CAIXA GERAL DE DEPÓSITOS, S.A.
(incorporated with limited liability in Portugal)

acting through its France branch

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(incorporated with limited liability in Portugal)

€15,000,000,000 Euro Medium Term Note Programme

This document (the "**Prospectus**") is issued by Caixa Geral de Depósitos, S.A., acting through its France branch ("**CGDFB**") and Caixa Geral de Depósitos, S.A. ("**CGD**"). Each of CGD and CGDFB is, in relation to Notes issued by it, an "**Issuer**" and, together, the "**Issuers**".

Under the Euro Medium Term Note Programme described in this Prospectus (the "**Programme**"), subject to compliance with all relevant laws, regulations and directives, each of the Issuers may from time to time issue Euro Medium Term Notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed €15,000,000,000 (or the equivalent in other currencies).

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities (as amended, the "**Luxembourg Act**"), for the approval of this Prospectus as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**"). The CSSF assumes no responsibility as to economic and financial soundness of, or to the quality or solvency of, any Issuer. Application has also been made to the Luxembourg Stock Exchange for the Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the Luxembourg Stock Exchange (the "**Official List**") and to be admitted to trading on the Luxembourg Stock Exchange's regulated market (the "**Market**"). References in this Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market. The Market is a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**") of the European Parliament and of the Council on markets in financial instruments. However, unlisted Notes may be issued pursuant to the Programme. The relevant Final Terms (as defined in "*General Description of the Programme*") in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market (or any other stock exchange).

Each Tranche of Notes (as defined in "*General Description of the Programme*") will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as completed by a document specific to such Tranche called the final terms (the "**Final Terms**"). Details of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes and the issue price of Notes for each Tranche of Notes will be set out in the relevant Final Terms which, with respect to Notes to be admitted to the Official List and to trading on the Luxembourg Stock Exchange, will be delivered to the CSSF and the Luxembourg Stock Exchange on or before the date of issue of the Notes of such Tranche.

Each Series (as defined in "*General Description of the Programme*") of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "**Temporary Global Note**") or a permanent global note in bearer form (each a "**Permanent Global Note**" and, together with the Temporary Global Note, "**Global Notes**"). Interests in a Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note on or after the date 40 days after the later of the commencement of an offering and the relevant issue date (the "**Exchange Date**"), upon certification of non-U.S. beneficial ownership. Notes in registered form will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. If the Global Notes are stated in the relevant Final Terms to be issued in new global note ("**New Global Note**" or "**NGN**") form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Global Notes which are not issued in NGN form ("**Classic Global Notes**" or "**CGNs**") and Certificates will be deposited on the issue date of the relevant Tranche with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the "**Common Depositary**"). The provisions governing the exchange of interests in Global Notes for other Global Notes or definitive Notes are described in "*Summary of Provisions Relating to the Notes while in Global Form*". In addition, CGD may issue Notes represented in book entry form (*forma escritural*) and registered (*nominativas*) that will be integrated in and held through Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., as management entity of the Portuguese Centralised System, *Central de Valores Mobiliários* ("**Interbolsa**") ("**Book Entry Notes**").

Notes of each Tranche of each Series to be issued in registered form ("**Registered Notes**" comprising a "**Registered Series**") and which are sold in an "offshore transaction" within the meaning of Regulation S under the U.S. Securities Act of 1933 as amended (the "**Securities Act**"), will initially be represented by interests in a definitive global unrestricted Registered Certificate (each an "**Unrestricted Global Certificate**"), without interest coupons, which will be deposited with a nominee for, and registered in the name of the Common Depositary on its issue date. Beneficial interests in an Unrestricted Global Certificate will be shown on, and transfers thereof will be effected only through records maintained by, Euroclear or Clearstream, Luxembourg. Notes of each Tranche of each Registered Series sold in the United States to a qualified institutional buyer within the meaning of Rule 144A under the Securities Act ("**Rule 144A**"), as referred to in, and subject to the transfer restrictions described in "*Subscription and Sale*" and "*Transfer Restrictions*", will initially be represented by a definitive global restricted Registered Certificate (each a "**Restricted Global Certificate**" and together with any Unrestricted Global Certificates, the "**Global Certificates**"), without interest coupons, which will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("**DTC**") on its issue date. Beneficial interests in an Unrestricted Global Certificate and a Restricted Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants, including depositaries for Clearstream, Luxembourg and Euroclear. See "*Clearing and Settlement*". Individual definitive Registered Notes will only be available in certain limited circumstances as described herein.

The credit ratings included or referred to in this Prospectus will be treated for the purposes of Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**"), as having been issued by S&P Global Ratings Europe Limited ("**S&P**"), Moody's Investors Services Ltd. ("**Moody's**"), Fitch Ratings Limited ("**Fitch**") and DBRS Ratings GmbH ("**DBRS**"). Each of S&P, Moody's, Fitch and DBRS is established in the European Union and is registered under Regulation (EC) No 1060/2009 on credit rating agencies (the "**CRA Regulation**"). As such, each of S&P, Moody's, Fitch and DBRS is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

Tranches of Notes (as defined in "*General Description of the Programme*") issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such ratings will be indicated in the relevant Final Terms and such ratings will not necessarily be the same as the ratings assigned to the Notes already issued. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Amounts payable under the Notes may be calculated by reference to the Euro Interbank Offered Rate ("**EURIBOR**") or the London Interbank Offered Rate ("**LIBOR**") which are provided by the European Money Markets Institute ("**EMMI**") and the ICE Benchmark Administration Limited ("**ICE**"), respectively. As at the date of this Prospectus, ICE appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of the Benchmark Regulation (EU) No. 2016/1011 (the "**BMR**"), and EMMI does not appear on such register. As far as each Issuer is aware, the transitional provisions in Article 51 of the BMR apply such that EMMI is not currently required to obtain authorisation or registration.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Prospectus. This Prospectus does not describe all of the risks of an investment in the Notes.

Arranger

BofA Merrill Lynch

Dealers

BayernLB
BofA Merrill Lynch
Caixa Geral de Depósitos, S.A.
Deutsche Bank
ING Bank N.V.
Mediobanca
Morgan Stanley
NATIXIS
BNP PARIBAS
Caixa – Banco de Investimento, S.A.
Commerzbank
HSBC
J.P. Morgan
Mizuho Securities
MUFG
NatWest Markets

The date of this Prospectus is 28 June 2019

Nomura
UBS Investment Bank

Société Générale Corporate & Investment Banking
UniCredit Bank

The date of this Prospectus is 28 June 2019

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and for the purpose of giving information with regard to the Issuers and their subsidiaries and affiliates taken as a whole (each a "**Subsidiary**" and together with the Issuers, the "**CGD Group**" or the "**Group**") and the Notes which, according to the particular nature of each Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the relevant Issuer.

Each of the Issuers accepts responsibility for the information contained in this Prospectus and in the relevant Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of each Issuer (each having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus has been prepared on the basis that, except to the extent the above paragraph applies or sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by the relevant final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for each Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above or the above paragraph may apply, neither each Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for each Issuer or any Dealer to publish or supplement a prospectus for such offer.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*").

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes, and, if given or made, such information or representation must not be relied upon as having been authorised by any Issuer, the Arranger (as defined in "*General Description of the Programme*") or any of the Dealers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of any Issuer since the date hereof or the date upon which this Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of any Issuer since the date hereof or the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by each Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restriction.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of any Issuer, the Arranger or the Dealers to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, neither the Arranger nor any of the Dealers nor any of their respective directors, affiliates, advisers, agents, nor Citicorp Trustee Company Limited (the "**Trustee**"), nor the Agents (as defined in the Agency Agreement) accepts any responsibility whatsoever for the contents of this Prospectus or for any statement made therein, in connection with the Issuers or any other information provided by the Issuers in connection with the Programme. The Dealers and their respective directors, affiliates, advisers, agents, the Trustee and the Agents accordingly each disclaim all and any liability whether

arising in tort, contract or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty, express or implied, is made by any of the Dealers or their respective directors, affiliates, advisers or agents, the Trustee or the Agents as to the accuracy, completeness, verification or sufficiency of the information set out in this Prospectus and neither the Dealers nor any of their respective directors, affiliates, advisers or agents nor the Trustee nor the Agents accepts any responsibility for any acts or omissions of the Issuers or any other person in connection with this Prospectus or any other information provided by the Issuers in connection with the issue and offering of Notes under the Programme.

Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. Neither the Arranger nor any of the Dealers undertakes to review the financial condition or affairs of any Issuer during the life of the arrangements contemplated by this Prospectus or to advise any investor or potential investor in the Notes of any information coming to the attention of the Arranger or any of the Dealers.

In connection with the issue of any Tranche (as defined in "*General Description of the Programme*"), the Dealer or Dealers (if any) appointed as the stabilisation manager(s) (the "**Stabilisation Manager(s)**") (or any person acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or any person acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

MIFID II product governance/target market – The relevant Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

Prohibition of sales to EEA Retail Investors – If the relevant Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Singapore SFA Product Classification – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuers have each determined, and hereby

notify all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, THE NOTES MAY NOT BE OFFERED OR SOLD INTO OR WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")) OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE NOTES SOLD IN BEARER FORM ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. ACCORDINGLY, NOTES SOLD IN BEARER FORM MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO U.S. PERSONS EXCEPT TO THE EXTENT PERMITTED BY THE DEALER AGREEMENT (AS DEFINED HEREIN).

THE NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S AND WITHIN THE UNITED STATES TO "QUALIFIED INSTITUTIONAL BUYERS" IN RELIANCE ON RULE 144A. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF NOTES AND DISTRIBUTION OF THIS PROSPECTUS SEE "*SUBSCRIPTION AND SALE*" AND "*TRANSFER RESTRICTIONS*". THIS PROSPECTUS HAS BEEN PREPARED BY THE ISSUERS FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE NOTES AND FOR THE LISTING OF NOTES ON THE LUXEMBOURG STOCK EXCHANGE.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to **"€",** "**EUR**", "**Euro**" and "**euro**" are to the lawful currency of the member states of the European Union that adopt the single currency introduced in accordance with the Treaty establishing the European Community, as amended, to "**U.S.$**", "**$**" and "**U.S. dollars**" are to United States dollars, to "**£**", "**sterling**" and "**pounds sterling**" are to the lawful currency of the United Kingdom, to "**ZAR**" are to the lawful currency of South Africa, to "**MZM**" and "**metical**" are to the lawful currency of Mozambique, to "**pataca**" are to the lawful currency of the Macau Special Administrative Region in the People's Republic of China and to "**CVE**" are to the lawful currency of Cape Verde.

Any websites included in this Prospectus are for information purposes only and do not form part of this Prospectus.

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RISK FACTORS

The Issuers believe that the following factors may affect their ability to fulfil their obligations under the Notes issued under the Programme. All these factors are contingencies which may or may not occur and the Issuers are not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuers believe may be material for the purposes of assessing the market risks associated with the Notes issued under the Programme are also described below.

The Issuers believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuers may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons and the Issuers do not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus or incorporated by reference herein and reach their own views prior to making any investment decision.

The Risk Factors are specific to the CGD Group, as a whole, of which the Issuers are a part. The Issuers believe that there are no risk factors specific to an individual Issuer.

Risk Factors Relating to the CGD Group's Business

Risks relating to CGD's Recapitalisation Plan and strategic plan

State ownership and state aid may impact the business and performance of CGD

2017 Recapitalisation Plan

CGD posted losses after 2012, mostly due to the subdued growth of the Portuguese economy, which affected credit concession by banks, but also due to the impact of provisions and impairments related to non-performing loans ("**NPLs**").

In order to be able to continue its activities and to comply with increasing capital requirements, the Portuguese State, as CGD's sole shareholder, and the European Commission's Directorate General for Competition ("**DG Comp**") approved a recapitalisation plan (the "**2017 Recapitalisation Plan**"). For further information see – *Description of the CGD Group – Recapitalisation Plan.*

Once the 2017 Recapitalisation Plan is completed, which it is expected to be by the end of 2020, any further injections of capital by the Portuguese State may not be possible or may be subject to state aid rules under European Union regulations. This may result in obligations, restrictions and limitations which may adversely impact CGD's activity in comparison with other credit institutions not subject to state aid rules including, but not limited to, the application of non-viability loss absorption measures or a "burden-sharing" requirement amongst holders of hybrid capital securities, such as the AT1 instruments. Any such loss absorption or burden-sharing could have an adverse impact on the value of the Notes. Furthermore, the implementation of the 2017 Recapitalisation Plan may also have an adverse effect on the CGD Group's activity, business, results and prospects.

CGD's strategic plan includes targets that may not be achieved

The 2017 Recapitalisation Plan includes a strategic plan to be implemented between 2017 and 2020, designed to improve CGD's profitability and sustainability and to create value for the shareholder on similar terms to those which would be demanded by private investors in current market circumstances (the "**Strategic Plan**"). This was one of the conditions imposed by DG Comp to avoid CGD's recapitalisation being considered state aid. The Strategic Plan builds upon four strategic pillars and includes a set of targets. These targets relate to each of the four pillars and are described in more detail in the section "*Description of CGD–strategic plan*". The Strategic Plan's feasibility, including the targets proposed by CGD, was validated by DG Comp. CGD will work to achieve the proposed targets by implementing a set of initiatives described under each pillar. The targets are based on certain assumptions with respect to revenues and costs associated with those initiatives. However, there are no assurances that these assumptions are correct or that CGD will be able to achieve the proposed targets within the proposed timeframe, including for reasons beyond CGD's control, which would potentially result in CGD's non-compliance with the Strategic Plan. CGD will ensure that the full and correct implementation of the Strategic Plan is continually monitored by an independent auditing institution and it will provide DG Comp with a quarterly report covering the financial and operational drivers

of the Strategic Plan, as well as an overview of the CGD Group's performance compared with the targets. If any of the targets are not met, CGD will consequently seek to take additional measures (including, but not limited to, pricing adjustments, further cost cutting or divestment of additional foreign assets) with a view to ensuring that those targets are in fact achieved, which could have an adverse effect on CGD's activity, business, results and prospects.

These targets have been established as part of the agreement reached by the Portuguese State with DG Comp in respect of CGD. They have not been set for the purposes of offering any Notes and are not, and should not be regarded by potential investors as, a forecast of the future performance of CGD or the CGD Group.

Economic activity in Portugal may impact the business and performance of CGD

The business activities of the CGD Group are dependent on the level of banking, finance and financial services required by its customers. In particular, levels of borrowing are heavily dependent on customer confidence, employment trends, the state of the economy and market interest rates.

Given that the CGD Group currently conducts most of its business in Portugal, its performance is influenced by the level and cyclical nature of business activity in Portugal, which is in turn affected by both domestic and international economic and political events.

2018 was the fifth consecutive year of economic expansion in Portugal, with a total GDP growth estimate of 2.2 per cent. in real terms. This was higher than the euro area average, but down 0.6 percentage points compared with 2017.

The slowdown in GDP derived from the smaller contribution made by domestic demand, particularly owing to the deceleration of fixed investment whose growth decreased from 9.2 per cent. to 4.4 per cent., and the negative contribution made by external demand. Private consumption across the period accelerated from 2.4 per cent. to 2.6 per cent.

The harmonised index of consumer prices, an indicator of inflation and price stability for the ECB, registered an average annual increase of 1.0 per cent. in 2018, down 0.4 percentage points over 2017, having benefited from the decline in the contribution of the energy account.

The labour market continued to improve significantly, with the estimated average unemployment rate having decreased to around 7 per cent., its lowest level since 2004. This was largely the result of increased job creation, particularly within the services sector, and especially the tourism-related segment.

In the money markets, Euribor rates with the shortest maturities of between one and three months remained stable across 2018. On the contrary, the longer 12 month maturities, started to post successive increments from the beginning of the third quarter of 2018. The Eonia rate, in turn, continued to post low levels of volatility in line with the low volatility seen in the referred deposit rate.

The Euro depreciated 4.6 per cent. against the dollar during 2018, owing to higher levels of U.S. economic activity and higher U.S. interest rate spreads. The Euro's effective exchange rate was down 1.7 per cent. against the dollar.

There are further domestic factors that may impact negatively on the risk profile of the Portuguese sovereign.

Despite significant progress achieved in respect of the Portuguese government's fiscal policy and the decline in the country's debt ratios, there is still a risk of negative shocks in the economy that could impact negatively the reduction of the fiscal deficit. According to the 2019 state budget, the government continues to target a reduction in the fiscal deficit to 0.2 per cent in 2019, while the public debt to GDP ratio is projected to decline to 118.5 per cent. (source: Ministry of Finance, 2019 state budget). These are ambitious targets, especially considering the ongoing economic deceleration and the forthcoming general elections, scheduled for next October, which could result in additional expenditure pressures. These risks are compounded by the fact that fiscal consolidation is being achieved mostly via increases in fiscal revenues (through economic growth and labour market improvements), the containment of interest costs and restraints on public investment.

Failure to achieve a sustained growth standard or to proceed with fiscal consolidation would negatively impact the sovereign's risk profile.

Several challenges persist; fiscal consolidation is continues to unfold, private and public debt levels remain high and it is still unclear whether the Portuguese economy will begin to recover in a sustainable way, particularly by way of increased investment.

In the event of negative developments in the financial markets, CGD's ability to access the capital markets and obtain the necessary funding to support its business activities on acceptable terms may be adversely affected. An inability to refinance assets on the balance sheet or to maintain appropriate levels of capital to protect against deteriorations in their value could force CGD to liquidate assets at depressed prices or on unfavourable terms.

Despite recent developments, the current economic environment continues to be a source of challenge for the CGD Group and may adversely affect its business, financial condition and results of operations. The adverse macroeconomic conditions in Portugal have significantly affected, and are expected to continue to adversely affect, the behaviour and financial situation of the CGD Group's clients and, consequently, the supply and demand of the products and services that the CGD Group has to offer. In particular, limited growth in customer loans is expected over the coming years, which will make it difficult for the CGD Group to generate enough interest income to maintain its net interest margin. Additionally, an environment of extremely low or even negative interest rates is expected to continue, which limits CGD's ability to increase net interest margin and profitability, given that the majority of CGD's credit portfolio is composed of variable interest rate loans.

Furthermore, the maintenance of high unemployment rates, the reduction in the profitability of enterprises and the increase in company and personal insolvencies have had, and are expected to continue to have, a negative influence on the ability of the CGD Group's clients to pay back loans and, consequently, could cause an increase in the ratio of overdue loans, which might exceed the standard historic average, reflecting a deterioration in the quality of the CGD Group's assets.

A negative development of any of the above factors may adversely affect the business and performance of CGD.

Portugal may be subject to further rating reviews by the rating agencies, with implications on the funding of the economy and on CGD's activity

The rating agencies S&P, Moody's, Fitch and DBRS have, on more than one occasion in the recent past, downgraded the long-term rating of Portugal, although in more recent years this trend has been reversed, with all the rating agencies revising the rating upwards. The rating downgrades were largely due to the uncertainties and risks arising from the budgetary consolidation process before and during the adjustment programme, the low competitiveness of the Portuguese economy abroad, external funding difficulties and the sustainability of public debt dynamics. Due to the close link between the activities of Portuguese banks and the risk perceived in respect of Portugal, downgrades of the Portuguese sovereign rating ultimately triggered the downgrade of the rating of Portuguese banks. The current long term ratings of the Portuguese Republic are as follows: Moody's: 'Baa3' as of 12 October 2018, with a stable outlook; Fitch: 'BBB' as of 1 June 2018, with a stable outlook; DBRS: 'BBB' as of 12 October 2018, with a stable outlook; and S&P: 'BBB' as of 15 March 2019, with a stable outlook.

There might be downgrades of the long-term rating assigned to Portugal in the future, namely, in the case of a deterioration in the public finance situation arising from weaker economic performance, caused by the austerity measures adopted internally or induced by contagion as a consequence of the slowdown in the economic activity of Portugal's main trading partners, particularly Spain, or if the market perceives these measures as insufficient, or as a result of the lack of success of structural reforms, the simplification of the State administration and streamlining of the Portuguese justice system. Under these circumstances, Portugal's perceived credit risk will increase, with resulting negative effects on the credit risk of Portuguese banks (including CGD) and, consequently, on their profit levels. The effect of Portugal's rating downgrades on the funding of Portuguese banks has been less stringent since the ECB relaxed the rules for the eligibility of assets to be used as collateral for discount operations. However, any reduction in Portugal's rating would mean increased haircuts and a reduction in the value of the pool of assets eligible for discount operations with the ECB, in particular with respect to securitisations and covered bonds. A downgrade of Portugal's rating could impact the sovereign debt portfolio held by CGD and could have a potential detrimental effect on the finances of enterprises who are borrowers of CGD. Furthermore, the Portuguese State is CGD's sole shareholder. Accordingly, any downgrade of Portugal's ratings could have an impact on CGD and adversely affect its business and financial performance. See also the risk factor entitled "*The CGD Group is subject to*

the risk that liquidity may not always be readily available; this risk is exacerbated by current conditions in global financial markets" below.

Adjustments to the financial system and to the European banking model may have an impact hard to forecast

Several adjustments to the financial system and to the European banking model, including amendments to the regulatory framework, are in force; however, it is still difficult to anticipate with accuracy the impact that the implementation of these measures will have on the banking sector.

Notwithstanding the efforts still to be made by Portuguese banks, many changes to business models have already been implemented, capital has been strengthened and liquidity has become more stable.

The forecast of limited economic growth for Europe is expected to keep interest rates low, with subsequent impact on financial margins and profitability. This is particularly significant for CGD, considering that it has a significant portfolio of long-term mortgage loans indexed to Euribor.

CGD intends to maintain its lending policy based on a sound risk methodology of risk adjusted pricing by financing Portuguese companies, especially producers of durable goods.

Furthermore, CGD's on-going policy on impairments, which has had a negative effect on profitability, will mitigate the effects of an eventual deterioration in the credit environment.

Notwithstanding the problems noted in the money and capital markets since 2008, 2018 saw a stabilisation of confidence in the financial system, providing CGD with a more favourable financing environment in terms of its resource-taking policy. CGD endeavoured to guarantee a sustainable financing structure for its activity. Finally, the reduction of borrowings from the ECB (CGD's full early repayment of EUR 2 billion in TLTRO 2 – "Targeted Longer-Term Refinancing Operations" – in June 2018) coupled with the stabilisation of market conditions, led to a more disciplined search for adequate funding conditions, which is expected to optimise costs and allow CGD to carry out normal business activity.

Risks relating to the Legal and Regulatory Framework

The CGD Group is subject to compliance risk with existing and future regulations, the breach of which could cause damages to CGD

The CGD Group operates in a highly regulated industry. The CGD Group's banking activities are subject to extensive regulation by, among other entities, the ECB, the Bank of Portugal, the European Banking Authority ("**EBA**"), the European and Securities Markets Authority ("**ESMA**") and the Portuguese Securities Market Commission ("**CMVM**", *Comissão do Mercado de Valores Mobiliários*), as well as other supervisory authorities from the EU and the countries in which the CGD Group conducts its activities. These regulations relate to liquidity, capital adequacy and permitted investments, ethical issues, money laundering, privacy, know your customer, securities (including debt instruments) issuance and offering/placement, financial intermediation issues, record-keeping, marketing and selling practices.

These regulations include rules and regulations related to the prevention of money laundering, bribery and terrorism financing. Compliance with anti-money laundering, anti-bribery and counter-terrorist financing rules entails significant costs and effort. Non-compliance with these rules may have serious consequences, including adverse legal and reputational consequences. Although the CGD Group believes that its current anti-money laundering, anti-bribery and counter-terrorism financing policies and procedures are adequate to ensure compliance with applicable legislation, the CGD Group cannot guarantee that it will comply, at all times, with all applicable rules or that its regulations for fighting money laundering, bribery and terrorism financing, as extended to the whole CGD Group, are applied by its employees under all circumstances. This may lead to material adverse effects on the CGD Group's business, financial condition, results of operations and prospects.

All the above regulations are complex and their fulfilment implies high costs in terms of time and other resources. Additionally, non-compliance with the applicable regulations may result in damage to the CGD Group's reputation, the application of penalties and even the loss of authorisation to carry out its activities.

Due to the persistence of the financial crisis and the subsequent government intervention, regulation in the financial services sector has increased substantially over the last decade and this trend is expected to continue. Further regulation of the sector may include measures such as the imposition of higher and more

stringent capital requirements, leverage ratios and loss absorbing capacity resources more generally, as well as more demanding duties concerning the disclosure of information and more onerous restrictions on certain types of activity or transactions.

In addition, new regulations may restrict or limit the type or volume of transactions in which CGD participates, or cause a change in the fees or commissions that CGD charges on certain loans or other products; consequently, any changes in regulation or supervision, particularly in Portugal, may have a material adverse effect on the CGD Group's business, financial condition and results of operations.

The fulfilment of current and future capital requirements, as set out by the European Commission, the European Council and the European Parliament (together, the "**European Authorities**"), by the Bank of Portugal and by the ECB has had, and could further have, a significant impact on the CGD Group's capital structure and financial position. In 2013, the European Authorities approved a new legislative package to strengthen the regulation of the banking sector and to implement the Basel III agreement in the EU legal framework, replacing the former Capital Requirements Directives (2006/48/EC and 2006/49/EC). This legislative package was comprised of Regulation 575/2013 of the European Parliament and of the Council of 26 June 2013 establishing new and detailed prudential requirements to be observed by institutions (the "**CRR**") and Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions (the "**CRD IV**").

The CRR has been directly applicable in European States since 1 January 2014 and includes provisions regarding, for instance, own funds requirements, minimum capital ratios and liquidity ratios. These measures may have a significant impact on CGD's capital and on its respective assets and liabilities management. The CRD IV was implemented in Portugal by Decree Law No. 157/2014, of 24 October 2014, which amended the Portuguese Legal Framework of Credit Institutions and Financial Companies (hereinafter, "**RGICSF**") (enacted by Decree Law No. 298/92, of 31 December 1992, as amended). This was accompanied by the entry into force of the Bank of Portugal's Notice no. 6/2013, of 23 December, which established how the transitional provisions of the CRD IV would apply to minimum capital requirements and the respective calculation. A 5-year transitory period was set up in order to adapt the previously applicable rules to the new regulations.

Notice 6/2013 has in the meantime been revoked and replaced by the Notice 10/2017 issued by the Bank of Portugal that entered into force in 1 January 2018. This Notice regulates the exercise of a range of options available within the prudential framework established by Regulation (EU) No 575/2013 and Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 following the publication of Guideline (EU) 2017/697 (ECB / 2017/9) of 4 April 2017 and Recommendation ECB / 2017/10 of 4 April 2017, both of the European Central Bank.

Banks operating in Portugal are obliged to comply with several capital ratios, including a minimum Common Equity Tier 1 ("**CET1**") ratio of 4.5 per cent., a minimum Tier 1 ratio of 6 per cent. and a minimum total capital ratio of 8 per cent., in each case of risk-weighted assets ("**RWAs**").

The CRD IV/CRR include general rules and requirements on supervisory powers, wages, governance and disclosure, as well as introducing the following additional CET1 capital buffers:

- A capital conservation buffer for unexpected losses, requiring additional CET1 of up to 2.5 per cent. of total RWAs;
- An institution-specific countercyclical capital buffer (consisting of the weighted average of the counter-cyclical capital buffer rates that apply in the jurisdictions where the relevant credit exposures of the institution are located), which may require as much as an additional CET1 of 2.5 per cent. of total RWAs, but this buffer may be higher pursuant to the requirements established by the competent authorities in different jurisdictions;
- A systemic institutions risk buffer for institutions with global systemic importance ("**G-SIIs**") of between 1 and 3.5 per cent. of RWAs;
- A systemic institutions risk buffer for other systemicatically important institutions ("**O-SIIs**") of up to 2 per cent. of RWAs; and
- A CET1 systemic risk buffer to prevent systemic or macro prudential risks of at least 1 per cent. of RWAs (to be set by the competent authority).

As regards Portuguese banks, the Bank of Portugal set the counter-cyclical buffer rate at 0 per cent. of the total RWAs. This buffer applies to all credit exposures to the domestic private non-financial sector of credit institutions and investments firms in Portugal subject to the supervision of the Bank of Portugal or the ECB (the "**Single Supervisory Mechanism**"), as applicable. The Bank of Portugal reviews this decision on a quarterly basis.

The Bank of Portugal, after having duly notified the ECB under Article 5 of Council Regulation (EU) no. 1024/2013, of 15 October 2013, which did not object to the Bank of Portugal's decision, and after having also consulted with the National Council of Financial Supervisors, under Article 2(3)(c) of Decree Law No. 143/2013 of 18 October 2013, decided to impose capital buffers on credit institutions identified as O-SIIs. For that purpose, on 30 November 2018 the Bank of Portugal published a table with the names of the banking groups identified as O-SIIs and the respective capital buffers, as a percentage of the total RWAs. These buffers shall consist of CET1 capital on a consolidated basis and increases in such buffer shall be implemented in phases. In the case of CGD, the applicable buffer was 0.25 per cent. from 1 January 2018, is currently 0.50 per cent. (since 1 January 2019) and will be 0.75 per cent. from 1 January 2020 and 1.00 per cent. from January 2021 onwards, unless any further amendments are introduced by the Bank of Portugal. Simultaneously, the Bank of Portugal also published a more detailed document on the methodology for the identification and calibration of the O-SIIs buffer.

Based on the 2019 Supervisory Review and Evaluation Process ("**SREP**"), CGD is required to maintain at all times a Total SREP Capital Requirement ("**TSCR**") of 13.75 per cent. on a consolidated basis (fully loaded), which includes a Pillar 1 requirement of 8 per cent. on a consolidated basis and a Pillar 2 requirement of 2.5 per cent. on a consolidated basis. The TSCR may change at least on a yearly basis. As part of the TSCR, CGD is required to maintain a Combined Buffer Requirement ("**CBR**"). As of 1 March 2019, the CBR stands at 3 per cent., corresponding to the phased-in portion of the Capital Conservation Buffer (2.5 per cent. as of 1 March 2019) plus the O-SII Buffer applicable to CGD (0.5 per cent. in 2019 and to converge linearly to 1 per cent. in 2021). The CGD's current minimum phased-in CET1 capital requirement, on a consolidated basis, is 9.75 per cent.

The fully implemented CET1 ratio on 31 December 2018 stood at 14.6 per cent. The fully loaded Tier 1 and total ratios stood at 15.7 per cent. and 17 per cent., respectively. CGD and the CGD Group may be subject to future regulatory changes related to capital requirements.

The capital adequacy requirements currently applicable, or in the future applicable, to the CGD Group may limit its ability to advance loans to customers and may require it to issue additional equity capital or subordinated debt in the future, which are expensive sources of funding.

The CRD IV/CRR requirements adopted in Portugal are expected to change over the next two years as a result of changes to the CRD IV/CRR agreed by EU legislators. On 23 November 2016, the EU Commission proposed substantial changes to the CRD IV, the CRR, the Bank Recovery and Resolution Directive ("**BRRD**") and the Single Resolution Mechanism framework (the "**November 2016 Proposals**"). The November 2016 Proposals were adopted into law on 20 May 2019 through Regulation (EU) 2019/876 of the European Parliament and of the Council, which entered into force on 27 June 2019. The changes to the CRD IV and CRR are known collectively as "**CRD V**" and "**CRR II**".

CRD V and CRR II introduce a new approach for the measurement of counterparty credit risk, the implementation of the NSFR, a changed framework for interest rate risk and changes to the treatment of trading book exposures, in addition to other amendments relating to capital, liquidity, leverage, remuneration and the EU's recovery and resolution framework. Most of the provisions of CRD V are required to be transposed into national law by 28 December 2020, with application immediately thereafter. CRR II will apply from 28 June 2021 (subject to certain earlier applications and exemptions, such as those relating to the transitional arrangements for IFRS 9 and the characteristics of new regulatory capital instruments).

The November 2016 Proposals also include phase-in arrangements for the regulatory capital impact of IFRS 9 and the ongoing interaction of IFRS 9 with the regulatory framework. The IFRS 9 elements of the November 2016 Proposals were fast-tracked such that they were implemented and applied from 1 January 2018. CGD opted to do so without taking advantage of the possibility under CRR of a phase-in process. The impact of changes to the IFRS, such as IFRS 9, cannot always be accurately quantified in advance, but the changes in the fair values and impairments of financial instruments resulting from the above could have a material adverse effect on the CGD Group's financial condition, results of operations and, if such changes are significant, also on its prospects. The adoption of IFRS 9 may require an increase in the level of impairments

on their earlier recognition. For more information on CGD's adoption of IFRS 9, please see note 2.3 to the audited annual financial statements of CGD for the financial year ended 31 December 2018.

CGD was not included in the sample list of financial institutions for the European Union-wide banking comprehensive assessment stress tests exercise conducted by the EBA in 2018. CGD may, however, be part of other sample lists for such tests in the future.

Furthermore, under the CRD IV, institutions may be subject to restrictions in relation to making "discretionary payments" (which are defined broadly as payments relating to common equity tier 1 (CET1) capital, variable remuneration and payments on additional tier 1 instruments) in certain circumstances, including a shortfall in meeting its capital buffer requirements or, following implementation of the Commission Proposals (as defined below), a failure to meet the minimum requirement for own funds and eligible liabilities. If the CGD Group's ability to make discretionary payments becomes subject to such restrictions, this could have an impact on its ability to raise, and the cost of, any form of capital or funding (including but not limited to Subordinated Notes and Senior Non-Preferred Notes).

Changes in the Basel Committee's recommendations, and/or new recommendations, could adversely affect CGD

Recent developments in the banking market have suggested that even stricter rules may be applied by a later framework ("**Basel IV**"), which is expected to follow Basel III and will require more stringent capital requirements and greater financial disclosure. Basel IV is likely to comprise higher leverage ratios to be met by the banks, more detailed disclosure of reserves and the use of standardised models, rather than banks' internal models, for the calculation of capital requirements.

The Basel Committee is working on several policy and supervisory measures aimed at enhancing the reliability and comparability of risk-weighted capital ratios. These measures include revised standardised approaches for credit risk and for operational risk, a set of constraints on the use of internal model approaches for credit risk, including exposure-level, model-parameter floors, and a leverage ratio minimum requirement, and aggregate capital floors for banks that use internal models based on the proposed revised standardised approaches.

In 2014, the Basel Committee issued a final regulatory text for a new standardised approach for measuring counterparty credit risk exposures, which is included in the November 2016 Proposals (as defined above).

In December 2014, the Basel Committee issued a consultative document on the design of a capital floor framework. The framework would be based on the proposed revised standardised approaches, to limit the risk of capital requirements being too low due to the use of internal models. The new capital floor framework would replace the current capital floor, based on the Basel I standard, for banks using internal models.

In December 2015, the Basel Committee published its second consultative document on a revised standardised approach for credit risk. The document proposes, among other things, to reduce reliance on external credit ratings, increasing risk sensitivity and reducing national discretions.

In January 2016 the Basel Committee completed the Fundamental Review of the Trading Book, a comprehensive revision of the capital adequacy standard for market risk, included in the November 2016 Proposals (as defined above). The new standard entails substantial revisions to both the standardised approach and the internal models approach.

In March 2016, the Basel Committee proposed constraints on the use of internal model approaches for credit risk. The Basel Committee specifically proposed to remove the option of using the IRB approaches for certain exposures; to adopt exposure-level, model-parameter floors; and to provide greater specification of parameter estimation practices. Furthermore, in March 2016, the Basel Committee published a proposal for a new standardised measurement approach for operational risk, which would replace all existing approaches for operational risks, including the Advanced Measurement Approach ("**AMA**"), which is the internal model-based approach for measuring operational risk in the current framework.

On 7 December 2017, the Basel Committee's oversight body, the Group of Central Bank Governors and Heads of Supervision ("**GHOS**") published the finalised Basel III regulatory reform agenda. This review of the regulatory framework covers credit, operational and credit valuation adjustment ("**CVA**") risks,

introduces a floor to the consumption of capital by internal ratings-based methods ("**IRB**") and the revision of the calculation of the leverage ratio. The main features of the reform are:

(i) a revised standard method for credit risk, which will improve the soundness and sensitivity to risk compared to the current method;

(ii) modifications to the IRB methods for credit risk, including input floors to ensure a minimum level of conservatism in model parameters and limitations to its use for portfolios with low levels of noncompliance;

(iii) regarding the CVA risk, and in connection with the above, the removal of any internally modelled method and the inclusion of a standardised and basic method;

(iv) regarding the operations risk, the revision of the standard method, which will replace the current standard methods and the AMA;

(v) the introduction of a leverage ratio buffer for G-SIIs; and

(vi) regarding capital consumption, it establishes a minimum limit on the aggregate results (output floor), which prevents the risk-weighted assets of the banks generated by internal models from being lower than the 72.5 per cent. of the RWAs that are calculated with the standard methods of the Basel III framework.

The GHOS have extended the implementation of the revised minimum capital requirements for market risk until January 2022, to coincide with the implementation of the reviews of credit, operational and CVA risks. Therefore, the impact of these reforms on CGD cannot currently be anticipated.

New Requirements related to liquidity ratios may affect profitability

The Basel III recommendations endorse the implementation of liquidity coverage ratios for short and medium/long-term liabilities, known as the Liquidity Coverage Ratio ("**LCR**") and Net Stable Funding Ratio ("**NSFR**"). The LCR addresses the sufficiency of high quality liquidity assets to meet short-term liquidity needs under a severe stress scenario and is calculated in accordance with Delegated Regulation (EU) 2015/61 of the European Commission, of 10 October 2014. Since 2018, financial institutions have been required to maintain, in their own portfolio, high quality liquidity assets corresponding to 100 per cent. of the net cash outflows in the following 30 days.

As at the end of December 2018, CGD's LCR of 234.5 per cent. (compared with 209 per cent. as at 31 December 2017) was highly favourable and in excess of both regulatory requirements and the average of European Union banks, and its NSFR for the same date was 148.9 per cent. The fulfilment of these ratios by CGD may lead to the constitution of portfolios with high liquidity assets, but low profitability. Additionally, it may lead to an increase in financing costs, since the ratios increase favours long-term over short-term financing. Such changes may have a negative impact on CGD's results.

Regulatory changes may have a negative impact on the Group

The CGD Group is subject to financial services laws, regulations, administrative actions and policies in each location where it operates. Supervisory and regulatory changes, particularly in Portugal, could materially affect the CGD Group's businesses, the products and services it offers or the value of its assets.

On 16 August 2012, Regulation (EU) No 648/2012 on over-the-counter (OTC) derivatives, central counterparties and trade repositories ("**EMIR**") entered into force. EMIR introduced a number of requirements, including clearing obligations for certain classes of OTC derivatives, exchange of initial and variation margin and various reporting and disclosure obligations. Some of the elements of EMIR may lead to changes which may negatively impact the GGD Group's profit margins, require it to adjust its business practices or increase its costs (including compliance costs).

The new Markets in Financial Instruments legislation (which comprises Regulation (EU) No 600/2014 ("**MiFIR**") and Directive 2014/65/EU ("**MiFID II**")), introduces a trading obligation for those OTC derivatives which are subject to mandatory clearing and which are sufficiently standardised. Additionally, it includes other requirements such as enhancing the investor protection regime and governance and reporting obligations. It also extends transparency requirements to OTC operations in non-equity instruments. MiFID II entered into effect on 3 January 2018 and has been transposed to Portuguese Law by Law 35/2018, of 20 July 2018, which entered into force on 1 August 2018.

Although the CGD Group works closely with its regulators and continually monitors its situation, future changes in regulation or in fiscal or other policies can be unpredictable and are beyond the control of the CGD Group.

The CGD Group could be adversely affected by changes to tax legislation and to other laws or regulations

The CGD Group may be adversely affected by changes in tax legislation and in other laws or regulations applicable in Portugal, the EU or those countries in which it operates, or may operate in the future, as well as by changes in the interpretation by the competent tax authorities of relevant legislation and regulation. The measures taken by the Portuguese Government to achieve fiscal consolidation and to stimulate the economy may result in higher taxes or lower tax benefits. Further changes or difficulties in the interpretation of or compliance with new tax laws and regulations might negatively affect the CGD Group's business, financial condition and results of operations.

Risks relating to changes in legislation on deferred tax assets could have a material effect on the CGD Group

The CRR requires that Deferred Tax Assets ("**DTAs**") be deducted from CET1 capital.

However, Article 39 of the CRR contains an exception for DTAs that are not contingent on future profitability, foreseeing that such DTAs are not deducted from CET1 capital. For such purposes, DTAs are deemed to not be contingent on future profitability when:

(a) They are automatically and mandatorily replaced without delay with a tax credit, in the event that the institution reports a loss when its annual financial statements are formally approved, or in the event of its liquidation or insolvency;

(b) The abovementioned tax credit may, under national tax law, be offset against any tax liability of the institution or any other undertaking included in the same consolidation as the institution for tax purposes under that law or any other undertaking subject to supervision on a consolidated basis; and

(c) Where the amount of tax credits referred to in point (b) above exceeds the tax liabilities referred to in that same point, any such excess is replaced without delay with a direct claim on the central government of the Member State in which the institution is incorporated.

The deduction of DTAs from CET1 capital would thus have an impact on credit institutions established in Member States where national tax law imposes a time mismatch between the accounting and tax recognition of certain gains and losses – namely, Italy, Spain and Portugal.

In this regard, the Italian and Spanish Governments enacted, in 2011 (Italy) and 2013 (Spain, with retroactive effects to 2011), amendments to national tax law that allow for the conversion of DTAs into tax credits, with the aim of fulfilling the requirements for non-deductibility of DTAs from CET1 capital of resident credit institutions.

The Portuguese Government approved Law No. 61/2014 of 26 August 2014, as amended from time to time (the "**Law 61/2014**"), which implements a similar regime, allowing Corporate Income Taxpayers to convert DTAs arising from loan impairment losses and from post-employment and long-term employment benefits into tax credits.

Law 61/2014 foresees that any DTAs arising from the abovementioned items, accounted in taxable periods starting on or after 1 January 2015, or registered in the taxpayer's accounts in the last taxable period prior to that date, may be converted into tax credits when the taxpayer: (i) reports an annual accounting loss when the institution's annual financial statements are formally approved by the competent corporate bodies; or (ii) enters into a liquidation procedure, as a result of voluntary dissolution, court-ordered insolvency or, if applicable, cancellation of authorisation by the regulator or supervisory body. The amount of DTAs to be converted into tax credits corresponds to the ratio between (a) the amount of the annual accounting loss, and (b) the total amount of equity minus the amount in (a) above, and is declared by the Corporate Income Taxpayers in their annual Corporate Income Tax return, to be submitted within the five-month period after the year-end. The amount of the declared tax credit must subsequently be confirmed by the tax authorities through a tax audit procedure to be initiated within the three-month period following the expiry of the abovementioned annual corporate income tax return submission deadline.

The tax credits obtained with the conversion of DTAs may be offset against any State taxes on income and on assets payable by the taxpayer or by any companies included in the same tax group or in the same group for purposes of prudential consolidation under the CRR.

However, the conversion of DTAs entails the constitution of a special non-distributable reserve, equivalent to the amount of the tax credit obtained increased by 10 per cent., and conversely, the issuance of symmetric warrants to the Portuguese Republic. The warrants entitle the Portuguese Republic (i) to demand the increase of CGD's share capital through conversion of the special reserve and subsequent issue and delivery of ordinary shares representing CGD's share capital; or (ii) to freely dispose of them, including by sale to third parties, which may subsequently demand such increase of CGD's share capital. To mitigate the effects of the possible shareholding dilution resulting thereof, Law 61/2014 grants that, at the date of issuance of the warrants, existing shareholders are automatically vested statutory entitlements that allow them to purchase the warrants from the Portuguese Republic.

The amendments to the DTAs conversion regime, enacted by Law No. 23/2016 of 19 August 2016, establish that the DTAs conversion is not applicable to any DTAs arising from the mismatch between the accounting and tax regimes from 1 January 2016 onwards, without precluding its applicability to DTAs generated with respect to the previous fiscal years.

As at 31 December 2018, the CGD Group held EUR 2,107.7 million of DTAs in its accounts, of which EUR 30.7 million related to reported losses and EUR 2,077.7 million related to temporary mismatches. Of these, EUR 950.8 million are dependent on future profitability and EUR 1,126.3 million are protected under the Portuguese fiscal regime. Given that CGD reported an accounting loss in its individual annual financial statements for the year 2016, which constitutes a trigger to the application of Law 61/2014, it is expected that an amount of EUR 428 million of DTAs will be converted into tax credits, thereby reducing in that amount the value of DTAs that are protected under the Portuguese fiscal regime. An additional reserve of EUR 694 million will be constituted with this conversion. If any DTAs are not recovered, this could have an adverse impact on the profitability and equity of CGD and the CGD Group.

DTAs related to reported losses are deducted from regulatory capital, whereas DTAs related to temporary mismatches that depend on future profitability are partially deducted to capital (the portion that exceeds the threshold of 10 per cent. of CET1) and partially weighed at 250 per cent. DTAs related to temporary mismatches protected by the Portuguese fiscal regime are weighed at 100 per cent. Potential future changes to the way in which the Portuguese fiscal regime operates could result in previously protected DTAs (that would eventually be converted into DTA related to temporary mismatches that depend on future profitability) no longer being protected. At this point, there are no expected changes in the fiscal regime that could negatively affect the calculation of DTAs on capital ratios, but CGD cannot assure investors that the expected changes will not take place.

The Strategic Plan requires CGD to reduce the level of its non-performing exposures ("NPEs")

One of the priorities set by the Single Supervisory Mechanism for the banks under its supervision was a significant reduction of their stock of NPLs and of assets received in recovery processes, particularly real-estate, along with an increase in the coverage ratio from provisions and impairments.

This priority is set in the SREP decision issued by the ECB for the CGD Group. CGD is requested to continue to reduce the level of its NPEs (loans and foreclosed assets) and to maintain adequate levels of coverage by impairments within a reasonable time frame.

Recovery efforts, specifically the enforcement of guarantees and asset sales, as well as reference amounts and deadlines, are set under the assumption that the CGD Group will recover the corresponding DTAs registered and, consequently, preserve its regulatory capital.

In the event that the fiscal treatment of loan impairments differs from current expectations, CGD may have to readjust its reduction plan for NPEs, in particular asset sales, so that its level of capital is not affected by the deduction of DTAs that totalled EUR 2,077,032,000 at the end of December 2018.

Minimum Requirement for own funds and Eligible Liabilities could have a material effect on the CGD Group

The Financial Stability Board has issued a standard on Total Loss-Absorbing Capacity ("**TLAC**") which sets corresponding requirements for G-SIBs. CGD is currently not considered a G-SIB. The TLAC requirement has been phased-in since 1 January 2019. However, there is currently work ongoing in the EU to

implement TLAC standard requirements in EU legislation. In particular, the European Commission has proposed to incorporate TLAC into the capital requirements framework, as an extension of the own funds requirements by amending the BRRD (one of the proposals comprising the November 2016 Proposals (as defined above)) ("**BRRD II**").

BRRD II was implemented with the formal adoption of Regulation (EU) 2019/876 of the European Parliament and of the Council, which entered into force on 27 June 2019. BRRD II must be transposed into national law no later than 28 December 2020 with national regulators having until 1 January 2024 at the latest to impose full minimum requirement for own funds and eligible liabilities ("**MREL**") requirements on firms. Although under the original BRRD TLAC had only applied to G-SIBs, under BRRD II other banks, such as CGD, shall be subject to an entity-specific MREL regime, under which they will be required to issue a sufficient amount of eligible instruments to absorb expected losses in resolution and to recapitalise the institution or the surviving part thereof.

In accordance with Article 145-Y of the RGICSF, financial institutions will be required to meet certain MREL requirements. The actual size of CGD's MREL has not yet been determined. CGD expects that the Single Resolution Board ("**SRB**"), together with the Bank of Portugal, will decide and notify it of what its MREL should be, as well as the timing for its implementation, which is expected to occur by the end of this year or the beginning of 2020. The expectation is that CGD will be granted a period of several years (to be confirmed by the SRB once its MREL requirement is known) to comply with its MREL requirement. In order to comply with this requirement, CGD may be requested, in the future, to issue own funds and additional liabilities which will be eligible to count toward the MREL requirement.

The SRB expects larger EU banks to meet a minimum subordination requirement. G-SIIs are required to meet a minimum subordination level equal to 16 per cent. of consolidated risk exposure amount ("**REA**") plus the combined buffer requirement, pending further assessment by the SRB of "no creditor worse off than in liquidation" ("**NCWOL**") risks and the implementation of BRRD II. BRRD II prescribes a minimum subordination requirement of 8 per cent. of total liabilities (including own funds) subject to a discretion for the relevant resolution authority to agree a lower threshold in certain circumstances. The SRB also intends to issue targets for loss absorbing capacity to individual subsidiaries within a banking group.

In order to improve resolvability, the SRB assesses NCWOL risks and can address such risks by setting a potential bank-specific add-on for the subordination requirement. The subordination requirement should generally be met by own funds and subordinated MREL eligible liabilities. According to the SRB's MREL policy paper published on 16 January 2019, subordination levels will be set based on a combination of a general level, applicable buffer requirements and a metric, taking account of the bank specific nature of the assessment of NCWOL risk in the senior lawyer. A floor of 14 per cent. of REA plus the combined buffer requirement will apply for O-SIIs. As an O-SII, the CGD Group is subject to the SRB subordination requirement.

On 23 November 2016, the European Commission published legislative proposals (the November 2016 Proposals, as defined in section "*The CGD Group is subject to compliance risk with existing and future regulations, the breach of which can could cause damages to CGD*") for amendments to the CRR, the CRD IV, the BRRD and the Single Resolution Mechanism Regulation. . The November 2016 Proposals also included (i) a draft amending directive to facilitate the creation of a new asset class of "non-preferred" senior debt which was published in final form on 12 December 2017 (the "**Creditor Hierarchy Directive**") and implemented into domestic Portuguese law through Law 23/2019 of 13 March 2019, and (ii) phase-in arrangements for the regulatory capital impact of IFRS 9 and the ongoing interaction of IFRS 9 with the regulatory framework, which were implemented via an amendment to CRR which took effect on 1 January 2018 (together with the November 2016 Proposals, the "**Commission Proposals**"). The Commission Proposals covered multiple areas, including the definitions of capital, the Pillar 2 framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities, macroprudential tools, the MREL framework and the integration of the TLAC standard into EU legislation as mentioned above.

As discussed above, the Commission Proposals include phase-in arrangements for regulatory capital impact of IFRS 9, including allowing banks to add back to their CET1 capital a portion of increases in expected credit loss provisions due to the application of IFRS 9 as extra capital during a five-year transitional period, with the added amount progressively decreasing to zero during the course of the transitional period. The Commission Proposals also include phase-in arrangements for the ongoing interaction of IFRS 9 with the regulatory framework, including potential changes to relevant accounting standards, which may in turn result

in changes to the methodologies which the Group is required to adopt for the valuation of financial instruments. CGD has opted not to apply such optional phase-in arrangements.

