Announcement

2023 EU-Wide Stress Test Results

Caixa Geral de Depósitos, S.A. (CGD) informs that it was subject to the 2023 EU-wide stress test conducted by the European Banking Authority (EBA), the European Central Bank (ECB), and the European Systemic Risk Board (ESRB).

CGD notes the announcements made by the EBA on the EU-wide stress test and fully acknowledges the outcomes of this exercise.

The 2023 EU-wide stress test does not contain a pass fail threshold and instead is designed as a diagnostic exercise focused on the application of adverse shocks in the balance sheet and P&L to assess the solvency of CGD for the next three years period. The results will assist competent authorities in assessing CGD's ability to meet applicable prudential requirements under the stressed scenarios and are an important source of information for SREP purposes.

The stress test has been carried out applying a static balance sheet assumption as of December 2022 and, therefore, does not take into account future business strategies and management actions. It is not a forecast of CGD's profits. The adverse stress test scenario was set by the ECB/ESRB and covers a three-year time horizon (2023-2025).

CGD's comments on the 2023 EU-Wide Stress Test Results

The application of the adverse scenario resulted in a Common Equity Tier 1 capital ratio of 17.97% by year-end 2025, a 76 bps depletion compared with the starting point of 18.73% at the end of 2022, comparing favourably to the 288 and 497 bps from the previous exercises of 2021 and 2018, respectively.

CGD was the 3rd banking group with the lowest transitional CET1 depletion of the 70 banks included in the EU-wide EBA stress test to the major groups covering, amongst them, 75% of European Union banking assets, and the 1st amongst banks supervised by the ECB.

Notwithstanding the severity of the adverse scenario, driven by worsening geopolitical tensions and associated with a sharp decline in GDP, persistent inflation and high interest rates, the results reflect progress in CGD's financial and prudential position, as well as the group's level of robustness, improving its capacity to absorb exogenous shocks.

EBA disclosure of the market value of the portfolio at amortised cost

In addition, EBA today disclosed the market value of CGD Group's consolidated amortised cost portfolio as of 31st December 2022, with a book value of €18,644 million and a market value of €16,899 million.

The securities portfolio considered by EBA includes "Investments at Amortised Cost", consisting essentially of public debt securities, and "Other Loans and Amounts Receivable - Securitised" consisting of issuances from customer underwritten as part of commercial activity.

Investment in securities at amortised cost is one of the components of interest rate risk hedging, from a global perspective of CGD's balance sheet (i.e. including assets and liabilities), whose structure is characterised by a predominance of loans at indexed rates. Given the role played by these instruments in interest rate risk management, CGD expects to maintain its investment in these securities until maturity. Additionally, securities at amortized cost are part of CGD's liquidity reserve, alongside deposits with the Eurosystem, given their high quality (predominantly European sovereign issuers). CGD maintains a robust liquidity position as evidenced by the high level of the NSFR and LCR ratios, as well as the high liquidity surplus deposited with the ECB.

Caixa Geral de Depósitos, S.A.

Lisbon, July 28, 2023

Nuno Pereira

Investor Relations

CMVM and Market Relations Representative

Phone: +351 21 845 6291

Email: nuno.miguel.pereira@cgd.pt