment area, has enabled the management company to benefit, on the one hand, from the sharing of best practices at international level and, on the other, from the annual independent evaluation focusing on the strategic outlining, corporate governance and implementation dimensions of Caixa Gestão de Ativos, namely in the different asset classes in which it invests.

This assessment is reflected in the management company's absolute result and in its relative comparison with the other signatory management companies.

Due to the technological problems associated with the evaluations, which the organisation experienced during 2021 and 2022, the evaluations for 2021 of Caixa Gestão de Ativos were only known in August 2022.

From the evaluation received we highlight:

- The maintenance of positive evaluation, according to a new, more demanding methodology.
- Very positive results in Investment & Stewardship Policy and Integration of ESG criteria;
- Need for improvement in reporting of the engagement approach (annual engagement report already released - January 2022); ESG information reporting to customers (improvements in progress) and additional focus on the climate dimension (improvements in progress).

Caixa Gestão de Ativos - Jornal de Negócios/APFIPP Award

The Caixa Ações Europa Socialmente Responsável Fund - Investimento Mobiliário Aberto de Ações Fund won the Jornal de Negócios/APFIPP award for the 2nd consecutive year in 2022, as the best national 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 sustainability dimensions. 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 the funds classified as article-8, Fundo Caixa Wealth Defensivo (Category C) Fundo de Investimento Mobiliário Aberto, in the 'Fundo Multi-Ativos Moderado and Caixa Wealth Moderado (Category C) category, and Fundo de Investimento Mobiliário Aberto in the 'Fundo Multi-Ativos Equilibrados' category.

Caixa Gestão de Ativos - Net Zero Asset Managers Initiative

As regards adherence to international initiatives, in September 2022 Caixa Gestão de Ativos joined the Net Zero Asset Managers Initiative, a global initiative officially launched in December 2020, which brings together the efforts and commitment of signatory international asset management companies to decarbonise the portfolios under management, thus contributing towards the objective of achieving zero net greenhouse gas emissions by 2050.

This accession process represented a natural step, as a result of the strategic commitment of the management company to face the risks and challenges associated with climate change, thus contributing to the mitigation and reversal of global warming and aligning its performance with the best ESG practices in the asset management industry.

PARTICIPATION IN SUSTAINABLE DEBT OPERATIONS

Reference should be made to Caixa - Banco de Investimento's involvement in 13 sustainable debt operations in 2022, nine of which were in the Sustainability-Linked format and four in the Green format, namely:

- Opening Sustainability-Linked Bonds issuance of Sonae Sierra, in the amount of EUR 50 million and with a maturity of 7 years, issued in January following the publication by the company of its Sustainability-Linked Financing Framework. The issue, which was the first in the ESG format carried out by a real estate company in Portugal, has as sustainability KPIs the CO_2 emissions and recycling rates of the shopping centres managed and owned by Sonae Sierra.

- Sustainability-Linked financing for NOS, in the amount of EUR 100 million maturing in 2027, involving a bond issue and a commercial paper programme, both carried out in March under the Sustainability-Linked Financing Framework and indexed to the goal of reducing greenhouse gas emissions from NOS' own operations.

- Four ESG-Linked Commercial Paper Programmes, in the amount of EUR 250 million, for Sonae Group companies, namely Sonae SGPS and MC Retail, linked to the performance of those Sonae Group companies in promoting the presence of women in leadership positions and reducing CO_2.

- Sustainability-Linked Bonds issued by the Navigator Company, in the amount of EUR 150 million and with a maturity of 6 years, issued in June and having as sustainability KPIs the reduction of CO_2 emissions, increasing the percentage of certified wood purchased on the Portuguese market and increasing the consumption of energy from renewable sources.

- Sustainability-Linked Bonds issued by Mota-Engil, called Mota-Engil Sustainability-Linked Bonds 2022-2027, in the amount of EUR 70 million and with a maturity of 5 years, the second issue in Mota-Engil's sustainability format with placement in the Portuguese retail market, following the similar opening issue the company made in 2021 and in which CaixaBI also operated as Joint Global Coordinator.

- Two issues of Green Bonds by Caixa Geral de Depósitos, namely the opening issue in the amount of EUR 300 million, with a maturity of 4 years and call at the end of year 3, which took place in June, and the subsequent issue in the amount of EUR 500 million, with a maturity of 6 years and call at the end of the 5th year, in October, which continue to be the only Green format issues, to date, issued by a Portuguese financial institution.

- GreenBonds issued by Greenvolt, called Greenvolt Green Bonds 2022-2027, in the amount of EUR 150 million and with a maturity of 5 years, carried out through a public subscription offer. This operation, carried out in November under the company's Green Bond Framework, was the first Green Bonds issue placed in the Portuguese retail market.

- Green Commercial Paper Programme by Corticeira Amorim, in the amount of EUR 20 million, maturing in 2027, established in December following the publication of the company's Green Finance Framework, whose funds were fully allocated to the acquisition, by the subsidiary Herdade de Rio Frio, of a 1855-hectare plot of land that includes a number of properties used for forestry operations, adjacent to the properties already owned.

Caixa - Sustainable Finance Policy

As part of Caixa's commitment to promoting sustainable financing, it started developing a Sustainable Finance Policy aimed at establishing a set of principles and general rules to be observed in the sphere of sustainable finance at Caixa and CGD Group entities. This Policy contributes simultaneously to achieving the objectives of the Paris Agreement and of the United Nations Sustainable Development Goals, and to responding to international commitments with the Principles for Responsible Banking and the Net Zero Banking Alliance.

Banco Comercial do Atlântico - Social Bond Issue

Through the Cape Verde Stock Exchange (BVCV), BCA financed the first Social Bond in Cape Verde, in the amount of CVE 100 million (around EUR 906,000).

The issue is aimed at funding operations with a social scope, namely microfinancing lines of credit, covering individuals, micro-entrepreneurs and groups acting in joint liability.

It is a very relevant financial instrument for the development process of the microfinancing and social entrepreneurship axis, whose purpose is to reduce poverty, promote social inclusion, economic growth and sustainable development of the country.

This was the first sustainable bond issue in the economic-social segment in Cape Verde by a banking entity, the first social bond on the African continent and the first social bond made by a microfinancing institution worldwide (Morabi - Cooperativa de Poupança e Crédito). In addition to BCA, this project had the participation of the Cape Verde Government, the Banco Central de Cabo Verde, Morabi Cape Verde Stock Exchange, and Ernst & Young.

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 financing 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 Corporate Banking Commercial 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.

This chapter presents a set of projects and initiatives aimed at enhancing the positive impacts and minimising the negative impacts associated with this material topic. Caixa also measures and monitors various performance indicators in this chapter and/or in Annex B - GRI index, thereby enabling the effectiveness of the measures implemented to be assessed.

BUSINESS SEGMENT EVOLUTION

In 2022, a year once again marked by a scenario of uncertainties and challenges, deriving from the war in Ukraine, Caixa remained by companies' side, endeavouring at all times to support the recovery and development of their businesses and strengthening its commitment to finding the best solutions, most notably:

2021 Tourism Support Line

This line of credit, guaranteed by Banco Português de Fomento to 80%, reinforced the range of existing solutions for the sector, helping to support the sustainable recovery of Tourism, namely by reinforcing working capital and boosting relevant investments for the respective sector. This line, aimed at Micro, SME, Small Mid Cap, Mid Cap and large companies, is available in three purposes:

• Working Capital: Financing treasury needs;

• Investment: Financing tangible and intangible fixed assets, which contribute to the development of the activity;

• Bank guarantees: Guarantees in favour of third-party national or foreign entities that ensure the proper execution of investments or events, or the fulfilment of payment obligations.

EIF (European Investment Fund) Lines

Caixa, as an EIF EGF Programme partner, presented to the market a plafond of EUR 2.3 billion, after a EUR 1.3 billion reinforcement to the initial amount at the beginning of the year. A significant amount that allowed corporate customers to meet investment, business transformation, working capital and treasury reinforcement needs (with particular emphasis on environmental sustainability issues).

A range of debt service solutions that enabled around EUR 1.4 billion to be placed in medium- and long-term loans and nearly EUR 700 million in treasury support, thus translating into an important result that strengthens the position and importance of European Investment Fund programmes in stimulating the domestic economy.

Support Line for Increased Production Costs

Credit line by Banco Português de Fomento to support companies especially affected by the sharp rise in energy and raw material costs and by disruptions in the supply chain, with a 70% guarantee, which started being marketed at the end of December. Also in 2022, reference should be made to the increase in demand for corporate treasury support solutions, namely Caixa Invest Tesouraria, and for factoring and confirming solutions.

Caixa - Main results achieved: business segment

Caixa reinforced its business segment assistance, not only in terms of the number of customers, with 32,000 more enjoying the specialised assistance of a Caixa Negócios Manager, but also in terms of its domestic presence in markets with greater potential, enabling it to provide specialised assistance to more customers.

The increase of market share in the segment was a priority in commercial performance and around 10,000 new customers chose Caixa to back their investments or their treasury needs. More than 15,000 Caixa Business accounts were also placed. This solution includes several products, namely Caixadirecta Empresas, which allows customers to access their accounts and perform the most frequent banking operations autonomously and easily, without the need to go to a branch. This offer was reinforced in 2022 with the launch of the Caixa Corporate Account which, in addition to the products mentioned, includes 1000 free monthly transfers and an associated insurance package.

The PME Líder 2021 programme distinguished 11,221 companies, of which 3,774 with Caixa's support (+19% compared to 2020). As regards PME Excelência 2021, IAPMEI distinguished 3,881 companies, of which 1,074 by Caixa (+40% compared to 2020). The period for submitting applications for the 2022 Programme has been running since 14 November, and Caixa remains committed to supporting companies wishing to apply.

Supporting entrepreneurship and self-employment

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, 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 Investe+, Caixa Jovem Empreendedor, Caixa Invest Social Projeto, which have contributed towards encouraging the creation of small businesses, which are crucial for creating and retaining jobs in a sustainable way.

In 2022, Caixa handed out the awards for the first edition of the Caixa Microcrédito CASES Competition, rewarding the best business project implementation using Caixa Microcredit, with the objective of distinguishing business promoters who, with courage and entrepreneurial capacity, 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 economic and financial areas with a direct impact on society: employability and environmental sustainability.

In line with a commitment to relevant social intervention, actions to develop microcredit options will continue to be part of Caixa's activity, endeavouring to cover the largest number of business promoters with difficulties in accessing the essential debt services for business development, irrespective of their size.

Microinvest Line

Microcredit is an important tool for small entrepreneurs to access the funding they need to launch their micro project or small business. Caixa's Microinvest Line supports entrepreneurship projects and the creation of self-employment through access to bank credit on favourable terms.

EUR 558,000 were financed in 2022.

ESG action pillars for the corporate segment

Taking into consideration Caixa's ambition in terms of sustainable finance, an ESG action plan was developed for the corporate segment based on five action pillars. Two new areas were added in 2022, namely Price Differentiation and Asset Certification.

PILLAR 1
ENVIRONMENTALLY RESPONSIBLE PRODUCTS

PILLAR 2
DIGITALISATION AND DEMATERIALISATION

PILLAR 3
ECONOMY 4.0 AND TRAINING

PILLAR 4
(new)
PRICE DIFFERENTIATION

PILLAR 5
(new)
ASSET CERTIFICATION

Caixa - 2021 SME Excellence Gala

The SME Excellence 2021 Ceremony was held in December 2022. Caixa was represented by Francisco Cary, Director of the Corporate Portfolio, at the presentation of awards to Caixa customers distinguished by IAPMEI.

IAPMEI has distinguished 3,881 SME Excellence 2021 companies, of which 1,074 companies though Caixa.

Companies platform

Plataforma de Empresas is an intuitive and user-friendly internal solution, developed for front-office and back-office users, aimed at accelerating and digitally transforming the product and service commercialisation processes for the corporate and business segment.

This platform is the first delivery of the Empresas 3.0 Programme, which is part of Caixa's Strategic Plan and aims to improve the marketing capacity of the company's products and services in terms of meeting customers' needs and resolving their pain points by redesigning the end-to-end journey flows, simplifying, automating and increasing the speed of the decision-making and contracting process.

Plataforma de Empresas provides, aggregates and systematises customer information, enabling business managers and companies to take a proactive commercial approach by preparing credit simulations and proposals, including other financial services, for immediate delivery to the customer, based on an automatic credit limit generation engine and optimised and automated workflows.

This solution guarantees greater process efficiency since it allows the manager to have a 360º view of the customer, to provide credit limits with flexible use per product family, ensuring the policies and risk criteria outlined; it made it possible to carry out adequate simulation per product and a simplified price decision, enabling the automatic generation of conditions for quick proposals.

This platform is innovative because it elevates the entire decision-making process and credit contracting to another level, enabling the creation of a better relationship with the customer and of more business. This platform also allows the reduction of operational risks by eliminating manual work and automating several processes, from the integration of information originated by other systems, to the automatic generation of limits, the sending of standardised data for contracting, the automatic completion of documents without manual editing, among many other benefits.

Caixa - Heróis PME Awards

As an example of a project under Pillar 3 - Economy 4.0 and Training, reference should be made to Caixa's participation in the initiative promoted by Yunit Consulting 'Heróis PME Awards' (SME Heroes Awards), which aims to disseminate and reward the best innovation and entrepreneurship cases in Portugal.

The Gala for the Heróis PME Awards, where the finalists of the 4th edition of these Awards in the SME Heroes, Sustainability and Digital Transformation categories were announced, as well as the big winners, took place on 25 May. This edition, the most attended ever, aimed to reward the vision and innovation capacity of Portuguese SMEs.

The main results achieved include:

- Nearly 100 applications received
- 39,900 visits to www.heroispme.pt;
- 18,500 votes from the general public;
- Three Heróis PME webinars (Sustainability, Digital Transformation and Internationalisation) which brought together 380 live participants and more than 2,300 views;
- Three winners (Heróis PME - General, S Factor - Sustainability and Digital Transformation categories).

4.9. Climate risk management

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, while promoting the reduction of Caixa's climate risk exposure.

The transition to a low-carbon economy aligned with the Paris Agreement requires a transformation of systemic economic models, underpinned by public policy commitments, laws and corporate action.

ENVIRONMENTAL RISKS AND CLIMATE ACTION

The 2023 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 to mitigate and adapt to climate change, natural disasters and extreme weather events and the loss of biodiversity as the most severe long-term 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.

Risk management is centralised and supported by a dedicated structure, the Risk Management Division, under the responsibility of the Chief Risk Officer.

Of particular note in this regard is the Non-Financial Risks area of the Risk Management Division, which is responsible for identifying, assessing, measuring, monitoring, controlling and reporting non-financial risks, including the operational risk for the entire CGD Group, as well as ensuring the overall supervision of the CGD Group's Business Continuity Management.

In terms of the governance model, it is important to highlight the Sustainability Committee as the body that monitors the development and implementation of the CGD Group's strategic guidelines for climate action and that drives the implementation of the business strategy and the main policies with regard to climate change and climate and environmental risks.

This chapter presents a set of projects and initiatives aimed at enhancing the positive impacts and minimising the negative impacts associated with this material topic. Caixa also measures and monitors various performance indicators in this chapter, in Annex B - GRI Index and in Annex D - Response to the recommendations of the Task Force on Climate-related Financial Disclosures.

ESG risk assessment

Climate and environmental risks are integrated into the CGD Group's risk framework, and therefore integrate the bank's risk appetite, decision-making processes and strategy.

In accordance with the Group's risk taxonomy, climate and environmental risks are a subcategory of strategy and business risk and also an additional risk factor for the other prudential risk categories, namely credit risk, market risk, operational risk and reputational risk. This will allow improving the business model's adaptation and resilience to the possible impact and magnitude of these risks.

Caixa considers that these risks comprise two essential 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, directly or indirectly, result 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.

The management of climate and environmental risks includes, for example, considering new assessment variables when Caixa grants a loan, such as greenhouse gas emissions, the energy sources used, customers' energy transition plans, the energy category of the properties or the location of the assets, given that there are regions that are more or less exposed to climate phenomena.

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 of Caixa's structural bodies, in a holistic and forward-looking approach.

For this prospective and forward-looking sustainability approach, Caixa has invested in the development of projections, stress tests, sensitivity analyses and scenario analyses, considering short-, medium- and long-term scenarios, as well as different transition trajectories to carbon neutrality, considering not only the transition scenario consistent with the Paris Agreement goals but also more adverse scenarios.

Additionally, in the sphere of Caixa's commitments to carbon neutrality, medium- and long-term projections have been developed for the alignment of the credit portfolio with the goals established.

These projection and scenario exercises for longer time horizons are an important contribution to understanding climate-related risks and opportunities, enabling this information to be incorporated into strategic decision-making with a view to Caixa's adaptation and resilience to climate change.

As part of the prudential expectations set out in the European Central Bank Guide on climate and environmental risks, Caixa has established an internal working group which is committed to an action plan for achieving safe and prudent management of these risks, having already completed various initiatives on this matter. This action plan includes the participation of several of Caixa's structural bodies which, on a holistic basis, guarantee compliance with the prudential framework in force for the management of these risks, in full alignment with the expectations of stakeholders for climate action and Caixa's commitments to carbon neutrality.

Caixa - Supervisory exercises

In 2022, the European Central Bank conducted two supervisory exercises related to climate and environmental risks, a climate stress test and a theme-based assessment on banks' alignment with supervisory expectations as well as the soundness and scope of their plans to strengthen governance and strategy to manage these risks.

Caixa's score in both exercises were highly positive, positioning the institution above the average performance of its peers.

ESG Rating Model

Caixa's innovative culture, commitment to sustainability and the objective of evolving in order to anticipate changes and control their potential impacts have led to the development of an internal ESG Rating model.

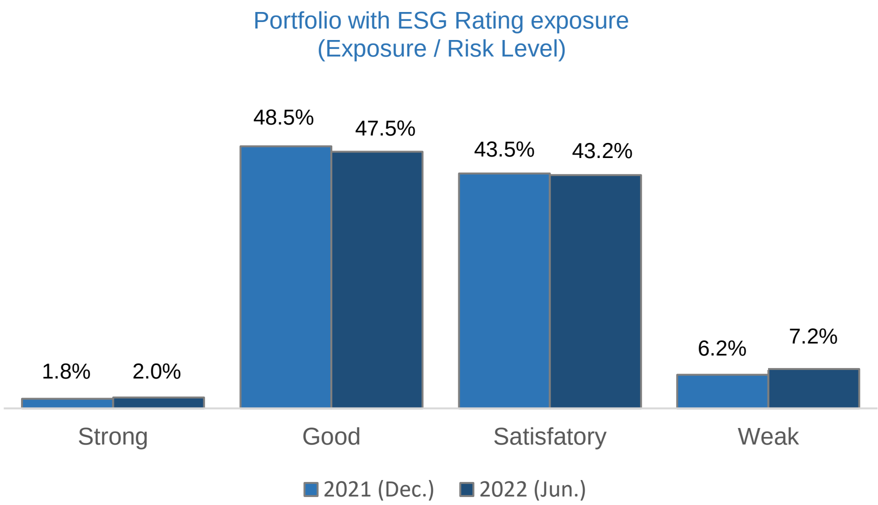
The ESG Rating is intended to complement the financial rating information, considering non-financial aspects equally important in terms of risk impact and feasibility, contributing to a prospective view of companies' economic and financial situation and consequently to a more holistic and robust risk management.

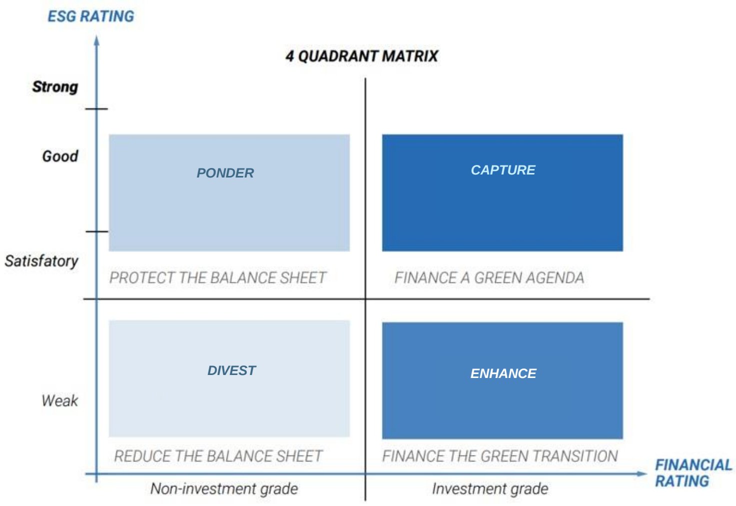
The ESG Rating is, to a certain extent, a preview of the evolution of the financial rating from a medium-term perspective, considering that, in the medium term, non-financial (environmental, social and governance) risks will be expressed in the balance sheet and financial statements of the companies.

Aiming to ensure the maximisation of value for the various stakeholders, it is worth highlighting as an ESG Rating goal the strengthening of the customer-centred vision, creating opportunities for dialogue and awareness between commercial areas and businesses, promoting counselling and anticipation of needs, in order to better support businesses in the process of transition to a greener and more inclusive economy.

Caixa Geral de Depósitos' ESG Rating Model was implemented throughout 2021 and allowed for the assessment and ranking of about 400,000 businesses and 23 billion euros of bank loans in terms of sustainability.

The results for the first semester of 2022, considering the dimensions analysed by company, namely Environmental, Social and Governance, show it maintained an acceptable exposure to ESG risks, with a concentration of exposure at 'Good' and 'Satisfactory' levels.





In order to support commercial activity, four sustainable finance strategies (Ponder', 'Capture', 'Enhance' and 'Divest') were developed and implemented complementarily, using as inputs the correlation between the financial rating and the ESG rating, thus enabling the identification of customers with greater development and placement potential and customers at risk, with the main objective of enhancing the commercial relationship and meeting the companies' needs.

Throughout 2022, the information resulting from the application of the ESG Rating model and the methodology relating to the outlining of sustainable financing strategies has been incorporated into the following processes:

- Provision of information on the rating systems to the 1st line, specifically to the commercial, marketing and credit origination areas, to support the prioritisation and differentiation of commercial action according to customers' risk level, contributing to a holistic and integrated view of risk in decision-making;

- Provision of inputs for the 2nd line, specifically the development of the Climate Stress Test and the Risk Appetite Statement (RAS);
- Contribution to meeting regulatory requirements, namely by providing inputs to expectations 7 and 8 of ECB's Guide on climate-related and environmental risks, as well as for the Theme-based Review on C&E Risks;
- Assessment of the physical climate risk of Caixa's branches/properties.

A new version of the ESG Rating model is under development, aiming to strengthen and update the existing model by incorporating new indicators, to be implemented throughout 2023.

Caixa - Dissemination of the risk culture

Caixa recognises the high relevance of contributing to disseminate the risk culture, specifically with regard to ESG risks.

To this end, 6 webinars were held with internal and external entities, called 'ESG Rating by CGD - Assessing companies' sustainability'.

SUSTAINABLE MANAGEMENT OF OPERATIONS IN THE VALUE CHAIN

The Intergovernmental Panel on Climate Change (IPCC) report 'Climate Change 2022: Mitigation of Climate Change' reiterates that climate change is a threat to human well-being and the health of the planet referring to the need to limit global warming to 1.5°C and to promote changes in behaviour and lifestyle.

Caixa recognises that its activities have an environmental impact along the value chain, both upstream (through its supply chain), in its operations (considering the consumption of resources associated with the activities developed by the organisation) and downstream (based on the impacts associated with its products and services).

Acknowledging the importance of companies in the transition to a carbon neutral economy, particularly of the banking sector, Caixa has undertaken to set objectives for reducing greenhouse gas emissions (GHG) in line with science, namely for its own and financing activities. At the same time, Caixa has been investing in the development of various engagement initiatives with its suppliers to promote the adoption of more environmentally and socially responsible behaviours.

In this context, Caixa has made efforts to identify, quantify and enhance the opportunities arising from the value chain and minimise the negative impacts associated with it.

Environmental Management System

Caixa has an Environmental Management System (EMS) implemented and certified in accordance with ISO 14001:2015 at its Head Office Building. Nine years after obtaining the first certification, the certifying entity confirmed through the external audit process the continuous improvement of the system.

Aligned with the three commitments of the Environment Policy: compliance with environmental legislation; adoption of a proactive attitude and measures to prevent pollution; and continuous improvement of environmental performance, Caixa continues to invest in initiatives which allow for the favourable evolution of the system:

- **Implementation of energy efficiency measures**: installation of motion detectors and conversion of the production units into microgeneration for self-consumption in about 80 facilities in the commercial network;
- **Implementation of water efficiency measures**: installing flow reducers on washbasin taps, increasing their water efficiency to A or A+;
- **Conduct internal operational control actions**: carry out operational control visits to monitor environmental requirements, processes and internal procedures;
- **Promote eco-efficiency and circular economy**: purchase carbon-neutral carpeting and continue the donation of goods, promoting their reuse;
- **Top management commitment and involvement**: revision and publication of the service order for the governance model of the environmental management system;

- **Awareness-raising/Communication**: integration of awareness-raising on the EMS in the safe visit to the Head Office Building and reinforcement of good practices to be adopted in training through the e-learning 'Sustainability: A strategic approach' and on Caixa's internal channels.

Caixa - Implementing ESG Practices in the supply chain

As part of its promotion of a responsible relationship with its suppliers/service providers and highlighting the importance of the value chain to Caixa's activity, a questionnaire was conducted to diagnose and characterise CGD's supplier portfolio. This questionnaire allowed for the collection of 81 answers and was the first step in assessing the need to review the criteria for qualifying the most critical environmental services.

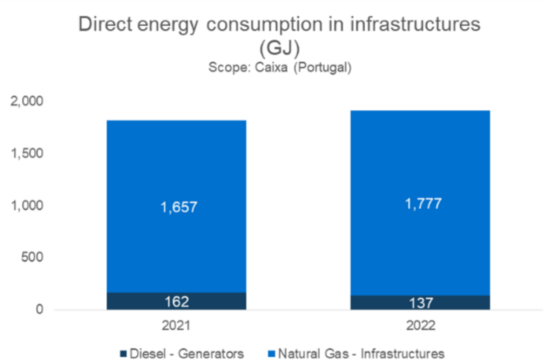
In 2022, Caixa implemented also the e-procurement SAP Ariba platform, which enabled a significant change in the relationship between Caixa and its suppliers. All interactions, from registration to qualification and subsequent contracting, are now carried out exclusively through this platform. The qualification begins with the supplier being sent an evaluation questionnaire covering seven fundamental topics, of which we highlight the conduct/compliance and ESG practices.

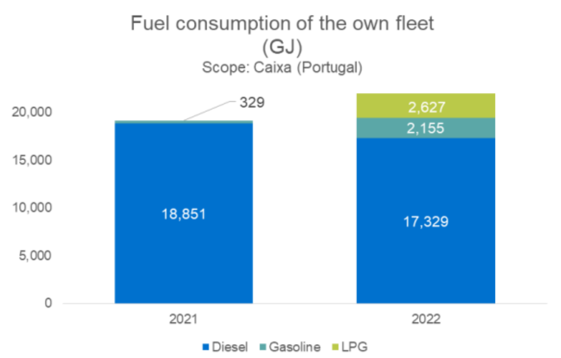
In order to monitor performance in this area, in 2022 Caixa was assessed using the Supplier Engagement Rating questionnaire of the Carbon Disclosure Project (CDP) and achieved a Management (B) rating, above financial sector average (B-).

Energy consumption

In the context of Caixa's activity, it consumes:

- **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 emergency groups.



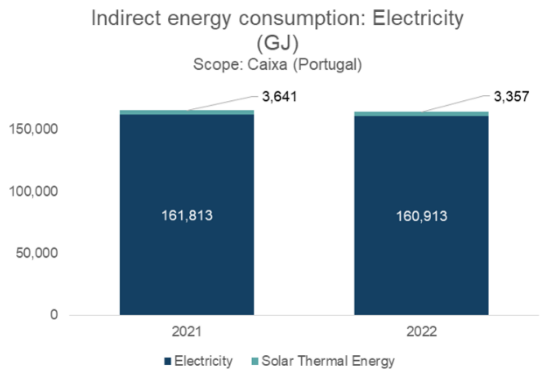


There was a 15% reduction in the consumption of diesel for generators; however, there was a 7% increase in the consumption of natural gas in the infrastructures, culminating in a 5% increase in direct energy consumption in the infrastructures.

At fleet level, there was a 15% increase in fuel consumption. In 2022, the constitution of Caixa's mobile fleet changed with an increase in the number of gasoline and LPG vehicles.

- **Indirect energy** - electricity consumption in central buildings and branch network.

In terms of electrical energy consumption, there was a 0.6% decrease, resulting from the various energy efficiency measures implemented, such as the installation of movement detectors in lighting.



In 2022, around 80 microproduction installations were converted to self-consumption, and electricity stopped being sold to the grid as of October. Since then, all the energy produced has been consumed at the facilities.

The solar power plant at Caixa's head office building consists of 158 solar collectors installed on 1600 m^2 of the building's roof at Av. João XXI (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. This energy production and consumption allows for the reduction of electricity consumption from the grid.

Around 70 energy certifications/recertifications of Caixa properties were carried out in 2022, enabling the milestone of 500 certified premises to be reached.

In relation to energy consumption, the following results were achieved in 2022:

ENERGY
2022

GLOBAL	CAIXA	BI	BCA	BCI	BNU MACAU	BCGA	TIMOR BRANCH	FRANÇA BRANCH
317,652 GJ	188,294 GJ	1,982 GJ	7,828 GJ	89,105 GJ	9,733 GJ	11,691 GJ	2,743 GJ	6,276 GJ
↓ 2% compared to 2021	↑ 1% compared to 2021	↓ 10% compared to 2021	↓ 16% compared to a 2021	↑ 1% compared to 2021	↓ 8% compared to 2021	↓ 19% compared to 2021	↓ 14% compared to 2021	↓ 26% compared to 2021

France branch - Eco-efficiency in operations

The France Branch promotes operational eco-efficiency, minimising, among other things, energy consumption, through various measures/initiatives such as:

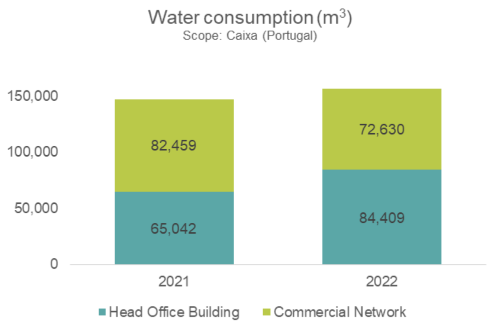
1) Implementation of energy efficiency measures (installing LED lighting in all branches, installing presence switches, reducing heating to 19°C, among others);
2) Transition of the professional vehicle fleet to electric and hybrid vehicles (until now composed of diesel vehicles);
3) Extending the payment of the transport pass to employees who do not use motor vehicles to travel to work;
4) Change of head office in 2023 to a building that is eco-responsible in its design, construction and operation, investing in a virtuous building through the organisation of waste sorting, promotion of soft mobility, respecting the latest energy efficiency standards and certifications.

Water consumption

In terms of water consumption, with the return of the employees to the central buildings, there was a 6% increase in consumption in relation to 2021.

In order to reduce the consumption and environmental impact of its activity, Caixa installed flow reducers on the washbasin taps of around 500 commercial network facilities, increasing their water efficiency to A or A+.

At the corporate level, in 2022, water consumption was as follows:



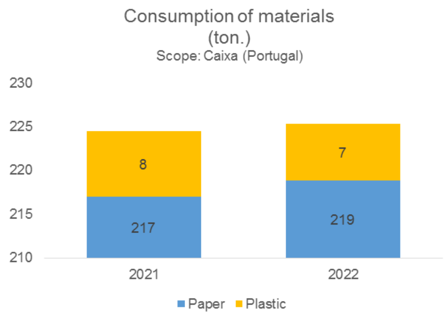
WATER 2022

GLOBAL	CAIXA	BI	BCA	BCI	BNU MACAU	BCGA	FRANÇA BRANCH
261,419 m^3	157,038 m^3	658 m^3	4,354 m^3	68,435 m^3	8,642 m^3	21,470 m^3	822 m^3
↑ 6% compared to 2021	↑ 6% compared to 2021	↓ 3% compared to 2021	↓ 20% compared to 2021	↑ 3% compared to 2021	↓ 9% compared to 2021	↑ 59% compared to 2021	↓ 75% compared to 2021

Material consumption

Caixa's most significant consumption of materials is photocopy paper, envelopes, passbooks and plastic in the form of bank cards.

In terms of paper consumption, there was a slight increase of about 1% compared to 2021. In terms of plastic consumption in the form of bank cards, there was a 13% decrease.



Caixa has implemented several measures in the dematerialisation of physical operations, namely:

- Reinforcement of digital contracting of Consumer Credit, with the launch of 100% online contracting and assisted sales, with dematerialised contract signing;
- Promotion of the use of bank cards in non-face-to-face channels, strengthening customer service levels, with an automation process that speeds up the contracting of credit cards and contributes to the reduction of paper consumption, responding to customers' sustainability requirements;
- Implementation of a new assisted sales circuit for the Oferta Crédito Expresso (Express Credit Offer), where it is possible to make a commercial approach by telephone and allow the customer to review, accept the conditions and sign the contracts without going to the branch. All pre and contractual information is provided via Caixadirecta and signed digitally by the customer;
- Assisted card sales, enabling the remote subscribing of cards with a click, without the need to print documents and without the physical presence of the customer at the branches, avoiding the use of paper and other consumables and the costs inherent to travelling.

It should be noted that in 2023 Caixa will provide a completely dematerialised debit card contracting service on the on-site channel. Contracting using Signpad will allow the customer to consult the pre-contractual documentation, formalise and receive the complete documentation in digital support, reducing paper consumption to zero, as well as simplifying the process and improving the customer's experience.

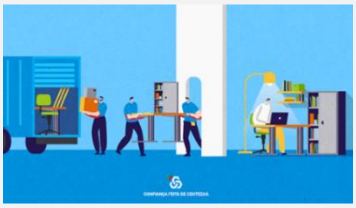
In 2022, the main IT business support materials that were in service were the following: monitors (10,669), thin clients (5,143), laptops (4,915), desktops (3,044), citizen card readers (2,523), tablets and sign pads (2,157), optical readers (1,329) and multifunction printers (900).

In terms of the Caixa Group's consumption of materials, there was a 8% increase:

MATERIALS
2022

GLOBAL	CAIXA	BI	BCA	BCI	BNU MACAU	BCGA	TIMOR BRANCH	FRANCE BRANCH
450.3 ton	225.3 ton	6.8 ton	2.6 ton	143.6 ton	28.3 ton	17.3 ton	5.0 ton	21.3 ton
↑ 8% compared to 2021	↑ 0.4% compared to 2021	↓ 2% compared to 2021	↓ 27% compared to 2021	↑ 15% compared to 2021	↓ 5% compared to 2021	↑ 177% compared to 2021	↑ 8% compared to 2021	↑ 43% compared to 2021

Caixa - Programme for Assets Donation



Through its programme for donating goods to social institutions, Caixa promotes the reuse of materials, helping to reduce waste and waste generation. This programme allows responding to requests addressed to Caixa to donate furniture and IT equipment, and encourages the reuse of discontinued equipment and materials by local communities, schools and underprivileged citizens, which will give them new use and value.

In 2022, 7136 items of office furniture were donated, namely cupboards, chairs, desks, blocks of drawers.

Caixa - Electronic Invoicing

Caixa ended 2022 with 1465 suppliers subscribing to electronic invoicing (1044 via auto-billing), which represents 85% of the documents issued in electronic format by its regular suppliers, real estate agents and appraisers, and demonstrates Caixa's efforts to massify this invoicing format.

Banco Nacional Ultramarino (Macau) - Reduction of paper consumption

Digitalisation continues to expand at BNU and with this we have seen a reduction in the materials used. The area managing the central archive receives various types of printed documents for scanning and archiving. Considering environmental responsibility, there is a strong and constant communication with those responsible for documents in order to reduce paper consumption.

BNU continues to search for solutions for its Document Management System (DMS). A system that can include digital storage, workflows and document authentication/approval. The entire process will be simplified by eliminating the need for paper.

Low-Carbon Programme

As part of its Environmental Policy, Caixa created the Low-Carbon Programme as a response to climate change. The Low-Carbon Programme embodies Caixa's strategy in this context, designed to help reduce the environmental impact of its activities, promoting sustainable development and simultaneously seeking to induce good practices in its stakeholders. The Low-Carbon programme is streamlined into four areas of action:

1) Low-Carbon Economy Financing

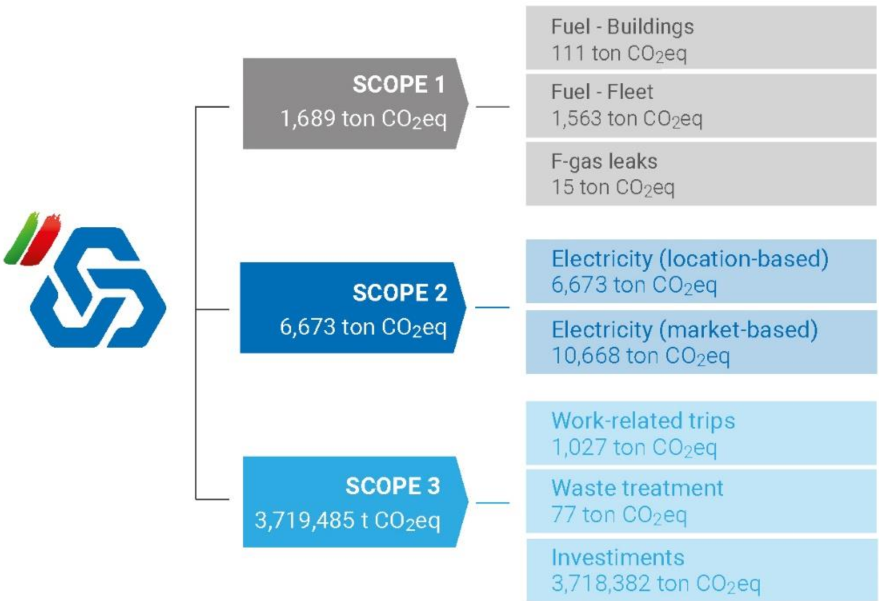
Caixa aims to provide EUR 1.5 billion in sustainable financing by 2024 and has therefore strengthened its offer of financing solutions. An example of this offer is Caixa Casa Amiga do Ambiente Personal Loan, which allows you to meet, with differentiated conditions, the funding needs for construction works and/or the acquisition of equipment related to the specific purposes of Energy Efficiency, Environmental Management and Renewable Energy Sources.

2) Reduction of Greenhouse Gas Emissions:

The monitoring and quantification of GHG emissions is essential for the implementation of measures to mitigate the effects associated with Caixa's value chain activity.

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 production.
- **Scope 3**: Work-related trips (aeroplane, train, boat; private transportation); treatment of waste produced in the facilities; investments.



There was a 1% reduction in scope 1 emissions. Highlighting the significant reduction in leaks/repositioning of f-gases in equipment (90% reduction).

There was a slight decrease (0.5%) in scope 2 emissions (location-based method) due to the reduction in absolute electricity consumption that occurred in 2022, despite the emission factor at national level having increased.

In scope 3 emissions, the calculation of emissions associated with business travel (category 6), waste treatment (category 5) and financing portfolio (category 15) was performed. As in the year 2021, it was found that scope 3 emissions - category 15 represent 99.7% of Caixa's emissions (location-based method).