The Commission Proposals, including amendments to the CRR ("**CRD II**"), were adopted into law through Regulation (EU) 2019/876 of the European Parliament and of the Council on 20 May 2019, which was published in the Official Journal on 7 June 2019. The CRR II covers leverage ratio, net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements and EMIR. In particular, the CRR II imposes a binding 3 per cent. leverage ratio and a binding detailed NSFR (which will require credit institutions and systemic investment firms to finance their long-term activities (assets and off-balance sheet items) using stable sources of funding (liabilities) in order to increase banks' resilience to funding constraints. Under the CRR II, the leverage ratio requirement is set at 3 per cent. (calculated by dividing a bank's tier one capital by its total leverage exposure measure) and is added to the own funds requirements in the CRR II which institutions must meet in addition to/in parallel with their risk-based requirements, and will apply to all credit institutions and investment firms that fall under the scope of the CRR II, subject to selected adjustments.

On 25 May 2018, the Council of the EU adopted a General Approach with amendments to the European Commission's Proposals. On 19 June 2018, the European Parliament adopted its reports with amendments to the European Commission's Proposals, and, following trilogue negotiations from July 2018 to February 2019, the Council of the EU and the European Parliament reached a final agreement on the Proposals (the "**Political Agreement**"). The Political Agreement has been endorsed (i) on 15 February 2019, by the Committee of Permanent Representatives (**"COREPER"**) and (ii) on 26 February 2019, by the European Parliament's Committee on Economic and Monetary Affairs and will undergo a legal linguistic revision before the final adoption (the European Commission's Proposals dated 23 November 2016, together with the Council of the EU's General Approach dated 25 May 2018, the European Parliament's reports dated 19 June 2018, the Political Agreement and its endorsements by the COREPER dated 15 February 2018 and by the European Parliament's Committee on Economic and Monetary Affairs dated 26 February 2019, together, the "**EU Banking Reforms**"). The EU Banking Reforms were implemented with the formal adoption of Regulation (EU) 2019/876 of the European Parliament and of the Council, which entered into force on 27 June 2019.

The European Commission's package of reforms included the Creditor Hierarchy Directive, which is aimed at harmonising national laws on recovery and resolution of credit institutions and investment firms, in particular as regards their loss-absorbency and recapitalisation capacity in resolution. The Creditor Hierarchy Directive also proposes the creation of a new asset class of "non-preferred" senior debt that should only be bailed-in after other capital instruments but before other senior liabilities. The Creditor Hierarchy Directive has been transposed to national law through Law No. 23/2019 of 13 March 2019, which, in addition to governing the position of unsecured debt instruments in the insolvency hierarchy, thereby providing greater legal certainty regarding the issuance of non-preferred debt, it also confers a preferential claim to all deposits *vis-à-vis* senior debt.

Potential impact of recovery, resolution measures, Non-viability Loss Absorption Measure and public support measures on CGD Group's activity

Decree Law No. 31-A/2012 of 10 February 2012, introduced the legal framework for the adoption of resolution measures into the RGICSF. Such framework was further amended by Decree Law No. 114-A/2014 of 1 August 2014, Decree Law No. 114-B/2014 of 4 August 2014, and by Law No. 23-A/2015 of 26 March 2015, which transposed the BRRD into the Portuguese framework.

The provisions set out in the RGICSF aim at harmonising the resolution procedures of, among other institutions, credit institutions of the European Union Member States and at providing the authorities of such Member States with tools to prevent a failure or, when a failure occurs, to mitigate its adverse effects, by maintaining the systemically key functions of those same institutions.

The RGICSF provides for three stages of intervention by the resolution authority:

- Preparation and planning: preparation for the adoption of recovery and resolution measures, including: (i) the drawing up and submission by credit institutions of a recovery plan to the competent authority for evaluation, which shall outline the measures to be implemented to restore their financial position following a significant deterioration of their financial position; and (ii) drawing up of a resolution plan for each credit institution or group.

- Early intervention: if a credit institution breaches or is likely to breach the legal and regulatory requirements applicable to its activity, the resolution authority has the power to *inter alia*: (i) limit or modify exposure to risk; (ii) require additional information; (iii) set restrictions or prohibitions on certain activities and changes to group structures; (iv) restrict or prohibit the distribution of dividends to shareholders or the payment of interest to holders of additional tier 1 instruments; (v) replace managers or directors; and (vi) require credit institutions to transfer assets that constitute an excessive or undesirable risk to the soundness of the institution.

- Resolution measures: resolution measures may consist of the following, which may be implemented individually or in combination.

  (i) Sale of business tool: transfer to a purchaser, by virtue of a decision of the resolution authority, of shares or other instruments of ownership or of some or all of the rights and obligations, corresponding to assets, liabilities, off-balance sheet items and assets under management, of the institution under resolution, without the consent of the shareholders of the institution under resolution or that of any third party other than the acquirer;

  (ii) Bridge institution tool: establishment by the resolution authority of a bridge institution, to which shares or other instruments of ownership or some or all of the rights and obligations, corresponding to assets, liabilities, off-balance sheet items and assets under management, of the institution under resolution are transferred without the consent of the shareholders of the institution under resolution or that of any third party;

  (iii) Asset separation tool: transfer, by virtue of a decision of the resolution authority, of rights and obligations, corresponding to assets, liabilities, off-balance sheet items and assets under management, of an institution under resolution or of a bridge institution to one or more asset management vehicles, without the consent of the shareholders of the institutions under resolution or that of any third party other than the bridge institution. The asset management vehicles are legal persons owned in full or in part by the relevant resolution fund. This measure cannot be used individually but only in conjunction with another resolution measure; and

  (iv) Bail-in tool: write down or conversion by the resolution authority of certain obligations of an institution under resolution, as defined under the applicable law, with the exception, for instance, of covered deposits and secured obligations. In exceptional circumstances, when the bail-in tool is implemented, the resolution authority may exclude or partially exclude certain liabilities from the application of the write down or conversion powers. This exception shall apply when it is strictly necessary and proportionate and shall fall under the specific requirements provided by law.

In accordance with the RGICSF (as amended, including for transposing the BRRD into Portuguese law), resolution measures may be applied to institutions if the resolution authority considers that the relevant institution meets the following conditions ("**Resolution Conditions**"): (a) such institutions are failing or likely to fail, (b) there is no reasonable prospect that such failure will be avoided within a reasonable timeframe through the adoption of any measures by the relevant institutions, the application of early intervention measures or through the write down or conversion of relevant capital instruments, (c) a resolution action pursues any of the public interests listed below (and (d) which, in accordance with the RGICSF, would not be pursued more effectively by the commencement of winding-up proceedings against the relevant institution). In accordance with the RGICSF, such public interests mentioned under (c) above include the following:

- ensures the continuity of essential financial services for the economy;

- prevents serious consequences to financial stability, including by preventing contagion between entities, including market infrastructures, and maintaining market discipline;

- protects the interests of taxpayers and the public treasury by minimising the extraordinary use of public funds;

- protects the funds and assets held for and on behalf of clients and related investment services; and

- safeguards the confidence of depositors and investors protected by any applicable depositors and investors compensation schemes.

For the purposes of applying resolution measures, an institution is considered to be failing or likely to fail when either: (a) it is, or is likely in the near future to be, in breach of requirements for maintaining its licence; (b) its assets are, or are likely in the near future to be, less than its liabilities; (c) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (d) it requires extraordinary public financial support, except when, in order to remedy a serious disturbance in the Portuguese economy and preserve financial stability, the extraordinary public financial support takes the form of: (i) a State guarantee to back facility agreements, including liquidity facilities provided by central banks according to the central banks' conditions and newly issued liabilities; or (ii) a public investment capitalisation transaction, subject to, at the time such public investment is carried out, none of the Resolution Conditions, nor the conditions for the power to write down or convert capital being met by the relevant institution.

Upon the entry into force of Regulation (EU) no. 806/2014, of 15 July 2014 (the "**SRM Regulation**"), on 1 January 2016, the Bank of Portugal's powers as resolution authority in relation to CGD were transferred to the Single Resolution Board.

The implementation of resolution measures is not subject to the prior consent of the credit institution's shareholders, or that of the contractual parties related to assets, liabilities, off-balance sheet items and assets under management to be sold or transferred.

Finally, pursuant to the RGICSF, prior to the application of a resolution measure, the resolution authority shall engage an independent entity for the purposes of carrying out a valuation of an institution's assets, liabilities and off-balance sheet items. In the application of any resolution measure, the resolution authority shall ensure that an institution's first losses are borne by the respective shareholders, followed by the creditors (save for depositors covered by a deposit guarantee scheme) of an institution, in an equitable manner and in accordance with the order of priority of the various classes of creditors under normal insolvency proceedings.

As regards the bail-in resolution tool, it may be used alone or in combination with other resolution tools where the relevant resolution authority considers that an institution meets the Resolution Conditions and gives such resolution authority the power to write down certain claims of unsecured creditors of a failing institution and/or to convert certain unsecured debt claims into equity or other instruments of ownership, which could also be subject to any future application of the general bail-in tool. In addition to the resolution tools described above, the RGICSF provides for the resolution authorities having the further power to permanently write down, or convert into equity (common equity tier 1 instruments), capital instruments such as Tier 2 instruments and Additional Tier 1 capital instruments at the point of non-viability of an institution or such institution's group and before any other resolution action has been taken (the "**Non-viability Loss Absorption Measure**"). Any shares issued upon any such conversion into equity may also be subject to any application of the bail-in tool.

For the purposes of the application of any Non-viability Loss Absorption Measure, the point of non-viability under the RGICSF is the point at which any of the following conditions (the "**Non-viability Loss Absorption Tool Conditions**") is met:

- the resolution authority determines that an institution, or such institution's group, meets any of the Resolution Conditions and no resolution measure has been applied yet;
- the resolution authority determines that an institution, or such institution's group, will no longer be viable unless the relevant capital instruments (such as the Notes) are written-down or converted; or
- extraordinary public support is required and without such support the institution would no longer be viable.

Finally, for the purposes of improving a credit institution's financial strength and subject to (i) state aid rules, (ii) the Capital Regulations and (iii) the principles of adequacy, necessity and proportionality in terms of return on investment and the assessment of investment risk, Law 63-A/2008, of 24 November 2008, as amended (the "**Public Capitalisation Act**") provides that the Portuguese State may also recapitalise institutions, on a temporary basis, so that they comply with any required own funds ratios. Any such capital injections should be provided in exchange for shares or other instruments eligible as own funds in the relevant

institution. This extraordinary public support shall only be provided to an institution that is a credit institution (such as CGD) incorporated in Portugal if: (a) it has insufficient own funds, as determined by the competent authority following the carrying out of stress tests, asset quality reviews or other equivalent tests; (b) none of the Resolution Conditions or the Non-viability Loss Absorption Tool Conditions apply to it; (c) it is solvent; (d) public support is not provided for the purposes of covering losses declared or likely to be declared by the relevant institution; and (e) public support is required in order to preserve financial stability and to prevent or correct a serious disturbance in the Portuguese economy. The provision of public support requires that any insufficiency of own funds is first resolved by way of the application of a Non-viability Loss Absorption Measure to the relevant institution, so that (i) recapitalisation by the Portuguese State is not needed or is reduced to a minimum or (ii) public funds benefit from a more favourable regime in terms of subordination. The instruments issued by the relevant institution to be fully or partially written-down or converted into equity shall be determined by an order ("*despacho*") of the Portuguese Ministry of Finance, which has the powers of a resolution authority for this purpose.

The powers of the resolution authority set out in the RGICSF following the implementation of the BRRD have an impact on how institutions are managed and, in certain circumstances, on the rights of their creditors. Creditors of an institution may also be affected by the provision of public support by the Portuguese State under the Public Capitalisation Act. Noteholders may be subject to write down or conversion into equity on any application of the general bail-in tool or a Non-viability Loss Absorption Measure, which may result in the Noteholders losing some or all of their investment. The exercise of any resolution power under the RGICSF, any write down on conversion into equity preceding a potential recapitalisation of CGD under the Public Capitalisation Act and/or any suggestion of such exercise or such write down or conversion in connection with a recapitalisation could, therefore, materially adversely affect the rights of any Noteholders, the price or value of their investment in the Notes and/or the CGD's ability to satisfy their obligations under the Notes.

The impact on the Group of the recent resolution measures in Portugal cannot be anticipated

Following the decision of the Bank of Portugal on 3 August 2014 to apply a resolution measure to Banco Espírito Santo ("**BES**"), most of its business was transferred to a bridge bank, Novo Banco, specifically set up for that purpose and capitalised by the resolution fund – as created by Decree-law 31-A/2012, of 10 February 2012 (the "**Resolution Fund**"), funded by payments of contributions due by the institutions participating in the Resolution Fund and contributions from the Portuguese banking sector – with an initial share capital of EUR 4.9 billion. Of this amount, EUR 300 million corresponded to the Resolution Fund's own financial resources, EUR 3.9 billion resulted from a loan granted by the Portuguese State (the "**2014 Portuguese State Loan**"), EUR 700 million from a loan granted by a group of credit institutions that are members of the Resolution Fund including CGD (the "**Participants' Loan**"). CGD's share of the Participants' Loan was and remains at EUR 174.0 million.

CGD's pro rata share in the Resolution Fund will vary from time to time according to CGD's liabilities and own funds, when compared to the other participating institutions. Contributions to the Resolution Fund are adjusted to reflect the risk profile, the systemic relevance and the solvency position of each participating institution. Given the relative size and composition of its balance sheet, CGD estimates that its current participation in the Resolution Fund should range between 20 per cent. and 25 per cent. of the Resolution Fund. However, this number varies over time and it is very difficult to determine CGD's exact participation at any given point in time. If only CGD's share of EUR 174.0 million of the EUR 700 million loan granted by the credit institutions to the Resolution Fund to capitalise Novo Banco is considered, CGD's participation would be in the region of 24.9 per cent.

The periodic contribution base rate to be applied is set by the Bank of Portugal. For 2017, the rate was 0.0291 per cent. and in 2018 and 2019, the rate was fixed at 0.0003 per cent, with a minimum contribution of EUR 235.

On 21 March 2017, the Resolution Fund announced the completion of an amendment agreement between the parties to the 2014 Portuguese State Loan, the 2015 Portuguese State Loan (as defined below) and the Participants' Loan (jointly, the "**Loans**"), whereby (i) the maturity dates of the Loans were extended to 31 December 2046, the date on which the Resolution Fund is required to pay the full principal amount of the Loans; (ii) the parties agreed that the new maturity dates of the Loans would be further adjusted in the future, to the extent required, to ensure that the Resolution Fund would be able to perform its payment obligations under the Loans based only on the proceeds from the regular revenues of the Resolution Fund; (iii) the parties further agreed that the Loans would rank pari passu without any preference among themselves;

and (iv) the Resolution Fund undertook to not, before the full payment of any amounts due and payable in respect of the Loans, make any payments of principal or interest under any other loans obtained by it after 31 December 2016 to fund any contingent liabilities arising in connection with the resolution measures applied to BES and Banif- Banco Internacional do Funchal, S.A. ("**Banif**") (see below for further detail regarding the Banif resolution measures). A press release confirming the completion of this amendment agreement was published by the Ministry of Finance on the same date. The agreement reached between the parties to the Loans was designed with the goal of ensuring that the Resolution Fund would be able to fully perform all of its actual or contingent liabilities in connection with the resolutions of BES and Banif, using the ordinary contributions made by the participating institutions and the contribution from the banking sector, thereby avoiding the need for any special contributions.

On 31 March 2017, the Bank of Portugal announced that a share purchase and subscription agreement relating to the share capital of Novo Banco was entered into between the Resolution Fund and Lone Star Funds. On 18 October 2017, the Bank of Portugal and the Resolution Fund concluded the sale of Novo Banco to Nani Holdings, SGPS, S.A. (a 100% subsidiary of LSF Nani Investments S.à.r.l, (Luxembourg) which is owned by several funds belonging to the Lone Star group), with a share capital increase fully subscribed by Nani Holdings, SGPS, S.A. of EUR 750 million, which was followed by a further share capital increase that occurred at the end of 2017, of EUR 250 million. As of this date, Novo Banco is held by Nani Holdings, SGPS, S.A. and the Resolution Fund, holding respectively 75 per cent and 25 per cent of the share capital.

According to the information contained in the Bank of Portugal statement regarding the sale of Novo Banco, which may be consulted at *www.bportugal.pt*, and in the European Commission's press release, which may be consulted at *http://europa.eu/rapid/press-release_IP-17-3865_en.htm*, the agreed conditions for the sale of Novo Banco include a contingent capital mechanism, under which the Resolution Fund, as shareholder, undertakes to make capital injections of up to EUR 3.89 billion in the event that certain cumulative conditions materialise with respect to: (i) the performance of an identified set of assets of Novo Banco; and (ii) the evolution of Novo Banco's capitalisation levels. The possible capital injections to be made under this contingent mechanism benefit from a capital buffer resulting from the capital injection to be made under the terms of the transaction and are subject to a maximum absolute limit. On the date hereof, any amounts the Resolution Fund may need to disburse under the contingent capital mechanism described in the paragraph above cannot be estimated and, accordingly, any impact which any such disbursements could have on the Resolution Fund and its resources, and on the credit institutions which are contributing participants of the Resolution Fund, including CGD, can also not be estimated.

On 1 March 2019, the Resolution Fund issued a notification on the activation of the contingent mechanism, following the disclosure by Novo Banco of its 2018 annual results, totalling EUR 1.149 million. The payment due in 2019 by the Resolution Fund will be made after the legal certification of Novo Banco's accounts and following a certification procedure, to be carried out by an independent entity, with the goal of confirming that the amount payable by the Resolution Fund has been correctly calculated.

In order to make this payment, the Resolution Fund will firstly use its available financial resources, resulting from the contributions paid, directly or indirectly, by the banking sector. These resources will then be complemented by the use of a loan agreed with the Portuguese State in October 2017, with a credit line of up to EUR 1000 million and the annual ceiling, then set, of EUR 850 million.

In January 2013, Banif was recapitalised by the Portuguese State in the amount of EUR 1,100 million (EUR 700 million in the form of special shares and EUR 400 million in the form of hybrid instruments). This recapitalisation plan also included a capital increase by private investors in the amount of EUR 450 million, which was concluded in June 2014. Since then, Banif has reimbursed the Portuguese State for EUR 275 million in hybrid instruments, but was not able to reimburse a EUR 125 million tranche in December 2014.

The recapitalisation plan assumed that Banif would enter a restructuring plan that was never agreed with DG Comp. As a result, in December 2015, the Portuguese Ministry of Finance informed the Bank of Portugal that Banif would be sold in the context of a resolution, as described below.

On 20 December 2015, the Bank of Portugal applied a resolution measure to Banif, which resulted in the sale of the business of Banif and of most of its assets and liabilities to Banco Santander Totta, in the amount of EUR 150 million. Accordingly, the overall activity of Banif was transferred to Banco Santander Totta, except for the assets transferred to an asset management vehicle (Oitante, S.A.) set up in the context of the application by the Bank of Portugal of the aforementioned resolution measure. This transaction involved an estimated public support of EUR 2,255 million to cover future contingencies, of which EUR 489 million

was provided by the Resolution Fund (which was financed by a loan in the same amount granted by the Portuguese State (the "**2015 Portuguese State Loan**")) and EUR 1,766 million directly by the Portuguese State, as a result of the determination of the assets and liabilities to be sold as agreed between the Portuguese authorities, European bodies and Banco Santander Totta. The current outstanding principal amount of the 2015 Portuguese State Loan is EUR 353 million.

As mentioned above, the Resolution Fund is ultimately financed by the banking system and, therefore, the outcome of any disposals to be made by or on behalf of the Resolution Fund will ultimately be borne by the institutions required to fund the Resolution Fund, including CGD. However, given the aforementioned agreement between the State and the Resolution Fund, CGD and the other institutions participating in the Resolution Fund are not expected to be required to make special contributions to the Resolution Fund as a result of any actual or potential liabilities incurred or to be incurred by the Resolution Fund in connection with the resolution measures applied to Banif.

The Portuguese Resolution Fund has disclosed on its website (*www.fundoderesolucao.pt*) its annual management report and accounts for the financial year ended on 31 December 2017 ("**Resolution Fund 2017 Accounts**") and other disclosures in 2018, from which the information below has been summarised or extracted.

By law, the financing of any eventual losses incurred by the Portuguese Resolution Fund in the pursuit of its statutory purpose is the exclusive responsibility of the participating institutions. On 31 December 2017, these losses amounted to EUR 5,104 million, corresponding to the Portuguese Resolution Fund's own negative resources, according to the last publicly disclosed information (see pages 13, 14 and 19 of the Resolution Fund's 2017 Accounts with respect to the Portuguese Resolution Fund's activity, and pages 33, 34 and 35 of the same document with respect to its financial statements). The conditions which led to this reduction of the Resolution Fund's own resources in 2017 include the following: (1) contributions received by the Resolution Fund from the banking sector, in the total amount of EUR 219 million; (2) the financial effects of the resolution measures, the net total amount of which allocated for 2017 increased to EUR -459 million, resulting from the combined effects of the EUR 792 million provision related to the contingent funding mechanism concluded with Novo Banco and the valuation in EUR 333 million of the holding after completion of the sale of Novo Banco; and (3) the costs related to the funding of the Resolution Fund in a total amount of EUR 104 million, which is reflected in the net result for the financial year (see page 14 of the Resolution Fund's 2017 Accounts). It should further be noted that, as at 31 December 2017, the Portuguese Resolution Fund was involved in several legal proceedings, either as a defendant or as an interested counterparty. In particular, the resolution measure applied to BES, in the form of a transfer of the majority of its activity and assets to a bridge bank (Novo Banco), can be identified as the main underlying cause of the increasing number of judicial lawsuits against the Portuguese Resolution Fund. It should be noted that lawsuits regarding the application of resolution measures are legally unprecedented, which makes it impossible to apply related case-law in their assessment and to estimate the possible associated contingent financial effect (see page 50, note 25 of the Resolution Fund 2017 Accounts).

On 30 March 2016, the Memorandum of Understanding on the Dialogue Procedure with Unqualified Investors which are Holders of Commercial Paper of the Espírito Santo Group (*Memorando de Entendimento sobre um Procedimento de Diálogo com os Investidores Não Qualificados Titulares de Papel Comercial do Grupo Espírito Santo*) was signed between the Portuguese Government, the Bank of Portugal, the Portuguese Securities Market Commission (the "**CMVM**"), BES and AIPEC - Associação de Indignados e Enganados do Papel Comercial. The work developed in the context of this dialogue procedure resulted in a solution framework which implies the express renunciation, by those investors in agreement, of all rights, claims and legal proceedings against the Portuguese Resolution Fund and against Novo Banco S.A. and its future shareholders. This solution is currently at the final stage of implementation. All regulatory approvals were granted, the funding of the first tranche was secured and the granting of the State guarantee was authorised. This solution will contribute to reducing possible legal contingencies that may affect the Resolution Fund, seeing as a high level of acceptance among the investors is expected (see page 51, note 25.2 of the Resolution Fund 2017 Accounts).

In accordance with Portuguese law, the Portuguese Resolution Fund shall pay compensation to the shareholders and creditors of a credit institution subject to a resolution measure if it is determined that they have borne losses greater than those they would have borne had the resolution measure not been applied and had the credit institution subject to resolution entered into liquidation at the moment this measure was applied. Furthermore, in accordance with Portuguese law, the Bank of Portugal has designated an independent

entity for the purposes of carrying out an estimate of the credit recovery levels of each class of creditors of BES in the hypothetical scenario of liquidation on 3 August 2014, had the resolution measure not been applied. As announced in a Bank of Portugal statement published on 6 July 2016, given the independent character of the designated entity, the contents of its report and respective conclusions do not necessarily correspond to the opinion or position of the Bank of Portugal. This statement also presents a summary of the results of the independent estimate carried out by the designated entity and clarifies that BES' secured and privileged credits were transferred to Novo Banco under the terms of the resolution measure established by the Bank of Portugal. The right to compensation by the Portuguese Resolution Fund, with respect to the ordinary creditors whose credits were not transferred to Novo Banco, will only be decided at the close of BES' process of liquidation. Until then, it will still be necessary to further clarify a complex set of legal and operational questions, notably concerning entitlement to the right to compensation by the Portuguese Resolution Fund. As such, and all things considered, it is not possible, for the time being, to estimate the compensation amount to be paid upon termination of the BES liquidation. The Portuguese Resolution Fund considers that there are still insufficient elements to assess the existence and/or value of this potential liability, both in terms of the resolution measure applied to BES and the resolution measure applied to Banif (see pages 51 and 52, note 26.2 of the Resolution Fund 2017 Accounts).

On 29 December 2015, the Bank of Portugal clarified that the Portuguese Resolution Fund is responsible for neutralising, by way of payment of compensation to Novo Banco, any possible negative effects of future decisions arising from the resolution procedure, and which result in liabilities or contingencies for the bank. In the context of the sale of Novo Banco completed on 18 October 2017, the agreements include specific clauses with an effect similar to that arising from the resolution of the Board of Directors of the Bank of Portugal, now with contractual source, wherefore the contingent liabilities framework remains. Considering the lack of judicial precedent in this regard, it is not possible to reliably estimate the potential contingent financial effect (see page 52, note 26.3 of the Resolution Fund 2017 Accounts).

Under the terms of the resolution of the Board of Directors of the Bank of Portugal, dated 20 December 2015, regarding the application of resolution measures to Banif, the Portuguese Resolution Fund has provided a guarantee in the amount of EUR 746 million over the bonds issued by Oitante S.A. With the aim of ensuring that the Fund will have the necessary financial resources at its disposal to enforce this guarantee at the maturity date, in the event that Oitante, the principal debtor, defaults on its obligations, the Portuguese State has counter-guaranteed the abovementioned bond issue. According to the information disclosed on 28 March 2018, as of that date, Oitante S.A. carried out early partial redemptions in the total amount of approx. EUR 190,000,000, thereby reducing the amount of the guarantee provided by the Resolution Fund to approx. EUR 556,000,000.

According to the information disclosed on 24 May 2018, the Resolution Fund made a payment on that date as a result of the application of the contingent capitalisation mechanism agreed in the scope of the Novo Banco sale process concluded on 18 October 2017. The amount paid by the Resolution Fund was EUR 791,694,980.00. Up to that date, the Resolution Fund had disbursed a total of EUR 4,900,000,000 to financially support the resolution measure applied to Banco Espírito Santo, S.A., corresponding to the paying-up of capital of Novo Banco in August 2014. According to this information, disclosed on 28 March 2018, the Resolution Fund did not make any other payment related to Novo Banco, but has already recorded in its accounts for the year 2017 a provision of EUR 792,000,000 relative to the payment due in 2018.

The final impact on the Issuers and the CGD Group of the resolutions of Banif and/or of BES, as described above, cannot be anticipated.

CGD is required to make financial contributions under the EU single resolution mechanism

Council Regulation (EU) No. 1024/2013, of 15 October 2013, established the Single Supervisory Mechanism composed of the ECB and the national competent authorities ("**NCAs**") of participating Member States. The Single Supervisory Mechanism is further regulated by Regulation (EU) No. 468/2014, of the ECB, of 16 April 2014. The ECB is responsible for the prudential supervision of credit institutions in the euro area, with a view to contributing to the safety and soundness of credit institutions and the stability of the financial system within the EU and each Member State, with full regard and duty of care for the unity and integrity of the internal market. Regulation (EU) No. 806/2014 of the European Parliament and of the Council, of 15 July 2014, established uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms within the framework of a Single Resolution Mechanism (comprised

of the Single Resolution Board and the national resolution authorities) and a Single Resolution Fund (the "**SRM Regulation**").

Following the implementation of the Single Resolution Mechanism: (a) the initial and periodic contributions from the participating institutions falling within the scope of the SRM Regulation have been transferred to the Single Resolution Fund (by reference to the date of implementation of the BRRD in Portugal), and (b) contributions raised from such institutions after 1 January 2016 shall be transferred by the Bank of Portugal to the Single Resolution Fund. CGD is an institution falling within the scope of the SRM Regulation and is required to contribute to the Single Resolution Fund in accordance with the SRM Regulation and its implementing regulations. Any contributions made by CGD to the Resolution Fund after 1 January 2016 shall be made only for the purposes of funding the costs of any resolution measures applied until 31 December 2014.

If a resolution measure is applicable to any other institution established in Portugal falling within the scope of the SRM Regulation and the resources then available to the Single Resolution Fund are not sufficient to provide the financial assistance required by such resolution measure, CGD (and other participating institutions) may be required to make special contributions to the Single Resolution Fund, in an amount determined in accordance with the criteria set out in the SRM Regulation. The amount of these special contributions shall not in any event exceed three times the amount of the annual contributions to the Single Resolution Fund then required from the participating institutions. As at 31 December 2018, CGD's annual contribution to the Single Resolution Fund totalled EUR 29,640,000. If payment of these special contributions affects the financial position of a participating institution, the board of the Single Resolution Mechanism may agree to suspend such payment of such participating institution for a period of up to 180 days, extendable at the request of the relevant participating institution.

The creation of a deposit protection system applicable throughout the EU may result in additional costs to the CGD Group

On 2 July 2014, Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014, providing for the establishment of deposit guarantee schemes (the "**recast DGSD**") introduced harmonised funding requirements (including risk-based levies), protection for certain types of temporary high balances, a reduction in pay-out deadlines, the harmonisation of eligibility categories (including an extension of scope to cover deposits by most companies, regardless of size) and new disclosure requirements, and the harmonisation of the deposit guarantee systems throughout the EU. The recast DGSD was transposed in Portugal through Law No. 23-A/2015 of 26 March 2015, as amended from time to time.

Furthermore, a proposal for a Regulation of the European Parliament and of the Council, amending Regulation (EU) No. 806/2014 to establish a European Deposit Insurance Scheme, is currently under discussion at an EU level.

The CGD Group may incur additional costs and liabilities as a result of these developments. The additional indirect costs of the deposit guarantee systems may also be significant, even if these are much lower than the direct contributions to the fund, as in the case of the costs associated with the provision of detailed information to clients about products, as well as compliance with specific regulations on advertising for deposits or other products similar to deposits, thus affecting the activity of the relevant banks and, consequently, also their business activities, financial conditions and results of operations.

Changes in the rules governing the accounting treatment of impairments and provisions may adversely impact CGD

The Bank of Portugal has established minimum provisioning requirements applicable to individual accounts regarding current loans, NPLs, overdue loans, impairment for securities and equity holdings, sovereign risk and other contingencies. Any change in the applicable requirements, such as IFRS 9 or other policies, including due to choices made by CGD, could have a material adverse effect on the results of CGD's operations. The adoption of IFRS 9, which replaces IAS39, changes the accounting treatment applied to the consolidated financial statements. CGD already had in place an impairment model with similarities to IFRS 9, namely, the three stages approach and the lifetime measurement for stage II, and now has a fully compliant IFRS 9 model. The inclusion of the forward-looking approach and changes to the assessment of significant credit risk deterioration, as per the regulation, could lead to an impact on CGD's business activities, financial condition or results of operations. The impact is related to the potential increase in the value of provisions and the higher sensitivity of the value of provisions based on CGD's assumptions about the future economic outcome.

Risks relating to CGD's business

CGD may be subject to rating reviews from the rating agencies with impact on its funding and financial performance

CGD's long-term ratings issued by the diverse international rating agencies were updated in 2018: on 6 December 2018, Fitch upgraded CGD's long-term rating to BB, with a positive outlook, and maintained its short-term rating at B, and on 16 October 2018, Moody's upgraded CGD's long-term rating to Ba1, with a negative outlook, placed on 4 December 2018. On 3 June 2019, DBRS upgraded CGD's long term rating to BBB and the short term rating to R-2 (high), both rating with a stable trend. Credit ratings represent an important component of the CGD's liquidity profile and affect the cost and other terms according to which the CGD is able to obtain funding. Any downgrading of CGD's ratings may adversely affect its access to funding and could increase its funding costs, potentially affecting its financial performance.

The CGD Group's business is significantly affected by credit risk

Risks arising from changes in credit quality and the repayment of loans and amounts due from borrowers and counterparties are inherent in a great part of the CGD Group's business. Adverse changes in the credit quality of the CGD Group's borrowers and counterparties, a general deterioration in Portuguese or global economic conditions, or increased systemic risks in the financial systems could affect the recovery and value of the CGD Group's assets and require an increase in loan impairments and other impairments. Accordingly, the CGD Group is subject to credit risk, i.e. the risk that the CGD Group's clients and other counterparties are unable to fulfil their payment obligations.

The CGD Group is exposed to many different counterparties in the normal course of its business, but its exposure to counterparties in the financial services industry is particularly significant. This exposure can arise through trading, lending, deposit-taking, clearance and settlement, and numerous other activities and relationships. These counterparties include institutional clients, brokers and dealers, commercial banks and investment banks. Many of these relationships expose the CGD Group to credit risk in the event of default of a counterparty or client. In addition, the CGD Group's credit risk may be exacerbated when the collateral it holds cannot be realised, or liquidated, at prices sufficient to recover the full amount of the loan or derivative exposure it is due to cover. Many of the hedging and other risk management strategies utilised by the CGD Group also involve transactions with financial services counterparties. The insolvency of these counterparties may impair the effectiveness of the CGD Group's hedging and other risk management strategies, which could in turn have a material adverse effect on the Group's financial condition and results of operations.

Although the CGD Group regularly reviews its exposure to its clients and other counterparties, as well as its exposure to certain economic sectors and regions which the CGD Group believes to be particularly critical, payment defaults may arise from events and circumstances that are unforeseeable or difficult to predict or detect. In addition, the collateral and security provided to the CGD Group may be insufficient to cover the exposure or the obligations of others towards it; for example, due to sudden market declines that reduce the value of the collateral. Accordingly, if a major client or other significant counterparty were to default on its obligations, this could have a material adverse effect on the CGD Group's financial condition and results of operations.

The CGD Group actively manages credit risk and analyses credit transactions. Expectations about future credit losses may, however, be incorrect for a variety of reasons. An unexpected decline in general economic conditions, unanticipated political events or a lack of liquidity in the economy may result in credit losses which exceed the amount of the CGD Group's provisions or the maximum probable losses envisaged by its risk management models. As the CGD Group's operations are mostly concentrated in Portugal, it is particularly exposed to the risk of a general economic downturn or other events which affect default rates in Portugal. An increase in the CGD Group's impairment for loan losses or any loan losses in excess of these impairments could have a material adverse effect on the CGD Group's financial condition and results of operations.

The level of NPLs remains high in the Portuguese banking system, even though an improvement was observed in the reduction of NPL stocks, which decreased by EUR 3.8 billion in the fourth quarter of 2018, with the total NPL ratio standing at 9.4 per cent. as at 31 December 2018 (according to the Bank of Portugal publication "*Portuguese Banking System: latest developments 4th quarter 2018*").

The evolution of CGD's asset quality was favourable, with a reduction of EUR 2.6 billion in NPLs (NPLs according to the EBA definition) – down 33.5 per cent. compared with the figure at 31 December

2017, where, in addition to portfolio sales, we have seen a positive evolution in the components of cures and recovery components. The NPL ratio at the end of 2018 stood at 8.5 per cent. with an impairment and collateral coverage of 62.4 per cent. and 38.5 per cent., respectively. The total coverage ratio was 100.6 per cent. CGD cannot assure potential investors that its level of provisions for possible impairments and other reserves will be adequate or that CGD will not have to take additional provisions for possible impairment losses in future periods. Amongst other aspects, CGD's failure to have an adequate level of provisions and other reserves or CGD's need to take additional provisions for possible impairment losses in future periods may have a material adverse effect on CGD's business activities, financial condition and results of operations.

The CGD Group's business may be affected by the volatility in interest rates and changes in the competitive environment affecting spreads on its lending and deposits

The CGD Group's business is sensitive to volatility in interest rates and to changes in the competitive environment affecting spreads on its lending and deposits.

The CGD Group is subject to the risks that are typical of banking activities, including interest rate fluctuations. Changes in interest rate levels, yield curves and spreads may affect the CGD Group's lending and deposit spreads. The CGD Group is exposed to changes in the spread between the interest rates payable by it on deposits or its wholesale funding costs, and the interest rates that it charges on loans to customers and other banks. While both the interest rates payable by the CGD Group on deposits, as well as the interest rates it charges on loans to customers and credit institutions, are in each case mainly floating rates or swapped into floating rates, there is a risk that the CGD Group will not be able to re-price its floating rate assets and liabilities at the same time, giving rise to re-pricing gaps in the short or medium-term. The CGD Group is also subject to intense competition for customer deposits and the current low interest rate environment puts pressure on the CGD Group's deposit spreads. The CGD Group may not be able to lower its funding costs, whether relating to deposits or wholesale funding, in line with decreases in interest rates on its interest-bearing assets.

Interest rates are sensitive to several factors that are out of the CGD Group's control, including fiscal and monetary policies of governments and central banks, as well as domestic and international political conditions. An increase in interest rates could reduce the demand for credit, as well as contribute to an increase in defaults by the CGD Group's customers. Conversely, a fall in interest rates may adversely affect the CGD Group through, among other things, a decrease in the demand for deposits and increased competition in deposit-taking and lending to customers. As a result of these factors, significant changes or volatility in interest rates could have a material adverse impact on the business, financial condition or results of operations of the CGD Group.

The CGD Group has implemented risk management methods aimed at mitigating these and other market risks, and exposures are constantly measured and monitored. Although the CGD Group undertakes hedging operations to reduce its exposure to interest rate risk, it does not hedge its entire risk exposure and cannot ensure that its hedging strategies will be successful. If the CGD Group is unable to adjust the interest rate payable on deposits in line with the changes in market interest rates receivable by it on loans, or if the CGD Group's monitoring procedures are unable to adequately manage the interest rate risk, its interest income could increase less or decline more than its interest expense, in which case the CGD Group's results of operations and financial condition or prospects could be negatively affected.

Banking institutions in Portugal are legally obligated to reflect negative index interest rates in the calculation of the loan interest rates in consumer and residential loan agreements

The Portuguese Parliament approved a law under which banking institutions are obliged to reflect negative index interest rates in the calculation of loan interest rates in consumer and residential loan agreements. Law 32/2018 of 18 July 2018 (the "**Negative Interest Rate Law**"), amending Decree-Law 74-A/2017, of 23 June 2017 (the "**Residential Loans Law**"), which partially transposed EU Directive 2014/17 of the European Parliament and of the Council, of 4 February 2014, on credit agreements for consumers relating to residential immovable property (the "**Residential Loans Directive**"), entered into force on 19 July 2018.

The Negative Interest Rate Law establishes that negative index interest rates must be deducted from the principal amounts of outstanding debts. This law also offers banks the possibility of attributing to their clients a credit corresponding to the negative interest rate, which may subsequently be set-off against positive interest rates. CGD has decided to apply the first option.

This Negative Interest Rate Law applies to loans currently in place, irrespective of specific contractual clauses.

CGD cannot predict how this law may affect future payments to be made by borrowers in the context of mortgage loans.

Strong competition is faced by the CGD Group across all the markets in which it operates

Structural changes in the Portuguese economy over the past several years have significantly increased competition in the Portuguese banking sector.

The CGD Group faces strong competition across all the markets in which it operates, from both local and international financial institutions.

In Portugal, the principal competitors of the CGD Group in the banking sector (ranking in terms of assets as of 30 November 2018) are the Millennium BCP Group, the Novo Banco Group (the former Banco Espírito Santo, S.A. ("**BES**") following the resolution measures applied by the Bank of Portugal to BES on 3 August 2014), the Santander/Totta Group and the BPI Group. Competition is affected by consumer demand, technological changes, the impact of consolidation, regulatory actions and other factors. The CGD Group expects competition to intensify as continued merger activity in the financial industry produces larger, better-capitalised companies capable of offering a wider array of products and services, at competitive prices. If the CGD Group is unable to provide attractive and profitable product and service offerings, it may lose market share or incur losses on some or all of its activities.

While CGD believes it is in a position to effectively compete with these competitors, there can be no assurances that existing or increased competition will not adversely affect CGD in one or more of the markets in which it operates.

CGD's short-term liabilities to its customers may exceed its highly liquid assets

CGD's primary source of funds has traditionally been its retail deposit base (savings, current and term deposits). During the global crisis that affected the financial system, CGD continued to benefit from high levels of trust among its individual customers and was able to maintain its retail deposits base stable. The lack of other financing sources, caused by the liquidity restrictions faced by Portuguese banks in international money markets and capital markets, has led CGD (as well as other Portuguese banks) to increase the interest rates paid on deposits, thus reinforcing the attractiveness of these products.

CGD's other funding sources include medium and long-term bond issues, commercial paper and medium-term structured products. CGD has also borrowed money in the money markets.

Currently, and benefiting from its comfortable liquidity situation, CGD reduced its borrowings from the ECB during 2018. Resources obtained from the ECB at the end of December 2018 on a CGD Group level were reduced to around EUR 471 million against the EUR 3.5 billion registered at the end of the preceding year. This decrease was based on CGD's full early repayment of EUR 2 billion in TLTRO 2 ("**Targeted Longer-Term Refinancing Operations**") to the ECB in June 2018, in addition to a decrease of EUR 996 million in borrowings obtained through other Group entities (BCG Espanha and Caixa-Banco de Investimentos). CGD continued to comply with the conditions set out in the Bank of Portugal's regulations in respect of liquidity, which includes a detailed, permanent collection of information on credit institutions' liquidity levels, including their forecast treasury plans over a one-year timeframe.

Since CGD relies on the aforementioned sources for funding, there is no assurance that, in the event of a sudden or unexpected shortage of funds in the market in which CGD operates, CGD will be able to maintain its levels of funding without incurring higher funding costs or the liquidation of certain assets. Additionally, CGD is impacted by any changes that may occur in the requirements set by the ECB in its refinancing operations and if CGD is unable to borrow sufficient funds to meet its obligations to its customers and other investors, CGD's business activities, financial condition and results of operations will be materially adversely affected. As at 31 December 2018, the amount of loans and advances to customers was EUR 51,589 million and Customer resources totalled EUR 63,423 million.

Exposure to specialised funds in credit recovery

The CGD Group has entered into a series of transactions through which it sold assets, namely credits to customers, to funds specialised in credit recovery, in exchange for units of those funds.

In this type of funds specialised in credit recovery, the CGD Group, as any other participant, does not have the possibility of requesting the reimbursement of its units during the life of the respective fund. On the other hand, there is no secondary market for these units, which makes their sale unlikely.

These units are held by several banks in the market, which are the transferors of the credits, in percentages that vary throughout the life of the funds, but which require that no bank individually holds more than 50 per cent. of the fund at any time.

The funds have a specific management structure, entirely independent from the participant banks, whose purpose is to ensure the implementation of recovery measures of the assets.

The CGD Group had a net exposure to funds specialised in credit recovery of EUR 551.1 million, as at 31 December 2018. A possible deterioration in the recovery expectations of the disposed credits to funds specialised in credit recovery may result in a devaluation of the Net Asset Value of the units held by the CGD Group, which could require the establishment of additional impairments.

Credit concentration risks may adversely affect CGD

Although the CGD Group has a diversified loan portfolio with no industry representing more than 26.5 per cent. of corporate loans (as at 31 December 2018), it does have significant credit exposure to certain groups of clients. If any of these groups defaults, such default may lead to a material increase in impairment charges, which could have an adverse effect on CGD's results and asset quality.

The CGD Group is exposed to the Portuguese real estate market

CGD is exposed to the Portuguese real estate market, either directly through assets related to its operations or obtained in lieu of payments, or indirectly through real estate that secure loans or the financing of real estate projects, which makes it vulnerable to any depression in the real estate market. As at 31 December 2018, the amount of real estate assets held by the CGD Group amounted to EUR 766 million. Additionally, the amount of real estate assets held by the CGD's pension fund totalled EUR 393.5 million, representing 14.4 per cent. of the value of the pension fund's assets. Any significant devaluation of Portuguese real estate market prices could result in impairment losses on the assets held directly by CGD, as well as on the assets held by CGD's pension fund, and cause a decrease in the coverage of credit exposures of real estate collateral, as well as on the coverage of the pension fund's liabilities by its assets, thereby adversely affecting the financial condition and results of the CGD Group.

CGD may be subject to an exception regime for the protection of mortgage lenders in serious economic failure

Due to the negative economic environment in the recent past, NPLs in the Portuguese market have remained high, even though an improvement was observed in the reduction of NPL stocks, which decreased by EUR 3.8 billion in the fourth quarter of 2018, with the total NPL ratio standing at 9.4 per cent. as at 31 December 2018 (according to the Bank of Portugal publication "*Portuguese Banking System: latest developments 4th quarter 2018*"). One of the segments that experienced impact in this respect was residential mortgage loans.

In this context, legislation has been passed to facilitate the restructuring of mortgage loans, to ensure a closer monitoring of potential default situations and to implement measures aimed at avoiding immediate enforcement of mortgage loans. The implementation of any such legislative measures, and of any other regulatory or self-regulatory initiatives that may be passed in the future, could lead to limitations in the level of spreads and commissions charged, as well as to an increase in CGD's credit impairments. Any exception regime that may be adopted, including the possibility that any such rules may require that, in some cases, credit institutions will be obliged to accept the repossession of assets as a way of settling clients' debts, could have a material adverse effect on CGD's business activities, financial condition and results of operations.

The CGD Group is exposed to risks associated with changes in interest rates, exchange rates, commodity prices, equity prices and other market risks

The most significant market risks faced by the CGD Group are those related to interest rates, foreign exchange rates and bond and equity prices. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. Changes in exchange rates affect the value of assets and liabilities denominated in foreign currencies and may affect income derived from foreign exchange dealings. The performance of financial markets may cause changes in the value of the CGD Group's investment and trading portfolios. The CGD Group has implemented risk management strategies to

mitigate and control these and other market risks to which the CGD Group is exposed, and exposures are constantly measured and monitored. However, it is difficult to predict changes in economic or market conditions with accuracy and to anticipate the effects that such changes could have on the CGD Group's financial condition and results of operations.

The CGD Group is exposed to the risks associated with the value of certain financial instruments being determined using financial models that incorporate assumptions, judgments and estimates that may change over time

The CGD Group uses internally developed models to support some of its activities, including, but not limited to, scoring models used to assess clients' (individuals and corporates) capacity to repay loans granted by the CGD Group. Even though the CGD Group works continually to upgrade its internal models and to adapt them to constantly changing market conditions, these models do not exclude the possibility of the CGD Group incurring losses associated with factors not foreseen or contemplated in the model's respective parameters or methodology.

CGD may generate lower revenues from commissions and fee-based businesses

Market downturns are likely to lead to declines in the volume of transactions that CGD executes for its customers and, therefore, to a decline in CGD's non-interest revenues. In addition, because the fees that CGD charges for managing its clients' portfolios are in many cases based on the value or performance of those same portfolios, a market downturn that reduces the value of CGD clients' portfolios or increases the amount of withdrawals would reduce the revenues CGD receives from its asset management and private banking and custody businesses, potentially having a material adverse effect on CGD's business activities, financial condition and results of operations. Additionally, regulatory or legislative bodies may pass laws or regulations restricting or conditioning the type and amount of commissions and fees chargeable by credit institutions to its customers, which could further reduce CGD's revenues from commissions and fees.

CGD is exposed to pension risk

CGD must pay its employees pensions for chronic ill health, disability or retirement, in addition to the survival pensions paid to employees admitted as of 1 January 1992. The survival pensions of employees admitted prior to 1 January 1992 are paid by the Caixa Geral de Aposentações ("**CGA**"). For this effect, these employees pay 2.5 per cent. of their remuneration to CGA.

Additionally, according to the current Collective Work Agreement (*Acordo Coletivo de Trabalho Vertical* or "**ACTV**") for the banking sector, the former Banco Nacional Ultramarino ("**BNU**") undertook the commitment to pay its employees instalments on account of early retirement or for age, disability or survival related reasons. These instalments consisted of a percentage, which increased with the number of years worked, applied to the salary table negotiated annually with bank employee unions. In 2001, following BNU's merger with CGD, the liabilities with respect to the pensions of BNU employees were transferred to CGD. Former BNU employees who were still active at the time of the merger were transferred to CGD's plan for pensions and other benefits. However, the BNU employees who were already retired and receiving pensions at the time of the merger continued to benefit from the pension plan that existed prior to their retirement.

As of 30 November 2004, CGD transferred to CGA all liabilities associated with the retirement pensions of its employees, with reference to the number of years worked until 31 December 2000, under Decree Law No. 240-A/2004 of 29 December 2004 and Decree Law No. 241-A/2004 of 30 December 2004. The transfer included liabilities related to subsidies for death after normal retirement age, relative to the number of years worked, as referred above.

Pensions are calculated based on the number of years worked by employees and their respective contributions at the time of their retirement, and are updated based on current retributions per working employee. CGD's pension plan is no longer applicable to current employees hired after 1 January 2006.

CGD annually revaluates whether the actuary assumptions used in the calculation of liabilities remain adequate. As at 31 December 2018, liabilities with retirement pensions amounted to EUR 2,740.0 million. These liabilities were computed by an external actuary based on the following assumptions: a discount rate of 2.075 per cent. (for a duration of approximately 19 years), a salary growth rate of 1 per cent. and a pension growth rate of 0.5 per cent. for 2019 and succeeding years. CGD ensures the necessary contributions to cover its pension liabilities through a pension fund that was established in December 1991. As at 31 December 2018, this pension fund had 13,955 beneficiaries.

As at 31 December 2018, the value of the pension fund's assets was EUR 2,741.2 million.

As a defined benefits plan, the nature of CGD's contributions has two sources: (i) one related to the annual cost of working employees; and (ii) extraordinary contributions resulting from actuarial or financial losses (e.g. mortality deviations, salary growth rate, discount rate).

The most significant factors contributing to an increase in contributions are the reduction of the discount rate (a reduction of 0.125 per cent. implies an increase of about EUR 60.4 million in pension liabilities) and financial losses of the fund's assets related to adverse market conditions.

Another factor that may influence the level of contributions is the mortality table used in the calculation of liabilities. CGD has adapted the mortality tables used in computing retirement pensions to adjust for life expectancy by gender. The deviation of the actuarial assumptions is revised annually.

In the event of a shortfall in its pension liabilities, the CGD Group may be required or may choose to make additional payments to the CGD Group's pension schemes which, depending on the amount, could have a material adverse effect on the CGD Group's financial condition, results of operations and prospects.

The CGD Group is exposed to IT, data protection, management of confidential/personal information and cybercrime risks

The CGD Group's ability to remain competitive depends in part on its ability to upgrade the CGD Group's information technology on a timely and cost-effective basis. The CGD Group must continually make significant investments and improvements in its information technology infrastructure to remain competitive. Any failure to effectively improve or upgrade the CGD Group's information technology infrastructure and management information systems in a timely manner could have a material adverse effect on the Group.

