# Creditreform Bank Rating

Caixa Geral de Depósitos S.A. (Group)

Creditreform Rating

| Rating Object | Rating Information | |
|---|---|---|
| Caixa Geral de Depósitos S.A. (Group) | Long Term Issuer Rating / Outlook: **A- / stable** | Short Term: **L2** |
| Creditreform ID: 400981407 | Type: Update / Unsolicited | |

| | | Rating of Bank Capital and Unsecured Debt Instruments: | |
|---|---|---|---|
| Rating Date: | **08 December 2023** | Preferred Senior Unsecured (PSU): | **A-** |
| Monitoring until: | withdrawal of the rating | Non-Preferred Senior Unsecured (NPS): | **BBB+** |
| Rating Methodology: | CRA "Bank Ratings v.3.2"<br>CRA "Rating of Bank Capital and Unsecured Debt Instruments v.2.1"<br>CRA "Government-Related Banks v.2.1"<br>CRA "Environmental, Social and Governance Score for Banks v.1.0"<br>CRA "Rating Criteria and Definitions v.1.3" | Tier 2 (T2): | **n.r.** |
| | | Additional Tier 1 (AT1): | **-** |
| Rating History: | www.creditreform-rating.de | | |

## Rating Action

**Creditreform Rating upgrades Caixa Geral de Depósitos S.A.'s (Group) Long-Term Issuer Rating to A- (Outlook: stable)**

Creditreform Rating (CRA) upgrades Caixa Geral de Depósitos S.A.'s (Group) Long-Term Issuer Rating to A-. The rating outlook is stable.

CRA upgrades Caixa Geral de Depósitos S.A.'s Preferred Senior Unsecured Debt to A- and Non-Preferred Senior Unsecured Debt to BBB+. The Tier 2 Capital rating is withdrawn due to a lack of eligible securities (n.r.).

Please find a complete list of rating actions regarding the bank and its affected subsidiaries at the end of this rating update.

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## Key Rating Drivers

- Improved ratings of the Portuguese Republic, the sole and ultimate owner of Caixa Geral de Depósitos S.A.
- Sustained recovery in key profitability metrics in 2022, predominantly driven by net interest income
- Sound capitalization and liquidity metrics with large buffers above regulatory requirements
- Improving in asset quality through the reduction of its non-performing loans, lower asset writedowns and and conservative stage 3 coverage ratio

## Executive Summary

| | |
|---|---|
| Quantitative: | Very Good |
| Earnings | Very Good |
| Assets | Good |
| Capital | Very Good |
| Liquidity | Very Good |
| Qualitative: | Very Good |

The rating of Caixa Geral de Depósitos S.A.'s is prepared on the basis of group (Caixa Geral de Depósitos S.A.) consolidated accounts.

Given its strong links to the Portuguese government, its sole and ultimate owner, the Long-Term Issuer Rating of Caixa Geral de Depósitos S.A. has been upgraded as a result of Creditreform Rating's upgrade of the Portuguese Republic's sovereign rating from BBB to A- on 11 August 2023. The higher rating is furthermore supported by improving profitability metrics coupled with further progress in terms of asset risk reduction.

The bank's rating remains negatively influenced by the high exposure to Portuguese Republic and the rating of Portuguese Republic (A-/stable), CRA Sovereign Rating as of 11 August, 2023). This confines the Long-Term Issuer Rating of Caixa Geral de Depósitos S.A to A-.

The decisive factor for the rating is the Portuguese Republic's sole and ultimate ownership of Caixa Geral de Depósitos in connection with its large importance to the domestic economy, underpinned by significant loan and deposit market shares. Moreover, the Portuguese state has aready proven its propensity to support the bank in the past, when it recapitalized CGD under EU state aid rules.

Creditreform Rating therefore adjusts the Long-Term Issuer Rating to the rating of the Portuguese Republic (A- (stable) as of 11 August, 2023).

## Company Overview

Caixa Geral de Depósitos, S.A. (Group) - in the following: CGD, the group or the bank - is a wholly state-owned public liability limited company and the largest bank by assets in Portugal. CGD operates as a universal bank with a network of 515 branch offices (as of Q3-23) in Portugal and, on a smaller scale, with some branches and subsidiaries abroad. With 11,273 employees, the Group serves over 3 million customers in Portugal and had total assets of EUR 98.4 bn in Q3-23.

The group bundles its activities in six business divisions:

The *Retail banking* division, which contributed almost half (46%) to CGD's net operating income in 2022, offers various loans such as mortgages and consumer loans to personal customers. *Trading & sales* (17% of net operating banking income) includes the management of the treasury portfolio, money and FX market operations, securities lending and wholesale brokerage. *Commercial banking* provides loans to large enterprises and SME's, as well as VC and several financial services such as factoring and property/equipment leasing. The *Asset management* division offers wealth management funds and portfolio management services, *Corporate Finance* supports its customers with M&A, restructuring and security sales. *Other* includes payment, settlement and agency services and retail portfolio intermediation.

Apart from Portugal, where it derives the bulk of its net operating banking income (72% excl. intragroup), CGD has a notable geographic footprint in Africa (18%), particularly in Angola and Mozambique. Furthermore, the bank has some business exposure to several European (France, Spain), Asian (Macau) and South American (Brazil) markets.