The calculation of scope 3 emissions (category 15) was made in alignment with the guidelines of the standard "Partnership for Carbon Accounting Finantials" (PCAF) considering the value of on-balance exposure. We highlight below the sectors of activity in Caixa's sectorial portfolio (€15.1 billion) with the most significant carbon emissions.

Section	Activity	Emissions (tCO_2)	On-balance amount (€)
C	Manufacturing	1,730,134	3,826,218,680
D	Electricity, gas, steam, hot and cold water and cold air	331,161	741,560,326
E	Water collection, treatment and distribution; sanitation, waste management and remediation	326,974	188,589,258
H	Transport and storage	319,936	1,284,612,429
A	Agriculture, livestock, hunting, forestry and fishing	302,452	346,425,442

With regard to mortgage lending (24.2 billion euros), the calculation methodology is based on the PCAF standard and the specific methodology of the "PCAF European building emission factor database". Total emissions were 352,729 tCO_2e.

Transition Plan

Caixa has made a commitment to implementing strategies and business models that enable it to achieve carbon neutrality by 2050.

Caixa is therefore defining a Transition Plan which will reflect the bank's strategy and ambition to respond to the risks and opportunities arising from mitigation and adaptation to climate change and to limit the increase in global temperature to 1.5°C.

This Plan is based on science-based (SBTi) funding scenarios analysis and sets out guidelines, actions and processes needed to minimise risks and maximise climate-related opportunities in the short term (2030) and in the long term (2050) for the most critical carbon-intensive sectors.

In a first stage, the Transition Plan will be published for the electricity generation, commercial real estate and cement sectors and for Caixa's own activities.

3) Mitigation of environmental operational risk

2 drills were carried out in the Head Office and Aliados building (Porto) in 2022. The drills took place at the Head Office Building on 5 December and at the Aliados Building on 9 December.

The Internal Emergency/Self-Protection Measures Plans in a fire scenario; the Organisation and Management of the Safety and Emergency Model; the activation of the Emergency Management Office; the intervention capacity of the Internal Means; the Evacuation Plans; the Action and Communication Protocols; the Environmental Management System; and the articulation with the Civil Protection Agents were successfully tested.

This drill, carried out under the terms of the Integrated Protection and Rescue Operations System (SIOPS), has a very large scale and complexity, allowing all those involved to improve procedures and their coordination, in order to act effectively in response to a response to a real incident.

To manage and mitigate environmental risk at Caixa's 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.

With a view to testing the procedures that have been set up, in 2022 Caixa carried out 13 operational exercises in which environmental disaster scenarios with hazardous materials, floods and small fires were tested.

In terms of self-protection measures, 56 evacuation drills were carried out by the commercial network, namely at properties with a 2nd Risk Category.

4) Transparency and Awareness-Raising

Caixa recognises that transparency, awareness and coordination with stakeholders (internal and external) is essential to achieve its commitment to being neutral in net carbon emissions by 2050.

Caixa has developed several awareness-raising contents on the Saldo Positivo portal. One of the issues on the agenda is the need to preserve biodiversity, forests and water, so several subjects were developed throughout last year, namely on biosphere reserves and the development of a sustainable economy, the selective collection of bio-waste, plastic consumption and overpackaging. Recognising their relevance, awareness-raising content was also developed on the subject of carbon markets, energy dependency and greenwashing.

Caixa - ESG information disclosure to interested parties

Expresso

ECONOMIA

Emissão de dívida sustentável da CGD financiou mais de cinco mil empresas

A emissão de 500 milhões de euros de dívida sustentável emitida pela Caixa Geral de Depósitos financiou cerca de 5700 empresas através de linhas de apoio covid 19, informou o banco do Estado

In 2022, Caixa published its first allocation and impact report on sustainable debt issuance. This document aims to inform investors, transparently, about the impacts on the environment and society of the funding carried out and to raise awareness among stakeholders to the importance of sustainable investment.

The Allocation and Impact Report was disclosed to 852 representatives from 495 entities, of which 471 are investors, 6 rating agencies and 18 bank analysts. This document has received significant interest from various media bodies, which demonstrates the relevance of the topic and Caixa's pioneering spirit.

Caixa - Training on climate risks

During 2022, Caixa increased its training on climate risk issues for board members, heads of branches and affiliated banks, central directors and employees whose functions are directly or indirectly related to the Sustainability topic.

As part of the Permanent Education Program, a session on climate risks was held on 30 September, led by Professor Filipe Duarte Santos.

This session addressed issues related to climate change, namely impacts, adaptations, vulnerabilities and inherent risks. The feedback on the session was very positive with a satisfaction level of 4.6 out of 5.

Banco Comercial e de Investimentos - Reforestation Action

BCI was a partner in the initiative called 'Green Txuna Maputo' which aims to recover the arboreal green of Maputo City and minimise the effect of climate change, making the city more resilient, raising the natural thermal comfort, bringing a new integrated and sustainable landscape identity, taking into account that many of the impacts resulting from climate change significantly affect ecosystems, infrastructures, people and socio-economic values in several coastal and hinterland areas of Maputo Municipality.

Banco Interatlântico - Challenges and opportunities for the banking system

Banco Interatlântico sponsored the institutional training workshop 'Corporate Governance: Challenges and opportunities for Cape Verde's banking system and economy', promoted by PSO Knowledge.

This training session was geared to banks and insurance companies in Cape Verde. This was an opportunity to debate and reflect on current topics in banking and insurance activities, namely corporate governance, ESG criteria, digital transition and fintechs.

4.10. Equity, digital and financial inclusion

Inequality of opportunity is a complex global challenge that directly impacts various dimensions of society. 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, such as digital exclusion or financial illiteracy.

EQUITY, DEVELOPMENT AND WELL-BEING OF EMPLOYEES

For Caixa, 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. This approach may actively contribute to the mitigation of various risks, such as the risk of occupational diseases (e.g. burnout syndrome), accidents at work, wage inequalities or non-compliance with labor rights and practices.

Caixa's 2023 Equality Plan acknowledges that the balanced presence of women and men throughout the company's structure represents a significant evolution for its activity and an important contribution to fulfilling the commitments assumed by the Institution, namely respect for Human Rights and the pursuit of Sustainable Development Goals. As part of this, reference should be made to the Sustainability Committee, as the body overseeing compliance with Caixa's social commitments, including topics such as diversity and gender equality. It is also responsible for assessing draft policies, processes and other procedures to be implemented internally in order to comply with the Sustainability Strategy.

This chapter presents a set of projects and initiatives aimed at enhancing the positive impacts and minimising the negative impacts associated with this material topic. Caixa also measures and monitors various performance indicators in this chapter as well as in Annex A – Sustainability Indicators and/or in Annex B - GRI index, thereby enabling the effectiveness of the measures implemented to be assessed.

Training and development

The implementation of the 2022 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.

The investment in training is an essential factor for the development of Caixa teams, translated into the following results achieved in 2022 (considering employees in permanent service at Caixa and employees on assignment):

- **Number of training hours**: 432,372 hours;
- **Average number of training hours per employee**: 74 hours (compared to the minimum number of forty hours of training established in article 131 of the Labor Code);

If the Domestic Perimeter is considered, total training hours amount to 490,000 hours (vs 485,000 in 2021) and the average number of training hours per employee increased to 75 hours (vs 71 hours in 2021). It is important to highlight the overall level of satisfaction with training initiatives, which reached 95%, a 2% increase compared to 2021.

Caixa - Customisation of training programmes

The customisation of training programmes was also reinforced in 2022, with an eye always on the future, as a key instrument for transforming the business, developing and motivating employees and managing critical knowledge for the organisation. Examples include the high potential employees programme (High Flyers Management Programme), the coordinators programme (Managing for the Future), the customer managers and commercial assistants programme (Upgrade and MIRA), bank managers development programme, the team-building events as reinforcement of the organisational culture and development of cross-cutting skills, together with specific programmes to reinforce leadership and technical skills.

In order to achieve the objectives associated with the 'Sustainability and Social Impact' area of the 2021-2024 Strategic Plan, Caixa considers the training and capacity-building of its employees on sustainability topics at the various levels of the organisation to be vital.

In 2022 Caixa launched a mandatory sustainability e-learning for all its employees. The main objective of this training module is to provide a comprehensive understanding of the 2021-2024 Sustainability Strategy's goals and simultaneously promote a greater alignment of organisational culture and practices.

At the end of 2022, the 'Sustainability - A Strategic Approach' e-learning reached a completion rate of 86% and a satisfaction rate of 97%. A set of e-learning courses that contribute to the fulfilment of the material areas of the 2021-2024 Sustainability Strategy also stand out, namely:

- Cybersecurity and Information Protection (completion rate of 99%);
- Data Protection Culture at CGD (completion rate of 84%);
- Ethics and Conduct (completion rate 98%);
- Corruption Prevention and Related Offences (96%);
- RGPD and new Data Protection Law - Rights of data subjects, Criminal and misdemeanour liability (98%);
- Information Security - Identity and Access Management (96%);
- EMS - Change for the Better (99%).

Caixa - Permanent Education Program

In 2022, as part of its Permanent Education Program, Caixa organised two specific sessions on sustainability topics for all board members, heads of foreign units (branches and banks), central directors and other employees whose functions are directly or indirectly related to the sustainability topic.

Highlights include the session 'What's ESG for Banking?' promoted by PwC and which agenda addressed:

- Clarification of the main sustainability concepts;
- The sustainable finance as a strategy;
- Actions expected from financial Institutions;
- Deep-dives on the EU Taxonomy, SFDR and EU GB;
- Business integration of the ESG components;
- ECB expectations- results from the last 2022 thematic review.

Banco Caixa Geral Angola - Leading Change to Generate Results

In 2022, Banco Caixa Geral Angola continued to train its staff, notably employees in the commercial areas, on leadership-related topics, having launched in 2022 the branch and business centre leaders acceleration programme on the topic of 'leading change to generate results'.

This project, of significant transformation for Banco Caixa Geral Angola, requires the participation and involvement of various bank employees, from trainees to mentors, who, due to their experience, charisma, recognised competence and strong spirit of cooperation, may undertake different roles in promoting and supporting the intended change. This programme began in October 2022 and is scheduled to end in March 2023, with 44 employees participating.

Gender equality and non-discrimination

The principles of equality and non-discrimination are structural areas of society that Caixa has incorporated into its DNA from very early on. For the bank, these principles are also increasingly relevant for the creation of value in a business organisation, both as the fulfilment of a civilisational commitment and as an element of growth, efficiency, profitability and sustainability of the company.

In 2020 Caixa compiled all the initiatives in force in the Equality Plan, a document that sought to make even more consistent and visible the path that the bank had already begun to travel. The evolution of this plan's maturity index was significant, with an increase in 2022 of around 23% resulting from the initiatives implemented and resulting in strengths for Caixa's Equality Plan, namely:

- Top management commitment;
- Appreciation and interest of the topic at Caixa;
- Existence of global programmes and initiatives already ongoing;
- Structured Communication & Image Plan with visibility abroad;
- Periodic monitoring of the plan through KPI set and communicated.

In order to build a future in which an inclusive environment prevails, with a real perception of investment in people and in the diversity and talent of its teams, Caixa presented its 2021-2024 Strategic Plan, a new cycle under the motto 'Building the Future'. Caixa's ambition for 2024, materialised in the new plan, is based on six transformation pillars, among which the 'People, Culture and Transformation' pillar, which proposes:

1) Promoting a culture of innovation, agility and transformation, while maintaining high standards of professionalism, integrity and transparency;
2) Boosting the corporate culture with an emphasis on talent development, training and internal cooperation, mobilising and committing the entire organisation to the transformation process
3) Rejuvenating and reinforcing staff competencies and rewarding talent with transparency and clarity of criteria;
4) Promoting the sustainability, equality and diversity of the teams.

To meet the challenges of this Strategic Plan, six major axes of action were outlined, which are worked on across the entire organisation under the concept 'At Caixa, Equality makes a Difference':

- Skills and talent management;
- Balancing personal and family life;
- Health and well-being;
- Women leadership;
- Communication and involvement;
- Knowledge management across different generations.

Caixa is committed to playing an active part in the transition towards a more sustainable future, influencing its stakeholders to adopt sustainability and responsible business principles.

The implementation of Ethical Principles and Best Business Practices was also ensured in the value chain, in order to instil sustainability practices in its suppliers, covering topics such as the promotion of labour practices that respect human rights.

In 2022, Caixa's major objective was to invest in a communication plan which, in a structured manner, enhanced the visibility of all of Caixa's actions in terms of equality and diversity, both internally and externally. The ongoing communication campaign covers all initiatives in force at Caixa and, from a perspective of awareness and involvement, reminds us that equal opportunities are a commitment for all and that at this bank it is a path that is already being travelled.

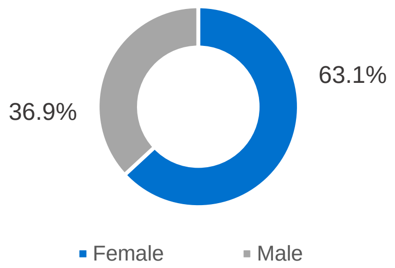
The initiatives being implemented are aimed at strengthening Caixa's journey towards equality, which already has 36% women in top management and 51% in management positions. Caixa's Chief Financial Officer position is held by a woman, Maria João Carioca, who is the only woman with this responsibility among Portuguese banks.

Equal opportunities lead to greater security and confidence among employees and, consequently, to higher levels of motivation and well-being.

As at 31 December 2022, Caixa's activity in Portugal (employees, own and assigned, allocated to Caixa's structural bodies) had 5837 employees, 2154 male (36.9%) and 3683 female (63.1%). Of those, 123 employees are physically disabled (2.1%).

The age average is 45.7 years and around 75% of the employees have higher education qualifications, of which 66% are women.

Distribution by gender



Age Group	M	F	Total	Distribution (%)
<30	80	143	223	3.8%
>30-50	1,155	2,343	3,498	59.9%
>50	919	1,197	2,116	36.3%
No. of employees	2,154	3,683	5,837	100%

Type of Contract	M	F
Open-ended contract	2,124	3,625
Fixed-term contract	30	58
No. of employees	2,154	3,683

Banco Nacional Ultramarino (Macau) - Equal opportunities

For Banco Nacional Ultramarino Macau, the principle of non-discrimination begins right from the start with the admission of employees, where all are equal, without distinction of any nature. The promotion of equality practices and the application of the principle of non-discrimination by gender is thus visible in various components, most notably the following:

i) At the level of professional categories, women represent 65% of management positions (management and senior management) and 59% of the intermediate management (technical staff + supervisors + officers);

ii) In terms of hours of training by gender, with an average number of hours of training received by women and men in 2022 of 18 hours and 21.2 hours respectively (with the professional categories with the highest average number of hours of training being middle and senior management).

Recruitment, internal mobility and internship programmes

Considering the need to meet the strategic goals in the management of CGD Group's workforce, 65 External Recruitment Processes were launched in 2022, in order to strengthen specific skills in strategic areas, namely in the area of internal control and information systems. As part of these processes, CGD received around 464 applications.

In parallel, two internal recruitment processes were launched to reinforce certain areas throughout the Group, through the mobility of internal employees. A total of 15 employees applied.

Caixa - Geração Caixa

In 2022, a new edition of the internship programme called 'Geração Caixa' (Caixa Generation) was launched, with the integration of 113 new trainees between January and December. The trainees worked in several areas of the group (commercial area, internal control, operations and support), enabling their skills development over 12 months, with the inclusion of a Caixa internship grant and significant investment in on-the-job learning.

Talent management and valuing of human capital

Performance assessment is vital for advising, improving and providing guidance on the desirable evolution of individual performance, in order to ensure focus on the execution of what is a priority for customers and for Caixa, as well as for the strengthening of merit and the achievement of results by the teams.

As such, several initiatives were identified to improve the current Performance Management System and changes were implemented to the process for the 2022 evaluation (starting in January 2023).

In practical terms the following changes have been made:

- The requirement for two competencies for the management functions was reinforced, with the aim of increasing institutional cooperation and breaking down silos, as well as the development and mobility of people within the group;
- A 360º feedback component by four contributors (peers and/or team) was included, with effective weight in the final evaluation;
- The final evaluation scale became numerical.

These changes will be consolidated and/or reinforced in the next evaluation process (regarding 2023) and already in the new integrated platform that will support CGD Group's HR processes.

Caixa - Caixa Excelência Awards

At the Caixa Fora da Caixa Meeting held on 19 March 2022, talent and merit were once again distinguished with the awarding of the Caixa Excelência 2022 Prize, which in this edition awarded 50 employees. This award aims to acknowledge the value and merit of employees and their performance, stimulating personal development and appreciation, with the aim of rewarding outstanding achievements that give the most relevant contributions to Caixa's results. Other communication initiatives to highlight Excellence were also carried out throughout the year.

The 2023 Excelência Prize was awarded in March 2023, this edition with a new feature, the award categories, as a way of encompassing the talent and merit shown in various areas and fields of action. Fifty employees were thus awarded, distributed across 7 award categories: Excellence in the Commercial Area (19); Excellence in the Corporate Business Network (2); Excellence in Team Management (11); Excellence in Recovery (2); Excellence in Process Optimisation (5); Excellence in Projects (6) and Excellence in CGD Culture (5).

Caixa - Salary Review

Under the Company Agreement in force, Caixa concluded an agreement to revise the salary table and monetary expression clauses for 2023 with the Trade Union of Employees of CGD Group Companies (STEC) with the largest representation in the company, making Caixa Geral de Depósitos once again the first national credit institution to revise the salary table for 2023. With regard to the salary table, an increase of EUR 76 will be applied to all levels.

As regards monetary clauses, most of the items have a 5% increase (including seniority payments, child benefits and study grants), with a significantly higher increase in the case of meal subsidy (a 9.36% increase), birth support subsidy (a 12.5% increase), student worker subsidy (a 7.58% increase) and maximum mortgage loan (an 8.70% increase), which represents the reinforcement of Caixa's commitment to birth rate, the qualification of its employees and access to housing in the best conditions, as well as support for employees in the current economic climate.

The conclusion of the review of salary tables and clauses now achieved is yet another distinctive element in the package of remuneration conditions for Caixa employees, in addition to the increase in variable remuneration to be achieved in the current year and following the transfer of the Pension Fund to Caixa Geral de Aposentações (CGA) in which the advantageous retirement conditions for an important proportion of Caixa's employees were reaffirmed.

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. This is done by focusing on the prevention of various types of problems, by creating an inclusive environment, supporting integration, and also developing people.

It should be noted that measures that promote a balance between work and personal/family life are a contribution towards reducing tensions, with an impact on increasing motivation, on the level of productivity and also on retaining talent. The PAC - Employee Support Programme, carried out by the Social Action Unit, which consists of interventions in the socio-professional, socio-family, socio-economic, health and social responsibility areas, stands out among those measures.

Thus being, regarding the socio-family and socio-professional areas, the intervention guidelines include:

- Contributing to the creation of a social well-being environment;
- Contributing to a better conciliation between personal/family and professional life;
- Supporting employees in solving problems related to life events.

At the level of socio-family and socio-professional responsibility measures, the following examples stand out:

a) **Family allowances**: As a contribution to families' sustainability, there is a range of support to which the Social Action Unit directs employees according to their needs. Reference should be made to articulation with the DPE - Remunerações area (e.g. birth grants) and with CGD's Social Services (e.g. subsidy for disabled children and young people).

b) **Intervention in crisis situations in the family system**: The Social Action Unit analyses the situation and carries out family-oriented psychosocial counselling in crisis situations related to life events, such as: divorces, illnesses (including psychiatric and addictive illnesses), spousal unemployment, bereavement, as well as parenting and senior support. All interventions take place under strict confidentiality and are often referred to internal and community resources.

c) **Telework**: The new telework scheme that came into force on 01/01/2022, established telework as compulsory in certain situations. In this way, support is given as part of parenthood (situations of employees with children up to the age of 8, inclusive), always bearing in mind the employee's function and involving the hierarchies. Also in situations of employees with the status of informal non-main caregiver, this instrument has shown great importance as a conciliation tool.

Means of contact available to employees

Caixa employees have several ways to file complaints or ask questions at their disposal.

They can submit the question through the application called 'helpdesk RH', available at CGD Group's human resources portal, 'Caixapessoal'. Through this application, the question will be sent directly to the respective HR area in order to obtain a personalised answer. This application generates a request number, and the employee is informed of the area and the person who is analysing the request and its status. Alternatively, employees may 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. After the decision, it is disclosed to the employee.

For the specific situation of reporting harassment in the workplace, employees who have knowledge of the practice of harassment or who believe they are being subjected to harassment in the workplace must report it in writing to the Division in charge of the internal auditing, in one of the following ways:

- By sealed letter addressed to the Central Director of the DAI, with an indication of confidentiality;
- Through the DAI-Harassment Communication mailbox, with no obligation to communicate it to any other person or area of Caixa.

Any reported cases of harassment will be investigated for possible disciplinary action and dealt with in a confidential, impartial and efficient manner.

Occupational health

In 2022, in compliance with the legal obligation, a total of 3789 medical exams were performed (Caixa and CGD Group companies)

- Initial/Admission Examinations: 155 (133 of occupational medicine Caixa + 22 SSCGD);
- Periodic Examinations: 3,318 (SSCGD);
- Occasional Examinations: 37;
- Occasional OS 27/2002 - Retirement on grounds of disease or disability agreed upon with the institution: 20;
- Occasions return/return to work: 155;
- Ergonomics of the workstation: 104.

Regarding extra legal obligation and as part of health prevention, the following were carried out:

- Business traveller support - 6 appointments;
- Reclassification of absences: 79.

In 2022, there were three confirmed occupational diseases (2 women and 1 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 (robbery, 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 2022, the psychology area described and monitored a total of 1,246 interviews:

- All situations of prolonged absenteeism due to illness, totalling 872 interviews;
- All problematic situations identified, totalling 374 interviews;

Caixa - COVID-19 Pandemic management

Given the context of the COVID-19 pandemic that began in February 2020 and continued in 2022, Occupational Medicine, in collaboration with the GPS and the DGR, implemented, as a means for clarification and closeness with its employees, the creation of a mailbox so that cases and/or suspicions of COVID-19 could be reported at CGD, with the aim of implementing strategies for mutual assistance, problem solving, and monitoring of problematic situations triggered by the pandemic.

As part of this, 2,071 records/emails were analysed and processed and the clinical criteria of 103 employees with conditions for teleworking were analysed. On the other hand, the reports made through this mailbox gave us a better idea of the real impact of the COVID-19 pandemic on Caixa in terms of absenteeism, whether due to illness, family assistance or others.

INVESTMENT IN THE COMMUNITY

As a public bank, Caixa must respond to those who need it the most, according to the most pressing social emergencies

A strategic approach to corporate social responsibility should focus on developing strategies, policies and actions that foster a more responsible and inclusive business, promoting value creation for society and other stakeholders. Caixa's Community Involvement Policy recognises that involvement with the community (internal and external) should be one of the bank's social responsibility areas.

In terms of governance, the Sustainability Committee stands out as the body that assesses the implementation of projects aimed at creating a positive social impact on various dimensions of society, as well as their respective monitoring.

This chapter presents a set of projects and initiatives aimed at enhancing the positive impacts and minimising the negative impacts associated with this material topic.

Caixa also measures and monitors various performance indicators in this chapter and/or in Annex B - GRI index, thereby enabling the effectiveness of the measures implemented to be assessed.

Caixa Social 2022 Awards

The creation of the Caixa Social Awards enables Caixa to promote its economic and social project from a logic of sustained value creation for society, in line with its strategic challenges.

Given the current economic and social crisis, the 4th edition of the Caixa Social Awards required a broader reach and scope of action in order to respond to post-COVID challenges, support the recovery and strengthening of Social Economy entities that respond to the most vulnerable populations, contributing to their sustainable and inclusive growth through the following intervention axes:

- **Recovery and Resilience**;
- **Digital Transformation and Empowerment**;
- **Green Economy and Ecological Transition**.

With a global allocation of EUR 500,000, 593 applications were received and 29 projects were distinguished, with national representation and an expected impact on 10,326,000 direct beneficiaries.

The projects were assessed by a six-member independent panel, chaired by the Chairman of the Board of Directors of Caixa Geral de Depósitos, António Farinha Morais, and composed of Maria José Ritta, Maria del Carmen Gil, Eduardo Graça, Filipe Almeida, Filipe Santos and Viriato Soromenho Marques.

Representing an evolution in relation to past editions, the winning institutions participated in training sessions focused on the areas with the greatest need for development, aimed at supporting them in the implementation of their projects and ensuring the sustainability of the winning initiatives and subsequent measurement of the social impact.

The 2022 Caixa Social awards ceremony was held on 2 June, at Caixa's Head Office, and was attended by representatives of 27 distinguished social institutions.

Banco Comercial do Atlântico - Partnership with Aldeias SOS

As part of Banco Comercial do Atlântico's social responsibility policy, in May 2022 a three-year partnership protocol was signed between the bank and Aldeias Infantis SOS in Cape Verde. The protocol-signing event was attended by the Chairman of the Executive Committee and the representative of Aldeias SOS in Cape Verde.

'Sou Cidadão' (I'm a Citizen) Programme

Caixa continues its support to the needy or homeless, in order to facilitate the implementation of the National Strategy for the Integration of Homeless People (ENIPSSA 2017-2023), in coordination with the Group for Strategy Implementation, Monitoring and Evaluation (GIMAE).

The "Sou Cidadão" (I'm a Citizen) programme financially supports the issuance and assignment of identification documents (citizen's card, passport, residence permit) to homeless people eligible for these documents, ensuring their integration.

The IPSS or beneficiary social entities ensure the process of identification of homeless people, the procedures with official entities, the delivery and follow-up with the beneficiaries and, subsequently, Caixa will pay the cost of issuing the identification documents.

This programme also aims to facilitate the identification and social integration of these people who are staying overnight in Caixa's automatic areas and branch network.

In 2022, Caixa ensured the issuance of 83 identification documents for homeless people, contributing towards retrieving their 'identity' and access to basic rights such as clinical and hospital assistance; benefits and/or subsidies; and others that ensure an integration process and contribute to reducing the number of socio-economic exclusion situations.

Caixa - 2022 Christmas Campaign

Recognising the economic difficulties that social institutions are facing and in order to meet the most pressing needs, Caixa wanted to provide a more dignified Christmas in solidarity with these institutions that accompany the most disadvantaged and vulnerable population. In 2022 Caixa supported 42 social sector institutions with a total amount of EUR 177,000.

Caixa's mission is to continue to respond to the challenges and strategic priorities of social support, guaranteeing the strengthening and broadening of its response in terms of community support.

Caixa - Wall of peace and courage

In 2022 Caixa's Operations Centre once again celebrated the Christmas season involving its teams in raising donations for the Jesuit Refugee Service institution supporting Ukrainian families. Each team was responsible for decorating hearts and messages of peace and hope to build the Wall of Peace and Courage.

A total of EUR 2,045 was raised.

Banco Comercial e de Investimentos - Support for paediatric services

As part of the Christmas season, it has been a tradition of Banco Comercial e de Investimentos to offer a special day for children hospitalised in the country's main paediatric wards, by offering toys and market basket goods to the mothers accompanying them. This is a nationwide voluntary action and participation is open to all employees of Banco Comercial e de Investimentos.

Caixa - Ukraine Campaign

In 2022, Caixa developed a set of measures aimed at supporting the Ukrainian population, namely: the exemption from commissions for interbank transfers to Ukraine; the exemption from the annual debit card fee and the development of an internal fundraising campaign, exclusively for employees, in which Caixa doubled the amount donated by employees.

Blood donors group

The Blood Donor Group is a daily ambassador for the social image of Caixa Geral de Depósitos and its Social Services. This image is recognised by donors, hospitals, Caixa employees, the Portuguese Blood and Transplantation Institute, all partner institutions and society in general.

Throughout 2022, the Blood Donor Group recorded a 7% increase in new donors. Sixty-seven programmed blood collections and 50 promotional actions were carried out. For this, the Blood Donor Group used the Blood Centres of Lisbon, Porto and Coimbra, IPO (Cancer Institutes) of Lisbon and Porto and 18 hospitals.

The following results stand out in 2022:

- **12,930 registered members** (1,603 active internal donors, 8,844 active external donors, 2,483 non-active donors);
- **2,684 hours of volunteer work**;
- **34 registrations of potential bone marrow donors**.

Blood collections recorded:

- **2,684 attendances** (691 Caixa employees and 1,993 external donors - CGD Group, outsourcing companies, employees' families and friends, customers and the general public;
- **2,315 actual donations** (equivalent to approximately 1,158 litres of blood);
- **6,945 patients supported** (approximately).

The activity of the Blood Donor Group in 2022 recorded the highest result in 39 years of existence, with all the merit, availability and readiness of the coordinators and volunteers of the 21 core locations.

Banco Comercial e de Investimentos - Support for Maputo Central Hospital

Banco Comercial e de Investimentos has been supporting the Gastroenterology Service of the Maputo Central Hospital (HCM) since 2017, by donating elastic bands.

This support that the Bank has been providing has contributed to the success of the treatment of patients diagnosed with Upper Digestive Haemorrhaging. These elastic bands were used in the treatment of 112 patients, thus contributing to an improvement in their quality of life.

Corporate Volunteering Programme

Caixa's Corporate Volunteering Programme aims to encourage employees' solidarity and team spirit, fostering a corporate social responsibility culture of engagement in social and environmental projects and causes.

In 2022, a set of volunteering initiatives were carried out in groups or individually, in different areas and locations, with the participation of about 70 volunteers, which contributed to supporting 16 social institutions:

- Digital training initiatives for users and employees of social institutions (EUSOUDIGITAL Programme);
- Initiative to collect medication at participating pharmacies for the Pharmaceutical Bank.

Caixa - 34th Edition of the Comunidade Vida e Paz Christmas Party

Several Caixa volunteers participated in the Comunidade Vida e Paz Christmas Party, which welcomed 1,263 guests (homeless and socially fragile people) with the support of 669 volunteers, from 16 to 18 December, at the University Campus Canteen. Caixa participated with 13 volunteers.

The objective of the Christmas Party is to provide a Family Christmas and promote change in people.

Timor Branch - Beach cleaning

In terms of social responsibility, BNU Timor organised in 2022 a volunteering activity aimed at all employees in Dili.

The main objective of this activity, which focused on beach cleaning, was to fight pollution and contribute to the environmental preservation of the area.

Banco Comercial e de Investimentos - Sopa Solidária

Banco Comercial e de Investimentos promoted a voluntary initiative with Makobo, which consisted of a social forum Solidarity Platform that carries out an initiative called 'Sopa Solidária'.

This volunteering initiative consisted of making a soup for people in vulnerable conditions, mainly children, the elderly and the disabled, so that they could have at least one decent meal a day.

Fostering knowledge

Caixa's support for the university segment has been increasing over the years and is based on the following pillars: support to the academic community, promotion of knowledge, promotion of access to higher education and economic, social and cultural responsibility. There are 46 higher education institutions (HEI) that, under the Caixa IU - Polytechnic Institutes and Universities programme, received from Caixa an investment of EUR 7.5 million in 2022.

1) Support to the Academic community:

Caixa provides the university segment with access to a package of products and services, appropriate to their life cycle and to facilitate the management of their daily lives. Using digital customer onboarding processes and fast, effective contracting, the evolution of the sales and after-sales process was adapted to customers' expectations and continues to be Caixa's brand image in the university market. A simplification in sales, in line with the wishes of a generation for which time is a critical success factor.

2) Promotion of knowledge

More than 200 merit awards, research awards, scholarships and recognition of innovation projects bring higher education closer to home. In 2022 Caixa continued to reward the academic performance and merit of students, at the different schools that have Caixa's support or the professional performance of employees of educational institutions.

3) Promotion of access to Higher Education

Caixa organised the Caixa Mais Mundo Awards for the fourth consecutive year with the aim of recognising the academic merit of students who have completed secondary education and who applied through the national application for admission in the 2021/2022 academic year, at national level, to HEIs which have a protocol with Caixa.

In a year in which social inequalities have grown, Caixa has increased its support by doubling the number of prizes and social scholarships (total of 300 prizes, each worth EUR 1000) for students enrolled in HEIs with a protocol with Caixa, thereby creating an opportunity for more students, including more financially vulnerable social groups, to continue their studies in higher education and offset the added costs of school attendance.

The prizes were awarded taking into account the following distribution:

- **110 Academic Merit Awards**: national students enrolled in degree courses or in Vocational Higher Technical Courses (CteSP);
- **100 Scholarships for students in need**: national students enrolled in degree courses and in Vocational Higher Technical Courses (CteSP), who can prove economic difficulties to ensure their regular attendance at higher education (according to the award criteria of the DGES);
- **50 Merit Awards for students in vocational courses**: students who have completed secondary vocational courses and continued their studies in Higher-Education Institutions;
- **40 Merit Awards for PALOP students**: students who have concluded secondary education in Portugal and who enrol in degree courses at Portuguese HEIs.

In view of the success and openness to these awards in the academic community, Caixa has approved a new cycle of editions of the Caixa Mais Mundo Awards with an increase in the budget allocation and number of prizes.

4) Economic, social and cultural responsibility

Caixa promotes support in different areas such as entrepreneurship, employability, the economy, innovation and technology. Caixa is thus strengthening its presence and support for the academic population and HEIs. All the developments which Caixa has incorporated in its relationship with higher education prove its contribution to its development in Portugal, always with the concern of contributing to projects capable of elevating knowledge and, in parallel, improving the quality of customer service, products and services.

Caixa - Renewal of protocol with the University of Algarve

Caixa and the University of the Algarve renewed the cooperation protocol between the two institutions on 15 February 2023, highlighting the advantages of continued mutual collaboration. The ceremony, which was attended, among other individuals, by Paulo Águas, Dean of the University of Algarve, Paulo Moita de Macedo, Chairman of Caixa's Executive Committee, highlighted the importance of this cooperation, stating that it is part of Caixa's matrix.

Caixa - EPIS 2022 Social Grants

The EPIS Association encourages and supports the promotion of the social inclusion of young people at risk of school failure or dropout. To this end, EPIS annually launches its social grants programme to reward good practices in social inclusion and the academic merit of young people (national coverage).

Caixa has joined the EPIS social investors network, assuming the commitment to contribute to the promotion of social inclusion by awarding academic grants to secondary school and higher education students, for the training of students and donation of IT equipment, having awarded four grants to students in need (two for secondary school and two for higher education) in 2022.

Banco Nacional Ultramarino (Macau) - Support for the education system

In recent years, support to education has been one of the main pillars of BNU Macau's activities, both through the granting of scholarships to students from Macau's leading universities and through support to training courses, seminars and field visit programmes.

The awarding of scholarships to students from USJ - Universidade São José and students from MUST - Macau University of Science and Technology.

Promoting culture

Culturgest

The activity programme of the Caixa Geral de Depósitos - Culturgest Foundation is part of the mission, outlined in its articles of association, of developing cultural, artistic and scientific initiatives. For over a quarter of a century, Culturgest has pursued this mission by presenting a programme dedicated to contemporary creation in the fields of performing arts, music, visual arts and cinema, supplemented 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.

Supplementing 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. After two years marked by the Covid-19 pandemic, with compulsory closures and restrictions on capacity, the number of visitors and spectators to Culturgest's cultural programme has recovered remarkably.

With 88,130 visitors and spectators, Culturgest achieved the best result of the last 25 years.

In 2020, Culturgest created a new online offer, which, driven by the closure of cultural equipment and the lockdowns of the Covid-19 pandemic, reached 56,600 visitors in the very first year. In 2021, the number of accesses to Culturgest's digital content grew to 70,950. Already in a normal context, the number increased again in 2022 to 77,250 visitors. Culturgest maintained its policy of affordable prices, developed on a permanent basis, providing tickets for shows, exhibitions and other cultural events at affordable prices for all, with additional specific discounts for young people, seniors, people with disabilities and those accompanying them, the unemployed, among others.

Culturgest - ACT | Art, Climate, Transition

ACT
Art Climate Transition

As coordinator of the European ACT - Art, Climate, Transition project, which brings together ten organisations from ten European countries, in 2022 Culturgest paid attention to the topics of ecological sustainability and climate action, through various initiatives. The MUDAR cycle of conferences focused on the risk and impact of climate change and the importance of diversity and inclusion as strategic topics for sustainable development.

Banco Nacional Ultramarino (Macau) - Promotion of local culture

BNU has played a prominent role in supporting local culture, sponsoring and promoting it in areas as diverse as music, film, literature, photography, performing arts and other forms of expression of Chinese and Portuguese traditions. As part of this, the following are noteworthy:

- Sponsorship of the book 'Inquirições Sínicas' by Paulo Maia e Carmo;
- Exhibition 'Salão dos Artistas de Macau', held at the Macau Military Club;
- Sponsorship of Exhibition and Photography Book;
- Sponsorship of the exhibition 'Salão dos Artistas de Macau'.

Caixa - Caixa Cultura 2022 Programme

Throughout its history, Caixa has maintained close ties with the community and has constantly intensified its support to cultural activities.

The Caixa Cultura Programme was created to support artistic and cultural initiatives with the aim of financially promoting national projects of unequivocal quality and creativity in the following categories: theatre, dance, music, visual arts, cinema, literature, performance, conferences and debates.

In 2022 two editions were held which awarded a total of nine projects.

Caixa - Caixa para Jovens Artistas Competition

Caixa's competition for young artists is a Caixa and Fundação Caixa Geral de Depósitos - Culturgest initiative for artists aged between 25 and 35. Adriana Progranó, Dayana Lucas, Fernão Cruz, Igor Jesus, João Gabriel and Sara Mealha are the six winners of the first edition.

Caixa acquired the works of these six artists, which became part of Caixa's contemporary art collection, for a total amount of EUR 48,000. This initiative inaugurates a new chapter in the history of the Caixa collection, opening doors to younger generations with the aim of promoting their qualification and consolidation in the domestic art market.

Banco Caixa Geral Angola - Caixa Artes

The Caixa Artes initiative was created with the main objective of promoting and disseminating the Portuguese language, Angolan art and culture.

Responsible for Caixa Angola's social performance in the arts, Caixa Artes supports a multidisciplinary spectrum of sustainable artistic manifestations, which celebrate excellence and promote the rescue and stimulation of dialogue and sharing of Angola's history, driving innovation and artistic appreciation.

The following exhibitions stand out among the most varied projects to encourage Art and Culture:

- 'CONSTRUIR O TEMPO' - Solo exhibition by Mónica Miranda, curated by Suzana Sousa, from 9 September to 19 October 2022, Instituto Camões Luanda;
- 'CARVOEIROS' - Exhibition by Paulo Amaral, from 4 to 26 November 2022, Instituto Camões Luanda.

Historical Heritage

The rationalisation of spaces in Caixa's Head Office Building continued to be a priority throughout 2022, maintaining the need for careful selection of the Historical Heritage (HH).

In this context, an inventory project of the entire museum collection was developed and the updating of the decorative collection was continued, whose management is the responsibility, by internal regulation, of the Communication and Brand Department.

The year 2022 was also decisive in establishing the relationship between Caixa and the Design and Fashion Museum (MUDE), through the donation of pieces which were part of the assets of BNU's head office building, where MUDE is now installed. The formalisation of the commitment will be ensured during the year 2023.

Caixa donated to the City Council of Porto the sculptural friezes, bas-reliefs that were originally produced for the Caixa branch in Av. dos Aliados, in order to give it back its integrity and greater visibility.

