ANNUAL REPORT 2019

CONSOLIDATED

CA Crédito Agrícola

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Message from the Chairman of the General and Supervisory Board

MESSAGE FROM THE CHAIRMAN OF THE GENERAL AND SUPERVISORY BOARD

To the Chairmen and Directors of the Associated Caixas,

This Annual Report, submitted for your appraisal, describes the activity developed and the results achieved by Grupo Crédito Agrícola during the financial year of 2019.

The year of 2019 was marked by the beginning of a new term of office of the governing bodies and new cycle regarding the Group's governance model, in terms of Caixa Central, with the taking up of office, on 3 September, of a General and Supervisory Board composed primarily of independent natural persons and a Senior Board which replaces the Advisory Board. The new General and Supervisory Board has progressively, as it is required to do, carried out the monitoring and supervision of the Group's management and commented, by issuing opinions and recommendations on the issues laid down in the Articles of Association and others deemed pertinent. Some effort was also directed at improving the Group's conditions of internal operation and articulation with the Executive Board of Directors and other bodies and structures of Caixa Central and the Investee Companies, in order to ensure the thorough performance of their duties.

In 2019, the business continued to be affected by constraints to the activity and profitability associated above all to new sources of competition not always on equal footing in terms of the regulatory framework, increasingly more demanding, protected and informed customers, exposure levels to non-performing assets that are still significant, and increasingly more complex sectoral supervision and regulation.

In this challenging context for banking and insurance activity, Grupo Crédito Agrícola presented a net income of 131.5 million euros in 2019 and a return on equity (ROE) of 7.9%. This result was influenced by Caixa Central which contributed with a profit of 20.6 million euros, the Caixas Agrícolas with 98.2 million euros and the insurers with a positive net income of 13.5 million euros.

In 2019, the also Group also continued to gain shares in the banking market with respect to credit granted and deposits received. Gross credit recorded year-on-year growth of 6.7%, largely surpassing the figure observed in the national banking system as a whole which was below 1%. Customer deposits increased at an even more impressive rate than that of credit (+9.7% compared to 5.2% in the national banking market as a whole), reflecting the trust, confidence, credibility and security that Crédito Agrícola represents among families and companies. In turn, off-balance sheet funds fell by 164 million euros in 2019, explained by the reduction of capitalisation insurance (-318 million euros), partially offset by the growth of investment funds (+154 million euros).

Operating income increased by 30.7 million euros in relation to 2018 (+6.0%), reaching 541.5 million euros, with net trading income having contributed with 29.9 million euros towards this increase and net commissions with 7.1 million euros, results that more than offset the decline of 18.1 million euros in net interest income.

The growth described above was clearly not unrelated to the investment that the Group has been making in new technologies and in strengthening skills, which was reflected, for the Group as a whole, in an increase of 2.7% in staff costs and 1.2% in general administrative overheads in 2019. The efficiency ratio (operating costs to operating revenues) remained at the level of 68.5%. This is a high value compared to market average figures, and is one of the Group's main weaknesses which must be corrected in order to maintain its competitiveness.

Also concerning credit, there was a significant improvement in the non-productive loan (NPL) ratio, calculated pursuant to Banco de Portugal Instruction 20/2019, in consolidated terms, which fell from 11.1% in 2018 to 9.2% at the end of 2019, and the ratio of loans overdue by more than 90 days decreased to 2.6%. Although the situation has improved in overall terms, the weight of non-performing loans is still far from reaching the desired level, and at the same time, it is found that some Associated Caixas still maintain excessive NPL ratios that are unaligned with the all the rest.

Despite the significant growth that has been observed in credit granted, this has not been sufficient to improve the loan-to-deposit ratio of the banking business, as customer deposits increased at a higher rate than that of credit. The net loan-to-deposit ratio stood at 66.8%, slightly below the value recorded in the previous year and significantly below the values recorded in the banking system as a whole.

Concerning solvency, the common equity tier 1 (CET1) and total solvency ratios, calculated for 2019, showed values of 16.0% and 16.5%, showing a strengthening of solvency compared to the previous year and a margin of comfort in relation to minimum own fund requirements. In turn, at the end of 2019, the liquidity coverage ratio stood at 470.8%, while the leverage ratio, including net income, stood at 8.2%.

The good position of the Crédito Agrícola brand in the context of the national financial sector continued to be reflected in the different awards and distinctions given in 2019, highlighting attributes such as the quality of customer service.

The financial year of 2019, under review in this Annual Report, is summed up by the consolidation of the position of Grupo Crédito Agrícola in the national financial market and by the strengthening of its financial situation in terms of solvency and liquidity. However, the positive results achieved cannot overshadow the need to pursue the strategic guidelines defined in the Group's Activities Plan for 2020. In a context of strong reduction of net interest income, it is imperative that the Group improve its productivity and efficiency levels, by systematically applying judicious cost management and pursuing the movement of mergers between Caixas and the technological modernisation of the Group in order to be able to maintain its competitiveness and sustainability.

Complementing the analysis of the Group's evolution in 2019, this Report also addresses the prospects for 2020, in a panorama marked by the uncertainties associated to the impacts of the Covid-19 pandemic in the economic, financial and social sphere, at a national and international level. The projections for the evolution of the macroeconomic scenario point to a decline of global gross domestic product and, in the national context, it is expected that the Portuguese economy could enter into recession in 2020 and that the recovery of economic activity could occur during the following two years.

In these circumstances, in addition to the activation of the Business Continuity Plan with a view to minimising the risks of transmission of the virus and ensuring the continuity of the services, the Group has developed a series of actions that shall also enable it to comply with the arrangement created by Decree-Law 10-J/2020, which establishes exceptional measures of support by the Government to households, businesspersons, companies and institutions, and implemented a complementary arrangement of moratoria for regular credit.

In the situation of widespread financial and economic crisis that is expected as a consequence of the Covid-19 pandemic, Grupo Crédito Agrícola has reasons to face the future with confidence. The capital and liquidity buffers that the Group has, which should be managed prudently, constitute a pillar to be able to continue supporting and serving its customers, and shall contribute to the recovery and development of the communities in which it is integrated.

Vasco Pereira

Lisbon, 30 April 2020

Message of the Chairman of the Executive Board of Directors

MESSAGE OF THE CHAIRMAN OF THE EXECUTIVE BOARD OF DIRECTORS

It is with enormous satisfaction that I present the Consolidated Annual Report relative to the financial year of 2019, a document that, in an organised and summarised form, reveals the sound performance of the set of entities comprising the consolidation perimeter of Grupo Crédito Agrícola (CA Group).

The year of 2019 shall go down in the history of the CA Group due to the change of the governance model of Caixa Central, which framed the list of the governing bodies for the term of office of 2019-2021. Pursuant to the articles of association approved by a good majority of the Associated Caixas, the General and Supervisory Board is henceforth composed of a majority of independent members, namely its Chairman and Vice-Chairman.

This was also a year in which the Group stood out as a result of its profitability level that was achieved, having recorded a consolidated net income of 131.5 million euros, 17% higher than that recorded in 2018, and a return on equity of 7.9%. This contributed to a total solvency ratio of 16.5% and a common equity tier 1 (CET1) ratio of 16.0%, with both ratios continuing to be well above the regulatory requirements defined in the annual supervision exercise (SREP) by the Supervisor.

The result attained in 2019 was framed in a macroeconomic context marked by moderate growth of 2.2,% of national gross domestic product (GDP), higher than the 1.2% observed in the eurozone as a whole, and by the consolidation of public finance which enabled Portugal to reduce its ratio of public debt to GDP to 117.7%.

However, the financial system still faces complex challenges that drive us to work more and better. On the one hand, it is our duty to contribute with actions that strengthen the cooperative principles guiding us (solidarity, trust, proximity, diversity and local identity) and that reveal our choice of criteria of sustainability and social responsibility (environmental, social and cooperate governance). On the other hand, we operate with the certainty that we count on the capital of trust and confidence of our customers and depositors, the human capital of over 4 thousand employees, the capital of internal innovation and of our partners that have placed us in a leading position in digital banking, and the financial capital arising from the accumulation of positive net income, an essential condition for the success that we hope to achieve in the coming years.

As has been reiterated in the Financial Stability Reports of Banco de Portugal, enormous challenges still remain for the sector, in a context in which an economic recession for the year of 2020, the prolonging of the environment of low interest rates, high debt levels among public and private agents, incessant regulatory challenges which include new prudential and capital requirements to safeguard financial stability, the entrance of new competitors with digital platforms and strong transaction models in Portugal, and the emergence of new technologies that change the more traditional business models and require high investments and scale to be profitable.

In addition to the consolidated net income of 131.5 million euros, it is important to highlight that, in 2019, the CA Group surpassed the threshold of 10.5 billion euros of gross credit, corresponding to year-on-year growth of 7.9%. This performance is much higher than that recorded by the set of banking institutions operating in the national market whose credit grew by 0.6% in the same period.

Given that the increase of the stock of credit granted contributes to fund companies and institutions in the development of their investment projects, to ensure the timely meeting of their liquidity needs and to enable businesspersons, entrepreneurs, families and young people to accomplish their aspirations and find solutions for their needs, we can state that 2019 was yet another year of complete fulfilment of our mission.

Based on a bancassurance strategy and the placement of innovative and personalised solutions at the service of our Customers, the CA Group has continued to affirm itself as an engine of the economic and social development of the local communities of Mainland Portugal and the autonomous regions, namely through the 653 branches, of an extensive network of automatic teller machines (ATM), as well as the Portuguese diaspora operating through representation offices.

In 2019, the Group's total funds exceeded 17.0 billion euros, including 15.2 million euros in deposits and savings. Despite the growth observed in credit, the trust of our depositor customers was reflected in a reduction of the loan-to-deposit ratio from 68.0% to 66.9%, increasing the pressure on profitability and justifying particular attention to efficiency. Nevertheless, the consolidated efficiency ratio ((operating costs to operating revenues) improved from 68.4% to 67.0%, to which the efforts of the simplification, dematerialisation, pricing, automation/robotisation and machine learning/artificial intelligence aim to further contribute.

In terms of financial performance, the Group's operating account shows a narrowing of net interest income and an exacerbation of costs related to supervision (including the contributions to resolution funds), more than offset by the increased net commissions and the strengthening of the technical margin of the insurance business (life and non-life), with recurring operating income having recorded a modest improvement to stand at 487 million euros.

Aware of the importance of risk management in the conduct of healthy and prudent management, the CA Group underlines the improvement of all the quality indicators of the credit portfolio and the impressive reduction of non-performing assets. The ratio of non-performing loans, using the criteria of Instruction 20/2019, shifted from 11.1% to 9.2% and the level of coverage by impairments and collateral stands at 131%. Likewise, the Texas ratio (non-performing assets divided by the sum of tangible common equity and the stock of impairments) fell from 60.2% observed in 2018 to 50.3% in 2019, and the ratio of restructured credit decreased from 8.2% to 6.7% in the same period of review.

During 2019, the CA Group reduced its total exposure to real estate by 20%, from 581.4 million euros recorded in 2018 to 464.2 million euros in 2019.

The liquidity and leverage indicators reveal the comfortable situation of the CA Group (leverage ratio: 8.2%; liquidity coverage ratio: 470.8%) and Caixa Central (leverage ratio: 3.5%; liquidity coverage ratio: 750.3%), in both cases in relation to the required levels.

In overall terms, the Group's consolidated net income of 131.5 million euros reflects the important contributions of 98.2 million euros of the Associated Caixas, 20.6 million euros of Caixa Central, 13.0 million euros of the insurers CA Vida and CA Seguros, and -0.3 million euros of the remaining companies and instrumental vehicles, adjustments and consolidation differences.

Following the preparation and launch of the Group's digital transformation strategy, the year of 2019 was marked by the launch of moey! in September 2019, the first 100% Portuguese and 100% Mobile App with remote account opening, directed at the younger generations and available to everyone in Portugal on iOS and Android platforms. During 2019, the Group also changed the corporate purpose of the venture capital company in January 2019 - renaming it CA Capital - to steer investments in the fields of technological innovation in the Group's core business areas.

In addition to these actions, the CA Group presented itself as the first Portuguese bank to provide the Apple Pay service, enabling the making of digital payments by its Customers who have subscribed to CA Mobile and own Apple mobile devices. As a result of the investments that have been made, the penetration rates increased in 2019, in the mobile channel to 17.4% and 9.3% (individuals and companies, respectively) and in the online channel to 48.2% and 67.5% (individuals and companies, respectively).

Among its peers at a national level, the CA Group has reasons to be proud of itself in view of the various distinctions and awards bestowed, which also indicate that society in general values the daily work of the managers, employees and partners of the CA Group. In this regard, allow me highlight that, in 2019, the CA Group was awarded for the fifth consecutive year with the title of “Best Bank in Customer Attendance Service”, and was also chosen by “Consumer Choice 2019” as the best Bank in the category of Small and Medium-Sized Banks and as the “Best Bank for Agricultural Development in Portugal” by the magazine Global Banking and Finance Review.

As usual, and yet again in 2019, the Behavioural Supervision Reports of Banco de Portugal position the CA Group as one of the banks with least complaints in the different business segments.

The CA Group was placed in the Top 5 in the “Banking” category of the Global RepScore 2020 study, carried out by OnStrategy, and was also recognised, for the first time, as leader in the Banking and Insurance sector according to the Customer Satisfaction Index in European Consumer Satisfaction (ECSI) Portugal 2019. The Group's insurers also merited this award, with CA Vida having been distinguished for the third consecutive year and CA Seguros for the second consecutive year.

The Group has progressively disclosed information on its environmental and social practices since 2010, and, in 2019, decided to present a specific document with the report of non-financial information for the CA Group and for Caixa Central, thus complying with the stipulations in Decree-Law 89/2017, on the disclosure of non-financial information. This report presents a series of commitments already undertaken by the CA Group for sustainability, namely the undersigning of the Letter of Commitment for Sustainable Financing in Portugal, the BCSD Portugal Charter of Principles, the Mobility Pact for the city of Lisbon, and the Lisbon European Green Capital Commitment 2020. More recently, the CA Group selected a limited series of sustainable development goals (SDG) and embarked on a path of definition of targets that should be integrated in its decision-making processes, with the vision that, by aligning with the SDG that are considered priority, the CA Group's strategy shall be placing itself at the service of the circular economy and of a more modern and balanced society, able to generate employment and wealth, while simultaneously respecting nature and its ecosystems, equality and non-discrimination, human rights, but also contributing to fight against corruption, attempted bribery, money laundering and the different types of fraud including cybercrime.

At this moment when we are weighing up 2019, I must also mention an event that, although it started in early 2020, shall undoubtedly taint this entire year. After the attacks of 11 September of 2001 in the USA and the global financial crisis of 2008-2013, it is expected that the Covid-19 pandemic is likely to constitute the third economic, financial and social shock in the XXI century and one of the largest shocks at a global scale.

The combat measures endorsed by affected countries in all continents, essential to contain the outbreak of the SARS-CoV-2 virus (coronavirus), are embodied in the suspension for a period of time as yet uncertain of a significant part of social and economic activities, associated to confinement as a strategy of prevention of peaks of demand in health systems. This is reflected in global economic growth, the growth of the main economic blocks and each country, and there is still no outlook on the duration of the recovery and expected level for an economic upswing. In this context, we believe that 2020 should be marked as a year of global recession that shall affect the entire financial system, probably over a horizon of various years.

It was with this backdrop that the CA Group, in addition to the activation of the Business Continuity Plan on 16 March and the immediate response in terms of launch of various support lines for its Customers, including the different moratorium mechanisms for regular credit to individuals, entrepreneurs and companies, started a reflection on its Strategic Plan, with a view to being able to identify risks and take measures aimed at their mitigation and recovery from impacts, and ensure adjustments to the new economic and social conditions.

On a final note, I leave a note of my gratitude, and that of the entire Executive Board of Directors of the CA Group of Caixa Central, to the Associates and Customers of the CA Group, the reason for our existence and attention, who honour us on a daily basis with their choice, but also to the directors of our 79 Associated Caixas and to the approximately 4,200 Employees of the Group that I lead and who, in challenging and sometimes adverse situations, on the front line or working under telework arrangements, have successively achieved the delineated goals and generated value for all the Stakeholders through the ethics, competence and dedication of the performance of their duties, making us all extremely proud.

Protect yourselves and thank you.

Licínio Pina

Lisbon, 30 April 2020

Key indicators of the Group and SICAM

KEY INDICATORS OF THE GROUP

Evolution of GCA

Values in million euros

	2016 Dec.	2017 Dec.	2018 Dec.	2019 Dec.
Customer Funds *(on and off-balance sheet)*	14,060	14,868	15,877	17,062
of which deposits	11,726	12,586	13,856	15,205
of which capitalisation funds and insurance a)	2,333	2,282	2,021	1,857
Gross Credit to Customers	8,651	9,373	9,891	10,555
Net Credit to Customers	7,941	8,721	9,420	10,160
Net Assets	16,699	17,988	18,790	19,362
Net Worth	1,244	1,449	1,516	1,672
Net Interest Income	327	330	349	331
Net Commissioning	105	113	116	123
Insurance Technical Margin	14	9	27	31
Recurring Operating Income b)	409	449	486	487
Operating Income	467	562	511	541
Net Income	58	152	112	131
Ratio of Non-Performing Loans (NPL) *with Inst. 20/2019*	n.d.	n.d.	11.1%	9.2%
Ratio of Non-Performing Loans (NPL) *without Inst. 20/2019*	21.3%	15.2%	10.4%	8.3%
Ratio of NPL Coverage by Impairments	39.2%	45.1%	44.0%	42.2%
Ratio of NPL Coverage by Impairments and Collateral	n.d.	n.d.	132.0%	131.0%
Texas Ratio c)	n.d.	n.d.	60.2%	50.3%
Restructured Credit Ratio	13.8%	12.3%	8.2%	6.7%
Cost of Risk d)	n.d.	-0.26%	-0.21%	-0.27%
Common equity tier 1	13.6%	15.2%	15.2%	16.0%
Total Solvency Ratio - GCA - %	14.4%	16.0%	15.9%	16.5%
Efficiency Ratio - GCA - %	73.1%	60.4%	68.4%	67.0%
Return on Equity (ROE) - %	4.7%	10.5%	7.4%	7.9%
Return on Assets (ROA) - %	0.3%	0.8%	0.6%	0.7%
Number of employees e)	4,054	4,068	4,067	4,194

Notes:

a) The values refer exclusively to the Associated Caixas of SICAM.

b) Operating Income excluding net trading income.

c) Determined by: NPL / (Tangible Common Equity + Stock of impairments)

c) Determined by: (Impairment of credit net of reversals and recoveries + Recovery of uncollectible credit) / Gross credit to customers.

e) The values refer to employees with open-ended/indeterminate contracts and with fixed term contracts (positions at year end).

KEY INDICATORS OF THE BANKING BUSINESS (SICAM)

Evolution of Banking Business

Values in million euros

	2016 Dec.	2017 Dec.	2018 Dec.	2019 Dec.
Customer Funds *(on and off-balance sheet)*	14,104	14,920	15,969	17,142
of which deposits	11,771	12,638	13,948	15,285
of which capitalisation funds and insurance a)	2,333	2,282	2,021	1,857
Gross Credit to Customers	8,713	9,435	9,960	10,614
Net Credit to Customers	7,998	8,783	9,489	10,219
Net Assets	14,881	16,437	17,658	18,468
Net Worth	1,227	1,444	1,525	1,658
Net Interest Income	276	290	305	299
Net Commissioning	138	148	152	162
Recurring Operating Income b)	426	450	470	478
Operating Income	475	533	475	496
Net Income	72	148	108	115
Loan to Deposit Ratio -% c)	67.9%	69.5%	68.0%	66.9%
Efficiency Ratio - SICAM - %	66.0%	59.4%	68.8%	68.5%
Return on Equity (ROE) - %	5.9%	10.2%	7.1%	7.0%
Return on Assets (ROA) - %	0.5%	0.9%	0.6%	0.6%
Leverage Ratio	12.1	11.4	11.6	11.1
Number of CCAM	82	81	80	79
Number of Branches (Total of SICAM) d)	673	669	657	653
Average Net Assets by CCAM e)	181,471	202,927	220,722	233,773
Average Number of Branches/CCAM f)	8.1	8.1	8.1	8.1
Number of employees g)	3,604	3,619	3,644	3,726

Notes:
a) The values refer exclusively to the Associated Caixas of SICAM.
b) Operating Income excluding net trading income.
c) Ratio calculated as net credit divided by funds, pursuant to Banco de Portugal Instruction 23/2011.
d) Includes Caixa Central branches.
e) Values in thousand euros.
f) Refers only to branches of the Associated Caixas (SICAM).
g) The values refer to employees with open-ended/indefinite contracts and fixed term contracts (positions at year end).

Main events

MAIN EVENTS

Distinctions achieved by Crédito Agrícola

In 2019, Crédito Agrícola was awarded for the fifth consecutive year with the title of “Best Bank in Customer Attendance Service”, and was also chosen by “Consumer Choice 2019” as the best Bank in the category of Small and Medium-Sized Banks and as the “Best Bank for Agricultural Development in Portugal” by the magazine Global Banking and Finance Review.

Crédito Agrícola also features in the Behavioural Supervision Report of Banco de Portugal of April 2019 and in the Synopsis of Behavioural Supervision Activities of September 2019 as the institution with the lowest number of complaints recorded (0.07 complaints per 1000 demand deposit accounts during 2018 and 0.03 in the first semester of 2019).

CA Seguros was distinguished, for the third consecutive year, as the “Best Company to Work For” in the Banking, Insurance and Services sector, and selected as the best company of its segment in the Women in Business Friendly Companies Awards.

Crédito Agrícola was placed in the Top 5 in the “Banking” category of the Global RepScore 2020 study, carried out by OnStrategy, and was also recognised, for the first time, as leader in the Banking and Insurance sector according to the Customer Satisfaction Index in European Consumer Satisfaction (ECSI) Portugal 2019. The Group's insurers also merited this award, with CA Seguros having been distinguished for the second consecutive year and CA Vida for the third consecutive year.

Brand consolidation events in 2019

January

- Crédito Agrícola was distinguished for the fifth consecutive year with the Five Stars Award in the category “Banking - Customer Attendance”.
- Crédito Agrícola was chosen by the international reference magazine Global Banking and Finance Review as the “Best Bank for Agricultural Development in Portugal – 2018”.
- Launch of the “CA Crédito Pronto” (CA Ready Credit) campaign aimed at promoting the new product of Crédito Agrícola, with the same name as the campaign, which enables offering solutions adapted to the project and budget of each customer, provided that the customer has preapproved credit.
- Crédito Agrícola was selected by “Consumer Choice 2019” as the best Bank, in the Small and Medium-Sized Banks category.
- Official sponsorship of the 6th edition of “Chocolate in Lisbon”, one of the most emblematic events of the sector, gathering together the most prestigious chocolate producers and brands, both national and international.
- Launch of the "CA Agriculture Campaign" directed at the agricultural and agroindustrial entrepreneurial sector, composed of a series of solutions for companies, aimed at promoting best practices and technologies to the sector.

February

- Holding of an Extraordinary General Meeting, on 14 February 2019, which approved the amendment of the Articles of Association of Caixa Central, that, in addition to the qualitative composition rules for the General and Supervisory Board with a majority of independent members, underwent various other adjustments derived from the need for their conformity with the provisions in CCoop, approved by Law 119/2015 of 31 August, amended by Law 66/2017 of 9 August, and the Guidelines on internal governance under Directive 2013/36/EU” (EBA/GL/2017/11) issued by the European Banking Authority (EBA).
- Launch of the Personal Loan campaign, “The right track for your plans” which presented competitive conditions for life and non-life insurance.
- Grupo Crédito Agrícola, in partnership with the Portugal Fresh Association, attended Fruit Logistics for the sixth year consecutively, the largest horticultural fair of the world, in Berlin.
- Physical presence of Grupo Crédito Agrícola at the 24th edition of SISAB – International Fair of the Food and Beverage Sector, for presentation of its offer of products for companies intending to internationalise or that are already operating in other markets.
- CA Seguros, the non-life insurer of Crédito Agrícola, was distinguished as a leading company in the Excellence Index 2018 by winning first place in the banking, insurance and financial services sector. The company was also placed in the Top 10 of Medium-Sized Enterprises.
- Establishment of an agreement with PORBATATA, the Portuguese Potato Association, to offer special conditions in the subscription of financial products and services of Crédito Agrícola.
- Launch of a campaign with the raffle of an electric motor vehicle, aimed at current and potential customers who open an account, activate the online service and/or subscribe or reinforce financial products and services of the Group. This campaign sought to mark Crédito Agrícola Day which is celebrated on 1 March.

- CA Gest was authorised and registered to perform all the main duties associated to asset management: Management of Collective Investment Undertakings in Securities, including Alternative Investment Undertakings in Securities and the Management of Real Estate Investment Undertakings, as well as the discretionary and individualised management of portfolios on behalf of third parties, including those corresponding to pension funds, placing Grupo Crédito Agrícola in the restricted list of national institutions qualified to offer a complete range in this business area.

March

- Establishment of a partnership between Crédito Agrícola and GESBA, Empresa Pública de Gestão do Sector da Banana, Lda. through the Collective Harvest Insurance of CA Seguros. This agreement insures the production of the 2,900 banana producers of the Autonomous Region of Madeira against bad weather (hail, fire, wind, heavy rain, etc.).
- Sponsorship of the "Gourmet Market", an event which gathers together the offer of gastronomic products of the different regions of Mainland Portugal and Islands.
- CA Seguros wins the award of best company in its segment in the Women in Business Friendly Companies Awards. This award distinguishes companies that invest in organisational climates that are conducive to having top positions and decision-making in the hands of women.
- Crédito Agrícola was the first bank to provide automatic query of the professional situation of customers to Social Security and/or Caixa Geral de Aposentações (General Pension Fund) through a service provided by the Agency for Administrative Modernisation (AMA), via the Customer account opening service and "CA Express" account.
- Establishment of a partnership between Crédito Agrícola and AGROINSIDER, a company specialised in innovative solutions in the area of precision agriculture. With this agreement, AGROINSIDER provides CA Customers with technical advice and counselling with a 40% discount on the cost of provision of the assured maximum service level, for the first year.
- Launch of a new Mortgage Loan Campaign, derived from reduction of spreads, associated to initial contracting and management commissions, which enabled Crédito Agrícola to present one of the most competitive mortgage loan offers on the market.
- Disclosure of the consolidated net income of Grupo Crédito Agrícola for 2018 (namely: 112.4 million euros).

April

- Launch of a new campaign to support entrepreneurial business under the motto "The identity of my Company relies on the right Bank". With this campaign, Crédito Agrícola financially supported the growth and expansion of Small and Medium-sized Enterprises.
- Sponsorship of the 36th Ovibeja, the largest primary sector fair of the south of the country, where the 6th edition of the "Crédito Agrícola Entrepreneurism and Innovation Award" was launched and the CA Ovibeja Award was attributed during the 9th Extra Virgin Olive Oil Competition.
- Crédito Agrícola promotes "Agricultural Modernisation Forums", thematic sessions on the modernisation of agriculture and the new challenges of the Common Agricultural Policy (CAP) after 2020.

May

- Launch of the Protection and Investment Solutions campaign under the motto “Invest in your priorities”, which entails Insurance and Pension Funds.
- Disclosure of the results of the first quarter of 2019 of Grupo Crédito Agrícola (namely: 43.5 million euros).
- Commemoration of World Children's Day with promotional action directed at parents of children aged up to 12 years old, aimed at encouraging them to invest in their future, by constituting or strengthening a Cristas Savings Account.
- Launch of the “Family & Friends” motto of Moey!.

June

- Sponsorship and participation in the 56th edition of Santarém National Agricultural Fair, organised around the theme of the “Vineyards and Wine”, with Grupo Crédito Agrícola having presented its universal offer of products and services to entrepreneurs and individuals.
- Support to the population of Mozambique harmed by Cyclone Idai, through the creation of a solidarity account. The donations offered by the Customers and by Grupo Crédito Agrícola amounted to more than 86 thousand euros.
- Crédito Agrícola distinguished its Corporate Customers that, in 2018, received the SME Leader and SME Excellence quality stamp attributed by IAPMEI (Institute of Support to Small and Medium-Sized Enterprises and Innovation) and Turismo de Portugal to the companies that most contributed to the competitiveness and growth of the Portuguese economy.
- The CA Monetary Fund, managed by IMGA, was the first Portuguese monetary market fund authorised under the European Regulation on Monetary Market Funds.
- Crédito Agrícola Mortgage Loans was selected as the Right Choice by DECO Proteste. The Bank's financing solution was recognised by the Consumer Defence Association due to presenting the best relationship between quality and price, and offering one of the lowest spreads on the market.

July

- Launch of a campaign under the motto “Protect everyone HERE at home”, directed at the protection of family members through two life insurance products (CA Woman and CA Hospital Protection) and one non-life insurance product (CA CliniCard).
- Signing of the “Letter of Commitment for Sustainable Financing in Portugal” by Crédito Agrícola in the context of the Conference entitled “National Roadmap for Carbon Neutrality 2050 - The role of sustainable financing”.
- Launch of the “Together we create the future” campaign, directed at Sole Proprietorships, Micro and Small Enterprises, aimed at encouraging young entrepreneurs to accomplish their investment projects and support young businesspersons in the growth, innovation, sustainability and internationalisation strategies of their companies.
- Signing of a collaboration agreement with DECO Proteste for the taking out of Mortgage Loans under competitive conditions, ensuring the saving of over 300 euros per year.
- Crédito Agrícola presented itself as the first Portuguese bank to provide the Apple Pay service, enabling the making of digital payments by its Customers who have subscribed to CA Mobile and own Apple mobile devices.

- Offer of an electric car to a customer of Caixa de Crédito Agrícola do Noroeste, under the "CA Day" competition, celebrated on 1 March.
- Provision of Reinforced Cancer Protection of the CA Health Insurance with more complete solutions in the individuals segment.
- Offer of advantageous conditions, in terms of pricing, for Young People who use the MB WAY app.
- Sponsorship, by Crédito Agrícola of Expofacic - Agricultural, Commercial and Industrial Fair of Cantanhede, an event that combines gastronomy, exhibitions, dance, performing arts and music. The Group was represented through a stand displaying its universal offer of products and services.

August

- Publication of Decree-Law 106/2019 of 12 August, which create a unique system of guaranteed deposits at a national level, with the deposit guarantee aspect of the Crédito Agrícola Guarantee Fund (FGCAM) having been transferred to the Deposit Guarantee Fund (FGD) on 1 January 2020. Caixa Central de Crédito Agrícola Mútuo and the Caixas of Crédito Agrícola Mútuo are now participants in the FGD. The financial assistance component of the entities belonging to the Integrated System of Crédito Agrícola Mútuo (SICAM) continued through the transformation of FGCAM, after the entry into force of the aforesaid decree-law, into the Crédito Agrícola Mútuo Assistance Fund Association.
- Support to the 40th edition of FATACIL, the largest fair of Handicrafts, Tourism, Agriculture, Commerce and Industry of the Algarve, with this sponsorship having been renewed in view of the policy of supporting the development and promotion of regions, culture and local traditions.
- Official sponsorship of "Fruit - National Horticultural and Fruit Fair", the largest fair dedicated to the exhibition and marketing of fruit of the Western Region, and Sousa AGRIVAL (Vale do Sousa Agricultural Fair), having attended both events with a stand presenting its offer of products and services.
- Disclosure of the first six-monthly results of 2019 of Grupo Crédito Agrícola (namely: 74.4 million euros).
- Launch of the Personal Loan campaign, with the claim "Your dreams have our credit" which includes specialised offers in terms of life and non-life insurance.
- Crédito Agrícola sponsored the 6th edition of the Seaside Sunset Sessions 2019, held in Pampilhosa da Serra, in Coimbra, thus supporting sustainability and promoting contact with a younger target group.
- Sponsorship and participation of Crédito Agrícola in the 35th Crato Festival. The renovation of this sponsorship is consistent with the policy of supporting the development and promotion of the regions, agricultural sector, culture and local traditions.

September

- Launch of the 6th Wine Competition of Crédito Agrícola, in partnership with the Association of Sommeliers of Portugal, as a form of supporting the wine producing sector and the development of local economies, especially Cooperatives and Producers.
- Taking of office of the governing bodies of Caixa Central de Crédito Agrícola Mútuo, elected on 25 May 2019 for the three-year period of 2019-2021.
- Official sponsorship of the Soul of Wine Festival, in Alenquer, in which over 40 regional and national producers were present.

- Launch of moey! on 11 September, the first Portuguese banking solution that is 100% mobile, embodying the development of a 100% digital offer directed at millennials, in age or spirit, of Grupo Crédito Agrícola. This app enables making cash withdrawals in the entire Multibanco ATM network, payments at automatic payment terminals (POS) in Portugal or abroad, instantaneous payments through smartphone, having tools for fast savings, classification and division of expenses, and also includes interaction with Apple Pay and integration with MB Way.
- Strengthening of dental care services of the CA CliniCard Insurance for Customers.
- Launch of a new CA Family Credit Solutions campaign with Mortgage Loan offer with competitive spreads.
- CA Gest henceforth ensures the management of ImoValorCA - Fundo Especial de Investimento Imobiliário Fechado (Closed Special Real Estate Investment Fund), a Real Estate Investment Undertaking in which Caixa Central and 17 Caixas de Crédito Agrícola Mútuo are participants.

October

- Crédito Agrícola received the Open Day of the Banking Sector, by accepting the invitation of the Portuguese Banking Association (APB) and the Securities Market Commission (CMVM) to join the commemorations of World Investor Week.
- Presence in the Real Estate Fair of Portugal (SIL), with a stand which enabled displaying the real estate properties of Grupo Crédito Agrícola for sale and their special financing conditions.
- Sponsorship of the Wine Market at Praça do Campo Pequeno, dedicated to the theme “Small producers, great discoveries”, this year graced with the presence of the Lisbon Regional Wine Commission (CVR Lisboa).
- Distinction of the 20 best students at a national level, Customers of Crédito Agrícola, under the 5th edition of the CA Grade 20 Programme.
- Participation in in Fruit Attraction, the largest international fair directed at professionals of the horticultural sector, in Madrid. The Bank's presence, arising from the partnership established with the Portugal Fresh Association, aimed to support national producers of fruit and vegetables in exporting their products.
- Promotion of the workshop "Export Conversations: Opportunities", in Caldas da Rainha, in partnership with Portugal Fresh, aimed at supporting the development of local economies, by boosting the export business of Portuguese companies.
- Launch of the institutional campaign with the motto “You haven't seen anything yet”, designed to inform the Customers about the digital transformation carried out by the Bank (namely in terms of CA channels).
- Support to the campaign to prevent breast cancer, in commemoration of National Breast Cancer Prevention Day, through a donation to the Portuguese League Against Cancer of €1.00 for every “click” on the campaign banner available on the institutional website.
- Establishment of a collaboration agreement with Farmcontrol, a company specialised in precision animal husbandry. With this partnership, the Customers of Crédito Agrícola have access to products and services provided by Farmcontrol, with Crédito Agrícola also offering preferential financial and protection conditions to Enterprises and Sole Proprietorships. that subscribe these products and services.

- CA Seguros was distinguished as "Best Company to Work for" in the Banking, Insurance and Financial Service sector, for the third consecutive year, by the magazine Exame in partnership with the consultant Everis and AESE Business School.

November

- Inauguration of the new exhibition space available for Portuguese entrepreneurs and to support their internationalisation, named CA Silk Road Paris.
- Crédito Agrícola was a Partner of the Web Summit 2019, in which it made an outstanding presentation to the public of moey!
- CA Capital, SCR, S.A. also ensured a notable presence at the Web Summit 2019 with a view to deepening the development of opportunities with the ecosystem of startups and investors, particularly in the areas of innovation and technology associated to financial services and agribusiness industrial branches.
- Launch of a new CA Family Credit Solutions campaign, highlighting Personal Loans. Among the offers, special reference is made to the attractive interest rates for taking out loans and the special conditions for life and non-life insurance.
- Launch of a CA Juniors campaign, directed at children aged up to 12 years old, aimed at teaching them to save in an amusing manner.
- Donation of 10 thousand euros to the Portuguese League Against Cancer to support research work on breast cancer, following the donations made during the online campaign held during the National Day of the Fight Against Breast Cancer.
- Distinction of 76 national wines that won the 6th edition of the Crédito Agrícola Wine Competition.
- Crédito Agrícola launched a new campaign designed specifically to publicise its Mortgage Loan offer, selected as the Right Choice by DECO Proteste.

December

- Award giving ceremony of the 6th edition of the Crédito Agrícola Entrepreneurism and Innovation Award, in which innovative projects linked to the rural world were distinguished.
- Disclosure of the accumulated results of the third quarter of 2019 of Grupo Crédito Agrícola (namely: 104.8 million euros).
- The Motorcycle Club of the Culture and Sports Centre of Crédito Agrícola, through a charitable action held annually, made a donation to Lisbon Hospital Centre of items essential to the recovery of the users to the Spinal Cord (paraplegia/tetraplegia) and Fractures units.
- Sponsorship, for the seventh consecutive year, of the Christmas Market of Campo Pequeno, which had more than 140 displays of products and articles exclusively of Portuguese origin or manufactured in Portugal.
- Crédito Agrícola joined the World Business Council for Sustainable Development (WBCSD), Lisbon City Council, BCSD Portugal and a series of leading companies, in the signing of the first Corporate Mobility Pact (CMP) in Lisbon, making a commitment to ensure that mobility in the city becomes more sustainable.
- Sponsorship of the participation of the Portuguese pilot Mário Patrão in the Dakar 2020 edition.

SUMMARY OF THE PERFORMANCE AND ACTIVITY OF GRUPO CRÉDITO AGRÍCOLA IN 2019

a) Banking Activity

Evolution of GCA Key Indicators	CA Group			SICAM		
	2018	**2019**	**Var. YoY**	**2018**	**2019**	**Var. YoY**
Customer Funds *(on and off-balance sheet)*	15,877	17,062	7.5%	15,969	17,142	7.3%
of which deposits	13,856	15,205	9.7%	13,948	15,285	9.6%
capitalisation funds and insurance	2,021	1,857	-8.1%	2,021	1,857	-8.1%
Gross Credit to Customers	9,891	10,555	6.7%	9,960	10,614	6.6%
Net Credit to Customers	9,420	10,160	7.9%	9,489	10,219	7.7%
Net Assets	18,790	19,362	3.0%	17,658	18,468	4.6%
Net Worth	1,516	1,672	10.3%	1,525	1,658	8.7%
Net Interest Income	348.8	330.6	-5.2%	305.3	298.8	-2.1%
Net Commissioning	116.3	123.4	6.1%	152.4	162.5	6.6%
Recurring Operating Income	486.4	487.4	0.2%	469.8	478.3	1.8%
Operating Income	510.8	541.5	6.0%	474.6	496.2	4.5%
Structural Costs	349.5	362.6	3.8%	326.6	339.8	4.1%
Net Income	112.4	131.5	17.0%	108.0	115.5	6.9%
Ratio of NPL without Inst. 20/2019	10.4%	8.3%	-2.1 p.p.	n.a.	n.a.	n.a.
Ratio of NPL with Inst. 20/2019	11.1%	9.2%	-1.9 p.p.	n.a.	n.a.	n.a.
Ratio of NPL Coverage by Impairments	44.0%	42.2%	-1.8 p.p.	n.a.	n.a.	n.a.
Ratio of NPL Coverage by Impairments and Collateral	132.0%	131.0%	-1.0 p.p.	n.a.	n.a.	n.a.
Common equity tier 1	15.2%	16.0%	0.1 p.p.	n.a.	n.a.	n.a.
Total Solvency Ratio	15.9%	16.5%	0.0 p.p.	n.a.	n.a.	n.a.
Liquidity Coverage Ratio (LCR)	399.9%	470.8%	0.2 p.p.	n.a.	n.a.	n.a.
Leverage Ratio	7.5%	8.2%	0.1 p.p.	n.a.	n.a.	n.a.
Cost-to-income ratio	68.4%	67.0%	0.0 p.p.	68.8%	68.5%	0.0 p.p.
Return on Equity (ROE)	7.4%	7.9%	0.1 p.p.	7.1%	7.0%	0.0 p.p.
Return on Assets (ROA)	0.6%	0.7%	0.1 p.p.	0.6%	0.6%	0.0 p.p.

Grupo Crédito Agrícola presented a consolidated net income of 131.5 million euros in 2019, showing comfortable liquidity levels and strengthening its solvency. Particularly influential in contributing to this consolidated net income, one of the highest in historical terms, was the good performance of the Group's banking business which achieved a net income of around 115.5 million euros.

In the banking business, the portfolio of gross credit to customers reached 10.6 billion euros, reflecting growth of 6.6% in relation to 2018, higher than that observed in the market (growth of around 0.6%). Credit to companies and the administrative public sector accounted for around 59% of the total credit portfolio, having recorded growth of 10.3% in relation to 2018.

Total customer funds of the banking business amounted to 17.1 billion euros, reflecting year-on-year growth of 7.3% (distributed over deposits which increased by 9.6% and investment funds and capitalisation insurance which decreased by 8.1%) in relation to the values recorded at the end of 2018.

Recurring operating income in 2019 increased by 1 million euros in relation to 2018, to 487 million euros, due to the increase of 7 million euros in net commissions and a reduction of net interest income of 18 million euros, from 349 million euros in 2018 to 331 million euros in 2019.

Operating income increased by 6.0% to 541 million euros, largely as a result of the evolution of net trading income (+29.8 million euros).

In 2019, structural costs increased, year-on-year, by 3.8%, corresponding to a rise of 13.2 million euros in absolute terms, to a large extent due to the increased costs related to the Group's focus on technological capacity-building, aimed at meeting customer needs, modernising the offer, ensuring compliance with the regulatory requirements and creating conditions for the future reduction of operating costs / enhancement of efficiency.

Regarding the quality of the credit portfolio, Crédito Agrícola recorded a reduction of 131.3 million euros in non-performing loans (NPL) to 939 million euros, which enabled the respective ratio, pursuant to Instruction 20/2019, to have stood at 9.2%, in other words, 1.9 percentage points (p.p.) below that observed in the same period of the previous year[1]. The coverage ratio of NPL by impairments stood at 42.2% (1.8 p.p. lower than that recorded in 2018) and the coverage ratio by impairments and collateral reached 131.0% (1.0 p.p. lower than that recorded in the same period of the previous year).

At the end of 2019, the CA Group's credit portfolio showed a reduction of the levels of credit overdue by more than 90 days, in relation to the same period of the previous year, of around 68.0 million euros (-20.1%), confirming the trend of improvement of the default rate observed in recent years and the effort made to reduce non-performing assets. This reduction was influenced by the country's more dynamic socioeconomic context, but also the effort made by the CA Group towards improving the analysis of credit risk and the investment in initiatives and technological tools to support the standardisation of the processes of credit concession, monitoring and recovery, as well as the accomplishment of the plan to reduce non-performing loans.

All these factors led to a reduction of the ratio of credit overdue by more than 90 days to 2.6%, showing an improvement of 0.9 p.p. in relation to the previous year, and the maintenance of the provisioning level for coverage of the total portfolio of overdue credit at 142.9%.

Grupo Crédito Agricola's own funds reached 1,621 million euros (+181 million euros), corresponding to year-on-year growth of 12.6%. Own fund requirements to cover credit, market and operational risks reached 9,810 million euros, representing 8.6% growth in relation to the levels of December 2018.

The common equity tier 1 (CET1) and total solvency ratios, calculated for 2019 with full application of the rules established in Regulation (EU) 575/2013 (CRD IV), showed values of 16.0% and 16.5%, respectively, revealing the existence of a comfortable margin in relation to own fund requirements.

[1] The values calculated without considering Instruction 20/2019 led to an NPL coverage ratio of 8.3% which would be consistent with a reduction of 2.1 p.p. in relation to the value observed in December 2018.

The liquidity coverage ratio of the CA Group stood at 470.8% at the end of 2019, portraying a comfortable situation. The Group's leverage ratio, including net income, stood at 8.2% in 2019.

In this context, the Group showed a Return on Equity (ROE) of 7.9%, in 2019, and a Return on Assets (ROA) of 0.7%.

b) Insurance Activity

Insurance Activity
Key Indicators

Unit: thousand euros, except %

	2018	2019	Var. YoY
CA Seguros			
Gross Premiums Issued	117,411	131,252	11.8%
Assets	214,205	228,501	6.7%
Equity	44,109	49,510	12.2%
Net Income	2,715	5,159	90.0%
CA Vida			
Gross Premiums Issued and Amounts Paid in Investment Contracts	56,306	58,347	3.6%
Assets	1,224,513	955,228	-22.0%
Equity	100,961	112,123	11.1%
Net Income	6,823	8,304	21.7%

The contribution of the net income of the Group's insurance business to the consolidated net income in 2019 amounted to 13.5 million euros, with CA Seguros, the non-life insurance company, having contributed with 5.2 million euros and CA Vida, the life insurance company, having contributed with 8.3 million euros.

On the day that it celebrated its 25th anniversary, CA Seguros reached 131.3 million euros in gross premiums issued and a net income of 5.159 million euros, reflecting the increase of the technical margin and net trading income, and the contained evolution of operating costs. At a commercial level, it was possible to leverage a 9% increase in the value of the new production realised, boosted by the continuous development of the Sales and Insurance Issuance Support System (SAVE) information technology tool. This evolution, combined with the implemented measures to increase the average premiums in the occupational accident branch, contributed to the growth of the portfolio of policies in force by 10 thousand policies (+1.5%) and by 10.9 million euros (+9.5%).

In 2019, CA Vida achieved the best net income ever since its foundation, of the value of 8.3 million euros. This performance is underpinned by the overall growth of production (+3.6%), distributed over the growth in risk products (+2.5 million euros, i.e. +7.0% year-on-year) and pension funds (+12.4 million euros, representing +49.5% year-on-year) which, as a whole, offset the 2.9% reduction observed in capitalisation products and investment contracts.

After the attacks of 11 September of 2001 in the USA and the global financial crisis of 2008-2013, it is expected that the Covid-19 pandemic is likely to constitute the third economic, financial and social shock in the XXI century and one of the largest shocks at a global scale.

The combat measures endorsed by affected countries in all continents, essential to contain the propagation of the pandemic, are embodied in the suspension for a period of time as yet uncertain of a significant part of social and economic activities. This is reflected in global economic growth, the growth of the main economic blocks and each country, and there is still no outlook on the duration of the recovery and expected level for an economic upswing.

The projected evolution of the macroeconomic scenario (source: *OECD Interim Economic Assessment - Coronavirus: The world economy at risk*, 2 March 2020), points to (i) a decline in world GDP growth from the 2.9% observed in 2019 to 2.4% in 2020 (-0.5 p.p.) and a contraction of the economy in the first quarter of this year which, in a scenario of the effects of Covid-19 spreading to Asia-Pacific regions, Europe and America, revises this projection of world GPD growth to 1.5% in 2020 (i.e. half the growth projected before this crisis); and (ii) a decline of GDP in the eurozone from 1.2% observed in 2019 to 0.8% in 2020 and the maintenance of 1.2% for 2021.

The current projections (source: Economic Bulletin of Banco de Portugal, published on 26/03/2020) indicate that the Portuguese economy should enter into recession in 2020, contracting by between 3.7% (base scenario) and 5.7% (adverse scenario, including more prolonged stoppage of activity in various countries, with destruction of capital and employment, and higher levels of turbulence in the financial markets). In both scenarios, Banco de Portugal forecasts a recovery of economic activity in the following two years. In the base scenario, growth of 3.1% is achieved, and in the adverse scenario growth of 3.4% is forecast in two years' time.

In view of the situation of a public health emergency at a worldwide scale, declared by the World Health Organisation, on 30 January 2020, and the classification of the novel coronavirus as a pandemic, on 11 March 2020, the CA Group's Business Continuity Plan was activated on 16 March 2020. A document was completed on 20 March 2020 with the systematisation of the Strategy of Response to the Covid-19 Pandemic, with a description of the recommended measures (level of response and actions) to minimise the risks of transmission of the pathogenic agent among the employees and stakeholders (e.g. customers, service providers, supervisory entities) and with a view to ensuring the continuity of services at Grupo Crédito Agrícola.

In this regard, despite promoting the use of digital channels (online, mobile, direct line), the Group has kept the most part of its branch network open and operational (as at 31 March 2020, there were 93 closed branches out of a total of 653 as at 31 December 2019) and ensures the continuity of the provision of payment and transfer services as well as the automatic ash machine (ATM) network under SIBS and of its own (B24).

The CA Group implemented measures that enabled it to comply with the arrangement imposed by Decree-Law 10-J/2020, which establishes exceptional measures of support to households, entrepreneurs and companies by the Government of the Portuguese Republic.

In view of (1) the deterioration of the global macroeconomic scenario and the outlook on the economic impact on the main economic blocks, in the eurozone and, necessarily, the Portuguese economy, and (2) the evolution of the financial and capital markets, on the one hand, financial support measures have been implemented by governments, and, on the other hand, additional support measures have been taken via monetary policy by the main central banks worldwide, namely towards reducing interest rates (e.g. Federal Reserve of the United States of America), asset acquisition (e.g. Federal Reserve, European Central Bank), among others.

Considering the uncertainty observed in the main financial and capital markets, and with a view to the anticipation and possible mitigation of impacts, Caixa Central has progressively:

i) monitored the evolution of the financial and capital markets, in particular the markets:
   a. of public debt of the eurozone and the spreads between the debt issued by eurozone countries in relation to German public debt, especially Portuguese, Spanish and Italian public debt, sovereign states to which the Group has high exposure;
   b. of bonds of corporate issuers and financial institutions, to which the Group has exposures, albeit of a substantially lower value.

ii) simulated impacts on the individual and consolidated financial statements of conservative scenarios in relation to the current situation and that expected on the date of planning and budgeting of the financial year of 2020.

The costs related to the activation of the contingency plan are not significant up to the present date, and it is considered that the reduction of operations and travel should offset the added costs related to enhancing the robustness of the infrastructure for monitoring information system under telework environments and for prevention of fraud, money laundering and terrorist financing. Any extra investment for the activities related to the management of information and communication technology risks shall be offset in the budget by investments not carried out during the period of operation in the contingency environment.

Concerning staff costs, the CA Group considers that operation under telework should not imply a material reduction of the productivity levels, as the reduction of time related to travel shall enable releasing time for activities to be developed under the duties of the Group's employees, and of the management and supervisory bodies of the entities of Grupo Crédito Agrícola.

The analysis of the most conservative scenario points to a potential negative material impact on the Group's net income projected for 2020 as a result of the pandemic; nevertheless, maintaining full compliance with the main prudential ratios, namely concerning solvency and leverage.

In this context, considering the activity developed and the information that is available on the present date, the Board of Directors of Caixa Central does not expect any material effects in terms of the individual financial statements for 2019, arising from subsequent events related to the impact of the Covid-19 pandemic.

Given the uncertainty that still persists in relation to the possible effects, the Executive Board of Directors of Caixa Central does not have specific estimates and quantifications up to date of the future impacts of the coronavirus in terms of the national economy, and in particular as to the Group's turnover levels.

The Executive Board of Directors of Caixa Central shall keep up its daily monitoring of the situation and shall promote the updating of the estimates based on the information that in the meantime becomes known internally and externally, based on the different external sources to which it has access, in order to take the most suitable response, mitigation of impacts and/or recovery measures for the estimated or observed impacts.

The information required for the non-financial statements, stipulated in numbers 1 and 2 of article 508-G, was prepared under the terms established in numbers 3 to 7 of the same article of the Commercial Companies Code and is presented in a separate Report as at 31 December 2019, on the website www.creditoagricola.pt available to the public.

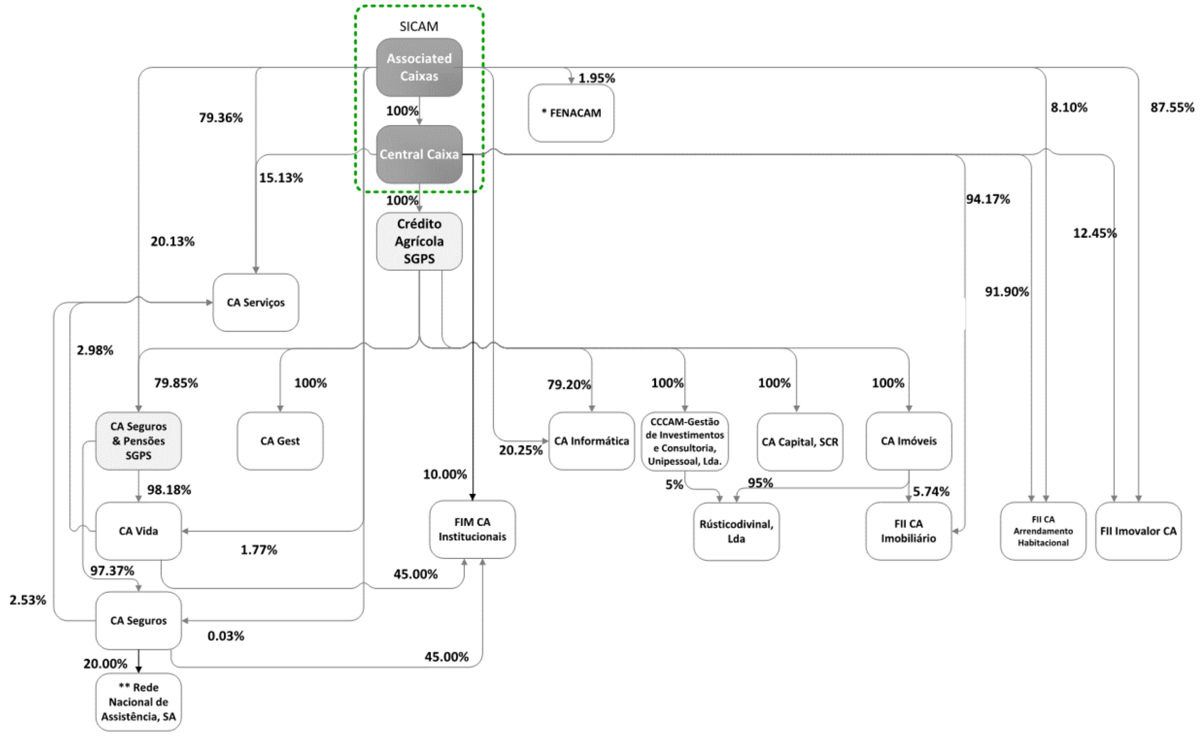
01 Presentation of Grupo Crédito Agrícola

I. PRESENTATION OF GRUPO CRÉDITO AGRÍCOLA

1.1 STRUCTURE OF GRUPO CRÉDITO AGRÍCOLA

Grupo Crédito Agrícola is composed of 79 Associated Caixas, Caixa Central and the Group companies held directly by Caixa Central and/or Associated Caixas or held indirectly by Crédito Agrícola SGPS (holding 100% owned by Caixa Central).

a) Corporate structure

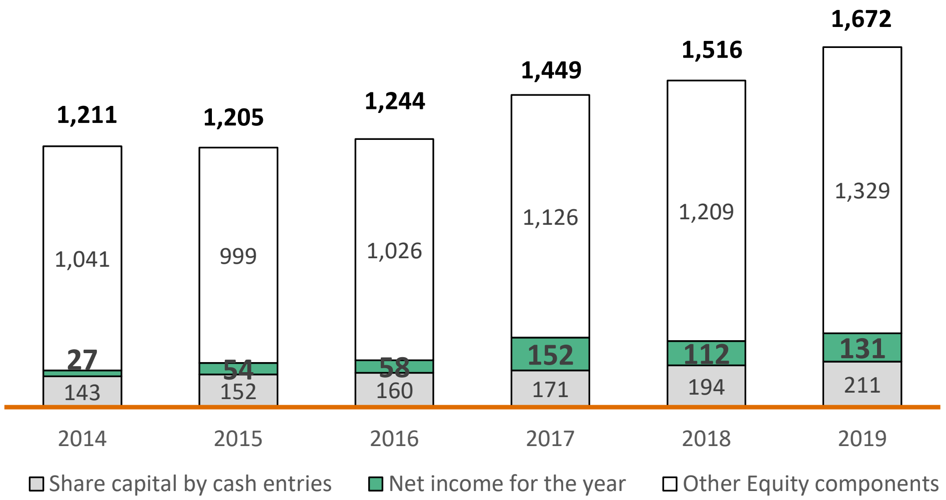


(*) FENACAM holds 98.03% of its own capital.
(**) Consolidation through the equity method.

b) Equity structure of Grupo Crédito Agrícola

Grupo Crédito Agrícola has demonstrated, in a consistent and unique form in the sector in Portugal, its capacity to comply with the capitalisation level requirements imposed by Basel III and derived from the Banking Union (Capital Requirements Directive IV), exclusively with reinforcement of the participation of its current Associates and the entry of new Associates and, fundamentally, via the incorporation of the annual net income over the years.

Values in million euros



c) Cooperative Model of Crédito Agrícola and SICAM

i. Structure of the legal mechanism

Grupo Crédito Agrícola is a cooperative group, regulated by a specific legal system, the Legal System for Mutual Agricultural Credit and Agricultural Credit Cooperatives (RJCAM) and, simultaneously, by the Legal Framework of Credit Institutions and Financial Companies.

The Integrated System of Crédito Agrícola Mútuo (SICAM) is composed of Caixa Central and its Associated Caixas Agrícolas. Caixa Central is the “head of the Group”, operating as a central body which coordinates and represents the Group, being responsible for the coordination and planning, supervision, guidance and intervention in the Associated Caixas, reporting to the supervisory entities, integrated liquidity management, overall monitoring and control of risks and the definition and follow-up of the main policies and regulations of the Group, including, among others, those related to credit risk, human resources, information systems and marketing.

SICAM's mutuality/cooperative principle is based on a mechanism of solidarity which, when activated by any financial imbalance in any of the Associated Caixas, assures that Caixa Central is liable first and only afterwards the remaining Associated Caixas. In turn, Caixa Central, in a situation of financial imbalance, is backed by its Associates for reinforcement of its own funds. This mechanism is legally binding by the RJCAM and the articles of association of Caixa Central.

Pursuant to the RJCAM, this system of mutual liability is a formal mechanism of crossed guarantees where: (i) Caixa Central fully guarantees the liabilities undertaken by the Associated Caixas, under terms by which the guarantor backs the secured entity; and (ii) the Associated Caixas, whenever requested for such, underwrite and pay in share capital increases to the amount required to correct any financial imbalances of Caixa Central, which are reflected in a reduction of own funds to a level below the legal minimum requirement or in non-compliance with the applicable prudential ratios and limits.

Supplementary to the above, through the Crédito Agrícola Mútuo Guarantee Fund (FGCAM) and currently the Crédito Agrícola Mútuo Assistance Fund Association, the Group provides a reinforcement of the support mechanism through the possibility of using part of the amount of this fund to guarantee the solidity and sustainability of SICAM.

ii. Crédito Agrícola Mútuo Guarantee Fund [Crédito Agrícola Mútuo Assistance Fund Association (FACAM)]

As at 31 December 2019, Grupo Crédito Agrícola is reinforced by the solidarity mechanism ensured through the Crédito Agrícola Guarantee Fund (FGCAM). Up to that date, this fund guarantees the liabilities in relation to depositors of Grupo Crédito Agrícola (GCA), through loans to the Associated Caixas, referred to as Financial Assistance Contracts.

The Crédito Agrícola Mútuo Guarantee Fund was a legal person governed by public law, endowed with administrative and financial autonomy, which operated with Banco de Portugal, and was totally independent of the Deposit Guarantee Fund (FGD) for the Portuguese banking sector. This fund was managed by a Steering Committee, whose Chairman is a Director of Banco de Portugal and it has two appointed members, one in representation of the Ministry of Finance and the other in representation of Caixa Central de Crédito Agrícola Mútuo. The supervisory duties were entrusted to the Audit Board of Banco de Portugal.

The deposit guarantee mechanism is analogous to that governing the Deposit Guarantee Fund, applicable to the banking system in general, taking into account the particularities of the Caixas de Crédito Agrícola Mútuo belonging to SICAM. Thus, FGCAM guarantees up to 100 thousand euros, per deposit holder and per institution, the repayment of deposits constituted at Caixa Central de Crédito Agrícola Mútuo and in its associated Caixas de Crédito Agrícola Mútuo. This Fund has never been called on to guarantee deposits.

As at 31 December 2019, FGCAM's own resources amounted to 267.5 million euros, of which, 199.2 million euros corresponded exclusively to investments aimed at guaranteeing the deposits constituted at SICAM.

Decree-Law 106/2019 of 12 August entered into force on 1 January 2020, which led to the transfer of the deposit guarantee aspect from FGCAM to the FGD, with Caixa Central and its Associated Caixas de Crédito Agrícola Mútuo becoming participants in the FGD.

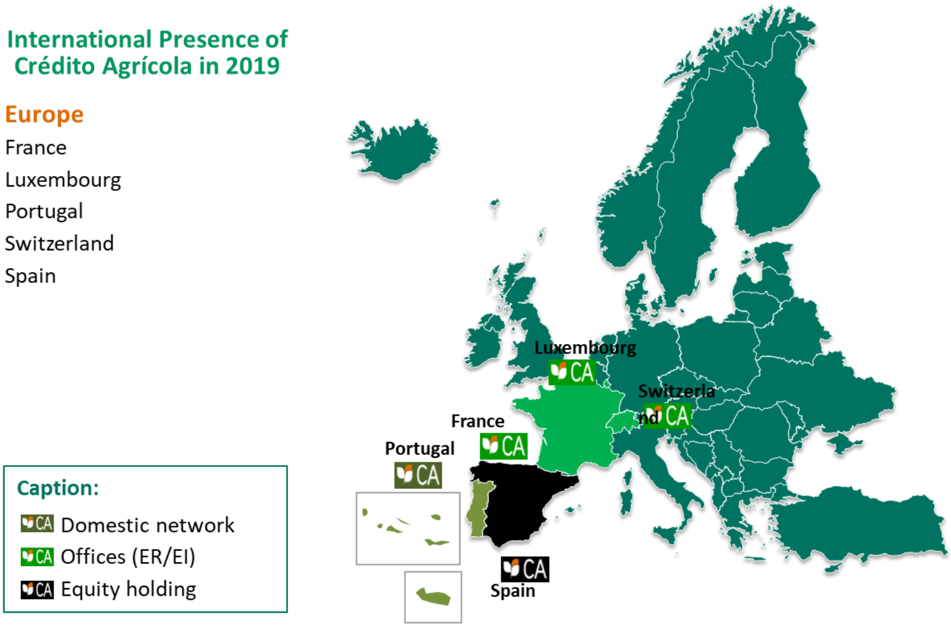
The assistance aspect remained at FGCAM, which was transformed in an association governed by private law named Associação – Fundo de Assistência do Crédito Agrícola Mútuo (FACAM) which was allocated the separate assets arising from the transformation.

The Articles of Association and Regulations of FACAM establish, in terms of governance, in addition to the Board of the General Meeting, a supervisory body, the Audit Committee, composed of a majority of independent members, and a Governing Board, also composed of a majority of independent members, which is supported by the services of Caixa Central for the tasks required for the activity of FACAM.

d) International Presence of GCA

Aware of the importance of the international market, Grupo Crédito Agrícola has progressively strengthened its presence worldwide through the network of representation offices and the enlargement of the offer of products and services aimed at supporting the international business of Portuguese companies.

Accordingly, in November 2019, Crédito Agrícola inaugurated CA Silk Road Paris, a new exhibition space that seeks to contribute to the development of the international trade of our Customers and national producers.



1.2 CAIXA CENTRAL AND GOVERNANCE OF THE GROUP

a) Governing Bodies of Caixa Central

Although Caixa Central is legally a cooperative, pursuant to the Legal System of Crédito Agrícola Mútuo, its governance may be based on one of the models established for public limited liabilities companies in the Commercial Companies Code. In this light, Caixa Central adopted the German model, with a General and Supervisory Board, a Chartered Accountant and an Executive Board of Directors, as well as a Board of the General Meeting and, since 3 September 2019, a Senior Board to replace the former Advisory Board, in conformity with the statutory amendments approved at the General Meeting of 14 February 2019. The Senior Board, just as its predecessor, is a body of advisory and not executive nature.

The Board of the General Meeting and the Senior Board (as had already been the case of the Advisory Board) are exclusively composed of Associates of Caixa Central (the current 79 Caixas Agrícolas which appoint natural persons to perform duties in their own name) elected at the General Meeting. Each Associated Caixa Agrícola may only belong to a governing body through its representatives, and cannot, therefore, accumulate duties in more than one body.

Up to 2 September 2019, the General and Supervisory Board had been composed of Associated Caixas, as referred to above in relation to the Board of the General Meeting and the Senior Board.

The amendment of the articles of association approved at the General Meeting of 14 February 2019 established that henceforth the majority of the members if the General and Supervisory Board, including its Chairman and Vice-Chairman, should be composted of independent and qualified natural persons, under the terms defined in the applicable rules and guidelines and in the law in force at any given time. None of these members can represent and/or be appointed by the Associates, with the remaining members of the General and Supervisory Board being Associated Caixas fully vested in their rights, which shall appoint natural persons to hold the position in their own name.

The Executive Board of Directors is elected at the General Meeting, and is composed of natural persons, Associates or not of the Caixas Agrícolas and related or not to Grupo Crédito Agrícola.

Up to 2 September 2019, the governing and statutory bodies of Caixa Central were composed of members elected for the three-year period of 2016-2018, except for the Executive Director Renato Manuel Ferreira Feitor, who presented his resignation, due to a situation of retirement, which took effect on 31 December 2018. At that time, the governing and statutory bodies were governed by the Articles of Association approved on 30 May 2015.

Thus, between 1 January and 2 September 2019, the governing and statutory bodies of Caixa Central were composed as follows:

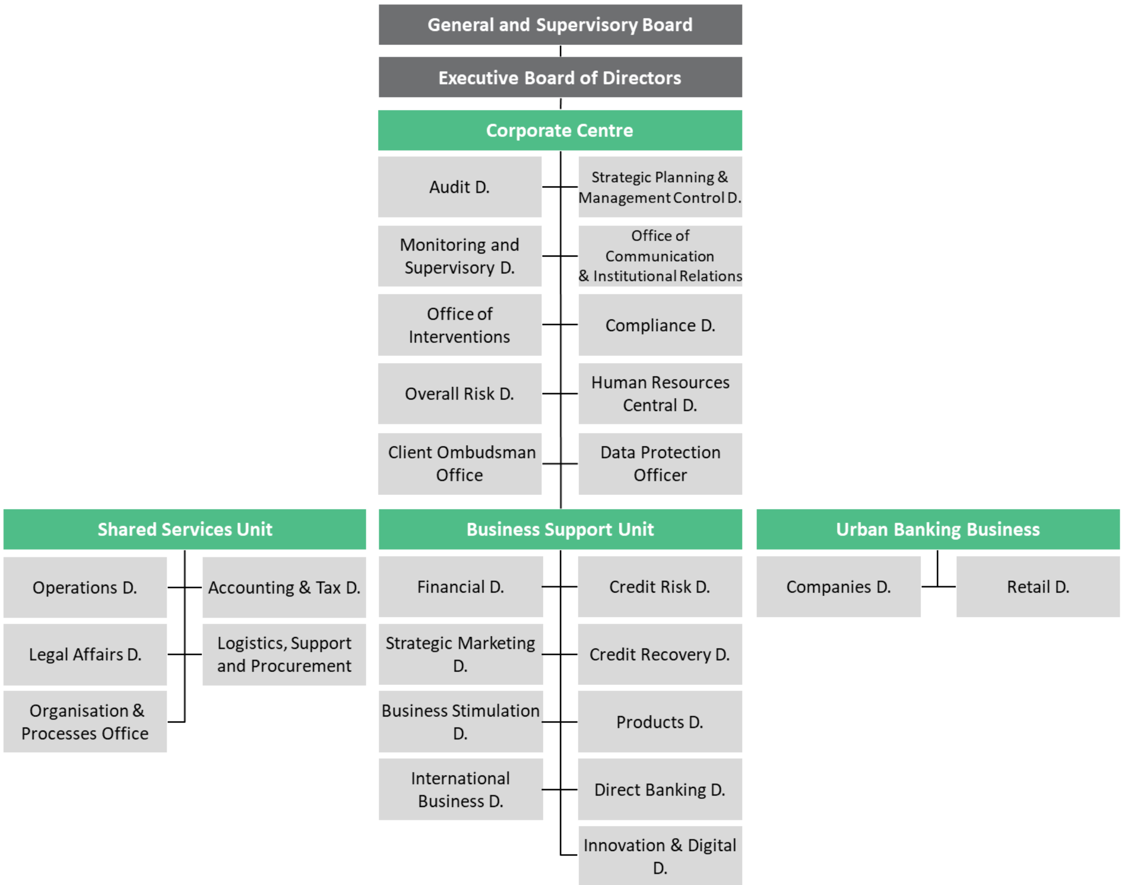
BOARD OF THE GENERAL MEETING	GENERAL AND SUPERVISORY BOARD	ADVISORY BOARD	STATUTORY AUDITOR	EXECUTIVE BOARD OF DIRECTORS
Chairman **Nuno Carlos Ferreira Carrilho** CCAM Terras de Viriato	Chairman **Carlos Alberto Courelas** CCAM Pombal	Chairman **Hélio José de Lemos Rosa** CCAM Alenquer	**PriceWaterhouseCoopers & Associados – SROC, Lda** represented by: Aurélio Adriano Rangel Amado	Chairman **Licínio Manuel Prata Pina**
Deputy Chairman **Josué Cândido Ferreira dos Cantos** CCAM Ferreira do Alentejo	**António Manuel Melo Gomes de Sousa** CCAM Azores	**José Luís Tirapicos Nunes** CCAM Alentejo Central		Member **José Fernando Maia Alexandre**
Secretary **Carlos Alberto Samora Bitoque Vargas Mogo** CCAM São Bartolomeu de Messines e São Marcos da Serra	**Orlando José Matos Felicíssimo** CCAM Aljustrel e Almodôvar	**José Lopes Gonçalves Barbosa** CCAM Alto Cávado e Basto		Member **Ana Paula Raposo Ramos Freitas**
	António João Mota Cachulo da Trindade CCAM Baixo Mondego	**Normando António Gil Xarepe** CCAM Extremoz, Monforte e Arronches		Member **Sérgio Manuel Raposo Frade**
	Afonso de Sousa Marto CCAM Batalha	**António Germano Fernandes de Sá e Abreu** CCAM Médio Ave		
	Alcino Pinto dos Santos Sanfins CCAM Trás-os-Montes e Alto Douro	**João Nascimento Canas Guerra** CCAM Nordeste Alentejano		
	José Gonçalves Correia da Silva CCAM Noroeste	**António Francisco Coelho Pinheiro** CCAM Paredes		
	Artur Teixeira de Faria CCAM Terras do Sousa, Ave, Basto e Tâmega	**José Manuel Guerreiro Estiveira Gonçalves** CCAM Silves		
	Magda Cristina Baptista Antunes Santolini CCAM Zona do Pinhal	**Francisco Eduardo das Neves Rebelo** CCAM Vale do Távora e Douro		
		Adriano Augusto Diegues *By inherence, pursuant to number 2 of article 35 of the Statutes of Caixa Central, approved in 2015.*		

From 3 September 2019 onwards, the governing and statutory bodies changed their composition to include the following members elected at the General Meeting of 25 May 2019, pursuant to the Articles of Association approved at the Extraordinary General Meeting held on 14 February 2019:

BOARD OF THE GENERAL MEETING	SENIOR BOARD	GENERAL AND SUPERVISORY BOARD	STATUTORY AUDITOR	EXECUTIVE BOARD OF DIRECTORS
Chairman **Nuno Carlos Ferreira Carrilho** CCAM Terras de Viriato	Chairman **Afonso de Sousa Marto** CCAM Batalha	INDEPENDENT MEMBERS	**PricewaterhouseCoopers & Associados – SROC, Lda** represented by: Aurélio Adriano Rangel Amado	Chairman **Licínio Manuel Prata Pina**
Deputy Chairman **Josué Cândido Ferreira dos Santos** CCAM Ferreira do Alentejo	**António Manuel Melo Gomes de Sousa** CCAM Azores	Chairman **(*)**		Member **Ana Paula Raposo Ramos Freitas**
Secretary **Joaquim Miguel Cruz Mendes** CCAM Elvas e Campo Maior	**Hélio José de Lemos Rosa** CCAM Alenquer	Deputy Chairman **Vasco Manuel da Silva Pereira**		Member **José Fernando Maia Alexandre**
	José Lopes Gonçalves Barbosa CCAM Alto Cávado e Basto	Member **João Luís Correia Duque**		Member **Sérgio Manuel Raposo Frade**
	José Luís Tirapicos Nunes CCAM Alentejo Central	Member **Maria Helena Maio Ferreira de Vasconcelos**		Member **Sofia Maria Simões dos Santos Machado**
	Orlando José Matos Felicíssimo CCAM Aljustrel e Almodôvar	Member **Vítor Fernando da Conceição Gonçalves**		
	António João Mota Cachulo da Trindade CCAM Baixo Mondego	**NON-INDEPENDENT MEMBERS**		
	Alcino Pinto dos Santos Sanfins CCAM Trás-os-Montes e Alto Douro	**José Gonçalves Correia da Silva** CCAM Noroeste		
	Francisco Eduardo das Neves Rebelo CCAM Vale do Távora e Douro	**Vítor Manuel Marques da Costa** CCAM Pombal		
		Artur Teixeira de Faria CCAM Terras do Sousa, Ave, Basto e Tâmega		
		Magda Cristina Batista Antunes Santolini CCAM Zona do Pinhal		

(*) The Chairman elected for the General and Supervisory Board of Caixa Central presented his resignation on 8 October 2019, for personal reasons. Hence, provisionally and under the terms of the provisions in the Articles of Association of Caixa Central, the supervisory body has operated with eight (8) members, with the Vice-Chairman having taken up the position of Chairman. At the General Meeting of 14 December 2019, a ninth independent member was elected for the General and Supervisory Board of Caixa Central and supervisory board was recomposed, with Banco de Portugal having been requested, during 2019, for the necessary authorisation for the taking of office of this ninth member elected for the position of Vice-Chairman, as well as the due authorisation for the recomposition of the body from Banco de Portugal, under the terms of which Vasco Pereira, takes up the position of Chairman of the General and Supervisory Board of Caixa Central.

b) Functional organisation of Caixa Central



The organisational chart of Caixa Central, derived from the process of internal reorganisation in line with the vision established in the Programme of Transformation of Grupo Crédito Agrícola, reflects its 4 essential functions:

- Corporate Centre (including the functions of planning, monitoring, control and management of risks, inspection and supervision of SICAM and when necessary intervention in the management of the Associated Caixas in situations of imbalance);
- Shared Services Unit (which, in a broader perspective, includes the sphere of action of the companies CA Serviços, CA Informática and CA Imóveis);
- Business Support Unit (including the treasury management of SICAM); and,
- Urban Banking Business of Caixa Central (retail/branches and corporate).

In 2019, there were no changes to the design of the organisational structure of Caixa Central.

Recognising the importance of the existence of an appropriate and efficient internal control system, to assure effective compliance with the legal and regulatory obligations and all other duties to which Grupo Crédito Agrícola is subject, the Compliance, Risk Management and Audit structures have increasingly become control functions of the entire Group.

At the same time, the Monitoring and Supervision structure performs the duties of control, supervision, guidance and monitoring (locally and systematically) of the Associated Caixas.

c) Governing bodies and executive and non-executive forums of the Group

Apart from the Governing Bodies of Caixa Central, the governance of Grupo Crédito Agrícola is also complemented by forums composed of members representing the Associated Caixas and companies of the Group. During 2019, the members of the governing bodies elected on 12 December 2015, for the three-year period 2016-2018, performed their duties up to 2 September 2019, and from 3 September onwards, the members of the governing bodies elected for the three-year period of 2019-2021 took office on that date, after the respective authorisation for their holding of office was granted by Banco de Portugal.

Executive Forums of the Group

- General Meeting of the CA Group
- Credit Board and Extended Credit Board
- Credit Recovery Board
- Programme Management Committee (PMO)
- Asset, Liability and Capital Committee (ALCCO)
- Monitoring and Supervisory Committee
- Business & Information Technology Committee (IS/IT)
- Executive Board of Directors

Non-Executive Forums (not exhaustive)

- Risk Management Committee
- Credit Recovery Committee
- Commercial & Marketing Committee
- HR Committee
- IS/IT Committee
- Business Continuity Management Committee
- Committee on the Prevention of Money Laundering and Terrorist Financing

d) Internal control functions of the Group

i. Compliance and internal control

The Compliance Department's Mission is the management of the Compliance Function of Grupo Crédito Agrícola (GCA), ensuring appropriate compliance with the applicable regulations and the Prevention of Financial Crime.

With a view to ensuring its mission, its main activities are:

- Identification, assessment, monitoring and control of compliance risks in Grupo Crédito Agrícola and implementation of mitigation actions;
- Follow-up and disclosure of relevant regulations and their guaranteed compliance;
- Follow-up of legislative and regulatory changes and business impact analyses;

- Issuance of guidelines and recommendations to SICAM on compliance matters;
- Coordination and control of the regulatory reporting to external entities;
- Coordination of the financial crime preventive duties at the CA Group;
- Superintendence in the articulation between the Compliance Function of Caixa Central and the Associated Caixas;
- Management of the whistleblowing communication channels and the repository of conflicts of interest for detection of instances of breaches of rules;
- Conduct of institutional relations with supervisors and other bodies at a national level, including the follow-up of inspections and specific determinations;
- Provision of advice to the business lines and to the Caixas de Crédito Agrícola Mútuo (CCAM) on regulatory topics, including the governance of products, pricing and advertising and signs of financial crime;
- Preparation and implementation of compliance programmes to check the compliance of processes with the regulatory requirements;
- Periodic reviews of compliance and monitoring of the activity of the CCAM and other entities of the Group.
- Analysis of indications of compliance risk, namely through analysis of customer complaints and claims on topics of compliance or conduct;
- Periodic review of compliance and monitoring dedicated to pressing regulatory issues.

The Compliance Function, as an integral part of the Internal Control System (SCI), is responsible for ensuring, together with all the other controls areas, the adequacy, strengthening and operation of the Internal Control System. Its objective is to mitigate risks according to the complexity of its business and disseminate the control culture so as to assure compliance with the existing laws and regulations, with a view to minimising the risk of incurring legal or regulatory, financial or reputation penalties.

The organisational model for this Function in the Group is based on a corporate logic in which Caixa Central assumes the Group's leadership, undertaking and centralising a significant part of the activities (with respect to SICAM), with the remaining members of the Group ensuring specific activities, with the support and under the coordination of the Compliance Department.

This structure articulates the tasks that are entrusted to it with the Compliance Monitors of the Caixas de Crédito Agrícola and Group companies, embodying essential links in the consolidation of the compliance culture and improvement of the Internal Control System. This coordination and organisation enable the adoption of uniform practices with regard to the identification, interpretation and implementation of legal and regulatory requirements and appropriate follow-up and monitoring of the identified risks.

ii. Risk management

Risk management seeks to develop and support, in an overall and integrated manner, the definition of the strategy and policies on risk and capital management at Grupo Crédito Agrícola, ensuring their compliance and appropriate organisational capacity through the implementation of methodologies, procedures and tools enabling the determination and planning of capital and the identification, measurement and control of the different risks.

The activities developed in this area fall under the duties of the internal control body, being embodied in the coordination of the matters in question with the different specialised organic units, in particular risks related to credit, liquidity, interest rates, market, operations and reputation, and also involve fostering relations with the regulatory entities.

In this context, risk management continues to be a priority for Caixa Central and Grupo Crédito Agrícola, in recognition of its decisive impact on the creation of value and importance as a factor of stability.

Caixa Central and the Group have continuously developed a significant number of initiatives in all areas entailing strong coordination with technological aspects and requiring the development of internal and specific skills and, in order to endow the Group with the capacity to meet the challenges emerging from a regulatory framework whose frequency of updating has been particularly accentuated in the recent past. This scenario is added to the effort demanded from the banking system by the requirements on planning and control of liquidity and solvency levels. At the same time, the Grupo continues to develop the necessary conditions for the affirmation of a true risk culture based on ethical values and high professional standards.

In pursuing these objectives, the business strategy that has been followed points to the balanced and sustained development of the Group and attributes particular emphasis to risk control, defining measurable objectives that are intended to be achieved, alongside the desirable profitability, subordinating the latter to the limitation of risks. The overall risk strategy defines objectives relative to quality, profitability, allocation of own funds and development of the portfolio of credit, financial assets and securities. These objectives are regularly monitored as a support base for the review or updating of the strategy pursued.

iii. Internal auditing

The internal audit function's main mission is to protect the institution and contribute to the sustainable development of its activities, through systematic, disciplined, independent and objective assessment, based on risk, the internal governance structure and the internal control system, with a view to ensuring its adequacy and efficiency, namely through the identification of flaws and opportunities for improvement, both in its design and implementation or use.

The applicable legal and regulatory rules and the guidelines, recommendations and determinations issued by supervisory and legislative entities, European and national, on matters of internal governance and risk management confer the Audit Department of Caixa Central duties of functional coordination and guidance on the internal audit function of the Associated Caixas, embodied in a common methodology and effective control mechanisms over the local managers of the Associated Caixas, towards an audit activity based on risk.

The following models are used in the internal audit function of the Associated Caixas:

i. Outsourcing of the internal audit service from the Audit Department of Caixa Central (61 CCAM);
ii. Existence of local in-house resources at (18) CCAM, responsible for performing internal audits, reporting functionally to the Audit Department of Auditoria da Caixa Central, acting in articulation and under a common methodology of SICAM.

During the performance of its duties, the internal audit function was objective and independent, constituting a third line of defence in risk management and control, having examined and assessed the adequacy and efficacy of the different components of the institution's internal control system, issuing recommendations based on the results of the assessments conducted and monitoring the mitigation of flaws detected in the control actions.

Particular reference should be made to the development of a project in 2019, with a view to the breakdown of the Auditable Total Universe of SICAM, aimed at ensuring that the assessment of the Internal Audit Function considers the entire scope of its mission in a transversal and comprehensive form. The systematisation of the Auditable Universe associated to the implementation of a risk-based approach enabled the planning of the audit activities according to their relevance, and supported the prioritisation of the activities to be developed. This project also included the review of the timeframe of the annual audit activities plan which henceforth considers the period between 1 July N to 30 June N+1.

The audit activities developed at Caixa Central respected the common internal audit activity plan proposed to the Associated Caixas, and also included a series of specific exercises of corporate nature derived from the regulatory and operational framework of Caixa Central. At the Associated Caixas, the implementation of the internal audit activity plan proposed by Caixa Central for 2019 was fully assured.

iv. Supervision, guidance and monitoring of the Associated Caixas

The activity of the Associated Caixas continues to be exercised in an economic scenario that is increasingly more complex, competitive and of low profitability, added to progressively more stringent regulatory and supervisory requirements.

The significant changes that have occurred in the legislative and regulatory framework of Credit Institutions have led to a successive exacerbation of the requirements, implying that the methods used to assure correct and timely supervision must be supported by processes that ensure an operationality adjusted to the organisational evolution and business of the Associated Caixas.

Accordingly, and in compliance with articles 75 and 76 of the Legal System of Crédito Agrícola Mútuo (RJCAM), the mission of Caixa Central, through the Monitoring and Supervision Department (DAS), is to ensure an appropriate Internal Governance System of the Associated Caixas and their economic and financial sustainability, supervising their compliance with the guidelines defined by Caixa Central and, in a prudential perspective, anticipate scenarios of possible imbalance in line with best supervision practices. This includes in the Associated Caixas that have been subject to intervention, pursuant to articles 77 and 77-A of the Legal System of Crédito Agrícola Mútuo, in compliance with the legal provisions, the prudential rues established by Banco de Portugal and the guidelines defined by Caixa Central, with a view to ensuring the sustainability of the Integrated System of Crédito Agrícola Mútuo and compliance with the prudential rules by the Associated Caixas, in concordance with the strategic guidelines of Grupo Crédito Agrícola.

During 2019, the Monitoring and Supervision Department maintained its goal of implementing changes in its organic structure and functioning, reflecting Caixa Central's strategic vision for the function of monitoring and supervision of the Associated Caixas, underpinned by a risk-based approach, with different levels of requirement and control according to the calculated risk level. in this regard, the process of review and updating of the internal regulations of the Department is currently in course.

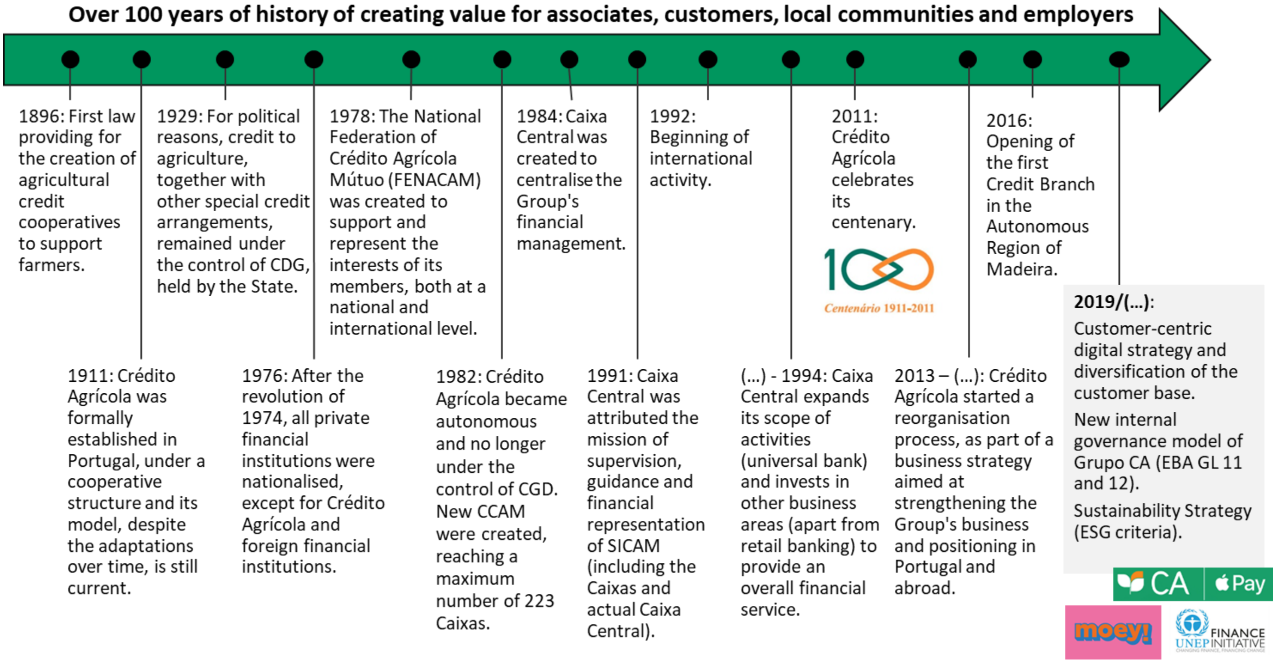
The Quantitative Monitoring Model of the Associated Caixas, approved in October 2017, based on the performance of a series of risk indicators, aligned with those defined under the Risk Management Function for the Integrated System of Crédito Agrícola Mútuo, is under review with a view to enabling the placement of the Associated Caixas at different risk levels, which correspond to different regimes / types of supervision to be adopted by the Monitoring and Supervision Department in conducting its mission.

Under the new regulations and changes on matters of supervision, added to the consolidation of Grupo Crédito Agrícola, viewed as an entity subject to supervision on a consolidated basis, with all the requirements and responsibilities derived thereof, namely for Caixa Central, the Monitoring and Supervision Department plays a determinant role as the first line of action, both in terms of supervision and in terms of promotion of the necessary guidelines to comply with the Group's strategic objectives.

1.3 VISION, MISSION, VALUES AND STRATEGIES OF THE CA GROUP

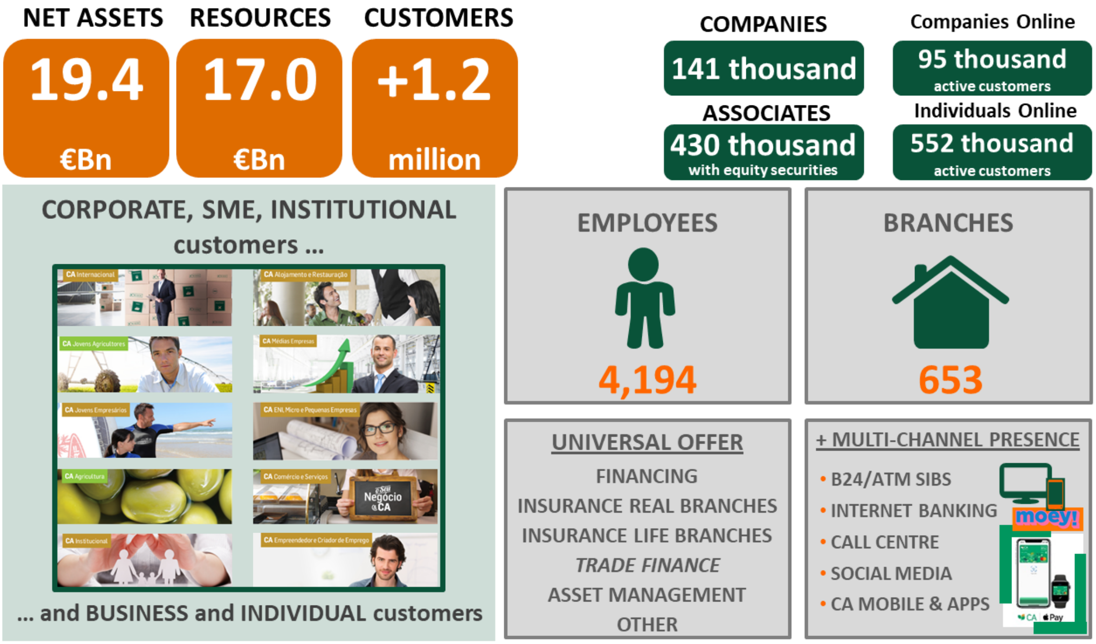
a) Historic milestones

In Portugal, cooperative banking is represented by Grupo Crédito Agrícola with its secular history of contributing to society and the national economy, and which renews itself on daily basis in order to comply with its mission, fostering the development of local communities and the Portuguese diaspora.



b) Grupo Crédito Agrícola in 2019

Crédito Agrícola is a financial group with a universal offer corresponding to around 19.4 billion euros of net assets, 17.0 billion euros of customer funds and a base of close to 1.2 million Customers. With a net worth of approximately 1.7 billion euros, the Group interacts with its Customers and Associates through its 653 branches spread all over the country at the end of December 2019 (assuring its top placement in terms of physical presence through bank branches) and its offer of non-presential and digital channels.



c) Mission, Vision and Values of Grupo Crédito Agrícola

Being a cooperative-based and centenary Group and not being subject to the regulations and pressure of the capital market, Crédito Agrícola has progressively adopted on a strategy of capitalisation through its generated net income and maximisation of value in the long-term.

Mission and Vision of Grupo CA

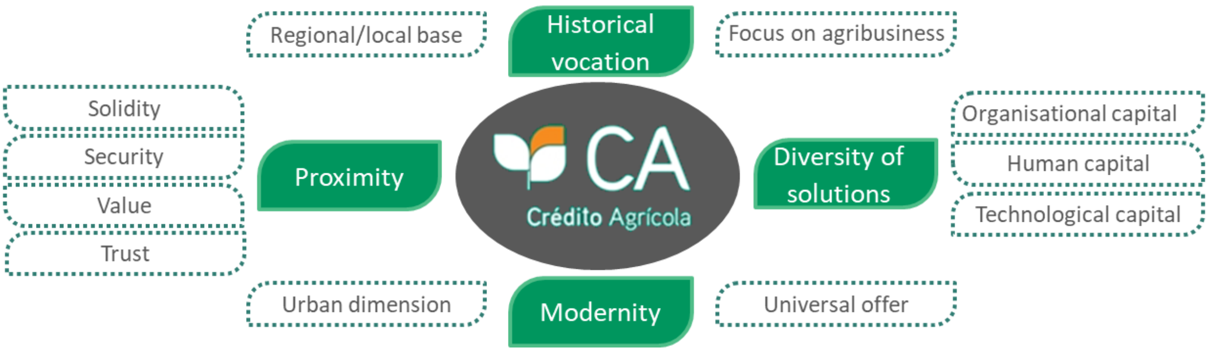
Grupo Crédito Agrícola (and its Associated Caixas) aims to be:

Mission	The **engine driving the development of local communities** through relations of proximity with customers, contributing to the accomplishment of their ambitions and financial projects; and
Vision	To be recognised as the best bank operating in its markets, remaining **"the most trusted bank of the Portuguese"**.

Grupo Crédito Agrícola concentrates on relations of proximity to meet the ambitions and financial projects of its customers and the communities in which it belongs, being distinguished from the competition by reinvesting the earnings created by each Associated Caixa in the actual region (the cases of distribution of net income is not material). This reinvestment is accomplished by investing the captured deposits in funding projects of the region of these depositors, by contributing the lower the unemployment levels of the regions where it operates (primarily local recruitment) and by decentralising decision-making on loans taking into account the limits of exposure and policies of the Group in force.

The origin of the principles of solidarity and social responsibility of Grupo Crédito Agrícola, which guide its mission and values, go back to the fifteenth century, to the time of the foundation of the Santas Casas da Misericórdia in Portugal. These entities were pioneer in granting credit to farmers, from the middle of the eighteenth century, launching the bases to create the Caixas de Crédito Agrícola Mútuo. This system evolved continuously over the centuries, becoming increasingly important in the country's social and economic fabric, leading to its current legal and prudential framework and to its notable progress on matters of corporate governance and integration.

Values of Grupo CA



d) Principles of strengthening of sustainability

In order to maintain the sustainability of the current business model, GCA has successively demonstrated its capacity to adapt to change and respond with flexibility to the challenges faced by the national banking system.

Guiding principles for the sustainability of the business model of CA

- **Monitoring of social trends on urbanisation and electronic recording.**
- **Modernisation of the brand** by fostering the brand's evolution to a concept of **universal bank.**
- **Driving the entire organisation towards knowing the customer.**
- Maintenance and **encouragement of a discipline of rigour and risk containment.**
- Fostering a **culture of careful and strict appraisal of credit risk-taking.**

e) Integrated marketing and commercial strategy (bancassurance)

With the definition of a common strategy focused on the Customer and with the support of the senior management, Crédito Agrícola has reaped the benefits of its implementation of an integrated management of the banking business, insurance activity and asset management, which involves:

- Definition of commercial objectives aimed at focusing the branch network on the most profitable and binding segments/products (common strategy);
- Alignment of goals through incentives for employees with commercial positions for greater objectivity on the assessment of individual performance and contribution to the Group's overall goals;
- Planning and accomplishment of campaigns, protocols and other marketing actions aimed at customer segments;

- Investment in tools to simplify the process of commercial interaction;
- Implementation of training cycles defined according to the outcome of the individual assessment of knowledge;
- Regular monitoring in the field of individual performance and compliance with objectives;
- Preparation of commercial visits to customers and non-customers, when necessary, with the support of product specialists.

The centralisation of the marketing and commercial strategy in a Group model (bancassurance) has strengthened the dynamics and contribution of the insurance and asset management activities to the generation of value for the Group.

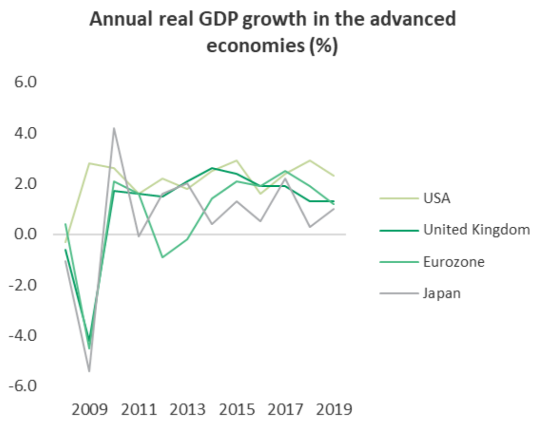
Family	Heading	Concept	Unit	Goal Percentage Completion (GRO)	# CCAM with GRO < 100%
Customer Funds	Demand Deposits	Portfolio	€	113.93%	1
	Term Deposits and Savings	Portfolio	€	108.44%	2
	Share Capital	Portfolio	€	103.78%	29
New Customers	New Customers	New Production	Nr.	101.64%	34
Credit to Individuals	Mortgage Loans	Portfolio	€	102.57%	23
	Credit to Individuals	Portfolio	€	96.47%	54
Credit to Companies	Credit for Treasury	Portfolio	€	102.87%	39
	Credit for Investment and Real Estate Leasing	Portfolio	€	105.61%	21
Leasing	Equipment Leasing	Portfolio	€	106.93%	33
Direct Banking and Means of Payment	Individuals Online Subscription	Portfolio	Nr.	102.97%	18
	POS	Portfolio	Nr.	98.57%	34
	Credit Cards	Portfolio	Nr.	99.35%	40
Mutual Funds	Securities Investment Funds	Portfolio	€	90.60%	49
Non-Life Insurance	Motor	New Production	€	111.14%	15
	Housing	New Production	€	106.07%	17
	CA Saúde	New Production	€	106.67%	24
	CA CliniCard	New Production	€	105.13%	18
	Other Products	New Production	€	104.70%	28
Life Insurance	Risk	New Production	€	106.90%	18
	Pension Funds	New Production	€	118.46%	24

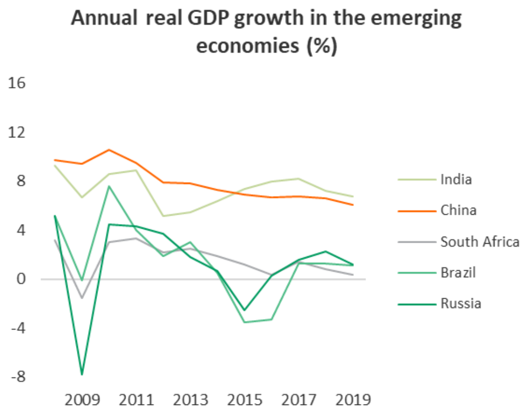
02 Economic environment

II.ECONOMIC ENVIRONMENT

2.1 INTERNATIONAL ECONOMY

According to the World Bank, global growth reached 2.4% in 2019. The year of 2019 was marked by the lowest economic growth since the global financial crisis, having been negatively influenced by the weaker performance of world trade and investment.