Following the successful conclusion of the 2017-2020 Strategic Plan, which mainly focused on restructuring activities, improvements to risk management practices and the strenghtening of the bank's capital base, CGD is currently in the implementation stage of the 2021-2024 Strategic Plan. The bank aims among others to foster the its service proposition in the digital world, to implement ESG-best practices and to optimize its territorial footprint. Financial goals include an RoE of at least 8% and a CIR below 45% by 2024, while maintaining sound asset quality and capital metrics.

In February 2023, Decree Law 14/2023 was published. The law required CGD to transfer employee pension liabilities in the amount of EUR 3bn to Caixa Geral de Aposentações (CGA) and liquidate the pension fund thereafter. Already in 2022, CGD has booked EUR 245.8mn of extra personel expenses relating to the transaction, mirroring a more conservative discount rate under the settlement vs. the going concern scenario. CGD's capital ratios on the other hand benefitted from the disposal of pension liabilities.

CGD's financial obligations are not explicitly guaranteed by the Portuguese state through a law or a legally binding letter of comfort. Nevertheless, CRA considers the bank's links with the Portuguese state to be strong (100% of shares are owned by the state) and therefore assumes a high probability of support in the event of financial distress. CGD is classified as an O-SII, with total assets close to EUR 100bn, it is Portugal's largest lender and the bank holds significant loan (Sep-23: 17.8%) and deposit market shares (Sep-23: 23.1%). Given its systemic relevance to the domestic economy and size – the balance sheet accounted for 43% of Portuguese GDP in 2022 – we believe it is highly likely that the Portuguese government would provide extraordinary support to CGD in the event of financial distress to shield the broader economy. Underpinning our support assumption, CGD has a positive track record with regard to state aid. In line with EU state aid rules, the Portuguese state has recapitalized CGD in 2017.

As regards 2022, there have been only minor changes to CGD's group structure. CGD increased its ownership in the Caixa Serviços Partilhados (CSP), ACE to 100% in June 2022. Later in August 2022, it increased its equity stake in Cap Verdian Banco Interatlântico to 81.69%. With the resolution of the so called „Projeto Crow", CGD also reduced its exposure to restructuring funds with the total volume now down to EUR 205mn from EUR 400mn in 2021.

## Business Development

### Profitability

Creditreform Rating AG follows a structural approach in the presentation of the income statement and balance sheet as well as in the calculation of key ratios. The presentation may therefore differ from that of the bank. Creditreform Rating pursues the goal of making financial statements of different banks as well as within the scope of consolidation as comparable as possible. Certain key ratios are also taken or calculated from the Bank's Pillar III Report for reasons of comparability. Balance sheet and income statement figures are taken from the consolidated financial statements of the respective years. One-off or exceptional items are, where possible, relegated to the line items non-recurring revenue and expense.

CGD's operating income skyrocketed by 31.8% yoy to EUR 2.5bn in 2022 with all major income drivers contributing positively to the improvement.

Above all, net interest income (+43.8% yoy) boosted the bank's operating income supported by the turn of the interest rate cycle. First and foremost, the bank benefitted from higher asset yields in its retail operations but also in the securities portfolio. Although to a smaller extent, exchange rate variations also helped to lift net interest income last year.

Net fee and commission posted solid growth (+8% yoy), mainly driven by an increasing volume of card payment transactions, as well as by stronger sales of investment funds and insurance policies in Portugal.

Meanwhile, CGD's net trading income came in 24% above 2021 levels, reaching a total of EUR 216.1mn (2021: EUR 174.1mn). Apart from positive revaluation effects of the bank's foreign currency position, CGD particularly benefitted from fair value gains on interest rate derivatives, which drove the improvement in the FVTPL-result from EUR 9.6mn to EUR 80.5mn.

By contrast, CGD saw its participation result decreasing to EUR 47.7mn (2021: EUR 56.5mn). Generally, CGD receives most of its equity accounted result from only two associated enterprises, namely the insurer Fidelidade – Companhia de Seguros, S.A. and payment processor SIBS, S.A. CGD has a pro-rata earnings claim of 15 and 22.97%, respectively. With regard to last year, both companies reported a decline in net income, explaining CGD's lower participation result.

Meanwhile, growth in operating costs lagged behind operating income. Reported personal expenses were up rather sharply to EUR 816mn. This includes however EUR 246mn of expenses related to the transfer of pension fund liabilities to Caixa Geral de Aposentações. As we consider this a one time event, we consequently classify this item as non-recurring expense. Meanwhile other expenses, which include among others CGD's contribution to the national and single resolution fund, as well as banking sector levy, came in lower than in 2021.