The CGD Group's businesses depend on the ability to process a large number of transactions efficiently and accurately, and on the CGD Group's ability to rely on its digital technologies, computer and email services, software and networks, as well as on the secure processing, storage and transmission of confidential and other information in the Group's computer systems and networks. Losses can result from inadequate personnel, inadequate or failed internal control processes and systems, or from external events that interrupt normal business operations. The CGD Group takes protective measures and continually monitors and develops its systems to protect the Group's technology infrastructure and data from misappropriation or corruption. However, the CGD Group's systems, software and networks may nevertheless be vulnerable to unauthorised access, misuse, computer viruses or other malicious code, and other events that could have an impact on security levels. An interception, misuse or mishandling of personal, confidential or proprietary information sent to or received from a client, vendor, service provider, counterparty or third party could result in legal liability, regulatory action and reputational harm. There can be no assurances that the CGD Group will not suffer material losses from operational risk in the future, including that relating to cyber-attacks or other such security breaches. Furthermore, as cyber-attacks continue to evolve, the CGD Group may incur significant costs in its attempt to modify or enhance its protective measures or to investigate or remediate any vulnerabilities.

On 25 May 2018, the General Data Protection Regulation (Regulation (EU) No. 2016/679) became enforceable. Being a regulation, it is directly effective in all Member States without the need for the implementation of additional national legislation. The implementation of and compliance with this regulation (and any additional national legislation passed in the context of the General Data Protection Regulation) is complex and entails significant costs and time, given that the General Data Protection Regulation introduces substantial and ambitious changes. Additionally, non-compliance with the General Data Protection Regulation may cause reputational damages and the application of significant fines. The final impact on and costs arising for the CGD Group from the implementation and compliance with the General Data Protection Regulation cannot be anticipated.

CGD's activity is subject to reputational risk

CGD is exposed to reputational risk understood as the probability of negative impacts for CGD resulting from an unfavourable perception of its public image, whether proven or not, among customers, suppliers, analysts, employees, investors, media and any other bodies with which CGD may be related, or even public opinion in general.

CGD continually monitors this risk by means of, among other things, policies that govern the procedures that allow CGD: (i) to minimise the probability of reputational risk; (ii) to identify this risk, report

it to CGD's Board of Directors and overcome situations that may involve this risk; (iii) to ensure follow up and control of any impacts of this risk; and (iv) to provide evidence, if necessary, that CGD has reputation risk amongst its main concerns and has the organisation and means required to foresee acts and facts that may lead to this risk and, should it be the case, the ability to overcome it. In any event, CGD cannot assure potential investors that it will be able to foresee and mitigate the impacts of this risk if the same occurs and, should that be the case, any failure to execute CGD's reputational risk policies successfully could materially adversely affect CGD's business activities, financial condition and results of operations.

The auditors' reports scheduled to the audited consolidated financial statements of the Issuer in respect of the financial year ended 31 December 2017 and 31 December 2018 and the limited review report in respect of the financial statements for the first half of 2018 contain emphases

The auditors' report scheduled to the audited consolidated financial statements of CGD in respect of the financial year ended 31 December 2017 contains the following emphases:

"As described in Note 1 to the consolidated financial statements and in the sections 1.4.3 and 1.4.4 of the Management Report, the CGD Recapitalization Plan was approved in March 2017 based on a strategic 4-year plan (2017-2020), which provided for two capitalization phases that were concluded on January 4, 2017 and March 30, 2017. These operations enable the Group to return to compliance with regulatory capital requirements. Additionally, in accordance with the recapitalization plan, CGD was to issue additional subordinated debt instruments in the amount of 430,000 thousand euros by September 30, 2018.

As described in Note 18 to the consolidated financial statements, in the section related to the 'Analysis of the recoverability of deferred tax assets', applying the requirements of IAS 12 – Income Tax, the deferred tax assets are recognised when Caixa expects to recover these assets in the future based on (i) CGD's capability to generate sufficient future taxable profits; and (ii) the interpretation of the legal framework in place during the recovery. In this context, Regulatory Decree no. 11/2017, of December 28, maintained the legal taxation framework for impairment losses on credit risk that was in place on December 31, 2016, extending it to cover the year 2017. Given the absence of specific regulations on the tax regime to be applied from January 1, 2018, CGD used the assumptions described in Note 18 in the section "Limits to the tax deductibility of impairment losses on loans and advances to customers and other value adjustments" and performed a sensitivity analysis to support the estimation on the recoverability of deferred tax assets. However, the decree states that the final version of the new tax regime on impairment will be defined in 2018.

Consequently, there is presently uncertainty as to the terms of the final law, which may impact the current estimation of recoverability."

In respect of the first emphasis above, CGD notes that the issue of additional subordinated debt (Tier 2 capital securities) was successfully completed in June 2018.

The auditors' report scheduled to the audited consolidated financial statements of CGD in respect of the financial year ended 31 December 2018 contains the following emphases:

"As explained in note 18 "Income tax" of the notes to the consolidated financial statements, for the calculation of deferred tax assets as at 31 December 2018, CGD considered the tax regime provided in Decree-Law 13/2018 of 28 December 2018, replicating the 2017 tax regime, extending to 2018 the taxation on impairment losses for credit risk applicable in the previous year. The Regulatory Decree states that a new definitive tax regime will be established in 2019. However, as of this date, the referred regime has not yet been approved, and its final content remains uncertain. Possible changes to this tax regime may have an impact in determining the estimate of CGD's ability to generate taxable profits in the future and, therefore, the amount of deferred tax assets recorded.

Our opinion remains unchanged in this regard."

The limited review report in respect of the first half of 2018 contains the following emphasis:

"Without modifying our conclusion, we draw attention to the following situations:

1. As described in Note 16 "Income Tax" to the condensed consolidated financial statements, for the purposes of calculating deferred tax assets as of June 30, 2018, and in the absence of a tax regime applicable to impairment losses for credit risk, the Group considered the regime applicable in 2017, as defined in Regulatory Decree no. 11/2017 of December 28, which aimed to reproduce the tax regime that was in force until December 31, 2016. This Regulatory Decree No. 11/ 2017 states that, in 2018, a definitive tax regime will be approved in respect of this matter. However, this has not yet occurred,

such that uncertainties remain about the final wording. Any amendments to the tax legislation that differ to the assumptions made by the Board of Directors may have an impact on the assessment of the Group's ability to generate future taxable income and, therefore, the amount of deferred tax assets recorded.

2. The consolidated financial statements as at December 31, 2017 were prepared in accordance with the requirements set out in the International Accounting Standard 39 – Financial Instruments: Recognition and Measurement ("IAS 39"), which was superseded by the International Financial Reporting Standard 9 - Financial Instruments ("IFRS 9") as of January 1, 2018. IFRS 9 establishes new requirements for the classification and measurement of financial assets and liabilities, the methodology for calculating impairment and for the application of hedge accounting rules and do not envisage the mandatory restatement of the prior year consolidated financial statements. Therefore the condensed consolidated financial statements as of June 30, 2018, which were prepared in accordance with the requirements of IFRS 9, are not comparable with the financial statements presented for comparative purposes."

The CGD Group is subject to infrastructure risks

The CGD Group faces the risk that computer or telecommunications systems could fail, despite its efforts to maintain these systems in good working order. Given the high volume of transactions the CGD Group processes on a daily basis, certain errors may be repeated or compounded before they are discovered and successfully rectified. Shortcomings or failures of the CGD Group's internal processes, employees or systems, including any of the CGD Group's financial, accounting or other data processing systems, could lead to financial loss and damage to the CGD Group's reputation. In addition, despite the contingency plans the CGD Group has in place, the CGD Group's ability to conduct business may be adversely affected by a disruption in the infrastructure that supports its operations and the markets and communities in which it does business.

The CGD Group is exposed to operational risks

In the course of its activities, the CGD Group may face operational risks including, but not limited to, the risk of losses resulting from inadequacies or procedural failures caused by persons and information systems, or due to external events. Operational risk management within the CGD Group is based on analysis by processes (end-to-end) supported by a set of guidelines, methodologies and regulations recognised as good practice.

The CGD Group has adopted, on a consolidated basis, the standard method in the calculation of own funds requirements.

According to the Standard Method and on a consolidated basis, own funds requirements to hedge operating risk stood at EUR 309 million as at 31 December 2018. Increases to this amount may have a negative impact on the CGD Group's capital ratios.

The CGD Group is subject to the risk that liquidity may not always be readily available; this risk is exacerbated by current conditions in global financial markets

Liquidity risk arises from the present or future inability to pay liabilities as they mature. Banks, principally by virtue of their business of providing long-term loans and receiving short-term deposits, are subject to liquidity risk. Over the last few years, many banks have resorted to obtaining funds from market sources instead of from their traditional sources (retail deposits).

The maintenance of sufficient customer deposits to fund the CGD Group's loan portfolio is subject to certain factors outside the CGD Group's control, such as depositors' concerns relating to the economy in general, the financial services industry or the CGD Group in particular, ratings downgrades (including any downgrade of other financial institutions or the Republic of Portugal), significant further deterioration in economic conditions in the Republic of Portugal and the existence and extent of deposit guarantees. Any of these factors, on their own or combined, could lead to a reduction in the CGD Group's ability to access customer deposit funding on suitable terms in the future and could result in deposit outflows, both of which would have an impact on the CGD Group's ability to fund its operations and meet its minimum liquidity requirements, and may require the CGD Group to increase its use of sources other than deposits, if available, to fund its loan portfolio.

The CGD Group's liquidity could also be impaired by an inability to access debt markets, to sell assets or redeem its investments, as well as other outflows of cash or collateral deterioration. These situations may arise due to circumstances that the CGD Group is unable to control, such as continued general market

disruption, loss in confidence in the financial markets, uncertainty and speculation regarding the solvency of market participants, credit rating downgrades or operational problems that affect third parties. Access to the financial markets has been limited since the 2007/2008 disruptions in the credit markets. Funding in the interbank markets or via the capital markets has been very difficult, especially since 2010, for banks from EU periphery economies. Even a perception among market participants that a financial institution is experiencing greater liquidity risk can cause significant damage to the institution.

The CGD Group also holds an investment portfolio which has a material exposure to Portuguese government bonds, other sovereign and corporate bonds, and equity. Such investment portfolio may fluctuate in value and have a materially negative impact on CGD's capital position.

The CGD Group also borrows from the ECB. Thus, any adverse change in the ECB's lending policy or any changes in the funding requirements set by the ECB, including changes to collateral requirements (particularly those with retroactive effects), could significantly affect the CGD Group's results of operations, business and financial condition.

The ECB establishes the valuation and eligibility criteria that eligible securities must meet in order to be used on repo transactions with financial institutions. Downgrades of Portugal's credit rating or of Portuguese companies, or changes to the alluded valuations or eligibility criteria, can have a negative impact on the portfolio of securities eligible for that purpose and reduce the liquidity lines available from the ECB. Additionally, downgrades of Portugal's credit rating or that of Portuguese companies can result in an increase in haircuts to any eligible collateral or in the non-eligibility of such assets, thereby decreasing the total amount of eligible portfolio. As the Portuguese Government elected not to negotiate a precautionary programme at the end of the adjustment programme, the eligibility of Portuguese public debt will depend on the maintenance of an "investment grade" rating by at least one rating agency. Until recently, DBRS was the only rating agency that attributed an "investment grade" rating to Portugal. As of the date hereof, all rating agencies attribute "investment grade" rating to Portugal (DBRS, Moody's, S&P and Fitch). If Portugal fails to have at least one "investment grade" rating attributed, this would result in the non-eligibility of Portuguese public debt for financing with the ECB.

The curtailment or termination of liquidity operations by the ECB, including the end of the ECB's longer-term refinancing operations programme without a substitute or transitional measure, would force the CGD Group to substitute its financing from the ECB with alternative sources of funding which may only be available, if at all, at unfavourable conditions or force CGD to dispose of its assets, potentially with a high discount to their book values, in order to comply with its obligations and could significantly increase its funding costs.

Although the CGD Group puts significant efforts into its liquidity risk management and focuses on maintaining a liquidity surplus in the short-term, the CGD Group is exposed to the general risk of liquidity shortfalls and cannot ensure that the procedures in place to manage such risks will be suitable to eliminate liquidity risk.

The international financial markets crisis may affect the CGD Group's business

The outlook for the global economy in 2019 remains positive, but the downside risks are significant.

In macrofinancial terms, central banks face the challenge of ensuring that monetary normalisation (by ending quantitative easing and shrinking central bank balance sheets) does not adversely affect macrofinancial conditions. In the geopolitical sphere, protectionist risks will remain prominent and negative developments in the international trade arena, including disruption with major global players (especially China) could result in adverse economic, financial and geopolitical conditions.

In the U.S., the reduction/end of the fiscal stimulus package may lead to slower growth in 2019. Several constraints and challenges remain in the euro area, including the United Kingdom's expected withdrawal from the EU, the Greek sovereign debt crisis and Italy's budget deficit, which will continue to be important sources of uncertainty.

In addition, the possibility of terrorist attacks may disrupt international financial markets for undetermined periods of time.

The CGD Group's activities and funding ability may therefore be affected by such developments.

The United Kingdom's exit from the European Union may adversely affect the CGD Group's business

On 23 June 2016, the United Kingdom (the "**UK**") held the UK referendum, the result of which was a vote to leave the EU. This decision has created significant uncertainty within the UK and regarding its relationship with the EU. On 29 March 2017, the UK served notice, in accordance with article 50 of the Treaty on the European Union, of its intention to withdraw from the EU. This notification of withdrawal started a two-year process during which the terms of the UK's exit was negotiated and this period has since been extended and may be extended further under certain circumstances.

The negotiation process is ongoing and there continues to be a great amount of uncertainty concerning the specific terms upon which the UK will withdraw from the EU and indeed whether the UK will withdraw at all. As at the date of this Prospectus, there is an increasing risk that the United Kingdom may exit the EU without any agreement regarding crucial matters as trade in goods and services, security or immigration cooperation, known colloquially as a 'Hard Brexit'. If the so-called 'Hard-Brexit' scenario materialises, implications for the European financial sector could be acute, especially in terms of access to financial market infrastructures, the ability to perform contractual obligations under existing contracts, access to funding markets, and the use of English law in issuances of MREL eligible instruments.

The consequences of Brexit are uncertain with respect to the EU integration process, the future relationship between the UK and the EU, and the impact on European economies and businesses. The Portuguese economy could be adversely affected given the importance of the United Kingdom as an export market and as a source of tourism.

Given the current uncertainties and range of possible outcomes, no assurances can be given as to the impact of any of the issues described above and no assurances can be given that such issues will not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of CGD to satisfy its obligations under the Notes.

Litigation and Conduct risks

The CGD Group faces various issues that may give rise to the risk of loss from legal and regulatory proceedings. These issues include appropriately dealing with potential conflicts of interest, legal and regulatory requirements, ethical issues and conduct by companies in which the CGD Group holds strategic investments or joint venture partnerships, which could increase the number of litigation claims and the amount of damages asserted against the CGD Group, or subject the CGD Group to regulatory enforcement actions, fines and penalties. Any material legal proceedings, or publicity surrounding such legal or regulatory proceedings, may adversely impact on the CGD Group's business, reputation and results of operations.

CGD's relationship with the Dealers and their ongoing investment and trading activities

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, CGD and their affiliates in the ordinary course of business. In addition, in the ordinary course of their **business** activities, certain of the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the account of their customers. Such investments and securities activities may involve securities and/or instruments of CGD or CGD's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with CGD routinely hedge their credit exposure to CGD consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, potentially including the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. Certain of the Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Risk factors relating to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which such investor's financial activities are principally denominated;

(iv) thoroughly understand the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Investors generally purchase financial instruments as a way to reduce risk or enhance yield with an understood, measured, and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. Prospective investors in the Notes should verify the credit ratings of CGD and the Notes at all times. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. In addition, rating agency methodologies, and therefore the ratings themselves (particularly as these specifically relate to Tier 2 capital instruments, such as the Subordinated Notes), may change without warning at any time. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. See also the risk factor headed "The CGD Group's borrowing costs and liquidity levels may be negatively affected by further downgrades of Portugal's sovereign rating".

Unsolicited credit ratings could have a negative impact

Unsolicited credit ratings are based only on public available information, not considering information obtained directly from the analysed entity. As such, these ratings may be lower than a rating assigned on the basis of a credit report that has followed all the normal procedures including a substantial due diligence necessary for the evaluation of the creditworthiness of the relevant Issuer. Consequently, an unsolicited credit rating of CGD could impact investors' assessment and could affect CGD's cost of borrowing.

The Subordinated Notes, the Senior Non Preferred Notes and, to the extent so specified in the relevant Final Terms, the Ordinary Senior Notes, provide for limited events of default. Holders of Notes may not be able to exercise their rights on an event of default in the event of the adoption of any early intervention or resolution measure under the RGICSF

Holders have a very limited ability to accelerate the maturity of their Subordinated Notes, Senior Non Preferred Notes and, to the extent so specified in the relevant Final Terms, the Ordinary Senior Notes. The terms and conditions of the Subordinated Notes, the Senior Non Preferred Notes and, to the extent so specified in the relevant Final Terms, the Ordinary Senior Notes do not provide for any events of default, except in the case that (i) an order is made by any competent court commencing bankruptcy or insolvency proceedings against the relevant Issuer or for its winding up or dissolution, or the relevant Issuer institutes such proceedings or (ii) an order is made or an effective resolution is passed by the Issuer's shareholders for the winding-up of the Issuer.

As mentioned above, the relevant Issuer may be subject to a procedure of early intervention or resolution pursuant to the RGICSF following the implementation of the BRRD. The adoption of any early intervention

or resolution procedure shall not itself constitute an event of default or entitle any counterparty of the relevant Issuer to exercise any rights it may otherwise have in respect thereof. Any provision providing for such rights shall further be deemed not to apply, although this does not limit the ability of a counterparty to declare any event of default and exercise its rights accordingly where an event of default arises either before or after the exercise of any such procedure and does not necessarily relate to the exercise of any relevant measure or power which has been applied pursuant to the RGICSF.

Any enforcement by a holder of its rights under the Notes upon the occurrence of an event of default following the adoption of any early intervention or any resolution procedure will, therefore, be subject to the relevant provisions of the BRRD in relation to the exercise of the relevant measures and powers pursuant to such procedure, including the resolution tools and powers referred to above (see "*—Potential impact of recovery, resolution measures, Non-viability Loss Absorption Measure and public support measures on CGD Group's activity*"). Any claims on the occurrence of an event of default will consequently be limited by the application of any measures pursuant to the provisions of the RGICSF. There can be no assurance that the taking of any such action would not adversely affect the rights of holders, the price or value of their investment in the Notes and/or the ability of the relevant Issuer to satisfy its obligations under the Notes and the enforcement by a holder of any rights it may otherwise have on the occurrence of any event of default may be limited in these circumstances.

The Subordinated Notes, certain Senior Non Preferred Notes and/or certain Ordinary Senior Notes may be redeemed prior to maturity upon a Capital Disqualification Event or upon the occurrence of an MREL Disqualification Event, as applicable

The relevant Issuer may, at its option, redeem all, but not some only, of the Subordinated Notes, or certain Senior Non Preferred Notes and/or certain Ordinary Senior Notes where "Ordinary Senior Notes - MREL Disqualification Event" has been specified as "Applicable" in the relevant Final Terms, at any time at their Early Redemption Amount, together with accrued but unpaid interest up to (but excluding) the date of redemption, upon a Capital Disqualification Event (in the case of Subordinated Notes only) or following the occurrence of an MREL Disqualification Event (in the case of certain Senior Non Preferred Notes and/or certain Ordinary Senior Notes).

The early redemption of the Subordinated Notes, the Senior Non Preferred Notes or the Ordinary Senior Notes where "Ordinary Senior Notes - MREL Disqualification Event" has been specified as "Applicable" in the relevant Final Terms upon a Capital Disqualification Event (in the case of Subordinated Notes) or upon an MREL Disqualification Event (in the case of certain Senior Non Preferred Notes or certain Ordinary Senior Notes), as applicable, will be subject to the prior consent of the Competent Authority (as defined in "*Terms and Conditions of the Notes*") if and as required therefor under Applicable Banking Regulations (as defined in "*Terms and Conditions of the Notes*") and may only take place in accordance with Applicable Banking Regulations in force at the relevant time.

It is not possible to predict whether or not certain Senior Non Preferred Notes or certain Ordinary Senior Notes will or may qualify as MREL-Eligible Instruments (see "*–The qualification of certain Senior Non Preferred Notes and certain Ordinary Senior Notes as MREL-Eligible Instruments is subject to uncertainty*") or if any further change in the laws or regulations of Portugal, the Applicable Banking Regulations, the MREL Requirements or in the application or official interpretation thereof will occur and so lead to the circumstances in which the relevant Issuer is able to elect to redeem such Senior Non Preferred Notes or Ordinary Senior Notes, and if so whether or not the relevant Issuer will elect to exercise such option to redeem such Notes or if any prior consent of the Competent Authority, if required, will be given.

Early redemption features (including any redemption of the Notes pursuant to Condition 6(e) or pursuant to Condition 6(f)) are likely to limit the market value of the Notes. During any period when the relevant Issuer may redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period or at any time where there is any actual increase in the likelihood that the relevant Issuer will be able to redeem the Notes early. The relevant Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The qualification of certain Senior Non Preferred Notes and certain Ordinary Senior Notes as MREL-Eligible Instruments is subject to uncertainty

Certain of the Senior Non Preferred Notes and certain Ordinary Senior Notes may be intended to be MREL-Eligible Instruments (as defined in the Conditions) under the MREL Requirements. However, there is uncertainty regarding how those regulations, once enacted, are to be interpreted and applied and the relevant Issuer cannot provide any assurance that certain Senior Non Preferred Notes and certain Ordinary Senior Notes will or may be (or thereafter remain) MREL-Eligible Instruments.

If for any reasons the Senior Non Preferred Notes and the Ordinary Senior Notes where "Ordinary Senior Notes - MREL Disqualification Event" has been specified as "Applicable" in the relevant Final Terms are not MREL-Eligible Instruments or if they initially are MREL-Eligible Instruments and subsequently become ineligible due to a change in Portuguese law or the MREL Requirements, then an MREL Disqualification Event (as defined in the Conditions) will occur, with the consequences indicated in the Conditions. See "— *The Subordinated Notes, certain Senior Non Preferred Notes and certain Ordinary Senior Notes may be redeemed prior to maturity upon a Capital Disqualification Event or upon the occurrence of an MREL Disqualification Event*".

Notes subject to optional redemption by the relevant Issuer; and Subordinated Notes may be redeemed upon the occurrence of certain events

Subordinated Notes may, under the circumstances set out, and subject to that provided in Condition 6(c) (*Redemption for Taxation Reasons*), 6(d) (*Redemption at the Option of the Issuer*) and 6(e) (*Redemption due to a Capital Disqualification Event*), be redeemed early at the option of the relevant Issuer. Any other Notes may also be redeemed early by the relevant Issuer at its sole option as set out, and subject to that provided, in the Conditions.

An optional redemption feature is likely to limit the market value of the Notes. During any period when the relevant Issuer may elect or is perceived to be able to elect to redeem Notes, the market value of those Notes will generally not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The relevant Issuer may be expected to redeem Notes when their cost of borrowing is lower than the interest rate on the Notes. At those times, an investor would generally not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium on their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

The relevant Issuer's obligations under Subordinated Notes are subordinated

The relevant Issuer's obligations under Subordinated Notes will be unsecured and subordinated. In the event of the bankruptcy or winding-up of the relevant Issuer, the relevant Noteholders' claims shall be subordinated in right of payment to the claims of all unsubordinated creditors of the relevant Issuer. Accordingly, no payments of amounts due under the Subordinated Notes will be made to the Noteholders in the event of bankruptcy or winding-up of the relevant Issuer (to the extent permitted by the applicable law) except where all sums due from the relevant Issuer in respect of the claims of all unsubordinated creditors of the relevant Issuer are paid in full, as more fully described in Condition 3(b). Although the Subordinated Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a significant risk that an investor in the Subordinated Notes will lose, all or some of its investment should the relevant Issuer become insolvent, while investors in other comparable but not subordinated notes may not lose or lose less of its investment in such event.

Risks related to withholding tax applicable to the Notes

Under Portuguese law, income derived from the Book Entry Notes integrated in and held through Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("**Interbolsa**"), as management entity of the Portuguese Centralised System (*Central de*

Valores Mobiliários), held by non-resident investors (both individual and corporate) eligible for the debt securities special tax exemption regime approved by Decree-Law 193/ 2005 of 7 November, as amended, ("**Decree-Law 193/2005**"), may benefit from an up-front withholding tax exemption, provided that certain procedures and certification requirements are complied with (see "*Taxation – Portugal*" for these procedures and certification requirements). In order to benefit from this regime it is mandatory that the Book Entry Notes be integrated in and held through (i) a centralised system for securities managed by an entity resident for tax purposes in Portugal (such as the CVM managed by Interbolsa), or (ii) an international clearing system operated by a managing entity established in an EU Member State other than Portugal or in a European Economic Area Member State provided, in this case, that such State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States, or (iii) in other centralised systems not covered above provided that, in this last case, the Portuguese Government authorises the application of Decree-Law 193/2005. Failure to comply with these procedures and certifications will result in the application of the Portuguese domestic withholding rate of 25 per cent. (in case of legal persons), of 28 per cent. (in case of individuals) or of 35 per cent. (in case of payments to (i) omnibus accounts without disclosure of the effective beneficiary or to (ii) legal persons or individuals domiciled in blacklisted jurisdictions as defined in Ministerial Order 150/2004 of 13 February, as amended from time to time, as the case may be, or, if applicable, in reduced withholding tax rates (to which a 5, 10, 12 or 15 per cent. rate may apply), pursuant to tax treaties signed by Portugal, provided that the procedures and certification requirements established by the relevant tax treaty are complied with (see "*Taxation – Portugal*").

Risks related to procedures for collection of Noteholders' details

It is expected that the direct registering entities (*entidades registadoras directas*), the participants and the clearing systems will follow certain procedures to facilitate collection from the effective beneficiaries of the Notes ("**Noteholders**") of the information referred to in "Risks related to withholding tax" above required to comply with the procedures and certifications required by Decree-Law 193/2005. Under Decree-Law 193/2005, the obligation of collecting proof from the Noteholders of their non-Portuguese resident status and of the fulfilling the other requirements for the exemption rests with the direct registering entities (*entidades registadoras directas*) the participants and the entities managing the international clearing systems. A summary of these procedures is set out in "Taxation – Portugal". Such procedures and certifications may be revised from time to time, in accordance with applicable Portuguese laws and regulations, further clarification from the Portuguese tax authorities regarding such laws and regulations and the operational procedures of the clearing systems. While the Notes are registered by Interbolsa, or by an applicable international clearing system under Decree-Law 193/2005, Noteholders must rely on and comply with such procedures in order to receive payments under the Notes free of any withholding, if applicable. Noteholders must seek their own advice to ensure that they comply with all applicable procedures and to ensure the correct tax treatment of their Notes. None of the relevant Issuers, the Arranger, the Dealers, the paying agents or the direct registering entities (*entidades registadoras directas*), or the clearing systems, their management entities or participants, assume any responsibility in this regard.

The interest rate on Reset Notes will reset on each Reset Date, which can be expected to affect the interest payment on an investment in Reset Notes and could affect the market value of Reset Notes

Reset Notes will initially bear interest at the Initial Rate of Interest until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the First Margin or Subsequent Margin (as applicable) as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a "**Subsequent Reset Rate**"). The Subsequent Reset Rate for any Reset Period can be less than the Initial Rate of Interest or the Subsequent Reset Rate for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

Unless otherwise specified in the relevant Final Terms, the terms of the Notes contain a waiver of set-off, netting and compensation rights

Subject to applicable law, no holder of a Subordinated Note or a Senior Note (unless "Senior Non Preferred Notes: Waiver of Set Off" or "Ordinary Senior Notes: Waiver of Set Off", as the case may be, is specified in the relevant Final Terms as "Not Applicable") or Coupon relating thereto (if any) may exercise or claim any set-off, netting or compensation right in respect of any amount owned by it to the relevant Issuer arising under or in connection with the Subordinated Note or Senior Note, as the case may be, or Coupon relating thereto (if any) and each holder of a Subordinated Note or Senior Note, as the case may be, or

Coupon relating thereto (if any) shall, by virtue of its subscription, purchase or holding of any such Note or Coupon, be deemed to have waived all such rights of set off.

No limitation on issuing senior or pari passu securities

There is no restriction on the amount of securities or other liabilities that the relevant Issuer may issue or incur and which rank senior to, or *pari passu* with, any other issue of Subordinated Notes. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Noteholders upon a winding-up or insolvency of the CGD Group.

Modification, waivers and substitution

The Conditions of the Notes and the Trust Deed, particularly Conditions 10 and 11, contain provisions for calling meetings of Noteholders to consider matters generally affecting their interests. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions of the Notes (other than the Book Entry Notes) also provide that the Trustee may, without the Noteholders' consent, agree to (i) any modification of any of the provisions of the Trust Deed that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification of (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Conditions or of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Noteholders will not necessarily be consulted on or be made aware of any modifications or waivers. The Trustee may also agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders, to the substitution of the relevant Issuer's successor in business or any subsidiary of CGD in place of the relevant Issuer, or of any previous substituted company, as principal debtor under any Notes, under the circumstances described in Condition 11(c) of the Notes.

The Notes may be subject to substitution and/or variation without Noteholder consent

Subject as provided herein, in particular to the provisions of Condition 6(j), if a Capital Disqualification Event or a MREL Disqualification Event occurs, the Issuer may (subject to (a) the Issuer giving not less than 30 nor more than 60 calendar days' notice to the Noteholders and the Couponholders, the Trustee and the Paying Agents in accordance with Condition 16, which notice shall be irrevocable and (b) prior to the issuance of the relevant securities, the Issuer delivering a certificate to the Trustee signed by two authorised signatories of the Issuer certifying (i) that the relevant securities will be Compliant Securities and (ii) that such securities will not have terms materially less favourable to Noteholders than the terms of the relevant Notes) at its option and without the consent or approval of the Noteholders, elect either (i) to substitute all (but not some only) of the relevant Notes for, or (ii) vary the terms of the relevant Notes such that they remain or, as appropriate, become, Compliant Securities (as defined in Condition 6(j)). While Compliant Securities generally must contain terms that are materially no less favourable to Noteholders as the original terms of the relevant Notes, there can be no assurance that the terms of any Compliant Securities will be viewed by the market as equally favourable, or that the Compliant Securities will trade at prices that are equal to the prices at which the relevant Notes would have traded on the basis of their original terms.

The value of and return on any Notes linked to a benchmark may be adversely affected by ongoing national and international regulatory reform in relation to benchmarks

Reference rates and indices, including interest rate benchmarks, such as LIBOR, which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("**Benchmarks**"), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on any Notes referencing or linked to such Benchmark.

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where such Original Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available.

Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, the Conditions provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate), the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date or Reset Determination Date before the Original Reference Rate was discontinued. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the Original Reference Rate is discontinued, may adversely affect the value of, and return on, the Floating Rate Notes or Reset Notes.

Benchmark Events include (amongst other events) permanent discontinuation of an Original Reference Rate. If a Benchmark Event occurs, the relevant Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. If the relevant Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed is unable to determine a Successor Rate or Alternative Rate, such Issuer may determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest is likely to result in Notes initially linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser or the relevant Issuer, as the case may be, the Conditions provide that the relevant Issuer may vary the Conditions, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser or the relevant Issuer, as the case may be, the Conditions also provide that an Adjustment Spread will be determined by the Independent Adviser or the relevant Issuer, as the case may be, and applied to such Successor Rate or Alternative Rate.

The Adjustment Spread is (i) the spread, formula or methodology which is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), (ii) if no such recommendation has been made, or in the case of an Alternative Rate, the spread, formula or methodology which the Independent Adviser or the relevant Issuer, as the case may be, determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate, or (iii) if the Independent Adviser or the relevant Issuer, as the case may be, determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser or the relevant Issuer, as the case may be, determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate, as the case may be.

Accordingly, whilst the Adjustment Spread is designed to eliminate or minimise any potential transfer of value between counterparties, there can be no assurance that the desired effect will be achieved and consequently, the application of the Adjustment Spread may result in the Notes performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser or each of the Independent Adviser and the relevant Issuer may not be able to determine a Successor Rate or Alternative Rate in accordance with the Conditions.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner or the Independent Advisor (failing which, the Issuer) is unable to determine a Successor Rate or Alternative Rate before the next Interest Determination Date or Reset Determination Date, as applicable, the Rate of Interest for the next succeeding Interest Accrual Period or Reset Period, respectively, will be the Rate of Interest applicable as at

the last preceding Interest Determination Date or Reset Determination Date, as applicable, before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date or Reset Determination Date, as applicable, the Rate of Interest will be the initial Rate of Interest.

Where the Issuer has been unable to appoint an Independent Adviser or the Independent Adviser (failing which, the Issuer) has failed to determine a Successor Rate or Alternative Rate in respect of any given Interest Accrual Period or Reset Period, as applicable, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Interest Determination Date or Reset Determination Date, respectively, and/or to determine a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Interest Periods or Reset Periods, as necessary.

Applying the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date or Reset Determination Date before the occurrence of the Benchmark Event is likely to result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

Following the occurrence of a Benchmark Event, if, at every subsequent Interest Determination Date or Reset Determination Date, as applicable, for the remainder of the life of the relevant Notes, the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser fails to determine a Successor Rate or Alternative Rate, the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. This will result in the Floating Rate Notes, in effect, becoming Fixed Rate Notes.

No Successor Rate or Alternative Rate will be adopted, nor any Adjustment Spread applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes (in the case of Subordinated Notes) as Tier 2 Capital and/or (in the case of Senior Notes) as MREL-Eligible Instruments for the purposes of the Applicable Banking Regulations.

Where ISDA determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is an "IBOR" Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return of, the Floating Rate Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation or any of the international or national reforms and the possible application of the Benchmark replacement provisions of the Notes in making any investment decision with respect to any Notes linked to or referencing a Benchmark.

Implementation of legislation relating to taxation could have a material adverse effect on the Notes

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the jurisdiction where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. Potential investors are advised not to rely upon the tax section contained in this Prospectus but should ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, disposal and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

Mandatory Automatic Exchange of Information could have a material adverse effect on the Notes

European Council Directive no. 2014/107/EU of 9 December 2014, which amended EU Council Directive no. 2011/16/EU (the "**Administrative Cooperation Directive**") extended the mandatory automatic exchange of information to a wider range of income, including financial income, in line with the Standard for

Automatic Exchange of Financial Account Information in Tax Matters issued by Organisation for Economic Co-operation and Development in July 2014 and with the bilateral exchange agreements between the United States of America and several other countries to implement the United States' Foreign Account Tax Compliance Act ("**FATCA**").

Portugal has implemented Directive 2011/16/EU through Decree Law No. 61/2013 of 10 May 2013. In addition, Council Directive 2014/107/EU of 9 December 2014 regarding the mandatory automatic exchange of taxation information was implemented into Portuguese law through Decree Law No. 64/2016 of 11 October 2016, as amended by Decree Law No. 98/2017 of 24 August 2017 and Law No. 17/2019 of 14 February 2019 (the "**Portuguese CRS Law**").

Under the Portuguese CRS Law, exchange of information relating to the previous year is due by 31 July of each year.

Through Law 82-B/2014 of 31 December 2014 and Decree Law 64/2016 of 11 October 2016 (as amended by Law 98/2017 of 24 August 2017 and Law No. 17/2019 of 14 February 2019), Portugal has implemented legislation based on the reciprocal exchange of information with the United States of America on financial accounts subject to disclosure in order to comply with Sections 1471 through 1474 of FATCA. Under such legislation the Issuers will be required to obtain information regarding certain accountholders and report such information to the Portuguese tax authorities which, in turn, will report such information to the Inland Revenue Service of the United States of America.

Prospective investors resident in Portugal should consult their own legal or tax advisers regarding the consequences of the Administrative Cooperation Directive and the FATCA regulations in their particular circumstances.

The Notes may be subject to Financial Transaction Tax ("FTT")

On 14 February 2013, the European Commission adopted a proposal (the "**Commission's Proposal**") for a Directive on a common FTT in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia (the "**Participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the Participating Member States (excluding Estonia), and its scope remains uncertain. It may therefore be altered prior to any implementation, the timing of which remains uncertain. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Judicial decision and change of law may impact after the issue of the relevant Notes

The Conditions of the Notes are governed by English law (except Conditions 3 and 18(e) which is governed by Portuguese law), save that, with respect to Book Entry Notes only, the form (*representação formal*) and transfer of the Notes, the creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes are governed by Portuguese law, in effect as at the date of issue of the relevant Notes. No assurances can be given as to the impact of any possible judicial decision or of any change to English or Portuguese law or administrative practice in either of those jurisdictions after the date of issue of the relevant Notes.

CGDFB may be subject to local insolvency legislation

Under French insolvency law, holders of outstanding debt securities in the form of "obligations" (such as bonds or notes), are gathered into a general meeting of holders (the "**Bondholders' General Meeting**") in case of the opening in France of an accelerated safeguard proceeding (*procédure de sauvegarde accélérée*), an

accelerated financial safefuard proceeding (*procédure de sauvegarde financière accélérée),* a safeguard proceeding (*procédure de sauvegarde*) or a judicial reorganisation proceeding (*procédure de redressement judiciaire*) of the relevant Issuer (either automatically or where authorised by the supervising judge, depending on certain statutory conditions being satisfied), in order to defend their common interests.

The Bondholders' General Meeting comprises holders of all debt securities issued by CGDFB (including the Notes), whether or not issued under a debt issuance programme and regardless of their governing law.

The Bondholders' General Meeting deliberates on the draft accelerated safeguard plan (*projet de plan de sauvegarde accélérée),* the draft accelerated financial safeguard plan *(projet de plan de sauvegarde financière accélérée),* the draft safeguard plan *(projet de plan de sauvegarde)*) or the draft judicial reorganisation plan (*projet de plan de redressement*) approved by the other creditors' committees (i.e. the committee for (i) credit institutions, or assimilated entities, having a claim against the debtor other than notes, or entities having granted credit or advances in favor of the debtor (or the assignees of such claim or of a claim acquired from a supplier) and (ii) suppliers having a claim that represents more than 3% of the total amount of the claims of all the debtor's suppliers (and smaller suppliers if invited by the court-appointed administrator as the case may be), convened under the same conditions set out for the Bondholders' General Meeting above (except in accelerated financial safeguard proceeding (*procédure de sauvegarde financière accélérée*) where the suppliers are not affected by the procedure and therefore the suppliers' committee is not convened).:

Draft plans submitted to the Bondholders' General Meeting:

- must take into account subordination agreements entered into by the creditors before the opening of the proceedings;
- may establish a differentiated treatment between holders of debt securities (including the Noteholders) if their difference of situations so justifies; and/or
- may reschedule, partially or totally write-off their receivables (unless the debt was incurred during the conciliation procedure which resulted in an approved conciliation agreement (*accord de conciliation homologué*) and benefitted from the new money lien as provided for therein) and/or;
- provide for the conversion of debt securities (including the Notes) into shares (whose conversion would require the relevant shareholder consent).

Each member of the Bondholders' General Meeting informs the court-appointed administrator of any agreement subjecting its vote to certain conditions or providing for the total or partial payment of its claim by a third party or of any subordination agreement. The court-appointed administrator can then modulate the voting rights of such a creditor and will submit to the creditor the conditions of calculation of its voting rights. In case of disagreement on this calculation, both the creditor and the court-appointed administrator may bring the matter by way of summary proceedings before the president of the Court. The amounts of claims secured by a trust (*fiducie*) granted by the debtor do not give rise to voting rights.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders casting a vote). No quorum is required on the convocation of the Assembly.

For the avoidance of doubt, the provisions with respect to the Meetings of Noteholders, described in this Prospectus and in the Trust Deed, will not be applicable in these circumstances.

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes which have a denomination consisting of a minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes so that its holding amounts to a minimum Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risk relating to Subordinated Notes and Senior Non Preferred Notes

The risk factors relating to Subordinated Notes and Senior Non Preferred Notes described below should be read together with the general risk factors relating to the Notes described above.

An investor in Subordinated Notes assumes an enhanced risk of loss in the event of the relevant Issuer's insolvency or resolution

The Issuer's obligations under the Subordinated Notes (as defined in the relevant Conditions) will be unsecured and subordinated obligations of the relevant Issuer and will rank junior to all unsubordinated obligations of the relevant Issuer (including any Senior Non Preferred Liabilities (as defined in the Conditions)). Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a greater risk that an investor in Subordinated Notes will lose all or some of its investment should the relevant Issuer become (i) subject to resolution under the BRRD (as implemented in Portugal through Law No. 23-A/2015 of 26 March 2015 (which amended the Banking Law)) and the Subordinated Notes become subject to the application of the Portuguese Bail-In Power (and, in case the constitute Tier 2 instruments, the Non-viability Loss Absorption Measure) or (ii) insolvent.

In the case of any exercise of the Bail-In Power by the Relevant Resolution Authority, the sequence of any resulting write-down or conversion of eligible instruments under Article 48 of the BRRD provides for the principal amount of Tier 2 instruments (such as the Subordinated Notes if they qualify as such as it is expected) to be written-down or converted into equity or other securities or obligations prior to the principal amount of subordinated debt that is not Additional Tier 1 or Tier 2 instruments (Instruments) in accordance with the hierarchy of claims provided in the applicable insolvency legislation and for the latter to be written-down or converted into equity or other securities or obligations prior to any write-down or conversion of the principal amount or outstanding amount of any other eligible liabilities (such as the Ordinary Senior Notes and Senior Non Preferred Notes), in accordance with the hierarchy of claims provided in the applicable insolvency legislation. Subordinated Notes which constitute Tier 2 instruments may be subject to the Non-viability Loss Absorption Measure, which may be imposed prior to or in combination with any exercise of the Portuguese Bail-In Power Measure. See "*–Potential impact of recovery, resolution measures, Non-viability Loss Absorption Measure and public support measures on CGD Group's activity*".

The Senior Non Preferred Notes are senior non preferred obligations and are junior to the relevant Issuer's unsubordinated obligations including the Ordinary Senior Notes; deposits provide a preferential claim over the claim of holders of Senior Non Preferred Notes and Ordinary Senior Notes

The Senior Non Preferred Notes constitute direct, unconditional, unsubordinated and unsecured senior non preferred obligations of the relevant Issuer in accordance with Article 8-A of Decree Law No. 199/2006 of 25 October 2006, as amended or superseded (including by Law 23/2019 of 13 March 2019, which implemented Directive 2017/2399 of 12 December 2017 ("**Article 8-A**"). Upon the insolvency of the relevant Issuer, the payment obligations of the relevant Issuer in respect of rights of the holders of any Senior Non Preferred Notes rank, subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), (a) *pari passu* among themselves and with any Senior Non Preferred Liabilities (as defined in the Conditions), (b) junior to any present or future claims of depositors of the relevant Issuer and any Senior Higher Priority Liabilities (as defined in the Conditions) and, accordingly, upon the insolvency of the relevant Issuer, the claims in respect of claims of depositors of the Issuer and the Senior Non Preferred Notes will be met after payment in full of the claims of depositors of the relevant Issuer and the Senior Higher Priority Liabilities, and (c) senior to any present and future subordinated obligations of the relevant Issuer.

The relevant Issuer's Senior Higher Priority Liabilities would include, among other liabilities, its obligations in respect of unsecured derivatives and other unsecured financial contracts and its unsubordinated and unsecured debt securities other than the Senior Non Preferred Liabilities. Law No. 23/2019 of 13 March 2019 confers a preferential claim for generally all bank deposits (including all corporate bank deposits) over both Senior Non Preferred Notes and Ordinary Senior Notes. If the relevant Issuer were wound up, liquidated or dissolved, the liquidator would apply the assets which are available to satisfy all claims in respect of its unsubordinated liabilities, first to satisfy claims of all other creditors (including depositors and secured creditors in respect of their security) ranking ahead of holders of Senior Higher Priority Liabilities, and then

to satisfy claims of the Senior Non Preferred Notes (and other Senior Non Preferred Liabilities). If the relevant Issuer does not have sufficient assets to settle the claims of higher ranking creditors (including depositors) in full, the claims of the holders under Notes will not be satisfied. Holders will share equally in any distribution of assets available to satisfy all claims in respect of equal-ranking liabilities if the relevant Issuer does not have sufficient funds to make full payment to all of them.

In addition, if the relevant Issuer enters into resolution, its liabilities under the Notes may be subject to bail-in, meaning potential write-down or conversion into equity securities or other securities. The sequence of any resulting write-down or conversion of eligible instruments under Article 48 of the BRRD provides for claims to be written-down or converted into equity in accordance with the hierarchy of claims provided in the applicable insolvency legislation. Because the Senior Non Preferred Notes are Senior Non Preferred Liabilities, the relevant Issuer expects them to be written down or converted in full after any subordinated obligations of the relevant Issuer and before any of the relevant Issuer's Senior Higher Priority Liabilities are written down or converted.

As a consequence, holders of the Senior Non Preferred Notes would bear significantly more risk than creditors of the relevant Issuer's Senior Higher Priority Liabilities and could lose all or a significant part of their investment if the relevant Issuer were to become (i) subject to resolution under the BRRD and the Senior Non Preferred Notes were to become subject to the application of the Portuguese Bail-In Power or (ii) insolvent.

Senior Non Preferred Notes are new types of instruments for which there is little trading history

On 14 March 2019, Law No. 23/2019 of 13 March 2019 entered into force. This legislation implements Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 and provides for the legal recognition of unsubordinated and unsecured senior non preferred obligations in Portugal. It also confers a preferential claim to generally all bank deposits vis-à-vis senior unsecured debt (including the Senior Non Preferred Notes and the Ordinary Senior Notes). There is little trading history for senior non preferred securities of Portuguese financial institutions. Market participants, including credit rating agencies, are in the initial stages of evaluating the risks associated with senior non preferred securities. The credit ratings assigned to senior non preferred securities such as the Senior Non Preferred Notes may change as the rating agencies refine their approaches, and the value of such securities may be particularly volatile as the market becomes more familiar with them. It is possible that, over time, the credit ratings and value of senior non preferred securities such as the Senior Non Preferred Notes will be lower than those expected by investors at the time of issuance of the Senior Non Preferred Notes. If so, holders may incur losses in respect of their investments in the Senior Non Preferred Notes.

Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes would generally have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which are ongoing at the date of this Prospectus), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. Such lack of liquidity may result in investors suffering losses on the Notes in secondary resale even if there is no decline in the performance of the assets of the relevant Issuer. The Issuers cannot predict which of those circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Exchange rate risks and exchange controls

The relevant Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Legal considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or to review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing, and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the Base Prospectus of the Issuers dated 23 February 2018, the Base Prospectus of the Issuers dated 15 June 2010, the Base Prospectus of the Issuers dated 2 April 2009 and the Base Prospectus of the Issuers dated 20 February 2008 and the audited consolidated annual financial statements of CGD for the financial years ended 31 December 2017 and 2018 together, in each case, with the audit report thereon and the unaudited consolidated financial results of CGD for the first three months ended 31 March 2019, which have been previously published or are published simultaneously with this Prospectus and which have been filed with the CSSF. Such documents shall be incorporated by reference in and form part of this Prospectus, save that (i) any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise) and (ii) any document which is incorporated by reference therein shall not constitute part of this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Any non-incorporated part of a document referred to herein is either not relevant for an investor or is otherwise covered elsewhere in this Prospectus.

In addition, such documents will be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

CGD confirms that the financial information incorporated by reference from the "Press Release Consolidated Results 1st Quarter 2019" has not been audited and is substantially consistent with the final figures to be published in the next annual audited consolidated financial statements.

The information incorporated by reference above is available as set out in the table below.

Pages 533-673 (*Sustainability Reports*) of the 2018 AR (as defined below) are not incorporated by reference into this Prospectus, as the information contained within these pages is not relevant for investors.

Information incorporated by reference	***Reference***
Caixa Geral de Depósitos, S.A. audited annual consolidated financial statements for the year ended 31 December 2017	2017 Annual Report ("**2017 AR**")
Consolidated Balance Sheet	147
Consolidated Income Statement	148
Consolidated Statement of Comprehensive Income	149
Consolidated Cash Flow Statement	150
Consolidated Statement of Changes in Shareholders' Equity	151
Notes to the Consolidated Financial Statements	153-352
Audit Reports and Opinions on the Consolidated Financial Statements	365-373
Caixa Geral de Depósitos, S.A. audited annual consolidated financial statements for the year ended 31 December 2018	2018 Annual Report ("**2018 AR**")
Consolidated Balance Sheet	51; 119
Consolidated Income Statement	120
Consolidated Statement of Comprehensive Income	121
Consolidated Cash Flow Statements	122
Consolidated Statement of Changes in Shareholders' Equity	118; 123
Notes to the Consolidated Financial Statements	125-332
Audit Reports and Opinions on the Consolidated	340-351

Information incorporated by reference	*Reference*
Financial Statements	
Caixa Geral de Depósitos, S.A. unaudited consolidated financial statements for the three months ended 31 March 2019	Press release – Consolidated results 1st Quarter 2019
Summary	page 1
Main Indicators	page 2
Consolidated Information – Results; Balance Sheet; Capital; Relevant Events	page 3-8
Domestic and International Activity	pages 9-10
Consolidated Accounts and Separate Accounts – CGD, S.A. – Balance Sheet; Income Statement	pages 11-12
Base Prospectus of Caixa Geral de Depósitos dated 23 February 2018	
Terms and Conditions of the Notes	pages 55-85
Base Prospectus of Caixa Geral de Depósitos dated 15 June 2010	
Terms and Conditions of the Notes	pages 32-62
Base Prospectus of Caixa Geral de Depósitos dated 2 April 2009	
Terms and Conditions of the Notes	pages 32-61
Base Prospectus of Caixa Geral de Depósitos dated 20 February 2008	
Terms and Conditions of the Notes	pages 30-60

PROSPECTUS SUPPLEMENT

Each of the Issuers has given an undertaking to the Arranger, the Dealers and the Luxembourg Stock Exchange that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of each Issuer, and the rights attaching to the Notes, the relevant Issuer shall prepare a supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to the Arranger and each Dealer such number of copies of such supplement hereto as the Arranger or such Dealer may reasonably request.

Copies of such supplement to this Prospectus or replacement Prospectus will be available free of charge at the specified office from time to time of the Paying Agent in Luxembourg.