Source: Bloomberg, January 2020

Focusing on the policy of the American government, trade disputes dominated the media and performance of the markets in 2019. After a year characterised by an aggressive negotiation process, it was only at the end of the year, during the G20 Summit, that Donald Trump officialised the renewal of the trade agreement between the USA, Mexico and Canada. Furthermore, and also at the end of the year, the North American and Chinese representatives reached a trade deal, albeit partial (named “phase one”), which halted the enforcement of new customs tariffs in trade between the two countries.

The American Federal Reserve (FED) reversed the direction of monetary policy at the beginning of the year. Following the strong devaluation of the stock market observed at the end of 2018, and with inflation remaining contained, in an attempt to prolong the economic growth cycle, the Federal Reserve inverted the cycle of reference interest rate increases. Over the year, the Federal Reserve actually cut the rate three times, to a total of 0.75%, closing the year with the reference rate within the range of 1.50% and 1.75%.

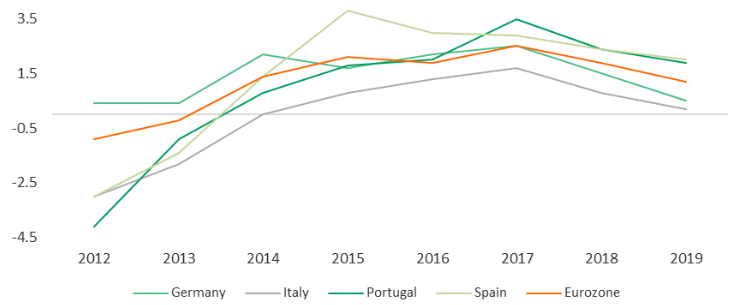
The labour market in the USA remained robust, with 2.1 million jobs having been created in 2019, a figure that, however, represents a decrease of 800 thousand jobs in relation to 2018. The sectors of health, hospitality and the entertainment industry were areas that recorded improvements in relation to 2018. Nevertheless, in manufacturing industry, transport and construction, the number of jobs created was lower than that recorded in the previous year. In the mining sector there was even a loss of jobs for the year as a whole. In overall terms, the unemployment rate recorded at the end of the year stood at 3.5%, a historical minimum figure of the past 50 years.

For the year as a whole, the American economy is estimated to have grown by 2.3%, a value below the 2.9% recorded in the previous year, with annual inflation standing at 1.8%.

In 2019, the Chinese economy grew at the slowest rate in relation to the previous year (6.1% / year) in the last 29 years. The Chinese government has established measures in the last two years to try to boost growth. In response to the lower growth, Beijing is likely to implement more stimulus measures such as tax reductions and permission for local governments to sell large quantities of securities to finance infrastructure projects. The country's banks were also stimulated to grant more loans, with new loans in local currency reaching a record of US$ 2.44 trillion in 2019. A pronounced slowdown in China could harm the world economy (e.g. commodity exports of Brazil) and increase the risk of recession.

The date initially defined for Brexit was 29 March 2019; however, by the end of the year, the United Kingdom was still in the European Union, after the granting of two extensions of the deadline for leaving and the resignation of Prime Minister Theresa May. The election for the leadership of the Conservative Party led to Boris Johnson being chosen as Prime Minister. In October, Johnson and the European Union reached a consensus on a potential agreement, preventing a "hard Brexit". However, the British parliament did not accept the agreement, which led to the scheduling of new general elections. Boris Johnson's Conservative Party achieved a resounding majority - the best election outcome since 1987, when Margaret Thatcher accomplished her 3rd term of office as prime minister - to enact the legislation. The Brexit agreement establishes a free trade deal where tariffs, rates, charges and quantitative restrictions shall not be applied in any sector.[2] The transition period should end on 31 December 2020 and, during these 11 months, the United Kingdom shall continue to follow all the EU rules and its trade relations shall remain unchanged. The GDP of the United Kingdom is estimated to have grown by 1.3% in 2019, the same figure as that recorded in 2018.

Real GDP growth rates (annual variation)



Source: Bloomberg, January 2020

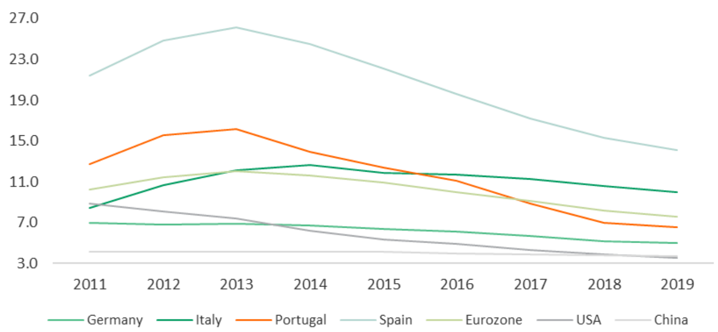
The eurozone was penalised during the year due to weaker economic data. Concerns emerged in the spring, when global growth started to show signs of slowing down, in a context of recrudescence of protectionism. The industrial sector of the eurozone was particularly affected, with the Manufacturing Purchasing Managers Index (PMI) indicating a contraction. Nonetheless, the composite index (encompassing industry and services) never fell below the threshold of 50 points, a level that separates economic expansion from contraction, supported by the services sector. Even so, at the end of the year there was a modest recovery of the industrial sector, accompanied by a slowdown of the growth of the services sector. Germany was particularly affected, due to the weight of the industrial sector in its economy and employment. The automotive sector has been especially affected, not only by the threatened imposition of new customs tariffs, but also by the increased regulatory requirements in terms of pollutant emissions, potentially disruptive from the technological point of view. In the second quarter, the German economy contracted by 0.2% in chain, penalised by the deterioration

2 The agreement did not include the most controversial point, the "backstop", a clause that aims to prevent the return to a closed border between Northern Ireland (UK) and the Republic of Ireland (EU).

of external demand and by the trade tensions. In the third quarter, the German economy grew by 0.1%, just slipping away from the condition of recession.

With the objective of stimulating the economy of the eurozone, the European Central Bank (ECB) announced in September that it would be cutting the deposit interest rate, by 10 basis points, to an even more negative figure (-0.5%), and also restarted the public debt purchase programme, at a rate of €20 billion per month.[3] The last ECB meeting of the year was marked by Christine Lagarde's debut at the front of the institution, who, while not having made immediate changes to the direction of monetary policy, announced a review of the ECB's strategy by the end of 2020. Lagarde said that she would be "*true to herself, and, therefore, probably different*" from her predecessors. The strategy review shall cover the objectives, policies and instruments of monetary policy.

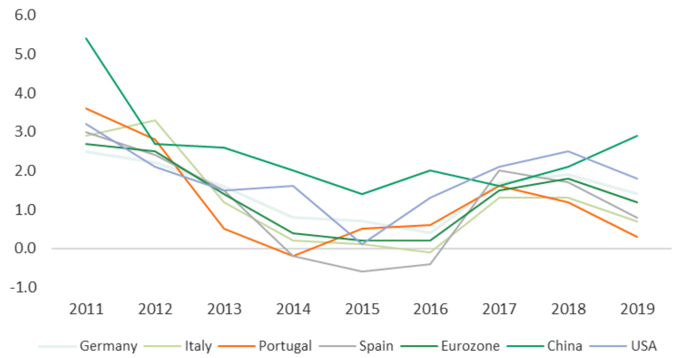
Unemployment Rates
(% total population)



Source: Bloomberg, January 2020

It is expected that the GDP growth of the eurozone in 2019 should have reached 1.2%, a figure below that recorded in 2018 (1.9%). The unemployment rate continued along its downward trend, reaching 7.6% at the end of 2019. Inflation closed the year at 1.3%, staying far from the ECB target of 2.0%. In December, Portugal recorded the lowest inflation rate of the eurozone, which stood at 0.4%. The highest annual rates were observed in Slovakia (3.2%), the Netherlands (2.8%) and Lithuania (2.7%).

Consumer Prices (annual variation)



Source: Bloomberg, January 2020

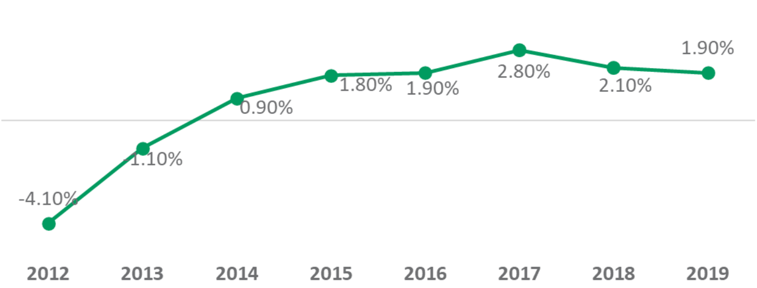
[3] This measure caused divisions inside the European Central Bank, with some members arguing that it was far too early to resume the asset purchase programme in the market.

2.2 NATIONAL ECONOMY

As in the rest of the eurozone, Portugal also experienced a slowdown in exports and in the industrial sector. Nevertheless, the services sector remained relatively resilient, which allowed the labour market to continue to be supported.

Portuguese economic growth maintained a positive differential in relation to the eurozone in 2019, having recorded growth of 1.9% in the third quarter. It is expected that, as a whole for the year, GDP growth would also be 1.9%, reflecting a minor slowdown in relation to 2018.

Portugal – Real GDP Growth (2012-2019)



Source: Bloomberg, January 2020

At the same time, inflation declined in Portugal, having closed the year at 0.4%. To a large extent, this reduction reflects the evolution of the price of energy products. Effectively, the reduction of electricity and gas prices, arising from administrative measures, contributed decisively to this decline. Furthermore, a series of legislative changes that were reflected in significant price reductions of some goods and services, namely public transport, higher education fees and school books, also exerted downward pressure on inflation. Note should also be made of the decrease of accommodation prices in the tourism sector, where a significant deceleration was observed after the impressive growth recorded in the last two years.

In 2019, the saving rate stood at 5.9% of disposable household income.

The Euribor rates exacerbated the negative value after Frankfurt's indication that it would keep its reference interest rates at low levels, instead of the rises that were actually envisaged, and that they could be lowered again, in view of the weak economic growth of the eurozone. The interest rate applied to the main refinancing operations is 0.0%, the rate of the permanent liquidity assignment facility is 0.25% and the rate of the permanent deposit facility is -0.50%.

The Euribor, established by the average of the rates at which a set of 57 banks of the eurozone is willing to lend money between them in the interbank market, stood on negative ground during 2019. The average of the Euribor rates at 3 months stood at -0.36%, i.e. -0.04 p.p. In relation to that observed in 2018.

Macroeconomic indicators (2017-2019)

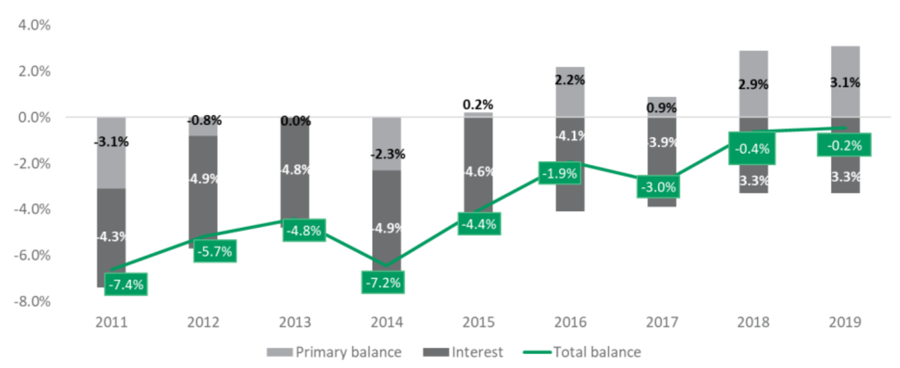
		2017	2018	2019
External Demand	**avr**	**4.6**	**3.3**	**1.9**
EUR/USD Exchange Rate	abs	1.20	1.15	1.12
Price of Oil	abs	66.9	53.8	66.0
Gross Domestic Product	**avr**	**2.8**	**2.4**	**1.9**
Private Consumption	avr	2.3	3.1	2.3
Public Consumption	avr	0.2	0.9	0.5
Gross Fixed Capital Formation	avr	9.2	5.8	7.3
Exports	avr	7.8	3.8	2.8
Imports	avr	8.1	5.8	5.4
Harmonised Consumer Price Index	avr	1.6	1.2	0.4
Saving Rate (%)	aav	4.7	4.4	5.9
Employment	%	61.3	62.3	62.5
Unemployment Rate	%	8.9	7.0	6.5
Remuneration by Worker (private sector)	avr	2.0	1.1	1.0
Current and Capital Balance (% GDP)	avr	1.4	1.4	0.4
Balance of Goods and Services (% GDP)	avr	1.8	0.8	-0.6
ECB Reference Rate (average)	%	0.00	0.00	0.00
3-Month Euribor (average)	%	-0.33	-0.32	-0.36
Yield of German 10 Y TBonds (average)	%	0.35	0.46	-0.21
Yield of Portuguese 10 Y TBonds (average)	%	1.83	1.84	0.77

Source: Banco de Portugal (December 2019) and European Central Bank (December 2019) and Bloomberg (January 2020)

avr: Annual variation rate; aav: annual average variation

According to data of Banco de Portugal, the combined balance of the current and capital balances, by November, stood at 1,209 million euros, less than half the 3,415 million euros recorded in the same period of the previous year. The deficit of the balance of goods increased by 1,622 million euros year-on-year, and the surplus of the balance of services decreased by 507 million euros.

Portuguese State Budget Balance: Total and primary balance (%GDP)



Source: Banco de Portugal, January 2020

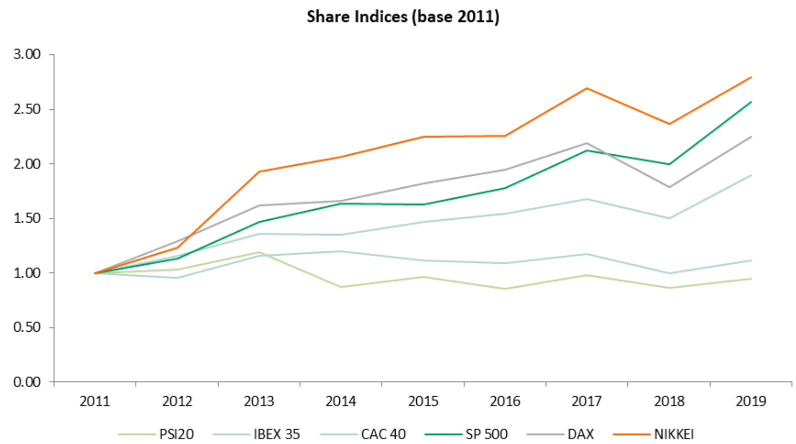
In the first eleven months of 2019, exports of goods and services increased by 3.1% and imports increased by 5.8%. The deficit of the balance of the primary income account fell by 311 million euros year-on-year, to -3,981 million euros. This movement was to a large extent the result of the reduction of the interest paid to non-resident entities. By November 2019, the balance of the financial account recorded an increase of Portuguese net assets in relation to abroad of the value of 1,765 million euros.

2.3 FINANCIAL MARKETS

Stock markets

Despite the trade tensions and the signs of economic slowdown of the main economies, the stock market recorded its best year since the financial crisis of 2008. The American indices were the ones that most appreciated in value in 2019, reaching successive peaks throughout the year. The tax cut, the repurchase of own shares by companies and the optimism about the economic outlook of the USA boosted share prices. The Nasdaq 100, the S&P 500 and the Dow Jones advanced during the year as a whole by 35.23%, 28.88% and 22.34%, respectively.

In Europe and Asia, shares were supported by an accommodative monetary policy, namely by the negative interest rates observed in Europe and Japan, where economic growth and inflation remain moderate. In Japan, the Nikkei 225 index grew by 18.20% in 2019, helped by the prospects of new stimuli by the executive of Shinzo Abe.



Source: Bloomberg, January 2020

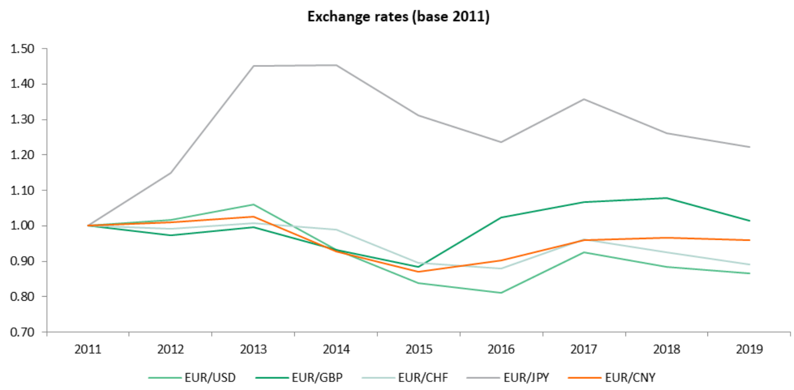
In Europe, the populist political pressures continued to be in focus with: (i) Italy and the EU battling over fiscal targets; (i) France facing street protests; and (iii) Spain involved in elections that did not produce a majority government (4th election in the last 4 years). Even so, European capital markets, in general, ignored the political noise. The DAX 30, the CAC 40 and the FTSE MIB appreciated by 25.48%, 26.37% and 28.28%, respectively. In turn, the Euro Stoxx 50 advanced by 24.78% during the year as a whole. The PSI 20 rose by 10.20%.

In the United Kingdom, after the elections, there was an inflow of funds that boosted the British index (FTSE 100), which achieved its best performance of the last 3 years (+12.10%).

The capital markets of the emerging countries recorded solid gains, but remained behind their peers of the developed countries. Uncertainties on the trade front and concerns about the Chinese growth weighed heavily on multinational companies focused on global exports. The political protests in Hong Kong increased the uncertainty and penalised investor sentiment. The Hang Seng index recorded a gain of 9.07% in the year. The Chinese index, Shanghai Composite, appreciated by 22.30%, underpinned by the decrease of borrowing costs and more investment in construction and infrastructure projects.

Monetary markets - Exchange rates and reference interest rates

In terms of foreign exchange, the pound sterling surprised us in 2019, as this currency had been falling up to August and, just when it was getting increasingly less likely that the United Kingdom would leave the EU without an agreement, it started on a significant recovery. At the end of the year, when Boris Johnson defeated Jeremy Corbyn, in early elections and won a comfortable absolute majority in parliament, the pound sterling shot up again. For the year as a whole, the EUR/GBP pair declined by 5.95%.



Source: Bloomberg, January 2020

In view of the geopolitical tensions, to a large extent due to investor demand for refuge currencies, the US dollar was firmly supported during 2019. These tensions were primarily the result of the trade dispute between China and the USA. Even so, the US dollar was not immune to the global slowdown, with the currency being penalised in the second half of the year, following the cuts of rates by the Federal Reserve as a way of defending the growth rate of the North American economy. In total, over the year, the EUR/USD pair closed the year having fallen by 2.21%.

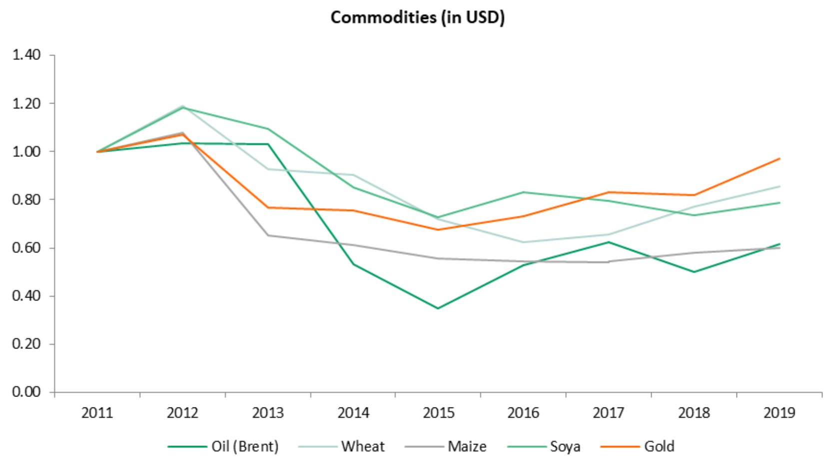
The eurozone currency was penalised by the weak performance of the indicators of the economic block (e.g. contained inflation and very low industrial manufacturing purchasing managers indices (PMI)). However, it was the fears of a recession in Germany that definitively pressurised the euro losses. The euro was also the victim of political uncertainty due to Brexit and the governmental problems in Italy, with the populist coalition collapsing in the summer.

In the monetary market, in 2019, the Euribor at 6 months fell by 8.7 basis points (b.p.) to -0.324% in the year as a whole and the Euribor at 12 months fell by 13.2 b.p. to -0.249%.

Commodities

On this same front, the year of 2019 was dominated by the trade war between the USA and China, with the consequent widespread slowdown of the global economy. The USA constitutes the largest consumer market of the world and Donald Trump took advantage of this, resorting to the imposition of tariffs in his negotiations with other countries. This movement further enhanced global uncertainty in international trade. Commodities experienced losses, reflecting the sluggish growth in China. The interruption of major infrastructure projects caused a reduction in the demand for copper and other commodities. On the supply side, the year of 2019 was also marked by turbulence. The political situation in Chile and the neighbouring countries deteriorated and the consequent social convulsion led to strikes, which affected the production at Escondida, the largest mine in the world. Following the trade deal between the USA and China, the price of copper recovered and closed 2019 having gained 3.5%. Aluminium and zinc lost 1.95% and 7.90%, respectively.

The price of oil also showed volatility in 2019. The market was affected by the more sluggish global growth, but the surplus offer by the USA (derived from shale) continues to be a predominant topic in the energy market. The USA became the largest oil producer of the world, and, in contrast to the Russians and Saudis, as its economy is not highly dependent on the hydrocarbon production, this fact that led Donald Trump to insist that the Organisation of the Petroleum Exporting Countries (OPEC) was manipulating the market and that the price of oil was too high. Recently, OPEC and its allies agreed to cut production by 500 thousand barrels per day up to the end of the first quarter of 2020. The barrel of Brent appreciated in value by 22.7% in 2019.



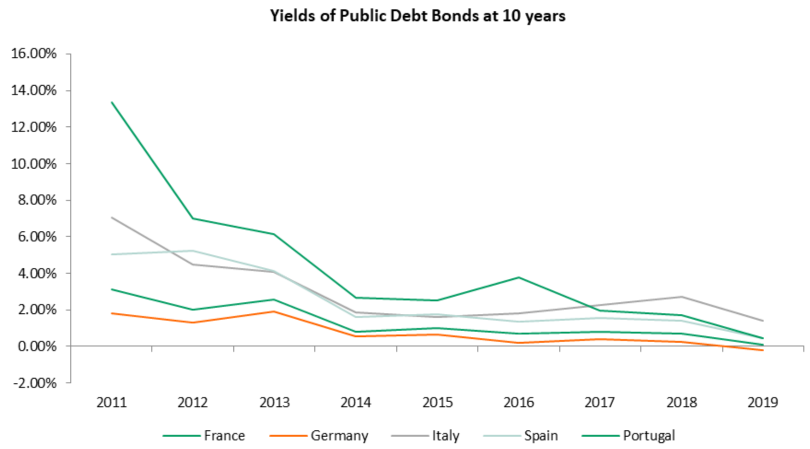
Source: Bloomberg, January 2020

Gold also experienced a very positive year. Central banks worldwide have been accumulating gold as a form of protecting themselves against monetary inflation derived from the USA. At the beginning of the year, the Federal Reserve was still in a cycle of interest rate rises, which made it appear that the value of gold had already achieved its peak. However, when the Federal Reserve announced that it would pause the interest rate increases, the price of gold shot up. The uncertainty on the trade front and the signs of global slowdown were other factors driving the price of gold upwards which, increased by 18.82% in 2019.

Bond market

The economic concerns throughout 2019 were good news for the bond market. During the summer, bond yield rates fell and then rose as the fears of a possible recession heightened. The North American yield curve inverted in the month of May, meaning that the shorter yield rates were at a higher level than the longer yield rates. This situation remained practically unchanged up to October.

As an inversion of the yield curve is viewed by many as a sign that a recession could be on near horizon, this situation led to an intense debate among investors. In fact, this phenomenon occurred before the last 3 recessions since 1990.



Source: Bloomberg, January 2020

The global stock of debt with rates below zero closed the year at 11 billion US dollars. However, during the year, this figure actually reached 17 billion US dollars. The German yield curve even shifted to present negative rates at 30 years. Effectively, the geopolitical tensions and the fears about economic growth made the search for safer assets increase, leading yield rates to drop to historically low levels throughout the year.

In the USA, the yield of bonds at 10 years closed the year at 1.921% (-77 b.p. in relation to the end of 2018). In Europe, yield rate of German bonds at 10 years fell by 43 b.p. in 2019 to -0.19%. On the periphery of the eurozone, the yield rates at 10 years of Portugal, Spain and Italy declined to 0.43% (-128 b.p.), 0.46% (-95 b.p.) and 1.41% (-133 b.p.), respectively.

This reduction of yields was influenced by the action of the central banks, namely the inversion of the policy implemented by the Federal reserve and the relaunch of the asset purchase programme by the European Central Bank.

2.4 NATIONAL BANKING MARKET

a) Relevant facts

After the return to profit-making during 2018, the year of 2019 proved that the national banking system is more resilient in terms of efficiency, liquidity, asset quality, profitability and solvency.

The resilience achieved by the sector is derived from factors such as the strengthening of deposits as the main financing source, the reduction of structural costs, and the trajectory of recovery observed in loans to customers, safeguarding in this sphere, the progress attained in the reduction of non-performing exposures (non-performing loans or NPL).

Even so, important challenges still persist in the sector, in a context of economic growth that is projected to be moderate over the next few years, with low interest rates and continued high debt levels of public and private agents. Thus, it is necessary for banks to internalise and anticipate the regulatory dynamics and respect the supervision rules, ensuring:

- compliance with the capital and liquidity ratios, requirements in situations of stress, and efficacy in the prevention of money laundering and terrorist financing, among other aspects;
- elimination of elements of uncertainty regarding (i) the nature and origin of their liabilities; (ii) the valuation of their assets; and (iii) business models and strategies.

Banks must ensure that the various lines of defence of the internal control system are fully operational and focused on the sustainability of the institutions and on safeguarding public trust and confidence in their activity. Banks must continue to reduce their non-performing assets, in line with the guidelines and reduction plans submitted to the supervision authorities, and at the same time they must continue to strengthen their loss-absorption capacity.

In this context, it is important that asset remuneration rates reflect the nature and risk of the investments and that banks actively monitor the creditworthiness of the borrowers throughout the timeframe of the operations.

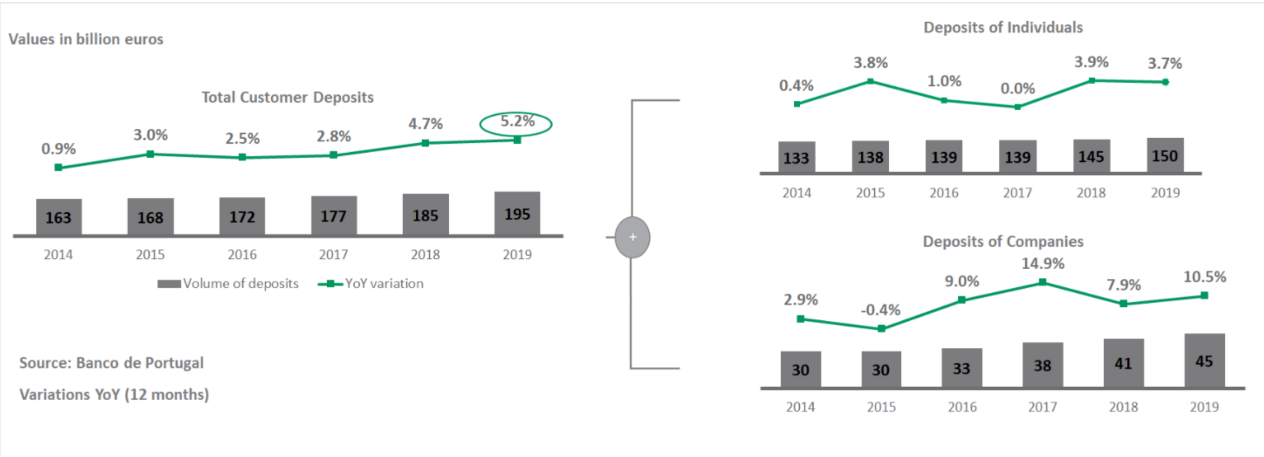
Banks should simultaneously prepare themselves for a situation in which the capital market can contribute more to funding the economy, in a scenario in which the promotion of sustainable financing gains preponderance, and in which risks related to the climate and transition to a greener economy are unescapable facts of life.

The incumbent institutions should also be prepared to face the competition brought in by new entities based on digital platforms and business models.

In these circumstances, it is urgent to strengthen the CA Group's proactive attitude, namely by the opportune assessment of the competitiveness and viability of its business model and by continuing to review its processes and technologies in order to ensure a reduction of its production costs and the improvement of its response capacity to revealed market preferences. Only in this way shall it be possible to overcome the pressure exerted by the traditional and new competitors (e.g. neobanks, bigtechs, specialised operators), that shall tend to exacerbate the costs of excess installed capacity, accentuating the urgency of movements towards larger scale and enhanced efficiency, and triggering movements of consolidation.

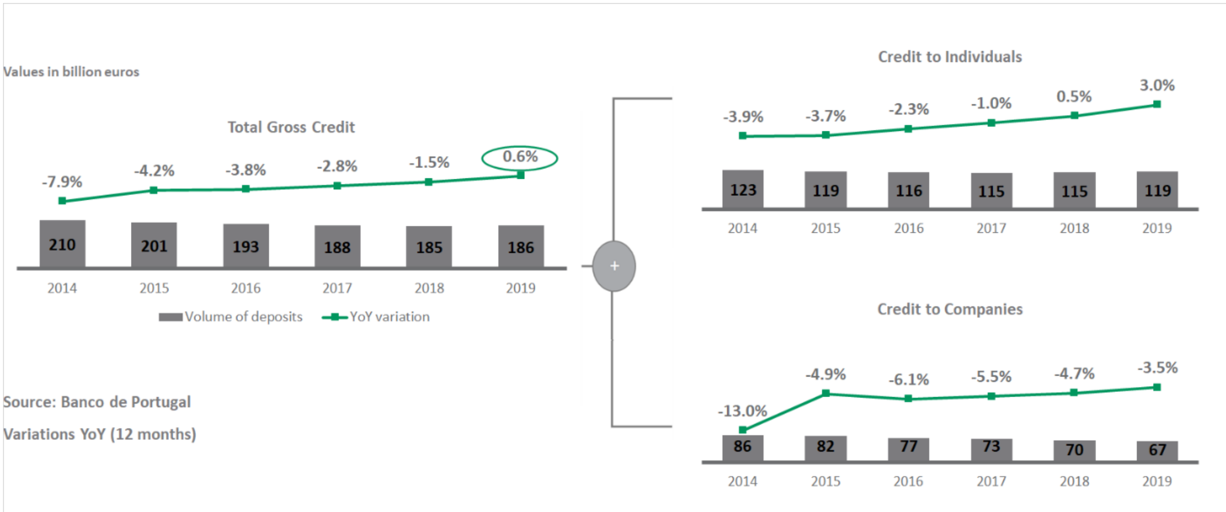
b) Evolution of the national deposit market (Dec. 2014 – Dec. 2019)

According to the most recent information, published by Banco de Portugal on 11 February 2020, the volume of deposits increased by 5.2% in 2019 in relation to December 2018, based on the contributions of +4 thousand euros in deposits of companies (+10.5%) and +5 thousand euros in deposits of individuals (+3.7%).



c) Evolution of the national credit market (Dec. 2014 – Dec. 2019)

In 2019, the growth of total gross credit granted to customers accompanied the dynamics recorded in customer deposits, but at a slower rate, showing an increase of 0.6% in relation to that recorded at the end of 2018. The growth recorded in gross credit granted to individual customers (+3.0%) was attenuated by the decline observed in credit to companies (-3.5%). The decline recorded in credit to companies is partly explained by the continued divestment of portfolios of non-productive loans (NPL)that is taking place in various institutions of the banking sector.



Concerning the variation of credit granting by region, in 2019 there was more notable growth in the North and Centre regions, explained by the behaviour of credit to individuals (+4.3% and 4.6%, respectively). In turn, there was a decline of 1.2% in the Lisbon region (NUTS II) in relation the figure recorded in 2018. In the Autonomous Region of Madeira, where the highest reduction of credit is observed (-7.3%), both credit to individuals and companies recorded significant decreases, -5.9% and -10.0%, respectively.

In 2019, the combination of the three regions – North, Centre and Lisbon – accounted for 84% of the credit granted in the country, i.e. amounting to 156 thousand euros, representing 85% of credit to companies and 83% of credit to individuals.

Values in million euros

Evolution of Total Credit by Region - Dec.2019

	Credit			Total	YoY variation		
	Individuals	Companies	Total	Weight %	Individuals	Companies	Total
North	34,772	19,067	53,840	29.0%	4.3%	-0.7%	2.5%
Centre	21,941	12,607	34,548	18.6%	4.6%	-2.8%	1.7%
Lisbon NUTS II	42,320	25,334	67,654	36.4%	1.8%	-5.9%	-1.2%
Alentejo	8,219	4,369	12,588	6.8%	3.7%	-2.3%	1.6%
Algarve NUTS II	5,278	2,651	7,929	4.3%	3.7%	-3.0%	1.4%
Azores NUTS II	3,055	1,581	4,636	2.5%	2.6%	-0.9%	1.4%
Madeira NUTS II	3,244	1,514	4,758	2.6%	-5.9%	-10.0%	-7.3%
Total	**118,829**	**67,123**	**185,952**	**100.0%**	**3.0%**	**-3.5%**	**0.6%**

Source: Banco de Portugal

Analysing credit to individuals in detail reveals that the growth was essentially due to the increase of consumer credit (+22.5% in December 2019 in relation to December 2018) which shifted to represent 15.8% of total credit to individuals.

Overdue credit in the mortgage loan segment corresponded to 0.8% (749 thousand euros). Total overdue credit to individuals corresponded to 2.1% (2,452 thousand euros).

Evolution of the Market of Credit to Individuals by Type - Dec.2019

Type	Volume of Credit (M€)	Total Weight %	Var. YoY	Overdue Credit %
Housing	93,290	78.5%	0.3%	0.8%
Consumer	18,751	15.8%	22.5%	6.7%
Other purposes	6,789	5.7%	-2.9%	
Total	**118,829**	**100.0%**	**3.0%**	**2.1%**

Source: Banco de Portugal

In the case of credit to companies, the 3.5% decrease was mainly due to the reduction of credit to the construction (-15.2%), information and communication (-13.9%) and transport and storage (-10.2%) sectors. In contrast, the sectors of agriculture and fisheries and real estate activities recorded an increase of credit granted (5.8% and 2.5%, respectively).

Overdue credit to companies stood at 4.6%, revealing a reduction compared to the 7.8% recorded in 2018, with the sectors showing most non-performance including construction and real estate activities, with overdue credit levels of 15.3% and 6.6%, respectively.

Values in million euros

Evolution of the Market of Credit to Individuals by CAE - Dec.2019

Economic Activity	Total Credit 2019	Weight %	Var. YoY	% Overdue Credit
Consulting and Administrative	7,116	10.6%	-5.5%	3.2%
Information and Communication	841	1.3%	-13.9%	2.3%
Accommodation and Restaurants	4,985	7.4%	2.5%	3.4%
Transport and Storage	5,023	7.5%	-10.2%	3.0%
Trade	11,613	17.3%	0.0%	3.5%
Construction	7,104	10.6%	-15.2%	15.3%
Electricity, gas and water	3,578	5.3%	-6.6%	0.3%
Manufacturing Industries	12,285	18.3%	-2.8%	2.7%
Mining Industries	235	0.4%	-4.3%	2.3%
Agriculture and Fisheries	2,549	3.8%	5.8%	3.0%
Real Estate Activities	8,931	13.3%	2.5%	6.6%
Other	2,863	4.3%	2.2%	0.8%
Total	**67,123**	**100.0%**	**-3.5%**	**4.6%**

Source: Banco de Portugal

In 2019, by company size, the micro-enterprise segment was the one that recorded the highest value of credit taken out (20.2 billion euros), representing the greater exposure of banking institutions not only in terms of value, but also due to its relative weight (30.1% of total companies) and the higher incidence of overdue credit (8.7%).

Values in million euros, except percentages

Evolution of the Market of Credit to Companies by Size - Dec.2019

	Value	Weight %	% Overdue Credit
Micro-enterprises	20,177	30.1%	8.7%
Small enterprises	16,046	23.9%	4.4%
Medium-sized enterprises	16,374	24.4%	1.5%
Large enterprises	11,881	17.7%	2.4%
Total Segmented Companies	**64,476**	**96.1%**	**4.6%**
Non-segmented companies	2,646	3.9%	n.d.
Total	**67,123**	**100.0%**	**4.5%**

Source: Banco de Portugal

Analysing the number of companies, there is a notable positive variation in the emergence of new companies which, combined with the variation of the number of closed and insolvent companies, gave rise to the net creation of companies of 2.7 times in 2019 (i.e. business revitalisation), 12.7% above the figure observed in 2018.

Evolution of the Number of Companies - Dec.2019

	2017	2018	2019	Variation 18/19
Births	40,326	45,902	48,854	6.4%
Closures	14,165	19,219	15,898	-17.3%
Insolvency	2,670	2,356	2,200	-6.6%
Business Revitalisation *	2.4	2.1	2.7	12.7%

Source: Informa DB Barometer

* Births / (Closures + Insolvency)

2.5 MAIN RISKS AND UNCERTAINTIES FOR 2020

After the attacks of 11 September of 2001 in the USA and the global financial crisis of 2008-2013, it is expected that the Covid-19 pandemic is likely to constitute the third economic, financial and social shock in the XXI century and one of the largest shocks at a global scale.

The combat measures endorsed by affected countries in all continents, essential to contain the propagation of the pandemic, are embodied in the suspension for a period of time as yet uncertain of a significant part of social and economic activities. This is reflected in global economic growth, the growth of the main economic blocks and each country, and there is still no outlook on the duration of the recovery and expected level for an economic upswing.

The projected evolution of the macroeconomic scenario (source: OECD Interim Economic Assessment - Coronavirus: The world economy at risk, 2 March 2020), points to (i) a decline in world GDP growth from the 2.9% observed in 2019 to 2.4% in 2020 (-0.5 p.p.) and a contraction of the economy in the first quarter of this year which, in a scenario of the effects of Covid-19 spreading to Asia-Pacific regions, Europe and America, revises this projection of world GPD growth to 1.5% in 2020 (i.e. half the growth projected before this crisis); and (ii) a decline of GDP in the eurozone from 1.2% observed in 2019 to 0.8% in 2020 and the maintenance of 1.2% for 2021.

The current projections (source: Economic Bulletin of Banco de Portugal, published on 26/03/2020) indicate that the Portuguese economy should enter into recession in 2020, contracting by between 3.7% (base scenario) and 5.7% (adverse scenario, including more prolonged stoppage of activity in various countries, with destruction of capital and employment, and higher levels of turbulence in the financial markets). In both scenarios, Banco de Portugal forecasts a recovery of economic activity in the following two years. In the base scenario, growth of 3.1% is achieved, and in the adverse scenario growth of 3.4% is forecast in two years' time.

In view of the situation of a public health emergency at a worldwide scale, declared by the World Health Organisation, on 30 January 2020, and the classification of the novel coronavirus as a pandemic, on 11 March 2020, the CA Group's Business Continuity Plan was activated on 16 March 2020. A document was completed on 20 March 2020 with the systematisation of the Strategy of Response to the Covid-19 Pandemic, with a description of the recommended measures (level of response and actions) to minimise the risks of transmission of the pathogenic agent among the employees and stakeholders (e.g. customers, service providers, supervisory entities) and with a view to ensuring the continuity of services at Grupo Crédito Agrícola.

In view of (1) the deterioration of the global macroeconomic scenario and the outlook on the economic impact on the main economic blocks, in the eurozone and, necessarily, the Portuguese economy, and (2) the evolution of the financial and capital markets, on the one hand, financial support measures have been implemented by governments, and, on the other hand, additional support measures have been taken via monetary policy by the main central banks worldwide, namely towards reducing interest rates (e.g. Federal Reserve of the United States of America), asset acquisition (e.g. Federal Reserve, European Central Bank), among others.

Considering the uncertainty observed in the main financial and capital markets, and with a view to the anticipation and possible mitigation of impacts, Caixa Central has progressively:

i) monitored the evolution of the financial and capital markets, in particular the markets:
    a. of public debt of the eurozone and the spreads between the debt issued by eurozone countries in relation to German public debt, especially Portuguese, Spanish and Italian public debt,

sovereign states to which the Group has high exposure;

b. of bonds of corporate issuers and financial institutions, to which the Group has exposures, albeit of a substantially lower value.

ii) simulated impacts on the individual and consolidated financial statements of conservative scenarios in relation to the current situation and that expected on the date of planning and budgeting of the financial year of 2020.

A potential material negative impact on the Group's net income projected for the financial year of 2020 as a result of the pandemic is identified as a risk.

Given the uncertainty that still persists in relation to the possible effects, the Executive Board of Directors of Caixa Central does not have specific estimates and quantifications up to date of the future impacts of the coronavirus in terms of the national economy, and in particular as to the turnover levels of Caixa Central and the Group.

The Executive Board of Directors of Caixa Central shall keep up its daily monitoring of the situation and shall promote the updating of the estimates based on the information that in the meantime becomes known internally and externally, based on the different external sources to which it has access, in order to take the most suitable response, mitigation of impacts and/or recovery measures for the estimated or observed impacts.

03

Activity of Grupo Crédito Agrícola in 2019

III. ACTIVITY OF GRUPO CRÉDITO AGRÍCOLA IN 2019

3.1 BANKING ACTIVITY

a) Evolution of credit

In 2019, the credit portfolio recorded an increase of 6.6% in relation to the previous year, having shifted from 9,960 million euros in 2018 to 10,614 million euros in 2019, despite the credit write-offs/write-downs in the assets made in 2019, of the value of 39.8 million euros, under the plan to reduce non-performing loans.

This growth surpassed the average of the banking sector in Portugal, which showed growth of 0.6% of gross credit, embodied in a 3.5% decrease of gross credit to companies and a 3.0% increase of gross credit to individuals.[4] In turn, in the banking business of Crédito Agrícola, the credit granted to companies increased by 10.3% and the credit granted to individuals increased by 1.2%.

Credit to Customers	2017	2018	2019	Abs. Δ	Δ %
Values in million euros, except %					
Gross Credit to Customers	9,435	9,960	10,614	655	6.6%
Companies	4,965	5,867	6,471	604	10.3%
Individuals	4,470	4,093	4,144	50	1.2%
Loans overdue by more than 90 days	510	338	270	-68	-20.1%
Ratio of loans overdue + 90 days	5.4%	3.4%	2.6%	-0.9 p.p.	
Non-Performing Loans (NPL)	1,441	1,070	939	-131	-12.3%
NPL ratio with Inst. 20/2019	n.d.	11.1%	9.2%	-2 p.p.	
Commitments to third parties	1,202	1,323	1,421	98	7.4%
Irrevocable credit lines	791	895	1,041	146	16.3%
Revocable credit lines	304	340	329	-11	-3.3%
Other	107	89	52	-37	-41.7%
Guarantees Provided*	199	221	209	-12	-5.5%

* Includes guarantees and sureties provided and import documentary credit, and excludes assets given as guarantee, namely credit and securities, at the Eurosystem

Credit overdue for more than 90 days amounted to 270 million euros at the end of 2019, representing a variation of -20.1% in relation to the previous year and an improvement of the ratio of credit overdue for more than 90 days of -0.9 p.p. This reduction was influenced by the country's more dynamic socioeconomic context, but also the effort made by the CA Group towards improving the analysis of credit risk and the investment in initiatives and technological tools to support the standardisation of the processes of credit concession, monitoring and recovery.

[4] In Portugal, in the segment of credit to non-financial companies, credit concession has been particularly penalised by the negative dynamics of credit to the construction and transport sectors, accounting for more than 18%. Credit for real estate activities, agriculture and fisheries, and accommodation and restaurants showed a positive year-on-year variation. Source: Credit by economic activity sector, BPStat, Feb.2020

As at 31 December 2019, non-performing loans amounted to 939 million euros, corresponding to a ratio of 9.2% in relation to total exposure. This ratio compares with the 11.1% recorded as at 31 December 2018 (measured based on Instruction 20/2019).

Commitments to third parties increased by 98 million euros in relation to the situation of the previous year and the guarantees provided related to operations with customers decreased by 5.5% to stand at 209 million euros.

The growth of credit granted in 2019 was primarily influenced by credit to investment (+433 million euros, +19.2%), mortgage loans (+141 million euros, +4.8%) and credit for treasury/activity (+94 million euros, +7.1%).

Evolution of Credit by Type of Operation	**2017**	**2018**	**2019**	**Abs. Δ**	**Δ %**
Values in million euros, except %					
Mortgage loans	2,777	2,905	3,046	141	4.8%
Credit for investment	1,768	2,259	2,692	433	19.2%
Credit for treasury/activity	1,248	1,326	1,420	94	7.1%
Personal credit	426	479	502	24	5.0%
Commercial paper	291	273	350	77	28.2%
Leasing	179	214	233	20	9.3%
Credit cards	36	40	44	4	10.5%
Bank overdrafts	21	22	16	-6	-27.1%
Other credit	2,688	2,443	2,310	-132	-5.4%
Gross credit to customers (1)	**9,435**	**9,960**	**10,614**	**655**	**6.6%**
Commitments to third parties (2)	**1,202**	**1,323**	**1,421**	**98**	**7.4%**
Irrevocable Credit Lines	791	895	1,041	146	16.3%
Revocable Credit Lines	304	340	329	-11	-3.3%
Other	107	89	52	-37	-41.7%
Guarantees provided (3)*	**199**	**221**	**209**	**-12**	**-5.5%**
Sub-total (2+3)	1,401	1,544	1,629	86	5.5%
Total (1+2+3)	**10,836**	**11,504**	**12,244**	**740**	**6.4%**

* Includes guarantees and sureties provided and import documentary credit, and excludes assets given as guarantee, namely credit and securities, at the Eurosystem.

The remuneration of the portfolio of credit to customers, measured in terms of the weighted average rate according to closing balances for the period, fell by 0.2 p.p. to 2.5%.

Evolution of average credit rates	**2017**	**2018**	**2019**	**Δ %**
Mortgage Loans	1.6%	1.5%	1.4%	-0.1 p.p.
Personal Loans	5.4%	4.9%	4.6%	-0.3 p.p.
Credit for Treasury	3.8%	3.5%	3.3%	-0.2 p.p.
Credit for Investment	3.1%	3.0%	2.8%	-0.2 p.p.
Total	**2.9%**	**2.7%**	**2.5%**	**-0.2 p.p.**

Similar to the decrease observed in 2017 and 2018, the average rates of the credit that was granted recorded a decline in all products in 2019, where it should be highlighted that the strongest decline occurred in personal loans (- 0.3 p.p.).

i. Companies

In the companies segment, as noted above and despite the write-offs/write-downs of non-performing loans in the assets, there was growth of 10.3% (+604 million euros), compared to the decrease of 3.5% observed in the sector. This situation enabled Crédito Agrícola to strengthen its market share by 9.6% in 2019 (+1.2 p.p. in relation to 2018) in credit to companies, revealing the Group's strategic focus on this customer segment.

The weighted average rate of the portfolio of credit to companies has been decreasing since 2014, to stand at 2.53% in 2019, corresponding to a year-on-year reduction of 0.2 p.p.

COMPANIES	2017	2018	2019	Abs. Δ	Δ %
Values in million euros, except %					
Credit to Companies	**4,965**	**5,867**	**6,471**	**604**	**10.3%**
Pledged Current Accounts	409	450	450	0	-0.1%
Commercial Discounts	19	18	14	-4	-23.2%
Leasing	145	176	195	18	10.5%
Financing	4,393	5,222	5,812	590	11.3%
of which Commercial Paper	291	273	350	77	28.2%
Weighted average rate of the portfolio of credit to companies	**3.16%**	**2.73%**	**2.53%**	**-0.2 p.p.**	

The credit granted by Crédito Agrícola in 2019 increased in all sectors, but especially in the energy (+78.8%), real estate activities (+25.7%), water and sanitation (+19.0%) and transport and storage (+18.3%) sectors.

Evolution of loans to companies by CAE - Dec.2019

Economic activity	Var. YoY	Total Credit	Weight %	% Overdue Credit
Agriculture and Fisheries	8.3%	756	11.7%	3.2%
Mining Industries	14.8%	24	0.4%	1.6%
Manufacturing Industries	4.8%	699	10.8%	3.2%
of which: Agro-industry	1.9%	341	5.3%	2.3%
Energy	78.8%	36	0.6%	0.0%
Water and Sanitation	19.0%	94	1.4%	0.5%
Construction	11.6%	467	7.2%	8.7%
Trade	3.3%	777	12.0%	4.3%
Transport and Storage	18.3%	131	2.0%	2.4%
Accommodation and Restaurants	10.6%	379	5.9%	1.6%
Real Estate Activities	25.7%	869	13.4%	2.3%
Health and Social Support	6.5%	266	4.1%	1.1%
Public administration	4.4%	546	8.4%	0.0%
Other	10.3%	1,428	22.1%	1.9%
Total	**10.3%**	**6,471**	**100.0%**	**3.0%**

Source: PIN Market

Concerning credit concentration, the sectors of agriculture and fisheries, manufacturing industries, trade and real estate activities account for approximately 48% of the credit granted to companies. The agricultural sector is particularly relevant to Crédito Agrícola, whose market share in this segment reached 29.6% in 2019. In contrast, the weight in credit to companies of the construction sector of Crédito Agrícola is lower than that observed in the market (8.7% versus 10.6%) reflecting a market share of 6.6%.

ii. Individuals

In 2019, credit to individuals at SICAM recorded an increase of 1.2%, thus showing an adverse evolution in this segment in the total of the national banking sector, which increased by 3.0%.

INDIVIDUALS AND SOLE PROPRIETORSHIPS	2017	2018	2019	Abs. Δ	Δ %
Values in million euros, except %					
Credit to Individuals	**4,470**	**4,093**	**4,144**	**50**	**1.2%**
Mortgage Loans	2,777	2,905	3,046	141	4.8%
Consumer Credit	409	458	481	23	5.0%
Credit Cards	31	34	37	4	10.6%
Leasing	34	37	39	1	3.8%
Other Credit for Disbursement of Funds *	1,219	659	541	-118	-18.0%

* Includes overdrafts, effects of discounts, current accounts and loans of various maturities

The evolution of the credit granted to this segment is primarily explained by the growth of 141 million euros recorded in mortgage loans. Consumer credit strengthened the increased recorded in 2018, having shown 5.0% growth in 2019 to stand at 481 million euros (+23 million euros in relation to 2018).

iii. Financial Leasing

The value of the portfolio of credit under financial leasing of Crédito Agrícola amounts to a total value of 233 million euros, having increased by about 9% in relation to the levels recorded in 2018.

Lease operation assets	2017	2018	2019	Abs. Variation	Variation %	Portfolio structure 2018	Portfolio structure 2019
unit: thousand euros, except %							
Caixa Central	134,294	158,285	173,023	14,738	9.3%	74.1%	74.1%
Associated Caixas	45,032	55,288	60,435	5,147	9.3%	25.9%	25.9%
Total	**179,326**	**213,573**	**233,458**	**19,885**	**9.3%**	**100%**	**100%**

In 2019, the non-financial company sector accounted for about 82.8% of the value of the credit portfolio in this business area, which also showed notable growth of 10.7% year-on-year, while individuals and small businesses account for about 16.7%.

Type of lessee	2017	2018	2019	Abs. Variation	Variation %	Portfolio structure 2018	Portfolio structure 2019
unit: thousand euros, except %							
Individuals and small businesses	34,085	37,465	38,894	1,429	3.8%	17.5%	16.7%
State public sector	790	1169	998	-171	-14.6%	0.5%	0.4%
Financial sector	471	362	256	-106	-29.3%	0.2%	0.1%
Non-financial sector	143,980	174,577	193,310	18,733	10.7%	81.7%	82.8%
Total	**179,326**	**213,573**	**233,458**	**19,885**	**9.3%**	**100.0%**	**100.0%**

Regarding the leased asset, we highlight the 13.4% growth in the portfolio of vehicles and 11.7% growth in the portfolio of equipment. Reference is also made to the positive evolution of 4.2% in the portfolio of equipment.

Type of leased asset	2017	2018	2019	Abs. Variation	Variation %	Portfolio structure	
						2018	2019
unit: thousand euros, except %							
Vehicles	70,642	91,792	104,108	12,316	13.4%	43.0%	44.6%
Equipment	29,928	33,066	36,923	3,857	11.7%	15.5%	15.8%
Real estate properties	78,756	88,715	92,427	3,712	4.2%	41.5%	39.6%
Total	**179,326**	**213,573**	**233,458**	**19,885**	**9.3%**	**100.0%**	**100.0%**

b) Evolution of deposits and other funds

In a panorama of stabilisation of saving levels in Portugal (according to Banco de Portugal, the saving rate of individuals remained unchanged at 6.7% of household disposable income, with this figure also having been recorded in 2018), Crédito Agrícola consolidated its position as a saving bank worthy of the trust and confidence of the Portuguese, having conquered market share with a 9.6% growth of funds, compared to the 5.2% recorded by the total national banking system.

As regards its distribution, demand deposits increased by 841 million euros (+14.9%), while term deposits grew by 496 million euros. This decision of the savers to allocate their funds in products with higher liquidity is explained by the low interest rates of remuneration of term deposits applied by the banking market in general.

Customer Deposits	2017	2018	2019	Abs. Δ	Δ %
Values in million euros, except %					
Demand Deposits	4,530	5,651	6,492	841	14.9%
Term Deposits and Savings	8,108	8,296	8,793	496	6.0%
TOTAL	**12,638**	**13,948**	**15,285**	**1,337**	**9.6%**

Concerning the raising of off-balance sheet funds, Crédito Agrícola recorded a decrease of 8.1% to stand at 1,857 million euros in 2019, caused by the 32.4% reduction recorded in capitalisation insurance.

Off-balance Sheet Funds of Crédito Agrícola	2017	2018	2019	Abs. Δ	Δ %
Values in million euros, except %					
Investment Funds	983	1,041	1,195	154	14.8%
Securities (FIM and FEI)	478	411	432	20	4.9%
of which: OICVM [1]	0	20	20	0	1.0%
Real estate	505	629	763	134	21.2%
of which: Retail	485	613	745	133	21.7%
of which: institutional	20	17	18	1	6.0%
Capitalisation insurance [2]	1,299	981	663	-318	-32.4%
TOTAL:	**2,282**	**2,021**	**1,857**	**-164**	**-8.1%**

[1] Collective Investment Undertakings in Securities

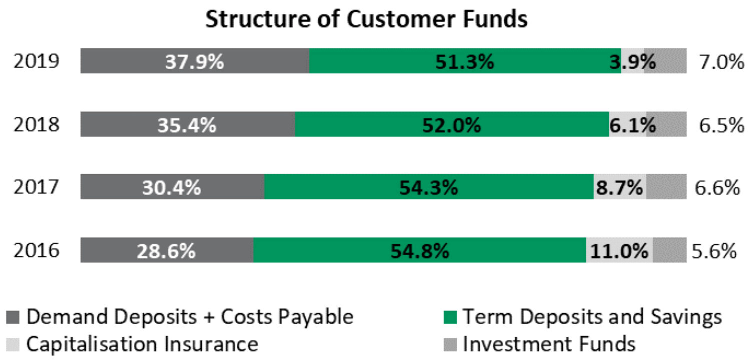
[2] Includes value of mathematical provisions and financial liabilities of insurance contracts considered for accounting purposes as insurance contracts, relative to the CCAM of SICAM.

Regarding the marketing of investment funds, special reference is made to the growth of 134 million euros in real estate investment funds and growth of 20 million euros in securities investment funds (+21.2% and +4.9 in relation to 2018, respectively). The variation of capitalisation insurance was negative by 32.4% (-318 million euros), standing at 663 million euros in 2019.

The structure of customer funds naturally continued to show the dominant weight of deposits, which accounted for 89.2% of the total funds entrusted to Crédito Agrícola at the end of 2019, a weight higher than that of the previous year essentially due to the lack of market conditions (rates) to promote capital guaranteed products (e.g. PPR which are retirement saving plans).

Customer Funds under Management of Crédito Agrícola	2017	2018	2019	Structure (% total) 2017	2018	2019
Values in million euros, except %						
Demand Deposits + Costs Payable	4,530	5,651	6,492	30.4%	35.4%	37.9%
Term Deposits and Savings	8,108	8,296	8,793	54.3%	52.0%	51.3%
Total Deposits	**12,638**	**13,948**	**15,285**	**84.7%**	**87.3%**	**89.2%**
Capitalisation Insurance	1,299	981	663	8.7%	6.1%	3.9%
Investment Funds	983	1,041	1,195	6.6%	6.5%	7.0%
Total Off-balance Sheet Funds	**2,282**	**2,021**	**1,857**	**15.3%**	**12.7%**	**10.8%**
TOTAL:	**14,920**	**15,969**	**17,142**	**100.0%**	**100.0%**	**100.0%**

In view of the positive evolution, in particular in traditional deposits, the total value of customer funds managed by Crédito Agrícola recorded an increase in relation to the same period of the previous year of 7.4%, having reached 17.1 billion in December 2019.



c) Distribution channels

Grupo Crédito Agrícola provides its customers, companies and individuals, with an extensive network of branches and a team of commercial managers that, complemented by product specialists, are available to find the most appropriate solutions for investment and protection (for people and assets) to meet the specific needs and aspirations of each Customer. The increase recorded in the subscription to digital and non-presential digital channels has enabled Crédito Agrícola to serve, on a 24x7 basis, the transactional needs and focus the relations of the commercial network on higher value-added activities (e.g. advisory services).

Branch network

Between December 2018 and December 2019, one hundred and three bank branches closed in Portugal, with Crédito Agrícola having strengthened its leadership as the bank with the largest number of branches operating in Portugal, emphasising its important social and economic role within local communities.

Bank	Dec.2018	Dec.2019	Var.
CA	**657**	**653**	**-4**
A	551	548	-3
B	535	505	-30
C	546	505	-41
D	402	387	-15
E	421	406	-15
F	324	329*	+5
Total	3,436	3,333	-103

* Value for September 2019.

Digital banking

Digital services perform an increasingly more crucial role in the Customers' relationship with their bank, with significant growth both in terms of subscription and use having been recorded in 2019. According to the Basef Banca study by Marktest, more than 2.6 million Portuguese used the mobile banking service between January and November 2019, representing 37.7% of individual bank users.

Accordingly, the CA Group, under its development strategy, has been strongly focusing on technological and innovative investments that enable meeting the Customers' needs, with a view to strengthening the user's experience, making the Customer's effort in its relationship with the bank to have more positive outcomes. The actions developed in this area during 2019 include, in particular the:

- Strengthening of the offer of the **CA Online – Para mim (CA Online – For me) and CA Mobile** service, through the provision of new functionalities, especially **Apple Pay, Poupança My Project (Saving My Project) and CA Crédito Pronto (CA Ready Credit)**;
- Launch of new services for companies, **CA Online – Para a minha empresa (CA Online – For my company) and CA Mobile – Para a minha empresa (CA Mobile – For my company)**;
- Extension of the personalised attendance schedule of the **Serviço Linha Directa para 24h/dia (Direct Line Service for 24h/day)**.

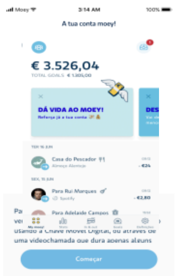
In addition to the actions listed above, with a view to addressing, on the one hand, the current challenges that the technological evolution has progressively posed and, on the other hand, the need to rejuvenate the customer base and explore the urban markets (where the current market share of Grupo Crédito Agrícola is lower), Grupo Crédito Agrícola took the decision to launch a disruptive digital solution in the Portuguese market, integrated in the Group's technological architecture and accompanied by the communication of a distinct brand identity – Moey!

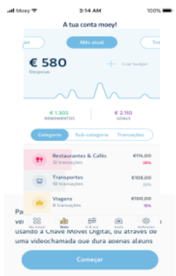
For the target group of the new digital solution, the Group sought to respect the following basic principles: i) young and transparent communication; ii) fast and simple account opening process; iii) zero subscription or maintenance costs; iv) provision of functionalities that enable easy daily management of the account.

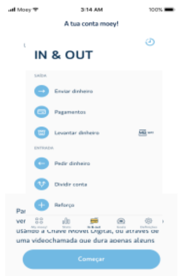
The development of moey! took place up to the end of the second half of the year of 2019, with its implementation having implied various partnerships with specialised and multidisciplinary teams, both Portuguese and foreign, that assured its quality and the establishment of long-lasting relations.

Staying faithful to the defined basic principles, the development of moey! focused, therefore, on the following functionalities:

- Account opening: Fast and simple subscription process, supported by a videocall with a specialised agent (from the end of 2019 also through the Digital Mobile Key).
- “My moey!”: Personalised vision of all the movements and fast access to the functionalities for sending funds, division of expenses and making payments.
- Groups: Capacity of management of specific expenses in group.
- “Stats”: Possibility of personalised management through the categorisation of expenses.
- “In & Out”: Access to all the market options for sending/receiving funds and making payments (with total integration with MB WAY and Apple Pay).
- “Goals”: Ability to save according to goals in a simple and organised way.
- Definitions: Access to the controls and security limits.







In the second quarter of 2019, a version was launched for “family and friends”, project employees, for the purpose of testing the new solution.

The official launch of moey! was held in September 2019, supported by a comprehensive communication focusing on digital means.

In order to continue the promotion of the brand and new digital solution, Grupo Crédito Agrícola accepted the invitation to participate in the Web Summit, an event that was held in Lisbon in early November.

During the event, moey! was present with a stand and activation campaigns designed and developed in its image: disruptive and involving, keeping its communication simple and transparent. In this way it was possible to introduce the brand and the product to the thousands of people and technological companies that visited or participated in the Web Summit.

d) Electronic means of payment

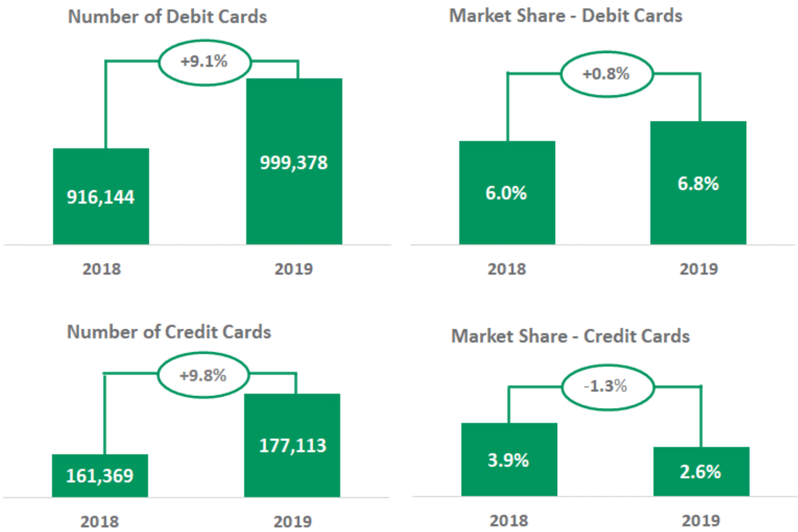
The year of 2019 was characterised by growth of the image of Crédito Agrícola as a reference entity in the business of electronic means of payment, namely in the acquiring activity.

Various key indicators have been selected for the assessment of performance, aimed at portraying those that effectively measure the issuance and acquiring activity, giving rise to economic sustainability of the business.

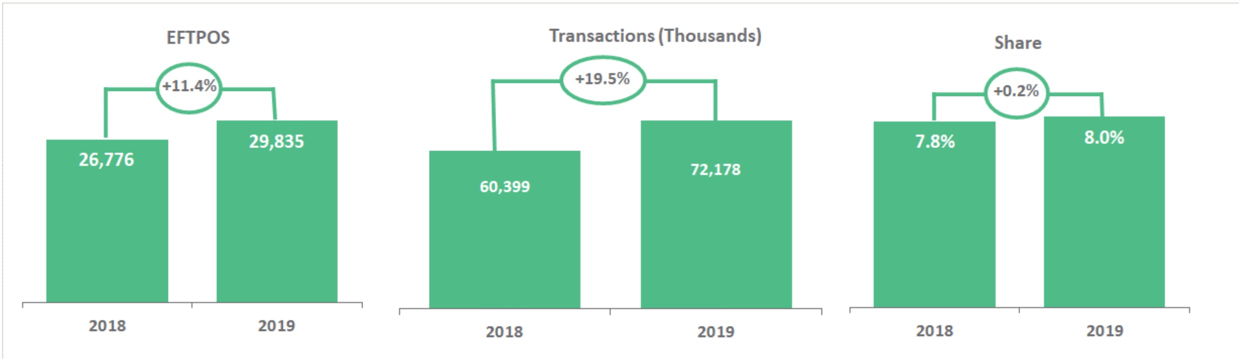
At the end of 2019, Crédito Agrícola held a total number of approximately 30,000 terminals, reflecting a market share of 8.2%, which corresponded to more than 1% growth compared to the same period of the previous year.

In issuance, there was also widespread growth of the portfolio of cards issued, with the portfolio of debit payment cards of Crédito Agrícola having grown by 9.1% and the portfolio of credit payment cards having grown by 9.8% in relation to 2018. This evolution was also reflected in the growth of the number of transactions with CA cards, which surpassed 15.5 million transactions.

However, the growth of the total portfolio of cards in 2019 did not correspond to an increase of market share, which stood at 5.1% in December 2019, corresponding to a reduction of 3.1 p.p. year-on-year.



Despite the growth of the use of debit payment cards, the CA Customer continues to prefer to use automatic teller machines (ATM), in contrast to the preferences of the Customers of all the other banks who prefer to use automatic payment terminals (POS).



Concerning the installation of automatic payment terminals (POS), there was a positive evolution in 2019 which, being accompanied by the market, only led to a slight strengthening of the market share of Crédito Agrícola in the total number installed (+0.2 p.p.). Nevertheless, the market share in December 2019 showed a historical figure of 8.0%. The number of items of equipment of Crédito Agrícola increased by 11.4% year-on-year and, likewise, there was a 19.5% increase in the respective number of transactions.

e) International business

The year of 2019 culminated with a new record in Portuguese exports, which reached more than 90 billion euros, representing around 44% of national GDP. This figure indicates that Portuguese international trade continues to develop, but a more detailed examination warns us to the fact that this growth is taking place at a slower rate: exports increased by 3.6% in 2019, while in 2018 they increased by 5.1% and in 2017 by 10%. On the other hand, imports increased by 6.6% in 2019, thus causing an increase in the deficit of the balance of trade of goods of around 2,842 million euros.

While it is undeniable that Portugal needs to increase its exports and ensure the sustained reduction of the deficit of the balance of trade of goods as a means of promoting the country's growth, it is also unquestionable that the challenges for Portuguese companies in 2020 shall be arduous and complex. Here, market diversification emerges as the most suitable response to these challenges imposed by the economic and financial circumstances of the market at a worldwide level.

It is in this context that Grupo Crédito Agrícola promotes and supports the internationalisation strategies of its Customers, not only through the efficient accomplishment of international trade banking operations, but above all by implementing a policy of proximity banking, placing emphasis on the concern to mitigate risks associated to the international activity of its Customers and simultaneously promoting the detection of business opportunities.

A categorical example of this proximity approach is the acquisition of an exhibition space, the CA Silk Road Paris, located in the outskirts of Paris and exclusively dedicated for use of the Customers of Crédito Agrícola. This innovative concept aims to support Portuguese companies in their internationalisation effort, placing at their disposal a Show Room located in the middle of Europe, where their products can be shown and commercial contacts established.

Correspondent Banking and International Trade

The correspondent banking activity has been the pillar of the global payment system. However, and as a result of the growing and strict regulations, especially after the global crisis that started in 2008, over the last few years there has been a heavy reduction of this activity, in particular in the activity related to the regions of the world with higher associated risk.

This intensification of de-risking by American and financial institutions has led to the consequent growth of the preponderance of East Asian financial institutions, with Chinese banks being especially prevalent.

Being inserted within the European and global market, Crédito Agrícola was affected by further costs and low elasticity in the revenue sphere, which implied the continued selectivity and concentration of the business in the hands of relatively few market players.

Nevertheless, in 2019, the set of correspondent banks of Caixa Central remained stable, although, on the other side of the spectrum, there was some increase of activity related to its capacity as a correspondent bank with other banks, with interesting impact on the revenues obtained.

The strategy of constant search for better solutions able to stimulate the international business at Grupo Crédito Agrícola (GCA) was maintained, through the analysis of partnerships with transnational companies, specialised in particular market niches, while at the same time maintaining our policy of total support to the commercial activity of the Associated Caixas, implying follow-up via visits to companies and technical advice on the stages of negotiation and origination of operations, both at a distance and locally. This activity contributed to the global growth of trade finance operations by approximately 12% in 2019, in relation to 2018.

Special reference is also made to the accomplishment of two business missions, each one involving around 30 Customers of GCA, the first to Fruit Logistic, in Berlin and the second to Fruit Attraction, in Madrid, giving rise to numerous contacts that could lead to interesting future business for our Customers.

Seven workshops were held, addressing internationalisation, international operations, imports and exports, directed at a large number of customers in diverse zones of Mainland Portugal, thus stimulating our support to the internationalisation of our company Customers.

Representation Offices

The Group's presence outside of Portugal, through Representation Offices, once again proved to be an excellent way to disseminate the image of solidity and modernity of Grupo Crédito Agrícola, both among the Portuguese community and the local community, especially the entrepreneurial, a support centre for the promotion of business and economic development.

The strategy of internationalisation in the different markets in which we are present has been consolidated, markets in which we are differentiated from the competition due to the support we provide to company Customers of Grupo Crédito Agrícola that seek to boost their international business, by supporting their real needs for consolidation and commercial expansion.

The actions underpinning this strategy are embodied in the activity of detection of business opportunities, duly channelled to our Customers, in the organisation of business missions and in our financial support to investment projects.

We also highlight the institutional representation abroad, performed by our Representation Offices, among Embassies, Consulates, Chambers of Commerce, Business Associations and Associative Movements representing local communities.

In this way, our sponsorship of events with high standing local representatives, our participation in distinguished international fairs, our organisation of business missions, our promotion of B2B meetings between CA Customers and local companies, our holding and participation in international conferences and seminars, places the CA Group's image as a provider of an innovative and personalised service, resolving challenges and creating dynamics that facilitate adaptation to international markets, significantly contributing to increase its competitiveness.

Money Transfer Service

The mediation of Western Union transfers, a service provided in over 600 branches carrying out money transfers, to and from any part of the world with a high level of security and speed, achieved excellent results in 2019, similar to the last few years, with growth of 15%.

In view of its high potential growth, this service continues to contribute to increase the operating income of the Associated Caixas, with forecasts pointing to continued growth albeit less sharply.

3.2 INSURANCE ACTIVITY

a) Non-Life Insurance

CA Seguros celebrated its 25th anniversary in 2019, recording positive results, and successively in the last 16 years, revealing a health economic and financial situation, with technical balance in the insurance activity and a comfortable solvency ratio.

At the commercial level, the Caixas Agrícolas recorded a very positive evolution in the marketing of insurance, reflected in a 9% increase in the value of new production carried out, compared to the previous year. This growth of new production was boosted by the continuous development of the Sales and Insurance Issuance Support System (SAVE) information technology tool, which reduced the administrative work in the sale and issuance of policies, and made this easier and more intuitive, contributing to the extension of the number of Employees of Caixas Agrícolas with relevant commercial activity in non-life insurance. In 2019, the range of products available in SAVE was broadened, improvements were made to various products and a number of new functionalities were developed, including workflow.

The portfolio of policies in force showed growth of 10 thousand policies (+1.5%) and 10.9 million euros (+9.5%). This evolution was influenced by the growth of new production, but also the measures implemented to increase the average premiums, in the Accidents at work branch. At the end of the year, 131.3 million euros of

Gross premiums issued were reached.

It should be noted that in the Accidents at work branch, the combined ratio once again stood below 100% in 2019, portraying the success of the measures implemented to correct the insufficiency of premiums in this branch.

As had already happened in the last few years, the exacerbation and change of weather conditions this year brought in the occurrence of atmospheric phenomena, like the storms Elsa and Fabien, which above all ravaged the central zone of the country, in districts such as Coimbra, Leiria and Aveiro, at the end of the month of December, but with less impact on costs related to claims than storm Leslie, in the previous year.

CA Seguros increase the number of Customers with Policies in force from 383 thousand to 395 thousand, proactively pursuing its Vision of “Being the Non-Insurer trusted by all the Associates and Customers of Crédito Agrícola”. The number of Policies in force increased from 686 thousand to 718 thousand, corresponding to an increase of 5%, which should be considered very positive.

Unit: thousand, except %

	2017	2018	2019	Δ %
No. of Customers	342	383	395	3%
No. of Policies	624	686	718	5%

In terms of costs, we highlight the contained evolution of operational costs, which improved the efficiency and productivity indices, and the positive effect of a larger deferral of acquisition costs, in conformity with the evolution of the applicable accounting rules.

This reduction in costs enabled a significant increase of the mediation remunerations paid to the Caixas Agrícolas, from 22.4 million euros in 2017, to 26.3 million euros in 2019, exceeding the initial expectations. It is important to highlight that the mediation remunerations have been growing every year, and have more than doubled since 2013.

Unit: million euros, except %

	2017	2018	2019	Δ %
CA Seguros	22.4	23.7	26.3	11%

In terms of human resource management, the Company was once again distinguished in 2019, as the best company to work for in the banking, insurance and financial services sector, at the 2019 edition of the MEPT (Best Companies to Work For) initiative, promoted by the magazine Exame, and chosen as leading company in the “Excellence Index 2019” study, by the magazine Human Resources Portugal.

The Company was distinguished with the award of Leading Insurer in Customer Satisfaction in the Non-Life Business, according to the European Consumer Satisfaction Index (ECSI Portugal 2019), which measures Customer satisfaction levels in various activity sectors, including insurance. As this is the first time that CA Seguros participated in the ECSI study, it is a source of great pride that it managed to reach the highest level of satisfaction among all the insurers of the Portuguese market, with a score of 8.04 (on a scale of 0 to 10).

The satisfaction questionnaires applied in 2019, to Customers, with and without claims, to Employees of the Caixas Agrícolas, and to the Employees of CA Seguros, reveal high satisfaction levels with a favourable evolution in relation to the previous year. The Customers are very satisfied with the Company's products and services, and especially satisfied with the attendance level provided by the Employees at Crédito Agrícola branches.

In this context, it is important to recognise the decisive contribution of the Caixas Agrícolas and their Employees, which mediate the sale of insurance to the Customers of Crédito Agrícola, assuring them high quality in the services rendered, in sales and aftersales.

The Company complied with all the requirements of the Solvency II regime, in terms of processes, capital quantification models, governance systems and reporting requirements, and presents a highly robust situation in terms of its solvency ratio, which stands above the threshold of 140%, defined in the Company's risk appetite.

In this context, we highlight the fact that the Company has recorded yet another year with zero non-compliance in terms of time limits and deadlines imposed by the law, in the management of Motor insurance claims, an absolutely unique situation in the Portuguese market.

Gross premiums issued reached 131.3 million euros, representing an increase of 11.8%, year-on-year, with growth above the non-life market, which showed a growth rate of 7.9%.

CA Seguros - Key Indicators

Unit: thousand euros, except % and no. of Employees

	2017	2018	2019
Gross premiums issued	107,457	117,411	131,252
Assets	214,757	214,205	228,501
Equity	45,235	44,109	49,510
Net income	2,031	2,715	5,159
No. of Employees at end of year	176	166	171

Net income amounted to 5,159 thousand euros, reflecting the increased technical margin operating costs and net trading income.

The General Meeting of CA Seguros determined that dividends should be paid to the Shareholders, of the value of 900 thousand euros, corresponding to a dividend of 0.125 euros per share and a remuneration of 5% of the Company's share capital or 1.8% relative to the invested capital.

The net worth of CA Seguros remained stable in 2019. Financial assets increased by 10 million euros, but the weight of this heading in Total assets fell from 81.9% to 81.1% in 2019.

CA Seguros maintained a prudent policy in terms of the provisioning level, just as in previous years. Overall, the Technical provisions amounted to the value of 146 million euros as at 31 December 2019.

The liabilities related to the Insurance Policyholders were duly assured as at 31 December 2019 both in terms of the representation of the technical provisions and Solvency II.

b) Life Insurance

In the life branch, the year of 2019 was essentially characterised by the consolidation of the initiatives implemented or started in the previous year, in regulatory, operational and commercial terms. Crédito Agrícola is proud of the production level achieved, exclusively based on the risk products branch, which showed growth of 7% year-on-year, a figure that largely surpasses that observed in the market, which stood at 3.7%. As was the case in previous years, also in 2019, the weight of the risk products, both in terms of volume of premiums and number of contracts, surpassed that of capitalisation products, contributing to the overall growth of production reaching 3.6%, thus offsetting the 2% contraction recorded in capitalisation products and investment contracts.

Reference should also be made to the growth of the pension fund management activity, a business that has, in a gradual and sustained manner, increasingly performed an important and expressive role, with the volume under management having grown by 25.6% in 2019, amounting to a total of 191.5 million euros.

In 2019, and even if the financial markets continue to not present the conditions for CA Vida to offer capitalisation products with the desired differentiation, the Company launched CA Vida Unit, a unit-linked product, based on a portfolio of low-risk assets.

CA Vida achieved its best net income since its foundation, of the value of 8,303,897 euros, once again reiterating the value of CA Vida to Grupo Crédito Agrícola.

At the end of 2019, the Company held 284,452 life insurance policies in force and 14,419 pension fund contracts.

Unit: thousand, except %

	2017	2018	2019	% Δ 18/19
No. of Policies	298	294	284	-3%
No. of Pension Fund Contracts	17	20	23	17%

The considerable financial and business contribution that the Life Insurance activity carries to Grupo Crédito Agrícola, gives rise to impressive returns, both via the management of financial assets managed within the Group, whose portfolio volume allocated to the Life business stood at 948 million euros, and via the mediation commissions, amounting to 13.2 million euros in 2019.

Insurance Mediation Remunerations paid to CCAM

Unit: million euros

	2017	2018	2019	% Δ 18/19
CA Vida	10	11	13	25%

Considering the net income achieved and as this is a practice of previous years, CA Vida proposed the distribution of dividends to the Shareholders, of the value of 1,750,000 euros.

The number of Employees of the Company has remained stable over the years, however, in this last year there was an increase of six employees, with the total number of employees being 46 at the end of the year (2018: 40). The Insurer continues to manage its recruitment policy in a controlled manner focused on maintaining personnel with high levels of skills and knowledge of the business.

CA Vida - Key Financial Indicators

Unit: million euros, except %

	2017	2018	2019	Variation 18/19	
				Abs.	%
Gross premiums issued and amounts paid in investment contracts	55	56	58	2.0	3.6%
Pension fund contributions	17	25	37	12.4	49.5%
Assets under management	1,599	1,217	948	-269.6	-22.2%
Assets	1,607	1,225	955	-269.3	-22.0%
Equity	110	101	112	11.2	11.1%
Net income	7	7	8	1.5	21.7%
Mediation commissions paid to CCAM	10	11	13	2.6	24.5%

Due to its relevance in the activity of the insurance sector, during 2019, with respect to the Solvency II regime, the Company maintained its objective to continue to endorse a policy of robust solvency ratios, demonstrating a stable financial situation. The Company manages its capital requirements on a monthly basis, attentive to changes in economic circumstances, as well as its risk profile. According to the estimate made at the end of the year, the solvency ratio should stand at 245%.

With the outlook for 2020 pointing to economic growth in which the level of credit concession is expected to increase, we believe that the year shall naturally record growth in relation to previous years in the cross-selling of products with credit, boosted by the commercial capacity installed in Grupo Crédito Agrícola.

The year of 2020 is envisaged as being a year of extensive regulatory challenges that shall continue to require CA Vida to make the necessary adaptations, whether from a procedural point of view or from the information systems point of view, in particular regarding the new Pension Fund Legal Framework, the implementation of IFRS17 - Insurance Contracts and IFRS 9 - Financial Instruments. The necessary technological developments to overcome these challenges shall be a premise for next year.

3.3 MANAGEMENT OF ASSETS AND RETAIL FUNDS

a) Institutional portfolios

Strategic Development

The year of 2019 shall be indelibly marked due to being the first year in which CRÉDITO AGRÍCOLA GEST – SGOIC, S.A., formerly named CRÉDITO AGRÍCOLA GEST – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A. (“CA Gest” or “Company”) was authorised, registered and actually performed all the main duties associated to asset management:

- Management of Collective Investment Undertakings in Securities (“OICVM”), including Alternative Investment Undertakings in Securities (“OIAVM”),
- Management of Real Estate Investment Undertakings (“OII”), and

- Discretionary and individualised management of portfolios on behalf of third parties, including those corresponding to pension funds.

This places Grupo Crédito Agrícola in the restricted list of national institutions qualified to offer a complete range in this business area and enhances its vocation as the centre of Asset Management competences of Crédito Agrícola.

In fact, the request for authorised for extension of the scope of the activity traditionally carried out by CA Gest to the management of Real Estate Investment Undertakings, was granted by Banco de Portugal and the Securities Market Commission (CMVM), in January and February 2019, respectively, with the Company having performed duties, since September 2019, as the management entity of ImoValorCA - Fundo Especial de Investimento Imobiliário Fechado (Closed Special Real Estate Investment Fund) ("OII ImoValorCA"). This Real Estate Investment Undertaking shows a net value of around36 million euros, mainly invested in land, properties for trade, services and residences, with the respective participation units being held by Caixa Central – Caixa Central de Crédito Agrícola Mútuo, CRL ("Caixa Central") and 17 Caixas de Crédito Agrícola Mútuo ("Associated Caixas").

In view of the above, CA Gest has performed the following activities since September 2019:

- management of the institutional portfolios allocated to insurers of Grupo Crédito Agrícola (Life and Non-Life) and to the open and closed Pension Funds;
- service of management of public debt portfolios held by the Associated Caixas;
- management of the undo de Investimento Mobiliário Alternativo de Obrigações Fechado de Subscrição Particular "CA Institucionais" ("CA Institucionais" Closed Alternative Bond Investment Fund of Private Subscription) ("OIAVM CA Institucionais");
- management of OII ImoValorCA; and
- of a residual expression, the discretionary management of portfolios of individuals and companies.

Assets under management

The national market of Asset Management contracted by 3.5% in 2019, equivalent to around 2.1 billion euros, to stand at a total of 56.3 billion euros.

However, the asset management activity of CA GEST recorded a reduction of 12.9% to 1,411 million euros, a fact reflected in a reduction of the market share from the previous 2.8% to 2.5%.

This reduction was due, as in previous years, to the discontinuation of the marketing, by Crédito Agrícola Vida - Companhia de Seguros, S.A. ("CA Vida") of open solutions and the maturity of capital and yield guaranteed products of determined duration (fixed term). A new unit-linked product was launched in July 2019, with an investment policy similar to that of capital and yield guaranteed products but, at the end of the year, its expression was still rather insignificant.

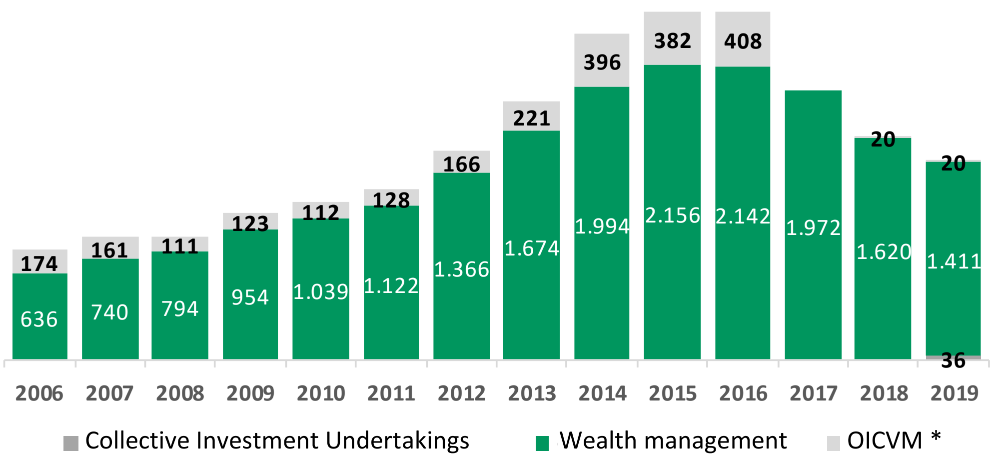
Inversely, the segment of management of public debt portfolios held by the Associated Caixas recorded growth of 20.1%, amounting to the total of 87.1 million euros at the end of 2019 and by this time including 30 portfolios. As a result of the strategic choice of focusing on the institutional segment, the marketing of personalised portfolio management products directed at Individual or Non-Professional Customers represented merely 1.04 million euros at the end of the year.

In the Portuguese market of Collective Investment Undertakings in Securities there was an increase of around 15.8% to 12.99 billion euros in 2019. In this segment, CA Gest only manages OIAVM CA Institucionais, exclusively aimed at the investment portfolios of companies of Grupo Crédito Agrícola, which represents 0.2% of the national market. This fund shows a net value of 20 million euros and, in 2019, distributed to its participants revenues of 137 thousand euros.

The total value of assets under management of the Real Estate Investment Undertakings in Portugal reached 9,040 billion euros at the end of 2019, reflecting a year-on-year decrease of 2.6%. CA Gest, which started its activity in this segment in September 2019, has a market share of 0.4% corresponding to the net assets of OII ImoValorCA which reached 35.6 million euros.

The real estate assets that belong to the portfolio of OII ImoValorCA are primarily land (35%), properties for trade and services (28%) and of residential nature (17%), with the remaining 20% including farms and estates, hotels and tourism, and other real estate properties for specific uses. Continuing with the defined strategy, in this last year, OII divested real estate properties worth around 2.13 million euros, corresponding to 0.7 million euros less than in 2018, and generating a net value of capital gains of around 71 thousand euros.

Assets under Management (million euros)



(*) OICVM - Collective Investment Undertakings in Securities

Economic and Financial Performance of CA Gest

In 2019 the Income from Services and Commissions of CA Gest reached 1.9 million euros, reflected in an annual reduction of 275 thousand euros or a variation of less than 12.7%, where, on a comparable basis, only the commissions originated in the service of management of portfolios held by the Associated Caixas recorded growth.

The commissions gained from the OIAVM CA Institucionais recorded growth of 79 thousand euros, derived from, in 2019, their management only having taken place in the last quarter. The growth of 3 thousand in the remaining commissions charged from Collective Investment Undertakings also arises from the fact that, in the previous year, the Company had not yet started the management of OII ImoValorCA.

The structure of commissions of the Asset Management business remained unchanged from previous years, with the institutional segment, composed of Insurers and Pension Funds, accounting for almost all the income recorded.

As noted above, the discontinuation of the marketing of open solutions by CA Vida, the maturity of fixed term products offers by this insurer, and the minor expression of the new product launched in 2019, led to a significant reduction of assets under management and a considerable decline of commissions. The reduction of income originated at CA Vida reached 404 thousand euros, in other words, 22% less than in the previous year, while the income gained by CA Seguros continued to be analogous to that of the same period of the previous year.

However, it should be noted that the impetus experienced in the service of management of eurozone public debt portfolios directed at the Associated Caixas enabled increasing this service to 30 Customers, with the income of this activity having grown by 21% to 119 thousand euros. Inversely, the restructuring operated in the activity of management of portfolios of individuals and companies led to the respective income having continued to be of a rather residual value.

In view of the reduction of the scale of activity, the Costs related to Services and Commissions decreased by 17% in relation to the previous year, but, with respect to Supervision Fees payable to the CMVM, there continues to be a disturbing disproportion in relation to the size of CA Gest. In 2019 these rates represented 10% of the Company's total income and 40% of the retributions (fixed, variable and meals allowance) paid to all its Employees.

Contributing favourably to the results that were achieved, in particular, are the Other Net Operating Income, whose high growth was derived from the entry into force of an agreement on the shared use of resources with Crédito Agrícola Imóveis, Unipessoal, Lda (“CA Imóveis”), which regulates, with effects reported at the beginning of 2018, the assignment to this associate company of material (facilities and equipment) and human resources, namely in terms of the Secretariat, Information Systems/Information Technology and in the Compliance field.

Although CA Gest maintains high liquidity levels and is exclusively financed by equity, in 2019, and for the first time, Net Interest Income recorded a negative value of 6 thousand euros. This was due to the fact that, in 2019, the Company adopted the accounting standard IFRS 16 and, consequently, henceforth recorded part of the costs related to the assets it uses under leasing arrangements as if they were a financial cost.

In view of the above, the Operating Income reached 2.0 million, showing a marginal reduction (-0.4%) of the value of 8 thousand euros after the consideration of 165 thousand euros of non-recurring nature.

Staff costs amounted to 1.1 million euros, revealing growth of 83 thousand euros in relation to 2018, with this increase having been influenced by the payment of non-recurring costs related to the rescission of an employment contract. Excluding this event, staff costs would have shown growth of the order of 3%, essentially derived from the strengthening of the staff and the change of the Remuneration Policy.

General and administrative overheads stood at 661 thousand euros, corresponding to 174 thousand euros less than in the previous year. This reduction was primarily due to the aforesaid accounting change associated to the adoption of IFRS 16, according to which the lease payments payable for the use of leased assets are considered as amortisations of the right to use these assets. Excluding the lease costs in both years, general administrative overheads would have fallen by 28 thousand euros, essentially as a result of the economies operated in expenses related to advisers and auditors and the reduction of costs related to access to information, which exceeded the exacerbation of costs inherent to the use, under a multi-employment arrangement, of the human resources of Caixa Central and CA Imóveis, these last three associated to the management of OII ImoValorCA.

Likewise, due to the adoption of IFRS 16, the Amortisations for the year in 2019 showed growth of 306% in relation to the previous year. Excluding the values relative to the right-of-use, the amortisations would have increased by 5% in relation to the previous year, primarily as a result of the investments made over the last few years in the preparation of the extension of activity to the management of OII.

The Earnings before tax achieved were marginally positive, standing at 5 thousand euros and, in contrast to that observed in the previous year, in 2019 current taxes reduced the Net Income which recorded a negative value of 10 thousand euros.

In 2019 the value of the Assets increased by 374 thousand euros to 3.5 million euros, mainly due to the accounting change derived from the adoption, in that year, of IFRS 16, which implied the recording, in the Tangible assets, "Rights-of-Use" of facilities and vehicles, of the gross value of 513 thousand euros and net value of 341 thousand euros.

Current assets fell by 110 thousand euros as a result of the lower portfolio management activity and consequently of the credit relative to commissions invoiced. Despite the distribution of dividends that took place and the investments made, the means generated and the variation of the working capital led to the cash balances having grown by 194 thousand euros at the end of 2019.

The book value of the liabilities showed growth also not imputable to the activity, but mainly due to the adoption of IFRS 16. This reflected in the recording, as a cost payable, of the lease payments payable inherent to the use of the right-of-use of the leased and hired assets which, at the end of 2019, reached 320 thousand euros.

At the end of 2019, Equity reached 2.6 million euros, revealing a reduction, in the year, of 120 thousand euros derived from the aforesaid distribution of dividends of the value of 110 thousand euros and the negative net income of 10 thousand euros.

Despite this reduction, and as has been observed historically, as at 31 December 2019, the value of the capital and equity comfortably exceed the regulatory capital requirements that must be fulfilled by the Company.

		Dec. 2019	Dec. 2018	Absolute Δ	Δ %
Net Interest Income	€	-5,913	4,093	-10,006	-244.5%
Income from services and commissions	€	1,899,677	2,175,014	-275,338	-12.7%
Operating income	€	2,016,039	2,023,785	-7,746	-0.4%
Staff costs and administrative costs	€	1,773,777	1,865,132	-91,356	-4.9%
Earnings before tax	€	4,856	100,152	-95,296	-95.2%
Net income	€	-9,564	219,733	-229,297	-104.4%
Net Assets	€	3,518,039	3,144,213	373,826	11.9%
Equity	€	2,563,365	2,683,244	-119,879	-4.5%
Number of Employees at end of year:	#	21	13	8	61.5%
- of Company staff	#	10	10	0	0.0%
- multi-employment or outsourcing arrangement	#	11	3	8	266.7%

b) Real Estate Investments Funds

Real estate exposure and recovered real estate investment funds

Despite some cooling down of the real estate market outside the main urban centres in 2019, Grupo Crédito Agrícola maintained its strategy of divestment of real estate assets repossessed in credit repayment procedures upon foreclosure, and recorded sales of around 75 million euros (the net book value), involving a total of around 750 real estate properties. Although the sales of properties fell short of the figure recorded in 2018, the outcome should be viewed as very positive, as the volume of recovered assets was substantially lower, which enabled the Group to reduce the risk of exposure to the real estate category.

Caixa Central continues to rely on the support of CA Imóveis, as the Group's centre of real estate competences, to accomplish the divestment strategy and for the development of initiatives primarily aimed at supporting the management and maintenance of the real estate assets and creating the necessary conditions for divestment.

In 2019, it is important to highlight from a positive angle:

- the full disposal of the participation units of the fund CA Arrendamento Habitacional – Fundo de Investimento Imobiliário Fechado para Arrendamento Habitacional (Closed Real Estate Investment Fund for Residential Lease); and
- the internalisation of the management of the fund ImoValorCA – Fundo Especial de Investimento Imobiliário Fechado (Closed Special Real Estate Investment Fund), whose portfolio primarily consists of real estate assets derived from credit recovery operations of the CCAM, aimed at accelerating the divestment process and, consequently, the reimbursement of the participation units to the participant CCAM.

As at 31 December 2019, the real estate investment funds whose portfolio is primarily composed of assets derived from credit recovery operations of Grupo Crédito Agrícola are: ImoValorCA – FEIIF, mainly directed at the CCAM and CA Imobiliário – FEIIA.

ImoValorCA - Fundo Especial de Investimento Imobiliário Fechado (Closed Special Real Estate Investment Fund)

- Type of Fund: Special Real Estate Investment Fund
- Management Entity: Crédito Agrícola Gest - SGOIC, S.A., since 2 September 2019. Up to this date, the fund was managed by Selecta Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.
- Assets/investment policy: The fund invests in urban and rural real estate properties derived from the Caixas Agrícolas and Caixa Central or acquired during extrajudicial credit recovery operations.
- Activity starting date: 31/07/2013
- Total Net Value of the Fund as at 31 December 2019: 35,636,584.51 euros
- As at 31 December 2019, the fund held 276 properties.
- Turnover 2019 (deed value): 2,133,000.00 euros
- Yield annualised at 3 years (2017-2019): -2.81%
- Yield annualised at 1 year (20172019): -2.63%

CA Imobiliário - Fundo Especial de Investimento Imobiliário Aberto (Open Special Real Estate Investment Fund)

- Type of Fund: Open Special Real Estate Investment Fund
- Management Entity: Square Asset Management Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.
- Assets/investment policy: The fund invests in urban and rural real estate properties, not prioritising any area in particular of the real estate activity, nor type of properties. Its assets have been invested predominantly in the acquisition of real estate properties acquired by the CA Group in own credit reimbursement
- Activity starting date: 01/09/2005
- Total Net Value of the Fund as at 31 December 2019: 145,820,354.11 euros
- As at 31 December 2019, the fund held 431 properties.
- Turnover 2019 (deed value): 5,385,000.00 euros
- Yield annualised at 3 years (2017-2019): -5.57%
- Yield annualised at 1 year (20172019): -5.37%

Retail Real Estate Investments Funds

Over the years, the Fundo CA Património Crescente ("CAPC") has attracted many small and medium-sized savings of customers of the CA Group, the majority of whom being individuals seeking a stable and solid income, currently having more than 26 thousand subscribers.

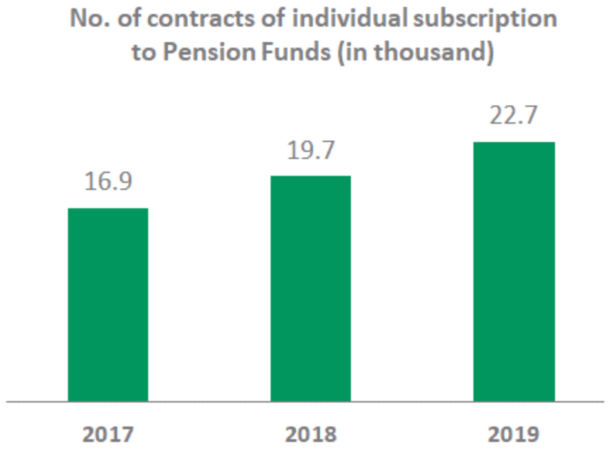
The depositary and marketing entity of the CAPC is Caixa Central de Crédito Agrícola Mútuo, CRL and the Caixas Agrícolas operate as marketing agents.