Projects promoting the dissemination of Caixa's HH internationally were also developed, namely:

- The tapestry 'The Arrival of Vasco da Gama to Calicut', which is currently in storage in the custody of the National Museum of Ancient Art, was shown at an exhibition at the Chateau d'Angers, in France, between June and October 2022;
- The works 'Tiger' and 'Unknown', by artist Júlio Pomar, are on display at the Washington Dulles Airport in New York, in an exhibition promoted by the Arte Institute, which will be open until March 2023.

Giving Caixa employees the opportunity to acquire pieces that were part of the institution's heritage, three internal sales of decorative arts and furniture were organised, bringing together surplus pieces without historical relevance and silkscreens by secondary authors.

Bearing in mind the importance of the institution's historical heritage and its contribution to the construction of the country's collective memory, Caixa collaborated, throughout the year, in various initiatives, namely exhibitions, conferences and other specific initiatives.

The support service to researchers through the availability of documentation from the Historical Archive was maintained, with about 50 internal and external requests having been made.

At the end of the year Caixa participated, as part of the Historical Archives, in the Focus Group on the proposed strategy for safeguarding and enhancing the value of SOC (State-Owned Companies) Archives, created by DGLAB - Direção Geral do Livro, Arquivos e Bibliotecas (Directorate General of Books, Archives and Libraries). This project aims to assess needs, identify problems, present improvements and outline strategies for better management of these archives.

Banco Comercial do Atlântico - Donation of Mediatheque archives

In 2022, Banco Comercial do Atlântico, together with Garantia and the Promoter, signed a protocol for the donation of the collections of the Mediatecas of Praia and Mindelo archives, which will be managed by the Public University of Cape Verde (UNICV).

The chairman of the executive committee of Banco Comercial do Atlântico, Francisco Santos Silva, pointed out that the management of the Mediateca collections, which was previously the responsibility of the three institutions mentioned, would now be carried out by an entity with a greater vocation for this purpose, and which will certainly enhance it through greater proximity to its main users, teachers and students, thus enriching UNICV's infrastructures.

This initiative will contribute to free access to culture and information in Cape Verde.

ACCESSIBILITY AND FINANCIAL INCLUSION

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.

Caixa's Community Involvement Policy outlines the objective of promoting best practices in meeting the challenges of Portuguese society, with social and financial inclusion being one of its three strategic axes.

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.

This chapter presents a set of projects and initiatives aimed at enhancing the positive impacts and minimising the negative impacts associated with this material topic. Caixa also measures and monitors various performance indicators in this chapter and/or in Annex B - GRI index, thereby enabling the effectiveness of the measures implemented to be assessed.

Digital Banking

Caixa consolidated its leadership as the digital bank of the portuguese in 2022, with expressive growth in the number of active digital customers and remote business. In the domestic market, Caixa reached 2.2 million active digital customers, comprising households and companies, representing 65% of the customer base and 8% year-on-year growth.

Also noteworthy is the growth of the mobile channel, which reaches 1.5 million household and business customers (18% year-on-year) and whose relevance has been increasing among users.

The increase in the number of digital customers contributed to increasing to 80% the weight of online sales (+ 5 pp YoY), also increasing the satisfaction levels (80/100) and recommendation of the digital channels: 58% of customers recommend Caixa's channels (Brandscore study 4Q 2022).

Throughout the year, Caixa placed innovation at the service of its customers, which proved to be essential in ensuring greater satisfaction with the service, generating more access and more business. In December, Caixadirecta was accessed on more than 275 million occasions, with the app representing 85% of logins. Also the number of operations, which totalled 84 million, registered a significant growth of 12% in comparison with the same period of the previous year.

Marked by a strong innovation component and focused on customers' needs, the Caixadirecta app remains the country's banking app with the highest number of users and highest number of app shop ratings.

The Contact centre, which since 2021 has had a Virtual Assistant guaranteeing greater efficiency in service, recorded high average satisfaction levels, of 77% (Customer Satisfaction Score).

Eu Sou Digital programme

EUSOUDIGITAL is a simple and free digital initiation programme. Developed with adults over 45 years of age in mind, with little or no contact with the internet, this programme brings together students and mentors/volunteers in a one-to-one learning dynamic. The Adult Digital Inclusion Programme (#EUSOUDIGITAL) is registered under the Social Impact Bond (SIB) mechanisms within the Social Inclusion and Employment Operational Programme (POISE).

This programme is in line with Caixa's strategy and contributes to socio-economic, cultural and digital knowledge and inclusion, and makes it possible to act under the values of active citizenship and respect for human rights. Currently, this SIB mechanism is available in the programmes in the North, Centre, Alentejo, Lisbon and Algarve regions, aiming at the digital inclusion of 200,000 citizens by 2023.

The Adult Digital Inclusion Programme (#EUSOUDIGITAL) application to the SIB-POISE has three mandatory stakeholders: the social investor (Caixa) - funder of the programme; the implementing entity (A2D/MUDA) - responsible for the operational execution of the programme, and the public administration entity responsible for the application's objective - digital inclusion (the Foundation for Science and Technology).

The execution model is strengthened with the shared management between all partners in the control of all incentive mechanisms, namely financial control and support in reporting to the programme management entity and the participation of an entity that evaluates the achievement of the results/objectives.

The strategy and actions include the activation of teams of volunteers and the development of training initiatives in 'MUDA Centres' supported by educational and social partners (secondary schools, universities, polytechnics, charitable institutions, senior universities, municipalities and other social entities that support the community) and business partners (private organisations that want to train in basic digital skills their employees and/or their customers who make available the places for training as well as internal volunteers). After the training process, certificates are issued to ensure that citizens have the minimum digital skills (managing email, carrying out online searches, accessing social media and using digital services - e.g. access to homebanking.

For the development of this programme, Caixa, as a social investor, provides the investment amounts considered eligible for support under the SIB - POISE and have as counterpart the achievement of quarterly objectives in number of digitally trained adults; the expenses incurred will be fully reimbursed by POISE, through payments made directly to the Social Investor, Caixa.

Results achieved[13]

MENTORS	7217 VOLUNTEERS REGISTERED	5106 MENTORS TRAINED
CENTRE	174 CENTRES OPEN	90 CENTRES WITH SCHEDULED VISIT
STUDENTS	6618 STUDENTS ENROLLED	6104 STUDENTS GRADUATED

[13] Data source A2D Business Consulting Lda (at 04/01/2023)

DIGITAL ACADEMY	+ 205,000 VISITORS TO THE EUSOUDIGITAL WEBSITE IN JUST 9 MONTHS SUCCESS OF THE DIGITAL STRATEGY	90% DIRECT ♦ ORGANIC TRAFFIC SUCCESS OF THE DIGITAL STRATEGY	75% VOLUNTEERS WITH OPT-IN HIGH POTENTIAL FOR MARKETING COMMUNICATION IN THE FUTURE	+ 53% VOLUNTEERS ARE WOMEN ALIGNMENT WITH GENDER EQUALITY TARGETS OF + 50% WOMEN	
COMMUNICATION	+ 70,000 PEOPLE WATCHED THE LAUNCH ON WEB, TV AND FB	+ 800,000 FANS OF AMBASSADOR DIANA CHAVES	+ 340 POSTS ON THE SOCIAL NETWORKS OF THE PROGRAMME	+ 1320 NEWS AND INTERVIEWS ABOUT THE PROGRAMME	+ 300 SPOT SHOWN ON SIC • RTP CHANNELS
MOBILISATION	2 M€ POTENTIAL PUBLIC FUNDS FOR ALL REGIONS OF THE COUNTRY	+ 50 PARTNER ENTITIES WITH ESTABLISHED AGREEMENTS (INCLUDING MUNICIPAL ACTIONS) WILL MOBILISE HUNDREDS OF THOUSANDS OF STUDENTS AND TEACHERS ALL OVER THE COUNTRY		EU/FCT/IEFP ALIGNMENT OF THE PROGRAMME WITH THE EUROPEAN E-SKILLS FRAMEWORK WILL FACILITATE THE RECOGNITION OF TRAINING AND VOLUNTEERING HOURS IN COMPANIES' OBLIGATIONS	

Caderneta App

With 143 years of existence, the Caderneta (Passbook) is a Caixa heritage recognised by all generations.

In April 2018, the Caderneta evolved, adapting to modern times while retaining the features that made the Portuguese fond of it. This new solution was created with the input of the target audience and took on an App format, thus becoming a digital inclusion solution with the mission of introducing and facilitating the adoption of digital means for financial services, seeking to promote the digitalisation of the older population and improve their banking experience. This digital and environmentally responsible solution reduces the impact on Portuguese forests by about 12.8 tonnes of paper per year.

Main distinguishing factors:

- Very simple and adapted to customers' needs (simplified menus, with icons in enlarged format);
- Allows making notes on account movements, consumption analysis and direct contact with the assistant;
- Sustainable solution: saves paper and contributes to the digital inclusion of the population.

Caixa digital assistant

CAIXA is the Smart Digital Assistant of the Caixadirecta app, which allows Caixa customers to manage their personal finances by voice, 24/7. Supported by artificial intelligence, it is able to understand and hold conversations, answer questions, provide information and perform customer requests.

Activated in natural language (in Portuguese, from Portugal, and English), this solution allows for an experience close to human interaction and, besides being the first transactional voicebot in the Portuguese banking sector, it is the only one integrated in a banking app.

CAIXA answers customers' queries, provides information and is the only assistant in the market that makes payments, transfers, consults account balances and operations, registers card requests and reactivates Caixadirecta, if customers do not remember the service access code, making it an even more complete tool for those seeking simplicity in accessing the bank.

The CAIXA Digital Assistant is aimed at customers seeking a customised and innovative experience, who value security, mobility, speed and efficiency in a banking service. This solution simplifies the relationship with the Bank, enhancing proximity and improving the experience in a digital context, while promoting the digital inclusion of the visually impaired population or those with greater difficulty in using technology.

This service has been developed for Caixa's individual customers, who are very demanding and see voice contact as a fast and effective alternative to the usual ways of carrying out banking transactions, in often adverse contexts.

This solution, which is a benchmark in the national banking sector, recorded an annual accumulation of 3.6 million (January-December 2022) in December. Year-on-year, the number of enquiries via the assistant grew by 34% and the number of transactions by 93%, which shows not only the usefulness of the voice service but also the trust of users, who can now count on the Assistant to request credit cards.

The Digital Assistant of the Caixdirecta app won the Banking Tech Awards 2022 in the Best Use of AI - Intelligent Assistant category. The Banking Tech Awards have been recognising excellence and innovation in financial services around the world for 23 years. The Digital Assistant was also the winner of the 5-Star Award, in the 'Virtual Assistant' Category.

Caixa - Voicebot Caixa Contact Center

In recent years, Caixa has seen a growing increase in calls to the contact center, it being essential to give customers the autonomy to contract products and services and get answers to their questions under a self-service scheme.

Therefore, in 2020, Caixa adopted a voice solution that enables it to understand customers' intentions, giving an immediate response without making it impossible to switch to an assistant with greater skills for the user's request, whenever this is required or business rules so establish. The voicebot of the Caixa Contact Center is a customer service solution based on artificial intelligence to automate banking operations, which focuses on improving the customer journey by using natural language recognition technologies (spoken or written) to infer the user's needs and thus provide the necessary answers.

The Voicebot of the Contact Center is also an inclusive solution because it allows interactions with all customers in natural language (with recognition of different pronunciations) and ensures that their requests are answered automatically, with a humanised voice and in a conversational context, which makes it convenient and accessible in any interaction.

Two years after its implementation, the results have exceeded expectations, with more than 4 million calls answered and 10 million conversations from 2.2 million customers. Also of note is a semantic accuracy of 9.2%, which makes this solution very reliable among users.

On the other hand, it also made it possible to increase productivity, optimise resources and reduce the travelling of assistants and customers, which significantly reduces the carbon footprint if we consider that this smart assistant has the ability to serve 2.8 million customers.

Saldo Positivo Portal

Saldo Positivo is Caixa's financial literacy portal, a pioneer in this speciality, which aims to make a positive contribution to increasing the financial literacy levels of Portuguese people. The portal meets the needs of multiple audiences, from families, youngsters, seniors and entrepreneurs. Its content covers current issues such as environmental awareness, the importance of digital technology, family budget management, laws and taxation, training, mobility, among other topics that have an impact on the population's day-to-day life.

Saldo Positivo fits into the 'Equity, Digital and Financial Inclusion' pillar of the 2021-2024 Sustainability Strategy and aims to contribute to building a future that promotes the financial and digital empowerment of customers.

Throughout 2022, Caixa redesigned the Saldo Positivo programme to ensure greater coverage of content with an impact on the youth segment, currently having a specific section entitled 'Os contos do Sebastião' (Tales by Sebastian) which, in a simple, fun-filled and adapted language, contributes to raising the awareness of this target to sustainability and financial literacy best practices.

Additionally, Saldo Positivo maintains its approach to the ESG topic in an eclectic manner, as a result of a network approach between the various cross-cutting topics that it encompasses.

Key indicators:

- Average monthly publication of 23 articles;
- Average monthly no. of visitors 452,920, which corresponds to a 28.5% growth compared to 2021;
- Facebook profile with 137,000 followers.

Caixa - Digital Literacy Programme

The Financial Literacy Working Group, of which Caixa is a member, is responsible for the development of initiatives geared to different target audiences, namely students, the general public and the senior population. APB, in collaboration with the associated banks, participates every year in a series of activities with different partners, most notably the Financial Training Week (PNFF) and the World Investor Week (CMVM/IOSCO). In this context, the Digital Literacy Programme on the topic 'All you need to know about online banking', which aims to contribute to the training of the senior population in the use of digital channels, stands out.

Free information sessions were organised and open to the general public, in 2022, essentially aimed at the older population who are not yet familiar with using online banking, either via computer or mobile phone. This programme consisted of 12 information sessions that ran until July 2022, on a monthly basis and promoted by representatives of APB member banks.

Banco Comercial e de Investimentos - Financial Literacy

Banco Comercial e de Investimentos developed several financial literacy initiatives in 2022, namely:

Global Money Week: As part of this initiative, Banco Comercial e de Investimentos held financial education talks, with question and answer sessions, at the Polana Secondary School, located in the city of Maputo, attended by around 40 Grade 12 students.

World Savings Day: Banco Comercial e de Investimentos, in collaboration with the German-Mozambican Cultural Centre, held a talk and debate on savings, financial planning and financial independence. The Savings Day events focus on young people of school age so that they can get familiar with these concepts and practices.

France Branch - Un Banquier dans ma Classe

In 2022 the France Branch continued its participation in the initiative '*Un Banquier dans ma Classe*'. This initiative, promoted by the French Banking Federation, is based on a simulator game that aims to make participating pupils aware of the notions of budget, means of payment, saving and security.

14,325 students participated in seven editions of this initiative.

CYBERSECURITY AND DATA PROTECTION

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. In addition, the Privacy and Personal Data Protection Policy also aims to foster a corporate culture of compliance on data protection within the CGD Group, while contributing towards achieving cross-cutting enhancement of the commitment from members of the governing bodies and all employees to personal data protection.

In terms of governance, particular reference should be made to the Delegated Data Governance and Information Security Delegated Board (CDGS), a deliberative body of the Executive Committee that oversees activities carried out in the field of Data Governance and Quality and assesses and coordinates information security initiatives in Caixa and the CGD Group. The CDGS meets on a monthly basis and is composed of the directors responsible for the DSI and the DGR, by the elements with cross-cutting data management functions, Chief Information Security Officer and Chief Data Officer, by the top managers of the main divisions that supply or use data and by elements with cross-cutting management, organisation and control functions.

It is also important to highlight the Business Continuity, Operational Risk and Internal Control Delegated Board (CDCRC) as the deliberative body of the Executive Committee responsible for coordinating, assessing and discussing matters related to the management of operational risk and internal control deficiencies at Group level, as well as matters pertaining to the monitoring and management of data protection and the monitoring of reputational risk. This Delegated Board meets ordinarily on a monthly basis, but extraordinary meetings may be called as instructed by the Chief Risk Officer, who chairs this board, or, in cases of personal data breaches, by the data protection emergency team.

This chapter presents a set of projects and initiatives aimed at enhancing the positive impacts and minimising the negative impacts associated with this material topic. Caixa also measures and monitors various performance indicators in this chapter and/or in Annex B - GRI index, thereby enabling the effectiveness of the measures implemented to be assessed.

IT Strategic Plan

Caixa's IT Strategic Plan is based on the transformation of six basic pillars of the information systems with a view to: increasing the capacity and delivery of priority functionalities, reducing operational risk and optimising costs.

1) **Application**: Modernise the application platform serving Caixa's customers and business processes to ensure greater efficiency and speed in meeting the needs of customers and the Bank.

2) **Infrastructure**: Renew and enhance the infrastructure, boosting the use of the cloud, thus creating greater resilience and recovery capacity.

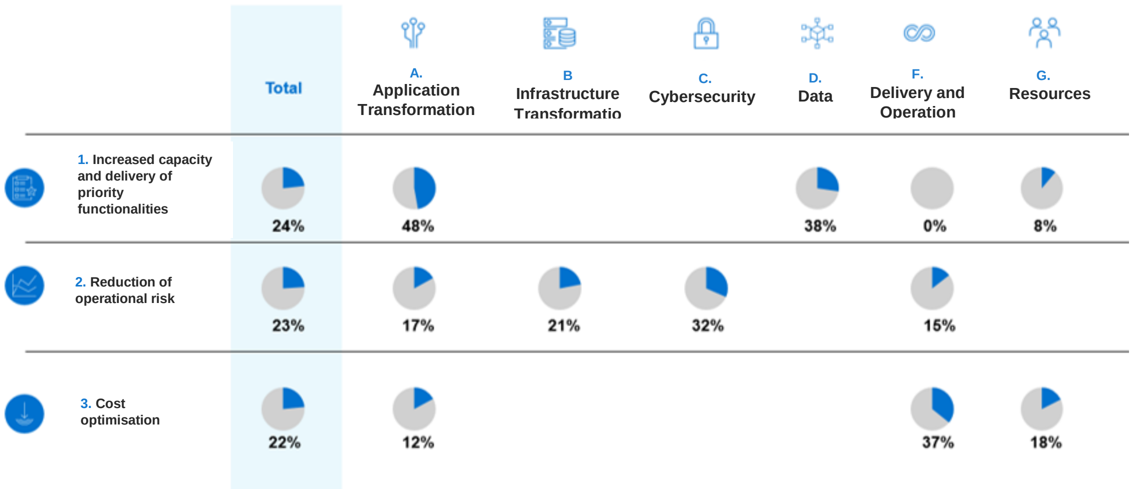
3) **Cybersecurity**: Protecting critical systems and sensitive information against cyber-attacks.

4) **Data**: Ensuring the necessary information for reporting and decision-making.

5) **Delivery and Operation**: Increase the capacity to deliver solutions to the business, as well as optimise IT operations, through the review/adoption of new methodologies, processes and tools.

6) **Resources**: Create/increase internal IT skills in order to enhance, retain and valorise resources.

Strategic IT Pillars and Data & Analytics 2022-2024 - % implementation progress



As part of the implementation of the IT Strategic Plan, it is important to highlight the following programmes:

- **OMNICANAL Programme and MIRA Programme**: Implement the omnichannel concept, covering from self-service to the Branch platform, with integrated support from customer management (CRM) and targeted marketing (MARTEC) platforms, enabling simpler and more digital processes and an integrated customer experience;

- **CRÉDITO à HABITAÇÃO Programme**: Implement a collaborative digital experience on a single home credit platform for all stakeholders, with integrated functionalities for real-time monitoring and management of processes (simulation, eligibility, pricing, decision, client acceptance, evaluation, contracting) and functionalities for offer management, partners and service providers network management;

- **ENTERPRISE RESOURCE PLANNING (ERP):** Programme: This programme, which is still taking its first steps in analysing gaps between Caixa's processes and standard tools, aims to provide the bank with the ability to execute financial, logistical and resource management processes in an expeditious, simplified and unconstrained manner, discontinuing a set of obsolete applications and modules;

- **GOLDEN SOURCE Programme**: Initiatives to build an operating model for handling the bank's data and simultaneously build a data concentrator seen as golden source for the entire CGD group and regulatory bodies. This central data repository already contains around 75% of Caixa's data representation and aims to serve a large majority of new data requests in 2023;

- **RECUPERAR Programme**: Guaranteeing the resilience of services, in order to allow business continuity, at least for the most critical services, in case of failure/disaster in the IT infrastructure is the objective of this programme. In 2023 it will be a goal to execute a transition plan, investing in infrastructure that allows for an increase in the degree of coverage and efficiency of the information recovery process of distributed systems indicated as critical and, whenever possible, leveraging on a Cloud infrastructure;

- **MONITORIZAR 'Measuring and knowing the problems is the way to improve' Programme:** The aim of this programme is to establish a proactive and thorough monitoring of the main critical services for Caixa's customers and business across technological layers. In 2022 it was possible to set up the tool and place under monitoring about 15 critical services, with alarm generation already available for operation performance.

Caixa - Virtualisation of servers and workstation

Virtualisation is nowadays the technology with the greatest impact on companies' information technology infrastructure. This allows a large number of virtual servers to be created from a reduced set of physical machines that are shared. This way, it is possible to reduce space consumption and, consequently, energy consumption.

Virtualisation also makes it possible to reduce the environmental impact of server decommissioning. Caixa currently has around 3,100 virtualised servers supported on 140 physical hosts.

Caixa - Main internal DSI initiatives

The Information Systems Division (DSI) has designed a comprehensive communication plan for internal employees, CGD Group employees in general and even partners and suppliers. This communication has been translated into various events, publications or other types of initiatives.

It is important to highlight DSI's annual event, which took place in March and was attended by all the internal employees who perform their duties there, as well as by other IT areas of the CGD Group (Timor, Angola, Mozambique, Macao, Cape Verde, France). The SummerBIT was held in July, an event where the status of the main pillars of the Strategic Plan is reviewed, focusing especially on the projects with the greatest impact.

Caixa - IT equipment donation

Caixa has been donating IT equipment, namely desktop computers and laptops to various education institutions and establishments. This donation programme has supported primary, secondary and university students from various parts of the country who would otherwise not have the financial means to acquire these digital resources and tools.

In 2022, Caixa donated 300 pieces of IT equipment.

Data protection

As part of the European Digital Agenda, which aims to enshrine the Digital Single Market in the European Union, personal data protection shall be assumed, 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 December 2022, the OS COR 11/2018 - Personal Data Protection Policy was updated, with a view to ensuring compliance with Law no. 58/2019 which ensures the implementation, in the national legal system, of the RGPD. This update also aims to accommodate the regulatory evolution that has occurred and the guidelines and opinions of the national supervisory authority on personal data protection, with the updated version being transposed to the group's entities. CGD Group entities are completing the process of transposing this corporate standard into their respective internal regulations, thereby contributing to the maturity of the CGD Group's organisational culture of compliance with data protection and strengthening the trust of its customers and stakeholders;

- **Update of the Data Protection Governance Model**: Corporate OS 4/2019, concerning the Data Protection Governance Model for the CGD Group, aims to operationalise the Personal Data Protection Policy and the Privacy and Personal Data Protection Policy by outlining the internal governance model and assigning responsibilities and high-level guidelines on that matter to the identified stakeholders, enshrining institutional monitoring and reporting methods on data protection, as well as the regular and urgent decision-making bodies on this matter. CGD Group entities are completing the process of transposing this corporate standard into their internal regulations.

- **Process of implementing a technological tool to support data protection management:** In 2022, work continued on the process of implementing a technological tool to support data protection management, with a corporate scope. This tool is composed of the several modules, in particular: Data mapping; automation of data protection assessments; response to exercise of data subject rights; consents; cookies compliance; vendor management; data breach incident management. Considering the technical complexity, the volume of corporate information to be processed under this project and the different legislation applicable in the geographic locations where Caixa operates, the full implementation in Caixa will be completed by the end of May 2023. At Caixa, some modules are already in production, namely the one concerning cookies compliance (since March 2022). In some of the entities, such as the France and Timor Branches, the modules are already being produced.

Caixa - International Data Protection Day

To celebrate International Data Protection Day, which is celebrated on 28 January each year, the intranet (SomosCaixa) disseminated a piece of news referring to the occasion and reiterating the importance of compliance with data processing principles and the responsibility of each and every employee for compliance in this matter. The competitive added value that compliance with its data protection activity represents for Caixa was also emphasised, as being a catalyst for the banking business and intervention in the country's economy, and the corporate aspect of the data protection strategy was highlighted.

Banco Caixa Geral Angola - Training on data protection issues

Banco Caixa Geral Angola provided specific training on data protection, delivered in an e-learning format, covering the main concepts in this area, such as: the importance of personal data; knowing the personal data categories; what to do in case of a failure or breach related to personal data; among other relevant concepts. The training covers all of the Bank's employees, 330 of which were trained by 31 December 2022.

This training is still ongoing.

4.11. 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 and society.

ESG GOVERNANCE PRACTICES AND ETHICAL CONDUCT IN BUSINESS

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 Code of Conduct, the Internal Governance Policy, 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 service order for Delegated 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.

This chapter presents a set of projects and initiatives aimed at enhancing the positive impacts and minimising the negative impacts associated with this material topic. Caixa also measures and monitors various performance indicators in this chapter and/or in Annex B - GRI index, thereby enabling the effectiveness of the measures implemented to be assessed.

Sustainability Management Model

The sustainability management model 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.

This process includes the Sustainability Committee (CSU), chaired by the Chief Executive Officer, which as of 2022 will also include in its composition 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 projects and the respective continuous monitoring by the administration. During 2022 the CSU held four meetings.

Banco Nacional Ultramarino (Macau) - Governance Model

Furthering and developing the Sustainability Strategy, BNU outlined an organisational structure and governance model to coordinate the ESG strategy, ensuring the alignment of the value proposition, business processes and practices and support operations, integrating sustainability principles into the Bank's decision-making processes.

Caixa - E-procurement platform

The implementation of the e-procurement platform significantly changed the relationship between Caixa and its suppliers. All iterations, from registration, qualification and subsequent sourcing and contracting, are now carried out exclusively through this platform.

At an initial stage, the CSP invited current suppliers to register as potential Caixa suppliers and then go through a qualification process. This way, the Supplier Qualification Model was implemented with the inclusion of ESG criteria, which contributes to more efficient governance of ESG risks in the supply chain.

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 board of directors 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 board of directors 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 - Independence of non-executive directors

In 2022 Caixa had 75% independent non-executive directors.

The following non-executive directors are considered independent: António Alberto Henriques Assis, Monique Eugénie Hemerijck, Hans-Helmut Kotz, Arlindo Manuel Limede de Oliveira, Maria del Carmen Gil Marín, Maria João Martins Ferreira Major and Luis Filipe Nunes Coimbra Nazaret.

Combating corruption and attempted bribery

As part of its internal control system, Caixa has implemented permanent measures to prevent and repress the crime of corruption and related offences, which are reflected in various internal procedures and regulations, including the Code of Conduct, the Policy on the Prevention of Corruption and Related Offences, the Global Policy on the Prevention and Management of Conflicts of Interest or the System for Internal Reporting of Irregular Practices. In addition to the instruments above, Caixa's internal control system also has specific mechanisms for the prevention and repression of offences that may be related to acts of corruption, such as money laundering, market abuse and breach of secrecy.

As set out in the Policy for the Prevention of Corruption and Related Offences, and in accordance with the Plan for the Prevention of Corruption and Related Offences, each structural body proceeds to identify the corruption risks associated with them, and to indicate the measures adopted to mitigate its occurrence. This Policy also contains information on how it is updated and monitored and identifies the people responsible for managing the plan. All Caixa structural bodies, as part of their area of intervention and with a view to continuous improvement, are responsible for adopting the initiatives necessary for its implementation.

The Policy for the Prevention of Corruption and Related Offences was revised in 2022, having identified new areas potentially more exposed to the phenomenon of corruption and related offences.

The revision of the Policy resulted from the new Plan for the Prevention of Corruption and Related Offences, which was prepared and published on Caixa's institutional website in 2022 and in which new areas potentially more exposed to the phenomenon of corruption and related offences were identified, with a decrease in the risk attributed to the areas carried over from the previous Plan.

It also includes measures to be implemented and action plans to mitigate Caixa's risk regarding this phenomenon. The implementation of these measures and actions will be monitored through the Plan Implementation Report, which in 2023 will become biannual.

A mandatory e-learning course on the Prevention of Corruption and Related Offences was also made available to all Caixa employees, also in 2022.

Caixa - Management of risks of corruption and related infractions

At Caixa, the Policy for the Prevention of Corruption and Related Offences establishes as key principle the rejection of all forms of corruption and zero tolerance for any evidences or signs of the phenomenon. As such, the risks of corruption and related offences will be associated with all events that may jeopardise the objective of complying with this principle and acting in accordance with that Policy.

Risks are managed through the implementation of the plan for the prevention of corruption, which is updated incorporating the guidelines and recommendations issued by the relevant bodies and supervisory entities, as well as the new duties arising from the applicable legislation and regulations.

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 whistleblower, when known.

Communications relating to the following topics may be carried out through the SCIPI:

a) Potential or actual breaches of Caixa's obligations under its financial intermediation activities, in particular those set out in Regulation (EU) no. 600/2014 of the European Parliament and of the Council;

b) Offences or irregularities already committed, being committed or which, in the light of the available information, may be expected to be committed, concerning the following matters:

   i. Financial instruments, public offers of securities, organised forms of trading of financial instruments, settlement and clearing systems, central counterparty, financial intermediation, credit securitisation companies, venture capital companies, venture capital funds or entities legally authorised to manage venture capital funds, insurance contracts linked to investment funds, individual membership contracts of open pension funds, risk rating and the regime of information and publicity concerning any of these matters;

   ii. Entities operating regulated markets, multilateral or organised trading facilities, settlement systems, clearing houses, centralised securities systems, initial registration or administration of centralised registration systems, central counterparties or holding companies to these entities and providers of data communication services;

   iii. The market abuse scheme.

c) Complaints related to the quote submission process that may compromise the integrity of the Euribor benchmark;

d) Serious irregularities concerning CGD's administration, accounting organisation and internal supervision;

e) Serious evidence of breaches of duties provided for in the General Framework for Credit Institutions and Financial Companies (RGICSF), namely regarding rules of conduct, customer relations, professional secrecy, own funds, reserves, corporate governance, internal capital, risks and duties of disclosure and information;

f) Serious evidence of breaches of duties provided for in Regulation (EU) no. 575/2013 of the European Parliament and of the Council, in particular regarding own funds, risks, liquidity, leverage and disclosure of information;

g) Violations of Law no. 83/2017, of 18 August, establishing measures to combat money laundering and terrorist financing;

h) Violations of the regulations implementing Law no. 83/2017, mentioned in the previous paragraph;

i) Violations of internally outlined policies, procedures and controls regarding the prevention of money laundering and the financing of terrorism, namely the Service Orders on Prevention of Money Laundering and Combating the Financing of Terrorism, Prevention of Market Abuse, Prevention of Money Laundering - Entity Filtering System and Correspondent Banking.

In addition to the matters listed in the preceding paragraphs, anonymous reports made through the SCIPI on irregularities or violations of legal provisions or regulations produced by the supervisors with regard to the exercise of the banking activity or practice must also be admitted.

Prevention of money laundering and terrorist financing phenomena

Caixa is committed to best practices in the Prevention of Money Laundering and Combating Terrorism Financing (PML/CTF) and, in order to comply with current laws and regulations and the recommendations of the relevant international entities on this matter, it has developed and implemented a set of policies, procedures and control systems to assess and mitigate the possible risks inherent to its customers and the business relationships it established with them.

To this end, Caixa, through the Anti-Financial Crime Area of the Compliance Division, has several IT tools to monitor banking activity as part of PML/CTF, particularly apps dedicated to monitoring accounts and customers [performed continuously, systematically and in accordance with the indicators established on the basis of a Risk-Based Approach (RBA)], the classification of customers' risk profile and the filtering of sanctioned customers and politically exposed individuals.

In 2022, Caixa implemented a new research and business support application and changed its operating model to a digital process for the analysis of customer transactions under Law no. 83/2017, a strategic decision which enabled it to increase the operational effectiveness and efficiency levels, in addition to achieving a highly significant reduction in paper consumption and, consequently, optimising energy consumption, thereby increasing the sustainability levels in the PML/CTF activity.

Considering that all employees are required to know and comply with the legal and regulatory rules directly applicable to them in the performance of their duties, as well as of all internal rules and procedures established for the normal development of their activity, training videos were made available on the subject 'New legal PML/CFT obligations - Compliance Risk Opinions' and 'New legal PML/CFT obligations - International Sanctions.

BNU Timor – Anti-Money Laundering Training

The Office of the Prime Minister of East Timor, in collaboration with BNU Timor, conducted a training on anti-money laundering, which was held on 23 February 2022 and was delivered by the Compliance Officer of BNU Timor. The trainees that attended the session included officers from the National Intelligence Service (SNI), Customs Authority, East Timor Central Bank, Criminal Investigation Scientific Police (PCIC), National Criminal Investigation Scientific Police (PNCIC) and the Integrated Crisis Management Centre (CIGC).

Banco Caixa Geral Angola - PML/TF

In 2022 Banco Caixa Geral Angola developed training with the objective of enabling participants to identify potential suspicious situations and recognise the importance of adopting PML/TF measures, as well as remembering the obligations as a bank employee and knowing the objectives and applications of the Foreign Account Tax Compliance Act (FATCA) scheme.

The training is provided in the e-learning format and covers all employees of Banco Caixa Geral Angola. 325 employees were trained up to 31 December 2022, and the training is still active.

Control mechanisms and procedures for the prevention and management of external fraud

The main goal of Caixa's External Fraud Prevention and Management action is to prevent and manage fraud incidents, in order to reduce Caixa's exposure to risk situations by adopting suitable containment/mitigation measures for the fraud incidents that occur.

In 2022, several fraud situations reported through internal channels and external entities were analysed, assessing the need to implement additional prevention measures as well as the existence of possible systemic effects and patterns of action in articulation with Caixa's structural bodies and/or relevant external entities for the identification of new patterns of behaviour, possible contamination of occurrences and new procedures to be adopted.

Caixa developed and implemented control mechanisms and procedures to mitigate the risk of (external) fraud, which translates into potential losses resulting from activities with fraudulent intent in its relations with customers and third parties, in direct coordination with the other units that make up the Anti-Financial Crime Area, with a view to preventing and combating different types of crime, especially money laundering and the financing of terrorism.

In the period in question, news, alerts or recommendations were also published with a view to monitoring trends and new fraud typologies, with the primary goal of containing incidents and preventing future situations.

Monitoring and control of compliance risk in CGD Group's international structures

At Group Entities, the compliance function is independently ensured by local compliance structures, headed by Compliance Officers, who, in close cooperation with the Compliance Division, coordinate the management of compliance risk in the respective Caixa entities, reporting functionally to CGD'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 CGD Group's international structures, an Entity Compliance Monitoring and Reporting Model was established, comprising the activities performed by the Compliance Division for the effective monitoring of the Entities, as well as the obligations of the Entities to the Compliance Division, particularly with regard to compliance with the reporting duties on the various compliance topics that must be accompanied and monitored by the parent company, ensuring the reliability and timeliness of the information reported.

The main objectives of the Entity Compliance Monitoring and Reporting Model are to ensure the effective supervision of the group's 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.

To achieve those objectives, we highlight the permanent monitoring and risk assessment activities, the resolution of deficiencies with a compliance risk and the management of policy changes.

The Compliance Division outlined a model that allows assessing a set of legal and regulatory requirements and best practices applicable to compliance at an international level, regularly visiting the CGD Group entities in order to assess the degree of compliance risk management. These requirements are organised by major topics, and, within each topic, specific issues are identified, thus making it possible to structure the diagnosis made by the Parent Company. As a result of the assessment carried out, each entity is given an overall mark of its degree of compliance, which will allow for conclusions to be drawn on the Group's risk profile, as well as for the identification of possible weaknesses and opportunities for improvement that will strengthen the organisational culture and the risk management, governance and internal control systems with regard to compliance risk.

The Compliance Division records the compliance risk weaknesses of the entities identified by the authorities and supervisory bodies, the internal and external audits and the on-site compliance visits made to the entities. Each weakness is assigned a level of risk, a deadline for implementation of the action plan associated with it, as well as the person responsible for implementing the action plan, with a view to its regular follow-up and timely resolution, in accordance with the Corporate Policy for the Management of Internal Control Deficiencies applicable to the entire Group.

As part of the corporate competencies of the Compliance Division, it is responsible for disseminating the ethical culture and the CGD Group's operating principles, as well as for disseminating the best operating practices for the compliance function and fostering the sharing of experiences and communication between the various Group entities, as well as helping Caixa entities to adopt internal corporate standards and monitor their transposition. In order to achieve that objective, it is necessary to define the corporate regulations regarding the compliance function, as well as the entities that must transpose those regulations and the maximum deadline for transposition. Each entity is responsible for transposing the corporate regulations ensuring their adaptation to the legal and regulatory requirements of their jurisdiction. All corporate regulations for the compliance function must be approved by the Head of Compliance prior to their approval and subsequent publication, thus contributing to the implementation of a coherent compliance function pursuant to the internal rules and procedures outlined for the entire Group.

Caixa - Training on Compliance Risk Assessment

In 2022, Caixa provided the Compliance Officers of CGD Group entities with training on Compliance Risk Assessment - Methodology and operationalisation, compliance visits and compliance tests. Training was also provided on the preparation of reports aimed at responding to the obligations imposed by Notice no. 3/2020 of the Bank of Portugal.

Caixa - Assessment of suppliers and service providers

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.

Service providers are also assessed, and this assessment will be extended to all suppliers in the second half of 2022, in relation to various risks, including compliance risks. In this context, opinions are issued by the Compliance Division which cover matters of ethics and conduct.

4.12. Disclosure of sustainability information

Stakeholders (customers, employees, investors, suppliers, and tertiary 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.

Caixa considers it imperative to make regular, transparent disclosures on ESG performance in accordance with the best reporting and regulatory practices, supplemented by multi-sector partnerships that mobilise and share knowledge, enabling a global approach to sustainable development.

Caixa has therefore been developing a reporting approach based on the principle that each stakeholder has specific information needs and as such the content, format and channels of communication must be adapted to provide a transparent and efficient view of the institution's ESG performance.

Caixa's Sustainability Report is positioned as a highly relevant instrument for stakeholders requiring more complete and detailed information such as investors, regulators or supervisors. For this reason Caixa has been adopting the use of the main frameworks on sustainability issues, such as the Global Reporting Initiative or the Task Force on Climate-related Financial Disclosures.

The Sustainability Report is also relevant for the alignment with:

- The reporting requirements defined by the Technical Unit for Supervising and Monitoring the State's Business Sector (UTAM), namely the company's sustainability analysis in the economic, social and environmental areas;
- The response to the non-financial statement set out in Commercial Companies Code - Disclosure of non-financial information and diversity information by large companies and groups;
- CMVM's voluntary recommendations for disclosure of non-financial information by companies issuing securities admitted to trading on a regulated market;
- Global commitments and initiatives on sustainability issues, such as the 10 Principles of the United Nations Global Compact and the Sustainable Development Goals.

Considering the needs of other stakeholders who prefer more visual and summarised information, Caixa also began to publish an annual Sustainability Brochure, which highlights the main projects and initiatives disclosed in the annual Sustainability Report.

Caixa - Position paper

Caixa has also been publishing specific documentation on priority topics for sustainable development, namely climate action.

In this context, we highlight the publication of the Position Paper - Climate Action. This document, of a more technical nature, shares a set of very relevant information for various stakeholder groups, such as the results of Caixa's first calculation process regarding the scope 3 - category 15 greenhouse gas emissions. For a financial institution, category 15 emissions (investments) most often represent the most significant component of their GHG emissions inventory.