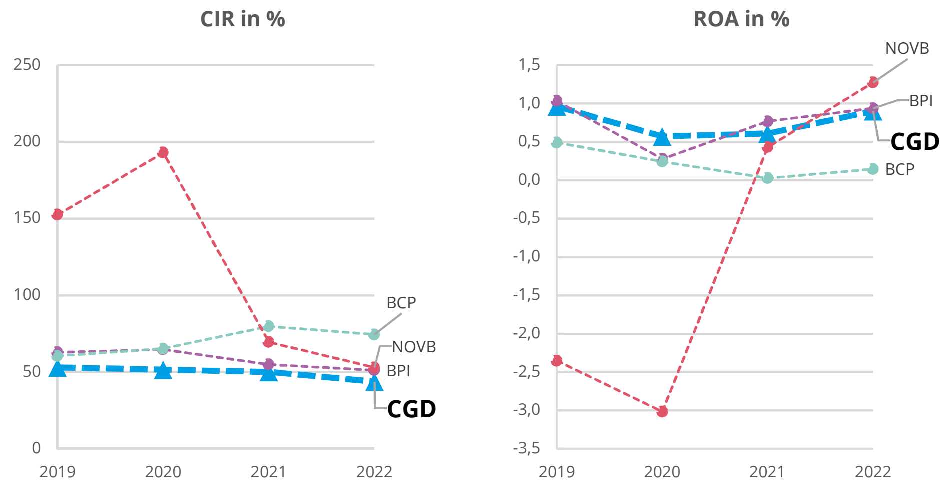
Impairment costs (for loans and other assets) improved substantially. Following total impairment charges of EUR 50.7mn in 2021, CGD reported a net release of EUR 12.9mn in 2022.

In addition to the aforementioned expenses related to the transfer of pension fund liabilities, we also identified some non-recurring income (EUR 23mn) stemming from the sale of CGD's French headquarters in 2022.

On the whole, CGD's net profit climbed to EUR 923.1mn in 2022 (2021: EUR 633.7mn), also translating into improving profitability metrics. We consider the bank's RoA of 0.9% (2021: 0.6%) to be good, while we regard its risk-adjusted profitability (RoRWA: 2.1%) as well as its RoE of 9.7%

as satisfactory. Furthermore, with a cost-income ratio below 50%, CGD is a cost-efficient operator both by European but also by national industry standards. Also, CGD's cost-income ratio compares favorably with Portuguese peers such as Banco Comercial Portugues, Novo Banco and Banco BPI. Profitability as measured by RoA was sufficient for a midfield position among Portuguese banks in 2022 but has been generally less volatile than with peers in recent years.

Chart 1: CIR & ROA of CGD in comparison to the peer group | Source: eValueRate / CRA




Nine months into the year, CGD reported another set of strong financials, with operating income growing by 79% yoy. Above all, the stronger result was driven by significantly higher net interest income (+129.4% yoy). The higher rate environment boosted both net interest income from lending and treasury activities. Meanwhile, operating expenses grew by +11%, mirroring higher employee costs and administrative expenses. The bank's impairment result for credit risk came in at EUR 305mn, reflecting heightened economic uncertainty. Summing all up, net income totalled at EUR 0.98 bn over the first three quarters of the year, equivalent to a 43% yoy increase. Against this backdrop, we expect a another expansion of CGD's net income on a full-year basis in 2023, accompanied by further improving profitability metrics.

## Asset Situation and Asset Quality

Although the lender remained Portugal's largest banking institution with total assets of EUR 102.5bn, CGD's balance sheet total shrank somewhat (-1.5% yoy) in 2022.

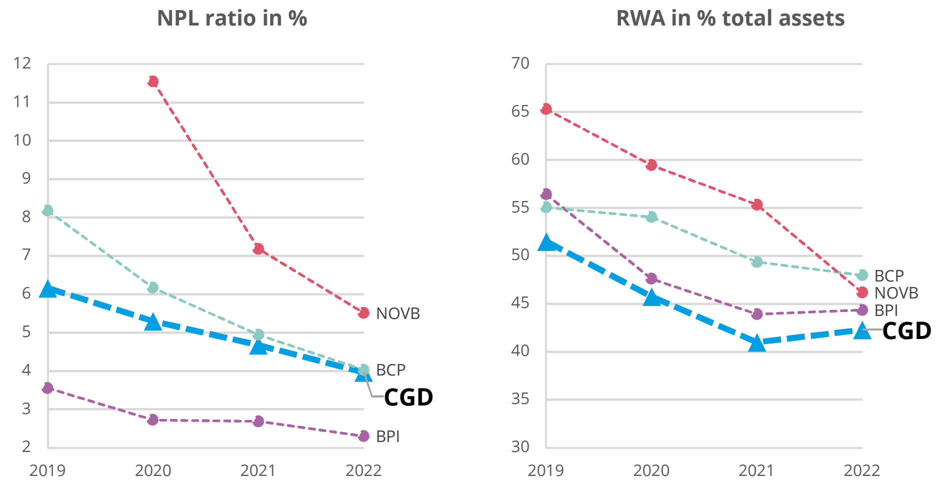
Above all, the value of CGD's securities portfolio declined notably, falling to EUR 17.2bn (2021: EUR 19.2bn). This particularly reflects CGD's liquidity management strategy, which provided for a reduction of FVOCI bondholdings in favor of investments at amortized costs. Generally, CGD is highly exposed to government and local authority issuers. According to its pillar 3 disclosures, debt issued by governmental entities amounted to more than 200% of the bank's CET1 capital as of year-end 2022. CGD has material exposure to public debt securities of peripheral eurozone countries. On top of EUR 5.9bn of Portuguese sovereign debt, the bank held another EUR 5.7bn in Spanish, Irish and Italian government bonds. The lion's share of public debt securities is held at amortized cost, where the sharp increase in interest rates has triggered a build-up in unrealized losses. However, in view CGD's good liquidity position, we consider it unlikely that the bank will be forced to sell these bonds prematurely and realize these losses.