AVAILABLE INFORMATION

Each Issuer has agreed that, for so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Section 13 or 15(d) under the U.S. Securities Exchange Act of 1934 (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities, or to any prospective purchaser of restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information specified in Rule 144A(d)(4) under the Securities Act. In addition, each of the Issuers will furnish the Trustee with copies of its published audited annual accounts and unaudited semi-annual accounts, in each case prepared in accordance with generally accepted accounting principles in the relevant jurisdiction.

FORWARD-LOOKING STATEMENTS

This Prospectus includes "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding CGD's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to CGD's products), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of CGD, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding CGD's present and future business strategies and the environment in which CGD will operate in the future. The important factors that could cause CGD's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the economic situation in Portugal and in the other jurisdictions in which CGD and the CGD Group operate. These forward-looking statements speak only as at the date of this Prospectus. CGD expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in CGD's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

GENERAL DESCRIPTION OF THE PROGRAMME

The following overview is qualified in its entirety by the remainder of this Prospectus. Words or expressions defined or used in "Terms and Conditions of the Notes", which includes the provisions of the relevant Final Terms, shall have the same meaning herein.

Issuers	Caixa Geral de Depósitos, S.A. ("**CGD**") CGD may also issue Notes through its French branch, Caixa Geral de Depósitos, S.A. ("**CGDFB**") As at the date of this Prospectus, CGD will not issue syndicated Notes until (i) an appropriate resolution has been passed by its Board of Directors (or Executive Committee) and (ii) the Dealers have been provided with a legal opinion from CGD's external legal advisers in Portugal. For non-syndicated issues, see "*General Information*" below.
Legal Entity Identifier (LEI)	TO822O0VT80V06K0FH57 (Caixa Geral de Depósitos, S.A.).
Description	Euro Medium Term Note Programme.
Size	Up to €15,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arranger	Merrill Lynch International
Dealers	Bayerische Landesbank BNP PARIBAS BofA Securities Europe SA Caixa-Banco de Investimento, S.A. Caixa Geral de Depósitos, S.A. Commerzbank Aktiengesellschaft Deutsche Bank AG, London Branch HSBC Bank plc HSBC France ING Bank N.V. J.P. Morgan Securities plc Mediobanca - Banca di Credito Finanziario S.p.A. Merrill Lynch International Mizuho International plc Mizuho Securities Europe GmbH Morgan Stanley & Co. International plc MUFG Securities (Europe) N.V. Natixis Nomura International plc Société Générale NatWest Markets N.V. NatWest Markets Plc UBS Europe SE UniCredit Bank AG The Issuers may from time to time terminate the appointment of any Dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to "Permanent Dealers" are to the persons listed above as Dealers and to such additional persons that are appointed as Dealers in respect of the whole Programme (and whose appointment has not been terminated) and to "Dealers" are to all Permanent Dealers and all persons appointed as a dealer in respect of one

	or more Tranches.
Trustee	Citicorp Trustee Company Limited
Issuing and Paying Agent in respect of Notes other than Book Entry Notes	Citibank N.A., London Branch
Portuguese Paying Agent in respect of Book Entry Notes	Caixa Geral de Depósitos, S.A.
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms document (the "**Final Terms**").
Issue Price	The Final Terms will specify the Issue Price. Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Form of Notes	The Notes (other than Book Entry Notes) may be issued in bearer form ("**Bearer Notes**", which expression includes Notes which are specified to be Exchangeable Bearer Notes), in bearer form exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") or in registered form only. Each Tranche of Bearer Notes will initially be represented by either a Temporary Global Note or a Permanent Global Note which will be deposited (a) in the case of Notes issued in NGN form, on or prior to the original issue date to a Common Safekeeper for Euroclear and Clearstream, Luxembourg or (b) in the case of Notes issued in CGN form, on the Issue Date, with a common depositary on behalf of Euroclear and Clearstream, Luxembourg or (c) in the case of a Tranche intended to be cleared through a clearing system other than Euroclear or Clearstream, Luxembourg or delivered outside a clearing system, as agreed between the relevant Issuer, the Trustee, the Issuing and Paying Agent, Paying Agent, any other agents and the relevant Dealer(s). No interest will be payable in respect of a Temporary Global Note except as described under "*Summary of Provisions Relating to the Notes while in Global Form*". Interests in Temporary Global Notes will be exchangeable for interests in Permanent Global Notes or, if so stated in the relevant Final Terms, for Definitive Notes but, if TEFRA D (as defined below under "*Selling Restrictions*") apply to such Tranche, only after the date falling 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership, or (in the case of Exchangeable Bearer Notes) for Registered Notes (as described below). Interests in Permanent Global Notes will be exchangeable for Definitive Notes in bearer form or (in the case of Exchangeable Bearer Notes) for Registered Notes in the limited circumstances described under "*Summary of Provisions Relating to the Notes while in Global Form*".

	Registered Notes of each Tranche of a Series which are sold in an "offshore transaction" within the meaning of Regulation S ("**Unrestricted Notes**") will initially be represented by interests in an Unrestricted Global Certificate, without interest coupons, deposited with a nominee for, and registered in the name of a common depositary of, Clearstream, Luxembourg and Euroclear on its Issue Date. Registered Notes of such Tranche sold in the United States to qualified institutional buyers pursuant to Rule 144A ("**Restricted Notes**") will initially be represented by a Restricted Global Certificate, without interest coupons, deposited with a custodian for, and registered in the name of a nominee of, DTC on its Issue Date. Any Restricted Global Certificate and any individual Definitive Restricted Notes will bear a legend applicable to purchasers who purchase the Registered Notes as described under "*Transfer Restrictions*". In addition, CGD may issue Book Entry Notes that will be integrated in and held through Interbolsa, if so specified in the relevant Final Terms. The terms and conditions of each series of Book Entry Notes shall be the terms and conditions set out in this Prospectus, as supplemented, as necessary by a supplement to this Prospectus, and/or the relevant Final Terms. The Book Entry Notes are constituted by a deed poll given by CGD in favour of holders Book Entry Notes dated 28 June 2019 (the "**Instrument**").
Clearing Systems	Clearstream, Luxembourg and Euroclear for Bearer Notes, Clearstream, Luxembourg, Euroclear and DTC for Registered Notes and Interbolsa, Clearstream Luxembourg and Euroclear for Book Entry Notes. In relation to any Tranches, Notes may be cleared through such other clearing system as may be agreed between the relevant Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer.
Initial Delivery of Notes other than Book Entry Notes	On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes issued in NGN form will be delivered to the Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes issued in CGN form will be deposited with the Common Depositary for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, the Unrestricted Global Certificate representing Unrestricted Notes will be deposited with a common depositary for Clearstream, Luxembourg and Euroclear and the Restricted Global Certificate representing Restricted Notes will be deposited with a custodian for DTC. Global Notes or Certificates relating to Notes that are not listed on the Luxembourg Stock Exchange may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the relevant Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between

	the relevant Issuer and the relevant Dealers except Book Entry Notes, which may only be issued in euros or such other currencies accepted by Interbolsa for registration and clearing.
Maturities	Notes shall not be issued with maturity of less than 398 (three hundred and ninety-eight) days or such minimum or maximum maturity as may be permitted or required from time to time by Applicable Banking Regulations. Subordinated Notes will have a minimum maturity of at least five years or as otherwise permitted in accordance with Applicable Banking Regulations from time to time. Such maturities as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the relevant Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency. According to the Luxembourg Act, the CSSF is not competent to approve prospectuses for the listing of money market instruments having a maturity at issue of less than 12 months and which also comply with the definition of securities in the Luxembourg Act.
Denomination	Notes (including Book Entry Notes) will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the relevant Final Terms, save that, in respect of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum denomination shall be €100,000 (or its equivalent in other currencies). Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom or whose issue would otherwise constitute a contravention of section 19 of the Financial Securities and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies). Notes sold in reliance on Rule 144A will be in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof, in each case subject to compliance with all legal and/ or regulatory requirements applicable to the Specified Currency.
Fixed Rate Notes	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Reset Notes	Reset Notes will, in respect of an initial period, bear interest at the initial fixed rate of interest specified in the relevant Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the relevant Final Terms by reference to a mid-market swap rate for the relevant Specified Currency, and for a period equal to the reset period, as adjusted for any applicable margin, in each case as may be specified in the relevant Final Terms. Such interest will be payable in arrear

	on the Interest Payment Date(s) specified in the relevant Final Terms or determined pursuant to the Conditions.
Floating Rate Notes	Floating Rate Notes will bear interest determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc.; or (ii) by reference to LIBOR or EURIBOR as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms.
Zero Coupon Notes	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
Redemption	Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies). Any early redemption of a Subordinated Note will be subject to the prior consent or approval of the Competent Authority. Unless previously redeemed, purchased and cancelled, each Note shall be finally redeemed on the Maturity Date specified in the Final Terms at its Final Redemption Amount, which shall be at least equal to its nominal amount. Early redemption will be permitted for taxation reasons or, in the case of Ordinary Senior Notes if so specified in the relevant Final Terms, following an Event of Default or, in the case of Senior Non Preferred Notes or Ordinary Senior Notes if so specified in the relevant Final Terms, upon the occurrence of a MREL Disqualification Event or, in the case of Subordinated Notes, upon a Capital Disqualification Event, but otherwise early redemption will be permitted only to the extent specified in the relevant Final Terms. Any early redemption of Subordinated Notes, Senior Non Preferred Notes or Ordinary Senior Notes eligible as Tier 2 Capital or MREL-Eligible Instruments, as applicable, will be subject to the prior consent of the competent authorities and/or relevant resolution authorities, to the extent required, in accordance with Applicable Banking Regulations.
Cash Bonds	Notes may qualify as cash bonds (*obrigações de caixa*) under the terms of Decree Law No. 408/91 of 17 October 1991 (as amended), provided that certain requirements set out therein are met, including that (i) such Notes have a maturity of not less than two years, (ii) the relevant Issuer is not entitled to acquire such Notes before two years have elapsed since the relevant

	Issue Date and (iii) the Noteholders may not choose to redeem such Notes before one year has elapsed since the relevant Issue Date.
Benchmark Discontinuation	In the case of Reset Notes or Floating Rate Notes where Screen Rate Determination is specified in the applicable Final Terms as being the manner in which the Rate(s) of Interest is/are to be determined, on the occurrence of a Benchmark Event, the relevant Issuer shall, as soon as reasonably practicable, use its reasonable endeavours to appoint an Independent Adviser who may determine or (if such Independent Adviser fails to make any such determination or the relevant Issuer is unable to appoint an Independent Adviser) the relevant Issuer may determine a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread and any Benchmark Amendments in accordance with Condition 5(i).
Optional Redemption	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the holders, although this will not apply in any event to Subordinated Notes save for in the limited circumstances set out in Condition 6(b), (c), (d) and (e).
Substitution	The Trustee and the relevant Issuer are permitted to agree to the substitution in place of the relevant Issuer (or any previous substitute) as principal debtor in respect of the Notes of any other wholly-owned Subsidiary of CGD, subject to the fulfilment of certain conditions, as more fully set out in Condition 11(c) and the Trust Deed.
Status of the Senior Notes	Senior Notes may be either Ordinary Senior Notes or Senior Non Preferred Notes. Ordinary Senior Notes issued by CGD or CGDFB and the relative Coupons (if any) will constitute direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the relevant Issuer and will rank *pari passu* among themselves and with any other Senior Higher Priority Liabilities, and senior to all Senior Non Preferred Liabilities and all present and future subordinated obligations of the relevant Issuer. Senior Non Preferred Notes issued by CGD or CGDFB and the relative Coupons (if any) will constitute direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the relevant Issuer and will rank *pari passu* among themselves and with any other Senior Non Preferred Liabilities, junior to any present or future claims of depositors of the relevant Issuer and any Senior Higher Priority Liabilities and senior to all present and future subordinated obligations of the relevant Issuer.
Status of the Subordinated Notes	The Subordinated Notes issued by CGD or CGDFB and the relative Coupons (if any) will constitute direct, unsecured and subordinated obligations of the relevant Issuer and will rank *pari passu* among themselves and, without prejudice to the foregoing, the Subordinated Notes issued by CGD or CGDFB and the relative Coupons (if any) will, in the event of the bankruptcy or the winding-up of CGD or CGDFB, as the case may be, (to the extent permitted by the applicable law) be subordinated in right of payment in the manner provided in the Trust Deed or, in the case of Book Entry Notes, the Instrument.

Substitution and Variation	Where "Capital Disqualification Event – Substitution and Variation" or "MREL Disqualification Event – Substitution and Variation", as the case may be, is specified as "Applicable" in the relevant Final Terms and the Issuer has satisfied the Trustee that a Capital Disqualfiication Event or, as the case may be, an MREL Disqualification Event has occurred and is continuing, the Issuer may, subject to the provisions of Condition 6(k), either substitute all (but not some only) of the relevant Notes for, or vary the terms of the relevant Notes such that they remain or, as appropriate, become, Compliant Securities (as defined in Condition 6(j)).
Negative Pledge	Applicable only to Ordinary Senior Notes unless "Ordinary Senior Notes: Negative Pledge" is expressly specified to be "Not Applicable" in the relevant Final Terms. See "*Terms and Conditions of the Notes – Negative Pledge*".
Cross Default	Applicable to Ordinary Senior Notes only and only to the extent "Ordinary Senior Notes: Events of Default" Condition 10(a) is expressly specified to be "Applicable" in the relevant Final Terms. See "*Terms and Conditions of the Notes – Events of Default*".
Limited Rights of Acceleration	The Trustee's rights to accelerate Senior Non Preferred Notes, Subordinated Notes and Ordinary Senior Notes where "Ordinary Senior Notes: Events of Default" Condition 10(a) is expressly specified as "Not Applicable" in the relevant Final Terms are limited to insolvency or winding-up type events only. See "*Terms and Conditions of the Notes – Events of Default*".
Early Redemption	Except as provided in "*Optional Redemption*" above, Notes will be redeemable at the option of the relevant Issuer prior to maturity only for tax or, in the case of Subordinated Notes, certain Senior Non Preferred Notes and certain Ordinary Senior Notes, for regulatory capital treatment reasons. See "*Terms and Conditions of the Notes – Redemption, Purchase and Options*".
Withholding Tax	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of France (in the case of Notes issued by CGDFB) and Portugal (in the case of CGD or CGDFB) as the case may be, subject to customary exceptions, all as described in "*Terms and Conditions of the Notes – Taxation*" and "*Taxation – Portugal*". At present, payments of interest and other revenues to be made by CGD directly to non-resident entities of Portugal would be subject to Portuguese withholding tax at a rate of 25 per cent. (in case of legal persons), of 28 per cent. (in case of individuals) or of 35 per cent. (in case of payments to (i) omnibus accounts without the disclosure of the effective beneficiary or to (ii) legal persons or individuals domiciled in blacklisted jurisdictions as defined in Ministerial Order 150/2004 of 13 February as amended from time to time), as the case may be, or, if applicable, to reduced withholding tax rates between 5 and 15 per cent., pursuant to the general rules and to tax treaties signed by Portugal, except in the case of Book Entry Notes assuming certain procedures and certification requirements are complied with. All payments of interest and other investment income arising from Notes (in the case of Notes issued by CGD) made to individuals resident for tax purposes in Portugal will be subject to withholding tax at a rate of 28 per cent. or 35 per cent., whenever the investment income is paid or made available to accounts

	opened in the name of one or more accountholders acting on behalf of one or more unidentified third party unless the relevant beneficial owner(s) of the income is/ are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply. In this case, the Portuguese resident individual, unless if deriving such income in the capacity of an entrepreneur with organised accounts, may choose to declare such income in his or her tax return, together with the remaining items of income derived. If such election is made, the said income will be subject to personal income tax according to the relevant tax brackets, up to 48 per cent. In the latter circumstance an additional income tax will be due on the part of the taxable income exceeding €80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding €80,000 up to €250,000 and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding €250,000. All payments of interest and other investment income arising from Notes (in the case of Notes issued by CGD) paid to legal persons resident for tax purposes in Portugal and to non-resident legal persons with a permanent establishment in Portugal to which the income is attributable are subject to withholding tax at a rate of 25 per cent. (with the exception of entities that benefit from a waiver of Portuguese withholding tax or from Portuguese income tax exemptions), or 35 per cent., whenever the investment income is paid or made available to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 35 per cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply. (See "*Taxation – Portugal*").
Governing Law	English law, save that Condition 3 and Clause 3 (with the exception of Clause 3.4) and Condition 18(e) of the Trust Deed and Clause 5 of the Instrument will be governed by, and construed in accordance with, Portuguese law and save that, with respect to Book Entry Notes only, the form (*representação formal*), and transfer of the Notes, the creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes, are governed by, and shall be construed in accordance with, Portuguese law.
Listing and Admission to Trading	Application has been made to the Luxembourg Stock Exchange for the Notes issued under the Programme to be listed and admitted to the Official List and to be admitted to trading on the Market (which is a regulated market for the purposes of MiFID II) and references to listing shall be construed accordingly. As specified in the relevant Final Terms, a Series of Notes may be unlisted.
Selling Restrictions	United States, Public Offer Selling Restriction under the Prospectus Directive, United Kingdom, France, Portugal, the Netherlands, Japan and Singapore. See "*Subscription and Sale*". Each Issuer is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended. Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of

	Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) ("**TEFRA D**") unless (i) the relevant Final Terms states that Bearer Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) ("**TEFRA C**") or (ii) Bearer Notes are issued other than in compliance with TEFRA D or TEFRA C but in circumstances in which the Notes will not constitute "registration required obligations" for U.S. federal income tax purposes, which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.
Transfer Restrictions	There are restrictions on the transfer of Notes sold pursuant to Rule 144A under the Securities Act. See "*Terms and Conditions of the Notes*" and "*Transfer Restrictions*".

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of Part A of the relevant Final Terms (except for the sentences in italics), shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or in book entry, representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the relevant Final Terms or (ii) these terms and conditions as so completed (and subject to simplification by the deletion of non-applicable provisions) shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme and include, for the avoidance of doubt, Book Entry Notes.

References in these Terms and Conditions to the "Issuer" shall be references to the party specified as such in the relevant Final Terms.

The Notes (other than Notes in book entry form) are constituted by an amended and restated trust deed dated 28 June 2019 (as amended or supplemented as at the date of issue of the Notes (the "**Issue Date**"), the "**Trust Deed**") between Caixa Geral de Depósitos, S.A., Caixa Geral de Depósitos, S.A., acting through its France branch and Citicorp Trustee Company Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. Notes in book entry form ("**Book Entry Notes**") are constituted by registration in the Interbolsa book-entry system and governed by these conditions and a deed poll given by the Issuer in favour of the holders of Book Entry Notes dated 28 June 2019 (the "**Instrument**"). An amended and restated agency agreement dated 23 February 2018 (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") has been entered into in relation to the Notes between the Issuer, the other issuer named in it, the Trustee, Citibank, N.A., London Branch as initial issuing and paying agent in respect of notes other than Book Entry Notes, registrar, transfer agent, exchange agent in respect of notes other than Book Entry Notes, and calculation agent and the other agents named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents, the exchange agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent), the "**Registrar**", the "**Transfer Agents**" (which expression shall include the Registrar) and the "**Exchange Agent**". "**Calculation Agent**" means Citibank N.A., London Branch in respect of Notes other than Book Entry Notes and Caixa Geral de Depósitos in respect of Book Entry Notes. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Agency & Trust, 6th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB) and at the specified offices of the Paying Agents and the Transfer Agents. In the case of Book Entry Notes, CGD will be the paying agent and Calculation Agent in respect of Book Entry Notes in Portugal (the "**Portuguese Paying Agent and Calculation Agent in respect of Book Entry Notes**").

The Noteholders, the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed or, in the case of holders of Book Entry Notes, the Instrument and those provisions of the Trust Deed applicable to them, and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

Where square bracketed provisions together with a corresponding reference number appear in these Conditions, those reference numbers shall indicate the relevant provisions contained in the square brackets apply, or do not apply, as follows: square bracketed provisions denoted by (1) will only apply to Notes issued by CGD and square bracketed provisions denoted by (2) will only apply to Notes issued by CGDFB.

1 Form, Denomination and Title

(a) Notes issued by Caixa Geral de Depósitos, S.A. acting through its France branch ("CGDFB")

The Notes are issued in bearer form ("**Bearer Notes**", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("**Registered Notes**") or in bearer form exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") in each case in the Specified Denomination(s) shown hereon provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denominations as the lowest denomination of Exchangeable Bearer Notes.

Notes sold in reliance on Rule 144A will be in minimum denominations of U.S.$200,000 and integral multiplies of U.S.$1,000 in excess thereof.

This Note is an Ordinary Senior Note, a Senior Non Preferred Note or a Subordinated Note, as indicated in the relevant Final Terms.

This Note is a Fixed Rate Note, a Reset Note, a Floating Rate Note, a Zero Coupon Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown in the relevant Final Terms.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" for the purposes of the Global Notes or bearer Notes issued in definitive form means the bearer of any Bearer Note relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

(b) Notes issued by Caixa Geral de Depósitos, S.A. ("CGD")

The Notes are issued in dematerialised book-entry (*forma escritural*) and registered (*nominativas*) form in the specified denomination provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Union or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes) as indicated in the relevant Final Terms.

The Notes will be registered by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("**Interbolsa**") as management entity of the Portuguese Centralised System of Registration of Securities (*Central de Valores Mobiliários*) ("**CVM**").

Each person shown in the individual securities accounts held with an affiliated member of Interbolsa as having an interest in the Notes shall be considered the holder of the principal amount of Notes recorded. One or more certificates in relation to the Notes (each a "**Certificate**") will be delivered to the relevant Noteholder by the financial intermediary with which the relevant Notes are held in a securities account in respect of its registered holding of Notes upon the request by the relevant Noteholder and in accordance with that financial intermediary's procedures and pursuant to Article 78 of the Portuguese Securities Code (*Código dos Valores Mobiliários*).

Title to the Notes passes upon registration in the relevant individual securities accounts held with an affiliated member of Interbolsa. Any Noteholder will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the Noteholder.

This Note is an Ordinary Senior Note, a Senior Non Preferred Note or a Subordinated Note, as indicated in the relevant Final Terms.

This Note is a Fixed Rate Note, a Reset Note, a Floating Rate Note, a Zero Coupon Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown in the relevant Final Terms.

In these Conditions, "**Noteholder**" for the purposes of Notes in book-entry form and (in relation to a Note) "**holder**" means the person in whose name a Note is registered in the relevant individual securities accounts held with an affiliated member of Interbolsa and has not been publicly offered in Portugal.

2 Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) Exchange of Exchangeable Bearer Notes

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(g)) or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) Exchange Free of Charge

Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3 Status

(a) Status of Senior Notes

The obligations of the Issuer under the Ordinary Senior Notes and the Senior Non Preferred Notes (together, the "**Senior Notes**") and the relative Coupons (if any) are direct, unconditional, unsecured (subject to the provisions of Condition 4) and unsubordinated obligations of the Issuer and, subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), in the event of the winding-up of the Issuer such obligations rank and will rank:

(i) in the case of Ordinary Senior Notes:

(a) *pari passu* among themselves and with any other Senior Higher Priority Liabilities; and

(b) senior to (i) Senior Non Preferred Liabilities and (ii) all present and future subordinated obligations of the Issuer (including, for the avoidance of doubt, all Subordinated Notes); and

(ii) in the case of Senior Non Preferred Notes:

(a) *pari passu* among themselves and with any other Senior Non Preferred Liabilities;

(b) junior to any present or future claims of depositors of the Issuer and to the Senior Higher Priority Liabilities (and, accordingly, upon the insolvency of the Issuer, the claims in respect of Senior Non Preferred Notes will be met after payment in full of the claims of depositors of the Issuer and the Senior Higher Priority Liabilities) in accordance with Article 8-A; and

(c) senior to all present and future subordinated obligations of the Issuer (including, for the avoidance of doubt, all Subordinated Notes) in accordance with Article 8-A.

The obligations of the Issuer under the Senior Notes are subject to the Portuguese Bail-in Power.

(b) Status of Subordinated Notes

The obligations of the Issuer under the Subordinated Notes and the relative Coupons (if any) are direct, unsecured obligations of the Issuer subordinated as provided below and such obligations rank and will rank *pari passu* among themselves.

In the event of the bankruptcy or winding-up of the Issuer, the claims of the holders of the Subordinated Notes and the relative Coupons (if any) against the Issuer in respect of payments pursuant to such Notes and Coupons (to the extent permitted by Portuguese law) will:

(i) be subordinated in the manner described in these Conditions to the claims of all Senior Creditors;

(ii) rank at least *pari passu* with the claims of holders of all obligations of the Issuer which constitute Tier 2 Capital of the Issuer or otherwise by law rank, or by their terms are expressed to rank, *pari passu* with the Subordinated Notes and/or the Tier 2 Capital of the Issuer; and

(iii) rank senior to any present or future claims of holders of: (1) all obligations of the Issuer which constitute Tier 1 Capital of the Issuer, (2) all other securities of the Issuer which by law rank, or by their terms are expressed to rank, junior to the Subordinated Notes and/or the Tier 2 Capital of the Issuer and (3) all share capital and/or preference shares of the Issuer.

The obligations of the Issuer under the Subordinated Notes are subject to the Portuguese Bail-in Power.

For the purposes of these Conditions:

"**Article 8-A**" means Article 8-A of Decree-Law 199/2006 of 25 October 2006, as amended or superseded (including by Law 23/2019 of 13 March 2019, which implemented Directive 2017/2399 of 12 December 2017);

"**Senior Creditors**" means creditors of the Issuer: (a) who are depositors and/or other unsubordinated creditors of the Issuer (including, without limitation, holders of Senior Notes) and (b) whose claims are subordinated to the claims of other creditors of the Issuer, other than those creditors: (i) whose claims relate to obligations which constitute Tier 1 Capital of the Issuer or Tier 2 Capital of the Issuer or (ii) whose claims by law rank, or by their terms are expressed to rank, *pari passu* with, or junior to, the claims of holders of the Subordinated Notes;

"**Senior Higher Priority Liabilities**" means any obligations of the Issuer under any Ordinary Senior Notes and any other unsecured and unsubordinated obligations of the Issuer other than the Senior Non Preferred Liabilities;

"**Senior Non Preferred Liabilities**" means any unsubordinated and unsecured senior non preferred obligations of the Issuer under Article 8-A (including any Senior Non Preferred Notes) and any other obligations which, by law and/or by their terms, and to the extent permitted by Portuguese law, rank *pari passu* with the Senior Non Preferred Notes; and

"**Tier 1 Capital**" and "**Tier 2 Capital**" each have the respective meanings given to such terms under the CRR (as defined below).

(c) Waiver of Set-Off

This Condition 3(c) applies only to: (i) Subordinated Notes; and (ii) Senior Notes unless "Senior Non Preferred Notes: Waiver of Set-Off" or "Ordinary Senior Notes: Waiver of Set-Off", as the case may be, is expressly specified to be "Not Applicable" in the relevant Final Terms for such Senior Notes.

Subject to applicable law, no holder of a relevant Note or Coupon relating thereto (if any) may at any time exercise or claim any set-off, netting or compensation right in respect of any amount owed by it to the Issuer arising under or in connection with such Notes and the Coupons relating thereto (if any) and each holder of a relevant Note or Coupon relating thereto (if any) shall, by virtue of its subscription, purchase or holding of any such Note or Coupon, be deemed to have waived all such rights of set-off.

4 Negative Pledge in relation to certain of the Ordinary Senior Notes

(a) Restriction

This Condition 4(a) applies to Ordinary Senior Notes unless "Ordinary Senior Notes: Negative Pledge" is expressly specified to be "Not Applicable" in the relevant Final Terms for such Ordinary Senior Notes.

So long as any of the Ordinary Senior Notes or Coupons (if any) remain outstanding (as defined in the Trust Deed or, as the case may be, the Instrument), neither the Issuer nor any of its Subsidiaries (as defined in Condition 10) shall create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**Security**") upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt, or any guarantee of or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the Issuer's obligations under the Ordinary Senior Notes, Coupons (if any) and the Trust Deed (A) are secured equally and rateably therewith in the same manner or to the satisfaction of the Trustee or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, in each case to the satisfaction of the Trustee or (B) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution of the Senior Noteholders provided that nothing in this Condition 4(a) shall prevent the Issuer from creating or having outstanding Security on or with respect to the assets or receivables or any part thereof of the Issuer which is created pursuant to any securitisation or like arrangement in accordance with normal market practice and whereby the indebtedness secured by such Security or having the benefit of such secured guarantee or indemnity is limited to the value of such assets or receivables.

(b) Relevant Debt

For the purposes of this Condition, "**Relevant Debt**" means any present or future (actual or contingent) indebtedness in the form of, or represented by, bonds, notes, debentures or other securities that, with the consent of the Issuer are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange or other recognised securities market (other than an issue which is placed in Portugal in an amount greater than 50 per cent. of its aggregate principal amount), having an original maturity of more than one year from its date of issue. For the avoidance of doubt, "**indebtedness**", for the purpose of this definition, does not include preference shares or any other equity securities or Covered Bonds (as defined below).

"**Covered Bonds**" means any mortgage-backed bonds and/or covered bonds or notes (*Obrigações Hipotecárias*) issued pursuant to Decree Law No. 59/2006 of 20 March by any of the Issuers or any subsidiary thereof, the obligations of which benefit from a special creditor privilege ("*privilégio creditório especial*") as a result of them being collateralised by a defined pool of assets comprised of mortgage loans or other eligible assets permitted by applicable Portuguese legislation to be included in the pool of assets and where the requirements for that collateralisation are regulated by applicable Portuguese legislation.

5 Interest and other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Final Terms.

(b) Interest on Reset Notes

(i) Rates of Interest and Interest Payment Dates

Each Reset Note bears interest:

(A) from (and including) the Interest Commencement Date specified in the relevant Final Terms until (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;

(B) from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the relevant Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and

(C) for each Subsequent Reset Period thereafter (if any), at the rate per annum equal to the relevant Subsequent Reset Rate of Interest,

payable, in each case, in arrear on the date(s) so specified in the applicable Final Terms on which interest is payable in each year (each an "**Interest Payment Date**") and on the Maturity Date if that does not fall on an Interest Payment Date. The Rate of Interest and the amount of interest (the "**Interest Amount**") payable shall be determined by the Calculation Agent, (A) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, and (B) in the case of the Interest Amount, in accordance with the provisions for calculating amounts of interest in Condition 5(g) and, for such purposes, references in Condition 5(a) to "**Fixed Rate Notes**" shall be deemed to be to "**Reset Notes**" and Condition 5(a) shall be construed accordingly.

(ii) Fallbacks

If, on any Reset Determination Date, the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, subject to Condition 5(i), the Calculation Agent shall request each of the Mid-Swap Reference Banks (as defined below) to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Mid-Swap Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date only one or none of the Mid-Swap Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 5(b)(ii), the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined as if the relevant Mid-Market Swap Rate Quotations remained as at the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, an amount set out in the relevant Final Terms as the "**First Reset Period Fallback**".

For the purposes of this Condition 5(b)(ii), "**Mid-Swap Reference Banks**" means the principal office in the principal financial centre of the Specified Currency of four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute.

(iii) Notification of First Reset Rate of Interest, Subsequent Reset Rate of Interest and Interest Amount

The Calculation Agent will cause the First Reset Rate of Interest, any Subsequent Reset Rate of Interest and, in respect of a Reset Period, the Interest Amount payable on each Interest Payment Date falling in such Reset Period to be notified to the Issuer, the Issuing and Paying Agent and any stock exchange or other relevant authority on which the relevant Reset Notes are for the time being listed and notice thereof to be published in accordance with Condition 16 as soon as possible after their determination but in no event later than the fourth London Business Day (where a "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London) thereafter. So long as the Notes are listed on the Luxembourg Stock Exchange, the Issuer will notify the Luxembourg Stock Exchange of any reset Rate of Interest and relevant Interest Amount(s) no later than the first day of each Reset Period.

(c) Interest on Floating Rate Notes

(i) Interest Payment Dates

Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) Business Day Convention

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a

Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest for Floating Rate Notes

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

(A) ISDA Determination

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the relevant Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified in the relevant Final Terms;

(y) the Designated Maturity is a period specified in the relevant Final Terms; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination

(x) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent or other party responsible for the calculation of the Rate of Interest as specified in the relevant Final Terms (and references in this Condition 5(c)(iii)(B) to "**Calculation Agent**" shall be construed accordingly). If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such

quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the relevant Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the relevant Final Terms.

(y) If the Relevant Screen Page is not available or if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

(z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Linear Interpolation

Where Linear Interpolation is specified in the relevant Final Terms as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified in the relevant Final Terms as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified in the relevant Final Terms as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided, however, that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as the Issuer determines appropriate.

"**Applicable Maturity**" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(d) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(e) Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(f) Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and Rounding

(i) If any Margin is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, "**unit**" means the lowest amount of such currency that is available as legal tender in the country of such currency.

(g) Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the relevant Final Terms and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

For the avoidance of doubt, any amount of interest calculated and due on the Subordinated Notes will not be amended pursuant to these Conditions on the basis of the credit standing of the Issuer.

(h) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b) (ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. All certificates, communications, opinions, determinations, calculations and quotations given, expressed, made or obtained for the purposes of the provisions of Conditions 5(b) and 5(c) by the Calculation Agent shall (in the absence of wilful default, bad faith and manifest error) be binding on the Issuer, the Issuing and Paying Agent, the Calculation Agent, the Trustee, the other Paying Agents and all Noteholders and Couponholders and (in the absence of bad faith and wilful default) no liability to the Issuer, the Trustee, the Noteholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers and duties pursuant to such provisions.

(i) Benchmark Discontinuation

(i) Independent Adviser

Notwithstanding the provisions above in Conditions 5(b) and 5(c), if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably

practicable and at its own cost, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(i)(iv)) and, in each case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(i)(vi)). In making such determination, the Independent Adviser appointed pursuant to this Condition 5(i)(i) shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents or the Noteholders or the Couponholders (if any) for any determination made by it, pursuant to this Condition 5(i)(i).

(ii) Issuer Determination

If (a) the Issuer is unable to appoint an Independent Adviser or (b) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with Condition 5(i)(i) prior to the relevant Interest Determination Date or Reset Determination Date, as applicable, the Issuer, acting in good faith and in a commercially reasonable manner, may itself determine (but shall not be obliged to determine) (i) a Successor Rate or Alternative Rate and (ii) in either case, an Adjustment Spread and/or any Benchmark Amendments in accordance with this Condition 5(i) (with the relevant provisions in this Condition 5(i) applying *mutatis mutandis* to allow such determinations to be made by the Issuer without consultation with an Independent Adviser). In the event the Issuer decides to make a determiniation in accordance with this Condition 5(i), without prejudice to the definitions hereof, for the purposes of determining any Successor Rate, Alternative Rate, Adjustment Spread and/or Benchmark Amendments (as the case may be), the Issuer shall take into account any relevant and applicable market precedents and customary market usage as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets.

(iii) Issuer's failure to determine a Successor Rate or Alternative Rate

If the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate, or otherwise decides not to determine a Successor Rate or Alternative Rate in accordance with this Condition 5(i), the Rate of Interest applicable to the next succeeding Interest Accrual Period or Reset Period, as applicable, shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period or Reset Period, respectively. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin, First Margin, Subsequent Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period or Reset Period, as applicable, from that which applied to the last preceding Interest Accrual Period or Reset Period, the Margin, First Margin, Subsequent Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period or Reset Period, as applicable, shall be substituted in place of the Margin, First Margin, Subsequent Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period or Reset Period, respectively. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period or Reset Period only and any subsequent Interest Accrual Periods or Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(i)(i).

(iv) Successor Rate or Alternative Rate

If the Independent Adviser (failing which, the Issuer) determines that:

(D) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(i)); or

(E) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component

part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(i)).

(v) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(vi) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(i) and the Independent Adviser (or Issuer, as the case may be) determines (a) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (b) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(i)(vii), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two authorised signatories of the Issuer pursuant to Condition 5(i)(vii), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 5(i)(vi), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 5(i), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes:

(A) in the case of Subordinated Notes, as Tier 2 Capital; and/or

(B) in the case of Senior Notes, as MREL-Eligible Instruments for the purposes of the Applicable Banking Regulations,

or, in the case of Ordinary Senior Notes and Senior Non Preferred Notes only, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Competent Authority treating a future Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date for the purposes of qualification of the Notes as MREL-Eligible Instruments of the Issuer.

(vii) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5(i) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 16, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories of the Issuer:

(A) confirming (a) that a Benchmark Event has occurred, (b) the Successor Rate or, as the case may be, the Alternative Rate, (c) the applicable Adjustment Spread and (d) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(i); and

(B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

(viii) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under this Condition 5(i), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(ii) or 5(c), as applicable, will continue to apply unless and until a Benchmark Event has occurred.

(j) Calculation Agent

The Issuer shall procure that there shall at all times be four Reference Banks and one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior written approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(k) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)

(ii) the Independent Adviser (failing which, the Issuer) determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original

Reference Rate; or (if the Independent Adviser (failing which, the Issuer) determines that no such spread is customarily applied)

(iii) the Independent Adviser (failing which, the Issuer) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser (failing which, the Issuer) determines in accordance with Condition 5(i)(iv) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"**Benchmark Amendments**" has the meaning given to it in Condition 5(i)(vi).

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used, either generally or in respect of the Notes; or

(v) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate; or

(vi) the making of a public statement by the supervisor of the administrator of such Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used,

provided that in the case of (ii), (iii) and (iv), the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement.

"**Business Day**" means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which the TARGET system is operating (a "**TARGET Business Day**"); and/or

(iii) in the case of a currency and/or one or more Additional Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres.

"**Competent Authority**" means the European Central Bank, the Bank of Portugal or such other or successor authority which is responsible for prudential supervision, resolution matters and/or empowered by national law to supervise the Issuer and Group as part of the supervisory system in operation in Portugal (and which may be the Relevant Resolution Authority where the context so requires).

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual – ISDA**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/360**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;

(iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360\times(Y_2-Y_1)]+[30\times(M_2-M_1)]+(D_2-D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(v) if "**30E/360**" or "**Eurobond Basis**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360\times(Y_2-Y_1)]+[30\times(M_2-M_1)]+(D_2-D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

(vi) if "**30E/360 (ISDA)**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360\times(Y_2-Y_1)]+[30\times(M_2-M_1)]+(D_2-D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30; and

(vii) if "**Actual/Actual-ICMA**" is specified in the relevant Final Terms:

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"**Determination Date**" means the date(s) specified as such in the relevant Final Terms or, if none is so specified, the Interest Payment Date(s).

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

"**First Margin**" means the margin specified as such in the relevant Final Terms.

"**First Reset Date**" means the date specified in the relevant Final Terms.

"**First Reset Period**" means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the relevant Final Terms, the Maturity Date.

"**First Reset Rate of Interest**" means, in respect of the First Reset Period and subject to Conditions 5(b)(ii) and (if applicable) 5(i), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the First Margin.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(i)(i).

"**Initial Rate of Interest**" has the meaning specified in the relevant Final Terms.

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified in the relevant Final Terms as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified in the relevant Final Terms.

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

"**Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date unless otherwise specified in the relevant Final Terms.

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified in the relevant Final Terms.

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.

"**Mid-Market Swap Rate**" means, subject to Conditions 5(b)(ii) and (if applicable) 5(i), for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Swap Rate Period (if specified in the relevant Final Terms) and commencing on the relevant Reset Date, (ii) is in an amount

that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the relevant Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent).

"**Mid-Market Swap Rate Quotation**" means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate.

"**Mid-Swap Floating Leg Benchmark Rate**" means, subject to Condition 5(i), if applicable, EURIBOR if the Specified Currency is euro or LIBOR for the Specified Currency if the Specified Currency is not euro.

"**Mid-Swap Rate**" means, in relation to a Reset Determination Date and subject to Conditions 5(b)(ii) and (if applicable) 5(i), either:

(i) if Single Mid-Swap Rate is specified in the relevant Final Terms, the rate for swaps in the Specified Currency:

(A) with a term equal to the relevant Swap Rate Period (if specified in the relevant Final Terms); and

(B) commencing on the relevant Reset Date,

which appears on the Relevant Screen Page; or

(ii) if Mean Mid-Swap Rate is specified in the relevant Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:

(A) with a term equal to the relevant Swap Rate Period (if specified in the relevant Final Terms); and

(B) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent.

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

"**Rate of Interest**" means, in the case of Reset Notes, the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable, and in any other case, the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Issuer or as specified hereon.

"**Reference Rate**" means the rate specified as such in the relevant Final Terms.

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory bodies or (d) the Financial Stability Board or any part thereof.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms.

"**Reset Date**" means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable), in each case as adjusted (if so specified in the relevant Final Terms) in accordance with Condition 5(b) as if the relevant Reset Date was an Interest Payment Date.

"**Reset Determination Date**" means, in respect of the First Reset Period, the second Business Day prior to the First Reset Date, in respect of the first Subsequent Reset Period, the second Business Day prior to the Second Reset Date and, in respect of each Subsequent Reset Period thereafter, the second Business Day prior to the first day of each such Subsequent Reset Period.

"**Reset Period**" means the First Reset Period or a Subsequent Reset Period, as the case may be.

"**Second Reset Date**" means the date specified in the relevant Final Terms.

"**Specified Currency**" means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Notes are denominated.

"**Subsequent Margin**" means the margin specified as such in the relevant Final Terms.

"**Subsequent Reset Date**" means the date or dates specified in the relevant Final Terms.

"**Subsequent Reset Period**" means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (or to the Maturity Date, if there is no succeeding Subsequent Reset Date).

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to Conditions 5(b)(ii) and (if applicable) 5(i), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the relevant Subsequent Margin.

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

6 Redemption, Purchase and Options

(a) Final Redemption

Unless previously redeemed, purchased and cancelled as provided below, each Senior Note or Subordinated Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount. Senior Non Preferred Notes and Ordinary Senior Notes intended by the Issuer to be eligible liabilities for the purposes of the Applicable Banking Regulations will have an original maturity of at least one year or such minimum or maximum maturity as may be permitted or required from time to time by Applicable Banking Regulations. Subordinated Notes will have a minimum maturity of at least five years or as otherwise permitted in accordance with Applicable Banking Regulations from time to time. Notes will not be issued with a maturity of less than 398 (three hundred and ninety eight) days. For the avoidance of doubt, no payments of principal under the Notes will be made in instalments.

(b) Early Redemption

(i) Zero Coupon Notes

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Final Terms.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. In the case of Subordinated Notes, such redemption is also subject to the provisions of Condition 3(b) and the prior consent or approval of the Competent Authority being obtained in relation to the early redemption of Subordinated Notes. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(e).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the relevant Final Terms.

(ii) Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount (together with any accrued interest).

(c) Redemption for Taxation Reasons

Senior Notes and Subordinated Notes, may, subject to the provisions of Condition 6(k) (where applicable), be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8(b) as a result of any change in, or amendment to, the laws or regulations of [France][(2)][Portugal][(1)] or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be

avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Until five years have elapsed since the Issue Date, in the case of Subordinated Notes only, this Condition 6(c) shall only apply, as provided for in the CRR, if (i) the circumstance that entitles the Issuer to exercise such right of redemption was not reasonably foreseeable at the Issue Date and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the circumstance involves a material change in tax treatment.

(d) Redemption at the Option of the Issuer

If Call Option is specified in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the relevant Final Terms), redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the relevant Final Terms.

In the case of Subordinated Notes, such redemption is also subject to the provisions of Condition 6(k) and only after five years from the relevant Issue Date.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) Redemption due to a Capital Disqualification Event

Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, subject to the provisions of Condition 6(k), at any time (but which shall be on an Interest Payment Date if this Subordinated Note is a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (together with interest accrued to the date fixed for redemption) if the regulatory classification of the Subordinated Notes has changed and as a result the Subordinated Notes would be excluded from the Issuer's own funds or have a lower quality form of own funds (a "**Capital Disqualification Event**") and, if the Subordinated Notes are to be redeemed before five years have elapsed since the Issue Date, both the following conditions apply:

(i) the Competent Authority considers the referred change to be sufficiently certain; and

(ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the regulatory classification was not reasonably foreseeable at the Issue Date.

(f) Redemption due to MREL Disqualification Event

If, in the case of Senior Non Preferred Notes and Ordinary Senior Notes where "Ordinary Senior Notes - MREL Disqualification Event" has been specified as "Applicable" in the relevant Final Terms only, following the MREL Requirement Date, a MREL Disqualification Event has occurred and is continuing, then the Issuer may at its option, subject to the provisions of Condition 6(k), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall specify the date for redemption), elect to redeem in accordance with these Conditions all, but not some only, of the relevant Notes. The Issuer shall redeem the relevant Notes on the date specified for redemption in such notice.

Notes redeemed early pursuant to this Condition 6(f) will be redeemed at their early redemption amount (the "**Early Redemption Amount (MREL Disqualification Event)**") (which shall be the principal amount or such other Early Redemption Amount (MREL Disqualification Event) as may be specified in or determined in accordance with the relevant Final Terms) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

For the purposes of these Conditions:

"**Applicable Banking Regulations**" means, at any time, the laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then applicable to the Issuer and/or the Group, including, without limitation to the generality of the foregoing, CRD IV, the BRRD, the SRM Regulation and those regulations, requirements, guidelines and policies relating to capital adequacy, minimum requirements for eligible liabilities, resolution and/or solvency then in effect of the European Central Bank, the Competent Authority or such other or successor governmental authority exercising primary bank supervisory authority from time to time, in each case with respect to prudential or resolution matters in relation to the Issuer and/or the Group, in each case to the extent then in effect in Portugal including the Institutions Act (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group);

"**BRRD**" means Directive 2014/59/EU of 15 May 2014, establishing a framework for the recovery and resolution of credit institutions, as amended or superseded from time to time;

"**CRD IV**" means any, or any combination of, the CRD IV Directive, the CRR and any CRD IV Implementing Measures;

"**CRD IV Directive**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended from time to time, or such other directive as may come into effect in place thereof;

"**CRD IV Implementing Measures**" means any rules implementing the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Competent Authority, the European Banking Authority or any other relevant authority, which are applicable to the Issuer (on a stand alone basis) or the Group (on a consolidated basis) and which prescribe the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital or the minimum requirement for own funds and eligible liabilities, as the case may be, of the Issuer (on a stand alone basis) or the Group (on a consolidated basis);

"**CRR**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on the prudential requirements for credit institutions and investment firms, as amended from time to time, or such other regulation as may come into effect in place thereof;

"**EU Banking Reforms**" means the European Commission's proposals to amend and supplement certain provisions of the CRD IV Directive, the CRR, the SRM Regulation and the BRRD, together with the Council of the EU's General Approach, the European Parliament's reports, the Political Agreement and its endorsements by the COREPER and by the European Parliament's Committee on Economic and Monetary Affairs;

"**MREL**" means the "minimum requirement for own funds and eligible liabilities" for credit institutions under the BRRD, set in accordance with Article 45 of the BRRD (as transposed in Portugal), Commission Delegated Regulation (EU) 2016/1450 of 23 May 2016, supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities, or any successor requirement under EU legislation and relevant implementing legislation and regulation in Portugal;

"**MREL Disqualification Event**" means, if as a result of any amendment to, or change in, the Applicable Banking Regulations, or in the application or official interpretation thereof, in any case

becoming effective after the Issue Date, that at any time, on or following the MREL Requirement Date, all or part of the outstanding nominal amount of the Senior Non Preferred Notes or the Ordinary Senior Notes where "Ordinary Senior Notes - MREL Disqualification Event" has been specified as applicable in the relevant Final Terms does not fully qualify or ceases to qualify as MREL-Eligible Instruments of the Issuer and/or the Group, except where such non-qualification (i) is due solely to the remaining maturity of the relevant Notes being less than any period prescribed for MREL-Eligible Instruments by the Applicable Banking Regulations or (ii) is as a result of the relevant Notes being bought back by or on behalf of the Issuer or a buy-back of the relevant Notes which is funded by or on behalf of the Issuer or (iii) in the case of Ordinary Senior Notes where "Ordinary Senior Notes - MREL Disqualification Event" has been specified as applicable in the relevant Final Terms, is due to the relevant Ordinary Senior Notes not meeting any requirement in connection to their ranking upon insolvency of the Issuer or any limitation on the amount of such Notes that may be eligible for inclusion in the amount of MREL-Eligible Instruments of the Issuer and/or the Group;

"**MREL-Eligible Instrument**" means an instrument that complies with the MREL Requirements;

"**MREL Requirement Date**" means the time from which the Issuer and/or the Group is obliged to meet any MREL Requirements; and

"**MREL Requirements**" means minimum requirement for own funds and eligible liabilities applicable to the Issuer and/or the Group under the Applicable Banking Regulations.

(g) Redemption at the Option of Noteholders

If, in relation to Senior Notes only, Put Option is specified in the relevant Final Terms, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms), redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons (if any) and unexchanged Talons (if any)) provided that no deposit of Notes will be required in respect of Book Entry Notes with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(h) Purchases

The Issuer and any of its Subsidiaries may purchase Notes (provided that all unmatured Coupons (if any) comply with any applicable laws and unexchanged Talons (if any) relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

In respect of the Subordinated Notes, Senior Non Preferred Notes and certain Ordinary Senior Notes intended by the Issuer to be eligible liabilities for the purposes of the Applicable Banking Regulations, in each case subject to the provisions of Condition 6(k), the Issuer (if and to the extent then required), any of its Subsidiaries and any undertaking in which the Issuer has participation in the form of ownership, direct or by way of control, of 20 per cent. or more of the voting rights or capital of that undertaking, may purchase Subordinated Notes, Senior Non Preferred Notes or Ordinary Senior Notes, as the case may be (provided that all unmatured Coupons (if any) comply with any applicable laws and unexchanged Talons (if any) relating thereto are attached thereto or surrendered therewith), in the open market or otherwise at any price.

(i) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons (if any) and all unexchanged Talons (if any) to the Issuing and Paying Agent or in accordance with Interbolsa regulations in the case of Book Entry Notes and, in the case of Registered Notes, by

surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons (if any) and unexchanged Talons (if any) attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

(j) Substitution and Variation of Notes

Where "Capital Disqualification Event – Substitution and Variation" or "MREL Disqualification Event – Substitution and Variation", as the case may be, is specified as "Applicable" in the relevant Final Terms and the Issuer has satisfied the Trustee that a Capital Disqualification Event (as defined in Condition 6(e)) or, as the case may be, an MREL Disqualification Event (as defined in Condition 6(f)), has occurred and is continuing, then the Issuer may, subject to the provisions of Condition 6(k) (without any requirement for the consent or approval of the Noteholders or the Trustee (subject to the notice requirements below)) either substitute all (but not some only) of the relevant Notes for, or vary the terms of the relevant Notes such that they remain or, as appropriate, become, Compliant Securities. Upon the expiry of the notice required by this Condition 6(j), the Issuer shall either vary the terms of, or substitute, the relevant Notes in accordance with this Condition 6(j), as the case may be and, subject as set out below, the Trustee shall agree to such substitution or variation.