This document was shared directly with 789 investors from 474 companies.

SUSTAINABILITY PERFORMANCE EVALUATION 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.

The sustainability ratings are highly important to 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.

Sustainability ratings and indexes

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 achieved a Medium Risk rating (20.2) in 2022. This result places Caixa in the top 22% of banks assessed, namely in the 220th position out of a world universe of 992 companies (data as at 14/12/2022).

This rating demonstrates Caixa's solidity in both ESG risk dimensions and respective associated criteria, particularly in terms of the results obtained in Corporate Governance (negligible risk), ESG Integration - Financials (low risk) and Human Capital (low risk).

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.

This assessment is an important tool to identify and assess climate risks and opportunities associated with its activity. Performance levels are divided into Disclosure (D- and D), Awareness (C- and C), Management (B- and B) and Leadership (A- and A).

Caixa achieved a Management (B) rating in the Climate Change 2022 questionnaire, this result being higher than the financial sector average (B-). It is important to underline that of the 12 categories assessed CGD scored above average in 11 of them.

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).

Caixa - CDP Forests score report 2022

Complementarily to CDP's Climate Change questionnaire, Caixa participated for the first time in the CDP Forest, a questionnaire on forestry risk management and practices.

Caixa achieved a (B) rating, which is higher than the average of the financial sector (C) and the overall average (C). Caixa scored above average in the six components assessed in the questionnaire, namely: risks & opportunities; risk management processes; portfolio impact; governance; engagement and business strategy & financial planning.

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 through internal interdepartmental action, whose main developments are monitored by the Sustainability Committee.

Sustainable Taxonomy

With increased exposure to acute (e.g. heat waves/wind) and chronic (e.g. rise in mean sea level) physical climate risks, the European Commission has developed a regulatory response that aims to incorporate environmental, social and governance (ESG) into investment decision-making, with the aim of boosting sustainable finance in financial markets.

The European Union Taxonomy, hereinafter referred to as 'Taxonomy Regulation' or 'Taxonomy', aims to establish a mechanism to identify environmentally sustainable economic activities together with Directive 2014/95/EU of the European Parliament and of the Council (i.e., Non-Financial Reporting Directive - NFRD). In this regard, article 8 of the Taxonomy Regulation obliges organisations covered by the NFRD to disclose how and to what extent their economic activities are eligible and aligned with the Taxonomy. These two concepts introduced by the Taxonomy are established as follows:

- An economic activity is eligible if it contributes substantially to at least one of the six environmental goals underlying the Taxonomy, irrespective of whether the activity meets the technical criteria set out in the delegated acts;

- An economic activity is considered to be aligned with the taxonomy when is confirmed 1) the significant contribution of this eligible economic activity to at least one of the environmental goals, based on the technical criteria specified through the delegated acts. 2) compliance with the Do No Significant Harm (DNSH) principle; and 3) compliance with minimum safeguards.

Article 10(3) of Delegated Regulation (EU) 2021/2178 of the Commission, which applies from 1 January 2022 to financial institutions, aims to identify the economic activities eligible for the environmental goals set out in article 9(a)(b) of Regulation (EU) 2020/852 of the European Parliament (i.e. climate change mitigation and climate change adaptation). As such, the information available in this report is intended to meet the disclosure requirements imposed by that article.

Whereas the regulation for disclosure of information does not establish any pre-set template structure, Caixa has outlined a content and reporting structure which can be analysed in the following section.

Eligibility Analysis

The analysis of the assets portfolio considers the consolidated assets of the CGD Group. Therefore, the assets covered by the Key Performance Indicator (KPI) include all assets that they consolidate in the Group, with the exception of assets that are excluded from the calculation of the indicator, these being exposures to central banks, supranational issuers and central governments, as described in article 7(1) of Delegated Regulation (EU) 2021/2139 of the Commission. In the table below, it is possible to see the proportion of assets considered in the eligibility calculation (assets covered by the indicator).

The information sources used for this analysis were the consolidated FINREP with a reference date of December 2022, the list of products associated with consumer credit from Caixa's 'green' financing lines and the list of NFRD entities.

Proportion of CGD Group's total hedged and unhedged assets

Assets	Book value (M€)	Proportion
Total assets covered by the indicator	60,155	58.78%
Exposures to central banks, supranational issuers and central governments	42,190	41.22%
Total CGD Group assets	102,345	100%

The table below shows the composition of the covered assets at Group level. The table is distributed over the asset breakdowns required for Green Asset Ratio reporting by both the Taxonomy and Pillar 3 prudential disclosures:

Total proportion in monetary units and percentage value of the hedged assets portfolio

Assets	Book value (M€)	Proportion	Of which, for sectors eligible under Taxonomy (M€)	% of eligible assets 2022	% of eligible assets 2021[14]
Assets covered in both numerator and denominator	**36,715**	**61.03%**	**28.768**	**46.16%**	**50,17%**
- Financial institutions	4,590	7.63%	-	-	-
- Credit institutions	3,647		-	-	-
- Other financial institutions	943		-	-	-
- Non-financial institutions required to disclose NFRD	1,501	2.50%	0	0.72%	0.36%
- Households	30,623	50.91%	-	-	49.81%
- Mortgages	27,768		27,768	46.16%	-
- Credit for consumption + other	2,856		0.577	0.00%	-
Assets excluded from the numerator for the purposes of calculating the key performance indicator	**23,440**	**38.97%**	-	-	-
- Non-financial institutions not required to report NFRD	18,078	30.05%	-	-	-
- Derivatives	52	0.09%	-		-
- Exposure to interbank loans	574	0.95%	-	-	-
- Cash and cash equivalents and demand deposits	652	1.08%	-	-	-
- Other assets (e.g. goodwill, other tangible assets, etc.)	4,084	6.79%	-	-	-
Total assets covered, i.e. covered by the indicator	**60,155**	**100.00%**	**-**	-	-

In accordance with Article 7(2)(3), (EU) 2021/2139 exposures related to derivatives and counterparties not subject to non-financial reporting are excluded from the numerator by (EU) 2013/34.

Additionally, and according to the October 2022 clarifications (2022/C 385/01)[15], positions of 'Cash and cash equivalents and demand deposits' and 'Other assets' are not considered in the numerator, since it is not feasible to assess their eligibility as it is not clear to which economic activity these assets are allocated.

[14] For the reporting of the 2021 taxonomy, the FINREP with reference year December 2020 was used, considering that at the date of the exercise for the previous year, the FINREP with reference year December 2021 had not yet been concluded.
[15] Communication from the Commission on the interpretation of certain legal provisions of the Delegated Disclosure Act under Article 8 of the EU Taxonomy Regulation on the reporting of eligible economic activities and goods.

To identify the positions eligible for EU Taxonomy, the total value was considered for mortgages, the amounts regarding environmental financing lines in consumer credit and positions whose counterparts are subject to NFRD - companies listed in European regulated markets, credit institutions, insurance companies, with more than 500 employees - associated with the eligible NACE's established in the regulation.

It should be noted that eligibility for the EU Taxonomy indicates whether investments are linked to activities that can substantially contribute to climate change mitigation or adaptation, but not to what extent they do so.

In addition to calculating the indicators as at December 2022, the CGD Group performed the exercise of evaluating these indicators (in relation to December 2021), having obtained the figures shown below:

Eligibility Indicators 2021 and 2022

Indicators	% of total assets - 2022	% of total assets - 2021
Proportion of Taxonomy-eligible economic activities over total assets[16];	46.16%	50.17%
Proportion over total assets of exposures to central banks, supranational issuers and central governments	41.22%	34.07%
Proportion over total assets of exposure to derivatives;	0.05%	0.01%
Proportion over total assets of exposures to companies that are not required to publish non-financial information;	17.66%	18.18%
Proportion on total assets of trading portfolio exposures;	1.05%	4.48%
Proportion over total assets of interbank lending exposures;	0.56%	0.76%

The table shows the evolution of the Eligibility indicators between 2022 and 2021, where there is a decrease in the proportion of eligible economic activities to the Taxonomy over the total assets, compared to the previous year. However it is important to highlight some aspects:

- There was an adjustment in the way of calculation regarding the year 2021, where the totality of assets was considered to calculate the proportion of eligible assets. In 2022, only covered assets were considered.
- In the analysis of Taxonomy 2022, the values relative to financing lines of environmental scope in consumer credits were considered;
- The total value of assets increased from 2021 to 2022, from 91,284 M€ to 102,345 M€, with the covered amount increasing from 56,099 M€ to 60,155 M€, respectively, which leads to a decrease in the proportions, however, the eligible amount increased from 28,143 M€ to 28,202 M€;
- The eligible amount of non-financial companies subject to NFRD disclosure increased in 2022 from 201 M€ to 434 M€ compared to the previous year.

Disclosure of sustainability-related information in the financial services sector.

Regulation (EU) 2019/2088, of 27 November 2019, on the disclosure of sustainability-related information in the financial services sector sets out certain harmonised transparency rules applicable to financial market participants and financial advisors, with the aim of achieving greater transparency on how financial market participants take into account sustainability risks in their investment decisions or investment advisory activities.

The 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.

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

[16] Covered assets are considered to be all assets included in the calculation of the numerator and denominator of the KPI.

correspond to the terms of articles 6 and 8 of the aforementioned regulation, as explained in the pre-contractual information for each product. Furthermore, the Socially Responsible Investment Policy also extends, under the same terms, to the discretionary management and investment advisory services provided by Caixa Gestão de Ativos.

Accordingly, with reference to December 2022, Caixa Gestão de Ativos, notwithstanding the fact that it incorporates ESG criteria in the entirety of its assets, we highlight the total amount of EUR 5.9 billion in open-ended securities investment funds and pension funds under management that promote social and/or environmental features and comply with all the assumptions in the SRI Policy, of the Caixa Geral de Depósitos Group management companies - Caixa Gestão de Ativos, SGOIC, SA and CGD Pensões, SGFP, SA - (article 8 in light of European Regulation 2019/2088). This amount comprises EUR 5.2 billion in securities investment funds, EUR 191 million in Open Pension Funds and EUR 537 million in UCITS Retirement Pension Funds.

Annex A - Sustainability Indicators

2-7 - EMPLOYEES

	Open-ended contract			Fixed-term contract			Temporary			Full-time			Part-time			Total
	M	F	Total	M	F	Total	M	F	Total	M	F	Total	M	F	Total	
Caixa	2,124	3,625	**5,749**	30	58	**88**	0	0	**0**	2,154	3,679	**5,833**	0	4	**4**	**5,837**
BCA	130	214	**344**	27	48	**75**	0	0	**0**	156	252	**418**	1	0	**1**	**419**
BI	43	79	**122**	11	25	**36**	0	0	**0**	54	104	**158**	0	0	**0**	**158**
BCGA	209	247	**456**	27	32	**59**	0	0	**0**	236	279	**515**	0	0	**0**	**515**
BCI	1,222	1,471	**2,693**	11	5	**16**	0	0	**0**	1,239	1477	**2,716**	0	0	**0**	**2,716**
BNU	168	271	**439**	27	39	**66**	6	16	**22**	187	308	**495**	14	18	**32**	**527**
Timor Branch	72	66	**138**	0	0	**0**	0	0	**0**	72	66	**138**	0	0	**0**	**138**
France Branch	210	300	**510**	19	21	**40**	0	0	**0**	228	294	**522**	1	27	**28**	**550**

	Region	Open-ended contract	Fixed-term contract	Temporary	Full-time	Part-time	Total
Caixa	**Portugal**	5,749	88	0	5,833	4	**5,837**
	Other	0	0	0	0	0	
BCA	**Cape Verde**	344	75	0	418	1	**419**
	Other	0	0	0	0	0	
BI	**Cape Verde**	122	36	0	158	0	**158**
	Other	0	0	0	0	0	
BCGA	**Angola**	456	59	0	515	0	**515**
	Other	0	0	0	0	0	
BCI	**Mozambique**	2,693	16	0	2,716	0	**2,716**
	Other	0	0	0	0	0	
BNU	**Macau**	427	64	22	481	32	**527**
	Other	12	2	0	14	0	
Timor Branch	**Timor**	131	0	0	131	0	**138**
	Other	7	0	0	7	0	
France Branch	**France**	510	40	0	522	28	**550**
	Other	0	0	0	0	0	

401-1- HIRING AND DEPARTURE BY GENDER AND AGE GROUP (percentage and number)

		< age 30		ages 30 - 50		> age 50		TOTAL	
Bank	**Rate of:**	M	F	M	F	M	F	M	F
Caixa	new hirings	41%	40%	2%	1%	1%	1%	3%	2%
	turnover	36%	19%	4%	2%	17%	10%	11%	5%
BCA	new hirings	31%	32%	4%	2%	3%	2%	6%	5%
	turnover	0%	0%	3%	4%	9%	30%	4%	8%
BI	new hirings	40%	11%	2%	9%	0%	0%	6%	9%
	turnover	0%	0%	9%	11%	50%	0%	9%	8%
BCGA	new hirings	26%	18%	9%	3%	0%	0%	10%	5%
	turnover	21%	5%	10%	5%	36%	30%	12%	7%
BCI	new hirings	24%	25%	2%	2%	3%	0%	4%	4%
	turnover	7%	3%	5%	3%	10%	15%	5%	3%
BNU Macau	new hirings	29%	25%	3%	2%	0%	2%	7%	7%
	turnover	12%	6%	6%	3%	8%	14%	7%	6%
Timor Branch	new hirings	0%	0%	0%	0%	0%	17%	0%	2%
	turnover	0%	0%	6%	2%	0%	0%	4%	2%
France Branch	new hirings	70%	79%	14%	5%	2%	0%	21%	17%
	turnover	41%	66%	12%	4%	15%	11%	19%	18%

		< age 30		ages 30 - 50		> age 50		TOTAL	
Bank	**Number of:**	M	F	M	F	M	F	M	F
Caixa	new hirings	33	57	28	19	8	6	69	82
	turnover	29	27	46	56	156	117	231	200
BCA	new hirings	5	7	4	4	1	1	10	12
	turnover	0	0	3	8	3	13	6	21
BI	new hirings	2	2	1	7	0	0	3	9
	turnover	0	0	4	8	1	0	5	8
BCGA	new hirings	5	7	18	7	0	0	23	14
	turnover	4	2	20	12	4	6	28	20
BCI	new hirings	32	40	18	20	2	0	52	60
	turnover	9	5	49	38	7	4	65	47
BNU Macau	new hirings	12	16	3	5	0	1	15	22
	turnover	5	4	6	6	4	8	15	18
Timor Branch	new hirings	0	0	0	0	0	1	0	1
	turnover	0	0	3	1	0	0	3	1
France Branch	new hirings	31	48	14	8	2	0	47	56
	turnover	18	40	12	7	13	11	43	58

Caixa Geral de Depósitos	405-1 Employees per professional category, gender and age group (%)						404-3 Employees who received Performance Evaluation (%)			404-1 Average Number of Hours of Training (h)	405-2 Average base salary	405-2 Average remuneration
	< age 30	ages 30 - 50	> age 50	Gender		Total	Gender		Total	Gender	RATIO F/M	
				M	F		M	F		M 74.0 / F 74.1		
Senior Managers	0%	44%	56%	52%	48%	11%	99%	98%	99%	101.8	93%	88%
Intermediate Managers	3%	67%	29%	38%	62%	56%	100%	99%	99%	77.2	95%	94%
Highly-qualified and qualified professionals	6%	53%	41%	30%	70%	33%	99%	98%	98%	79.0	97%	97%
Semi-qualified professionals	0%	25%	75%	88%	13%	0%	100%	100%	100%	63.3	82%	68%
Non-qualified professionals	-	-	-	-	-	-	-	-	-	16.1	-	-
TOTAL	**4%**	**60%**	**36%**	**37%**	**63%**	**100%**	**100%**	**98%**	**99%**	**74.1**	**91%**	**87%**

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		F/M RATIO	
				M	F		M	F		
							17.2	**17.0**		
Board of Directors	0%	60%	40%	60%	40%	1%	8.9		85%	85%
Administration	0%	62%	38%	69%	31%	3%	33.2		98%	136%
Leadership/Management	1%	84%	15%	36%	64%	22%	18.6		102%	102%
Technical	13%	76%	11%	33%	67%	48%	18.5		108%	106%
Multitasking	20%	70%	10%	32%	68%	12%	22.0		101%	95%
Administrative	0%	31%	69%	50%	50%	4%	4.7		85%	108%
Assistance	0%	50%	50%	55%	45%	9%	0.0		78%	72%
TOTAL	**9%**	**72%**	**19%**	**37%**	**63%**	**100%**	**17.1**		**101%**	**101%**

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	F/M RATIO	
				M	F		M 15.9 / F 15.5		
Board of Directors	0%	100%	0%	50%	50%	1%	0.0	100%	100%
Technician	6%	72%	22%	36%	64%	23%	34.4	102%	109%
Bank Clerk	18%	79%	3%	32%	68%	74%	10.5	99%	91%
General Service Assistant	0%	100%	0%	100%	0%	2%	0.0	-	-
TOTAL	15%	78%	8%	34%	66%	100%	15.6	98%	95%

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	F/M RATIO	
				M	F		M **32.7** / F **26.6**		
Board of Directors	0%	60%	40%	80%	20%	1%	12.2	93%	93%
Management	0%	78%	22%	59%	41%	8%	52.6	78%	90%
Coordination	1%	91%	8%	39%	61%	23%	30.3	97%	92%
Specialised	10%	87%	3%	51%	49%	38%	34.6	98%	98%
Operational	26%	72%	3%	37%	63%	28%	17.9	92%	93%
Support	0%	82%	18%	100%	0%	2%	-	-	-
TOTAL	**11%**	**83%**	**6%**	**46%**	**54%**	**100%**	**29.4**	**72%**	**77%**

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		F/M RATIO	
				M	F		M	F		
							36.7	41.1		
Board of Directors	0%	14%	86%	100%	0%	0%	12.1		-	-
Administration	1%	77%	22%	69%	31%	5%	36.8		83%	83%
Leadership/Management	2%	95%	3%	49%	51%	23%	26.6		97%	91%
Technical	9%	88%	3%	57%	43%	20%	25.9		109%	101%
Multitasking	3%	95%	2%	22%	78%	7%	23.7		106%	102%
Administrative	18%	81%	0%	38%	62%	44%	55.2		100%	100%
Assistance	0%	43%	57%	81%	19%	1%	16.2		82%	80%
TOTAL	**11%**	**86%**	**4%**	**46%**	**54%**	**100%**	**39.1**		**64%**	**67%**

Banco Nacional Ultramarino (Macao)	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		F/M RATIO	
				M	F		M	F		
							21.2	18.0		
Executive Committee	0%	0%	100%	100%	0%	1%	18.8		-	-
Administration	0%	52%	48%	48%	52%	6%	71.8		84%	83%
Management	2%	57%	41%	32%	68%	24%	21.6		91%	93%
Technical	31%	65%	4%	67%	33%	9%	24.9		87%	87%
Supervisor	15%	73%	13%	33%	67%	31%	16.7		111%	111%
Administrative	44%	48%	8%	37%	63%	28%	7.4		93%	93%
Assistance	0%	0%	100%	0%	100%	1%	1.3		-	-
TOTAL	**20%**	**59%**	**21%**	**38%**	**62%**	**100%**	**19.3**		**51%**	**51%**

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		F/M RATIO	
				M	F		M	F		
							59.2	**50.8**		
Board of Directors	0%	33%	67%	33%	67%	2%	25.9		27%	27%
Administration	17%	67%	17%	100%	0%	4%	34.4		-	-
Leadership/Management	0%	82%	18%	46%	54%	20%	92.6		95%	85%
Technical	18%	59%	23%	59%	41%	16%	58.3		99%	93%
Multitasking	-	-	-	-	-	0%	-		-	-
Administrative	4%	82%	14%	45%	55%	53%	47.1		76%	75%
Assistance	0%	33%	67%	100%	0%	4%	2.5		-	-
TOTAL	**6%**	**75%**	**20%**	**52%**	**48%**	**100%**	**55.2**		**54%**	**59%**

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		F/M RATIO	
				M	F		M	F		
							18.9	**20.4**		
Board of Directors	-	-	-	-	-	0%	-		-	-
Senior Managers	0%	29%	71%	57%	43%	1%	25.7		52%	57%
Intermediate Managers	0%	41%	59%	69%	31%	14%	20.4		84%	82%
Highly-qualified and qualified professionals	14%	67%	18%	38%	62%	43%	19.9		91%	101%
Semi-qualified professionals	33%	31%	36%	37%	63%	22%	24.9		81%	70%
Non-qualified professionals	29%	27%	44%	35%	65%	19%	13.0		97%	115%
TOTAL	**19%**	**47%**	**34%**	**42%**	**58%**	**100%**	**19.8**		**77%**	**83%**

302-1 - ENERGY CONSUMPTION BY SOURCE AND COUNTRY (in GJ)

	Caixa		BCA		BI		BCGA		BCI		BNU Macau		Timor Branch		France Branch	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Fuel for buildings (GJ)	**1,818**	**1,914**	**210**	**211**	**74**	**69**	**2,886**	**2,337**	**249**	**350**	**-**	**13**	**139**	**34**	**-**	**-**
Diesel (GJ)	162	137	210	211	74	69	2,886	2,337	249	350	-	13	139	34	-	-
Natural Gas (GJ)	1,657	1,777	-	-	-	-	-		-	-	-	-	-	-	-	-
Fuel for own fleet (GJ)	**19,180**	**22,111**	**1,937**	**1,804**	**376**	**370**	**1,684**	**2,145**	**6,649**	**10,224**	**321**	**309**	**418**	**511**	**479**	**462**
Gasoline (GJ)	329	2,155	1,159	1,158	56	60	1,152	1,470	548	895	321	309	-	3	228	293
Diesel (GJ)	18,851	17,329	778	646	320	310	531	675	6,101	9,329	-	-	418	509	251	170
LPG (GJ)	-	2,627	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity (GJ)	**161,813**	**160,913**	**7,189**	**5,813**	**1,758**	**1,543**	**9,823**	**7,210**	**81,255**	**78,532**	**10,308**	**9,411**	**2,637**	**2,198**	**7,992**	**5,813**
Direct primary energy generated (GJ)	**5,003**	**3,900**														
Solar Thermal Power Plant Caixa's Head Offices (GJ)	3,641	3,357														
Photovoltaic electricity, commercial grid (GJ)	1,362	544								-						
Direct primary energy sold (GJ)	**1,362**	**544**														
Photovoltaic electricity, commercial grid (GJ)	1,362	544														
Total Energy Consumption (GJ)	**186,453**	**188,294**	**9,336**	**7,828**	**2,208**	**1,982**	**14,393**	**11,691**	**88,153**	**89,105**	**10,629**	**9,733**	**3,194**	**2,743**	**8,471**	**6,276**

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	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Aeroplane (km)	1,605,181	3,054,045	192,129	69,291	157,197	459,441	ND	488,033	325,276	1,087,216	0	25,928	287,989	545,338	168,573	225,365
Train (km)	56,067	189,666	-	-	-	-	-	-	-	-	-	-	-	-	24,978	32,201
Boat (km)	-	56	271	480	-	-	-	-	-	-	-	-	510	-	-	-
Private transportation (km)	316,685	647,841	-	-	-	-	-	57,159	-	-	-	-	-	76	277,571	103,937

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	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Water (m^3)																
Third-party water suppliers	147,501	157,038	5,436	4,354	679	658	13.529	21,470	4,888	10,038	9,514	8,642	ND	ND	3,270	822
Surface Water	-	-	-	-	-	-	-	-	61,658	58,397	-	-	-	-	-	-
Groundwater	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Materials (ton.)																
White Photocopy Paper	191	193.1	2.5	2.3	6.7	6.7	6.1	16.9	123	140.3	18.5	17.4	4.6	4.9	8.9	15.5
Paper in the form of envelopes	13	16.7	0.8	0.0	0.1	0.1	0.0	0.3	1.2	1.9	10.1	1.6	0.0	0.1	6.0	5.5
Paper and cardboard (passbooks)	14	9.1	NA	NA	NA	NA	NA	NA	NA	NA	0.9	0.9	NA	NA	NA	-
Others	-	-	-	-	-	-	-	-	-	-	-	8.3	-	-	-	-
Plastic - Bank Cards	8	6.5	0.3	0.3	0.1	0.1	0.07	0.1	2.4	1.4	0.2	0.2	0.1	0.0	ND	0.3
Waste (ton.) **Recycling/Energy recovery**																
Paper and Cardboard	319.4	157.8														
Glass	11.0	35.8														
Plastics and packaging	9.9	16.2														
Metals	22.4	32.9														
Woods	6.2	16.0														
Electrical and electronic equipment	4.2	5.0														
Mix of urban and equivalent waste	0.4	5.7														
Batteries	0.05	0.02														
Other	173.0	429.15														
Incineration and Landfill																
Hospital Waste	9.6	7.7														
Other	106.1	138.4														

305-1/ 305-2/305-3 - GHG EMISSIONS BY SCOPE, SOURCE AND STRUCTURE (in tCO_2e)

	Caixa		BCA		BI		BCGA		BCI		BNU Macau		Timor Branch		France Branch	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Scope 1	**1,704**	**1,689**	**191**	**151**	**33**	**32**	**335**	**327**	**512**	**784**	**140**	**127**	**42**	**41**	**35**	**33**
Fuel consumption at the installations (tCO_2e)	106	111	16	16	5	5	215	174	19	26	0	1	10	3	0	0
Fuel consumption by the fleet (tCO_2e)	1.445	1,563	139	129	28	27	120	153	493	758	22	22	31	38	35	33
F-gas leaks (tCO_2e)	153	15	36	6	-	0	-	0	-	0	118	104	-	0	-	0
Scope 2	**6,706**	**6,673**	**1,082**	**875**	**265**	**232**	**651**	**478**	**1,763**	**1,704**	**1,747**	**1,543**	**432**	**361**	**78**	**89**
Electricity generation (tCO_2e) - market-based	9,355	10,668	ND	ND	ND	ND	ND	ND	5,191	ND	2,348	1,621	ND	0	164	81
Electricity generation (tCO_2e) - location-based	6,706	6,673	1,082	875	265	232	651	478	1,763	1,704	1,691	1,543	432	361	78	89
Scope 3	**5,138,248**	**3,719,485**	**30**	**15**	**25**	**89**	**ND**	**103**	**56**	**194**	**0**	**5**	**53**	**104**	**75**	**53**
Work-related trips (tCO_2e)	336	1,027	30	15	25	89	ND	103	56	194	0	5	53	104	75	53
- Aeroplane	283	917	30	15	25	89	ND	93	56	194	0	5	53	104	26	35
- Train	1	5	-	-	-	-	ND	-	-	-	-	-	-	-	1	1
- Boat	-	0	0	0	-	-	ND	-	-	-	-	-	0	-	-	-
- Private transportation	52	105	-	-	-	-	ND	10	-	-	-	-	-	0	48	18
Waste treatment	59	77	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Investments	5,137,853	3,718,382	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Total (tCO_2e) - location based	**5,146,658**	**3,727,847**	**1,303**	**1,040**	**323**	**354**	**986**	**908**	**2,330**	**2,682**	**1,831**	**1,675**	**527**	**505**	**187**	**175**

Note: Regarding work-related trips by plane, in 2022 a methodological change was made where the emission factor considers the RF (Radiative Forcing). In order to maintain comparability, the emission factor was also adjusted for 2021.

Annex B - Global Reporting Initiative (GRI) Index

STATEMENT OF USE	Caixa Geral de Depósitos, S.A. reported, in accordance with the GRI Standards, for the period from 1 January 2022 to 31 December 2022
USE OF GRI1	GRI 1: 2021 Foundation
APPLICABILITY OF GRI SECTOR STANDARDS	Not applicable

GRI STANDARD		CONTENT OR LOCATION	OMISSION			GLOBAL COMPACT PRINCIPLES	SUSTAINABLE DEVELOPMENT GOALS	CORRESPONDENCE WITH CMVM REPORTING RECOMMENDATIONS
			MISSING REQUIREMENT	JUSTIFICATION	EXPLANATION			
GRI 2: 2021 GENERAL CONTENTS								
THE ORGANISATION AND ITS REPORTING PRACTICES								
2-1	Organisational details	Information available at: Chapter 1. Report of the Board of Directors » 1.3.3. Caixa Group	-	-	-	-	-	B. Business Model
2-2	Entities included in the organisation's sustainability reporting	The entities included in the 2022 Sustainability Report (SR) are listed in chapter 4. Sustainability Report » 4.1. About this Report. The topics to be addressed in the SR are based on the results of the materiality analysis arising from the consultation of internal and external stakeholders completed in 2021. In the case of Caixa's activity carried out in Portugal, the scope of reporting is aligned with the results of the materiality obtained, while the affiliate banks report information according to their reporting, monitoring and alignment capacity with the material topics identified. The GRI indicators that	-	-	-	-	-	A. Introduction Information on the standards/guidelines followed

		are consolidated are highlighted throughout the document, where applicable. Banco Caixa Geral Brasil was excluded from the scope of the 2022 SR due to its low materiality.						
2-3	Reporting period, frequency and contact point	Caixa publishes the SR annually as one of the chapters of its Management Report and Accounts. The 2022 SR covers the period from 1 January 2022 to 31 December 2022. In order to ensure the continuous improvement of the sustainability report, Stakeholders are welcome to send their feedback to the email address sustentabilidade@cgd.pt.	-	-	-	-	-	-
2-4	Restatements of information	This report updates the data in the 2021 Sustainability Report regarding indicator 305-3 (update of the emission factor considering RF - Radiative Forcing) and indicator 305-2 (update of the location-based factor). The respective details are available in Chapter 4. Sustainability Report » Annex C – Methodological Notes. Information regarding the performance of these indicators is available in Chapter 4. Sustainability Report » Annex A – Sustainability Indicators.	-	-	-	-	-	-
2-5	External assurance	The 2022 Management Report and Accounts, which includes the 2022 SR, must be approved by the Board of Directors. The 2022 SR is audited by an independent external entity (Independent Limited Assurance Report). Additional information is available in Chapter 4. Sustainability Report » Appendix E - Confirmation letter by the independent auditor	-	-	-	-	-	-

ACTIVITIES AND WORKERS								
2-6	Activities, value chain and other business relationships	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. Additional information available in: Chapter 1. Report of the Board of Directors » 1.3.3. Caixa Group. In 2022 Caixa had 3472 active suppliers, of which 96% are domestic. Considering the sector in which it operates, Caixa's suppliers are essentially specialised service providers, such as IT services and software. Scope: Caixa	-	-	-	-	-	B. Business Model
2-7	Employees	Additional information available in: Chapter 4. Sustainability Report » Appendix A - Sustainability Indicators Scope: Caixa + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	-	-	-	Principle 6 - Elimination of discrimination in the workplace	SDG 8 - Decent work and economic growth SDG 10 - Reduced Inequalities	D. Policies Implemented - iii. Workers and Gender equality and non-discrimination

2-8	Workers who are not employees	On 31 December 2022, Caixa had an average total number of 973 FTE (full time equivalent) workers who are not employees and whose work is controlled by the organisation. Contracts are made through third parties (e.g.: temporary work agencies and other service providers). These workers provide support to the organisation in various activities, such as: Application development and maintenance; provision of telephone answering, email and webchat services as part of the Contact Center; Back-Office activities and support for technological platforms. The DPE consolidates information provided by the various structural bodies relating to outsourcing as follows: a) Identification of the entities (companies or individuals) to report, whose services provided: i) replace activity that could be carried out internally and; (ii) that it is quantifiable as an average number of FTEs. Scope: Caixa	-	-	-	-	SDG 8 - Decent work and economic growth	D. Policies Implemented - iii. Social and fiscal policies
GOVERNANCE								
2-9	Governance structure and composition	The governance model adopted by Caixa corresponds to the 'dual' or 'Anglo-Saxon' model structured in accordance with the provisions of articles 278 (1)(b) and 423-B of the CSC and article 3 of the RJSA. Caixa's governance structure comprises a Board of Directors (BoD) and, as regards supervision, an Audit Committee and a Statutory Audit Firm (SROC). The Internal Regulation of the Board of Directors foresees the possibility of creating special standing committees composed of some of its members, whenever deemed convenient and appropriate, delegating the exercise of certain specific	-	-	-	-	SDG 16 - Peace, justice and strong institutions	-

		functions to them. The main mission of the special committees is to carry out specific and permanent monitoring of the matters entrusted to them, in order to ensure informed decision-making processes by the Board of Directors. The activity of the committees is monitored by the Chairman of the Board of Directors, who ensures their adequate coordination with the activity of the plenary of that body, through the respective Chairmen, who must keep him/her informed, namely concerning the activities they develop. The special committees of the Board of Directors are as follows: • Risk Committee (CR); • Appointment, Assessment and Remuneration Committee (CNAR). Committees responsible for decision-making most notably include the Audit Committee (supervisory body), the Risk Committee and the Executive Committee (body responsible for the daily management of the institution). The Sustainability Committee is responsible for monitoring the organisation's impact on the economy, the environment and people. Additional information available in Chapter 3. Corporate Governance Report » 3.5. Corporate bodies and commissions. The Board of Directors consists of a suitable and sufficient number of members, taking into account, in particular, the structure and size of the institution and the complexity of the risks inherent to its activity. The Non-Executive Directors perform activities of continuous supervision and assessment of the Company's management, forming part of the various Special Committees of the Board of Directors and ensuring the effective monitoring, supervision and assessment of the activity of the Executive Members, thereby efficiently and effectively fulfilling their assigned						

		duties. The composition of the management body shall reflect the knowledge, skills and experience required to perform its duties, namely those set forth in the Policy for Assessing Adequacy for Selecting Management and Supervisory Bodies, Key Function Holders and Managers of the Branches established Abroad and in the Succession Plan. This implies for the management body to have, collectively, an adequate understanding of the areas for which its members are collectively responsible, as well as the of skills to effectively manage and supervise the institution. As regards diversity in the Board of Directors, Caixa is firmly committed to a growing balance of gender representation and parity in its composition and to provide a balance between knowledge, skills, qualifications and professional experience. Caixa complies with the dictates of Law no. 62/2017 as regards the goals and targets for the balanced representation of women and men in management and supervisory bodies and, in 2019, approved the Diversity Policy for Caixa Group Employees and Members of Caixa's Management and Supervisory Bodies, which outlines and establishes the principles applicable in terms of diversity to the transversality of its Employees, including members of its corporate bodies.						
2-10	Nomination and selection of the highest governance body	The process of identifying skills and qualifications for the selection of candidates to join the Board of Directors is provided for in the Succession Plan for members of the management body and holders of key functions (Succession Plan), which also aims to ensure the continuity of Caixa's management in order to avoid the replacement of an excessive number of members of the management body at the same time. The process of proposing candidates to the governing bodies is based on the following assumptions:	-	-	-	-	SDG 16 - Peace, justice and strong institutions	-

		• Continuity of at least three directors with executive duties and three directors with non-executive duties, in accordance with the shareholder's commitment to the ECB, based on the adequacy reassessment and performance assessment of the directors in office; • Mention of the members who indicated that they were unavailable to remain in office; • Selection of potential internal and external candidates, identified according to the collective matrix of executive and non-executive profiles in the Succession Plan; • Promotion of an increase in the number of persons of the under-represented gender on the Board of Directors, by directors with both executive and non-executive duties. The proportion should be set at around one third, in accordance with the applicable legislation; • Confidentiality.						
2-11	Chair of the highest governance body	The Chairman of the Board of Directors is a non-executive member.	-	-	-	-	SDG 16 - Peace, justice and strong institutions	-
2-12	Role of the highest governance body in overseeing impact management	The management and decision-making process regarding sustainability topics, such as the outlining of the Strategy and approval of Policies, are matters for the Board of Directors. In addition to the responsibilities associated with the Board of Directors, the role of the Executive Committee and of some relevant Committees should also be noted: 1) Executive Committee: responsible for decision-making on the main sustainability projects and overseeing the progress achieved by the Sustainability Strategy; 2) Governance Committee: made up of members with non-executive duties, its function is to analyse, monitor and advise on matters such as corporate governance, ethics and conduct, conflicts of interest, social responsibility, sustainability and sustainable funding;	-	-	-	-	SDG 16 - Peace, justice and strong institutions	C. Main risk factors

		3) Sustainability Committee: an advisory body to the Executive Committee that oversees the management and guides decisions on the implementation of the Sustainability Strategy, incorporating the principles of sustainable development, responsible banking and sustainable finance in Caixa's day-to-day activities, in alignment with the institution's Strategic Plan and stakeholders' expectations. As a result of the materiality analysis process conducted by Caixa Geral de Depósitos, a 2021-2024 Sustainability Strategy was outlined which aims to boost positive impacts and minimise negative impacts in terms of Sustainability and ESG. As part of this, each year an annual Sustainability Report is developed which presents the main results and developments in this area and whose approval is the responsibility of the Board of Directors. The control, supervision and regular diligence functions to ensure compliance with the governance model in Sustainability matters, as well as the means and resources for efficient and effective performance, are performed by members of the Board of Directors who are members of the Sustainability Committee, with the support of Caixa's internal teams, which include various internal structures such as the Corporate Support Division (sustainability area), the Risk Management Division and the Compliance Division (DC). The Sustainability Committee held four meetings in 2022.							
2-13	Delegation of responsibility for managing impact	'Sustainability and social impact' as one of the six areas of the 2021 - 2024 strategic plan requires regular, effective monitoring by CGD management. In 2022 Dr. Maria João Carioca, Executive Director of CGD, was appointed Chief Sustainability Officer (CSO), a position she	-	-	-	-	SDG 16 - Peace, justice and strong institutions	C. Main risk factors	

		combines with that of Chief Financial Officer (CFO). The CSO is responsible for leading CGD's sustainability area and overseeing the 2021 - 2024 sustainability strategy and its impact on the ESG dimensions. This is a member of CGD's Board of Directors sitting on the Sustainability Committee, along with the Chairman of the Executive Committee, who chairs the committee, the Director with the Chief Risk Officer (CRO role) and the Director responsible for a commercial area. The Sustainability Committee meets at least quarterly (or when convened by the Director chairing the Committee) and additionally: • Addresses to the attention of the Governance Committee the annual planning and compliance with the Sustainability Strategy; • Reports to the Governance Committee on the outcome of the meetings; • Submits to the Executive Committee for appraisal matters identified as structural, important to CGD's evolution and/or any recommendations and future developments. The Chief Sustainability Officer also chairs the internal working group on sustainable funding.						
2-14	Role of the highest governance body in sustainability reporting	The Management Report and Accounts of CGD's individual and consolidated activity shall be completed and approved by the Board of Directors (including the issue of the opinions of the Statutory Auditors and the Audit Committee by the end of April following the year covered by the Report). In addition, the 2022 Sustainability Report drafting process is regularly monitored in various internal forums, in particular the Sustainability Committee and the Governance Committee. The Sustainability Report has a specific chapter with the presentation of material topics as well as	-	-	-	-	SDG 16 - Peace, justice and strong institutions	-

		the management approach to address these issues.						
2-15	Conflicts of interest	The identification, prevention and management of conflicts of interest or potential conflicts of interest ensure the exercise of functions with independence, including independence of mind. In particular, the members of the management and supervisory bodies are fully aware that they may not intervene in the assessment and decision of transactions in which they, their spouses, or persons with whom they live in a de facto union, relatives or kin to the first degree, or companies or other legal entities that they directly or indirectly control, under the terms laid down in articles 85 and 86 of the RGICSF, have direct or indirect interest. Article 410 (6) of the Commercial Companies Code also states that directors may not vote on matters in which, for their own account or on behalf of a third party, they have an interest in conflict with that of the company. The verification of the existence of situations that generate or may generate conflicts of interest for members of the management and supervisory bodies occurs in the process of assessment by Caixa and ECB authorisation for the exercise of functions as a member of the Board of Directors or supervisory body and must be verified on an ongoing basis and at least annually, which occurs through the annual processes of reassessment of individual suitability described above. The Global Policy characterises the events in which there are situations of conflict or potential conflict of interests, establishes a conflict-of-interest materiality matrix and lists the mitigation measures. It also sets out the mechanisms and procedures for reporting and recording identified situations, as well as the bodies that shall assess and decide on the matter.	-	-	-	-	SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - v. Combating corruption and attempted bribery