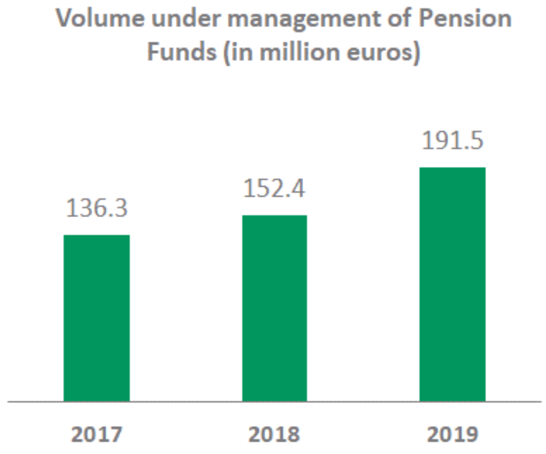
CA Património Crescente - Fundo de Investimento Imobiliário Aberto (Open Real Estate Investment Fund)

- Type of Fund: Open Real Estate Investment Fund
- Management Entity: Square Asset Management Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.
- Assets/investment policy: The real estate properties held by the fund correspond to urban buildings or building units mainly for rental purposes
- Activity starting date: 15/07/2005
- Total Net Value of the Fund as at 31 December 2019: 762,991,864.09 euros
- As at 31 December 2019, the fund held 1,610 properties, distributed over the Office, Retail, Hotel, Industry, Logistics, Health, Services and Land markets
- Yield annualised at 3 years (2017-2019): 4.92%
- Yield annualised at 1 year (20172019): 5.55%

c) Pension funds

The pension funds managed by CA Vida showed a positive evolution in 2019, with the amounts under management having grown by 25.6%.





In relation to 2018, the variation recorded on the amount under management maintained its growing trend observed since 2011. The open pension funds, aimed at financing individual or collective pension plans, are differentiated by their investment policy endorsed in accordance with the tolerated risk level and the investment timeframe horizon. CA Reforma Segura is intended for investors with low tolerance to risk, above all investing in fixed yield securities; CA Reforma Tranquila, for investors with moderate tolerance to risk, has a diversified portfolio of fixed and variable yield securities; and finally, CA Reforma Mais, with a less risk averse profile, has a more dynamic investment policy, with more exposure to the stock market.

d) Venture capital, financial advisory and other services

The key events to highlight in 2019 were the following:

CA Capital

- The mission of the venture capital firm of Grupo Crédito Agrícola (CA Group), formerly named Agrocapital, was reformulated in 2019. This was accompanied by a full amendment of the Articles of Association which included the change of its corporate name to CA CAPITAL, SCR, S.A., and change of its corporate purpose, extending the sectoral scope of the investments, that are no longer limited to companies of the agroforestry area. It also included the change of registered office to the Rua Castilho building and other statutory amendments, aimed at aligning the Articles of Association of CA Capital with those of all the other companies controlled by the CA Group, and reflecting alterations derived from the change occurred in the sector's legal framework.

- The redefinition of the mission and preparation of the new investment policy considers the CA Group's strategy and the criticality to this strategy of:

- on the one hand, the technological innovation underway in the financial services and intermediation sector, including the retail, insurance and asset management banking business, among others, and
- on the other hand, the agro-industrial areas, including the directly related sectors, in particular those related to technological or procedural innovation, such as the provision of specialised services to these areas and, especially, business arising from processes of innovation, production or adoption of specific technology.

- With this framework, CA Capital embarked on a new life in which investment should take into account the positive externalities created for the CA Group and henceforth concentrate on the following business areas:
  - Fintech, Insurtech, Regtech;
  - Technology applicable to the agro-industrial and agri-food areas, including projects related to Industry 4.0;
  - Agro-industrial and agri-food.
- During 2019 various investment opportunities were secured, in Portugal and abroad, generally covering companies/projects in the fintech, insurtech, cryptocurrency, digital identity and agrotech areas, as well as indirect investment opportunities via venture capital funds, one of which was already accomplished during that year: the investment in Conexo Ventures, FCR, of a maximum value of 250 thousand euros. An investment in a European fintech was also decided, which should be made at the end of the first quarter of 2020.

<u>CCCAM GI</u>

- During 2019 divestments were made amounting to a total of 2,829 thousand euros, which included a partial divestment of the Fundo de Reestruturação Empresarial, FCR (Business Restructuring Fund) and the total divestment of Unicampus FEIIF.
- In December 2019, CCCAM GI requested the reimbursement of its participation units held in FCR Portugal Ventures Global 2, which can only take place after the end of the current duration of this fund, in other words, in the second half of 2020.
- Since January 2019 the employees of the Monitoring of Investees area of the Strategic Planning and Management Control Department of Caixa Central (DPEC), started to provide services to CCCAM GI under a multi-employment agreement concluded between the two entities.
- Finally, it should be noted that an agreement was made between CA SGPS and the other shareholders of Floresta Atlântica to divest this investee and the main fund under its management. However, as it has not yet been possible to carry out this transaction, CCCAM GI continued to ensure the CA Group's involvement its management, which took place in a context that continued to be particularly demanding, both due to the economic and financial situation of this fund, namely arising from the fact that the extensive and intensive fires of 2017 continue to constrain the pine wood market, and due to vicissitudes at the governance level.

04 Financial review

IV. FINANCIAL REVIEW

4.1 GRUPO CRÉDITO AGRÍCOLA

The consolidated financial statements of Grupo Crédito Agrícola reflect the net worth of SICAM (Integrated System of Crédito Agrícola Mútuo), formed by Caixa Central and Associated Caixas, which with the rest of the affiliate and associate companies constitute the Financial Group of Crédito Agrícola Mútuo.

The consolidated net assets of Grupo Crédito Agrícola recorded a value of 19,362 million euros in 2019, representing 3.0% growth in relation to the 18,790 million euros achieved in 2018. This was essentially the result of the increased net credit to customers of the value of 740 million euros in 2019 and cash balances, which increased by around 391 million euros in the same period.

The consolidated total liabilities increased by 2.4%, having shifted from 17,274 million euros in 2018 to 17,690 million euros in 2019. In this context, particular note should be made of the year-on-year growth recorded in customer funds on the balance sheet of 1,349 million euros in 2019.

The consolidated equity of Grupo Crédito Agrícola reached 1,672 million euros in 2019, which represented an increase of 156.0 million euros (+10.3%), particularly explained by the increase of other reserves and retained earnings of 78.0 million euros (+31.8%), as well as the increased share capital of 53.0 million euros (+4.6%).

The net income of Grupo Crédito Agrícola reached 131.5 million euros, corresponding to a decrease of 19.1 million euros in relation to 2018. This growth was influenced, on the one hand, by the increase of operating income by 30.7 million euros, essentially due to the evolution of net trading income (+29.9 million euros) and growth of net commissions (+7.1 million euros) and, on the other hand, by the reduction of provisions and impairments for the year of 6.5 million euros.

a) Income statement and balance sheet

i. Income Statement

In a market context threatened by increasing pressure on profitability, with negative Euribor rates showing historically low levels and with increasingly stringent and onerous regulations, Grupo Crédito Agrícola presented a net income of 131.5 million euros, corresponding to 17.0% growth in relation to 2018. This was the outcome of a significant contribution from net trading income (+29.8 million euros, of which +15.5 million euros came from the securities portfolio of CA Vida) which more than offset the decline of 18.1 million euros in net interest income.

In 2019, structural costs decreased by 0.06% year-on-year, corresponding to a rise of 13.2 million euros in absolute terms. This evolution is largely explained by the increased business support services and shared technology services provided by CA Serviços to SICAM.

The increased costs related to general and administrative overheads was justified by: i) the increase of 3,966 thousand euros in information technology services; ii) the increase of 1,306 thousand euros in the heading of "Information"; iii) the increase of 5,231 thousand euros in other third party services; and iv) the reduction of 5,543 thousand euros in lease payments arising from the adoption of IFRS 16.

Amortisation for the year increased by 6.1 million euros (+24.2% in relation to 2018) primarily as a result of the changes arising from IFRS16 with respect to the book entry of lease payments under this heading instead of under general administrative overheads.[5]

Income Statement

In thousand euros	2017	2018	2019	Variation Abs.	Variation %
Interest and similar income	492,787	597,614	472,878	-124,736	-20.9%
Interest and similar costs	162,453	248,863	142,240	-106,623	-42.8%
Net Interest Income	**330,334**	**348,750**	**330,637**	**-18,113**	**-5.2%**
Technical margin of insurance activity	9,102	26,546	31,083	4,537	17.1%
Net commissions	112,958	116,259	123,389	7,130	6.1%
Net trading income*	113,266	24,333	54,122	29,788	122.4%
Other net operating income:	-3,549	-5,135	2,262	7,397	n.a.
Earnings of divestment of other assets	-2,563	2,283	883	-1,401	-61.3%
Other net operating income	-986	-7,418	1,379	8,798	n.a.
Operating Income	**562,111**	**510,753**	**541,493**	**30,740**	**6.0%**
Structural Costs	339,405	349,461	362,612	13,151	3.8%
Staff costs	203,328	210,851	216,458	5,607	2.7%
General administrative overheads	109,893	113,253	114,660	1,407	1.2%
Amortisation	26,184	25,358	31,494	6,137	24.2%
Provisions and impairments	8,091	5,753	-768	-6,521	n.a.
Earnings from holdings in associates (equity method)	312	451	493	41	9.2%
Earnings before tax	**214,926**	**155,990**	**180,142**	**24,152**	**15.5%**
Taxes	62,723	43,561	48,530	4,969	11.4%
Non-controlling interests	59	76	148	72	94.0%
Net Income	**152,145**	**112,353**	**131,464**	**19,112**	**17.0%**

* Sum of the income from equity instruments, earnings from assets and liabilities stated at fair value through profit or loss, earnings from financial assets at fair value through other comprehensive income and currency revaluation.

ii. Balance Sheet

Net assets recorded a value of 19,4 billion euros in 2019, representing growth of 572 million euros in relation to 2018, essentially as a result of the increased net credit to customers (+740 million euros) and cash balances of the Group (+391 million euros).

The consolidated total liabilities increased by 2.4%, having shifted from 17,274 million euros in 2018 to 17,690 million euros in 2018 to 17,690 million euros in 2019. In this context, particular note should be made of the year-on-year growth recorded in customer funds on the balance sheet of 1,349 million euros in 2017, to stand at 15,205 million euros.

[5] Amortisation for the year reflects the costs of lease payments that are no longer recorded under general and administrative overheads and are henceforth reflected in the accounts of (i) Interest - Lease payments - Right-of-use, of the part corresponding to interest; and (ii) Real estate properties - Right-of-Use - Amortisation for the year, of the part relative to the amortisation of principal, as established in IFRS 16.

The consolidated equity of Grupo Crédito Agrícola reached 1,672 million euros in 2019, which represented an increase of 155.9 million euros (+10.3%), particularly explained by the increase of other reserves and retained earnings of 78.0 million euros (+31.8%), as well as the increased share capital of 53.0 million euros (+4.6%).

Balance Sheet

In thousand euros	2018	2019	Variation	
			Abs.	%
Cash, cash balances at central banks and other demand deposits	796,521	1,187,641	391,120	49.1%
Financial assets held for trading	133,857	115,457	-18,400	-13.7%
Non-tradable financial assets mandatorily stated at fair value through profit or loss	48,134	48,660	526	1.1%
Financial assets stated at fair value through other comprehensive	2,275,344	2,019,070	-256,275	-11.3%
Financial assets at amortised cost	14,220,059	14,552,153	332,094	2.3%
of which: Credit to Customers (net)	9,419,577	10,159,513	739,935	7.9%
Credit to Customers (gross)	9,890,631	10,555,290	664,659	6.7%
Accumulated Provisions / Impairments	471,053	395,777	-75,276	-16.0%
Derivatives - Hedge accounting	40,723	131,034	90,311	221.8%
Investments in subsidiaries, joint ventures and associates	1,417	1,667	250	17.6%
Tangible assets	294,223	312,085	17,862	6.1%
Intangible assets	75,268	80,806	5,538	7.4%
Tax assets	154,260	111,645	-42,614	-27.6%
Non-current assets and groups for divestment classified as held for sale	475,335	411,191	-64,144	-13.5%
Other assets	274,724	390,366	115,642	42.1%
Total Assets	**18,789,866**	**19,361,776**	**571,910**	**3.0%**
Financial liabilities held for trading	1	303	301	25591.6%
Financial liabilities stated at amortised cost	15,790,554	16,363,893	573,339	3.6%
of which: Customer Funds	13,855,889	15,204,920	1,349,031	9.7%
Derivatives - Hedge accounting	45,399	138,655	93,256	205.4%
Provisions	1,144,995	895,356	-249,639	-21.8%
Tax liabilities	15,282	14,840	-442	-2.9%
Share capital repayable at sight	958	829	-130	-13.5%
Other liabilities	276,974	276,321	-653	-0.2%
Total Liabilities	**17,274,163**	**17,690,197**	**416,033**	**2.4%**
Equity	1,515,702	1,671,579	155,877	10.3%
Total Equity + Liabilities	**18,789,866**	**19,361,776**	**571,910**	**3.0%**

b) Quality of the Credit Portfolio

At the end of 2019, the CA Group's credit portfolio showed a reduction of the levels of credit overdue by more than 90 days, in relation to the same period of the previous year, of around 68.0 million euros (-20.1%), confirming the trend of improvement of the default rate observed in recent years. This reduction was influenced by the country's more dynamic socioeconomic context, but also the effort made by the CA Group towards improving the analysis of credit risk and the investment in initiatives and technological tools to support the standardisation of the processes of credit concession, monitoring and recovery, as well as the continued implementation of the plan to reduce non-performing loans. This led to the ratio of credit overdue by more than 90 days stand at 2.6%, showing an improvement of 0.9 p.p. year-on-year, as well as a non-performing loan (NPL) ratio of 9.2%, an improvement of 1.9 p.p. in relation to 2018 (measure based on Banco de Portugal Instruction 20/2019).

EVOLUTION OF OVERDUE CREDIT

Million euros, except %	Dec.2017	Dec.2018	Dec.2019	Δ Dec.2019 / Dec.2018	Δ % Dec.2019 / Dec.2018
Credit overdue < 90 days	9.3	9.1	6.6	-2.5	-27.8%
Credit overdue > 90 days	510.2	338.4	270.4	-68.0	-20.1%
Total overdue credit	**519.5**	**347.5**	**276.9**	**-70.5**	-20.3%
Ratio of credit overdue > 90 days	**5.4%**	**3.4%**	**2.6%**	**-0.9 p.p.**	

The level of provisioning to cover total overdue credit stood at 142.9%, observing more conservative criteria than those recorded on average in the market.

OVERDUE CREDIT AND IMPAIRMENTS AS AT 31.DEC.2019

Million euros, except %	Total gross credit	Overdue credit	Overdue credit / Total credit	Impairment	Coverage level
Companies and Public Administration	**5,867**	**174**	**3.0%**	**279**	**160.5%**
Individuals	**4,688**	**103**	**2.2%**	**117**	**113.3%**
Housing	3,046	24	0.8%	27	112.8%
Consumer and other purposes	1,642	79	4.8%	90	113.5%
Total	**10,555**	**277**	**2.6%**	**396**	**142.9%**

The segment of Companies and Public Administration recorded a reduction of overdue credit with the overdue credit ratio standing at 3.0% in December 2019 (4.0% in 2018). Credit granted to individual customers also followed the reduction of the overdue credit ratio, standing at 2.2% in December 2019, in other words, 0.7 p.p. below the 2.9% recorded in 2018.

As at 31 December 2019, non-performing loans amounted to 938.7 million euros, corresponding to a ratio of 9.2% in relation to total exposure. This ratio compares with the 11.1% recorded as at 31 December 2018 (measured based on Instruction 20/2019). In 2019, the ratio of NPL coverage by impairments reached 42.2% and the ratio of coverage by impairments and collateral reached 131.0%.

NPL - 31.Dec.2019 in thousand euros	Exposure	NPL	NPL (%)	Impairments	Coverage ratio NPL (%)
General Governments	**547,421**	**8,337**	**1.5%**	**843**	**0.0%**
Non-financial companies	**5,683,123**	**719,257**	**12.7%**	**305,221**	**42.4%**
of which: Small and Medium-sized Enterprises	5,525,333	703,819	12.7%	293,648	41.7%
Households	**3,844,277**	**211,120**	**5.5%**	**89,464**	**42.4%**
of which: Residential mortgage loans	2,984,872	112,002	3.8%	44,188	39.5%
of which: Consumer credit	530,814	34,604	6.5%	14,789	42.7%
Total	**10,208,953**	**938,714**	**9.2%**	**395,692**	**42.2%**

Note: Only includes "Loans and advances", excluding cash balances at central banks and other demand deposits, pursuant to Banco de Portugal Instruction 20/2019.

The Texas ratio, determined by non-performing assets divided by the sum of tangible common equity and the stock of impairments, reached 50.5% in 2019, recording a favourable evolution compared to the 60.2% observed in 2018.

The same occurred with the ratio of restructured credit, which stood at 6.7% (a reduction of 1.5 p.p. in relation to 2018).

RATIOS OF NON-PERFORMING LOANS AND RESTRUCTURED CREDIT Values in million euros, except percentages

	2017	2018	2019	Variation	
				Δ Abs. 19/18	Δ% 19/18
Non-Performing Loans (NPL)	1,441	1,070	939	-131.3	-12.3%
Ratio of Non-Performing Loans (NPL) without Instruction 20/2019	15.2%	10.4%	8.3%	-2.1 p.p.	
Ratio of Non-Performing Loans (NPL) with Instruction 20/2019	n.a.	11.1%	9.2%	-1.9 p.p.	
Ratio of NPL Coverage by impairments	45.1%	44.0%	42.2%	-1.8 p.p.	
Ratio of NPL Coverage by impairments and collateral	n.d.	132.0%	131.0%	-1.0 p.p.	
Texas Ratio *	n.d.	60.2%	50.3%	-9.9 p.p.	
Restructured Credit Ratio	12.3%	8.2%	6.7%	-1.5 p.p.	

(*) Determined by: NPL / (Tangible Common Equity + Stock of impairments)

c) Capital

The own funds of Grupo Crédito Agrícola, calculated in conformity with the prudential requirements under Regulation (EU) 575/ 2013 of 26 June 2013, amounted to 1,621 million euros as at 31 December 2019. Considering the deductions established in the regulations in force, Common Tier Equity 1 stood at 1,570 million euros, having grown by 199 million euros in relation to December 2018.

In December 2019, total own fund requirements increased to 9,810 million euros (+8.6%) compared to the 9,035 million euros of total own fund requirements. In relation to the previous year, own fund requirements for credit risk recorded an increase of the value of 905 million euros (+11.6%), being positioned at 8,724 million euros. This variation is explained by the growth of credit and by the regulatory increase of higher risk and urgent restructured credit. Own fund requirements for operational risk stood at 923 million euros, requirements for market risk reached 140 million euros and requirements for credit valuation adjustment (CVA) stood at 23 million euros at the end of 2019.

At the end of 2019, the total own funds ratio of Grupo Crédito Agrícola stood at 16.0% and likewise the common equity tier 1 ratio, very comfortably complying with the prudential requirements on the level of own funds, permanently observing them, in conformity with number 1 of article 92 of Regulation (EU) 575/ 2013.

The Group's leverage ratio, including net income, stood at 8.2% in 2019, compared to 7.5% reported in 2018. The liquidity coverage ratio (LCR) increased from 399.9% in 2018 to 470.8% in 2019.

OWN FUNDS AND SOLVENCY RATIO - GRUPO CRÉDITO AGRÍCOLA

In million euros	2017	2018	2019	Δ 19/18
Total Own Funds [a]	**1,387**	**1,439**	**1,621**	**12.6%**
Common equity tier 1	1,322	1,371	1,570	14.6%
Own Funds - Level 1 (Tier 1)	1,322	1,371	1,570	14.6%
Position at risk of assets and equivalent	**17,089**	**18,211**	**18,915**	**3.9%**
Own fund requirements	**9,008**	**9,035**	**9,810**	**8.6%**
Credit	7,869	7,819	8,724	11.6%
Market	37	85	140	64.4%
Operational	1,100	1,085	923	-15.0%
Credit valuation adjustment (CVA)	2	46	23	-50.5%
Solvency ratios				
Common equity tier 1	14.7%	15.2%	16.0%	0.83 p.p.
Tier 1	14.7%	15.2%	16.0%	0.83 p.p.
Total	15.4%	15.9%	16.5%	0.59 p.p.

(a) Including the net income for the end of the year in own funds.

4.2 BANKING BUSINESS

At the end of December 2019, Crédito Agrícola showed year-on-year growth of the net income of the banking business (SICAM) of 7.4 million euros (115.5 million euros in 2019 versus 108.0 million euros recorded in 2018). This evolution was primarily influenced by the increase observed in operating income (+21.6 million in relation to 2018, i.e. +4.5%), essentially due to net trading income (+13.1 million in relation to 2018) and net commissions (10.0 million euros in relation to 2018). Excluding net trading income, operating income (recurring) would have increased by 1.8% year-on-year in 2019.

KEY INDICATORS

In thousand euros				Var. 19/18	
	2017	**2018**	**2019**	**Abs.**	**%**
Total assets	16,437,110	17,657,787	18,468,083	810,297	4.6%
Net Financial Investments	6,031,113	6,251,824	5,767,344	-484,480	-7.7%
Gross credit to customers	9,435,024	9,959,804	10,614,482	654,678	6.6%
Total liabilities	14,992,916	16,133,030	16,810,494	677,464	4.2%
Customer funds	12,638,189	13,947,821	15,284,555	1,336,734	9.6%
Funds of other credit institutions and ECB	1,935,086	1,838,565	1,063,893	-774,672	-42.1%
Equity	1,444,194	1,524,756	1,657,589	132,833	8.7%
Net interest income	289,679	305,308	298,849	-6,459	-2.1%
Recurring operating income*	449,786	469,787	478,310	8,523	1.8%
Operating income	532,655	474,582	496,151	21,569	4.5%
Structural costs	316,435	326,599	339,845	13,245	4.1%
Provisions / impairments	14,563	634	-3,601	-4,234	n.a.
Net Income	147,631	108,023	115,465	7,442	6.9%
Return on equity (ROE)	10.2%	7.1%	7.0%	n.a.	-0.1 p.p.
Cost to income ratio	59.4%	68.8%	68.5%	n.a.	-0.3 p.p.

(*) Operating Income excluding net trading income.

a) Income statement and balance sheet

i. Income Statement

As happened in 2018, Portugal once again experienced a slowdown of growth, year-on-year, in 2019 (GDP growth of 2.2% in 2019, compared to growth of 2.3% recorded in 2018), explained by the slowdown of exports of the industrial sector. This evolution was partially reflected in the volume of credit granted by the national banking sector to companies, which decreased by 3.5% year-on-year.

The banking activity of Grupo Crédito Agrícola, which includes Caixa Central and the Associated Caixas (SICAM) stood apart from the market trend, having recorded a 6.6% year-on-year increase of gross credit granted to customers, underpinned by the 10.3% growth in credit to companies and public administration and the 1.2% growth in credit to individuals.

At the end of December 2019, Crédito Agrícola presented a net income of the banking business (SICAM) of 115.5 million euros, corresponding to a positive variation of 7.4 million euros relative to 2018. As a whole, net income arises from: i) the increase of net trading income by 272.1% derived from the earnings obtained from the securities portfolio; ii) the increase of net commissions which shifted from 152.4 million euros in 2018 to 162.5 million euros (+6.6%) in 2019; and iii) the impairment reversals for the year of 2019 (634 thousand euros in 2018 to -3.6 million euros in 2019).

The recorded increase of almost 5 million euros in other net operating income in 2019 in relation to 2018, was essentially due to the increase of other operating revenues via the recovery of uncollectible credit.

Income Statement

In thousand euros	2017	2018	2019	Variation Abs.	Variation %
Interest and similar income	407,803	407,206	405,247	-1,959	-0.5%
Interest and similar costs	118,124	101,898	106,398	4,500	4.4%
Net Interest Income	**289,679**	**305,308**	**298,849**	**-6,459**	**-2.1%**
Net commissions	148,122	152,443	162,480	10,037	6.6%
Net trading income	82,869	4,795	17,841	13,046	272.1%
Other net operating income	11,985	12,036	16,982	4,945	41.1%
Operating Income	**532,655**	**474,582**	**496,151**	**21,569**	**4.5%**
Structural Costs	316,435	326,599	339,845	13,245	4.1%
Staff costs	176,753	179,004	177,937	-1,067	-0.6%
*of which non-recurring**	*2,012*	*2,053*	*1,794*	*-259*	*-12.6%*
General administrative overheads	127,193	135,599	145,651	10,052	7.4%
*of which non-recurring**	*43*	*46*	*713*	*667*	*1440.9%*
Amortisation	12,488	11,996	16,257	4,261	35.5%
Provisions and impairments	14,563	634	-3,601	-4,234	n.a.
Earnings before tax	**201,658**	**147,349**	**159,907**	**12,558**	**8.5%**
Taxes, after correction and deferred	54,027	39,326	44,442	5,116	13.0%
Net Income	**147,631**	**108,023**	**115,465**	**7,442**	**6.9%**

(*) Costs related to indemnities and consulting.

Net Interest Income

SICAM's net interest income decreased by 2.1%, having shifted from 305 million euros in 2018 to 299 million euros in 2019.

NET INTEREST INCOME

in thousand euros	2017			2018			2019		
Variables	Average capital	Average rate (%)	Income / Costs	Average capital	Average rate (%)	Income / Costs	Average capital	Average rate (%)	Income / Costs
Credit to customers	9,074,154	2.87%	260,685	9,697,414	2.70%	262,208	10,287,143	2.58%	265,881
Securities and other investments [1]	6,157,652	0.80%	49,265	5,898,179	0.77%	45,123	5,560,336	0.73%	40,414
Financial assets	**15,231,806**	**2.0%**	**309,951**	**15,595,593**	**1.97%**	**307,330**	**15,847,479**	**1.93%**	**306,295**
Customer deposits	12,204,463	0.15%	18,117	13,293,005	0.10%	13,509	14,616,188	0.08%	12,266
Funds of Central Banks and other liabilities [2]	1,868,652	0.12%	2,154	1,988,266	-0.58%	-11,486	1,546,819	-0.31%	-4,820
Financial liabilities	**14,073,116**	**0.14%**	**20,271**	**15,281,271**	**0.01%**	**2,023**	**16,163,007**	**0.05%**	**7,446**
Net interest income		**1.89%**	**289,679**		**1.96%**	**305,308**		**1.89%**	**298,849**
Intermediation margin [3]		2.72%			2.60%			2.50%	
Average Euribor rate (6 months)		-0.26%			-0.27%			-0.30%	

[1] Income net of costs related to premium amortisation. Includes Cash balances, Investments in credit institutions and Investments in equity securities (shares).

[2] Funds of central banks, Funds of other credit institutions and other subordinated liabilities.

[3] Average rate of credit to customers - average rate of customer deposits.

The negative evolution of net interest income was influenced by the price effect, (i) the reduction of the average interest rate of investments in securities from 0.77% to 0.73%; (ii) the reduction of the average interest rate of credit to customers from 2.70% to 2.58%; and (iii) the increase of the average interest rate of funds of Central Banks and other liabilities from -0.58% to -0.31%; and by the volume effect, where particular reference is made to the increase of customer deposits that was higher than the increase of credit granted to customers and investments in securities.

Offsetting these negative effects, was the notable increase of the average balance of credit granted (+590 million euros) and the reduction of the average interest rate of remuneration of customer deposits which shifted from 0.10% to 0.08%.

Net Commissions

In 2019, net commissions reached 162.5 million euros, reflected in an increase of 6.6% compared to the 152.4 million euros recorded in 2018. This effect was the result of:

i) the 12.9% increase of commissions received related to credit operations (+4.0 million euros);
ii) the 8.5 % increase of commissions received related to placement and marketing in the areas of insurance and investment funds (+3.6 million euros), following the Group's focus on strengthening the cross-selling of products complementing the banking business;
iii) the 11.0% increase of commissions received related to credit and debit cards (e.g. annuities) and interbank fees (+3.3 million euros).

COMMISSIONS

In thousand euros	2017	2018	2019	Variation	
				Abs.	%
Commissions received	**159,760**	**165,300**	**177,416**	**12,116**	**7.3%**
As % of Operating Income	*30.0%*	*34.8%*	*35.8%*	*0.9 p.p.*	
Guarantees provided	4,084	4,090	4,035	-56	-1.4%
Open documentary credit	80	69	71	2	3.0%
Commitments to third parties	7,392	7,500	7,802	302	4.0%
Deposit and custody of values	4,220	3,807	4,179	372	9.8%
Collection of values	807	825	885	60	7.3%
Transfer of values	2,556	3,037	3,422	386	12.7%
Credit operations	30,195	30,891	34,867	3,976	12.9%
Cards and interbank	27,997	30,285	33,612	3,327	11.0%
Placement and marketing	38,130	41,651	45,203	3,553	8.5%
Other commissions received	44,298	43,145	43,340	195	0.5%
Commissions paid	**11,638**	**12,857**	**14,936**	**2,079**	**16.2%**
Deposit and custody of values	1,141	1,141	1,034	-107	-9.3%
Collection of values	45	72	60	-12	-17.0%
Interbank related to cards	0	10,464	12,336	1,872	17.9%
Securities transactions	235	89	268	180	203.1%
Other commissions paid	10,217	1,091	1,238	146	13.4%
Total net commissions	**148,122**	**152,443**	**162,480**	**10,037**	**6.6%**

The stronger activity of the investee companies was reflected in higher remuneration of Caixa Central and the Associated Caixas by 5.1 million euros (+15.1%). We also highlight the decline of around 20% of other commissions essentially due to the reduction of commissions related to marketing of recovered real estate investment funds 100% held by Crédito Agrícola and the securities investment funds managed by IMGA.

PLACEMENT AND MARKETING COMMISSIONS RECEIVED

In thousand euros	2017	2018	2019	Variation	
				Abs.	%
CA Seguros	21,893	23,309	25,782	2,473	10.6%
CA Vida	10,119	10,481	13,121	2,641	25.2%
Sub-total	**32,012**	**33,790**	**38,903**	**5,113**	**15.1%**
Other placement/marketing commissions	6,119	7,861	6,300	-1,561	-19.9%
Total	**38,130**	**41,651**	**45,203**	**3,553**	**8.5%**

Net Trading Income

Net trading income reached 17.8 million euros in 2019, reflecting an increase of 13.0 million euros in comparison to 2018 (+272%). This growth is primarily explained by the income of the value of 16.4 million euros in financial gains at amortised cost (arising from the capital gains in the sale operation of Portuguese, Italian and Spanish public debt) compared to the 15.6 million euros in 2018 which was recorded under sovereign public debt in the earnings of financial assets at fair value through other comprehensive income.

This improvement of net trading income was also due to the lower negative earnings of assets and liabilities at fair value through profit or loss, which shifted from -13.8 million euros in 2018 to -4.1 million euros in 2019, related to gains and losses in swaps to hedge interest rate risk.

NET TRADING INCOME

In thousand euros	2017	2018	2019	Variation	
				Abs.	%
Earnings from financial assets at fair value through other comprehensive income	79,189	15,813	2,760	-13,054	-83%
Sovereign public debt	*73,674*	*15,598*	*2,760*	-12,838	-82%
Other debt instruments	*5,896*	*215*	*0*	-215	-100%
Equity instruments	*-381*	*0*	*0*	0	-100%
Income from equity instruments	2,155	727	746	19	3%
Earnings from currency revaluation	1,333	2,017	2,075	58	3%
Gains/(Losses) of financial assets at amortised cost	0	0	16,395	16,395	n.a.
Earnings from assets and liabilities at fair value through profit or loss	193	-13,762	-4,135	9,627	-70%
Total net trading income	**82,869**	**4,795**	**17,841**	**13,046**	**272%**

Structural Costs

Structural costs grew by around 13.2 million euros to 340 million euros. This evolution is largely explained by the increased business support services and shared technology services provided by CA Serviços to SICAM. In turn, the reduction of staff costs by 1.0 million euros is explained by the additional allocation of the effort of 96 employees of Caixa Central, in relation to 2018, in the provision of services to the Group, by CA Serviços A.C.E., under the multi-employment arrangement, contributing to a reduction of staff costs.

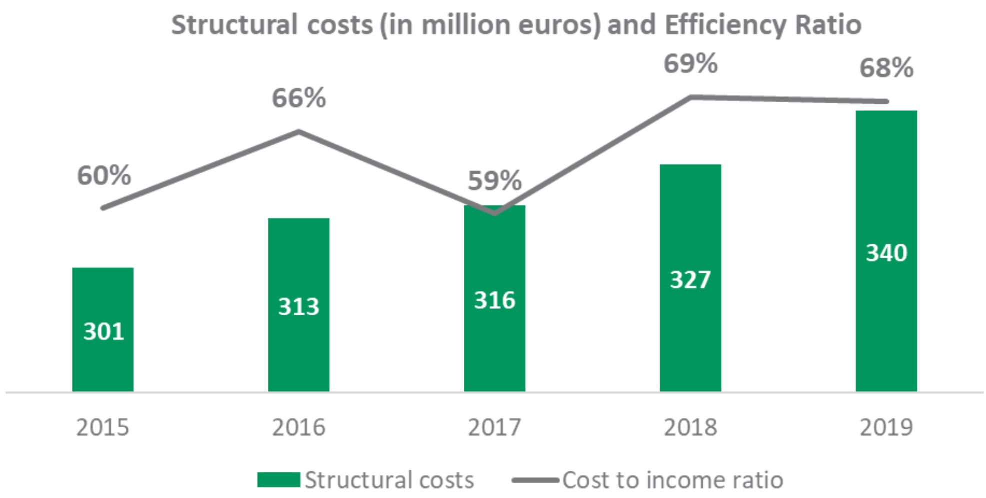
Amortisation for the year increased by 4.3 million euros (+35.5% in relation to 2018) primarily as a result of the changes arising from IFRS16 with respect to the book entry of lease payments under this heading instead of under general administrative overheads.[6]

STRUCTURAL COSTS

In thousand euros	2017	2018	2019	Variation	
				Absolute	Relative
Operating costs	303,946	314,603	323,588	8,984	2.9%
Staff costs	176,753	179,004	177,937	-1,067	-0.6%
*of which non-recurring**	*2,012*	*2,053*	*1,794*	*-259*	*-12.6%*
General administrative overheads	127,193	135,599	145,651	10,052	7.4%
*of which non-recurring**	*43*	*46*	*713*	*667*	*1440.9%*
Amortisation	12,488	11,996	16,257	4,261	35.5%
Structural costs	**316,435**	**326,599**	**339,845**	**13,245**	**4.1%**
Non-recurring costs*	2,054	2,099	2,508	409	19.5%
Structural costs excluding non-recurring costs	**314,381**	**324,500**	**337,337**	**12,837**	4.0%
Cost to income ratio	**59.4%**	**68.8%**	**68.5%**	**-0.32 p.p.**	

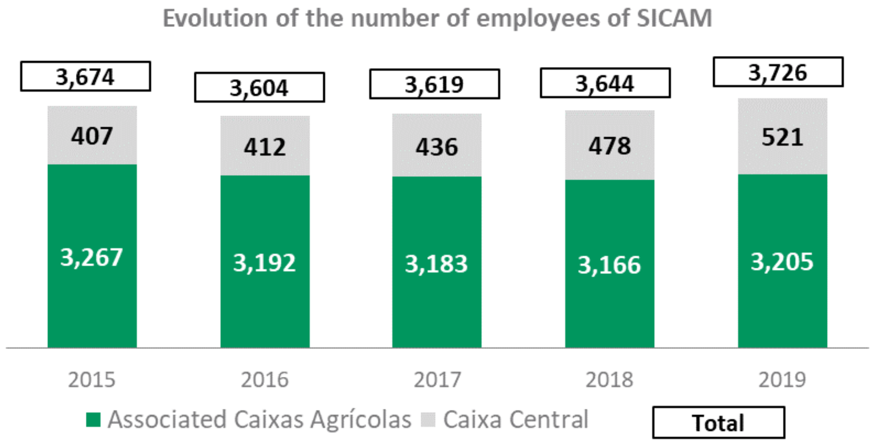
(*) Costs related to early retirement, indemnities and consulting services.

The efficiency ratio (cost-to-income) fell slightly from 68.8% in 2018 to 68.5% in 2019, as a result of the growth of operating income having been higher than the increase of structural costs.



[6] Amortisation for the year reflects the costs of lease payments that are no longer recorded under general and administrative overheads and are henceforth reflected in the accounts of (i) Interest - Lease payments - Right-of-use, of the part corresponding to interest; and (ii) Real estate properties - Right-of-Use - Amortisation for the year, of the part relative to the amortisation of principal, as established in IFRS 16.

Evolution of the Employees of SICAM



In 2019, the number of employees of SICAM increased from 3,644 to 3,726 (+82 employees). More than 50% of this increase occurred by virtue of the increase of 43 employees at Caixa Central (with the greatest contribution to this increase being explained by personnel in the business support function with +19 Full Time Equivalent (FTE) and control functions with +12 FTE). It is also important to highlight the existence of 249 employees of Caixa Central working under a multi-employment arrangement with CA Serviços (+96 compared to 153 multi-employment positions in 2018), as a result of the operationalisation of shared services.

Provision/Impairment Levels

In 2019, the volume of impairments at SICAM was embodied in a reversal of 3.6 million euros, compared to the 0.6 million euros of impairments constituted in 2018 and the 14.6 million euros constituted in 2017. The distribution of the provisions and impairments for the year was as follows:

i) credit impairments fell by 3.9 million euros (from +1.7 million euros in 2018 to -2.1 million euros in 2019);
ii) the impairments of other financial assets fell by 1.5 million euros compared to 2018 (from +0.6 million euros in 2018 to -0.9 million euros in 2019);
iii) the impairments of other assets increased by 0.4 million euros to 1.7 million euros;
iv) and other provisions and impairments recorded a lower reversal, when compared to that of previous years. In 2019, this figure was -2.4 million euros, compared to the -3.1 million euros in 2018.

This variation, in particular with respect to credit impairments, is explained by the adjustment to the trend of improvement observed in the credit portfolio risk parameters of Crédito Agrícola which was influenced by the progressive standardisation of credit concession, monitoring and recovery processes, but also the improvement of the national macroeconomic scenario.

This improvement, combined with the implementation of the plan to reduce non-performing loans, is reflected in a reduction of the NPL ratio from 10.4% in 2018 to 9.2% in 2019 and in a rate of coverage of NPL by impairments that reached 42.2% in 2019, while the coverage of NPL by impairments and collateral stood at 131.0%.

PROVISIONS / IMPAIRMENTS

In thousand euros	2017	2018	2019	Variation Abs.	Variation %
Loan impairment	2,300	1,736	-2,134	-3,870	n.a.
Impairment of other financial assets	12,131	645	-850	-1,495	n.a.
Impairment of other assets	5,655	1,346	1,747	401	29.8%
Other provisions / impairments	-5,524	-3,094	-2,364	730	n.a.
Total	**14,563**	**634**	**-3,601**	**-4,234**	**n.a.**

Profitability

Banking activity, reflected in the gross commercial margin, fell slightly by 0.02 p.p. in 2019 in relation to 2018, as a result of the lower average profitability of net interest income (-0.07 p.p.), to a large extent offset by the increased average profitability of commissions (+0.05 p.p.).

BREAKDOWN OF PROFITABILITY

	2017	2018	2019	Variation
+ Taxa activos financeiros	2.03%	1.97%	1.93%	-0.04 p.p.
- Taxa passivos financeiros	0.13%	0.01%	0.05%	0.03 p.p.
= Margem financeira	**1.90%**	**1.96%**	**1.89%**	**-0.07 p.p.**
+ Rendibilidade de comissões	0.97%	0.98%	1.03%	0.05 p.p.
= Margem Comercial Bruta	**2.87%**	**2.94%**	**2.91%**	**-0.02 p.p.**
+ Resultado de operações financeiras e outros	0.62%	0.11%	0.22%	0.11 p.p.
= Margem de Negócio	**3.50%**	**3.04%**	**3.13%**	**0.09 p.p.**
- Efeito dos custos de estrutura	2.08%	2.09%	2.14%	0.05 p.p.
- Efeito de provisões e impostos	0.45%	0.26%	0.26%	0.00 p.p.
= Rendibilidade dos activos financeiros	**0.97%**	**0.69%**	**0.73%**	**0.04 p.p.**
x Financial assets / Net assets	0.93	0.88	0.86	
= Rendibilidade do activo (ROA)	**0.90%**	**0.61%**	**0.63%**	**0.01 p.p.**
x Net assets / Equity	11.38	11.58	11.14	
= Rendibilidade dos capitais próprios (ROE)	**10.22%**	**7.08%**	**6.97%**	**-0.12 p.p.**

The profitability achieved in the financial operations increased by 0.11 p.p. in relation to 2018, which gave rise to growth of the business margin by 0.09 p.p. However, the combination of the negative effect of the increased structural costs (+0.05 p.p.), attenuated the increased profitability of the financial assets to +0.04p.p.

Despite the increase referred to above, the return on equity showed a reduction of 0.12 p.p., having shifted from 7.08% in 2018 to 6.97% in 2019, as a result of the reduction of the weight of financial assets in total assets (86% versus 88%) and due to the increase of equity (+8.7%) having been proportionally higher than the increase of net assets (+4.6%), giving rise to a reduction in the financial leverage ratio (net assets/equity) of 11.58 times to 11.14 times.

ii. Structure of the Balance Sheet

Balance Sheet				
In thousand euros	**2018**	**2019**	**Variation Abs.**	**%**
Cash, cash balances at central banks and other demand deposits	796,044	1,187,167	391,122	49.1%
Financial assets held for trading	104,602	99,027	-5,574	-5.3%
Non-tradable financial assets mandatorily stated at fair value through profit or loss	276,349	262,163	-14,186	-5.1%
Financial assets stated at fair value through other comprehensive income	1,038,462	986,172	-52,289	-5.0%
Financial assets at amortised cost	14,321,144	14,642,456	321,311	2.2%
of which: Credit to Customers (net)	9,488,702	10,218,656	729,954	7.7%
Credit to Customers (gross)	9,959,804	10,614,482	654,678	6.6%
Accumulated Provisions / Impairments	471,102	395,826	-75,276	-16.0%
Derivatives - Hedge accounting	40,723	131,034	90,311	221.8%
Investments in subsidiaries, joint ventures and associates	90,874	90,874	0	0.0%
Tangible assets	222,256	243,202	20,947	9.4%
Intangible assets	209	108	-101	-48.3%
Tax assets	150,025	109,354	-40,670	-27.1%
Non-current assets and groups for divestment classified as held for sale	280,023	223,762	-56,261	-20.1%
Other assets	337,075	492,763	155,688	46.2%
Total Assets	**17,657,787**	**18,468,083**	**810,297**	**4.6%**
Financial liabilities held for trading	1	4,832	4,831	410273.4%
Financial liabilities stated at amortised cost	15,882,485	16,443,528	561,042	3.5%
of which: Customer Funds	13,947,821	15,284,555	1,336,734	9.6%
Derivatives - Hedge accounting	45,399	138,655	93,256	205.4%
Provisions	21,261	18,495	-2,766	-13.0%
Tax liabilities	7,669	3,583	-4,086	-53.3%
Share capital repayable at sight	958	829	-130	-13.5%
Other liabilities	175,257	200,573	25,317	14.4%
Total Liabilities	**16,133,030**	**16,810,494**	**677,464**	**4.2%**
Equity	1,524,756	1,657,589	132,833	8.7%
Total Equity + Liabilities	**17,657,787**	**18,468,083**	**810,297**	**4.6%**

In 2019, total assets stood at 18,468 million euros, corresponding to 4.6% growth in relation to 2018, due to the following factors:

- the 7.7% increase of net credit to customers (+730.0 million euros), as a result of SICAM's commercial performance and the improved quality of the credit portfolio;
- the approximately 49% increase of cash balances (+391.1 million euros), in particular due to the increased cash balances at central banks.

Total liabilities accompanied the trend of total assets with an increase of 4.2%, to stand at 16,810 million euros, corresponding to an increase of 677 million euros. This increase is largely related to the increased customer funds (+1,337 million euros).

It is important to note that, despite the observed growth of credit, the net loan-to-deposit ratio stood at 66.8%, significantly below the values recorded in the banking system as a whole.

EQUITY

In thousand euros	2018	2019	Variation	
			Abs.	%
Principal	1,159,706	1,212,696	52,990	4.6%
Reserves	338,484	377,435	38,951	11.5%
Retained earnings	-81,457	-48,007	33,449	n.a.
Net income for the year	108,023	115,465	7,442	6.9%
Total	**1,524,756**	**1,657,589**	**132,833**	**8.7%**

Equity grew by 132.8 million euros (+8.7%), to stand at 1,658 million euros, as a result of:

i) the increased share capital by 53.0 million euros through new Associates and reinforcement of the equity securities of the existing Associates;

ii) the strengthening of reserves by 39.0 million euros;

iii) and the increase of retained earnings (+33.4 million euros).

Financial Assets at Fair Value

Grupo Crédito Agrícola has adopted a very conservative liquidity management policy, self-imposing maximum loan-to-deposit ratios of 85% on the Associated Caixas (considering direct investments in national public debt securities) and maintaining, on a consolidated basis, a loan-to-deposit ratio clearly below 100%.

Grupo Crédito Agrícola's structural surplus liquidity, managed centrally by the Financial Department of Caixa Central, has been channelled towards investments in highly liquid debt securities. In the current market context, in this regard, the role of the ECB cannot be excluded as a guarantor of liquidity of the financial institutions of the eurozone, and therefore, debt securities accepted as collateral for refinancing operations that are not likely to have their haircut adjusted downwards in the short term can be considered as highly liquid. Indeed, sine the very beginning, Grupo Crédito Agrícola has always maintained very conservative liquidity levels, considering the historical performance of the funds under its custody.

Overall, the portfolio of financial assets declined to stand at 5,767 million euros at the end of 2019, compared to 6,252 million euros recorded at the end of 2018 (-7.7%).

FINANCIAL ASSETS AVAILABLE FOR SALE, HELD TO MATURITY AND FOR TRADING

In thousand euros	2018 Value	2018 % of total	2019 Value	2019 % of total	Δ 2019/ 2018
Portfolio of assets					
Financial assets available for sale	**1,038,462**	**16.6%**	**986,172**	**17.1%**	**-5.0%**
Treasury bills and other Portuguese debt securities	276,425	4.4%	230,701	4.0%	-16.5%
Bonds of other resident issuers	61,862	1.0%	65,791	1.1%	6.4%
Bonds of foreign public issuers	677,413	10.8%	669,605	11.6%	-1.2%
Bonds of other foreign issuers	22,762	0.4%	20,075	0.3%	-11.8%
Shares of national companies and PUs	0	0.0%	0	0.0%	n.a.
Shares of foreign companies and PUs	0	0.0%	0	0.0%	n.a.
Investments held to maturity	**4,832,411**	**77.3%**	**4,419,981**	**76.6%**	**-9%**
Treasury bills and other Portuguese debt securities	2,614,208	41.8%	2,361,741	41.0%	-10%
Bonds of other national public issuers	8,924	0.1%	56,934	1.0%	538%
Bonds of other resident issuers	51,934	0.8%	1,874,472	32.5%	3509%
Bonds of foreign public issuers	2,082,941	33.3%	0	0.0%	-100%
Bonds of other foreign issuers	23,952	0.4%	73,375	1.3%	206%
Other non-detailed	50,453	0.8%	53,459	0.9%	6%
Financial assets held for trading	**380,951**	**6.1%**	**361,191**	**6.3%**	**-5.2%**
Total	**6,251,824**	**100.0%**	**5,767,344**	**100.0%**	**-7.7%**

05 Risk management

V. RISK MANAGEMENT

5.1 GOVERNANCE OF RISK MANAGEMENT

a) Organisational structure

Grupo Crédito Agrícola (GCA) guides its activity and in-house procedures by best international practices on risk management matters, also taking into account the guidelines issued by the Basel Committee on Banking Supervision (BCBS) and the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and ensuring full compliance with the requirements established in the Portuguese and European prudential framework.

The appropriate management of risks derived from the activity constitutes a priority for GCA, which recognises its decisive impact on the creation of value and its fundamental role in the construction of a cohesive and solid internal control system.

The risk management system is underpinned by a governance model, an organisational structure and processes of support and control of risk that assure, at all times, the complete separation between the risk origination, management and control functions. In this context, the risk management function provides support to the management body and plays an important role in the defence of the Group's financial solidity, ensuring the consistency, integration and consolidation of the risks in a portfolio vision and ensuring that the organisation as a whole manages the risks within the established limits and rules.

At GCA, risk management aims to ensure, at an individual and consolidated level, the effective application of the risk management system, through the continuous monitoring of its adequacy and efficacy. This primarily implies the definition of the respective risk profile and its monitoring over time, as well as the adequacy and efficacy of the measures taken to correct any flaws in this system.

Over recent years, the risk management function has been consolidated at GCA, through the continued expansion of the risk management system's capacity, in particular with respect to its alignment with best market practices and compliance with the provisions established in the regulatory framework in force, namely Banco de Portugal Notice 5/ 2008 and the European Banking Authority (EBA) guidelines on the internal governance of institutions (GL 11/2017). The current model is based on the provision of means of support and the allocation of specialised and dedicated resources to ensure the monitoring, control and support of the managers of the risk management function of the Caixas Agrícolas, taking into account the corporate perspective of Grupo Crédito Agrícola in force in the regulatory framework, which establishes strong articulation with Caixa Central.

The present evolution contributes to the development and implementation of a risk management system based on solid processes and appropriate methodologies for identification, assessment, monitoring and control of risks of the activity developed, on an individual and consolidated basis.

The Risk Committee plays a fundamental role in supporting the definition and implementation of the Group's risk and capital management policies, as it collaborates in the overall supervision of the risk management policies applied by the members of GCA. The Risk Committee is generally responsible for supporting the definition of the overall objectives and issuing guidelines concerning the management of the different risks, seeking to assure their application and transposition to current activity. In performing this mission, the body is responsible for assuring the appropriate integration of the different aspects, functional perspectives and elements involved in the activity and which are reflected in their operating practices.

GCA's asset, liability and equity management involve all the initiatives aimed at identifying, quantifying and managing the risks inherent to financial intermediation activity, coordinating this with all the rest of the functional dimensions that are relevant in this regard. And, in this matter, the Asset, Liability and Capital Committee (ALCCO) is the collegiate body entrusted with the preparation, decision-making and subsequent monitoring of the implementation of the measures defined in terms of asset, liability and capital management.

In line with best practices, each component entity of SICAM generally has a series of bodies that intervene in the governance of risk, in particular concerning credit aspects, such as Credit Boards which aim to assure the quality of the portfolio trough decision-making on operations or limits placed within each of the levels of delegation of competence, as well as Credit Monitoring and Recovery Boards.

Risk appetite – Risk profile – Risk strategy

The risk appetite framework, risk profile and system of limits correspond to the risk level that GCA is willing to accept, pursuant to its strategic positioning, structural features and degree of acceptance of risk. The procedures endorsed with a view to the prudent management of the business and appropriate assessment of risk reflect Grupo Crédito Agrícola's risk profile at any given moment. Accordingly, its definition and continuous readjustment are deemed necessary to maintain the desired relationship between risk and return.

The risk appetite framework (RAF) and its governance constitutes a core component of the risk management system of GCA, and entails the following main elements:

(i) Risk appetite statement (RAS) - consists of the formalisation of the risks that the Group is willing to accept in order to achieve its strategic goals, and is operationalised in the risk profile framework of GCA;

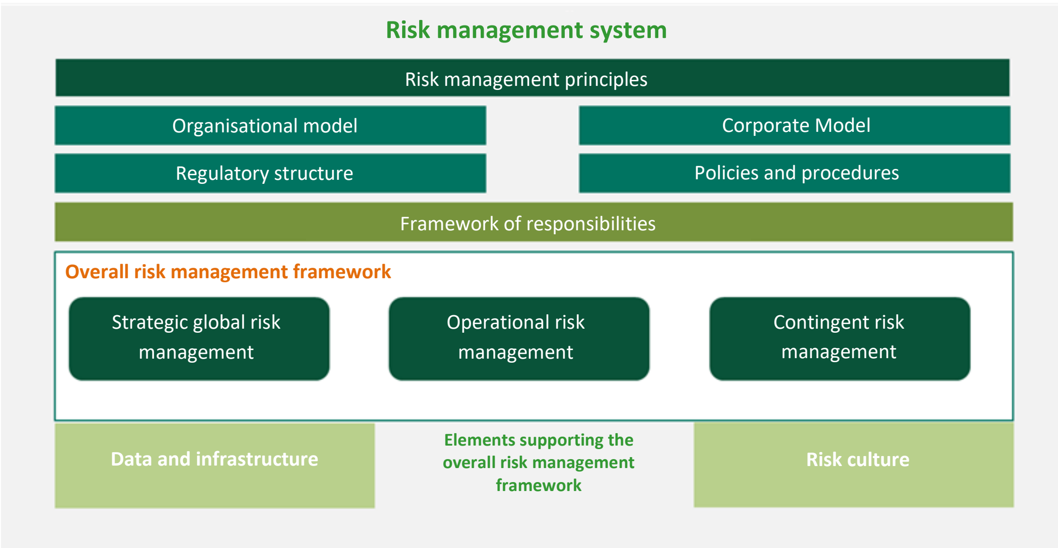
(ii) Underlying system of limits and response mechanism for the overstepping of the defined tolerance and its monitoring, based on the information provided, namely, by the Group's strategic and business planning, by the internal capital adequacy assessment process (ICAAP) and internal liquidity adequacy assessment process (ILAAP), by the stress testing programme and by the risk management operational processes; and

(iii) Model of integration of risk appetite in the Group's management practices. The methodology underlying the definition of the risk profile is based on the accomplishment of the strategic objectives, proposed by the Executive Board of Directors and endorsed at the General Meeting, in terms of indicators and limits of exposure to risk, which should be incorporated in daily business activity.

The risk appetite corresponds to the strategic component of the risk profile of GCA, and may be defined through a set of strategic goals duly aligned with the Institution's positioning, values and ethics. The strategic goals defined by the Executive Board of Directors are guided by the combination both of the short-term expectations and long-term goals. The risk appetite is reflected, at the tactical level, in a series of indicators relative to risk tolerance levels for each type of risk and for each business line. For each indicator, the aim is to collect the maximum historical record possible, so as to enable the definition of the limits of exposure to risk taking into account the Institution's historical trends and the current macroeconomic and market situation.

GCA also establishes, for the set of indicators referred to above, the limits that determine the taking of measures to regularise the capital or liquidity levels, which are distinguished by their nature: (i) warning limits: referred to as “early warning signals”, enable identifying negative trends; and (ii) activation limits: “triggers” that lead to the triggering of the corrective measures established in the recovery plan. When the limits of the risk profile indicators are overstepped, the corresponding analysis shall be carried out to enable ascertaining the need to activate measures aimed at their regularisation, observing the materiality of their impact leading to possible situations of financial imbalance.

The diagram below aims to illustrate, in a summarised form, the different components of the risk management system of Grupo Crédito Agrícola:



In view of the particularities of the cooperative system, namely the corporate and commercial autonomy of the Caixas Agrícolas and their involvement on the local economy and in the communities in work they are situated, the risk profile of the entities of SICAM follow a reference profile within the limits established for the purpose and the identification of measures to adjust capital or liquidity levels.

5.2 FINANCIAL RISKS (CREDIT, MARKET, INTEREST RATE, LIQUIDITY)

a) Credit risk

Strategy and Guiding Principles

Credit risk is the most important risk of the activity of GCA in view of its legal nature and the particularities of the Group's business strategy.

The objective of credit risk management is to maximise the income per unit of risk taken, maintaining the exposure to this risk at acceptable levels in relation to the business development objectives and, ultimately, always respecting the regulatory requirements.

The credit risk strategy and policies are defined, reviewed and approved at least once a year, assuring that they cover all the activities in which there is significant exposure to this type of risk.

GCA aims to maintain comfortable credit risk levels, pursuing a conservative policy reflected in keeping the NPL ratio of each segment below or in line with its market peers, and embodied in the establishment of risk exposure limits. In this perspective, the strategic plan for management of non-performing loans of GCA is of particular relevance in the current context, as it establishes the approach and goals of each one of the entities of SICAM aimed at their active reduction within a feasible period of time, while being sufficiently ambitious as to the results to be attained. The NPL ratio reached 9.2% as at 31 December 2019 (calculated pursuant to Banco de Portugal Instruction 20/2019), showing a significantly favourable evolution. The active reduction measure associated to the annulment of loans considered uncollectible has led to a considerable reduction of the portfolio of non-performing loans, as well as the presence of specialised tools and improvement of GCA's capacity in monitoring and recovery.

With a view to reducing losses on granted credit, GCA applies a series of measures which seek to enhance the control over customers and operations, strengthen analytical capacity, improve decision-making on granting credit and reinforce the monitoring of customers to assure preventive action.

- **Credit risk analysis process**

The procedures associated to credit risk analysis enable controlling its conformity, efficacy and efficiency, following a series of fundamental principles, such as, the appraisal of the borrower's repayment capacity through an informed vision of the borrower's activity and consolidated banking relationship; the gaining of thorough knowledge about the customer, derived from experience of relations and collection of information about the customer, the application of homogenous methods, criteria and practices in risk assessment, the appropriate separation of duties, risk assessment conducted in a manner that is independent, impartial, rigorous and pursuant to the ethical and professional criteria governing GCA and pursuant to the defined policies and procedures, respecting the prudential regulations.

- **Decision-making process**

In order to reconcile the commercial interest with the adequate management of the underlying credit risk, the variables are identified which, as a whole, determine the degree of risk of the customer and operation, which are based on analytical models supporting the decision-making process. In this regard, we have the scoring models intended for the segment of individual customers (including sole proprietorships) and rating models that seek to assess the credit risk of corporate customers.

- **Monitoring process**

The credit portfolio monitoring process is underpinned by a tool which enables monitoring and systematising the credit throughout the pre-recovery phase, and also includes a series of monitoring procedures. These procedures enable keeping the portfolio in line with the defined strategy on limits of exposure, diversification and coverage by guarantees and credit impairment, and the individual monitoring of each operation, customer or group of customers. The objective is to monitor the evolution of the probability of receiving expected future cash flow and the adoption of measures aimed at minimising the probability of occurrence of losses derived from an adverse development of the customers' financial situation. In this regard, the process of calculating credit impairments plays an important role in the monitoring activities.

- **Recovery process**

In the case of situations of default, the customer's liabilities are managed by a specific and autonomous area which appraises the potential recovery of these liabilities through renegotiation, the calling of the existing guarantees or other means involving litigation. To support this process, the Group has specialised computer tools which enable expediting the associated tasks, such as organising the information into extrajudicial and judicial case files, distributing the case files to the personnel of the recovery area, creating draft documents and providing information in due time on the status of these cases.

Grupo Crédito Agrícola applies the standard approach in determining own fund requirements for credit risk, as established by the Basel prudential requirements, recording the value of 8.7 billion euros as at 31 December 2019.

Analytical Models of Credit Risk Assessment

The internal model of attributing ratings to company customers, the scoring models (applicational and performance) directed at the segment of individual customers, including sole proprietorships, the system of management and control of economic groups and risk, the system of management and control of credit limits, the credit workflow, the tools supporting the credit monitoring and recovery processes, and the management tool for guarantees and collateral received, aim to achieve a significant improvement in the field of credit risk management at GCA, not only through the enhanced quality of the supporting information, but also due to the dynamism and robustness they foster, contributing to the efficient monitoring of the credit portfolio.

The internal rating model based on statistics adopted by Crédito Agrícola as the tool underlying the decision-making and monitoring of the portfolio of credit to customers with economic activity, seeks to standardise and summarise the risk rating of these customers, primarily aimed at its mitigation, and resulting in a scale of solvency associated to different risk profiles.

In order to quantify the risk at the time of acceptance of credit for the segment of individual customers, application scoring models (reactive) are used for each segment, which enable estimating the probability of default, also based on a solvency scale correlated with the risk profile of the customer/operation. In some segments, with specific features, credit limits are presented of indicative nature associated to each risk category.

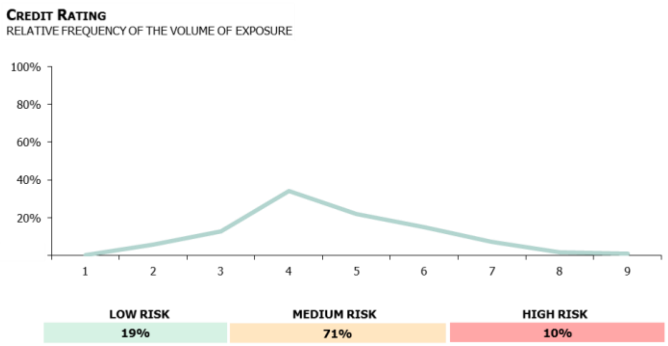
In line with these, the performance scoring models enable the regular and automatic updating of the risk rating, the permanent assessment of the customers and contracts, and the periodic monitoring of the credit granted to individual customers, especially by weighting the internal performance information.

Assessment of Exposure

The credit granted to customers of GCA grew by 6.7% year-on-year, standing at 10.6 million euros in December 2019. Credit to individuals grew by 1.2%, to 4.1 billion euros, with credit to companies having risen by 10.3%, amounting to 6.5 billion euros.

Non-performing loans (NPL) to customers reached 939 million euros in December 2019. The downward trend was primarily due to the process of annulment of credit considered uncollectible under the strategic plan for the management of non-performing loans of GCA, with the NPL ratio having fallen from 10.4% (December 2018) to 9.2%, therefore, recording a significantly favourable evolution. The NPL ration net of impairment stood at 6.1%, the degree of coverage of coverage of NPL by impairment (total) reached 42% and the coverage of NPL by impairment (total) and collateral (applying haircuts and costs) stood at 131%.

The analysis of the portfolio of credit to customers with economic activity, according to its relative distribution over the different risk categories, enables identifying a strong concentration in the medium and low risk profile, which account for 90% of the amount of exposure, respectively.

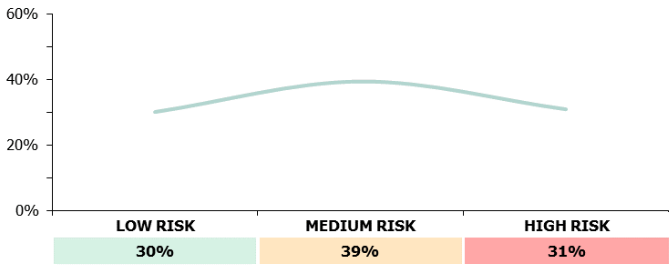


Rating	Description of the customer's risk profile
1	Extremely Solid
1.5	Very Solid
2 2.5 3	Solid
3.5 4 4.5	Reasonable
5 5.5 6	Moderately Vulnerable
6.5 7 7.5	Vulnerable
8	Very Vulnerable
8.5 9	Excessively Vulnerable

In the segment of individual customers, mortgage loans also show a concentration in the average risk profile, accounting for 39% of the amount of credit granted.

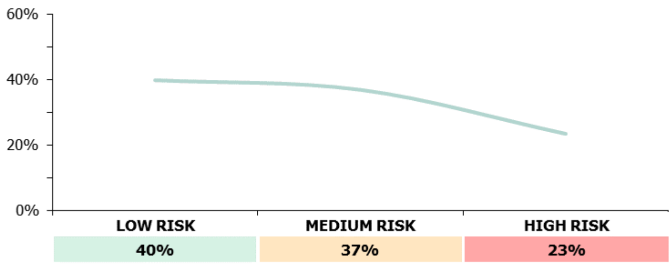
With regard to consumer credit and credit for other purposes, the graphic analysis of relative frequency indicates a downward trend of volume with the increase of the risk level, and a strong incidence in the low and medium risk profile, standing at 40% and 37% of the amount granted, respectively.

Mortgage Loans
RELATIVE FREQUENCY OF THE AMOUNT OF INITIAL EXPOSURE



Risk categories	Level of risk
1	Low
2	
3	
4	Medium
5	
6	
7	High
8	

Consumer Credit and for Other Purposes
RELATIVE FREQUENCY AND AMOUNT OF INITIAL EXPOSURE

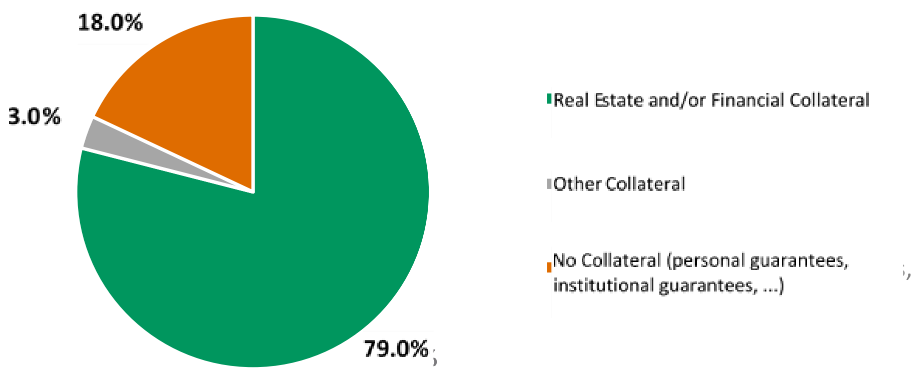


Credit concentration risk

The indicators of credit granted by economic group and risk enable estimating the 10 largest exposures of Grupo Crédito Agrícola, except for Banks and Sovereign States.

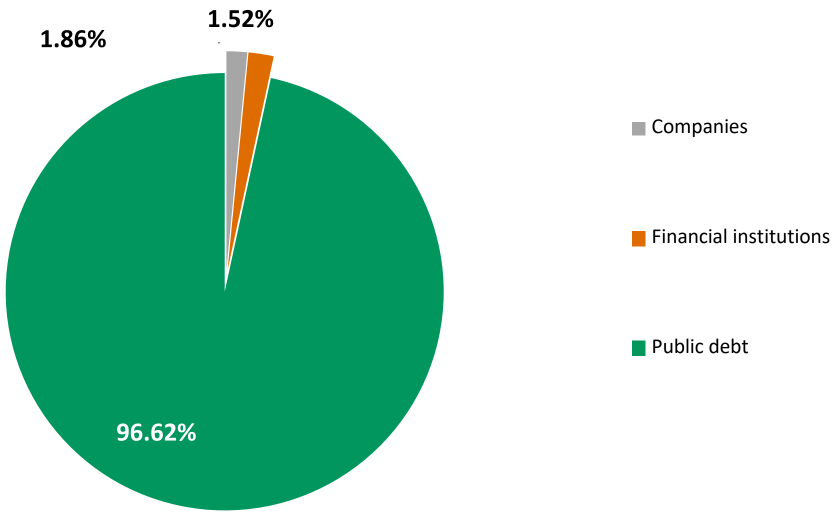
Customer / Group of customers	Weight of Exposure in total portfolio (%)
Group A	1.0%
Group B	1.0%
Group C	0.9%
Group D	0.8%
Group E	0.4%
Total 5 largest	4.1%
Group F	0.3%
Group G	0.3%
Group H	0.3%
Group I	0.3%
Group J	0.3%
Total 6-10 largest	1.4%
Total 10 largest	5.6%
Total 50 largest	12.0%

The composition of the portfolio of guarantees received to cover credit to customers continues to show its usual structure, with preponderance of real estate and financial collateral representing approximately 79% of the volume of credit in December 2019.



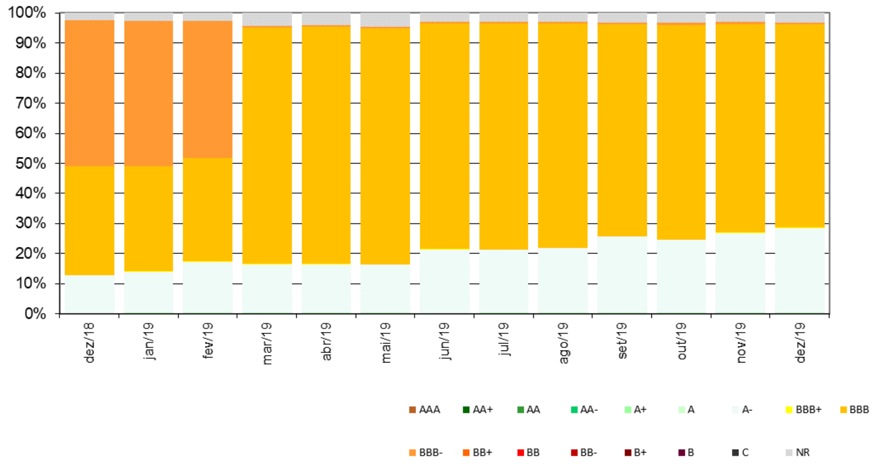
Portfolio of Debt Securities

The securities portfolio (financial investments) held by SICAM reveals a high concentration, considering the type of issuer, with particular incidence on instruments issued by the State or backed by the State, observing the investment policy established at GCA, which prioritises investments of high credit quality convertible into liquidity in a manner tending to be immediate, in particular public debt bonds of eurozone countries.



The distribution of the securities portfolio based on the rating of the counterpart presents the following evolution.

Evolution of the rating distribution attributed to the Securities Portfolio (Base 100)



b) Market risk and exchange rate risk

Market risk reflects any losses derived from an adverse change in the market value of a financial instrument as a consequence of variations in interest rates, exchange rates, share prices, commodity prices, credit spreads or other equivalent variables.

In the context of the strategy and activity developed by Grupo Crédito Agrícola, in 2019, we highlight the existence, under treasury management, of a trading book of limited material value, consisting of financial assets whose cash flows could or could not be considered exclusively principal and interest, including derivative instruments, for the purpose of ensuring the profitability of actual treasury positions.

In order to mitigate the risks incurred, a policy has been implemented of separation of duties, at all times, between the execution of market transactions and risk control.

Apart from the portfolio of securities of Caixa Central, the portfolio of securities of CA Vida is entirely managed by CA Gest, with a defined investment benchmark, according to the risk that is intended to be taken and the desired yield, for each security. This portfolio is valued daily, and monitored on a monthly or weekly basis (periods of major volatility or uncertainty), based on reports and information produced by CA Gest.

The monitoring of the portfolios under management of CA Gest is mainly carried out by regular assessment of the respective composition, average duration, profitability and risk, in this case through Value at Risk (VaR) analyses, being subject to scrutiny by the Asset, Liability and Capital Committee (ALCCO).

Foreign exchange risk arises as a result of changes in exchange rates for currencies whenever there are open positions in these currencies and, similarly to market risk, this is not considered a material risk for Crédito Agrícola.

The profile defined for foreign exchange risk is conservative, embodied in the coverage policy. The traded operations have underlying commercial substantiation, with foreign exchange activity being directed at their coverage within very low limits of exposure. Control and assessment of foreign exchange risk are carried out on a daily basis, individually for each branch and in consolidated terms. At the Group, foreign exchange risk management is centralised and subject to approved limits.

The regulatory capital requirements for market risk, calculated in accordance with the provisions established by Basel, stood at 140 million euros as at 31 December 2019.

c) Interest rate risk

Interest rate risk reflects the probability of occurrence of negative impacts on net income or capital, due to adverse movements in interest rates, as a result of mismatches of maturities or interest rate refixing periods (repricing), alterations of the slope of interest rate curves (curve risk), the lack of a perfect correlation between the rates received and paid in the different instruments (base risk) of the balance sheet, or the existence of embedded options in financial instruments of the balance sheet or off-balance sheet items (optional risk).

Alterations of interest rate constrain net income by affecting not only net interest income, but also other items of operating income that are sensitive to interest rates. The latter includes, for example, the value of public debt securities subject to revaluation at market value. The underlying value of the assets, liabilities, off-balance sheet items, and consequently, equity, are likewise affected in view of the necessary review of the present value of the future cash flows generated by these components (and in many cases the review of the actual cash flows).

Strategy and Guiding Principles

Interest rate risk is an important risk in the activity developed by the Group and, in that regard, is identified, measured, monitored and controlled not only on a consolidated basis but also on an individual basis in terms of Caixa Central and the Associated Caixas. The policy on interest rate risk management is defined and monitored by the Asset, Liability and Capital Committee (ALCCO) in accordance with the guidelines defined by the Executive Board of Directors. The results of the assessments of exposure to interest rate risk and any strategies to hedge against this risk will also be monitored by ALCCO and informed to the Executive Board of Directors.

The definition of appropriate measurements and methodologies for the assessment of interest rate risk and definition of limits of exposure to this risk seek to assure that GCA does not incur situations that place in question the stability of its income statement or, ultimately, its solvency.

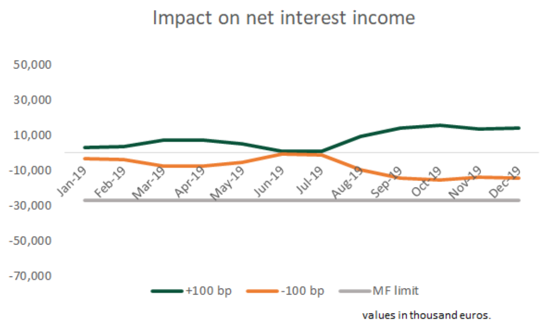
Assessment of Exposure

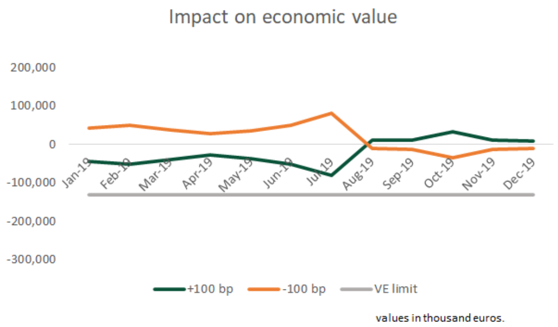
GCA uses a broad set of measurements to determine its exposure to interest rate risk, as well as the definition of a complementing series of limits that seek to minimise the risk of losses associated to interest rate variations both in the short and in the medium and long-term, observing a logic of weekly (Executive Board of Directors) and monthly (ALCCO) follow-up and monitoring.

The monthly assessment of its exposure to interest rate risk uses a methodology based on the grouping of the different sensitive assets and liabilities into time intervals according to the respective rate review dates. For each interval, the cash flows of the assets and liabilities are calculated as well as the correspondent gap sensitive to interest rate risk. Based on the obtained results, an assessment is made of the impact of these gaps on the evolution of net interest income and on the economic value of the entity in various scenarios of interest rate evolution.

Additionally, various types of internal reports are prepared, such as macroeconomic reviews, analyses of the financial statements, assessment of balance sheet risk, gap duration and economic value, projection of assessment of net interest income, analysis of the contribution of the different balance sheet items to net interest income, scenarios of evolution of interest rates, stress tests, asset margins and evolution of the net interest income associated to different balance sheet items. These indicators enable the areas involved in ALCCO and the top management to monitor these situations and take decisions in due time.

Under the internal monitoring of the interest rate risk indicators, in particular in terms of the impact on net interest income (MF) and on the economic value of own funds (VE), the evolution observed throughout 2019 is illustrated in the following representation:





The implementation of improvements in the process of calculation of interest rate risk, which included the re-parameterisation of the distribution over time intervals of the demand deposits and demand deposit overdrafts, with reference to August 2019, implied an increase of the liabilities in the time intervals of 5y - 7y and 7y - 10y, as a result of the increased deposits, reflected in a positive impact on economic value, arising from the variation of +100 b.p. in interest rates. It should be highlighted that this situation actually occurred in the subsequent months up to the end of 2019.

Under the interest rate risk in the banking book (IRRBB) regulatory approach instituted by Banco de Portugal Instruction 34/2018, as at 31 December 2019, the balance sheet exposure to interest rate risk according to the maturity or repricing date, excluding derivatives, is as follows:

Values in thousand euros

	Repricing Dates / Maturity Dates						
	Sight	Up to 3 months	3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Assets	**852,870**	**5,423,973**	**6,968,464**	**912,555**	**606,137**	**1,562,395**	**16,326,394**
Cash, cash balances at central banks and other demand deposits	794,131	146,369	0	0	0	0	940,501
Financial assets held for trading	0	20	10	0	0	89,411	89,441
Non-tradable financial assets mandatorily stated at fair value through profit or loss	0	0	0	0	0	0	0
Tradable financial assets	0	0	0	0	0	0	0
Financial assets stated at fair value through profit or loss	0	0	0	0	0	0	0
Financial assets stated at fair value through other comprehensive income	0	454,768	345,999	2,900	33,165	113,800	950,632
Financial assets at amortised cost	58,649	4,275,816	5,476,105	909,655	572,972	3,052,534	14,345,730
Investments held to maturity	0	0	0	0	0	0	0
Other non-tradable non-derivative financial assets	0	0	0	0	0	0	0
Derivatives - Hedge accounting	0	547,000	1,146,350	0	0	-1,693,350	0
Fair value variation of the elements covered by the interest rate risk hedge portfolio	0	0	0	0	0	0	0
Investments in subsidiaries, joint ventures and associates	0	0	0	0	0	0	0
Tangible assets	0	0	0	0	0	0	0
Intangible assets	0	0	0	0	0	0	0
Tax assets	0	0	0	0	0	0	0
Other assets	0	0	0	0	0	0	0
Non-current assets and groups for divestment classified as held for sale	0	0	0	0	0	0	0
Liabilities	**2,895,907**	**3,319,944**	**5,698,967**	**1,777,238**	**804,110**	**1,859,199**	**16,355,365**
Financial liabilities held for trading	0	0	0	0	0	0	0
Financial liabilities stated at fair value through profit or loss	0	0	0	0	0	0	0
Tradable financial liabilities	0	0	0	0	0	0	0
Financial liabilities stated at amortised cost	2,895,907	3,319,937	5,698,967	1,777,238	804,110	1,859,198	16,355,357
Derivatives - Hedge accounting	0	0	0	0	0	0	0
Fair value variation of the elements covered by the interest rate risk hedge portfolio	0	0	0	0	0	0	0
Provisions	0	0	0	0	0	0	0
Tax liabilities	0	0	0	0	0	0	0
Share capital repayable at sight	0	0	0	0	0	0	0
Other liabilities	1	0	0	0	0	0	1
Liabilities included in groups for divestment classified as held for sale	0	0	0	0	0	0	0
Net Exposure	**-2,043,038**	**2,104,029**	**1,269,497**	**-864,683**	**-197,973**	**-296,804**	**-28,971**

The sensitivity analysis for the interest rate risk to which Caixa Central was exposed as at 31 December 2019, based on a simulation involving assets and liabilities sensitive to variations in references rates of -200 basis points up to +200 basis points shows the following results:

Values in thousand euros

	Impact derived from variation of the reference interest rate	
	-200 b.p.	+200 b.p.
Assets	**251,418**	**-557,666**
Cash, cash balances at central banks and other demand deposits	-6,722	10,793
Financial assets held for trading	8,378	-22,489
Non-tradable financial assets mandatorily stated at fair value through profit or loss	0	0
Tradable financial assets	0	0
Financial assets stated at fair value through profit or loss	0	0
Financial assets stated at fair value through other comprehensive income	17,177	-38,381
Financial assets at amortised cost	338,624	-797,952
Investments held to maturity	0	0
Other non-tradable non-derivative financial assets	0	0
Derivatives - Hedge accounting	-106,039	290,364
Fair value variation of the elements covered by the interest rate risk hedge portfolio	0	0
Investments in subsidiaries, joint ventures and associates	0	0
Liabilities	**160,753**	**-469,596**
Financial liabilities held for trading	0	0
Financial liabilities stated at fair value through profit or loss	0	0
Tradable financial liabilities	0	0
Financial liabilities stated at amortised cost	160,753	-469,596
Derivatives - Hedge accounting	0	0
Fair value variation of the elements covered by the interest rate risk hedge portfolio	0	0
Provisions	0	0
Tax liabilities	0	0
Share capital repayable at sight	0	0
Other liabilities	0	0
Liabilities included in groups for divestment classified as held for sale	0	0
Impact on economic value	**90,665**	**-88,070**

Values in thousand euros

	Impact derived from variation of the reference interest rate	
	-200 b.p.	+200 b.p.
Assets	**-42,838**	**163,363**
Cash, cash balances at central banks and other demand deposits	-1,363	2,724
Financial assets held for trading	-662	1,596
Non-tradable financial assets mandatorily stated at fair value through profit or loss	0	0
Tradable financial assets	0	0
Financial assets stated at fair value through profit or loss	0	0
Financial assets stated at fair value through other comprehensive income	-4,880	12,019
Financial assets at amortised cost	-27,194	120,996
Investments held to maturity	0	0
Other non-tradable non-derivative financial assets	0	0
Derivatives - Hedge accounting	-8,739	26,027
Fair value variation of the elements covered by the interest rate risk hedge portfolio	0	0
Investments in subsidiaries, joint ventures and associates	0	0
Liabilities	**-35,642**	**104,491**
Financial liabilities held for trading	0	0
Financial liabilities stated at fair value through profit or loss	0	0
Tradable financial liabilities	-35,642	104,491
Financial liabilities stated at amortised cost	0	0
Derivatives - Hedge accounting	0	0
Fair value variation of the elements covered by the interest rate risk hedge portfolio	0	0
Provisions	0	0
Tax liabilities	0	0
Share capital repayable at sight	0	0
Other liabilities	0	0
Liabilities included in groups for divestment classified as held for sale	0	0
Impact on net interest income	**-7,196**	**58,872**

The sensitivity analysis table indicates the theoretical variation of the market value of the different Asset and Liability items in diverse scenarios of variation of market interest rates (i.e. +200 bp, -200 bp), implying the updating of the cash flows associated to each operation in the different market scenarios considered.

The variation of residual values in absolute terms (Assets minus Liabilities) can be interpreted as the Impact on the Economic Value of the Equity and on the Net Interest Income of the Group, respectively.

d) Liquidity risk

Liquidity risk reflects the probability of occurrence of negative impacts on net income or capital, derived from the Institution's inability to draw on the cash balances required, at any given time, to comply with its financial obligations, as they fall due, taking into consideration the existing capacity to manage a settlement of assets under reasonable conditions in terms of price and period of time. Hence, the aim is to finance the assets and meet the required liabilities on their due dates without incurring exaggerated losses and, for such, limiting the existence of potential difficulties of liquidation of positions in portfolio.

Strategy and guiding principles

GCA's liquidity management policy is defined and monitored in conformity with the guidelines defined by the Executive Board of Directors, while its management is the responsibility of the specialised areas. Surplus funds of the Group are channelled to Caixa Central, where they are centrally invested in assets of high credit and liquidity quality, namely public debt of eurozone countries and short-term investment in renowned credit institutions, both domestic and international, pursuant to the Investment Policy of GCA.

The Group and Caixa Central monitor the liquidity ratios from a prudential perspective, calculated according to the rules issued by Banco de Portugal. On this issue, it should be noted that the Group maintains a conservative policy reflected in a loan-to-deposit ratio which is below the average of the sector.

Concerning liquidity management, the Group seeks to maintain financing lines, guaranteed or not by securities, at national and international credit institutions, which are regularly tested, launch debt products which contribute to maintaining the standards of permanence of funds, and control any concentration of commercial funds which, if this were to develop, could lead to a more permeable portfolio, thus reducing its stability and permanence.

Furthermore, GCA keeps an updated liquidity contingency plan at all times, identifying the actions to be developed and updating responsibilities in the event of materialisation of stress scenarios. GCA also uses, in the process of definition of pricing of the commercial offer and assessment of performance, mechanisms that consider the liquidity costs implicit in each product.

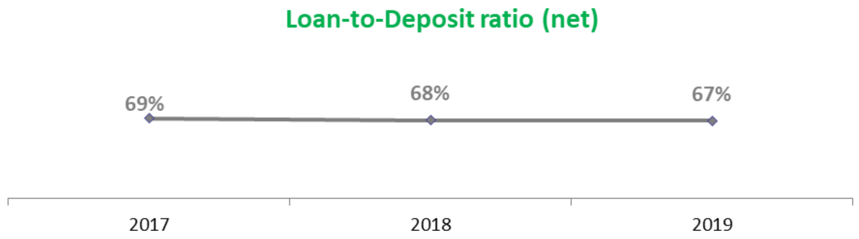
Assessment of exposure

The Group uses a broad set of measurements to determine its exposure to liquidity risk as well as the definition of a supplementary series of limits that seek to minimise the risk of losses associated to situations of illiquidity both in the medium and long-term.

The analysis of exposure to liquidity risk is based on various methodologies aimed at assessing, on the one hand, the immediate liquidity, through the Liquidity Coverage Ratio (LCR), the minimum ratios of liquidity at one week and at one month, considering the degree of coverage of an abrupt reduction of customer demand and term deposits (currently, SICAM's sole source of structural liquidity) without relevant impediments to early mobilisation, by high quality liquid assets (convertible into cash, due to maturity, sale or use in financing operations backed by securities, in a practically immediate form and without relevant loss of value. On the other hand, the assessment of structural liquidity involves calculation of the static and dynamic liquidity gaps (incorporating the budgeted evolution of the activity), with the aggregation of all the cash flows (payment of interest and repayment of principal) generated by the contracted operations, both lending and borrowing (on and off the balance sheet) considered in a series of time intervals, as well as the Net Stable Funding Ratio (NSFR).

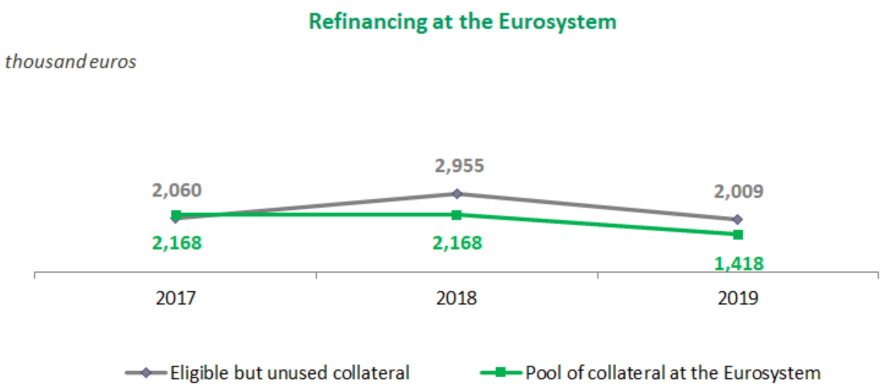
GCA also currently develops other mechanisms to calculate additional measurements for monitoring liquidity, namely: maturity time profile (contractual and performance) of assets and liabilities, concentration of funding by type of liability and counterpart, concentration of the portfolio of liquid asset with potential liquidation, costing of various types of available funding, profile of renewal of the different types of funding used.

The Grupo presents a comfortable liquidity position, reflected in a solid customer fund base (the main source of funding) and a loan-to-deposit ratio at levels below those observed, as a rule, in the financial system.



European Central Bank funding decreased, year-on-year, having reached 918 million euros in December 2019, where it should be noted that the eligible assets (not used) for this type of operation amounted to 2.0 billion euros on the same date.

The liquidity coverage ratio reached 471%.



5.3 OTHER RISKS

a) Operational risk

Operational risk is defined as the risk of occurrence of events derived from the inadequate or negligent application of in-house procedures, personal conduct, inadequacy or flaws of information systems or external causes, where these events can give rise to a negative impact on net income and equity.

During 2019, the Group underwent a significant evolution in matters of operational risk management by expanding its catalogue of processes, including the respective risks and controls, and by accomplishing the implementation, at a pilot stage, of an operational risk infrastructure, associated to the Governance, Risk and Compliance (GRC) tool, characterised by incremental goals in the respective evolution approach, in particular with respect to the matrix of risk events and the overall process of collection of events and losses. This entire process is supported by an overall management model, composed of a conceptual structure, strategic goals, internal governance, regulatory framework, monitoring and reporting, including the definition of self-assessment of risks and controls, database of loss events and key risk indicators.

Complementing this process, the Group applies an enormous series of measures to mitigate operational risk, where we highlight the existence and permanent updating of a business continuity plan, internal rules on security of information, the automation of accounting processes, in particular those related to the credit portfolio, the separation of duties in the accomplishment and accounting of transactions, the existence of internal rules on the physical security of the premises and insurance (e.g. buildings, theft, etc.).

The regulatory capital requirements to cover operational risk, calculated in accordance with the basic indicator established by Basel, stood at 923 million euros as at 31 December 2018.

b) Real estate risk

Real estate risk strictly consists of loss derived from an unfavourable variation of the price of real estate assets stated in the balance sheet, in particular relative to properties acquired as repayment of own credit. Real estate risk represents a in intrinsic risk of credit risk.

The methodology to assess real estate risk at the Grupo is based on the quantification of the potential loss resulting from a variation of the price of the real estate assets recorded on the balance sheet, considering the entire value of the real estate properties in portfolio on the reporting date, in previously established scenarios, taking into consideration the specificities of the different segments (residential, commercial and agricultural/agricultural land). Real estate risk naturally assumes an expected devaluation of the price of the properties recorded on the balance sheet (non-current assets held for sale) and in real estate funds.

GCA exposure to real estate risk, in the component of real estate properties in portfolio, reached 464.2 million euros in December 2019 (272.7 million euros of direct exposure and 191.5 million euros of indirect exposure), a position that has shown a significant trend of reduction over more recent periods (decrease of 117 million euros in relation to December 2018).