In connection with any substitution or variation in accordance with this Condition 6(j), the Issuer shall comply with the rules of any stock exchange on which such Notes are for the time being listed or admitted to trading.

Any substitution or variation in accordance with this Condition 6(j) is subject to (a) the Issuer giving not less than 30 nor more than 60 calendar days' notice to the Noteholders and the Couponholders, the Trustee and the Paying Agents in accordance with Condition 16, which notice shall be irrevocable and (b) prior to the issuance of the relevant securities, the Issuer delivering a certificate to the Trustee signed by two authorised signatories of the Issuer certifying (i) that the relevant securities will be Compliant Securities and (ii) that such securities will not have terms materially less favourable to Noteholders than the terms of the relevant Notes.

Any substitution or variation in accordance with this Condition 6(j) shall not give the Issuer an option to redeem the relevant Notes under the Conditions.

The Trustee shall (subject to receipt of certification from the Issuer as referred to above) concur in the substitution of the relevant Notes for, or the variation of the terms of the relevant Notes so that they remain or become, Compliant Securities, provided that the Trustee shall not be obliged to concur in any such substitution or variation if the terms of the proposed alternative Compliant Securities or the concurring in such substitution or variation would, in the Trustee's opinion, impose more onerous obligations upon it, expose it to any additional duties, responsibilities or liabilities or require the Trustee to incur any liability in respect of which it is not indemnified and/or secured and/or prefunded to its satisfaction.

For the purposes of this Condition 6(j):

"**Compliant Securities**" means securities that:

(a) are issued by the Issuer;

(b) rank equally with the ranking of the relevant Notes;

(c) have terms not materially less favourable to Noteholders than the terms of the relevant Notes (as reasonably determined by the Issuer in consultation with an independent investment bank of international standing), provided that such securities:

(1) contain terms such that they qualify as Tier 2 Capital or MREL-Eligible Instruments, as the case may be; and

(2) include terms which provide for the same (or, from a Noteholder's perspective, more favourable) Rate of Interest from time to time, Interest Payment Dates, Maturity Date

and Early Redemption Amount(s) as apply from time to time to the relevant Series of Notes immediately prior to such substitution or variation; and

(3) shall preserve any existing rights under the Conditions to any accrued interest, principal and/or premium which has not been satisfied; and

(4) do not contain terms providing for the mandatory or voluntary deferral of payments of principal and/or interest; and

(5) do not contain terms providing for loss absorption through principal write down, write-off or conversion to ordinary shares, other than through the application of statutory powers pursuant to the Applicable Banking Regulations; and

(6) do not contain terms such that redemption pursuant to any one or more of Conditions 6(c), (e) or (f) could occur upon, or be foreseeable as a result of, such substitution or variation.

(d) are listed on (i) the regulated market of the Luxembourg Stock Exchange or (ii) such other EEA regulated market as selected by the Issuer and approved in writing by the Trustee; and

(e) where the relevant Notes which have been substituted or varied had a published rating from a Rating Agency immediately prior to their substitution or variation each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Notes as substituted or varied.

"**Rating Agency**" means S&P Global Ratings Europe Limited Moody's Investors Service Ltd., Fitch Ratings Limited or DBRS Ratings GmbH or their respective successors.

(k) Pre-conditions to Redemption, Purchase, Substitution or Variation of Notes

Any redemption, purchase, substitution or variation of Notes in accordance with Conditions 6(c), (d), (e), (f), (g), (h) and (j) is subject to:

(a) the Issuer having obtained the prior consent or permission of the Competent Authority if and as required therefor under the Applicable Banking Regulations in force at the relevant time; and

(b) compliance with any other pre-conditions to, or requirements applicable to, such redemption, purchase, substitution or variation as may be required by the relevant Competent Authority or the Applicable Banking Regulations in force at the relevant time; and

(c) in the case of Conditions 6(c), (d), (e), (f) and (j) only, prior to the publication of any notice of early redemption or substitution or variation pursuant to those provisions, the Issuer having delivered to the Trustee (in the case of Notes other than Book Entry Notes) or the Portuguese Paying Agent (in the case of Book Entry Notes) a certificate signed by two authorised signatories of the Issuer stating that the relevant events giving rise to the early redemption of the relevant Notes, or the right to substitute or vary the relevant Notes, as the case may be, has occurred and is continuing as at the date of the certificate and, in the case of a certificate delivered in connection with Condition 6(c) only, a statement that the obligation referred to in Condition 6(c)(i) above cannot be avoided by the Issuer taking reasonable measures available to it, and the Trustee or the Portuguese Paying Agent, as the case may be, shall be entitled to accept such certificate without any further inquiry as sufficient evidence of the occurrence of such relevant events, and the satisfaction of the condition precedent set out in Condition 6(c)(ii) in the case of a certificate delivered in connection with Condition 6(c), in which case it shall be conclusive and binding on the Trustee, the Noteholders, the Couponholders and the Paying Agents.

In the case of Ordinary Senior Notes, the consent or permission of the Competent Authority for any purchase or redemption prior to the relevant Maturity Date will not be required where the Notes are not, or have not been, eligible to qualify as eligible liabilities pursuant to the Applicable Banking Regulations.

7 Payments and Talons

(a) Bearer Notes and Book Entry Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(i)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by transfer to an account denominated in the relevant currency with, a Bank. "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

Payments in respect of the Book Entry Notes will be made by transfer to the registered account of the Noteholder maintained by or on behalf of it with a bank that processes payments in the relevant currency, details of which appear in the records of the relevant affiliated member of Interbolsa at the close of business on the Payment Business Day (as defined below) before the due date for payment of principal and/or interest.

"**Payment Business Day**" means a day which (subject to Condition 8):

(a) is or falls before the due date for payment of principal and/or interest; and

(b) is a TARGET Settlement Day.

(b) Registered Notes

(i) Payments of Principal

Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Payments of Interest

Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth DTC business day (meaning any day on which DTC (as defined in Condition 7(b)(iv)), is open for business) before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency by transfer to an account in the relevant currency maintained by the payee with a Bank.

(iii) Payment Initiation

Where payment is to be made by transfer to an account in the relevant Specified Currency, payment instructions (for value the date, or if that is not a relevant Business Day, for value the first following day which is a relevant Business Day) will be initiated on the last day on which the Paying Agent is open for business on the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent, on a day on which the Paying Agent is open for business and on which the relevant Certificate is surrendered.

(iv) Payments Through The Depository Trust Company

Registered Notes, if so specified on them, will be issued in the form of one or more Certificates registered in the name of, or in the name of a nominee for, The Depository Trust Company ("**DTC**"). Payments of principal and interest in respect of Registered Notes denominated in U.S. dollars will be made in accordance with Conditions 7(b)(i), (ii) and (iii). Payments of principal and interest in respect of Registered Notes registered in the name of, or in the name of

a nominee for, DTC and denominated in a Specified Currency other than U.S. dollars will be made or procured to be made by the Paying Agent in the relevant Specified Currency in accordance with the following provisions. The amounts in such Specified Currency payable by the Paying Agent or its agent to DTC with respect to Registered Notes held by DTC or its nominee will be received from the Issuer by the Paying Agent who will make payments in such Specified Currency by wire transfer of same day funds to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payment, on or prior to the third DTC business day after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 DTC business days prior to the relevant payment date, to receive payments in such Specified Currency. The Paying Agent, after the Exchange Agent has converted amounts in such Specified Currency into U.S. dollars, will deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency.

(v) Delay in Payment

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a business day, if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(vi) Payment Not Made in Full

If the amount of principal or interest which is due on any Registered Note is not paid in full, the Registrar will annotate the Register with a record of the amount of principal or interest, if any, in fact paid on such Registered Note.

(c) Payments in the United States

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) Payments subject to Fiscal Laws

Save as provided in Condition 8, all payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws to which the Issuer or the Paying Agents agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed by such laws, regulations, directives or agreements. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) Appointment of Agents

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents, the Exchange Agent and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents, the Exchange Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at

least two major European cities, (vi) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed, as approved by the Trustee, and (vii) an Exchange Agent in relation to Registered Notes.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 16.

(f) Unmatured Coupons and unexchanged Talons

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unmatured Coupons (if any) relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon (if any) relating to such Note (whether or not attached) shall become void and no Coupon (if any) shall be delivered in respect of such Talon.

(iv) Where any Bearer Note that provides that the relative unmatured Coupons (if any) are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons (if any), and where any Bearer Note is presented for redemption without any unexchanged Talon (if any) relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) Other than in respect of Book Entry Notes, if the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender, if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon (if any) forming part of such Coupon sheet may be surrendered at a specified office of the Paying Agents in exchange for a further Coupon sheet (and, if necessary, another Talon for a further Coupon sheet) (but excluding any Coupons (if any) that may have become void pursuant to Condition 9).

(h) Non-Business Days

If any date for payment in respect of any Note or Coupon (if any) is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation or in Portugal in the case of Book Entry Notes, in such jurisdictions as shall be specified as "**Additional Financial Centres**" in the relevant Final Terms and: (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) (in the case of a payment in euro) which is a TARGET Business Day.

8 Taxation

(a) Payments free of Withholding Tax

All payments of principal and interest in respect of the Notes and the Coupons (if any) shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within [France][(2)] [Portugal][(1)] or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Payments of interest and other types of remuneration on the Notes and the Coupons will be made without withholding or deduction for or on account of taxes imposed or levied by or on behalf of the Republic of Portugal where the relevant proof of non-residence status has been provided by the Noteholders and Couponholders to the direct registration entity prior to the Relevant Date. Where no such relevant proof of non-residence status is provided in the terms below by Noteholders or Couponholders, payments of interest and other types of remuneration to such Noteholders or Couponholders will, as set out below, be made subject to deduction of withholding tax by or on behalf of the Republic of Portugal.

[All payments of principal, interest and other revenues by CGDFB in respect of Notes issued by CGDFB shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law].[(2)]

(b) Additional Amounts

If applicable law should require that payments of principal or interest in respect of the Notes and the Coupons be subject to deduction or withholding in respect of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or within [France][(2)][Portugal][(1)] or any political subdivision or any authority therein or thereof having power to tax, in respect of payments of principal and interest in the case of Ordinary Senior Notes, or in respect of payments of interest (but not principal or any other amount) in the case of Subordinated Notes and Senior Non Preferred Notes, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them (in respect of payments of interest only, in the case of Subordinated Notes and Senior Non Preferred Notes) had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

(i) Other Connection

to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with [France][(2)][Portugal][(1)] other than the mere holding of the Note or Coupon; or

(ii) Lawful Avoidance of Withholding

(aa) to, or to a third party on behalf of, the effective beneficiary of the Notes in respect of whom the information and documentation (which may include certificates) required in order to comply with Decree-Law 193/2005, of 7 November 2005, and any implementing legislation, is not received before the Relevant Date; or

(bb) to, or to a third party on behalf of, the effective beneficiary of the Notes (i) in respect of whom the information and documentation required by Portuguese law in order to comply with any applicable tax treaty is not received before the Relevant Date, and (ii) who is resident in one of the contracting states; or

(cc) to, or to a third party on behalf of, the effective beneficiary of the Notes resident for tax purposes in a country, territory or region subject to clearly a more favourable tax regime included in the list approved by Ministerial Order n. 150/2004, of 13 February 2004 (Portaria do Ministro das Finanças e da Administração Pública n. 150/2004) as amended from time to time, issued by the Portuguese Minister of Finance and Public Administration, with the exception of (a) central banks and governmental agencies, as well as international institutions recognised by the Tax Jurisdiction of those tax haven jurisdictions and (b) tax haven jurisdictions which have a double taxation treaty in force or a tax information exchange agreement in force with Portugal; or

(dd) to, or to a third party on behalf of (i) an effective beneficiary of the Notes who is a Portuguese resident legal entity subject to Portuguese corporation tax with the exception of entities that benefit from a Portuguese withholding tax waiver or from Portuguese income tax exemptions, or (ii) a legal entity not resident in Portugal acting with respect to the holding of the Notes through a permanent establishment in Portugal except whenever it benefits from a Portuguese withholding tax waiver; or

(ee) presented for payment by or on behalf of a Noteholder where the income on the Notes is paid to accounts opened in the name of one or several accountholders acting on behalf of undisclosed third entities; or

(iii) Presentation more than 30 days after the Relevant Date

presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day.

Notwithstanding any other provision of the Terms and Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of a FATCA Withholding.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5, or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall, where applicable, be

deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

9 Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 20 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

If any of the following events ("**Events of Default**") occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

(a) In the case of Ordinary Senior Notes

This Condition 10(a) applies to Ordinary Senior Notes unless the relevant Final Terms expressly specify Condition 10(a) as being "Not Applicable".

(i) Non-Payment

Default is made for a period of 10 business days or more in the payment of any principal or interest in respect of the Notes or any of them after the due date therefor; or

(ii) Breach of Other Obligations

the Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed, which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not remedied within 20 business days (or such longer period as the Trustee may permit) after notice of such default shall have been given to the Issuer by the Trustee; or

(iii) Cross Default

(D) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries (as defined below) for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described); or

(E) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period; or

(F) the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided, in every case, that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (iii) have occurred equals or exceeds the higher of U.S.$20,000,000 (or its equivalent in other currencies) or 1 per cent. of the Shareholders' Equity of CGD; or

(iv) Enforcement Proceedings

a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and adequate steps to stop and remedy such situation are not taken by CGD provided that (a) the claim in such distress, attachment, execution or other legal process exceeds

U.S.$500,000 (or its equivalent in other currencies) in each case and (b) such distress, attachment, execution or other legal process is not, in the opinion of the Trustee, vexatious or frivolous; or

(v) Security Enforced

any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and adequate steps to stop and remedy such situation are not taken by CGD; or

(vi) Cessation of Business

the Issuer or any Principal Subsidiary shall cease to carry on the whole or, in the opinion of the Trustee, substantially the whole of its business except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or

(vii) Insolvency

the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of the debts of the Issuer or any of its Principal Subsidiaries; or

(viii) Winding-up

an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries, or the Issuer or any of its Principal Subsidiaries ceases or through an official action of its Board of Directors threatens to cease to carry on all or (in the opinion of the Trustee) a substantial part of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or

(ix) Authorisation and Consents

any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes and the Trust Deed admissible in evidence in the courts of [Portugal][(1)][France][(2)] is not taken, fulfilled or done; or

(x) Illegality

it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed; or

(xi) Analogous Events

any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs,

provided that, except in the case of paragraphs (i) and (viii) (in the case of winding-up or dissolution), the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

For the purpose of these Conditions:

"**Accounts**" means the most recent annual audited consolidated accounts prepared by the Issuer in accordance with generally accepted accounting principles in the jurisdiction of incorporation of the Issuer;

"**Group**" means CGD and its Subsidiaries;

"**Principal Subsidiary**" at any time shall mean, in relation to the Issuer, any Subsidiary:

(i) whose net assets (as shown by the then most recent audited balance sheet of such Subsidiary and attributable to the Issuer) constitutes at least 10 per cent. of the consolidated net assets of the Group (as shown in the then latest Accounts); or

(ii) whose turnover (as shown by its latest audited profit and loss account of such Subsidiary and attributable to the Issuer) constitutes at least 10 per cent. of the consolidated turnover of the Group (as shown in the latest Accounts),

provided that, if a Subsidiary itself has subsidiaries and produces in respect of any year an audited consolidated balance sheet of such Subsidiary and its subsidiaries, the reference above to business assets of such Subsidiary shall be construed as a reference to business assets of such Subsidiary and its consolidated subsidiaries and the reference to the then most recent audited balance sheet of such Subsidiary shall be construed as a reference to the then most recent audited consolidated balance sheet of such Subsidiary and its consolidated subsidiaries.

A report by the Auditors (as defined in the Trust Deed) of the Issuer that in their opinion a Subsidiary is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties;

"**Subsidiary**" means, in relation to the Issuer, any entity whose affairs are required by law or in accordance with generally accepted accounting principles applicable in the jurisdiction of incorporation of the Issuer, to be consolidated in the consolidated accounts of the Issuer; and

"**Shareholders' Equity of CGD**" means, at any relevant time, a sum equal to the aggregate of CGD's shareholders' equity as certified by the Auditors (as defined in the Trust Deed) of CGD by reference to the latest audited consolidated financial statements of CGD.

(b) In the case of Senior Non Preferred Notes, Subordinated Notes and certain Ordinary Senior Notes

This Condition 10(b) only applies if the Note is (i) a Senior Non Preferred Note, (ii) a Subordinated Note or (iii) an Ordinary Senior Note where the relevant Final Terms expressly specify Condition 10(a) as being "Not Applicable", and references in this Condition 10(b) to Notes shall be construed accordingly.

If any one or more of the following events (each an "**Event of Default**") shall occur:

(i) bankruptcy or insolvency proceedings are commenced by a court against the Issuer or the Issuer institutes such proceedings; or

(ii) if otherwise than on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, an order is made or an effective resolution is passed by the Issuer's shareholders for the winding-up of the Issuer,

the Trustee may at its discretion, and if so requested by holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Issuer that the relevant Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount as defined in Condition 6(b)(ii) together with accrued interest as provided in the Trust Deed.

Without prejudice to Conditions 10(b)(i) and 10(b)(ii) above, if the Issuer breaches any of its obligations under the Trust Deed or the relevant Notes or relative Coupons of the relevant series (other than any payment obligation of the Issuer under or arising from the Trust Deed or the relevant Notes or relative Coupons of the relevant series, including, without limitation, payment of any principal or interest in respect of such Notes or relative Coupons and any damages awarded for breach of any obligations), then the Trustee may, subject as provided below, at its discretion and without further notice, bring such proceedings as it may think fit to enforce the obligation in question provided that the Issuer shall not, as a result of the bringing of any such proceeding, be obliged to pay any sum sooner than the same would otherwise have been payable by it. However, nothing in this Condition 10(b) shall prevent the Trustee instituting proceedings for the winding-up of the Issuer and/or proving in any winding-up of the Issuer in respect of any payment obligations of the Issuer pursuant to or arising from the relevant Notes, the Coupons relating thereto or the Trust Deed (including any damages awarded for breach of any such obligation).

For the sake of clarity, the provisions of these Conditions governing the relevant Notes do not give the Trustee the right to accelerate the future scheduled payments of interest or principal, other than in the case of Condition 10(b)(i) or 10 (b)(ii), as provided for in Article 63(l) of the CRR.

For the purpose of this Condition 10(b) only, notwithstanding the Trustee having given notice that the relevant Notes are immediately due and repayable, the Issuer may (if and to the extent required by Applicable Banking Regulations at the relevant time) only redeem such Notes prior to maturity with the prior consent or approval of the Competent Authority.

There can be no assurance that the Competent Authority will give its consent or approval to any such redemption; Noteholders should be aware of the fact that the consent or approval of the Competent Authority will depend on the capital adequacy of the Issuer at the relevant time.

(c) In the case of both Senior Notes and Subordinated Notes

(i) The Trustee shall be bound to take action as referred to in paragraphs (a) and/or (b) above only if (a) it shall have been so requested in writing by Noteholders holding not less than one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders and (b) it shall have been indemnified and/or secured and/or prefunded (whether by payment in advance or otherwise) to its satisfaction.

(ii) No Noteholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing. No Holder shall be entitled to institute proceedings for the winding-up of the Issuer, except that if the Trustee, having become bound to institute such proceedings as aforesaid, fails to do so or, being able and bound to submit a claim in such winding-up, fails to do so, in each case within a reasonable period and such failure is continuing, then any such holder may itself institute proceedings for the winding-up of the Issuer and/or submit a claim in such winding-up to the same extent (but no further or otherwise) that the Trustee would have been entitled to do.

11 Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed and, in relation to Book Entry Notes only, the Instrument contain provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Trustee upon written request by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding (subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction). The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing

Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown in the relevant Final Terms, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be completed in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

(b) Modifications

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is (in the opinion of the Trustee) of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Conditions or of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. In the case of Subordinated Notes (and, if and to the extent required by Applicable Banking Regulations at the relevant time, the Senior Non Preferred Notes and Ordinary Senior Notes intended by the Issuer to be eligible liabilities for the purposes of the Applicable Banking Regulations), such modifications may only be made with the prior consent, approval or permission of the Competent Authority. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

In addition, the Issuer and the Trustee shall, without the consent of the Noteholders, effect such consequential amendments to these Conditions and/or the Trust Deed as may be required in order to give effect to the application of Condition 5(i).

(c) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or of any other Subsidiary of CGD in place of the Issuer, or of any previous substitute, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution, the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) Entitlement of the Trustee

In connection with the exercise of its functions (including, but not limited to, those referred to in this Condition), the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12 Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons (if any), but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing. Other than as referred to in or envisaged by Condition 10 or this Condition 12, no remedy against the Issuer shall be available to the Trustee, the Noteholders or the Couponholders, whether for the recovery of amounts owing in respect of the Notes or Coupons or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or Coupons or under the Trust Deed.

13 Protections of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without further enquiry and without further liability to Noteholders, Couponholders or any other person for so doing on a report, confirmation, certificate or any advice of any accountants, financial advisors, financial institutions or any other experts, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate or advice and such report, confirmation, certificate or advice shall be binding on the Issuer, the Trustee, the Noteholders, the Couponholders and the Paying Agents.

14 Replacement of Notes, Certificates, Coupons and Talons

If a Note (other than Book Entry Notes), Certificate, Coupon (if any) or Talon (if any) is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority requirements, at the specified office of the Issuing and Paying Agent in Luxembourg (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon (if any) or Talon (if any) is subsequently presented for payment or, as the case may be, for exchange for further Coupons (if any), there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons (if any) must be surrendered before replacements will be issued.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed and, in relation to Book Entry Notes only, the Instrument contain provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

16 Notices

Notices to the holders of Registered Notes pursuant to the Conditions shall be valid, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, if published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) or in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if not so listed, shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes pursuant to the Conditions shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times) and so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, on the website of the Luxembourg Stock Exchange *(www.bourse.lu*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

The Issuer shall comply with Portuguese law in respect of Notices relating to Book Entry Notes.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

17 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term and conditions of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed except Clauses 3.1, 3.2, 3.3 and 3.5, the Notes except Conditions 3 and 18(e), the Coupons (if any) and the Talons (if any) and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law save that, with respect to Book Entry Notes only, the form (*representação formal*) and transfer of the Notes, creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes, are governed by, and shall be construed in accordance with, Portuguese law. Clause 3 (with the exception of Clause 3.4) of the Trust Deed and Conditions 3 and 18(e) are governed by, and shall be construed in accordance with, Portuguese law.

(b) Jurisdiction

The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons (if any) and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons (if any) or Talons (if any) ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed or the Instrument, as the case may be, irrevocably submitted to the jurisdiction of such courts.

(c) Service of Process

The Issuer has irrevocably appointed Caixa Geral de Depósitos, S.A., London representative office at its offices presently located at The Monument Building, 11 Monument Street, London EC3R 8AF as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

(d) Waiver of Immunity

The Issuer hereby irrevocably and unconditionally waives any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including, without limitation, the

making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

(e) Statutory Loss Absorption Power

Notwithstanding any other term of the Notes or any other agreements, arrangements, or understanding between the Issuer and any Noteholder, by its acquisition of the Notes, each Noteholder (which, for the purposes of this Condition 18(e), includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents to and agrees to be bound by:

(i) the effect of the exercise of any Portuguese Bail-in Power by the Relevant Resolution Authority, which exercise may result in either of the following, or a combination thereof: (a) the write down or cancellation of all, or a portion, of the Amounts Due on the Notes; and/or (b) the conversion of all, or a portion, of the Amounts Due on the Notes into shares, other securities or other obligations of the Issuer, the Group or another person (and the issue to or conferral on the Noteholder of such shares, securities or obligations); and

(ii) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of the Portuguese Bail-in Power by the Relevant Resolution Authority.

Upon the Issuer being informed or notified by the Relevant Resolution Authority of the actual exercise of any Portuguese Bail-in Power with respect to the Notes, the Issuer shall notify the Noteholders without delay. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Portuguese Bail-in Power nor the effects on the Notes described in this Condition 18(e).

The exercise of the Portuguese Bail-in Power by the Relevant Resolution Authority with respect to the Notes shall not constitute an event of default and the Conditions of the Notes shall continue to apply in relation to the residual principal amount of, or outstanding amount payable with respect to, the Notes subject to any modification of the amount of distributions payable to reflect the reduction of the principal amount, and any further modification of the terms that the Relevant Resolution Authority may decide in accordance with applicable laws and regulations, including the Institutions Act and the SRM Regulation, relating to the resolution of credit institutions, investment firms and/or the Group incorporated in Portugal.

Each Noteholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of any Portuguese Bail-in Power to the Notes.

The exercise of the Portuguese Bail-Power by the Relevant Resolution Authority pursuant to any relevant laws, regulations, rules or requirements in effect in the Republic of Portugal is not dependent on the application of this Condition 18(e).

For the purposes of these Conditions:

"**Amounts Due**" means the outstanding principal amount, together with any accrued but unpaid interest and additional amounts payable pursuant to Condition 8(b), if any, due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of the Portuguese Bail-in Power by the Relevant Resolution Authority;

"**Institutions Act**" means the "*Regime Geral das Instituições de Crédito e Sociedades Financeiras*" approved by Decree-Law 298/92, of 31 December 1992, as amended or superseded from time to time, laying down the Portuguese legal regime governing certain aspects of incorporation, organisation and operation of credit institutions, financial companies and investment firms;

"**Portuguese Bail-in Power**" is any statutory write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements relating to the resolution of credit institutions and investment firms incorporated in the Republic of Portugal, in effect and applicable to the Issuer, including the laws,

regulations, rules or requirements relating to (i) the transposition of the BRRD (including, but not limited to, Law No. 23-A/2015 of 26 March 2015, which amended the Institutions Act), (ii) the SRM Regulation, and (iii) the instruments, rules and standards created thereunder, pursuant to which any obligation of credit institutions or investment firms (or other affiliate of such entities) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of such credit institutions or investment firms or any other person (or suspended for a temporary period);

"**Relevant Resolution Authority**" means any authority with the ability to exercise the Portuguese Bail-in Power; and

"**SRM Regulation**" means Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the Single Resolution Mechanism and the Single Resolution Fund and amending Regulation (EU) No. 1093/2010, as amended or superseded from time to time.

OVERVIEW OF PROVISIONS RELATING TO THE NOTES CLEARED THROUGH EUROCLEAR OR CLEARSTREAM WHILE IN GLOBAL FORM

References in this section to the "Issuer" shall be references to the party specified as such in the relevant Final Terms.

Initial Issue of Notes

If the Global Notes are stated in the relevant Final Terms to be issued in NGN form, the Global Notes will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form and Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a Common Depositary or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time. The relevant clearing system will be notified whether or not the relevant Notes are intended to be held in a manner which would allow Eurosystem eligibility.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

1 Temporary Global Notes

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

Each Temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any Permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

In relation to any issue of Notes which are represented by a Temporary Global Note which is expressed to be exchangeable for definitive Bearer Notes at the option of Noteholders, such Notes shall be tradable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) and multiples thereof.

2 Permanent Global Notes

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "*Partial Exchange of Permanent Global Notes*", in part for Definitive Notes or, in the case of 2.1 below, Registered Notes:

2.1 if the Permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and

2.2 otherwise, (1) if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**") and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Issuing and Paying Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. Noteholders who hold Notes in the relevant clearing system in amounts that are not integral multiples of a Specified Denomination may need to purchase or sell, on or before the relevant Exchange Date, a principal amount of Notes such that their holding is an integral multiple of a Specified Denomination.

3 Permanent Global Certificates

If the Final Terms states that the Notes are to be represented by a Permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

3.1 if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

3.2 if principal in respect of any Notes is not paid when due; or

3.3 with the consent of the Issuer, provided that, in the case of the first transfer of part of a holding pursuant to 3.1 or 3.2 above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

4 Partial Exchange of Permanent Global Notes

For so long as a Permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the Permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes (i) if principal in respect of any Notes is not paid when due.

5 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be or, if the Global Note is an NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Prospectus, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form 42 set out in the Schedules to the Trust Deed. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

6 Exchange Date

"Exchange Date" means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The Temporary Global Notes, Permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with TEFRA D before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of CGNs represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 8(b)(iv) will apply to Definitive Notes only. If the Global Note is a NGN, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purposes of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(h).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

2 Prescription

Claims against the Issuer in respect of Notes that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of twenty years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

3 Meetings

The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each Note comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4 Cancellation

Cancellation of any Note represented by a Permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Note.

5 Purchase

Notes represented by a Permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest thereon.

6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other clearing system (as the case may be).

7 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note may be exercised by the holder of the Permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the Permanent Global Note is a CGN, presenting the Permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Where the Global Note is a NGN, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

8 NGN nominal amount

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

9 Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

10 Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note, except that so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and so long as the Notes may be listed on any other stock exchange, notices will be published in such manner as the rules of that stock exchange may require.

11 Registered Notes

Registered Notes of each Tranche of a Series which are sold in an "offshore transaction" within the meaning of Regulation S ("**Unrestricted Notes**") will initially be represented by interests in an Unrestricted Global Certificate, without interest coupons, deposited with a common nominee for, and registered in the name of a common nominee of, Clearstream, Luxembourg and Euroclear on its Issue Date. Registered Notes of such Tranche sold in the United States to qualified institutional buyers pursuant to Rule 144A ("**Restricted Notes**") will initially be represented by a Restricted Global Certificate, without interest coupons, deposited with a custodian for, and registered in the name of a nominee of, DTC on its Issue Date. Any Restricted Global Certificate and any individual definitive Restricted Notes will bear a legend applicable to purchasers who purchase the Registered Notes as described under "*Transfer Restrictions*".

Each Unrestricted Note will have a ISIN and Common Code and each Restricted Note will have a CUSIP number.

BOOK ENTRY NOTES HELD THROUGH INTERBOLSA

General

Securities cleared through Interbolsa are held through a centralised system ("*sistema centralizado*") composed by interconnected securities accounts, through which such securities (and inherent rights) are created, held and transferred, and which allows Interbolsa to control at all times the amount of securities so created, held and transferred. Issuers of securities, financial intermediaries, the Bank of Portugal and Interbolsa, as the controlling entity, all participate in such centralised system.

The centralised securities system of Interbolsa provides for all procedures required for the exercise of ownership rights inherent to the Book Entry Notes held through Interbolsa.

In relation to each issue of securities, Interbolsa's centralised system comprises, *inter alia*, (i) the issue account, opened by the relevant Issuer in the centralised system and which reflects the full amount of issued securities; and (ii) the control accounts opened by each of the financial intermediaries which participate in Interbolsa's centralised system, and which reflect the securities held by such participant on behalf of its customers in accordance with its individual securities accounts.

Book Entry Notes held through Interbolsa will be attributed an International Securities Identification Number ("**ISIN**" code) through the codification system of Interbolsa. These Book Entry Notes will be accepted and registered with CVM the centralised securities system managed and operated by Interbolsa and settled by Interbolsa's settlement system.

Form of the Book Entry Notes held through Interbolsa

The Book Entry Notes of each Series will be in book entry form and title to the Book Entry Notes will be evidenced by book entries in accordance with the provisions of the Portuguese Securities Code and the applicable Comissão do Mercado de Valores Mobiliários ("**CMVM**") and Interbolsa regulations. No physical document of title will be issued in respect of Book Entry Notes held through Interbolsa.

The Book Entry Notes of each Series will be registered in the relevant issue account opened by CGD with Interbolsa and will be held in control accounts by each Interbolsa Participant (as defined below) on behalf of the holders of the Book Entry Notes. Such control accounts reflect at all times the aggregate of Book Entry Notes held in the individual securities accounts opened with each of the Interbolsa Participants. The expression "Interbolsa Participant" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of their customers and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg for the purpose of holding accounts on behalf of Euroclear and Clearstream, Luxembourg.

Each person shown in the records of an Interbolsa Participant as having an interest in Book Entry Notes shall be treated as the holder of the principal amount of the Book Entry Notes recorded therein.

Payment of principal and interest in respect of Book Entry Notes held through Interbolsa

Whilst the Book Entry Notes are held through Interbolsa, (i) payment of principal and interest in euros in respect of the Book Entry Notes will be (a) credited, according to the procedures and regulations of Interbolsa, by the relevant Paying Agent (acting on behalf of the Issuer) from the payment current account which the Paying Agent has indicated to, and has been accepted by, Interbolsa to be used on the Paying Agent's behalf for payments in respect of securities held through Interbolsa to the payment current accounts held according to the applicable procedures and regulations of Interbolsa by the Interbolsa Participants whose control accounts with Interbolsa are credited with such Book Entry Notes and thereafter (b) credited by such Interbolsa Participants from the aforementioned payment current accounts to the accounts of the owners of those Book Entry Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Book Entry Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be (ii) payment of principal and interest in currencies other than euros in respect of the Book Entry Notes will be (a) transferred, on the payment date and according to the procedures and regulations applicable by Interbolsa, from the account held by the relevant Paying Agent in the Foreign Currency Settlement System (*Sistema de*

Liquidação em Moeda Estrangeira), managed by Caixa Geral de Depósitos, S.A., to the relevant accounts of the relevant Interbolsa Participants, and thereafter (b) transferred by such Interbolsa Participants from such relevant accounts to the accounts of the owners of those Book Entry Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Book Entry Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

Transfer of Book Entry Notes held through Interbolsa

Book Entry Notes held through Interbolsa may, subject to compliance with all applicable rules, restrictions and requirements of Interbolsa and Portuguese law, be transferred to a person who wishes to hold such Book Entry Notes. No owner of Book Entry Notes will be able to transfer such Book Entry Notes, except in accordance with Portuguese Law and the applicable procedures of Interbolsa.

USE OF PROCEEDS

The net proceeds from each issue of Notes by the Issuers under the Programme will be applied by the relevant Issuer for CGD Group's general corporate purposes.

DESCRIPTION OF THE CGD GROUP

History and Introduction

Caixa Geral de Depósitos, S.A. ("**CGD**") was created as a state bank by the legislative charter ("**Carta de Lei**") of 10 April 1876, with the main functions of collecting and administering legally required or judicially ordered deposits and issuing and managing government debt. It gradually expanded its operations to become a savings and investment bank. CGD was converted by Decree Law No. 287/93 into a state-owned joint-stock company ("*Sociedade Anónima de Capitais Exclusivamente Públicos*") on 20 August 1993, when its name was also changed to Caixa Geral de Depósitos, S.A. CGD is a full service bank. Its purpose consist of the provision of banking and investment services pursuant and subject to its articles of association and the limitations set out in the legislation applicable to Portuguese credit institutions and investment firms.

CGD's registered office is at Av. João XXI, no. 63, 1000-300 Lisbon, Portugal (tel.: (+351) 21 795 30 00/(+351) 21 790 50 00). CGD is registered with the Commercial Registry Office of Lisbon under the sole registration and taxpayer number 500 960 046.

Between the first quarter of 2017 and the second quarter of 2018, CGD implemented its 2017 Recapitalisation Plan in three phases, as further described below.

Ownership

CGD is a public limited company ("sociedade anónima") and is wholly owned by the Portuguese State. As such, it is regulated by the legislation applicable to public limited companies, in addition to the legislation applicable to Portuguese credit institutions and investment firms. The Portuguese State's ownership of CGD is expected to be maintained and reinforced in the current context of the Portuguese financial system. However, CGD is fully autonomous from the Portuguese State in respect of administrative and financial matters.

Recapitalisation Plan

2017 Recapitalisation Plan

CGD posted losses after 2012, mostly due to subdued growth in the Portuguese economy that affected credit concession by banks, but also due to the impact of provisions and impairments related to non-performing loans ("**NPLs**").

In order to continue its activities and to comply with increasing capital requirements, the Portuguese State, as CGD's sole shareholder, approved the 2017 Recapitalisation Plan, the various steps of which are described below. In order not to trigger State Aid rules, as per the agreement established with the European Commission, the 2017 Recapitalisation Plan needed to meet two conditions:

- CGD being able to sell the issue of subordinated debt instruments to private investors; and
- Implementation by CGD of a Strategic Plan between 2017 and 2020, designed to improve CGD's profitability and sustainability and to create value for the shareholder on similar terms to those which would be demanded by private investors in current market circumstances.

The 2017 Recapitalisation Plan and the Strategic Plan were approved by both the European Commission and the Portuguese State without triggering State Aid rules, as confirmed by a public notice issued on 10 March 2017 by the European Commission. Accordingly, no State Aid or other similar restrictions apply to CGD or the CGD Group in the context of the 2017 Recapitalisation Plan.

First Phase of the 2017 Recapitalisation Plan

The first phase of the 2017 Recapitalisation Plan was initiated with the sole shareholder's resolution on 4 January 2017, which saw an increase in CGD's share capital from €5,900,000,000 to €7,344,143,735 through the issuance of 288,828,747 new ordinary shares with a nominal value of €5.00 each, to be fully subscribed for and paid up by the Portuguese State as follows:

- €945,148,185 through the transfer of contingent convertible bonds subscribed for by the Portuguese State in 2012, with a nominal value of €900,000,000 plus accrued unpaid interest of €45,148,185;
- €498,995,550 (corresponding to the book value of the Portuguese State's equity stake in Parcaixa, SGPS, S.A.) through the transfer in-kind of 490,000,000 equity shares.

In addition, the following steps were taken:

- The use of the free reserves and legal reserve amounting to a total of €1,412,460,251 to cover the same amount of retained losses carried forward from past years;
- A reduction of CGD's share capital by an amount of €6,000,000,000, to €1,344,143,735, through the extinguishing of 1,200,000,000 shares with a nominal value of €5.00 each, to cover the retained losses of €1,404,506,311 and to set up a free reserve in the amount of €4,595,493,689.

Moreover, on 31 January 2017, eight members of CGD's Board of Directors were elected for a new term of office of four years, one as a non-executive member and seven as executive members. On 17 March 2017, four members of CGD's Board of Directors were elected as non-executive members for the 2017-2020 term.

Second Phase of the 2017 Recapitalisation Plan

- The second phase of the 2017 Recapitalisation Plan, comprised of (i) the issue of deeply subordinated notes ("**AT1 instruments**") in the amount of €500 million, and (ii) the €2,500 million cash injection by the Portuguese State, both of which took place on 30 March 2017. The €2,500 million cash injection was accounted for as share capital and led to an increase in CGD's share capital and common equity tier 1 capital from €1,344,143,735 to €3,844,143,735. These measures increased pro tanto CGD's Common Equity Tier 1 ("**CET1**") capital but had no impact on CGD's distributable items (as such items are defined in Regulation (EU) No. 575/2013, the "**Capital Requirements Regulation**" or "**CRR**") ("**Distributable Items**").
- In compliance with the legislation applicable to the incurrence of financial indebtedness by the Portuguese State, the Portuguese Government was specifically authorised by the Portuguese Parliament, under Article 118(5) of the 2017 Budget Act (approved by Law No. 42/2016 of 28 December 2016), to incur financial indebtedness of up to €2,700 million for the purposes of making the cash injection contemplated by the 2017 Recapitalisation Plan.

Third Phase of the 2017 Recapitalisation Plan

Under the 2017 Recapitalisation Plan, as agreed with the European Commission, an additional issuance of subordinated debt instruments was completed by CGD in June 2018, with the issue of €500 million Tier 2 securities to investors not related to the Portuguese State or Portuguese State Entities. Thus, the 2017 Recapitalisation Plan was successfully concluded within the established 18-month timeframe.

Strategic Plan

The Strategic Plan outlines CGD's strategy until 2020. The following section contains an overview of the Strategic Plan. There can be no assurances that CGD will be able to fully implement and meet all the targets of the Strategic Plan. The factors that may impact on CGD's ability to fully implement all of these targets are not solely within CGD's control. The targets described below are not forecasts and are not indicative of any expectation of performance by CGD. Some of the key background assumptions to the Strategic Plan are as follows:

- The Strategic Plan is based on a prudent macroeconomic scenario, namely with negative interest rates through 2020;
- The Strategic Plan assumes no fundamental changes in market share or launches of new lines of activity, so there is little dependence on growth assumptions, which the management team may be less in control of;

- The Strategic Plan assumes a significant restructuring of the operational platform, which corresponds to levers under the management team's control;
- The restructuring of CGD's international footprint, based on economic and strategic criteria, is intended to simplify and de-risk its subsidiary portfolio;
- The Strategic Plan includes an enhancement of the CGD Group's risk management practices, aimed at aligning CGD with market best practices;
- The re-evaluation of the loan and securities book will allow for the operation of normalised cost of risk; and
- Governance and remuneration conditions have been reviewed to allow CGD to compete as a market player.

The goal of the measures contained in the Strategic Plan is to improve CGD's overall performance, to ensure its long-term sustainability and the creation of value for its sole shareholder. As such, it builds on the following principles:

- Maintaining CGD's current leading position in the Portuguese market without fundamentally changing its current business model as a global bank;
- Increasing the operational efficiency of its domestic operations, combining this with a simplification of the Group structure and restructuring of its international portfolio;
- Targeting attractive average returns for the shareholder (greater than 5 per cent. as of 2018 and 9 per cent. as of 2020);
- Strengthening the CGD Group's solvency levels, aiming for a CET1 above 12 per cent. as of 2018 and above 14 per cent. as of 2020, on a consolidated basis;
- Maintaining an independent and accountable governance and management model.

The Strategic Plan builds upon the four strategic pillars described below. Selected metrics are associated with each pillar. These are targets, not forecasts. The targets are part of the Strategic Plan validated by the Directorate-General for Competition ("**DG Comp**"), which was one of the conditions required to be met in order to avoid the 2017 Recapitalisation Plan being considered State Aid.

CGD will ensure that the full and correct implementation of the Strategic Plan is continually monitored by an independent auditing institution and will provide reports, on a quarterly basis, to DG Comp (which will also be validated by such independent auditing institution) covering the financial and operational drivers of the Strategic Plan and presenting an overview of CGD's performance compared with the targets. If any of the targets are not met, CGD is committed to taking all necessary measures (including, but not limited to, pricing adjustments, further cost cutting or divestment of additional foreign assets) to ensure those targets are achieved.

Pillar 1

The first pillar of the Strategic Plan is based on the restructuring of CGD's asset portfolio and on the strengthening of its risk management model, with the aim of improving the solvency and resilience of the balance sheet.

Pillar 1 of the Strategic Plan is to be carried out through a set of initiatives aimed at ensuring that CGD's risk management is aligned with the highest international and regulatory standards and that a cost-efficient risk management business model is put in place. For these purposes, the following measures shall be implemented:

- Integrating finance and business priorities with risk management, including in the context of strategy/risk appetite, budgeting and performance management;
- Implementing a full "three-lines-of-defence" risk management model;
- Upgrading the compliance and audit infrastructure;
- Revising all the risk management processes;

- Improving the quality of capital measurement models;
- Improving legacy assets management; and
- Strengthening credit monitoring and recovery.

The process of translating these initiatives into short and medium-term actions has already started. More specifically, a detailed set of underwriting and NPL operational plans have been drawn up.

Based on the set of initiatives described above, CGD targeted the following:

- A decrease in its NPEs ratio from 16 per cent. as at 31 December 2016 to a level at or below 10 per cent. as at 31 December 2018 and continues to target a ratio of 7 per cent. by 31 December 2020. This ratio is determined by calculating NPEs as a proportion of the total portfolio. NPEs are material exposures which are more than 90 days past-due, including on-balance sheet and off-balance sheet exposures. The total portfolio includes debt instruments at amortised cost and irrevocable off-balance sheet exposures. In the first quarter of 2018, CGD updated its strategic and working plan for NPEs reduction, including real estate assets held for sale. The process was led by the Executive Committee and involved the different units of the bank responsible for managing, controlling and monitoring NPEs. As at 31 March 2019 NPEs stood at 6.1 per cent, in comparison to 6.7 per cent. as at 31 March 2018.
- A texas ratio at or below 80 per cent. as at 31 December 2018 and 70 per cent. by 31 December 2020. This ratio is determined by calculating non-performing exposures as a proportion of the aggregate of tangible equity and impairments in the balance sheet.
- A cost of risk ratio at or below 0.6 per cent. as at 31 December 2018 and through to 31 December 2020.

For the sake of clarity, the above are only targets, which may not be met due to several different factors.

As a consequence of the measures described above, CGD is aiming to improve its risk assessment procedures, which will in turn result in a lower expected cost of risk for new loans. It is expected that the additional coverage for non-performing loans reflected in the 2016 provisions and impairments will allow CGD to reduce the average cost of risk more quickly.

Pillar 2

The second pillar of the Strategic Plan focuses on adjusting CGD's domestic operational infrastructure to increase efficiency.

The key initiatives to be implemented to adjust the operational infrastructure focus on:

- Adjusting CGD's branch network by reducing the number of branches by 170 (to below 550 as at 31 December 2018 and below 480 by 31 December 2020) and maintaining a market share of branches of around 14 per cent.;
- Reducing headcount by 2,200 by 31 December 2020 (to below 7,750 as at 31 December 2018 and below 6,650 by 31 December 2020), in addition to the early retirement programme put in place in October 2016;
- Reducing external service expenses;
- Improving the management of human resources, including training; and
- Improving service levels and customer service through process digitalisation.

Based on the set of initiatives described above, CGD targeted the following:

- To reduce domestic operational costs from €834 million as at 31 December 2016 to a level below €780 million as at 31 December 2018 and below €720 million by 31 December 2020 (an overall reduction of 20 per cent.); and
- To reduce the domestic cost-to-income ratio from 82 per cent. as at 31 December 2016 to a level at or below 58 per cent. as at 31 December 2018 and 43 per cent. by 31 December 2020.

Pillar 3

Pillar 3 is centred on the restructuring of the international portfolio with the aim of focusing on selected geographies.

Based on the approach described above, CGD targeted the following:

- To reduce the number of international entities (including branches and subsidiaries) from 28 to a maximum of 15 by 31 December 2020;
- To reduce assets related to international activity from €23 billion in 2016 to a level at or below €12 billion by 31 December 2020;
- To reduce the cost to income related to international activity from 52 per cent. as at 31 December 2016 to a level at or below 50 per cent. as at 31 December 2018 and 45 per cent. by 31 December 2020; and
- To increase the return on equity of the international activity from 13 per cent. as at 31 December 2016 (not considering non-recurrent results and portfolios to be transferred to Portugal) to a minimum of 15 per cent. as at 31 December 2018 and a minimum of 15 per cent. by 31 December 2020.

To date, CGD's international portfolio has been mainly composed of nine subsidiaries and nine branches. In line with the overarching principle of reducing international risk and focusing on core geographies with a business affinity to Portugal, CGD will carry out a more focused approach, ensuring a review of its business and governance models of assets that it intends to keep and those that it intends to sell and divest in non-core geographies.

Pillar 4

Pillar 4 of the Strategic Plan focuses on modernising the commercial franchise of domestic operations to ensure sustainability. The key initiatives of this pillar include:

- The revision of the segmentation and upgrade of the retail offer;
- Digitalisation of customer experience;
- Revision of bancassurance and asset management models to support retail value propositions and the penetration of off-balance sheet products;
- Establishing a plan to improve share of wallet in small and medium-sized enterprises, capturing treasury and/or cash-management fees;
- The introduction of a risk- and capital-adjusted performance management system; and
- Credit process optimisation.

Based on the set of initiatives described above, CGD targeted the following for its activities in Portugal:

- Maintaining its business market share at around 24 per cent.
- To increase net interest income from €635 million as at 31 December 2016 to a level at or above €900 million as at 31 December 2018 and €1.1 billion by 31 December 2020;
- To increase net interest margin from 0.6 per cent. as at 31 December 2016 to above 0.8 per cent. as at 31 December 2018 and above 1.1 per cent. by 31 December 2020;
- To increase commissions as a percentage of total deposits and credit from 0.35 per cent. as at 31 December 2016 to a level at or above 0.40 per cent. as at 31 December 2018 and 0.45 per cent. by 31 December 2020; and
- To increase operating income as a percentage of the business volume (loans and deposits, excluding non-recurring items), from 1 per cent. as at 31 December 2016 to above 1.3 per cent. as at 31 December 2018 and above 1.5 per cent. by 31 December 2020.

In terms of net interest income and expense, market shares are assumed to be stable across most products and years, consistent with the overarching view of the Strategic Plan that CGD will remain a universal bank focused on the retail market. The plan projects modest increases in CGD's market share in areas where its current share is significantly below where it would be expected to be (for example, consumer credit and lending to small and medium-sized enterprises ("**SMEs**")). The plan also anticipates selected deleveraging in large corporate exposures and real estate.

The increase in net interest income is expected to be derived from three main sources: (i) a reduction in the cost of retail funding, as term deposits are refinanced at much lower rates; (ii) a reduction in the cost of wholesale funding, as some capital markets transactions issued in the last four years, with higher interest rates, are expected to mature without the need to be refinanced, therefore reducing their weight in the overall cost of funding; and (iii) the increase of operations in segments with a higher interest margin, such as SMEs and consumer loans, where CGD expects to increase its market share.

In 2018, CGD achieved and, in some cases, surpassed its targets set in its Strategic Plan, including the following:

- Return on equity reached 6.6 per cent. as at 31 December 2018 (above the target of 5 per cent.);
- Recurrent Cost to Income (domestic activity) stood at 52 per cent. as at 31 December 2018 (below the 58 per cent. target);
- Non-Performing Loan ratio reached 8.5 per cent. as at 31 December 2018 (below the 10 per cent. target); and
- CET1 Fully loaded stood at 14.7 per cent. as at 31 December 2018 (above the 12 per cent. target).

Corporate Governance

The current corporate governance model has been in place since 31 August 2016 and ensures effective separation between management and oversight functions. CGD's corporate bodies are the General Meeting (*Assembleia Geral*), the Board of Directors (*Conselho de Administração*), the Supervisory Board (*Conselho Fiscal*), the Statutory Auditor Firm (*Sociedade de Revisores Oficiais de Contas*) and the Secretary (*Secretário*).

The General Meeting is conducted under the direction of a General Meeting Board (*Mesa da Assembleia Geral*). The members of the General Meeting Board, Board of Directors, Supervisory Board and the Statutory Audit Firm are elected by the General Meeting. As the Portuguese State holds the entire share capital of CGD, all such members are selected by the Portuguese State. The Secretary is, however, appointed by the Board of Directors.

The members of CGD's corporate bodies are appointed for a term of four years and may be re-elected. The maximum number of successive terms of office of the members of the Board of Directors cannot exceed four terms, in accordance with CGD's articles of association.