		Caixa discloses relevant information as part of this to its stakeholders, such as the independence of the members of the Board of Directors.						
2-16	Communication of critical concerns	Procedures and mechanisms have been established and implemented for the immediate reporting of matters with a potential impact on CGD's activity to the governance bodies, such as the Code of Conduct, the Policy for the Prevention of Corruption and Related Offences, the Global Policy for the Prevention and Management of Conflicts of Interest and the Internal Reporting of Irregular Practices System (SCIPI). Specifically, the SCIPI adopted by CGD aims, among others, to (i) detect potential offences in advance, fostering a preventive and corrective attitude and a culture of integrity; (ii) provide a communication channel that allows voluntary, confidential and anonymous communication of facts and signs of irregular practices, as explained in the regulations; (iii) provide an internal reporting channel on irregular practices for compliance by CGD with the obligations arising from the Code of Obligations of Panel Banks (COPB), which is an integral part of the Euribor Code of Conduct; (iv) reduce costs and avoid losses due to non-compliance with legal, regulatory or conduct standards, protecting the legitimate interests of all stakeholders; (iv) reinforce a reputation for transparency and align with international best practices in corporate governance; (v) comply with obligations laid down in national and Community legislation. The SCIPI establishes the characteristics, handling of communication, communication circuit, parties and reporting. There are also procedures in place for handling, following up, resolving and reporting to the governing bodies situations of non-compliance detected and customer complaints, as well as for preventing and managing the risk of fraud (internal and external).	-	-	-	-	SDG 16 - Peace, justice and strong institutions	C. Main risk factors D. Policies Implemented - v. Combating corruption and attempted bribery

		Finally, we would like to highlight the corporate standard 'CGD Group Internal Control System - Principles of Governance and Disability Management Policy', which regulates the governance and management of internal control deficiencies model across the CGD Group. During 2022, no concerns were reported to the governance bodies that were considered crucial, i.e., communications about potential and actual negative impacts of the organisation on stakeholders raised through complaint mechanisms.						
2-17	Collective knowledge of the highest governance body	In 2022, Caixa launched a specific e-learning on sustainability issues which is mandatory for all its employees. The main objective of this training module is to provide a comprehensive understanding of this topic and simultaneously promote the greater alignment of organisational culture and practices. On 31/12/2022 the 'Sustainability - A strategic approach' e-learning reached a completion rate of 85.7%. In 2022, under the Permanent Education Programme (PEP), two sessions were held with the participation of external specialists, aimed at all members of the Board of Directors, managers of foreign units (Branches and Banks), Central Managers and other employees whose functions are directly or indirectly related to the Sustainability topic. For more information see Chapter 4. Sustainability Report » 4.10. Equity, digital and financial inclusion » Equity, development and well-being of employees » Training and Development	-	-	-	-	SDG 16 - Peace, justice and strong institutions SDG 4 -Quality education	D. Policies Implemented - iii. Workers and gender equality and non-discrimination

2-18	Evoluation of the ferformance of the highest governance body	The Appointment, Assessment and Remuneration Committee (CNAR) assesses the structure, size, composition and performance of the management body and the supervisory body and, when it sees fit, makes recommendations to them. The process briefly comprises the following stages: (i) approval by the managing body, upon a recommendation of CNAR, of the model to be adopted for the purpose of the evaluation process of the collective performance of the management bodies and the individual performance of their members; (ii) compilation and collection of the documentation to be prepared by the members of the management body and the supporting information for the assessment process (such as attendance lists at meetings of the governing bodies, the key performance indicators (KPI) of the executive members of the Board of Directors, and the data referring to compliance with the Strategic Plan for the 2021-2024 period); (iii) sending by the DSC of the toolkit to the members of the Board of Directors, and request of the respective self-assessment and of the opinion of the Chairmen of the Board of Directors, the Executive Committee and the Special Committees about the qualitative performance of the members of the managing body; (iv) upon receipt of the responses, drafts of the collective and individual performance appraisal reports are prepared by the DSC, which the CNAR appraises; (v) evaluation of the collective assessment reports of the Board of Directors, the Executive Committee and the Special Committees by the Board of Directors. The process is replicated with the necessary adaptations to the Audit Committee. The intervention of an independent external entity will require: (i) the preparation of the proposal for the requirements to be included in the specifications supporting the launch of the market consultation and identification of potential candidates; (ii) CNAR's consideration of the proposed requirements that will form the basis of the market consultation for hiring an external	-	-	-	-	SDG 16 - Peace, justice and strong institutions	-

		entity; (iii) the Board of Directors' consideration of the proposed requirements; (iv) the analysis of the applicants' proposals by CNAR and preparation of its recommendation for the selection of the external assessment entity; (vii) the consideration of CNAR's proposal by the Board of Directors and selection of the independent candidate. The recommendations resulting from the Board Effectiveness Review are implemented through a plan and timetable for that purpose.						
2-19	Remuneration policy	The Remuneration Policy in force takes into consideration, namely, the following goals and requirements set forth in its article 7: a) Ensure compliance with the applicable legal and regulatory provisions, namely the Legal Framework for Credit Institutions and Financial Companies, the European Banking Authority (EBA) Guidelines, Regulation (EU) no. 575/2013 of the European Parliament and of the Council; b) Promote and be consistent with a sound and prudent risk management of the CGD Group; c) Not to encourage risk-taking above the level of risk tolerated by CGD and the CGD Group (risk appetite); d) Be compatible with the strategy, goals, values and long-term interests of the CGD Group, as established by its competent corporate bodies; e) Avoid situations of conflict of interests; f) Structure remuneration mechanisms that take into account and are appropriate and proportional to the nature, characteristics, size, organisation and complexity of CGD Group's activities; g) Promote the pursuit of the activity in compliance with the risk appetite established for the CGD Group (risk appetite statement); h) Promote the competitiveness of CGD and the CGD Group, taking into account the remuneration policies and practices of banks and institutions comparable to CGD. I - Fixed and variable remuneration: The remuneration of Executive Directors is composed of a fixed component and a variable component,	-	-	-	-	SDG 16 - Peace, justice and strong institutions	-

		the latter of which is not guaranteed. The amount of the variable remuneration may not exceed that of the fixed remuneration, in order to ensure that the fixed portion represents a proportion of the overall remuneration of Executive Directors that is high enough to allow enforcing a fully flexible policy in relation to the variable portion, including the possibility of none being paid. The remuneration of Non-Executive Directors is exclusively composed of a fixed component. (Section IV of the Policy). II - Attraction Bonus: Remuneration paid as compensation to any new member of the Board of Directors for the termination of previous functions must take into account the long-term interests of CGD, including the application of rules on performance, unavailability due to retention, deferral and reduction and reversal mechanisms. (Point 23.2 of the Policy). III - Termination Payments: In the event of dismissal or early termination of duties of any member of the Board of Directors or of CGD's supervisory body, there shall be no payment of any indemnity or compensation other than that provided for in the applicable legal provisions, it being the responsibility of CRAG to set the maximum amount of all compensation payable to members of the Board of Directors and the Supervisory Board due to termination of duties. (Point 23.1 of the Policy). IV - Clawback: The variable component of remuneration may be subject to reduction or reversal, by resolution of the General Meeting, upon proposal of CRAG: a) According to the evolution of CGD's Strategic Plan in force; b) If the multiannual assumptions outlined for the attribution of the variable remuneration component are not met. c) If CRAG concludes, after consulting CNAR, that the Executive Director: (i) Participated in or was responsible for an action that resulted in significant losses for CGD; (ii) No longer meets the suitability and reputation criteria. (Point 16.3 of the Policy).						

		V - Retirement Benefits: Executive Directors may enjoy the benefits, namely as regards social benefits and pensions, under the terms fulfilled by the General Meeting or by CRAG, taking into consideration the practice that has been followed at CGD, as well as the remuneration policies and practices of other banks and institutions comparable to CGD. (Point 22.) Pursuant to the Remuneration Policy, the total amount of the variable remuneration of the Executive Directors as a whole may not exceed the maximum percentage of consolidated net profits for the year as outlined by the General Meeting for each year, following a proposal submitted by the Remuneration Committee of the General Meeting (CRAG). The setting of this amount must take into account CGD's ability to maintain a solid equity base, its overall performance and results, the evolution of the overall amount set for the variable remuneration of CGD's employees as a whole and in accordance with the best practices of other banks and institutions comparable to CGD. (Point 10.3). The determination of the actual amount of the variable component to be attributed to each Executive Director is performed by CRAG, taking into account the evaluation of the individual performance of each Executive Director by reference to the financial year and the period of time elapsed since the beginning of the respective mandate. (Point 13.1) The evaluation provided for in the previous section shall be carried out: a) In a multiannual framework, so that the assessment process is based on long-term performance and the payment of the remuneration components dependent thereon is spread over a period that takes into account CGD's underlying business cycle and its business risks; b) Takes into account quantitative criteria measured by the evolution of the execution of CGD's Strategic Plan in force, within the risk appetite framework approved for the Group. (Point 13.2) The criteria set for determining and						

		assigning the variable remuneration component may be reviewed by the General Meeting, which determines the variable remuneration, at the proposal of CRAG, after consulting CNAR, in order to ensure that the variable remuneration considers the various types of current and future risks, as well as the cost of maintaining a solid base of own funds and liquidity required for CGD to perform its activity. The variable remuneration component may be subject to reduction or reversal by resolution of the General Meeting, upon a proposal of CRAG, depending, namely, on the evolution of CGD's Strategic Plan in force. (Point 16.)						
2-20	Process to determine remuneration	The Remuneration Policy is established by the Shareholder, upon proposal of the Remuneration Committee of the General Meeting, taking into consideration the proposals made by the Appointment, Assessment and Remuneration Committee (CNAR), guidelines of the regulatory authorities and the best corporate governance practices applicable to financial institutions. The determination of the fixed component of the remuneration is the responsibility of the CRAG, in accordance with the competences required and the responsibilities inherent to the positions to be held and the time spent by the members of these corporate bodies exercising their functions, namely considering the remuneration practice of comparable institutions. The total amount of the variable remuneration component to be attributed to the executive members of the Board of Directors, depending on performance, shall be determined, upon proposal of CRAG, at the Annual General Meeting or subsequent resolution of the shareholder. Information on the process for setting the value of variable remuneration and determining the specific amount is presented in GRI indicator 2-19. CGD has a single shareholder: the Portuguese Government. Notwithstanding, the Remuneration	-	-	-	-	SDG 16 - Peace, justice and strong institutions	-

		Committee of the General Meeting, when submitting the proposal of the Remuneration Policy to the Shareholder, considers the proposals addressed to it by the Appointment, Assessment and Remuneration Committee (CNAR), the guidelines of the regulatory authorities and the best corporate governance practices applicable to financial institutions.						
2-21	Annual total compensation ratio	Total annual remuneration ratio (Based only on CGD employees). • Ratio between the total annual remuneration of the highest paid individual in the organisation and the average total annual remuneration of all employees: 5.91 • Total annual remuneration for the highest paid individual in the organisation: EUR 187,867.26 • Average total annual remuneration of all employees in the organisation, except the highest paid individual: EUR 31,808.01 Ratio of percentage increase in total remuneration (Based only on CGD employees) • Ratio between the percentage increase in the total annual compensation of the highest paid individual in the organisation and the average percentage increase in the total annual compensation of all employees (excluding the highest paid individual): 1.37 • Percentage increase in the total annual remuneration of the highest paid individual in the organisation: 3.04% • Average percentage increase in total annual compensation for all employees (excluding the highest paid): 2.23% Scope: Caixa	-	-	-	Principle 6 - Elimination of discrimination in the workplace	SDG 8 - Decent work and economic growth SDG 10 - Reduced Inequalities	D. Policies Implemented - iii. Workers and Gender equality and non-discrimination

STRATEGIES, POLICIES AND PRACTICES								
2-22	Statement on sustainable development strategy	Information available in: Chapter 4. Sustainability Report » 4.3. Message from the Chief Executive Officer	-	-	-	-	SDG 16 - Peace, justice and strong institutions	A. Introduction
2-23	Policy commitments	The Policies and commitments regarding sustainability are detailed in Chapter 4. Sustainability Report » 4.5. Policies, commitments and working groups With regard to specific human rights policies, we highlight the Statement of Commitment to Human Rights, a document that aims to reinforce CGD's commitment to respecting internationally recognised human rights in the development of its relations with employees, customers, suppliers and the communities in which it operates, seeking to prevent or mitigate the direct or indirect adverse impacts of its activity. This statement is in line with the values and principles of action set out in CGD's Code of Conduct, namely those referring to compliance with legal, regulatory and conduct obligations, to the contribution to sustainable development and non-discrimination, tolerance and equal treatment. In accordance with internal regulations, the approval of Policies/Service Orders is the responsibility of the Board of Directors / Executive Committee. The Board of Directors is the highest governance body. CGD has several Policies that contribute to responsible business conduct, and the scope (business operations and relations) may vary depending on the areas in which these Policies	-	-	-	Principle 1 - Companies need to support and respect the protecting of internationally recognised human rights Principle 2 - Ensure that they do not engage in human rights violations Principle 4 - Abolition of all kinds of forced or compulsory labour Principle 5 - Effective abolition of child labour Principle 6 - Elimination of discrimination in the workplace	SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - i. Environmental Policies D. Policies Implemented - ii. Social and Fiscal Policies D. Policies Implemented - iii. Workers and gender equality and non-discrimination D. Policies Implemented - iv. Human Rights D. Policies Implemented - v. Combating corruption and attempted bribery

		operate. For example, the Environmental Policy applies to all activities, products and services of CGD in Portugal. One of its areas of activity is the integration of environmental criteria in the process of selecting suppliers and subcontractors, assuming the role of an agent of change in the value chain and collaborating to improve its customers' environmental performance. The Code of Conduct should also be highlighted, as it enshrines the values, principles of action and rules of professional conduct observed in and by CGD in the exercise of its activity, and whose scope includes the commitment of the members of CGD's corporate bodies, its employees, trainees, service providers and agents, on a permanent or occasional basis. The commitment of service providers to the values, principles and rules of conduct within this Code is performed by written commitment as part of the contracting process. Caixa is therefore committed to playing an active part in the transition towards a more sustainable future, influencing its stakeholders to adopt sustainability and responsible business principles. In this context, it is important to highlight the implementation of Ethical Principles and Good Business Practices in order to instil sustainability practices in its suppliers, covering topics such as the promotion of labour practices that respect human rights. The Policies are accessible to all employees through the Internal Standards System and are available to external stakeholders through cgd.pt.				Principle 7 - Businesses should support a precautionary approach to environmental challenges		
2-24	Embedding policy commitments	The sustainability management model is transversal to Caixa, the Sustainability Committee (CSU) standing out as the forum promoting the pursuit of sustainability policies and commitments and their respective integration into the organisational strategy and procedures.	-	-	-	-	SDG 16 - Peace, justice and strong institutions	C. Main risk factors

		The CSU is chaired by the Chief Executive Officer and includes in its composition the Chief Risk Officer and the Chief Sustainability Officer (both executive directors). This guarantees the existence of a robust, transparent management model that promotes the involvement of internal structural bodies in cross-cutting ESG projects and the respective continuous monitoring by the administration. In this context, it is important to highlight: a) The definition of 'Sustainability and Social Impact' as one of the areas of CGD's 2021-2024 strategic plan; b) The status assessment of the main commitments undertaken by CGD in matters of sustainability and the respective monitoring by the Sustainability Committee; c) The holding of internal sustainability audits. CGD also operates actively in its value chain, in particular with: a) The implementation of contractual mechanisms that aim to promote the adoption of good environmental practices in the supply chain, namely the Statement of Ethical Principles and Best Corporate Practices, which covers topics such as human rights or environmental preservation. b) The preparation of an ESG questionnaire for suppliers with 22 questions on Environmental, Social and Governance aspects.. c) The implementation of an ESG Rating which makes it possible to assess and rank corporate customers in terms of sustainability, and may contribute to establishing of credit pricing. d) The publication of the CGD Principles for Sectoral Exclusion and Limitation, which acknowledge 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. For information on sustainability training see Chapter 4. Sustainability Report » 4.10. Equity, digital and financial inclusion » Equity, Development and well-being of employees » Training and development						
2-25	Processes to remediate negative impacts	Caixa's approach to enhancing the positive impacts and minimising the negative impacts associated with its activity are presented throughout the 2022 Sustainability Report, in Caixa's approach to each of the material topics. In each of the material topics, Caixa describes the projects and initiatives developed to manage and remedy the impacts. CO-Customer Service is the Caixa area tasked with improving the experience of individual and corporate Customers, increasing their satisfaction, trust and loyalty towards Caixa, managing dissatisfaction rapidly and appropriately and incorporating the learning resulting from Customers' feedback and other quality indicators in optimising processes, developing products and services and outlining the Customer communication strategy. Its main activities include: • Analysing, resolving and responding to Formal Suggestions and Complaints and Requests for Information from Supervisors, ensuring information collection from other structural bodies and financial resolution/compensation when due; • Guaranteeing continuous improvement in the process of Managing Suggestions and Complaints and Promoting Opportunities for Improvement, managing the logistical means to support it (e.g., computer application and training); • Promoting the resolution of dissatisfaction at the first contact, providing the customer contact channels with information and tools to remedy dissatisfaction;	-	-	-	-	SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - ii. Social and Fiscal Policies

		• Clarifying and responding to questions asked by CGD's and the Group's structural bodies on handling complaints; • Answering requests for clarification from the Commercial Area, Divisions and CGD Group Companies (2nd line) on operational processes (internal helpdesk), as well as questions on services and/or operations performed as part of Caixadirecta area's activity. According to the legislation in force, Caixa has subscribed to the following alternative dispute settlement entities: • Centro de Arbitragem de Conflitos de Consumo de Lisboa (CACCL - Lisboa Arbitration Centre for Consumer Conflicts): www.centroarbitragemlisboa.pt. • Centro de Informação de Consumo e Arbitragem do Porto (CICAP Center for Consumer Information and Arbitration of Porto): www.cicap.pt. • Centro Nacional de Informação e Arbitragem de Conflitos de Consumo (CNIACC - National Centre for Information and Arbitration of Consumer Conflicts): www.cniacc.pt. These entities and their respective websites are disclosed at Caixa branches and on the website www.cgd.pt. Caixa also provides access to the Dispute Resolution Platform on its website. At the same time and as part of its Environmental Management System (EMS) implemented and certified in accordance with ISO 14001, Caixa has implemented a procedure for handling suggestions/complaints regarding the EMS. The EMS is an important tool for the existence of a pollution prevention culture and continuous improvement of the environmental performance of the institution. In the sphere of the continuous improvement process that Caixa is proposing in light of the Quality Certification for this process, and with the objective of increasingly meeting the needs of its customers, the monthly customer satisfaction surveys, which enable the level of satisfaction with the service provided to be gauged and						

		suggestions for improvement to be gathered, are a strong contribution to the incorporation of changes to processes. There is also a quarterly presentation of the service to CGD's top management, whose contributions are included in the review and improvement of the process. CO-Customer Service also manages the Customer Area on CGD's institutional website. This online space provides both Customers and non-Customers with relevant information, frequently asked questions, safety recommendations and information on the various contact channels, namely the possibility for Customers and non-Customers to make requests for information, complaints, suggestions and compliments. It should be noted that this area also handles suggestions from Customers, forwarding them to the specialised structural bodies. CO-Customer Service is an area with Quality Certification under the NP EN ISO 9001 standard: 2015, so it has implemented monitoring, control and reporting mechanisms and ensures the continuous improvement of the Suggestions and Complaints Management process in alignment with the requirements of the standard. In the Planning and Management of the Complaints and Suggestions Management System, the strategic guidelines and priorities issued by the Executive Committee, the evolution observed in the external environment, the risks and opportunities and the inputs resulting from monitoring and improvement processes are considered. Within its scope, the guidelines of the suggestions and complaints management activity, the objectives and goals to be achieved are set, also identifying possible changes to be implemented. Close monitoring is kept regarding the activity, the degree of achievement of objectives and the progress of corrective and improvement actions identified. Systematic and periodic monitoring reports with statistical information on the management of customer suggestions and complaints and opportunities for improvement are drawn up for						

<table>
<tr><td></td><td></td><td>supervisors and other external entities/institutions, information on customer complaints is disseminated to the rest of the Organisation's structure (e.g. Risk Management Division, Internal Audit Division, Compliance Division) and content is managed on internal communication platforms in this field (teamsite; SomosCaixa) and external ones www.cgd.pt (Espaço Cliente). Opportunities for improvement are identified in this area, ensuring an integrated analysis and validation with a view to classifying them in terms of their criticality and relevance, and implementation is monitored by the process owners in articulation with CGD's Risk and Internal Control and Compliance Support areas.</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>2-26</td><td>Mechanisms for seeking advice and raising concerns</td><td>Information available in:

Chapter 4. Sustainability Report » 4.10. Equity, digital and financial inclusion » Equity, development and well-being of employees » Means of contact available to employees

Chapter 4. Sustainability Report » 4.11. Transparent governance models » ESG governance practices and ethical conduct in business » Existing mechanisms for reporting irregular practices</td><td>-</td><td>-</td><td>-</td><td>-</td><td>SDG 16 - Peace, justice and strong institutions</td><td>D. Policies Implemented - v. Combating corruption and bribery attempts</td></tr>
<tr><td>2-27</td><td>Compliance with laws and regulations</td><td><table>
<tr><th colspan="2">2022</th></tr>
<tr><td>Total number of significant instances of non-compliance with laws and regulations during the reporting period</td><td>8</td></tr>
<tr><td>Total number of fines for instances of non-compliance with laws and regulations that were paid during the reporting period</td><td>7</td></tr>
<tr><td>Total value of fines (penalties of a penal nature) for cases of non-compliance with laws and regulations that were paid during the reporting period</td><td>517.500 €</td></tr>
</table>
Scope: Caixa</td><td>-</td><td>-</td><td>-</td><td>-</td><td>SDG 16 - Peace, justice and strong institutions</td><td>-</td></tr>
</table>

2-28	Membership associations	As at 31/12/2022 Caixa was associated with the following entities: • Portuguese Banking Association (APB) • AEP - Portuguese Business Association • AIP - Portuguese Industrial Association • COTEC • National Culture Centre • Serralves Foundation • Eça de Queirós Foundation • Economic Foundation • Portuguese Institute of Corporate Governance • Forum for Competitiveness • Portuguese Chamber of Commerce and Industry • Portuguese Chamber of Commerce in Germany • Belgian-Portuguese Chamber of Commerce • Portuguese Centre of Caracas • SEDES - Association for Economic and Social Development • AC - Alliance Connector • American Club of Lisbon • Arab-Portuguese Chamber of Commerce • American Chamber of Commerce in Portugal • German-Portuguese Chamber of Commerce and Industry • Portuguese-British Chamber of Commerce and Industry • Portuguese-Chinese Chamber of Commerce and Industry • Portuguese-Colombian Chamber of Commerce and Industry • Portuguese-Spanish Chamber of Commerce and Industry • Portuguese-French Chamber of Commerce and Industry • Portuguese-Brazilian Chamber of Commerce and Industry - Merger with Clube de Empresários do Brasil • Portuguese-Mexican Chamber of Commerce and Industry • Portugal-Angola Chamber of Commerce and Industry • Portugal-Cape Verde Chamber of Commerce, Industry and Tourism	-	-	-	-	SDG 17 - Partnerships for the goals	-

		• Portuguese-South African Chamber of Commerce • Portuguese-Belgian-Luxembourg Chamber of Commerce • Portugal-Mozambique Chamber of Commerce • BC CPLP Business Council of the Community of Portuguese-Speaking Countries • Portugal Africa Foundation • BCSD - Business Council for Sustainable Development • CADIN • Carbon Disclosure Project • Foundation Global Compact • GIMAE - Group for the Implementation, Monitoring and Evaluation of the Strategy (National Strategy for the Integration of People Experiencing Homelessness) • GRACE - Group of Reflection and Support for Corporate Citizenship • UNEP - FI + PRB • IPAI - Portuguese Institute of Internal Auditors • ACEPI - Association for the Development and Promotion of Electronic Commerce in Portugal • APCC - Portuguese Association of Contact Centres • Portuguese Tax Association • Portuguese Association of Librarians, Archivists and Documentalists - BAD • World Monuments Fund • IPN Instituto Pedro Nunes + Incubadora - Association for the Development of Activities of Incubation of Ideas and Companies • iTeCons - Institute for Research and Technological Development for Construction, Energy, Environment and Sustainability						
STAKEHOLDER ENGAGEMENT								
2-29	Approach to stakeholder engagement	Information available in: Chapter 4. Sustainability Report » 4.7. 2021-2024 Sustainability Strategy » Stakeholders and materiality	-	-	-	-	SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - ii. Social and Fiscal Policies

2-30	Collective bargaining agreements	Percentage of workers covered by collective bargaining agreements: 100% Scope: Caixa	-	-	-	Principle 3 - Businesses shall support freedom of association and the effective recognition of collective bargaining	SDG 8 - Decent work and economic growth	D. Policies Implemented - iii. Workers and gender equality and non-discrimination

GRI 3: 2021 MATERIAL TOPICS								
3-1	Process to determine material topics	Developed in alignment with the Strategic Plan and as one of its six transformation pillars, the 2021 - 2024 Sustainability Strategy embodies Caixa's ambition to become the leader in sustainable financing in Portugal, supporting the transition to a low-carbon economy and funding projects with a social impact on people's lives. The 2021-2024 Sustainability Strategy is based on five strategic areas of action, which reflect the action for the nine material topics identified in the materiality analysis and which support the reporting structure of the 2022 Sustainability Report. Additional information available in: • Chapter 4. Sustainability Report » 4.7. 2021-2024 Sustainability Strategy » Stakeholders and materiality Scope: Caixa	-	-	-	-	SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - ii. Social and Fiscal Policies

3-2	List of material topics	As a result of the materiality analysis, nine topics considered relevant to Caixa's internal and external stakeholders were identified, namely: 1) Financing the low-carbon economy 2) ESG governance practices and ethical conduct in business 3) Equity, development and well-being of employees 4) Investment in the community 5) Sustainable management of operations in the value chain 6) Accessibility and financial inclusion 7) Environmental risks and climate action 8) Cybersecurity and data protection 9) Job creation and development of the business fabric Additional information available in: • Chapter 4. Sustainability Report » 4.7. 2021-2024 Sustainability Strategy » Stakeholders and materiality Scope: Caixa	-	-	-	-	SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - ii. Social and Fiscal Policies
3-3	Management of material topics	For each material topic, Caixa presents, in the respective chapters and sub-chapters, relevant information regarding its management approach, including the policies adopted and the main projects and initiatives aimed at enhancing the positive impacts and minimising the negative ones. Based on the eight priority Sustainable Development Goals, an assessment was made of the main type of impact and the stage in the value chain where this impact mostly occurs. In order to ensure regular monitoring and evaluation of the goals outlined and respective results as part of the 2021-2024 Sustainability Strategy, we highlight the Sustainability Committee, as an advisory body to the Executive Committee.	-	-	-	-	SDG 16 - Peace, justice and strong institutions	C. Main risk factors

		Caixa's sustainability performance is also assessed by various external entities, such as CDP and Sustainalitycs. This practice makes it possible to monitor trends and best practices and to reflect this information in the adaptation of the Sustainability Strategy. Chapters supporting material topics: 1) Financing the low-carbon economy: Chapter 4. Sustainability Report » 4.8. Sustainable and inclusive funding 2) ESG governance practices and ethical conduct in business: Chapter 4. Sustainability Report » 4.11. Transparent governance models 3) Equity, development and well-being of employees: Chapter 4. Sustainability Report » 4.10. Equity, digital and financial inclusion 4) Investment in the community: Chapter 4. Sustainability Report » 4.10. Equity, digital and financial inclusion 5) Sustainable management of operations in the value chain: Chapter 4. Sustainability Report » 4.9. Climate risk management 6) Accessibility and financial inclusion: Chapter 4. Sustainability Report » 4.10. Equity, digital and financial inclusion 7) Environmental risks and climate action: Chapter 4. Sustainability Report » 4.9. Climate risk management 8) Cybersecurity and data protection: 4. Sustainability Report » 4.10. Equity, digital and financial inclusion 9) Job creation and development of the business fabric: Chapter 4. Sustainability Report » 4.8. Sustainable and inclusive funding Additional information available in: • Chapter 4. Sustainability Report » 4.5. Policies, commitments and working groups						

		• Chapter 4. Sustainability Report » 4.6. Sustainable Development Goals » Goals and Targets • Chapter 4. Sustainability Report » 4.6. Sustainable Development Goals » Main impacts on the value chain • Chapter 4. Sustainability Report » 4.11. Transparent governance models • Chapter 4. Sustainability Report » 4.12. Disclosure of sustainability information » Sustainability Performance Evaluation by external entities Scope: Caixa						
GRI STANDARD		CONTENT OR LOCATION	OMISSION			GLOBAL COMPACT PRINCIPLES	SUSTAINABLE DEVELOPMENT GOALS	CORRESPONDENCE WITH CMVM REPORTING RECOMMENDATIONS
			MISSING REQUIREMENT	JUSTIFICATION	EXPLANATION			
SPECIFIC CONTENT								
GRI 201: ECONOMIC PERFORMANCE (2016)								
201-1	Direct economic value generated and distributed	**Caixa** Economic Value Generated: EUR 1,609,180,104 Economic Value Distributed: EUR 885,113,036 Economic Value Accumulated: EUR 724,067,068 **Banco Comercial do Atlântico (BCA)** Economic Value Generated: EUR 35,300,858 Economic Value Distributed: EUR 24,952,245 Economic Value Accumulated: EUR 10,348,613 **Banco Caixa Geral Angola (BCGA)** Economic Value Generated: EUR 127,262,378 Economic Value Distributed: EUR 45,210,282 Economic Value Accumulated: EUR 82,052,097 **Banco Comercial e de Investimentos (BCI)** Economic Value Generated: EUR 305,023,995 Economic Value Distributed: EUR 213,130,596	-	-	-	-	SDG 8 - Decent work and economic growth	D. Policies Implemented - ii. Social and Fiscal Policies

		Economic Value Accumulated: EUR 91,893,399 **Banco Interatlântico (BI)** Economic Value Generated: EUR 10,871 Economic Value Distributed: EUR 6,530 Economic Value Accumulated: EUR 4,341 **Banco Nacional Ultramarino – Macao (BNU Macau)** Economic Value Generated: EUR 111,728 Economic Value Distributed: EUR 92,127 Economic Value Accumulated: EUR 19,601 **Timor Branch** Economic Value Generated: EUR 12,269 Economic Value Distributed: EUR 5,808 Economic Value Accumulated: EUR 6,462 **France Branch** Economic Value Generated: EUR 121,471,177 Economic Value Distributed: EUR 64,421,747 Economic Value Accumulated: EUR 57,049,430 Scope: Caixa + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).						
201-2	Financial implications and other risks and opportunities due to 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 Caixa's institutional website (https://www.cgd.pt/English/Sustainability-CGD/Performance/Pages/External-Assessments.aspx) In 2022, Caixa was rated Management (B) in CDP's Climate Change questionnaire. Additional information available in: • Chapter 4. Sustainability Report » 4.12. Disclosure of sustainability information » Sustainability Performance Evaluation by external entities	-	-	-	-	SDG 13 - Climate action	C. Main risk factors

		• Chapter 4. Sustainability Report » Annex D - Response to the recommendations of the Task Force on Climate Financial Disclosures (TCFD) Scope: Caixa						
GRI 202: MARKET PRESENCE (2016)								
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	**Caixa** Female Gender: 175% Male Gender: 194% **Banco Comercial do Atlântico** Female Gender: 213% Male Gender: 213% **Banco Caixa Geral Angola** Female Gender: 482% Male Gender: 366% **Banco Comercial e de Investimentos** Female Gender: 159% Male Gender: 159% **Banco Interatlântico** Female Gender: 243% Male Gender: 243% **Banco Nacional Ultramarino (Macao)** Female Gender: 173% Male Gender: 173% **Timor Branch** Female Gender: 230% Male Gender: 230% **France Branch** Female Gender: 114% Male Gender: 114% Scope: Caixa + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	-	-	-	Principle 6 - Elimination of discrimination in the workplace	SDG 1 - No poverty SDG 5 – Gender equality SDG 8 - Decent work and economic growth	D. Policies Implemented - iii. Workers and gender equality and non-discrimination

GRI 203: INDIRECT ECONOMIC IMPACTS (2016)								
203-1	Proportion of senior management hired from the local community	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 2022, Caixa invested EUR 12,4 million in the community, most notably donations under protocols with higher education institutions. 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 204: PROCUREMENT PRACTICES (2016)								
204-1	Proportion of spending on local suppliers	In 2022 Caixa's total annual expenditure with suppliers was EUR 381,368,972.82 of which 96% relates to local (domestic) suppliers. BCA had a 67% proportion of expenses with local suppliers, BCGA 78%, BCI 93%, BI 58%, BNU Macau 66%, Timor Branch 53% and France Branch 91%. Scope: Caixa + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	-	-	-	-	SDG 8 - Decent work and economic growth	D. Policies Implemented - ii. Social and Fiscal Policies

GRI 205: ANTI-CORRUPTION (2016)								
205-1	Operations assessed for risks related to corruption	In 2022 all CGD Group entities, with the exception of Caixa Imobiliário, carried out risk assessments on corruption and related offences (by preparing their Implementation Reports on the Plan for the Prevention of Corruption and Related Offences). It should be noted that the CSP is part of CGD's Plan for the Prevention of Corruption and Related Offences and the respective Implementation Report. In addition, in 2022, 6 Entities revised their Plans for the Prevention of Corruption and Related Offences. Number total of operations: 12 Number total of operations with corruption risk assessment: 11 % of operations with corruption risk assessment: 92 Scope: Caixa + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	-	-	-	Principle 10: Businesses shall fight corruption in all its forms, including extortion and bribery	SDG 16 – Peace, justice and strong Institutions	D. Policies Implemented - v. Combating corruption and attempted bribery
205-2	Communication and training about anti-corruption policies and procedures	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 majority of these decisions have, explicitly or implicitly, some ethical content. It is therefore necessary to have instruments that formalise and operationalise ethics management, and the Code of Conduct is particularly important in this context. Caixa makes its Code of Conduct available on its internal and external website. **Caixa:** 100% of employees have received communications regarding anti-corruption issues;	-	-	-	Principle 10: Businesses shall fight 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

		99% of employees have received training on anti-corruption issues. **BCA**: 0% of employees have received communications regarding anti-corruption issues; 74% of employees have received training on anti-corruption issues. **BCGA**: 100% of employees have received communications regarding anti-corruption issues; 72% of employees have received training on anti-corruption issues. **BCI**: 86% of employees have received communications regarding anti-corruption issues; 37% of employees have received training on anti-corruption issues. **BI**: 8% of employees have received communications regarding anti-corruption issues; 85% 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; 93% of employees have received training on anti-corruption issues. **France Branch**: 100% of employees have received communications regarding anti-corruption issues; 42% 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 incidents of corruption and actions taken	**Caixa** Total number of confirmed corruption incidents: 1 Total number of confirmed incidents in which employees have been dismissed or received disciplinary actions for corruption: 0 Total number of confirmed incidents 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: 1 **BCA** Total number of confirmed corruption incidents: 0 Total number of confirmed incidents in which employees have been dismissed or received disciplinary actions for corruption: 0 Total number of confirmed incidents 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: 1 Total number of confirmed incidents in which employees have been dismissed or received disciplinary actions for corruption: 1	-	-	-	Principle 10: Businesses shall fight 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

		Total number of confirmed incidents 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 **BCI** Total number of confirmed corruption incidents: 16 (e.g. illegal collection and solicitation of bribes). Total number of confirmed incidents in which employees have been dismissed or received disciplinary actions for corruption: 16 Total number of confirmed incidents 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: 0 Total number of confirmed incidents in which employees have been dismissed or received disciplinary actions for corruption: 0 Total number of confirmed incidents 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 corruption incidents: 0 Total number of confirmed incidents in which employees have been dismissed or received disciplinary actions for corruption: 0 Total number of confirmed incidents 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 corruption incidents: 0 Total number of confirmed incidents in which employees have been dismissed or received disciplinary actions for corruption: 0 Total number of confirmed incidents 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: 0 Total number of confirmed incidents in which employees have been dismissed or received disciplinary actions for corruption: 0 Total number of confirmed incidents 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 anti- competitive behavior, anti-trust and monopoly practices	In September 2019, the Competition Authority ('AdC') imposed a fine of EUR 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	-	-	-	-	SDG 16 – Peace, justice and strong Institutions	D. Policies Implemented - v. Combating corruption and attempted bribery

		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, 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. Total number of legal actions pending or concluded related to unfair competition, anti-trust and monopoly practices: 1 Scope: Caixa						
SPECIFIC CONTENT - CATEGORY: ENVIRONMENTAL								
GRI 301: MATERIALS (2016)								
301-1	Materials used by weight or volume	4. Sustainability Report » 4.9 Climate Risk Management » Sustainable Management of Operations in the Value Chain » Material Consumption 4. Sustainability Report » Annex A – Sustainability Indicators Scope: Caixa + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	-	-	-	Principle 7 - Businesses shall support a precautionary approach to environmental challenges	SDG 8 - Decent work and economic growth SDG 12 - Responsible consumption and production	D. Policies Implemented - i. Environmental Policies

GRI 302: ENERGY (2016)								
302-1	Energy consumption within the organisation	4. Sustainability Report » 4.9 Climate Risk Management » Sustainable Management of Operations in the Value Chain » Energy Consumption 4. Sustainability Report » 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 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 the energy intensity per full-time equivalent and taking into account the operating income: Caixa: 32,5 GJ/FTE and 0,1 GJ/Thousands of euros 4. Sustainability Report » Annex C - Methodological Notes Scope: Caixa	-	-	-	Principle 8 - Undertake initiatives to promote environmental responsibility		D. Policies Implemented - i. Environmental Policies
302-4	Reduction of energy consumption	4. Sustainability Report » 4.9 Climate Risk Management » Sustainable Management of Operations in the Value Chain » Energy Consumption Scope: Caixa	-	-	-	Principle 8 - Undertake initiatives to promote environmental responsibility		D. Policies Implemented - i. Environmental Policies

GRI 303: WATER AND WASTEWATER (2018)								
303-3	Water withdrawal	4. Sustainability Report » 4.9 Climate Risk Management » Sustainable Management of Operations in the Value Chain » Water Consumption Scope: Caixa + Affiliated Banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).				Principle 7 - Businesses shall support a precautionary approach to environmental challenges Principle 8 - Undertake initiatives to promote environmental responsibility	SDG 6 - Clean water and sanitation SDG 12 - Responsible consumption and production	D. Policies Implemented - i. Environmental Policies
GRI 305: EMISSIONS (2016)								
305-1	Direct (Scope 1) GHG Emissions	4. Sustainability Report » 4.9 Climate Risk Management » Sustainable Management of Operations in the Value Chain » Low-Carbon Programme 4. Sustainability Report » Annex A – Sustainability Indicators 4. Sustainability Report » 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 - Undertake initiatives to promote environmental responsibility	SDG 3 - Good health and well-being SDG 12 - Responsible consumption and production SDG 13 - Climate action SDG 14 – Life below water SDG 15 - Life on Land	D. Policies Implemented - i. Environmental Policies
305-2	Direct (Scope 2) GHG Emissions		-	-	-			
305-3	Direct (Scope 3) GHG Emissions	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 funding portfolio.	-	-	-			

		4. Sustainability Report » 4.9 Climate Risk Management » Sustainable Management of Operations in the Value Chain » Low-Carbon Programme 4. Sustainability Report » Annex A – Sustainability Indicators 4. Sustainability Report » Annex C – Methodological Notes Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).						
305-4	GHG emissions intensity	Caixa calculates carbon intensity based on full-time equivalent and taking into account the operating income: Caixa: 639 tCO_2eq./FTE and 2.32 $kgCO_2eq$/€ 4. Sustainability Report » Annex C - Methodological Notes Scope: Caixa	-	-	-	Principle 8 - Undertake initiatives to promote environmental responsibility	SDG 13 - Climate action SDG 14 – Life below water SDG 15 - Life on Land	D. Policies Implemented - i. Environmental Policies
305-5	Reduction of GHG emissions	4. Sustainability Report » 4.9 Climate Risk Management » Sustainable Management of Operations in the Value Chain » Low-Carbon Programme 4. Sustainability Report » Annex A – Sustainability Indicators Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	-	-	-	Principle 8 - Undertake initiatives to promote environmental responsibility Principle 9 - Support the development and dissemination of environmentally-friendly technologies.	SDG 13 - Climate action SDG 14 – Life below water SDG 15 - Life on Land	D. Policies Implemented - i. Environmental Policies
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx),	Emissions of this type of substances can arise mainly from the consumption of diesel and	-	-	-	Principle 7 - Businesses should support	SDG 3 - Good health and well-being	D. Policies Implemented - i. Environmental Policies

	and other significant air emissions	petrol by the fleet and from the consumption of diesel by generators: Total NOx emissions: 15.3 t Total SOx emissions: 3.8 t Scope: Caixa				a precautionary approach to environmental challenges Principle 8 - Undertake initiatives to promote environmental responsibility	SDG 12 - Responsible consumption and production SDG 14 – Life below water SDG 15 - Life on Land	
GRI 306: EMISSIONS (2020)								
306-1	Waste generation and significant waste-related impacts	Caixa recognises sustainable management in its value chain as a material topic for its activity. As part of its Environmental Management System, Caixa uses its Environmental Aspects Assessment Matrix to consider and monitor all impacts arising from the consumption of resources required for its operations, classifying them in accordance with their significance and outlining action/mitigation plans. The waste that Caixa produces the most or with the greatest risk of causing significant impact are paper and cardboard, glass, plastic and packaging, metals, wood, WEEE and toners. Additional information is available in Chapter 4. Sustainability Report » 4.9. Climate Risk Management » Sustainable management of operations in the value chain Scope: Caixa	-	-	-	Principle 8 - Undertake initiatives to promote environmental responsibility	SDG 12 - Responsible consumption and production	D. Policies Implemented - i. Environmental Policies

306-2	Management of significant waste-related impacts	The environmental management system implemented at Caixa's head office building aims to reinforce compliance with environmental legislation, prevent pollution and improve its performance in this area. In this context, Caixa promotes the implementation of measures and projects to manage and mitigate the significant impacts of the waste generated by its activity: Upstream: When signing a contract with Caixa, suppliers contractually adhere to the Declaration of Ethical Principles and Best Business Practices, which outlines conduct requirements related to sustainability and is an important mechanism for mitigating environmental risks in the supply chain. Caixa also makes quarterly visits to suppliers located at its head office building, with the aim of identifying opportunities for improvement and reducing the environmental risk associated with its subcontracted activities. Downstream: Downstream, Caixa highlights initiatives designed to reduce waste, waste generation and the environmental footprint, namely 1) the Card Recycling Programme, which promotes the circular economy by collecting and sending bank cards for recycling, transforming the resulting PVC waste into 100% recycled plastic urban furniture items delivered to charitable institutions and 2) the Goods Donation Programme, which promotes the reuse of discontinued equipment and materials, in favour of local institutions and communities that will give them new usefulness and value. Scope: Caixa	-	-	-			

<table>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>306-3</td><td>Waste generated</td><td><table><tr><th>Type</th><th>Quantity</th></tr><tr><td>Hazardous waste - Recovery</td><td>2.9 tonnes</td></tr><tr><td>Hazardous waste - Disposal</td><td>7.4 tonnes</td></tr><tr><td>Non-hazardous waste - Recovery</td><td>695.6 tonnes</td></tr><tr><td>Non-hazardous waste - Disposal</td><td>138.8 tonnes</td></tr><tr><td>Total</td><td>844.7 tonnes</td></tr></table>Scope: Caixa</td><td>-</td><td>-</td><td>-</td><td></td><td></td><td></td></tr>
<tr><td colspan="9">GRI 308: ENVIRONMENTAL ASSESSMENT OF SUPPLIERS (2016)</td></tr>
<tr><td>308-1</td><td>New suppliers that were screened using environmental criteria</td><td>225 suppliers were hired in 2022, none of which were assessed taking into account environmental criteria. It is important to note that in 2022, the Environmental Management System questionnaire - ESG Supplier Rating was sent to 282 suppliers, 81 of which participated in this process.