Direct Exposure	2018	Dec.2019	Goal CA 2019
Book value			
CCAM	259,835,700	225,132,329	230,794,867
Nr. properties	3,317	2,948	
Caixa Central	29,622,841	16,011,522	26,660,557
Nr. properties	197	139	
CA Imóveis	28,675,658	31,552,549	22,519,374
Nr. properties	325	305	
Total Direct exposure	**318,134,199**	**272,696,399**	**279,974,797**
Nr. properties	3,839	3,392	
% Goal (Dec.2019 = Base 100)		**97.4%**	

Indirect Exposure			
CA Imobiliário	**154,017,989**	**145,819,914**	**122,360,365**
Nr. properties	452	431	
CA AH	**62,949,365**	**0**	**54,456,440**
Nr. properties	320	0	
Imovalor CA	**36,599,745**	**35,638,393**	**54,472,311**
Nr. properties	279	276	
Discovery	**9,728,102**	**10,046,457**	**10,117,858**
Nr. properties	1	1	
Total Indirect exposure	**263,295,201**	**191,504,765**	**241,406,973**
Nr. properties	1,052	708	
% Goal (Dec.2019 = Base 100)		**79.3%**	
Total Exposure to real estate	**581,429,401**	**464,201,164**	**521,381,771**
% Goal (Dec.2019 = Base 100)		**89.0%**	

06 Consolidated Financial Statements

VI. CONSOLIDATED FINANCIAL STATEMENTS

GRUPO CRÉDITO AGRÍCOLA

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2019 AND 2018
(Amounts in euros)

ASSETS	Notes	12/31/2019	12/31/2018
Cash, cash balances at central banks and other demand deposits	**5**	**1,187,641,052**	**796,521,161**
Cash in hand		143,990,164	124,815,942
Cash balances at central banks		976,135,602	606,609,358
Other demand deposits		67,515,287	65,095,861
Financial assets held for trading	**6**	**115,457,322**	**133,857,286**
Derivatives		504,230	29,257,420
Debt securities		114,953,092	104,599,866
Non-trading financial assets mandatorily stated at fair value through profit or loss	**7**	**48,659,816**	**48,133,672**
Equity instruments		48,659,816	48,133,672
Financial assets stated at fair value through profit or loss	**8**	**39,207,691**	**66,149,435**
Equity instruments		80,478	2,683
Debt securities		39,127,213	66,146,752
Financial assets at fair value through other comprehensive income	**9**	**2,019,069,625**	**2,275,344,158**
Equity instruments		16,712,142	13,561,512
Debt securities		2,002,357,484	2,261,782,646
Financial assets at amortised cost	**10**	**14,552,152,949**	**14,220,059,115**
Debt securities	**10.1**	4,738,221,668	5,073,209,837
Cash and deposits - Central Banks and Credit Institutions	**10.2**	4,619,339	31,021
Loans and advances - Customers	**10.2**	9,809,311,942	9,146,818,257
Derivatives - Hedge accounting	**11**	**131,034,224**	**40,723,495**
Investments in subsidiaries, joint ventures and associates	**12**	**1,667,242**	**1,417,137**
Tangible assets	**13**	**312,085,320**	**294,222,844**
Tangible fixed assets	**13.1**	260,990,420	236,604,009
Investment properties	**13.2**	51,094,900	57,618,835
Intangible assets	**14**	**80,806,021**	**75,267,993**
Other intangible assets		80,806,021	75,267,993
Tax assets	**15**	**111,645,428**	**154,259,565**
Current tax assets		14,794,306	17,752,471
Deferred tax assets		96,851,123	136,507,094
Other assets	**16**	**351,158,659**	**208,574,862**
Non-current assets and groups for divestment classified as held for sale	**17**	**411,190,680**	**475,334,989**
TOTAL ASSETS		**19,361,776,029**	**18,789,865,712**

LIABILITIES	Notes	12/31/2019	12/31/2018
Financial liabilities held for trading	**6**	**302,647**	**1,178**
Derivatives		302,647	1,178
Financial liabilities measured at amortised cost	**18**	**16,363,892,908**	**15,790,553,675**
Deposits	**18.1**	16,218,810,206	15,644,453,033
Debt securities issued	**18.2**	9,812,230	10,832,271
Other financial liabilities	**18.3**	135,270,472	135,268,371
Derivatives - Hedge accounting	**11**	**138,655,180**	**45,399,348**
Provisions	**19**	**895,356,282**	**1,144,994,802**
Pensions and other post-employment defined benefit liabilities		362,553	144,502
Legal issues and pending tax disputes		0	78,852
Commitments and guarantees granted		12,133,850	15,391,495
Other provisions		882,859,879	1,129,379,953
Tax liabilities	**15**	**14,839,887**	**15,282,091**
Current tax liabilities		7,008,389	7,336,966
Deferred tax liabilities		7,831,499	7,945,125
Share capital repayable at sight	**20**	**828,845**	**958,410**
Other liabilities	**21**	**276,320,937**	**276,973,866**
TOTAL LIABILITIES		**17,690,196,685**	**17,274,163,370**

EQUITY	Notes	12/31/2019	12/31/2018
Capital	**23**	**1,212,695,896**	**1,159,706,041**
Paid-up capital		1,212,687,226	1,159,700,536
Unpaid called capital		8,670	5,505
Other accumulated comprehensive income	**24**	**-551,435**	**-6,143,171**
Items that will not be reclassified to profit or loss		**-14,747,676**	**-949,782**
Actuarial gains or losses (-) on defined benefit pension plans		-13,470,474	117,809
Fair value variation of equity instruments measured at fair value through other comprehensive income		-1,277,202	-1,067,591
Items that can be reclassified to profit or loss		**14,196,240**	**-5,193,389**
Fair value variation of debt instruments measured at fair value through other comprehensive income		14,196,240	-5,193,389
Retained earnings	**24**	**-87,288,771**	**-124,485,011**
Revaluation reserves	**24**	**2,761,940**	**3,004,247**
Other reserves	**24**	**410,810,531**	**370,001,388**
Other		410,810,531	370,001,388
Results attributable to the owners of the parent company		**131,464,308**	**112,352,571**
Non-controlling interests	**26**	**1,686,875**	**1,266,277**
Other items		1,686,875	1,266,277
TOTAL EQUITY		**1,671,579,343**	**1,515,702,342**
TOTAL EQUITY AND TOTAL LIABILITIES		**19,361,776,029**	**18,789,865,712**

The Certified Accountant **The Executive Board of Directors**

The Notes form an integral part of the Annual Report of Caixa as at 31 December 2019

GRUPO CRÉDITO AGRÍCOLA

CONSOLIDATED INCOME STATEMENT AS AT 31 DECEMBER 2019 AND 2018

(Amounts in euros)

	Notes	12/31/2019	12/31/2018
Interest income	**27**	**472,877,991**	**597,613,844**
Financial assets held for trading		2,961,719	7,884,970
Financial assets stated at fair value through profit or loss		1,703,456	3,167,724
Financial assets at fair value through other comprehensive income		41,237,922	50,147,297
Financial assets at amortised cost		382,408,338	374,926,505
Derivatives - Hedge accounting, interest rate risk		1,178,264	153,403
Other assets		37,396,445	148,246,000
Interest income on liabilities		5,991,847	13,087,945
(Interest expenses)	**28**	**142,240,497**	**248,863,422**
(Financial liabilities held for trading)		55,617	73,467
(Financial liabilities measured at amortised cost)		13,277,204	14,974,563
(Derivatives - Hedge accounting, interest rate risk)		20,249,598	16,663,763
(Other liabilities)		40,197,469	148,358,574
(Interest expense on assets)		68,460,608	68,793,055
Dividend income	**29**	**843,242**	**906,767**
Non-trading financial assets mandatorily stated at fair value through profit or loss		843,242	906,767
Fee and commission income	**30**	**144,342,742**	**135,765,182**
(Fee and commission expenses)	**31**	**20,953,864**	**19,506,392**
Gains or losses (-) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	**32**	**43,701,909**	**30,907,877**
Financial assets at fair value through other comprehensive income		27,306,805	30,907,877
Financial assets at amortised cost		16,395,104	0
Gains or losses (-) on financial assets and liabilities held for trading, net	**33**	**4,578,858**	**-2,223,314**
Gains or losses (-) on non-trading financial assets mandatorily stated at fair value through profit or loss, net	**34**	**4,795,813**	**428,135**
Gains or losses (-) on financial assets and liabilities stated at fair value through profit or loss, net	**35**	**1,072,097**	**-3,026,616**
Gains or losses (-) from hedge accounting, net	**36**	**-2,945,103**	**-4,675,853**
Foreign exchange differences [gains or losses (-)], net	**37**	**2,074,830**	**2,016,223**
Gains or losses (-) on derecognition of non-financial assets, net	**38**	**-2,898,694**	**-959,678**
Other operating revenue	**39**	**92,673,774**	**68,638,130**
(Other operating expenses)	**40**	**55,460,267**	**45,966,262**
TOTAL OPERATING REVENUES, NET		**542,462,831**	**511,054,621**
(Administrative expenses)		**331,117,889**	**324,103,859**
(Staff costs)	**41**	216,457,974	210,851,256
(Other administrative expenses)	**42**	114,659,914	113,252,603
(Depreciation/Amortisation)	**13/14**	**31,494,227**	**25,347,227**
(Tangible fixed assets)		19,472,317	13,667,459
(Other intangible assets)		12,021,910	11,679,768
(Provisions or reversal of provisions (-))	**19**	**-215,327**	**-833,195**
(Commitments and guarantees granted)		-3,257,480	-3,916,050
(Other provisions)		3,042,153	3,082,855
(Impairments or reversal of impairments (-) of financial assets not measured at fair value through profit or loss)	**19**	**-2,967,559**	**3,085,384**
(Financial assets at fair value through other comprehensive income)		-193,017	-645,374
(Financial assets at amortised cost)		-2,774,542	3,730,758
(Impairment or reversal of impairments (-) of non-financial assets)	**19**	**-1,446,385**	**1,299,055**
(Tangible fixed assets)		-328,802	629,271
(Other intangible assets)		47,398	10,410
(Other)		-1,164,981	659,374
Share of the profit or loss (-) of investments in subsidiaries, joint ventures and associates accounted for using the equity method	**12**	**492,589**	**451,171**
Profit or loss (-) on non-current assets and groups for divestment classified as held for sale not eligible as discontinued operations	**43**	**-4,830,419**	**-2,513,471**
PROFIT OR LOSS (-) BEFORE TAX FROM CONTINUING OPERATIONS		**180,142,157**	**155,989,990**
(Tax expense or income (-) related to results of continuing operations)	**15**	**48,529,620**	**43,561,012**
PROFIT OR LOSS (-) FROM CONTINUING OPERATIONS AFTER DEDUCTION OF TAX		**131,612,538**	**112,428,978**
PROFIT OR LOSS (-) FOR THE YEAR		**131,612,538**	**112,428,978**
Attributable to non-controlling interests	**26**	148,229	76,407
Attributable to the owners of the parent company		**131,464,308**	**112,352,571**

The Certified Accountant **The Executive Board of Directors**

The Notes form an integral part of the Annual Report of Caixa as at 31 December 2019

GRUPO CRÉDITO AGRÍCOLA

CASH FLOW STATEMENT AS AT 31 DECEMBER 2019 AND 2018
(Amounts in euros)

	Notes	31-Dec-2019	31-Dec-2018
Cash flow from operating activities			
Interest, fee and commission income	27 / 30	616,207,830	666,520,058
Interest, fee and commission expense	28 / 31	(161,718,545)	(264,744,408)
Payments to employees and suppliers		(324,981,176)	(316,937,548)
Payment and contributions to pensions funds		(4,204,286)	(6,378,977)
Corporate income tax (payment)/revenue		(12,765,055)	(63,903,257)
Other (payments)/revenue relative to operating activity		(229,422,650)	(178,491,204)
Net operating income before the changes in operating assets		**(116,883,883)**	**(163,935,338)**
(Increase)/decrease of operating assets:			
Financial assets at amortised cost	10	305,276,050	5,456,801,311
Financial assets at fair value through profit or loss, mandatorily at fair value and derivatives	6 / 7 /8	37,993,500	118,186,808
Financial assets stated at fair value through other comprehensive income	10	(309,361,744)	(5,074,991,293)
Other assets		51,253,588	(63,141,914)
		85,161,394	**436,854,912**
Increase/(decrease) of operating liabilities:			
Financial liabilities at amortised cost	18	571,540,573	1,187,627,825
Financial liabilities at fair value and hedge derivatives	6 / 11	93,557,301	4,535,250
Other liabilities		(22,790,900)	(243,151,930)
		642,306,974	**949,011,144**
Net cash from operating activities		**440,261,697**	**348,220,895**
Cash flow from investment activities			
Dividends		843,242	906,767
Divestment (acquisition) of associates, net of divestment		(250,104)	(424,187)
Acquisition of tangible assets, intangibles and investment properties, net of divestment		(61,211,214)	(38,223,885)
Net cash from investment activities		**(60,618,076)**	**(37,741,305)**
Cash flow from financing activities			
Issue of subordinated liabilities, net of redemption		(1,138,865)	(11,107,535)
Non-controlling interests		272,368	(450,318)
Share capital increase (decrease)		12,342,767	17,083,659
Net cash from financing activities		**11,476,270**	**5,525,806**
Increase/(decrease) of cash and cash equivalents		428,664,098	253,915,393
Net change in cash and cash equivalents in foreign currency		(37,544,208)	52,025,709
Cash, cash balances at central banks and other demand deposits at the beginning of the year		796,521,162	480,516,372
Cash, cash balances at central banks and other demand deposits at the end of the year		1,187,641,052	786,457,474
Cash and cash equivalents at the end of the year includes:			
Cash, cash balances at central banks and other demand deposits	5	1,187,641,052	796,521,161
		1,187,641,052	**796,521,161**

The Certified Accountant **The Executive Board of Directors**

The Notes form an integral part of the Annual Report of Caixa as at 31 December 2019

GRUPO CRÉDITO AGRÍCOLA

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2019 AND 2018
(Amounts in euros)

Sources of changes in equity	Notes	Capital	Other accumulated comprehensive income	Retained earnings	Revaluation reserves	Other reserves	Profit or loss (-) attributable to the owners of the parent company	Non-controlling interests	Total
Opening balance as at 1 January 2018		1,086,403,846	56,581,683	-188,406,500	1,970,573	339,030,447	152,144,641	1,640,188	1,449,364,878
Issue of ordinary shares		76,126,497							76,126,497
Capital reduction		-3,141,302							-3,141,302
Dividends						-3,062,180			-3,062,180
Other increases or decreases (-) in equity		317,000		63,921,489	1,033,674	34,033,121	-152,144,641	-373,912	-53,213,269
Total comprehensive income for the year			-62,724,854				112,352,571		49,627,717
Closing balance as at 31 December 2018		**1,159,706,041**	**-6,143,171**	**-124,485,011**	**3,004,247**	**370,001,388**	**112,352,571**	**1,266,277**	**1,515,702,342**
Opening balance as at 01 January 2019		**1,159,706,041**	**-6,143,171**	**-124,485,011**	**3,004,247**	**370,001,388**	**112,352,571**	**1,266,277**	**1,515,702,342**
Issue of ordinary shares	23	58,033,715							58,033,715
Capital reduction		-5,043,220							-5,043,220
Dividends						-988,165			-988,165
Other increases or decreases (-) in equity	24	-640		37,196,240	-242,307	41,797,307	-112,352,571	420,598	-33,181,373
Total comprehensive income for the year			5,591,736				131,464,308		137,056,044
Closing balance as at 31 December 2019		**1,212,695,896**	**-551,435**	**-87,288,771**	**2,761,940**	**410,810,531**	**131,464,308**	**1,686,875**	**1,671,579,343**

The Certified Accountant **The Executive Board of Directors**

The Notes form an integral part of the Annual Report of Caixa as at 31 December 2019

GRUPO CRÉDITO AGRÍCOLA

STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2019 AND 2018

(Amounts in euros)

	Notes	31-Dec-2019	31-Dec-2018
Profit or loss (-) for the year		**131,612,538**	**112,352,571**
Other comprehensive income		**5,591,736**	**-62,724,854**
Items that will not be reclassified to profit or loss		**-13,797,894**	**3,911,074**
Actuarial (-) gains or losses on defined benefit pension plans	45	-13,588,283	2,927,880
Fair value variation of equity instruments measured at fair value through other comprehensive income		-209,611	983,194
Items that can be reclassified to profit or loss		**19,389,629**	**-66,635,928**
Debt instruments at fair value through other comprehensive income		19,389,629	-66,635,928
Other reclassifications	9	19,389,629	-66,635,928
Total comprehensive income for the year		**137,204,273**	**49,627,716**
Attributable to the owners of the parent company		137,204,273	49,627,716
Impact of IFRS 9		0	-566,523
Total comprehensive income for the year		**137,204,273**	**49,061,193**
Attributable to the Group		137,049,746	49,027,851
Attributable to non-controlling interests		154,527	33,342

The Certified Accountant **The Executive Board of Directors**

The Notes form an integral part of the Annual Report of Caixa as at 31 December 2019

SICAM - SISTEMA INTEGRADO DO CRÉDITO AGRÍCOLA MÚTUO

CONSOLIDATED BALANCE SHEET AS AT 31 December 2019 AND 2018

(Amounts in euros)

ASSETS	12/31/2019	12/31/2018
Cash, cash balances at central banks and other demand deposits	**1,187,166,530**	**796,044,382**
Cash in hand	143,985,301	124,809,975
Cash balances at central banks	976,135,602	606,609,358
Other demand deposits	67,045,627	64,625,050
Financial assets held for trading	**99,027,386**	**104,601,759**
Derivatives	504,230	1,893
Debt securities	98,523,156	104,599,866
Non-trading financial assets mandatorily stated at fair value through profit or loss	**262,163,288**	**276,349,064**
Equity instruments	262,163,288	276,349,064
Financial assets at fair value through other comprehensive income	**986,172,277**	**1,038,461,700**
Debt securities	986,172,277	1,038,461,700
Financial assets at amortised cost	**14,642,455,533**	**14,321,144,234**
Debt securities	4,770,182,250	5,105,170,484
Loans and advances	9,872,273,284	9,215,973,750
Derivatives - Hedge accounting	**131,034,224**	**40,723,495**
Fair value variation of the elements covered by the interest rate risk hedge portfolio	0	0
Investments in subsidiaries, joint ventures and associates	**90,873,940**	**90,873,920**
Tangible assets	**243,202,482**	**222,255,950**
Tangible fixed assets	243,202,482	222,255,950
Intangible assets	**108,015**	**208,891**
Other intangible assets	108,015	208,891
Tax assets	**109,354,068**	**150,024,518**
Current tax assets	14,608,883	17,383,135
Deferred tax assets	94,745,186	132,641,383
Other assets	**492,763,358**	**337,075,160**
Non-current assets and groups for divestment classified as held for sale	**223,762,099**	**280,023,483**
TOTAL ASSETS	**18,468,083,200**	**17,657,786,556**

LIABILITIES	12/31/2019	12/31/2018
Financial liabilities held for trading	**4,832,147**	**1,178**
Derivatives	4,832,147	1,178
Financial liabilities measured at amortised cost	**16,443,527,634**	**15,882,485,467**
Deposits	16,298,444,932	15,736,384,825
Debt securities issued	9,812,230	10,832,271
Other financial liabilities	135,270,472	135,268,371
Derivatives - Hedge accounting	**138,655,180**	**45,399,348**
Provisions	**18,494,518**	**21,260,527**
Pensions and other post-employment defined benefit liabilities	362,553	144,502
Legal issues and pending tax disputes	0	78,852
Commitments and guarantees granted	12,133,850	15,391,495
Other provisions	5,998,115	5,645,678
Tax liabilities	**3,582,766**	**7,668,746**
Current tax liabilities	1,395,731	6,102,177
Deferred tax liabilities	2,187,036	1,566,569
Share capital repayable at sight	**828,845**	**958,410**
Other liabilities	**200,573,355**	**175,256,635**
TOTAL LIABILITIES	**16,810,494,444**	**16,133,030,311**

EQUITY	12/31/2019	12/31/2018
Capital	**1,212,695,896**	**1,159,706,041**
Paid-up capital	1,212,687,226	1,159,700,536
Unpaid called capital	8,670	5,505
Other accumulated comprehensive income	**-7,947,394**	**-9,311,174**
Items that will not be reclassified to profit or loss	**-12,317,344**	**-27,706**
Actuarial gains or losses (-) on defined benefit pension plans	-12,317,344	-27,706
Items that can be reclassified to profit or loss	**4,369,950**	**-9,283,467**
Fair value variation of debt instruments measured at fair value through other comprehensive income	4,369,950	-9,283,467
Retained earnings	**-48,007,423**	**-81,456,787**
Revaluation reserves	**5,496,797**	**5,741,812**
Other reserves	**379,885,410**	**342,053,330**
Other	379,885,410	342,053,330
Results attributable to the owners of the parent company	**115,465,470**	**108,023,023**
TOTAL EQUITY	**1,657,588,755**	**1,524,756,245**
TOTAL EQUITY AND TOTAL LIABILITIES	**18,468,083,200**	**17,657,786,556**

THE CERTIFIED ACCOUNTANT **THE EXECUTIVE BOARD OF DIRECTORS**

Unaudited financial statements

SICAM - SISTEMA INTEGRADO DO CRÉDITO AGRÍCOLA MÚTUO

CONSOLIDATED INCOME STATEMENT AS AT 31 DECEMBER 2019

(Amounts in euros)

	12/31/2019	12/31/2018
Interest income	**405,246,973**	**407,205,631**
Financial assets held for trading	2,344,798	4,103,069
Financial assets at fair value through other comprehensive income	10,456,821	12,106,764
Financial assets at amortised cost	384,349,104	376,862,987
Derivatives - Hedge accounting, interest rate risk	1,178,264	153,403
Other assets	926,139	891,463
Interest income on liabilities	5,991,847	13,087,945
(Interest expenses)	**106,398,101**	**101,898,064**
(Financial liabilities held for trading)	55,617	73,467
(Financial liabilities measured at amortised cost)	13,395,725	15,110,754
(Derivatives - Hedge accounting, interest rate risk)	20,249,598	16,663,763
(Other liabilities)	4,236,552	1,257,025
(Interest expense on assets)	68,460,608	68,793,055
Dividend income	**746,104**	**726,619**
Non-trading financial assets mandatorily stated at fair value through profit or loss	206,328	153,042
Investments in subsidiaries, joint ventures and associates accounted for using a method other than the equity method	539,776	573,577
Fee and commission income	**177,415,799**	**165,299,816**
(Fee and commission income)	**14,936,230**	**12,856,765**
Gains or losses (-) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	**19,154,605**	**15,813,081**
Financial assets at fair value through other comprehensive income	2,759,501	15,813,081
Financial assets at amortised cost	16,395,104	0
Gains or losses (-) on financial assets and liabilities held for trading, net	**4,469,181**	**-2,098,523**
Gains or losses (-) on non-trading financial assets mandatorily stated at fair value through profit or loss, net	**-5,658,595**	**-6,987,220**
Gains or losses (-) from hedge accounting, net	**-2,945,103**	**-4,675,853**
Foreign exchange differences [gains or losses (-)], net	**2,075,007**	**2,016,994**
Gains or losses (-) on derecognition of non-financial assets, net	**568,289**	**292,549**
Other operating revenues	**43,572,507**	**32,400,449**
(Other operating expenses)	**28,640,006**	**24,683,000**
TOTAL OPERATING REVENUES, NET	**494,670,430**	**470,555,713**
(Administrative expenses)	**323,587,840**	**314,603,387**
(Staff costs)	177,937,015	179,004,446
(Other administrative expenses)	145,650,825	135,598,941
(Depreciation)	**16,256,917**	**11,995,938**
(Tangible fixed assets)	16,202,723	11,808,967
(Other intangible assets)	54,194	186,971
(Provisions or reversal of provisions (-))	**-2,380,743**	**-3,797,972**
(Commitments and guarantees granted)	-3,257,480	-3,916,050
(Other provisions)	876,737	118,078
(Impairments or reversal of impairments (-) of financial assets not measured at fair value through profit or loss)	**-2,967,264**	**3,085,364**
(Financial assets at fair value through other comprehensive income)	-193,017	-645,394
(Financial assets at amortised cost)	-2,774,248	3,730,758
(Impairments or reversal of impairment (-) of investments in subsidiaries, joint ventures and associates)	**-25**	**349,353**
(Impairment or reversal of impairments (-) of non-financial assets)	**-830,821**	**1,120,359**
(Tangible fixed assets)	-328,802	629,271
(Other intangible assets)	47,398	0
(Other)	-549,417	491,088
Profit or loss (-) on non-current assets and groups for divestment classified as held for sale not eligible as discontinued operations	**-1,097,457**	**4,149,774**
PROFIT OR LOSS (-) BEFORE TAX FROM CONTINUING OPERATIONS	**159,907,070**	**147,349,058**
(Tax expense or income (-) related to results of continuing operations)	**44,441,600**	**39,326,035**
PROFIT OR LOSS (-) FROM CONTINUING OPERATIONS AFTER DEDUCTION OF TAX	**115,465,470**	**108,023,023**
PROFIT OR LOSS (-) FOR THE YEAR	**115,465,470**	**108,023,023**
Attributable to minority interests [non-controlling interests]		
Attributable to the owners of the parent company	**115,465,470**	**108,023,023**

THE CERTIFIED ACCOUNTANT **THE EXECUTIVE BOARD OF DIRECTORS**

Unaudited financial statements

07

Legal Certification of Accounts

pwc

Statutory Audit Report
(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Crédito Agrícola Group (composed by Caixa Central – Caixa Central de Crédito Agrícola Mútuo, CRL (Caixa Central), associated Caixas de Crédito Agrícola Mútuo and subsidiaries), which comprise the consolidated balance sheet as at 31 December 2019 (which shows total assets of Euros 19,361,776 thousand and total shareholders' equity of Euros 1,671,579 thousand, including a net profit of Euros 131,464 thousand), the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Crédito Agrícola Group as at 31 December 2019, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Crédito Agrícola Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis

We draw attention to the information disclosed in note 49 of accompanying explanatory notes to the financial statements, related to the possible impacts of the pandemic caused by COVID-19 in the economy and, consequently, on Crédito Agrícola Group's future activity.

Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	*Summary of the Audit Approach*
Impairment losses on financial assets at amortized cost - Loans and advances to customers	
Measurement and disclosures related to impairment losses on loans and advances to customers presented in notes 2.4. c), 10.2 and 19. attached to the consolidated financial statements	
The significant amount of the heading loans and advances to customers and associated impairment losses, which require a set of complex assumptions and judgments from the Crédito Agrícola Group management regarding the identification of clients with a significant increase in credit risk or in default, as well as the corresponding amount of impairment losses, justify that these constitute key matters for the purposes of our audit. As at 31 December 2019, the gross amount of the heading credit to customers totals Euros 10,204,988 thousand and the corresponding impairment losses recognized at that date totals Euros 395,676 thousand. Impairment losses on credit to customers are determined by management on an individual basis, through a case-by-case analysis of a significant component of the total loan portfolio, and for the remaining portfolio impairment is determined through a collective analysis. This process is summarized as follows: • For the most significant exposures, evaluated in terms of the total amount of responsibilities to the Crédito Agrícola Group and the possible existence of signs of default, the Crédito Agrícola Group develops an individual analysis process that includes an individual analysis of staging ("IAS"), in order to corroborate the allocation of automatic staging (stages 1,2 and 3) and an individual impairment measurement analysis ("IIA"). In the latter case, analysis is performed only for exposures classified in stages 2 and 3, in	The audit procedures undertaken included the identification, understanding and evaluation of policies and procedures established by the Crédito Agrícola Group to measure credit impairment losses on loans and advances to customers as well as key controls underlying the timely identification, recording and correct measurement of impairment losses. On a sample basis, we analyzed a group of clients within the Crédito Agrícola Group's individual analysis perimeter, based on the criteria defined in internal regulations, with the objective of: (i) reviewing the conclusions and results obtained by the Crédito Agrícola Group in the individual analysis of staging ("IAS") and in the individual analysis of impairment measurement ("IIA"); (ii) obtain our own judgment on the existence of situations of significant increase in credit risk and default; and (iii) assess how the impairment losses were timely identified, measured and recognized by management. In this process, it was also confirmed that the perimeter of individual analysis included all the exposures that met the criteria defined by the Crédito Agrícola Group in its methodology. For a sample of exposures classified in stages 2 and 3, representative of the credit population subject to individual analysis by the Crédito Agrícola Group as at 31 December 2019, the procedures we have developed consisted of: (i) reviewing the available documentation on credit processes; (ii) verify the adequacy of the cash flows used to determine impairment with those reflected in the contractual support; (iii) analyze the contractual support and the most relevant collaterals and confirm the registration

Key Audit Matter	Summary of the Audit Approach
which the amount of impairment is determined through a detailed analysis of the economic and financial position of each individual customer, with reference to (i) the estimated cash flows that may be generated in the future for the fulfilment of their responsibilities – going concern; or (ii) the evaluation attributed to the collateral received in the scope of the credit granted, whenever the recovery is anticipated by means of the assignment, execution and/or sale of the collateral, less the costs inherent to its recovery and sale – gone concern. • For exposures not covered by the individual analysis, the Crédito Agrícola Group developed collective analysis models to calculate expected impairment losses, in light of the requirements of IFRS 9, which include, namely the classification of exposures by different stages according to the evolution of their credit risk since the date of its concession, and not according to the credit risk at the reporting date (stages 1, 2 or 3). These models are based on the internal historical information of defaults and recoveries and, in order to be representative of the current economic context, but also to incorporate a perspective of future economic evolution, these also use available forward looking prospective information such as (i) the GDP growth rate; (ii) the unemployment rate; (iii) the evolution of the interest rate; and / or (iv) the prospects for the real estate market. On the basis of these macroeconomic data, potential scenarios are developed that allow estimating the expected loss in each segment based on a probability of occurrence. In this context, changes in the assumptions or methodologies used by the Crédito Agrícola Group in the analysis and quantification of impairment losses of the credit to customers, as well as different recovery strategies, condition the estimation of recovery flows and timing of their receipt may have a material impact on the determination of the amount of impairment losses recognized at each moment.	of them in favour of the Crédito Agrícola Group; (iv) to analyze the evaluations of collaterals that were available; (v) to examine the criteria for determining a significant increase in credit risk (stage 2) and for classification under impairment (stage 3) on an individual basis; (vi) review the incorporation of forward looking information; (vii) a critical analysis of the discounted cash flows underlying the calculation of impairment; (viii) to assess the evolution of exposures; and (ix) understand the views of officers of Caixa Central and Caixas Associadas regarding the economic and financial situation of the clients, as to the predictability of expected cash flows of the respective businesses, as well as the prospects of collectability of credits. Whenever we concluded for the need to review some assumption used by management, we recalculated the estimated amount of impairment and compared the results obtained with those calculated by the Crédito Agrícola Group, in order to assess the existence of possible divergences. For the portfolio whose impairment is assessed through the collective analysis model, a set of specific procedures were developed with the objective of evaluating how the assumptions considered by management include the risk variables by comparison to the historic performance and recoveries of the Crédito Agrícola Group's loan and advances portfolio, namely: (i) review of the methodological documentation for the development and validation of the models; (ii) analysis of the documentation of the backtesting exercise of the risk parameters and its results; (iii) review and testing of portfolio segmentation; (iv) analysis of the Crédito Agrícola Group's definition of default and the criteria applied in the classification of staging, on a sample basis; (v) review and testing of the main risk parameters; (vi) critical analysis of the main assumptions and sources of information used in the future recoveries incorporated in the LGD (Loss Given Default), including the test of historical recoveries incorporated in this calculation, on a sampling basis; and (vii) recalculation of Expected Credit Loss ("ECL") for the loan and advances portfolio, with reference to 31 December 2019. Our auditing procedures also included a review of the disclosures for loans and advances to customers, as well as the related impairment losses, in the accompanying notes to the consolidated financial

Key Audit Matter	*Summary of the Audit Approach*
	statements, taking into account applicable and current accounting standards.
Impairment losses on securitised credit – sovereign debt *Measurement and disclosures related with impairment losses on securitised credit – sovereign debt portfolio presented in Notes 2.4 c), 9., 10.1, 19 and 24 attached to the consolidated financial statements* The significant expression of the heading securitised credit – sovereign debt and associated impairment losses, which require a set of complex assumptions and judgments from the Crédito Agrícola Group management in relation to the identification of securities with a significant increase in credit risk, as well as the corresponding amount of impairment losses, justify that these constitute a key matter for the purposes of our audit. As at 31 December 2019, the gross amount of the heading securitised credit associated with sovereign debt amounted to Euros 5,128,909 thousand (Euros 4,228,576 thousand classified as financial assets carried out at amortized cost under debt instruments, as described in Note 10.1 and Euros 900,333 thousand classified as financial assets at fair value through other comprehensive income - non-insurance activity, as described in Note 9. attached) and the corresponding impairment losses recognized at that date amounted to Euros 3,104 thousand. The measurement of credit losses expected from these exposures, as well as the respective significant increase in credit risk, are determined through an analysis model developed by Grupo Crédito Agrícola, in line with the requirements of IFRS 9, which classifies exposures by different stages depending on the evolution of the credit risk since the date of its initial recognition (stages 1, 2 or 3), being these securities with external rating and investment grade rating at the time of acquisition. These models are based on historical information on defaults and recoveries, complemented with market information, which is made available by external reference suppliers. In this context, changes in the assumptions or methodologies or information provided by external suppliers used by the Group in the analysis and	The audit procedures developed included the identification, understanding and evaluation of policies and procedures established by the Crédito Agrícola Group to measure credit impairment losses securitized credits, as well as key controls underlying the timely identification, recording and correct measurement of impairment losses. In the specific scope of our work, we have developed, among others, the following procedures: • Understanding of the Group's governance process, namely regarding the controls implemented on the review and approval of the main assumptions, judgments and future economic perspectives used in the models defined for the measurement of impairment losses; and • Reading and analysis of the methodological documents prepared by the Group and reviewing their adherence to the principles of the said standard. Regarding the models used by the Group, a set of specific procedures were developed in order to assess whether the assumptions considered by the Group's management meet the requirements of IFRS 9, namely: (i) review of the methodological documentation underlying the model used; (ii) portfolio segmentation reviewing and testing; (iii) analysis of the Group's definition of default and the criteria applied in the classification of staging, on a sampling basis; (iv) review and test of the main risk parameters; (v) critical analysis of the main assumptions and sources of information used in future recoveries incorporated in the calculation of LGD (Loss Given Default); and (vi) recalculation of Expected Credit Loss.

Key Audit Matter	*Summary of the Audit Approach*
quantification of credit losses expected from these exposures, may have a relevant impact on the estimation of recovery flows and the timing of their receipt, and consequently on the determination of the amount of expected credit losses recognized as impairment in the consolidated financial statements as of 31 December 2019.	Our audit procedures also included a review of the disclosures about the securitized loan portfolio where these assets are included, as well as the respective impairments, contained in the notes attached to the consolidated financial statements, taking into account the applicable and current accounting standards.
Valuation of real estate properties received by credit recovery *Measurement and disclosures related with valuation of real estate properties received by credit recovery presented in Notes 13.2, 16. and 17. attached to the consolidated financial statements* As of 31 December 2019, the net value of real estate properties received by credit recovery and included in the headings Non-current assets held for sale ("NCAHS"), Investment Properties ("IP") and Other Assets ("OA") amounts to Euros 409,772 thousand, Euros 51,095 thousand and Euros 17,859 thousand, respectively. In accordance with the policies in force in the Crédito Agrícola Group, the properties are subject to periodic evaluations, carried out by expert appraisers registered at the CMVM, which incorporate a set of assumptions, and which give rise to the recording of impairment losses whenever the amount resulting valuation, net of selling costs, is lower than its book value. Given the expression of these assets in the consolidated balance sheet of the Crédito Agrícola Group and taking into consideration that their valuation requires the application of a set of assumptions and judgments by the management for the purpose of determining the amount and the moment of recognition of the corresponding losses due to impairment, this was a matter of relevance for the purposes of our audit.	The audit procedures we have undertaken included the identification and understanding of the key controls established by the Crédito Agrícola Group to identify real estate properties with signs of impairment, classified as NCAHS, IP and OA, to determine the corresponding amounts of impairment losses and ensure the corresponding accounting treatment in an appropriate and timely manner. Our procedures also included performing detailed tests. For a sample of real estate properties, we conducted analyses on its valuation and, if applicable, the subsequent impairment loss recorded on the basis of the evaluations prepared by the external independent appraisers. This analysis also included an assessment of the reasonableness of the methodology applied and the assumptions used by the expert appraisers in determining the value of the selected properties. Whenever necessary, we held meetings to understand and challenge the judgments and assumptions adopted in preparing the valuations. We evaluated the competence, capacity and objectivity of the expert appraisers contracted by the Crédito Agrícola Group, including confirmation of their registration with the CMVM. For a sample of properties that were sold during 2019, we compared the sale value with the last valuation obtained, in order to assess the reasonableness of the valuations previously obtained by the Crédito Agrícola Group. Our auditing procedures also included a review of the disclosures about NCAHS, IP an OA included in the notes to the consolidated financial statements taking

Key Audit Matter	*Summary of the Audit Approach*
	into account applicable and current accounting standards.
Employees post-employment benefits *Measurement and disclosures related with employees post-employment benefits presented in Notes 2.4. o) and 45. of the notes to the consolidated financial statements* As at 31 December 2019, the liabilities for past services of the Crédito Agrícola Group with pensioners, employees and directors post-employment benefits amounted to Euros 109,772 thousand, mainly covering retirement and survival pensions, health care and death benefit, namely those predicted on the Vertical Collective Work Agreement for Crédito Agrícola, known as Collective Work Agreement for Credit Institutions of Crédito Agrícola Mútuo. These liabilities are estimated based on actuarial valuations developed by an actuary of the Crédito Agrícola Group, certified by the Insurance and Pension Funds Supervisory Authority (ASF). These assessments incorporate a set of financial and actuarial assumptions, such as the discount rate, the inflation rate, the mortality and disability tables, the growth rates of pensions and wages, among others, which correspond to the best estimation of the management concerning characteristics of the benefits and the population of employees and the current and future behavior of these variables. In the specific case of the discount rate used in actuarial studies, it is determined on the basis of the market rates for high-quality corporate bonds in terms of credit risk, denominated in the currency in which the benefits will be paid (Euros) and similar maturity to the benefits plan expiration date. In this context, future changes in the assumed financial and actuarial assumptions may give rise to material impacts on net liabilities as well as assets held to meet these liabilities, and this issue was considered a key matter for the purposes of our audit.	The audit procedures we have undertaken included the identification and understanding of the key controls implemented by the Crédito Agrícola Group to ensure the information compiled and provided to the actuary is correct and complete to calculate the liabilities and future financing needs of the plan, as well as the adequacy of the process of calculating the fair value of the Fund's assets. The audit work included meetings with the management and the actuary in order to identify the methodologies and the options considered in the definition of the main actuarial and financial assumptions adopted. Given the relevance of the required management judgments, we proceeded to evaluate the reasonableness of the main assumptions by comparing them with the data that we were independently able to obtain. We reviewed the compliance (i) of the historic information of the employees used for the purposes of calculating responsibilities; (ii) accounting recognition of costs related to past services and other changes in assumptions and estimates that occurred during the year; and (iii) the fair value of the assets of the fund, calculating it, whenever possible, independently for a sample of assets held. Finally, we have developed the detailed analysis of the actuarial study prepared with reference to 31 December 2019, based on the results of the procedures referred to above. The audit procedures included the review of the directors, employees and pensioners' post-employment benefits disclosures included in the notes to the consolidated financial statements taking into account applicable and current accounting standards.

Key Audit Matter	Summary of the Audit Approach
Risk of insufficient assets to cover contracted liabilities *Measurement and disclosures related with the risk of insufficient assets to cover contracted liabilities presented in Notes 19. and 21. of the notes to the consolidated financial statements* The heading mathematical provisions for life segment and provision for interest rate commitments are a matter of relevance for the purposes of our audit, not only because of their significant expression in liabilities, but also because these require, in relation to their determination, the application of subjective assumptions and judgments by the management of Crédito Agrícola Group. As of 31 December 2019, this heading amounts to Euros 872,413 thousand, being, among others, constituted by (i) a mathematical provision for life insurance in the amount of Euros 630,325 thousand and (ii) provision for interest rate commitments in the amount of Euros 67,816 thousand. Additionally, in liabilities are reflected the financial liabilities of the deposit component of insurance contracts and insurance contracts and transactions, considered for accounting purposes as investment contracts that on 31 December 2019 amount to Euros 32,465 thousand. The assessment of the adequacy of insurance liabilities is made based on the projection of future cash flows associated with each contract. These cash flows include premiums, deaths, salaries, redemptions, cancellations, expenses and commissions payable. This assessment is carried out product by product and the curve used to discount liability is a risk-free interest rate curve. These evaluations involve judgments regarding the selection of the assumptions underlying the calculation, such as discount rates and redemption rates. The existing risk arises from the possibility of non-satisfaction of the guarantees assumed by the Crédito Agrícola Group for the commercialized contracts, due to the fact that there is no direct correspondence between assets and liabilities at the level of interest rate and maturity.	Our team, integrating actuarial experts, has developed the following main audit procedures: • Identification and understanding of the process and controls considered key to the assessment of the adequacy of insurance liabilities, in particular in what concerns insurance products with assumed guarantees; • Verification of the effectiveness of the controls associated with the recognition of mathematical provisions, the provision for interest rate commitments and financial liabilities of the deposit component of insurance contracts and insurance contracts and transactions considered as investment contracts for accounting purposes; • Identification and evaluation of the assumptions used by management in assessing the adequacy of insurance responsibilities; and • The development of independent tests for insurance contracts and investment contracts portfolios comparing the results obtained with those obtained by management. In addition, our auditing procedures also included a review of the disclosures on mathematical provision of life insurance and provision for interest rate commitment included in the notes to the consolidated financial statements taking into account applicable and current accounting standards.

Key Audit Matter	*Summary of the Audit Approach*
Financing of the Resolution Fund *Disclosures related to the Resolution Fund presented in Note 48 a), attached to the consolidated financial statements* The resolution measures applied in 2014 to Banco Espírito Santo, SA - a process that led to the creation of Novo Banco, SA ("Novo Banco") - and in 2015 to Banif - Banco Internacional do Funchal, SA ("Banif") created uncertainties related to the possible insufficiency of resources of the Resolution Fund to ensure the fulfilment of its responsibilities, in particular the short-term repayment of the financing it has contracted for this purpose. These uncertainties have become more relevant due to the liabilities and contingent liabilities assumed, namely those resulting from: (i) effects of the application of the principle that no creditor of the credit institution under resolution may incur greater loss than it would if it had entered into liquidation; (ii) legal proceedings against the Resolution Fund; (iii) negative effects arising from the resolution process resulting in additional responsibilities or contingencies for Novo Banco that must be neutralized by the Resolution Fund; and (iv) contingent capitalization mechanism associated with Novo Banco's sale process to Lone Star, under which the Resolution Fund, as shareholder of Novo Banco, may be called upon to make capital injections in the event of certain conditions related to the performance of a restricted set of assets of Novo Banco and the evolution of its capitalization levels. The financial statements at 31 December 2019 reflect the management's expectation that Caixa Central, as an entity participating in the Resolution Fund, will not be required to make special contributions or any other type of extraordinary contributions to finance the resolution measures applied to the BES and Banif or any other contingent liability or liability assumed by the Resolution Fund. Contingent liabilities may evolve differently than originally expected, so they are subject to continuous review to determine whether this eventuality of resources outflow has become probable. In these circumstances, the assessment of this contingent liability implies that the Crédito Agrícola Group management employs complex estimates and judgments as to the probability of materializing and quantifying the amounts of liabilities that may result from litigation and contingencies in which the Group is a party involved, and, to that extent, this was a matter considered relevant for the purposes of our audit.	The audit procedures we developed for this matter included the identification and understanding of the key processes and controls instituted by Crédito Agrícola Group regarding the identification and monitoring of contingent liabilities. Concerning the relevance and complexity of the judgments required by Crédito Agrícola Group management, within the scope of our audit, we carried out, among others, the following procedures in relation to the Resolution Fund: (i) monitoring of changes of greater significance to the simplified model of cash flow projections of the Resolution Fund presented by Caixa Central when renegotiating the loans granted, based on the contractual conditions agreed between the Banks and the Resolution Fund; (ii) appreciation of the relevant public communications on the contingent liabilities and responsibilities assumed by the Resolution Fund and / or the Portuguese State; (iii) analysis of the evolution of Caixa Central's exposures to the Resolution Fund; and (iv) understanding of the views of Caixa Central managers regarding the economic and financial situation of the Resolution Fund, and the predictability of expected cash flows from its regular revenues. Our audit procedures also included the revision of the disclosures on provisions and contingent liabilities in the notes to the consolidated financial statements of the Crédito Agrícola Group, taking into account applicable and current accounting standards.

Responsibilities of management and the supervisory board for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present fairly the financial position, the financial performance and the cash flows of the Crédito Agrícola Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Director's report, in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria; and

e) the assessment of the Crédito Agrícola Group ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Crédito Agrícola Group financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Crédito Agrícola Group internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Crédito Agrícola Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Crédito Agrícola Group to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Crédito Agrícola Group to express an opinion on the consolidated financial statements. We are responsible for the direction supervision and performance of Crédito Agrícola Group audit. We remain solely responsible for our audit opinion;

g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and

i) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information included in the Director's report is consistent with the consolidated financial statements.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our understanding that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Director's report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Crédito Agrícola Group, no material misstatements were identified.

Non-financial statement set forth in article nº 508-G of the Portuguese Company Law

In compliance with paragraph 6 of article nº 451 of the Portuguese Company Law, we hereby inform the Crédito Agrícola Group stated in its Director's Report that it will prepare a separate report of the Director's Report that will include the non-financial information set forth in article nº 508-G of the Portuguese Company Law, which should be published on its website until the legal deadline.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of the Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of Caixa Central in the Shareholders' General Meeting of 30 May 2015 for the financial year ended on 31 December of that year. Our last appointment was in the Shareholders' General Meeting of 25 May 2019 for the period from 2019 through 2021.

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Crédito Agrícola Group supervisory board as of this date.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remained independent of the Crédito Agrícola Group in conducting our audit.

29 April 2020

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
represented by:

Aurélio Adriano Rangel Amado, R.O.C.

08

Opinion of the Senior Board

VIII. OPINION OF THE SENIOR BOARD

To the Chairmen and Directors of the Associated Caixas,

Having analysed the Management Report and Accounts for the financial year of 2019, which shall be submitted to discussion and approval at the Ordinary General Meeting, the members of the Senior Board issue the present opinion.

The Senior Board noted with satisfaction the net income of Grupo Crédito Agrícola which surpassed 131 million euros, achieved in a context of economic growth, but in which the profitability levels of the financial sector were pressurised by the prolongation of the negative interest rate environment, by the increasingly more aggressive competition, by the new challenges concerning digitalisation and efficiency, and by the growing control and internal governance and capital requirements in the current regulatory framework.

The Management Report and Accounts highlight the alterations which have occurred in core business areas and the balance sheet variations and balances recorded at the end of the year, which, in our opinion, appropriately reflect the work developed by all the personnel who are part of Grupo Crédito Agrícola. These figures reveal the strong performance of the Caixas Agrícolas which, as a whole, contributed with 98.2 million euros to the results obtained by the Group, and the sound performance of Caixa Central which achieved a net income for the year of 20.6 million euros and that of the insurance companies which, as a whole, contributed with 13.5 million euros.

The presented document enumerates, in a complete manner, the most important activities that occurred during 2019, for the pursuit of the attainment of the goals established in the Activities Plan and Budget for 2019, always bearing in mind the mission and values that have consistently guided Crédito Agrícola.

The outlook on the evolution of the activity of Grupo Crédito Agrícola for 2020 is being challenged by the economic slowdown triggered by the unexpected impact of the Covid-19 pandemic. The Senior Board considers that the Group's role shall emerge even stronger as a result of the support that the managers and all the other employees (through technological skills and instruments) shall undoubtedly place at the disposal of the economic agents, enabling them to overcome the anticipated adversities

Thus, the Senior Board proposes to the General Meeting that it approve the Consolidated Report and Accounts of Grupo Crédito Agrícola for 2019.

Lisbon, 30 April 202

The Senior Board

09 Notes

IX. NOTES

9.1. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

1. INTRODUCTION

The incorporation, in 1991, of the Sistema Integrado do Crédito Agrícola Mútuo (SICAM), composed of Caixa Central – Caixa Central de Crédito Agrícola Mútuo, CRL (Caixa Central) and its Associated Caixas, established an arrangement of co-responsibility between them. The Caixas have freedom of association to Caixa Central and may pursue their business outside SICAM, although under stricter rules, similar to those applied for all other credit institutions.

The consolidated accounts presented herein reflect the overall situation of the net worth of the Sistema Integrado do Crédito Agrícola Mútuo (SICAM), composed of the Caixa Central and associated Caixas de Crédito Agrícola Mútuo which, with their affiliates and associates, form the Crédito Agrícola Mútuo Financial Group (or Grupo Crédito Agrícola – "GCA"). These financial statements were prepared in conformity with the legal and regulatory provisions in force established in article 74 of the Legal System for Mutual Agricultural Credit, Decree-Law 36/92 and the instructions stipulated in article 7 of this diploma.

Grupo Crédito Agrícola is a nationwide financial group, comprising 79 local banks (Caixas Agrícolas) and specialist companies, with the central structure being the Caixa Central, which is a credit institution that also has powers to supervise, guide and monitor the activities of the Associated Caixas and Fenacam, a cooperative representative institution that provides specialist services to GCA.

The Mutual Agricultural Credit Guarantee Fund (FGCAM) was established by Decree-Law 182/87 of 21 April 1987 as a legal person under public law, with a dual purpose: on the one hand, to guarantee the deposits of SICAM Customers and, on the other, to provide support and assistance to Caixas de Crédito Agrícola Mútuo, which are part of SICAM and are experiencing financial difficulties.

On 1 January 2020 Decree-Law 106/2019 of 12 August, which determined the transfer of the deposit guarantee arm of FGCAM to the Deposit Guarantee Fund (FGD), came into force. However, the assistance component remained in FGCAM, which was transformed into a private law association called Associação - Fundo de Assistência do Crédito Agrícola Mútuo (FACAM) to which the autonomous assets resulting from the transformation were allocated and which continues the financial assistance activity of SICAM.

The financial statements attached herewith refer to the consolidated activity of Grupo Crédito Agrícola, and were prepared in order to comply with the requirements on the presentation of accounts of Banco de Portugal.

On 5 March 2020, the Executive Board of Directors of Caixa Central approved the consolidated financial statements with reference to 31 December 2019 and on 16 April the Management Report and the Notes to the Financial Statements to be submitted to the General Meeting. The financial statements will be submitted to the approval of the General Meeting of Associates to be held on 27 June 2020.

In 2019 the activities were maintained in relation to the reporting of accounting and prudential aspects underpinned by harmonised information models in the European context (FINREP/ COREP), as well as the periodic conduct of various exercises that, in addition to GCA's internal management elements, represent prudential supervisory instruments used by the regulator. In this regard, of particular importance is (i) the Funding and Capital Plan, which presents projections of the main financial and prudential aggregates aimed at highlighting potential capital and liquidity needs in a markedly prospective manner, (ii) the Internal Capital Adequacy Assessment Process (ICAAP), which seeks to assess and quantify the main risks to which the institution is exposed, the Internal Liquidity Adequacy Assessment Process (ILAAP) and the Recovery Plan whose objective is the prior planning of measures that may be adopted so as to avoid or correct, in a timely form, any possible situation of financial imbalance, of capital or liquidity shortage.

International Financial Reporting Standard IFRS 16, published by the International Accounting Standards Board (IASB), effective from 1 January 2019, establishes the principles applicable to the recognition, measurement, presentation and disclosure of leases.

The initiative to implement IFRS 16 in Grupo Crédito Agrícola included the phases of identification of existing contracts and their analysis. The contracts that qualified in IFRS 16 were quantified and the impact of the transition accounted for. As recommended in the standard, the Grupo Crédito Agrícola decided to adopt the modified retrospective approach at the time of the transition.

During 2019, there was a change in the scope of SICAM derived from the merger between CCAM de Bairrada e Aguieira, CRL and CCAM de Anadia, CRL, which took place in October, with the acquiring Caixa Agrícola maintaining the same corporate name.

Thus, as at 31 de December 2019, the consolidated accounts incorporate the accounts of 79 Associated Caixas de Crédito Agrícola Mútuo which, with Caixa Central, constitute SICAM. The object of these entities is to grant credit and conduct all other acts inherent to the banking business.

The following entities are also part of Grupo Crédito Agrícolas:

- FENACAM - Federação Nacional das Caixas de Crédito Agrícola Mútuo, FCRL, whose corporate object consists of the representation and development of Crédito Agrícola Mútuo, strengthening the spirit of solidarity and cooperation between the associates, as well as the promotion, coordination and conduct of activities of common interest to them, and especially:i) representation of the Caixas Agrícolas and regional unions of their associates before any national, foreign or international entities in the realisation and defence of the rights and interests of the associates; and ii) promotion of cooperativism within the Group;

- Crédito Agrícola S.G.P.S., S.A. and Crédito Agrícola Seguros e Pensões S.G.P.S., whose object is the management of equity holdings in other GCA companies;
- The insurers Crédito Agrícola Seguros, S.A. and Crédito Agrícola Vida, S.A., dedicated to insurance activity in all non-life technical segments (except for the air, credit and surety segments) and in the life segment, respectively;
- Crédito Agrícola Serviços – Serviços Informáticos e de Gestão – ACE, whose object is the provision of information technology, operational, technical and management services in a manner complementing the individual and group activities of its Group members;
- Crédito Agrícola Informática – Serviços de Informática, S.A., essentially dedicated to the provision of information technology services, including consulting on matters of selection of software and hardware, the development and support to the development of applications, data processing, staff training and provision of consulting services in organisation and management, as well as the marketing and management of information technology equipment and products;
- Crédito Agrícola GEST - SGOIC, S.A., whose main activity is the management of collective investment undertakings. It also carries out the activity of discretionary and individualised management of portfolios on behalf of others and consultancy for investments in securities. In 2019, it took up the management of Real Estate Investment Bodies;
- Crédito Agrícola Imóveis Unipessoal, Lda whose object is the holding, management and administration of real estate properties and the purchase of real estate properties for resale;
- - CCAM Gestão de Investimentos e Consultoria, Unipessoal, Lda. which, in general, provides economic and financial or specialised strategic advisory services, as well as accounting or consulting services for corporate direction or management and the preparation of economic and financial studies;
- CA Capital – Sociedade de Capital de Risco S.A., which, as a venture capital firm, has the core object of carrying out investments in venture capital reflected in the acquisition of equity instruments, both within and outside the Group in companies showing high potential development.

GCA also includes the real estate investment funds "FEIIA CA Imobiliário" and "FIIF CA Arrendamento Habitacional" whose holding company is Square Asset Management – Sociedade Gestora de Fundos de Investimento Imobiliário S.A., the real estate investment fund "FEIIF Imovalor CA" and the equity investment fund "FIMF CA Institucionais", managed by Crédito Agrícola GEST.

1. BASIS FOR PRESENTATION, COMPARABILITY OF THE INFORMATION AND MAIN ACCOUNTING PRINCIPLES

2.1. Basis of presentation of the accounts

The consolidated financial statements of GCA were prepared pursuant to the going-concern principle, based on the books and accounting ledgers kept in accordance with the principles established in the International Financial Reporting Standards (IAS/IFRS), as endorsed by the European Union, pursuant to Regulation (EC) 1606/2002 of the European Parliament and the Council of 19 July, transposed into Portuguese law by Decree Law 35/2005 of 17 February and by Banco de Portugal Notice 1/2005 of 21 February, and in accordance with the specific rules on consolidation of accounts established in article 74 of the Legal System for Mutual Agricultural Credit, Decree-Law 36/92 of 28 March, and Banco de Portugal

Notice 5/2015. When GCA companies use different accounting standards, IAS/IFRS conversion adjustments are prepared.
International standards comprise accounting standards issued by the International Accounting Standards Board (‘IASB’) as well as interpretations issued by the International Financial Reporting Interpretation Committee (‘IFRIC’) and their predecessor bodies, issued and in force on 1 January 2019 .

With the publication of Notice 1/2019 of 22 January 2019, Banco de Portigal defined that entities shall refer to the model financial statements and their main applicable items set out in Annex III of Commission Executive Regulation (EU) 680/2014 of 16 April 2014, which sets out technical implementing rules as regards reporting for the purpose of supervision of institutions, in accordance with the FINREP mapping.

Except with respect to matters regulated by Banco de Portugal, as mentioned above, the entities of Grupo Crédito Agrícola use the Standards and Interpretations issued by the International Accounting Standards Board (IASB) and by the International Financial Reporting Interpretations Committee (IFRIC) which are relevant for their operations and have been approved by the European Union, effective for periods beginning on 1 January 2019.
In the preparation of the consolidated financial statements, GCA followed the historical cost convention, modified, when applicable, by measurement of financial assets and liabilities at fair value through profit or loss, derivative financial instruments, investment properties and financial assets at fair value through other comprehensive income.

The preparation of financial statements in conformity with the IAS / IFRS requires the use of estimates, assumptions and critical judgements in the process of determining the accounting policies to be adopted by GCA, which could have a significant impact on the book value of the assets and liabilities, as well as the income and costs of the reporting period. Although these estimates are based on the best experience of the Executive Board of Directors and its best expectations in relation to current and future events and actions, the real current and future results could differ from these estimates. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant for the financial statements, are set forth in Note 3.

The financial statements presented are expressed in euros, rounded to the nearest euro.

2.2. Alterations to the accounting policies and comparative information

IFRS 16 was adopted by Grupo Crédito Agrícola retrospectively from 1 January 2019, through the modified retrospective approach. The approach adopted allowed the accounts for the 2018 comparative period not to be restated, with reclassifications and adjustments resulting from the new principles introduced by the standard recognised in the balance sheet or retained earnings (where applicable) at the transition date. The comparative period information continues to be presented in accordance with the provisions of IAS 17 - 'Leases' and IFRIC 4 - 'Determining whether an Arrangement Contains a Lease', which is presented separately where it differs from policies applied under IFRS 16.

As part of the process of adopting IFRS 16, the Group analysed all relevant contracts in order to reassess whether they constitute or contain a lease at the initial application date, not applying the practical expedient for defining a lease defined in the standard. From operations considered as leases under IFRS 16, the lease liability was measured at the present value of the remaining lease payments, discounted at the lessee's incremental borrowing rate with reference to 1 January 2019.

On the transition date, the Group determined an incremental borrowing rate segmented by nature of the asset underlying the leasing contract for the calculation of lease liabilities, namely: (i) property leasing, (1.7%); (ii) car parking leasing, (1.7%); (iii) car leasing, (5.2%); and (iv) equipment leasing, (3%).

The right to use assets were measured at an amount equal to the lease liability, adjusted for amounts paid in advance.

For leases previously classified as finance leases, the Group recognized the book value of the lease asset and liability immediately before the transition as the book value of the right to use and the lease liability at the date of the initial implementation.

Within the scope of the adoption of IFRS 16, Grupo Crédito Agrícola has made use of the following practical expedients provided for in the standard:

- Use of an incremental interest rate, calculated by type of asset underlying the leasing contract;
- Use of past evaluations to determine whether certain leases are expensive;
- The initial direct costs incurred are not included in the calculation of the right to use associated with the lease;
- Non-reporting of lease liabilities and respective right-of-use in operations where the lease contract has a maturity not exceeding 12 months - short-term leases;
- Non-reporting of lease liabilities and respective right of use in transactions where the value of the asset underlying the lease contract, in its new state, is less than 5,000 euros - low value leases;
- Non-segregation of non-lease components included in lease contracts in the measurement of lease liabilities;
- Retrospective use of information to determine the lease term when the contract has options to extend or terminate the lease.

The reconciliation of the lease liability is shown below:

	Values in euros
Operating lease commitments disclosed as at 31 December 2018	
Discounted using the lessee's incremental borrowing rate at the initial implementation date	-529,566
(+) operating lease commitments not recognised with IAS 17	-28,353,157
Lease liabilities recognised as at 1 January 2019	
Of which:	
Non-current lease liabilities	-28,882,723

The distribution of the right of use assets by type is as follows:

	31-Dec-19	1-Jan-19
Buildings	25,350,487	27,014,767
Computer equipment	886,132	0
Vehicles	1,839,476	2,361,667
Total Right-of-Use	**28,076,095**	**29,376,435**

The change in accounting policy affected the following items in the balance sheet as at 1 January 2019:

	31-Dec-19	1-Jan-19
Right-of-Use Assets	28,076,095	29,376,436
Prepayments	0	-493,713
Lease liabilities	-27,817,969	-28,882,723
Total	**258,126**	**0**

Taking into consideration that Grupo Crédito Agrícola adopted IFRS 16 through the modified retrospective approach, there is no net impact on Retained Earnings as at 1 January 2019.

In applying IFRS 16, Grupo Crédito Agrícola:

a) Recognised assets under right-of-use and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments; and
b) Recognizes depreciation of assets under right of use and interest on lease liabilities in the income statement.

The financial statements of 2019 are, in all materially relevant aspects, comparable to the financial statements presented in this document relative to the previous period, with the exception of the amendments to the standards that entered into force on 1 January 2019.

Additionally, a series of amendments were made to the IAS/IFRS during 2019, shown below, which did not have any impact on the accounting policies or financial statements presented as at 31 December 2019.

Impact of the adoption of new standards and interpretations which became effective on 1 January 2019:

a) **IFRS 16** (new), 'Leases'. This new standard replaces IAS 17 - 'Leases', with a significant impact on the accounting by the lessees that are now obliged to recognise a lease liability reflecting future lease payments of the lease and a "right of use" asset for all lease contracts, except certain short-term leases and low value assets. The definition of a lease contract has also been changed, now being based on the "right to control the use of an identified asset". Regarding the transition regime, the new standard can be applied retrospectively or a modified retrospective approach can be followed. Grupo Crédito Agrícola has opted for the modified retrospective approach in the transition regime. See point 2.2 above.

b) **IFRS 9** (amendment), 'Prepayment Features with Negative Compensation'. This amendment introduces the possibility of classifying financial assets with conditions of prepayment features with negative compensation at amortised cost, provided that specific conditions are met, instead of being classified at fair value through profit or loss. No impact on GCA's financial statements.

c) **IAS 19** (amendment), 'Plan amendment, curtailment or settlement '. This amendment to IAS 19 requires that an entity: (i) use updated assumptions to determine the cost of the current service and the net interest for the remaining period after a plan amendment, curtailment or settlement; and (ii) recognise, in the profit or loss for the year, any reduction in surplus coverage as part of the cost related to past services, or as gain or loss in the settlement, even if the surplus coverage has not been recognised previously, due to the impact of the asset ceiling. The impact on the asset ceiling is always recorded under Other Comprehensive Income, and cannot be recycled through profit or loss for the year. No impact on GCA's financial statements.

d) **IAS 28** (amendment), 'Long-term investments in associates and Joint ventures'. This amendment clarifies that long-term investments in associates and joint ventures (components of the investment of an entity in associates and joint ventures), which are not being measured through the equity method are recorded in conformity with IFRS 9 - 'Financial instruments'. Long-term investments in associates and joint ventures are subject to the impairment model of estimated losses, before being added for impairment testing purposes to the overall investment in an associate or joint venture, when there are indicators of impairment. No impact on GCA's financial statements.

e) **Improvements to the standards 2015 – 2017.** This cycle of improvements affects the following standards: IAS 23, IAS 12, IFRS 3 and IFRS 11. No impact on GCA's financial statements.

f) **IFRIC 23** (new), 'Uncertainty over income tax treatments'. This is an interpretation of IAS 12 – 'Income tax', referring to the applicable measurement and recognition requirements when there are uncertainties as to the acceptance of a certain tax treatment by the tax administration relative to income tax. In the case of uncertainty as to the position of the tax administration on a specific transaction, the entity should make its best estimate and record the income tax assets or liabilities pursuant to IAS 12, and not IAS 37 – 'Provisions, contingent liabilities and contingent assets', based on the expected value or the most probable value. The application of IFRIC 23 can be retrospective or modified retrospective. No impact on GCA's financial statements.

Amendments to the published standards, whose application is mandatory for annual periods beginning on or after 01 January 2020, which the European Union has already endorsed:

g) **IAS 1 and IAS 8** (amendment), 'Definition of material' (applicable in financial years starting on or after 1 January 2020). This amendment introduces a change to the concept of material and clarifies that mention of unclear information refers to situations whose effect is similar to omitting or distorting such information, and the entity must assess materiality considering the financial statements as a whole. Clarifications are also made as to what is meant by "main users of financial statements", defined as 'current and future investors, lenders and creditors' who depend on financial statements for a significant part of the information they need. No impact on GCA's financial statements.

h) **Conceptual framework**, 'Amendments to references to the conceptual framework in IFRS' (to be applied for financial years beginning on or after 1 January 2020). As a result of the publication of the Conceptual Framework, the IASB amended the text of various standards and interpretations, such as: IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, SIC 32, in order to clarify the application of the new definitions of asset / liability and cost / income, in addition to some of the features of the financial information. These amendments are applicable retrospectively, unless impracticable. No impact on GCA's financial statements

Published standards (new and amendments), whose application is mandatory for annual periods that begin on or after 1 January 2020, which the European Union has not yet endorsed:

a) **IFRS 3** (amendment), 'Definition of a business' (applicable in financial years starting on or after 1 January 2020). This amendment is still subject to endorsement by the European Union. This amendment constitutes a revision to the definition of a business for purposes of the accounting of business combinations. The new definition requires than an acquisition should include an input and a substantial process that together generate outputs. The outputs are now defined as products and services that are provided to customers, which generate financial investments income and other income, excluding returns in the form of cost reductions and other economic benefits for shareholders. Henceforth, 'concentration tests' are permitted to determine if a transaction refers to the acquisition of an asset or a business. No impact on GCA's financial statements.

b) IFRS 9, IAS 39 and IFRS 7 (amendment), ' Interest rate benchmark reform' (effective for annual periods beginning on or after 1 January 2020). These amendments are still subject to endorsement by the European Union. These amendments are part of the first phase of the IASB's 'IBOR reform' project and allow exemptions related to the interest rate benchmark reform. The exemptions relate to hedge accounting, in terms of: (i) risk components; (ii) 'highly probable' requirements; (iii) prospective valuation; (iv) retrospective effectiveness testing (for IAS 39 adopters); and (v) recycling the cash flow hedge reserve, and are aimed at ensuring that the reform of benchmark interest rates does not lead to the termination of hedge accounting. However, any ineffectiveness of the hedges assessed should continue to be recognised in the income statement. No impact on GCA's financial statements.

c) IFRS 17 (new), 'Insurance contracts' (applicable in financial years starting on or after 1 January 2021). This standard is still subject to endorsement by the European Union. This new standard replaces IFRS 4 and is applicable to all entities that issue insurance contracts, reinsurance contracts and investment contracts with discretionary profit-sharing features. IFRS 17 is based on the current measurement of the technical liabilities, on each reporting date. The current measurement can be based on a full model (building block approach) or simplified model (premium allocation approach). The recognition of the technical margin is different according to whether it is positive or negative. IFRS 17 is applied retrospectively. The standard will have an impact on the financial statements of GCA through the insurance activity.

Although some of these standards and interpretations have already been approved/endorsed by the European Union, they had not yet been adopted by GCA in the preparation of its financial statements as at 31 December 2019, as their application is not yet mandatory.

2.3. Principles of consolidation and recording of associates

The consolidation of accounts of Grupo Crédito Agrícola is conducted in compliance with the requirements of the following legislation:

- Article 74 of the Legal System for Mutual Agricultural Credit and Agricultural Credit Cooperatives (Decree-Law 24/91, of 11 January, with the most recent amendments introduced by Decree-Law 142/2009, of 16 June);
- Decree-Law 36/92 of 28 March (with the most recent amendments introduced by Decree-Law 188/2007, of 11 May); and
- Banco de Portugal Notice 5/2015; and
- Banco de Portugal Notice 1/2019.

Grupo Crédito Agrícola directly and indirectly holds financial stakes in subsidiaries and associates. As a rule, subsidiaries are considered companies in which this percentage stake is more than 50% of its capital or companies in which Caixa Central exercises effective control of their management. Associates are considered companies in which the percentage stake stands between 20% and 50% of its capital or in which SICAM, directly or indirectly, exerts significant influence on their management and financial policy.

a) Subsidiaries

The consolidated financial statements include the accounts of Caixa Central - Caixa Central de Crédito Agrícola Mútuo, C.R.L. (Caixa Central), the associated Caixas de Crédito Agrícola, and the affiliates and associates controlled directly and indirectly by Caixa Central (Note 4).

Regarding the participated companies, "affiliates" are considered those in which GCA effectively controls their current management in order to obtain economic benefits from their activities. Control normally exists when the Group holds more than 50% of the capital or voting rights. The financial statements of all the companies controlled by the Group (subsidiaries or affiliates) were included in these consolidated financial statements by the full consolidation method.

The Group controls an entity when it is exposed to, or has rights to variable returns arising from its involvement with the Entity, and has the capacity to affect these same returns through the power it exercises over the Entity. The subsidiaries are consolidated from the date when their control is transferred to the Group, and are excluded from consolidation from the date when this control ends.

The consolidation of the accounts of the affiliates was carried out by the full consolidation method, from the date when Caixa Central takes control of its activities up to the time when this control ceases to exist. The transactions and significant balances between the companies object of the consolidation were eliminated. Furthermore, when applicable, consolidation adjustments are made in order to assure consistency in the application of the accounting principles of Grupo Crédito Agrícola.

Acquisitions of affiliates are recorded by the purchase method. The acquisition cost corresponds to the sum of the fair values of the assets acquired and liabilities incurred or undertaken, as well as any equity instruments issued in exchange for control over the acquired entity. The costs directly attributable to the transaction are recorded as costs when incurred. On the acquisition date, the assets, liabilities and contingent assets that are identifiable and meet the requirements for recognition established in IFRS 3 – "Business combinations", are stated at their fair value.

When the acquisition of control is carried out for a percentage of less than 100%, in the application of the purchase method, the non-controlling interests can be measured at fair value or in proportion to the fair value of the acquired assets and liabilities, with this option being defined in each transaction. Whenever control is acquired through potential rights, the non-controlling interests are measured at fair value.

Subsequent transactions involving the divestment or acquisition of holdings from non-controlling interests, which do not imply change of control, do not result in the recognition of gains, losses or goodwill, with any difference between the transaction value and the book value of the traded holding being recorded in Equity, under Other equity instruments.

Any losses generated in each period by subsidiaries with non-controlling interests are allocated according to the percentage held in them, regardless of being a negative balance.

The value corresponding to third party holdings in the affiliates is presented under the equity heading of "Non-controlling interests".

The consolidated profit derives from the sum of the net income of SICAM and the affiliates, in proportion to their effective holding, after consolidation adjustments, namely the elimination of dividends received and capital gains and losses generated in transactions between companies included in the consolidation perimeter.

b) Associates

Associates are entities in which GCA has significant influence, but does not control. Significant influence is considered to exist when GCA has financial holdings (directly or indirectly held) above 20% (but less than 50% with voting rights in proportion to the holding) or the power to participate in decisions about the financial and operational policies of the entity but has neither control nor has joint control over it. Any dividends received are recorded as a decrease of the value of the financial investment.

Investments in associates are initially measured at cost in the consolidated financial statements. Financial holdings in associates are subsequently recorded by the equity method, from the moment that GCA acquires significant influence until the date it ceases.

The excess of the cost of acquisition over the fair value of the share of the identifiable assets and liabilities acquired, goodwill, is recognised as part of the financial investment in the Associate. If the acquisition cost is lower than the fair value of the net assets of the acquired Associate, the difference is recognised directly as a gain in the consolidated comprehensive income statement.

If the financial holding in an associate is reduced, but maintaining the significant influence, only a proportional amount of the values recognised previously in other comprehensive income is reclassified to the Income Statement.

Unrealised gains or losses in transactions between the Group and the Associates are eliminated in the application of the equity method.

The accounting policies of the Associates are changed whenever necessary so as to ensure that the same policies are applied consistently by all the companies of the Group.

When the share of the losses of an Associate exceeds the investment in the Associate, the Group recognises additional losses if it has undertaken liabilities or made payments in benefit of the Associate.

The consolidated financial statements include the part attributable to GCA of the total profit and loss recognised by the associate.

c) Goodwill

Acquisitions of subsidiaries and associates occurred after 1 January 2006 are recorded by the purchase method. The acquisition cost corresponds to the fair value determined on the acquisition date of the assigned assets, issued equity instruments, minus the costs directly attributable to the issue. Goodwill refers to the difference calculated between the fair value of the acquisition price of investments in subsidiaries, associates or businesses, and the fair value of the assets and liabilities of these companies or businesses on the date of their acquisition. Goodwill is recorded in the assets and is subject to impairment tests, pursuant to IAS 36, at least once a year, and is not amortised. Impairment losses relative to goodwill are not reversible. Furthermore, whenever it is detected that the fair value of the acquired net assets is higher than their acquisition cost (negative goodwill), the differential is recognised through profit or loss.

Goodwill is allocated to the cash generating units to which it belongs, for the purpose of conducting impairment tests. When the Group reorganises its corporate structure, implying an alteration of the composition of its cash generating units, to which goodwill has been imputed, the reorganisation process should involve the reallocation of the goodwill to the new cash generating units. The reallocation is made through an approach of relative value, in view of the new cash generating units arising from the reorganisation.

2.4. Summary of the main accounting policies

The most significant accounting policies used in the preparation of the consolidated financial statements were as follows:

a) Accrual basis

GCA follows the accrual principle of accounting in relation to most of the items in its financial statements. Hence, the costs and income are recorded as they are generated, independently of the time of their payment or receipt.

b) Foreign currency transactions

Assets and liabilities denominated in foreign currency are converted into euros at the exchange rate prevailing at the balance sheet date.

Income and costs relative to transactions in foreign currency are recorded in the period when they occur, considering the exchange rates in force on the day when they were carried out.

Additionally, the following accounting procedures are used:

- the spot exchange rate position for each currency, which corresponds to the net balance of the assets and liabilities of any specific currency, is revalued daily pursuant to the fixing exchange rates published by

Banco de Portugal, and recorded against profit or loss;
- the forward position of a currency, which corresponds to the net balance of the forward transactions awaiting settlement, is revalued at the market forward exchange rate, or, if such does not exist, at a rate calculated based on the market interest rate for this currency and for the residual term of the transaction. The difference between the balances converted into euros at the revaluation rates used and the balances converted to the contracted rates corresponds to revaluation of the forward exchange position, and is recorded through profit or loss.

Non-monetary assets and liabilities measured at fair value are converted at the exchange rates of the date when the fair value was determined, with the currency conversion differences being recognised through profit or loss. The currency conversion differences of financial assets available for sale are, however, recognised in other comprehensive income, and likewise the currency conversion differences relative to cash flow hedges.

The table below indicates the exchange rates on the reporting date:

Currency	Description of the currency	Exchange Rate
AUD	Australian Dollar	1.59967
BRL	Brazilian Real	4.51540
CAD	Canadian Dollar	1.46011
CHF	Swiss Franc	1.08468
CNY	Chinese Yuan Renmimbi	7.81810
DKK	Danish Krone	7.47130
GBP	Pound Sterling	0.85051
JPY	Japanese Yen	121.90000
MOP	Pataca of Macau	9.00890
NOK	Norwegian Krone	9.86140
RUB	Russian Rouble	69.94430
SCP	Scottish Pound	0.85051
SFK	Swedish Krone	10.45200
USD	American Dollar	1.12305
ZAR	South African Rand	15.77570

c) Loans and advances

They refer to financial instruments classified at amortised cost.

Credit to customers includes loans granted to customers not intended for sale in the short-term, which are recorded on the date when the credit amount is advanced to the customer, being recognised at nominal value/amortised cost.

Subsequently, the credit and accounts receivable are recorded at amortised cost, being submitted to periodic impairment tests.

The interest component, including that relative to any premiums/discounts, is disclosed in the accounts separately in the respective profit and loss accounts, pursuant to the accrual principle. Whenever applicable, the external commissions and costs imputable to the contracting of the operations underlying the assets included in this category should also be divided into periods over the maturity period of the credit, in conformity with the effective interest rate method.

GCA entities (SICAM) classify instalments of principal or interest that remain unpaid once 30 days have elapsed after their due date as overdue credit. Credit with overdue instalments are denounced under the terms defined in the approved credit manual, with the entire debt being considered overdue at that time.

Credit to customers is derecognised on the balance sheet when (i) the contractual rights of the GCA entity (SICAM) relative to the respective financial flows expire; (ii) the GCA entity (SICAM) has substantially transferred all the risks and benefits associated to the credit; or (iii) even if the GCA entity (SICAM) retains part of the risks and benefits associated to the credit, the control over the credit has been transferred.

Guarantees provided and irrevocable commitments

Liabilities for guarantees provided and irrevocable commitments are recorded as off-balance sheet items at risk value, where any flows of interest, commissions or other gains are stated through profit or loss over the life of the operations.

Loan impairment

The entry into force of IFRS 9 - Financial instruments, on 1 January 2018, introduced a significant series of changes in the impairment quantification model, with particular emphasis on the following aspects:

i. Concept of expected economic loss in the risk management of the portfolio of financial assets, determined based on macroeconomic scenarios;
ii. Definition of 'default' pursuant to article 178 of the Capital Requirements Regulation (CRR), introduced in a phased manner up to 2021;
iii. Quantification of impairment for loans to credit institutions;
iv. Revision and introduction of new risk parameters (e.g. probability of default, loss given default, credit conversion factor, performance maturity, prepayment);
v. Adjustment of the main segments of the credit portfolio aimed at classifying assets from a risk perspective, based on homogeneous standards, according to their nature (e.g. purpose, performance), in addition to being integrated in scoring and rating analytical models.

The determination of impairment losses of financial assets, in conformity with the provisions in IFRS 9, is based on specific methods which comply with the regulatory requirements, adapted to the historical data and features of Grupo Crédito Agrícola's portfolio.

A financial asset is in a situation of impairment (and incurs impairment losses) when the present value of the expected cash flows is less than the respective exposure value. This situation is observed when:

- There is objective evidence of impairment resulting as a result of one or more events that occur after the initial recognition of the asset (loss event);
- These events have an impact on the expected future cash flows, and can be estimated in a reliable form.

Pursuant to the financial reporting standard IFRS 9, the assessment of impairment can be based on two types of analysis:

i. Individual analysis

Analysis of customers with significant exposure, through the assessment files (questionnaires) resident in the Module of Individual Analysis of Impairment (MOAI) application, where the data of the individual analyses are validated and used to calculate impairment on an individual basis.

The selection criteria of customers subject to individual analysis are as follows:

a. All customers/economic group (GER) with liabilities of more than 1,000,000 euros and/or overdue credit (by more than 90 days) of more than 50,000 euros;
b. Customer/GER classified equal to or above level 2 and liabilities of more than 500,000 euros;
c. Customer/GER with current account exposure or overdraft of more than 500,000 euros and equal to or above 90% of the limit contracted in the last 18 months;
d. Customer/GER with liabilities of more than 500,000 euros without associated asset backing or with a loan-to value (LTV) above 80%;
e. Customer/GER with restructured credit and restructured credit exposure of more than 500,000 euros.

ii. Collective analysis

Analysis of customers/GER that do not meet the criteria for submission to the process of individual analysis, being analysed in homogeneous risk groups through statistical methods. The model adopted for calculation of impairment is based on an expected loss model, determined based on macroeconomic scenarios, necessarily classifying the assets at 3 levels, according to the evolution of their credit risk in relation to initial recognition.

Determination of significant increase of credit

A significant increase of credit risk is assessed in each reference period, comparing the current risk of occurrence of default throughout the remaining life of a given contract with the same risk rating on the initial date of the operation.

A significant increase of credit risk is determined when there is a deterioration of the risk rating, in particular the associated probability of default, including situations of loans overdue by 30 to 90 days and restructured credit not classified as being in default.

Furthermore, an exposure with low credit risk is considered to exist whenever the credit risk of a particular financial instrument does not increase significantly since its initial recognition, provided that low credit risk is determined on the reporting date. The evolution of the credit risk of these financial instruments should be monitored when they are classified as having low credit risk, in order to enable timely detection of a significant increase of credit risk and ensure that they maintain the premises of low credit risk in each reporting period.

Definition of default

The European Banking Authority (EBA) issued the 'Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013' aimed at harmonising the definition of default across all prudential approaches of the European Union. Accordingly, it contains detailed clarification of the definition of default and its application, in particular clarifying the method for counting days in arrears, indications of default and conditions for leaving default. The guidelines are entirely applicable from 1 January 2021, implying that institutions must incorporate these requirements in their internal procedures and systems by this date in a phased manner and ensure their coherence with the internal models on capital and risk management.

The definition of default includes loans overdue by more than 90 days, those restructured with more than one restructuring and exposure in which there is predictability of default (improbability of payment) of the debtor, entailing quantitative and qualitative criteria, especially with respect to the reference values considered in their activation, being in concordance with the regulatory guidelines for identification and marking of a customer's financial difficulties. Moreover, there is also a contagion of default (cross default) effect for the exposure of business customers.

The criteria for leaving default respect quarantine periods. Exposures shall no longer be considered to be in breach when the following conditions are met:

- The debtor has no amount due for more than 90 days;
- A minimum period of one year has elapsed since the restructuring measures were implemented;
- The exposure meets the criteria applied by the institution to no longer be classified as impaired or in default after 3 months.

Incorporation of forward looking information

Pursuant to IFRS 9, various macroeconomic scenarios should be defined in order to obtain an expected loss value that reflects an unbiased and weighted vision of reality. To this end, 3 macroeconomic scenarios were defined (baseline, pessimistic and optimistic) whose projections and respective probabilities are established by one of the main External Rating Agencies (ECAI).

For each contract, the impairment values were calculated for each one of the three configured macroeconomic scenarios. Losses are calculated based on the corresponding risk factors for each scenario. Additionally, and in order to obtain an estimate of final loss, each one of the scenarios was duly weighted according to its probability of occurrence.

Expected lifetime

At the time of the initial recognition of a financial asset, the expected loan losses are calculated for 12 months (level 1). If the credit risk of a financial asset 'increases significantly' in relation to the initial moment and the credit quality derived from this increase is not considered a low credit risk (level 2) or the credit risk of a financial asset increases to the extent of being considered 'impaired' (level 3), the expected losses are recognised for the respective maturity.

d) Financial assets (IFRS 9)

GCA decided to consolidate the information relative to insurance activity in accordance with IAS 39; therefore, this item is not applicable to this activity (see subparagraph f)).

Financial assets are classified into three categories according to the business model associated to their holding, the type of financial instrument (debt, equity or derivatives) and their features, namely:

• Fair value through profit or loss (FVTPL);
• Fair value through other comprehensive income (FVTOCI); or
• Amortised cost.

The classification and subsequent measurement of debt instruments depends on:

(i) the features of the cash flow of the asset; and
(ii) the business model.

If the contractual features of the cash flows of a financial asset do not correspond exclusively to principal and interest (criteria of SPPI – Solely payments of Principal and Interest), it shall mandatorily be recognised and measured at fair value through profit or loss.

Based on these factors, GCA classifies its debt instruments into one of three measurement categories, namely:

i) Financial assets at fair value through profit or loss

Debt financial instruments at fair value through profit or loss are traded on active markets, acquired for the purpose of sale or repurchase in the short-term.

These instruments are initially recognised at fair value with the gains and losses derived from subsequent measurement at fair value being recognised through profit or loss.

The interest inherent to financial assets and the differences between acquisition cost and nominal value (premium or discount) are calculated in accordance with the effective interest rate method and recognised in the income statement under the heading of “Interest and similar income”.

The measurement of financial assets at fair value is based on the most representative values of the bid-ask range, in relation to the circumstances of the measurement, regardless of the IFRS 13 hierarchy level in which the instruments are classified. If a market price is not available, the fair value of the instrument is estimated based on valuation techniques, which include price assessment models or discounted cash flow techniques. When discounted cash flow techniques are used, the future financial flows are estimated in accordance with the management's expectations and the discount rate used corresponds to the market rate for financial instruments with similar features. In the price assessment models, the data used correspond to information about market prices.

These debt financial instruments at fair value through profit or loss are derecognised upon their sale or when the associated cash flows expire.

ii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include financial instruments whose features exclusively refer to the SPPI criteria (principal and interest), and their objective is the receipt of contractual cash flows and/or their sale.

Financial assets at fair value through other comprehensive income are recorded at fair value. Gains and losses relative to subsequent fair value variation are reflected under a specific equity heading, named "Fair value variation of financial assets at FVTOCI", until their sale, at which time they are transferred to profit or loss. Currency conversion gains or losses of debt instruments are recognised directly through profit or loss for the period.

The interest inherent to financial assets and the differences between acquisition cost and nominal value (premium or discount) are calculated in accordance with the effective interest rate method and recognised in the income statement under the heading of “Interest and similar income”.

The quantification of the impairment of the securities portfolio (debt instruments) is calculated using the expected credit losses calculation tool (ECL) through the so-called “ECL Reporting Service”, based on the calculation of the risk parameters, PD and LGD, based on models developed by Moody's and which consider, in particular, the rating, country, business sector and the probability of default implicit in credit default swaps (CDS). The calculation of conditional risk parameters, PD and LGD, is carried out using the MA Correlation Model (GCorr) and uses the distance-to-default (DD) measure correlations, determined from the spreads, to calculate sovereign correlations. The impairment calculated is stated under a specific heading in equity against profit or loss.

The indicators and sales limits were defined in quantity and amount and may not exceed 85% and proximity to maturity less than 95%. This calculation shall be made taking into account the quantity or amount sold on the quantity or amount of the securities portfolio of the previous reporting period.

iii) Debt instruments at amortised cost

Debt instruments at amortised cost are financial instruments whose features refer exclusively to the SPPI criterion (principal and interest), with their objective being the receipt of contractual cash flows up to their redemption, namely debt securities, investments in credit institutions, purchase operations with resale agreement and credit to customers (see Note 2.4 c)).

These instruments measured at amortised cost are recorded at acquisition cost. The interest inherent to financial assets, as well as the differences between acquisition cost and nominal value (premium or discount) are calculated in accordance with the effective interest rate method and recognised in the income statement under the heading of “Interest and similar income”.

The quantification of impairment for the securities portfolio (debt instrument) recorded at amortised cost is based on the risk rating and risk factors established by the main credit risk rating agencies.

The quantification of the impairment of the securities portfolio (debt instruments) is calculated using the expected credit losses calculation tool (ECL) through the so-called "ECL Reporting Service", based on the calculation of the risk parameters, PD and LGD, based on models developed by Moody's and which consider, in particular, the rating, country, business sector and the probability of default implicit in credit default swaps (CDS). The calculation of conditional risk parameters, PD and LGD, is carried out using the *MA Correlation model* (GCorr) and uses the *distance-to-default* (DD) measure correlations, determined from the spreads, to calculate sovereign correlations.

Securities sold with a repurchase agreement are kept in the portfolio in which they were originally recorded. The funds received are recorded, on the settlement date, in a specific liability account, with the respective interest being divided into periods through the effective interest rate method.

For debt financial instruments measured at amortised cost, maximum sale limits have been defined based on the frequency, amount and proximity to maturity.

During 2019, medium and long-term Italian public debt was sold which exceeded the limits defined in the investment policy. In accordance with regulatory criteria and the investment policy, limits of 10% should be observed in the annual sales ratios in amount and quantity of securities in the portfolio. However, the possibility of early sale of positions is foreseen, among others, in case of deterioration of the credit quality of financial assets.

Among other situations, the investment policy qualifies as a deterioration of the credit quality the worsening of the probability of default of the issuer of any issue in the portfolio by more than 5%, measured by the change in the value of the issuer's CDS.

The persistence of a sufficient increase in the credit risk of the issuer Italy has been demonstrated, as a result of the economic and political context, reflected, among other things, in the worsening of the probability of default on Italian sovereign debt by more than 5%, measured by the variation in the value of CDS. Therefore, the sales made were included in the exclusion of sales limits.

Debt instruments also include securitised loans (e.g. commercial paper)(see Note 2.4 c)).

iv) Equity instruments

GCA considers equity instruments to include all those which, from the point of view of the issuer, are classified as equity, i.e. instruments that do not contain a contractual obligation to pay and which show a residual interest in the net assets of the issuer. Examples of equity instruments include basic ordinary shares.

Subsequently, GCA measures all equity instruments at fair value through profit or loss, except when GCA has decided, upon initial recognition, to place it under the irrevocable designation of an equity investment at fair value through other comprehensive income. It is Caixa's policy to designate equity instruments at fair value through other comprehensive income when they are held for objectives that differ from generating returns via their sale.

When this option is taken, the fair value gains and losses are recognised through other comprehensive income, and are not subsequently reclassified to profit or loss, inclusively upon their divestment. Dividends, when representing return on the capital invested, are recognised through profit or loss at the time when the right to receive them is established.

v) Derivative financial instruments

Items that qualify as derivative financial instruments are financial instruments, or other contracts, that have the following characteristics:

(a) Its value varies as a result of changes in specific variables, such as interest rates, commodity prices, exchange rates, etc. (if a given variable is non-financial in nature, it must not be specific to one of the parties to the contract);
(b) it does not require initial net investment or the initial net investment is less than would be required for other types of contracts for which similar behaviour would be expected in the face of changes in market factors; and
(c) The instrument/contract will be settled at a future date.

Derivative financial instruments are recorded at fair value on the date of their contracting, being subsequently measured at fair value through profit or loss (with the fair value gains and losses for the year being stated in the headings of "Earnings from assets and liabilities stated at fair value through profit or loss"). Furthermore, they are reflected under off-balance sheet headings at their notional value. Fair value is calculated as follows:

- Based on prices in active markets (for example, with respect to futures traded on organised markets);
- Based on models which incorporate valuation techniques accepted in the market, including discounted cash flow and options valuation models.

Trading derivatives with net value receivable (positive fair value) are included under the heading of "Financial assets at fair value through profit or loss". Trading derivatives with net value payable (negative fair value) are included under the heading of "Financial liabilities at fair value through profit or loss".

Hedge accounting

In order for financial instruments to qualify for hedge accounting, the following criteria must be fully met:

- Management must formally designate and document the hedging relationship at the beginning of the hedge. This includes identifying the hedging instrument, the hedged instrument (or transaction), the nature of the risk being hedged, and how the entity will assess the effectiveness of the hedge, identification of sources of ineffectiveness, how the hedge ratio will be determined, and the Group's risk management objectives and strategies that justify contracting the hedge;
- There must be an economic relationship between the hedging instrument and the hedged instrument. With the expectation that the value of the hedging instrument and the value of the hedged instrument will move in opposite directions, as a result of the common underlying assumptions, or the risk being hedged;
- Credit risk does not dominate changes in value. Even if an economic relationship exists, a change in the credit risk of the hedging instrument or the hedged instrument should not be of such magnitude as to dominate the changes in value that result from the economic relationship;
- The designated hedging ratios are consistent with the risk management strategy. The hedge ratio is defined as the ratio between the quantity of the hedging instrument and the quantity of the instrument hedged, in terms of its relative proportions.

Management documents, on the initial date of the hedging relationship, the economic relationship between the hedging instruments and the hedged instruments, including the condition as to whether or not the hedging instruments will offset changes in the cash flows of the hedged instruments, in accordance with the objectives of Risk Management and strategy defined for contracting hedging transactions.

Fair value hedge:

In a fair value hedge of an asset or liability, the book value of that asset or liability, determined in accordance with the respective accounting policy, is adjusted to reflect the change in its fair value attributable to the risk being hedged. Changes in the fair value of hedging derivatives are recognised in the income statement, together with changes in the fair value of the hedged asset or liability attributable to the hedged risk. When a hedging instrument expires or is sold, or when the hedge no longer meets the criteria for hedge accounting or the entity revokes the designation, the derivative financial instrument is transferred to the trading portfolio and the hedged assets and liabilities are no longer adjusted for changes in their fair value. If the hedged asset or liability corresponds to an instrument measured at amortised cost, the revaluation adjustment is amortised to maturity using the effective interest rate method and reflected in the income statement of financial operations.

vii) Restrictions of reclassification between financial asset categories, pursuant to IFRS 9

The principle of IFRS 9 is that there are no reclassifications between categories, unless the business model used by management is changed. In this case, the reclassification is carried out prospectively from the date of reclassification and does not result in the restatement of gains and losses previously recognised in the income statement.

In the event that GCA reclassifies financial assets, such reclassification follows the following set of principles:

1. If GCA reclassifies a financial asset, removing it from the category of measurement at amortised cost and placing it in the category of measurement at fair value through profit or loss, its fair value is measured as at the reclassification date. Any gain or loss derived from a difference between the previous amortised cost of the financial asset and the fair value should be recognised through profit or loss.

2. If GCA reclassifies a financial asset, removing it from the category of measurement at fair value through profit or loss and placing it in the category of measurement at amortised cost, its fair value on the reclassification date will become its new book value.

3. If GCA reclassifies a financial asset, removing it from the category of measurement at amortised cost and placing it in the category of measurement at fair value through other comprehensive income, its fair value is measured as at the reclassification date. Any gain or loss derived from a difference between the previous amortised cost of the financial asset and the fair value should be recognised through other comprehensive income. The effective interest rate and the measurement of expected loan losses are not adjusted as a result of the reclassification.

4. If GCA reclassifies a financial asset, removing it from the category of measurement at fair value through other comprehensive income and placing it in the category of measurement at amortised cost, the financial asset is reclassified at its fair value on the reclassification date. However, any accumulated gain or loss previously recognised in other comprehensive income is removed from the equity and adjusted according to the fair value of the financial asset on the reclassification date. As a result, the financial asset is measured on the reclassification date as if it had always been measured at amortised cost. This adjustment affects other comprehensive income but does not affect profit or loss and, consequently, does not consist of a reclassification adjustment. The effective interest rate and the measurement of expected loan losses are not adjusted as a result of the reclassification.

5. If GCA reclassifies a financial asset, removing it from the category of measurement at fair value through profit or loss and placing it in the category of measurement at fair value through other comprehensive income, the financial asset continues to be measured at its fair value.

6. If GCA reclassifies a financial asset, removing it from the category of measurement at fair value through other comprehensive income and placing it in the category of measurement at fair value through profit or loss, the asset continues to be measured at its fair value. However, any accumulated gain or loss previously recognised in other comprehensive income is reclassified from the equity to profit or loss as reclassification adjustment on the reclassification date.

Both the category of measurement at amortised cost and the category of measurement at fair value through other comprehensive income require that the effective interest rate should be determined upon initial recognition. Both measurement categories also imply the impairment requirements should be applied in the same way. Consequently, when an entity reclassifies a financial asset between the category of measurement at amortised cost and the category of measurement at fair value through other comprehensive income:

a) The recognition of income from interest remains unchanged and, consequently, the entity continues to apply the same effective interest rate;
b) The measurement of expected loan losses will remain unchanged, as both measurement categories apply to the same approach with respect to impairment. However, if a financial asset is reclassified from the category of measurement at fair value through other comprehensive income to the category of measurement at amortised cost, a provision for losses should be recognised in the form of an adjustment to the gross book value of the financial asset from the reclassification date. If a financial asset is reclassified from the category of measurement at amortised cost to the category of measurement at fair value through other comprehensive income, the provision for losses should be derecognised (thus no longer being recognised as an adjustment to the gross book value), being, instead recognised as an amount due to accumulated impairment (of the same value) in other comprehensive income and disclosed from the reclassification date.

Nonetheless, GCA is not obliged to separately recognise the income from interest or the gains or losses due to impairment of a financial asset measured at fair value through profit or loss. Consequently, when an entity reclassifies a financial asset, removing it from the category of measurement at fair value through profit or loss, the effective interest rate is determined based on the fair value of the asset on the reclassification date..

e) Annulment/Write-off of principal and interest

Pursuant to IFRS 9, the gross book value of a financial asset is reduced when there are no longer any reasonable expectations of recovery. A credit annulment constitutes a derecognition event. The annulment can involve the financial asset as a whole or merely part of it. Consequently, the gross book value of a financial asset is reduced at the time of annulment. A financial asset should be annulled (written off from the assets), as a whole or partially, in the period when the loan, or fraction of this loan, is considered irrecoverable. In assessing the recoverability of non-performing loans and determining the internal annulment methods, attention should be given to the following particular situations: positions with extended arrears in repayment and positions under insolvency procedures.

Crédito Agrícola believes that detailed records should be kept on all processes of annulment of uncollectible loans. Moreover, the databases collating information about processes of annulment of loans considered uncollectible should fulfil requirements of depth, amplitude, reliability, up-to-dateness and traceability. The information collected in the databases should be included in management reports, in order to ensure that the reports and other pertinent documentation (recurring or occasional) for the decision-making process at various managerial levels, including at the level of the board of directors, are based on up-to-date, complete and coherent information.

Credit operations with the following non-cumulative features are mandatorily eligible for annulment:

- Impairment coverage level above 80% for loans backed by real estate collateral (mortgage);
- Impairment coverage level above 70% for all other loans.

Nevertheless, cases in which customer record good compliance in the context of judicial agreements, special revitalisation processes (PER) or insolvency plans that have been homologated and turned into final judgements should be safeguarded, as their annulment is, in these cases, not feasible.

The procedures for annulment of uncollectible loans comply with the following requirements:

i) The loan should be entirely covered by impairments (100% provisioned). In cases where the degree of coverage of the exposure by impairments is less than 100%, the necessary impairments should be constituted up to this threshold;
ii) Once the entirety of the loan has been called in and the main efforts of collection considered adequate have been developed, the expectations of loan recovery are reduced to a time horizon in which they can be reasonably estimated, thus leading to a high rate of coverage by impairment and/or the existence of default for an extended period of time.

In accounting terms, the annulment of loans considered uncollectible gives rise to the corresponding recognition in off-balance sheet accounts (see Circular Letter CC/2017/00000020), which should remain there until the effective limitation period of the debt has ended (ordinary period of 20 years, pursuant to article 309 of the Civil Code) or, for any reason, the right to receive these loans extinguishes (e.g. debt recovery, debt remission, among others).

With the adoption of Banco de Portugal Instruction 29/2018 , the process of interest write-off occurred, with only interest earned on loans written off from assets being written off and recognised off balance sheet.

f) Other financial assets and liabilities (IAS 39)

GCA decided to consolidate the information relative to insurance activity in accordance with IAS 39; therefore, this item is only applicable to this activity .

Financial assets and liabilities are recorded in conformity with the provisions of IAS 39, with their classification on the date of their initial recognition depending on their features and the intention of their acquisition/holding.

Financial assets and liabilities are recognised on the transaction date, i.e. on the date when the purchase or sale commitment is undertaken. The classification of the financial instruments on the initial date of recognition depends on their characteristics and the intention of acquisition.

Financial assets are initially recognised at fair value plus their transaction costs, except for financial assets held for trading, which are recognised immediately through profit or loss.

These categories of assets are derecognised when (i) GCA's contractual rights to receive their cash flow expire; (ii) GCA has substantially transferred all the risks and benefits associated to their ownership; or (iii) even if GCA retains part, but not substantially all, of the risks and benefits associated to their ownership, GCA has transferred control over the assets.

i) Financial assets held for trading at fair value through profit or loss

Financial assets held for trading include income earning securities traded on active markets, acquired for the purpose of sale or repurchase in the short term, as well as derivatives. Trading derivatives with net value receivable (positive fair value) are included under the heading of "Financial assets held for trading". Trading derivatives with net value payable (negative fair value) are included under the heading of financial liabilities held for trading.

Financial assets and liabilities held for trading and financial assets at fair value through profit or loss are initially recognised at fair value. Gains and losses arising from subsequent measurement at fair value are recognised through profit or loss.

The interest inherent to financial assets is calculated in accordance with the effective interest rate method and recognised in the income statement under the heading “Interest revenue”.

Dividends are recorded under the respective income statement accounts when the entitlement to their payment is established.

The fair value of financial assets traded in active markets is their bid-price or closing market price on the reporting date. If a market price is not available, the fair value of the instrument is estimated based on valuation techniques, which include price assessment models or discounted cash flow techniques.

When discounted cash flow techniques are used, the future financial flows are estimated in accordance with the management's expectations and the discount rate used corresponds to the market rate for financial instruments with similar features. In the price assessment models, the data used correspond to information about market prices.

Financial assets at fair value through profit or loss include fixed yield securities trade in active markets that the Group has decided to record and measure at fair value through profit or loss.

Financial assets held for trading and other financial assets at fair value through profit or loss are derecognised upon their sale.

ii) Financial assets available for sale

With the publication of Banco de Portugal Notice 1/2019 of 22 January 2019, the Bank defined that the model financial statements and respective applicable items would be carried out according to the FINREP mapping. Therefore, for disclosure purposes the financial assets available for sale are disclosed in the note "Financial assets at fair value through other comprehensive income".

Financial assets available for sale include equity and debt instruments that are not classified as financial assets held for trading, at fair value through profit or loss, investments held to maturity, credit or loans and accounts receivable.

Financial assets available for sale are measured at fair value, except for equity instruments not listed on an active market and whose fair value cannot be measured reliably, which remain recorded at cost. Gains and losses relative to subsequent variation of fair value are reflected under a specific equity heading, "Fair value reserve", until their sale (or up to the recognition of impairment losses), at which time they are transferred to profit or loss. Currency conversion gains or losses of debt instruments are recognised directly through profit or loss for the period, while currency conversion gains or losses of equity instruments are recognised directly in reserves.

The interest inherent to financial assets is calculated in accordance with the effective interest rate method and recorded in the income statement under the heading “Interest and similar income”.

Dividends are recorded under the respective income statement accounts when the entitlement to their payment is established.

GCA conducts periodic impairment tests on its financial assets. When there is objective evidence of impairment in a financial asset or group of financial assets, the impairment losses are recorded against profit or loss.

For listed securities and investment funds, it is considered that there is objective evidence of impairment in a situation of continued devaluation or significant loss of value in the market price of the securities. This is defined as a depreciation of value for a period of time above 12 months or of a value above 30%, respectively.

For unlisted securities, objective evidence of impairment is considered the existence of an events with impact on the estimated value of the future cash flow of the financial asset, provided that it can be reasonably estimated.

In the event of objective evidence of impairment, arising from a significant or prolonged reduction of the fair value of security or from financial difficulties of the issuer, the accumulated loss in the fair value revaluation reserve is removed from the equity and recognised through profit or loss. Impairment losses recorded for fixed income securities may be reversed through profit or loss, if there is a positive change in the fair value of the security arising from an event which has occurred after the determination of the impairment. Impairment losses relative to variable income securities cannot be reversed, hence any potential capital gains arising after the recognition of impairment losses are reflected in the fair value reserve. Regarding variable income securities for which impairment has been recorded, subsequent negative variations in fair value are always recognised through profit or loss.

iii) Financial assets at amortised cost

With the publication of Bank of Portugal Notice 1/2019 of 22 January 2019, the Bank defined that the model financial statements and respective applicable items would be carried out according to the FINREP mapping. Therefore, for disclosure purposes the financial investments to be held to maturity are disclosed in the note "Financial assets at amortised cost".

Financial investments assets held to maturity are investments with a fixed yield, an interest rate that is known at the time of the issue and a determined repayment date, where it is in the Group's interest to keep them until their repayment.

Financial investments held to maturity are recorded at acquisition cost. The interest inherent to financial assets and the recognition of the differences between the acquisition cost and the nominal value (premium or discount) are calculated in accordance with the effective interest rate method and recorded in the income statement under the heading of “Interest revenue”.

iv) Investments in credit institutions

Only the amounts receivable from other credit institutions are recorded in this heading.

These are financial assets with fixed or determinable payments, not listed on an active market and not included in any other category of financial asset.

These assets are initially recognised at their fair value, minus any commissions included in the effective rate and plus all incremental costs directly attributable to the transaction. Subsequently, these assets are recognised in the balance sheet at amortised cost, minus impairment losses.

The interest is recognised based on the effective rate method, which enables calculating the amortised cost and distributing the interest over the period of the operations. The effective rate is the rate which is used to discount the estimated future cash flow associated to the financial instrument on the date of its initial recognition. The effective interest rate calculated for a financial asset of this nature is not altered in subsequent reporting periods.

v) Financial liabilities

An instrument is classified as a financial instrument when there is a contractual obligation of its settlement being made against the submission of money or another financial asset, independently of its legal form.

Financial liabilities are classified as measured at amortised cost, except for derivatives, financial liabilities held for trading (for example, short positions) which are classified at fair value through profit or loss upon initial recognition. Gains and losses arising from subsequent measurement at fair value are recognised through profit or loss.

The classification of financial liabilities pursuant to IFRS 9 does not differ from the accounting policies established in IAS 39.

<u>Derecognition of financial liabilities pursuant to IAS 39 and recording of modification impacts:</u>

GCA derecognises a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinct, i.e. when the specific obligation in the contract is fulfilled, cancelled or expires.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is recorded as the extinction of the original financial liability and recognition of a new financial liability. Likewise, a substantial modification in the terms of an existing financial liability or part of it (whether or not attributable to the debtor's financial difficulty) is recorded as the extinction of the original financial liability and recognition of a new financial liability.

1. The difference between the book value of a financial liability (or part of a financial liability) extinguished or transferred to another party, and the retribution paid, including any non-monetary assets transferred or liabilities assumed, is recognised through profit or loss.
2. If GCA repurchases a part of a financial liability, it shall allocate the previous book value of the financial liability between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts at the repurchase date. The difference between a) the book value imputed to the derecognised part, and b) the retribution paid, including any non-monetary assets transferred or liabilities undertaken, for the derecognised part is recognised through profit or loss.

g) Financial liabilities (IFRS 9)

An instrument is classified as a financial instrument when there is a contractual obligation of its settlement being made against the submission of money or another financial asset, independently of its legal form.

Financial liabilities are classified as measured at amortised cost, except for derivatives, financial liabilities held for trading (for example, short positions) which are classified at fair value through profit or loss upon initial recognition. Gains and losses arising from subsequent measurement at fair value are recognised through profit or loss.