The Board of Directors is responsible for the management, administration and representation of CGD. The Board of Directors appoints the Executive Committee, to which the Board of Directors delegates wide management powers and the day-to-day management of CGD.

Oversight functions are entrusted to the Supervisory Board, whose powers include supervising CGD's management, ensuring compliance with the law and with CGD's articles of association, verifying the accounts, supervising the procedure for preparing and disclosing financial information and the examination and auditing of CGD's financial statements, as well as supervising the independence of the statutory auditor firm whose primary function is to examine and certify the accounts.

Board of Directors

The following members of CGD's Board of Directors were elected for the 2017 to 2020 term. The elected Board of Directors has appointed the Executive Committee, which is composed of the executive members of the Board of Directors identified below.

CGD's Board of Directors consists of the following members:

Non-executive chairman	Emílio Rui da Veiga Peixoto Vilar
Vice-chairman and chief executive officer ("**CEO**")	Paulo José de Ribeiro Moita de Macedo
Executive member	Francisco Ravara Cary
Executive member	João Paulo Tudela Martins
Executive member	José António da Silva de Brito
Executive member	José João Guilherme
Executive member	Maria João Borges Carioca Rodrigues
Executive member	Nuno Alexandre de Carvalho Martins
Executive member	Carlos António Torroaes Albuquerque
Non-executive member	Ana Maria Machado Fernandes
Non-executive member	José Maria Monteiro de Azevedo Rodrigues
Non-executive member	Hans-Helmut Kotz
Non-executive member	Mary Jane Antenen
Non-executive member	Altina de Fatima Sebastian Gonzalez Villamarin

Except as provided below, the members of the Board of Directors were elected on 31 January 2017 and took up office on 1 February 2017. Mrs. Maria João Borges Carioca Rodrigues was elected on 31 January 2017 and took up office on 6 March 2017.

Mr. Carlos António Torroaes Albuquerque was elected on 2 August 2017 and took up office on that same date.

With effects from 30 April 2018, Mr. João José Amaral Tomaz resigned as member of the Board of Directors. Mrs. Mary Jane Antenen and Mrs. Altina de Fatima Sebastian Gonzalez Villamarin were appointed on 5 April 2018 as non-executive members of the Board of Directors, with no opposition on the part of the ECB as to the adequacy assessment of the proposed members.

In addition, non-executive Board member Mr. Alberto de Souto Miranda resigned on 17 February 2019 following his appointment as Deputy Secretary of State of Communications at the Ministry of Infrastructure and Housing.

The business address of each of the members of the Board of Directors is the Issuer's head office at Av. João XXI, No. 63, 1000-300 Lisbon.

Position of the members of the Board of Directors in other companies of the Group

Name	**Position**	**Companies**
Paulo José de Ribeiro Moita de Macedo	Chairman of the Board of Directors[(1)]	Fundação Caixa Geral de Depósitos - Culturgest
Francisco Ravara Cary	Chairman of the Board of Directors	Banco Caixa Geral – Brasil, S.A.
	Chairman of the Board of Directors	Banco Caixa Geral, S.A.
	Member of the Board of Directors	Banco Comercial e de Investimentos, S.A.
	Member of the Board of Directors	Banco Caixa Geral Angola, S.A.
	Member of the Board of Directors	Banco Nacional Ultramarino
	Chairman of the Board of	Caixa - Banco de Investimento,

Name	Position	Companies
Paulo José de Ribeiro Moita de Macedo	Chairman of the Board of Directors[1]	Fundação Caixa Geral de Depósitos - Culturgest
Francisco Ravara Cary	Chairman of the Board of Directors	Banco Caixa Geral – Brasil, S.A.
	Directors[2]	S.A.
	Chairman of the Board of Directors	Caixa Leasing e Factoring, SFC, S.A.
João Paulo Tudela Martins	Member of the Board of Directors	Banco Nacional Ultramarino
José António da Silva de Brito	Chairman of the Board of Directors	Caixa – Participações, SGPS, S.A.
	Chairman of the Board of Directors	Caixa Gestão de Ativos, SGPS, S.A.
José João Guilherme	Member of the Board of Directors	Banco Caixa Geral Angola, S.A.
	1st Vice-Chairman of the Board of Directors	Banco Comercial e de Investimentos, S.A.
	Chairman of the Board of Directors	Banco Nacional Ultramarino, S.A.
	Member of the Board of Directors	Caixa Leasing e Factoring, SFC, S.A.
	Chairman of the Board of Directors	Parbanca, SGPS
Maria João Borges Carioca Rodrigues	Member of the Board of Directors[2]	Caixa - Banco de Investimento, S.A.
Nuno Alexandre de Carvalho Martins	Vice-Chairman of the Board of Directors[2]	Caixa - Banco de Investimento, S.A.
	Chairman of the Board of Directors	Caixa Capital – Sociedade de Capital de Risco, S.A.
	Chairman of the Board of Directors	Caixa - Serviços Partilhados, ACE
Altina de Fatima Sebastian	Non-executive Board member	Banco Caixa Geral, S.A.
Gonzalez Villamarin	Chairman of the Nomination and Remuneration Committee	Banco Caixa Geral, S.A.
	Chairman of Audit Committee	Banco Caixa Geral, S.A.

Notes:

(1) The undertaking of this position is still pending approval from the competent authorities.

(2) Elected on 31 January 2019, with authorisation from the European Central Bank.

Relevant activities of the members of the Board of Directors outside the Group

Name	Position	Companies
Emílio Rui da Veiga Peixoto Vilar	Chairman of the Advisory Board(1)	Instituto Português de Oncologia
	Vice-Chairman of the Board of Directors	Museu Nacional de Arte Antiga
	Non-executive member of the Board of Directors	Fundação Calouste Gulbenkian
	Non-executive member of the Board of Directors	Partex Oil & Gas (Holdings) Corporation
	Member of the Higher University Council	Universidade Católica Portuguesa
	Chairman of the Advisory Board(1)	Associação dos Amigos do Hospital de Santa Maria
Paulo José de Ribeiro Moita de Macedo	Member of the Board of Directors	Associação Portuguesa de Bancos
Francisco Ravara Cary	Member of the Board of Directors	Locarent – Comp. Portuguesa Aluguer de Viaturas, S.A.
	Member of the Board of Directors	Fidelidade – Companhia de Seguros, S.A.
João Paulo Tudela Martins	Not applicable*	Not applicable*
José António da Silva de Brito	Member of the Board of Directors	Caixa Geral de Aposentações
José João Guilherme	Member of the Board of Directors	Câmara de Comércio e Indústria Luso-Chinesa
	Member of the Board of Directors	Fidelidade – Companhia de Seguros, S.A.
Maria João Borges Carioca Rodrigues	Member of the Board of Directors	SIBS Forward Payment Solutions, S.A.
	Member of the Board of Directors	SIBS SGPS, S.A.
	Chairman of the Board of Directors	Caixa Geral de Aposentações
Nuno Alexandre de Carvalho Martins	Not applicable*	Not applicable*
Carlos António Torroaes Albuquerque	Not applicable*	Not applicable*
Ana Maria Machado Fernandes	Not applicable*	Not applicable*
José Maria Monteiro de Azevedo Rodrigues	Statutory Auditor	ABC - Azevedo Rodrigues, Batalha, Costa & Associados, SROC, Lda.
	Associated Professor	ISCTE-IUL Instituto Universitário de Lisboa
Hans-Helmut Kotz	Responsible	SAFE Policy Center, Universidade Goethe (Frankfurt)
	Senior Consultant	McKinsey & Co.
	Independent Member of the Board of Directors	Eurex Clearing AG (Zurich)
	Member of the Advisory Board	Konstanz Seminar on Monetary Theory (Bona)

	Member of the Orientation Board	Revue d'Économie Financière (Paris)
	Member of the Scientific Council	Credit and Capital Markets
	Member of the Scientific Council	Centre Cournot pour la Recherche en Économie
	Member of the Scientific Council	Hamburg World Economic Institute
	Member of the Scientific Council	Fondation de la Banque Centrale du Luxembourg
Mary Jane Antenen	Member of the Advisory Board	Sonetec (FinTech-up) Switzerland
Altina de Fátima Sebastian	Board Member and Member of the Audit Committee	Grupo Empresarial San Jose
	Member of the Advisory Board	Expansión and Actualidad Económica
	Board Member	Council of the Portuguese Diaspora

Notes:

"Not applicable*" means no activities outside the CGD Group.

(1) This mandate has ended, but he still holds this position.

General Meeting Board

The following are the members of the General Meeting Board of CGD appointed for the 2017 to 2020 term, the business address of which is the Issuer's head office at Av. João XXI, No. 63, 1000-300 Lisbon:

Chairman	Paulo Mota Pinto
Vice-Chairman	Elsa Roncon Santos
Secretary	José Lourenço Soares

Supervisory Board

The following are the members of the Supervisory Board of CGD appointed for the 2016 to 2019 term, the business address of whom is the Issuer's head office at Av. João XXI, No. 63, 1000-300 Lisbon:

Chairman	Guilherme Valdemar Pereira de Oliveira Martins
Members	António Luis Traça Borges de Assunção
	Manuel Lázaro Oliveira de Brito
Alternative member	Nuno Filipe Abrantes Leal da Cunha Rodrigues

Position of the members of the General Meeting Board and Supervisory Board in other companies of the Group

The members of the General Meeting Board and the Supervisory Board do not hold any positions in other companies of the Group.

Relevant activities of the members of the General Meeting Board and Supervisory Board outside the Group

Name	Position	Companies
Paulo Mota Pinto	Chairman of the Fiscal Board	Nos, SGPS

Elsa Roncon Santos	Senior Advisor of the Board of Directors	CP – Comboios de Portugal
José Lourenço Soares	Not applicable*	Not applicable*
Guilherme Valdemar Pereira de Oliveira Martins	Chairman of the Board	Centro Nacional de Cultura
	Member of the Executive Board	Fundação Calouste Gulbenkian
	Corresponding Member	Academia das Ciências de Lisboa
	National Coordinator	European Year of Cultural Heritage
	Correspondent Member	Academia das Ciências de Lisboa
	Full Member	Academia da Marinha
	Academic Merit	Academia Portuguesa da História
	Professor	Universidade Lusíada
	Professor	Instituto Superior de Ciências Sociais e Políticas da Universidade Técnica de Lisboa (ISCSP)
António Luis Traça Borges de Assunção	Manager	Altauto Fahren (AF), Lda.
	Manager	VLX, Lda.
	Manager	Sinvegere, Lda.
	Teacher	Universidade Católica, Lisboa
Manuel Lázaro Oliveira de Brito	Manager	DFK & Associados, Sociedade de Revisores Oficiais de Contas, Lda.
Nuno Filipe Abrantes Leal da Cunha Rodrigues	Associated Professor	University of Lisbon School of Law
	Vice-Chairman	European Institute of the University of Lisbon School of Law
	Vice-Chairman	Institute for Economic, Financial and Tax Law of the University of Lisbon School of Law
	Full member	Scientific Council of the University of Lisbon School of Law
	Deputy advisor for legal affairs	Representative of the Republic for the Autonomous Region of Madeira

External Audit Firm and Statutory Auditor

On 18 May 2017, CGD appointed Ernst & Young Audit & Associados - SROC, S.A. ("**Ernst & Young**") as its Statutory Audit Company/External Auditor for the years 2017 to 2020.

As external auditors, Ernst & Young issued a report in respect of CGD's consolidated financial statements for the financial year ended 31 December 2018.

Conflicts of Interest

There are no potential conflicts of interest between any duties to CGD of any of the members of the Board of Directors, the Executive Committee or the Supervisory Board in respect of their private interests and/or other duties.

Relationship with the Portuguese State

Pursuant to Decree-Law 287/93 of 20 August 1993, as amended, CGD must remain under the ownership of the Portuguese State at all times. CGD may, on a contractual basis, undertake special functions considered to be of national interest.

CGD provides the Portuguese Government with banking and investment services in competition with other banks. CGD is also able to undertake any other functions specifically attributed to it by law, the manner and terms of which are defined in contracts entered into with the Portuguese Government.

The rights of the Portuguese State as shareholder are exercised by a representative appointed in accordance with a regulation issued by the Portuguese Minister of Finance.

CGD and its sole shareholder are required to comply with the principles of corporate governance established under Decree-Law 133/2013, of 3 October, as lastly amended by Law 42/2016, of 28 December, which aims to establish corporate governance best practices in state-owned companies and ensure that the control exercised by the Portuguese State is not abused.

These rules, amongst other things: (i) provide that the exercise of the Portuguese State's rights as shareholder should observe high standards of transparency and, therefore, the members of the Government who exercise the shareholding rights of the Portuguese State shall be clearly identified; (ii) provide that the Portuguese State shall establish the strategic guidelines and targets to be met by CGD and shall actively participate in the general shareholders' meetings; (iii) provide that the Portuguese State shall contribute to the establishment of principles of corporate responsibility and sustainable development and compliance by CGD, principles which should be evaluated annually by the Portuguese State; (iv) provide that the Portuguese State should ensure that CGD has adequate control and evaluation mechanisms, that the economic and financial information provided is accurate and reflects the actual situation of CGD and that CGD complies with best international and national corporate governance practices; (v) include rules on the structures of the administration and supervisory boards; (vi) include rules on remuneration and other rights; (vii) include rules on conflicts of interest and disclosure of material information; and (viii) provide that the Portuguese State shall act independently regarding the appointment of executive directors and also when acting as a client or as a service provider, taking into consideration market conditions.

CGD annually discloses its level of compliance with these corporate governance practices in an annex to its audited consolidated financial statements in respect of the relevant financial year. For the avoidance of doubt, any such annex is not incorporated by reference into this Prospectus.

Market Position

The statements in this section relating to the CGD Group's market position are based on calculations made by CGD using data produced by itself and/or obtained from other entities, which is contained or referred to in the management reports and information disclosed together with CGD's financial statements for the financial years ending 31 December 2017 and 2018. CGD is engaged in all areas of the Portuguese financial sector. It provides customers with a full range of financial products and services, ranging from traditional banking to investment banking, insurance, asset management, venture capital, brokerage, real estate and specialised credit services.

The CGD Group aims to maintain its current market position in Portugal. It intends to achieve this through its network of 1,064 branches (as at 31 December 2018), 574 of which are located in Portugal and 490 located abroad. As for its domestic office network, 77 branches were closed during 2018 and CGD Portugal comprises 522 physical branches, 26 self-service branches and 25 corporate offices.

Internationally, the CGD Group continued to redefine its presence in accordance with its Strategic Plan, aiming at rationalising the CGD Group's international structure, allowing for a capital release and reduction of risk profile, with a focus on geographies with a strong relationship with Portugal.

In 2018, for instance, the CGD Group opened 5 new branches by BCI in Mozambique. The New York branch was closed and the Zhuhai branch, which was inactive since 2017, was also closed.

During 2018, the buyers for CGD's stakes in Mercantile Bank Holding Limited (South Africa) and Banco Caixa Geral, S.A. (Spain) were chosen and the sale is expected to be concluded by the end of 2019. The sale of Banco Caixa Geral Brazil was also completed and the sale of Banco Comercial do Atlantico (Cape

Verde) was approved by the government, with CGD maintaining a presence in the Cape Verde market through Banco Interaltantico.

In 2018, the CGD Group had a leading position in most segments and key products, such as the individual domestic customers segment in Portugal, in terms of both deposits made with CGD and mortgages provided.

In respect of CGD's banking operations, it held a market share of 25.1 per cent. in the client deposits segment and a market share of 29 per cent. in the individual customers segment, each as at 31 December 2018.

In terms of total assets, the CGD Group had a market share of 23.1 per cent. in the Portuguese banking system, as at 31 December 2018, based on the statistics for banks' total assets, according to the Portuguese Banking Association and sourced from the Bank of Portugal and information from the Portuguese banking system.

CGD's domestic market share of loans and advances to customers, as at 31 December 2018, was 19.3 per cent., compared with 20.8 per cent. as at 31 December 2017. CGD's market share of the corporate and individual customer segments was 15.2 per cent. and 21 per cent., respectively, as at 31 December 2018, compared with17.1 per cent. and 22.2 per cent. as at 31 December 2017. Its market share of mortgage loans was 24.3 per cent. as at 31 December 2018, compared with 25.4 per cent. as at 31 December 2017.

Market shares are calculated taking into consideration the information published in the Monthly Statistical Bulletin available at *https://www.bportugal.pt/en/publicacao/statistical-bulletin?mlid=1906*

The CGD Group carries out domestic investment banking operations through its investment bank ("**CaixaBI**").

Internally, Caixa led the Investment Funds and Deposits, loans to households, payments and bank cards and digital, with 1.6 million customers at Caixadirecta.

In December 2018, Caixa Gestão de Activos, SGPS S.A., the Group's asset management company held by Caixagest, Fundger and CGD Pensões, was merged and incorporated in CGD and, as such, the total capital of these three companies became directly held by CGD. At the end of 2018, total assets under management by the three companies reached €27,772 million, an increase of 1 per cent. in comparison to 2017.

CGD continues to focus on developing its client base and currently offers a wide range of financial products and services to its customers. The development of cross-selling of CGD Group company products, through its branch network, continues to be one of the main objectives of the CGD Group in the future.

The Group's Geographic Markets

The CGD Group's international presence is focused on countries with cultural and economic ties to Portugal, mainly in Asia and Africa (Macao, Angola and Mozambique).

The CGD Group operates in European markets such as Spain (Banco Caixa Geral, with a total of 110 branches, and Caixa Banco de Investimento, CGD Spain Branch and Inmobiliária Caixa Geral (currently subject to a sale process) with one branch each), France (French branch with 48 branches), Belgium, Germany, United Kingdom (each with a representative office), and Switzerland with two representative offices (one from CGD and another from Banco Caixa Geral), and one representative office in Luxembourg (which is in the process of closing).

Overseas, the CGD Group holds a significant market share in particular due to its strong brand recognition in Africa, in countries including Mozambique (BCI, with 200 branches), Angola (Banco Caixa Geral Angola, with 38 branches), Cape Verde (Banco Interatlântico with nine branches, Banco Comercial do Atlântico with 34 branches and "A Promotora" with one branch) and São Tomé and Príncipe (12 branches). Mercantile Bank, which operates in South Africa and is currently subject to a sale process, has 12 branches.

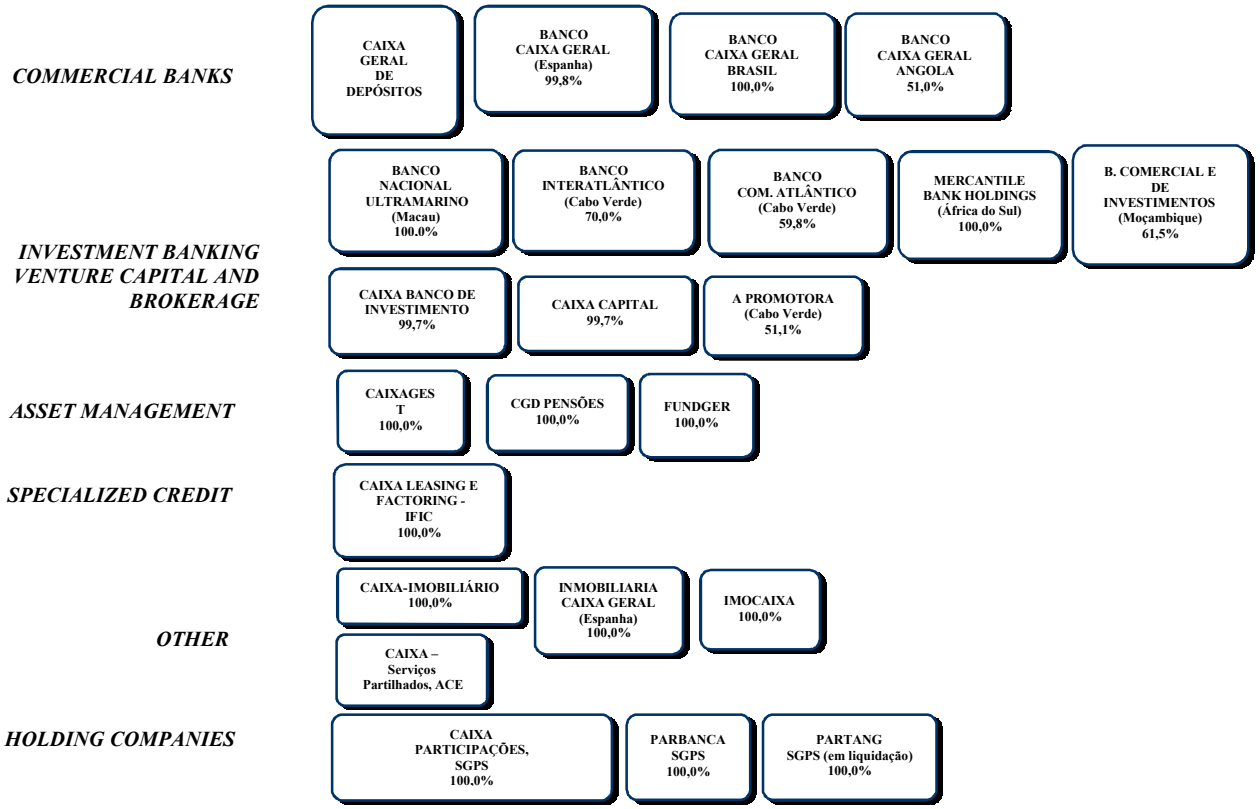
In Asia, CGD Group is present in Macao (Banco Nacional Ultramarino, with 20 branches), in Shanghai (with a single representative office), in East-Timor (14 branches), and India (two representative offices).

The CGD Group also maintains a presence in America with one representative office in Canada, one representative office in Mexico (which is currently subject to a sale process), Brazil (one branch operating as

Caixa Geral Brasil and one branch operating as CGD Investimentos) and Venezuela (two representative offices).

Group Structure

Set out below is a chart detailing the companies within the CGD Group and presenting CGD's or its subsidiaries' equity interest where appropriate, as at 31 March 2019.



Overview of Financial Information

Set out below in summary form are the audited consolidated financial statements (balance sheet, income statement and accounts) of the CGD Group for the years ended 31 December 2017 and 31 December 2018.

For further information, please also see the section entitled "*Documents Incorporated by Reference*".

Consolidated Balance Sheet

	31 December 2018			31 December 2017
Assets	**Amounts before impairment, amortisation and depreciation**	**Impairment, amortisation and depreciation**	**Net assets**	**Net assets**
		(€ thousand)		
Cash and cash equivalents at central banks..	5,606,735	—	5,606,735	4,620,893

Cash balances at other credit institutions ...	1,014,098	—	1,014,098	698,700
Loans and advances to credit institutions ...	2,202,031	(9,009)	2,193,022	3,028,694
	8,822,864	(9,009)	8,813,855	8,348,287
Financial assets at fair value through profit or loss	7,696,083	—	7,696,083	6,792,824
Financial assets at fair value through other comprehensive income	4,830,924	(4,758)	4,826,167	6,331,363
Financial assets with repurchase agreement	55,009	—	55,009	52,849
Hedging derivatives	5,524	—	5,524	7,413
Investments at amortized cost	3,924,213	(4,245)	3,919,967	2,626,819
	16,511,752	(9,003)	16,502,749	15,811,268
Loans and advances to customers	54,926,412	(3,336,927)	51,589,485	55,254,981
Non-current assets held for sale	6,962,470	(749,253)	6,213,217	6,756,508
Investment properties	809,963	—	809,963	897,818
Other tangible assets	1,485,831	(1,039,697)	446,134	588,612
Intangible assets.....	404,177	(340,867)	63,310	80,677
Investments in associates and jointly controlled entities	389,013	(469)	388,544	414,717
Current tax assets.....	44,620	—	44,620	34,883
Deferred tax assets	2,107,695	—	2,107,695	2,287,808
Other assets	2,315,134	(203,289)	2,111,845	2,772,355
Total assets	94,779,931	(5,688,513)	89,091,418	93,247,914

Consolidated Balance Sheet

Liabilities and Equity	**31 December 2018**	**31 December 2017**
	(€ thousand)	
Resources of central banks and other credit institutions.....	1,758,542	4,042,850
Customer resources and other loans.....	63,422,525	63,630,896
Debt securities	3,260,321	4,051,421
	68,441,388	71,725,167
Financial liabilities at fair value through profit or loss.....	737,818	1,060,339
Hedging derivatives	3,690	5,459
Non-current liabilities held for sale.....	5,396,454	5,783,829
Provisions for employee benefits	758,492	814,064
Provisions for guarantees and other commitments.....	211,769	328,437
Provisions for other risks.....	145,638	145,790
Current tax liabilities.....	37,830	30,519
Deferred tax liabilities.....	189,965	277,790
Other subordinated liabilities.....	1,159,821	1,027,741
Other liabilities.....	3,723,106	3,774,464
Total liabilities	80,805,972	84,973,598
Share capital	3,844,144	3,844,144
Other equity instruments	500,000	500,000
Revaluation reserves	257,492	394,961

Liabilities and Equity	31 December 2018	31 December 2017
	(€ thousand)	
Other reserves and retained earnings	2,854,992	3,098,220
Net income attributable to the shareholder of CGD	495,776	51,946
Shareholders´ equity attributable to CGD	7,952,403	7,889,270
Non-controlling interests	333,042	385,046
Total equity	8,285,445	8,274,316
Total liabilities and equity	89,091,418	93,247,914

Consolidated Income Statement

Income Statement (Consolidated)	31 December 2018	31 December 2017 (restated)
	(€ thousand)	
Interest and similar income	2,072,329	2,344,714
Interest and similar expenses	(867,529)	(1,103,655)
Income from equity instruments	17,472	46,383
Net Interest Income	1,222,272	1,287,442
Income from services rendered and commissions	598,514	589,151
Cost of services and commissions	(124,316)	(124,289)
Results from financial operations	31,669	215,779
Other operating income	57,673	46,741
Total Operating Income	1,785,812	2,014,823
Employee costs	(619,171)	(658,936)
Other administrative costs	(320,056)	(357,590)
Depreciation and amortisation	(61,628)	(86,765)
Provisions net of reversals	108,787	(203,407)
Loan impairment net of reversals and recoveries	(119,466)	(85,909)
Other assets impairment net of reversals and recoveries	(25,069)	(437,907)
Income before Tax and Non-controlling Interests	749,209	184,310
Income tax	(308,284)	(215,823)
Results of associates and jointly controlled entities	52,821	24,688
Results of continuing activities	493,746	(6,825)
Results of subsidiaries held-for-sale	45,818	83,601
Consolidated Net Income for the Years, of which:	539,564	76,775
Non-controlling interests	(43,788)	(24,829)
Net Income attributable to the Shareholder of CGD	495,776	51,946
Average number of ordinary shares outstanding	768,828,747	654,400,018
Earnings per share (in Euros)	0,64	0,08

Consolidated Statement of changes in Shareholders' Equity

	Share capital	Other equity instruments	Revaluation reserves	Other reserves and retained earnings	Net income for the year	Subtotal	Non-controlling interests	Total
				(€ thousands)				
Balances at December 31, 2016	5,900,000	—	87,268	(1,109,321)	(1,859,523)	3,018,424	864,417	3,882,841
Other entries directly recorded in equity:								
Gain/(losses) on available-for-sale financial assets .	—	—	298,786	80,691	—	379,477	10,057	389,534
Foreign currency differences in subsidiaries and branches	—	—	—	(101,545)	—	(101,545)	(13,561)	(115,106)
Employee benefits – actuarial gains and losses	—	—	—	84,877	—	84,877	—	84,877
Net income for the year	—	—	—	—	51,946	51,946	24,829	76,775
Other	—	—	(745)	(3,855)	—	(4,600)	2,055	(2,545)
Total gains and losses for the year recognised in equity	—	—	298,041	60,168	51,946	410,155	23,380	433,535
Appropriation of net income for 2016:								
Transfer to reserves and retained earnings	—	—	—	(1,859,523)	1,859,523	—	—	—
Capital increase	3,944,144	—	—	—	—	3,944,144	(505,181)	3,438,963
Capital decrease	(6,000,000)	—	—	6,000,000	—	—	—	—
Issue of other equity instruments	—	500,000	—	—	—	500,000	—	500,000
Dividends and other expenses related with the issue of other equity instruments	—	—	—	(31,613)	—	(31,613)	—	(31,613)
Equity transactions with non-controlling interests	—	—	—	5,104	—	5,104	(21,194)	(16,090)
Dividends paid to non-controlling interests	—	—	—	—	—	—	(17,800)	(17,800)
Classifications of Angola as an hyperinflationary economy	—	—	—	43,056	—	43,056	41,425	84,481
Reclassifications between revaluation reserves and other reserves and retained earnings	—	—	9,651	(9,651)	—	—	—	—
Balances at December 31, 2017	3,844,144	500,000	394,961	3,098,220	51,946	7,889,270	385,046	8,274,316
Adjustments to the transition to IFRS 9	—	—	(107,357)	(999)	—	(108,356)	(24,151)	(132,507)
Balances at December 31, 2017	3,844,144	500,000	287,603	3,097,221	51,946	7,780,914	360,895	8,141,808
Other entries directly recorded in equity:								
Gain/(losses) on available-for- sale financial assets	—	—	(25,784)	(95,403)	—	(121,186)	(281)	(121,467)
Employee benefits – actuarial gains and losses	—	—	—	(103,072)	—	(113,072)	—	(113,072)
Foreign currency differences in subsidiaries and branches	—	—	—	(67,378)	—	(67,378)	(62,095)	(129,473)
Capital fair value	—	—	—	9,629	—	9,629	—	9,629
Net income for the year	—	—	—	—	495,776	495,776	43,788	539,564
Other	—	—	—	1,430	—	1,430	(102)	1,328
Total gains and losses for the year recognised in equity	—	—	(25,784)	(264,794)	495,776	205,198	(18,689)	186,509

	Share capital	Other equity instruments	Revaluation reserves	Other reserves and retained earnings	Net income for the year	Subtotal	Non-controlling interests	Total
				(€ thousands)				
Balances at December 31, 2016	5,900,000	—	87,268	(1,109,321)	(1,859,523)	3,018,424	864,417	3,882,841
Appropriation of net income for 2017:								
Transfer to reserves and retained earnings	—	—	—	51,946	(51,946)	—	—	—
Dividends and other expenses related with the issue of other equity instruments		—	—	(39,265)	—	(39,265)	—	(39,265)
Equity transactions with non-controlling interests	—	—	—	2,317	—	2,317	—	2,317
Dividends paid to non-controlling interests	—	—	—	—	—	—	(12,275)	(12,275)
Classifications of Angola as an hyperinflationary economy	—	—	—	3,240	—	3,240	3,113	6,352
Reclassifications between revaluation reserves and other reserves and retained earnings	—	—	(4,328)	4,328	—	—	—	—
Balances at December 31, 2018	3,844,144	500,000	257,492	2,854,992	495,776	7,952,403	333,042	8,285,445

Financial Analysis of Consolidated Activity for the year ended 31 December 2018 Economic Performance

Economic Performance

As at 31 December 2018, net interest income had decreased 2.9 per cent. (or €36.3 million) to €1,204.8 million, compared with €1,241.1 million as at 31 December 2017. The performance of consolidated net interest income was negatively impacted by the depreciation of Angola's kwanza and Macau's pataca against the euro, resulting in exchange rate losses of €56.3 million over the same period. Excluding this exchange rate effect, CGD's consolidated net interest income would have increased by 1.6 per cent., reaching €1,261 million as at 31 December 2018.

As at and for the 12-month period ended 31 December 2018, CGD Portugal's net interest income reached €731.0 million, which was 2.1 per cent. higher than the €716.2 million recorded over the same period in 2017. Income from services and commissions increased 2.0 per cent. (or €9.3 million) to €474.2 million as at 31 December 2018, compared with €464.9 million as at 31 December 2017. In turn, income from financial operations decreased 85.3 per cent. (or €184.1 million) to €31.7 million as at 31 December 2018, such decrease being primarily due to interest rate hedges and foreign exchange operations which were strongly impacted by external factors.

As at 31 December 2018 CGD's total operating income was €1,785.8 million, a decrease of €229.0 million in comparison to 31 December 2017. This decrease was influenced by the significant reduction in net trading income, given its highly expressive proportion in 2017.

			Change	
Operating Costs and Amortisation	**31 December 2017**	**31 December 2018**	**Total**	**(%)**
	(€ million)		*(€ million)*	
Employee costs	658.9	619.2	(39.8)	(6.0)
Other administrative costs	357.6	320.1	(37.5)	(10.5)
Depreciation and amortisation	86.8	61.6	(25.1)	(29.0)

Total	1,103.3	1,000.9	(102.4)	(9.3)

Consolidated operating costs for the year ended 31 December 2018 were €1,000.9 million, a decrease of 9.3 per cent. (or €102.4 million) compared to 31 December 2017. Excluding non-recurring items related to the implementation of the Strategic Plan, the year-on-year reduction of these costs would have been 11.1 per cent., across all accounts, which supports the CGD Group's successful trajectory in terms of rationalising its cost structure.

			Change	
Contributions to Net Operating Income before Impairments	**31 December 2017**	**31 December 2018**	**Total**	**(%)**
	(€ million)		*(€ million)*	
Domestic commercial banking	418.5	396.4	(22.1)	(5.3)
International activity	258.2	256.1	(2.1)	(0.8)
Investment banking	155.1	52.1	(103.0)	(66.4)
Other	79.7	80.4	0.7	0.8
Net operating income before impairments	911.5	785.0	(126.6)	(13.9)

Net operating income before impairments was €185.0 million for the year ended 31 December 2018, a decrease of 13.9 per cent. (or €126.6 million) as compared to 31 December 2017. For the period from 1 January 2018 to 31 December 2018, core operating income (net interest income plus commissions, net of operating costs) was €726.1 million (excluding non-recurrent costs), an increase of 14.6 per cent. compared with the same period in 2017.

			Change	
Provisions and Impairments	**31 December 2017**	**31 December 2018**	**Total**	**(%)**
	(€ million)		*(€ million)*	
Provisions (net)	203.4	(108.8)	(312.2)	(153.5)
Loan impairment net of reversals and recoveries	85.9	119.5	33.6	39.1
Impairments losses net of reversals	184.9	217.4	32.5	17.6
Credit recovery	99.0	97.9	(1.1)	(1.1)
Impairments of other financial assets	43.8	14.8	(29.1)	(66.3)
Non-financial and other assets	394.1	10.3	(383.8)	(97.4)
Provisions and impairments for period	727.2	35.7	(691.5)	(95.1)

Credit impairment (net) was €119.5 million as at and for the year ended 31 December 2018. The credit impairment (net) indicator, as a percentage of the average credit portfolio balance, increased slightly as at 31 December 2018 to an annualised 0.21 per cent., confirming the quality of CGD's assets in addition to their coverage ratio.

Operating results as at and for the year ended 31 December 2018 totalled €749.2 million, which compares with €184.3 million as at and for the year ended 31 December 2017.

Income tax as at and for the year ended 31 December 2018 amounted to €308.3 million, compared with €215.8 million as at and for the year ended 31 December 2017, an increase explained by the rise in operating results. This tax includes a banking sector contribution of €32.9 million as at 31 December 2018 (€36.5 million in 2017).

Income from subsidiaries held-for-sale totalled €45.8 million as at 31 December 2018. Results of associated companies increased by €28.1 million compared with 31 December 2017, having reached €52.8 million, which reflects the favourable evolution of insurance activity.

This favourable evolution resulted in consolidated net income of €495.8 million for CGD as at 31 December 2018, in comparison to the €51.9 million recorded in the preceding year.

Efficiency Ratios

	FY 2017	FY 2018
	(%)	
Cost-to-income (consolidated operations)[(1)]	54.1	54.4
Cost-to-core income[(2)]	62.9	56.8
Employee Costs/Total Operating Income[(1)]	32.3	33.7
Recurrent Employee Costs/Total Core Oper. Income[(2)(3)]	36.0	34.1
Administrative Expenses/Total Operating Income	17.7	17.9
Operating Costs/Average Net Assets	1.2	1.1
Total Operating Income/Average Net Assets	2.2	2.0

Notes:

(1) Calculated in accordance with Bank of Portugal Instruction 6/2018.

(2) Cost-to-income = Operating costs/Total core operating income.

(3) Total core operating income = Net interest income + commissions (net).

Despite the good performance in operating costs, the cost-to-income ratio remained stable at 54.4 per cent. as at and for the year ended 31 December 2018, which compares with 54.1 per cent. as at 31 December 2017. The cost-to-core income ratio, excluding results from services and commissions minus recurrent operating costs, fell from 62.9 per cent. to 56.8 per cent. over the same period, demonstrating an improvement in operating efficiency.

CGD Group's Consolidated Net Assets

CGD's consolidated net assets were €89,091 million as at and for the year ended 31 December 2018, a decrease of 4.5 per cent. (or €4,156 million) compared to the previous year.

Cash balances and loans and advances to credit institutions increased 5.6 per cent. (or €466 million), having reached €8,814 million as at 31 December 2018.

The loans and advances to customers portfolio as at 31 December 2018 was down 8.2 per cent. and 6.6 per cent., respectively, compared with the same figures as at 31 December 2017, registering €54,926 million (gross) and €51,589 million (net).

Total liabilities stood at €80,806 million, a decrease of 4.9 per cent. (or €4,168 million) when compared to 31 December 2017 (€84,974 million). Reference should be made to the reduction in resources from central banks and other credit institutions (a decrease of €2,284 million, or 56.5 per cent., was recorded when compared with 31 December 2017) and liabilities represented by securities (a decrease of €791 million, or 19.5 per cent.).

As at 31 December 2018, the Group's consolidated net assets by entity were the following:

	31 December 2017 (restated)		31 December 2018	
	Total	Structure	Total	Structure
	(€ million)	*(%)*	*(€ million)*	*(%)*
CGD's Group Consolidated Net Asset				

Caixa Geral de Depósitos[1]	66,108	70.9	65,032	73.0
Banco Caixa Geral (Spain)	5,194	5.6	4,874	5.5
Banco Nacional Ultramarino, SA (Macau)	757	0.8	791	0.9
Caixa Banco de Investimento	1,333	1.4	787	0.9
Caixa Leasing e Factoring	19	0.0	19	0.0
Banco Comercial do Atlantico (Cape Verde)	222	0.2	203	0.2
BCG Angola	152	0.2	152	0.2
Other companies[1][2][3]	19,463	20.9	17,233	19.3
Consolidated Net Assets	93,248	100.0	89,091	100.0

Notes:

(1) Separate activity.

(2) Includes units consolidated by the equity accounting method.

As at 31 December 2018, the securities investment portfolio, including assets with repurchase agreements and trading derivatives, totalled €16,497 million, an increase of 4.4 per cent. when compared with the value as at 31 December 2017 (€15,804 million).

			Change	
	31 December 2017	**31 December 2018**	**Total**	**%**
	(€ million)		*(€ million)*	
Securities Investments (consolidated)[1]				
Financial assets at fair value through profit or loss	6,793	7,696	903	13.3
Available for sale financial assets	6,384	4,881	(1,503)	(23.5)
Held-to-maturity investments	2,627	3,920	1,293	49.2
Total	15,804	16,497	693	4.4

Note:

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

Credit

As at 31 December 2018, the loans and advances to customers portfolio was down 8.2 per cent. and 6.6 per cent., respectively, compared with the same figures as at 31 December 2017, registering €54,926 million (gross) and €51,589 million (net). Reference should be made to the strong progression in terms of the production of new loans, but which was still insufficient to offset the portfolio reduction, strongly influenced by NPL sales and the significant credit repayments by public entities of around 1 billion euros.

New mortgage lending in CGD Portugal increased by 26.7 per cent or €328 million to €1,558 million as at 31 December 2018, compared with €1,230 million as at 31 December 2017.

Customer deposits decreased by €163 million to €63,335 million as at 31 December 2018 compared with the value registered in the previous year (€63,499 million). This was more than offset by the positive performance reflected in the €677 million increase in off-balance sheet items such as securities and insurance products.

Central banks' and credit institutions' resources were decreased 56.5 per cent. (or €2,284 million), owing to the early repayment of €3 billion of financing from the ECB. At the end of 2018, CGD and Caixa-Banco de Investimento had paid ECB their respective liabilities in full.

As at 31 December 2018, CGD retained its leading position in the domestic market, both in total deposits, which increased 1.8 per cent. to €53,263 milion, resulting in a 25.1 per cent. market share, and a 29 per cent. market share in terms of individual customers' deposits.

Loans and Advances to Customers (consolidated)[(1)]

			Change	
	31 December 2017	**31 December 2018**	**Total**	**%**
	(€ million)		*(€ million)*	
Companies	21,928	19,714	(2,213)	(10.1)
General government	7,093	5,693	(1,400)	(19.7)
Individual customers	30,790	29,518	(1,272)	(4.1)
Mortgage loans	27,993	26,862	(1,130)	(4.0)
Other	2,798	2,656	(141)	(5.1)
Total	59,811	54,926	(4,885)	(8.2)

Note:

(1) Before impairment and including repurchase agreements.

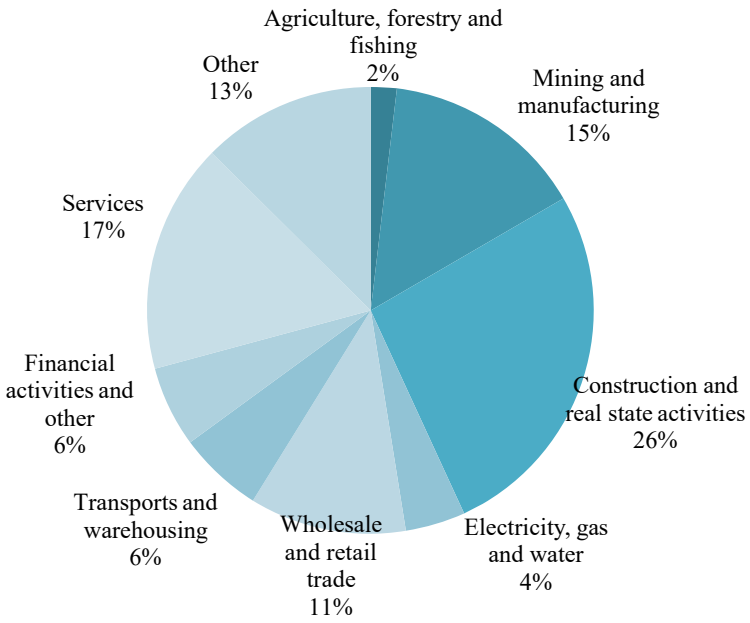
Corporate credit decreased by €2,213 million or 10.1 per cent. to €19,714 million as at 31 December 2018, this decrease being heavily influenced by the reduction of NPEs through the sale and write-offs of the credit book during 2018 and in terms of business sectors, with a significant decrease in the construction and real estate sector of 24.4 per cent.

Loans and Advances to Corporates by Sectors of Activity (consolidated)[(1)]

			Change	
	31 December 2017	**31 December 2018**	**Total**	**%**
	(€ million)		*(€ million)*	
Agriculture, forestry and fishing	418	375	(43)	(10.2)
Mining and manufacturing	3,042	2,905	(137)	(4.5)
Construction and real estate activities	6,903	5,220	(1,684)	(24.4)
Electricity, gas and water	1,010	856	(154)	(15.3)
Wholesale and retail trade	2,410	2,239	(171)	(7.1)
Transports warehousing	1,226	1,204	(22)	(1.8)
Financial activities and other	1,333	1,155	(178)	(13.4)
Consulting services and others	3,182	3,282	101	3.2
Other	2,404	2,479	75	3.1
Total	21,928	19,714	(2,213)	(10.1)

Note:

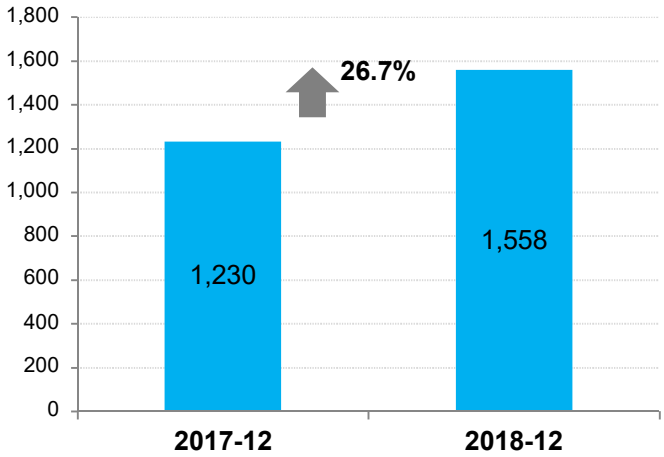
(1) Before impairment and including repurchase agreements.



Lending to households reached €29,518 million as at and for the year ended 31 December 2018, a €1,272 million (or 4.1 per cent.) decrease stemming from a reduction in the stock of mortgage loans (down 4.0 per cent.). The latter was due to an exceeding amount of reimbursements and settlements, which exceeded new lending, notwithstanding an increase in production.

CGD Portugal has registered significant growth in new mortgage loans, with 2444 more loans in 2018 compared with 2017 – representing a value increase of €328 million (or 26.7 per cent.), and a new origination amount of €1,558 million.

New Mortgage loans – Portugal



CGD had a 19.3 per cent. share of the credit market as at 31 December 2018, with lending to companies standing at 15.2 per cent. and mortgage loans to individual customers at 24.3 per cent.

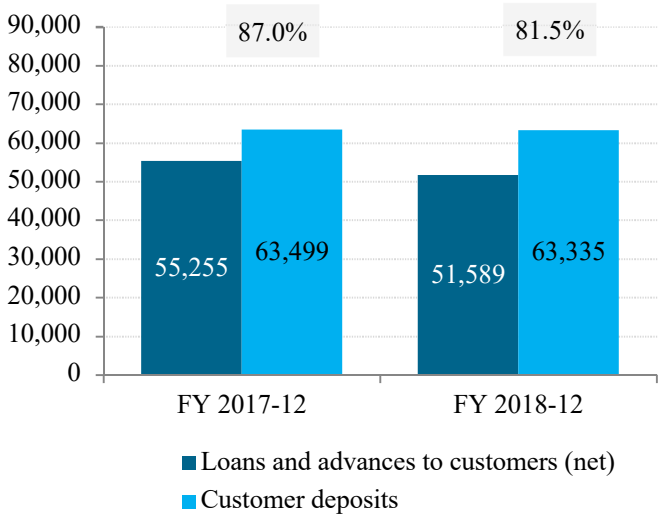
Credit to Client – Market Share (Portugal) by segments

	31 December 2017	31 December 2018
	%	
Corporate	17.1	15.2
Individual customers	22.2	21.1

	31 December 2017	31 December 2018
	%	
Mortgage loans	25.4	24.3
Other	4.9	4.4
General government	30.9	27.6
Total	20.8	19.3

Source: Bank of Portugal

Loan to Deposit Ratio



The loans-to-deposits ratio of 81.5 per cent., as at 31 December 2018, against the 87.0 per cent. accounted for as at 31 December 2017, reflected the strong preference shown by CGD's deposits customers, even in an environment of low interest rates.

	31 December 2017	31 December 2018
	(%)	
Credit Quality and Cover Levels		
NPL ratio[(1)]	12.0	8.5
NPE ratio[(2)]	9.3	6.7
Forborne ratio for loans and advances[(3)]	6.6	4.2
NPL coverage	56.7	62.4
NPE coverage	56.4	61.6
Coverage ratio on forborne loans and advances[(3)]	97.1	100.1
Cost of credit risk	0.13	0.21

Notes:

(1) NPL: non-performing loans (EBA definition).

(2) NPE: non-performing exposure (EBA definition).

(3) EBA definition.

The evolution of CGD's asset quality was favourable, with a reduction of €2.6 billion in NPLs (non-performing loans, according to the EBA definition) as at and for the year ended 31 December 2018 – a decrease of 33.5 per cent. when compared with 31 December 2017, where, in addition to portfolio sales, a positive evolution was evident in the components of cures and recoveries. The NPL ratio as at 31 December 2018 stood at 8.5 per cent., with an impairment and collateral coverage of 62.4 per cent. and 38.5 per cent., respectively, at said date (total coverage ratio of 100.6 per cent.).

Resources Taken (consolidated)

			Change	
	31 December 2017	**31 December 2018**	**Total**	**%**
	(€ million)		*(€ million)*	
Balance sheet	72,753	69,601	(3,152)	(4.3)
Central banks' & Cred. Inst.' resourc.	4,043	1,759	(2,284)	(56.5)
Customer deposits	63,499	63,335	(163)	(0.3)
Domestic activity	52,319	53,263	944	1.8
International activity	11,180	10,072	(1,108)	(9.9)
Covered bonds	3,851	3,058	(793)	(20.6)
EMTN and other securities	1,228	1,362	134	10.9
Other	132	87	(45)	(33.9)
Off-balance sheet	19,210	19,887	677	3.5
Investment funds	3,928	3,745	(182)	(4.6)
Real estate investment funds	972	777	(195)	(20.1)
Pension funds	3,770	3,641	(130)	(3.4)
Wealth management	7,639	8,586	948	12.4
Treasury bonds	2,901	3,138	237	8.2
Total	91,963	89,489	(2,475)	(2.7)
Total Resources in Domestic Activity[(1)]	68,781	70,360	1,579	2.3

Note:

(1) Includes customer deposits, investment funds, financial insurance, floating rate bonds and other bonds.

Total resources taken from domestic activity were up 2.3 per cent. over the same period last year, totalling €70,360 million as at 31 December 2018. Reference should be made to the performance of off-balance sheet products which, despite decreases registered in funds, increased 3.5 per cent. (or €677 million), with financial insurance posting a 12.4 per cent. increase of €947 million and variable rate treasury bond issuances an 8.2 per cent. increase of €607 million when compared with December 2017.

Customers' Resources (consolidated)

			Change	
	31 December 2017	**31 December 2018**	**Total**	**%**
	(€ million)		*(€ million)*	
Customers deposits	63,499	63,335	(163)	(0.3)
Sight deposits	25,953	28,714	2,761	10.6
Term and savings deposits	37,283	34,354	(2,929)	(7.9)
Mandatory deposits	263	267	5	1.7

	31 December 2017	31 December 2018	Change	
			Total	%
	(€ million)		*(€ million)*	
Other resources	132	87	(45)	(33.9)
Total	63,631	63,423	(208)	(0.3)

Client resources remained stable at €63,423 million as at 31 December 2018, registering only a slight reduction of €208 million (or 0.3 per cent.) in relation to the previous year.

Client deposits also remained stable at €63,335 million, decreasing by 0.3 per cent. when compared with 2017. The 1.8 per cent. growth in deposits in domestic activity (an increase of €944 million) almost compensated for the reduction registered in international activity (down 9.9 per cent., by €1,108 million), which reflected not only the reduction in deposits at BNU Macau, but also the ongoing sale process of stakes in Mercantile Bank, South Africa, Caixa Geral de Depósitos (Spain) and Banco Caixa Geral Brazil, which are treated as assets for sale.