Growth of the bank's customer loan portfolio (+1% yoy) almost came to a halt, mainly on behalf of sluggish credit demand from corporates and governments. While consumer credit posted robust growth rates (+14.6% yoy), the volume of household mortgages on CGD's banking book grew by only 1.3% yoy. As mortgage loans account for more than half (2022: 52%) of CGD's customer loans, weak demand in this segment had a dampening effect on the bank's overall lending growth.

The balance sheet item of non-current assets & discontinued operations in 2022 represents primarily CGD's subsidiaries (BCG Brazil, CGD Investimentos CVC, Banco Comercial do Atlantico), which the bank plans to dispose. This balance sheet position increased by EUR 0.9bn over the last year. As CGD was notified by the Portuguese secretary of state of the treasury to relaunch the sales process of Banco Comercial do Atlântico (BCA), IFRS 5 conditions to classify BCA as a non-current asset held-for-sale asset were met again.

Mainly thanks to cures and recoveries supplemented by write-offs and NPL-portfolio sales, CGD has made notable progess on de-risiking its balance sheet in recent years. Asset quality not only remained resilient throughout the pandemic, the NPL ratio continued to decline, reaching 4% in 2022 down from 4.7% and 6.2% in 2021 and 2019, respectively. Last year, cures and recoveries amounted to EUR 380mn, NPLs amounting to EUR 69mn were sold while write-offs totalled EUR 14mn. At the same time, inflows into NPLs slowed from EUR 386mn (2021) to EUR 296mn, further supporting the improvement in asset quality. Concurrently, the potential problem loan ratio (stage 2), fell from 9.0 to 8.2% over the last year. While both, the potential problem loan and the NPL-ratio have further room to improve, we acknowledge that CGD is conservatively reserved for its bad loans. Although this is not our baseline scenario, CGD's NPL coverage ratio, which stood at 92.5% at the end of 2022, provides the bank with a good cushion in the event worsening asset quality trends.

Chart 2: NPL and RWA ratios of CGD in comparison to the peer group | Source: eValueRate / CRA




Together with Banco Comercial Portugues (BCP), CGD ranks in the middle of Portuguese banks in terms of its NPL ratio. In general, it should be noted that Portuguese peers have also cleaned-up their balance sheets in recent years. In the same vein, the downward trend of the RWA ratio signals decreasing asset risk for all banks in our peergroup. As of 2022, CGD's RWA ratio was the lowest among peers, standing at 42.3%. Given that CGD does not apply the IRB method to calculate its credit risk, we believe that Basel III endgame reforms will have a limited impact on the lenders RWA ratio.

By the end of Q3-23, there were no signs of a deterioration in asset quality. Still, we believe that weakening growth dynamics in of CGD's key markets coupled with still high inflation will put some pressure on creditors' repayment capacities going into 2024. Against this backdrop, we anticipate that the NPL ratio has likely bottomed.

## Refinancing, Capital Quality and Liquidity

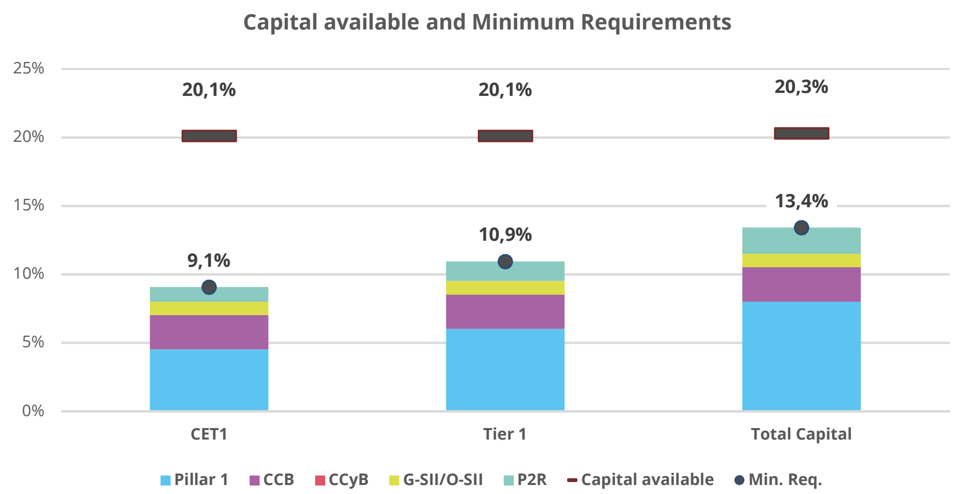
Customer deposits are by far the CGD's most important funding source, accounting for 93% of financial liabilities. That being said, the massive influx of deposits that CGD has faced throughout the Covid-19 pandemic, has slowed notably more recently. Overall, the customer deposit base grew by 5.3% in 2022. Supporting the stability of its funding base, dependence on confidence sensitive wholesale markets including operational deposits and debt instruments is limited.