The classification of financial liabilities pursuant to IFRS 9 does not differ from the accounting policies established in IAS 39.

Financial liabilities are measured at amortised cost, and are essentially funds of credit institutions, customer deposits, debt issued and financial assets acquired with a resale agreement. These liabilities are initially valued at fair value, which corresponds to the consideration received net of transaction costs, and are subsequently valued at amortised cost.

Financial assets acquired with a resale agreement at a fixed price, or at a price equal to the purchase price plus the interest inherent to the period of the operation, are not recognised on the balance sheet, with the acquisition cost being recorded as loans to other credit institutions. The difference between the purchase value and the resale value is treated as interest and is deferred over the life of the agreement, through the effective interest rate method.

As established in Decree-Law 182/87, of 21 April, the Crédito Agrícola Mútuo Guarantee Fund was created, whose operation was regulated by Decree-Law 345/98, of 9 November. The latter sought to reconvert the Crédito Agrícola Mútuo Guarantee Fund, so as to direct its objectives towards (i) guaranteeing the reimbursement of deposits constituted at Caixa Central and in its associated Caixas de Crédito Agrícola Mútuo; and (ii) promoting and carrying out actions aimed at assuring the solvency and liquidity of these institutions, with a view to defending the SICAM.

On 1 January 2020, by virtue of the entry into force of Decree-Law 106/2019 of 12 August, the deposit guarantee arm of FGCAM was transferred to the Deposit Guarantee Fund (FGD).However, the assistance component remained in FGCAM, which was transformed into a private law association called Associação - Fundo de Assistência do Crédito Agrícola Mútuo (FACAM) to which the autonomous assets resulting from the transformation were allocated.

Derecognition of financial liabilities

An entity should remove a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinct, i.e. when the specific obligation in the contract is fulfilled, cancelled or expires.

h) Tangible assets

The tangible asset items used by GCA for the development of its activity are measured at acquisition cost (including directly attributable costs) minus accumulated depreciation and impairment losses.

The acquisition cost includes the purchase/production price of the asset, the expenses directly attributable to its acquisition and costs incurred to prepare the asset so as to place it in condition for use. The financial costs incurred in relation to loans obtained for construction of tangible assets may also eventually be recognised as part of the cost of constructing the asset.

The depreciation of the tangible asset is recorded on a systematic basis over the estimated period of useful life of the asset, based on the following useful life periods:

Tangible assets	Years of useful life
Properties for own use	50
Expenses in rented buildings	10
Information technology and office equipment	4 to 10
Furniture and interior facilities	6 to 10
Vehicles	4

The useful lives of tangible assets are reviewed in each financial reporting period so that the depreciation carried out is in accordance with the consumption patterns of the assets. Land is not depreciated. Alterations to useful lives are treated as an alteration of accounting estimate and are applied prospectively under the terms of IAS 8.

Expenditure related to investment in works which cannot be recovered, carried out in buildings that are not owned by GCA are amortised over a period compatible with their expected utilisation or the rental agreement, whichever is lowest.

Whenever there are indications of loss of value in tangible assets, impairment tests are performed in order to estimate the recoverable amount of the asset, and when required, to record an impairment loss. The recoverable amount is determined as the highest between the fair value less costs to sell and the value in use of the asset, with the latter calculated based on the present value of estimated future cash flows, arising from the continued use and divestment of the asset at the end of its defined useful life.

Gains or losses in the divestment of assets are determined by the difference between the realisation value and the book value of the asset, being recognised in the income statement.

i) Intangible assets

GCA records unde this heading the expenses during the development phase of projects relative to information systems that are already installed or under implementation, as well as the cost of acquired software, in both cases when the impact is expected to be reflected beyond the year when the costs are incurred.

Intangible assets are recorded at acquisition cost, minus accumulated amortisation and impairment losses.

Internally generated assets, namely expenses related to internal development, are recorded as costs when incurred, whenever it is not possible to distinguish between the research phase and the development phase, or when it is not possible to reliably determine the costs incurred at each phase or the probability of economic benefits flowing to GCA.

Amortisation is recorded as costs for the year on a systematic basis over the useful life of the assets, which corresponds to a period of 3 to 6 years.

j) Non-current assets held for sale

GCA records the real estate properties, equipment and other assets received in loan recovery (e.g. in lieu of payment, judicial auction sale, other) under “Non-current assets held for sale”. These assets are recorded at the lowest between the value agreed in the contract, which usually corresponds to the value of the existing debt which is thus extinguished, and the asset's valuation on the date of the operation. Real estate properties are recorded in this heading from the time of the signing of the promissory contract for transfer in lieu of repayment, auction sale or other.

Real estate properties previously stated in tangible assets can also be recorded as “Non-current assets held for sale” from the moment when the expected realisation of the asset becomes through sale and provided that the criteria of IFRS 5 are met.

For these assets, there is the expectation of sale within the period of 12 months when actively on sale and the price is regularly analysed and if necessary adjusted.

As an exception to the arrangement referred to above, real estate properties which have some "burden" preventing them from being sold are recorded under “Other assets” and not as “Non-current assets held for sale”, pursuant to paragraph 7 of IFRS 5 “Non-current assets held for sale and discontinued operations”:

“For this to be the case, the asset (or divestment group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or divestment groups) and its sale must be highly probable.”

GCA does not recognise potential capital gains for these assets.

k) Investment properties

GCA records under "Investment properties" the real estate properties held by GCA that are not used in the activity and identified as being income earning, i.e. where the objective is to obtain income. Real estate properties are measured at fair value.

Costs and income received from investment properties of Grupo Caixa Agrícola are recorded in the income statement under the heading "Other operating revenue".

l) Provisions

This liability heading includes the provisions constituted to meet risks associated to lawsuits based on the assessment of probability of condemnation done by the lawyers that follow the lawsuits and other specific risks arising from the activity of Grupo Crédito Agrícola.

The provisions recorded by GCA are based on the assumptions of IAS 37 - "Provisions, contingent liabilities and contingent assets", corresponding to present liabilities or obligations with high probability of future occurrence or liability whose settlement is expected to give rise to an expenditure of funds. Their high degree of certainty necessarily implies the recording of provisions, so they cannot merely be disclosed as a "contingent liability".

The effect of the financial discount due to the updating of the provisions is considered.

Contracts that require their issuer to make payments to compensate the holder for losses incurred as a result of a breach of the contractual terms of debt instruments, including the payment of principal and/or interest, are considered financial guarantees.

Financial guarantees issued are initially recognised at fair value. Subsequently, these guarantees are measured at the higher of (i) the fair value initially recognised and (ii) the amount of any obligation arising under the guarantee contract, measured at the balance sheet date. Any change in the value of the obligation associated with financial guarantees issued is recognised through profit or loss

Financial guarantees issued by the Group normally have a defined maturity and a periodic fee charged in advance, which varies according to the counterparty risk, amount and period of the contract. On that basis, the fair value of the collateral at the date of its initial recognition is approximately equivalent to the amount of the initial commission received taking into account that the agreed terms are market terms. Thus, the amount recognised on the contract date equals the amount of the initial commission received, which is recognised through profit or loss during the period to which it relates. Subsequent commissions are recognised in profit and loss in the period to which they relate.

m) Deposits

After initial recognition, the deposits of customers and and credit institutions are valued at amortised cost, based on the effective interest rate method.

n) Other subordinated liabilities

Subordinated loans are recorded under the heading "Other financial liabilities". Subordinate loans are stated at their amortised cost.

o) Employee benefits

GCA has signed the Collective Labour Agreement (ACT) for Crédito Agrícola (called the Collective Labour Agreement of the Institutions of Crédito Agrícola Mútuo), therefore its employees and their families are entitled to pensions due to retirement, disability and survival. However, since the employees are enrolled in Social Security, ACT Signatory Institutions' liabilities related to employee pensions consist of the payment of supplementary pensions in accordance with the levels established in the ACT.

The defined benefit pension plan thus provides for the possibility of paying pensions set by the ACT in force, in the event of early retirement, old-age retirement, disability retirement and survivors' benefits, in addition to those granted by Social Security schemes.

The employees' post-employment benefits also include medical care (SAMS), whose liabilities are calculated based on the same assumptions as the liabilities related to supplementary pensions. In accordance with clause 116 of the said ACT, the sum corresponding to 6.5% of the total retirement and survivor's pensions, provided for in the ACT, regardless of the pensions received from social security schemes, constitutes compulsory contributions by the Crédito Agrícola institutions to the SAMS.

In December 2018, the incorporation contract of the Pension Fund was amended to include the coverage of liabilities related to pre-retirement, relative to agreements that are concluded from 1 January 2019.

The managing entity of the GCA Pension Fund is Crédito Agrícola Vida - Companhia de Seguros, S.A.

An actuarial evaluation is carried out annually with a reference date of 31 December for the calculation of liabilities to be financed by the respective shares of the pension fund of Caixa Central, Caixas de Crédito Agrícola and other Crédito Agrícola Institutions associated to the Pension Fund.

Pursuant to the Statutes of GCA entities, the members of their governing bodies are not covered by the benefits described above.

The ACT pension calculations are based on the following lengths of time of service:

- For future seniority bonuses and automatic promotions, the length of service time was considered for purposes of level and seniority;
- For the calculations in Annex V, the starting point was the recruitment date recognised for the pension fund.

The present value of past service liabilities, as well as the corresponding current service costs, were calculated using the "Projected Unit Credit" method.

Only those legally married are accepted for survivor pensions. For surviving men, the age is taken as three years younger than the pensioner, and for women as three years older. The calculation of this benefit is based on the remuneration level of the participant, in line with Annex VI of the collective agreement (ACT).

Banco de Portugal Notice 4/2005 determines that it is compulsory for pension funds to assure the full financing of pension liabilities under current payment and a minimum level of 95% of liabilities related to past service of current personnel.

Due to the application of IAS 19 Reviewed (starting in 2013), the remeasurement (actuarial gains and losses; return on plan assets, excluding amounts included in net interest on liabilities (assets) net of defined benefits; and any change in the effect of the maximum limit on assets, excluding amounts included in net interest on liabilities (assets) net of defined benefits) resulting from (i) differences between the actuarial and financial assumptions used and the amounts actually recorded and (ii) changes in actuarial assumptions, are recognised in their entirety as comprehensive income in the respective year in which they occur, being recorded under revaluation reserves.

The amounts recorded in the year in profit and loss refer to:

- Cost of the service: The cost of the service includes the cost of current services, cost of past services and gains or losses upon settlement;
- Net interest: Net interest is determined by multiplying the discount rate by the net liability (asset) of defined benefits (both determined at the beginning of the annual reporting period, taking into account any variation of the net liability (asset) of defined benefits during the period as a consequence of the payment of contributions and benefits);

The re-measurements recorded in “Other comprehensive income” include all the changes derived from the re-measurement of liabilities due to past and present services of the plan.

<u>Defined contributions plans</u>

Pursuant to number 1 of clause 50 of the Collective Labour Agreement between the insurers and the Trade Union of Insurance Workers (STAS) and other (hereinafter also referred to as collective labour agreement or ACT), to which CA Vida and CA Seguros adhered, published in Labour and Employment Bulletin (BTE) number 4 of 29 January 2016, “all active workers in full exercise of their duties, with an employment contract for an indefinite period, shall benefit from an individual retirement plan, and in the case of retirement due to old age or disability granted by Social Security, which shall integrate and replace any other retirement pension attribution systems established in previous collective labour regulation instruments applicable to the company”.
The pension plan is funded through collective adherence to the open pension fund "CA Reforma Garantida".

In view of the provisions in Annex V of the aforesaid collective labour agreement, in 2018, the Company made contributions to the Individual Retirement Pension Plan (PIR) of the value corresponding to the rate of 3.25% applied to the annual wage of the worker.

The first annual contribution of the employer to the Individual Retirement Pension Plan shall occur, for workers in full exercise of their duties, in the year following that in which they complete 2 years of effective employment at the Company.

If the employment contract is subject to a fixed term, the first annual contribution of the employer shall take place in the calendar year subsequent to that of the conversion of the fixed term contract into an indefinite employment contract and after completion of period of grace of 2 years stipulated above.

The individual retirement pension plan foresees the guarantee of the capital invested, with the management entity being responsible for such. This is a defined contribution plan, with the post-employment benefits received by the employees being determined by the contributions paid by the Company, together with the return on the investments derived from these same contributions. Consequently, the actuarial and investment risks shall fall on the employees, notwithstanding the guaranteed capital invested, referred to above.

As the obligation of the Company (Associate) is determined by the amounts to be contributed, the respective accounting shall consist of recognising an annual expense, as these contributions are made.

p) Seniority bonus

Under the terms of the collective agreement (ACT), Grupo Crédito Agrícola accepted the commitment to attribute a seniority bonus to active employees upon completing 15, 25 and 30 years of good and effective service, of the value of 1, 2 and 3 months of their effective monthly retribution (in the year of attribution), respectively.

Grupo Crédito Agrícola determines the present value of benefits related to seniority bonus through actuarial calculations using “the Projected Unit Credit” method. The actuarial assumptions (financial and demographic) are based on expected wage growth and mortality tables used to calculate pension liabilities. The discount rate is determined based on market rates of bonds of companies with high rating and similar maturity period to that of the settlement of the liabilities.

The impact of the estimated actuarial deviations in each year is recorded through profit or loss for the year.

q) Fee and commission income

The income from fees and commissions received from a particular activity is recognised through profit or loss when the particular activity has been completed.

As the services are provided, income from fees and commissions is recognised through profit or loss in the year to which it relates.

Income from fees and commissions that is an integral part of the effective interest rate of a financial instrument is recognised through profit or loss by the effective interest rate method.

The recognition of commissions associated to financial instruments will depend on the objective underlying their charging.

Distinction between:

- Commissions that are part of the effective interest rate of the financial instrument (“Effective interest rate method”);
- Commissions that are received in accordance with the provision of the service (“Method of linear recognition over the period of the operation”);
- Commissions charged at the time of execution of a significant act (“Recognition at the time”).

Commissions associated to credit contracts paid at the initial time of the loan are deferred and recorded under the heading of “Revenue with deferred income”, being subsequently recorded under income for the year throughout the useful life of the loan contracts and in accordance with the financial plan of the loans.

Commissions relative to operations of loans and other financial instruments, namely commissions charged or paid at the very beginning of the operations, are recognised throughout the period of the operations by the effective interest rate method under “commissions received” or “commissions paid”.

Commissions for services rendered are normally recognised as income throughout the period that the service is rendered or once only, if they correspond to compensation for the execution of single acts.

r) Income tax

The entities belonging to GCA are taxed individually, being subject to the tax system established in the Corporate Income Tax Code (IRC Code). There is also a group of entities within GCA that are taxed under the Special Tax System for Groups of Companies (RETGS) foreseen in the IRC Code.

Total income tax recorded through profit or loss incorporates current and deferred taxes.

Current tax is calculated based on the taxable profit for the year, which is different from the book value profit due to adjustments to taxable profit foreseen in the Corporate Income Tax Code, arising from costs or income not relevant for tax purposes, or which will only be considered in other periods.

Deferred tax assets and liabilities correspond to the value of the tax recoverable and payable in future periods arising from temporary differences between the book value of an asset or liability and its tax base. Tax credits are also recorded as deferred tax assets.

Deferred tax liabilities are usually recorded for all temporary taxable differences, while deferred tax assets are only recorded up to the amount for which future taxable profits are likely so as to enable the use of the corresponding deductible taxable differences or tax losses. However, deferred taxes are not recorded in the following situations:

- Temporary differences arising on initial recognition of assets and liabilities in transactions that do not affect the accounting profit or loss or taxable profit;
- Deductible temporary differences arising from profit not distributed to affiliates and associates, to the extent that parent company is able to control their reversal and when it is probable that this will not occur in the predictable future.

Deferred taxes are calculated using tax rates that are expected to be in force on the date of the reversal of the temporary differences, which correspond to the rates approved, or largely approved, on the reporting date.

Income taxes (current or deferred) are reflected in the profit or loss for the year, except in cases when their underlying transactions have been reflected in other equity headings (for example, in the case of the revaluation of financial assets stated through other comprehensive income). In these cases, the corresponding tax is also recognised against equity, and does not affect the net income for the year.

s) IFRS 16 - Leases

The Group adopted IFRS 16 - "Leases" on 1 January 2019, replacing IAS 17 - "Leases", which was in force until 31 December 2018. IFRS 16 allows entities to adopt the new standard following a full retrospective approach or through the modified retrospective approach, the latter not implying disclosure of the impacts at the date of the previous reporting period (2018), recognising the cumulative effect of the initial application of the standard as an adjustment to the balance sheet at the transition date (2019). As disclosed in the transition note, the Group has adopted a modified retrospective approach to the transition to IFRS 16.

Lease agreements - identification of assets

At the start of the contract, the Group evaluates whether a contract is or contains a lease. In order for a contract to be considered as a lease, the following three cumulative conditions must be met:

- the contract identifies one or more leased assets;
- the entity derives most of the economic benefits from using the leased asset; and

- the entity has the right to control the underlying asset, for the duration of the contract, in return for payment.

As the Lessee

IFRS 16 sets out a number of new requirements for the application of this standard, in particular regarding the classification and measurement of lease transactions from a lessee's perspective. As a lessee, GCA records an asset under right-of-use and a lease liability at the date on which control over the use of the leased asset is transferred to the Group.

The lease liability is measured at the present value of future rents to be incurred under the contract, discounting payments at the discount rate implicit in the contract, if this is determinable. When the implicit rate is not available or cannot be measured, an incremental Group borrowing rate should be used, corresponding to the rate that the lessee would use to pay the funds necessary to obtain an asset of similar value in an economic environment with comparable terms and conditions.

The payments taken into account in the calculation of the lease liability are: (i) fixed payments (including payments that are in substance fixed), less any amounts receivable for lease incentives, (ii) index or rate-dependent variable payments (if the payments considered variable are not dependent on an index or rate, they shall be recognised in the income statement at the time they are incurred), (iii) the amount relating to the exercise of the call option, if it is reasonably certain that the entity will exercise it and (iv) payments for non-lease components.

Lease liabilities are subsequently adjusted upwards to reflect the interest on the lease liability (using the effective interest rate method), and reduced to reflect the payments made.

The liability is remeasured whenever there is a change in one of the following variables: (i) change in the value of index or rate-dependent variable payments (for the period in question only), (ii) change in assessment as to whether or not to exercise the call option on the underlying asset, (iii) change in the residual value of the asset, or (iv) change in the term of the contract. If there is a change in the term of the contract or a change in the assessment of the exercise of the call option (points (ii) and (iv)), a new discount rate shall be calculated for the remeasurement of the liability. If the modification qualifies as a separate lease, this shall give rise to the quantification and recognition of a new right-of-use asset together with the related lease liability.

When the lease liability is revalued, the difference arising from the revaluation is offset against the right-of-use asset, or is recorded through profit or loss if the book value of the right-of-use asset has been reduced to zero.

Right-of-use asset - The asset under the right-of-use is initially measured at cost, corresponding to the initial value of the lease liability, adjusted for any payments incurred up to the inception date, plus any initial direct costs incurred and an estimate of the costs of dismantling and removing the underlying asset or restoring the underlying asset or the location in which it is located, less any lease incentives received.

Subsequently, the right-of-use asset is depreciated using the straight-line method, from the start date to the end of the useful life of the right-of-use asset or the end of the lease term. Additionally, the right-of-use asset is periodically adjusted if re-measures are made to the lease liability.

When there are indicators of loss in value, impairment tests are carried out on right-of-use assets, reducing their value in situations of impairment losses.

Where GCA incurs an obligation to dismantle and remove a leased asset, restore the site on which it is located, or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised in accordance with IAS 37. The expenses are included in the right-of-use asset.

Lease incentives (e.g. non-rental lease periods) are recognised as elements of measuring right-of-use assets and lease liabilities, as received or receivable, respectively.

Variable rents that do not depend on an index or rate are not included in the measurement of lease liabilities or right-of-use assets. Such payments are recognised as expenses in the period in which the event or condition giving rise to the payments occurs.

Practical expedients - Short-term leases, low value leases and separation of components

As provided for in the standard, the Group has adopted the following practical expedients, in particular:

- Non-recognition of lease liabilities and respective right-of-use for lease contracts (i) with a duration not exceeding 12 months (short term) or (ii) where the underlying asset has a value, in its new state, of less than 5,000 euros (low value).
- Non-segregation of the non-leasing component in the estimate of the lease liability and corresponding right of use, therefore measuring the financial liability and the respective right of use considering the total amount to be incurred with the operation.
- These contracts are accounted for under 'Other administrative expenses'.

As the Lessor

When GCA is a sublessor, the accounting for the main lease and the sublease is done as 2 separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset of the main lease.

When a given contract includes payments of lease components and other components, Grupo Crédito Agrícola applies IFRS 15 - Revenue from contracts with customers, to allocate the consideration of the contract to each component, and only the lease components are considered for registration under IFRS 16.

IAS 17 - Leases

Up to 31 December 2018, GCA classified lease operations as finance leases or operating leases fulfilling the criteria defined in IAS 17 - Leases. The classification was based on the substance and not the legal form of the operation, being considered as finance leases those leases in which risks and benefits intrinsic to the ownership of an asset are substantially transferred to the lessee.

<u>Financial leasing</u>

Financial lease operations are recorded as follows:

i) As the lessor:
As the lessor, assets divested under a financial leasing arrangement are derecognised from the balance sheet, with a credit granted being recorded as "Loans and advances to customers" (amount equivalent to the net investment made in the leased assets, together with any non-guaranteed residual in favour of GCA), which is reimbursed through the capital amortisation established in the financial plan of the contracts. The interest included in the lease payments is recorded as financial income under "Interest received", based on a constant periodic rate of return, calculated on the aforesaid net investment value.

ii) As the lessee:
In the lessee's sphere, the assets held under financial leasing are recorded at the beginning of the lease at the lowest figure between the fair value of the leased asset and the present value of the minimum lease payments. Each of these is determined on the starting date of the contract under “Tangible assets”, being depreciated by the shortest time between the period of the useful life of the asset and the lease period when GCA does not have a purchase option at the end of the contract, or by the estimated period of useful life, when GCA intends to acquire the assets at the end of the contract. The liability before the lessor is likewise recorded in the liabilities, which will be progressively reduced by the capital amortised in the lease payments. The interest paid is recorded under "Interest costs".

<u>Operating leasing</u>

GCA only acts in operating lease contracts as lessee, in which case the rent of each contract is recorded on a monthly basis, reflecting the cost of use of the equipment under Other administrative overheads. As of 1 January 2019, all contracts recorded under Other administrative expenses are those considered as short-term leases (equal to or less than 12 months) or refer to low value assets (less than 5,000 euros).

t) Insurance

Insurance Contracts:

Insurance contracts are taken out where the Insurer assumes a significant risk of the insured person, accepting to compensate this person in the case of an uncertain future event which affects this person in an adverse manner. This type of contract is established under IFRS 4 (Pure Life Insurance).

Investment contracts are contracts which exclusively involve financial risk, not having any significant insurance risk. These contracts may also be differentiated between purely financial contracts and those with a discretionary participation feature (profit-sharing). If the investment contracts are purely financial, they fall under IAS 39, however, if they attribute a discretionary participation, they come under the terms of IFRS 4 (Capitalisation products with guaranteed rates and profit-sharing), continuing to recognise the premiums received as income and the corresponding increase in liabilities as cost.

Potential capital gains, net of capital losses, derived from the revaluation of assets allocated to insurance with profit-sharing, are distributed between a liability component and an equity component, based on the conditions of the products and the historical record of attributed profit-sharing.

Reinsurance and co-insurance operations are recognised in accordance with the accrual principle, so when the revenue occurs at a different time from the period to which it refers, the operations are recorded as values receivable under an asset heading.

Recognition of income and costs

Premiums of non-life insurance contracts, life insurance contracts and investment contracts with discretionary participating features in profit or loss, are recorded when issued, under the income statement heading "Premiums, net of resinsurance".

Issued premiums relative to non-life insurance and the associated acquisition costs are recognised as income and cost, respectively, throughout the corresponding risk periods, through movement of the provision for unearned premiums.

Liabilities related to insurance associated to life insurance contracts and investment contracts with discretionary participating features in profit or loss are recognised through the life insurance mathematical provision, with the cost being reflected at the same time as when the income associated to the issued premiums are recorded.

The main accounting policies and basis of measurement of the technical provisions are as follows:

i) *Provision for unearned premiums*

This provision reflects the portion of the issued premiums stated for the year, relative to risks that have not yet expired as at the reporting date and are imputable to one or various following years, aimed at guaranteeing the coverage of the risks undertaken and costs derived thereof during the period between the end of the year and the maturity date of each insurance contract. This is determined, for each contract in force, by application of the pro-rata temporis method to the gross premiums issued.
The calculated amount of the provision for unearned premiums is deducted by the portion of the deferred cost of the remunerations by the insurance intermediaries and other acquisition costs.

ii) *Provision for risks in progress*

The provision for risks in progress corresponds to the amount needed to provide against probable compensation payments and other charges payable after the end of the financial year and which exceed the value of the unearned premiums and the premiums payable for contracts in force. This provision is calculated for direct insurance on the basis of ratios for claims, assignment, expenses and income, as defined by the Portuguese Supervision Authority for Insurance and Pension Funds (ASF).

iii) *Provision for claims*

The provision for claims corresponds to the cost of claims that have occurred and have not yet been paid, the estimated liabilities for claims due to events which have occurred but have not yet been reported (IBNR - incurred but not yet reported) and the direct and indirect costs associated to their settlement. The provision for reported and unreported claims is estimated by GCA based on past experience, available information and by application of statistical methods.
In order to calculate the provision for IBNR in sectors related to vehicles, accidents at work, housing, trade and services, and civil liability (operations and in general), actuarial estimates were made based on triangulation of amounts paid, taking into account the specific features of each sector. For all other sectors, a general rate of 4% was applied to the value of costs related to claims for the year of declared claims, to provision the liability related to claims declared after the closing of the year. The provision for claim management costs is calculated using the average cost method.
A mathematical provision was also considered for the sector of accidents at work for the following liabilities related to claims occurred up to 31 December: (i) pensions payable already confirmed by the Labour Court; (ii) pensions payable with a conciliation agreement already made; (iii) pensions of claims that have already occurred but are awaiting a final agreement or decision. The mathematical provisions relative to claims that have occurred, involving payment of life-long annuities concerning the sector of accidents at work, are calculated using actuarial assumptions based on actuarial methods recognised in the existing labour legislation.
Additionally, a mathematical provision has been constituted to meet: (i) liabilities related to pension claims that have already occurred due to potential permanent disability of claimants under treatment; and (ii) claims due to events that have already occurred but have not yet been reported.
Provisions for claims are not recorded at their present value, except for the mathematical provision for work-related accidents, which is calculated based on estimated future cash flows, updated at a discount rate of 3.25%.

Any shortfall or surplus of the provision for claims, if existing, is recorded through current profit or loss, when determined.

iv) Provision for claim rate deviations

The provision for claim rate deviation is intended to meet exceptionally high claims ratios in insurance sectors which, by their very nature, is expected to have greater fluctuations. Under the risks assumed by GCA, this provision is only constituted for the risk of seismic phenomena, being calculated by application of a risk factor, defined by the ASF for each seismic zone and applied to the insured capital retained by GCA.

v) Assigned reinsurance technical provisions

The assigned reinsurance technical provisions recorded under assets, are determined by applying the criteria described above for direct insurance, taking into account the percentage assignment to reinsurance as well as other clauses in the reinsurance treaties in force.

vi) Mathematical provision for the life branch

The mathematical provision for the Life Business corresponds to the difference between the present values of the Company's liabilities and the actuarial values of the liabilities of the policyholders, relative to the policies issued. The calculations are based on recognised actuarial methods in conformity with the technical notes approved by the Supervision Authority for Insurance and Pension Funds (ASF) for each modality.
Pursuant to these technical notes, the provision is calculated based on the GKM80 mortality table and the technical interest rates defined for each modality.

vii) Provision for stabilisation of the life branch portfolio

This provision for portfolio stabilisation is constituted for annual renewable group insurance contracts, whose main coverage guarantees the risk of death, with a view to coping with the increased risk inherent to the progressively higher average age of the insured group, whenever the pricing for this group has been based on a single rate which must be kept for a certain period due to contractual commitment.

viii) Provision for rate commitment in the life branch

On each reporting date, the Company evaluates the adequacy of liabilities arising from insurance contracts and investment contracts with discretionary participating features. This assessment is based on future cash flow projections associated to each Contract, discounted considering the time structure of interest rates provided by the European Insurance and Occupational Pensions Authority (EIOPA), for calculation of Technical Provisions under the Solvency II regime. This is carried out product by product or aggregated when the risks of the products are similar or managed together. In the event of any discrepancy between the values of the liabilities and the discounted future *cash flow* projection, this is recorded on the income statement against the heading of provision for rate commitment.

ix) Provision for profit-sharing

Provision for profit-sharing to be attributed (shadow accounting)

Pursuant to IFRS 4, unrealised gains and losses of financial assets allocated to liabilities arising from insurance and investment contracts with discretionary profit-sharing are attributed to policyholders, in proportion to their estimated share, through recognition of a liability, based on the expectation that they will receive these unrealised gains and losses when they are realised.

This provision corresponds to the net value of the fair value adjustments of the investments allocated to Life Insurance with profit -sharing, in the estimated proportion of the policyholder or beneficiary of the contract. The estimated amounts to be attributed to the insured persons in the form of profit-sharing, for each modality or group of modalities, should be calculated based on a suitable plan applied consistently, taking into account the profit sharing plan, the maturity of the commitments, the allocated assets as well as other specific variables of the modality or modalities in question.

Throughout the duration period of the contracts of each modality or group of modalities, the corresponding balance of the provision for profit-sharing to be attributed should be fully used by offsetting the negative fair value adjustments of the investments and their transfer to the provision for attributed profit-sharing.

x) Provision for attributed profit-sharing

This provision includes the amounts intended for the insurance policyholders or beneficiaries of contracts in the form of profit-sharing which has not yet been distributed, namely through inclusion in the mathematical provision of the contracts.

xi) Insurance and investment contracts with discretionary participation in profit

As mentioned above, GCA maintained most of its accounting policies applicable to insurance contracts and investment contracts with participation in profit, for cases where the profit-sharing includes a discretionary component on the company side, continuing to recognise premiums received as income and the corresponding increase in liabilities as cost.

It is considered that an insurance or investment contract contains profit-sharing with a discretionary component when the contractual conditions stipulate the attribution to the insured person, supplementary to the guaranteed component of the contract, additional benefits characterised by:

- Being probable that they constitute a significant portion of the total benefits to be attributed under the contract; and
- Whose amount or timing of distribution is contractually at the discretion of the issuer; and
- Are dependent on the performance of a particular group of contracts, realised or unrealised income in certain assets held by the issuer of the contract, or the result of the entity responsible for the issue of the contract.

The liabilities derived from insurance contracts and investment contracts with discretionary participation in profit are included in the liability adequacy tests conducted by GCA.

xii) Embedded derivatives in insurance contracts

Pursuant to that permitted by IFRS 4, the options held by insurance policyholders for early redemption of contracts in force for a fixed amount, or for a fixed amount plus interest, are not separable from the host contract.

xiii) Adequacy tests for liabilities

Pursuant to the requirements of IFRS 4, GCA carries out adequacy tests on liabilities related to current insurance contracts with reference to the reporting date of the financial statements, taking into account estimates of the present value of the future cash flow associated to the contracts, including expenses to be incurred with the settlement of claims and the cash flow associated to options and guarantees implicit in the insurance contracts.

If the present value of the liabilities estimated by these tests is higher than the value of the liabilities recognised in the financial statements, net of the book value of the deferred acquisition costs and the intangible assets related to the contract in question, additional provisions are recorded against profit or loss for the year.

The methodology and main assumptions used for in the adequacy tests on liabilities were the following:

Life business

Adequacy tests on liabilities are performed by updating, at the risk-free market interest rate, the future cash flow of claims, redemptions, maturities, commissions and management expenses deducted from the future cash flow of premiums.

This future cash flow is projected for each policy, taking account the prudent technical bases in use, which are calculated based on the historical analysis of their data as follows:

Mortality:

Based on files taken from the information technology systems, the number of insured persons is obtained, by age group at the beginning and end of the year, and the claims in the year. This data is used to calculate the number of people exposed to risk at each age, which is multiplied by the probability of death from a specific mortality table so as to determine the expected number of claims in accordance with this table. Comparing this value with the real figure gives the real claims rate for the year in percentage of the table. The mortality assumption is then determined by analysing the values for the last five years. This analysis is carried out separately for Life, Risk and Capitalisation products.

Redemptions:

Based on files taken from the information technology systems, the mathematical provisions are obtained for the beginning and end of the year, by product. This data is used to calculate the average value of mathematical provisions for each product, where the amount of redemptions is divided by this figure to obtain the redemption rate for the year. The redemption assumption for each product is determined by analysing the values for the last five years.

Expenses:
The expenses involve costs related to investment, administrative and claims. In order to obtain the unit costs, the investment expenses are divided by the average value of mathematical provisions, the investment expenses are divided by the average number of insured persons and the expenses related to claims are divided by the total number of claims for the year.

Yield Rates:
The future yield rates, applicable to the mathematical provisions, are determined by the risk-free market interest rate. The projected participation in future profit is based on yield rates obtained, with this projected profit-sharing subsequently being incorporated in the mathematical provisions, and then projected for maturities, claims and future redemptions.

Provisions for Claims:
The future cash flows are projected from the run-off of the company in the death and disability coverage for the purpose of determining future cost by comparison with present cost. Statistical methods are used to this end. Being short term, the cash flow is calculated without discount of provisions.

Non-life business

The appointed actuaries regularly assess the adequacy of the provisions, based on analysis of the liabilities of the company in the areas of uncertainties, contract duration, nature of claims and expenditure on claim settlement. A whole series of micro and macroeconomic scenarios are also applied in order the check their adequacy.

xiii) Impairment of debtor balances related to insurance and reinsurance contracts
With reference to each reporting date of the financial statements, GCA assesses the existence of indications of impairment in the assets generated by insurance and reinsurance contracts, namely the accounts receivable from insured persons, intermediaries, reinsurers and the technical provisions of assigned reinsurance.
If any impairment losses are identified, the book value of the corresponding assets is reduced through profit or loss for the year, with the cost being reflected in the income statement heading of “Impairment of other financial assets net of reversions and recoveries”.

u) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months’ maturity from the acquisition/contracting date and which are not subject to risks of fluctuation of value, including cash and deposits at Central Banks and at other credit institutions

v) Contingent liabilities and assets

Where one of the criteria for recognising provisions is not met or the existence of the obligation is conditioned on the occurrence (or non-occurrence) of a certain future event, GCA discloses this fact as a contingent liability, as set out in Note 22, unless the assessment of the requirement of the outflow of resources for payment is considered remote.

Contingent assets are "possible" assets generated by past events, the existence of which derives from the confirmation of the future occurrence of one or more uncertain events over which GCA has no control. Contingent assets are not recognised in the financial statements, merely being disclosed whenever relevant and when the existence of a future economic inflow of funds is probable.

w) Offsetting financial instruments

The financial assets and liabilities are presented in the balance sheet at their net value when there is a legally enforceable right to set off the amounts already recognised and there is an intention to settle them at their net value or realise the asset and settle the liability simultaneously. The exercisable legal right cannot be contingent on future events, and should be exercisable during normal business activity, and likewise in the case of default, bankruptcy or insolvency of the Group or counterpart.

x) Classification of cash flows

The cash flow statement reports cash flows during the period classified by operating, investing and financing activities.

Cash flows related to leases are presented as follows:

a) Payments of the principal components of lease liabilities are classified as cash flows from financing activities;
b) Interest component payments are also classified as cash flows from financing activities; and
c) Short-term leases, lease payments for immaterial assets and variable lease payments that are not included in the measurement of lease liabilities are classified as cash flows from operating activities.

The Group classifies cash flows for purchase and divestment of investment assets in its operating cash flows, as the purchases originate in cash flows associated to the beginning of insurance and investment contracts, net of the cash flows for payment of insurance benefits and claims, as well as benefits of investment contracts.

y) Equity

The registered equity certificates are recorded in the share capital. The Articles of Association of the Caixas de Crédito Agrícolas stipulate the conditions of exoneration of the associates and the entry of new partners (see Note 23).

z) Fair value of financial instruments

As established in IFRS 13, the financial instruments recorded in the balance sheet at fair value are classified according to the following hierarchy:

Level 1 – Prices in active markets
This level includes financial instruments valued based on active market prices (enforceable bids), disclosed through trading platforms;

Level 2 – Valuation techniques based on market data
This level considers financial instruments valued by in-house models which use data observable in the market, namely interest rate or exchange rate curves.

Level 3 - Valuation techniques using inputs not based on observable market data
This level includes financial instruments valued based on in-house valuation methods essentially considering inputs not observable in markets with significant impact on the valuation of the instrument, or valued based on indicative bids calculated by third parties through valuation models.

For items classified at this level, the assumptions used to obtain the fair value was the price/sales quotation of the last transaction made between unrelated parties.

aa) Subsequent events

Subsequent events refer to the accounting treatment to be given to events occurring after the reporting date and before the issue date of the consolidated financial statements.

Events that occurred after the reporting date and before the issue of the consolidated financial statements, which provide additional information, or confirm situations pending at the reporting date are adjusted in this set of consolidated financial statements.

Events that occurred after the reporting date and before the issue of these consolidated financial statements, which are not related to situations that existed at the reporting date, do not give rise to adjustments in the consolidated financial statements and are disclosed, if considered material.

2. MAIN ESTIMATES AND UNCERTAINTIES ASSOCIATED TO THE APPLICATION OF ACCOUNTING POLICIES

The estimates and judgments with impact on GCA’s individual financial statements are continually evaluated, representing the best estimate of the Executive Board of Directors at each reporting date, taking into account the historical performance, accumulated experience and expectations regarding future events, which under the circumstances in question are believed to be reasonable.

The intrinsic nature of the estimates may lead to the real reflection of the situations that have been estimated, for financial reporting purposes, being different from the estimated amounts.

The preparation of the financial statements requires the preparation of estimates and the adoption of assumptions by the management, which might affect the value of the assets and liabilities, income and costs, as well as the contingent liabilities that are disclosed.

The most significant estimates and assumptions used by the management are the following:

3.1. Impairment in the portfolio of loans to customers and with off-balance sheet liabilities

GCA (SICAM) conducts a periodic assessment of its portfolio of credit to customers, as well as its liabilities due to guarantees provided and irrevocable commitments, in order to assess the existence of evidence of impairment, based on Grupo Crédito Agrícola's impairment model (see Notes 10 and 19).

In this context, the customers identified as having loans in default and whose total liabilities are deemed to be of a significant amount, are analysed individually to assess the need to record impairment losses.

Furthermore, a collective impairment analysis is also made to all other credit operations which were not subject to individual analysis, by placing these operations in credit segments, with similar features and risks, with collective impairment losses being estimated, whose calculation is based on the historical behaviour of losses for similar assets. Where no objective existence of impairment has been observed in credit analysed on an individual basis, this credit is grouped together based on similar risk features and assessed collectively for purposes of impairment.

The process of evaluation of loans to customers and off-balance sheet liabilities, used to determine whether an impairment loss should be recognised, is subject to various estimates and judgments. This process includes factors such as the frequency of default, risk ratings, loss recovery rates and the estimation of both the amount and timing of future cash flows. The models are regularly reviewed and validated, as well as the inputs included in the models, in order to reduce any differences between estimated credit losses and actual experience with credit losses.

3.2. Fair value of financial instruments

Fair value of financial instruments is based on market prices, whenever available. However, in the absence of a market price, the financial instruments are valued based on indicative bids calculated by third parties using valuation models or pursuant to valuation methodologies essentially using inputs that can be observed in markets with a significant impact on the valuation of the instrument (see Notes 6, 7, 8, 9, 10 and 46).

3.3. Employee benefits

Liabilities related to supplementary retirement and survivor pensions are estimated based on actuarial and financial assumptions, in particular with respect to mortality, wage and pension growth and long term interest rates. In this sense, the actual results may differ from these estimates. The sensitivity analysis carried out by GCA on changes in assumptions is in Note 45.

3.4. Deferred tax assets

Unused deferred taxes assets due to tax losses are recognised, to the extent that it is probable that, within the reporting period established by law, there will be taxable profits which can absorb these tax losses. To this end, judgements are made to determine the amount of deferred assets tax which may be recognised, based on projections of future taxable earnings which are, in turn, constructed based on economic and financial projections under conditions of uncertainty. Should these estimates prove incorrect, there is a risk of adjustment to the value of deferred tax assets in future years (see Note 15).

3.5 Valuation of real estate assets

The valuation service is are carried out by independent experts, registered at the Portuguese Securities Commission (CMVM), who are qualified and have recognised competence and professional experience for the duties they perform.

These valuation procedures require the collection of precise information from updated documentation, during inspection of the property and the surrounding area, and in the analysis of the market, transactions, the relationship between supply and demand, and the prospects for development. The treatment of the information enables the adoption of basic values for the calculation, applying the method and using it for comparative purposes.

The realisation value of the assets will depend on the future evolution of the real estate market (see Notes 13 and 16).

3.6 Valuation of non-current assets held for sale (real estate properties)

The valuation of these assets, and consequently the impairment losses, is based on assessments made by independent expert valuators, which incorporate various assumptions, in particular about the evolution of the real estate market, the best use of the property, and when applicable, expectations regarding the development of real estate projects, and also considers the Bank's intentions about the marketing of these assets. The assumptions used in the valuation of these properties have impact on their valuation and consequently on the determination of impairment (see Note 17). All these assets are in condition for immediate sale.

3.7 Impairment of properties for own use

Properties for own use are stated at acquisition cost minus accumulated depreciation and any impairment losses. The valuations of properties for own use, used in the impairment tests, were carried out on a going concern basis and using the depreciated replacement cost approach (see Note 16).

3.8 Determination of insurance contract liabilities

The Group's liabilities related to insurance contracts are determined based on the methods and assumptions described in Note 2.3 t) above. These liabilities reflect an estimated figure for the impact of future events on the Group's insurance companies, based on actuarial assumptions, the historical claims rate and other methods accepted in the sector.

In view of the nature of insurance activity, the determination of provisions for claims and other liabilities due to insurance contracts is highly subjective, therefore the actual figures to be disbursed in the future could well be considerably different from the estimates.

However, the Group considers that the liabilities related to insurance contracts stated in the consolidated accounts adequately reflect the best estimate on the reporting date of the amounts that the Group will have to disburse (see Note 21).

3.9 Measurement of Lease Liabilities

In accordance with IFRS 16, a lease liability is measured at the present value of the sum of future payments to be incurred under the lease contract. To discount the payments the Group should use the implicit interest rate of the contract, considering that all the information is known to determine it. If the implicit rate is not determinable, an incremental interest rate should be used, requiring the entity to develop a methodology duly supported by internal and external information for its calculation.

I. Implicit interest rate: is the discount rate that equals the fair value of the rents foreseen in the contract (including the residual value) to the fair value of the asset plus all the initial direct costs of the lessor. The main difficulty in ascertaining this rate is, in most cases, the scarce information available to the lessee relating to the residual value of the underlying asset and/or the amount of direct costs incurred by the lessor.
II. Incremental interest rate: is the rate that a third party would charge to the Grupo Crédito Agrícola entity in a financing transaction for the acquisition of an asset similar to that underlying the lease, with similar conditions, namely in terms of term and guarantees. The calculation of incremental interest rates was segmented by type of underlying asset, based on internal and external information.

The spreads of Commercial Mortgage Backed Securities (CMBS) and Residential Mortgage Backed Securities (RMBS) in Portugal and Europe were used as a reference in real estate leasing and car parking operations, given the similarity between the operations that make up this type of issue and the assets underlying these leasing contracts. With regards to vehicle leases, the procedure adopted depends on the date on which the contract originated, namely (i) for contracts originated before 1 January 2019, the incremental borrowing rate was determined on the basis of the average of the implicit rate for leasing contracts contracted between 2017 and 2019, and (ii) for contracts contracted subsequently, i.e. after 1 January 2019, the rate was determined on the basis of the implicit interest rate for the contract. The implicit interest rate: is the discount rate that matches the fair value of the rents foreseen in the contract (including the residual value) to the fair value of the asset plus all direct initial costs. The main difficulty in ascertaining this rate is, in most cases, the scarce information available to the lessee relating to the residual value of the underlying asset and/or the amount of direct costs incurred by the lessor.

It should be noted, however, that on the date of first application, incremental interest rates were used in the calculation of the lease liability for all transactions covered by the standard. Except for that period, lease payments are discounted using the discount rate implicit in the contract, if this is determinable.

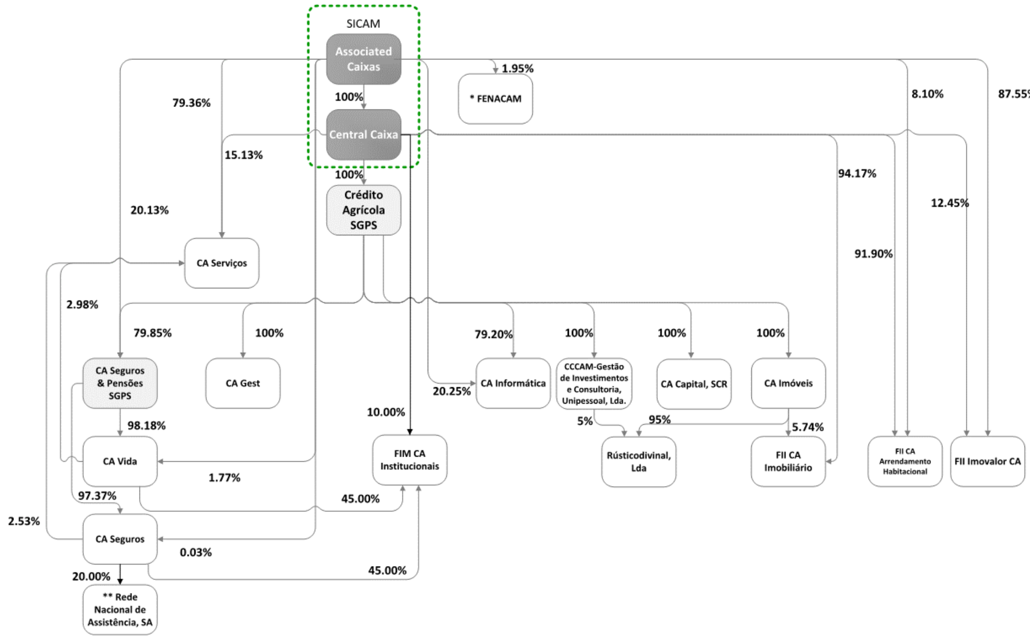
In relation to the maturity of the lease to be considered in the calculation of the lease liability, its determination should take into account the non-cancellable period of the lease, as well as the period covered by any options for extension of the term and/or early cancellation, if there is reasonable certainty as to its exercise. In situations where there are options for extension and/or cancellation of the term, it is up to the management to assess the reasonableness of their occurrence - the concept of "reasonably certain", in relation to its future decision.

To support its analysis, the Group used internal and market data that may require professional judgement, such as:

I. importance of the asset to the Group's business, lack of adequate alternatives;
II. significant economic benefits to the Group in the event of exercising the option to extend/cancel the contract, or purchase the underlying asset;
III. any costs associated with the early cancellation of the contract, costs of changing and/or returning the asset;
IV. comparison of the terms and conditions of the contract with current market conditions; among other data considered relevant.

3. GROUP COMPANIES

As at 31 December 2019, Grupo Crédito Agrícola is composed of the following entities:



(*) FENACAM holds 98.03% of its own capital.
(**) Consolidation through the equity method.

	2019					
	Equity	Net Assets	Profit/(Loss) for the year	Direct holding	Effective holding	Consolidation method
Banks						
Caixas de Crédito Agrícola Mútuo (1)	1,612,990,574	17,544,294,151	98,193,227	100.00%	100.00%	Full
Caixa Central de Crédito Agrícola Mútuo	350,586,878	9,875,416,562	20,551,517	100.00%	100.00%	Full
Asset management and brokerage						
Crédito Agrícola Gest - Sociedade Gestora de Fundos de Investimento Mobiliário S.A.	2,563,365	3,518,039	(9,564)	100.00%	100.00%	Full
Crédito Agrícola Imóveis, Unipessoal, Lda.	1,184,886	43,822,454	(3,051,091)	100.00%	100.00%	Full
Provision of Services						
FENACAM - Federação Nacional das Caixas de Crédito Agrícola Mútuo FCRL	6,241,365	8,792,927	922,961	99.98%	99.98%	Full
Crédito Agrícola Informática-Serviços de Informática S.A.	7,744,749	15,527,504	464,684	99.45%	99.45%	Full
Venture Capital						
CA Capital - Sociedade de Capital de Risco, S.A.	950,679	1,391,808	(37,417)	100.00%	100.00%	Full
Investment Funds						
FEIIA CA Imobiliário	145,820,354	148,488,288	(8,281,887)	94.17%	99.91%	Full
FIIF CA Arrendamento Habitacional	63,743,054	64,541,499	793,673	100.00%	100.00%	Full
FEIIF ImoValorCA	35,636,585	35,982,540	(964,065)	100.00%	100.00%	Full
FIM Alternativo de Obrigações Fechado CA Institucionais	19,986,537	20,000,627	336,780	100.00%	98.79%	Full
Insurance						
Crédito Agrícola Seguros	49,510,234	228,501,284	5,159,464	97.40%	97.38%	Full
Crédito Agrícola Vida	112,122,618	955,228,060	8,303,897	99.95%	99.93%	Full
Other						
CA Serviços - Serviços Informáticos e de Gestão - ACE	-	84,067,947	-	94.49%	99.92%	Full
Crédito Agrícola SGPS S.A.	65,304,864	190,519,276	(177,895)	100.00%	100.00%	Full
Crédito Agrícola Seguros & Pensões SGPS S.A.	130,939,711	147,948,414	2,400,117	99.98%	99.98%	Full
CCCAM Gestão de Investimentos e Consultoria, Unipessoal Lda	457,009	10,637,778	(1,028,643)	100.00%	100.00%	Full
Rústicodivinal, Lda	24,077	581,091	19,597	100.00%	100.00%	Full
RNA - Rede Nacional de Assistência, S.A.	8,560,447	14,419,197	2,529,199	20.00%	19.48%	Eq. Method

Note: Values as at 31 December 2019 (accounting balances before consolidation adjustments)
(1) These values correspond to the algebraic sum of the balances of the Associated Caixas Agrícolas

Note: The name Crédito Agrícola Gest - Sociedade Gestora de Fundos de Investimento Mobiliário S.A. was changed in February 2020 to Crédito Agrícola Gest - SGOIC, S.A.; Also in early 2020, FIIF CA Arrendamento Habitacional changed its name to Addrezza Arrendamento - FIIF.

The head offices and business activities of the Group's entities are as follows:

Caixa Central - Caixa Central de Crédito Agrícola Mútuo, CRL, Crédito Agrícola S.G.P.S. S.A., Crédito Agrícola Imóveis, Sociedade Imobiliária Unipessoal, Lda., CCCAM Gestão de Investimentos e Consultoria, Unipessoal

Lda. and CA Capital - Sociedade de Capital de Risco S.A. have their head offices at Rua Castilho, n.º 233 - 1099-004 Lisboa.

The object of Caixa Central is to grant credit and carry out all other acts inherent to the banking business.

The object of Crédito Agrícola Imóveis Unipessoal, Lda is the holding, management and administration of real estate properties and the purchase of real estate properties for resale.

The activity of CCAM Gestão de Investimentos e Consultoria, Unipessoal, Lda consists of the provision, in general, of economic and financial or specialised strategic advisory services, as well as accounting or consulting services for corporate direction or management and the preparation of economic and financial studies.

CA Capital has the core object of carrying out investments in venture capital reflected in the acquisition of equity instruments, both within and outside the Group in companies showing high potential development.

The head office of Crédito Agrícola Seguros, S.A., Crédito Agrícola Vida, S.A., Crédito Agrícola Seguros e Pensões S.G.P.S. and Crédito Agrícola Gest - SGOIC, S.A. is at Rua de Campolide 372, 1070-040 Lisboa.

Crédito Agrícola Seguros, S.A. and Crédito Agrícola Vida, S.A. are dedicated to insurance activity in all non-life technical segments (except for the air, credit and surety segments) and in the life segment.

The object of Crédito Agrícola S.G.P.S., S.A. and Crédito Agrícola Seguros e Pensões S.G.P.S. is the management of equity holdings in other GCA companies.

The main activity of Crédito Agrícola GEST - SGOIC, S.A. is the management of collective investment undertakings. It also carries out the activity of discretionary and individualised management of portfolios on behalf of others and consultancy for investments in securities.

CA Informática – Serviços de Informática, S.A., whose head office is at Rua Teófilo Braga, Lote 63 Damaia – 2720-526 Amadora, is essentially dedicated to the provision of information technology services, including consulting on matters of selection of software and hardware, the development and support to the development of applications, data processing, staff training and provision of consulting services in organisation and management, as well as the marketing and management of information technology equipment and products;

CA Serviços – Centro de Serviços Partilhados – ACE, whose head office is at Rua Teófilo Braga, Lote 63 Damaia – 2720-526 Amadora, was built as the unit of auxiliary services for GCA, with the object of providing information technology, operational, technical and management services in a manner complementing the individual and group activities of its Group members.

The corporate object of FENACAM - Federação Nacional das Caixas de Crédito Agrícola Mútuo, FCRL, whose head office is at Rua Professor Henrique Barros, Edifício Sagres, 7.º Piso - 2685-338 Prior Velho, consists of the representation and development of Crédito Agrícola Mútuo, strengthening the spirit of solidarity and cooperation between the associates, as well as the promotion, coordination and conduct of activities of common interest to them, and especially:i) representation of the Caixas Agrícolas and regional unions of their associates before any national, foreign or international entities in the realisation and defence of the rights and interests of the associates; and ii) promotion of cooperativism within the Group;

FEIIA CA Imobiliário and FIIF CA Arrendamento Habitacional are real estate investment funds whose holding company is Square Asset Management – Sociedade Gestora de Fundos de Investimento Imobiliário S.A., with head office at Rua Tierno Galvan, Torre 3, Piso 7, Sala 706, 1070-274 Lisboa. In early 2020 this Fund changed its name to Addrezza Arrendamento - Fundo de Investimento Imobiliário Fechado para o Arrendamento Habitacional.

FEIIF Imovalor CA is a real estate investment fund, whose management company is Crédito Agrícola Gest - SGOIC, S.A., and has its head office at Rua de Campolide 372, 1070-040 Lisboa.

FIM CA Institucionais is a securities investment fund whose management company is Crédito Agrícola Gest - SGOIC, S.A., with its head office at Rua de Campolide 372, 1070-040 Lisboa.

The head office of Rústicodivinal, Lda is at Rua Castilho, Nº 233/233-A 1099-004 Lisboa and its corporate object is the production of common and liqueur wines, wholesale of liqueur drinks and viticulture.

The head office of RNA Seguros de Assistência S.A. is at Av. Eng.º Duarte Pacheco – Edf. Amoreiras, Torre 1 - 12º Piso - Sala 1, 1070-101 Lisboa.

4. CASH, CASH BALANCES AT CENTRAL BANKS AND OTHER DEMAND DEPOSITS

The composition of this heading is as follows:

	31-Dec-19	31-Dec-18
Cash in hand	143,990,164	124,815,942
Cash balances at central banks	976,135,602	606,609,358
Other demand deposits	67,513,618	65,095,861
Interest	1,668	1
	1,187,641,052	**796,521,161**

The credit institutions established in the Member States of the European Union are subject to the constitution of minimum reserves in accounts at the National Central Banks.

The minimum reserve requirements of the ECB are applicable to credit institutions in the euro zone, being primarily aimed at stabilising monetary market interest rates and creating (or expanding) structural liquidity scarcity.

The value of the minimum reserves to be met by each institution is determined based on the application of the reserve coefficients to the base of incidence, which arises from the sum of a sub-group of its balance sheet liability headings. Currently, the coefficient is 1% for liabilities falling due in two years or less.

The periods of maintenance of minimum reserves are defined in accordance with the timeframe prepared by the ECB. In order to pursue the goal of stabilising interest rates, the ECB minimum reserve requirements enable institutions to use an average figure. Thus, compliance with the minimum reserves is verified by comparing the average figures of daily balances for current accounts held by the institution at Banco de Portugal throughout the reserve maintenance period with the amount of reserves to be met mentioned above.

The minimum reserves effectively constituted are remunerated, during their maintenance period, at their average marginal placement rate (weighted according to the number of calendar days) of the main refinancing operations of the Eurosystem. Pursuant to the Decision of the Board of the European Central Bank (ECB/2014/23 of 5 June 2014), deposits which exceed the average value of minimum reserves to be met shall be remunerated at a rate of zero per cent, or at the interest rates for the permanent deposit facility, whichever is lower. As such, a negative interest rate may be applied on surplus reserves.

In 2019, the European Central Bank made changes regarding the remuneration of excess liquidity of financial institutions.

In fact, until 11 September 2019, the deposits at Banco de Portugal were remunerated at 0%, up to the amount of the minimum cash reserves and at the Deposit Facility rate for any amount above the MCR.

Considering the high excess liquidity of most financial institutions in the euro zone, combined with the fact that the Deposit Facility rate has been increasingly negative since 2014, the European Central Bank recently introduced a mechanism to mitigate the cost of excess liquidity. Indeed, on 12 September 2019, the European Central Bank further reduced the deposit rate (from -0.40% to -0.50%) and introduced a tiering mechanism, which provides for the exemption of the cost associated with the deposit rate up to an amount equivalent to 6 times the amount of the minimum cash reserves.

The variation of the value of demand deposits at Banco de Portugal between 31 December 2018 and 31 December 2019 is explained by the natural management of the minimum cash reserves throughout the period of maintenance of reserves and by the temporary liquidity deposits associated to movements of recomposition of the portfolio of financial assets.

The average rate of return on other demand deposits is close to 0%.

The credit analysis (counterparty ratings) is presented in note 46.

5. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

As at 31 December 2019 and 2018, the breakdown of Financial assets and liabilities held for trading was as follows:

	31-Dec-19	31-Dec-18
Financial assets held for trading		
Debt instruments (non-insurance act)	114,953,092	104,599,866
Derivative financial instruments with positive fair value		
Forward foreign exchange trading (non-insurance	129,049	1,893
Interest rate swaps (non-insurance act)	375,181	0
Interest rate swaps (insurance act)	0	29,255,527
	115,457,322	**133,857,286**
Financial liabilities held for trading		
Derivative financial instruments with positive fair		
Forward foreign exchange trading (non-insurance	1,854	1,178
Interest rate swaps (non-insurance act)	300,793	0
	302,647	**1,178**

The impact arising from changes in the fair value of financial assets and liabilities held for trading is shown under the heading of "Gains or losses (-) on financial assets and liabilities held for trading, net " (see Note 33).

The financial assets held for trading are measured at fair value, which reflects any credit risk and the corresponding losses, and represents GCA's maximum exposure to credit risk.

The change in this heading results from investment proposals that the Financial Department considers appropriate in view of the market situation. These proposals are short-term and arise from the volatility of the market itself.

Foreign exchange operations and interest rate swaps are detailed as follows:

	31-Dec-19			
	Notional value	Assets	Liabilities	Net
Forward foreign exchange transactions				
Forward foreign exchange trading				
Purchases	2,105	129,049	(1,854)	127,195
Sales	2,089	-	-	-
	4,194	129,049	(1,854)	127,195
Swaps				
Interest rate swaps	12,902,500	375,181	(300,793)	74,387
Bonds				
Debt securities	105,544,000	114,953,092	-	114,953,092
Total	**118,450,694**	**115,457,322**	**(302,647)**	**115,154,674**

As at 31 December 2019, GCA has two interest rate swaps maturing in March 2025 with fixed rates of 0.41% and 0.298%.

	31-Dec-18			
	Notional value	Assets	Liabilities	Net
Forward foreign exchange transactions				
Forward foreign exchange trading				
Purchases	556,206	1,893	(1,178)	715
Sales	555,490	-	-	-
	1,111,696	1,893	(1,178)	715
Swaps				
Interest rate swaps*	57,795,000	29,255,527	-	29,255,527
Bonds				
Debt securities	100,868,000	104,599,866	-	104,599,866
Total	**159,774,696**	**133,857,286**	**(1,178)**	**104,600,581**

*Swaps conducted with the following counterparts: Banco Bilbao Vizcaya Argentaria S.A. and Caixa - Banco de Investimentos S.A.

As at 31 December 2018, the rate of these swaps is fixed-for-fixed.

Still with reference to 31 December 2018, under the operations carried out, bank guarantees were provided by Banco Bilbao Viscaya Argentaria, S.A. in favour of GCA, of the value of 16,980,000 euros to be called in during situations of default of the counterpart.

The distribution, by residual periods, of the notional value of the derivative financial instruments contracted as at 31 December 2019 and 2018 is detailed as follows:

31-Dec-19	≤ 3 months	> 3 months and ≤ 6 months	> 6 months and ≤ 1 year	> 1 year and ≤ 5 years	>5 years	Total
Forward foreign exchange transactions						
Forward foreign exchange trading						
Purchases	2,105	-	-	-	-	2,105
Sales	2,089	-	-	-	-	2,089
	4,194	-	-	-	-	4,194
Swaps						
Interest rate swaps	-	-	-	-	12,902,500	12,902,500
Bonds						
Debt securities	200,000	100,000	400,000	12,694,000	92,150,000	105,544,000
Total	**204,194**	**100,000**	**400,000**	**12,694,000**	**105,052,500**	**118,450,694**

31-Dec-18	≤ 3 months	> 3 months and ≤ 6 months	> 6 months and ≤ 1 year	> 1 year and ≤ 5 years	>5 years	Total
Forward foreign exchange transactions						
Forward foreign exchange trading						
Purchases	556,206	-	-	-	-	556,206
Sales	555,490	-	-	-	-	555,490
	1,111,696	-	-	-	-	1,111,696
Swaps						
Interest rate swaps	-	-	57,795,000	-	-	57,795,000
Bonds						
Debt securities	100,000,000	-	-	868,000	-	100,868,000
Total	**101,111,696**	**0**	**57,795,000**	**868,000**	**0**	**159,774,696**

The intervals of the indexes associated with derivatives correspond to the 3-month and 6-month Euribor.

The movement of the financial assets at fair value through profit or loss occurred during the year is as follows:

Type:	Opening balance		Additions		Divestments		Fair value	Closing balance	
	Quantity	Fair value	Quantity	Fair value	Quantity	Fair value	Variation	Quantity	Fair value
Debt instruments	100,868,000	104,599,866	1,683,307,000	1,785,515,537	(1,678,631,000)	(1,774,549,715)	(612,596)	105,544,000	114,953,092
Total - Financial assets held for trading	**100,868,000**	**104,599,866**	**1,683,307,000**	**1,785,515,537**	**(1,678,631,000)**	**(1,774,549,715)**	**(612,596)**	**105,544,000**	**114,953,092**

* Does not include foreign exchange transactions

The impact on results of changes in fair value and gains and losses arising from disposals of financial assets at fair value through profit or loss are reflected in note 33 and the interest income from these assets in note 27.

The securities included under this heading as at 31 December 2019 are detailed in Annex I.

6. NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

	31-Dec-19	31-Dec-18
Equity instruments		
non-insurance activity	48,659,816	48,133,672
	48,659,816	**48,133,672**

The impact of changes in the fair value of financial assets and liabilities is presented under the heading "Gains or losses (-) on non-trading financial assets mandatorily stated at fair value through profit or loss, net" (see Note 34).

There are no collaterals received or mortgages constituted on the equity instruments.

The movement of the financial assets at fair value through profit or loss occurred during the year is as follows:

Type:	Opening balance		Additions		Divestments		Fair value variation	Closing balance	
	Quantity	Fair value	Quantity	Fair value	Quantity	Fair value		Quantity	Fair value
Equity instruments	9,494,665	48,133,672	416,358	2,199,026	(213,355)	(6,034,756)	4,361,874	9,697,668	48,659,816
Total - Non-trading financial assets mandatorily at FVTPL	**9,494,665**	**48,133,672**	**416,358**	**2,199,026**	**(213,355)**	**(6,034,756)**	**4,361,874**	**9,697,668**	**48,659,816**

The impact on results resulting from dividend income from these assets is presented in note 29 and gains and losses in note 34.

See disclosure of the fair value hierarchy in Note 46.

The securities included under this heading as at 31 December 2019 are detailed in Annex I.

7. FINANCIAL ASSETS STATED AT FAIR VALUE THROUGH PROFIT OR LOSS

This heading is detailed as follows:

	31-Dec-19	31-Dec-18
Securities		
Debt instruments (insurance activity)	39,127,213	48,104,961
Debt instruments (non-insurance activity)	0	18,041,791
Issued by residents		
Equity instruments (insurance activity)	80,478	2,683
	39,207,691	66,149,435

The impact generated by the fair value variation of these assets was recorded in the Income Statement under "Gains or losses from financial assets and liabilities stated at fair value through profit or loss, net“ (Note 34).

The financial assets at fair value through profit or loss are measured at fair value, which reflects any credit risk and the corresponding losses, and represents Grupo Crédito Agrícola's maximum exposure to credit risk.

In terms of hierarchy of fair value, established in IFRS 13, assets classified upon initial recognition at fair value through profit or loss are placed according to the following levels (see Note 46):

	Nível 1	Nível 2	Nível 3	Total
Activos financeiros ao justo valor através dos resultados	39.203.546	4.145	-	39.207.691

The portfolio is broken down by maturity periods as follows:

	2019							in thousand euros
	Contractual residual periods							
	Sight	Up to 3 months	3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Undetermined	Total
Financial assets at fair value through profit or loss	-	-	-	23,392	1,572	14,164	80	39,208

	2018							in thousand euros
	Contractual residual periods							
	Sight	Up to 3 months	3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Undetermined	Total
Financial assets at fair value through profit or loss	-	-	10,428	36,619	4,064	15,036	3	66,149

The securities included under this heading are detailed in Annex I.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The composition of this heading is as follows:

	31-Dec-19	31-Dec-18
Securities		
Equity instruments		
insurance activity	16,712,142	13,561,512
Debt instruments	2,002,357,484	2,261,782,646
non-insurance activity	978,126,430	1,030,415,840
insurance activity	1,024,231,054	1,231,366,806
	2,019,069,625	**2,275,344,158**

The instruments of insurance activity are broken down as follows:

2019	Amortised cost*	Fair value variation Positive	Fair value variation Negative	Fair value	Realised interest	Book value
Bonds and other fixed income securities	985,500,972	35,959,239	(7,717,145)	1,013,743,065	10,487,988	1,024,231,054
Participation units in investment funds	13,055,836	3,756,880	(100,574)	16,712,142		16,712,142
	998,556,808	39,716,119	(7,817,719)	1,030,455,207	10,487,988	1,040,943,196

(*) Or acquisition cost when involving participation units in investment funds, shares and other variable yield securities.

In 2019, insurers did not reclassify financial assets between asset categories.

The instruments of non-Insurance activity are broken down as follows:

Description	31-Dec-18 Opening balance	Acquisitions	Divestments	Fair value adjustment	31-Dec-19 Closing balance
Financial assets at fair value through other comprehensive income					
Debt instruments	1,030,415,840	656,800,375	(721,597,744)	12,507,959	978,126,430
Total	**1,030,415,840**	**656,800,375**	**(721,597,744)**	**12,507,959**	**978,126,430**

The impairment of securities at fair value through other comprehensive income is 667 thousand euros, in accordance with Note 24. The movement of impairment occurred in the year can be seen in Note 19.

The exposure by country of the main balances is as shown below (values in thousands of euros):

	Non-Insurance activity	Insurance activity	31-Dec-19
Public debt securities			
Portugal	230,728	155,058	385,785
Spain	115,180	208,672	323,852
Italy	554,424	256,308	810,733
Other (Germany, France, Greece and Ireland)	0	40,897	40,897
Book value - Public debt	**900,333**	**660,935**	**1,561,267**
Other issuers			
Bonds	77,794	363,297	441,091
Equity instruments	-	16,712	16,712
Total Other issuers	**77,794**	**380,009**	**457,803**
Total FVTOCI	**978,126**	**1,040,944**	**2,019,070**

Impairment Reserves	Non-Insurance activity	Insurance activity	31-Dec-19
Public debt	(511)	-	(511)
Other issuers	(106)	-	(106)
Total	**(617)**	**-**	(617)

As referred in the Accounting Policies (note 2.4 f)), GCA opted to consolidate the information regarding the insurance activity in accordance with IAS 39, therefore the securities related to the insurance activity do not present impairment.

With the publication of Bank of Portugal Notice 1/2019 of 22 January 2019, the Bank defined that the model financial statements and respective applicable items would be carried out according to the FINREP mapping. Therefore, for disclosure purposes the financial assets available for sale are disclosed in the note "Financial assets at fair value through other comprehensive income".

The portfolio is broken down by residual periods as follows (in thousand euros):

Values in thousand euros	31-Dec-19	31-Dec-18
Up to three months	98,899	165,663
Three months to one year	221,490	350,292
One year to three years	459,322	405,856
Three to five years	585,599	745,456
Over five years	637,048	603,240
Undetermined	16,712	4,836
Total	**2,019,070**	**2,275,344**

In terms of hierarchy of fair value, established in IFRS 13, assets classified upon initial recognition at fair value through profit or loss are placed according to the following levels (see Note 46):

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI	2,002,357,483	0	16,712,142	2,019,069,624

The impairment of financial assets at fair value through other comprehensive income of the non-insurance activity is reflected in equity. See movement in Note 19.

All the debt instruments of the non-insurance activity are classified at stage 1 of the expected credit loss (ECL) model, having remained unchanged during 2019. See impairment movement in note 19.

The potential capital gains and capital losses of financial assets at fair value through other comprehensive income are recorded in the assets against revaluation reserves in equity. The impacts on equity are shown in Note 24.

The capital gains made are shown in Note 32.

The securities included in this portfolio as at 31 December 2019 are detailed in Annex I.

9. FINANCIAL ASSETS AT AMORTISED COST

10.1 Debt Securities

The composition of this heading is as follows:

	31-Dec-19	31-Dec-18
Debt instruments		
Issued by residents		
Debt instruments	2,386,741,124	2,643,131,885
Issued by non-residents		
Debt instruments	1,947,846,725	2,106,892,639
	4,334,587,848	4,750,024,524
Interest receivable	56,278,166	53,928,137
Accumulated impairment	(2,845,350)	(3,502,025)
	4,388,020,664	4,800,450,636
Securitised		
Commercial Paper	350,443,092	272,956,537
Commercial Paper - overdue credit	0	3,988
Interest on Commercial Paper	525,105	791,840
Commissions received to be deferred	(666,184)	(550,948)
	350,302,012	273,201,418
Accumulated impairment	(101,009)	(442,216)
	4,738,221,668	**5,073,209,837**

The movement in debt instruments at amortised cost during 2019 is as follows:

Type:	Opening balance		Additions		Divestment/Maturities		Amortisation	Closing balance	
	Quantity	Value	Quantity	Value	Quantity	Value	premium	Quantity	Value
Debt instruments	4,417,805,000	4,750,024,524	681,000,000	750,817,179	(1,066,718,000)	(1,120,144,503)	(46,109,351)	4,032,087,000	4,334,587,848
Total - Fin. Assets at AC	**4,417,805,000**	**4,750,024,524**	**681,000,000**	**750,817,179**	**(1,066,718,000)**	**(1,120,144,503)**	**(46,109,351)**	**4,032,087,000**	**4,334,587,848**

The average interest rates obtained on these instruments in 2019 were 2.55% (2018): 3.06%).

The fair value of these assets is disclosed in Note 46.

During 2019, securities in the portfolio were sold at amortised cost, as permitted by the Investment Policy.

The investment policy determines that, limits of 10% should be observed in the annual sales ratios in amount and quantity of securities in the portfolio. However, the possibility of early sale of positions is foreseen, among others, in case of deterioration of the credit quality of financial assets.

Among other situations, the investment policy qualifies as a deterioration of the credit quality the worsening of the probability of default of the issuer of any issue in the portfolio by more than 5%, measured by the change in the value of the issuer's CDS.

The divestments of securities (Italian public debt) carried out fell within the rule of exclusion from the application of sales limits, since the persistence of a sufficient increase in the credit risk of the issuer Italy was demonstrated, as a result of the economic and political context, reflected, among other things, in the worsening of the probability of default on Italian sovereign debt by more than 5%, measured by the variation in the value of CDS.

There are debt instruments at amortised cost given as collateral, in the amount of 1,319,796 thousand euros. These instruments have not undergone any change in the credit risk stage and remain in stage 1.

Debt instruments at amortised cost, excluding interest receivable, have the following contractual residual maturities as at 31 December 2019 and 2018:

Values in euros	**31-Dec-19**	**31-Dec-18**
Three months to one year	146,845,430	-
One year to three years	992,913,130	1,602,791,790
Three to five years	2,305,847,248	351,574,122
Over five years	888,982,040	2,795,658,612
Total	**4,334,587,848**	**4,750,024,524**

The exposure by country of the main balances is as shown below (values in thousands of euros):

	Insurance activity	**Non-Insurance actity**	**Total 31-12-2019**
Public debt securities			
Portugal	0	2,354,105	2,354,105
Spain	0	1,396,964	1,396,964
Italy	0	477,507	477,507
Book value (gross) without accrued interest	**0**	**4,228,576**	**4,228,576**
Interest receivable	0	55,403	55,403
Impairment	0	(2,593)	(2,593)
Total public debt	**0**	**4,281,386**	**4,281,386**
Other issuers	0	106,013	106,013
Interest receivable	0	875	875
Impairment	0	(253)	(253)
Total Other issuers	0	**106,635**	**106,635**
Total Amortised Cost	**0**	**4,388,021**	**4,388,021**

Debt instruments issued by residents essentially refer to Portuguese public debt, of the value of 2,354,105 thousand euros.

Debt instruments issued by non-residents essentially refer to Spanish and Italian public debt, of the value of 1,396,964 thousand euros and 477,507 thousand euros, respectively.

All the debt instruments at amortised cost are classified at stage 1 of the expected credit loss (ECL) model.

See disclosure of the fair value of these assets in Note 46, "Fair value of financial assets and liabilities".

See disclosure of the credit quality of financial assets in Note 46.

See also the movement of impairment in Note 19.

10.2 Loans and Advances

Loans and advances

	31-Dec-19	31-Dec-18
Investments		
Deposits	4,600,000	0
Other investments	29,905	31,020
Interest receivable on loans	5,927	1
	4,635,831	31,021
Impairment of investments	(16,492)	0
Total Investments	**4,619,339**	**31,021**
Loan portfolio		
Mortgage loans	3,020,117,295	2,874,107,610
Secured and unsecured loans	5,602,355,534	5,130,033,480
Financial leasing contracts		
Customers	232,353,280	211,022,260
Credit in current accounts		
Customers	450,459,607	438,995,487
Current account overdrafts		
Other residents	8,788,524	13,792,077
Consumer credit	556,584,771	541,724,123
Other credit		
Credit cards	41,444,828	37,326,383
Other credit to customers	13,805,645	18,014,898
	9,925,909,485	9,265,016,318
Interest receivable	25,897,145	26,214,815
Commissions associated to amortised cost		
Expenses with deferred charge	546,297	498,566
Revenue with deferred income	(24,309,981)	(21,785,036)
Total credit not immediately due	9,928,042,945	9,269,944,663
Overdue credit and interest		
Overdue credit	259,714,474	344,616,358
Overdue interest	17,230,148	2,868,075
Total overdue credit and interest	276,944,622	347,484,433
Accumulated impairment	(395,675,625)	(470,610,838)
Total loan portfolio	**9,813,931,281**	**9,146,849,279**
Total debt at amortised cost (Note 10.1)	**4,738,221,668**	**5,073,209,837**
Total financial assets at amortised cost	**14,552,152,949**	**14,220,059,116**

In 2016, the European Central Bank launched the second series of targeted longer-term refinancing operations (TLTRO II) aimed at strengthening the accommodative monetary policy of the Eurosystem and increasing the incentive to grant bank credit to the real economy. The interest rate applied to these operations is fixed and the same as the rate applied to the main refinancing operations (MRO) in force on the placement date. Furthermore, banks could have a benefit in the interest rate, depending on the evolution of the eligible lending activity in relation to the reference values specified for each bank. This benefit corresponds to a reduction of the interest rates applicable to these operations which could be, at the very most, equal to the difference between the interest rate of the MRO and the interest rate of the permanent deposit facility in force on the placement date of each operation.

As at 31 December 2019 and 2018, the residual periods of the investments in credit institutions presented the following structure (without impairment):

	31-Dec-19	31-Dec-18
Up to three months	829,904	31,020
Three months to one year	3,800,000	-
	4,629,904	31,020
Interest receivable	5,927	1
	4,635,831	31,021

The variation that occurred was essentially due to the fact that the pledged current account of FINANFARMA was not being used at the end of 2019.

With regard to overdue interest, in 2019 Grupo Crédito Agrícola started to recognise in its balance sheet the interest in arrears for more than 90 days, which implied a change of 14 million euros (gross value) in assets and 5.1 million euros in retained earnings net of impairment (see Note 24).

The heading of credit to customers (including Commercial Paper - note 10.1), according to the type of guarantee, is as follows (in thousand euros):

	31-Dec-19	31-Dec-18
Loans falling due in the future:		
Asset-backed loans	7,896,047	7,312,938
Unsecured loans	1,140,680	1,026,256
Loans with personal guarantees	1,241,618	1,203,949
	10,278,345	9,543,143
Loans overdue:		
Asset-backed loans	211,173	278,252
Unsecured loans	16,839	27,470
Loans with personal guarantees	48,933	41,767
	276,945	347,489
	10,555,291	**9,890,631**
Fair value of asset-backed guarantees	15,289,852	13,335,523

As at 31 December 2019 and 2018, there was no overdue credit without impairment as shown in the table below (in thousand euros):

	31-Dec-19	31-Dec-18
Overdue loans with impairment	259,714	344,621
Overdue interest with impairment	17,230	2,868
Overdue loans without impairment	-	-
Overdue interest without impairment	-	-
	276,944	**347,489**

As at 31 December 2019 and 2018, the residual periods of the credit to customers presented the following structure (in thousand euros):

	31-Dec-19	31-Dec-18
Up to three months	770,851	573,152
Three months to one year	619,582	534,659
One year to three years	745,165	665,528
Three to five years	874,110	888,973
Over five years	7,429,888	7,077,648
Without a term	113,702	145,501
	10,553,298	9,885,461
Interest and commissions	1,992	5,169
	10,555,291	**9,890,631**

As at 31 December 2019 and 2018, credit to customers was divided between fixed and variable rates, as follows (in thousand euros):

	31-Dec-19	31-Dec-18
Fixed rate	1,424,401	1,424,673
Variable rate	9,115,538	8,457,920
Not subject to interest rate risk	15,352	8,037
	10,555,291	**9,890,631**

The duration of overdue credit balances with impairment for the periods presented is as follows (in thousand euros):

	31-Dec-19	31-Dec-18
Up to three months	7,518	11,685
Three months to one year	42,188	32,606
One year to three years	37,338	113,150
Three to five years	76,601	66,807
Over five years	113,299	123,242
	276,945	**347,489**

There are no overdue credit balances without impairment in 2019 and 2018.

Up to this date, Grupo Crédito Agrícola has not carried out any operation of securitisation of its credit portfolio.

The variation of the heading of "Impairment losses" during the periods of 2019 and 2018 is as presented in Note 19. The remaining impact on results is presented in Note 27.

Also see Note 46 – Disclosures relative to financial instruments: credit risk, which details credit rating, for example.

10. HEDGING DERIVATIVES

The composition of this heading is as follows:

	31-Dec-19	31-Dec-18
Swaps - Interest Rate Risk	131,034,224	40,723,495
Swaps - Interest Rate Risk	(138,655,180)	(45,399,348)
	(7,620,956)	**(4,675,853)**

The details of assets recorded in the Balance Sheet are as follows:

		Book value				
Type of coverage	Hedged risk	Derivative debit balance	Derivative credit balance	Securities	Notional value	Changes in fair value
As at 31 December 2019						
Coverage - fair value	Interest rate	131,034,224	(138,655,180)	2,189,538,484	1,743,350,000	(2,945,103)

		Book value				
Type of coverage	Hedged risk	Derivative debit balance	Derivative credit balance	Securities	Notional value	Changes in fair value
As at 31 December 2018						
Coverage - fair value	Interest rate	40,723,495	(45,399,348)	1,474,742,187	1,394,350	(4,675,853)

The details of the estimated notional values of effective derivatives, by their maturity, are as follows:

	2026	2028	2029	2031	2033	2035
Coverage of fair value of interest rate risk						
Notional value	507,000,000	671,350,000	78,000,000	15,000,000	372,000,000	100,000,000
	507,000,000	671,350,000	78,000,000	15,000,000	372,000,000	100,000,000

The details of instruments hedged by fair value hedges, including the ineffectiveness recorded through profit or loss in 2019 are as follows:

	Book value	Accumulated fair value adjustments to book value	Change in fair value	Ineffectiveness recognised in profit or loss
Financial assets				
Debt securities classified at amortised cost				
- interest rate risk	2,189,538,484	0	0	0
	2,189,538,484	0	0	0

The details of instruments hedged by fair value hedges, including the ineffectiveness recorded through profit or loss in 2018 are as follows:

	Book value	Accumulated fair value adjustments to book value	Change in fair value	Ineffectiveness recognised in profit or loss
Financial assets				
Debt securities classified at amortised cost				
- interest rate risk	1,474,742,187	0	0	0
	1,474,742,187	0	0	0

The fair value hedge aims to mitigate the impact on fair value associated to the contracted hedge interest rate swaps, through the recording of synthetic interest rate swaps, so that the fair value variation of the hedge interest rate swaps evolves inversely in relation to the fair value of the synthetic interest rate swaps.

The exchanged interest rates of these swaps are Euribor 6 months and Euribor 1 month. The variation in this heading is essentially justified by the difference in Euribor rates.

The maturities of these swaps vary between 5 and 15 years.

GCA has, over recent years, used interest rate swaps to hedge the interest rate risk of part of the portfolio of financial assets accounted for at amortised cost. Indeed, in an environment that has been characterised by historically low interest rates, GCA, following the general trend observed in the market, has been forced to position part of its portfolio at longer maturities than in the past. The use of these derivatives allows, on the one hand, the interest rate risk to be maintained at levels considered adequate, through the management of the duration of the portfolio and, on the other hand, positions the part of the portfolio under consideration to increase the income generated by the securities portfolio in the event of a reversal of the current trend of low interest rates.

11. INVESTMENTS IN AFFILIATES, ASSOCIATES AND JOINT VENTURES

As at 31 December 2019 the composition of this heading is as follows:

	31-Dec-19	31-Dec-18
Rede Nacional de Assistência, S.A.	1,667,242	1,417,137
	1,667,242	1,417,137

As at 31 December 2019, the most significant data withdrawn from the financial statements of this Company is summarised in Note 4.

12. TANGIBLE ASSETS

13.1 Tangible fixed assets

The movement which occurred in tangible fixed assets during 2019 and 2018 was as follows:

	31-Dec-2018							31-Dec-2019			
Description	Gross Value	Accumulated Depreciation	Losses due to Impairment	Acquisitions	Depreciation	Impairment (Note 20)	Write-offs, divestments & other	Gross Value	Accumulated Depreciation	Losses due to Impairment	Net Value
Real Estate Properties:											
For own use	300,479,871	(97,716,878)	(9,335,805)	900,706	(5,417,079)	380,320	138,861	298,613,173	(100,227,692)	(8,955,485)	189,429,996
Works in rented properties	19,715,629	(10,965,108)	-	217,509	(795,679)	-	1,055,184	20,962,537	(11,735,002)	-	9,227,535
Other real estate properties	2,761,568	(1,065,142)	-	5,780	(60,362)	-	134,125	2,901,473	(1,125,504)	-	1,775,969
	322,957,068	(109,747,128)	(9,335,805)	1,123,995	(6,273,120)	380,320	1,328,170	322,477,183	(113,088,198)	(8,955,485)	200,433,500
Equipment	209,440,037	(186,509,591)	-	8,501,795	(7,555,195)	-	311,008	212,069,829	(187,881,775)	-	24,188,054
Right-of-Use:											
Real estate properties	-	-	-	29,486,137	(4,390,132)	-	254,482	29,721,653	(4,371,166)	-	25,350,487
Vehicles	-	-	-	1,826,418	(955,220)	-	968,278	2,762,573	(923,097)	-	1,839,476
Equipment	-	-	-	1,844,196	(142,417)	-	(815,647)	1,029,623	(143,491)	-	886,132
	-	-	-	33,156,751	(5,487,769)	-	407,113	33,513,849	(5,437,754)	-	28,076,095
Works of art	1,101,381	-	-	7,956	-	-	-	1,109,337	-	-	1,109,337
Equipment under financial leasing:											
Equipment	1,042,362	(701,125)	-	34,990	(111,519)	-	-	1,052,954	(788,246)	-	264,708
Other assets under financial leasing	-	(56,934)	-	-	(21,474)	-	-	-	(78,408)	-	(78,408)
	1,042,362	(758,059)	-	34,990	(132,993)	-	-	1,052,954	(866,654)	-	186,300
Other tangible assets:											
Tangible assets in progress	8,355,034	-	-	5,928,328	-	-	(7,399,550)	6,883,813	-	-	6,883,813
Other	1,058,977	(1,000,267)	-	19,610	(23,240)	-	58,241	1,101,939	(988,618)	-	113,321
	9,414,011	(1,000,267)	-	5,947,938	(23,240)	-	(7,341,309)	7,985,752	(988,618)	-	6,997,134
	543,954,859	(298,015,045)	(9,335,805)	48,773,425	(19,472,317)	380,320	(5,295,018)	578,208,904	(308,262,999)	(8,955,485)	260,990,420

	31-Dec-2017							31-Dec-2018			
Description	Gross Value	Accumulated Depreciation	Losses due to Impairment	Acquisitions	Depreciation	Impairment	Write-offs, divestments & other	Gross Value	Accumulated Depreciation	Losses due to Impairment	Net Value
Real Estate Properties:											
For own use	298,477,860	(92,381,015)	(8,725,401)	1,770,290	(5,535,219)	(610,404)	431,077	300,479,871	(97,716,878)	(9,335,805)	193,427,188
Works in rented properties	17,371,928	(10,696,060)	-	1,947,526	(700,183)	-	827,310	19,715,629	(10,965,108)	-	8,750,521
Other real estate properties	2,741,055	(1,002,259)	-	-	(62,882)	-	20,512	2,761,568	(1,065,142)	-	1,696,426
	318,590,843	(104,079,334)	(8,725,401)	3,717,816	(6,298,284)	(610,404)	1,278,899	322,957,068	(109,747,128)	(9,335,805)	203,874,135
Equipment	209,377,486	(186,962,689)	-	7,819,014	(7,207,345)	-	(96,020)	209,440,037	(186,509,591)	-	22,930,446
Works of art	1,080,080	-	-	21,301	-	-	-	1,101,381	-	-	1,101,381
Equipment under financial leasing:											
Equipment	1,092,038	(709,250)	-	94,885	(95,539)	-	(40,897)	1,042,362	(701,125)	-	341,237
Other assets under financial leasing:	-	(75,602)	-	-	(28,469)	-	47,137	-	(56,934)	-	(56,934)
	1,092,038	(784,852)	-	94,885	(124,008)	-	6,240	1,042,362	(758,059)	-	284,303
Other tangible assets:											
Tangible assets in progress	7,859,245	-	-	4,096,424	-	-	(3,600,635)	8,355,034	-	-	8,355,034
Other	1,013,023	(962,444)	-	45,953	(37,822)	-	-	1,058,977	(1,000,267)	-	58,710
	8,872,268	(962,444)	-	4,142,377	(37,822)	-	(3,600,635)	9,414,011	(1,000,267)	-	8,413,744
	539,012,715	(292,789,319)	(8,725,401)	15,795,393	(13,667,459)	(610,404)	(2,411,516)	543,954,859	(298,015,045)	(9,335,805)	236,604,009

During 2019 and 2018, the capital gains and capital losses calculated in the divestment of tangible assets are recorded under the heading “Gains or losses (-) from the derecognition of non-financial assets, net ” (Note 38).

Properties for own use are stated at acquisition cost minus accumulated depreciation and any impairment losses. Impairment tests are conducted annually on real estate properties for own use. These analyses are based on the fair value calculated through valuation done by an expert valuator, based on the current use of the property and the value recorded on that date. If impairment exists, it is immediately recorded.

Furthermore, a sensitivity analysis was carried out, based on the assumption of a variation of -0.5% and +0.5% in the valuations, with a minor impact having been ascertained of around -1 million euros and +0,5 thousand euros (+0.5%).

GCA has an option to purchase certain equipment at its nominal value at the end of the lease period. The obligations of Caixa Central are guaranteed by the ownership rights of the lessor in relation to the leased assets, for such leases.

The right-of-use is included in the table of movement. The change in this heading is due to the application of IFRS 16, which entered into force on 1 January 2019 (see point 2.2).

13.2 Investment properties

The existing balance as at 31 December 2019, of the total value of 51,094,900 euros (2018: 57,618,835 euros) corresponds to the fair value of the properties that are rented or held for this purpose.
Their nature refers to properties whose direct objective is housing rental, and are therefore concentrated in FII CA Arrendamento Habitacional.

The movement during 2019 and 2018 was as follows:

	31.12.2018					31.12.2019
	Fair value	Acquisitions	Divestments	Transfers	Fair value adjustments	Fair value
Investment properties						
Real estate properties	57,618,835	-	(5,538,935)	-	(985,000)	51,094,900

	31.12.2017					31.12.2018
	Fair value	Acquisitions	Divestments	Transfers	Fair value adjustments	Fair value
Investment properties						
Real estate properties	63,510,583	-	(7,198,221)	-	1,306,473	57,618,835

The fair value hierarchy to which the fair value calculated for the valuation of the assets corresponds is level 2. Fair value is ascertained by expert valuators that assess the real estate properties according to their use, using the market/comparative approach or income method. In rented properties the assumption of actual rent is used.

The type of real estate properties included is as follows:

	No. of real estate properties	31-Dec-19	No. of real estate properties	31-Dec-18
Agricultural/rural land	1	99,117	1	178,000
Land with construction permits	3	81,000	3	186,000
Constructed buildings	280	50,914,783	316	57,254,835
	284	51,094,900	320	57,618,835

Furthermore, a sensitivity analysis was carried out based on the assumption of a variation of -0.5% and +0.5% in the valuations:

	- 0.5%	+ 0.5%
Agricultural/rural land	98,622	99,613
Land with construction permits	80,595	81,405
Constructed buildings	50,660,209	51,169,357
	50,839,426	51,350,375
Investment Properties	51,094,900	51,094,900
Impact	-255,475	255,475

A variation of +/-0.5% has a minor impact on GCA's total portfolio of real estate properties.

See Note 43 – Profits with losses on non-current assets, with the values recognised through profit or loss for the year.

13. INTANGIBLE ASSETS

The movement which occurred in intangible assets during 2019 and 2018 was as follows:

	31-Dec-2018					31-Dec-2019		
Description	Gross Value	Accumulated Depreciation	Acquisitions	Amortisation	Write-offs, divestments & other	Gross Value	Accumulated Depreciation	Net Value
Automatic data treatment system (software)	239,407,217	(179,145,250)	2,137,026	(12,021,879)	19,341,156	254,827,381	(185,109,111)	69,718,270
Other intangible assets	4,461,728	(4,301,755)	166	(31)	(47,533)	4,414,361	(4,301,786)	112,575
Intangible assets in progress	14,846,053	-	16,693,982	-	(20,564,859)	10,975,176	-	10,975,176
	258,714,998	(183,447,005)	18,831,174	(12,021,910)	(1,271,236)	270,216,918	(189,410,897)	80,806,021

	31-Dec-2017					31-Dec-2018		
Description	Gross Value	Accumulated Depreciation	Acquisitions	Amortisation	Write-offs, divestments & other	Gross Value	Accumulated Depreciation	Net Value
Automatic data treatment system (software)	219,338,031	(167,946,075)	2,088,076	(11,690,178)	18,472,114	239,407,217	(179,145,250)	60,261,967
Other intangible assets	4,461,717	(4,301,754)	-	-	10	4,461,728	(4,301,755)	159,973
Intangible assets in progress	10,917,145	-	22,135,710	-	(18,206,802)	14,846,053	-	14,846,053
	234,716,893	(172,247,829)	24,223,786	(11,690,178)	265,322	258,714,998	(183,447,005)	75,267,993

As at 31 December 2019 and 2018, the heading “Automatic data treatment system (software)” includes the amounts of 63,300,276 euros and 60,288,744 euros, respectively, relative to costs incurred with employees allocated to the development of software internally at CA Serviços. The value incurred during 2019 reached 3,011,531 euros (2018: 3,845,727 euros).

As at 31 December 2019 and 2018, the heading "Intangible assets in progress" essentially refers to costs incurred allocated to software which is under internal development at CA Serviços.

During 2019 and 2018, the capital gains calculated in the divestment of intangible assets are recorded under the heading “Gains or losses on derecognition of non-financial assets, net ” (Note 38).

14. INCOME TAX

The balances of income tax assets and liabilities as at 31 December 2019 and 2018 are detailed as follows:

	31-Dec-19	31-Dec-18
Deferred tax assets		
Due to temporary differences	90,743,354	129,914,083
Due to tax losses carried forward	6,107,769	6,593,011
	96,851,123	136,507,094
Deferred tax liabilities		
Due to temporary differences	(7,831,499)	(7,945,125)
	(7,831,499)	(7,945,125)
	89,019,624	**128,561,969**
Current tax assets		
Income tax recoverable	14,794,306	17,752,471
	14,794,306	17,752,471
Current tax liabilities		
Income tax payable	(7,008,389)	(7,336,966)
	(7,008,389)	(7,336,966)
	7,785,917	**10,415,505**

The net balance of current tax assets and liabilities reached 7,785,917 euros, corresponding to payments on account, additional payments on account, special payments on account and withholdings at source incurred during 2019, net of current tax estimated for the year by the entities comprising GCA.

Current taxes were calculated based on the rates in force established in the tax legislation, more specifically (i) the general rate of corporate income tax (21%), (ii) the municipal surcharge rates (up to 1.5%) and (iii) the state surcharge rates, which vary according to the calculated taxable profit (between 3% and 9%).

Deferred taxes were calculated using the rates that are expected to be applicable at the time of their realisation, based on the tax rates that have been decreed or substantially decreed on the reporting date. Additionally, in 2019 an average rate of 25% was calculated (similar to the average rate calculated for previous years) for the consolidation adjustments to be made in relation to deferred tax assets and liabilities.

The movements occurred in deferred taxes during 2019 and 2018 are detailed below, by nature of temporary difference:

Description	31-Dec-18 Opening balance	Variation in profit or loss: Current	Variation in profit or loss: Consolidation adjustment	Variation in reserves: Current	Variation in reserves: Consolidation adjustment	Balance sheet movements	31-Dec-19 Closing balance
. Tangible assets and impairment	1,605,791	339,735					1,945,526
. Non-deductible provisions and impairments:							
- Impairment of credit to customers, receivables and other investments and guarantees and commitments undertaken	106,895,439	(30,713,004)					76,182,435
- Impairment of non-current assets held for sale and other assets	4,423,648	(1,963,154)	(120,299)				2,340,194
- Impairment of securities	1,166,117	(509,072)					657,045
- Impairment of financial holdings	8,929	30,909					39,838
- Provision for general bank risks	99,677	(99,677)					-
- Provisions for other risks and costs	1,240,889	558,777					1,799,666
. Pensions							
- Early retirement pensions	987,852	(530,027)					457,825
- Pension fund	704,176	(364,676)					339,500
- Seniority bonus	3,659,242	236,929					3,896,171
- Health expenses	73,667	(58,487)					15,180
. Statement of securities at fair value through profit or loss	(213,897)	(253,109)					(467,006)
. Statement of securities at fair value through reserves	2,489,923			(5,357,883)			(2,867,960)
. Revaluation of fixed assets not accepted for tax purposes	(168,687)	(324,152)					(492,838)
. Revaluation of real estate properties - DL 66/2016	201,030	2,831					203,862
. Tax benefits	-	-					-
. Tax losses carried forward	6,593,010	1,505,409	(1,845,155)		(145,495)		6,107,770
. Consolidated tax - elimination of intragroup sales	(1,923,942)		701,629				(1,222,314)
. Other	719,105	76,032				(710,406)	84,731
Total	**128,561,969**	**(32,064,736)**	**(1,263,825)**	**(5,357,883)**	**(145,495)**	**(710,406)**	**89,019,624**

Description	31-Dec-17 Opening balance	IFRS 9 Impact	Variation in profit or loss: Current	Variation in profit or loss: Consolidation adjustment	Variation in reserves: Current	Variation in reserves: Consolidation adjustment	Transf.	31-Dec-18 Closing balance
. Tangible assets and impairment	1,057,901	-	547,889	-	-	-	-	1,605,791
. Non-deductible provisions and impairments:								
- Impairment of credit to customers, receivables and other investments and guarantees and commitments undertaken	112,417,393	3,068,225	(8,590,179)	-	-	-	-	106,895,439
- Impairment of non-current assets held for sale and other assets	5,542,061	-	(891,671)	(226,742)	-	-	-	4,423,648
- Impairment of securities	7,757,640	-	(6,591,523)	-	-	-	-	1,166,117
- Impairment of financial holdings	6,345	-	2,584	-	-	-	-	8,929
- Provision for general bank risks	865,261	-	(765,584)	-	-	-	-	99,677
- Provisions for other risks and costs	1,347,499	-	(106,610)	-	-	-	-	1,240,889
. Pensions								-
- Early retirement pensions	922,032	-	65,820	-	-	-	-	987,852
- Pension fund	200,680	-	503,496	-	-	-	-	704,176
- Seniority bonus	3,877,645	-	(218,402)	-	-	-	-	3,659,242
- Health expenses	88,707	-	(15,040)	-	-	-	-	73,667
. Statement of securities at fair value through profit or loss	(3,459)	-	(210,438)	-	-	-	-	(213,897)
. Statement of securities at fair value through reserves	(14,096,752)	-	-	-	12,281,395	3,032,533	1,272,747	2,489,923
. Revaluation of fixed assets not accepted for tax purposes	(507,417)	-	341,874	-	(3,144)	-	-	(168,687)
. Revaluation of real estate properties - DL 66/2016	229,749	-	(28,719)	-	-	-	-	201,030
. Tax benefits	81,220	-	(81,220)	-	-	-	-	-
. Tax losses carried forward	4,715,590	-	1,375,610	-	-	(145,495)	647,305	6,593,010
. Consolidated tax - elimination of intragroup sales	(1,048,506)	-	-	(747,728)	-	(127,708)	-	(1,923,942)
. Other	-	-	2,639,157	-		-	(1,920,052)	719,105
Total	**123,453,589**	**3,068,225**	**(12,022,956)**	**(974,470)**	**12,278,251**	**2,759,330**	**0**	**128,561,969**

As can be seen in the tables above, the most significant amount of the deferred tax assets refers to credit impairment. This situation arises from the non-tax deduction of a significant part of the impairments recorded for accounting purposes throughout the years.