By type, €34,354 million were savings and term deposits. Sight deposits increased by €2.8 million when compared to 31 December 2017, reaching €28,714 million. Sight deposits in CGD Portugal, in general, do not bear interest, as stated in their Standardised Term Sheet.

Client Deposits – Market Share (Portugal) by segment

	31 December 2017	31 December 2018
	(%)	*(%)*
Corporate	12.1	12.1
General government	32.4	20.9
Individual customers	29.9	29.0
Emigrants	49.2	49.5
Total	26.4	25.1

Source: Bank of Portugal

CGD has maintained its leading position in the domestic market, with a deposit market share of 25.1 per cent. and 29.0 per cent. in individual customers' deposits as at 31 December 2018.

Debt Securities (consolidated)

	31 December 2017	31 December 2018	Change	
			Total	%
	(€ million)		*(€ million)*	
EMTN programme issues[(1)]	195	199	4	1.9
Covered bonds	3,851	3,058	(793)	(20.6)
Other	5	3	(2)	(45.9)
Total	4,051	3,260	(791)	(19.5)

Note:

(1) Does not include issuances classified as subordinated liabilities.

Bonds outstanding as at 31 December 2018 totalled €3,260 million, a 19.5 per cent. reduction compared with 31 December 2017.

Subordinated Liabilities (consolidated)

	31 December 2018	31 December 2018	Change	
			Total	%
	(€ million)		*(€ million)*	
EMTN programme issues[1]	648	1,160	512	79.0
Other	380	0	(380)	(100)
Total	1,028	1,160	132	12.9

Note:

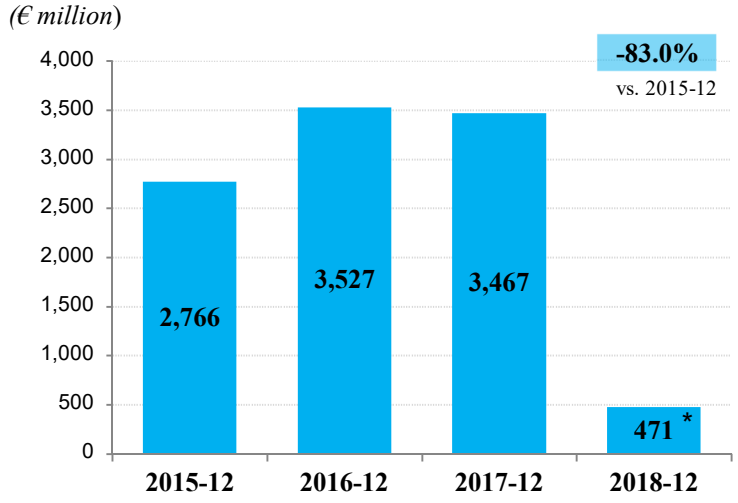
(1) Does not include issuances classified as debt securities.

Subordinated debt totalled €1,160 million as at 31 December 2018, an increase of 12.9 per cent. compared with 31 December 2017, as a result of the Tier 2 issue carried out in June 2018 which concluded the 2017 Recapitalisation Plan.

Liquidity

Benefiting from its relatively comfortable liquidity situation, CGD reduced its borrowings from the European Central Bank ("**ECB**") during 2018. By 31 December 2018, resources obtained from the ECB at the CGD Group level were reduced to approximately €471 million, compared with €3.5 billion recorded at the end of the preceding year. This decrease was based on CGD's full early repayment of €2 billion in TLTRO 2 ("**Targeted Longer-Term Refinancing Operations**") to the ECB in June, in addition to a decrease of €996 million in borrowings obtained through other Group entities (BCG Espanha and Caixa-Banco de Investimento).

ECB Funding



CGD's assets portfolio eligible for the collateral pool with the ECB had decreased, in line with the reduction in its level of borrowings, from €12 billion as at 31 December 2017 to around €10.5 billion as at 31 December 2018. At the Group level, the decrease was from €14 billion to €12 billion during the same period.

In December 2018, CGD issued €1.5 billion in covered bonds to be retained in its own portfolio, for the purposes of enhancing the diversification of its eligible assets pool. This resulted in an increase in the

financing balance under the covered bonds programme, notwithstanding the repayment of €770 million made during the year, from €5.3 billion to €6 billion as at 31 December 2018.

CGD's liquidity position, in the form of an LCR (liquidity coverage ratio) of 234.6 per cent. as at 31 December 2018, was highly favourable and surpassed both regulatory requirements and the average of European Union banks. Similarly, CGD's Net Stable Funding Ratio (NSFR) stood at 148.9 per cent. as at 31 December 2018, compared with 139.4 per cent. as at 31 December 2017.

Capital Management – Solvency

As at 31 December 20198, consolidated shareholders' equity totalled €8,285 million, an increase of €11 million compared with 31 December 2017. Other reserves and retained earnings were down, largely owing to the impact of the full implementation of IFRS 9, in which CGD decided not to take advantage of the phasing-in option.

			Change	
Shareholder's Equity	**31 December 2017**	**31 December 2018**	**Total**	**%**
	(€ million)		*(€ million)*	
Share capital	3,844	3,844	0	0.0
Other capital instruments	500	500	0	0.0
Fair value reserves	395	257	(137)	(34.8)
Other reserves and retained earnings	3,098	2,855	(243)	(7.9)
Non-controlling interests	385	333	(52)	(13.5)
Net income	52	496	444	854.4
Total	8,274	8,285	11	0.1

Other capital instruments, accounting for an amount of €500 million, refers to the Additional Tier 1 market issuance at the end of March 2017.

The following table sets out capital position (including net income for the year) and capital ratios for the years ended 31 December 2017 and 31 December 2018 and 1 January 2019.

Solvency Ratios (Consolidated)

	CRD IV/CRR Regulation		
	31 December 2017	**31 December 2018**	**1 January 2019**
		(€ million)	
Fully Implemented			
Own funds			
Common equity tier 1 (CET 1)	7,314	7,114	7,120
Risk weighted assets	52,194	48,623	48,625
CET 1 ratio	14.0%	14.6%	14.6%
Tier 1	15.1%	15.7%	15.7%
Total	15.7%	17.0%	17.0%

The figures above referring to 1 January 2019 reflect the impact of one more year of the transitional period, until the full implementation of the Basel III rules, and are based on the data for 31 December 2018.

The changes to the CGD Group's CET1 ratio between 31 December 2017 and 31 December 2018 were the result of the following factors:

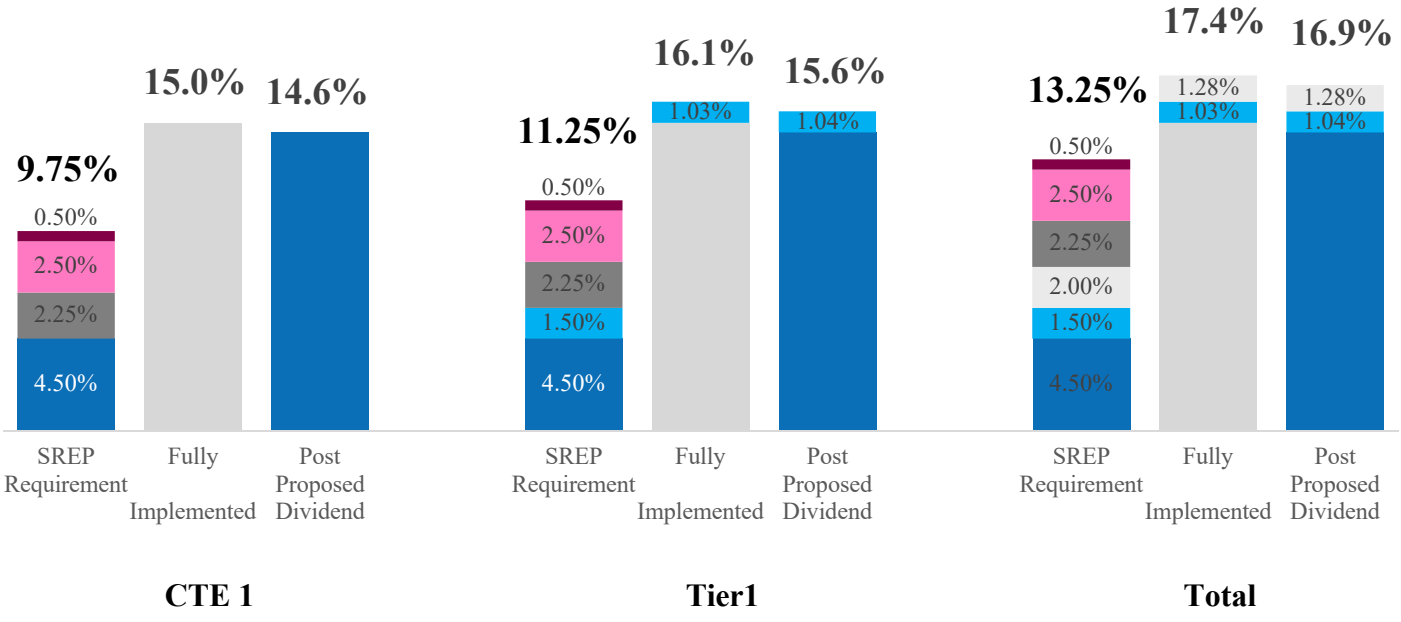
- Progression over time associated with phasing in period in relation to Basel III;
- Implementation by the CGD Group of IFRS 9;
- Deduction from Own Funds of the irrevocable commitments associated with the Deposit Guarantee Fund and Resolution Fund, as determined by the Regulator;
- The change in the treatment of minority interests of entities outside the euro area (BCI, BCA, BI, BCGA) established by the regulator;
- Generation of capital via P&L and reduction of RWAs.

CGD's phased-in Capital Ratios and SREP Requirements

Based on the Supervisory Review and Evaluation Process (SREP), CGD was notified by the ECB of the minimum capital requirements applicable to the consolidated activity from 1 January 2019. CGD's current requirement of 0.50 per cent. for the Other Systemically Important Institutions ("**O-SII**") buffer will increase, as per the 11 November 2017 decision issued by the Bank of Portugal, to 0.75 per cent. in 2020 and to 1 per cent. from 2021 onwards. The countercyclical buffer is currently set at 0 per cent. by the Bank of Portugal.

	2018	2019
	(%)	
CET1 (*Common Equity Tier 1*)	8.875	9.750
Pillar 1	4.50	4.50
Pillar 2 (P2R - Pillar 2 Requirement)	2.25	2.25
Capital conservation buffer (CCB)	1.875	2.500
O-*SII (other systemic important institution)*	0.25	0.50
Tier 1	10.375	11.250
Total	12.375	13.250

The graph below compares regulatory capital requirements as at 31 March 2019 and the CGD Group's ratios as of 1 January 2019 (calculated based on the 31 December 2018 figures, considering only the effect of the passing of an additional year in the transition period).



Rating

The improvement in CGD's risk indicators, liquidity situation and profitability were recognised by all rating agencies assigning CGD's ratings.

Moody's upgraded its ratings for CGD in February 2018 by one notch and in October by two notches for deposits and long-term senior debt, from Ba3 to Ba1. In December 2018, it changed its outlook from "stable" to "negative" due to the systemic impact caused by the approval of credit privilege for non-guaranteed deposits.

In June 2019, DBRS upgraded the long term rating to BBB and the short term rating to R-2 (high), both ratings have a stable trend.

In December 2018, Fitch Ratings upgraded CGD's ratings to BB, maintaining the "positive" outlook.

The credit ratings assigned to CGD by rating agencies are summarised in the following table:

	Short-Term	Long-Term	Date (last assessment)
Fitch Ratings	B	BB	2018-12
Moody's	N/P	Ba1	2018-12
DBRS	R-2 (high)	BBB	2019-06

Activity and Financial Information for the first quarter of 2019

CGD's total operating income for the first quarter of 2019 increased by €18.7 million compared with the first quarter of 2018, reaching €455.9 million. Factors contributing to this favourable development included, on the one hand, income from services and commissions, an increase of 4.8 per cent. (or €5.5 million) to €120.2 million compared with the first quarter of 2018, and, on the other hand, the evolution of structural costs, which reached €277.7 million in the first quarter of 2019, a decrease of €15.5 million (or 5.3 per cent.) when compared to the first quarter of 2018.

During the first quarter of 2019, net interest income reached €283.4 million, a reduction of €8 million (or 2.8 per cent.) over the preceding year, given the low interest rate environment and impact on the credit and financial assets portfolios.

Income from financial operations was, in turn, positive but down to €13.8 million, a decrease of €13.4 million compared with the first quarter of 2017. This unfavourable performance was conditioned by the valuation of interest rate hedge derivatives, given the evolution of long-term interest rates, partly offset by income from the disposal of public debt instruments.

Other operating income was positively influenced by gains obtained in the sale of real estate assets (gross value of €50 million and an impact of €36 million in net income).

Operating costs include a non-recurrent cost of €55 million for the pre-retirement and voluntary redundancy programmes comprised in the employee costs component, which are compensated for by the usage in equal amount of the provision established in 2017 for this purpose.

Net operating income before impairment increased 23.8 per cent. (or €34.3 million) in comparison to the same period of the preceding year. Core net operating income before impairment (as the sum of net interest income and commissions net of operating costs) was, in turn, up 14.6 per cent., to €726.1 million, in the same period.

Credit impairment, net of recoveries in the amount of €8.5 million for the first quarter of 2019, was recognised in the consolidated accounts. The credit impairment aggregate for the period under analysis reflects a cost of credit risk of 6 bps, in comparison to 22 bps for the first quarter of 2018.

All known regulatory costs for the full year of 2019 were accounted for in the first quarter, regardless of the timing of their payment.

The tax bill in for the first quarter of 2019 totalled €109.2 million, in comparison to the €73.3 million registered in the first quarter of 2018. This tax includes a banking sector contribution of €27.0 million (against €34.8 million for the same period in 2017).

Results from held-for-sale subsidiaries, reflecting a smaller contribution from BCG Spain, totalled €6.6 million as at 31 March 2019. In turn, income from companies when measured by the equity accounting method, was €4.7 million at the end of the first quarter of 2019, reflecting a decrease of around €5.7 million in the insurance area's contribution.

As a result of this evolution, CGD posted a consolidated profit of €126.1 million in the first quarter of 2019, compared with a net profit of €68.0 million in the same period of the preceding year – an increase of 85 per cent.

Balance Sheet

CGD's consolidated net assets increased to €91,645 million as at 31 March 2019, representing a 2.8 per cent. (or €708 million) when compared to 31 March 2018.

As at 31 March 2019, investments in securities, including assets with repurchase agreements, increased to €18,432 million, an increase of 12.5 per cent. (or €2,049 million) compared with 31 March 2018 and 0.5 per cent. compared with 31 December 2018. Investments in credit institutions increased 13.6 per cent., by €415 million, over the same period (31 March 2018 to 31 March 2019), totalling €3,471 million.

Loans and advances to customers fell by 4.6 per cent. compared to 31 March 2018, down to a net €50,905 million. The sharp rise in new loans was, however, insufficient to counter the reduction in the portfolio, which was strongly influenced by sales of NPLs and deleveraging operations in several customer segments, particularly in the public sector.

A total of 4,421 residential mortgage loans, in the amount of €449 million, were entered into with CGD Portugal in the first quarter of 2019. This represented a 44.8 per cent. increase of 1,368 operations, up 58.3 per cent. or €165 million, compared to 31 March 2018.

In the same period, customers' deposits increased 5.4 per cent., by €3,317 million, in comparison to the same period in 2018, essentially explained by the amounts taken in by CGD Portugal.

Central banks' and credit institutions' resources were down 51.2 per cent., by €2,174 million. This change was explained by the early repayment of €3 billion in financing from the ECB. CGD and Caixa-Banco de Investimento paid off their respective liabilities to the ECB, in full, at the end of 2018.

CGD maintained its leading position in the domestic market, both in terms of total customer deposits, with a market share of 25 per cent., and retail customers' deposits, with a market share of 29 per cent.

Resources Taken

				Change Q1 2019 vs. Q1 2018		Change Q1 2019 vs. FY 2018	
	Restated Q1 2018	**Restated FY 2018**	**Q1 2019**	**Total**	**%**	**Total**	**%**
		(€ million)		*(€ million)*		*(€ million)*	
Balance sheet	70,053	68,931	70,592	538	0.8%	1,661	2.4%
Central banks' & cred instit. resources	4,250	1,797	2,076	(2,174)	(51.2)%	279	15.5%
Customer deposits (Consolidated)	61,454	62,626	64,771	3,317	5.4%	2,144	3.4%
Domestic activity	52,135	53,263	55,477	3,342	6.4%	2,213	4.2%
International activity	9,319	9,363	9,294	(25)	(0.3)%	(69)	(0.7)%
Covered bonds	3,020	3,058	2,249	(771)	(25.5)%	(809)	(26.5)%
EMTN and other securities	1,228	1,362	1,368	140	11.4%	6	0.5%

	Restated Q1 2018	Restated FY 2018	Q1 2019	Change Q1 2019 vs. Q1 2018 Total	Change Q1 2019 vs. Q1 2018 %	Change Q1 2019 vs. FY 2018 Total	Change Q1 2019 vs. FY 2018 %
		(€ million)		*(€ million)*		*(€ million)*	
Other	102	87	128	26	25.9%	41	46.8%
Off-balance sheet	19,479	19,888	20,423	944	4.8%	535	2.7%
Investment funds	4,059	3,745	4,007	(51)	(1.3)%	262	7.0%
Real estate investment funds	984	778	800	(184)	(18.7)%	23	2.9%
Pension funds	3,747	3,641	3,905	158	4.2%	265	7.3%
Financial insurance	7,803	8,586	8,591	789	10.1%	5	0.1%
OTRV Portuguese Governm. Bonds	2,886	3,138	3.119	232	8.0%	(19)	(0.6)%
Total	89,532	88,819	91,015	1,482	1.7%	2,196	2.5%
Total resources (domestic activity)[(1)]	68,884	70,360	72,874	3,989	5.8%	2,514	3.6%

Note:

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

Total resources taken from domestic activity increased to €72,874 million as at 31 March 2019, an increase of 5.8 per cent. compared with the same period of the preceding year.

It should also be noted that the performance of customer deposits, in the case of domestic activity and off-balance sheet products, and notwithstanding decreases in its funds component (especially treasury funds), increased 4.8 per cent. by €944 million, with financial insurance up 10.1 per cent. by €789 million and variable-rate treasury bonds up 8.0 per cent. by €232 million compared to 31 March 2018.

Loans and advances to customers (gross) decreased by 6.5 per cent. over the first quarter of 2019 when compared with the same period during 2018, to €53,979 million, with loans to corporates and retail customers (in the case of CGD's activity in Portugal) decreasing by 9.3 per cent. and 4.7 per cent., respectively, reflecting efforts to reduce the stock of NPLs.

Loans and advances to customers

	Restated Q1 2018	Restated FY 2018	Q1 2019	Change Q1 2019 vs. Q1 2018 Total	Change Q1 2019 vs. Q1 2018 %	Change Q1 2019 vs. FY 2018 Total	Change Q1 2019 vs. FY 2018 %
		(€ million)		*(€ million)*		*(€ million)*	
CGD Portugal	47,933	44,629	44,303	(3,630)	(7.6)%	(326)	(0.7)%
Corporate	15,252	13,997	13,830	(1,422)	(9.3)%	(168)	(1.1)%
General government	4,930	4,124	4,114	(815)	(16.5)%	(10)	(0.2)%
Institutionals and other	1,345	1,160	1,181	(164)	(12.2)%	21	1.6%
Individual customers	26,407	25,348	25,178	(1,229)	(4.7)%	(169)	(0.6)%
Mortgage loans	25,530	24,496	24,340	(1,190)	(4.7)%	(156)	(0.6)%
Other	877	852	839	(38)	(4.4)%	(13)	(1.5)%
Other CGD Group companies	9,778	9,821	9,676	(102)	(1.0)%	(145)	(1.5)%
Total	57,711	54,450	53,979	(3,732)	(6.5)%	(471)	(0.8)%

Note:

(1) Gross loans and advances to customers

CGD achieved a 19.09 per cent. share of the credit market as at 31 March 2019 (15.09 per cent. for corporate and 24.21 per cent. for residential mortgage loans).

The loans-to-deposits ratio at the end of the first quarter of 2019 stood at 78.6 per cent., in comparison to 87.0 per cent. for the same period in 2018. This demonstrates the strong resilience of CGD's depositors, even in an environment of low interest rates.

The quality of CGD's assets evolved favourably with a reduction of 33.1 per cent. (or €2.4 billion) compared to 31 March 2018 in its NPL (non-performing loans) ratio, according to the EBA definition, in which, in addition to portfolio disposals, a positive evolution in terms of cured and recovered credit was observed. The NPL ratio at the end of the first quarter of 2019 stood at 7.8 per cent., with impairment and collateral coverage of 62.8 per cent. and 53.7 per cent., respectively, at the same date (total coverage of 103.0 per cent.).

Liquidity

CGD Group's liquidity status remained at comfortable levels in the first quarter of 2019, reinforced by increases in deposits. This situation enabled it to fully liquidate a €750 million covered bonds issuance without the need to refinance.

Resources of €546 million, taken from the ECB at the end of March 2019, were up €75 million over the end of December 2018. Banco Caixa Geral Spain was fully responsible for this liability and no other CGD Group entities have any other liability to the ECB. However, the Group has a total amount of €12 billion in eligible assets for the Eurosystem pool, which it can access at any time.

The liquidity position at the end of March 2019 was highly favourable, with an LCR (liquidity coverage ratio) of 303.6 per cent. This result surpassed regulatory requirements and the average of European Union banks.

Capital

Consolidated shareholders' equity stood at €8,378 million as at 31 March 2019. This was up €324 million in comparison to the same period in 2018. Other reserves and retained earnings increased by 13 per cent. (or €389 million), largely due to the incorporation of positive results for 2018.

Shareholders' equity

				Change Q1 2019 vs Q1 2018	
	Restated Q1 2018	**Restated FY 2018**	**Q1 2019**	**Total**	**%**
		(€ million)		*(€ million)*	
Share capital	3,844	3,844	3,844	0	0,0%
Other capital instruments	500	500	500	0	0,0%
Revaluation reserves	309	257	291	(18)	(5.8)%
Other reserves and retained earnings	2,991	2,855	3,380	389	13.0%
Non-controlling interests	343	333	237	(106)	(30.8)%
Net income	68	496	126	58	85.3%
Total	8,054	8,285	8,378	324	4.0%

The other equity instruments account, totalling €500 million, refers to the market issuance of Additional Tier 1 securities at the end of March 2017.

The fully loaded CET 1, tier 1 and total ratios, standing at 15.0 per cent., 16.1 per cent. and 17.4 per cent., respectively as at 31 March 2019 (including net income for the period), easily met the capital requirements currently in force for the CGD Group.

CGD's General Meeting scheduled for 31 May 2019 will decide on a proposal to distribute €200 million in dividends over the 2018 net income.

Rating

In March 2019, following the publication of Law 23/2019, of 13 March, which gives preference to all depositors in the case of banks' insolvency or resolution processes, DBRS upgraded its rating on long-term deposits to BBB (up 1 notch) and to R-2 (high) for short-terms deposits, with a "stable" trend that was then changed to "positive" in the following month, in line with the review of the rating trend for the Portuguese Republic.

Domestic and International Activity

Domestic activity contributed €85.6 million to CGD Group's net income in the first quarter of 2019, in comparison to the €29.6 million recorded in the same period of the preceding year.

In the case of CGD's core activity, reference should be made to income from services and commissions, which increased 5.3 per cent. compared with the same period in 2018, totalling €99.3 million in the first three months of the year. Furthermore, the other operating income aggregate, up €35.7 million in relation to the amount recorded in the first quarter of 2018, compensated for the reduction of €14.5 million in income from financial operations and the 5.5 per cent. decrease, of €10.9 million, in net interest income in the period in question.

Contribution to consolidated P&L(*)

	Domestic Activity			International Activity		
CONTRIBUTION TO CONSOLIDATED P&L (*)	**Restated Q1 2018**	**Q1 2019**	**Change**	**Restated Q1 2018**	**Q1 2019**	**Change**
	(€ million)		*(%)*	*(€ million)*		*(%)*
Net interest income	196,9	186,0	(5.5)%	94,9	97,2	2.4%
Income from equity instruments	7,3	4,0	(45.1)%	0,0	0,0	10.3%
Net fees and commissions	94,3	99,3	5.3%	21,1	21,3	0.9%
Net trading income	20,6	6,1	(70.4)%	6,3	7,9	26.0%
Other operating income	8,2	43,9	434.0%	(2,0)	(2,6)	—
Total operating income	327,3	339,4	3.7%	120,3	123,8	2.9%
Employee costs	167,1	155,1	(7.2)%	35,5	33,5	(5.6)%
Administrative expenses	64,3	49,4	(23.1)%	22,0	24,6	11.9%
Depreciation and amortisation	9,6	16,1	67.0%	5,3	6,3	19.0%
Operating costs	241,0	220,6	(8.5)%	62,7	64,4	2.6%
Net operating income before impairments	86,3	118,8	37.6%	57,6	59,4	3.2%
Credit impairment (net)	14,4	6,0	(57.9)%	19,0	2,5	(87.0)%
Provisions and impairments of other assets (net)	(5,6)	(61,9)	—	(6,0)	(0,1)	—
Net operating income	77,6	174,7	125.2%	44,5	57,0	28.2%
Income Tax	57,3	92,6	61.7%	16,1	16,6	3.1%
Net operat. inc. after tax and before non- controlling interests	20,3	82,1	304.3%	28,4	40,5	42.4%
Non-controlling interests	1,0	1,2	195%	5,4	6,6	21.7%
Results from subsidiaries held for sale	n.a.	n.a.	n.a.	15,2	6,6	(56.6)%
Results of associated companies	10,3	4,7	(54.1)%	0,2	0,0	(98.5)%
Net income	29,6	85,6	189.3%	38,4	40,5	5.3%

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

Operating costs decreased 8.5 per cent. (or €20.4 million) to €220.6 million in the first quarter of 2019, compared with the same quarter of the preceding year, due to a decrease in general administrative costs and employee costs. This amount includes a non-recurrent cost of €55 million for early retirement and voluntary redundancy programmes, which is compensated for by the usage in equal amount of the provision established in 2017 for this purpose.

International business' contribution of €40.5 million to consolidated net income in the first quarter of 2019 was up 5.3 per cent. in relation to the same period of 2018. The main contributions to income from international activity in the first three months of the year were made by BNU Macau (€17.1 million), BCI Mozambique (€8.0 million) and the France branch (€6.3 million).

Total operating income from international activity grew 2.9 per cent. in the first quarter of 2019 compared with the same period of the preceding year. Apart from other the operating income which remained negative in the case of international activity, all total operating income components recorded growth compared with the same period of the preceding year, with special reference to the 2.4 per cent. (or €2.3 million) growth in net interest income and the 26.0 per cent. (or €1.6 million) growth in income from financial operations.

Notwithstanding the 5.6 per cent. decrease in the employee costs component, operating costs increased by 2.6 per cent. compared with the first quarter of 2018, with administrative costs up 11.9 per cent. and depreciation and amortisation up 19 per cent.

As part of the implementation of the Strategic Plan, CGD closed its branches in London, the Cayman Islands, Macau Offshore, Zhuhai and New York. The sale of CGD's holdings in Mercantile Bank Holdings Limited (South Africa) and Banco Caixa Geral, S.A. (Spain) advanced in 2018, but the conclusion of these sale processes is now dependent on authorisation from local authorities. There were also developments in the sale of BCG Brazil.

The sale process for Banco Comercial do Atlântico (Cape Verde) was initiated at the beginning of 2019. The closing of the Luxembourg branch has also progressed and is expected to be concluded in the near future.

The objective of these operations is to rationalise CGD Group's international structure, allowing for some capital release and a reduction of its risk profile.

Balance sheet

	Consolidated Activity				Separate Activity			
	Restated Q1 2018	**Restated FY 2018**	**Q1 2019**	**Change YtD**	**Q1 2018**	**FY 2018**	**Q1 2019**	**Change YtD**
		(€ million)		*(%)*		*(€ million)*		*(%)*
ASSETS								
Cash and cash equiv. with central banks	4,148	5,528	5,590	1.1%	3,344	4,661	4,746	1.8%
Loans and advances to credit instit.	3,157	3,057	3,471	13.6%	4,337	3,964	4,398	11.0%
Securities investments	15,907	16,383	18,432	12.5%	17,434	17,995	19,847	10.3%
Loans and advances to customers	53,360	51,144	50,905	(0.5)%	47,284	44,852	44,714	(0.3)%
Assets with repurchase agreement	125	55	76	38,4%	125	0	76	—
Non-current assets held for sale	7,368	7,028	6,947	(1.2)%	708	657	633	(3.6)%
Investment properties	893	810	807	(0.4)%	3	5	5	0.0%
Intangible and tangible assets	551	491	701	42.7%	328	292	492	68.5%

	Consolidated Activity				Separate Activity			
	Restated Q1 2018	**Restated FY 2018**	**Q1 2019**	**Change YtD**	**Q1 2018**	**FY 2018**	**Q1 2019**	**Change YtD**
		(€ million)		*(%)*		*(€ million)*		*(%)*
Invest. in subsid. and assoc. companies	394	384	416	8.2%	3,549	1,672	1,633	(2.3)%
Current and deferred tax assets	2,315	2,151	2,093	(2.7)%	2,219	2,045	1,992	(2.6)%
Other assets	2,718	2,097	2,207	5.3%	2,009	1,463	1,410	(3.6)%
Total assets	90,937	89,129	91,645	2.8%	81,339	77,607	79,946	3.0%
LIABILITIES								
Central banks' and cred. instit. resources	4,250	1,797	2,076	15.5%	5,004	2,176	2,512	15.5%
Customer resources	61,556	62,714	64,899	3.5%	56,666	56,215	58,501	4.1%
Debt securities	3,222	3,260	2,453	(24.8)%	3,222	3,261	2,453	(24.8)%
Financial liabilities	955	738	839	13.7%	950	731	838	14.6%
Non-current liabilities held for sale	6,456	6,185	6,132	(0.9)%	0	0	0	—
Provisions	1,335	1,047	1,021	(2.5)%	1,310	1,046	1,018	(2.6)%
Subordinated liabilities	1,026	1,160	1,164	0.4%	1,127	1,270	1,164	(8.4)%
Other liabilities	4,083	3,943	4,683	18.8%	5,895	5,543	5,961	7.5%
Sub-total	82,882	80,843	83,267	3.0%	74,174	70,240	72,448	3.1%
Shareholders' equity	8,054	8,285	8,378	1.1%	7,165	7,367	7,498	1.8%
Total	90,937	89,129	91,645	2.8%	81,339	77,607	79,946	3.0%

Income Statement

	Consolidated Activity			Separate Activity		
	Restated Q1 2018	**Q1 2019**	**Change**	**Q1 2018**	**Q1 2019**	**Change**
	(€ million)		*(%)*	*(€ million)*		*(%)*
Interest and similar income	512,140	478,762	(6.5)%	381,199	352,399	(7.6)%
Interest and similar costs	220,744	195,410	(11.5)%	177,909	161,115	(9.4)%
Net interest income	291,396	283,353	(2.8)%	203,290	191,284	(5.9)%
Income from equity instruments	7,280	3,998	(45.1)%	31,301	39,865	27.4%
Net interest inc. incl. inc. from eq. investm.	298,676	287,350	(3.8)%	234,591	231,148	(1.5)%
Fees and commissions income	142,837	148,913	4.3%	116,055	122,620	5.7%
Fees and commissions expenses	28,132	28,706	2.0%	19,386	19,957	2.9%
Net fees and commissions	114,705	120,207	4.8%	96,669	102,663	6.2%
Net trading income	27,264	13,830	(49.3)%	35,419	20,675	(41.6)%
Other operating income	(3517)	34,484	—	(26,882)	20,619	—
Non-interest income	138,451	168,522	21.7%	105,206	143,957	36.8%
Total operating income	437,128	455,872	4.3%	339,797	375,106	10.4%
Employee costs	202,553	188,539	(6.9)%	167,090	155,483	(6.9)%
Administrative expenses	75,746	66,773	(11.8)%	60,357	50,780	(15.9)%
Depreciation and amortisation	14,921	22,378	50.0%	10,168	16,292	60.2%
Operating costs	293,219	277,690	(5.3)%	237,615	222,555	(6.3)%
Net operating income before impairments	143,908	178,182	23.8%	102,182	152,551	49.3%
Credit impairment (net)	33,379	8,519	(74.5)%	18,115	9,323	(48.5)%
Provisions for reduction of employees	(43,768)	(55,000)	—	(45,668)	(55,000)	—
Provisions for sale international subsidiaries.	0	0	—	0	0	—
Provisions for guarantees and other	(14,548)	(15,750)	—	(13,771)	(16,159)	—

	Consolidated Activity			Separate Activity		
	Restated Q1 2018	**Q1 2019**	**Change**	**Q1 2018**	**Q1 2019**	**Change**
	(€ million)		*(%)*	*(€ million)*		*(%)*
commitments						
Other provisions and impairments	46,792	8.698	(81.4)%	(2,198)	4,367	—
Provisions and impairments	21,855	(53,533)	—	(43,522)	(57,469)	—
Net operating income	122,054	231,715	89.8%	145,704	210,019	44.1%
Income Tax	73,331	109,177	48.9%	67,502	89,574	32.7%
of which Contribution on the banking sector	34,792	27,030	(22.3)%	34,092	26,480	(22.3)%
Net op. inc. after tax and before non-controlling int.	48,723	122,538	151.5%	n.a.	n.a.	n.a.
Non-controlling interests	6,399	7,766	21.4%	n.a.	n.a.	n.a.
Results of associated companies	10,493	4,727	(54.9)%	n.a.	n.a.	n.a.
Results of subsidiaries held for sale	15,219	6,598	(56.6)%	n.a.	n.a.	n.a.
Net income	68,035	126,097	85.3%	78,202	120,446	54.0%

DESCRIPTION OF CAIXA GERAL DE DEPÓSITOS, FRANCE BRANCH

General

CGD's operations in Paris commenced with the opening of a branch in 1974. In 2001, the CGD Group completed its restructuring process for its French operations, pursuant to which Banque Franco Portugaise was merged into Caixa Geral de Depósitos and its assets absorbed by the France branch of CGD ("**CGDFB**"). The two institutions were officially merged on 26 October 2003. CGDFB 's address is 38 Rue de Provence, 75009 Paris, France.

Business

CGDFB is mainly focused on the domestic Portuguese and French customer market, as well as on fostering the development of cross-border transactions between French and Portuguese companies.

Historically, it has played an important role in giving Portuguese corporates access to the euromarket and in raising foreign exchange funding for medium-sized companies engaged in trade related activities.

The following indicators are provided by CGDFB and are part of the consolidated accounts of CGD (except for the net total assets).

			Change 2018-12 vs 2017-12	
	2017-12	**2018-12**	**Total**	**%**
	(€ million)			
Net interest income	100.4	70.2	(30.18)	(30.1)%
Total operating income	120.2	93.0	(27.22)	(22.6)%
Operating costs	57.8	57.0	(0.80)	(1.4)%
Net op. income before impairments	62.5	36.1	(26.42)	(42.3)%
Provisions and impairments	(5.8)	13.8	19.64	—
Net income	48.8	11.4	(37.36)	(76.6)%
Net assets	2,888.1	2,923.2	35.13	1.2%
Loans and adv. to customers (net)	2,111.7	2,260.0	148.31	7.0%
Customer deposits	2,310.1	2,398.5	88.47	3.8%

For the year ended 31 December 2018, the France Branch's contribution to the CGD Group's consolidated financial statements amounted to €16.2 million.

General

The directors of CGDFB are the same as those listed for CGD above.

No potential conflicts of interest exist between any duties to CGD of the persons on the Board of Directors, as listed in the above section headed Corporate Governance, and their private interests or other duties in respect of their management roles.

TAXATION

Portugal

General

The following is a general description of certain Portuguese tax consequences of the acquisition and ownership of Notes. It does not purport to be an exhaustive description of all tax considerations that may be relevant to decisions regarding the purchase of Notes. Notably, the following general discussion does not consider any specific facts or circumstances that may apply to a particular purchaser of the Notes.

This summary is based on the laws of Portugal currently in full force and effect and as applied on the date of this Prospectus, thus being subject to variation, possibly with retroactive or retrospective effect.

Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences resulting from the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws of Portugal and each country where they are, or are deemed to be, residents.

Notes issued by CGDFB are subject to the following specific tax considerations

Payments to be made by CGDFB of interest and principal on Notes issued by it to an individual or legal person non-resident in Portuguese territory for tax purposes, are not subject to Portuguese withholding tax whenever those payments correspond to costs or charges concerning the activities of that branch. If that is not the case, pursuant to Orders (*Despachos*) no. 935/2006 – XVII, of 31 July and no. 1132/2006 – XVII, of 12 September, both of the Secretary of State for Fiscal Affairs (*Secretário de Estado dos Assuntos Fiscais*), the Portuguese tax authorities consider that interest derived from notes, issued by Portuguese resident entities, acting through their branches located outside Portuguese territory which proceeds are transferred to the head office or other branches, shall be deemed to be obtained in Portuguese territory and therefore payment of such interest to entities with no residence, head office, effective management or permanent establishment in Portugal is subject to withholding tax at the rate of 25 per cent. (in case of legal persons) or at the rate of 28 per cent. (in case of individuals) or at the rate of 35 per cent. in the case of investment income payments made to (i) accounts opened in the name of one or several account holders acting on behalf of undisclosed third parties and the relevant beneficial owners of the income is/are not identified; or (ii) individuals and legal persons domiciled in a country, territory or region subject to a tax regime which is clearly more favourable, included in the blacklist approved by Order issued by the Portuguese Minister of Finance (currently *Portaria* no. 150/2004, of 13 February, as amended from time to time), which may be reduced between 5 and 15 per cent. according to applicable double taxation treaties, if any, entered into by the Portuguese Republic and other countries, subject to certain formalities being met, and even eliminated if certain exemptions are applicable.

Notes issued by CGD are subject to the following specific tax considerations:

The economic advantages deriving from interest amortisation or reimbursement premiums and other types of remuneration arising from Notes issued by private entities are qualified as investment income for Portuguese tax purposes. Gains obtained with the repayment of Notes acquired on the secondary market are qualified as capital gains for Portuguese tax purposes.

General Tax Regime Applicable to Debt Securities

Resident

Interest and other types of investment income obtained on Notes by a Portuguese resident individual is subject to individual income tax. If the payment of interest or other investment income is made available to Portuguese resident individuals, withholding tax applies at a rate of 28 per cent., which is the final tax on that income unless the individual elects for aggregation to his taxable income, subject to tax at the current progressive rates of up to 48 per cent. In the latter circumstance an additional income tax will be due on the part of the taxable income exceeding €80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding €80,000 up to €250,000 and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding €250,000. Investment income paid or made available to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties is subject to a final

withholding tax rate of 35 per cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

Capital gains obtained by Portuguese resident individuals on the transfer of Notes are taxed at a special tax rate of 28 per cent. levied on the positive difference between such gains and gains on other securities and losses on securities unless the individual elects for aggregation to his taxable income, subject to tax at the current progressive rates of up to 48 per cent. In the latter circumstance an additional income tax will be due on the part of the taxable income exceeding €80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding €80,000 up to €50,000 and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding €250,000. Accrued interest qualifies as interest, rather than as capital gains, for tax purposes.

Interest and other investment income derived from Notes and capital gains obtained with the transfer of Notes by legal persons resident for tax purposes in Portugal and by non resident legal persons with a permanent establishment in Portugal to which the income or gains are attributable are included in their taxable income and are subject to corporate income tax at a 21 per cent. rate or at a 17 per cent. rate on the first €15,000 in the case of small or small and medium-sized enterprises, to which may be added a municipal surcharge ("*derrama municipal*") of up to 1.5 per cent. of its taxable income. A state surcharge ("*derrama estadual*") also applies at 3 per cent. on taxable profits in excess of €1,500,000 and up to €7,500,000, 5 per cent. on taxable profits in excess of €7,500,000 and up to €35,000,000 and 9 per cent. on taxable profits in excess of €35,000,000. As general rule, withholding tax at a rate of 25 per cent. applies on interest and other investment income, which is deemed a payment on account of the final tax due. Financial institutions subject to tax in Portugal, pension funds, retirement and/or education savings funds, share savings funds, venture capital funds or undertakings for collective investment incorporated and operating under the laws in Portugal and some other exempt entities are not subject to Portuguese withholding tax.

Investment income paid or made available to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 35 per cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence, the tax rates applicable to such beneficial owner(s) will apply.

Non-resident

Without prejudice to the special debt securities tax regime as described below, the general tax regime on debt securities applicable to non-resident entities is the following:

Interest and other types of investment income obtained by non-resident individuals without a Portuguese permanent establishment to which the income is attributable is subject to withholding tax at a rate of 28 per cent. which is the final tax on that income. Interest and other types of investment income obtained by non-resident legal persons without a Portuguese permanent establishment to which the income is attributable is subject to withholding tax at a rate of 25 per cent. which is the final tax on that income.

Investment income paid or made available to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 35 per cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

A withholding tax rate of 35 per cent. applies in the case of investment income payments to individuals or companies domiciled in a "low tax jurisdictions" list approved by Ministerial order (*Portaria*) no. 150/2004 of 13 February, as amended, from time to time.

Under the tax treaties entered into by Portugal which are in full force and effect on the date of this Prospectus, the withholding tax rate may be reduced to 15, 12, 10 or 5 per cent., depending on the applicable treaty and provided that the relevant formalities (including certification of residence by the tax authorities of the beneficial owners of the interest and other investment income) are met. The reduction may apply at source or through the refund of the excess tax. The forms currently applicable for these purposes may be available for viewing and downloading at www.portaldasfinancas.gov.pt.

Capital gains obtained on the transfer of Notes by non-resident individuals without a permanent establishment in Portugal to which gains are attributable are exempt from Portuguese capital gains taxation unless the individual is resident in a country, territory or region subject to a clearly more favourable tax regime included in the "low tax jurisdictions" list approved by Ministerial order (*Portaria*) no. 150/2004 of 13 February, as amended (*Lista dos países, territórios e regiões com regimes de tributação privilegiada,*

claramente mais favoráveis), from time to time. Capital gains obtained by individuals that are not entitled to said exemption will be subject to taxation at a 28 per cent. flat rate. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese corporate income tax, but the applicable rules should be confirmed on a case by case basis. Accrued interest does not qualify as capital gains for tax purposes.

Regarding capital gains obtained on the transfer of Notes by a legal person non-resident in Portugal for tax purposes and without a permanent establishment in Portugal to which gains are attributable are exempt from Portuguese capital gains taxation, unless the share capital of the non-resident entity is more than 25 per cent. directly or indirectly held by Portuguese resident entities or if the beneficial owner is resident in a country, territory or region subject to a clearly more favourable tax regime included in the "low tax jurisdictions" list approved by Ministerial order (*Portaria*) no. 150/2004 of 13 February, as amended from time to time (*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*). If the exemption does not apply, the gains will be subject to corporate income tax at a rate of 25 per cent. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese corporate income tax, but the applicable rules should be confirmed on a case by case basis.

Special Debt Securities Tax Regime

Resident

Interest and other types of investment income obtained on Notes by a Portuguese resident individual is subject to individual income tax. If the payment of interest or other investment income is made available to Portuguese resident individuals, withholding tax applies at a rate of 28 per cent., which is the final tax on that income unless the individual elects to include such income in his taxable income, subject to tax at progressive rates of up to 48 per cent. In the latter circumstance an additional income tax will be due on the part of the taxable income exceeding €80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding €80,000 up to €250,000 and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding €250,000. The relevant tax shall be withheld by the relevant direct registering entity.

Investment income paid or made available to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 35 per cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

Capital gains obtained by Portuguese resident individuals on the transfer of Notes are taxed at a special tax rate of 28 per cent. levied on the positive difference between such gains and gains on other securities and losses on securities unless the individual elects for aggregation to his taxable income, subject to tax at the current progressive rates of up to 48 per cent. In the latter circumstance an additional income tax will be due on the part of the taxable income exceeding €80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding €80,000 up to €250,000 and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding €250,000. Accrued interest qualifies as interest, rather than as capital gains, for tax purposes.

Interest and other investment income derived from Notes and capital gains obtained with the transfer of Notes by legal persons resident for tax purposes in Portugal and by non-resident legal persons with a permanent establishment in Portugal to which the income or gains are attributable are included in their taxable income and are subject to Corporate Income Tax at a 21 per cent. tax rate or at a 17 per cent. tax rate on the first €15,000 in the case of small or small and medium-sized enterprises, to which may be added a municipal surcharge ("*derrama municipal*") of up to 1.5 per cent. of its taxable income. A state surcharge ("*derrama estadual*") also applies at 3 per cent. on taxable profits in excess of €1,500,000 and up to €7,500,000, 5 per cent. on taxable profits in excess of €7,500,000 and up to €35,000,000 and 9 per cent. on taxable profits in excess of €35,000,000.

As general rule, withholding tax at a rate of 25 per cent. applies on interest and other investment income, which is deemed a payment on account of the final tax due. The relevant tax shall be withheld by the relevant direct registering entity. Financial institutions subject to tax in Portugal, pension funds, retirement and/or education savings funds, share savings funds, venture capital funds and collective investment undertakings incorporated under the laws in Portugal and some exempt entities are not subject to Portuguese withholding tax.

Investment income paid or made available to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 35 per cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

Non-resident

Pursuant to the Special Tax Regime for Debt Securities, approved by Decree Law No. 193/2005, investment income paid on, as well as capital gains derived from a sale or other disposition of the Notes, to non-Portuguese resident beneficial owners will be exempt from Portuguese income tax provided the debt securities are integrated in (i) a centralised system for securities managed by an entity resident for tax purposes in Portugal (such as the CVM managed by Interbolsa), or (ii) an international clearing system operated by a managing entity established in a member state of the EU other than Portugal or in a European Economic Area Member State provided, in this case, that such State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States or (iii) integrated in other centralised systems not covered above provided that, in this last case, the Portuguese Government authorises the application of the Decree-Law 193/2005, and the beneficiaries are:

(i) central banks or governmental agencies; or

(ii) international bodies recognised by the Portuguese State; or

(iii) entities resident in countries or jurisdictions with whom Portugal has a double tax treaty in force or a tax information exchange agreement; or

(iv) other entities without headquarters, effective management or a permanent establishment in the Portuguese territory to which the relevant income is attributable and which are not domiciled in a blacklisted jurisdiction as set out in the Ministerial order no. 150/2004, as amended.

For purposes of application at source of this tax exemption regime, Decree-Law 193/2005 requires completion of certain procedures and the provision of certain information. Under these procedures (which are aimed at verifying the non-resident status of the Noteholder), the beneficial owner is required to hold the Notes through an account with one of the following entities:

(i) a direct registered entity, which is the entity with which the debt securities accounts that are integrated in the centralised system are opened;

(ii) an indirect registered entity, which, although not assuming the role of the "direct registered entities", is a client of the latter; or

(iii) an international clearing system, which is an entity that proceeds, in the international market, to clear, settle or transfer securities which are integrated in centralised systems or in their own registration systems.

The special regime approved by Decree Law No. 193/2005 sets out the detailed rules and procedures to be followed on the proof of non-residence by the beneficial owners of the Instruments to which it applies.

Under these rules, the direct register entity is required to obtain and retain proof, in the form described below, that the beneficial owner is a non-resident entity that is entitled to the exemption. As a general rule, the proof of non-residence should be provided to, and received by, the direct register entities prior to the relevant date for payment of any interest, or the redemption date (for Zero Coupon Notes), and, in the case of domestically cleared Notes, prior to the transfer of Notes, as the case may be.

The following is a general description of the rules and procedures on the proof required for the exemption to apply at source, as they stand as at the date of this Prospectus.

Domestically Cleared Notes

The beneficial owner of Notes must provide proof of non residence in Portuguese territory substantially in the terms set forth below:

(i) If a holder of Notes is a central bank, a public law entity or agency or an international organisation recognised by the Portuguese state, a declaration of tax residence issued by the

holder of Notes, duly signed and authenticated or proof pursuant to the terms of paragraph (iv) below;

(ii) If the beneficial owner of Notes is a credit institution, a financial company, pension fund or an insurance company domiciled in any OECD country or in a country with which Portugal has entered into a double taxation treaty and is subject to a special supervision regime or administrative registration, certification shall be made by means of the following: (A) its tax identification; or (B) a certificate issued by the entity responsible for such supervision or registration confirming the legal existence of the holder of Notes and its domicile; or (C) proof of non residence, pursuant to the terms of paragraph (iv) below;

(iii) If the beneficial owner of Notes is either an investment fund or other type of collective investment undertaking domiciled in any OECD country or any country or jurisdiction with which Portugal has entered into a double tax treaty or a tax information exchange agreement in force, certification shall be provided by means of any of the following documents: (A) declaration issued by the entity which is responsible for its registration or supervision or by the tax authorities, confirming its legal existence and the law of incorporation; or (B) proof of non residence pursuant to the terms of paragraph (iv) below;

(iv) In any other case, confirmation must be made by way of (A) a certificate of residence or equivalent document issued by the relevant tax authorities or, (B) a document issued by the relevant Portuguese consulate certifying residence abroad, or (C) a document specifically issued by an official entity of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country certifying the residence; for these purposes, an identification document such as a passport or an identity card or document by means of which it is only indirectly possible to assume the relevant tax residence (such as a work or permanent residency permit) is not acceptable. There are rules on the authenticity and validity of the documents, in particular that the holder of Notes must provide an original or a certified copy of the residence certificate or equivalent document. This document must be issued up to until 3 months after the date on which the withholding tax would have been applied and will be valid for a 3 year period starting on the date such document is issued.

In cases referred to in paragraphs (i), (ii) and (iii) above, proof of non-residence is required only once, the beneficial owner having to inform the register entity of any changes that impact the entitlement to the exemption. The holder of Notes must inform the register entity immediately of any change that may preclude the tax exemption from applying.

Internationally Cleared Notes

If the Notes are registered in an account with an international clearing system, prior to the relevant date for payment of any interest or the redemption date (for Zero Coupon Notes), the entity managing such system is to provide to the direct register entity or its representative the identification and number of securities, as well as the income and, when applicable, the tax withheld, itemised by type of beneficial owner, as follows:

(i) Portuguese resident entities or permanent establishments of non-resident entities to which the income is attributable which are not exempt from tax and are subject to withholding tax;

(ii) entities domiciled in a country, territory or region subject to a clearly more favourable tax regime included in the list approved by Ministerial order no. 150/2004, of 13 February, as amended from time to time, which are not exempt from tax and are subject to withholding tax;

(iii) Portuguese resident entities or permanent establishments of non resident entities to which the income is attributable which are exempt from tax and are not subject to withholding tax;

(iv) other non-Portuguese resident entities.