We also note that deposits from banks were almost completely eliminated from the bank's funding mix. As the financial conditions of this funding instrument became less favorable, the bank fully reimbursed the funding obtained under the ECB's TLTRO III programme, which totalled EUR 5.8bn at the end of 2022.

CGD's risk-adjusted capitalisation remains very strong, its total capital- and CET1-ratios increased from 19.7% and 18.2% to 20.2% and 18.7% respectively in 2022. The bank's improving capital position was mainly driven by good internal profit generation but also by the liquidation of its pension fund. The latter contibuted 24 bp. to the improvement in CGD's total capital ratio.

By the end of Q3-23, CGD reported a fully loaded CET1 ratio of 20.1% and a Total capital ratio of 20.3% (it has no outstanding AT1 instruments). At these levels, we note that CGD has a significantly stronger capital base than its domestic peers (see Chart 5) and also extraordinarily strong capital buffers in excess of its regulatory minimum requirements. The lender surpasses its SREP requirement for CET1 and total capital by by 11 and 6.9 percentage points respectively.

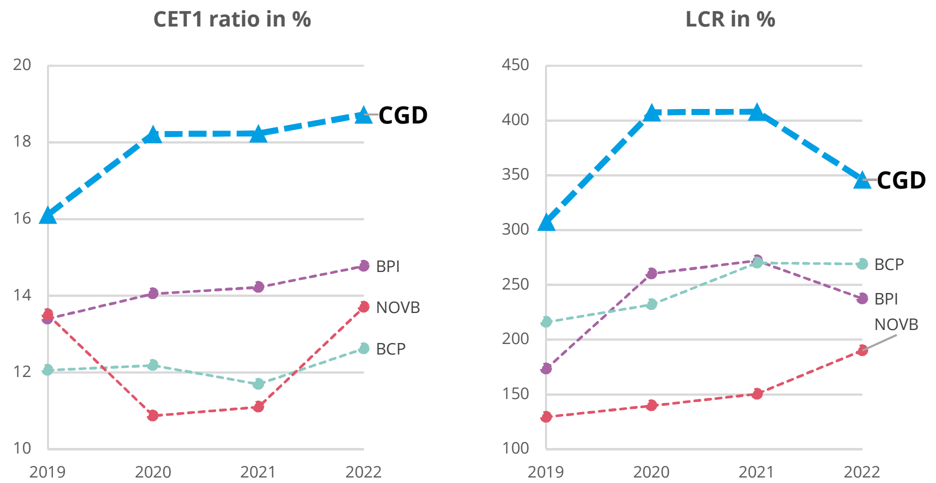
Chart 3: Regulatory capital ratios & requirements CGD Q3-23 | Source: CGD Results Presentation / CRA



Apart from ongoing profit retention, capital buffers benefitted from the ECB's decision to lower its overall P2R from 2.0% to 1.9% effective from March 2023. More importantly, the P2R was lowered for the second consecutive year, pointing to a more favorable risk perception of the bank's regulator. Currently, CGD's total capital requirement stands at 13.4%, also incorporating an O-SII buffer of 1.0%.

CGD's long-term structural liquidity appears sufficiently high, with the net stable funding ratio at 173% (2022: 182.7%). The bank has also an excellent liquidity buffer that it can use to cover its short-term financial obligations as indicated by its liquidity coverage ratio of 304.7% at the end of Q3-23 (2022: 346.1%). CGD operates with a structurally higher liquidity buffer than domestic peers, which have mostly displayed LCR's in the 150-200% range in recent years.

Chart 4: CET1 and liquidity coverage ratio of CGD in comparison to the peer group | Source: eValueRate / CRA / Pillar III




Due to CGD's bank capital and debt structure, as well as its status as a O-SII, the Group's Preferred Senior Unsecured Debt instruments are not notched down in comparison to the Long-Term Issuer Rating. Due to the seniority structure, CGD's Non-Preferred Senior Unsecured debt is rated BBB+.  The Tier 2 Capital rating is is withdrawn (n.r.) due to a lack of eligible securities.

## Environmental, Social and Governance (ESG) Score Card

**Creditreform Bank Rating**
**Environmental, Social and Governance (ESG) Bank Score**
Caixa Geral de Depositos SA (Av. Joao XXI 63, 1000-300 Lisbon)

Creditreform Rating

CGD has one significant and two moderate ESG rating drivers

• Corporate Governance is identified as a highly significant rating driver. The relevance for the credit rating results from the impact of the Corporate Governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated positive due to CGD's increasing ESG related financing activities in addition to the implemented diverse ESG related policies. Moreover, the bank has overcome the difficult years of the past, achieving a sustainable and solid performance level again.

• Corporate Behaviour and Green Financing / Promoting are identified as moderate rating driver. While Green Financing / Promoting is rated neutral due to the still relatively low amount of green bond emissions, Corporate Behaviour is rated positive due the bank's business activities in accordance with the ideas and beliefs of the society.