Although the tax regime of credit impairments was amended in 2019 by the publication of Law 98/2019, of 4 September, so that credit institutions' credit impairments will now be fully tax deductible, the stock of impairment taxed under the previous regime until 31 December 2018 will continue to generate deferred tax assets until it is fully reverted in accordance with article 3 of the said Law 98/2019. Although the application of the new regime in 2019 has already led in the first year to a significant reduction in the taxed impairment stock, the deferred tax asset associated with this reality remains the most significant component.

Another relevant component of the deferred tax assets refers to the tax losses calculated individually by GCA's different entities to the extent that these tax losses are still within the time limit for carrying them forward established in the tax law and their recoverability is supported by projections of taxable profits enabling their deduction in that period. These tax losses are detailed as follows:

Year	Carry Forward Time Limit	Last year	Tax losses	IDA
2014	12	2026	1,786,294	375,122
2015	12	2027	1,578,310	331,445
2016	12	2028	1,129,018	237,094
2017	5	2022	0	0
2018	5	2023	14,713,360	3,089,806
2019	5	2024	9,877,632	2,074,303
			29,084,614	**6,107,770**

As for deferred tax liabilities, the potential gains from fair value in securities, whose deferred tax liability is recognised through profit and loss (467 thousand euros) or through other comprehensive income (2.8 million euros) are particularly relevant, depending on the nature of the securities to which such positive fair value is associated.

Also noteworthy is the tax impact recognised as a result of the cancellation of transactions carried out between entities that are consolidated in the GCA accounts.

The table below details the amounts (costs and/or gains) associated to income taxes recorded through profit or loss as at 31 December 2019 and 2018, as well as the respective effective tax rate in each period, which is measured by the relationship between the net cost related to income tax and the earnings before tax.

	31-Dec-19	**31-Dec-18**
Current taxes		
Tax on profit for the year	15,959,645	30,506,178
Tax corrections relative to previous years	(758,586)	57,408
	15,201,058	30,563,586
Deferred taxes		
Recording and reversal of temporary differences	32,889,161	14,373,035
Tax losses carried forward	439,400	(1,375,610)
	33,328,561	12,997,426
Total tax recognised through profit or loss	**48,529,620**	**43,561,012**
Earnings before tax	180,142,157	155,989,990
Effective tax rate	**26.94%**	**27.93%**

As shown in the table above, GCA has an effective tax rate of 26.94% in 2019, which is due to the positive performance of GCA's activity during the year with impact on its earnings.

The table below presents the reconciliation of the effective tax rate as at 31 December 2019, and as at 31 December 2018 for comparative purposes:

	31-Dec-19		31-Dec-18	
Description	**Tax Rate**	**Amount**	**Tax Rate**	**Amount**
Earnings before tax		180,142,157		155,989,990
IRC - general rate (21%)	21%	37,829,853	21%	32,753,420
IFRS 9 Impact	0.0%	-	0.3%	488,481
Costs relative to previous years	0.2%	367,691	0.4%	657,552
Non-deductible impairments/provisions	(15.0%)	(26,960,765)	(3.0%)	(4,603,275)
Adjustments related to employee benefits	(0.4%)	(730,660)	0.0%	-
Contribution of the banking sector	0.9%	1,616,131	0.9%	1,424,171
Elimination of double economic taxation	0.0%	-	(0.2%)	(244,695)
Tax benefits	(0.1%)	(251,439)	(0.3%)	(423,646)
Other non-deductible/taxable costs (net)	(0.2%)	(350,185)	(0.6%)	(943,547)
Deduction of tax losses	(0.8%)	(1,446,683)	(0.5%)	(839,604)
Municipal and state surcharges	2.2%	3,950,736	0.3%	473,463
Autonomous taxation	1.1%	1,934,966	1.1%	1,763,857
Impact of current tax on net income	8.86%	15,959,645	19.56%	30,506,178
Impact of deferred tax on net income *	18.50%	33,328,561	8.33%	12,997,426
Tax cost for the year	**27.36%**	**49,288,206**	**27.89%**	**43,503,603**
Tax corrections relative to previous years	(0.42%)	(758,586)	0.04%	57,408
Total tax cost	**26.94%**	**48,529,619**	**27.93%**	**43,561,012**

* See details of this amount in the table on movement of deferred taxes in 2019

According to the legislation in force, the tax returns of GCA's entities can be reviewed by the Taxation and Customs Authority (AT), as a rule, for a period of 4 years, unless any tax deduction or credit is made (e.g. deduction of tax losses), in which case the expiry period is the time limit for the exercise of this right. Therefore, the tax returns of the GCA's entities relative to 2016 to 2019 can still be reviewed by the AT, and are thus subject to possible corrections to the tax base.

15. OTHER ASSETS

The composition of this heading is as follows:

	31-Dec-2019	31-Dec-2018
Other assets		
Other disposable assets	103,148	105,175
Gold and other precious metals	662,400	622,967
Pledged account investments	2,766,077	2,670,858
Administrative Public Sector		
VAT recoverable	9,960,589	7,734,466
IMT (property transfer tax) - requested refunds	389,255	409,335
Other values receivable	322,979	373,483
Receivables due to unrealised capital	9,464	6,299

Overdue credit expenses	2,971,632	2,786,682
Credit litigation expenses	3,159,304	4,181,621
Subsidies receivable	1,357,947	844,770
Miscellaneous receivables - advances	2,215,164	2,240,983
Financial leasing customers	267,209	901,692
Other assets due to credit recovery	20,846,729	11,869,116
Other miscellaneous receivables	51,676,468	61,202,177
	96,708,365	**95,949,624**
Income receivable		
From irrevocable commitments undertaken	209,686	205,025
From banking services	2,658,366	464,364
Other income receivable	402,536	613,120
	3,270,588	**1,282,510**
Expenses with deferred charge		
Insurance	889,657	727,845
Hire and rental charges	36,338	490,500
Other	9,160,919	7,278,687
	10,086,914	**8,497,032**
Amounts to be settled		
Transactions of securities to be settled	115,997	1,084,323
Multibanco automatic teller machines (ATM clearing)	70,078,891	57,700,062
Off-setting of values	425	5,081
Margin call	187,093,981	60,929,733
SIBS invoicing	385,253	453,573
Protocol agreements	2,049,267	1,882,513
Office supplies	2,299,020	3,046,503
Other transactions to be settled - electronic transfers	829,719	30,697
Other transactions to be settled	11,871,914	12,559,511
	274,724,468	**137,691,994**
	384,790,335	**243,421,160**
Impairment - Other assets		
Real estate properties - loan recovery	(2,987,471)	(2,610,359)
Receivables and other investments	(30,644,205)	(32,235,939)
	(33,631,675)	**(34,846,298)**
	351,158,659	**208,574,862**

The change in the balance of “Hire and rental charges” relates to the adoption of IFRS 16, which generated a decrease of 454,162 euros as these assets are now recognised under the “Right-of-use/Lease liability”.

The amount recorded under the heading of “Other assets due to credit recovery” on 31 December 2019, as at 31 December 2018, relates to properties that, although there is an intention to sell, cannot be classified as "Non-current assets held for sale" by application of paragraph 7 of IFRS 5 because they are “encumbered” and thus prevented from sale.

The balances of the heading of “Other miscellaneous receivables” are explained by the recording of outstanding values with debtors due to services rendered by entities of the Group to third parties, which have not yet been settled. As at 31 December 2019, this amounted to 54,679,911 euros (2018: 61,871,361 euros). The greatest variation is essentially justified by the decrease in the debt of the real estate investment fund CA Património Crescente. The credit risk of the balances receivable from third parties is of level 1.

Grupo Crédito Agrícola assesses the credit risk of receivables from third parties based on an assessment of the client's track record, such as the fulfilment of its payments to the Group, as well as an analysis of the fulfilment of future payments.

The increase in the margin call values is due to a profound change in the management philosophy of Caixa Central's investment portfolio as a result of the adoption of accounting standard IFRS 9 in 2018. In fact, there has been a systematic and permanent use of interest rate derivatives for a more balanced management of interest rate risk. The use of this regime implied the allocation of liquidity to this specific activity, which arises from two spheres. On the one hand, an initial margin, calculated according to the value transferred and the maturity of the exposures and, on the other hand, a variation margin, derived from the market value of the outstanding positions. The assessment of credit risk stems from the credit institution's own low rating.

The heading “Multibanco automated teller machines (ATM clearing)” corresponds to the amount immobilised at ATMs, pending settlement by SIBS.

As at 31 December 2019 and 2018, the balance of the heading “Other transactions to be settled” includes the movements of the corresponding demand deposit accounts, namely in foreign currency made by customers of Grupo Crédito Agrícola, which remain pending the value date of the movement. These amounts were mostly settled in early January 2020 and 2019, respectively.

The heading of "income receivable - for banking services rendered" is mainly due to placement and marketing commissions of the Funds (not belonging to GCA) which were only settled in early 2020.

The movement in impairment of "Other assets" is as follows:

	31-Dec-18	Reinforcements	Write-backs and annulments	Uses and Disposals	Transf.	31-Dec-19
Impairment - Other assets						
Real estate properties - loan recovery	2,610,359	273,312	(51,739)	(213,210)	368,749	2,987,471
Receivables and other investments	32,235,939	1,894,727	(3,287,311)	(199,151)	-	30,644,204
	34,846,298	**2,168,039**	**(3,339,049)**	**(412,361)**	**368,749**	**33,631,675**

Impairment of debtors refers essentially to litigation, where the stage of impairment is level 3.

The type of real estate properties recorded under Other assets and their net book value as at 31 December 2019 is as follows:

	No. of real estate properties	Gross v.	Impairment	31-Dec-19
Agricultural/rural/industrial land	51	5,087,176	(962,809)	4,124,367
Land with construction permits	13	1,946,604	(197,961)	1,748,643
Constructed buildings	114	13,131,250	(1,804,322)	11,326,928
Other	26	681,699	(22,378)	659,321
	204	**20,846,729**	**(2,987,471)**	**17,859,258**

See movement of impairment in Note 19.

16. NON-CURRENT ASSETS HELD FOR SALE

The composition of this heading is as follows:

	31-Dec-19	31-Dec-18
Real estate properties		
Real estate properties received in loan recovery	566,466,350	637,315,979
Other real estate properties held for sale	7,954,682	6,533,730
Equipment received in loan recovery	980,763	554,508
Other assets	1,364,378	2,059,778
	576,766,172	**646,463,995**
Impairment (Note 20)		
Impairment of real estate properties	(164,648,556)	(170,434,072)
Impairment equipment and other assets	(926,936)	(694,935)
	(165,575,493)	**(171,129,006)**
	411,190,680	**475,334,988**

It can thus be summed up in:

	31-Dec-19	31-Dec-18
Real estate properties	409,772,475	473,415,637
Equipment and other assets	1,418,204	1,919,351
	411,190,680	**475,334,988**

The type of real estate properties (net value) included is as follows:

	No. of real estate properties	31-Dec-19	No. of real estate properties	31-Dec-18
Agricultural/rural land	684	58,203,020	709	63,160,612
Land with construction permits	997	114,556,389	1,046	100,670,605
Constructed buildings	2,203	231,438,721	2,459	303,782,848
Other	6	5,574,345	6	5,801,572
	3,890	**409,772,475**	**4,220**	**473,415,637**

The change in the heading of other real estate properties held for sale relates mainly to disposals during 2019.

The method used to calculate the impairment of the real estate properties is the result of the lowest amount between their fair value, obtained through valuation minus costs of sale, and the book value of the credit. The valuations are carried out by external expert valuators, registered with the CMVM. The main characteristics of the valuations are related to obtaining the fair value of the real estate property through the market or comparative method. The calculated losses are recognised through profit or loss at the time when they occur.
The fair value hierarchy to which the fair value calculated for the valuation of the assets corresponds is level 2.

The movement in non-current assets held for sale during 2019 and 2018 may is presented as follows:

	31-Dec-2018			Impairment			31-12-2019		
	Net value	Acquisitions	Divestments	Utilisation	Charges	Write-back	Gross value	Impairment	Net value
Non-current assets held for sale:									
Real estate properties	473,415,637	47,553,635	(116,982,310)	9,043,464	(11,929,341)	8,671,393	574,421,031	(164,648,556)	409,772,475
Equipment	143,796	613,604	(187,349)	79,615	(97,841)	0	980,764	(428,938)	551,826
Other	1,775,555	564,590	(1,259,993)	291,410	(507,035)	1,850	1,364,377	(497,998)	866,379
	475,334,988	**48,731,829**	**(118,429,652)**	**9,414,489**	**(12,534,217)**	**8,673,243**	**576,766,172**	**(165,575,492)**	**411,190,681**

	31-Dec-2017			Impairment			31-12-2018		
	Net value	Acquisitions	Divestments	Utilisation	Charges	Write-back	Gross value	Impairment	Net value
Non-current assets held for sale:									
Real estate properties	550,826,638	101,580,522	(124,405,276)	(52,962,670)	(11,112,773)	9,489,197	643,849,708	(170,434,072)	473,415,637
Equipment	174,489	250,544	(91,525)	-	(205,279)	15,567	554,508	(410,712)	143,796
Other	1,762,741	454,889	(442,075)	379,369	(379,369)	-	2,059,778	(284,223)	1,775,555
	552,763,868	**102,285,954**	**(124,938,876)**	**(52,583,301)**	**(11,697,421)**	**9,504,764**	**646,463,994**	**(171,129,006)**	**475,334,989**

Impairment tests were performed on assets transferred to non-current assets held for sale.

Furthermore, a sensitivity analysis was carried out based on the assumption of a variation of -0.5% and +0.5% in the m2 value of the valuations:

	-0.5%	+0.5%
Agricultural/rural land	58,087,535	58,414,955
Land with construction permits	114,345,484	114,901,385
Constructed buildings	231,043,814	232,112,535
Other	5,546,473	5,602,217
	409,023,306	**411,031,091**
Non-current assets held for sale - Real estate properties	**409,772,475**	**409,772,475**
Impact	-749,169	1,258,616

A variation of +/-0.5% has a minor impact on GCA's total portfolio of real estate properties.

The age of the properties in the GCA portfolio is as follows:

	No. of real estate properties	31-Dec-19
< 1 year	261	40,122,848
1 to 2 years	479	36,384,087
3 to 4 years	959	90,011,898
Over 5 years	2,191	243,253,643
	3,890	**409,772,475**

17. FINANCIAL LIABILITIES STATED AT AMORTISED COST

As at 31 December 2019 and 2018, this heading is detailed as follows:

	31-Dec-19	31-Dec-18
Deposits		
Loans - Banco de Portugal	945,072,969	1,690,187,389
Loans to Other Credit Institutions	79,033,239	111,391,273
Customer deposits		
Demand	6,421,825,848	5,565,636,865
Term	4,970,307,882	5,027,632,165
Other customers' funds	3,799,350,786	3,247,321,719
Cheques and orders payable	7,595,598	9,499,570
Other customer funds	125,919	102,026
Other	45,960	46,043
Interest payable - Banco de Portugal	(10,265,857)	(13,066,991)
Interest payable	5,717,863	5,702,974
	16,218,810,206	15,644,453,033
Debt securities issued		
Investment securities	9,756,500	10,765,800
Interest	55,730	66,471
	9,812,230	10,832,271
Other financial liabilities		
Loans	50,000,000	50,000,000
Subordinated loans granted by FGCAM	84,956,724	84,956,724
Interest payable	313,748	311,647
	135,270,472	135,268,371
	16,363,892,908	15,790,553,675

18.1 Deposits

Loans - Banco de Portugal

The table below details the loans granted by Banco de Portugal which are included in this heading, as at 31 December 2019:

Entity	Original currency amount	Currency	EUR amount	Start date	Repayment date	Rate
Banco de Portugal	918,360,000	EUR	918,360,000	3/29/2017	3/24/2021	-0.4%
Banco de Portugal	30,000,000	USD	26,712,969	12/19/2019	1/9/2020	2.05%
Total			**945,072,969**			

In 2016, the European Central Bank launched the second series of targeted longer-term refinancing operations (TLTRO II) aimed at strengthening the accommodative monetary policy of the Eurosystem and increasing the incentive to grant bank credit to the real economy. The interest rate applied to these operations is fixed and the same as the rate applied to the main refinancing operations (MRO) in force on the placement date. Furthermore, banks could have a benefit in the interest rate, depending on the evolution of the eligible lending activity of the banks in relation to the reference values specified for each bank. This benefit corresponds to a reduction of the interest rates applicable to these operations which could be, at the very most, equal to the difference between the interest rate of the MRO and the interest rate of the permanent deposit facility in force on the placement date of each operation.

Taking into consideration that the rate is negative, the interest is presented as an amount receivable of 10,265,857 euros.

In the 4th quarter of 2019, the partial repayment of TLTRO loans from Banco de Portugal was made, in the amount of 745,114,420 euros.

The details of the loans granted by Banco de Portugal as at 31 December 2018 are as follows:

Entity	Original currency amount	Currency	EUR amount	Start date	Repayment date	Rate
Banco de Portugal	385,200,000	EUR	385,200,000	6/29/2016	6/24/2020	-0.4%
Banco de Portugal	1,283,160,000	EUR	1,283,160,000	3/29/2017	3/24/2021	-0.4%
Banco de Portugal	25,000,000	USD	21,827,389	12/20/2018	1/4/2019	2.9%
Total			**1,690,187,389**			

The following securities were given in guarantee to Banco de Portugal to back financing operations at the Eurosystem, as at 31 December 2019:

ISIN	Quantity	Final Value
PTOTEYOE0007	18,767,341,729	201,731,296
PTOTVIOE0006	4,523	4,699,669
ES00000128X2	147,723	147,884,222
ES00000122D7	13,131	13,663,470
PTOTEQOE0015	50,000,000	619,480
PTOTETOE0012	14,443,992,236	157,251,258
IT0005185456	137,875	139,151,629
PTOTVHOE0007	3,030	3,154,228
IT0005218968	9,849	9,900,594
PTOTEKOE0011	3,282,725,508	35,525,340
PTOTEUOE0019	18,580,226,376	220,269,887
PTOTECOE0029	1,313,090,204	13,763,800
PTOTESOE0013	6,565,451,016	68,771,942
IT0005170839	131,310	130,414,702
PTOTVJOE0005	8,219	8,584,950
PTOTVKOE0002	4,295	4,496,314
PTOTVLOE0001	211	217,530
ES00000127Z9	78,000	84,273,398
ES0000012E69	65,655	75,422,290
	63,003,430,890	1,319,795,999

In this heading of loans, a value of 50 million euros is recorded, whose operation is incorporated in a credit line of the European Investment Bank (EIB), aimed at financing medium and long-term investments for small and medium-sized enterprises operating in Portugal. The average rate of this loan is 0% and the maturity is up to 6 months.

At 31 December 2019 and 2018, the residual maturity of the remaining deposits presented the following structure:

	31-Dec-19	31-Dec-18
Up to three months	9,659,846,325	8,714,612,869
Three months to one year	5,380,138,446	5,016,724,012
One year to three years	114,323,578	139,934,940
Three to five years	25,323,320	13,438,828
Over five years	98,629,124	76,892,211
Undetermined	24,438	26,801
	15,278,285,231	13,961,629,661
Interest payable	5,717,863	5,702,974
	15,284,003,094	**13,967,332,635**

Term deposits and customers' savings are remunerated in the range from 0.00% to 8%.

Additionally, see the contracted values tiered by repricing periods of the interest rate in Note 46.

18.2 Debt securities issued

Taking into account the maturity periods of the subordinated liabilities, the residual duration of the balance as at 31 December 2019 and 2018 is as follows:

	31-Dec-19	31-Dec-18
Less than three months	-	-
Three months to one year	756,500	1,009,300
One year to three years	9,000,000	9,000,000
Three to five years	0	0
Over five years	0	0
Interest payable	55,730	66,471
	9,812,230	10,075,771

The balance of the Investment Securities issued is as follows:

								2019		
Description	Entity holding the securities	Number of Bonds	Currency	Unit Nominal Value	Interest due date	Interest rate in force on 31.12.2018	Maturity date	Balance 31.12.2018	Repayments	Balance 31.12.2019
Investment Sec./2015	CCAM Beira Douro	1,513	Euro	500	16/dez	1.2500%	12/16/2020	756,500	-	756,500
Investment Sec./2014	CCAM Guadiana Interior	201,860	Euro	5	28-Jul	2.4280%	7/28/2019	1,009,300	(1,009,300)	-
Investment Sec./2016	CCAM Costa Azul	18,000	Euro	500	4-Jul	1.2500%	7/4/2021	9,000,000	-	9,000,000
								10,765,800	(1,009,300)	9,756,500

For purposes of reconciliation of the heading of other financial liabilities with the cash flow statement, in addition to these repayments there was also a value of 147 thousand euros corresponding to interest.

18.3 Other financial liabilities

As at 31 December 2019, Grupo Crédito Agrícola had subordinated loans granted by the Crédito Agrícola Mútuo Guarantee Fund of the value of 84,956,724 euros (84,956,724 euros as at 31 December 2018).

The balance of the Crédito Agrícola Mútuo Guarantee Fund detailed by entity is as follows:

						2019			
Description	Entity holding the securities	Currency	Interest due date	Interest Rate in force on 31.12.2019	Maturity date	Balance 31.12.2018	Repayments	Issues	Balance 31.12.2019
FGCAM loan	CCAM Coimbra	Euro	5-Jun	0.5000%	6/5/2022	13,000,000	-	-	13,000,000
FGCAM loan	CCAM Costa Verde	Euro	31-Jan	0.5000%	1/31/2023	11,000,000	-	-	11,000,000
FGCAM loan	CCAM Bairrada e Aguieira	Euro	-	0.5000%	6/23/2020	8,000,000	-	-	8,000,000
FGCAM loan	CCAM Bairrada e Aguieira	Euro	-	0.5000%	6/23/2024	8,000,000	-	-	8,000,000
FGCAM loan	CCAM Beira Beira Baixa (Sul)	Euro	15-May	0.7500%	6/30/2020	4,000,000	-	-	4,000,000
FGCAM loan	CCAM Entre Tejo e Sado	Euro	19-Mar	0.6000%	12/31/2022	20,956,724	-	-	20,956,724
FGCAM loan	CCAM Álcacer Sal e Montemor-Novo	Euro	29-Apr	0.5000%	11/30/2022	12,000,000	-	-	12,000,000
FGCAM loan	CCAM Moravis	Euro	29-Apr	0.5000%	12/15/2021	1,500,000	-	-	1,500,000
FGCAM loan	CCAM Moravis	Euro	29-Apr	0.5000%	12/15/2022	6,500,000	-	-	6,500,000
						84,956,724	-	-	84,956,724

Taking into account the maturity periods of the other financial liabilities, the residual duration of the balance as at 31 December 2019 and 2018 is as follows:

	31-Dec-19	31-Dec-18
Less than three months	-	-
Three months to one year	12,000,000	-
One year to three years	53,956,724	14,256,500
Three to five years	19,000,000	63,456,724
Over five years	-	8,000,000
Interest payable	313,748	311,069
	85,270,472	86,024,293

18. PROVISIONS AND IMPAIRMENTS

The movement in provisions and impairment of Grupo Crédito Agrícola during 2019 and 2018 is shown in the tables below.

Description	31-Dec-18 Closing balance	2019 Reinforcements	2019 Write-backs and annulments	2019 Uses and write-offs	2019 Transf.	31-Dec-19 Closing balance
Impairments						
Impairment for Assets at FVTOCI (Note 24)	810,480	1,418,706	(1,611,724)	(28)	-	617,434
Impairment for Assets at amortised cost (Note 10)	474,555,079	319,001,594	(321,776,136)	(73,158,553)		398,621,985
Other impairments:						
- Non-current Assets held for sale (Note 17)	171,129,006	12,534,217	(8,304,494)	(9,414,489)	(368,749)	165,575,492
- Other assets (Note 16)	34,846,298	2,168,039	(3,333,019)	(418,391)	368,749	33,631,675
- Tangible fixed assets (Note 13)	9,335,805	1,155,276	(1,484,078)	(51,518)	-	8,955,485
- Other intangible assets (Note 14)	33,858	47,398	-	(47,398)	-	33,858
	690,710,526	335,122,556	(335,025,373)	(82,991,461)	-	598,446,586
Provisions						
- Pensions and other post-employment defined benefit liabilities	144,502	390,000	(114,666)	(57,283)	-	362,553
- Legal issues and pending tax disputes	78,852	-	(78,852)	-	-	-
- Guarantees provided and irrevocable commitments	15,391,495	18,957,053	(22,214,532)	(165)	-	12,133,850
- Other provisions	1,129,379,953	102,908,286	(100,062,615)	(249,365,745)	-	882,859,879
	1,144,994,802	122,255,339	(122,470,665)	(249,423,193)	-	895,356,282
Total	**1,835,705,328**	**457,377,895**	**(457,496,038)**	**(332,414,654)**	**-**	**1,493,802,869**

The reconciliation of the above amounts with the income statement is as follows:

Description	Reinforcements	Write-backs and annulments	31-Dec-2019	Income Statement
Impairments				
Impairment for Assets at FVTOCI (Note 24)	1,418,706	(1,611,724)	(193,017)	Impairments or reversals of impairments of financial assets not measured at fair value through profit or loss - Financial assets at FVTOCI
Impairment for Assets at amortised cost (Note 10)	319,001,594	(321,776,136)	(2,774,542)	Impairments or reversals of impairments of financial assets not measured at fair value through profit or loss - Financial assets at AC
Other impairments:				
- Non-current Assets held for sale (Note 17)	12,534,217	(8,304,494)	4,229,723	Profit or loss on non-current assets and groups for divestment classified as held for sale not eligible as discontinued operations
- Other assets (Note 16)	2,168,039	(3,333,019)	(1,164,981)	Impairment or reversal of impairment of non-financial assets - Other
- Tangible fixed assets (Note 13)	1,155,276	(1,484,078)	(328,802)	Impairment or reversal of impairment of non-financial assets - Tangible fixed assets
- Other intangible assets (Note 14)	47,398	-	47,398	Impairment or reversal of impairment of non-financial assets - Other intangible assets
Provisions				
- Guarantees provided and irrevocable commitments	18,957,053	(22,214,532)	(3,257,480)	Provisions or reversal of provisions - Commitments and guarantees granted
- Pensions and other post-employment defined benefit liabilities	390,000	(114,666)	275,334	
- Legal issues and pending tax disputes	-	(78,852)	(78,852)	
- Other provisions	102,908,286	(100,062,615)	2,845,671	
			3,042,153	Provisions or reversal of provisions - Other provisions

Description	31-Dec-17 Closing balance	2018 Net reinforcements, of write-backs and annulments	2018 Uses and Disposals	2018 Transf.	2018 Adjustments	31-Dec-18 Closing balance
Impairments						
Impairment for Assets at FVTOCI (Note 24)	2,405,934	(1,595,613)	-	-	159	810,480
Impairment for Assets at amortised cost (Note 10)	665,818,070	505,076	(191,768,067)	-	-	474,555,079
Other impairments:						
- Non-current assets held for sale (Note 17)	174,382,483	1,813,288	(5,066,765)	-	-	171,129,006
- Other assets (Note 16)	33,975,560	659,374	-	-	211,364	34,846,298
- Tangible fixed assets (Note 13)	8,725,401	1,028,083	(417,678)	-		9,335,805
- Other intangible assets (Note 14)	33,858	-	-	-	-	33,858
	885,341,306	2,410,209	(197,252,510)	-	211,523	690,710,526
Provisions						
- Pensions and other post-employment defined benefit liabilities	191,646	(139,670)	92,526	-	-	144,502
- Legal issues and pending tax disputes	78,852	-	-	-	-	78,852
- Guarantees provided and irrevocable commitments	20,075,402	(4,125,241)	(558,666)	-	-	15,391,495
Other provisions						
- Technical provisions of insurance activity	1,346,108,600	(200,005,574)	(25,892,280)	-	-	1,120,210,746
- Other provisions	7,103,225	2,587,165	(521,183)	-	-	9,169,207
	1,373,557,725	(201,683,320)	(26,879,603)	-	-	1,144,994,802
Total	**2,258,899,031**	**(199,273,111)**	**(224,132,113)**	**-**	**211,523**	**1,835,705,328**

None of the provisions is being subject to the effect of updating the value of money over time, not being applicable to them.

As shown in the table above, in 2019 there was a decrease in impairment for assets at amortised cost of about 76 million euros. Of this amount, 75 million euros of variation refer to credit to customers, which essentially resulted from write-offs and the evolution of the risk associated to the loan portfolio, whose valuation was based on application of the criteria of Grupo Crédito Agrícola's impairment model, as described in Note 2.3 c) of this document.

During 2019, the assessment of impairment for guarantees given and irrevocable commitments recorded under off-balance sheet items resulted in a decrease in impairment of 3 million euros.

In 2019 there was a net decrease of 5.5 million euros in impairment of non-current assets held for sale, mainly due to the divestment of real estate properties (see Note 43)

As at 31 December 2019 and 2018, the heading of "other provisions" includes provisions set up to cover specific risks arising from the activity of Grupo Crédito Agrícola.

Technical provisions of insurance activity

The composition of technical provisions is as follows:

	31-Dec-2019	**31-Dec-2018**
Life branch:		
Mathematical provision	630,324,732	914,001,240
Provision for claims	13,648,047	13,137,030
Other technical provisions:		
Provisions for profit sharing	31,172,266	14,149,759
Provisions for stabilisation of the portfolio	4,104,012	4,803,638
Provision for rate commitment	67,815,722	55,780,248
	747,064,779	1,001,871,915
Non-life branch provisions:		
Provisions for unearned premiums	13,390,951	12,616,038
Provisions for claims	109,388,434	99,239,718
Other technical provisions:		
Provisions for profit sharing	-1,474,919	-1,290,697
Provisions for risks underway	1,645,423	5,725,550
Provision for claim rate deviations	2,398,217	2,048,221
	125,348,106	118,338,831
	872,412,885	1,120,210,746

Life Business

The reduction of the mathematical provision for 2019 is explained by two reasons: the lower production of capitalisation products and the maturity of a series of capitalisation products throughout 2019.

Between 2018 and 2019, the provision for claims increased rather modestly, due to the some capitalisation products having reached their maturity at the end of 2019.

The provision for the calculated profit-sharing corresponds to the amount attributed to the insurers or beneficiaries of insurance contracts, in the form of profit-sharing, which have not yet been distributed or incorporated in the mathematical provision.

The provision for portfolio stabilisation was constituted for renewable annual group insurance contracts, whose main coverage guarantees the risk of death, with a view to coping with the increased risk inherent to the progressively higher average age of the insured group, whenever the pricing for this group has been based on a single rate which must be kept for a certain period due to contractual commitment.

On each reporting date, an evaluation is made of the adequacy of the liabilities arising from insurance contracts and investment contracts with discretionary participation features. The evaluation of the adequacy of responsibilities is based on the projection of future cash flows associated to each contract, discounted at rates determined based on the time structure of interest rates provided by the European Insurance and Occupational Pensions Authority (EIOPA). This evaluation is done individually for each product or aggregated when the risks are similar or managed jointly. In the event of gaps, these are recorded in profit or loss against the heading of "Provision for rate commitments".

Non-Life Business

The variation of the provisions of the Non-Life Branch arises from the reduction of claims occurred that have not yet been paid.

The movement which occurred in the technical provisions during 2019 and 2018 was as follows:

	Balance as at 12/31/2017	Net reinforcements of recoveries & annulments	Uses/ adjustments	Balance as at 12/31/2018	Variation in the provision	Uses/ adjustments	Balance as at 12/31/2019
Life business:							
Mathematical provision	1,124,623,413	(217,231,421)	6,609,248	914,001,240	(294,778,515)	11,102,007	630,324,732
Provision for claims	12,629,142	507,888	-	13,137,030	511,017		13,648,047
Other technical provisions:				-			-
Provisions for profit sharing	40,428,644	7,813,812	(34,092,697)	14,149,759	12,215,253	4,807,254	31,172,266
Provisions for stabilisation of the portfolio	-	4,803,638	-	4,803,638	(699,626)		4,104,012
Provision for rate commitment	51,512,925	4,267,323	-	55,780,248	12,035,474		67,815,722
	1,229,194,124	(199,838,760)	(27,483,449)	1,001,871,915	(270,716,397)	15,909,261	747,064,779
Non-life business provisions:							
Provisions for unearned premiums	17,566,646	(6,246,951)	1,296,344	12,616,039	1,498,046	(723,134)	13,390,951
Provisions for claims	94,668,375	4,276,518	294,825	99,239,718	7,278,458	2,870,258	109,388,434
Other technical provisions:							
Provisions for profit sharing		(1,290,697)		(1,290,697)		(184,222)	(1,474,919)
Provisions for risks underway	2,970,885	2,754,665		5,725,550	(4,080,127)		1,645,423
Provisions for claim rate deviations	1,708,570	339,651		2,048,221	349,996		2,398,217
	116,914,476	(166,814)	1,591,169	118,338,831	5,046,373	1,962,902	125,348,106
	1,346,108,600	(200,005,574)	(25,892,280)	1,120,210,746	(265,670,024)	17,872,163	872,412,885

The calculation of payments for future claims is related to the provision for premiums. The best estimate of the provision for premiums takes into account various assumptions that could influence its calculation, such as for example: the rates of annulment of future premiums (Type I and Type II premiums), the rhythm of receiving future premiums, the estimated costs associated to the contracts as well as their rhythm. The results of the application of statistical methods in calculating the provisions always have an implicit degree of uncertainty due to random factors, structural changes not yet reflected in GCA's information system and perhaps in the market, as well as legal, judicial and political changes with impact on the applied models. On the other hand, it must be borne in mind that it is not only necessary to assume standards for some macro and microeconomic variables, but also that the methods used have some implicit assumptions. All this could undergo significant changes as time moves forward, so the ongoing monitoring of these situations is crucial and indispensable for the permanent updating of the conclusions reached.

As at 31 December 2019 and 2018, the mathematical provision is detailed as follows:

	31-Dec-19	31-Dec-18
Investment Saving Protection	28,370,238	30,705,585
Retirement Saving Protection	84,417,661	88,446,425
Education Saving Protection	16,234,740	16,416,412
CA Retirement Saving Plan+6	2,909,060	3,467,905
CA Active Saving	119,827,105	215,888,102
Super-Credit Protection	264,588	115,229
CA Retirement Saving Plan	101,638,202	163,535,385
CA Free Protection	256,625	394,553
CA Full Life	37,112	42,503
CA Super 4.25	0	87,944,452
CA Woman	34,201	34,941
CA Key Personnel	55,987	28,508
CA Credit Key Personnel	82,729	85,713
CA Guarantee 5 - 2nd series	0	11,965,420
CA Guarantee 5 Retirement Saving Plan - 2nd series	0	14,112,796
CA University (Saving)	19,909,167	19,768,692
CA Premium	835	787
CA Capital Retirement Saving Plan	100,662,044	100,504,395
CA Capital Active Saving	140,420,197	144,395,903
CA University [Capital]	14,346,683	15,423,859
Super Credit Protection	37,830	40,284
CA Hospital Protection	13,871	9,901
CA Corporate	158,388	112,152
CA Express Life	586,800	501,897
Family	60,669	59,441
	630,324,732	914,001,240

19. SHARE CAPITAL REPAYABLE AT SIGHT

This heading is detailed as follows:

	31-Dec-19	31-Dec-18
CCAM Nordeste Alentejano, CRL	382,560	407,000
CCAM do Sotavento Algarvio, CRL	160,395	209,275
CCAM Ribatejo Norte e Tramagal, CRL	107,055	162,800
CCAM de Trás-os-Montes e Alto Douro, CRL	87,895	87,895
CCAM do Guadiana Interior, CRL	53,800	53,800
CCAM Médio Ave, CRL	30,265	30,265
CCAM do Baixo Vouga, CRL	2,150	2,150
CCAM Costa Azul, CRL	4,725	4,725
CCAM do Vale do Távora e Douro, CRL	-	500
	828,845	958,410

Pursuant to IAS 32, securities representing share capital are equity instruments if the entity has the unconditional right to refuse their reimbursement. The introduction of the IAS/IFRS implied an adjustment with reference to 1 January 2006 of the value of 41,447,495 euros, derived from the classification of special shares as liabilities (Note 23).

The reductions of securities representing share capital refer to reimbursements made to associates.

20. OTHER LIABILITIES

This heading is detailed as follows:

	31-Dec-19	31-Dec-18
Payables and other funds		
Funds - captive account	1,285,721	1,521,013
Funds - pledged account	8,411,501	7,426,187
Other funds	4,205,006	3,238,913
Administrative Public Sector		
Tax withholdings at source	8,186,721	7,871,609
Social security contributions	3,587,999	3,474,372
VAT payable	1,338,187	925,022
Other taxes	2,639,486	2,163,970
Collections on behalf of third parties	571,875	569,096
Contributions to other health systems	680,288	662,297
Financial liabilities of insurance contracts	32,465,395	66,557,902
Liabilities in investment funds, incorporated in the consolidation perimeter	131,238	138,698
Miscellaneous payables		
Payables due to supply of goods and services	25,250,115	21,618,622
Miscellaneous payables - portions to be realised in underwritten securitie	250,000	0
Payables - credit cards	814,083	663,302
Other payables	33,269,700	18,952,605
Advances received	5,345,546	6,386,922
Lease liabilities	27,817,969	0
less than 12 months (flat rate payments)	*104,868*	0
more than 12 months (flat rate payments)	*27,713,101*	*0*
	156,250,831	**142,170,529**
Liabilities related to pensions and other benefits		
Total liabilities	109,703,595	88,567,339
Net worth of the pension fund	(106,682,816)	(86,578,408)
	3,020,779	**1,988,931**
Charges payable		
For staff costs		
Provisions for holidays and holiday allowance	22,594,965	23,665,513
Seniority bonus	18,965,895	18,162,619
Other	3,091,051	2,313,260
For other administrative expenses	107,779	46,244
Other	7,558,037	6,570,305
	52,317,726	**50,757,939**
Revenue with deferred income		
Commissions on guarantees given and irrevocable credits	2,308,522	2,266,474
Rents	219,550	290,156
Other	198,000	191,833
	2,726,072	**2,748,463**
Amounts to be settled		
Foreign exchange position	26,734	181,018
Interest - swaps	5,962,725	4,492,554
Multibanco clearing chamber - transit in real time	16,109,321	13,849,609
Transactions of securities to be settled	115,780	1,084,069
Off-setting of values	4,976,906	6,697,378
Other transactions to be settled - electronic transfers	635,962	640,439
Other transactions to be settled - protocol agreements	1,617,974	1,496,582
Other transactions to be settled	32,560,128	50,866,354
	62,005,528	**79,308,004**
	276,320,937	**276,973,866**

The Group recognises under "Other liabilities", the participation units of investment funds which are included in the consolidation perimeter, held by entities outside the Group, due to being a liability, pursuant to AG29A and BC68 of IAS 32, and no longer recognises them under non-controlling interests.

As at 31 December 2019, the heading “Creditors and other funds – Financial liabilities of insurance contracts” refers to CA Vida contracts, with guaranteed rates, without discretionary profit-sharing, valued at amortised cost. The evolution between 31 December 2018 and 31 December 2019 was as follows:

	Amount managed as at 31.12.2018	Amounts		Gain and loss variations (technical interest)	Amount managed as at 31.12.2019
		Inflow	Outflow		
Stated at amortised cost	64,931,047	-	(36,022,527)	95,647	29,004,167
Stated at fair value through gains and losses	1,626,855	1,882,830	(18,975)	(29,482)	3,461,228
Total	**66,557,902**	**1,882,830**	**(36,041,502)**	**66,165**	**32,465,395**

The maturity of the financial liabilities of insurance contracts is as follows:

	Sight	Up to 3 months	3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Financial liabilities of the deposit component of insurance contracts considered for accounting purposes as investment contracts valued at amortised cost	-	2,027,097	-	26,977,069	-	-	29,004,166
Financial liabilities of the deposit component of insurance contracts considered for accounting purposes as investment contracts valued at fair value through profit or loss	-	-	-	-	-	3,461,228	3,461,228
	-	**2,027,097**	**-**	**26,977,069**	**-**	**3,461,228**	**32,465,394**

The fair value of the assets at amortised cost is 29,004,166 euros.

As at 31 December 2019 and 2018, the balance of the heading “Other transactions to be settled” includes the Nostro accounts, namely in foreign currency, which continue awaiting the value date of the movement. The majority corresponds to transactions with value date in early January 2020 and 2019, respectively, with the transactions being settled at that time.

The variation of the amount of the multibanco (ATM) clearing chamber was primarily due to the increased transactions made with multibanco card at the end of the year with the clearing having been done on the following business day.

The value of the Lease liabilities of 27.7 million euros corresponds to the application of IFRS 16, effective from 1 January 2019 (see note 2.2).

The amounts to be settled appear under "Other transactions to be settled - protocol agreements", whose balances refer to amounts charged to customers of Caixa Central under the protocol agreements entered into between the latter and other entities, and were settled in the first days of January 2020 and 2019, respectively.

21. CONTINGENT LIABILITIES AND COMMITMENTS

The off-balance-sheet items associated with guarantees provided, irrevocable commitments and other liabilities due to services rendered are shown in the table below:

	31-Dec-19	31-Dec-18
Guarantees provided and any other possible liabilities		
Guarantees and sureties provided	207,830,313	204,381,127
Open documentary credit	1,652,110	15,734,659
Assets given as guarantee - securities	1,882,574,065	2,475,289,750
Other liabilities	10,056,893	10,182,544
Commitments to third parties		
Due to credit lines		
Irrevocable commitments	1,034,499,350	895,876,198
Revocable commitments	328,090,812	339,321,022
Due to securities underwritten	45,187,257	81,263,525
Potential liability in relation to the System of indemnity of investors	1,133,585	1,085,799
Liabilities due to services rendered		
Deposit and custody of values	1,731,342,909	1,592,359,305
Values administered by the institution	1,467,467,201	1,640,012,395
Values received for collection	38,436,259	48,874,273
Other	482,286	12,053,696
	6,748,753,039	**7,316,434,293**

As at 31 December 2019 and de 2018, the off-balance-sheet heading of "Assets given as guarantee - securities" includes the value of the securities included in the pool of collateral at Banco de Portugal to back financing operations from the Eurosystem. This heading also includes securities given as guarantee to cover repos contracted with other non-resident financial institutions.

The entirety of the balance of the heading “Commitments to third parties – Due to subscription of securities” corresponds to the underwriting of commercial paper.

Although this is not recorded in the off-balance sheet accounts under the legal system of Crédito Agrícola Mútuo, the Group is jointly liable for the non-financed amount of the pension funds of the Caixas Agrícolas which do not belong to SICAM (Note 45).

22. CAPITAL

The statutory share capital of Grupo Crédito Agrícola, divided and represented by registered securities, with unit nominal value of 5 euros is 1,212,695,896 euros as at 31 December 2019.

Of the total amount of underwritten capital, the amount of 828,845 euros was transferred to the liability heading “Share capital repayable at sight”, by application of IAS 32 – Financial Instruments (Note 20).

The publication of the new Legal System for Mutual Agricultural Credit, in Diário da República (Decree-Law 142/2009, of 16 June), as mentioned in the Introduction implied the adaptation of the Statutes of the Caixas de Crédito Agrícola to the new Legal System which, at the limit, had to be amended by the date of the first mandatory general meeting held in 2010, as stipulated in the transitory provisions in article 5 of Decree-Law 142/2009 of 16 June. Therefore, during 2009 and in early 2010, the Statutes of the CCAM were amended and approved at the General Meeting, in order to assure the General Meeting's decision on the exoneration of associates. This is why the registered securities underwritten by its associates continued under the same classification of equity, under the terms of IAS 32, with the exception of those classifiable under liabilities, also as defined in IAS 32.

Pursuant to the Statutes of the Caixas Agrícolas, the conditions of exoneration of the associates are as follows:

- Up to 31 October of each year, the associates may either present their exoneration or request a reduction of their participation, by letter addressed to the Board of Directors, in accordance with the following conditions:
  - At least three years must have elapsed after the equity securities have been paid;
  - The reimbursement must not lead to a reduction in the share capital to a figure below the minimum amount stipulated in the statutes nor imply default or the worsening of default in any relationship or prudential limits established by the law or Banco de Portugal in relation to Caixa Agrícola.
- The exoneration takes effect after approval by the General Meeting that deliberates on the report and accounts for the year when the request is submitted.
- Associates that are exonerated or have reduced their participation are entitled to the reimbursement of their equity securities, under the terms of number 7 of article 8 of the Statutes, although the Board of Directors may order suspension of the reimbursement as established in number 8 of this same article 8.
- The reimbursement may be made in three annual instalments, unless a shorter timeframe is decided by the Board of Directors.

The share capital was increased during 2019, once by the value of 36,209 thousand euros by incorporation of reserves, and on another occasion by the value of 21,824 euros due to the entry of new shareholders.

Following the General Meetings held by the different Associated Caixas, share capital increases are made by incorporation of reserves, which leads to movements of transfer of balances of reserves to carry out share capital increases.

As at 31 December 2019 and 2018, the statutory capital corresponded to the associates of the following Caixas Agrícolas:

	31-Dec-2019	31-Dec-2018
CCAM de Pombal, CRL	56,186,725	56,143,690
CCAM Batalha, CRL	49,721,370	48,378,740
CCAM Costa Azul, CRL	48,646,615	44,015,665
CCAM Alto Douro, CRL	48,301,885	46,502,340
CCAM de Vale de Sousa e Baixo Tâmega, CRL	38,681,950	31,950,930
CCAM Açores, CRL	37,927,755	34,736,405
CCAM do Noroeste, CRL	37,386,940	36,531,330
CCAM da Serra da Estrela, CRL	36,609,795	34,377,585
CCAM Alto Cávado e Basto, CRL	32,983,405	31,729,835
CCAM Terras Sousa, Ave, Basto e Tâmega, CRL	29,604,360	28,472,660
CCAM do Vale do Távora e Douro, CRL	29,340,155	28,090,725
CCAM de Alcobaça, Cartaxo, Nazaré, Rio Maior e Santarém, CRL	25,727,050	23,948,755
CCAM de Trás-os-Montes e Alto Douro, CRL	23,025,370	22,282,005
CCAM P. Varzim, V. Conde e Esposende, CRL	22,064,590	20,416,190
CCAM C. da Rainha, Óbidos e Peniche, CRL	21,735,260	21,658,670
CCAM do Baixo Mondego, CRL	21,109,790	20,178,035
CCAM Beira Douro, CRL	20,948,915	19,427,375
CCAM do Sotavento Algarvio, CRL	19,576,930	19,414,300
CCAM Vale do Dão e Alto Vouga, CRL	18,750,505	17,689,800
CCAM de São Teotónio, CRL	18,137,145	18,011,520
CCAM de Terras de Viriato, CRL	17,968,755	16,447,420
CCAM Lourinhã, CRL	17,110,305	15,603,000
CCAM Alenquer, CRL	15,743,370	15,250,680
CCAM Coimbra, CRL	14,583,040	14,496,215
CCAM Vila Verde e Terras do Bouro, CRL	14,461,420	12,738,550
CCAM S. Bart. Messin. e S. Marcos Serra, CRL	14,121,615	13,328,800
CCAM Douro e Côa, CRL	13,874,675	13,188,800
CCAM da Terra Quente, CRL	13,662,535	13,131,680
CCAM de Pernes e Alcanhões, CRL	13,428,670	13,224,675
CCAM da Bairrada e Aguieira, CRL	13,022,130	7,361,720
CCAM da Zona do Pinhal, CRL	12,999,610	12,871,370
CCAM do Baixo Vouga, CRL	12,393,380	12,322,130
CCAM Ribatejo Norte e Tramagal, CRL	12,078,365	12,006,935

	31-Dec-2019	31-Dec-2018
CCAM do Guadiana Interior, CRL	12,061,990	11,751,760
CCAM Região do Fundão e Sabugal, CRL	11,599,685	11,523,225
CCAM Beja e Mértola, CRL	11,454,805	11,322,525
CCAM Albufeira, CRL	11,447,790	11,114,585
CCAM de Silves, CRL	11,328,990	10,722,745
CCAM Cadaval, CRL	11,181,205	10,160,050
CCAM Área Metropolitana do Porto, CRL	11,053,745	9,707,120
CCAM Salvaterra de Magos, CRL	10,810,785	10,760,295
CCAM Oliveira do Bairro, CRL	10,695,250	10,320,305
CCAM Coruche, CRL	10,522,910	10,513,335
CCAM Costa Verde, CRL	10,409,730	10,556,690

CCAM Médio Ave, CRL	10,269,880	9,986,490
CCAM Loures, Sintra e Litoral, CRL	10,165,475	9,931,180
CCAM Aljustrel e Almodovar, CRL	10,033,790	9,079,415
CCAM de Cantanhede e Mira, CRL	9,924,180	9,754,565
CCAM de Lafões, CRL	9,806,715	9,057,445
CCAM Paredes, CRL	9,647,710	8,817,415
CCAM Estremoz, CRL	9,117,725	9,109,415
CCAM Nordeste Alentejano, CRL	8,983,410	8,925,520
CCAM do Ribatejo Sul, CRL	8,953,495	8,843,630
CCAM Terras de Miranda do Douro, CRL	8,933,660	8,606,515
CCAM Ferreira do Alentejo, CRL	8,524,700	8,213,540
CCAM Arruda dos Vinhos, CRL	8,238,230	7,932,465
CCAM da Beira Baixa (Sul), CRL	8,157,730	7,316,980
CCAM Oliveira de Azeméis e Estarreja, CRL	7,944,940	7,901,945
CCAM Alentejo Central, CRL	7,865,580	7,669,910
CCAM Beira Centro, CRL	7,848,770	7,398,150
CCAM de Moravis, CRL	7,823,430	7,818,800
CCAM Vila Franca de Xira, CRL	7,652,820	7,424,325
CCAM Arouca, CRL	7,517,030	7,180,015
CCAM Elvas e Campo Maior, CRL	7,396,115	7,222,125
CCAM do Algarve, CRL	7,295,901	7,035,746
CCAM Porto de Mós, CRL	7,250,525	7,112,915
CCAM Oliveira do Hospital, CRL	7,129,970	6,874,945
CCAM Alcácer-Sal e Montemor-Novo, CRL	6,761,565	6,696,730
CCAM Mogadouro e Vimioso, CRL	6,670,065	6,527,170
CCAM Sobral de Monte Agraço, CRL	6,403,745	6,005,860
CCAM Sousel, CRL	6,333,195	6,286,590
CCAM do Norte Alentejano, CRL	6,266,305	6,229,390
CCAM Azambuja, CRL	6,000,510	5,826,565
CCAM Serras de Ansião, CRL	5,989,670	5,836,050
CCAM Entre Tejo e Sado, CRL	5,707,380	5,762,345
CCAM Borba, CRL	5,658,665	5,650,680
CCAM de Albergaria e Sever, CRL	5,552,035	5,426,330
CCAM Vale de Cambra, CRL	5,221,920	5,182,360
CCAM Vagos, CRL	5,167,795	5,132,250
CCAM Anadia, CRL (1)		5,549,105
	1,212,695,896	1,159,749,506

(1) As mentioned in Note 1, in 2019 the merger between CCAM da Bairrada e Agueira and CCAM de Anadia took place.

23. OTHER ACCUMULATED COMPREHENSIVE INCOME, RETAINED EARNINGS AND RESERVES

As at 31 December 2019 and 31 December 2018, the headings of other accumulated comprehensive income, retained earnings and reserves are broken down as follows:

	31-Dec-19	31-Dec-18
Reserves derived from measurement at fair value		
Fair value variation of financial assets at FVTOCI (IFRS 9)		
Unrealised gains or losses	4,759,430	(13,196,434)
Impairment	617,434	810,480
Fair value variation of financial assets at FVTOCI (IAS 39)	11,630,568	3,805,998
Deferred taxes	(4,088,393)	2,318,976
Fair value variation of financial assets at FVTOCI	**12,919,039**	**(6,260,980)**
Revaluation reserves of fixed assets	2,761,940	3,004,247
Other reserves	410,810,531	370,001,388
Actuarial (-) gains or losses on defined benefit pension plans	(13,470,474)	117,809
Retained earnings	(87,288,771)	(124,485,011)
Results attributable to the owners of the parent company	131,464,308	112,352,571
	457,196,573	**354,730,023**

The value indicated in "Other reserves" is distributed among the following statutory reserves:

	31-Dec-19	31-Dec-18
Legal reserve	322,378,242	293,745,993
Statutory reserve	1,966,660	1,709,671
Special reserve	36,179,033	30,389,953
Reserve for cooperative training and education	5,687,858	5,148,652
Reserve for mutualism	4,570,932	4,285,754
Reserves for differences in capital repayments	1,043,174	1,043,174
Reserves for remuneration of equity securities in following years	1,724,133	1,780,869
Reserves for capital rights of the associates	439,779	386,844
Other reserves	36,820,719	31,510,477
	410,810,531	370,001,388

The heading of "Other reserves" refers to the reserves of surpluses, which do not have any restrictions concerning their use.

Legal reserve

The legal reserve is intended to cover any losses for the year. Pursuant to article 33 of the statutes of the Caixas, the legal reserve is annually credited with 20% of the net annual surplus and any other amounts paid in by the associates to this end, until its amount is equal to the capital.

Reserve for cooperative training and education

The reserve for cooperative training and education is intended to finance expenses related to technical, cultural and cooperative training of the associates, management and employees of Caixa Central, being reinforced with additional funds of the maximum of 2.5% of the net annual surplus, along with any other amounts obtained for this purpose.

Reserve for mutualism

The reserve for mutualism is intended to cover the cost of mutual assistance required by associates or employees, being credited with the maximum of 2.5% of the net annual surplus.

Revaluation reserves

This heading includes the revaluation reserve derived from the measurement at fair value of the financial assets available for sale and the revaluation of fixed assets. This reserve cannot be distributed, although it may be used, in situations following the revaluation of fixed assets, to increase the share capital or cover losses, according to their use (amortisation) or divestment of the assets to which it refers.

24. CONSOLIDATED PROFIT

During 2019, the determination of the consolidated profit can be summarised as follows:

(values in euros)	2019 12
Profit for the year of the Caixas de Crédito Agrícola Mútuo [1]	98,193,227
Profit for the year of the Caixa Central de Crédito Agrícola Mútuo	20,551,517
	118,744,745
Impact on net income of the reconciliation of common balances at SICAM	(3,279,275)
Net income of SICAM	115,465,470
Net income of all the other Group companies	
Crédito Agrícola Vida, Companhia de Seguros S.A.	8,303,897
Crédito Agrícola Seguros – Companhia de Seguros de Ramos Reais, S.A.	5,159,464
Crédito Agrícola SGPS S.A.	(177,895)
Fenacam - Federação Nacional das Caixas de Crédito Agrícola Mútuo FCRL	922,961
Crédito Agrícola Informática - Serviços de Informática S.A.	464,684
Crédito Agrícola Serviços - ACE (2)	-
Crédito Agrícola Gest - Sociedade Gestora de Fundos de Investimento Mobiliário S.A.	(9,564)
CA Capital- Sociedade de Capital de Risco S.A.	(37,417)
CCCAM Gestão de Investimentos e Consultoria, Unipessoal, Lda	(1,028,643)
Crédito Agrícola Seguros e Pensões SGPS S.A.	2,400,117
FII ImoValor CA	(964,065)
CA Imóveis, Unipessoal Lda	(3,051,091)
FII CA Arrendamento Habitacional	793,673
FII CA Imobiliário	(8,281,887)
FIM CA Institucionais	336,780
Rústicodivinal, Lda	19,597
	4,850,612
Annulment of the devaluation of the PUs of the Real Estate Investment Funds recorded in the year	11,116,980
Earnings from application of the equity method to associates	492,589
	11,609,569
Adjustment of intergroup relations and annulment of common balances:	
Adjustment of provisions for additional paid-in capital of CA SGPS in CCCAM GI and CA Imóveis	4,079,734
Annulment of insurance premiums charged to CA Group companies	1,274,725
Annulment of intergroup dividends	(5,499,148)
Annulment of the billing issued by FENACAM, CA Serviços and CA Informática to the CCAMs	(596,847)
Adjustment of properties of Real Estate Investment Funds	(626,813)
Adjustment of taxes in the consolidation	581,330
CAAH operation adjustment	(1,089,083)
Pension Fund Consolidation Adjustment (CA Serviços)	1,240,385
Other consolidation adjustments	322,603
	(313,114)
	131,612,537
Earnings attributable to non-controlling interests	(148,229)
Consolidated profit for the year of Grupo Crédito Agrícola	**131,464,308**

[1] This value derives from the sum of the net income of all the Caixas belonging to SICAM.

[2] At the end of each year, the net income of the ACE is divided in the invoicing to the Group's entities, in proportion to the total invoiced in that same year

25. NON-CONTROLLING INTERESTS

The value of third party stakes in companies of Grupo Crédito Agrícola, in 2019 and 2018, is distributed by entity as follows:

	31-Dec-19			31-Dec-18		
	% holding	Balance Sheet	Income Statement	% holding	Balance Sheet	Income Statement
Crédito Agrícola Seguros	97.38%	1,296,908	(135,151)	97.38%	1,146,828	(70,602)
FIM Alternativo CA Institucionais	98.79%	241,857	(4,075)			
Crédito Agrícola Informática	99.45%	42,596	(2,556)	99.45%	41,728	(1,861)
Crédito Agrícola Vida	99.93%	78,078	(5,783)	99.95%	50,480	(3,412)
Crédito Agrícola Seguros e Pensões	99.98%	26,188	(480)	99.98%	26,178	(499)
Fenacam	99.98%	1,248	(185)	99.98%	1,062	(33)
		1,686,875	(148,229)		1,266,276	(76,407)

The movement in non-controlling interests during the years ended on 31 December 2019 and 2018 was as follows:

Non-controlling interests as at 31 December 2017	1,640,188
Net income for the year attributable to non-controlling interests:	
Crédito Agrícola Seguros	70,602
Crédito Agrícola Informática	1,861
Crédito Agrícola Vida	3,412
Crédito Agrícola Seguros e Pensões	499
Fenacam	33
	76,407
Derecognition of the Non-controlling interests of Agrocapital, SCR	(339,796)
Variation in the equity (revaluation reserves) of insurers:	(110,524)
Non-controlling interests as at 31 December 2018	1,266,276
Net income for the year attributable to non-controlling interests:	
Crédito Agrícola Seguros	135,151
FIM Alternativo CA Institucionais	4,075
Crédito Agrícola Informática	2,556
Crédito Agrícola Vida	5,783
Crédito Agrícola Seguros e Pensões	480
Fenacam	185
	148,229
Variation in the equity (revaluation reserves) of insurers:	272,370
Non-controlling interests as at 31 December 2019	1,686,875

26. INTEREST INCOME

The composition of this heading is as follows:

	31-Dec-19	31-Dec-18
Interest on financial assets held for trading		
Debt securities issued by residents	427,168	574,741
Debt securities issued by non-residents	1,382,004	2,966,831
Interest rate swaps	1,152,547	4,343,398
	2,961,719	**7,884,970**
Interest on other financial assets valued at fair value through profit or loss		
Debt securities issued by residents	1,703,456	3,167,724
	1,703,456	**3,167,724**
Interest on financial assets at fair value through other comprehensive income		
Debt securities issued by residents	37,061,477	44,766,582
Debt securities issued by non-residents	4,176,444	5,380,715
	41,237,922	**50,147,297**

	31-Dec-19	31-Dec-18
Interest on financial assets at amortised cost		
Interest on securities at amortised cost		
Debt securities issued by residents	75,438,791	79,640,695
Debt securities issued by non-residents	41,995,547	33,945,371
Interest on investments in other credit institutions		
Investments in domestic credit institutions	63,223	95,141
Investments in credit institutions abroad	-	2,809
Interest on credit to customers		
Credit not represented by securities		
Domestic credit		
Companies and public administration		
Discounts and other securitised receivables	888,418	1,018,410
Loans	115,804,062	108,832,830
Credit in current accounts	13,751,210	13,923,576
Current account overdrafts	3,085,324	3,063,593
Financial lease operations		
Movables	2,183,099	1,965,392
Real estate	1,939,361	1,698,818
Credit cards	75,069	65,963
Commercial paper	4,626,697	5,519,411
Other	-	15,870
Individuals		
Mortgage	41,967,776	41,268,808
Consumer	29,822,795	29,817,331
Other purposes		
Loans	33,110,855	35,306,875
Credit in current accounts	1,667,066	1,815,435
Current account overdrafts	1,335,905	1,431,599
Finance lease operations	486,047	481,752
Other credit	65,907	112,281
External credit		
Companies and public administration		
Loans	152,125	12,803
Commercial paper	159,987	-
Individuals		
Mortgage	2,467,322	2,243,259
Consumer		
Credit cards	53,122	48,627
Other credit	602,954	575,248
Other purposes		
Loans	249,243	255,174
Current account overdrafts	9,218	6,146
Interest on overdue credit	10,407,217	11,763,288
	382,408,338	**374,926,505**
Interest on cash balances at Banco de Portugal	5,949,460	13,087,945
Interest on derivatives	1,178,264	153,403
Other interest and similar income	37,438,832	148,246,000
	472,877,991	**597,613,844**

The variation of the heading “Other interest and similar income” is essentially explained by the insurance activity, concerning interest related to its provisions, showing a decrease of 111 million euros. Offsetting this, interest and costs, under the heading of Interest expenditure increased by 110 million euros (see Note 28).

27. INTEREST EXPENSES

The composition of this heading is as follows:

	31-Dec-19	31-Dec-18
Interest on financial Liabilities held for trading		
Interest on securities held for trading	55,617	73,467
	55,617	**73,467**
Interest on financial liabilities measured at amortised cost		
Interest on funds of central banks	49,576	43,152
Interest on funds of other credit institutions		
Domestic	372,298	481,958
Abroad	115,928	79,511
Interest on customer funds and other loans	12,147,169	13,373,039
Interest on subordinated liabilities	592,233	996,903
	13,277,204	**14,974,563**
Interest on hedging derivatives		
Interest rate swaps - hedge	20,249,598	16,663,763
	20,249,598	**16,663,763**
Other liabilities		
Interest on leasing	522,507	0
Other interest and charges	39,674,926	148,358,521
	40,197,433	**148,358,521**
Interest expense on assets		
Amortisation of the premium on bond transactions in the capital market	68,432,901	68,793,055
Other interest and charges	27,743	54
	68,460,644	**68,793,109**
	142,240,497	**248,863,422**

The variation of "Other interest and costs" is primarily explained by the insurance activity, concerning interest related to its provisions, showing a decrease of 110 million euros. Offsetting this, other interest and income decreased by 111 million euros (see Note 27).

The heading of interest on interest rate hedging swaps shows approximately 20 million euros, an increase of 3.5 million euros compared to 2018.

28. DIVIDEND INCOME

The composition of this heading is as follows:

	31-Dec-19	31-Dec-18
Dividends of non-trading financial assets mandatorily stated at fair value through profit or loss		
Equity instruments issued by residents	194,837	173,082
Equity instruments issued by non-residents	648,405	733,685
	843,242	**906,767**

As at 31 December 2019 and 2018, the value relative to dividends receivable from securities issued by residents refers entirely to equity instruments.

The value of dividends of securities issued by non-residents essentially refers to the securities of Grupo CIMD - Corretaje e Informatión Monetária Y de Divisas, S.A., of Banco de Credito Social Cooperativo S.A., held by Crédito Agrícola SGPS, of the value of 517,541 euros and 100,000 euros, respectively.

29. RATE AND COMMISSION INCOME

The composition of this heading is as follows:

	31-Dec-19	31-Dec-18
For guarantees provided		
Guarantees and sureties	4,018,748	4,072,536
Open documentary credit	71,146	69,062
	4,089,894	4,141,598
For commitments assumed before third parties		
Irrevocable commitments		
Irrevocable credit lines	7,761,872	7,483,066
Other irrevocable commitments	50,401	10,898
	7,812,272	7,493,965
For services rendered		
Deposit and custody of values	2,593,342	2,290,757
Collection of values	710,959	517,242
Collective investment undertakings in securities		
Management commission	-	21,248
Transfer of values	3,398,631	3,012,434
Management of cards	136,011	126,047
Annuities	9,483,235	9,144,929
Assembly of operations	1,354,789	2,564,185
Credit operations		
Other credit operations	34,862,713	30,887,041
Other services rendered		
Other interbank commissions	680,036	555,721
Intermediation commissions	-	-
Placement and marketing	6,300,217	7,860,815
Other	35,120,011	32,073,743
	94,639,943	89,054,162
For transactions conducted on account of third parties		
For securities		
In Stock Exchange transactions	54,723	71,254
In transactions outside the Stock Exchange	12,067	10,390
	66,790	81,644
Other commissions received	37,733,844	34,993,813
	144,342,742	**135,765,182**

The variation of the heading of Rate and commission income is mainly explained by commissions for services rendered, with a greater impact on credit operations.

30. FEE AND COMMISSION EXPENSES

The composition of this heading is as follows:

	31-Dec-19	31-Dec-18
For guarantees received	564	326
For banking services provided by third parties		
Deposit and custody of values	1,378,074	1,415,645
Collection of values	59,697	71,890
Administration of values	141,446	54,551
Cards	12,336,025	10,463,977
Other	268,463	264,215
	14,184,269	12,270,604
For operations conducted by third parties	4,081,464	4,344,275
	4,081,464	4,344,275
Other commissions paid		
Other	2,688,131	2,891,513
	2,688,131	2,891,513
	20,953,864	**19,506,392**

Card fees and commissions are the main contributors to the total of this heading, as well as its variation of 1.2 million euros.

31. GAINS OR LOSSES ON DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The composition of this heading is as follows:

	31-Dec-19	31-Dec-18
Financial assets at fair value through other comprehensive income		
Securities		
Equity instruments (insurance activity)		8,690,230
Issued by residents		
Debt instruments	27,298,870	19,603,724
Issued by non-residents		
Debt instruments	7,935	2,613,923
	27,306,805	30,907,877
Financial assets at amortised cost		
Securities		
Issued by residents		
Debt instruments	10,493,629	-
Issued by non-residents		
Debt instruments	5,901,475	-
	16,395,104	-
	43,701,909	**30,907,877**

The variation is mainly explained by divestment of assets. The divestment of Italian public debt securities fell under the rule of exclusion from the application of the sales limits defined in the above Policy, as detailed in Note 10 (point 10.1).

32. GAINS OR LOSSES ON FINANCIAL ASSETS HELD FOR TRADING

The composition of this heading is as follows:

Description	31- Dec-2019			31- Dec-2018		
	Gains	Losses	Net	Gains	Losses	Net
Financial assets and liabilities held for trading						
Debt instruments	12,817,399	(8,308,437)	4,508,962	2,760,601	(4,928,685)	(2,168,084)
Trading derivatives	1,307,498	(1,237,601)	69,896	418,010	(473,241)	(55,230)
Total	**14,124,896**	**(9,546,038)**	**4,578,858**	**3,178,611**	**(5,401,925)**	**(2,223,314)**

Gains and losses on debt instruments relate to capital gains and losses on the sale of foreign public debt securities.

The net value of debt instruments includes gains of 612 thousand euros related to changes in fair value.

33. GAINS OR LOSSES ON NON-NEGOTIABLE FINANCIAL ASSETS MANDATORILY STATED AT FAIR VALUE THROUGH PROFIT OR LOSS, NET VALUE

The composition of this heading is as follows:

Description	31-Dec-2019 Gains	31-Dec-2019 Losses	31-Dec-2019 Net	31-Dec-2018 Gains	31-Dec-2018 Losses	31-Dec-2018 Net
Non-negotiable financial assets and liabilities						
Equity instruments	6,794,991	(956,473)	5,838,518	4,457,015	(3,361,658)	1,095,357
Investment fund units	493,256	(1,535,961)	(1,042,705)	443,204	(1,110,426)	(667,222)
Total	**7,288,247**	**(2,492,434)**	**4,795,813**	**4,900,218**	**(4,472,083)**	**428,135**

Changes in the fair value of equity instruments contributed negatively to the losses recorded under this heading during 2019.

The net value includes 4,361,000 euros of losses related to changes in fair value.

34. GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES STATED AT FAIR VALUE THROUGH PROFIT OR LOSS, NET VALUE

The composition of this heading is as follows:

Description	31-Dec-2019 Gains	31-Dec-2019 Losses	31-Dec-2019 Net	31-Dec-2018 Gains	31-Dec-2018 Losses	31-Dec-2018 Net
Financial assets and liabilities stated at fair value through profit and loss						
Bonds - Portuguese public debt	258,406	(313,918)	(55,511)	42,080	(96,623)	(54,543)
Bonds - Other residents	1,127,609	-	1,127,609	482,011	(3,454,085)	(2,972,074)
Total	**1,386,015**	**(313,918)**	**1,072,097**	**524,091**	**(3,550,708)**	**(3,026,616)**

Gains and losses recorded under this heading relate essentially to bonds issued by other residents.

35. GAINS OR LOSSES ON HEDGE ACCOUNTING, NET

The composition of this heading is as follows:

Description	31-Dec-2019 Gains	31-Dec-2019 Losses	31-Dec-2019 Net	31-Dec-2018 Gains	31-Dec-2018 Losses	31-Dec-2018 Net
Swaps-Hedge-Interest rate risk	112,453,920	(115,399,023)	(2,945,103)	105,331,767	(110,007,621)	(4,675,853)
Total	**112,453,920**	**(115,399,023)**	**(2,945,103)**	**105,331,767**	**(110,007,621)**	**(4,675,853)**

The gains and losses recorded under this heading relate to interest rate risk swaps (see Note 11 - Derivatives and hedging).

36. EARNINGS FROM CURRENCY REVALUATION

The composition of this heading is as follows:

	31-Dec-19	31-Dec-18
Earnings from foreign exchange revaluation		
Spot foreign exchange transactions	2,074,830	2,016,223
	2,074,830	**2,016,223**

The earnings recorded in this heading refer to the currency revaluation of monetary assets and liabilities expressed in foreign currency, of foreign exchange spot transactions.

Being spot transactions, they are settled within two business days or less.

37. GAINS OR LOSSES ON DERECOGNITION OF NON-FINANCIAL ASSETS AND LIABILITIES

The composition of this heading is as follows:

	31-Dec-19	31-Dec-18
Earnings from non-financial assets		
Other tangible assets	30,799	(383,857)
Investment properties	(3,370,413)	(1,146,557)
Other assets	440,920	570,736
	(2,898,694)	**(959,678)**

The variation is mainly explained by the divestment of Investment Properties (see Note 13).

38. OTHER OPERATING REVENUE

The composition of this heading is as follows:

	31-Dec-19	31-Dec-18
Rents	4,824,717	5,660,564
Reimbursement of expenses	2,123,248	2,210,987
Recovery of credit, interest and expenses		
Recovery of uncollectible credit	21,009,159	10,222,595
Recovery of interest and expenses of overdue credit	9,538,403	9,069,665
Income from miscellaneous services rendered	5,218,940	4,620,644
Gains relative to previous years	2,061,359	1,755,306
Technical margin of insurance activity	31,083,165	26,545,896
Other	16,814,783	8,552,473
	92,673,774	**68,638,130**

The technical margin of the insurance activity reached about 31 million euros, 4.5 million euros more than the previous year, with the following breakdown:

	31-Dec-2019	31-Dec-2018
Premiums net of reinsurance		
Life business		
Gross premiums issued	55,886,901	56,306,242
Assigned reinsurance premiums	(8,303,955)	(7,573,545)
	47,582,946	48,732,697
Non-life branch		
Gross premiums issued	127,069,056	117,410,772
Assigned reinsurance premiums	(28,480,188)	(25,072,187)
	98,588,868	92,338,585
	146,171,814	141,071,282
Costs related to claims		
Amounts paid		
Gross amounts	397,341,580	336,940,066
Portion of the reinsurers	(16,582,908)	(22,409,107)
	380,758,672	314,530,959
Variation of technical provisions, net of reinsurance (Note 19)	265,670,023	200,005,574
	31,083,165	26,545,896

During 2019, Grupo Crédito Agrícola recovered 21 million euros of uncollectible loans, about 11 million more than the previous year.

39. OTHER OPERATING EXPENSES

The composition of this heading is as follows:

	31-Dec-19	31-Dec-18
Levies and donations	(2,627,170)	(1,856,293)
Contributions to the Resolution Fund	(5,611,338)	(4,894,988)
Contributions to the Resolution Fund of Crédito Agrícola Mútuo	(180,249)	(176,470)
Annulment of overdue interest	(3,077,722)	(3,134,600)
Contribution of the banking sector	(6,213,819)	(6,327,234)
Other taxes	(4,204,809)	(4,351,755)
Other operating charges and costs relative to previous years	(947,446)	(1,127,028)
Other operating charges and costs	(32,597,714)	(24,097,894)
	(55,460,267)	**(45,966,262)**

The most relevant value under the heading of "Other operating costs and expenses" relates to expenses to be reimbursed to SIBS/SBE in the amount of 7.5 million euros (2018: 6.7 million euros).

40. STAFF COSTS

The composition of this heading is as follows:

	31-Dec-19	31-Dec-18
Salaries and wages		
Management and Supervisory Bodies	22,965,098	21,592,319
Employees	147,888,061	142,084,975
	170,853,159	163,677,294
Mandatory social security charges		
Pension Funds (Note 45)	3,543,408	5,710,243
Charges relative to remunerations		
Social Security	31,854,884	31,023,792
SAMS	6,578,344	6,524,212
Other	131,480	120,937
Occupational accident insurance	546,383	534,443
Other compulsory charges	464,120	482,537
	43,118,620	44,396,164
Other staff costs		
Contractual indemnities	549,009	864,379
Other	1,937,187	1,913,419
	2,486,196	2,777,798
	216,457,974	**210,851,257**

The average number of employees of Grupo Crédito Agrícola as at 31 December 2019 is 4,194,99 more than on 31 December 2018, which represents an increase of 2.4%.

41. OTHER ADMINISTRATIVE EXPENSES

The composition of this heading is as follows:

	31-Dec-19	31-Dec-18
Related to supplies		
Water, energy and fuel	5,766,604	6,344,886
Consumables	1,006,864	928,418
Hygiene and cleaning material	211,314	226,340
Publications	129,302	149,887
Material for assistance and repair	52,423	50,872
Other third party supplies	1,460,766	1,534,741
	8,627,273	9,235,144
Related to services		
Hire and rental charges	1,714,200	7,257,199
Maintenance and repair	7,117,387	7,098,171
Communications	6,429,208	6,525,388
Advertising and publishing	9,060,955	8,369,798
Travel, hotel and representation	4,820,292	5,221,089
Insurance	1,042,039	933,158
Staff training	675,246	1,057,619
Transport	3,384,773	3,284,458
Specialised services:		
Information technology	18,282,869	16,144,250
Retainers and fees	6,108,583	6,650,460
Security, surveillance and cleaning	4,057,236	3,873,855
Information	2,834,553	1,528,199
Occasional manpower	354,853	401,502
Legal and notary expenses	3,195,029	3,229,039
Database	231,749	194,944
Other specialised services:		
Multibanco services	1,606,856	2,398,601
External valuators	2,719,261	2,683,581
Other third party services	32,397,551	27,166,151
	106,032,642	104,017,460
	114,659,914	**113,252,603**

Description	2019
Legal review of accounts	2,214,449
Non-audit services required by the applicable legislation	881,654
Non-audit services not required by the applicable legislation	343,529
Total	**3,439,632**

The heading “Other specialised services – other third party services” includes the value of 3,439,632 euros relative to the total fees invoiced by the Statutory Auditors during 2019, disclosed for the purpose of compliance with the amendment introduced by Decree-Law 185/2009, of 12 August, to article 66-A of the Commercial Companies Code.

The fees for non-audit services required by the applicable legislation refer to the work relating to the impairment of the loan portfolio, the services within the scope of the issue of the Opinion on the system of internal control and safeguarding of customer assets.

The fees for non-audit services, which are not required by the applicable legislation, essentially include the limited assurance services on compliance with legal and regulatory standards carried out at SICAM, the assurance services performed at the insurance entities of Grupo Crédito Agrícola, within the scope of the issue of reports for the ASF, and training services"

42. PROFIT OR LOSS ON NON-CURRENT ASSETS AND GROUPS FOR DIVESTMENT CLASSIFIED AS HELD FOR SALE NOT ELIGIBLE AS DISCONTINUED OPERATIONS

The composition of this heading is as follows:

	31-Dec-19	31-Dec-18
Earnings from non-current assets held for sale		
Realised gains and losses	(600,696)	(700,183)
Impairment reinforcements and write-backs	(4,229,723)	(1,813,288)
	(4,830,419)	**(2,513,471)**

The negative result of non-current assets held for sale results from the divestment of real estate properties acquired through credit recovery. The negative variation between 2018 and 2019 is related to the number of real estate properties sold, which was higher in 2019.

43. RELATED ENTITIES

As at 31 December 2019, the amount of credit granted to members of the governing bodies relative to the Caixas Agrícolas incorporated in Grupo Crédito Agrícola reached 11,727,394 euros (15,414,886 euros as at 31 December 2018).

The total amount of remunerations received by the members of the governing bodies of the entities comprising Grupo Crédito Agrícola, relative to 2019, stood at 18,683,159 euros (21,592,319 euros in 2018), distributed as follows:

	31-Dec-19
General Supervisory Board	781,084
Board of Directors	17,857,393
Senior Board	31,125
Board of the General Meeting	13,557
	18,683,159

The benefits attributed to the Governing Bodies (executive and non-executive members) are included in the respective Remuneration Policy (see the corresponding chapter in this Annual Report).

All transactions conducted between related parties are done according to market conditions.

44. RETIREMENT PENSIONS AND HEALTHCARE

In order to determine the liabilities of GCA entities participating in the pension fund due to past services of active and retired employees/pensioners, actuarial studies were conducted by Companhia de Seguros Crédito Agrícola Vida, S.A.

The accounting of employee benefits is governed by the provisions of IAS 19, considering already the changes introduced by IAS 19 Reviewed (IAS 19R), whose mandatory adoption occurred in 2013. As a result of the amendments introduced by IAS IAS19R, the remeasurements, formerly named "actuarial deviations", are now recognised as "Other comprehensive income".

The amendments to IAS 19R implies the application of a single rate to the plan's liabilities and assets, with the net income of the pension plan now corresponding only to current costs and net expenditure on interest. The impact on net income is recognised under the heading of "Staff costs", which refers to value of costs related to current service and net interest, jointly with insurance premiums paid by Grupo Crédito Agrícola to employees, in the amount of 3,543,408 euros (5,710,243 euros in December 2018) (see Note 41).

The actuarial and financial assumptions used in the calculation of the liabilities as at 31 December 2019 and 2018 were as follows:

	31-Dec-19	31-Dec-18
Demographic assumptions		
Mortality table	TV – 88/90	TV – 88/90
Invalidity table	EVK 80	EVK 80
Retirement age	(*)	(*)
Assessment methods	Projected Unit Credit	Projected Unit Credit
Financial assumptions		
Discount rate:		
- Active workers and Leave with actuarial age < 55 years old	1.55%	2.35%
- Active workers and Leave with actuarial age ≥ 55 years old	1.30%	2.10%
- Early retired, retired and pensioners	0.95%	1.75%
Growth rate of wages and other benefits	1.20%	1.40%
Growth rate of pensions	0.80%	1.00%
Wage revaluation rate for Social Security:		
- pursuant to number 2, article 27 of Decree-Law 187/2007	1.20%	1.40%
- pursuant to number 1, article 27 of Decree-Law 187/2007	1.20%	1.40%

(*) Pursuant to Decree-Law 167-E/2013

The number of participants of pension plans financed by the pension fund are detailed below:

	31-Dec-19	31-Dec-18
Active workers and those on unpaid leave	4,012	3,999
Early retirement	226	222
Former participants	1	0
Retired and pensioners	733	680
Total	**4,972**	**4,901**

The liabilities related to retirement pensions, healthcare and seniority bonus, as at 31 December 2019 and 2018, as well as their coverage, present the following details:

	31-Dec-19	31-Dec-18
Active and former employees	62,898,297	51,072,914
Unpaid leave	4,010,365	3,280,709
Early retirement	11,223,646	7,752,935
Retired and pensioners	31,639,990	26,475,368
Total	**109,772,298**	**88,581,926**

In 2019 and 2018, liabilities related to past services of the Crédito Agrícola Pension Fund according to actuarial studies conducted and the respective assets allocated to their coverage, present the following details:

	31-Dec-19	31-Dec-18
Estimated liabilities due to past services	109,772,298	88,581,926
Liabilities due to past services (Notice 12/2001)	106,426,865	85,829,412
Coverage of liabilities:		
Net worth of the Fund (Note 21)	106,682,816	86,578,408
Overall financing level	96.95%	96.89%
Financing level of Notice 12/2001	100.24%	100.87%

Banco de Portugal Notice 4/2005 determines that it is compulsory for pension funds to assure the full financing of pension liabilities under current payment and a minimum level of 95% of liabilities related to past service of current personnel.

The SICAM Pension Fund covers the Caixas de Crédito Agrícola Mútuo of Leiria, Torres Vedras and Mafra. However, they are not part of the consolidation perimeter of Grupo Crédito Agrícola. As at 31 December 2019, GCA's balances do not include the amounts of these Caixas Agrícolas.

The liabilities of these Caixas Agrícolas calculated under the terms of IAS 19, and the respective share in the value of the Fund as at 31 December 2019 and 2018, are broken down as follows:

	31-Dec-19	31-Dec-18
Estimated liabilities due to past services	5,641,697	4,799,332
Liabilities due to past services (Notice 12/2001)	5,449,542	4,585,984
Coverage of liabilities:		
Net worth of the Fund	5,453,025	4,745,696
Overall financing level	96.59%	95.55%
Financing level of Notice 12/2001	100.06%	103.48%

Pursuant to Banco de Portugal Circular Letter 106/08/DSBDR of 18 December, from 2008 onwards, the cost of current service and net interest shall be recorded in the heading "Staff costs"

The book value of the liabilities related to the pension fund, apart from the value relative to the Pension Fund of Crédito Agrícola Mútuo – FPCAM (2019: 109,772,298 euros; 2018: 88,581,926 euros), includes liabilities undertaken by other entities of the Group. These liabilities also include the net value of the financing of the autonomous pension fund of the insurers, corresponding to a defined contribution plan, rather than a defined benefit plan as is the case of FPCAM, being of the total value of 63,470 euros in 2019 (2018: 16,762 euros).

Pursuant to IAS 19R, the value recorded for the year through profit or loss includes the cost of past services and net interest. The service cost includes the cost of current services, the cost of past services and gains or losses upon settlement, minus expected income. Although materially insignificant, in 2015, it was decided that the values recorded for the year relative to the insurance premiums paid and income from insurance should be considered and integrated in comprehensive income and not through profit or loss for the year.

The value of liabilities due to past services evolved as follows during the year:

Liabilities as at 31 December 2017	**81,902,750**
Cost of current service:	
Of Group entities (GCA)	645,061
Of the contribution of the participants (employees)	1,677,838
Net interest	1,707,658
Cost due to past services (future pre-retirement pensions)	4,712,481
Remeasurements	
Change of demographic assumptions and experience of gains and losses; financial assumptions (discount rate)	(403,611)
Pensions paid by the pension fund	(1,123,384)
Contributions paid to SAMS	(536,867)
Liabilities as at 31 December 2018	**88,581,926**
Cost of current service:	
Of Group entities (GCA)	703,675
Of the contribution of the participants (employees)	1,839,846
Net interest	1,867,766
Costs due to past services (charges related to early retirement)	2,439,157
Remeasurements	
Change of demographic assumptions and experience of gains and losses; financial assumptions (discount rate)	16,153,375
Increase of liabilities arising from early retirements	329,126
Pensions paid by the pension fund	(1,338,874)
Contributions paid to SAMS	(612,364)
Benefits paid to early retirees	(191,334)
Liabilities as at 31 December 2019	**109,772,298**

The reconciliation of the remeasurements recognised in Equity is as follows (See Statement of comprehensive income):

Actuarial deviations as at 31 December 2018	**117,809**
Payment of insurance premium	(1,598,825)
Change of demographic assumptions and experience of gains and losses; financial assumptions (discount	(13,515,555)
Capital insurance received	452,360
Profit-sharing in insurance	1,073,738
	(13,588,283)
Actuarial deviations as at 31 December 2019	**(13,470,474)**

The value of the expected payment of benefits by maturity period for the entire fund is as follows:

Values in euros

Analysis of maturity of the expected benefits	
Benefits payment expected within the next 12 months	2,281,300
Benefits payment expected over a period of 1 to 3 years	4,598,500
Benefits payment expected over a period of 3 to 5 years	7,420,800
Benefits payment expected over a period above 5 years	133,556,800

The estimated contributions to be made in 2020 depend on the amount of liabilities that will be calculated at the end of that year.

For the purposes of the expected contribution for 2020, the normal cost of the plan is calculated based on the actuarial method used in actuarial valuation ("Projected Unit Credit" method). On this basis, the value of the expected contribution for the Group in 2020 is 3,279,200 euros.

This value does not take into consideration any estimated possible actuarial deviations arising either from differences between the assumptions undertaken and the real values (for example in terms of yield of the fund) or change of assumptions.

The average duration of the liabilities related to pensions, taking into account the created population groups, was as follows (in years):

	2019	2018
Average duration of the liabilities		
Active workers and those on unpaid leave aged < 55 years old	26.2	25.9
Active workers and those on unpaid leave aged ≥ 55 years old	16.3	16.1
Early retired, Retired and Pensioners	12.2	12.5

The movement in the Pension Fund (assets of the plan) during 2019 and 2018 was as follows:

Balance as at 31 December 2017	**82,500,000**
Contributions of Grupo Crédito Agrícola	6,037,351
Contributions of the employees	1,677,839
Sums insured received	536,051
Net income of the Fund	(1,871,284)
Insurance premiums paid	1,154,995
Profit-sharing in insurance	-1,796,294
Retirement and survivor's pensions paid	(1,123,384)
Contributions paid by the pension fund to SAMS	(536,867)
Balance as at 31 December 2018	**86,578,408**
Contributions of Grupo Crédito Agrícola	16,045,727
Contributions of the employees	1,839,846
Sums insured received	452,360
Net return on Fund assets	4,434,136
Insurance premiums paid	(1,598,825)
Profit-sharing in insurance	1,073,738
Retirement and survivor's pensions paid	(1,338,874)
Contributions paid by the pension fund to SAMS	(612,364)
Benefits paid to early retirees	(191,334)
Balance as at 31 December 2019	**106,682,816**

a) As at 31 December 2019 and 2018, the assets incorporated in the Pension Fund of Crédito Agrícola, valued at fair value, are composed of:

	2019		2018		
	value	%	value	%	Listed / Unlisted
Public debt	54,015,200	48%	46,147,182	51%	Listed
Corporate bonds	26,938,355	24%	22,761,105	25%	Unlisted
Other investment assets	24,009,457	21%	15,649,209	17%	Listed
Shares	5,919,241	5%	5,598,620	6%	Listed
Assets related to inv. Real estate	1,253,587	1%	1,221,623	1%	Unlisted
Total assets of the CAM Pension Plan	112,135,840	100%	91,377,739	100%	

b) According to the actuarial report of the Pension Fund of Crédito Agrícola Mútuo, the yield of the asset portfolio in 2019 and 2018 was:

	Yield	
Asset categories	2019	2018
Public debt bonds	11.81%	1.54%
Corporate bonds	5.57%	-1.32%
Shares	25.59%	-9.97%
Absolute-return investments	3.21%	-4.71%
Assets related to real estate investment	5.42%	4.79%

In terms of the Fund's profitability, the actual return was 4,682,930 euros, with interest at 1,896,902 euros and the actuarial deviation (gain) was 2,786,028 euros.

c) Risks associated to the benefits of the plan:

The plan guarantees pensions for old age, disability, early retirement and survivors, as defined in the Collective Labour Agreement for the Crédito Agrícola Mútuo institutions. The payment of pension refers to a supplementary scheme beyond the pensions paid by Social Security. The plan also foresees the payment of contributions for medical and social support after retirement.

Hence, the risks associated to the benefits of the plan are as follows:

- Risk of dependency on the benefits provided by the public Social Security schemes;
- Risk of mortality during the period of formation of the benefit and risk of longevity during the retirement period;
- Risk of disability of the participants. Currently, this risk is mitigated as the pension fund has taken out risk insurance to cover the increased liabilities related to the death and disability of active participants;
- Risk relative to early retirement.

d) Furthermore, Grupo Crédito Agrícola is committed to the payment of seniority bonuses to its employees. As at 31 December 2019 and 2018, these liabilities are detailed as follows:

	31-Dec-19	**31-Dec-18**
Seniority bonus:		
Active and former employees	18,089,287	17,390,775
Unpaid leave	883,171	774,366
Total liabilities related to seniority bonus	18,972,459	18,165,141

The reconciliation of seniority bonus movements is as follows:

	31-Dec-18	Increases	Reversals	Uses	31-Dec-19
Seniority bonus	18,165,141	2,650,921	0	(1,843,603)	18,972,459

e) Presentation of sensitivity analyses on each significant actuarial assumption:

Values in euros

	Value of the liabilities	Variation relative to the Central Scenario
DISCOUNT RATE		
Increase by 25 basis points	110,256,716	-5,157,282
Decrease by 25 basis points	120,903,941	5,489,943
GROWTH RATE OF PENSIONS		
Increase by 25 basis points	118,821,450	3,407,452
Decrease by 25 basis points	112,129,424	-3,284,574
MORTALITY TABLE		
Adjustment of previous year	119,238,575	3,824,577
GROWTH RATE OF WAGES		
Increase by 25 basis points	117,255,151	1,841,153
Decrease by 25 basis points	113,651,227	-1,762,771

The scenario of adjustment of the mortality table consisted in considering an age for the covered population of 1 year less than the actual age of the participants and beneficiaries.

For the scenario of the wage growth rate, sensitivity analysis was conducted on the assumption of growth of the wage tables of the Collective Labour Agreement as well as on the wage subject to Social Security contributions.

45. DISCLOSURES RELATIVE TO FINANCIAL INSTRUMENTS

46.1 Financial Risks

As a result of its activity, GCA is exposed to risks arising from financial assets and liabilities held in its portfolios. The main risks refer to market risks, foreign exchange risk, interest rate risks, credit risk and liquidity risk.

46.1.1 Market Risk

Market Risk

Market risk represents any potential losses derived from an adverse change in the market value of a financial instrument as a consequence of variations in interest rates, exchange rates, share prices, commodity prices, credit spreads or other equivalent variables.

The market risk management rules established for each portfolio include limits of market risk regarding exposure to credit and liquidity risk, required yield, types of authorised instruments and permissible maximum loss levels.

In order to mitigate the risks associated to an assessment of the risks incurred, a policy has been implemented of separation of duties between the execution of market transactions and the control of the risk incurred at any time during this execution.

Any hedge operations can be proposed by the portfolio managers or those responsible for risk control, taking into account the risk limits and authorised instruments.

In the case of CA Vida, the portfolio of securities is entirely managed by CA Gest, with investment policies being defined according to the risk that is intended to be taken and the desired yield, which stipulates limits of distribution by asset categories, by geographic areas and by credit risk, among others.

The Insurer's portfolio is valued monthly based on inputs of the Management Entity.

With respect to the management of credit and market risk of the portfolio of securities, CA Vida carries out the following controls:

- Permanent contact is ensured with the Management Entity, in order to assess the evolution of the portfolio;
- Monthly risk analysis reports are prepared by the Management Entity, with the respective analysis being made; and
- Regular meetings are held with the Management Entity, every month and whenever recommended by market outlook and evolution, with the re-definition of the portfolio risk profiles where necessary.

The value at risk (VaR) of the portfolio as at 31 December 2019 is presented as follows:

	Market value	**Duration**	**Monte Carlo VaR**
Portfolio position 31.12.2019	5,195,643,563	2.46	13,031,387
Variation relative to 31.12.2018	*-555,898,074*	*0.23*	*-7,022,955*

- In line with previous years, we only considered the VaR of the portfolio of financial assets available for sale at fair value through profit or loss and fair value through other comprehensive income as the portfolio at amortised cost is not affected by the impact of price variations in the securities market.
- The VaR of the portfolio is calculated based on the Monte Carlo methodology, with a confidence level of 99% and a time horizon of 1 month (22 days).

Foreign Exchange Risk

Foreign exchange risk arises in connection with changes in exchange rates for currencies whenever there is an open position in one of them.

Control and assessment of foreign exchange risk are carried out on a daily basis, individually for each branch and in consolidated terms. Amounts and compliance with limits in terms of total position are calculated.

At Grupo Crédito Agrícola, foreign exchange risk management is the responsibility of the Financial Department, within the limits approved by the Executive Board Directors.

Grupo Crédito Agrícola has low exposure to this type of risk. Effectively, the profile defined for foreign exchange risk is very conservative and embodied in the coverage policy followed.

Interest Rate Risk

Grupo Crédito Agrícola incurs interest risk whenever, during the course of its activity, it contracts operations with future financial flows whose present value is sensitive to interest rate variations.

The overall interest rate risk incurred derives from various factors, namely:

- different periods regarding maturity or review of the rates of assets, liabilities and off-balance sheet items (repricing risk);
- alterations of the slope of the interest rate curve (curve risk);
- asymmetric variations of the different market curves which affect the different balance sheet and off-balance sheet values (base risk); and
- existence of explicit or implicit options in many banking products (option risk).

The interest rate risk management policy is defined and monitored by the Asset, Liability and Capital Committee (ALCCO).

Grupo Crédito Agrícola conducts monthly assessments of its exposure to this type of risk, using a methodology based on grouping various assets and liabilities sensitive to interest rate changes at intervals of time in line with their rate review dates. For each interval, the active and passive cash flows are calculated and the corresponding gap sensitive to interest rate risk is measured. An assessment is then made of the impact of these gaps on the evolution of net interest income and on the economic value of the entity in various scenarios of interest rate evolution.

The risk/yield relationship is defined within limits and monitored every month by the ALCCO in terms of the exposure of net interest income and the economic impact of adverse interest rate changes.

At CA Vida, this risk is monitored on a daily basis, with observation of the differential between the amount of assets and liabilities that will be subject to interest rate repricing based on predefined intervals of time.

Grupo Crédito Agrícola can trade derivative financial instruments, namely, by selling futures on interest rates, strictly for the purpose of hedging against the risk of asset variation. The use of futures only contemplates contracts that can be traded on the Stock Exchange or in regulated markets.

Grupo Crédito Agrícola also trades interest rate swaps over-the-counter, aimed at assuring a suitable model for the financial flows generated by closed portfolios, traded and contracted with financial institutions whose rating is preferentially investment grade, in order to minimise the credit and/or counterpart risk in portfolios.

As at 31 December 2019, Grupo Crédito Agrícola hedges interest rate risk arising from investment activities, aimed at maintaining a stable net interest income, both in the short-term and medium-term, affecting its economic value in a long-term perspective. These hedges follow the fair value hedge principle in accordance with the defined policy indicated in Note 2.2. In the investment portfolio risk is low as the management of these positions is done by a specific Department of the Group, with this risk being controlled on a daily basis through indicators and limits defined for control of market risks.