In addition, the international clearing system managing entity is to provide to the direct register entity, in relation to each income payment, at least the following information concerning each of the beneficiaries mentioned in (i), (ii) and (iii) above: name and address, tax identification number, if applicable, identification of the securities held and amount thereof and amount of income.

No Portuguese exemption shall apply at source under the special regime approved by Decree Law No. 193/2005 if the above rules and procedures are not followed. Accordingly, the general Portuguese tax provisions shall apply as described above.

If the conditions for an exemption to apply are met, but, due to inaccurate or insufficient information, tax is withheld, a special refund procedure is available under the regime approved by Decree Law No. 193/2005. The refund claim is to be submitted to the direct register entity of the Notes within 6 months from the date the withholding took place. A special form for these purposes is yet to be approved.

The refund of withholding tax after the above 6 months period is to be claimed to the Portuguese tax authorities through an official form available at *http://www.portaldasfinancas.gov.pt*, within 2 years from the end of the year in which tax was withheld. The refund is to be made within 3 months, after which interest is due.

France

The description below is only intended as a basic summary of certain French withholding tax consequences that may be relevant to holders of Notes issued by CGDFB who do not concurrently hold shares of the Issuers. This summary is based on the laws of France (as interpreted by the tax authorities and case law) currently in full force and effect and as applied on the date of this Prospectus, thus being subject to variation, possibly with retroactive or retrospective effect. This description is for general information only and does not purport to be comprehensive. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

Notes issued as from 1 March 2010

Pursuant to the French General Tax Code, payments of interest and other revenues made by CGDFB, in its capacity as issuer, with respect to Notes issued on or after 1 March 2010 (other than Notes (described below) which are assimilated (*assimilables*) for the purpose of French law with Notes issued prior to 1 March 2010 having the benefit of Article 131 *quater* of the French General Tax Code) will not be subject to the withholding tax set out under Article 125 A III of the French General Tax Code unless such payments are made outside France in a non-cooperative State or territory (Etat ou territoire non coopératif) within the meaning of Article 238-0 A of the French General Tax Code (a "**Non-Cooperative State**"), other than those mentioned in Article 238-0 A 2 *bis* 2° of the French General Tax Code. If such payments under the Notes are made in a Non-Cooperative State other than those mentioned in Article 238-0 A 2 *bis* 2° of the French General Tax Code, a 75 per cent. withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French General Tax Code.

Furthermore, according to Article 238 A of the French General Tax Code, interest and other revenues on such Notes will not be deductible from CGDFB's taxable income, if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid on a bank account opened in a financial institution established in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest and other revenues may be characterised as constructive dividends pursuant to Article 109 of the French General Tax Code, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 bis 2 of the French General Tax Code, at a rate of (i) 12.8 per cent. for payments benefiting individuals who are not French tax residents, (ii) 30 per cent. (to be aligned with the standard corporate income tax rate set forth in Article 219-I of the French General Tax Code for fiscal years starting as from 1 January 2020) for payments benefiting legal entities which are not French tax residents, or (iii) 75 per cent. for payments made outside France in a Non-Cooperative State other than those mentioned in Article 238-0 A 2 *bis* 2° of the French General Tax Code (subject to the more favourable provisions of any applicable double tax treaty).

Notwithstanding the foregoing, neither the 75 per cent. withholding tax nor, to the extent the relevant interest or other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, the non-deductibility set out under Article 238 A of the French General Tax Code (and therefore the withholding tax set out under Article 119 *bis* 2 of the French General Tax Code which may be levied as a result of such non-deductibility) will apply in respect of a particular issue of Notes if CGDFB can prove that the main purpose and effect of such issue of Notes were not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the French tax administrative guidelines (BOI-INT-DG-20-50-20140211 n°550 and n°990, BOI-RPPM-RCM-30-10-20-40-20140211, n°70 and n°80, and BOI-IR-DOMIC-10-20-20-60-20150320, n°10) an issue of Notes will benefit from the

Exception without CDGFB having to provide any proof of the purpose and effect of such issue of Notes, if such Notes are:

(i) offered by means of a public offer within the meaning of Article L.411.1 of the French Monetary and Financial Code or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

(ii) admitted to trading on a French or foreign regulated market or multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

(iii) admitted, at the time of their issue, to the operations of a central depositary or of a securities payment and delivery systems operator within the meaning of Article L.561-2 of the French Monetary and Financial Code, or of one or more similar foreign depositaries or operators provided that such depositary or operator is not located in a Non-Cooperative State.

Notes assimilated (assimilables) with Notes issued before 1 March 2010

Payments of interest and other revenues made by CGDFB, in its capacity as issuer, with respect to (i) Notes issued (or deemed issued) outside France as provided under Article 131 *quater* of the French General Tax Code, before 1 March 2010 and whose term has not been extended as from such date and (ii) Notes issued on or after 1 March 2010 and which are assimilated (*assimilables*) with such Notes, will continue to be exempt from the withholding tax set out under Article 125 A III of the French General Tax Code.

Notes issued before 1 March 2010, whether denominated in Euro or in any other currency, and constituting *obligations* under French law, or *titres de créances négociables* or other debt securities issued under French or foreign law and considered by the French tax authorities as falling into similar categories, are deemed to be issued outside the Republic of France for the purpose of Article 131 *quater* of the French General Tax Code, in accordance with the French administrative guidelines BOI-RPPM-RCM-30-10-30-30-20140211, n° 40 to 90.

In addition, interest and other revenues paid by CGDFB on Notes issued before 1 March 2010 (or Notes issued on or after 1 March 2010 and which are to be assimilated (assimilables) for the purpose of French law) will be subject neither to the non-deductibility set out under Article 238 A of the French General Tax Code nor to the withholding tax set out in Article 119 bis 2 of the French General Tax Code solely on account of their being paid or accrued to persons established or domiciled in a Non-Cooperative State or paid to a bank account opened in a financial institution established in a Non-Cooperative State.

Payments made to individuals fiscally domiciled in France

Where the paying agent (*établissement payeur*) is established in France, pursuant to Article 125 A of the French General Tax Code, subject to certain limited exceptions, interest and other similar revenues received from by individuals fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 12.8 per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and solidarity levy) are also levied by way of withholding at an aggregate rate of 17.2 per cent. on interest and other similar revenues paid to individuals fiscally domiciled (*domiciliés fiscalement*) in France.

The United States

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below) and, only as specifically addressed below under "FATCA Withholding", certain U.S. tax considerations applicable to non-U.S. investors. This summary does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and the relevant Final Terms may contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary deals only with purchasers of Notes at the "issue price" (as defined below) in the initial offering that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of

the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, foreign or other tax laws. In particular, this summary does not address tax considerations applicable to investors that own (directly, indirectly or by attribution) 5 per cent. or more of the interests (by vote or value) of the relevant Issuer, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar). Moreover, the summary deals only with Notes with a term of 30 years or less. The U.S. federal income tax consequences of owning Notes with a longer term will be discussed in the relevant Final Terms.

As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax adviser concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

*This summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, as amended (the "**Code**"), its legislative history, existing and proposed regulations thereunder, published rulings of the U.S. Internal Revenue Service (the "**IRS**") and court decisions, as well as the income tax treaty between the United States and Portugal (the "**Treaty**") all as of the date hereof and all subject to change at any time, possibly with retroactive effect.*

Bearer Notes (including Exchangeable Bearer Notes while in bearer form) are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Code.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Characterisation of the Notes

The discussion below assumes that Notes issued under the Programme will be classified as indebtedness of the relevant Issuer for U.S. federal income tax purposes. The determination whether an obligation represents a debt or equity interest, or another form of financial instrument, is based on all the relevant facts and circumstances, and courts have held that obligations purporting to be debt constituted equity (or some other form of financial instrument) for U.S. federal income tax purposes. Accordingly, depending on the terms of a particular Series or Tranche of Notes, the Notes may not be characterised as debt for U.S. federal income tax purposes despite the form of the Notes as debt instruments. If a particular Series or Tranche of Notes are not characterised as debt for U.S. federal income tax purposes, then the U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder would be materially different than as described below. In the event that the relevant Issuer determined that there was a significant likelihood that a Series or Tranche of Notes would not be characterised as debt for U.S. federal income tax purposes, the U.S. federal income tax consequences of acquiring, owning and disposing such

Notes will be discussed in a supplement to the Prospectus. Each prospective investor should consult its own tax adviser about the proper characterisation of the Notes for U.S. federal income tax purposes, and the consequences to such investor of acquiring, owning or disposing of the Notes.

Payments of Interest

General

Interest on a Note, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (a "**foreign currency**"), other than interest on a "Discount Note" that is not "qualified stated interest" (each as defined below under "*Original Issue Discount – General*"), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such U.S. Holder's method of accounting for U.S. federal income tax purposes, reduced by the allocable amount of amortisable bond premium, subject to the discussion below. Interest paid by an Issuer on the Notes and original issue discount ("**OID**"), if any, accrued with respect to the Notes (as described below under "*Original Issue Discount*") generally will constitute income from sources outside the United States.

Effect of Portuguese and French Withholding Taxes

As discussed in "Taxation – Portugal" and "Taxation – France", payments of interest made to U.S. Holders may, in some circumstances, be subject to Portuguese or French withholding tax. In those circumstances, the relevant Issuer is (except if an exception applies in accordance with the Conditions of the Notes) liable for the payment of additional amounts to U.S. Holders (see "*Terms and Conditions of the Notes – Taxation – Additional Amounts*") so that U.S. Holders receive the same amounts they would have received had no Portuguese or French withholding taxes been imposed. For U.S. federal income tax purposes, U.S. Holders will be treated as having received the amount of Portuguese or French taxes withheld by the relevant Issuer with respect to a Note, and as then having paid over the withheld taxes to the relevant taxing authorities. As a result, the amount of interest income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of interest or OID may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from the relevant Issuer with respect to the payment.

Subject to certain limitations, a U.S. Holder generally will be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for Portuguese or French income taxes withheld by the Issuers. Interest will generally constitute "passive category income" for purposes of the foreign tax credit. The rules governing foreign tax credits are complex. Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of Portuguese and French withholding taxes.

Original Issue Discount

General

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with OID. The following summary does not discuss Notes that are characterised as contingent payment debt instruments for U.S. federal income tax purposes. In the event an Issuer issues contingent payment debt instruments, the relevant Final Terms will describe the material U.S. federal income tax consequences thereof.

A Note will be treated as issued with OID (a "**Discount Note**") if the excess of the Note's "stated redemption price at maturity" over its issue price is equal to or more than 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity. An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an "**instalment obligation**") will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is equal to or greater than 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided

by the Note that are not payments of "qualified stated interest." A qualified stated interest payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under "*Variable Interest Rate Notes*"), applied to the outstanding principal amount of the Note. Solely for purposes of determining whether a Note has OID, the relevant Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includable in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note ("**accrued OID**"). The daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of interest on the Note allocable to the accrual period. The "adjusted issue price" of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not interest payments.

Acquisition Premium

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being "**acquisition premium**") and that does not make the election described below under "*Election to Treat All Interest as Original Issue Discount*", is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

Market Discount

A Note generally will be treated as purchased at a market discount (a "**Market Discount Note**") if the "revised issue price", in the case of a Discount Note, or the stated principal amount of the Note exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's stated principal amount, multiplied by the number of complete years from the date acquired by the U.S. Holder to the Note's maturity. If such excess does not cause the note to be a Market Discount Note, then such excess constitutes "*de minimis* market discount." For this purpose, the "revised issue price" of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Any gain recognised on the sale or retirement of a Market Discount Note generally will be treated as ordinary income to the extent of the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may avoid such treatment by electing to include market discount in income currently over the life of the Note. This election applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year for which the election is made. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently may be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note. Such interest is deductible when paid or incurred to the extent of income from the Market Discount Note for the year. If the interest expense exceeds such income, such excess is currently deductible only to the extent that such excess exceeds the portion of the market discount allocable to the days during the taxable year on which such Market Discount Note was held by the U.S. Holder.

Market discount on a Market Discount Note will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Note with respect to which it is made and is irrevocable.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under "*Original Issue Discount – General,*" with certain modifications. For purposes of this election, interest includes interest, OID, *de minimis* OID, market discount and *de minimis* market discount, as adjusted by any amortisable bond premium (described below under "*Notes Purchased at a Premium*") or acquisition premium. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under "*Market Discount*" to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Variable Interest Rate Notes

Notes that provide for interest at variable rates ("**Variable Interest Rate Notes**") generally will bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount and (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate.

A "qualified floating rate" is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Note.

An "objective rate" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the relevant Issuer (or a related party) or that is unique to the circumstances of that Issuer (or a related party), such as dividends, profits or the value of the relevant Issuer's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the relevant Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term. A "qualified inverse floating rate" is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on

the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate. A "current value" of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument", then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the relevant Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a "true" discount (i.e., at a price below the Note's stated principal amount) equal to or in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from "true" discount is allocated to an accrual period using the constant-yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is then converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general OID rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that such amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a "variable rate debt instrument", then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as contingent payment debt obligations will be more fully described in the relevant Final Terms.

Time of Inclusion for Certain Accrual Basis U.S. Holders

Under recently enacted legislation, U.S. Holders that maintain certain types of financial statements and use the accrual method of accounting for U.S. federal income tax purposes generally will be required to include certain amounts in income no later than the time such amounts are reflected on their financial statements. The application of this rule may require U.S. Holders that maintain such financial statements to include certain amounts realised in respect of the Notes in income earlier than would otherwise be the case under the rules described below, although the precise application of this rule is unclear at this time. This rule generally will be effective for tax years beginning after December 31, 2017 or, for debt securities issued with original issue discount, for tax years beginning after December 31, 2018. U.S. Holders that use the accrual method of accounting should consult with their tax advisors regarding the potential applicability of this rule to their particular situation.

Fungible Issue

An Issuer may, without the consent of the Holders of outstanding Notes, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with OID even if the original Notes had no OID, or the additional Notes may have a greater amount of OID than the original Notes. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

Substitution of Issuer

The terms of the Notes provide that, in certain circumstances, the obligations of the relevant Issuer under the Notes may be assumed by another entity. Any such assumption might be treated for U.S. federal income tax purposes as a deemed disposition of Notes by a U.S. Holder in exchange for new notes issued by the new obligor. As a result of this deemed disposition, a U.S. Holder could be required to recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new notes (as determined for U.S. federal income tax purposes), and the U.S. Holder's tax basis in the Notes. U.S. Holders should consult their tax advisers concerning the U.S. federal income tax consequences to them of a change in obligor with respect to the Notes.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as "amortisable bond premium," in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to that year. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "Original Issue Discount – Election to Treat All Interest as Original Issue Discount".

Sale and Retirement of Notes

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the U.S. Holder's adjusted tax basis of the Note. A U.S. Holder's adjusted tax basis in a Note will generally be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to de minimis OID and de minimis market discount included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income.

Except to the extent described above under "*Original Issue Discount – Market Discount*" or "*Original Issue Discount – Short Term Notes*" or attributable to changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year. Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source.

Foreign Currency Notes

Interest

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the accrual basis U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

OID

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale of the Note), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Market Discount

Market discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the sale or retirement of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Bond Premium

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date bond premium offsets interest income, a U.S. Holder will recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference, if any, between the U.S. dollar values of the amount of such bond premium (i) on the date such bond premium offsets interest income and (ii) on the date on which the U.S. Holder acquired the Notes. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a market loss when the Note matures.

Sale or Retirement

As discussed above under "*Purchase, Sale and Retirement of Notes*", a U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and its adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Note.

The amount realised on a sale or retirement for an amount in foreign currency generally will be the U.S. dollar value of such amount on the settlement date of such sale or retirement in the case of a cash basis U.S. Holder, or the trade date in the case of an accrual basis U.S. Holder. On the settlement date, an accrual basis U.S. Holder generally will recognise U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received (as adjusted for any amortized bond premium, if any) based on the exchange rates in effect on the trade date and the settlement date. Any such exchange rate gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realised only to the extent of total gain or loss realised on the sale or retirement. However, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, an accrual basis U.S. Holder may elect to determine the U.S. dollar value of the amount realised on the sale or other taxable disposition of the Notes based on the settlement date, and no exchange gain or loss will be recognised on such date.

Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Backup Withholding and Information Reporting

Payments of principal, interest, and accruals of OID on, and the proceeds of sale or other disposition (including exchange) of Notes, by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments, including payments of accrued OID, if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Notes, including requirements related to the holding of certain foreign financial assets.

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" is required to disclose its participation to the IRS. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders) and to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.$10,000 in the case of a natural person and U.S.$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

FATCA Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. Each Issuer believes it is a foreign financial institution for these purposes. A number of jurisdictions (including Portugal and France) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to

instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the relevant Issuer). However, if additional notes (as described under "*Terms and Conditions of the Notes – Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

Luxembourg

The comments below are intended as a basic summary of tax consequences in relation to the purchase, ownership and disposition of the Notes under Luxembourg law. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

Under Luxembourg tax law currently in effect subject to certain exceptions (as described below), no Luxembourg withholding tax is due on payments of interest (including accrued but unpaid interest) or repayments of principal.

Luxembourg non-residents

Payments of interest by Luxembourg paying agents to non resident individual Noteholders are no longer subject to any Luxembourg withholding tax.

Luxembourg residents

Pursuant to the Luxembourg law of 23 December 2005, as amended, interest payments made by Luxembourg paying agents to Luxembourg individual residents are subject to a 20 per cent. withholding tax. Responsibility for withholding such tax will be assumed by the Luxembourg paying agent.

CLEARING AND SETTLEMENT

Book Entry Notes

CGD will make applications to Interbolsa, Clearstream, Luxembourg and Euroclear for acceptance in their respective book-entry systems in respect of any Series of Book Entry Notes. Book Entry Notes will only be issued in dematerialised form and therefore no certificates will be deposited in custody on behalf of the clearing systems.

For a summary description of rules applicable to Book Entry Notes see section "Book Entry Notes Held Through Interbolsa".

Bearer Notes

The relevant Issuer will make applications to Clearstream, Luxembourg and Euroclear for acceptance in their respective book-entry systems in respect of any Bearer Series of Notes. In respect of Bearer Notes in CGN form, a Temporary Global Note and/or a Permanent Global Note in bearer form without coupons will be deposited with a common depositary for Clearstream, Luxembourg and Euroclear. In respect of Bearer Notes in NGN form, the Global Note in bearer form without coupons will be delivered to a common safekeeper for Euroclear and Clearstream, Luxemburg. Transfers of interests in a Temporary Global Note or a Permanent Global Note will be made in accordance with the normal Euromarket debt securities operating procedures of Clearstream, Luxembourg and Euroclear.

Registered Notes

The relevant Issuer will make applications to Clearstream, Luxembourg and Euroclear for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Unrestricted Global Certificate. Each Unrestricted Global Certificate will have an ISIN and a Common Code.

The relevant Issuer and Citibank, N.A. will make application to DTC for acceptance in its book-entry settlement system of the Restricted Notes represented by each Restricted Global Certificate. Each Restricted Global Certificate will have a CUSIP number. Each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Note, as set out under "*Transfer Restrictions*". In certain circumstances, as described below in "*Transfers of Registered Notes*", transfers of interests in a Restricted Global Certificate may be made as a result of which such legend is no longer applicable.

The custodian with whom the Restricted Global Certificates are deposited (the "**Custodian**") and DTC will electronically record the principal amount of the Restricted Notes held within the DTC system. Investors in Notes of such Series may hold their interests in a Unrestricted Global Certificate only through Clearstream, Luxembourg or Euroclear. Investors may hold their interests in a Restricted Global Certificate directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

Payments of the principal of, and interest on, each Restricted Global Certificate registered in the name of DTC's nominee will be to or to the order of its nominee as the registered owner of such Restricted Global Certificate. The relevant Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Restricted Global Certificate as shown on the records of DTC or the nominee. The relevant Issuer also expects that payments by DTC participants to owners of beneficial interests in such Restricted Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. None of the relevant Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Restricted Global Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

All Registered Notes will initially be in the form of an Unrestricted Global Certificate and/or a Restricted Global Certificate. Individual Definitive Registered Notes will only be available, in the case of Unrestricted Notes, in amounts specified in the relevant Final Terms, and, in the case of Restricted Notes, in amounts of U.S.$200,000 (or its equivalent rounded upwards as agreed between the relevant Issuer and the relevant Dealer(s)), or higher integral multiples of U.S.$1,000, in certain limited circumstances described below.

Individual Definitive Registered Notes

Registration of title to Registered Notes in a name other than a depositary or its nominee for Clearstream, Luxembourg and Euroclear or for DTC will not be permitted unless in the case of Restricted Notes, DTC notifies the relevant Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Restricted Global Certificate, or ceases to be a "clearing agency" registered under the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or is at any time no longer eligible to act as such and the relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC, (ii) in the case of Unrestricted Notes, Clearstream, Luxembourg or Euroclear is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does, in fact, do so, or (iii) the Trustee has instituted or has been directed to institute any judicial proceeding in a court to enforce the rights of the Noteholders under the Notes and the Trustee has been advised by counsel that in connection with such proceeding it is necessary or appropriate for the Trustee to obtain possession of the Notes. In such circumstances, the relevant Issuer will cause sufficient individual Definitive Registered Notes to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Registered Certificate must provide the Registrar with:

(i) a written order containing instructions and such other information as the relevant Issuer and the Registrar may require to complete, execute and deliver such individual Definitive Registered Notes; and

(ii) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual Definitive Registered Notes issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

Transfers of Registered Notes

Transfers of interests in Global Registered Certificates within DTC, Clearstream, Luxembourg and Euroclear will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Certificate to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in an Unrestricted Global Certificate may be held only through Clearstream, Luxembourg or Euroclear. Transfers may be made at any time by a holder of an interest in a Unrestricted Global Certificate to a transferee who wishes to take delivery of such interest through the Restricted Global Certificate for the same Series of Notes provided that any such transfer made on or prior to the expiration of the Distribution Compliance Period (as defined in "*Subscription and Sale*") relating to the Notes represented by such Unrestricted Global Certificate will only be made upon receipt by the Registrar or any Transfer Agent of a written certificate from Euroclear or Clearstream, Luxembourg, as the case may be, (based on a written certificate from the transferor of such interest) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities law of any state of the United States or any other jurisdiction. Any such transfer made thereafter of the Notes

represented by such Unrestricted Global Certificate will only be made upon request through Clearstream, Luxembourg or Euroclear by the holder of an interest in the Unrestricted Global Certificate to the Principal Paying Agent and receipt by the Principal Paying Agent of details of that account at DTC to be credited with the relevant interest in the Restricted Global Certificate. Transfers at any time by a holder of any interest in the Restricted Global Certificate to a transferee who takes delivery of such interest through a Unrestricted Global Certificate will only be made upon delivery to the Registrar or any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, Luxembourg, as the case may be, and DTC to be credited and debited, respectively, with an interest in the relevant Global Registered Certificates.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and under "*Transfer Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the Principal Paying Agent.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Global Registered Certificates will be effected through the Principal Paying Agent, the Custodian and the Registrar receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Registered Certificate resulting in such transfer and (ii) two business days after receipt by the Principal Paying Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see "*Transfer Restrictions*".

DTC has advised the relevant Issuer that it will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Restricted Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Restricted Global Certificates are credited and only in respect of such portion of the aggregate principal amount of the relevant Restricted Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Restricted Global Certificates for exchange for individual Definitive Registered Notes (which will, in the case of Restricted Notes, bear the legend applicable to transfers pursuant to Rule 144A).

DTC has advised the relevant Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a "banking organisation" under the laws of the State of New York, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through, or maintain a custodial relationship with, a DTC direct participant, either directly or indirectly.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Registered Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or

continue to perform such procedures, and such procedures may be discontinued at any time. None of the relevant Issuer, the Trustee or any Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Certificate is lodged with DTC or the Custodian, Restricted Notes represented by individual Definitive Registered Notes will not be eligible for clearing or settlement through DTC, Clearstream, Luxembourg or Euroclear.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the U.S. Securities and Exchange Commission under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until the relevant Issue Date will be required, by virtue of the fact that the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the relevant Issue Date should consult their own adviser.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 28 June 2019 (the "**Dealer Agreement**"), as amended and supplemented from time to time, between the Issuers, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuers to the Permanent Dealers. However, each of the Issuers has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by each Issuer through the Dealers, acting as agents of the relevant Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The relevant Issuer may pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuers have agreed to reimburse the Arranger for certain of its expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme.

Each Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or, in the case of Bearer Notes, deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of an identifiable tranche of which such Notes are a part (the "**Distribution Compliance Period**"), as determined and certified to the Principal Paying Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Principal Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the Distribution Compliance Period (other than resales pursuant to Rule 144A) a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

This Prospectus has been prepared by the Issuers for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes in the United States. The Issuers and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States or to any U.S. person, other than any qualified institutional buyer within the meaning of Rule 144A to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this Prospectus by any non-U.S. person outside the United States or by any qualified institutional buyer in the United States to any U.S. person or to any other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuers of any of its contents to any such U.S. person or other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer, 144A is prohibited.

Each issuance of index-, commodity- or currency-linked Notes may be subject to such additional U.S. selling restrictions as the relevant Dealer(s) may agree with the relevant Issuer as a term of the issuance and purchase or, as the case may be, subscription of such Notes. Each Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

Prohibition of Sales to European Economic Area Retail Investors

Unless the relevant Final Terms in respect of any Notes specify the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated in this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is (one or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

  (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor as defined in the Prospectus Directive; and

(b) the expression offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable" and except as otherwise provided herein in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended or superseded, including by Directive 2010/73/EU), and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business, and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Portugal

No offer or sale of Notes may be made in Portugal except in circumstances that will result in compliance with the rules concerning marketing of Notes and the laws of Portugal generally.

The Prospectus has not been nor will be subject to the approval of or passported for public offer purposes with the Portuguese Securities Market Commission (the "**CMVM**"). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and it will not offer or sell any Notes in Portugal or to residents of or having an establishment in Portugal otherwise than in accordance with applicable Portuguese Law.

Each Dealer has represented and agreed with the Issuer, and each further Dealer appointed under the Programme will be required to represent and agree with the Issuer that (i) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions, sold or delivered and will not directly or indirectly take any action, offer, advertise, market, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer (oferta pública) of securities pursuant to the Portuguese Securities Code and other applicable securities legislation and regulations, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portugal, as the case may be; (ii) all offers, sales and distributions by it of the Notes have been and will only be made in Portugal in circumstances that, pursuant to the Portuguese Securities Code, qualify as a private placement of Notes only (oferta particular); and (iii) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed this Prospectus or any other offering material relating to the Notes to the public in Portugal.

France

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and that it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in, and in accordance with Articles L. 411-1, L. 411-2 and D.411-1 of the French *Code monétaire et financier* and, as from 21 July 2019, regulation (EU) 2017/1129 as amended and any applicable French law and regulation.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes issued by CGDFB or CGD (or any interest therein) are not and may not, directly or indirectly, be offered, sold, pledged, delivered or transferred in the Netherlands, on their issue date or at any time thereafter, and neither this Prospectus nor any other document in relation to any offering of the Notes (or any interest therein) may be distributed or circulated in the Netherlands, other than to qualified investors as defined in the Prospectus Directive (as defined under "*Public Offer Selling Restriction Under the Prospectus Directive*" above), provided that these parties acquire the Notes for their own account or that of another qualified investor. However, the Notes may be offered free of any restrictions (i) provided that each such Note has a minimum denomination in excess of EUR 100,000 (or the equivalent thereof in non-Euro currency) and (ii) unless the relevant Final Terms specify that the standard exemption wording and logo required by Section 5:20(5) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) is not applicable, subject to the standard exemption wording and a logo being disclosed as required by Section 5:20(5) of the Dutch Financial Supervision Act.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")), pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities or securities-based contracts (each term as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, each of the Issuers have determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

These selling restrictions may be modified by the agreement of the Issuers and the Dealers following a change in a relevant law, regulation or directive.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus, any other offering material or any Final Terms and neither the Issuers, nor any other Dealer shall have responsibility therefor.

TRANSFER RESTRICTIONS

Each purchaser of Restricted Notes within the United States pursuant to Rule 144A, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that:

(1) It is (a) a "qualified institutional buyer" within the meaning of Rule 144A, (b) acquiring such Restricted Notes for its own account or for the account of a qualified institutional buyer and (c) aware, and each beneficial owner of such Restricted Notes has been advised, that the sale of such Restricted Notes to it is being made in reliance on Rule 144A.

(2) The Restricted Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a qualified institutional buyer purchasing for its own account or for the account of a qualified institutional buyer, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.

(3) Such Restricted Notes, unless the relevant Issuer determines otherwise in compliance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

(4) It understands that the relevant Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

(5) It understands that the Restricted Notes offered in reliance on Rule 144A will be represented by the Restricted Global Certificate. Before any interest in the Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

FORM OF FINAL TERMS

The form of Final Terms that will be issued in respect of each Tranche, subject only to the dis-application of non-applicable provisions, is set out below:

[[**MIFID II product governance/Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**MIFID II product governance/Retail investors, professional investors and ECPs target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); **EITHER** [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] **OR** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate – investment advice[,/ and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable.]]

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, "**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][1]

[**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore** – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**"), and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ['prescribed capital markets products']/[capital markets products other than 'prescribed capital markets products'] (as defined in the CMP Regulations 2018) and [Excluded]/[Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.][2]

Final Terms dated [●]

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[1] Include where item 36 of Part A – Contractual Terms of the Final Terms specifies "Applicable".

[2] For any Notes to be offered to Singapore investors, the relevant Issuer is to consider whether it needs to reclassify the Notes pursuant to Section 309B of the SFA prior to the launch of the Offer.

[Caixa Geral de Depósitos, S.A., acting through its France branch]
[Caixa Geral de Depósitos, S.A.]
[Legal entity identifier (LEI): TO822O0VT80V06K0FH57][3]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €15,000,000,000 Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 28 June 2019 [and the supplement[s] to the Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of [the Prospectus Directive][Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**")], as amended or superseded (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [and the supplement[s] to the Prospectus dated [●]]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. [The Prospectus [and the supplement to the Prospectus] [is] [are] available for viewing [at [*www.bourse.lu*]] [and] copies may be obtained from [address].]]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the Conditions) set forth in the Prospectus dated [20 February 2008/2 April 2009/15 June 2010/23 February 2018]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of [the Prospectus Directive][Directive 2003/71/EC (as amended or superseded the "**Prospectus Directive**")] and must be read in conjunction with the Prospectus dated 28 June 2019 [and the supplements to the Prospectus dated [●], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [20 February 2008/2 April 2009/15 June 2010/23 February 2018] and 28 June 2019 [and the supplements to the Prospectus dated [●]]. [The Prospectuses [and the supplements to the Prospectus] are available for viewing at [*www.bourse.lu*] [and] during normal business hours at [address] and copies may be obtained from [address].]]

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs.]

1	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]
	[(iii)	Date on which the Notes will be consolidated and form a single series:	The Notes will be consolidated and form a single Series with [●] on the [Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below, which is expected to occur on or about [*date*]]
2	Specified Currency or Currencies:		[●]
3	Aggregate Nominal Amount:		
	(i)	Series:	[●]
	[(ii)	Tranche:	[●]]
4	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*]]
5	(i)	Specified Denominations:	[●]
	(ii)	Calculation Amount:	[●][Not Applicable]

[3] Only include where the Issuer is Caixa Geral de Depósitos, S.A.

6	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date (if different from the Issue Date):	[●][Not Applicable]
7	Maturity Date:		[●]
8	Interest Basis:		[[●] per cent. Fixed Rate] [Reset Notes] [[LIBOR/EURIBOR][+/-] [●] per cent. Floating Rate] [Zero Coupon]
9	Redemption/Payment Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[●]/[100]] per cent. of their nominal amount.
10	Change of Interest Basis:		[For the period from (and including) the Interest Commencement Date, up to (but excluding) [date] paragraph [13/14/15] applies and for the period from (and including) [date], up to (and including) the Maturity Date, paragraph [13/14/15] applies]/[Not Applicable]
11	Put/Call Options:		[Put] [Call] [Not Applicable]
12	(i)	Status of the Notes:	[Ordinary Senior Notes] [Senior Non Preferred Notes] [Subordinated Notes]
	(ii)	Date [Board] [Executive Committee] approval for issuance of Notes obtained:	[●] [and [●], respectively]][Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13	**Fixed Rate Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	[(i)	Rate [(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/ monthly] in arrear]]
	[(ii)	Interest Payment Date(s):	[●] in each year [adjusted in accordance with [●]*/not adjusted*]]
	[(iii)	Fixed Coupon Amount [(s)]:	[●] per Calculation Amount]
	[(iv)	Broken Amount:	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]][Not Applicable]]
	[(v)	Day Count Fraction:	[Actual/Actual][Actual/Actual – ISDA][Actual/365 (Fixed)][Actual/360][30/360][360/360][Bond Basis][30E/360][Eurobond Basis][30E/360 (ISDA)][Actual/Actual – ICMA]]
	[(vi)	Determination Date(s) (Condition 5(i)(vii)):	[[●] in each year /Not Applicable]]
14	**Reset Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	[(i)	Initial Rate of Interest:	[●] per cent. per annum payable in arrear [on each Interest Payment Date]]
	[(ii)	First Margin:	[+/-][●] per cent. per annum]

	[(iii)	Subsequent Margin:	[[+/-][●] per cent. per annum] [Not Applicable]]
	[(iv)	Interest Payment Date(s):	[●] [and [●]] in each year up to and including the Maturity Date[[in each case,] subject to adjustment in accordance with paragraph 15(xv)]]
	[(v)	Fixed Coupon Amount up to (but excluding) the First Reset Date:	[[●] per Calculation Amount][Not Applicable]]
	[(vi)	Broken Amount(s):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]][Not Applicable]]
	[(vii)	First Reset Date:	[●][subject to adjustment in accordance with paragraph 15(xv)]]
	[(viii)	Second Reset Date:	[●]/[Not Applicable][subject to adjustment in accordance with paragraph 15(xv)]]
	[(ix)	Subsequent Reset Date(s):	[●] [and [●]] [subject to adjustment in accordance with paragraph 15(xv)]]
	[(x)	Relevant Screen Page:	[●]]
	[(xi)	Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate]]
	[(xii)	Mid-Swap Maturity	[●]]
	[(xiii)	Day Count Fraction:	[●]]
	[(xiv)	Determination Dates:	[●] in each year]
	[(xv)	Business Day Convention:	[●]]
	[(xvi)	Business Centre(s):	[●]]
	[(xvii)	Calculation Agent:	[●]]
	[(xviii)	First Reset Period Fallback:	[●]]
	[(xix)	Swap Rate Period:	[●]]
15	**Floating Rate Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	[(i)	Interest Period(s):	[●]]
	[(ii)	Specified Interest Payment Dates:	[●]]
	[(iii)	First Interest Payment Date:	[●]]
	[(iv)	Interest Period Date(s):	[●] [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention]]
	[(v)	Business Day Convention:	[●]]
	[(vi)	Business Centre(s):	[●]]
	[(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]]
	[(viii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent):	[●]]
	[(ix)	Screen Rate Determination (Condition 5(c)(iii)(B)):	
		• Reference Rate:	[●]
		• Interest Determination	[●]

	Date(s):	
	• Relevant Screen Page:	[●]]
[(x)	ISDA Determination:	
	• Floating Rate Option:	[●]
	• Designated Maturity:	[●]
	• Reset Date:	[●]
	• ISDA Definitions:	[2006]]
[(xi)	Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]]
[(xii)	Margin(s):	[+/-] [●] per cent. per annum]
[(xiii)	Minimum Rate of Interest:	[●] per cent. per annum]
[(xiv)	Maximum Rate of Interest:	[●] per cent. per annum]
[(xv)	Day Count Fraction:	[●]]
16	**Zero Coupon Note Provisions**	[Applicable/Not Applicable] (*if not applicable, delete the remaining sub-paragraphs of this paragraph*).
[(i)	Amortisation Yield:	[●] per cent. per annum]

PROVISIONS RELATING TO REDEMPTION

17	**Call Option**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
[(i)	Optional Redemption Date(s):	[●]]
[(ii)	Optional Redemption Amount(s):	[●] per Calculation Amount]
[(iii)	Early redemption for taxation reasons:	[Not Applicable/The provisions in Condition 6(c) apply]
[(iv)	Ordinary Senior Notes - MREL Disqualification Event:	[Not Applicable/The provisions in Condition 6(f) apply]
[(v)	If redeemable in part:	
	(a) Minimum Redemption Amount:	[●]]
	(b) Maximum Redemption Amount:	[●]]
[(vi)	Notice period:	[●]]
18	**Put Option**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
[(i)	Optional Redemption Date(s):	[●]]
[(ii)	Optional Redemption Amount(s):	[●] per Calculation Amount]
[(iii)	Notice period:	[●]]
19	**Final Redemption Amount of each Note**	[●] per Calculation Amount]
20	**Early Redemption Amount**	

	(i) Early Redemption Amount(s) per Calculation Amount payable on redemption*:*	[●][Not Applicable]
GENERAL PROVISIONS APPLICABLE TO THE NOTES		
21	Form of Notes:	Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice*] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]* Registered Notes: [[Restricted Global Certificate] [and Unrestricted Global Certificate] registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]] [Book Entry Note]
22	Cash Bond Note (*obrigações de caixa*):	[Yes][No]
23	New Global Note/New Safekeeping Structure:	[New Global Note][New Safekeeping Structure][Not Applicable]
24	Financial Centre(s) *or other special provisions relating to payment dates:*	[Not Applicable/[●]]
25	Talons for future Coupons to be attached to Definitive Notes:	[Yes. The Talons mature on [●]][No]
[26]	[Ordinary Senior Notes: Waiver of Set-Off]	[Condition 3(c) is [Not][4] Applicable]
[27]	[Senior Non Preferred Notes: Waiver of Set-Off]	[Condition 3(c) is [Not][5] Applicable]
[28]	[Ordinary Senior Notes: Negative Pledge]	[Condition 4(a) is [Not] Applicable]
[29]	[Ordinary Senior Notes: Events of Default]	[Condition 10(a) is [Not][6] Applicable]]
30	[Capital Disqualification Event: Substitution and Variation]	[Applicable/Not Applicable]
[31]	[MREL Disqualification Event: Substitution and Variation]	[Applicable/Not Applicable]
DISTRIBUTION		
32	Method of distribution:	[Syndicated/Non-syndicated]
33	If syndicated names of Managers:	Not Applicable/[●]
34	Stabilisation Manager(s) (if any):	Not Applicable/[●]
35	If non-syndicated, name and address of Dealer:	Not Applicable/[*Name and address*]
36	U.S. Selling Restrictions:	[Regulation S Compliance Category 2; TEFRA C/TEFRA D/TEFRA A not applicable]

[4] Select "Applicable" for Ordinary Senior Notes intended to be eligible as MREL

[5] Select "Applicable" for Senior Non Preferred Notes intended to be eligible as MREL

[6] Select "Not Applicable" for Ordinary Senior Notes intended to be eligible as MREL

37	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified.* *If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.*)

RESPONSIBILITY ON THIRD PARTY INFORMATION

[[●] has been extracted from ([●])] which, when read together with the Prospectus referred to above, contains all information that is material in the context of the issue of the Notes. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, [and is able to ascertain from information published by ([●]),] no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer:

By: _____
Duly authorised

PART B – OTHER INFORMATION

1 [Listing and Admission to Trading]

[(i) Listing and Admission to trading:]	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to the [Official List] of [the Luxembourg Stock Exchange/[●]] and to be admitted to trading on [the Luxembourg Stock Exchange's regulated market/[●]] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to the [Official List] of [the Luxembourg Stock Exchange/[●]] and to be admitted to trading on [the Luxembourg Stock Exchange's regulated market/[●]] with effect from [●].] [Not Applicable.]
[(ii) Estimate of total expense related to admission to trading:	[●]]

2 Ratings

[The Notes to be issued have been rated]
[The Notes to be issued have not been rated]

[DBRS:	[●]]
[Moody's:	[●]]
[Fitch:	[●]]
[[●]:	[●]]

3 Interests of Natural and Legal Persons Involved in the Issue/Offer

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement

[Save for [●], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]

4 *Fixed Rate Notes only – YIELD*

Indication of yield:	[[●] per cent. per annum][Not Applicable]

5 Operational Information

ISIN:	[●]
Common Code:	[●]
CFI:	[[●]/As set out on the website of the Association of National Number Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN[7]/Not Applicable]
FISN:	[[●], as updated/As set out on the website of the Association of National Number Agencies (ANNA)[8]/Not Applicable]
	(*If the CFI and/or FISN is/are not required, requested or available, it/they should be specified to be "Not*

[7] Only include this wording where the CFI Code is not known.

[8] Only include this wording where the FISN Code is not known.

	Applicable")
Any clearing system(s) other than Interbolsa Sociedade Gestora de Sistemas de Liquidação de Sistemas Centralizados de Valores Mobiliários S.A., Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable/*give name(s) and address(es)*]
Delivery:	Delivery [against/free of] payment
Names and addresses of initial Paying Agent(s):	[●]
Names and addresses of additional Paying Agent(s) (if any):	[●][Not Applicable]
New Global Note intended to be held in a manner which would allow Eurosystem eligibility:	Yes/No/Not Applicable (*in the case of Notes issued in NGN form*) [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][*include this text for registered notes*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][*include this text for registered notes*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

GENERAL INFORMATION

1 Each of the Issuers has obtained all necessary consents, approvals and authorisations in Portugal and France, respectively, in connection with the establishment of the Programme. The establishment of the Programme was authorised by a resolution of the Board of Directors of CGD passed on 15 September 1999. The update of the Programme was authorised by a resolution of the Executive Committee of the Board of Directors of CGD passed on 10 April 2019. The issue of each non-syndicated Tranche of Notes is subject to a prior resolution by the Board of Directors (or the Executive Committee) of CGD. The issue of each syndicated Tranche of Notes is subject to a prior resolution by the Board of Directors (or the Executive Committee) of CGD and the provision of a legal opinion from CGD's external legal advisers in Portugal.

2 There has been no significant change in the financial or trading position of any Issuer or the Group since 31 March 2019 and there has been no material adverse change in the prospects of any Issuer or of the Group since 31 December 2018.

3 None of the Issuers nor any of its/their subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which any of the Issuers is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects, in the context of the issue of the Notes, on the financial position or profitability of the Group.

4 Each Bearer Note, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

5 Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems and through Interbolsa for Book Entry Notes. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms. In addition, the relevant Issuer will make an application with respect to each Series of Notes sold pursuant to Rule 144A for such Notes to be accepted for trading in book entry form by DTC. Acceptance of each Series and the relevant CUSIP number applicable to a Series will be confirmed in the Final Terms relating thereto.

6 The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg. The address of Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. is Avenida da Boavista, 3433, 4100-138 Porto, Portugal.

7 For so long as Notes are outstanding, the following documents will be obtainable in Luxembourg, free of charge, during usual business hours on any weekday (Saturdays and public holidays excepted), at the office of Banque Internationale à Luxembourg:

7.1 the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons and the Talons) as amended;

7.2 the Memorandum and Articles of Association of each Issuer;

7.3 the Instrument (which constitutes the Book Entry Notes);

7.4 the published annual report and audited consolidated accounts of the CGD Group for the two financial years ended 31 December 2017 and 2018 (together with respective audit reports) and the unaudited consolidated financial statements of the CGD Group for the first quarter ended 31 March 2019;

7.5 a copy of this Prospectus together with any Supplement to this Prospectus;

7.6 each set of Final Terms for Notes that are listed on the Luxembourg Stock Exchange or any other stock exchange; and

7.7 all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Prospectus.

In addition, this Prospectus and the relevant Final Terms will be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

8 Copies of the latest and future annual reports, annual accounts, including non-consolidated accounts and consolidated accounts of CGD and the latest and future semi-annual interim non-consolidated and consolidated accounts of CGD may be obtained, and copies of the Trust Deed as amended will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes are outstanding. CGDFB do not prepare any publicly available unaudited or audited financial statements. All relevant financial information concerning CGDFB is included in the consolidated accounts of CGD.

9 Ernst & Young Audit & Associados – SROC, S.A. (which are members of the Portuguese Institute of Statutory Auditors – Ordem dos Revisores Oficiais de Contas), registered with the CMVM with registration number 20161480, with registered office at Avenida da República, no. 90, 6th floor, 1600 – 206, Lisbon, Portugal, have audited the consolidated financial statements of CGD for the years ended 31 December 2017 and 31 December 2018 and have issued a report with a limited review of the condensed consolidated interim financial statements regarding the CGD's 30 June 2018 accounts. The aforementioned audited financial statements of CGD were prepared in accordance with the International Reporting Standards (IFRS) as adopted in the European Union. The aforementioned interim financial statements of CGD were prepared in accordance with IFRS as adopted in the European Union for Interim Financial Reporting purposes (IAS 34). The auditor's reports on those financial statements contained unqualified opinions, though please refer to the matters described in the risk factor titled "*The auditors' reports scheduled to the audited consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2017 and 31 December 2018 and the limited review report in respect of the financial statements for the first half of 2018 contain emphases*".

10 Please refer to the complete versions of the auditor's report included in the annual reports of CGD, together with the respective financial statements, which are incorporated by reference in this Prospectus. The Issuers have agreed to furnish to investors upon request such information as may be required by Rule 144A (d)(4).

11 The Legal Entity Identifier ("**LEI**") for Caixa Geral de Depósitos, S.A. is TO822O0VT80V06K0FH57.

12 The Issuers are companies or banking institutions organised under the laws of Portugal. None of the Directors of the Issuers are residents of the United States. All or a substantial portion of the assets of the Issuers and such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuers or the directors of the Issuers or to enforce against any of them in the United States courts judgments obtained in United States courts predicated upon the civil liability provisions of the federal securities laws of the United States.

13 Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuers and their affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuers and their respective affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuers or their respective affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuers routinely hedge their credit exposure to the Issuers consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

ANNEX – ALTERNATIVE PERFORMANCE MEASURES

In addition to the financial information contained in this Prospectus prepared in accordance with the financial reporting framework applicable to CGD, some Alternative Performance Measures ("**APMs**"), in accordance with ESMA Guidelines on Alternative Performance Measures dated 5 October 2015 (ESMA/2015/1415en) (the "**ESMA Guidelines**"), are disclosed in this annex. CGD discloses these APMs for better understanding of its financial performance. These APMs constitute additional financial information and shall not, in any circumstance, replace the financial information produced under the applicable reporting framework. The definition and calculation of APMs by CGD may differ from the definition and calculation of APMs used by other issuers and may not be compared.

ESMA Guidelines define an APM as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. Following the recommendations of ESMA Guidelines, the following APMs are used in this Prospectus.

Credit at risk ratio[(1)]

Ratio between loans and advances to customers at risk (gross) and total loans and advances to customers (gross).

Credit at risk ratio, net[(1)]

Ratio between loans and advances to customers at risk and total loans and advances to customers, both aggregates net of accumulated impairment on loans and advances to customers (on Balance Sheet).

Credit more than 90 days overdue ratio

Ratio between the loans and advances to customers with instalments of principal or interest more than 90 days overdue and the total loans and advances to customers balance.

Cost-to-income[(1)]

Ratio between operating costs and the sum of total operating income and results of associates and jointly controlled entities.

Cost of credit risk

Ratio between loans impairment (net of reversals and recoveries) (P&L) and the average loans and advances to customers balance (gross and average of the last 13 monthly observations).

Coverage ratio on credit at risk

Ratio between accumulated impairment on loans and advances to customers (Balance Sheet) and loans and advances to customers at risk.

Coverage ratio on Non-performing credit

Ratio between accumulated impairment on loans and advances to customers (Balance Sheet) and loans and advances to customers in default.

Coverage ratio on credit more than 90 days overdue

Ratio between accumulated impairment on loans and advances to customers (Balance Sheet) and loans and advances to customers more than 90 days overdue.

Employee costs/total operating income[(1)]

Ratio between employee costs and total operating income.

Gross return on assets (ROA)[(1) (3)]

Ratio between income before tax and non-controlling interests and average net assets (average of the last 13 monthly observations).

Gross return on equity (ROE)[(1)(3)]

Ratio between income before tax and non-controlling interests and average shareholders' equity (average of the last 13 monthly observations).

Loans-to-deposits ratio[1]

Ratio between total loans and advances to customers net of accumulated impairment on loans and advances to customers (on Balance Sheet) and customer deposits.

Net interest income

Interest and similar income net of interest and similar expenses.

Net interest income including income from equity instruments

Net interest income plus income from equity instruments.

Net operating income

Net operating income before impairments net of provisions and impairments.

Net operating income before impairments

Total operating income net of operating costs.

Net return on assets (ROA) [3]

Ratio between income after tax and non-controlling interests and average net assets (average of the last 13 monthly observations).

Net return on equity (ROE)[3]

Ratio between income after tax and non-controlling interests and average shareholders' equity (average of the last 13 monthly observations).

Non-interest income

Sum of income from services rendered and commissions, net of results from financial operations and other operating income.

Non-performing credit ratio[1]

Ratio between loans and advances to customers in default (gross) and total loans and advances to customers (gross).

Non-performing credit ratio, net[1]

Ratio between loans and advances to customers in default and total loans and advances to customers, both aggregates net of accumulated impairment on loans and advances to customers (Balance Sheet).

Operating costs

Sum of employee costs, other administrative costs and depreciation and amortisation.

Operating costs/average net assets

Ratio between operating costs and average net assets (average of the last 13 monthly observations).

Overdue credit ratio

Ratio between the loans and advances to customers with overdue instalments of principal or interest and the total loans and advances to customers balance.

Provisions and Impairments of other assets (net)

Provisions and impairments of other assets = Provisions net of reversals and other assets impairments net of reversals and recoveries.

Restructured credit ratio[2]

Ratio between restructured and total loans and advances to customers.

Restructured credit ratio not included in credit at risk[2]

Ratio between restructured loans and advances to customers not included in loans and advances to customers at risk and total loans and advances to customers.

Results from services and commissions

Income from services rendered and commissions net of costs of services and commissions.

Securities investments

Sum of financial assets at fair value through profit or loss, available for sale financial assets, held to maturity investments and financial assets with repurchase agreement (securities).

Total operating income

Net interest income including income from equity instruments and non-interest income.

Total operating income/average net assets[1]

Ratio 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).

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(1) As defined by Bank of Portugal Instruction 23/2012.

(2) As defined by Bank of Portugal Instruction 32/2013.

(3) Income after tax: net income for the period attributable to the shareholder of CGD and net income for the period attributable to non-controlling interests.

REGISTERED OFFICES OF THE ISSUERS

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