In 2022, 181 Caixa suppliers had environmental clauses in their contracts and 7 were subject to environmental audits as part of the Environmental Management System.

Scope: Caixa</td><td>-</td><td>-</td><td>-</td><td>Principle 7 - Businesses should support a precautionary approach to environmental challenges

Principle 8 - Undertake initiatives to promote environmental responsibility</td><td>-</td><td>D. Policies Implemented - i. Environmental Policies</td></tr>
</table>

SPECIFIC CONTENT - CATEGORY: SOCIAL								
GRI 401: EMPLOYMENT (2016)								
401-1	New employee hires and employee turnover	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	Parental leave	Rate of return to work Caixa: Male: 100% Female: 100% Total: 100% Rate of retention Caixa: Male: 94% Female: 99% Total: 97% Rate of return to work BCA: Male: 100% Female: 100% Total: 100% Rate of retention BCA: Male: 100% Female: 100% Total: 100% Rate of return to work BCGA: Male: - Female: 100% Total: 100% Rate of retention BCGA: Male: - % Female: 97% Total: 97% Rate of return to work BI: Male: 100% Female: 83% Total: 88% 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: 86% Female: 86% Total: 86% Rate of return to work Timor Branch: Male: 100% Female: 83% Total: 88% Rate of retention Timor Branch: Male: - % Female: 100% Total: 100% Rate of return to work France Branch: Male: 100% Female: 92% Total: 96% Rate of retention France branch: Male: -% Female: 83% Total: 83% Rate of return to work BCI:	-	-	-	Principle 3 - Businesses shall 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

<table>
<tr><td></td><td></td><td>Male: 100% Female: 100% Total: 100%
Rate of retention BCI:
Male: 96% Female: 91% Total: 93%

4. Sustainability Report » Annex C - Methodological Notes

Scope: Caixa + Affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="9">GRI 403: HEALTH AND SAFETY AT WORK (2018)</td></tr>
<tr><td>403-10</td><td>Work-related ill health</td><td>The most frequent occupational diseases were musculoskeletal disorders. As such, several measures were implemented to mitigate the associated risks, such as: teaching about posture, advice on breaks and stretching, and requesting the ergonomisation of the workstation when it is apparently unsuitable.
<table>
<tr><th colspan="2">2022</th></tr>
<tr><th colspan="2">Caixa Employees</th></tr>
<tr><td>Deaths resulting from occupational diseases</td><td>0</td></tr>
<tr><td>Cases of occupational diseases subject to mandatory reporting</td><td>3</td></tr>
<tr><td>Main types of diseases</td><td>D. musculo skeletal</td></tr>
<tr><th colspan="2">Workers outsourcing</th></tr>
<tr><td>Deaths resulting from occupational diseases</td><td>0</td></tr>
<tr><td>Cases of occupational diseases subject to mandatory reporting</td><td>0</td></tr>
<tr><td>Main types of diseases</td><td>N/A</td></tr>
</table>
Scope: Caixa</td><td>-</td><td>-</td><td>-</td><td>-</td><td>SDG 3 - Good health and well-being

SDG 8 – Decent work and economic growth

SDG 16 - Peace, justice and strong institutions</td><td>D. Policies Implemented - ii. Social and Fiscal Policies</td></tr>
</table>

GRI 404: TRAINING AND EDUCATION (2016)								
404-1	Average hours of training per year per employee	4. Sustainability Report » Annex A – Sustainability Indicators 4. Sustainability Report » Annex C – Methodological Notes Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	-	-	-	Principle 6 - Elimination of discrimination in the workplace	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 upgrading skills and transition assistance programs	4. Sustainability Report » 4.10 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 receiving regular performance and career development reviews	4. Sustainability Report » Annex A – Sustainability Indicators In 2022, 99% of Caixa's employees received a performance assessment. Employees in the following conditions were not considered, as they were not eligible for assessment: - Members of the Board of Directors; - During 2022, they were not at CGD's service for a minimum of 90 days (e.g. prolonged absences);	-	-	-	Principle 6 - Elimination of discrimination in the workplace	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

		-Retirements, early retirements, terminations, termination by mutual agreement, deaths and redundancies during the assessment period; - Employees in foreign units (Banks and Branches). Scope: Caixa						
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES (2016)								
405-1	Diversity of governance bodies and employees	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 the workplace	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 basic salary and remuneration of women to men	4. Sustainability Report » Annex A – Sustainability Indicators 4. Sustainability Report » Annex C - Methodological Notes Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	-	-	-	Principle 6 - Elimination of discrimination in the workplace	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 406: NON-DISCRIMINATION (2016)								
406-1	Incidents of discrimination and corrective actions taken	No cases of this nature were identified in 2022. Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	-	-	-	Principle 6 - Elimination of discrimination in the workplace	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 410: SAFETY AND SECURITY PRACTICES (2016)								
410-1	Security personnel trained in human rights policies or procedures	8% of security personnel received training regarding human rights in 2022. Scope: Caixa	-	-	-	Principle 1 - Companies need to support and respect the protecting of internationally recognised human rights	SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - vi. Human Rights
GRI 413: LOCAL COMMUNITIES (2016)								
413-1	Operations with local community engagement, impact assessments, and development programmes	Caixa is a Portuguese bank with more than 146 years of history and is highly representative at national level. At the end of 2022, the domestic distribution network comprised 486 branches and 'Espaços Caixa', 6 automatic branches, 26 corporate offices and extensions and 3 mobile branches. In order to integrate stakeholders' expectations in outlining the 2021-2024 Sustainability Strategy, CGD developed a consultation process based on the United Nations' 17 Sustainable Development Goals.	-	-	-	Principle 8 - Undertake initiatives to promote environmental responsibility	SDG 1 - No poverty SDG 2 - Zero hunger SDG 3 - Good health and well-being SDG 4 - Quality education	D. Policies Implemented - i. Environmental Policies D. Policies Implemented - ii. Social and Fiscal Policies

		This questionnaire was answered by 3087 stakeholders. As a result of the materiality analysis completed in 2021, nine topics were identified as the most relevant for CGD'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 2022 Awards** 593 applications 29 projects supported 500,000 invested 10,326 estimated beneficiaries **Caixa Mais Mundo Awards (4th edition)** 110 Academic Merit Awards 100 Scholarships for students in need 50 Merit Awards for students in vocational courses 40 Merit Awards for PALOP students **Blood donors group** 1,603 active internal donors; 2,483 active external donors; 2,315 actual donations (approximately equivalent to about 1,158 litres of blood); 2,684 hours of volunteer work; **EUSOUDIGITAL Programme** Mentors: 5,106 volunteers trained Centres: 174 centres open Students: 6,104 graduates					SDG 10 - Reduced inequalities SDG 13 – Climate action SDG 17 - Partnerships for the goals	

		Scope: Caixa						
GRI 414: SOCIAL ASSESSMENT OF SUPPLIERS (2016)								
414-1	New suppliers that were screened using social criteria	In 2022, 225 suppliers were contracted, none of whom were assessed taking social criteria into account. However, in 2022 the Environmental Management System - ESG Supplier Rating questionnaire was sent to 282 suppliers, of which 81 participated in this process. It is important to highlight that 181 of Caixa's suppliers had social clauses in their contracts. Scope: Caixa	-	-	-	Principle 2 - Ensure that they do not engage in human rights violations Principle 4 - Abolition of all kinds of forced or compulsory labour Principle 5 - Effective abolition of child labour Principle 6 - Elimination of discrimination in the workplace	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 417: MARKETING AND LABELLING (2016)								
417-2	Incidents of non-compliance concerning product and service information and labeling	Caixa recorded a total of 9 non-compliances with regulations and voluntary codes related to product/service information and labelling, 2 of which resulted in a fine or penalty and the remaining 7 in a warning by the Bank of Portugal. 4. Sustainability Report » Annex C - Methodological Notes Scope: Caixa	-	-	-	-	SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - ii. Social and Fiscal Policies

417-3	Incidents of non-compliance concerning marketing communications	Caixa recorded a total of 4 non-compliances with regulations and voluntary codes related to marketing communications, including advertising, promotion and sponsorship. All non-compliances resulted in a warning by the Bank of Portugal. 4. Sustainability Report » Annex C - Methodological Notes Scope: Caixa	-	-	-	-	SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - ii. Social and Fiscal Policies
GRI 418: CUSTOMER PRIVACY (2016)								
418-1	Substanciated complaints concerning breaches of customer privacy and losses of customer data	Caixa recorded 17 complaints about customer data privacy breaches arising from: - 4 situations of forwarding communications/contacts for commercial or promotional purposes without consent for such purpose or after the termination of a commercial relationship with Caixa, including 1 through the Ombudsman's Office; - 9 situations of unauthorised disclosure of Customer data to third parties, including 2 through the BdP; - 4 other situations. The international structures that received complaints related to customer data privacy breaches were as follows: BCA: 88 complaints; BCI: 271 complaints; BI: 1 complaint. BCGA, BNU Macau, Timor Branch and France Branch did not receive any complaints related to violation of customer data privacy. Scope: Caixa + affiliated banks (BCA, BCGA, BCI, BI, BNU Macau, Timor Branch and France Branch).	-	-	-	Principle 2 - Ensure that they do not engage in human rights violations	SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - ii. Social and Fiscal Policies

G4 SECTORAL SUPPLEMENT - FINANCIAL SERVICES (2013)								
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	The percentage of products with social benefits corresponds to 0.2% 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 » 4.8 Sustainable and Inclusive Funding » Supporting social and financial inclusion Scope: Caixa	-	-	-	-	SDG 1 - No poverty SDG 8 – Decent work and economic growth SDG 9 - Industry, innovation and infrastructures SDG 10 - Reduced inequalities	D. Policies Implemented - ii. Social and Fiscal Policies
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	The percentage of products with environmental benefits corresponds to 0.7% of the total monetary volume of Caixa's products. 4. Sustainability Report » 4.8 Sustainable and Inclusive Funding » Funding the Low-Carbon Economy Scope: Caixa	-	-	-	Principle 6 - Encourage the development and diffusion of environmentally friendly technologies	SDG 8 - Decent work and economic growth SDG 11 - Sustainable cities and communities SDG 13 – Climate action	D. Policies Implemented - i. Environmental Policies
FS11	Percentage of assets subject to positive and	Percentage of assets subject to positive environmental and/or social screening: 36.9%	-	-	-	-	SDG 16 - Peace, justice and strong institutions	D. Policies Implemented - ii. Social and Fiscal Policies

	negative environmental or social screening	Percentage of assets subject to negative environmental and/or social screening: 0.4% Percentage of assets subject to positive and negative environmental and/or social screening: 37.3% Scope: Caixa (Caixa Gestão de Ativos)						
FS14	Initiatives to improve access to financial services for disadvantaged people	As in previous years, the resolution/endowment of the Branches in accordance with Decree-Law no. 163/06 has been slowing down, with the following updates: Porto Santo (0660): Allocation of a removable metal ramp Esposende (0288): Municipal licensing process On 31/12/2022 the following percentages of facilities with full accessibility stand out: - Branches 98.5% - Branch extensions 86.7% - Corporate Offices 74.1% 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

204-1

Caixa made a change to the methodology adopted in previous years, in which the calculation only considered suppliers of goods and services with annual invoicing to CGD of € 2,500 or more (with non-deductible VAT). In 2022, for the calculation of the percentage of expenses with suppliers, all suppliers of goods and services with total annual invoicing to CGD were considered (with VAT whenever applicable and without deducting the pro-rata).

302-1/305-1

Stationary combustion (combustion in stationary equipment – i.e. non-mobile equipment, such as boilers, furnaces or gas heaters)

The collection of information from CGD (Portugal) and Affiliated Banks is carried out according to the following parameters:

- **Portugal**: consumption of natural gas, for heating purposes, and diesel, to run the emergency generators;
- **BI, BCA, BCI, BCGA, Timor Branch and BNU Macau**: consumption of diesel by infrastructures/generators;
- **France Branch**: No fuel is consumed in its infrastructures.

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.

			CGD	
		Unit	**2022**	-
Natural Gas	PCI (heat of combustion)	GJ/((N)m^3 x 10^3	38.2	APA (2022) National Inventory – Portugal (pg. 3-23 table 3.9)
Diesel	PCI (heat of combustion)	GJ/ton	43.3	
	Density	kg/l	0.84	APA (2022) National Inventory Report 2021 Portugal (pg. 3-81 table 3.51)
Petrol	PCI (heat of combustion)	GJ/ton	43.8	APA (2022) National Inventory Report 2021 Portugal (pg. 3-81 table 3.51)
	Density	kg/l	0.75	APA (2022) National Inventory Report 2021 Portugal (pg. 3-81 table 3.51)
			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	

These figures are then converted into emissions by applying the emission factors (EFs) listed below:

			CGD, BCA, BCI, BI, BCGA, BNU Macau, Timor and France Branches	
			2022	-
Natural Gas	EF	kg CO_2e/GJ	56.4	APA (2022) National Inventory Report 2021 Portugal (pg. 3-112 table 3.83)
Diesel	EF	kg CO_2e/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:

		CGD	
		2022	**Source**
Regular Diesel	€/litre	1.796	https://precoscombustiveis.dgeg.gov.pt/estatistica/preco-medio-diario/#download(DGEG)
Regular 95 petrol	€/litre	1.851	
GPL Auto	€/litre	0.896	

CGD's fleet is made up of hybrid and electric vehicles. As electricity is consumed from the chargers at Caixa's head office building, this consumption falls under electricity consumption.

Timor Branch: The figures for the fuel consumed by the company's vehicles is calculated via the computerisation of filling station invoices.

BCA, France Branch and BNU Macau: The consumption figures are the litres of fuel used by each vehicle.
BI: 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 74% of the travel costs are associated with petrol vehicles and 26% 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

			CGD, S.A.	
		Unit	**2022**	**Source**
Diesel	EF	kg CO_2e/GJ	70.5	APA (2022) National Inventory Report 2022 Portugal (pg. B-7 table B-3)
Petrol	EF	kg CO_2e/GJ	71.9	
GPL	EF	kg CO_2e/GJ	68.1	
			CGD, BCA, BCI, BI, BCGA, BNU Macau, Timor and France Branches	
Diesel	EF	kg CO_2e/GJ	74.1	GHG Protocol (March 2017) http://www.ghgprotocol.org/calculation-tools/all-tools
Petrol	EF	kg CO_2e/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**	**2022**	**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	
R32	$kgCO_2eq/kg$ gas	675	

305-2

EDP Comercial was Caixa's electricity supplier (mainland Portugal) until June 2022; as of that date, 83.7% of the energy supply was assured by Endesa and 16.3% by Serviço Universal. 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	2022	Source
EDP (Energia de Portugal)	kg CO_2e/kWh	0.216	https://www.edp.pt/origem-energia/ (available on 12/04/2023)
Endesa	kg CO_2e/kWh	0.243	https://www.endesa.pt/negocios/quemsomos/Origem-de-Energia (available on 12/04/2023)
Serviço Universal	kg CO_2e/kWh	0.275	https://sueletricidade.pt/pt-pt/complex-pages/1661/nossa-energia (available on 12/04/2023)
EDA (Eletricidade dos Azores)	kg CO_2e/kWh	0.457	https://www.eda.pt/Regulacao/Rotulagem/Paginas/Resultados.aspx
EEM (Empresa De Eletricidade Madeira)	kg CO_2e/kWh	0.487	https://www.eem.pt/media/1111424/ano-2022.pdf (available on 12/04/2023)
Location-based	kg CO_2e/kWh	0.149	International Energy Agency (2022), Emission Factors 2022 (year 2021)
		BI, BCA and BCGA	
Africa	kg CO_2e/kWh	0.542	International Energy Agency (2022), Emission Factors 2022 (year 2020)
		BCI	
Mozambique	kg CO_2e/kWh	0.078	International Energy Agency (2022), Emission Factors 2022 (year 2020)
		BNU Macau	
Companhia de Electricidade de Macau	kg CO_2e/kWh	0.620	https://www.cem-macau.com/uploads/pdf_sustainability_report_2021_eng_8f4f8192e6.pdf
Asia	kg CO_2e/kWh	0.590	International Energy Agency (2022), Emission Factors 2022 (year 2020)
		France Branch	
France	kg CO_2e/kWh	0.055	RTE, 2022 https://www.rte-france.com/eco2mix/les-chiffres-cles-de-lelectricite
Electricité de France	kg CO_2e/kWh	0.050	EDF, https://www.edf.fr/en/the-edf-group/taking-action-as-a-responsible-company/reports-and-indicators/non-financial-kpis/esg-indicators
		Timor Branch	
Asia	kg CO_2e/kWh	0.590	International Energy Agency (2022), Emission Factors 2022 (year 2020)

Affiliated Banks BI, BCA, BCGA, BCI, Mozambique and Timor 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 boat in third-party vehicles at the CGD Group.
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, boat 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	X
Train	X	-	-	-	-	-	-	X
Boat	X	X	-	-	-	-	X	-
Private Transportation	X	-	X	-	-	-	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, where available, their origin and destination. The airline distance provided by https://pt.distance.to/ was used to calculate the kilometres travelled on airplane trips. The emission factor used considered the RF (Radiative Forcing).
- Train – Calculated based on accounting movements and origin-destination pairs according to the standard cost of journeys between major stations. Where destination data were unavailable, a proxy was performed using the average price per kilometre of these trips and the distance travelled was estimated taking into account the amount paid and the average price per kilometre for each place of origin. With regard to BCGA, a proxie was made of the kilometers traveled per employee in this type of work-related trips taking into account the data for Portugal.
- Individual transport –Calculated based on the accounting movements recorded in the system; an average conversion factor is applied to estimate the kilometres travelled.

In calculating kilometres for work-related travelling (plane, boat, train), whenever the trip's start and end was the same, only the outward trip was considered. Otherwise, it was accounted for as a round trip.

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	CGD, S.A, Timor and France Branches, BI, BCA, BCI, BNU Macau, BCGA		
	Unit	2022	Source
Plane - Domestic Travel	kg CO_{2eq}/pkm	0.246	2022 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting
Plane – Short Haul – Economy Class	kg CO_{2eq}/pkm	0.151	
Plane – Short Haul – Business Class	kg CO_{2eq}/pkm	0.227	
Plane – Short Haul (medium)	kg CO_{2eq}/pkm	0.154	
Plane – Long Haul – Economy Class	kg CO_{2eq}/pkm	0.148	
Plane – Long Haul – Business Class	kg CO_{2eq}/pkm	0.429	
Plane – Long Haul (medium)	kg CO_{2eq}/pkm	0.193	
Train	kg CO_{2eq}/pkm	0.026	Comboios de Portugal - RS 2020 (page 80)
Taxi	kg CO_{2eq}/vkm	0.149	2022 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: CGD, 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 La Vie Building (Porto), the Social Services Clinical Centres and Culturgest, 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: CGD, S.A (Portugal)

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") according to PCAF guidelines.

Financing to companies

- **Business Loans**

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	PCAF score
1a	$\sum_c \frac{Outstanding\ amount_c}{Total\ equity + \ debt_c} \times Verified\ company\ emissions_c$	1
2a	$\sum_c \frac{Outstanding\ amount_c}{Total\ equity + debt_c} \times Unverified\ company\ emissions_c$	2
3a	$\sum_c \frac{Outstanding\ amount_c}{Total\ equity + debt_c} \times Revenue_c \times \frac{GHG\ emissions_s}{Revenue_s}$	4
3b	$\sum_c Outstanding\ amount_c \times \frac{GHG\ emissions_s}{Assets_s}$	5

<u>Data used in the calculation:</u> i) The "outstanding amount" corresponds to the outstanding value of each counterparty (excluding off-balance amounts); ii) Equity, debt and revenues data of each counterparty at 31-Dec-2021 were used (internal bank data, whenever available); iii) The sector emission factors used (for Scores 4 and 5) were calculated based on the most recent information available on the INE, Pordata, Eurostat and DGEG *websites*. A national average value for emissions associated with the Portuguese electricity generation sector provided by the International Energy Agency (IEA) for Portugal (gCO_2/kWh) was also used; iv) For the calculation of Score 1 and 2 emissions, public information of the counterparts with emissions data disclosure (relative to the year 2021) was consulted.

- **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	PCAF score
2b	$\sum_{p} \frac{Outstanding\ amount_p}{Total\ equity + debt_p} \times Producion_p \times Emission\ factor$	3

Data used in the calculation: i) Bank's internal data regarding electricity generation projects (outstanding amounts (€), total equity+dept (€) and production in 2022 (MWh)); ii) Emission factors made available by ERSE per generation technology.

- **Commercial Mortgages**

Emissions from real estate mortgage were calculated using the PCAF methodology relative to this category and according to the option below:

PCAF option	Formula	PCAF score
2a	$\sum_{b,e} \frac{Outstanding\ amount_b}{Property\ value\ at\ origination_b} \times$ $Estimated\ energy\ consumption\ (from\ energy\ labels_{b,e}) \times Floor\ area_b \times$ $Average\ emission\ factor_e$	3
3	$\sum_{b,e} \frac{Outstanding\ amount_b}{Property\ value\ at\ origination_b}\ X\ Estimated\ energy\ consumption\ from\ statistics$ $\times Number\ of\ buildings_b \times Average\ emission\ factor_e$	5

Data used: i) outstanding amounts (€), appraised value (€) and energy certificate level of the properties (internal data from the Bank); ii) Emission factors per m^2 (tCO_2/m^2) or per property (tCO_2/ property) extracted from the PCAF "European building emission factor database" according to energy certificate level and property typology.

Mortgage loans

Emissions from residential mortgage were calculated using the PCAF methodology relative to this category and according to the option below:

PCAF option	Formula	PCAF score
2a	$\sum_{b,e} \frac{Outstanding\ amount_b}{Property\ value\ at\ origination_b} \times$ $Estimated\ energy\ consumption\ (from\ energy\ labels_{b,e}) \times Floor\ area_b \times$ $Average\ emission\ factor_e$	3
3	$\sum_{b,e} \frac{Outstanding\ amount_b}{Property\ value\ at\ origination_b}\ X\ Estimated\ energy\ consumption\ from\ statist$ $\times Number\ of\ buildings_b \times Average\ emission\ factor_e$	5

Data used: i) outstanding amounts (€), appraised value (€) and energy certificate level of the properties (internal data from the Bank); ii) Emission factors per m^2 (tCO_2/m^2) or per property (tCO_2/ property) extracted from the PCAF "European building emission factor database" according to energy certificate level and property typology.

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 employees) x 100, by age group and gender

As far as Caixa is concerned, the figures shown only include employees in permanent service at CGD, S.A. and those on secondment (placed in CGD's Divisions). As of 2021, the merger of Caixa Leasing e Factoring into Caixa Geral de Depósitos is also considered, with a direct impact on the number of hirings and exits (employees who, prior to the merger, had already been transferred to CGD, SA on secondment).

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.

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, namely those of the Portuguese Association of Advertisers (APAN) and the Civil Institute for Advertising Self-Regulation (ICAP).

Annex D – Response to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Disclosure of financial information on climate as per TCFD guidelines

In 2015, the Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD), a working group with the aim of developing a set of reporting recommendations to clearly and consistently disclose information that helps financial markets understand climate change-related risks and impacts.

In its 2022 Sustainability Report, Caixa has, for the third consecutive year, developed a comprehensive approach to the baseline recommendations of the TCFD, thereby promoting the disclosure of comparable, reliable and clear climate information to its various stakeholders. Caixa has been monitoring the most recent TCFD reporting recommendations, namely those concerning the disclosure of scope 3 greenhouse gas emissions, taking into account the materiality of this topic for the financial sector.

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 strive to enforce mitigation and adaptation measures, helping to promote investment in sustainable and resilient solutions, opportunities and business models.

Summary of recommendations

This entity has developed a multi-sectorial reporting framework 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.	630-632
	b)	Describing the role of the management body in assessing and managing risks and opportunities.	630-632
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.	632-639
	b)	Describing the impact of climate-related risks and opportunities on the company's business model, strategy and financial planning.	632-639
	c)	Describing the resilience of the company's strategy, considering different climate scenarios, including a scenario of 2ºC or less.	639-641
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.	642-650
	b)	Describing the company's processes for managing climate-related risks.	649-650
	c)	Describing how the processes of identifying, assessing and managing climate-related risks are integrated into the overall management of the company's risks.	642-650
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.	651-655
	b)	Disclosing scope 1, scope 2 and, where appropriate, scope 3 greenhouse gas emissions and their inherent risks.	653
	c)	Describe 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.	651-655

Governance

Fully owned by the Portuguese State, Caixa is a credit institution whose mission is to create value for the 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.

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 Board of Directors. 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.

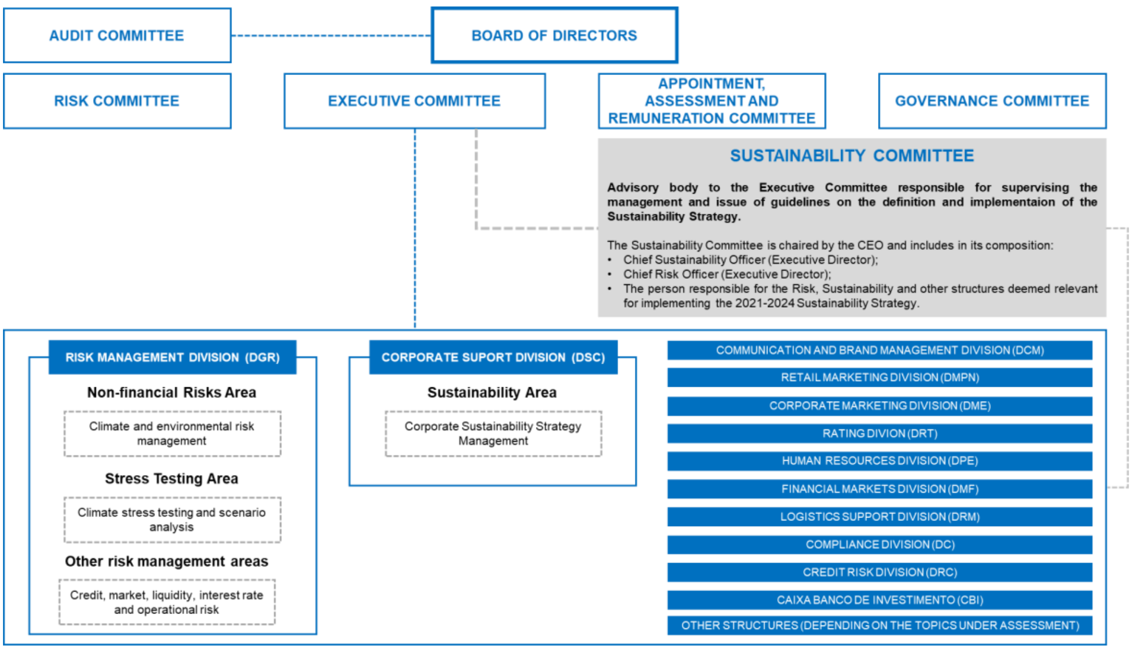
Governance model for climate-related risks and opportunities

In 2022, Caixa updated the powers, operating rules, composition and respective support structure of the Sustainability Committee, seeking to specify the governance model related to the management of climate and environmental risks (RC&A), namely through the implementation of measures for the mitigation and adaptation of RC&A, the fostering of strategies to integrate the results of climate stress tests and scenario assessments into the Group's business strategy and the monitoring of action plans in response to the requirements of the regulator and of the supervisor.

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 enforcing the Board of Directors' supervision in terms of governance of climate-related risks and opportunities.

As of 2022, the Sustainability Committee, which is chaired by the Chief Executive Officer, also includes 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 business and control 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.** The Executive Committee held 56 meetings in 2022.
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 (BoD); • 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 2022.
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 models and the model for calculating own funds adopted internally, as well as the EU 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, inter alia, 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 financial and non-financial risks inherent to Caixa's activity, namely with regard to climate and environmental risk.** The Risk Committee held 18 meetings in 2022**.**
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 and management of climate and environmental risks to the Executive Committee for assessment. The Sustainability Committee held 4 meetings in 2022.
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 as well as 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.

Caixa's 2021-2024 Strategic Plan defines “Sustainability and Social Impact” as one of the action vectors in pursuing a profitable and sustainable business model. In this sense, the bank has established its 2021-2024 Sustainability Strategy and respective strategic pillars through a holistic approach that materialises the ambition to become a 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:

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 –** Making regular and transparent disclosures on ESG performance in accordance with best reporting practice and applicable regulations.

The Sustainability Strategy is reflected on an annual action plan that incorporates the challenges and commitments voluntarily undertaken by Caixa, in particular:

- Net-Zero Banking Alliance
- Principles for Responsible Banking
- Principles for Responsible Investment
- Business Ambition for 1.5ºC
- 10 Principles of the UN Global Compact

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 for the achievement of 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 most impact-heavy sectors, that is, the most intensive and GHG emitting sectors, which is key to the transition to a carbon-neutral economy;
- Setting immediate targets for 2030, prioritising emission-intensive sectors;
- Using decarbonisation scenarios from recognised sources and maximising alignment with the Sustainable Development Goals.

In addition, in 2022, Caixa Gestão de Ativos (CXA) joined the Net Zero Asset Managers Initiative (NZAM), a global initiative bringing together the efforts and commitment of signatory international asset management companies to decarbonise their portfolios under management, thereby contributing to the target of reaching net-zero greenhouse gas emissions by 2050. As part of joining NZAM, members undertake to:

- Working in partnership with asset-owning clients on decarbonisation goals, consistent with the ambition to achieve carbon neutrality by 2050 or earlier in all assets under management (AuM);
- Setting an intermediate target for the proportion of assets to be managed in order to achieve carbon neutrality by 2050 or earlier;
- Reviewing the intermediate target at least every five years, with a view to increasing the proportion of AuM covered until 100% of assets are included.

So as to meet 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 consists of 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; • Environmental Risk Mitigation - 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 commitments: • 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	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 may 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 process 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 Gestão 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 more 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/CGD-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 risks control, whose main responsibilities include identifying, assessing, measuring, monitoring, control 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 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.

In accordance with the Group's risk taxonomy, climate-related and environmental risks are a subcategory of business and strategy risk and also an additional risk factor for the other prudential risk categories, namely credit risk, market risk, operational risk and reputational risk. Caixa considers that these risks comprise two fundamental risk drivers:

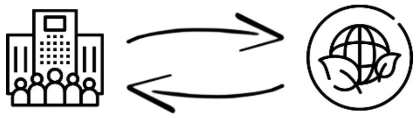
- Physical risk: refers to the financial impact of changing climate, including more frequent extreme weather events and gradual changes in climate, as well as of environmental degradation, such as air, water and land pollution, water stress, biodiversity loss and deforestation. Physical risk is therefore categorised as “acute” when it arises from extreme events, such as droughts, floods and storms, and as “chronic” when it arises from progressive shifts, such as increasing temperatures, sea-levels rises, water stress, biodiversity loss, land use change, habitat destruction, and resource scarcity. This can directly result in, for example, damage to property or reduced productivity, or indirectly lead to subsequent events, such as disruption of supply chains.

- Transition risk: refers to an institution´s financial losses that can result, directly or indirectly, from the adjustment process towards a low-carbon and more environmentally sustainable economy. This could be triggered, for example, by a relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences.

Caixa has been developing capacity for identifying, assessing, monitoring, mitigating and reporting climate-related and environmental risks. This will make it possible to improve the adaptation and resilience of its business model to the potential impact and magnitude of these risks. A forward-looking and long-term approach is particularly important given the uncertainty regarding the timeframe for the expression of these risks, which appears to be longer term, however depending on short-term action on climate change adaptation and mitigation.

Double materiality approach

Caixa's approach to climate change includes a 'double 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 (Risk of negative impact on the climate)
Transition risks	**Physical Risks**	
Risks for the company arising from the transition to a low-carbon, climate-resilient economy: ✓ **Regulatory risks** ✓ **Legal risks** ✓ **Technology 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.	Arise from the institution's own operations and may occur throughout the value chain. Main focus is on GHG emissions, which comprehends 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) most often represent the most significant part of its GHG emissions inventory, meaning that they are crucial for managing risks and opportunities associated with climate change and also for setting 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 risks for Caixa.

Physical risks resulting from specific weather events (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 the availability, supply and quality of water, food safety and extreme temperature changes, which affect organisations' facilities, operations, supply chain, transport needs, and employee safety.

A strong growth of 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 swiftness of implementation 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 associated 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 associated 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's 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 • Regulatory changes that may imply greater capital consumption for certain exposures in Caixa's balance sheet	✓	✓	✓
	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's 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's 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's 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's 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's 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 climate 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 events, 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 temperature • Rising sea level • Pressure on water resources • Loss of biodiversity • Change in land use • Scarcity of resources	• 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 events, 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 (3,557 GJ generated in 2022). - Solar photovoltaic microgeneration in the branch network: installation of solar photovoltaic panels (544 GJ generated in 2022).
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 €51.4 million was funded in 2022, corresponding to an increase of 43% compared to 2021.

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, the global issue of green, social, sustainable and sustainability-linked bonds is expected to reach from USD 900 million to 1 trillion by 2023. 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 2022, Caixa continued to issue sustainable debt bonds, having successfully completed two green senior preferred debt issues, amounting to €800 million, totalling €1.3 billion in instruments of this typology. These are the first issues made by a Portuguese bank with these characteristics (green) and it 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. 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. Aiming to provide the most transparency to its stakeholders and in order to manage its reputational risks, Caixa has been 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 2022, Caixa was distinguished as the Best Bank in Sustainability, in the context of Banking in Portugal, by Scopen's Brandscore study, which is the result of spontaneous naming by 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 climate change challenges.

In outlining its business strategy, where climate-related and environmental risks are integrated, sensitivity analyses and short-, medium- and long-term scenarios are perceived 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-related 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.

With this goal in mind, Caixa began with 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 allowed those assumptions to be strengthened with more quantitative data and methodologies.