As at 31 December 2019 and 2018, the exposure to interest rate risk can be summarised as follows (values in thousand euros):

Insurance activity (IAS 39)

			31-12-2019	in thousand euros	
	Fixed Rate	Variable Rate	Sub-total	Not subject to interest rate risk	Total
Assets					
Financial assets at FVTPL	39,127	-	39,127	16,793	55,920
Financial assets at FVTOCI	1,024,231	-	1,024,231	-	1,024,231
	1,063,358	-	1,063,358	16,793	1,080,151
Liabilities					
Financial liabilities of the component of insurance contract deposits considered for accounting purposes as investment contracts stated at amortised cost	29,004	-	29,004	-	29,004
	29,004	-	29,004	-	29,004
Net exposure	1,034,354	-	1,034,354	16,793	1,051,147

	31-12-2018				in thousand euros
	Fixed Rate	Variable Rate	Sub-total	Not subject to interest rate risk	Total
Assets					
Financial assets at FVTPL	48,105	-	48,105	3	48,108
Financial assets at FVTOCI	1,227,820	3,547	1,231,367	13,562	1,244,928
	1,275,925	3,547	1,279,472	13,564	1,293,036
Liabilities					
Financial liabilities of the component of insurance contract deposits considered for accounting purposes as investment contracts stated at amortised cost	64,931,047	-	64,931,047	-	64,931,047
	64,931,047	-	64,931,047	-	64,931,047
Net exposure	(63,655,122)	3,547	(63,651,575)	13,564	(63,638,011)

Non-insurance activity (IFRS 9)

	31-12-2019				in thousand euros
	Fixed Rate	Variable Rate	Sub-total	Not subject to interest rate risk	Total
Assets					
Cash, cash balances at central banks and other demand deposits	-	1,152,394	1,152,394	35,247	1,187,641
Financial assets held for trading	-	115,457	115,457	-	115,457
Non-trading financial assets mandatorily stated at FVTPL	-	-	-	48,660	48,660
Financial assets at FVTOCI	395,615	555,017	950,632	27,494	978,126
Financial assets at amortised cost	5,338,984	8,955,622	14,294,606	257,547	14,552,153
	5,734,599	10,778,490	16,513,089	368,948	16,882,038
Liabilities					
Liabilities held for trading	-	303	303	-	303
Financial liabilities measured at amortised cost	8,824,616	26,565	8,851,181	7,512,712	16,363,893
Instruments representing equity	-	-	-	958	958
Other subordinated liabilities	-	94,713	94,713	369	95,083
	8,824,616	121,581	8,946,197	7,514,039	16,460,237
Net exposure	(3,090,017)	10,656,909	7,566,892	(7,145,091)	421,801

	31-12-2018				in thousand euros
	Fixed Rate	Variable Rate	Sub-total	Not subject to interest rate risk	Total
Assets					
Cash, cash balances at central banks and other demand deposits	-	796,521	796,521	-	796,521
Financial assets at FVTPL	113,977	8,664	122,642	48,134	170,775
Financial assets at FVTOCI	1,030,416	-	1,030,416	-	1,030,416
Financial assets at amortised cost	6,229,626	8,456,952	14,686,578	8,037	14,694,615
	7,374,019	9,262,137	16,636,157	56,171	16,692,327
Liabilities					
Financial liabilities measured at amortised cost	10,720,861	4,982,155	15,703,016	(7,364)	15,695,652
Instruments representing equity	-	-	-	958	958
Other subordinated liabilities	-	95,723	95,723	377	96,100
	10,720,861	5,077,878	15,798,739	(6,029)	15,792,710
Net exposure	(3,346,842)	4,184,259	837,418	62,200	899,618

As at 31 December 2019 and 2018, the distribution of the financial instruments with exposure to interest rate risk according to the interest rate refixing date is presented in the following table (values in thousand euros):

Insurance activity (IAS 39)

	31-12-2019						in thousand euros
	Repricing Dates / Maturity Dates						
	Sight	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Not subject to interest rate risk	Total
Assets							
Financial assets at FVTPL	-	-	-	23,392	15,735	80	39,208
Financial assets at FVTOCI	-	40,473	29,107	474,983	479,669	16,712	1,040,943
	-	40,473	29,107	498,375	495,403	16,792	1,080,151
Net exposure	-	40,473	29,107	498,375	495,403	16,792	1,080,151

	31-12-2018						in thousand euros
	Repricing Dates/Maturity Dates						
	Sight	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Not subject to interest rate risk	Total
Assets							
Financial assets at FVTPL	-	10,227	-	24,081	13,796	3	48,108
Financial assets available for sale	-	16,390	109,698	597,696	507,584	13,562	1,244,928
	-	26,616	109,698	621,776	521,380	13,565	1,293,036
Net exposure	-	26,616	109,698	621,776	521,380	13,565	1,293,036

Non-insurance activity (IFRS 9)

	31-12-2019						in thousand euros
	Refixing Dates						
	Sight	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Not subject to interest rate risk	Total
Assets							
Cash, cash balances at central banks and other demand deposits	794,221	146,369	-	-	-	247,051	1,187,641
Financial assets held for trading	200	-	500	12,694	92,150	9,409	114,953
Non-trading financial assets mandatorily stated at fair value through profit or loss	-	-	-	-	-	48,660	48,660
Financial assets stated at FVTPL							-
Financial assets at FVTOCI	-	58,425	192,384	569,938	157,379	-	978,126
Financial assets at amortised cost		770,851	766,427	4,918,035	8,318,870	(222,030)	14,552,153
Derivatives- Hedge accounting	-	-	-	-	-	131,034	131,034
	794,421	975,646	959,311	5,500,667	8,568,400	214,124	17,012,568
Liabilities							
Financial liabilities measured at amortised cost	918,360	9,636,558	5,442,895	221,603	98,629	45,848	16,363,893
Derivatives- Hedge accounting	-	-	-	-	-	138,655	138,655
	918,360	9,636,558	5,442,895	221,603	98,629	184,503	16,502,548
Net exposure	(123,939)	(8,660,912)	(4,483,584)	5,279,064	8,469,771	29,621	510,021

	31-12-2018						in thousand euros
	Repricing Dates/Maturity Dates						
	Sight	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Not subject to interest rate risk	Total
Assets							
Cash and deposits at Central Banks	796,521	-	-	-	-	-	796,521
Financial assets at FVTPL	-	102,137	-	18,983	1,521	48,134	170,775
Financial assets at FVTOCI	-	149,273	240,594	550,654	89,895	-	1,030,416
Financial assets at amortised cost	-	718,683	534,659	3,527,503	9,905,731	8,037	14,694,613
	796,521	970,093	775,253	4,097,140	9,997,146	56,171	16,692,325
Liabilities							
Financial liabilities measured at amortised cost	21,854	8,715,785	5,067,733	1,908,448	84,892	(6,987)	15,791,725
	21,854	8,715,785	5,067,733	1,908,448	84,892	(6,987)	15,791,725
Net exposure	774,667	(7,745,692)	(4,292,480)	2,188,692	9,912,254	63,158	900,600

Considering the values presented above, there is relevant exposure to interest rate risk, both in terms of net interest income and the economic value of the capital. This risk measures the impact of a variation of interest rates, positive or negative, on these indicators according to net exposure in the different time intervals.

The table below presents the analysis of the sensitivity of the economic value, involving both assets and liabilities, to interest rate risk to which the Group was exposed as at 31 December 2019 and 2018. This analysis was based on a simulation involving assets and liabilities sensitive to a 200 basis point variation in the reference rate (values in thousand euros):

Insurance activity (IAS 39)

	31-Dec-2019					
	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp
Assets						
Financial assets at FVTPL	4,006	1,790	852	(780)	(1,499)	(2,790)
Financial assets at FVTOCI	178,690	79,823	38,017	(34,880)	(67,112)	(125,064)
	182,696	81,613	38,869	(35,660)	(68,611)	(127,854)
Net exposure	182,696	81,613	38,869	(35,660)	(68,611)	(127,854)

	31-Dec-2018					
	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp
Assets						
Financial assets at FVTPL	4,634	2,078	990	(910)	(1,753)	(3,275)
Financial assets at FVTOCI	189,680	85,501	40,862	(37,693)	(72,681)	(135,905)
	194,314	87,579	41,852	(38,603)	(74,434)	(139,180)
Net exposure	194,314	87,579	41,852	(38,603)	(74,434)	(139,180)

Non-insurance activity (IFRS 9)

	31-Dec-2019					
	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp
Assets						
Cash, cash balances at central banks and other demand deposits	(16,166)	(7,192)	(3,400)	3,053	5,798	10,497
Financial assets held for trading	26,478	12,183	5,853	(5,422)	(10,451)	(19,471)
Non-trading financial assets mandatorily stated at fair value through profit or loss	-	-	-	-	-	-
Financial assets at FVTOCI	54,752	25,649	12,427	(10,998)	(20,489)	(37,721)
Financial assets at amortised cost	1,473,003	656,827	303,692	(239,585)	(444,388)	(825,661)
	1,538,067	687,467	318,572	(252,951)	(469,530)	(872,355)
Liabilities						
Financial liabilities measured at amortised cost	532,400	257,151	126,417	(122,292)	(240,643)	(466,205)
Other liabilities - subordinated liabilities	0	0	0	(0)	(0)	(0)
	532,400	257,151	126,417	(122,292)	(240,643)	(466,205)
Net exposure	1,005,667	430,315	192,155	(130,659)	(228,887)	(406,150)

	31-Dec-2018					
	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp
Assets						
Cash, cash balances at central banks and other demand deposits	888	888	219	(219)	(437)	(868)
Financial assets stated at FVTPL	8,278	3,948	1,930	(1,851)	(3,630)	(6,993)
Financial assets at FVTOCI	50,065	24,250	11,938	(11,559)	(22,814)	(44,307)
Financial assets at amortised cost	479,465	214,328	91,149	(138,923)	(246,745)	(449,821)
	538,696	243,415	105,236	(152,552)	(273,626)	(501,989)
Liabilities						
Financial liabilities measured at amortised cost	205,691	101,114	50,135	(49,313)	(97,828)	(192,538)
	205,691	101,114	50,135	(49,313)	(97,828)	(192,538)
Net exposure	333,005	142,301	55,101	(103,239)	(175,798)	(309,451)

The Asset and Liability Management function embodies the risk profile of GCA. In this sense, considering the stability of customer funds, a maturity transformation effect is achieved. Considering an upward yield curve as the norm, this transformation effect positions the financial assets portfolio along the yield curve, translating into a positive differential between the duration of Assets and the duration of Liabilities. In this context, a rise in interest rates is reflected in a sharper devaluation of Assets vis-à-vis Liabilities, with an effect on the Capital position. The relative projections, presented in the table above, fall within the limits of the impact on Own Funds as a consequence of significant rises in interest rates.

Liquidity risk

Liquidity risk is associated with the inability of Grupo Crédito Agrícola to meet its contractual and contingent liabilities, and with the potential inability of the Caixa of Grupo Crédito Agrícola to finance its assets.

The liquidity management policy is defined and monitored daily by the Financial Department.

To assess the overall exposure to this type of risk in the short, medium and long-term, reports are prepared which not only enable identifying negative mismatches but assessment of their dynamic coverage. The Group and Caixa Central also monitor the liquidity ratios from a prudential perspective, calculated according to the rules required by Banco de Portugal.

On matters of liquidity, Grupo Crédito Agrícola pursues a conservative policy reflected in a loan-to-deposit ratio in each of its areas which is clearly below the average ratio in the national banking system.

Surplus funds from Grupo Crédito Agrícola are channelled to Caixa Central, where they are centrally invested in assets of high credit and liquidity quality, namely public debt of euro zone countries and investments in bonds of renowned credit institutions, both domestic and international.

Grupo Crédito Agrícola has a solid position in the retail market, distributed evenly over the entire country, reflected in its network of 653 branches and a funding base that is dispersed, stable and with a high degree of permanence.

From the perspective of prevention and management of liquidity risk contingency, the following points are especially taken into account and monitored:

- Control and containment of any possible concentration of commercial funds which, if this were to develop, could lead to a more permeable portfolio, thus reducing its stability and permanence. Regular simulations are carried out to assess impact, using conservative hypotheses regarding the stability of retail funds and without considering tenders of additional sources of funding;
- Albeit without depending on these supplementary sources of funding, in view of the structural treasury position of Grupo Crédito Agrícola, maintenance of financing lines with domestic and international credit institutions, which are regularly tested.
- Regular launch of liability products to enable maintaining the standards of permanence of the projected funds;
- Maintenance of a cushion of assets with immediate liquidity to cope with any unexpected increased cash outflow.

CA Vida's treasury situation is monitored on a daily basis, with controls on bank balances and the necessary guidelines to maintain liquidity. The prudential management of liquidity risk requires the maintenance of sufficient cash or liquid financial instruments and the possibility to close market positions. The Management monitors updated forecasts on the liquidity reserve, considering the expected cash flow. This is based on an analysis of the residual contractual maturity of the financial liabilities and obligations related to insurance contracts, and the expected date of inflows of financial assets. Specifically with regard to investment portfolios, the Management Entity conducts the daily treasury management, taking into consideration cash inflow and outflow, and the settlement of transactions on securities. Moreover, the investment policy gives priority to the acquisition of securities traded in regulated markets.

As at 31 December 2019 and 2018, the contractual residual periods of the financial instruments according to the inherent undiscounted cash flows (nominal value and undiscounted interest), are as follows (values in thousand euros):

Insurance activity (IAS 39)

	31-12-2019						in thousand euros
	Contractual residual periods						
	Sight	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Not subject to interest rate risk	Total
Assets							
Financial assets at FVTPL	-	-	-	23,392	15,735	80	39,208
Financial assets at FVTOCI	-	40,473	29,107	474,983	479,669	16,712	1,040,943
	-	40,473	29,107	498,375	495,403	16,792	1,080,151
Net exposure	-	40,473	29,107	498,375	495,403	16,792	1,080,151

	31-12-2018						in thousand euros
	Repricing Dates/Maturity Dates						
	Sight	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undetermined	Total
Assets							
Financial assets held for trading	-	-	29,255	-	-	-	29,255
Financial assets at FVTPL	-	10,278	-	25,285	16,280	-	51,842
Financial assets available for sale	-	16,471	110,246	627,580	598,949	-	1,353,247
	-	26,749	139,501	652,865	615,229	-	1,434,344

Non-insurance activity (IFRS 9)

	31-12-2019							in thousand euros
	Contractual residual periods							
	Sight	Up to 3 months	3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Undetermined	Total
Assets								
Cash, cash balances at central banks and other demand deposits	794,221	0	0	0	0	146,369	247,051	1,187,641
Financial assets held for trading (nominal value)	-	-	-	-	-	89,411	26,046	115,457
Non-trading financial assets mandatorily stated at fair value through profit or loss	-	-	-	-	-	-	48,670	48,670
Financial assets at FVTOCI	-	53,500	203,816	206,251	348,165	138,900	27,494	978,126
Financial assets at amortised cost (nominal value)	353,156	412,665	1,437,867	2,552,306	1,760,524	7,829,212	206,423	14,552,153
Hedging derivatives	-	0	-	-	-	131,034	-	131,034
	353,156	466,165	1,641,683	2,758,557	2,108,690	8,188,557	308,633	15,825,440
Liabilities								
Financial liabilities measured at amortised cost	4,162,128	2,047,871	5,702,407	1,779,650	804,110	1,859,198	8,529	16,363,893
Hedging derivatives	-	-	-	-	-	138,655	-	138,655
	4,162,128	2,047,871	5,702,407	1,779,650	804,110	1,997,853	8,529	16,502,548
Net exposure	(3,808,972)	(1,581,706)	(4,060,724)	978,907	1,304,579	6,190,704	300,104	(677,109)

	31-12-2018						in thousand euros
	Contractual residual periods						
	Sight	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undetermined	Total
Assets							
Cash, cash balances at central banks	505,551	204,670	-	-	-	-	710,221
Financial assets at FVTPL	-	102,648	-	19,932	1,794	-	124,375
Financial assets at FVTOCI	-	150,019	241,797	578,186	106,076	-	1,076,079
Securities at amortised cost (gross balance)	-	722,276	537,332	3,703,878	11,688,763	-	16,652,249
Hedging derivatives	-	-	-	-	40,723	-	40,723
	505,551	1,179,614	779,130	4,301,997	11,837,356	-	18,603,647
Liabilities							
Financial liabilities measured at amortised cost	21,854	8,759,364	5,093,072	2,003,870	145,572	32	16,023,763
	21,854	8,759,364	5,093,072	2,003,870	145,572	32	16,023,763
Net exposure	483,697	(7,579,750)	(4,313,942)	2,298,127	11,691,784	(32)	2,579,884

As at 31 December 2019, potential cash flows associated with loan commitments are as follows (values in thousand euros):

	2020	2021	2022	Total
Assets				
Financial assets at amortised cost:				
Debt securities (Commercial paper)	1,029	0	0	1,029
Loans and advances	215,510	178,884	155,053	549,447
	216,539	178,884	155,053	550,476
Liabilities				
Financial liabilities at amortised cost:				
Deposits	5,466	2,165	2,047	9,678
	5,466	2,165	2,047	9,678

Credit Risk

The activities developed concerning risk and capital management seek to endow Grupo Crédito Agrícola with capacity for credit risk management in line with best market practices, through a series of initiatives which include strong coordination with technological aspects and require the development of specific in-house skills, and also ensure the necessary framework for the demanding regulatory challenges currently being experienced.

Credit risk is associated with the risk of loss arising from the inability of customers, debtors or other counterparties to meet their contractual obligations to pay on the maturity date and in full the principal, interest, collateral and other amounts receivable.

Credit quality for cash balances at credit institutions

The table below shows the breakdown of the balance sheet value of investments in credit institutions, with reference to 31 December 2019 and 2018, considering aggregated risk classes (low, medium and high) associated with external ratings:

	31-Dec-19	31-Dec-18
Ratings		
Low	13,279,437	8,476,291
Medium	3,044,390	3,034,647
High	1,020,355	755,997
No rating	50,171,105	52,828,926
	67,515,287	65,095,861

The ratings of credit institutions are considered in the above table: A/AA/AA as low risk, BBB as medium risk and BB/CCC as high risk.

Exposure and impairment by segment and type of analysis

The accounting policy (Note 2.3 c)) discloses the way in which the Group evaluates: i) the significant increase in credit; ii) the definition of default; and iii) the incorporation of “forward looking” information in 3 scenarios.

Unit: thousand euros, except %

Segment	Exposure				
	Total	Exposure subject to individual analysis	% Total	Exposure with individual impairment	% Total
Companies	**6,468,084**	**3,951,554**	**61.1%**	**650,790**	**10.1%**
Business	1,871,406	436,506	23.3%	121,654	6.5%
Large and SME	2,913,303	2,292,694	78.7%	334,196	11.5%
Construction and real estate activities	1,683,375	1,222,354	72.6%	194,940	11.6%
Individuals, of which:	**5,046,834**	**344,941**	**6.8%**	**137,301**	**2.7%**
Mortgage	3,211,050	91,068	2.8%	23,474	0.7%
Consumer	912,259	106,728	11.7%	68,469	7.5%
Other	**680,765**	**602,070**	**88.4%**	**7,361**	**1.1%**
Total	**12,195,682**	**4,898,565**	**40.2%**	**795,452**	**6.5%**

The total exposure analysed on an individual basis came to 4.9 billion euros, covering 40% of the total credit of GCA (SICAM), with companies representing the segment with the greatest individual exposure (61%). Moreover, 16% (795 million euros) led to impairments in this area. The remainder falls under collective analysis, giving rise to impairments exclusively via this way, since, according to the analysts, these are contracts that comply with the financial plan initially established.

Unit: thousand euros, except %

Segment	Exposure						Impairment						Coverage level		
	Collective Analysis	%	Individual Analysis	%	Total	%	Collective Analysis	%	Individual Analysis	%	Total	%	Collective Analysis	Individual Analysis	Total
Companies	**5,817,294**	**34.6%**	**650,790**	**81.8%**	**6,468,084**	**36.7%**	**100,477**	**55.5%**	**189,147**	**82.1%**	**289,625**	**70.4%**	**1.7%**	**29.1%**	**4.5%**
Business	1,749,752	10.4%	121,654	15.3%	1,871,406	10.6%	47,711	26.3%	40,299	17.5%	88,010	21.4%	2.7%	33.1%	4.7%
Large and SME	2,579,107	15.3%	334,196	42.0%	2,913,303	16.5%	29,418	16.3%	91,732	39.8%	121,226	29.5%	1.1%	27.4%	4.2%
Construction and real estate activities	1,488,435	8.9%	194,940	24.5%	1,683,375	9.6%	23,348	12.9%	57,117	24.8%	80,465	19.6%	1.6%	29.3%	4.8%
Individuals, of which:	**4,909,532**	**29.2%**	**137,301**	**17.3%**	**5,046,834**	**28.7%**	**76,159**	**42.1%**	**41,143**	**17.9%**	**117,302**	**28.5%**	**1.6%**	**30.0%**	**2.3%**
Mortgage	3,187,576	19.0%	23,474	3.0%	3,211,050	18.2%	22,958	12.7%	5,506	2.4%	28,463	6.9%	0.7%	23.5%	0.9%
Consumer	843,789	5.0%	68,469	8.6%	912,259	5.2%	34,357	19.0%	24,410	10.6%	58,767	14.3%	4.1%	35.7%	6.4%
Other	**673,404**	**4.0%**	**7,361**	**0.9%**	**680,765**	**3.9%**	**921**	**0.5%**	**78**	**0.0%**	**999**	**0.2%**	**0.14%**	**1.06%**	**0.15%**
Sub-total	**11,400,230**	**67.8%**	**795,452**	**100.0%**	**12,195,682**	**69.3%**	**177,557**	**98.1%**	**230,368**	**100.0%**	**407,926**	**99.2%**	**1.6%**	**29.0%**	**3.3%**
Securities portfolio	**5,368,992**	**32.2%**	**0**	**0.0%**	**5,368,992**	**30.7%**	**3,463**	**1.9%**	**0**	**0.0%**	**3,463**	**0.8%**	**0.06%**	**0.00%**	**0.06%**
Total	**16,769,223**	**100.0%**	**795,452**	**100.0%**	**17,564,674**	**100.0%**	**181,096**	**100.0%**	**230,368**	**100.0%**	**411,464**	**100.0%**	**1.1%**	**29.0%**	**2.3%**

Note - The reconciliation of the balances in this table and the following is as follows:

Securities portfolio	Gross v.	Impairment
Financial assets at AC (Note 10.1)	4,390,866	2,845
	4,390,866	**2,845**
Financial assets at FVTOCI (note 9 and 19)		
- Non-insurance activity (IFRS 9)	978,126	617
- Insurance activity (IAS 39)	1,040,943	0
	2,019,070	**617**
Financial assets at AC (Note 10.1)	4,390,866	2,845
Financial assets at FVTOCI (Note 9)		
- Non-insurance activity (IFRS 9)	978,126	617
Closing balance	**5,368,992**	**3,463**

Credit to customers	-balance sheet ite	ff-balance sheet items
Financial assets at AC - Commercial Paper (Note 10.1)	350,302	
Financial assets at AC - Loans and advances (Note 10.2)	10,209,623	
	10,559,925	
Loan commitments granted (Note 46 - Maximum exposure)		1,324,663
Financial guarantees granted (Note 46 - Maximum exposure)		2,103,247
Other commitments granted (Note 46 - Maximum credit risk exposure)		328,067
		3,755,977

	On-balance sheet ite	ff-balance sheet item	Balance presented
Customer balances under review	10,584,061	1,611,621	**12,195,682**
Commissions (revenue with deferred income - Note 10.2)	-24,310		
Commissions (expenses with deferred charges - Note 10.2)	546		
Commissions received to be deferred (commercial paper - note 10.1)	-666		
Any other possible liabilities (Note 22)		10,057	
Assets given as guarantee - securities (Note 22)		1,882,574	
Liability in relation to the investor compensation scheme (Note 22)		1,133	
Commitments undertaken by third parties - B. Portugal		250,000	
Other	293	592	
	10,559,924	**3,755,976**	

Credit to customers - Impairment	-balance sheet ite	ff-balance sheet item	Balance presented
Financial assets at AC - Commercial Paper (Note 10.1)	101		
Financial assets at AC - Loans and advances (Note 10.2)	395,692		
	395,793		
Guarantees and sureties (Note 22)		12,133	
Closing balance	**395,793**	**12,133**	**407,926**

The individual analysis of GCA's credit portfolio, as at 31 December 2019, reveals higher rates than those obtained in collective analysis. In addition to the evaluation according to the categories of financial assets, Management performs the credit risk analysis by segments, which are structured as follows: "Companies", Individuals and Others. The information presented by segment corresponds to the categories of financial assets at amortised cost, reconciled above.

The calculation of the probabilities of default is based on Hazard models (for all segments except the credit card segment), which consist of the explicit modelling of the performance over time of the PD in view of the contracting and maturity of each operation/customer. In addition, prospective scenarios reflecting current and future macroeconomic conditions are introduced. For the forward-looking adjustment, macroeconomic variables obtained from an external entity accredited as an ECAI were considered, taking into account the basic, optimistic (S1) and adverse (S3) macroeconomic scenarios. The macroeconomic regression model is used to obtain future forecasts, considering the existence of explanatory variables at those dates (3 years) and it is considered that in the long run the curve tends towards the average default rate of the portfolio by applying a convergence factor for 3 years. The explanatory variables to be used for each portfolio were selected based on the Pearson correlation coefficient analysis, between the regressors and the dependent variable, as well as the correlation between the explanatory variables themselves.

The tables with the main indicators used in these scenarios are presented below:

Economic Indicators	Scenario	History												Projection						
		2007Q4	2008Q4	2009Q4	2010Q4	2011Q4	2012Q4	2013Q4	2014Q4	2015Q4	2016Q4	2017Q4	2018Q4	2019Q4	2020Q4	2021Q4	2022Q4	2023Q4	2024Q4	2025Q4
GDP	Base	234.44	229.64	226.74	229.96	221.93	212.02	215.94	217.54	220.97	227.07	232.8	236.69	241.25	246.06	250.46	253.97	259.4	264.26	266.95
	Adverse (S3)	234.44	229.64	226.74	229.96	221.93	212.02	215.94	217.54	220.97	227.07	232.8	236.69	235.37	235.42	240.95	244.86	252.78	258.44	262.39
	Optimistic (S1)	234.44	229.64	226.74	229.96	221.93	212.02	215.94	217.54	220.97	227.07	232.8	236.69	242.37	248.43	253.12	256.48	261.94	266.81	269.48
Unemployment Rate	Base	8.44	8.45	10.93	12.07	13.8	16.72	15.08	13.25	12.03	10.35	7.99	6.6	6.34	6.02	5.9	5.8	5.68	5.59	5.53
	Adverse (S3)	8.44	8.45	10.93	12.07	13.8	16.72	15.08	13.25	12.03	10.35	7.99	6.6	9.56	12.53	9.9	8.04	6.57	5.9	5.84
	Optimistic (S1)	8.44	8.45	10.93	12.07	13.8	16.72	15.08	13.25	12.03	10.35	7.99	6.6	6.22	5.95	5.67	5.53	5.42	5.33	5.27
Inflation	Base	97.79	99.33	100.33	100.57	99.67	100.78	102.31	102.56	105.38	106.93	108.89	110.07	111.52	114.66	117.25	119.83	122.24	124.62	126.96
	Adverse (S3)	97.79	99.33	100.33	100.57	99.67	100.78	102.31	102.56	105.38	106.93	108.89	110.07	109.35	111.56	114.25	117.46	119.86	122.34	124.51
	Optimistic (S1)	97.79	99.33	100.33	100.57	99.67	100.78	102.31	102.56	105.38	106.93	108.89	110.07	113.2	116.73	118.99	121.47	123.92	126.26	128.57
Euribor 3M	Base	4.72	4.22	0.72	1.02	1.5	0.2	0.24	0.08	-0.09	-0.31	-0.33	-0.32	-0.33	-0.08	0.23	0.61	1.11	1.63	2.16
	Adverse (S3)	4.72	4.22	0.72	1.02	1.5	0.2	0.24	0.08	-0.09	-0.31	-0.33	-0.32	0.01	-0.33	-0.33	-0.33	-0.14	0.17	0.61
	Optimistic (S1)	4.72	4.22	0.72	1.02	1.5	0.2	0.24	0.08	-0.09	-0.31	-0.33	-0.32	-0.27	0.48	1.24	1.86	2.36	2.69	2.72

Exposure by segment and level

Unit: thousand euros, except %

Segment	Exposure										Total	%
	Assets without significant increased risk (Level 1)	%	Assets with significant increased risk (Level 2)	%	Of which: restructured	%	Assets in default (Level 3)	%	Of which: restructured	%		
Companies	**5,452,902**	**34.0%**	**317,535**	**52.7%**	**174,234**	**74.4%**	**697,647**	**71.0%**	**409,655**	**82.1%**	**6,468,084**	**36.7%**
Business	1,604,152	10.0%	56,712	9.4%	33,865	14.5%	210,543	21.4%	100,737	20.2%	1,871,406	10.6%
Large and SME	2,482,834	15.5%	150,188	24.9%	66,721	28.5%	280,280	28.5%	186,339	37.3%	2,913,303	16.5%
Construction and real estate activities	1,365,916	8.5%	110,635	18.4%	73,649	31.5%	206,824	21.0%	122,579	24.6%	1,683,375	9.6%
Individuals, of which:	**4,485,454**	**28.0%**	**284,622**	**47.3%**	**59,854**	**25.6%**	**276,757**	**28.2%**	**83,669**	**16.8%**	**5,046,834**	**28.7%**
Mortgage	2,989,322	18.7%	144,857	24.1%	18,298	7.8%	76,871	7.8%	27,512	5.5%	3,211,050	18.2%
Consumer	749,606	4.7%	31,424	5.2%	22,281	9.5%	131,230	13.4%	74,120	14.9%	912,259	5.2%
Other	**672,427**	**4.2%**	**0**	**0.0%**	**0**	**0.0%**	**8,337**	**0.8%**	**5,791**	**1.2%**	**680,765**	**3.9%**
Sub-total	**10,610,783**	**66.2%**	**602,157**	**100.0%**	**234,088**	**100.0%**	**982,741**	**100.0%**	**499,115**	**100.0%**	**12,195,682**	**69.3%**
Securities portfolio	**5,368,992**	**33.8%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**5,368,992**	**30.7%**
Total	**15,979,776**	**100.0%**	**602,157**	**100.0%**	**234,088**	**100.0%**	**982,741**	**100.0%**	**499,115**	**100.0%**	**17,564,674**	**100.0%**

Note - See reconciliation of balances above

The analysis of the portfolio of GCA (SICAM), with reference to December 2019, reveals a significant weight of the companies segment, thus being the segment with the most assets in default (level 3).

impairment by segment and level

Unit: thousand euros, except %

Segment	Impairment										Coverage level		
	Assets without significant increased risk (Level 1)	%	Assets with significant increased risk (Level 2)	%	Of which: restructured	%	Assets in default (Level 3)	%	Of which: restructured	%	Total	%	Assets without significant increased risk (Level 1)	Assets with significant increased risk (Level 2)	Assets in default (Level 3)
Companies	**31,823**	**75.9%**	**20,151**	**74.5%**	**7,533**	**81.5%**	**237,652**	**69.4%**	**143,381**	**71.9%**	**289,626**	**70.4%**	**0.6%**	**6.3%**	**34.1%**
Business	9,604	22.8%	2,337	8.6%	1,047	11.3%	76,069	22.2%	37,995	19.1%	88,010	21.4%	0.6%	4.1%	36.1%
Large and SME	12,872	30.8%	8,316	30.8%	3,960	42.9%	99,963	29.2%	67,390	33.8%	121,151	29.5%	0.5%	5.5%	35.7%
Construction and real estate activities	9,347	22.2%	9,497	35.1%	2,526	27.3%	61,621	18.0%	37,996	19.1%	80,465	19.6%	0.7%	8.6%	29.8%
Individuals, of which:	**6,211**	**14.8%**	**6,883**	**25.5%**	**1,705**	**18.5%**	**104,208**	**30.4%**	**55,944**	**28.1%**	**117,302**	**28.5%**	**0.1%**	**2.4%**	**37.7%**
Mortgage	1,150	2.7%	2,680	9.9%	117	1.3%	24,633	7.2%	10,257	5.1%	28,463	6.9%	0.0%	1.8%	32.0%
Consumer	2,951	7.0%	1,124	4.2%	682	7.4%	54,691	16.0%	29,816	15.0%	58,767	14.3%	0.4%	3.6%	41.7%
Other	**482**	**1.1%**	**0**	**0.0%**	**0**	**0.0%**	**517**	**0.2%**	**33**	**0.0%**	**999**	**0.2%**	**0.07%**	**0.00%**	**6.21%**
Sub-total	**38,515**	**91.8%**	**27,034**	**100.0%**	**9,238**	**100.0%**	**342,377**	**100.0%**	**199,358**	**100.0%**	**407,926**	**99.2%**	**0.4%**	**4.5%**	**34.8%**
Investments in securities	**3,463**	**8.2%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**3,463**	**0.8%**	**0.06%**	**0.00%**	**0.00%**
Total	**42,053**	**100.0%**	**27,034**	**100.0%**	**9,238**	**100.0%**	**342,377**	**100.0%**	**199,358**	**100.0%**	**411,464**	**100.0%**	**0.3%**	**4.5%**	**34.8%**

Note - See reconciliation of balances above

In the companies segment, being the segment with the largest weight in the total credit portfolio, the weight of impairments in the total exposure is higher, at 70.4%. For individual customers, the highest weight refers to the consumer credit segment, with 14% of total impairment.

Exposure by segment, level and days in arrears

Unit: thousand euros

Segment	Assets without significant increased risk (Level 1)	Assets with significant increased risk (Level 2)				Assets in default (Level 3)				Total
		≤ 30 days overdue	> 30 and ≤ 90 days overdue	> 90 days overdue	Total	≤ 30 days overdue	> 30 and ≤ 90 days overdue	>90 days overdue	Total	
Companies	**5,452,902**	**307,254**	**10,081**	**201**	**317,535**	**402,582**	**31,408**	**263,658**	**697,647**	**6,468,084**
Business	1,604,152	51,691	4,896	124	56,712	105,485	12,754	92,304	210,543	1,871,406
Large and SME	2,482,834	147,499	2,675	14	150,188	194,941	10,811	74,528	280,280	2,913,303
Construction and real estate activities	1,365,916	108,064	2,509	62	110,635	102,156	7,842	96,826	206,824	1,683,375
Individuals, of which:	**4,485,454**	**256,042**	**28,263**	**317**	**284,622**	**100,436**	**20,214**	**156,107**	**276,757**	**5,046,834**
Mortgage	2,989,322	129,192	15,665	0	144,857	24,145	7,102	45,624	76,871	3,211,050
Consumer	749,606	22,723	8,503	197	31,424	44,373	7,764	79,092	131,230	912,259
Other	**672,427**	**0**	**0**	**0**	**0**	**8,337**	**0**	**0**	**8,337**	**680,765**
Sub-total	**10,610,783**	**563,295**	**38,344**	**518**	**602,157**	**511,355**	**51,622**	**419,765**	**982,741**	**12,195,682**
Investments in securities	**5,368,992**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**5,368,992**
Total	**15,979,776**	**563,295**	**38,344**	**518**	**602,157**	**511,355**	**51,622**	**419,765**	**982,741**	**17,564,674**

Note - See reconciliation of balances above

Disclosure of changes in the measurement of impairments during 2019 and the reasons for those changes by class of financial instrument:

	Changes in Quantification of Impairment	Reasons for the Changes
- Debt securities	The quantification of the impairment of the GCA's debt securities portfolio, recorded at amortised cost or at fair value through other comprehensive income, has been adjusted, since 31 December 2018, reflecting a more specialised approach with regards to point-in-time and the forward-looking dimension contingent upon the geography of each issuer (forward-looking/macroeconomic scenarios) at the level of risk parameters, particularly in the case of sovereign debt, a situation that will naturally not be achievable autonomously from the GCA databases due to the absence of statistically sound and relevant historical information for determining specific internal risk parameters for this portfolio. To this end, a solution was chosen which involved the use of a tool for calculating expected credit losses (ECL) by an external entity accredited as an ECAI.	Introduction of improvement opportunities.
- Loan portfolio	The following methodological changes without material impact were noted: i. Probability of Default (PD): Introduction of forward-looking adjustment in the segments, Companies - Construction and real estate activities, Companies - Large and SME, Housing, Consumer and ENI. ii. Behavioural Maturity (BM): Creation of segment to estimate the behavioural maturity of operations that have a residual maturity below the reference date. iii. Partial prepayment (PPP): Estimation of this parameter for the segments Companies - Construction and real estate activities, Companies - Large and SME, Housing, Consumer and ENI. iv. Inclusion of a 48-month quarantine period for customers with write-off operations to resolve the default.	Introduction of improvement opportunities.

Exposure and impairment by segment, level and risk rating

Unit: thousand euros, except %

Segment | Credit risk	Exposure						Impairment					
	Assets without significant increased risk (Level 1)	%	Assets with significant increased risk (Level 2)	%	Total	%	Assets without significant increased risk (Level 1)	%	Assets with significant increased risk (Level 2)	%	Total	%
Companies	**5,452,902**	**54.9%**	**317,535**	**52.7%**	**5,768,420**	**54.7%**	**31,823**	**83.7%**	**20,151**	**74.5%**	**52,048**	**79.9%**
Business	1,604,152	16.1%	56,712	9.4%	1,660,864	15.8%	9,604	25.2%	2,337	8.6%	11,941	18.3%
Low	254,564	2.6%	5,555	0.9%	260,119	2.5%	323	0.8%	74	0.3%	397	0.6%
Medium	1,237,993	12.5%	23,839	4.0%	1,261,831	12.0%	6,530	17.1%	574	2.1%	7,103	10.9%
High	111,595	1.1%	27,318	4.5%	138,913	1.3%	2,751	7.2%	1,690	6.3%	4,441	6.8%
Large and SME	2,482,834	25.0%	150,188	24.9%	2,631,005	25.0%	12,872	34.0%	8,316	30.8%	21,263	32.6%
Low	494,761	5.0%	7,649	1.3%	502,409	4.8%	591	1.6%	78	0.3%	669	1.0%
Medium	1,761,016	17.7%	42,785	7.1%	1,801,784	17.1%	7,704	20.4%	1,031	3.8%	8,809	13.5%
High	227,058	2.3%	99,754	16.6%	326,812	3.1%	4,577	12.0%	7,207	26.7%	11,785	18.1%
Construction and real estate activities	1,365,916	13.7%	110,635	18.4%	1,476,551	14.0%	9,347	24.5%	9,497	35.1%	18,844	28.9%
Low	34,993	0.4%	548	0.1%	35,541	0.3%	54	0.1%	21	0.1%	74	0.1%
Medium	1,089,737	11.0%	45,756	7.6%	1,135,493	10.8%	4,999	13.1%	1,045	3.9%	6,044	9.3%
High	241,186	2.4%	64,331	10.7%	305,517	2.9%	4,294	11.3%	8,432	31.2%	12,726	19.5%
Individuals, of which:	**4,485,454**	**45.1%**	**284,622**	**47.3%**	**4,770,076**	**45.3%**	**6,211**	**16.3%**	**6,883**	**25.5%**	**13,094**	**20.1%**
Mortgage	2,989,322	30.1%	144,857	24.1%	3,134,179	29.7%	1,150	3.0%	2,680	9.9%	3,830	5.9%
Low	1,479,060	14.9%	4,541	0.8%	1,483,601	14.1%	52	0.1%	2	0.0%	54	0.1%
Medium	1,329,808	13.4%	19,227	3.2%	1,349,035	12.8%	582	1.5%	57	0.2%	639	1.0%
High	180,453	1.8%	121,090	20.1%	301,543	2.9%	516	1.4%	2,621	9.7%	3,138	4.8%
Consumer	749,606	7.5%	31,424	5.2%	781,029	7.4%	2,951	7.7%	1,124	4.2%	4,076	6.3%
Low	292,547	2.9%	4,220	0.7%	296,766	2.8%	87	0.2%	7	0.0%	94	0.1%
Medium	402,415	4.0%	12,837	2.1%	415,252	3.9%	2,181	5.7%	281	1.0%	2,462	3.8%
High	54,644	0.5%	14,367	2.4%	69,011	0.7%	684	1.8%	837	3.1%	1,520	2.3%
Total	**9,938,356**	**100.0%**	**602,157**	**100.0%**	**10,538,496**	**100.0%**	**38,034**	**100.0%**	**27,034**	**100.0%**	**65,143**	**100.0%**

Note - See reconciliation of balances above

Exposure and impairment by segment, level and probability of default - Collective analysis

Unit: thousand euros, except %

Segment | Loss given default	Exposure						Impairment					
	Assets in default (Level 2)	%	Assets in default (Level 3)	%	Total	%	Assets in default (Level 2)	%	Assets in default (Level 3)	%	Total	%
Companies	**5,602,413**	**54.1%**	**212,864**	**56.5%**	**5,815,277**	**54.2%**	**32,855**	**81.0%**	**67,698**	**49.7%**	**100,553**	**56.9%**
Negócios	1,647,494	15.9%	102,258	27.1%	1,749,752	16.3%	9,830	24.2%	37,881	27.8%	47,711	27.0%
Mortgage guarantees	883,863	8.5%	63,787	16.9%	947,650	8.8%	5,145	12.7%	21,344	15.7%	26,488	15.0%
0% to 20%	883,863	8.5%	14,046	3.7%	897,909	8.4%	5,145	12.7%	2,224	1.6%	7,369	4.2%
21% to 40%	0	0.0%	27,324	7.3%	27,324	0.3%	0	0.0%	7,646	5.6%	7,646	4.3%
41% to 60%	0	0.0%	13,964	3.7%	13,964	0.1%	0	0.0%	5,752	4.2%	5,752	3.3%
61% to 80%	0	0.0%	6,349	1.7%	6,349	0.1%	0	0.0%	3,842	2.8%	3,842	2.2%
81% +	0	0.0%	2,105	0.6%	2,105	0.0%	0	0.0%	1,879	1.4%	1,879	1.1%
Mortgage guarantees	763,631	7.4%	38,471	10.2%	802,102	7.5%	4,685	11.6%	16,537	12.1%	21,223	12.0%
0% to 20%	518,405	5.0%	5,893	1.6%	524,297	4.9%	1,759	4.3%	857	0.6%	2,616	1.5%
21% to 40%	0.0	0.0%	7,321	1.9%	7,321	0.1%	0	0.0%	1,792	1.3%	1,792	1.0%
41% to 60%	245,226	2.4%	8,898	2.4%	254,123	2.4%	2,927	7.2%	4,041	3.0%	6,968	3.9%
61% to 80%	0	0.0%	11,145	3.0%	11,145	0.1%	0	0.0%	6,160	4.5%	6,160	3.5%
81% +	0	0.0%	5,215	1.4%	5,215	0.0%	0	0.0%	3,687	2.7%	3,687	2.1%
Grandes e PME	2,521,567	24.4%	55,522	14.7%	2,577,090	24.0%	13,413	33.1%	16,082	11.8%	29,494	16.7%
Mortgage guarantees	1,331,492	12.9%	36,848	9.8%	1,368,340	12.8%	8,162	20.1%	10,009	7.4%	18,171	10.3%
0% to 20%	1,331,492	12.9%	7,557	2.0%	1,339,048	12.5%	8,162	20.1%	977	0.7%	9,139	5.2%
21% to 40%	0	0.0%	19,913	5.3%	19,913	0.2%	0	0.0%	5,152	3.8%	5,152	2.9%
41% to 60%	0	0.0%	6,646	1.8%	6,646	0.1%	0	0.0%	3,000	2.2%	3,000	1.7%
61% to 80%	0	0.0%	1,592	0.4%	1,592	0.0%	0	0.0%	798	0.6%	798	0.5%
81% +	0	0.0%	1,140	0.3%	1,140	0.0%	0	0.0%	82	0.1%	82	0.0%
Non-mortgage guarantees	1,190,076	11.5%	18,674	5.0%	1,208,750	11.3%	5,251	12.9%	6,073	4.5%	11,324	6.4%
0% to 20%	919,870	8.9%	3,629	1.0%	923,499	8.6%	2,285	5.6%	454	0.3%	2,740	1.6%
21% to 40%	0	0.0%	3,717	1.0%	3,717	0.0%	0	0.0%	830	0.6%	830	0.5%
41% to 60%	270,206	2.6%	4,580	1.2%	274,785	2.6%	2,966	7.3%	1,902	1.4%	4,867	2.8%
61% to 80%	0	0.0%	6,466	1.7%	6,466	0.1%	0	0.0%	2,697	2.0%	2,697	1.5%
81% +	0	0.0%	283	0.1%	283	0.0%	0	0.0%	189	0.1%	189	0.1%
Construção e actividades imobiliárias	1,433,352	13.9%	55,084	14.6%	1,488,435	13.9%	9,613	23.7%	13,735	10.1%	23,348	13.2%
Mortgage guarantees	1,203,136	11.6%	29,319	7.8%	1,232,455	11.5%	7,902	19.5%	7,471	5.5%	15,373	8.7%
0% to 20%	1,203,136	11.6%	10,883	2.9%	1,214,019	11.3%	7,902	19.5%	1,018	0.7%	8,920	5.0%
21% to 40%	0	0.0%	7,662	2.0%	7,662	0.1%	0	0.0%	1,519	1.1%	1,519	0.9%
41% to 60%	0	0.0%	7,114	1.9%	7,114	0.1%	0	0.0%	2,861	2.1%	2,861	1.6%
61% to 80%	0	0.0%	2,792	0.7%	2,792	0.0%	0	0.0%	1,667	1.2%	1,667	0.9%
81% +	0	0.0%	868	0.2%	868	0.0%	0	0.0%	406	0.3%	406	0.2%
Non-mortgage guarantees	230,216	2.2%	25,765	6.8%	255,980	2.4%	1,710	4.2%	6,265	4.6%	7,975	4.5%
0% to 20%	155,694	1.5%	2,195	0.6%	157,889	1.5%	593	1.5%	265	0.2%	858	0.5%
21% to 40%	0	0.0%	2,127	0.6%	2,127	0.0%	0	0.0%	414	0.3%	414	0.2%
41% to 60%	74,521	0.7%	4,977	1.3%	79,498	0.7%	1,118	2.8%	1,178	0.9%	2,296	1.3%
61% to 80%	0	0.0%	7,135	1.9%	7,135	0.1%	0	0.0%	2,436	1.8%	2,436	1.4%
81% +	0	0.0%	9,332	2.5%	9,332	0.1%	0	0.0%	1,972	1.4%	1,972	1.1%
Individuals, of which:	**4,745,704**	**45.9%**	**163,829**	**43.5%**	**4,909,532**	**45.8%**	**7,708**	**19.0%**	**68,451**	**1**	**76,159**	**43.1%**
Mortgage	3,129,480	30.2%	58,096	15.4%	3,187,576	29.7%	2,903	7.2%	20,054	14.7%	22,958	13.0%
Mortgage guarantees	3,121,602	30.2%	56,748	15.1%	3,178,350	29.6%	2,894	7.1%	19,010	14.0%	21,905	12.4%
0% to 20%	3,121,602	30.2%	24,876	6.6%	3,146,478	29.3%	2,894	7.1%	3,129	2.3%	6,023	3.4%
21% to 40%	0	0.0%	14,847	3.9%	14,847	0.1%	0	0.0%	4,427	3.3%	4,427	2.5%
41% to 60%	0	0.0%	7,058	1.9%	7,058	0.1%	0	0.0%	3,500	2.6%	3,500	2.0%
61% to 80%	0	0.0%	5,337	1.4%	5,337	0.0%	0	0.0%	3,639	2.7%	3,639	2.1%
81% +	0	0.0%	4,630	1.2%	4,630	0.0%	0	0.0%	4,315	3.2%	4,315	2.4%
Non-mortgage guarantees	7,878	0.1%	1,348	0.4%	9,226	0.1%	9	0.0%	1,044	0.8%	1,053	0.6%
0% to 20%	7,878	0.1%	78	0.0%	7,956	0.1%	9	0.0%	12	0.0%	21	0.0%
21% to 40%	0	0.0%	128	0.0%	128	0.0%	0	0.0%	33	0.0%	33	0.0%
41% to 60%	0	0.0%	128	0.0%	128	0.0%	0	0.0%	67	0.0%	67	0.0%
61% to 80%	0	0.0%	149	0.0%	149	0.0%	0	0.0%	104	0.1%	104	0.1%
81% +	0	0.0%	865	0.2%	865	0.0%	0	0.0%	828	0.6%	828	0.5%
Consumer	773,352	7.5%	70,438	18.7%	843,789	7.9%	1,952	4.8%	32,406	23.8%	34,357	19.4%
Mortgage guarantees	416,658	4.0%	48,638	12.9%	465,296	4.3%	1,148	2.8%	22,007	16.2%	23,155	13.1%
0% to 20%	416,658	4.0%	5,409	1.4%	422,067	3.9%	1,148	2.8%	891	0.7%	2,039	1.2%
21% to 40%	0	0.0%	17,792	4.7%	17,792	0.2%	0	0.0%	5,400	4.0%	5,400	3.1%
41% to 60%	0	0.0%	13,982	3.7%	13,982	0.1%	0	0.0%	6,749	5.0%	6,749	3.8%
61% to 80%	0	0.0%	7,183	1.9%	7,183	0.1%	0	0.0%	4,879	3.6%	4,879	2.8%
81% +	0	0.0%	4,273	1.1%	4,273	0.0%	0	0.0%	4,089	3.0%	4,089	2.3%
Non-mortgage guarantees	356,694	3.4%	21,799	5.8%	378,493	3.5%	804	2.0%	10,398	7.6%	11,202	6.3%
0% to 20%	21,473	0.2%	67	0.0%	21,540	0.2%	53	0.1%	12	0.0%	64	0.0%
21% to 40%	328,928	3.2%	7,392	2.0%	336,319	3.1%	731	1.8%	2,160	1.6%	2,891	1.6%
41% to 60%	6,293	0.1%	8,909	2.4%	15,203	0.1%	21	0.1%	4,137	3.0%	4,158	2.4%
61% to 80%	0	0.0%	2,495	0.7%	2,495	0.0%	0	0.0%	1,325	1.0%	1,325	0.7%
81% +	0	0.0%	2,936	0.8%	2,936	0.0%	0	0.0%	2,764	2.0%	2,764	1.6%
Total	**10,348,117**	**100.0%**	**376,693**	**100.0%**	**10,724,810**	**100.0%**	**40,563**	**100.0%**	**136,149**	**100.0%**	**176,712**	**100.0%**

Exposure and impairment by segment, level and loan to value – Collective analysis

Unit: thousand euros, except %

Segment | loan to value	Exposure						Impairment					
	Assets in default (Level 1/Level 2)	%	Assets in default (Level 3)	%	Total	%	Assets in default (Level 2)	%	Assets in default (Level 3)	%	Total	%
Companies	**3,418,491**	**46.5%**	**129,954**	**49.7%**	**3,548,445**	**46.6%**	**21,209**	**0.3%**	**38,824**	**14.8%**	**60,032**	**0.8%**
Negócios	883,863	12.0%	63,787	24.4%	947,650	12.5%	5,145	0.1%	21,344	8.2%	26,488	0.3%
<= 50%	176,238	2.4%	17,215	6.6%	193,453	2.5%	722	0.0%	5,183	2.0%	5,906	0.1%
51% to 70%	148,645	2.0%	10,073	3.9%	158,718	2.1%	944	0.0%	3,366	1.3%	4,310	0.1%
71% to 90%	215,387	2.9%	14,156	5.4%	229,543	3.0%	1,248	0.0%	5,107	2.0%	6,356	0.1%
91% to 100%	150,829	2.1%	6,825	2.6%	157,654	2.1%	993	0.0%	1,995	0.8%	2,988	0.0%
> 100%	192,765	2.6%	15,518	5.9%	208,282	2.7%	1,237	0.0%	5,693	2.2%	6,930	0.1%
Grandes e PME	1,331,492	18.1%	36,848	14.1%	1,368,340	18.0%	8,162	0.1%	10,009	3.8%	18,171	0.2%
<= 50%	257,364	3.5%	7,513	2.9%	264,877	3.5%	1,490	0.0%	2,082	0.8%	3,572	0.0%
51% to 70%	279,807	3.8%	5,393	2.1%	285,199	3.7%	1,113	0.0%	1,858	0.7%	2,971	0.0%
71% to 90%	310,581	4.2%	7,061	2.7%	317,642	4.2%	1,982	0.0%	2,174	0.8%	4,156	0.1%
91% to 100%	198,161	2.7%	9,931	3.8%	208,093	2.7%	1,606	0.0%	2,103	0.8%	3,709	0.0%
> 100%	285,579	3.9%	6,949	2.7%	292,528	3.8%	1,971	0.0%	1,791	0.7%	3,763	0.0%
Construção e actividades imobiliárias	1,203,136	16.4%	29,319	11.2%	1,232,455	16.2%	7,902	0.1%	7,471	2.9%	15,373	0.2%
<= 50%	209,591	2.9%	8,504	3.3%	218,096	2.9%	1,145	0.0%	2,198	0.8%	3,343	0.0%
51% to 70%	280,659	3.8%	3,517	1.3%	284,176	3.7%	1,891	0.0%	866	0.3%	2,757	0.0%
71% to 90%	243,758	3.3%	9,162	3.5%	252,920	3.3%	1,718	0.0%	1,724	0.7%	3,442	0.0%
91% to 100%	286,831	3.9%	2,271	0.9%	289,102	3.8%	1,793	0.0%	779	0.3%	2,572	0.0%
> 100%	182,296	2.5%	5,866	2.2%	188,162	2.5%	1,355	0.0%	1,904	0.7%	3,259	0.0%
Individuals, of which:	**3,930,026**	**53.5%**	**131,645**	**50.3%**	**4,061,672**	**53.4%**	**5,785**	**0.1%**	**53,086**	**20.3%**	**58,871**	**0.8%**
Mortgage	3,121,602	42.5%	56,748	21.7%	3,178,350	41.8%	2,894	0.0%	19,010	7.3%	21,905	0.3%
<= 50%	300,883	4.1%	4,818	1.8%	305,700	4.0%	221	0.0%	1,537	0.6%	1,758	0.0%
51% to 70%	474,063	6.5%	10,670	4.1%	484,733	6.4%	453	0.0%	3,319	1.3%	3,772	0.0%
71% to 90%	865,251	11.8%	22,010	8.4%	887,261	11.7%	1,120	0.0%	7,467	2.9%	8,587	0.1%
91% to 100%	1,292,588	17.6%	11,918	4.6%	1,304,506	17.1%	884	0.0%	3,088	1.2%	3,972	0.1%
> 100%	188,817	2.6%	7,332	2.8%	196,149	2.6%	216	0.0%	3,599	1.4%	3,815	0.1%
Consumer	416,658	5.7%	48,638	18.6%	465,296	6.1%	1,148	0.0%	22,007	8.4%	23,155	0.3%
<= 50%	94,521	1.3%	7,505	2.9%	102,026	1.3%	204	0.0%	3,110	1.2%	3,315	0.0%
51% to 70%	78,595	1.1%	9,441	3.6%	88,036	1.2%	234	0.0%	4,435	1.7%	4,669	0.1%
71% to 90%	105,610	1.4%	12,139	4.6%	117,748	1.5%	315	0.0%	5,264	2.0%	5,580	0.1%
91% to 100%	102,354	1.4%	7,937	3.0%	110,291	1.4%	270	0.0%	3,260	1.2%	3,529	0.0%
> 100%	35,578	0.5%	11,616	4.4%	47,194	0.6%	124	0.0%	5,939	2.3%	6,063	0.1%
Total	**7,348,517**	**100.0%**	**261,599**	**100.0%**	**7,610,116**	**100.0%**	**26,994**	**0.4%**	**91,910**	**35.1%**	**118,904**	**1.6%**

Exposure and impairment by segment, level and loss given default – Collective analysis

Unit: thousand euros, except %

Segment | Loss given default	Exposure						Impairment					
	Assets in default (Level 2)	%	Assets in default (Level 3)	%	Total	%	Assets in default (Level 2)	%	Assets in default (Level 3)	%	Total	%
Companies	**5,602,413**	**54.1%**	**212,864**	**56.5%**	**5,815,277**	**54.2%**	**32,855**	**81.0%**	**67,698**	**49.7%**	**100,553**	**56.9%**
Negócios	1,647,494	15.9%	102,258	27.1%	1,749,752	16.3%	9,830	24.2%	37,881	27.8%	47,711	27.0%
Mortgage guarantees	883,863	8.5%	63,787	16.9%	947,650	8.8%	5,145	12.7%	21,344	15.7%	26,488	15.0%
0% to 20%	883,863	8.5%	14,046	3.7%	897,909	8.4%	5,145	12.7%	2,224	1.6%	7,369	4.2%
21% to 40%	0	0.0%	27,324	7.3%	27,324	0.3%	0	0.0%	7,646	5.6%	7,646	4.3%
41% to 60%	0	0.0%	13,964	3.7%	13,964	0.1%	0	0.0%	5,752	4.2%	5,752	3.3%
61% to 80%	0	0.0%	6,349	1.7%	6,349	0.1%	0	0.0%	3,842	2.8%	3,842	2.2%
81% +	0	0.0%	2,105	0.6%	2,105	0.0%	0	0.0%	1,879	1.4%	1,879	1.1%
Mortgage guarantees	763,631	7.4%	38,471	10.2%	802,102	7.5%	4,685	11.6%	16,537	12.1%	21,223	12.0%
0% to 20%	518,405	5.0%	5,893	1.6%	524,297	4.9%	1,759	4.3%	857	0.6%	2,616	1.5%
21% to 40%	0.0	0.0%	7,321	1.9%	7,321	0.1%	0	0.0%	1,792	1.3%	1,792	1.0%
41% to 60%	245,226	2.4%	8,898	2.4%	254,123	2.4%	2,927	7.2%	4,041	3.0%	6,968	3.9%
61% to 80%	0	0.0%	11,145	3.0%	11,145	0.1%	0	0.0%	6,160	4.5%	6,160	3.5%
81% +	0	0.0%	5,215	1.4%	5,215	0.0%	0	0.0%	3,687	2.7%	3,687	2.1%
Grandes e PME	2,521,567	24.4%	55,522	14.7%	2,577,090	24.0%	13,413	33.1%	16,082	11.8%	29,494	16.7%
Mortgage guarantees	1,331,492	12.9%	36,848	9.8%	1,368,340	12.8%	8,162	20.1%	10,009	7.4%	18,171	10.3%
0% to 20%	1,331,492	12.9%	7,557	2.0%	1,339,048	12.5%	8,162	20.1%	977	0.7%	9,139	5.2%
21% to 40%	0	0.0%	19,913	5.3%	19,913	0.2%	0	0.0%	5,152	3.8%	5,152	2.9%
41% to 60%	0	0.0%	6,646	1.8%	6,646	0.1%	0	0.0%	3,000	2.2%	3,000	1.7%
61% to 80%	0	0.0%	1,592	0.4%	1,592	0.0%	0	0.0%	798	0.6%	798	0.5%
81% +	0	0.0%	1,140	0.3%	1,140	0.0%	0	0.0%	82	0.1%	82	0.0%
Non-mortgage guarantees	1,190,076	11.5%	18,674	5.0%	1,208,750	11.3%	5,251	12.9%	6,073	4.5%	11,324	6.4%
0% to 20%	919,870	8.9%	3,629	1.0%	923,499	8.6%	2,285	5.6%	454	0.3%	2,740	1.6%
21% to 40%	0	0.0%	3,717	1.0%	3,717	0.0%	0	0.0%	830	0.6%	830	0.5%
41% to 60%	270,206	2.6%	4,580	1.2%	274,785	2.6%	2,966	7.3%	1,902	1.4%	4,867	2.8%
61% to 80%	0	0.0%	6,466	1.7%	6,466	0.1%	0	0.0%	2,697	2.0%	2,697	1.5%
81% +	0	0.0%	283	0.1%	283	0.0%	0	0.0%	189	0.1%	189	0.1%
Construção e actividades imobiliárias	1,433,352	13.9%	55,084	14.6%	1,488,435	13.9%	9,613	23.7%	13,735	10.1%	23,348	13.2%
Mortgage guarantees	1,203,136	11.6%	29,319	7.8%	1,232,455	11.5%	7,902	19.5%	7,471	5.5%	15,373	8.7%
0% to 20%	1,203,136	11.6%	10,883	2.9%	1,214,019	11.3%	7,902	19.5%	1,018	0.7%	8,920	5.0%
21% to 40%	0	0.0%	7,662	2.0%	7,662	0.1%	0	0.0%	1,519	1.1%	1,519	0.9%
41% to 60%	0	0.0%	7,114	1.9%	7,114	0.1%	0	0.0%	2,861	2.1%	2,861	1.6%
61% to 80%	0	0.0%	2,792	0.7%	2,792	0.0%	0	0.0%	1,667	1.2%	1,667	0.9%
81% +	0	0.0%	868	0.2%	868	0.0%	0	0.0%	406	0.3%	406	0.2%
Non-mortgage guarantees	230,216	2.2%	25,765	6.8%	255,980	2.4%	1,710	4.2%	6,265	4.6%	7,975	4.5%
0% to 20%	155,694	1.5%	2,195	0.6%	157,889	1.5%	593	1.5%	265	0.2%	858	0.5%
21% to 40%	0	0.0%	2,127	0.6%	2,127	0.0%	0	0.0%	414	0.3%	414	0.2%
41% to 60%	74,521	0.7%	4,977	1.3%	79,498	0.7%	1,118	2.8%	1,178	0.9%	2,296	1.3%
61% to 80%	0	0.0%	7,135	1.9%	7,135	0.1%	0	0.0%	2,436	1.8%	2,436	1.4%
81% +	0	0.0%	9,332	2.5%	9,332	0.1%	0	0.0%	1,972	1.4%	1,972	1.1%
Individuals, of which:	**4,745,704**	**45.9%**	**163,829**	**43.5%**	**4,909,532**	**45.8%**	**7,708**	**19.0%**	**68,451**	**1**	**76,159**	**43.1%**
Mortgage	3,129,480	30.2%	58,096	15.4%	3,187,576	29.7%	2,903	7.2%	20,054	14.7%	22,958	13.0%
Mortgage guarantees	3,121,602	30.2%	56,748	15.1%	3,178,350	29.6%	2,894	7.1%	19,010	14.0%	21,905	12.4%
0% to 20%	3,121,602	30.2%	24,876	6.6%	3,146,478	29.3%	2,894	7.1%	3,129	2.3%	6,023	3.4%
21% to 40%	0	0.0%	14,847	3.9%	14,847	0.1%	0	0.0%	4,427	3.3%	4,427	2.5%
41% to 60%	0	0.0%	7,058	1.9%	7,058	0.1%	0	0.0%	3,500	2.6%	3,500	2.0%
61% to 80%	0	0.0%	5,337	1.4%	5,337	0.0%	0	0.0%	3,639	2.7%	3,639	2.1%
81% +	0	0.0%	4,630	1.2%	4,630	0.0%	0	0.0%	4,315	3.2%	4,315	2.4%
Non-mortgage guarantees	7,878	0.1%	1,348	0.4%	9,226	0.1%	9	0.0%	1,044	0.8%	1,053	0.6%
0% to 20%	7,878	0.1%	78	0.0%	7,956	0.1%	9	0.0%	12	0.0%	21	0.0%
21% to 40%	0	0.0%	128	0.0%	128	0.0%	0	0.0%	33	0.0%	33	0.0%
41% to 60%	0	0.0%	128	0.0%	128	0.0%	0	0.0%	67	0.0%	67	0.0%
61% to 80%	0	0.0%	149	0.0%	149	0.0%	0	0.0%	104	0.1%	104	0.1%
81% +	0	0.0%	865	0.2%	865	0.0%	0	0.0%	828	0.6%	828	0.5%
Consumer	773,352	7.5%	70,438	18.7%	843,789	7.9%	1,952	4.8%	32,406	23.8%	34,357	19.4%
Mortgage guarantees	416,658	4.0%	48,638	12.9%	465,296	4.3%	1,148	2.8%	22,007	16.2%	23,155	13.1%
0% to 20%	416,658	4.0%	5,409	1.4%	422,067	3.9%	1,148	2.8%	891	0.7%	2,039	1.2%
21% to 40%	0	0.0%	17,792	4.7%	17,792	0.2%	0	0.0%	5,400	4.0%	5,400	3.1%
41% to 60%	0	0.0%	13,982	3.7%	13,982	0.1%	0	0.0%	6,749	5.0%	6,749	3.8%
61% to 80%	0	0.0%	7,183	1.9%	7,183	0.1%	0	0.0%	4,879	3.6%	4,879	2.8%
81% +	0	0.0%	4,273	1.1%	4,273	0.0%	0	0.0%	4,089	3.0%	4,089	2.3%
Non-mortgage guarantees	356,694	3.4%	21,799	5.8%	378,493	3.5%	804	2.0%	10,398	7.6%	11,202	6.3%
0% to 20%	21,473	0.2%	67	0.0%	21,540	0.2%	53	0.1%	12	0.0%	64	0.0%
21% to 40%	328,928	3.2%	7,392	2.0%	336,319	3.1%	731	1.8%	2,160	1.6%	2,891	1.6%
41% to 60%	6,293	0.1%	8,909	2.4%	15,203	0.1%	21	0.1%	4,137	3.0%	4,158	2.4%
61% to 80%	0	0.0%	2,495	0.7%	2,495	0.0%	0	0.0%	1,325	1.0%	1,325	0.7%
81% +	0	0.0%	2,936	0.8%	2,936	0.0%	0	0.0%	2,764	2.0%	2,764	1.6%
Total	**10,348,117**	**100.0%**	**376,693**	**100.0%**	**10,724,810**	**100.0%**	**40,563**	**100.0%**	**136,149**	**100.0%**	**176,712**	**100.0%**

Credit quality of restructured exposures

Unit: thousand euros

	Gross carrying amount/nominal amount of exposures with forebearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which, collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which, defaulted	Of which, impaired				
Loans and advances	**375,988**	**617,438**	**614,163**	**614,163**	**19,207**	**230,182**	**628,131**	**338,181**
Central banks	0	0	0	0	0	0	0	0
Central governments	1,105	5,791	5,791	5,791	1	33	0	0
Credit institutions	0	0	0	0	0	0	0	0
Other financial corporations	6	0	0	0	2	0	0	0
Non-financial corporations	282,725	494,629	492,180	492,180	16,801	184,583	489,295	275,941
Individuals	92,151	117,018	116,192	116,192	2,403	45,566	138,837	62,240
Debt securities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Signature credit (Off-balance sheet)	**0**	**0**	**0**	**0**	**0**	**0**	**21,229**	**0**
Total	**375,988**	**617,438**	**614,163**	**614,163**	**19,207**	**230,182**	**649,360**	**338,181**

Credit quality of non-productive exposures by days overdue

Unit: thousand euros

	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
		Not overdue or overdue ≤ 30 days	Overdue > 30 days ≤ 90 days		Unlikely to pay that are not overdue or are overdue ≤ 90 days	Overdue > 90 days ≤ 180 days	Overdue > 180 days ≤ 1 year	Overdue > 1 year ≤ 2 years	Overdue > 2 years ≤ 5 years	Overdue > 5 years ≤ 7 years	Overdue > 7 years	Of which, defaulted
Loans and advances	**10,273,937**	**11,175,642**	**37,008**	**938,714**	**526,879**	**68,268**	**66,122**	**72,808**	**101,468**	**48,616**	**54,552**	**927,525**
Central banks	976,136	976,136	0	0	0	0	0	0	0	0	0	0
Central governments	539,084	539,084	0	8,337	8,337	0	0	0	0	0	0	8,337
Credit institutions	56,888	56,888	0	0	0	0	0	0	0	0	0	0
Other financial corporations	129,995	129,995	0	0	0	0	0	0	0	0	0	0
Non-financial corporations	4,938,677	5,862,849	14,541	719,257	427,170	47,311	49,855	55,026	73,572	35,323	31,001	711,741
Of which, SME	4,821,514	4,806,973	14,541	703,819	414,902	47,311	49,855	51,856	73,572	35,323	31,001	696,303
Individuals	3,633,157	3,610,691	22,466	211,120	91,372	20,957	16,267	17,782	27,897	13,293	23,552	207,447
Debt securities	**5,759,918**	**5,759,918**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Central banks	0	0	0	0	0	0	0	0	0	0	0	0
Central governments	5,225,676	5,225,676	0	0	0	0	0	0	0	0	0	0
Credit institutions	40,013	40,013	0	0	0	0	0	0	0	0	0	0
Other financial corporations	59,795	59,795	0	0	0	0	0	0	0	0	0	0
Non-financial corporations	434,434	434,434	0	0	0	0	0	0	0	0	0	0
Signature credit (Off-balance sheet)	**3,710,269**	**0**	**0**	**56,990**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**53,088**
Central banks	250,000	0	0	0	0	0	0	0	0	0	0	0
Central governments	37,662	0	0	0	0	0	0	0	0	0	0	0
Credit institutions	7,032	0	0	0	0	0	0	0	0	0	0	0
Other financial corporations	6,243	0	0	0	0	0	0	0	0	0	0	0
Non-financial corporations	3,044,756	0	0	52,454	0	0	0	0	0	0	0	49,735
Individuals	364,576	0	0	4,536	0	0	0	0	0	0	0	3,354
Total	**19,744,125**	**16,935,561**	**37,008**	**995,703**	**526,879**	**68,268**	**66,122**	**72,808**	**101,468**	**48,616**	**54,552**	**980,613**

Note: Included in the Loans and advances and Debt securities headings are the Balance sheet items "Financial assets at amortised cost" (gross value), "Cash balances at central banks" and "Other demand deposits".

Productive and non-productive exposures and their impairments

Unit: thousand euros

	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures - accumulated impairment and provisions			Non-performing exposures - accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		Of which, stage 1	Of which, stage 2		Of which, stage 2	Of which, stage 3		Of which, stage 1	Of which, stage 2		Of which, stage 2	Of which, stage 3			
Loans and advances	**10,273,937**	**9,772,605**	**526,972**	**938,714**	**11,189**	**927,525**	**60,300**	**34,548**	**25,822**	**335,371**	**414**	**334,957**	**785,042**	**6,983,002**	**507,865**
Central banks	976,136	976,136	0	0	0	0	0	0	0	0	0	0	0	0	0
Central governments	539,084	539,084	0	8,337	0	8,337	325	325	0	517	0	517	7	113,146	846
Credit institutions	56,888	56,888	0	0	0	0	16	16	0	0	0	0	0	0	0
Other financial corporations	129,995	129,989	7	0	0	0	148	146	2	0	0	0	3,037	125,855	0
Non-financial corporations	4,938,677	4,617,032	347,285	719,257	7,516	711,741	50,837	28,878	22,029	254,364	231	254,133	537,428	3,534,806	392,716
Of which, SME	4,821,514	4,478,782	342,732	703,819	7,516	696,303	50,679	28,681	21,998	242,969	231	242,738	526,022	3,478,198	389,686
Individuals	3,633,157	3,453,477	179,680	211,120	3,673	207,447	8,974	5,183	3,792	80,489	183	80,306	244,570	3,209,195	114,303
Debt securities	**5,759,918**	**5,758,022**	**1,897**	**0**	**0**	**0**	**3,584**	**3,577**	**7**	**0**	**0**	**0**	**0**	**0**	**0**
Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Central governments	5,225,676	5,225,676	0	0	0	0	3,137	3,137	0	0	0	0	0	0	0
Credit institutions	40,013	40,013	0	0	0	0	66	66	0	0	0	0	0	0	0
Other financial corporations	59,795	59,795	0	0	0	0	37	37	0	0	0	0	0	0	0
Non-financial corporations	434,434	432,537	1,897	0	0	0	344	337	7	0	0	0	0	0	0
Signature credit (Off-balance sheet)	**3,710,269**	**3,646,814**	**63,456**	**56,990**	**3,901**	**53,088**	**5,092**	**4,314**	**779**	**7,041**	**27**	**7,015**	**0**	**597,041**	**21,571**
Central banks	250,000	250,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Central governments	37,662	37,662	0	0	0	0	13	13	0	0	0	0	0	3,711	0
Credit institutions	7,032	7,032	0	0	0	0	5	5	0	0	0	0	0	92	0
Other financial corporations	6,243	6,242	1	0	0	0	10	10	0	0	0	0	0	343	0
Non-financial corporations	3,044,756	3,008,924	35,833	52,454	2,719	49,735	4,693	4,034	659	6,648	19	6,628	0	497,548	19,782
Individuals	364,576	336,953	27,622	4,536	1,182	3,354	371	252	119	394	7	386	0	95,346	1,789
Total	**19,744,125**	**19,177,441**	**592,324**	**995,703**	**15,090**	**980,613**	**68,977**	**42,439**	**26,608**	**342,412**	**441**	**341,971**	**785,042**	**7,580,043**	**529,436**

Guarantees obtained by repossession and execution procedures

Unit: thousand euros

	Collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes
Tangible fixed assets	**0**	**0**
Other than tangible fixed assets	**4,391**	**0**
Residential immovable property		
Commercial immovable property	4,381	0
Movable property	10	0
Equity and debt instruments	0	0
Other	0	0
Total	**4,391**	**0**

Maximum exposure to credit risk

As at 31 December 2019 and 2018, the maximum exposure to credit risk by type of financial instrument, excluding the securities in portfolio, may be summarised as follows (values in thousand euros):

As at 31 December 2019	Maximum exposure	Collateral	Credit improvement	Total
Cash, cash balances at central banks and other demand deposits (Note 5)	1,187,641	0	0	1,187,641
Financial assets held for trading (Note 6):	0			0
Derivatives	504	0	0	504
Debt securities	114,953	0	0	114,953
Non-trading financial assets mandatorily stated at fair value through profit or loss (Note 7):	0			0
Equity instruments	48,660	0	0	48,660
Financial assets stated at fair value through profit or loss (Note 8)	39,208	0		
Financial assets at fair value through other comprehensive income (Note 9):				
Equity instruments	16,712			
Debt securities	2,002,357	0	0	2,002,357
Financial assets at amortised cost (Note 10):				0
Debt securities	4,738,222	1,395,542	0	3,342,680
Loans and advances	9,813,931	7,511,002	1,052,886	1,250,043
Derivatives - Hedge accounting (Note 11)	131,034	0	0	131,034
	18,093,223	8,906,544	1,052,886	8,077,873
Off-balance sheet items	3,755,976	22,348	0	3,733,628
	3,755,976	22,348	0	3,733,628

As at 31 December 2018	Maximum exposure	Collateral	Credit improvement	Total
Cash, cash balances at central banks and other demand deposits (Note 5)	796,521	0	0	796,521
Financial assets held for trading (Note 6):				
Derivatives	29,257	0	0	29,257
Debt securities	104,600	0	0	104,600
Non-trading financial assets mandatorily stated at fair value through profit or loss (Note 7):	0			0
Equity instruments	48,134	0	0	48,134
Financial assets stated at fair value through profit or loss (Note 8)	66,149			
Financial assets at fair value through other comprehensive income (Note 9):				
Equity instruments	1,004	0	0	1,004
Debt securities	0			0
Financial assets at amortised cost (Note 10):	13,562			
Debt securities	2,261,783	2,179,491	0	82,292
Loans and advances	9,146,849	6,937,511	1,019,535	1,189,803
Derivatives - Hedge accounting (Note 11)	40,723	0	0	40,723
	12,508,582	9,117,002	1,019,535	2,292,335
Off-balance sheet items				
Off-balance sheet items	4,300,282	25,627	0	4,274,655
	4,300,282	25,627	0	4,274,655

Governance and Control System

Grupo Crédito Agrícola is a financial group of cooperative nature, composed of the Integrated System of Crédito Agrícola Mútuo which, in turn, consists of Caixa Central de Crédito Agrícola Mútuo and the Caixas de Crédito Agrícola Mútuo, and a series of specialised companies. In this context, a governance model and control system were established that accommodate the Group's characteristics. The duties of each intervenor are stipulated so as to ensure the validity and sustainability of the process of quantification of impairment, namely in terms of bodies of approval, areas of supervision and supporting areas, in particular involving:

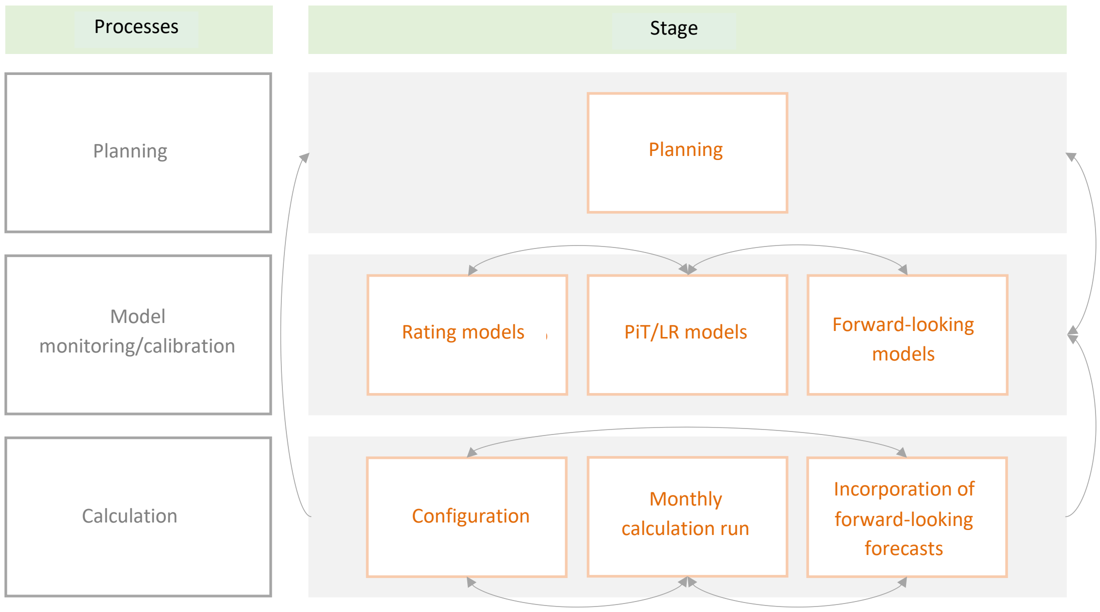
- The description of the intervenors of the process;
- Identification of the core activities associated to the process of monthly calculation of impairment losses and respective scheduling;
- Consideration of the process of recalibration of the models, configuration and updating of parameters.

In order to ensure the effective management of the impairment loss model, a cycle of activities is established by the governance model, as presented below:

i) The planning process should take place in accordance with the rules currently in force at Grupo Crédito Agrícola, implying the intervention of the different bodies established therein;

ii) Definition, maintenance and approval of the necessary models for calculation of impairment losses. This process presumes a periodic review of the model's reflection of reality. Whenever the calculations are made, their result should be incorporated in the decision-making process. The management cycle of the impairment model also seeks to ensure that it continues to appropriately reflect the individual and collective impairment.

iii) The configuration and calculation of impairment losses should be done on a monthly basis at the very minimum. Whenever the calculation is made, a report must be drawn up with the corresponding conclusions. Furthermore, every six months, the forward-looking forecasts of macroeconomic variable should be incorporated.



Investment Policy

GCA has established an Investment Policy with the concepts, principles, rules and business model applicable to the control of the activity in financial markets in concordance with the Investment Policy of Grupo Crédito Agrícola.

The investment policy pursues the following main purpose embodying its mission, namely ensuring that the remuneration of the available surplus liquidity is in keeping with adequate risk control in its application, in particular, credit risk, loan-to-deposit risk (i.e. lack of alignment between the permanence of assets and liabilities) and interest rate risk. This is reflected in the following general criteria:

- Investment in fixed yield securities with high credit risk quality, with the objective of guaranteed repayment of capital upon maturity.
- Mitigation of the consumption of own funds.
- Maintenance of the risk of the portfolio under management at suitable levels.
- Acquisition of issues that comply with the SPPI criteria.

Business models

In the context of the financial market activity, the following business models have been defined:

i) The business model called Base Coverage of Surplus Funds (CBRE) frames the management of an investment portfolio consisting solely of financial assets whose cash flows can be considered principal and interest (SPPI), particularly public debt bonds, but not necessarily exclusively, aimed at ensuring the profitability of GCA's (SICAM) commercial resources not directly allocated to funding its lending activity. In terms of earnings, the critical aspect associated to the Base Coverage of Surplus Funds business model is the generation of a stable margin over the cost of the financial resources used in the financing of the portfolio. In this case, the evolution of the fair value of the financial assets is not a critical aspect in assessment of the earnings associated to the Base Coverage of Surplus Funds business model, and the remuneration of its managers does not depend primarily on the fair value of the portfolio. This business model aims at holding to receive contractual financial flows and the assets associated to the Base Coverage of Surplus Funds business model should be measured at amortised cost.

ii) The business model called Coverage of TLTRO (CTLTRO) frames the management of an investment portfolio consisting exclusively of financial assets whose cash flows can be considered solely principal and interest (SPPI), particularly public debt bonds, but not necessarily exclusively, aimed at ensuring the profitability of resources obtained via participation in TLTRO II promoted by the ECB. In terms of earnings, the critical aspect associated to the Coverage of TLTRO business model is the generation of a stable margin over the cost of the financial resources used in the financing of the portfolio. In this case, the evolution of the fair value of the financial assets is not a critical aspect in assessment of the earnings associated to the Coverage of TLTRO business model, and the remuneration of its managers does not depend primarily on the fair value of the portfolio. This business model aims at holding to receive contractual financial flows and the assets associated to the Coverage of TLTRO business model should be measured at amortised cost.

iii) The business model called Dynamic Coverage of Surplus Funds (CDRE), complementing the Base Coverage of Surplus Funds business model, frames the management of an investment portfolio consisting exclusively of financial assets whose cash flows can be considered solely principal and interest (SPPI), particularly public debt bonds, but not necessarily exclusively. This business model aims to ensure profitability by combining the generation of net interest income as well as the net trading income of GCA's (SICAM) commercial resources not directly allocated to funding its lending activity. In terms of earnings, the critical aspect associated to the Dynamic Coverage of Surplus Funds business model is the combination of the generation of a stable margin over the cost of the financial resources used in the financing of the portfolio with the potential achievement of net trading income associated to sales in the case of a particularly favourable evolution of the fair value of the financial assets. This is a relevant aspect in the assessment of the earnings associated to the Dynamic Coverage of Surplus Funds business model, although not primarily determinant in the remuneration of its managers. This business model aims at holding to receive contractual financial flows and/or sell. The assets associated to the Dynamic Coverage of Surplus Funds business model should be measured at fair value through other comprehensive income.

iv) The business model called Dynamic Management of Own Treasury Positions (GDPPT) frames the management of a trading book consisting of financial assets whose cash flows can or cannot be considered solely principal and interest (SPPI), including derivative instruments. This business model aims to ensure profitability of own treasury positions, in particular through the achievement of net trading income. The critical aspect associated to the Dynamic Management of Own Treasury Positions business model is the achievement of net trading income associated to purchase and sale operations of financial assets. Therefore, the evolution of the fair value of the financial assets is particularly relevant in the assessment of the earnings associated to the Dynamic Management of Own Treasury Positions business model, although not primarily determinant in the remuneration of its managers. The object of this business model is not sale, so the assets associated to the Dynamic Management of Own Treasury Positions business model should be measured at fair value through profit or loss.

v) The business model called Dynamic Management of Own Treasury Positions by Third Parties (GDPPTRT) frames the management of a trading book by external entities consisting of financial assets whose cash flows can or cannot be considered solely principal and interest (SPPI), including derivative instruments. This business model aims to ensure profitability of own treasury positions, in particular through the achievement of net trading income. The critical aspect associated to the Dynamic Management of Own Treasury Positions by Third Parties business model is the achievement of net trading income associated to purchase and sale operations of financial assets. Therefore, the evolution of the fair value of the financial assets is particularly relevant in the assessment of the earnings associated to the Dynamic Management of Own Treasury Positions by Third Parties business model, although not primarily determinant in the remuneration of its managers. The object of this business model is not sale, so the assets associated to the Dynamic Management of Own Treasury Positions by Third Parties business model should be measured at fair value through profit or loss.

vi) The business model called Short-Term Liquidity Management (GLCP) frames the management of a portfolio of financial assets with short-term maturity whose cash flows can be considered solely principal and interest (SPPI), particularly treasury bills or equivalent assets, aimed at permitting the maintenance at all times of a comfortable level of immediate liquidity. The generation of earnings, whether associated to the generation of net interest income or the realisation of financial operations, is not particularly relevant in the Short-Term Liquidity Management business model. The evolution of the fair value of the financial is not a critical aspect of assessment of the earnings associated to the Short-Term Liquidity Management business model, and the remuneration of its managers does not primarily depend on the fair value of the portfolio. The assets associated to the Short-Term Liquidity Management business model should be measured at fair value through other comprehensive income.

vii) The business model called Operations of the Corporate Area (OPAE) frames structured loans by Caixa Central’s Corporate Department (DE) in the form of securitised loans, consisting of financial assets whose cash flows can be considered capital and interest ("SPPI"). In the case of operations that have their origin in the credit activity of the corporate area, they are allocated to the respective cost centre. In terms of earnings, the critical aspect associated to the Operations of the Corporate Area business model is the generation of a stable margin over the cost of the financial resources used in the financing of the portfolio. In this case, the evolution of the value of the financial assets is not a critical aspect in assessment of the earnings associated to the Operations of the Corporate Area business model, and the remuneration of its managers does not depend primarily on the fair value of the portfolio. The generation of results from financial operations is not a relevant factor in the Operations of the Corporate Area business model. This business model aims at holding to receive contractual financial flows and the assets associated to the Operations of the Corporate Area business model should be measured at amortised cost.

Management of the activity in financial markets

Considering the regulatory changes introduced by IFRS 9, it was decided that it was necessary to promote the internal development of an appropriate system for management of activity in financial markets, which incorporates processes of identification, measurement, analysis and monitoring of investments. To this end, under the aforesaid Policy, organisational and control procedures were developed, which shall be reviewed and updated at least annually or whenever considered necessary, with a view to prudent risk management. In the process of acquisition of debt instruments, there are managers responsible for accomplishing the SPPI test, ensuring the correct classification of the securities in the appropriate business models, compliance with the limits presented in the Investment Policy, the correct justification of exclusion from sales of indicators on the frequency of sales, if applicable, and the annual process of monitoring the frequency and amount of sales to check compliance with the business model of each portfolio.

Credit quality of the financial assets without default or impairments

As at 31 December 2019 and 2018, the credit quality of GCA's financial instruments with internal reference rating can be summarised as follows (in thousand euros):

Insurance activity (IAS 39)

	2019								
Assets	Aaa	Aa1	Aa2	Aa3	A1 to A3	Baa1 to B3	C	Undetermined	Total
Financial assets at FVTPL	15	-	-	-		9,773	-	29,420	39,208
Financial assets at FVTOCI	14,351	28,834	-	-	73,281	831,249	-	93,228	1,040,943
	14,366	28,834	0	0	73,281	841,022	0	122,648	1,080,151

	2018								
Assets	Aaa	Aa1	Aa2	Aa3	A1 to A3	Baa1 to B3	C	Undetermined	Total
Financial assets at FVTPL (negotiation, bonds FVTPL, and FVTPL)	-	-		-	-	-	-	29,255	29,255
Financial assets at FVTPL	-	-	-	-	-	10,131	-	37,976	48,107
Financial assets at FVTOCI	10,592	52,892	-	-	53,971	916,523	-	210,951	1,244,928
	10,592	52,892	0	0	53,971	926,654	0	278,182	1,322,290

All other activities (IFRS 9)

	2019								
Assets	Aaa	Aa1	Aa2	Aa3	A1 to A3	Baa1 to B3	C	Undetermined	Total
Financial assets at FVTPL (negotiation, bonds FVTPL, and FVTPL)	-	-	-	-	991	113,963	-	48,660	163,613
Financial assets at FVTOCI	-	-	-	-	-	942,148	-	35,977	978,126
Securities at amortised cost	-		1,038	10,725	25,183	4,259,659	-	94,261	4,390,866
	0	0	1,038	10,725	26,174	5,315,770	0	178,899	5,532,605

	2018								
Assets	Aaa	Aa1	Aa2	Aa3	A1 to A3	Baa1 to B3	C	Undetermined	Total
Financial assets at FVTPL (negotiation, bonds FVTPL, and FVTPL)	-	-	-	-	-	160,915	-	9,862	170,777
Financial assets at FVTOCI	-	-	-	-	-	541,715		488,701	1,030,416
Securities at amortised cost	-	2,995	-	-	-	4,721,864	-	79,094	4,803,953
	0	2,995	0	0	0	5,424,494	0	577,657	6,005,146

Grupo Crédito Agrícola's reference rating is based on the rating disclosed by the international agency Moody's, or if non-existent, the highest of the ratings disclosed by the agencies Fitch and Standard & Poors.

The main areas in which CA Vida is exposed to credit risk are:

- Amounts payable by reinsurers relative to indemnities that have already been paid;
- Credit risk of securities in portfolio;
- Counterpart risk due to transactions with derivatives.

The Company defines its acceptable credit risk levels by establishing limits to its exposure to a single counterpart or to the counterpart as a whole, and to geographic and sector segments. These risks are subject to an annual review or more frequent supervision. The limits of credit risk by category and geographic zone are approved annually by the Executive Board of Directors.

Exposures to entities in an individual manner and to entities of the same activity or geographic sector are attached to the continuous monitoring control associated to investments, with diversification limits being defined in the Company's investment policy. The credit risk of the entities to which the Company is exposed through debt securities issued by these entities is analysed using ratings of the independent external agencies Moody’s, Standard & Poors and Fitch. The adopted rating is the second best disclosed.

Fair value of financial assets and liabilities

The comparison between the fair value and book value of the main assets and liabilities, recorded at amortised cost, as at 31 December 2019 and 2018, is presented in the table below (in thousand euros):

Insurance activity (IAS 39)

	2019		
	Balances analysed		
	Book value	Fair value	Difference
Assets			
Financial assets at FVTPL	39,208	39,208	-
Financial assets at FVTOCI	1,040,943	1,040,943	-
Financial assets at amortised cost	-	-	-
	1,040,943	1,040,943	-
Liabilities			
Other liabilities - Insurance contracts	32,465	32,465	-
	32,465	32,465	-

	2018		
	Balances analysed		
	Book value	Fair value	Difference
Assets			
Financial assets held for trading	29,255	29,255	
Financial assets at FVTPL	48,108	48,108	-
Financial assets at FVTOCI	1,244,928	1,244,928	-
	1,322,291	1,322,291	-
Liabilities			
Other liabilities - Insurance contracts	66,558	66,558	-
	66,558	66,558	-

All other activities (IFRS 9)

	2019		
	Balances analysed		
	Book value	Fair value	Difference
Assets			
Cash, cash balances at central banks and other demand deposits	1,187,641	1,187,641	-
Financial assets held for trading	115,457	115,457	-
Non-trading financial assets mandatorily stated at fair value through profit or loss	48,660	48,660	-
Financial assets at FVTOCI	978,126	978,126	-
Financial assets at amortised cost	14,552,153	15,971,459	1,419,306
Derivatives- Hedge accounting	131,034	131,034	-
	17,013,071	18,432,378	1,419,306
Liabilities			
Financial liabilities measured at amortised cost	16,363,893	15,523,808	(840,085)
Derivatives- Hedge accounting	138,655	138,655	-
	16,502,548	15,662,463	(840,085)

	2018		
	Balances analysed		
	Book value	Fair value	Difference
Assets			
Cash, cash balances at central banks and other demand deposits	796,521	796,521	-
Financial assets at FVTPL	170,775	170,775	-
Financial assets at FVTOCI	1,030,416	1,030,416	-
Financial assets at amortised cost	14,691,113	14,929,926	238,813
	16,688,825	16,927,638	238,813
Liabilities			
Financial liabilities measured at amortised cost	15,790,553	15,846,492	55,939
	15,790,553	15,846,492	55,939

The main considerations on the fair value of the financial assets and liabilities are as follows:

- For sight balances, it was considered that the book value corresponds to fair value;
- The fair value for remaining instruments was determined by Caixa Central based on discounted cash flow models, taking into account the contractual conditions of the operations involved and using appropriate interests rates for the instruments, which included:

  a) Market interest rates for "Funds at credit institutions" and "Other subordinated liabilities";
  b) Interest rates applied in operations granted by the Group for comparable types of credit;
  c) Reference interest rates for issue of products for retail placement;
  d) Interest rates applied in intergroup operations conducted under the Legal System of Crédito Agrícola, namely the taking of funds from the Associated Caixas for centralised investment at Caixa Central.

Specific curves were used based on the application of the Euribor/Swap curve as at 31 December 2019 of the average spreads for operations carried out in the last three months prior to 31 December 2019. The following rates were applied:

	Euribor - Euribor / Swap	Credit Spread: Individuals	Credit Spread: Business	Mortgage Loan Spread	Spread: Customer Funds	Spread: Funds of Other Credit Institutions
1 day (overnight)	(0.45%)	4.59%	2.56%	1.38%	0.37%	0.45%
1 months	(0.44%)					
2 months	(0.42%)					
3 months	(0.39%)					
4 months	(0.37%)					
5 months	(0.35%)					
6 months	(0.33%)					
9 months	(0.29%)					
12 months	(0.25%)					
2 years	(0.31%)					
3 years	(0.27%)					
4 years	(0.21%)					
5 years	(0.16%)					
8 years	0.02%					
10 years	0.15%					
15 years	0.40%					
20 years	0.53%					
30 years	0.56%					

As established in IFRS 13, for purposes of presentation, the financial instruments recorded in the balance sheet at fair value are classified according to the following hierarchy:

Level 1 – Prices in active markets
This level includes financial instruments valued based on active market prices (enforceable bids), disclosed through trading platforms;

Level 2 – Valuation techniques based on market data
This level considers financial instruments valued by in-house models which use observable market data, namely interest rate or exchange rate curves.

Level 3 - Valuation techniques using inputs not based on observable market data
This level includes financial instruments valued based on in-house valuation methods essentially considering inputs not observable in markets with significant impact on the valuation of the instrument, or valued based on indicative bids calculated by third parties through valuation models.

As at 31 December 2019 and 2018, the method of calculation of the fair value of the financial instruments reflected in the financial statements can be summarised as follows:

Insurance activity (IAS 39)

	2019			
		Valuation Techniques		
	Prices in active market	Market data	Models	Total
Financial assets at fair value through profit or loss	39,127,213	80,478	-	39,207,691
Financial assets at FVTOCI	1,024,231,053	-	16,712,142	1,040,943,194
	1,063,358,266	-	16,712,142	1,080,150,885

	2018			
		Valuation Techniques		
	Prices in active market	Market data	Models	Total
Financial assets held for trading	29,255,527	-	-	29,255,527
Financial assets at fair value through profit or loss	10,131,364	37,976,280	-	48,107,644
Financial assets at FVTOCI	1,235,438,105	9,170,694	319,519	1,244,928,318
	1,274,824,996	47,146,974	319,519	1,322,291,489

Non-insurance activity (IFRS 9)

	2019			
		Valuation Techniques		
	Prices in active market	Market data	Models	Total
Financial assets held for trading	114,953,092	504,230	-	115,457,322
Non-trading financial assets mandatorily at FVTPL	-	-	48,659,816	48,659,816
Financial assets at FVTOCI	978,126,430	-	-	978,126,430
Financial assets at amortised cost	4,738,221,668	-	-	4,738,221,668
	5,831,301,190	504,230	48,659,816	5,880,465,236
Financial liabilities held for trading	-	302,647	-	302,647
	-	302,647	-	302,647

	2018			
		Valuation Techniques		
	Prices in active market (1)	Market data (2)	Models (3)	Total
Financial assets at FVTPL	126,215,908	34,699,215	9,862,099	170,777,222
Financial assets at FVTOCI	1,030,415,840	-	-	1,030,415,840
	1,156,631,748	34,699,215	9,862,099	1,201,193,062
Financial liabilities held for trading	-	1,178	-	1,178
	-	1,178	-	1,178

(1) Apart from the financial instruments listed on the stock exchange, this category includes securities valued based on active market prices, disclosed through trading platforms (Level 1).

(2) Valuation based on market interest rates, namely interest rate curves, swap curves and exchange rates (Level 2).

(3) Corresponds to securities valued through indicative bids disclosed by the issuer (Level 3).

Concentration Risk

Concentration risk management principles and policies

1. Risk management at GCA

Risk management is one of the priority areas for the Group, in recognition of its decisive impact in the creation of value.

The Executive Board of Directors of Caixa Central is responsible for defining the overall strategy on risk-taking, incorporating measurable goals relative to the risk that is intended to be taken and the desired profitability.

The Overall Risk Department (hereafter also referred to as DRG) and the Asset, Liability and Capital Committee (ALCCO), working closely with the other areas with responsibility in the field, play a crucial role in the definition of policies and procedures for risk management, subject to the approval of the Executive Board of Directors of Caixa Central.

1.1 Duties of the Overall Risk Department

In terms of risk management, Caixa Central, through the Overall Risk Department, is responsible for defining the overall principles and policies on risk management. This is accomplished by the development and provision of instruments for analysis and support to decision-making, calculation of impairment on a consolidated basis, ICAAP (Internal Capital Adequacy Assessment Process), design of models and systems to support the risk function, creation of rules and establishment of guidelines for procedures and processes.

The Overall Risk Department is responsible for supervising credit risk management and coordinating the management of all the other risks, from a strategic perspective. On the other hand, the Credit Risk Department (DRC) is responsible for assuring the operationalisation of the policies defined by the Overall Risk Department concerning credit risk at Caixa Central, with its local management being entrusted to the Caixas Agrícolas.

Concerning concentration risk, DRG is responsible for the execution of the Concentration Risk Management Model: identification of the relevant variables for the assessment, measurement of the associated concentration and preparation of in-house and external reporting.

In the process of identifying, assessing and monitoring Concentration Risk, the Overall Risk Department is also responsible for drawing up the reporting established in Banco de Portugal Instruction 23/2007, so as to enable calculation of the Individual Concentration Index stipulated in Banco de Portugal Instruction 5/2011.

1.2 Duties of the Asset, Liability and Capital Committee (ALCCO)

ALCCO is chaired by Caixa Central and includes various departments and bureaus directly responsible for:

1) Control of the activities related to the Balance Sheet of Caixa Central and GCA.
2) Risk control by production of management, accounting and reporting information for Caixa Central and GCA.

Among the duties performed by the ALCCO, it is particular entrusted with the following in the context of risk management:

- Assessment and on-going monitoring of the different financial risks (namely, concentration risk) to which GCA and Caixa Central are subject, ensuring their measurement and control based on predefined methods and indicators.
- Proposal to the Executive Board of Directors on pertinent risk thresholds for asset and liability management.