**ESG Bank Score**

3,6 / 5

| **Score Guidance** | |
|---|---|
| > 4,25 | Outstanding |
| >3,5 - 4,25 | Above-average |
| >2,5 - 3,5 | Average |
| >1,75 - 2,5 | Substandard |
| < = 1,75 | Poor |

| Factor | Sub-Factor | Consideration | Relevance Scale 2022 | Eval. |
|---|---|---|---|---|
| **Environmental** | 1.1 Green Financing / Promoting | The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria. | 3 | ( ) |
| | 1.2 Exposure to Environmental Factors | The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria. | 2 | ( ) |
| | 1.3 Resource Efficiency | The sub-factor "Resource Efficiency" has no significant relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria. | 1 | ( ) |
| **Social** | 2.1 Human Capital | The sub-factor "Human Capital" has low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria. | 2 | (+) |
| | 2.2 Social Responsibility | The sub-factor "Social Responsibility" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria. | 1 | (+) |
| **Governance** | 3.1 Corporate Governance | The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated positive in terms of the CRA ESG criteria. | 4 | (+) |
| | 3.2 Corporate Behaviour | The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria. | 3 | (+) |
| | 3.3 Corporate Transparency | The sub-factor "Corporate Transparency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria. | 1 | (+) |

| ESG Relevance Scale | |
|---|---|
| 5 | Highest Relevance |
| 4 | High Relevance |
| 3 | Moderate Relevance |
| 2 | Low Relevance |
| 1 | No significant Relevance |

| ESG Evaluation Guidance | |
|---|---|
| (+ +) | Strong positive |
| (+) | Positive |
| ( ) | Neutral |
| ( - ) | Negative |
| ( - - ) | Strong negativ |

The ESG Score is based on the Methodology "Environmental, Social and Governance Score of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage https://creditreform-rating.de/en/about-us/regulatory-requirements.html. In addition, we refer to CRA's position paper "Consodering the Impact of ESG Factors".

## Outlook

The outlook of the Long-Term Issuer Rating of CGD is stable. In the medium term, CRA expects CGD to retain its key credit strengths, in particular cost-efficient operations, overall good asset quality and strong capitalisation. Most importantly, we do not expect the bank's close ties with the Portuguese government to weaken that underpin our government support assessment.

## Scenario Analysis

Best-case scenario: A

Worst-case scenario: BBB+

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

In a scenario analysis, the bank is able to reach a Long-Term Issuer Rating of A in the "Best-Case-Scenario" and a Long-Term Issuer Rating of BBB+ in the "Worst-Case-Scenario". The ratings of Bank Capital and Senior Unsecured Debt would respond similarly based on our rating methodology. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general.

We might upgrade CGD's Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt if we see an upgrade of the rating of the Portuguese Republic (A-/stable). Given CGD's high Portuguese exposures, the ratings are currently confined at the level of the Portuguese sovereign.

By contrast, a downgrade of CGD's Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt is highly likely if we see a downgrade of Portuguese sovereign rating or a lower probability of support by the Portuguese government. Moreover, a lasting and significant decline of CGD's profitability, weakening asset quality and / or a reduction of the banks' capital ratios could also result in a downgrade.

## Appendix

### Bank ratings Caixa Geral de Depósitos S.A.

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

Long-Term Issuer / Outlook / Short-Term **A- / L2 / stable**

### Bank Capital and Debt Instruments Ratings Caixa Geral de Depósitos S.A.

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

| | |
|---|---|
| Preferred Senior Unsecured (PSU): | **A-** |
| Non-Preferred Senior Unsecured (NPS): | **BBB+** |
| Tier 2 (T2): | **n.r.** |
| Additional Tier 1 (AT1): | **-** |

### Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 1: Rating History

| Bank Issuer Rating | Rating Date | Result |
|---|---|---|
| Initialrating | 29.11.2019 | BBB / stable / L3 |
| Monitoring | 29.05.2020 | BBB / watch unknown / L3 |
| Rating Update | 20.11.2020 | BBB / stable / L3 |
| Rating Update | 17.12.2021 | BBB / stable / L3 |
| Rating Update | 20.12.2022 | BBB / positive / L3 |
| Rating Update | 08.12.2023 | A- / stable / L2 |
| **Bank Capital and Debt Instruments** | **Rating Date** | **Result** |
| PSU / NPS / T2 / AT1 (Initial) | 29.11.2019 | BBB / BBB- / BB / BB- |
| PSU / NPS / T2 / AT1 (watch unknown) | 29.05.2020 | BBB / BBB- / BB / BB- |
| PSU / NPS / T2 / AT1 | 20.11.2020 | BBB / BBB- / BB+ / BB |
| PSU / NPS / T2 / AT1 | 17.12.2021 | BBB / BBB- / BB+ / BB |
| PSU / NPS / T2 / AT1 | 20.12.2022 | BBB / BBB- / BB / n.r. |
| PSU / NPS / T2 / AT1 | 08.12.2023 | A- / BBB+ / n.r. / - |