Although at CGD climate and environmental risks are a subcategory of strategy and business risk, CGD has designed its risk profile from a forward-looking and cross-cutting perspective that allows the assessment of the impacts of physical and transition risk on its main risk drivers. Thus, taking into account its risk profile, CGD considered the impacts of climate-related and environmental risks on credit risk and operational risk when assessing its capital adequacy from an economic and regulatory perspective.

In addition, scenario analyses are being used to capture and test the impacts of climate-related risks in the short, medium and long term, for different transition scenarios 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 different environmental policy ambitions and technology changes, were considered: Net Zero 2050 (1.5ºC), Delayed Transition (<2ºC) and Current Policies (3ºC+). For the short term, two scenarios were considered: the Delayed Transition scenario (<2ºC) and the budget baseline scenario, supplemented with climate factors. Additionally, CGD considers a single climate event scenario to assess the impacts of acute physical events.

This assessment has mostly 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 mortgage 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 label classification to assess exposure to transition risks. Both physical and transition risks 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-related and environmental risks to which the institution is exposed in its current activity-planning horizon, as well as an assessment in the long run, beyond the typical activity-planning horizon.

With this is mind, and aware of the importance of these risks in the short and long term, CGD is working towards integrating the results of sensitivity assessments and scenario analyses to outline and implement its business model. This integrated vision allows not only the identification of continuous risk mitigation actions and the strengthening of its capacities and monitoring tools, but also the identification of a set of opportunities for this new goal.

All this will allow not only to strengthen the resilience of CGD's business model in the short, medium and long term and prepare the Group set of unpredictable but increasingly plausible risks, but also to seize the opportunities that will arise from a future increased awareness for climate change.

Alignment of the portfolio and carbon footprint at Caixa

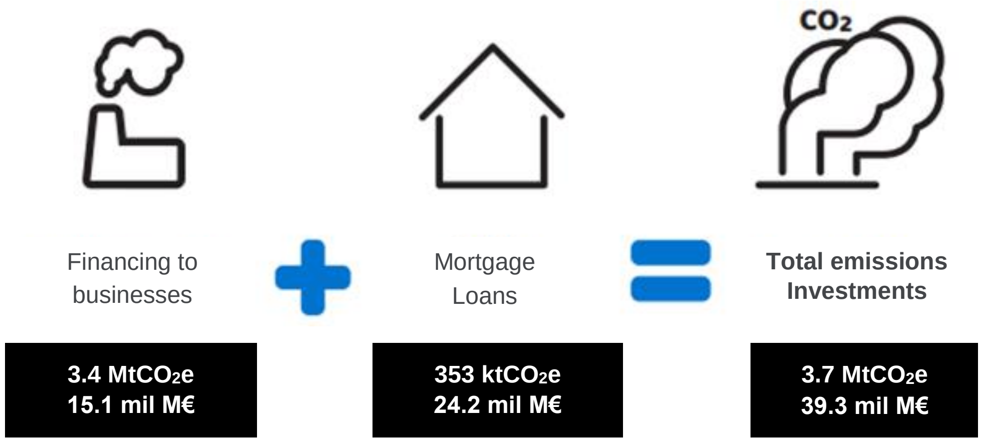
The accounting of GHG emissions and their periodic monitoring are vital practices for building an effective strategy for managing and reducing GHG emissions. Caixa prepares an annual GHG emissions inventory in accordance with the guidelines of the Greenhouse Gas Protocol (GHG Protocol), including emissions 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, resulting from business travel (air, train, boat, and individual transport), treatment of waste produced on the facilities, and financing portfolio.

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.

The calculation of scope 3 emissions (category 15) was carried out in line with the guidelines of the ‘Partnership for Carbon Accounting Financials’ (PCAF) standard, a collaborative initiative aimed at developing methodologies for calculating and reporting emissions associated with loans and investments of financial institutions for different asset classes (namely loans to corporates, mortgage loans, commercial mortgages, project finance). 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 2022:



Calculation of emissions associated with corporate financing:

This calculation was carried out in accordance with the PCAF methodological approach, which accounts for the (actual or estimated) emissions of the bank's counterparties and an allocation factor (which assesses what percentage of the counterparty's emissions are attributed to the bank).

Actual emission data reported by counterparties were retrieved from public sources (namely the sustainability report) for the 2021 financial year.

To estimate counterparty emissions (where unavailable), a sectorial emission factor was calculated (based on public sector data) which estimates scope 1 and 2 emissions by sector (ratio of tCO_2/M€ of sector assets or tCO_2/M€ of sector revenues).

The calculation of emissions associated with project finance – electricity generation – was carried out considering the production data of each project and the corresponding emission factors.

Calculation of emissions associated with commercial and residential mortgages:

The calculation of emissions associated with financing for commercial mortgages and residential mortgages was performed based on emission factors made available by PCAF for each property typology (PCAF European Building emission factor database) and took into account the energy certificate level of each property and the properties' area.

To learn more about the calculation methodologies, please refer to annex C to the 2022 Sustainability Report.

Risk Management

The Chief Risk Officer (CRO), who is a member of the Executive Committee, is ultimately responsible for the CGD Group's risk management function. The CRO of Caixa is globally responsible for monitoring the Group's risk management and partcularly for ensuring the adequate and effective operationof the risk management function.The CRO also has the dutty to inform and clarify the members of management and supervisory bodies on the risks incurred, on CGD and CGD Group's global risk profile and on the degree of compliance with the defined risk tolerance levels.

Risk management is centralised and supported by a dedicated structure – the Risk Management Division (DGR) –, under the responsibility of the CRO.

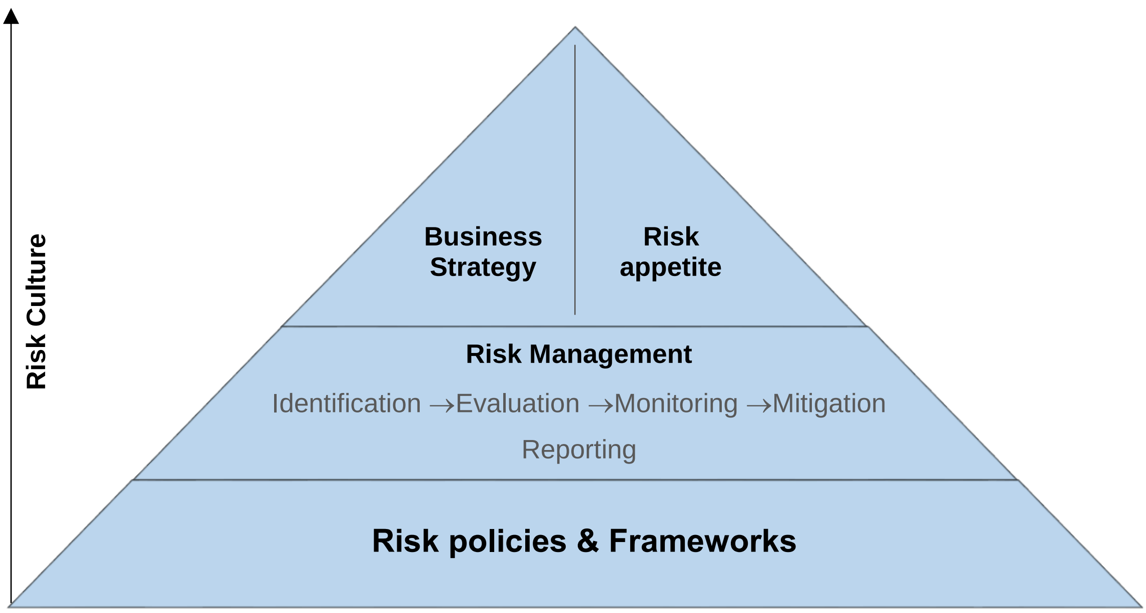
The Non-Financial Risks Area of the Risk Management Division, created in 2019, is responsible for identifying, assessing, monitoring, control and reporting the climate-related and environmental risks to which CGD Group is exposed and for the interrelationships with other existing risk categories, with a view to ensuring that climate-related and environmental risks remain within the risk appetite level established 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 field.

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-related and environmental risks, with its own tools and methodologies that include, among others, outlining and monitoring a series of risk indicators.

Risk management framework

Climate-related and environmental risks are integrated into CGD Group's risk management framework and, therefore, integrates the bank's risk appetite, decision-making processes and strategy. They are currently a subcategory of business and strategy risk and also an additional risk factor for other traditional risk categories: credit risk, market risk, liquidity risk, operational risk, reputational risk and compliance risk.



According to CGD Group's risk taxonomy, non-financial risks include four key risks (besides the traditional operational risk), namely: strategy and business, model, information technology, and reputational.

Business and strategy 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-related and environmental risks, and pandemics.

Climate-related 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. Climate-related and environmental risks are commonly considered to comprise two main risk drivers - transition risk and physical risk.

A specific management model for these risks has been implemented, which comprehend the identification, assessment, measurement, monitoring, control and reporting of non-financial risks (complementing the area specialised in 'traditional operational' risks) throughout CGD Group.

The climate-related and environmental risk management framework also aims to mitigate other relevant negative impacts, namely in terms of sustainable finance, compliance with regulatory requirements and achieving strategic goals for sustainability and carbon neutrality.

The principles and responsibilities applicable to the management of these risks are set forth in the Corporate Policy for Non-Financial Risks.

The availability and quality of climate data has been a challenge for the organisation. Caixa created a dedicated working group to address the governance and management of climate data, which meets on a regular basis and brings together different areas, namely commercial areas, sustainability and others with risk management responsibilities. Caixa aims to ensure that there is an effective and holistic data aggregation and capability. As the availability and quality of data evolves, the organisation will improve the accuracy and estimates of climate data, constantly maintaining transparency regarding the limitations of data supporting analyses and reporting.

Risk identification and assessment

CGD Group has implemented a process to identify the Group's risk profile, which is carried out in annual cycles and is based on the CGD Group's risk taxonomy, in order to assess and inventory risks that are of concern. The process is structured in two stages, the first consists of a risk self-assessment carried out by CGD and CGD Group entities, while the second phase consists of determining CGD 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 CGD Group's risk profile and the identification of risks subject to quantification under the internal capital adequacy assessment process (ICAAP).

The result of the assessment is then submitted to CGD’s Board of Directors.

Identifying the risk profile is crucial not only 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 corporate strategy.

According to the assessment carried out in 2022, climate-related and environmental risks were considered material and emerging for the CGD Group.

Although climate-related and environmental risk is a stand-alone risk category for CGD Group, Caixa recognises that this risk may also have an impact on the Group's risk profile through other existing risk categories. Therefore, an assessment was performed on the materiality of the impact of the different risk drivers associated with climate change on the remaining risks categories.

The level of sensitivity to transition risk is estimated based on a qualitative analysis of the estimated exposure of a given risk category to regulatory, technology, 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 a qualitative analysis of the estimated exposure of a given risk category to chronic and acute weather events and the impact of those effects over a given time horizon.

Caixa intends to improve, in 2023, the use of quantitative data for carrying out this exercise.

The results of CGD'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						
Liquidity 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 from a forward-looking perspective.

I. Transition Risk

In order to identify and assess transition risk, Caixa identified the sectors and segments most vulnerable to transition risk, using a heatmap approach. The heatmap was then mapped with the exposure of the portfolio to analyse the way 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, across 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, United Nations Environment Programme Finance Initiative (UNEP-FI), and Moody's, combined with expert judgement.

The following table shows CGD'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 LOANS TO CORPORATES PORTFOLIO

Sectors	Exposure (%)	Transition Risk
Agriculture & Forestry	**2.3%**	
Crop and animal production	1.9%	
Forestry	0.3%	
Fishing & Aquaculture	0.1%	
Metals and Mining	**0.5%**	
Industry	**21.2%**	
Food products	4.5%	
Textiles	6.0%	
Chemicals	1.2%	
Pharmaceutical products; rubber and plastic	1.4%	
Non-metallic mineral products	3.0%	
Basic metals	2.7%	

Sectors	Exposure (%)	Transition Risk
Computer, electronic; machinery and equipment	1.3%	Low risk
Furniture; repair and installation of machinery and equipment	1.0%	Moderate risk
Autos	**2.7%**	High risk
Manufacture of motor vehicles	0.7%	High risk
Wholesale and retail trade of motor vehicles and motorcycles	2.0%	High risk
Power Generation	**4.5%**	High risk
Power Generation	2.9%	Moderate risk
Oil & Gas	1.6%	High risk
Water Supply	**1.2%**	Moderate risk
Wholesale and Retail Trade	**13.5%**	Moderate risk
Transportation	**7.6%**	Moderate risk
Land Transport	2.8%	Moderate risk
Water Transport	0.7%	Moderate risk
Air Transport	0.3%	High risk
Other	3.9%	Moderate risk
Real Estate& Construction	**17.2%**	Moderate risk
Real Estate	9.5%	Moderate risk
Construction	7.7%	Moderate risk
Other non-vulnerable sectors	**29.3%**	-

Notes:
1. The figures refer to the non-financial companies segment of Caixa Geral de Depósitos SA, domestic activity, as at 31.12.2022.

Low risk Moderate risk High risk

For the segment of loans collateralised by commercial and residential immovable property, Caixa assesses the transition risk by distributing the energy label of the properties pledged as guarantee for the operations. In parallel with the transition to a low-carbon economy, policies and market trends will indirectly affect the financial value of properties. Additionally, the energy label classification of properties will affect the alignment of the loans portfolio with CGD's commitments to carbon neutrality.

LOANS COLLATERALISED BY COMMERCIAL IMMOVABLE PROPERTY – BY ENERGY LABEL

Energy class	A	B	C	D	E	F	G
Exposure (%)	10.75%	20.59%	40.15%	18.88%	3.81%	5.75%	0.08%

Notes:
1. The figures refer to the segment of loan collateralised by commercial immovable property of Caixa Geral de Depósitos SA, domestic activity, as at 31.12.2022.
2. Distribution by energy label is disclosed when the energy certificate of the collateral is known, representing approximately 38.7% of the total segment of credit secured by commercial properties.

LOANS COLLATERALISED BY RESIDENTIAL IMMOVABLE PROPERTY - BY ENERGY LABEL

Energy class	A	B	C	D	E	F	G
Exposure (%)	8.09%	7.91%	39.78%	29.27%	10.30%	4.63%	0.01%

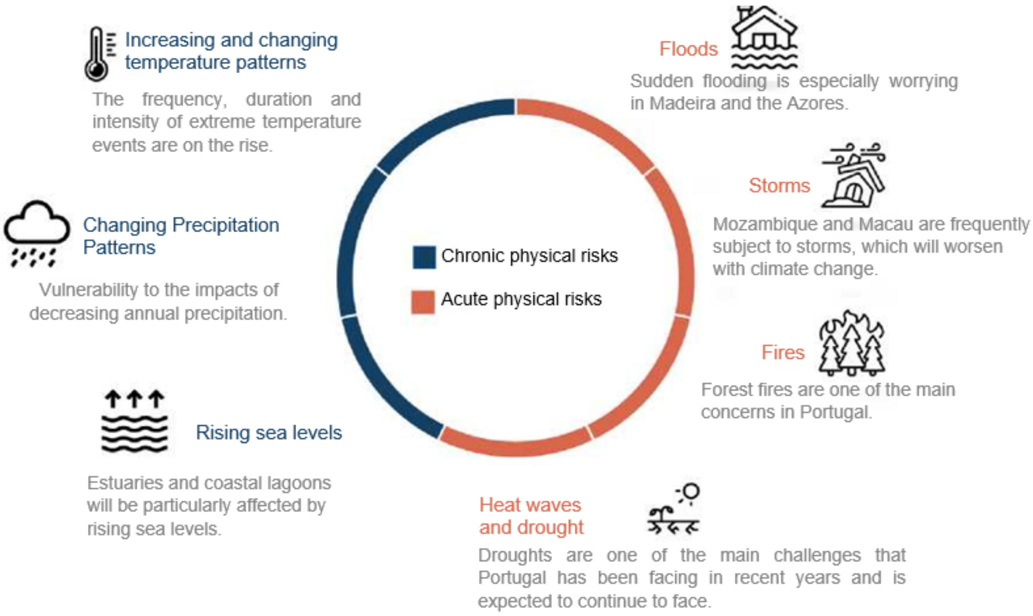
Notes:
1. The figures refer to the segment of loans collateralised by residential immovable property of Caixa Geral de Depósitos SA, domestic activity, as at 31.12.2022.
2. Distribution by energy label is disclosed when the energy certificate of the collateral is known, representing around 98.9% of the total segment of credit secured by residential properties.

The analysis showed that the most recent operations have a greater weight in energy labels A and B, which is in line with the business strategy of gradually moving the concentration of distribution to these energy lables.

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 UNEP FI).

The figure below shows the weather 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 biodiversity loss and pollution, due to the insufficiency of common methodologies and data, the bank is still analysing possible methodologies that allow for the assessment of 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 to sectors considered most vulnerable to physical risk, with an impact assessment indicator, using a heatmap approach.

HEATMAP OF PHYSICAL RISK FOR THE LOANS TO CORPORATES PORTFOLIO

Sectors	Exposure (%)	Physical risk
Agriculture & Forestry	**2.3%**	
Crop and animal production	1.9%	
Forestry	0.3%	
Fishing & Aquaculture	0.1%	
Metals and Mining	**0.5%**	
Industry	**21.2%**	
Food products	4.5%	
Textiles	6.0%	
Chemicals	1.2%	
Pharmaceutical products; rubber and plastic	1.4%	
Non-metallic mineral products	3.0%	
Basic metals	2.7%	
Computer, electronic; machinery and equipment	1.3%	

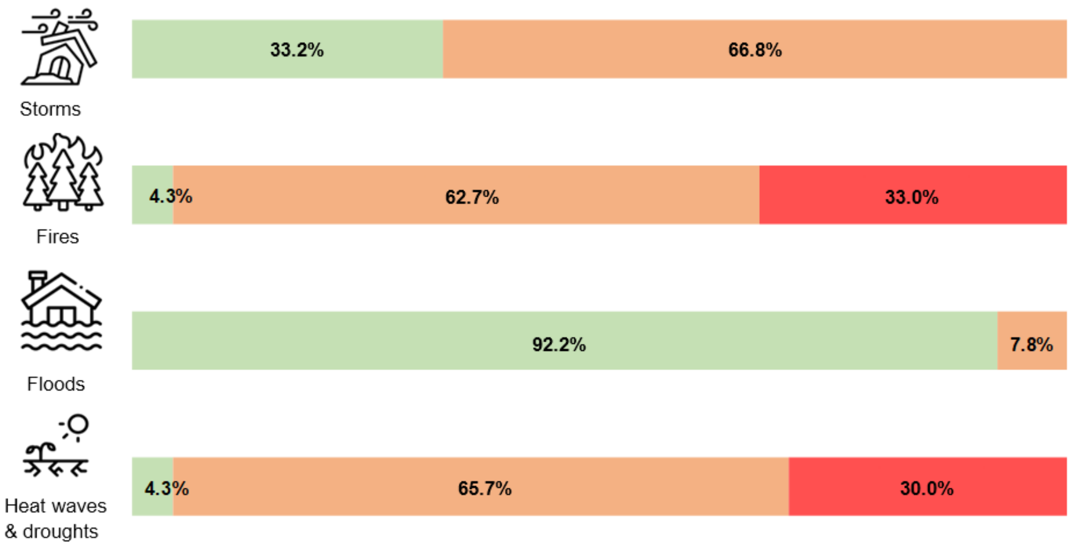
Sectors	Exposure (%)	Physical risk
Furniture; repair and installation of machinery and equipment	1.0%	
Autos	**2.7%**	
Manufacture of motor vehicles	0.7%	
Wholesale and retail trade of motor vehicles and motorcycles	2.0%	
Power Genaration	**4.5%**	
Power Generation	2.9%	
Oil & Gas	1.6%	
Water Supply	**1.2%**	
Wholesale & Retail Trade	**13.5%**	
Transportation	**7.6%**	
Land Transport	2.8%	
Water Transport	0.7%	
Air Transport	0.3%	
Other	3.9%	
Real Estate & Construction	**17.2%**	
Real Estate	9.5%	
Construction	77%	
Other non-vulnerable sectors	**29.3%**	-

Notes:
1. The figures refer to the non-financial companies segment of Caixa Geral de Depósitos SA, domestic activity as at 31.12.2022.

Low risk Moderate risk High risk

In order to assess the physical risk related to the real estate loans 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 weather phenomenon, using a heatmap approach.

RISK HEATMAP FOR THE LOANS SECURED BY REAL ESTATE SEGMENT



Notes:
1. The figures refer to the loans secured by real estate segment, of Caixa Geral de Depósitos SA, domestic activity, as at 31.12.2022.

Low risk Moderate risk High risk

III. ESG rating model

CGD's innovative approach, its commitment to sustainability and its aim to evolve towards anticipating changes and controlling their potential impacts led to the creation of an internal ESG Rating Model.

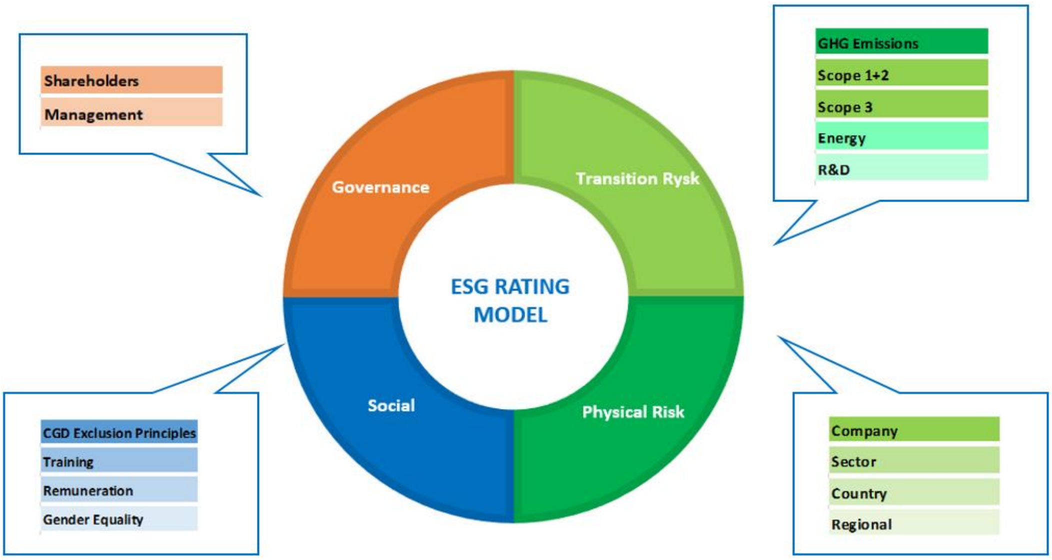
The ESG Rating Model aims to complement the financial rating information, considering non-financial criteria that are equally important in terms of risk impact and viability, contributing to a forward-looking perspective on the economic and financial situation of companies and consequently to a more holistic and robust risk management. The ESG Rating is, to a certain extent, a forecast of the evolution of the financial rating in a medium-term perspective, considering that, in the medium term, the ESG criteria will be reflected on the companies' balance sheet and financial statements.

Aiming to ensure the maximisation of value for the various stakeholders, it should be noted that the objective of the ESG Rating is to promote a customer-centric vision, creating opportunities for dialogue and raising awareness among commercial areas and companies, providing advisory and anticipating needs, so as to better support companies in the process of transition to a greener and more inclusive economy.

The ESG Rating Model was implemented throughout 2021 financial year, making it possible to assess and prioritise around 400 thousand companies and €23 billion in bank loans, in terms of sustainability.

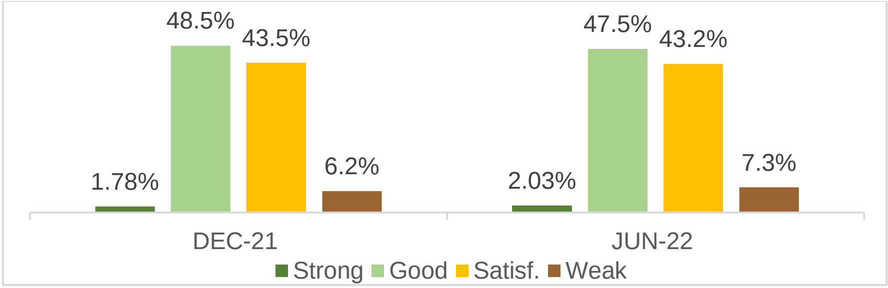
The ESG Rating methodology implemented by Caixa weighs several criteria in different dimensions and allows companies to be evaluated and prioritised based on sustainability, according to a 4-level qualitative rating scale: Strong, Good, Satisfactory and Weak.

ESG RATING: DIMENSIONS AND INDICATORS BY DIMENSION



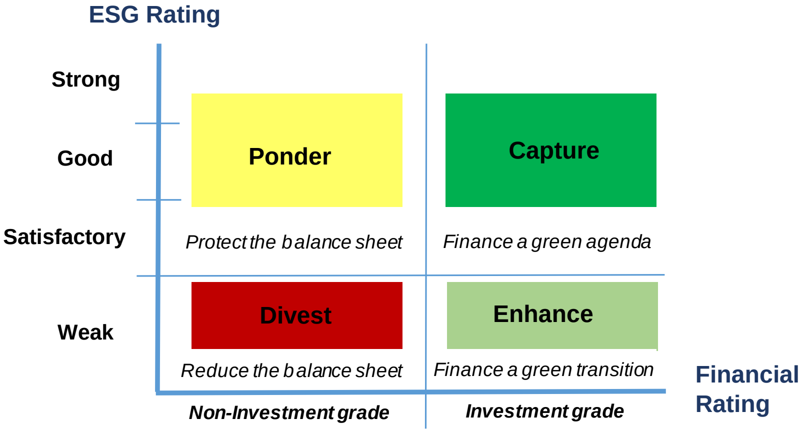
The results for the 1st half of 2022, considering the dimensions analysed by company, namely environmental, social and governance, reveal the preservation of an acceptable exposure to ESG risks, with a concentration of exposure at levels “Good” and “Satisfactory” (48% and 43%, respectively, with “Strong” being the best level and “Weak” being the worst level).

DISTRIBUTION OF EXPOSURE BY ESG RATING RISK LEVELS



In order to support commercial activity, four sustainable finance strategies were established and implemented in a complementary way (“Ponder”, “Capture”, “Enhance” and “Divest”) using as inputs the correlation between the financial rating and the ESG Rating allowing to identify counterparties with the greatest potential for development and positioning, as well as counterparties at risk, with the main objective of enhancing commercial relationships and meeting the needs of companies.

QUADRANT MATRIX OF SUSTAINABLE FINANCE STRATEGIES



Throughout 2022, the information resulting from the application of the ESG Rating Model and the methodology regarding the outlining of sustainable finance strategies has been incorporated into the following processes:

- Provision of information from the rating systems to the commercial, marketing and other credit origination areas, to serve as support for prioritising and differentiating commercial actions based on the risk level of customers, contributing to a holistic and integrated view of risk in decision-making processes;
- Provision of inputs for the risk management function, namely the climate stress test and risk appetite;
- Contribution to complying with regulatory requirements, namely the supervisor's expectations;
- Assessment of the vulnerability of CGD's own assets to physical risk.

Additionally, and in order to contribute to the fostering of the risk culture, 6 seminars were held with various stakeholders, titled ‘CGD ESG Rating – Assessing the Sustainability of Companies’.

A new version of the ESG Rating Model is under development, to be implemented throughout 2023, aiming to strengthen and update the existing model by including new metrics, namely environmental indicators, concerning water consumption and waste treatment.

IV. Scenario analyses and stress testing

Scenario analyses are one of the main climate-related and environmental risk management tools, as they allow for a forward-looking assessment of existing vulnerabilities and contribute to a better understanding of the impact of these risks. This type of tool makes it possible to bring forward the enforcement of mitigating measures that prevent the materialisation of impacts with a view to the adaptation and resiliency of Caixa to climate change.

For this forward-looking and long-term sustainability approach, inherent to these risks, Caixa has invested in the development of forecasts, stress tests, sensitivity assessments and scenario analyses, considering short-, medium- and long-term scenarios, as well as different transition pathways towards carbon neutrality, considering not only the transition scenario consistent with the goals of the Paris Agreement but also more adverse scenarios.

Additionally, within the scope of the commitments undertaken by CGD for carbon neutrality, medium- and long-term forecasts have been developed in order to align the credit portfolio with the defined targets.

Climate-related and environmental risk is already part of the CGD Group's stress testing framework, with short- and long-term scenarios having been developed based on a set of scenarios created by the NGFS.

It is therefore important to point out that, throughout 2022, these forward-looking approaches were taken into account when drawing up the bank's multi-annual budgeting exercise, as well as in the ICAAP exercise, where CGD also used scenario analyses to assess the impact of climate-related and environmental risk on capital adequacy.

In this context, scenarios were used that simulate the impact of an increase in the price of carbon on the credit risk of CGD customers. In terms of operational risk, CGD assesses possible impacts of low-frequency and high-severity events associated with climate-related and environmental risk drivers. In the latter, Caixa develops loss estimates considering a series of hypothetical impacts that include an estimate of remediation costs, legal costs, regulatory sanctions, customer compensation, asset devaluation and revenue losses.

Risk monitoring and control

The climate-related and environmental risk management strategy was established based on the Risk Appetite Statement (RAS), which formally establishes CGD'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, CGD'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 Board Committees meetings 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-related 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-related and environmental risks also includes the weighing of new variables when Caixa grants financing, 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 weather 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 lending 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 process hazardous materials or substances restricted by national legislation.

Caixa has endeavoured to develop capacities to identify, assess, monitor and manage climate-related 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 depends on short-term action.

Caixa's response to climate-related 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

CGD Group has been disclosing environmental metrics in its Sustainability Report for several years.

Climate-related and environmental risks are integrated in CGD Group's risk management framework and, therefore, integrate the bank's risk appetite, decision-making processes and strategy.

DGR regularly follows up and monitors climate-related and environmental risk indicators and the corresponding tolerance limits. The indicators that are part of the CGD Group's Risk Appetite Statement are presented on a quarterly basis to the Executive Committee, the Risk Committee and the Board of Directors of CGD.

Caixa currently monitors the following risk metrics:

Metric	Definition
Interest, fee and commission income from GHG-intensive industries	Percentage of interest, fee and commission income stemming from GHG intensive industries in relation to interest, fee and commission income from all non-financial companies.
Financed GHG emissions	Exposure to carbon intensive companies based on a weighted average of carbon intensity. Includes Scope 1 and Scope 2 emissions from counterparties with the highest exposure by sector.
Credit portfolio exposure in regions more 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 metrics *Interest, fee and commission income from GHG intensive industries* and *Financed GHG emissions* arise from the climate stress test carried out in 2022 and have been monitored by Caixa on a regular basis.

The metric *Interest, fee and commission income from GHG-intensive industries* provides a proxy for the sustainability of the bank's business model and the vulnerability to the implications of transition risk.

The metric *Financed GHG emissions* provides an overview of the emissions financed by the bank via its corporate portfolio, particularly exposures to non-financial companies in 22 selected sectors[17], providing a proxy of the bank's exposure to GHG-intensive industries and its performance in terms of portfolio alignment with the carbon neutrality commitments undertaken by CGD and the bank's strategic objectives.

For these two metrics, the sectors considered are:

01	Agriculture, animal production, hunting and related service activities
02 - 03	Forestry and logging; fishing and aquaculture
B	Mining and quarrying
10-12	Manufacture of food products; beverages and tobacco products
13-18	Manufacture of textiles; Manufacture of wearing apparel, Manufacture of leather and related products; Manufacture of wood and cork, except furniture; Manufacture of articles of straw and plaiting materials; Manufacture of paper and paper products; Printing and reproduction of recorded media
19	Manufacture of coke and refined petroleum products
20	Manufacture of chemicals and chemical products
21-22	Manufacture of basic pharmaceutical products and pharmaceutical preparations; Manufacture of rubber and plastic products
23	Manufacture of other non-metallic mineral products
24-25	Manufacture of basic metals; Manufacture of fabricated metal products, except machinery and equipment
26-28	Manufacture of computer, electronic and optical products; Manufacture of electrical equipment; Manufacture of machinery and equipment not elsewhere classified
29-30	Manufacture of motor vehicles, trailers and semi-trailers; Manufacture of other transport equipment
31-33	Manufacture of furniture; Other manufacturing; Repair and installation of machinery and equipment
D	Electricity, gas, steam and air conditioning supply
36-39	Water collection, treatment and supply; Sewerage; Waste collection, treatment and disposal activities; Materials recovery; Remediation activities and other waste management services
F	Construction

[17] The 15 largest counterparties per sector in terms of bank exposure (Group level) are considered.

45-47	Wholesale and retail trade and repair of motor vehicles and motorcycles; Wholesale trade, except of motor vehicles and motorcycles; Retail trade, except of motor vehicles and motorcycles
49	Land transport and transport via pipelines
50	Water transport
51	Air transport
52-53	Warehousing and support activities for transportation; Postal and courier activities
L	Real estate activities

The following table presents the figures of the metrics for 2022 and 2021.

	Dec 2022	Jun 2022	Dec 2021
Income generated from interest, fees and commissions from companies in GHG-intensive sectors	74.5%	70.0%	71.5 %
Financed GHG emissions	748.08 tCO_2 e per €M	404.00 tCO_2 e per €M	397.28 tCO_2 and per €M

Notes:

1. The figures refer to non-financial companies of CGD Group.

A preliminary assessment was also carried out for regions where Caixa's carbon footprint could suffer a greater impact from transition risks, considering that exposure in countries whose government plays a weaker role in keeping global warming well below 2ºC results in a higher risk of climate change-related impacts.

The methodology used 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 performance of 59 countries and the EU, which together account for 92% of global GHG emissions. Each country's performance is assessed in four categories: GHG emissions, renewable energy, energy use and climate policy.

The latest ranking places the following countries in the top 10 worst performing countries: Islamic Republic of Iran, Saudi Arabia, Kazakhstan, Korea, Russian Federation, Canada, Taiwan, Malaysia, Australia and Poland.

The following table display the figures of this metric for 2022 and a comparison with previous years.

Thousands of euros	2022	2021	2020
Credit portfolio exposure in regions more exposed to climate change risk	62,394	122,298	105,612
	0.36%	0.70%	0.61%

Notes:

1. The figures refer to the corporate segment of Caixa Geral de Depósitos, SA, domestic perimeter.

Throughout 2022, the indicators visibly remained within the risk appetite limits.

The ongoing sensitivity and scenario assessments, as well as the stress testing exercises for climate-reated and environmental risks will largely contribute to a better understanding of the impact of these risks and to a dynamic adaptation of risk appetite and business strategy. This will enable the outlining of new risk indicators that take into account different transition pathways and different time horizons, as well as new performance indicators that will enable measuring the alignment of the credit portfolio with the carbon neutrality commitments undertaken by Caixa and the bank's performance vis-à-vis the interim targets established.

Environmental indicators

Through its annual sustainability report, Caixa publicly discloses a set of relevant information for its stakeholders.

In 2021, Caixa included for the first time in its sustainability report the reporting of scope 3 emissions – Investments (Category 15). This exercise was carried out again in 2022 in accordance with the guidelines of the Partnership for Carbon Accounting Financials (PCAF), a collaborative initiative aiming to put together methodologies for calculating and reporting emissions associated with the credit and investment portfolio of financial institutions.

	2020	2021	2022
GHG EMISSIONS (scope 1)	**1,691**	**1704**	**1,689**
Fuel consumption at the facilities (tCO_2e)	118	106	111
Fuel consumption by the fleet (tCO_2e)	1,479	1,445	1,563
F-gas leaks (tCO_2e)	94	153	15
GHG EMISSIONS (Scope 2)	**7,518**	**6,706**	**6,673**
Electricity production (tCO_2e) – market-based	9,376	9,355	10,668
Electricity production (tCO_2e) – location-based	7,518	6,706	6,673
GHG EMISSIONS (Scope 3)	**263**	**5,138,248**	**3,719,485**
Investments (tCO_2e)	-	5,137,853	3,718,382
Work-related travels (tCO_2e)	247	336	1,027
Waste treatment (tCO_2e)	15	59	77
RENEWABLE ENERGY PRODUCTION (GJ)	**4,966**	**5,003**	**3,900**
Thermal Energy – CGD Headquarters Solar Power Plant (GJ)	3,594	3,641	3,357
Branch network photovoltaic electrical energy (GJ)	1,372	1,362	544

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 evolution of other indicators or the performance of international entities, please refer to Annex A of the 2022 Sustainability Report. To learn more about calculation methodologies, see Annex C of the 2022 Sustainability Report.
2. The total GHG emissions (scope 2) are presented using the location-based method for comparability with the CGD Group.

Environmental Targets

Caixa undertook to reduce 43% of global GHG emissions (scopes 1 and 2) by 2021, compared to 2015. This objective was set out based on a tool developed by one of the main international trends, the Science Based Targets Initiative*,* adding five percentage points to the simulation. The bank successfully achieved and exceeded the objective set out, reducing GHG emissions by 73% compared to the baseline year. Caixa is currently in the process of validating new emission reduction targets with SBTi by 2030.

Additionally, in line with the commitment undertaken within the scope of its signing up to the Net Zero Banking Alliance and in order to meet the expectations of its stakeholders, namely investors, regarding the reduction of greenhouse gas (GHG) emissions, Caixa will disclose, in 2023, its Transition Plan for carbon neutrality.

The document will lay down GHG emission targets and the respective activities to be carried out for the electricity generation, real estate and cement sectors, in order to contribute to limiting the temperature increase to 1.5ºC throughout its value chain. For the 2023/2024 biennium, Caixa will set out reduction targets for the remaining sectors identified by the United Nations Environment Programme – Finance Initiative (UNEP-FI), namely agriculture, aluminium, coal, iron and steel, oil and gas and transport.

Environmental corporate ratings or ESG ratings

Caixa voluntarily participates, on an annual basis, in the CDP, one of the main contemporary environmental indices. This assessment serves as an important tool to identify and assess the climate risks and opportunities associated with its activity.

	2022	Target 2022	Target 2024
CDP DISCLOSURE INSIGHT ACTION – **CDP Climate Change questionnaire**	B	A-	A

The ESG Risk Rating from Sustainalytics (a Morningstar company) measures the institution's exposure to ESG risks, weighted by industry sector, through the assessment of the ESG Risk Exposure and Risk Management dimensions in different areas of activity.

	2022	Target 2022	Target 2024
SUSTAINALYTICS **ESG Risk Rating**	Medium	Medium	Low

For more information on Caixa's performance in sustainability indices, please refer to chapter 4.12 Disclosure of sustainability information.

Opportunity metrics

Throughout 2022, Caixa successfully performed two green senior preferred debt issuances amounting to 500 and 300 million euros. As a sustainable financing instrument, the funds raised are used to finance credit operations within the areas of environment and socioeconomic development. The sustainable finance framework for bonds provides for the issuance of three types of instruments (i) Green Financing Instruments, (ii) Social Financing Instruments and (iii) Sustainability Financing Instruments.

In 2022 Caixa Banco de Investimento (CBI), an entity of the Caixa SA Group, maintained its highly focused approach to the ESG dimension, having led 13 sustainable debt operations, namely:

Million euros	2022
Green bonds	
Caixa Geral de Depósitos (×2)	800
GreenVolt	150
Sustainability-Linked Bonds	
Sonae Sierra	50
NOS	75
The Navigator Company	150
Mota-Engil	70
Commercial Paper (Sustainability-Linked, ESG-Linked & Green)	
NOS	25
Sonae Group (× 4)	250
Corticeira Amorim	20

With regard to sustainability, in 2022 Caixa Gestão de Ativos (CXA) reinforced its ambition to set itself up as an example in carrying out Socially Responsible Investments, reinforcing its approach to action, which remains centred on three main vectors: 1) Integration of ESG factors in investment processes, alongside the use of traditional financial analysis factors; 2) Involvement with the companies subject to investments through the exercise of voting rights associated with assets under management; and 3) Involvement with companies that fit into the potential universe of investment, fostering a close dialogue on matters concerning Socially Responsible Investment (Engagement).

CXA incorporates ESG criteria into all of its global assets, with emphasis on the total amount of investment funds under management that promote social and/or environmental characteristics and that comply with all provisions of CXA's Socially Responsible Investment Policy (ISR).

Billion euros	2022
Sustainable Funds that adopt ESG criteria	
Total funds managed by CGD Group that promote social and/or environmental characteristics (article 8 pursuant to the SFDR Regulation)	5.9

For more information on Caixa's strategy for sustainable investment and participation in sustainable debt operations, please refer to chapter 4.8 – Sustainable Finance.

Building a better working world

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(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails)

Independent Limited Assurance Report

To the Board of Directors of
Caixa Geral de Depósitos, S.A.

Scope

We have been engaged by Caixa Geral de Depósitos, S.A. ("CGD") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, to report on the sustainability disclosures included in the Sustainability Report 2022, identified in the chapter "Annex B – *Global Reporting Initiative (GRI) Index*", which includes the sustainability information included in the Annual Report 2022 (the "Sustainability Information"), for the year ended 31 December 2022.

Criteria applied

CGD prepared the Sustainability Information in accordance with the sustainability reporting standards of the Global Reporting Initiative – GRI Standards and with the provisions of article 508.º-G of the Commercial Companies Code (*Código das Sociedades Comerciais*) and article 29.º-H, nº1, paragraph q) of the Securities Code (*Código dos Valores Mobiliários*) with respect to non-financial and diversity disclosures (together the "Criteria").

Responsibilities of the Management

CGD's management is responsible for selecting the Criteria, and for preparing the Sustainability Information in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining an appropriate internal control system, maintaining adequate records and making estimates that are relevant to the preparation of the Sustainability Information, such that it is free from material misstatement, whether due to fraud or error.

Responsibilities of the Auditor

Our responsibility is to examine the Sustainability Information prepared by CGD and to issue a limited assurance report based on the evidence obtained.

Our engagement was conducted in accordance with the International Standards for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information – ISAE 3000 (Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and other technical standards and recommendations issued by the Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*). These standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Sustainability Information is prepared in accordance with the Criteria.

Procedures performed in a limited assurance engagement vary in nature and timing 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. In these circumstances, our independent review procedures comprised the following:

- Inquiries to management with the objective to understand the business context and the sustainability reporting process;
- Conducting interviews with personnel responsible for preparing the information in order to understand the processes for collecting, collating, reporting and validating of the Sustainability Information for the reporting period;

- Conducting analytical review procedures to support the reasonableness of the data;
- Execution, on a sample basis, of tests to the calculations carried out, as well as tests to prove the quantitative and qualitative information included in the report;
- Verification of the conformity of the Sustainability Information with the results of our work and with the Criteria applied.

We consider that the evidence obtained is sufficient and appropriate to provide the basis for our conclusion.

Quality and Independence

We apply the International Standard on Quality Control 1 and, accordingly, maintain a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the *Ordem dos Revisores Oficiais de Contas'* Code of ethics and of the International Code of Ethics for Professional Accountants (including international independence standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentially and professional behavior.

Conclusion

Based on our work and evidence obtained, nothing has come to our attention that cause us to believe that the Sustainability Information, for the year ended 31 December 2022, has not been prepared, in all material respects, in accordance with the Criteria.

Lisbon, 28th April 2023

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(signed)

Manuel Ladeiro de Carvalho Coelho da Mota - ROC nº 1410
Registered with the Portuguese Securities Market Commission under license nr. 20161020

5.

REPORTS AND OPINIONS ON THE ACCOUNTS

TONDELA BRANCH
Architects
João Simões . 1937
António Reis Camelo . 1945

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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 of December 31, 2022 (showing a total of 102,503,009 thousand of euros and a total equity of 9,482,661 thousand of euros, including a net income attributable to the shareholder of CGD of 842,786 thousand of euros), and the Consolidated Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and the Annex with the 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 of December 31, 2022, 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:

Sociedade Anónima - Capital Social 1.335.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20161480 na Comissão do Mercado de Valores Mobiliários
Contribuinte N.º 505 988 283 - C. R. Comercial de Lisboa sob o mesmo número
A member firm of Ernst & Young Global Limited

1. Impairment of financial assets - loans and advances to customers

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 Annex to the consolidated financial statements, the value of loans and advances to customers amounted to 53,032,491 thousand of euros representing around 50% of total gross assets. The accumulated impairment recorded to loans to customers amounted to 2,254,541 thousand of euros representing 4,3% of total credit. The impairment of loans and advances to customers represents the best estimate, 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 – "Credit Risk" nr. 6 to nr. 10 of the Annex to the consolidated financial statements. This evaluation results from consideration a several number of factors that reflect an understanding of the clients' current situation, an analysis of historical information, the value of related collaterals, beside others, with the use of a high level of judgement (note 2.20 a)). The worsening of the current macroeconomic environment, resulting from increases in energy prices, inflation, interest rates and constraints on supply and production chains, could lead to an increase in the situations of customers in financial difficulties and non-performing loans. 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 scenarios of possible deterioration within the client portfolio which might cause a downgrade in credit status. After concluding these analyses, CGD recorded an additional amount to cover potential expected losses that had not been identified by the current impairment model (Note 43 – "Credit Risk" nr. 10 "Russian-Ukrainian conflict – potential impacts in credit portfolio – Additional impairment – (Overlays')" of the Annex to the consolidated financial statements). Considering the materiality, the degree of subjectivity and complexity involved, changes in recovery strategies and judgements made, or assumptions which determine the amount and timing of cash flows, may have a material impact in the estimated impairment, consequently, this is a key audit matter.	Our response to the risk of material misstatements includes a combined approach of controls assessment and substantive procedures, namely: ‣ Understand, evaluate the design and test the operational effectiveness of internal control procedures over the process of impairment losses quantification to the credit portfolio; ‣ Perform analytical review procedures on the Group' credit portfolio balances and impairment, comparing to the previous period and to defined expectations, including understanding of the changes occurred in the credit portfolio and changes in the assumptions and methodologies of impairment; ‣ Understanding of the measures taken by the Group to ensure adequate monitoring and marking of exposures covered by the moratorium, the identification of sectors of activity or other specific subgroups most exposed to the effects of the current macroeconomic context and processes designed to proactively address them and thus capture risk degradations and associated 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 current macroeconomic environment 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 2022; (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); ‣ Assessment of the reasonableness of adjustments, those to respond to additional areas of judgment resulting from the current macroeconomic context, and review of management procedures associated with such adjustments; and ‣ Analysis of the disclosures included in the consolidated financial statements, based on International Financial Reporting Standards requirements and on the accounting records.

2. Recoverability of deferred tax assets

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
The Balance Sheet records deferred tax assets in the amount of 967,858 thousand of euros, of which 102,959 thousand of euros is covered by the special regime applicable to deferred tax assets (REAID), as detailed in Note 2.13 and Note 19 of the Annex 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) of the Annex to the consolidated financial statements. This assessment was carried out based on the implementation of CGD's Strategic Plan and the application of the rules of deductibility in impairment for credit risk defined in Law Nr. 98/2019. Any deviations that may materialize differently from the scenarios considered in the estimate of future tax results, or possible changes in the applicable tax legislation or in the assumptions and interpretations used for its determination, may have material impacts on the value of deferred tax assets, which justifies this being a key audit matter.	Our response to the risk of material misstatements includes the following procedures: ▸ Understanding of the internal control procedures in the process of estimating the recoverability of deferred tax assets; ▸ Understanding of the main assumptions and judgments considered by the Group to estimate the future evolution of pre-tax results, including the analysis of their consistency with the projections of the Strategic Plan and considering the current macroeconomic context; ▸ Involvement of internal experts in tax matters for the analysis of the assumptions used in the estimation of deferred tax assets, considering the application of the rules of deductibility in impairment for credit risk defined by Law No. 98/2019; ▸ Review of the calculations made by the Group to demonstrate the recoverability of deferred tax assets, considering the understanding of the assumptions used in the estimation of pre-tax results and the review of the interpretation of tax legislation; and ▸ Review of the disclosures in the Annex to the consolidated financial statements relating to this matter, based on the requirements of international financial reporting standards and accounting records.

3. Liabilities with post-employment benefits of Group' 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 of the Annex to the consolidated financial statements). As of December 31, 2022, the total liabilities estimated for past service post-employment benefits of Group's employees and retirees amount to 2,775,772 thousand of euros and medical post-employment benefits to 309,231 thousand of euros (Note 36 of the Annex to the consolidated financial statements). In addition, given the current context and considering the structural changes in the banking business, the extension of the CGD Group's Pre-Reform Program until 2024 was approved. In this context, with reference to 31 December 2022, CGD estimated a provision of 137,580 thousand	Our response to the risk of material misstatements included the following procedures: ▸ Understanding 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 as of December 31, 2022; ▸ 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;

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
of euros for the Pre-Retirement Program ("PRP"), as referred in Note 36. The liabilities for retirement pensions and other post-employment benefits, as well as the estimated liabilities for the PRP, were estimated on the basis of actuarial assessments prepared by an external actuary certified by the Insurance and Pension Funds Supervisory Authority ("ASF"), which incorporate a set of financial and actuarial assumptions defined by CGD's management body, in particular as regards the discount rate, the rate of wage and pension growth and the mortality and invalidity tables, as referred to in Note 2.20 e) of the Annex to the consolidated financial statements. On February 24, 2023, the Decree-Law 14/2023 was published, which provides for the transfer of pension liabilities to Caixa Geral de Aposentações (CGA), with the delivery by CGD to CGA of financial compensation in the amount of 3,018,340 thousand of euros and subsequent extinction and liquidation of CGD's Pension Fund. The difference of 245,772 thousand of euros between the amount of compensation and the estimated liabilities was recognized as a liability for consideration of Personnel Costs. Under the terms of the above-mentioned Decree-Law, the risk associated with possible deviations between the growth rates of wages and pensions used as assumptions in the operation and the those that will come to fruition, remains until the end of 2027 and a compensation mechanism for CGA has been defined by CGD, to be assessed in 2028 with reference to 31 December 2027, with a maximum value of 320,000 thousand of euros. With reference to December 31, 2022, this contingent liability has been assessed as null and will be subject to future reassessment every six months. The use of different methodologies, assumptions, or judgments in the application of actuarial calculations may lead to different estimates of their book value, which justifies this being a key audit matter.	▸ Analysis of the commitments agreed in the document establishing the pension fund and the liabilities considered in the actuarial report as of December 31, 2022 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 accounting framework adopted for the transfer of responsibilities to CGA transaction, taking into account the provisions of Decree-Law no. 14/2023; ▸ 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. 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 Annex to the consolidated financial statements – in the chapter "Long-term or economic outlook – fair value", as of December 31, 2022, the Group holds a set of financial instruments, in the amount of 1,116,179 thousand of euros, measured at fair value using valuation techniques that incorporate variables not observable in the market (Level 3, in the context of IFRS 13 – "Fair Value Measurement"). The valuation of assets classified as level 3 is by inherence subjective, given that these financial instruments are valued based on internal models and criteria used in CGD or through quotations provided by external entities that include unobservable market parameters. In addition, in the current macroeconomic environment, uncertainty about the estimate of the fair value of instruments that have underlying real estate assets has increased due to potential effects on (i) the volume and value of reference transactions of similar and comparable assets, (ii) the extension of the maturities to complete real estate assets under construction, (iii) cash flows arising from leased assets, (iv) the discount rates considered, (v) the ability to lease unoccupied assets and (vi) the premium risk required by potential investors. The use of different valuation techniques and assumptions may give rise to different estimates of fair value (Note 2.20 c) of the Annex to the consolidated financial statements), namely arising from the possible impacts of the current macroeconomic context on the evolution of the real estate market, which justifies this being a relevant audit matter.	Our response to the risk of material misstatements included the following procedures: ‣ Understanding 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) understanding 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. Regarding 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.

5. 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, amounting to 174.3 million euros (corresponding to about 25% of the total). 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	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 2022; ‣ Analysis of the public communications from the Resolution Fund on September 28, 2016, March 21, 2017 and March 28, 2018, regarding the new conditions for loans to the Resolution Fund and the

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
finance the resolution measures for BES and Banif were renegotiated during the first quarter of 2017, including 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 addition, in May 2021 a new credit opening agreement was signed for 475 million euros, in which CGD participated with the amount of 118.4 million euros. In this contract the pari passu treatment was maintained in relation to the previous loans. According to information released in the latest Report and Accounts of the Resolution Fund, at 31 December 2021, loans obtained from the State and the banking syndicate amounted to 6,383 million euros and 1,129 million euros, respectively, and negative own resources at 7,208 million euros. To reimburse these loans and to meet other obligations, the financial resources of the Resolution Fund are essentially provided by periodic contributions from participating institutions (including CGD) and contributions from the banking sector. There is also a provision for the Portuguese Government finance representative to require, by ministerial order, that participating institutions make a special contribution in circumstances determined in the legislation, particularly if the Resolution Fund does not have sufficient funds to meet its obligations. 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 eventual 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.	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 October 2, 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 October 11, 2017, related to the approval of the sale of Novo Banco; ▸ Read the Reports and Accounts of the Resolution Fund for the years between 2016 and 2021; ▸ 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.

Responsibilities of management and the supervisory board for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that presents a true and fair view of the Group´s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards as endorsed by the European Union;
- the preparation of the Management Report, 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 responsibility is 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 based on 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, the measures we took to eliminate those matters or the related safeguards we applied.

Our responsibility additionally includes the verification of the consistency of the Management Report with the consolidated financial statements, and the verifications under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code regarding corporate governance, as well as verifying that the Consolidated Non-financial statement was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatement.

On the Corporate Governance Report

Pursuant to article 451, nr. 4 of the Commercial Companies code, in our opinion, the Corporate Governance Report includes the information required to the Group to provide as per article 29 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 non-financial statement provided

Pursuant to article 451, nr. 6 of the Commercial Companies Code, we inform that the Group prepared a 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 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 today; 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 December 31, 2022, 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 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, 2023

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

Ana Rosa Ribeiro Salcedas Montes Pinto - ROC nr. 1230
Registered with the Portuguese Securities Market Commission under license nr. 20160841

5.2. Report and opinion of the Supervisory Body

Caixa Geral de Depósitos, S.A.

Report and Opinion of the Audit Committee for 2022

In accordance with the provisions of sub-paragraph g) of no. 1 of article 423-F in conjunction with no. 1 of article 508-D, both of which of the commercial companies code, the audit committee is responsible for preparing an annual report on its supervisory activity and issuing an opinion on the management report and accounts of Caixa Geral de Depósitos, S.A. ("CGD" or "bank").

Remit of the audit committee

The audit committee, as the bank's supervisory body, without prejudice to any other statutory and legally assigned functions, as set out in article 423-F of the commercial companies code, article 3 of the legal regime governing audit supervision, Bank of Portugal notice no. 3/2020 and other legislation and applicable regulations, is responsible for: (i) supervising the management of the company; (ii) ensuring compliance with the law and the company's articles of association; (iii) supervising the process for the preparation and disclosure of financial information; (iv) overseeing a review of the accounts and the auditing of the company's accounting documents; (v) proposing the appointment of the statutory audit company to the general meeting and supervising its independence, particularly as regards the provision of additional, non-audit services; (vi) promoting, monitoring and assessing the adequacy and effectiveness of the organisational culture and CGD's and CGD group's governance and internal control systems; (vii) supervising the effectiveness of the activity and independence of control functions and, (viii) ensuring the direct reporting and supervision of the performance of the attributes of the internal audit function.

Having initiated its term of office as CGD's supervisory body on 23 December 2021, the audit committee approved the following, in early 2022, (i) its internal regulation which establishes the rules governing its composition and appointment, remit, organisation and operation, in addition to the principles and operating standards that should govern the performance of its members in exercising their respective functions, as a complement to the applicable legal and statutory provisions and (ii) the committee's multiannual activities plan, which details and systemises the activities necessary for full compliance with the functions and responsibilities assigned to it.

In consideration of all of the supervisory activity carried out and described below, the audit committee considers that it has diligently complied with all of its attributes and has made a positive assessment of its contribution to improving CGD's internal control system and the effectiveness of its control functions, in group terms. Reference should also be made to its contribution to overseeing the processes for the preparation and disclosure of financial information and on the statutory audit, considering that its interactions and the issues raised in this context have been relevant and highly useful in drawing attention to the main risks that could impact these processes.

Activity of the audit committee

CGD's audit committee held twenty seven meetings in 2022. The meetings were attended by all of its members and the respective minutes thereon prepared.

Depending on the issues under consideration, several members of the board of directors' executive committee and, particularly, on a more regular basis, the chief financial officer and chief risk officer, in addition to the chief executive officer and the chief operations officer were invited to attend audit meetings as guests.

Audit committee meetings also included the regular participation of the head of the internal audit function, heads of the risk management and compliance functions and the directors responsible for the accounting, consolidation and financial information division, strategy, planning and control division, corporate support division and the rating and internal control division. In addition, and whenever requested to present topics considered to be of relevance by the committee, meetings were occasionally attended by the heads of other CGD divisions, particularly the human resources division.

Ernst & Young Audit & Associados – SROC, S.A. (“EY”) as CGD’s statutory audit company and external auditor were also regular attendees at audit committee meetings, for the purpose of inspecting and monitoring its activity and supervising its independence.

The chairman of CGD’s board of directors was also present at several audit committee meetings, as a guest of the committee’s chairman.

Pursuant to its supervisory remit conferred by law and the company’s articles of association, the audit committee also wishes to make reference to the following, in 2022.

(i) Ex officio participation of its members as non-executive directors at all meetings of the board of directors and all activities involving its management and supervisory functions;

(ii) Supervision of the activity of the executive committee, based on access to the documentary support for its meetings and analysis and discussion of their respective minutes, making reference, whenever justified, to any matters requiring additional oversight and, in light of the topics on the agenda previously disclosed, participation in the respective meetings. The audit committee was present at six executive committee meetings in 2022, including those in which the annual and quarterly financial statements were considered;

(iii) Oversight of the activity of special board of directors’ committees, based on access to the minutes and documentary support for the meetings of these forums, in addition to the indication of the issues meriting the analysis and knowledge of the audit committee, by the members of the audit committee who are also members of the risk committee, appointments, assessment and remunerations committee and governance committee;

(iv) Oversight of the activity of CGD group entities, based on the implementation of an interactions plan with the respective management and supervisory bodies and, when applicable, special board of directors’ committees responsible for the supervision and reporting of the internal audit function, analysis of information supplied by them and the corporate reports prepared by CGD’s structural bodies;

(v) Monitoring the relationship with the supervisor, in the form of the joint supervisory team (JST) of the European Central Bank and the Bank of Portugal, with special reference to the meeting between the JST and the chairman of the audit committee in October;

(vi) Planning and implementation, with the support of the external auditor, of a multiannual series of control actions to be implemented in conformity with the requirements of Bank of Portugal notice 3/2020, to support the supervisory body’s assessment of the effectiveness of CGD’s and CGD group’s organisational culture and governance, risk management and internal control systems; and

(vii) Participation in the committees organised for the oversight and monitoring of the main impacts and risks attached to CGD’s and CGD group’s activities which are still associated with the Covid-19 pandemic in addition to the impacts of the military conflict in Europe deriving from the invasion of Ukraine, rising inflationary pressures and interest rate hikes, which pose additional challenges to the committee’s supervisory activity.

In terms of its supervisory activities, in 2022, the audit committee wishes to make special reference to the following activities in the context of its supervision of CGD’s strategy and conduct, organisational culture and internal governance, in addition to its monitoring of the effectiveness of its risk management and internal control systems and internal control functions activity:

(i) Consideration of the self-assessment reports on the adequacy and effectiveness of CGD’s and CGD group’s internal control system, with reference to November 2022 and issuance, on 29 December 2022, based on its supervisory activity and supporting works contracted with the external auditor, of the audit committee’s evaluation reports on the adequacy and effectiveness of CGD’s and CGD group’s internal control system, pursuant to the terms of articles 56 and 58 of Bank of Portugal notice 3/2020 ("notice"). The appendix to this report contains a summary of the supervisory authority’s above referred to reports, pursuant to article 60 of the referred to notice.

(ii) Issuance, on 28 February 2023, for the purposes of sub-paragraph c) of no. 4 of article 83 of Bank of Portugal notice 1/2022, of the audit committee’s opinion on the internal control system for the prevention of money laundering and countering the financing of terrorism with reference to 2022. For the purposes of the issuance of the referred to opinion, in addition to its interactions with the board of directors and CGD divisions involved in the process, the audit committee relied on the work specifically developed for this purpose by the external auditor;

(iii) Quarterly oversight of CGD's activities plan and budget and their respective implementation;

(iv) Oversight of key performance indicators (KPIs) for the implementation of CGD's strategic plan 2021-2024;

(v) Follow-up and monitoring of the activity of control functions − internal audit, risk management and compliance − from a separate and group perspective, issuing a favourable opinion on the respective activities plans and considering the annual activities and other reports issued by them;

(vi) As regards the internal audit function and as part of its reporting to the audit committee, a risk-based methodology for the supervision of this control function was established, monitoring, inter alia, the implementation of its activities and training plan and considering the proposed revisions of the audit plan;

(vii) Supervision of the independence of control functions, making a positive reference to the declarations signed by the heads of the internal audit, risk management and compliance functions in the annual reports for 2022, respectively issued under no. 1-d) of article 32, no. 1-s) of article 27 and no. 1-p) of article 28 of notice 3/2020;

(viii) Prior consideration of proposals and internal policies and procedures relating to the activity of control functions;

(ix) Analysis of complaints and claims addressed to it and forwarding the procedures to the relevant CGD services, when applicable;

(x) Analysis of the exchange of correspondence between CGD and the supervisory entities;

(xi) Analysis of progress reports on actions to mitigate deficiencies identified by the supervisors;

(xii) Quarterly oversight of CGD's and CGD group's internal control deficiencies, in addition to the implementation status of the recommendations made, particularly when resulting from high risk deficiencies, making reference to the highly positive evolution achieved in the year, regarding the collection of unresolved deficiencies;

(xiii) Knowledge of the records of non-compliances and reporting of irregularities, in addition to the implementation status of the measures defined for their resolution;

(xiv) Consideration of potential situations involving situations of conflicts of interest, in accordance with the general credit institutions and financial corporations regime, CGD's global policy for the prevention and management of conflicts of interest and Bank of Portugal notice 3/2020;

(xv) Analysis and issuance of prior opinion on transactions with CGD's related parties, pursuant to CGD's policy on transactions with related parties; and

(xvi) Issuance of other opinions within its remit, including those relating to disposal processes comprising private transactions of equity holdings by public entities, under the terms and for the purposes of sub-paragraph a) of article 6 of decree law 328/88 of 27 September.

In accordance with the provisions of number 3 of article 3 of law 148/2015 of 9 September, CGD's audit committee:

(i) Issued a favourable opinion on the proposal for the extraordinary distribution of "Other reserves and retained earnings" submitted by CGD's board of directors, considering that it safeguards strict compliance with the ECB's recommendations on appropriations of profit, compliance with statutory, legal and regulatory requirements and CGD's maintenance of a comfortable position, both on a level of its own funds structure and liquidity;

(ii) Oversaw, on a monthly basis, the process involving CGD’s and CGD group’s preparation and disclosure of financial information, having obtained the clarifications requested in the context of the respective filing of accounts from the accounting, consolidation and financial information division;

(iii) Oversaw and discussed the process that culminated in the liquidation of Caixa Geral de Depósitos, S.A.’s employees’ pension fund and transfer of its liabilities to Caixa Geral de Aposentações, I.P. with a reference date of 31 December 2022, with the management body and external auditor having issued a favourable opinion on the operation, pursuant to CGD’s policy on transactions with related parties, having confirmed the suitability of the actuarial assumptions employed to calculate the best estimate of the amount of the transferred liabilities with reference to the said date;

(iv) Supervised the effectiveness of internal quality control, risk management and internal audit systems as regards the process involving the preparation and disclosure of financial information, without violating their independence;

(v) Produced the quarterly reports for the ministry of finance, in accordance with the terms of the provisions of no. 2 of article 6 of decree law 287/93 of 20 August, presenting the analysis of CGD’s and CGD group’s key financial indicators, in addition to the results of other analyses, in particular those relating to the oversight of the largest credit exposures;

(vi) Oversaw the statutory audit on the separate and consolidated annual accounts, meeting regularly with EY representatives for the purpose of understanding the planning and evolution of their work and the main findings and recommendations made in the performance of their tasks, including a discussion of the general audit plan for 2022 and consideration of other reports issued by the statutory audit company. This involved obtaining the necessary clarifications on the questions raised, in particular on the conformity of the accounting records and their documentary support, the existence of assets or valuables belonging to CGD or deposited with CGD or otherwise and whether the accounting policies and measurement criteria used adequately represent CGD’s and the group’s assets and results;

(vii) Considered the additional report addressed to the supervisory body prepared by the statutory audit company in conformity with article 11 of regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16 April 2014, having discussed the contents thereof with EY representatives and which merited the agreement of the audit committee;

(viii) Oversaw and examined the activity of the statutory audit company, as provided for in numbers 12 to 14 of the "Policy for the selection and appointment of CGD’s statutory auditors and agreements for non-prohibited non-audit services", having for this purpose:

- ✓ Obtained from the statutory audit company and analysed and discussed with its representatives, the information regarding the audit quality indicators recommended by the securities market commission (CMVM), including those on the constitution and experience of teams, responsibilities under management, number of training hours, degree of rotation of employees, number of hours spent on audit phases, results of quality controls (internal and external monitoring processes) and allocation of employees to quality control areas;
- ✓ Obtained from the statutory audit company annual confirmation of the non-existence of relevant deficiencies detected in the internal quality control process referred to in article 54 number 7 sub-paragraph c) of the articles of association of the Order of Statutory Auditors (EOROC) and information on the results of EY Portugal’s internal inspections and works performed in 2022

(ix) Examined the independence of the statutory audit company in legal terms, having, for this purpose

- ✓ Considered and discussed with the statutory audit company the declaration of independence referred to in article 6 no. 2 of sub-paragraph a) of the above referred to regulation (EU) no. 537/2014, as provided in the additional report addressed to the supervisory body, noting that no threats to independence that could require a need for the implementation of safeguards to mitigate such threats have been identified, in accordance with article 71 of the EOROC and chapter 4 of the statutory auditors’ code of ethics;
- ✓ Verified the adequacy and approved the provision of other non-audit services, in accordance with the terms of the applicable legislation, specifically evaluating their possible classification

as prohibited audit services or any other situation that could compromise its independence as CGD's and CGD group's statutory auditors, including the cap on fees that such non-audit services could represent in 2022, under no. 2 of article 4 of the referred to regulation (EU) no. 537/2014.

(x) Issued a favourable opinion on the proposal to review the "Policy for the selection and appointment of CGD's statutory auditors and agreements for non-prohibited non-audit services", evaluating the contributions of CGD's control functions and structural bodies involved in the process, which policy was approved at the general meeting of 31 May 2022 and subsequently published on CGD's official website

Under the terms of article 423-F of the commercial companies code, the audit committee has examined the board of directors' report and CGD's separate and consolidated financial statements for the year ended 31 December 2022, and the respective statutory audit certificates and audit reports issued by EY, without any reservation or emphases of matters, with which it is in agreement.

The audit committee has specifically analysed the relevant audit matters, having obtained all necessary clarifications for its understanding from EY, in particular as regards:

- ✓ Impairment of financial assets – loans and advances to customers;
- ✓ Recoverability of deferred tax assets;
- ✓ Liabilities for the post employment benefits of CGD employees and the commitments made under the pre-retirement programme;
- ✓ Financial instruments measured at fair value and classified at IFRS 13 level 3;
- ✓ Resolution fund.

In addition to the above identified relevant audit matters the audit committee also oversaw EY's analysis of other areas in focus which also merited the special attention of the auditor and the supervisory body, such as those related to the possible risk of a derogation from the controls on lending by the management body, the risks of the inappropriate measurement of revenue owing to the incorrect application of accounting policies, transactions/assets whose measurement/valuation are underpinned by subjective judgments and assumptions, namely the valuation of properties received under loan recovery operations, assessment of the probability of the outcome of judicial disputes, claims and defaults and the valuation/recoverability of non-financial assets.

The audit committee has also assessed compliance with the legal guidelines in force for the state's business sector, regarding compliance with remuneration guidelines in force in 2022 and the guidelines relating to the corporate governance report included in the accounting documents.

It also noted that the information on corporate governance includes the elements required under article 29-H of the securities code.

In view of the above, the following opinion has been issued:

Opinion of the audit committee

Pursuant to its remit, the audit committee has considered CGD's management report and separate and consolidated accounts for 2022 and respective statutory audit certificates and audit reports which have been issued without any reservations or emphases of matters in addition to the additional report for the supervisory authority prepared by EY, having concluded that:

(a) The management report meets the requirements of the commercial companies code and securities code;

(b) The balance sheet, profit and loss statement, statement of comprehensive income, statement of changes to shareholders' equity and statement of cash flows and the notes to the separate financial statements are in conformity with the applicable legal and accounting requirements;

(c) The consolidated balance sheet, consolidated profit and loss statement, consolidated statement of comprehensive income, consolidated statement of changes to shareholders' equity and consolidated statement of cash flows and the notes to the consolidated financial statements are in conformity with the applicable legal and accounting requirements;

(d) The proposal for the appropriation of profit presented by the board of directors in its report is not in conflict with the applicable legal and statutory provisions;

(e) The corporate governance report is in conformity with the applicable legal provisions.

In this context, the members of the audit committee declare, in accordance with the terms and for the purposes of sub-paragraph c) of no. 1 of article 29-G of the securities code that, to the best of its knowledge, the board of directors' report and CGD's separate and consolidated financial statements and other accounting documents, all of which for 2022, have been prepared in conformity with the applicable legal, statutory and accounting rules and provide a true and appropriate picture of the equity and financial results of CGD and the companies included in its consolidation perimeter and that the management report provides an accurate description of the business evolution, performance and position of CGD and CGD group and contains a description of the main risks and uncertainties they face.

In view of the above, we consider that:

(a) The management report and other accounting documents for 2022, presented by the board of directors, should be approved, taking into account the aspects referred to in the statutory audit certificates and audit reports on the separate and consolidated financial statements for this year, issued by the statutory audit company;

(b) The proposal for the appropriation of profit presented by the board of directors in its management report should be approved.

Finally, the audit committee wishes to express its gratitude to the board of directors, executive committee and heads of CGD divisions and other employees in addition to the statutory audit company for their collaboration in the performance of their duties.

Lisbon, April 28, 2023

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 – Disclosures under the terms of Bank of Portugal notice 3/2020

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.

Additionally, the audit committee highlighted that:

- 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; and
- 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.

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 board of directors wishes to highlight the remarkable transformation which has taken place in CGD group, as a result of the implementation and consolidation of the strategic plan for control functions.

The board of directors also stated that it would continue to focus on all opportunities to improve the internal control system and other matters referred to in the notice, persisting with commitment and determination, in taking the necessary steps and, in particular, strengthening CGD's internal governance and risk culture.

Under the terms of article 56 of the notice, CAUD (audit committee) has stated in its evaluation report that it has overseen and monitored CGD's internal control system during the reference period based on: (i) its oversight of compliance with the internal control deficiencies management policy as regards the project for recovering the backlog of situations identified; (ii) its regular consideration of the status of unresolved deficiencies and the periodic reports on such deficiencies, prepared by the control functions; (iii) its regular meetings with directors; (iv) its consideration of the internal audit reports and follow-up activities on the resolution of deficiencies identified by the internal audit division ("DAI"); and (v) its follow-up of activities involving the resolution of deficiencies detected by the statutory auditors and regulatory entities.

Based on its oversight activities and analysis of documentation, CAUD considers that CGD's management and administration bodies continue to promote structural changes in terms of CGD's organisational culture and its governance and internal control systems.

In this context, reference should be made to the following positive developments in the period in question:

- The substantial implementation of the strategic plan on control functions defined in 2019. The strategic plans on control functions defined for 2022-2024 also continue to include initiatives to strengthen their performance as second and third lines of defence; and
- The initiatives to reduce the internal control deficiencies described in the report. In this context, CAUD wishes to highlight the continuity of positive evolution in terms of the resolution of the deficiencies identified with reference to 30 November 2022, as a result of the evaluation and oversight project on all

existing deficiencies in CGD (including CGD Portugal, France Branch, Timor Branch and Caixa Serviços Partilhados, A.C.E.).

The work carried out shows that the regulations on control functions comply with the requirements of articles 27, 28 and 32 of the notice. In addition, as a result of the effectiveness tests performed on each requirement, no new high/critical risk deficiencies were identified. The insufficiencies and opportunities for improvement identified have been incorporated into the records database for subsequent management and oversight.

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. Likewise, the audit committee was not aware of the existence of constraints.

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 19 December 2022. 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. The internal audit division has concluded that the report complies, in materially relevant aspects, with the existing regulatory provisions and reflects the deficiencies recorded in CGD's internal control deficiencies database.

On 19 December 2022 the internal audit division also provided the audit committee with the report referred to in sub-paragraph c) of no. 1 of article 32) of the notice, which presents an overall assessment that:

- Based on work carried out by the internal audit function and 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
- Based on the work carried out, considering deficiencies pending resolution and ongoing projects, highlighting the existence of deficiencies to be resolved by the control functions, 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.

The independent external valuations on CGD, regarding: (i) CGD's conduct and values, including the conduct and values of its management bodies, committees and CAUD, in accordance with nos. 2 and 3 of article 3 of the notice; (ii) the processes for obtaining, producing and processing the implementation of information in CGD, in addition to their control mechanisms, as provided for in no. 7 of article 29 of the notice; and (iii) the conformity of information flows established with the requirements of article 30 of the notice, have not yet been implemented. The board of directors has stated in the report that these assessments will be made by the end of 2024.

In order to form its opinion, CAUD considered the current and potential impacts of high risk deficiencies that remain unresolved and, in view of the above, on the basis of the known results deriving from the activities which have already been performed and bearing in mind the improvements implemented, subject to the limitation arising from the failure to carry out the independent assessments by an external entity under the terms of the notice and without prejudice to any impacts of: (i) the deficiencies identified in the report; (ii) the insufficiencies still identified in SREP 2022 Decision; and (iii) the above referred to inherent limitations, CAUD considers with a reasonable level of certainty that CGD's organisational culture, its current governance and internal control systems are, in materially relevant aspects, globally effective and appropriate to the nature and magnitude of the risks associated with its activity.

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 2022. 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.

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 board of directors has also pointed out that, in accordance with sub-paragraph c) of article 57 of the notice, it has continued to implement a set of initiatives to ensure the resolution of the group's internal control deficiencies, namely:

- A review of the deficiencies management policy in July 2022, which, inter alia, enhanced the clarity of the risk level of internal control deficiencies;
- The formalisation of a validation framework for the resolving of deficiencies by the second line of defence, reinforcing its participation in this validation and helping to improve the efficiency of the internal control system;
- The requirement for a more rigorous approach by the structural bodies responsible for resolving the deficiencies, in the definition of action plans and compliance with deadlines; and
- Maintenance of the KPIs associated with the resolution of deficiencies in the balanced scorecard of CGD's and CGD group's structural bodies and entities, making it possible to improve the alignment of all areas of the bank and group entities with the objectives of reducing the number of deficiencies and meeting the deadlines for their resolution.

On 19 December 2022, CGD's DAI delivered the report referred to in sub-paragraph c) of no. 1 of article 32 of the notice to CAUD, providing its global assessment of CGD's organisational culture and its governance and internal control systems. Specifically as regards the group's internal control system, CGD's DAI highlighted the issuance or revision of the corporate standards related to various matters having impacts on the organisational culture and/or governance and internal control systems.

CAUD also took note of the "Opinion of the internal audit function on the self-assessment report on the adequacy and effectiveness of the organisational culture and governance and internal control systems of Caixa Geral de Depósitos, S.A. - Caixa Geral de Depósitos group (Declaration of Conformity)" issued on 19 December 2022. This report was issued under the terms of liability governing the certification of the board of directors' self-assessment report pursuant to the notice, as attributed in the internal control deficiencies management policy, with the objective of verifying the document's conformity with the requirements of the notice and the adequacy of the process for its preparation ensuring that its basic information is complete and represents the "real situation" of the internal control deficiencies database. DAI concludes that the report complies with the existing regulatory provisions in materially relevant aspects and reflects the deficiencies recorded in the group's internal control deficiencies database.

CAUD has stated, in its evaluation report, produced under the terms of sub-paragraphs b) and c) of no. 1 of article 58 of the notice that, based on its oversight activities and analysis of the documentation, it considers that CGD's management and administration bodies have been implementing structural changes to ensure the improvement of the Group's internal control system.

Reference should be made to the following as regards the main operating priorities aimed at strengthening the Group's internal control system:

- The continued implementation of the initiatives of the strategic plans for CGD's control functions and structuring projects on a level of information systems and data quality, which includes the group's perspective in relation to certain aspects;

- Continued endeavours to boost the implementation of corrective measures on the deficiencies (from past years and new deficiencies), closely controlled by the second line of defence and regular reporting as provided for in the governance model set out in the internal control deficiencies management policy;
- In the framework of the 2021 supervisory review and evaluation process (SREP), the ECB, as one of its main concerns in the current adverse economic environment, expressed the need for the prompt supply of sound, robust data, having highlighted the identification of data quality issues essentially resulting from the failure to fully integrate information reporting systems on a group level, which translates into difficulties in capturing and aggregating relevant data for global risk management purposes. In this context, it should be noted that CGD's board of directors has demonstrated its commitment to strengthening the quality of obtaining, producing and processing CGD data, with special reference being made to the plan for compliance with BCBS 239 principles, approved in 2019, to be implemented over a four year period. The implementation of this plan, as part of CGD's strategic IT plan, is certified quarterly and information on its evolution submitted to the board of directors.

To form its opinion, CAUD considered the current and potential impacts of unresolved high-risk deficiencies in CGD group and in view of the above, based on the known results deriving from the activities performed and bearing in mind the improvements made, subject to the limitation arising from the failure to perform independent assessments by an external entity under the terms of the notice and without prejudice to any impacts of (i) the deficiencies identified in the board of directors' assessment report; (ii) the deficiencies also identified in the SREP 2022 Decision; and (iii) the above-referred to inherent limitations, CAUD considers, with a reasonable level of certainty, that the group's current internal control system is, in materially relevant respects, globally adequate and effective for the purpose of ensuring compliance with the requirements set out in article 51 of the notice and that the internal control systems of the subsidiaries and CGD's own internal control system are materially consistent.

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.

Alcântara Branch

The 2nd of December 1910 saw the opening to the public of the first autonomous Caixa branches called "workers' delegations" in Alcântara and Xabrégas.

The Alcântara branch would be reclassified in 1921 with a project by the architect Porfírio Pardal Monteiro.

Of the two, only the Alcântara Agency operates in the original facilities.

The opening of these branches, a few months after the establishment of the Republic, in industrialized areas of Lisbon, reflected, on the one hand, the Board's desire to fulfill one of Caixa's objectives since its foundation – to create a network of branches – and, on the other, the intention of encouraging the spirit of economy and savings, facilitating the conditions for increasing small deposits.

20|ANNUAL
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