## Tables Caixa Geral de Depósitos S.A.

Figure 2: Income statement[1] | Source: eValueRate / CRA

| Income Statement (EUR m) | 2022 | % | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Net Interest Income | 1.408 | +43,8 | 979 | 1.051 | 1.164 |
| Net Fee & Commission Income | 606 | +8,0 | 562 | 500 | 497 |
| Net Insurance Income | - | - | - | - | - |
| Net Trading & Fair Value Income | 216 | +24,1 | 174 | 51 | 119 |
| Equity Accounted Results | 48 | -15,6 | 57 | 44 | 43 |
| Dividends from Equity Instruments | 14 | +8,0 | 13 | 19 | - |
| Other Income | 177 | +65,4 | 107 | 139 | 273 |
| **Operating Income** | **2.469** | **+30,5** | **1.892** | **1.804** | **2.096** |
| **Expense** | | | | | |
| Depreciation and Amortisation | 136 | +26,6 | 107 | 98 | 94 |
| Personnel Expense | 570 | +34,8 | 423 | 511 | 583 |
| Tech & Communications Expense | 92 | +6,4 | 86 | 83 | 83 |
| Marketing and Promotion Expense | 11 | +8,6 | 10 | 12 | 15 |
| Other Provisions | -16 | < -100 | 94 | -27 | -22 |
| Other Expense | 289 | +27,5 | 226 | 252 | 357 |
| **Operating Expense** | **1.081** | **+14,1** | **947** | **929** | **1.111** |
| **Operating Profit & Impairment** | | | | | |
| **Operating Profit** | **1.388** | **+47,0** | **944** | **875** | **985** |
| Cost of Risk / Impairment | -13 | < -100 | 51 | 178 | -150 |
| **Net Income** | | | | | |
| Non-Recurring Income | 23 | - | - | - | - |
| Non-Recurring Expense | 246 | - | - | - | - |
| **Pre-tax Profit** | **1.178** | **+31,8** | **894** | **698** | **1.135** |
| Income Tax Expense | 271 | -0,1 | 272 | 172 | 332 |
| Discontinued Operations | 17 | +39,2 | 12 | -3 | 23 |
| **Net Profit** | **923** | **+45,7** | **634** | **523** | **826** |
| Attributable to minority interest (non-controlling interest) | 80 | +59,5 | 50 | 32 | 50 |
| Attributable to owners of the parent | 843 | +44,5 | 583 | 492 | 776 |

Figure 3: Key earnings figures| Source: eValueRate / CRA and Pillar III

| Income Ratios (%) | 2022 | % | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Cost Income Ratio (CIR) | 43,79 | -6,29 | 50,08 | 51,48 | 53,00 |
| Cost Income Ratio ex. Trading (CIRex) | 47,99 | -7,17 | 55,16 | 52,97 | 56,21 |
| Return on Assets (ROA) | 0,90 | +0,29 | 0,61 | 0,57 | 0,96 |
| Return on Equity (ROE) | 9,73 | +2,91 | 6,82 | 6,01 | 9,64 |
| Return on Assets before Taxes (ROAbT) | 1,15 | +0,29 | 0,86 | 0,76 | 1,32 |
| Return on Equity before Taxes (ROEbT) | 12,42 | +2,80 | 9,62 | 8,02 | 13,25 |
| Return on Risk-Weighted Assets (RORWA) | 2,13 | +0,64 | 1,49 | 1,25 | 1,87 |
| Return on Risk-Weighted Assets before Taxes (RORWAbT) | 2,72 | +0,62 | 2,10 | 1,67 | 2,57 |
| Net Financial Margin (NFM) | 1,70 | +0,53 | 1,17 | 1,30 | 1,62 |
| Pre-Impairment Operating Profit / Assets | 1,14 | +0,23 | 0,91 | 0,96 | 1,15 |

Change in %-Points

[1] Data by our data provider eValueRate, which is standardized for analytical reasons. Thus, the used data and the resulting figures do not have necessary to match the presentation of the bank, which refers to this and all subsequent tables and figures.

Figure 4: Development of assets| Source: eValueRate / CRA

| Assets (EUR m) | 2022 | % | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Cash and Balances with Central Banks | 22.382 | -5,5 | 23.677 | 10.972 | 7.817 |
| Net Loans to Banks | 2.966 | -2,4 | 3.041 | 2.329 | 2.479 |
| Net Loans to Customers | 50.845 | +1,2 | 50.267 | 48.017 | 48.108 |
| Total Securities | 17.674 | -10,5 | 19.742 | 22.445 | 18.449 |
| Total Derivative Assets | 379 | -10,5 | 423 | 894 | 863 |
| Other Financial Assets | 1.076 | -4,2 | 1.123 | 302 | 1.249 |
| **Financial Assets** | **95.322** | **-3,0** | **98.273** | **84.959** | **78.966** |
| Equity Accounted Investments | 476 | -10,1 | 530 | 505 | 462 |
| Other Investments | 1.393 | +9,5 | 1.272 | 1.259 | 186 |
| Insurance Assets | - | - | - | - | - |
| Non-current Assets & Discontinued Ops | 1.220 | > +100 | 336 | 1.159 | 1.333 |
| Tangible and Intangible Assets | 780 | +4,5 | 746 | 681 | 659 |
| Tax Assets | 1.029 | -34,7 | 1.575 | 1.751 | 1.870 |
| Total Other Assets | 2.282 | +78,6 | 1.277 | 1.062 | 2.300 |
| **Total Assets** | **102.503** | **-1,4** | **104.010** | **91.375** | **85.776** |

Figure 5: Development of asset quality| Source: eValueRate / CRA and Pillar III

| Asset Ratios (%) | 2022 | % | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Net Loans to Customers / Assets | 49,60 | +1,28 | 48,33 | 52,55 | 56,09 |
| Risk-weighted Assets[1] / Assets | 42,30 | +1,31 | 40,99 | 45,77 | 0,00 |
| NPL[2]/ Loans to Customers[3] | 3,96 | -0,71 | 4,67 | 5,29 | 6,16 |
| NPL[2]/ Risk-weighted Assets[1] | 4,26 | -0,74 | 5,00 | 5,49 | 6,04 |
| Potential Problem Loans[4]/ Loans to Customers[3] | 8,16 | -0,84 | 9,00 | 9,09 | 9,43 |
| Reserves[5]/ NPL[2] | 92,52 | +0,66 | 91,86 | 91,96 | 93,00 |
| Cost of Risk / Loans to Customers[3] | -0,03 | -0,14 | 0,11 | 0,41 | -0,35 |
| Cost of Risk / Risk-weighted Assets[1] | -0,03 | -0,15 | 0,12 | 0,42 | -0,34 |
| Cost of Risk / Total Assets | -0,01 | -0,06 | 0,05 | 0,19 | -0,17 |

Change in %-Points

1 RWA: Pillar 3, EU CR1
2 NPL: Gross; Non-Performing Loans of the categories Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
3 Loans to Customers: Gross; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
4 Potential Problem Loans: Stage 2; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
5 Reserves: Impairment & Provisions and Collateral & Guarantees; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

Figure 6: Development of refinancing and capital adequacy| Source: eValueRate / CRA

| Liabilities (EUR m) | 2022 | % | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Total Deposits from Banks | 338 | -95,0 | 6.745 | 2.040 | 1.078 |
| Total Deposits from Customers | 83.972 | +5,3 | 79.748 | 72.019 | 65.792 |
| Total Debt | 3.843 | -8,8 | 4.212 | 3.576 | 4.669 |
| Derivative Liabilities | 221 | -46,9 | 417 | 978 | 912 |
| Securities Sold, not yet Purchased | - | - | - | - | - |
| Other Financial Liabilities | 1.772 | +11,4 | 1.591 | 1.351 | 1.533 |
| **Total Financial Liabilities** | **90.146** | **-2,8** | **92.713** | **79.965** | **73.984** |
| Insurance Liabilities | - | - | - | - | - |
| Non-current Liabilities & Discontinued Ops | 990 | > +100 | 148 | 864 | 981 |
| Tax Liabilities | 126 | -12,8 | 144 | 139 | 160 |
| Provisions | 906 | -7,2 | 977 | 1.037 | 1.044 |
| Total Other Liabilities | 853 | +15,1 | 741 | 669 | 1.041 |
| **Total Liabilities** | **93.020** | **-1,8** | **94.723** | **82.675** | **77.210** |
| **Total Equity** | **9.483** | **+2,1** | **9.287** | **8.701** | **8.566** |
| **Total Liabilities and Equity** | **102.503** | **-1,4** | **104.010** | **91.375** | **85.776** |

Figure 7: Development of capital and liquidity ratios | Source: eValueRate / CRA and Pillar III

| Capital Ratios and Liquidity (%) | 2022 | % | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Total Equity / Total Assets | 9,25 | +0,32 | 8,93 | 9,52 | 9,99 |
| Leverage Ratio[1] | 7,70 | +0,40 | 7,30 | 8,70 | 8,70 |
| Common Equity Tier 1 Ratio (CET1)[2] | 18,73 | +0,49 | 18,24 | 18,22 | 16,12 |
| Tier 1 Ratio (CET1 + AT1)[2] | 18,74 | +0,49 | 18,25 | 19,43 | 17,27 |
| Total Capital Ratio (CET1 + AT1 + T2)[2] | 20,18 | +0,46 | 19,72 | 20,92 | 18,71 |
| CET1 Minimum Capital Requirements[1] | 9,13 | +0,03 | 9,09 | 9,09 | 8,77 |
| Net Stable Funding Ratio (NSFR)[1] | 182,74 | +18,11 | 164,63 | 173,12 | n/a |
| Liquidity Coverage Ratio (LCR)[1] | 346,10 | -61,90 | 408,00 | 407,60 | 307,52 |

Change in %-Points

1 Pillar 3 EU KM1
2 Regulatory Capital Ratios: Pillar 3 EU KM1

### Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third party for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The following table clarifies the level of participation of the rated entity (rating object):

| Unsolicited Credit Rating | |
|---|---|
| With Rated Entity or Related Third Party Participation | No |
| With Access to Internal Documents | No |
| With Access to Management | No |

The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the following methodologies and Rating Criteria and Definitions (v1.3):

- Bank ratings (v3.2)
- Rating of bank capital and unsecured debt instruments (v2.1)
- Government-Related Banks (v2.1)
- Environmental, Social and Governance Score for Banks (v1.0)

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions are published on our homepage:

https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html

On 08 December 2023, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to Caixa Geral de Depósitos S.A., and the preliminary rating report was made available to the bank. There was no change in the rating.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

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To prepare this credit rating, CRA has used following substantially material sources:

1. Aggregated data base by eValueRate

2. Annual Report and interim reports

3. Investors relations information and other publications

4. Website of the rated bank

5. Public and internal market analyses

6. Internet research

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In case where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating and indicates how the different methodologies or these other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

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