With regard to Concentration Risk, ALCCO is responsible for supervising the management of concentration in financial risks (in particular, interest rate, exchange, liquidity and market risk) with the contribution of the Financial Department, as well as monitoring overall concentration risk for the Group in coordination with the Overall Risk Department.

1.3 Duties of the Monitoring and Supervision Department

The duties of the Monitoring and Supervision Department (DAS), in the context of risk management, is to monitor and guide the management of the Associated Caixas, especially in terms of risk-taking policy.

Regarding the management of concentration risk, the Monitoring and Supervision Department is responsible for coordination between the Caixa Central bodies (DRG and ALCCO) and the Associated Caixas, with the latter being responsible for local management of concentration risk.

2. Integration of best practices in concentration risk management

According to the guidelines of the Basel Committee, the CEBS (Committee of European Banking Supervisors), institutions should implement a systematic practice for management of concentration risk, including identification, assessment, adjustment, monitoring and control.

The Basel Committee presents two alternative approaches to the management of concentration risk: basic approach (one-dimensional methodologies for assessment of concentration risk) and an advanced approach (use of internal models of economic capital which should adequately measure concentration risk, but which are sometimes limited by lack of data).

2.1 Measurement of concentration risk: implemented approach

GCA has progressively been implementing the management of concentration risk, and this will continue to receive the Group's attention and effort in the medium term.

The assessment of concentration risk (under the responsibility of the Overall Risk Department) is based on an appraisal of the credit, investment and funding portfolios, according to the different variables of relevance from a single and multi-dimensional point of view, using the Herfindahl and Gini indexes, as well as the Relative Weight of the Exposures. Where pertinent, a coefficient for the correlation of variables is also used in order to explore possible connections between variables at risk or to relate internal variables with the actual situation.

GCA's objective is to assure the permanent enhancement of the robustness of the methods use in concentration risk management.

2.2 Monitoring of concentration risk

GCA has established a Management Model to serve as a framework for monitoring and controlling concentration risk, by means of periodic review of the conducted concentration analyses and the implementation of risk prevention or corrective measures.

3. Common features that identify each concentration

Analysis of credit risk concentration

The concentration risk was analysed in the Portfolio of Credit to Customers of GCA (SICAM), as considered for the Group's prudential reporting (concerning credit to customers). The concept of exposure considered for the concentration analysis was the balance of the operation that has been used (which means the sum of the outstanding and overdue principal). This differs from the concept considered in the Annex to Instruction 5/2011 (in the calculation of the Index of Sectorial Concentration and the Index of Individual Concentration): Total Amount (sum of the balance used and the unused credit limits).

Single dimension analyses are conducted ((Region, Product Group, Rate, Guarantee, Customer, Activity Sector, Total Period, Residual Period) as well as multi-dimensional analyses (Product Group by Region, Activity Sector by Region and Guarantee by Product Group) of exposure to concentration risk. The multi-dimensional analysis by Product Group and Region aims to assess the level of concentration of the portfolio of credit to customers based in each region of the country in terms of distribution by Product Group. The multi-dimensional analysis by Activity Sector and Region aims to assess the level of concentration of the portfolio of credit to customers based in each region of the country in terms of distribution by Activity Sector (classification of economic activity - CAE). Within each multi-dimensional analysis mentioned, three regions were especially selected for concentration analysis. On a final note, the multi-dimensional analysis by Guarantee and Product Group aims to assess the level of concentration of the portfolio of credit to customers of a specific product group in terms of distribution by type of guarantee involved. For this last analysis, two product groups were chosen for concentration analysis.

3.1 Analysis by region

The "Region" variable was chosen to analyse the geographic concentration risk in Portugal, with the Domicile Branch having been considered as a reference for the region of the operation. The regions follow the classification in NUTS III, of the National Statistical Institute (INE).

An analysis was made of the correlation between the distribution of the portfolio of credit to customers by region and the GDP variable by region.

Another correlation analysis was made between the weight of the number of GCA Branches per region and the distribution of the GCA (SICAM) credit portfolio by region.

A further correlation analysis was made between the weight of customer credit and the proportion of impairment, by region.

It was also considered pertinent to compare the distribution of the GCA (SICAM) credit portfolio with the Portuguese banking sector.

3.2 Analysis by product group

The concentration of the distribution of the customer credit portfolio was analysed by type of Product Group.

The correlation was analysed between the weight of Customer Credit and the proportion of Impairment by Product Group.

3.3 Analysis by type of rate

A distribution of the Portfolio was drawn up (Weight by type of Rate: Balance Used and Production of Credit in the current year) and compared with the results of the analysis of Balance Used, Overdue Credit and Total Amount.

3.4 Analysis by guarantees

The customer credit portfolio concentration was analysed by type of guarantee, taking into account just one of the Guarantees available and recorded in the system, selected according to its relevance in a conceptually established hierarchy. The distribution of the Portfolio was drawn up and analysed (Weight by type of Guarantee: Balance Used and Production of Credit in the current year) and compared with the results of the analysis of Balance Used, Overdue Credit and Total Amount.
The correlation was analysed between the weight of Customer Credit and the proportion of Impairment by Guarantee.

3.5 Analysis by type of customer

The distribution of the Portfolio was drawn up (Weight by type of customer: Balance Used and Production of Credit in the current year) and compared with the results of the analysis of Balance Used, Overdue Credit and Total Amount.
The correlation was analysed between the weight of Customer Credit and the proportion of Impairment by Customer.
It was considered pertinent to compare the distribution of credit by type of customer at GCA (SICAM) with the Portuguese banking sector.

3.6 Analysis by economic activity sector (CAE)

The distribution of the Portfolio was drawn up (Weight by economic activity classification: Balance Used and Production of Credit in the current year) and compared with the results of the analysis of Balance Used, Overdue Credit and Total Amount.
The correlation was analysed between the weight of Customer Credit to Non-financial Companies in the Banking Sector and the GCA (SICAM) Credit Portfolio.

3.7 Analysis by total period

The distribution of the Portfolio was drawn up (Weight by Total Period bracket: Balance Used and Production of Credit in the current year) and compared with the results of the analysis of Balance Used, Overdue Credit and Total Amount.
It was considered pertinent to compare the distribution of credit by operation period at GCA (SICAM) with the Portuguese banking sector.

3.8 Analysis by residual period

The distribution of the Portfolio was drawn up (Weight by Residual Period bracket: Balance Used and Production of Credit in the current year) and compared with the results of the analysis of Balance Used, Overdue Credit and Total Amount.

3.9 Analysis by company size

The analysis by company size sought to investigate the concentration of credit granted by type of "Company" customer at Crédito Agrícola. In this study, the companies are distributed by turnover. “Large companies” have a turnover of more than 50 million euros, “Medium-sized companies” between 10 and 50 million euros, “Small” between 2 and 10 million euros, and “Micro companies” less than 2 million euros.

The distribution of the Portfolio was drawn up (Weight by Company Size: Balance Used and Production of Credit in the current year) and compared with the results of the analysis of Balance Used, Overdue Credit and Total Amount.

3.10 Analysis by product group in the Greater Lisbon Region

The multi-dimensional analysis by Product Group in the Greater Lisbon Region aims to assess the level of concentration of the credit portfolio based in this region in terms of its distribution by Product Group.
The regions of Lisbon, the West and the Algarve were selected due to showing highest concentration in the single dimension analysis of GCA's (SICAM) credit portfolio by region.
The distribution of the Portfolio was drawn up (Weight by Product Group in Lisbon: Balance Used and Production of Credit in the current year) and compared with the results of the analysis of Balance Used, Overdue Credit and Total Amount.

3.11 Analysis by product group in the West Region

The multi-dimensional analysis by Product Group in the West Region aims to assess the level of concentration of the credit portfolio based in this region in terms of its distribution by Product Group.
The distribution of the Portfolio was drawn up (Weight by Product Group in the West: Balance Used and Production of Credit in the current year) and compared with the results of the analysis of Balance Used, Overdue Credit and Total Amount.

3.12 Analysis by product group in the Algarve Region

The multi-dimensional analysis by Product Group in the Algarve Region aims to assess the level of concentration of the credit portfolio based in this region in terms of its distribution by Product Group.
The distribution of the Portfolio was drawn up (Weight by Product Group in the West: Balance Used and Production of Credit in the current year) and compared with the results of the analysis of Balance Used, Overdue Credit and Total Amount.

3.13 Analysis by activity sector in the Lisbon Region

The multi-dimensional analysis by Activity Sector in Lisbon aims to assess the level of concentration of the credit portfolio based in the Lisbon region in terms of its distribution by Activity Sector.
The distribution of the Portfolio was drawn up (Weight by Activity Sector in Lisbon: Balance Used and Production of Credit in the current year) and compared with the results of the analysis of Balance Used, Overdue Credit and Total Amount.

3.14 Analysis by activity sector in the West Region

The multi-dimensional analysis by Activity Sector in the West aims to assess the level of concentration of the credit portfolio based in the West region in terms of its distribution by Activity Sector.
The distribution of the Portfolio was drawn up (Weight by Activity Sector in the region: Balance Used and Production of Credit in the current year) and compared with the results of the analysis of Balance Used, Overdue Credit and Total Amount.

3.15 Analysis by activity sector in the Algarve Region

The multi-dimensional analysis by Activity Sector in the Algarve aims to assess the level of concentration of the credit portfolio based in the West region in terms of its distribution by Activity Sector.

The distribution of the Portfolio was drawn up (Weight by Activity Sector in the region: Balance Used and Production of Credit in the current year) and compared with the results of the analysis of Balance Used, Overdue Credit and Total Amount.

3.16 Analysis by type of guarantee for credit for business activity

The multi-dimensional analysis by Type of Guarantee for credit granted to companies to finance their business aims to assess the level of concentration of the credit portfolio of this product group in terms of its distribution by Type of Guarantee.

The distribution of the Portfolio was drawn up (Weight by Type of Guarantee for Credit for Business Activity: Balance Used and Production of Credit in the current year) and compared with the results of the analysis of Balance Used, Overdue Credit and Total Amount.

3.17 Analysis by type of guarantee for credit for business investments

The multi-dimensional analysis by Type of Guarantee for credit granted to companies for investment purposes aims to assess the level of concentration of the credit portfolio of this product group in terms of its distribution by Type of Guarantee.

The distribution of the Portfolio was drawn up (Weight by Type of Guarantee for Credit for Business Investment: Balance Used and Production of Credit in the current year) and compared with the results of the analysis of Balance Used, Overdue Credit and Total Amount.

Analysis of credit risk concentration of the portfolio of resources

4.1 Analysis by region

The “Region” variable was chosen to analyse the geographic concentration risk of the portfolio of resources in Portugal.

The correlation was analysed between the weight of the number of Branches per region and the distribution of the GCA's (SICAM) portfolio of resources per region.

The correlation was also analysed between the Distribution of Deposits and Equivalent by District in Portugal (Banking Sector) and GCA (SICAM).

4.2 Analysis by product group

The concentration of the distribution of the portfolio of resources was analysed by type of Product Group.

4.3 Analysis by customer

The concentration of the distribution of the portfolio of resources was analysed by type of Customer, between individuals and companies, with the latter being divided by type of economic activity.

The correlation was also analysed between the weight of each type of Customer in Portugal (Banking Sector) and at GCA (SICAM).

The correlation was also analysed between the types of customers of funds at other credit institutions and in the GCA (SICAM) Portfolio of Resources by Institutional Sector.

4.4 Analysis by activity sector

The concentration of the distribution of the portfolio of resources was analysed by Activity Sector.

4.5 Analysis by residual period

The concentration of the distribution of the portfolio of resources was analysed by Residual Period.

4.6 Analysis by amount

The concentration of the distribution of the portfolio of resources was analysed by category of Amount.

4.7 Analysis by residual period for category of amount: 5 to 25 thousand euros

A multi-dimensional analysis was made of the concentration of the distribution of the portfolio of resources associated to the category of Amount of 5 to 25 thousand euros by residual period.

The categories of amount with significant concentration were selected, following their single dimension analysis.

4.8 Analysis by residual period for category of amount: 25 to 50 thousand euros

A multi-dimensional analysis was made of the concentration of the distribution of the portfolio of resources associated to the category of Amount of 25 to 50 thousand euros by Residual Period.

The categories of amount with significant concentration were selected, following their single dimension analysis.

<u>Analysis of liquidity risk concentration</u>

The Concentration Risk was analysed for the SICAM Balance Sheet headings. The concept of exposure considered for the analysis of concentration was the cash flow as at 31 December 2013.

The analysis is made according to the residual maturity of the Asset and Liability headings and Liquidity Gap.

1. ANALYSIS OF THE ASSETS

Total Assets were analysed from the perspective of their residual maturity. The same was done for the most representative/concentrated headings.

2. ANALYSIS OF THE LIABILITIES

The Total Liabilities were analysed from the perspective of their residual maturity. The same was done for the most representative/concentrated headings.

3. LIQUIDITY GAP ANALYSIS

The Liquidity Gap was analysed from the perspective of its residual maturity (Positive Gap and Negative Gap).

Specific risks of insurance activity

Insurance companies incur risks through insurance contracts, which are classified in the category of specific insurance risk.

Nature of specific insurance risk

Specific insurance risk includes the risks inherent to the marketing of insurance contracts, associated to product design and pricing, the process of subscription and provisioning for liabilities, and the management of claims and reinsurance. These risks are applicable to all activity branches and can be subdivided into different sub-risks:

a) Product design risk: risk of an insurance company taking on risky exposure derived from features of products that had not been anticipated during the phase of design and definition of the price of the contract.
b) Premium risk: related to claims to occur in the future, relative to policies currently in force, whose premiums have already been charged or are fixed. The risk is that the premiums that have already been charged or are fixed may prove insufficient to cover all the future liabilities derived from these contracts (underpricing).
c) Subscription risk: risk of exposure to financial loss related to selection and approval of the risks to be insured.
d) Provisioning risk: this is the risk that the constituted provisions for claims prove insufficient to meet costs related to claims that have already been submitted.
e) Claims rate risk: this is the risk that more claims may be submitted than expected, or that some claims have costs that are much higher than expected, leading to unexpected losses.
f) Retention risk: this is the risk that a higher retention of risks (less reinsurance protection) may cause losses due to the occurrence of catastrophic events or higher claim rate.

There is also catastrophic risk, derived from extreme events which imply the devastation of property, or the death/injury of people, generally due to natural disasters (earthquakes, hurricanes, floods). This is the risk that a single event, or series of enormous events, normally in a short period (up to 72 hours), implies a significant deviation in the number and cost of claims, in relation to what had been expected.

Management of specific insurance risk

Specific insurance risk is managed by the Companies through operating procedures with embedded preventive control and detection, highly automated, run by skilled staff and with clear responsibilities for senior management:

a) Product design (new products and changes to existing products) and pricing, which identifies the risks derived from the coverage and sums insured, defines systems to determine premiums, checks the adequacy of the reinsurance programme associated to new products, verifies compliance with legal rules and standards and in-house regulations, conducts a full test programme, and defines the training plan and outsourcing of services associated to the new product. The prices applied to risks are adjusted according to pricing factors, which enables assessing the risk level associated to each insurance contract, determined on the basis of technical actuarial studies.
b) Distribution and management of the risk portfolio, which includes definition of the subscription policies, levels of delegation of power in acceptance of risk, incentive schemes for sales and the subscription of new insurance, and the procedures for portfolio management and review of premiums. The rules for accepting risk are stipulated in the supporting IT systems, and blocking and warning mechanisms are established whenever any of these rules are broken. In cases where there are conditions attached to risk acceptance, the subscription is made centrally, with written evidence of the conditions and the person responsible for the decision.

c) Provisioning, under which the technical provisions are defined and managed, assuring coverage of the Company's obligations towards insured persons and claimants, based on studies assessing the adequacy of provisions prepared regularly by the appointed actuary.
d) Claims management, under which payments are made to claimants, assuring: (i) the treatment and management of claims in a timely fashion; (ii) rigorous compliance with the law, regulations and in-house rules; (iii) minimisation of the average cost of claims, without compromising the fair treatment of all claimants and injured persons.
e) Reinsurance management, which carries out the specification, implementation, monitoring, reporting and control of treaties and other conditions agreed with the reinsurers. The reinsurance policy plays a crucial role in mitigating specific insurance risks, enabling greater stabilisation of net income and solvency levels, the more efficient use of the available capital and an increase in the Company's capacity to take on risks.

The management of specific insurance risk is also backed by a variety of studies carried out by the technical office and by the actuaries in charge, analysing the adequacy of the pricing, identifying the types of risk and the most profitable segments, and determining suitable value for the technical provisions.

46. PRUDENTIAL RATIOS

From 1 January 2014 onwards, the solvency of European banking has been assessed through the Common Equity Tier 1 (CET1) ratio, under the Basel III Agreement.

On 31 December 2019, Grupo Crédito Agrícola's own funds reached 1,620 million euros, representing a reinforcement of 181 million euros in relation to the same period of the previous year. The main level 1 own funds ratio (Common Equity Tier 1) stood at 16.0%, as did the level 1 own funds ratio (Tier 1). Overall, the total capital ratio was at the same percentage 16.5%, clearly meeting the minimum requirements set by the regulator.

Thousand euros, except %	Dec-16	Dec-17	Dec-18	Dec-19	Δ 19/18
Total Own Funds	**1,226,780**	**1,386,622**	**1,439,273**	**1,620,680**	**12.6%**
Common Equity Tier 1	1,162,531	1,322,266	1,370,693	1,570,197	14.6%
Level 1 Own Funds (Tier 1)	1,162,531	1,322,266	1,370,693	1,570,197	14.6%
Level 2 Own Funds (Tier 2)	64,249	64,356	68,580	50,483	-26.4%
Exposure value [b]	**17,198,912**	**17,088,950**	**18,210,705**	**18,914,672**	**3.9%**
Risk weighted exposure amounts	**8,543,940**	**9,007,913**	**9,035,025**	**9,809,804**	**8.6%**
Credit	7,423,991	7,868,701	7,818,830	8,724,207	11.6%
Market	0	36,768	85,166	140,020	64.4%
Operational	1,117,636	1,100,211	1,084,993	922,774	-15.0%
Credit assessment adjustment (CVA)	2,314	2,234	46,037	22,803	-50.5%
Solvency ratios [a]					
Common equity tier 1	13.6%	14.7%	15.2%	16.0%	0.83 p.p.
Tier 1	13.6%	14.7%	15.2%	16.0%	0.83 p.p.
Total	14.4%	15.4%	15.9%	16.5%	0.59 p.p.

(a) The ratios are calculated in accordance with the rules of Directive 2013/36/EU (CRD IV - Capital Requirements Directive) and Regulation (EU) 575/2013 (CRR - Capital Requirements Regulation).

(b) includes on-balance sheet, off-balance sheet and derivative positions, net of impairment.

Note: Unaudited information

The metrics and indicators used by Grupo Crédito Agrícola as to how to monitor Capital are as follows:

Type	Indicator	Risk profile	Alert limits
Equity	Common Equity Tier 1 ratio	>12.0%	10.5%
Equity	Total Own Funds ratio	>12.5%	11.5%
Equity	Leverage ratio	>3.5%	3.1%

47. RESOLUTION FUND

Under the banking resolution mechanisms implemented over the last few years at a European level, the credit institutions of Grupo Crédito Agrícola, like most of the credit institutions operating in Portugal, are participants in the Portuguese Resolution Fund and in the European Single Resolution Fund.

a) Portuguese Resolution Fund

The Resolution Fund is a legal person governed by public law with administrative and financial autonomy, created by Decree-Law 31-A/2012, of 10 February, which is ruled by the Legal Framework of Credit Institutions and Financial Companies (RGICSF) and by its regulation. Its mission is to provide financial support to the resolution measures applied by Banco de Portugal, in the capacity of national resolution authority, and to perform all other duties entrusted by the law concerning the execution of these measures.

The credit institutions of Grupo Crédito Agrícola make contributions to the Resolution Fund which result from the application of a rate defined annually by Banco de Portugal based essentially on the amount of their liabilities. In 2019 the periodic contribution made by Grupo Crédito Agrícola (SICAM) came to 2,245,470 euros.

Under its responsibility as the supervisory and resolution authority of the Portuguese financial sector, Banco de Portugal, on 3 August 2014, decided to apply a resolution measure to Banco Espírito Santo, S.A. ("BES"), under number 5 of article 145-G of the Legal Framework of Credit Institutions and Financial Companies ("RGICSF"), which consisted of the transfer of most of its assets to a transition bank, named Novo Banco, S.A. ("Novo Banco"), created especially for the purpose.

The Resolution Fund provided 4,900 million euros for the payment of the share capital of Novo Banco, of which 377 million euros corresponded to its own financial resources. A loan of 700 million euros was also granted by a banking syndicate to the Resolution Fund, with the participation of each credit institution having weighted according to various factors, including its size. The remaining amount (3,823 million euros) came from a repayable loan granted by the Portuguese State.

In December 2015, the national authorities decided to sell the majority of the assets and liabilities associated to the activity of Banif – Banco Internacional do Funchal, S.A. ("Banif") to Banco Santander Totta, S.A. ("Santander Totta"), for 150 million euros, also in the context of the application of a resolution measure. This operation involved an estimated public support of 2,255 million euros, aimed at covering future contingencies, with 489 million euros financed by the Resolution Fund and 1,766 million euros directly by the Portuguese State. In the context of this resolution measure, the assets of Banif which were identified as problematic were transferred to an asset management vehicle, created for the purpose – Oitante, S.A., with the Resolution Fund being the sole holder of its share capital, through the issue of bonds representing the debt of this vehicle, of the value of 746 million euros, backed by the Resolution Fund and counter-backed by the Portuguese State.

The resolution measures applied in 2014 to BES (a process that gave rise to the creation of Novo Banco) and in 2015 to Banif generated uncertainties related to the risk of litigation involving the Resolution Fund, which is significant, as well as the risk of a possible insufficiency of resources to ensure compliance with the liabilities, in particular the repayment in the short-term of the contracted loans.

It was in this scenario that, in the second semester of 2016, the Portuguese Government reached an agreement with the European Commission to change the conditions of the loans granted by the Portuguese State and banks participating in the Resolution Fund, so as to preserve financial stability via the promotion of conditions conferring predictability and stability to the effort of contributing to the Resolution Fund. To this end, a formal amendment was made to the financing contracts of the Resolution Fund which introduced a series of alterations to the repayment plans, remuneration rates and other terms and conditions associated to these loans so that they should be adjusted to the Resolution Fund's capacity to fully comply with its obligations based on its own regular revenue. This means, without requiring that the banks participating in the Resolution Fund should be charged special contributions or any other type of exceptional contribution.

According to the press release of the Resolution Fund dated 31 March 2017, the review of the conditions of the loans granted by the Portuguese State and participant banks sought to ensure the sustainability and financial balance of the Resolution Fund, based on a stable, predictable and affordable charge for the banking sector. Based on this review, the Resolution Fund assumed that the full payment of the Resolution Fund's liabilities is assured, as well as the respective remuneration, without requiring special contributions or any other type of exceptional contributions by the banking sector.

Also on 31 March 2017, Banco de Portugal disclosed that the Lone Star Fund had been selected to purchase Novo Banco. This purchase was completed on 17 October 2017, with the new shareholder having injected 750 million euros, which will be followed by a new capital entry of 250 million euros, to be paid up over the next three years. The Lone Star Fund now holds 75% of the share capital of Novo Banco and the Resolution Fund holds the remaining 25%. Moreover, the approved conditions include a contingent capitalisation mechanism, under the terms of which the Resolution Fund, as shareholder, can be called upon to inject capital in the event of certain cumulative conditions materialising, related to: (i) the performance of a restrictive set of assets of Novo Banco, and (ii) the evolution of the bank's capitalisation levels, namely the foreseen issue on the market of 400 million euros of Tier 2 equity instruments. Any capital injections that may be made pursuant to this contingent mechanism are subject to an absolute maximum limit.

Notwithstanding the possibility established in the applicable legislation of charging special contributions, in view of the renegotiation of the conditions of the loans granted by the Portuguese State and by a banking syndicate, in which Caixa Central is included, and the press releases made by the Resolution Fund and by the Office of the Minister of Finance which refer to this possibility not being used, the present financial statements reflect the Board of Directors' expectation that GCA (SICAM) will not be required to make special contributions or any other type of exceptional contributions to finance the resolution measures applied to BES and Banif, as well the contingent capitalisation mechanism referred to in the previous paragraph. Any changes in relation to this matter could have relevant implications for GCA's financial statements.

b) European Single Resolution Fund

In addition to the Portuguese Resolution Fund, as mentioned above, Crédito Agrícola also participates in the European Single Resolution Fund.

The European Single Resolution Fund, financed by the European banking sector, is intended to support the resolution of banks at risk or situations of insolvency, after having depleted other options such as the internal recapitalisation of the institutions.

The European Single Resolution Fund is an integral part of the Single Resolution Mechanism, which is the European system for resolution of non-viable banks. In the Single Resolution Mechanism, the responsibility for the resolution of credit institutions is shared between the Single Resolution Board and the national resolution authorities of the Member States of the euro zone, among which Banco de Portugal, and other countries of the European Union that decide to join the Banking Union. The Single Resolution Mechanism seeks to ensure the orderly resolution of banks in situations of insolvency at minimum costs for taxpayers and the real economy.

The Single Resolution Mechanism became fully operational on 1 January 2016.

In 2019 the periodic contribution made by Grupo Crédito Agrícola (SICAM) to the European Single Resolution Fund came to 3,365,867 euros.

48. SUBSEQUENT EVENTS

In view of the international public health emergency declared by the World Health Organisation on 30 January 2020 and the classification of the new coronavirus as a pandemic on 11 March 2020, the GCA Business Continuity Plan was activated on 16 March 2020 and the document systematising the COVID-19 Pandemic Response Strategy was completed on 20 March 2020, with a description of the measures (level of response and action) recommended to minimise the risks of transmission of the pathogen among employees and stakeholders (e.g. customers, service providers, supervisory bodies) and with a view to ensuring the continuity of services at Grupo Crédito Agrícola.

In this context, despite promoting the use of digital channels (online, mobile, hotline), the Group maintains most of its branch network in operation (93 branches out of a total of 653 were closed as at 31 December) and ensures the continuity of payment and transfer services as well as the SIBS and own ATM network (B24).

Given (1) the deterioration of the world macroeconomic scenario and of the prospects of an economic impact on the main economic blocks, on the eurozone and, necessarily, on the Portuguese economy, (2) developments in financial and capital markets, on the one hand, financial support measures have been taken by governments and, on the other hand, additional support measures via monetary policy by the main world central banks, namely interest rate cuts (e.g. FED), acquisition of assets (e.g. FED, ECB), among others.

Taking into account the uncertainty observed in the main financial and capital markets and with a view to anticipating and possibly mitigating impacts, the Central Bank has been:

(i) monitoring financial and capital market developments, in particular:
   a. the eurozone public debt markets and the spreads between debt issued by eurozone countries and German public debt securities, in particular Portuguese, Spanish and Italian public debt, sovereign states to which Caixa Central is highly exposed;

b. the bond markets of corporate issuers and financial institutions, to which Caixa Central is exposed, albeit by a substantially lower value.

ii) simulating preliminary impacts on the individual and consolidated financial statements using more conservative assumptions and scenarios in relation to the current situation and the outlook at the planning and budgeting date for the year 2020.

In the more conservative preliminary scenarios, a potential material negative impact on GCA's projected net income for 2020 as a result of the pandemic is identified. However, full compliance is being maintained with the main prudential ratios, namely solvency and leverage, so that the sustainability and continuity of the Group is not called into question

In this context, bearing in mind the activity carried out and the information available at the present date, the Board of Directors of Caixa Central does not estimate any material effects at the level of the individual financial statements for 2019, arising from the subsequent event related to the impact of the COVID-19 pandemic.

Given the uncertainty that still exists in relation to the magnitude of the effects arising from the pandemic, which will still depend on future developments, the Executive Board of Directors of Caixa Central is unable to estimate with adequate reliability the future impacts of the coronavirus on the national economy and in particular on the activity and financial situation of Caixa Central and the Group.

The Executive Board of Directors of Caixa Central will continue to monitor the situation on a daily basis and promote the updating of estimates based on information that arises internally and externally, based on the various external sources to which it has access, in order to adopt the most appropriate response, impact mitigation and/or recovery measures to the estimated or verified impacts.

ANNEX 1: INVENTORY OF THE PORTFOLIO OF SECURITIES

GRUPO CRÉDITO AGRÍCOLA
INVENTORY OF SECURITIES AS AT 31 DECEMBER 2019
(Amounts in euros)

Nature and type	ISIN	Nominal value	Quantity	Book value	Gains/Losses	Impairment
Debt instruments						
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	67,400,000	775,697	-	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	241	278,902	-	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	206	237,272	-	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	475	474,061	-	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	10,400,000	93,761	-	-
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	40,200,000	462,656	-	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	144	166,647	-	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	123	141,672	-	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	285	284,437	-	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	6,200,000	55,896	-	-
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	355	355,293	-	267
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,090	-	15
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	-	6
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,162	-	11
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	318	318,565	-	220
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	20	20,086	-	14
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	594	598,013	-	388
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	59,200,000	681,324	-	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	214	247,656	-	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	183	210,780	-	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	420	419,170	-	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	9,300,000	83,844	-	-
PORTUGAL REPUBLIC	PTOTEUOE0019	0.01	121,800,000	1,262,101	-	932
PORTUGAL REPUBLIC	PTOTETOE0012	0.01	100,000,000	946,894	-	736
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,090	-	15
PORTUGAL REPUBLIC	PTOTEAOE0021	0.01	100,000,000	1,067,845	-	839
PORTUGAL REPUBLIC	PTOTEQOE0015	0.01	100,000,000	1,128,605	-	729
PORTUGAL REPUBLIC	PTOTEKOE0011	0.01	100,000,000	956,666	-	775
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	-	6
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,162	-	11
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	318	318,565	-	220
PORTUGAL REPUBLIC	PTOTEUOE0019	0.01	500,000,000	5,430,639	-	4,017
PORTUGAL REPUBLIC	PTOTEUOE0019	0.01	100,000,000	1,147,530	-	850
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,090	-	15
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	-	6
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,162	-	11
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	20	20,086	-	14
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	594	598,013	-	388
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	20	20,635	618	16
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,714	624	16
REPUBLIC OF ITALY	IT0005340929	1,000.00	7,270	6,895,447	-	5,880
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,090	-	15
PORTUGAL REPUBLIC	PTOTEROE0014	0.01	100,000,000	1,147,903	-	854
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	-	6
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	309	311,499	-	174
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	155,000,000	1,783,873	-	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	559	646,914	-	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	478	550,563	-	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	1,105	1,102,816	-	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	24,200,000	218,175	-	-
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	355	355,293	-	267
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,162	-	11
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	20	20,017	-	15
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,090	-	15
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,162	-	11
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	318	318,565	-	220
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	181	181,774	-	123
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	594	598,013	-	388
REPUBLIC OF ITALY	IT0005358806	1,000.00	7,000	8,447,026	1,185,277	7,217
REPUBLIC OF ITALY	IT0004923998	1,000.00	1,800	2,636,335	172,147	2,267
PORTUGAL REPUBLIC	PTOTEBOE0020	0.01	331,200,000	4,470,301	-	3,499
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	115,200,000	1,325,820	-	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	413	477,953	-	-

Nature and type	ISIN	Nominal value	Quantity	Book value	Gains/Losses	Impairment
KINGDOM OF SPAIN	ES0000012E69	1,000.00	353	406,587	-	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	820	818,379	-	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	17,800,000	160,476	-	-
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	20	20,635	618	16
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,714	624	16
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,325	214	6
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	309	321,850	9,472	181
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	20	20,796	709	14
PORTUGAL REPUBLIC	PTOTETOE0012	0.01	150,000,000	1,782,889	120,677	1,405
PORTUGAL REPUBLIC	PTOTEKOE0011	0.01	150,000,000	1,751,426	100,434	1,428
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	309	321,850	10,352	181
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	355	355,293	0	267
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	309	311,499	0	174
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	181	181,774	0	123
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	20	20,135	0	13
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	355	355,293	0	267
PORTUGAL REPUBLIC	PTOTEVOE0018	0.01	500,000,000	5,176,678	0	4,285
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,090	0	15
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	0	6
PORTUGAL REPUBLIC	PTOTETOE0012	0.01	100,000,000	997,478	0	776
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	0	6
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,162	0	11
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	318	318,565	0	220
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	20	20,086	0	14
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	40,200,000	462,656	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	143	165,490	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	123	141,672	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	285	284,437	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	6,200,000	55,896	0	-
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	0	6
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	318	318,565	0	220
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	181	181,774	0	123
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	242	243,635	0	158
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	355	366,262	10,970	276
PORTUGAL REPUBLIC	PTOTEAOE0021	0.01	50,000,000	602,883	63,449	478
PORTUGAL REPUBLIC	PTOTEQOE0015	0.01	100,000,000	1,287,924	145,947	870
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,090	0	15
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	0	6
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	309	311,499	0	174
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	318	318,565	0	220
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	594	598,013	0	388
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	99,100,000	1,140,528	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	356	411,988	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	305	351,300	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	705	703,607	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	15,400,000	138,839	0	-
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	355	355,293	0	267
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	0	6
PORTUGAL REPUBLIC	PTOTETOE0012	0.01	250,000,000	2,495,518	0	1,941
PORTUGAL REPUBLIC	PTOTEQOE0015	0.01	80,000,000	924,445	0	598
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	144,200,000	1,659,577	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	519	600,623	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	444	511,401	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	1,030	1,027,964	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	22,400,000	201,947	0	-
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	355	355,293	0	267
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,090	0	15
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	0	6
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,162	0	11
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	20	20,036	0	14
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	401,400,000	4,619,655	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	1,448	1,675,727	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	1,236	1,423,631	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	2,865	2,859,337	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	62,500,000	563,469	0	-
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	20	20,017	0	15
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,090	0	15
PORTUGAL REPUBLIC	PTOTECOE0029	0.01	500,000,000	5,211,369	0	1,676
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	0	6
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,162	0	11
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	20	20,036	0	14
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	20	20,086	0	14
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	37,200,000	428,129	0	-

Nature and type	ISIN	Nominal value	Quantity	Book value	Gains/Losses	Impairment
REPUBLIC OF ITALY	IT0005377152	1,000.00	133	153,917	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	114	131,306	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	265	264,476	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	5,700,000	51,388	0	-
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	20	20,017	0	15
PORTUGAL REPUBLIC	PTOTEAOE0021	0.01	130,000,000	1,448,320	0	1,138
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,162	0	11
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	20	20,036	0	14
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	181	181,774	0	123
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	355	355,293	0	267
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,090	0	15
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,162	0	11
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	20	20,036	0	14
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	20	20,086	0	14
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	20	20,135	0	13
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	75,200,000	865,466	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	270	312,463	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	231	266,067	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	535	533,943	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	11,700,000	105,481	0	-
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	355	355,293	0	267
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	0	6
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,162	0	11
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	20	20,036	0	14
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	20	20,017	0	15
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	309	311,499	0	174
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	318	318,565	0	220
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	20	20,086	0	14
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	40,200,000	462,656	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	143	165,490	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	123	141,672	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	285	284,437	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	6,200,000	55,896	0	-
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	355	366,262	10,970	276
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,832	670	12
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	166	172,603	6,308	119
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	20	20,905	819	14
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	20	20,951	816	14
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	181	181,774	0	123
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	594	598,013	0	388
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	20	20,635	618	16
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,714	624	16
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,325	299	6
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,832	670	12
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	20	20,796	760	14
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	20	20,905	819	14
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	318	318,565	0	220
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	120,800,000	1,390,270	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	436	504,570	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	373	429,623	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	865	863,290	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	18,900,000	170,393	0	-
PORTUGAL REPUBLIC	PTOTETOE0012	0.01	200,000,000	1,946,604	0	1,514
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	20	20,017	0	15
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	0	6
PORTUGAL REPUBLIC	PTOTEUOE0019	0.01	150,000,000	1,581,851	0	1,169
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	0	6
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,162	0	11
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	20	20,036	0	14
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	20	20,086	0	14
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	117,700,000	1,354,593	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	442	511,513	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	361	415,802	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	843	841,334	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	18,200,000	164,082	0	-
PORTUGAL REPUBLIC	PTOTEUOE0019	0.01	200,000,000	2,021,960	0	1,493
PORTUGAL REPUBLIC	PTOTEAOE0021	0.01	100,000,000	1,063,668	0	836
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,162	0	11
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	20	20,036	0	14
PORTUGAL REPUBLIC	PTOTEYOE0007	0.01	270,000,000	2,838,537	0	1,439
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	355	355,293	0	267
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,090	0	15
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	0	6
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,162	0	11

Nature and type	ISIN	Nominal value	Quantity	Book value	Gains/Losses	Impairment
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	120	120,213	0	83
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	20	20,086	0	14
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	20	20,135	0	13
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	145,700,000	1,676,841	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	529	612,196	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	448	516,009	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	1,042	1,039,940	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	22,700,000	204,652	0	-
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	201	201,859	0	137
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	535	538,614	0	349
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	115,500,000	1,329,273	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	415	480,267	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	355	408,891	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	823	821,373	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	17,900,000	161,377	0	-
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	20	20,017	0	15
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,090	0	15
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	0	6
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	309	311,499	0	174
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	318	318,565	0	220
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	99	99,423	0	67
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	34,000,000	391,301	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	122	141,187	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	104	119,788	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	240	239,526	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	5,300,000	47,782	0	-
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	20	20,635	618	16
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,714	624	16
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,325	299	6
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,832	670	12
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	301	315,314	12,281	206
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	90	90,160	0	62
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	78,800,000	906,898	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	284	328,665	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	243	279,889	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	565	563,883	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	12,300,000	110,891	0	-
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	355	366,262	10,970	276
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,714	624	16
PORTUGAL REPUBLIC	PTOTECOE0029	0.01	50,000,000	524,980	17,123	173
PORTUGAL REPUBLIC	PTOTEAOE0021	0.01	50,000,000	602,883	54,887	478
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,325	266	6
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,832	653	12
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	181	189,188	7,415	129
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	594	622,248	21,871	406
PORTUGAL REPUBLIC	PTOTEUOE0019	0.01	300,000,000	3,560,809	0	2,640
PORTUGAL REPUBLIC	PTOTEUOE0019	0.01	80,000,000	878,755	0	650
PORTUGAL REPUBLIC	PTOTETOE0012	0.01	300,000,000	2,943,645	0	2,289
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	51,800,000	596,159	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	196	226,825	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	160	184,289	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	369	368,271	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	8,100,000	73,026	0	-
PORTUGAL REPUBLIC	PTOTETOE0012	0.01	200,000,000	2,377,185	436,308	1,873
PORTUGAL REPUBLIC	PTOTETOE0012	0.01	100,000,000	979,716	0	762
PORTUGAL REPUBLIC	PTOTEVOE0018	0.01	100,000,000	1,016,890	0	842
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	20	20,635	618	16
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,162	0	11
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	318	318,565	0	220
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	20	20,086	0	14
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	535	538,614	0	349
PORTUGAL REPUBLIC	PTOTECOE0029	0.01	550,000,000	5,629,648	0	1,809
PORTUGAL REPUBLIC	PTOTEAOE0021	0.01	500,000,000	4,743,888	0	3,723
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,325	299	6
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,832	670	12
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	20	20,905	819	14
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	594	622,248	24,235	406
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	75,800,000	872,371	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	273	315,935	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	234	269,522	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	540	538,933	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	11,800,000	106,383	0	-
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	103,800,000	1,194,619	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	375	433,976	0	-

Nature and type	ISIN	Nominal value	Quantity	Book value	Gains/Losses	Impairment
KINGDOM OF SPAIN	ES0000012E69	1,000.00	320	368,578	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	745	743,527	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	16,200,000	146,051	0	-
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	355	355,293	0	267
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,090	0	15
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	0	6
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	309	311,499	0	174
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	20	20,036	0	14
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	20	20,086	0	14
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	20	20,135	0	13
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	58,800,000	676,721	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	212	245,341	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	182	209,628	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	420	419,170	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	9,200,000	82,943	0	-
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	355	355,293	0	267
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,090	0	15
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	0	6
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	318	318,565	0	220
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	20	20,086	0	14
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	20	20,135	0	13
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	20	20,017	0	15
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,090	0	15
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,162	0	11
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	20	20,086	0	14
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	20	20,135	0	13
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,090	0	15
PORTUGAL REPUBLIC	PTOTEROE0014	0.01	140,000,000	1,626,363	0	1,210
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	20	20,135	0	13
PORTUGAL REPUBLIC	PTOTECOE0029	0.01	500,000,000	5,121,939	0	1,646
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	219	219,190	0	165
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,090	0	15
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,162	0	11
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	20	20,036	0	14
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	148	148,638	0	101
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	20	20,136	0	13
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	78,300,000	901,144	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	281	325,193	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	241	277,585	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	555	553,903	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	12,200,000	109,989	0	-
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	0	6
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	270	270,223	0	203
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	309	311,499	0	174
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	318	318,565	0	220
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	181	181,774	0	123
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	594	598,013	0	388
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	0	6
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	18,300,000	210,612	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	68	78,694	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	58	66,805	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	135	134,733	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	2,900,000	26,145	0	-
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	66,000,000	759,585	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	239	276,588	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	205	236,120	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	475	474,061	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	10,300,000	92,860	0	-
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,325	0	-
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,832	0	-
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	228,300,000	2,627,472	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	820	948,962	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	701	807,415	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	1,625	1,621,788	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	35,400,000	319,149	0	-
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	20	20,017	0	15
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,090	0	15
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,162	0	11
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	318	318,565	0	220
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	594	598,013	0	388
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	158,000,000	1,818,399	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	569	658,487	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	487	560,929	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	1,130	1,127,767	0	-

Nature and type	ISIN	Nominal value	Quantity	Book value	Gains/Losses	Impairment
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	24,600,000	221,781	0	-
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	20	20,017	0	15
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,090	0	15
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	0	6
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	140	140,599	0	95
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	594	598,013	0	388
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	115,800,000	1,332,726	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	416	481,424	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	356	410,042	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	820	818,379	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	18,000,000	162,279	0	-
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	20	20,635	618	16
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,325	299	6
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,832	670	12
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	20	20,796	760	14
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	355	355,293	0	267
PORTUGAL REPUBLIC	PTOTVMOE0000	1,000.00	20	20,090	0	15
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	10	10,026	0	6
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	20	20,162	0	11
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	318	318,565	0	220
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	181	181,774	0	123
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	594	598,013	0	388
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	96,200,000	1,107,152	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	347	401,573	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	297	342,086	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	685	683,646	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	15,000,000	135,233	0	-
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	33,700,000	387,848	0	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	125	144,659	0	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	103	118,636	0	-
REPUBLIC OF ITALY	IT0005383309	1,000.00	240	239,526	0	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	5,200,000	46,881	0	-
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	20	20,017	0	15
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	20	20,135	0	13
PORTUGAL REPUBLIC	PTOTEVOE0018	0.01	250,000,000	2,582,917	0	2,138
REPUBLIC OF ITALY	IT0005358806	1,000.00	10,000	12,067,180	0	-
SANTANDER CONSUMER FINANCE	XS2078692105	100,000.00	10	990,896	0	-
COCA COLA HBC FINANCE B.V.	XS2082345955	1,000.00	2,000	1,957,920	0	-
FRESENIUS MEDICAL CARE AG & CO.KGaA	XS2084488209	1,000.00	1,000	1,001,417	0	-
REPUBLIC OF ITALY	IT0005311508	1,000.00	25,000	25,100,317	-9,921	21,021
PORTUGAL REPUBLIC	PTOTVLOE0001	1,000.00	425	438,483	5,402	330
PARPUBLICA-PARTICIPAÇÕES PUBLICAS (SGPS), SA	XS0230315748	1,000.00	25,550	26,448,168	-20,446	15,429
REPUBLIC OF ITALY	IT0005371890	1,000.00	50,000	50,056,000	11,511	13,541
KINGDOM OF SPAIN	ES0000012E69	1,000.00	100,000	115,180,470	-761,336	45,529
PORTUGAL REPUBLIC	XS1085735899	1,000.00	35,000	35,199,440	-478,373	26,572
REPUBLIC OF ITALY	IT0005387086	1,000.00	50,000	50,053,000	10,231	11,935
REPUBLIC OF ITALY	IT0005374266	1,000.00	50,000	50,057,000	10,036	16,861
REPUBLIC OF ITALY	IT0005383531	1,000.00	50,000	50,044,000	10,372	8,493
GRUPO PESTANA SGPS , SA	PTGRPCOE0002	10,000.00	350	3,550,680	7,876	1,026
NOS SGPS SA	PTNOSBOE0004	100,000.00	100	10,254,233	201,082	16,905
OC INTERNATIONAL INVESTMENTS B.V	ES0305088009	100,000.00	100	10,109,339	33,061	21,368
DAVIDE CAMPARI- MILANO S.P.A.	XS1300465926	1,000.00	5,000	5,135,189	63,430	18,792
SAUDAÇOR- SOCIEDADE GESTORA DE RECURSOS E EQUIPAME	PTSDRCOE0002	10,000.00	500	5,152,322	151,278	10,795
PORTUGAL REPUBLIC	PTOTVGOE0008	1,000.00	39,519	40,804,860	197,486	25,283
GRUPO PESTANA SGPS , SA	PTGRPEOE0000	100,000.00	20	2,097,054	63,039	3,677
REPUBLIC OF ITALY	IT0005185456	1,000.00	285,000	287,850,158	854,927	211,251
PORTUGAL REPUBLIC	PTOTVHOE0007	1,000.00	64,600	67,286,463	506,777	37,912
ACTIVIDADES DE CONSTRUCCION Y SERVICOS S.A.	XS1207309086	100,000.00	47	4,830,762	21,117	7,869
REPUBLIC OF ITALY	IT0005218968	1,000.00	30,000	30,180,526	293,369	23,370
PORTUGAL REPUBLIC	PTOTVIOE0006	1,000.00	47,168	49,044,238	559,241	33,852
PORTUGAL REPUBLIC	PTOTVJOE0005	1,000.00	14,359	15,008,529	213,432	10,196
MADEIRA REGIONAL GOVERNMENT	PTRAMXOM0006	10,000.00	900	9,245,140	235,995	6,774
REDE FERROVIARIA NACIONAL- REFER EP	PTCPEDOM0000	50,000.00	18	970,922	23,558	3,232
PORTUGAL REPUBLIC	PTOTVKOE0002	1,000.00	9,321	9,764,265	118,276	6,375
PORTUGAL REPUBLIC	PTOTEUOE0019	0.01	28,300,000,000	335,747,434	0	248,949
PORTUGAL REPUBLIC	PTOTETOE0012	0.01	22,000,000,000	239,699,919	0	186,659
KINGDOM OF SPAIN	ES00000128X2	1,000.00	255,700	256,034,958	0	55,893
PORTUGAL REPUBLIC	PTOTEYOE0007	0.01	33,500,000,000	360,276,336	0	182,802
KINGDOM OF SPAIN	ES00000128P8	1,000.00	70,000	71,285,542	0	26,161
REPUBLIC OF ITALY	IT0005170839	1,000.00	304,000	302,183,092	0	255,825
PORTUGAL REPUBLIC	PTOTEVOE0018	0.01	68,835,000,000	700,366,509	0	579,637
KINGDOM OF SPAIN	ES00000123C7	1,000.00	25,000	33,069,252	0	12,060
KINGDOM OF SPAIN	ES00000122E5	1,000.00	29,500	35,961,081	0	13,073
KINGDOM OF SPAIN	ES00000124C5	1,000.00	50,000	65,242,809	0	25,198

Nature and type	ISIN	Nominal value	Quantity	Book value	Gains/Losses	Impairment
REPUBLIC OF ITALY	IT0001444378	1,000.00	15,000	20,724,473	0	17,289
REPUBLIC OF ITALY	IT0003256820	1,000.00	108,500	150,878,471	0	122,732
KINGDOM OF SPAIN	ES00000128Q6	1,000.00	233,500	250,064,352	0	97,230
AUTONOMOUS REGION OF THE AZORES	PTRAADOM0004	75,000.00	100	7,687,067	0	6,083
AIB GROUP PLC	XS1849550592	1,000.00	9,000	9,100,929	0	15,130
banco de sabadell alicante	XS1876076040	100,000.00	100	10,107,335	0	14,406
PORTUGAL REPUBLIC	PTOTECOE0029	0.01	6,000,000,000	62,912,177	0	20,230
CAISSE CENTRAL DESJARDINS DU QUEBEC	XS1885605391	1,000.00	3,000	2,997,787	0	27,658
EDP FINANCE BV	XS1893621026	1,000.00	7,500	7,561,215	0	10,745
SES LUXEMBOURG	XS0600056641	1,000.00	3,000	3,268,828	0	990
WESTPAC BANKING CORPORATION - SYDNEY	XS1506396974	1,000.00	1,000	997,523	0	422
SPAREBANK NORWAY	XS1576650813	1,000.00	5,000	5,014,939	0	1,569
SECURITAS AB SWEDEN	XS1379779827	1,000.00	1,000	1,025,480	0	2,150
CEZ AS PRAHA	XS0502286908	1,000.00	5,000	6,015,070	0	2,621
MORGAN STANLEY CAPITAL GROUP INC - NEW YORK	XS1050547857	1,000.00	1,000	1,041,560	0	402
NATIONAL AUSTRALIA BANK - MELBURNE	XS1167352613	1,000.00	1,500	1,525,573	0	630
BMW US CAPITAL	DE000A1ZZ010	1,000.00	5,000	5,035,741	0	23,346
SANTANDER CONSUMER FINANCE	XS1824235219	100,000.00	20	1,992,107	0	1,052
SANTANDER CONSUMER FINANCE	XS1888206627	100,000.00	20	1,998,181	0	1,181
RAIFFEISEN BANK INTERNATIONAL AG - VIENNA	XS1852213930	100,000.00	10	999,727	0	554
SKANDINAVISKA ENSKILDA BANKEN	XS1033940740	1,000.00	1,000	1,038,274	0	147
WESTPAC BANKING CORPORATION - SYDNEY	XS1722859532	1,000.00	1,000	987,204	0	601
RABOBANK NEDERLAND AU	XS0525602339	1,000.00	1,000	1,199,158	0	443
KINGDOM OF SPAIN	ES0000012B88	1,000.00	5,000	5,049,499	0	1,941
KINGDOM OF SPAIN	ES00000127Z9	1,000.00	83,000	89,707,829	0	32,290
KINGDOM OF SPAIN	ES0000012E51	1,000.00	78,000	79,391,338	0	29,742
KINGDOM OF SPAIN	ES0000012E69	1,000.00	295,000	339,019,328	0	133,095
EDP FINANCE BV	XS2053052895	1,000.00	1,000	997,451	0	1,426
BARCLAYS BANK PLC LONDON (AGENT)	XS2019574354	1,000.00	5,000	5,003,150	0	4,321
KINGDOM OF SPAIN	ES00000124W3	1,000.00	25,000	28,924,327	0	9,725
KINGDOM OF SPAIN	ES00000122D7	1,000.00	69,000	71,805,707	0	7,715
KINGDOM OF SPAIN	ES00000123U9	1,000.00	28,500	34,291,870	0	9,894
PORTUGAL REPUBLIC	PTOTEAOE0021	0.01	10,600,000,000	123,574,974	0	97,160
PORTUGAL REPUBLIC	PTOTEQOE0015	0.01	21,850,000,000	270,888,624	0	175,681
PORTUGAL REPUBLIC	PTOTEKOE0011	0.01	5,435,000,000	58,864,775	0	47,728
REN FINANCE BV	XS1189286286	1,000.00	1,000	1,072,125	0	3,294
ALBEMARLE CORP	XS1148074518	1,000.00	5,000	5,122,047	0	3,981
PORTUGAL REPUBLIC	PTOTESOE0013	0.01	14,000,000,000	146,762,414	0	114,882
KINGDOM OF SPAIN	ES0000012C12	1,000.00	50,000	50,030,554	0	20,349
BIAL PORTELA & COMPANHIA, S.A.	PTBPCDOM0003	100,000.00	200	20,080,500	0	115,439
JOSÉ DE MELLO SAÚDE S.A.	PTJLLKOM0009	10,000.00	500	5,016,667	0	14,301
PORTUGAL REPUBLIC	PTOTESOE0013	0.01	2,500,000	26,881	-1,086	19
REPUBLIC OF ITALY	IT0005383309	1,000.00	94	93,814	-	-
REPUBLIC OF ITALY	IT0005377152	1,000.00	51	59,021	-	-
FEDERAL REPUBLIC OF GERMANY	DE0001102481	0.01	2,000,000	18,031	-	-
PORTUGAL REPUBLIC	PTOTEXOE0024	0.01	13,300,000	153,068	-	-
KINGDOM OF SPAIN	ES0000012E69	1,000.00	41	47,224	-	-
BBVASM 6.75% 29/12/49 - 20	XS1190663952	6,600,000	1	6,694,230	-	-
DEMETR 4.75% 20/03/22	XS1071977539	4,000,000	1	4,630,978	-	-
DEMETR 4.9% 20/03/22	XS1071975830	4,000,000	1	4,608,844	-	-
DEMETR 5.1% 20/03/22	XS1071973389	4,000,000	1	4,664,667	-	-
DEMETR 5.25% 20/03/2022	XS1071974601	4,000,000	1	4,742,133	-	-
DEMETR 5.25% 20/03/22	XS1071972225	4,000,000	1	4,745,333	-	-
SOCGEN 0 13/08/26	XS1386463944	5,400,000	1	5,923,260	-	-
BTPS 1.35% 01/04/2030	IT0005383309	105,000	1	104,792	-	-
BTPS 2% 01/02/2028	IT0005323032	100,000	1	107,653	-	-
BTPS 2.8% 01/03/1967	IT0005217390	120,000	1	126,145	-	-
BTPS 3% 01/08/2029	IT0005365165	100,000	1	116,460	-	-
BTPS 3.1% 01/03/40	IT0005377152	250,000	1	289,318	-	-
DBR 0% 15/08/1950	DE0001102481	17,500	1	15,777	-	-
PGB 1.95% 15/06/2029	PTOTEXOE0024	312,000	1	359,076	-	-
PGB 5.65% 15/02/2024	PTOTEQOE0015	1,220,500	1	1,571,912	-	-
ROMANI 4,625% 03/04/2049	XS1968706876	100,000	1	126,622	-	-
SPGB 1.95% 30/07/2030	ES00000127A2	260,000	1	300,013	-	-
AZORES 1,006% 15/06/2029	PTRAACOM0013	5,200,000	1	5,274,596	10,325	-
AZORES 1.85% 21/08/2025	PTRAADOM0004	13,275,000	1	13,965,363	83,125	-
BTPS 1.35% 01/04/2030	IT0005383309	105,000	1	44,322,216	-331,231	-
BTPS 2% 01/02/2028	IT0005323032	100,000	1	74,280,485	471,893	-
BTPS 2.05% 01/08/2027	IT0005274805	2,500,000	1	2,695,592	-82,293	-
BTPS 2.55% 15/09/2041	IT0004545890	24,000,000	1	35,117,403	-562,028	-
BTPS 2.8% 01/03/1967	IT0005217390	120,000	1	21,339,516	286,175	-
BTPS 3% 01/08/2029	IT0005365165	100,000	1	38,921,037	-15,778	-
BTPS 3.75% 01/05/2021	IT0004966401	2,400,000	1	2,540,187	82,701	-
BTPS 4% 01/09/2020	IT0004594930	200,000	1	208,225	432	-

Nature and type	ISIN	Nominal value	Quantity	Book value	Gains/Losses	Impairment
BTPS 4.50% 01/03/2024	IT0004953417	449,000	1	530,120	0	-
BTPS 4.75% 01/09/2028	IT0004889033	736,000	1	961,945	0	-
CHINA 0.5% 12/11/2031	XS2078533218	10,000,000	1	9,806,394	-14,663	-
DBR 0% 15/08/1950	DE0001102481	17,500	1	3,171,202	-209,147	-
DBR 0.25% 15/02/2029	DE0001102465	9,500,000	1	9,941,224	-3,028	-
FRTR 0.5% 25/05/2026	FR0013131877	440,000	1	460,990	0	-
GTB 0 % 12/06/2020	GR0004116423	6,200,000	1	6,192,498	4,685	-
IRISH 0.8% 15/03/2022	IE00BJ38CQ36	500,000	1	516,910	9,604	-
IRISH 2.4% 15/05/2030	IE00BJ38CR43	500,000	1	620,476	0	-
PGB 1.95% 15/06/2029	PTOTEXOE0024	312,000	1	116,092,146	-564,510	-
PGB 2,125% 17/10/2028	PTOTEVOE0018	780,000	1	900,902	-2,461	-
PGB 2.2% 17/10/2022	PTOTESOE0013	1,500,000	1	1,613,937	36,071	-
PGB 2.875% 21/07/26	PTOTETOE0012	3,000,000	1	3,565,778	281,312	-
ROMANI 4,625% 03/04/2049	XS1968706876	100,000	1	7,723,952	-153,816	-
SPGB 0.35% 30/07/2023	ES0000012B62	20,500,000	1	20,944,085	4,167	-
SPGB 1.85% 30/07/2035	ES0000012E69	8,000,000	1	9,214,438	2,593	-
SPGB 3.8% 30/04/2024	ES00000124W3	58,850,000	1	70,298,148	912,791	-
SPGB 4.4% 31/10/2023	ES00000123X3	11,478,000	1	13,573,577	43,368	-
SPGB 5.15% 31/10/2028	ES00000124C5	628,000	1	893,490	82	-
SPGB 5.85% 31/01/2022	ES00000123K0	46,700,000	1	55,277,459	268,493	-
ADIFAL 3.5% 27/05/2024	XS1072141861	4,000,000	1	4,666,868	90,534	-
CDEP 1,875% 07/02/2026	IT0005323438	5,600,000	1	5,973,004	30,085	-
EIBKOR 2% 30/04/2020	XS0925003732	800,000	1	816,502	453	-
MADRID 4,125% 21/05/2024	ES0000101602	4,800,000	1	5,770,540	196,808	-
MADRID 4,688% 12/03/2020	ES0000101396	1,100,000	1	1,151,235	1,758	-
ABANCA 4.625% 07/04/30-25	ES0265936015	800,000	1	854,489	4,274	-
ACAFP 4.55% 08/02/2022	FR0011170091	895,000	1	984,256	855	-
ACEIM 1% 24/10/2026	XS1508912646	1,600,000	1	1,644,445	1,782	-
ACEIM 2,625% 15/07/2024	XS1087831688	3,200,000	1	3,547,363	46,113	-
ADPFP 1.5% 24/07/2023	FR0012861821	1,100,000	1	1,163,170	0	-
AEMSPA 3,625% 13/01/2022	XS1004874621	4,500,000	1	4,987,435	42,380	-
ALB 1,875% 08/12/2021	XS1148074518	5,642,000	1	5,842,364	44,386	-
BACRED 0.75% 17/02/20	XS1551000364	2,500,000	1	2,518,409	1,500	-
BCPPL 0.75% 31/05/22	PTBCPIOM0057	3,000,000	1	3,069,436	7,456	-
BCPPL 4 1/2 12/07/27	PTBCPWOM0034	8,700,000	1	9,149,536	95,937	-
BKIASM 1% 14/03/2023	ES0413307127	700,000	1	730,645	0	-
OT 6% 15/06/20	XS1645651909	3,800,000	1	4,053,857	44,306	-
BMW 0.875% 17/11/20	XS1321956333	2,500,000	1	2,527,005	3,826	-
BNP 6.125% 29/12/49 - 22	XS1247508903	6,400,000	1	7,158,675	92,001	-
BNS 0,125% 04/09/2026	XS2049707180	2,400,000	1	2,354,399	-1,232	-
BPCEGP 0,875% 31/01/2024	FR0013312493	3,300,000	1	3,398,957	7,946	-
C 0.75% 26/10/23	XS1457608013	1,800,000	1	1,840,000	1,187	-
CABKSM 5.25% PERP - 26	ES0840609012	1,400,000	1	1,429,419	0	-
CABKSM 6.75% PERP - 24	ES0840609004	4,800,000	1	5,400,190	104,709	-
CARGIL 2.50% 15/02/2023	XS1031019562	1,650,000	1	1,813,118	18,989	-
CARPP 1% 25/03/2027	IT0005366288	1,500,000	1	1,593,461	8,477	-
CCL 1,875% 11/07/2022	XS1317305198	400,000	1	422,539	536	-
CNH 2,875% 27/09/2021	XS1114452060	2,350,000	1	2,482,546	13,435	-
CXGD 1% 27/01/22	PTCGH1OE0014	3,800,000	1	3,924,565	12,559	-
CXGD 1.25% 25/11/2024	PTCGDMOM0027	800,000	1	808,104	237	-
CXGD 5.98% 03/03/2028	PTCGHFOM0006	9,200,000	1	10,527,957	71,797	-
DAIGR 0,625% 27/02/2023	DE000A2RYD83	900,000	1	916,701	429	-
DANBNK 5.875% 29/04/49 - 22	XS1190987427	7,300,000	1	7,909,219	57,167	-
ECLEAR 1.125% 07/12/26	XS1529559525	2,600,000	1	2,721,076	13,700	-
EDF 5% 22/01/49 - 26	FR0011697028	2,000,000	1	2,382,413	64,487	-
EDPPL 0% 12/11/2023	XS0399353506	450,000	1	434,880	951	-
ELIASO 1,375% 27/05/2024	BE0002239086	2,200,000	1	2,327,754	10,145	-
ENGIFP 0% 04/03/2027-26	FR0013444775	2,600,000	1	2,540,694	-1,831	-
ENGIFP 3.875% PERP-24	FR0011942283	1,400,000	1	1,597,015	23,598	-
ENGSM 2.5% 11/04/2022	XS1052843908	1,800,000	1	1,934,375	19,471	-
ENIIM 0.625% 19/09/24	XS1493322355	7,200,000	1	7,356,160	14,287	-
ENIIM 2,625% 22/11/2021	XS0996354956	900,000	1	948,210	6,045	-
EOANGR 0% 29/09/2022	XS2091216205	1,000,000	1	997,610	-33	-
EVKGR 0,375% 07/09/2024	DE000A185QA5	1,800,000	1	1,818,447	0	-
F 1.114% 13/05/20	XS1232188257	1,800,000	1	1,816,599	906	-
FERROV 3.5% 13/12/2021	XS1004118904	2,500,000	1	2,661,228	20,697	-
FERSM 3,375% 07/06/2021	XS0940284937	1,600,000	1	1,709,421	12,011	-
GASSM 3.50% 15/04/2021	XS0981438582	2,300,000	1	2,468,851	15,122	-
GLENLN 2.75 01/04/21	XS1051003538	1,700,000	1	1,778,893	6,412	-
HAR 2% 27/05/2022	XS1238991480	3,000,000	1	3,156,751	3,861	-
HERIM 2,375% 04/07/2024	XS1084043451	2,100,000	1	2,322,202	31,677	-
IBESM 1.75% 17/09/23	XS1291004270	1,500,000	1	1,593,766	10,239	-
IBESM 2.5% 24/10/2022	XS1057055060	4,300,000	1	4,621,747	31,598	-
IREIM 0.875% 04/11/24	XS1511781467	5,700,000	1	5,834,877	18,570	-

Nature and type	ISIN	Nominal value	Quantity	Book value	Gains/Losses	Impairment
JEF 1% 19/07/2024	XS2030530450	1,300,000	1	1,310,879	444	-
KBCBB 0.75% 18/10/2023	BE0002266352	2,800,000	1	2,859,630	0	-
MAERSK 1.5% 24/11/22	XS1324446092	1,400,000	1	1,455,449	7,932	-
MLFP 1,125% 28/05/2022	XS1233732194	2,300,000	1	2,379,051	12,994	-
MRDGF 4.50% 04/12/2023	XS0998945041	3,400,000	1	3,936,247	39,566	-
MRK 0.5% 02/11/24	XS1513055555	3,200,000	1	3,273,619	8,246	-
MSFT 2,125% 06/12/2021	XS1001749107	1,000,000	1	1,042,612	5,053	-
NAB 0.625% 18/09/24	XS1685481332	1,000,000	1	1,022,116	0	-
NAB 0.875% 16/11/22	XS1321466911	200,000	1	206,301	0	-
NAB 2% 12/11/2020	XS0993248052	250,000	1	255,527	205	-
NDAQ 1.75% 19/05/2023	XS1418630023	1,140,000	1	1,204,930	3,474	-
NDAQ 3,875% 07/06/2021	XS0942100388	3,660,000	1	3,943,086	9,113	-
NHYNO 1,125% 11/04/2025	XS1974922442	1,250,000	1	1,292,068	3,950	-
NOSPL 1,125% 02/05/2023	PTNOSFOM0000	700,000	1	719,109	0	-
ODGR 2,375% 10/02/2021	XS1025752293	2,400,000	1	2,514,197	3,190	-
OMVAV 6.25% 29/12/49 - 25	XS1294343337	4,400,000	1	5,620,590	194,667	-
PBBGR 0,125% 05/09/2024	DE000A2NBKK3	3,800,000	1	3,756,184	-1,658	-
PKOBP 0.75% 25/07/2021	XS1650147660	1,900,000	1	1,926,483	252	-
RABOBK 3.25% PERP	XS2050933972	1,000,000	1	999,488	-47	-
RABOBK 5.5% 22/01/49 - 20	XS1171914515	9,600,000	1	9,814,949	9,517	-
REESM 2,125% 01/07/2023	XS1079698376	1,300,000	1	1,407,556	14,117	-
REESM 3,875% 25/01/2022	XS0876289652	800,000	1	893,485	9,537	-
RENAUL 0.25% 12/07/2021	FR0013322120	3,400,000	1	3,416,099	1,947	-
RENAUL 0.75% 10/04/2023	FR0013412699	1,800,000	1	1,819,837	805	-
RENAUL 1.25% 08/06/22	FR0012759744	4,000,000	1	4,124,222	9,113	-
RENEPL 4.75% 16/10/2020	XS0982774399	400,000	1	419,281	558	-
REPSM 2.125% 16/12/20	XS1334225361	3,700,000	1	3,785,954	6,222	-
REPSM 2,625% 28/05/2020	XS0933604943	900,000	1	924,546	289	-
REPSM 3.875% 29/12/49 - 21	XS1207054666	4,000,000	1	4,279,483	21,458	-
RIOLN 2,875% 11/12/2024	XS0863127279	700,000	1	791,946	17,820	-
RY 0,125% 23/07/2024	XS2031862076	2,300,000	1	2,287,465	-744	-
SANFP 1,875% 04/09/2020	FR0011560333	1,500,000	1	1,523,063	2,013	-
SRGIM 3.25% 22/01/24	XS1019326641	3,800,000	1	4,382,126	62,911	-
TELEFO 1.477% 14/09/21	XS1290729208	300,000	1	309,108	7,560	-
TELEFO 1,495% 11/09/2025	XS1877846110	3,800,000	1	4,042,417	18,221	-
TELEFO 3,987% 23/01/2023	XS0874864860	300,000	1	347,095	1,434	-
TELEFO 5.875 31/03/49 - 24	XS1050461034	6,500,000	1	7,862,158	101,149	-
UCGIM 1% 18/01/2023	XS1754213947	2,050,000	1	2,089,641	2,635	-
UCGIM 2,625% 31/10/2020	IT0004957137	800,000	1	822,636	700	-
UCGIM 3% 31/01/24	IT0004988553	800,000	1	923,650	5,639	-
UCGIM 4.875% 20/02/2029-24	XS1953271225	3,700,000	1	4,264,207	73,027	-
VALEBZ 3.75% 10/01/2023	XS0802953165	2,800,000	1	3,131,583	20,825	-
VOTORA 3.25% 25/04/2021	XS1061029614	3,500,000	1	3,692,043	18,011	-
VW 0.5% 30/03/21	XS1586555606	2,600,000	1	2,625,533	1,302	-
VW 0,625% 01/04/2022	XS1972547183	1,000,000	1	1,014,259	334	-
VW 2.7% PREP-22	XS1629658755	5,900,000	1	6,123,610	50,665	-
WFC 1,125% 29/10/2021	XS1130067140	400,000	1	409,759	394	-
BTPS 0.05% 15/04/2021	IT0005330961	2,500,000	1	2,507,441	54,904	-
BTPS 0.2% 15/10/2020	IT0005285041	2,500,000	1	2,509,791	33,712	-
BTPS 0.35% 15/06/20	IT0005250946	2,500,000	1	2,507,606	22,215	-
BTPS 3.75% 01/05/2021	IT0004966401	19,000,000	1	20,111,772	572,216	-
BTPS 4.50% 01/03/2024	IT0004953417	3,800,000	1	4,487,011	185,734	-
BTPS 4.75% 01/09/2028	IT0004889033	2,500,000	1	3,267,801	641,867	-
DBR 3% 04/07/2020	DE0001135408	6,000,000	1	6,200,856	85,101	-
FRTR 2.25% 25/10/22	FR0011337880	9,500,000	1	10,296,673	392,029	-
GTB 0 % 12/06/2020	GR0004116423	3,500,000	1	3,495,765	2,721	-
PGB 1.95% 15/06/2029	PTOTEXOE0024	9,500,000	1	10,933,415	-164,958	-
PGB 2.2% 17/10/2022	PTOTESOE0013	8,250,000	1	8,876,656	381,501	-
PGB 2.875% 21/07/26	PTOTETOE0012	5,500,000	1	6,537,259	721,150	-
PGB 4,125% 14/04/2027	PTOTEUOE0019	5,000,000	1	6,537,443	559,861	-
SPGB 0.4% 30/04/22	ES00000128O1	3,000,000	1	3,062,426	56,850	-
SPGB 1.6% 30/04/2025	ES00000126Z1	5,000,000	1	5,479,920	390,293	-
SPGB 4.4% 31/10/2023	ES00000123X3	2,800,000	1	3,311,542	92,016	-
SPGB 5.15% 31/10/2028	ES00000124C5	2,500,000	1	3,556,885	876,326	-
SPGB 5.5% 30/04/21	ES00000123B9	16,000,000	1	17,851,155	674,678	-
SPGB 5.85% 31/01/2022	ES00000123K0	4,400,000	1	5,208,860	108,720	-
MADRID 4,125% 21/05/2024	ES0000101602	500,000	1	601,154	89,673	-
ADIFAL 3.5% 27/05/2024	XS1072141861	1,000,000	1	1,166,813	148,608	-
ACAFP 4.55% 08/02/2022	FR0011170091	128,000	1	140,781	1,174	-
ACEIM 2,625% 15/07/2024	XS1087831688	500,000	1	554,311	50,525	-
AEMSPA 3,625% 13/01/2022	XS1004874621	1,000,000	1	1,108,418	72,873	-
ALB 1,875% 08/12/2021	XS1148074518	900,000	1	931,962	39,482	-
BACRED 0.75% 17/02/20	XS1551000364	400,000	1	402,954	542	-
BKIR 0.75% 08/07/2024-23	XS2023633931	1,150,000	1	1,161,474	10,652	-

Nature and type	ISIN	Nominal value	Quantity	Book value	Gains/Losses	Impairment
BMW 0.875% 17/11/20	XS1321956333	1,000,000	1	1,010,826	9,990	-
BNFP 2.60% 28/06/2023	FR0011527241	500,000	1	552,802	46,516	-
BPLN 1,526% 26/09/2022	XS1114477133	500,000	1	523,182	21,252	-
CAIXAB 1,375% 10/04/2024	ES0305045009	100,000	1	104,271	3,733	-
CCL 1,875% 11/07/2022	XS1317305198	100,000	1	105,640	1,340	-
CONGR 0% 05/02/20	XS1529561182	500,000	1	500,140	233	-
CXGD 1.25% 25/11/2024	PTCGDMOM0027	300,000	1	303,049	2,962	-
DAIGR 0,625% 27/02/2023	DE000A2RYD83	600,000	1	611,144	5,523	-
ECLEAR 1.125% 07/12/26	XS1529559525	500,000	1	523,299	27,725	-
EDF 2.75% 10/03/2023	FR0011318658	500,000	1	553,858	44,608	-
EDPPL 0% 12/11/2023	XS0399353506	50,000	1	48,320	974	-
ELEPOR 2% 22/04/2025	XS1222590488	300,000	1	328,416	24,536	-
ELEPOR 2,625% 18/01/2022	XS1111324700	500,000	1	539,354	28,175	-
ELIASO 1,375% 27/05/2024	BE0002239086	300,000	1	317,432	16,364	-
ENGSM 2.5% 11/04/2022	XS1052843908	300,000	1	322,416	19,577	-
ENIIM 2,625% 22/11/2021	XS0996354956	500,000	1	526,819	25,642	-
ENIIM 4.25% 03/02/20	XS0741137029	250,000	1	260,617	1,016	-
ESBIRE 3,494% 12/01/2024	XS0992646918	500,000	1	583,629	67,385	-
FCABNK 1.25% 21/06/2022	XS1954697923	1,250,000	1	1,290,382	34,385	-
FERROV 3.5% 13/12/2021	XS1004118904	500,000	1	532,293	32,565	-
FERROV 4% 22/07/20	XS0954248729	300,000	1	311,854	6,919	-
FERSM 3,375% 07/06/2021	XS0940284937	500,000	1	534,240	11,638	-
FUMVFH 0.875% 27/02/23 - 22	XS1956028168	400,000	1	409,741	-1,974	-
GASSM 3.50% 15/04/2021	XS0981438582	500,000	1	536,755	24,625	-
GLENLN 2.75 01/04/21	XS1051003538	500,000	1	523,241	13,736	-
HAR 2% 27/05/2022	XS1238991480	300,000	1	315,692	2,238	-
HEIANA 1% 04/05/26	XS1401174633	1,500,000	1	1,575,813	84,222	-
HERIM 2,375% 04/07/2024	XS1084043451	1,190,000	1	1,315,992	94,640	-
HOLNVX 2.625% 07/09/2020	XS0825829590	500,000	1	513,785	10,014	-
IAGLN 0.5% 04/07/2023	XS2020580945	400,000	1	400,093	-967	-
IBESM 2.5% 24/10/2022	XS1057055060	500,000	1	537,447	35,807	-
INTNED 0.1% 03/09/2025-24	XS2049154078	400,000	1	394,023	-6,151	-
MRDGF 4.50% 04/12/2023	XS0998945041	500,000	1	578,921	88,869	-
MRK 0.5% 02/11/24	XS1513055555	600,000	1	613,812	27,235	-
MTNA 1% 19/05/2023	XS2082323630	500,000	1	504,192	-1,131	-
NAB 2% 12/11/2020	XS0993248052	500,000	1	511,081	10,436	-
NDAQ 1.75% 19/05/2023	XS1418630023	360,000	1	380,521	7,237	-
NDAQ 3,875% 07/06/2021	XS0942100388	540,000	1	581,824	16,687	-
NEGANV 1% 11/05/26	XS1409382030	700,000	1	738,130	34,614	-
NHYNO 1,125% 11/04/2025	XS1974922442	250,000	1	258,421	7,963	-
NOSPL 1,125% 02/05/2023	PTNOSFOM0000	800,000	1	821,864	17,029	-
ODGR 2,375% 10/02/2021	XS1025752293	500,000	1	523,824	13,801	-
PKOBP 0.75% 25/07/2021	XS1650147660	400,000	1	405,583	2,201	-
RABOBK 2,375% 22/05/2023	XS0933540527	1,000,000	1	1,093,456	73,234	-
REESM 2,125% 01/07/2023	XS1079698376	200,000	1	216,559	14,870	-
REESM 3,875% 25/01/2022	XS0876289652	500,000	1	558,481	40,799	-
RENAUL 0,625% 04/03/2020	FR0012596179	500,000	1	503,547	1,004	-
RENEPL 4.75% 16/10/2020	XS0982774399	1,000,000	1	1,048,333	16,706	-
REPSM 2.125% 16/12/20	XS1334225361	1,000,000	1	1,023,289	22,921	-
REPSM 2,625% 28/05/2020	XS0933604943	300,000	1	308,204	108,251	-
RIOLN 2,875% 11/12/2024	XS0863127279	500,000	1	565,715	34,190	-
SANFP 1,875% 04/09/2020	FR0011560333	300,000	1	304,628	3,183	-
SRGIM 3.25% 22/01/24	XS1019326641	500,000	1	576,640	63,687	-
STLNO 1.25% 17/02/2027	XS1190624038	1,000,000	1	1,078,410	68,670	-
T 1.95% 15/09/23	XS1998902479	500,000	1	530,972	-3,251	-
TELEFO 3,987% 23/01/2023	XS0874864860	500,000	1	578,547	57,506	-
TITIM 4.5% 25/01/2021	XS1020952435	500,000	1	544,806	24,508	-
TRNIM 0,875% 02/02/2022	XS1178105851	1,000,000	1	1,025,963	19,916	-
VALEBZ 3.75% 10/01/2023	XS0802953165	500,000	1	559,263	42,411	-
VINCI 3,375% 30/03/2020	FR0011225127	400,000	1	413,617	3,531	-
VOD 1% 11/09/2020	XS1109802303	500,000	1	504,190	3,144	-
VOTORA 3.25% 25/04/2021	XS1061029614	500,000	1	527,479	17,914	-
VW 2,375% 06/09/2022	XS0823975585	500,000	1	532,206	-1,396	-
WFC 1,125% 29/10/2021	XS1130067140	500,000	1	512,214	12,371	-
BCPPL 0.75% 31/05/22	PTBCPIOM0057	500,000	1	511,583	10,895	-
BKIASM 1% 14/03/2023	ES0413307127	300,000	1	313,142	11,246	-
CXGD 1% 27/01/22	PTCGH1OE0014	1,000,000	1	1,032,808	25,626	-
ISPIM 3,625% 03/12/2022	IT0004872328	500,000	1	556,994	47,773	-
UCGIM 2,625% 31/10/2020	IT0004957137	500,000	1	514,183	12,695	-
PGB Float 02/08/22	PTOTVKOE0002	220,000	1	230,462	-	-
PGB Float 12/04/22	PTOTVJOE0005	1,585,000	1	1,656,697	-	-
PGB Float 30/11/2021	PTOTVIOE0006	33,000	1	34,313	-	-
PGB Floater 05/12/22	PTOTVLOE0001	29,000	1	29,920	-	-
ACAFP 4.55% 08/02/2022	FR0011170091	300,000	1	329,918	-	-

Nature and type	ISIN	Nominal value	Quantity	Book value	Gains/Losses	Impairment
BACR 0.75% 09/06/2025-24	XS2082324364	250,000	1	250,528	-	-
BAX 1.3% 15/05/2029	XS1998215559	400,000	1	419,318	-	-
BBVASM 0,375% 15/11/2026	XS2079713322	400,000	1	397,036	-	-
BMW 0% 24/03/2023	XS2055727916	200,000	1	200,055	-	-
BNFP 0,424% 03/11/2022	FR0013216900	100,000	1	101,404	-	-
BNP 0.5% 04/06/2026-25	FR0013465358	200,000	1	200,602	-	-
BNS 0,125% 04/09/2026	XS2049707180	100,000	1	98,100	-	-
CCL 1,875% 11/07/2022	XS1317305198	600,000	1	633,808	-	-
CXGD 1.25% 25/11/2024	PTCGDMOM0027	100,000	1	101,013	-	-
EOANGR 0% 29/09/2022	XS2091216205	300,000	1	299,283	-	-
HAR 2% 27/05/2022	XS1238991480	450,000	1	473,513	-	-
IAGLN 0.5% 04/07/2023	XS2020580945	200,000	1	199,846	-	-
INTNED 0.1% 03/09/2025-24	XS2049154078	400,000	1	394,262	-	-
ISPIM 1% 19/11/2026	XS2081018629	300,000	1	299,580	-	-
JEF 1% 19/07/2024	XS2030530450	300,000	1	302,510	-	-
LGFP 4.75% 23/03/2020	XS0215159731	200,000	1	202,194	-	-
MAN 1,875% 11/09/2022	XS1289193176	400,000	1	416,992	-	-
NAB 0.875%20/01/22	XS1167352613	400,000	1	411,082	-	-
NDAQ 1.75% 19/05/2023	XS1418630023	400,000	1	422,782	-	-
NHYNO 1,125% 11/04/2025	XS1974922442	100,000	1	103,365	-	-
PKOBP 0.75% 25/07/2021	XS1650147660	400,000	1	405,575	-	-
RBS 0.75% 15/11/2025-24	XS2080205367	100,000	1	100,006	-	-
RENAUL 0.75% 10/04/2023	FR0013412699	200,000	1	202,204	-	-
RY 0,125% 23/07/2024	XS2031862076	500,000	1	497,275	-	-
TWX 1.95% 15/09/2023	XS1266734349	200,000	1	209,840	-	-
UCGIM 2 30/06/2023	IT0005199267	100,000	1	99,433	-	-
VW 0,625% 01/04/2022	XS1972547183	400,000	1	405,704	-	-
WSTP 0.3 % 25/06/2024	XS2016070430	100,000	1	100,309	-	-
ACAFP Float 06/03/2023	XS1787278008	300,000	1	301,652	-	-
AMSSM Float 18/03/2022	XS1878190757	400,000	1	401,100	-	-
BAC Float 04/05/2023	XS1602557495	300,000	1	302,735	-	-
BACR Float 26/04/2021	XS1931348152	250,000	1	249,890	-	-
BACRED Float 18/05/2022	XS1615501837	300,000	1	301,179	-	-
BAYNGR Float 26/06/2022	XS1840614736	400,000	1	401,398	-	-
CS Float 20/12/2022	XS1317432620	400,000	1	410,158	-	-
DECFP Float 24/10/2020	FR0013374881	400,000	1	400,264	-	-
DT Float 01/12/2022	XS1828028677	400,000	1	401,472	-	-
FCABNK Float 16/04/2021	XS1983383545	200,000	1	199,581	-	-
GS Float 26/09/23-22	XS1691349523	200,000	1	200,744	-	-
HSBC Float 05/10/2023-22	XS1681855539	200,000	1	200,127	-	-
ISPIM Float 15/06/2020	XS1246144650	100,000	1	100,363	-	-
JOSEML Float 30/05/2025	PTJLLKOM0009	150,000	1	151,142	-	-
MS Float 08/11/2022	XS1603892065	400,000	1	402,284	-	-
RABOBK Float 27/04/2021	XS0607109377	97,000	1	101,105	-	-
RBS Float 27/09/2021	XS1884702207	300,000	1	302,433	-	-
RENAUL Float 12/01/2023	FR0013309606	200,000	1	197,497	-	-
SOCGEN Float 01/04/2022	XS1586146851	100,000	1	101,041	-	-
SOCGEN Float 06/03/2023	FR0013321791	300,000	1	299,519	-	-
T Float 05/09/23	XS1907118464	200,000	1	203,086	-	-
UBS Float 20/09/2022-21	CH0359915425	200,000	1	201,188	-	-
Equity instruments						
Fundo Compensação Trabalho			165,543	165,543	-	-
Regivouga			100	0	-	-
Credicentro			1	0	-	-
FERECC			6	15	-	-
FERECC			1	5	-	-
FERECC			1	5	-	-
AGROGARANTE	PTAGM1AM0006		250,000	232,707	-	-
Coop. Agro-Pecuária Beira Central CRL			5	12	-	-
Parkurbis, S.A.			5,000	0	-	-
Cerfundão, Lda.			1	10,000	-	-
Dolmen			300	499	-	-
FERECC			1	5	-	-
FERECC			1	0	-	-
FERECC			10	50	-	-
FERECC			21	105	-	-
FERECC			1	5	-	-
Uniões Regionais			2	0	-	-
DAI, S.A.			47,140	0	-	-
FERECC			360	0	-	-
ADIRN			10	50	-	-

Nature and type	ISIN	Nominal value	Quantity	Book value	Gains/Losses	Impairment
FERECC			50	249	-	-
Cortiçol			120	0	-	-
Agroraiana			2,000	0	-	-
Agroraiana			6,000	0	-	-
Mobitral			60	0	-	-
Epralima			5	249	-	-
Cooperativa Agrícola da Vidigueira			1	50	-	-
Cooperativa de Melgaço			499	0	-	-
Adega Cooperativa de Vidigueira, Cuba e Alvito CRL			103	2,118	-	-
CARMIM			20	100	-	-
Centro Tecnológico de Citricultura			25	0	-	-
AGETAV - Agência de Desenvolvimento de Tavira, S.A.			1,000	0	-	-
Globalgarve			250	0	-	-
Matadouro Regional do Algarve			7,000	0	-	-
Cooperzoo			5	1,000	-	-
SIBS - Sociedade Interbancária de Serviços, S.A.			10,000	580,000	-	-
Visa Inc			3,343	7,765,665	-	-
GARVAL	PTGGM0AM0004		69,000	87,962	-	-
NORGARANTE	PTNGM0AM000		86,860	178,589	-	-
LISGARANTE	PTLGR0AM0003		100,000	139,537	-	-
SWIFT			23	99,228	-	-
AGROGARANTE	PTAGM0AM0007		222,350	206,970	-	-
UNICRE	PTUNEOAM0016		7,207	368,608	-	-
FCR Fundo Revitalizar Sul			559,091	579,688	-	-
FCR Fundo Revitalizar Norte			1,073,532	1,262,914	-	-
FCR Fundo Revitalizar Centro			1,090,909	1,112,727	-	-
SIBS	PTSIB0AM0008		25,680	2,560,296	-	-
FUNDO DE REESTRUTURAÇÃO EMPRESARIAL			4,363	3,302,267	-	-
Discovery Portugal Real Estate Fund	LU0820789831		9,909	9,979,073	-	-
Spidouro			1,500	0	-	-
Régie Lima			200	1,000	-	-
ASDOURO			1	0	-	-
Spidouro			1,500	0	-	-
Matadouro Regional do Barroso e Alto Tâmega, S.A.			50,000	0	-	-
Floresta Atlântica-Soc.Gestora Fundos Inv.Imob.SA			10,125	141,687	-	-
Corretaje e Informatión Monetária Y De Divisas, SA			29,040	2,364,343	-	-
Banco de Credito Social Cooperativo SA			5,000,000	5,058,890	-	-
SICAFI NEXPONOR	PTNEX0AM0002		535,000	2,139,358	-	-
ADRAVE - AGÊNCIA DESENVOLVIMENTO REGIONAL VALE AVE SA			30,486	0	-	-
FCR PORTUGAL VENTURES GLOBAL 2 (B)			111	947,830	-	-
FCR PORTUGAL VENTURES GLOBAL 2 (cat. C)			100	503,253	-	-
FUNDO DE REESTRUTURAÇÃO EMPRESARIAL FCR			6,814	4,944,920	-	-
PRIMEIRO FUNDO FLORESTA ATLANTICA - FEIIFF	PTFLTBIM0004		18,000	862,574	-	-
Conexo Ventures, Fondo de Capital Riesgo			2,500	244,939	-	-
FIM CA Rendimento	PTYCFLHM0003		207,232	1,608,119	-	-
ADRAL, S.A. Shares			400	3,148	-	-
MAP, S.A. Shares			82,535	220,238	-	-
SUCRAL, S.A. Shares			12,254	0	-	-
CONFAGRI securities			2,800	14,000	-	-
UBS ETF-Blb Barclays US 10+Y Treasury Bond EUR	LU1459800113		7,450	76,333	-	-
Horizon Equity Partners Fund I SCSp	20185810314		2,500,000	2,425,000	-75,000	-
CA Património Crescente	PTSQUBHM0002		552,614	9,735,456	328,316	-
Património Crescente	PTSQUBHM0002		230,750	4,065,146	1,037,346	-
Fundo Florestal - Floresta Atlântica			10,000	486,540	-13,460	-
UBS ETF-Blb Barclays US 10+Y Treasury Bond EUR			95,000	973,370	-	-
				6,612,756,239	**16,389,998**	**3,462,785**

9.2. LEGAL CERTIFICATION OF ACCOUNTS

pwc

Statutory Audit Report
(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Crédito Agrícola Group (composed by Caixa Central – Caixa Central de Crédito Agrícola Mútuo, CRL (Caixa Central), associated Caixas de Crédito Agrícola Mútuo and subsidiaries), which comprise the consolidated balance sheet as at 31 December 2019 (which shows total assets of Euros 19,361,776 thousand and total shareholders' equity of Euros 1,671,579 thousand, including a net profit of Euros 131,464 thousand), the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Crédito Agrícola Group as at 31 December 2019, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Crédito Agrícola Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis

We draw attention to the information disclosed in note 49 of accompanying explanatory notes to the financial statements, related to the possible impacts of the pandemic caused by COVID-19 in the economy and, consequently, on Crédito Agrícola Group's future activity.

Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.
Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069-316 Lisboa, Portugal
Receção: Palácio Sottomayor, Avenida Fontes Pereira de Melo, nº16, 1050-121 Lisboa, Portugal
Tel: +351 213 599 000, Fax: +351 213 599 999, www.pwc.pt
Matriculada na CRC sob o NIPC 506 628 752, Capital Social Euros 314.000
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	*Summary of the Audit Approach*
Impairment losses on financial assets at amortized cost - Loans and advances to customers *<u>Measurement and disclosures related to impairment losses on loans and advances to customers presented in notes 2.4. c), 10.2 and 19. attached to the consolidated financial statements</u>* The significant amount of the heading loans and advances to customers and associated impairment losses, which require a set of complex assumptions and judgments from the Crédito Agrícola Group management regarding the identification of clients with a significant increase in credit risk or in default, as well as the corresponding amount of impairment losses, justify that these constitute key matters for the purposes of our audit. As at 31 December 2019, the gross amount of the heading credit to customers totals Euros 10,204,988 thousand and the corresponding impairment losses recognized at that date totals Euros 395,676 thousand. Impairment losses on credit to customers are determined by management on an individual basis, through a case-by-case analysis of a significant component of the total loan portfolio, and for the remaining portfolio impairment is determined through a collective analysis. This process is summarized as follows: • For the most significant exposures, evaluated in terms of the total amount of responsibilities to the Crédito Agrícola Group and the possible existence of signs of default, the Crédito Agrícola Group develops an individual analysis process that includes an individual analysis of staging ("IAS"), in order to corroborate the allocation of automatic staging (stages 1,2 and 3) and an individual impairment measurement analysis ("IIA"). In the latter case, analysis is performed only for exposures classified in stages 2 and 3, in	The audit procedures undertaken included the identification, understanding and evaluation of policies and procedures established by the Crédito Agrícola Group to measure credit impairment losses on loans and advances to customers as well as key controls underlying the timely identification, recording and correct measurement of impairment losses. On a sample basis, we analyzed a group of clients within the Crédito Agrícola Group's individual analysis perimeter, based on the criteria defined in internal regulations, with the objective of: (i) reviewing the conclusions and results obtained by the Crédito Agrícola Group in the individual analysis of staging ("IAS") and in the individual analysis of impairment measurement ("IIA"); (ii) obtain our own judgment on the existence of situations of significant increase in credit risk and default; and (iii) assess how the impairment losses were timely identified, measured and recognized by management. In this process, it was also confirmed that the perimeter of individual analysis included all the exposures that met the criteria defined by the Crédito Agrícola Group in its methodology. For a sample of exposures classified in stages 2 and 3, representative of the credit population subject to individual analysis by the Crédito Agrícola Group as at 31 December 2019, the procedures we have developed consisted of: (i) reviewing the available documentation on credit processes; (ii) verify the adequacy of the cash flows used to determine impairment with those reflected in the contractual support; (iii) analyze the contractual support and the most relevant collaterals and confirm the registration

Key Audit Matter	*Summary of the Audit Approach*
which the amount of impairment is determined through a detailed analysis of the economic and financial position of each individual customer, with reference to (i) the estimated cash flows that may be generated in the future for the fulfilment of their responsibilities – going concern; or (ii) the evaluation attributed to the collateral received in the scope of the credit granted, whenever the recovery is anticipated by means of the assignment, execution and/or sale of the collateral, less the costs inherent to its recovery and sale – gone concern. • For exposures not covered by the individual analysis, the Crédito Agrícola Group developed collective analysis models to calculate expected impairment losses, in light of the requirements of IFRS 9, which include, namely the classification of exposures by different stages according to the evolution of their credit risk since the date of its concession, and not according to the credit risk at the reporting date (stages 1, 2 or 3). These models are based on the internal historical information of defaults and recoveries and, in order to be representative of the current economic context, but also to incorporate a perspective of future economic evolution, these also use available forward looking prospective information such as (i) the GDP growth rate; (ii) the unemployment rate; (iii) the evolution of the interest rate; and / or (iv) the prospects for the real estate market. On the basis of these macroeconomic data, potential scenarios are developed that allow estimating the expected loss in each segment based on a probability of occurrence. In this context, changes in the assumptions or methodologies used by the Crédito Agrícola Group in the analysis and quantification of impairment losses of the credit to customers, as well as different recovery strategies, condition the estimation of recovery flows and timing of their receipt may have a material impact on the determination of the amount of impairment losses recognized at each moment.	of them in favour of the Crédito Agrícola Group; (iv) to analyze the evaluations of collaterals that were available; (v) to examine the criteria for determining a significant increase in credit risk (stage 2) and for classification under impairment (stage 3) on an individual basis; (vi) review the incorporation of forward looking information; (vii) a critical analysis of the discounted cash flows underlying the calculation of impairment; (viii) to assess the evolution of exposures; and (ix) understand the views of officers of Caixa Central and Caixas Associadas regarding the economic and financial situation of the clients, as to the predictability of expected cash flows of the respective businesses, as well as the prospects of collectability of credits. Whenever we concluded for the need to review some assumption used by management, we recalculated the estimated amount of impairment and compared the results obtained with those calculated by the Crédito Agrícola Group, in order to assess the existence of possible divergences. For the portfolio whose impairment is assessed through the collective analysis model, a set of specific procedures were developed with the objective of evaluating how the assumptions considered by management include the risk variables by comparison to the historic performance and recoveries of the Crédito Agrícola Group's loan and advances portfolio, namely: (i) review of the methodological documentation for the development and validation of the models; (ii) analysis of the documentation of the backtesting exercise of the risk parameters and its results; (iii) review and testing of portfolio segmentation; (iv) analysis of the Crédito Agrícola Group's definition of default and the criteria applied in the classification of staging, on a sample basis; (v) review and testing of the main risk parameters; (vi) critical analysis of the main assumptions and sources of information used in the future recoveries incorporated in the LGD (Loss Given Default), including the test of historical recoveries incorporated in this calculation, on a sampling basis; and (vii) recalculation of Expected Credit Loss ("ECL") for the loan and advances portfolio, with reference to 31 December 2019. Our auditing procedures also included a review of the disclosures for loans and advances to customers, as well as the related impairment losses, in the accompanying notes to the consolidated financial

Key Audit Matter	*Summary of the Audit Approach*
	statements, taking into account applicable and current accounting standards.
Impairment losses on securitised credit – sovereign debt *Measurement and disclosures related with impairment losses on securitised credit – sovereign debt portfolio presented in Notes 2.4 c), 9., 10.1, 19 and 24 attached to the consolidated financial statements* The significant expression of the heading securitised credit – sovereign debt and associated impairment losses, which require a set of complex assumptions and judgments from the Crédito Agrícola Group management in relation to the identification of securities with a significant increase in credit risk, as well as the corresponding amount of impairment losses, justify that these constitute a key matter for the purposes of our audit. As at 31 December 2019, the gross amount of the heading securitised credit associated with sovereign debt amounted to Euros 5,128,909 thousand (Euros 4,228,576 thousand classified as financial assets carried out at amortized cost under debt instruments, as described in Note 10.1 and Euros 900,333 thousand classified as financial assets at fair value through other comprehensive income - non-insurance activity, as described in Note 9. attached) and the corresponding impairment losses recognized at that date amounted to Euros 3,104 thousand. The measurement of credit losses expected from these exposures, as well as the respective significant increase in credit risk, are determined through an analysis model developed by Grupo Crédito Agrícola, in line with the requirements of IFRS 9, which classifies exposures by different stages depending on the evolution of the credit risk since the date of its initial recognition (stages 1, 2 or 3), being these securities with external rating and investment grade rating at the time of acquisition. These models are based on historical information on defaults and recoveries, complemented with market information, which is made available by external reference suppliers. In this context, changes in the assumptions or methodologies or information provided by external suppliers used by the Group in the analysis and	The audit procedures developed included the identification, understanding and evaluation of policies and procedures established by the Crédito Agrícola Group to measure credit impairment losses securitized credits, as well as key controls underlying the timely identification, recording and correct measurement of impairment losses. In the specific scope of our work, we have developed, among others, the following procedures: • Understanding of the Group's governance process, namely regarding the controls implemented on the review and approval of the main assumptions, judgments and future economic perspectives used in the models defined for the measurement of impairment losses; and • Reading and analysis of the methodological documents prepared by the Group and reviewing their adherence to the principles of the said standard. Regarding the models used by the Group, a set of specific procedures were developed in order to assess whether the assumptions considered by the Group's management meet the requirements of IFRS 9, namely: (i) review of the methodological documentation underlying the model used; (ii) portfolio segmentation reviewing and testing; (iii) analysis of the Group's definition of default and the criteria applied in the classification of staging, on a sampling basis; (iv) review and test of the main risk parameters; (v) critical analysis of the main assumptions and sources of information used in future recoveries incorporated in the calculation of LGD (Loss Given Default); and (vi) recalculation of Expected Credit Loss.

Key Audit Matter	Summary of the Audit Approach
quantification of credit losses expected from these exposures, may have a relevant impact on the estimation of recovery flows and the timing of their receipt, and consequently on the determination of the amount of expected credit losses recognized as impairment in the consolidated financial statements as of 31 December 2019.	Our audit procedures also included a review of the disclosures about the securitized loan portfolio where these assets are included, as well as the respective impairments, contained in the notes attached to the consolidated financial statements, taking into account the applicable and current accounting standards.
Valuation of real estate properties received by credit recovery *Measurement and disclosures related with valuation of real estate properties received by credit recovery presented in Notes 13.2, 16. and 17. attached to the consolidated financial statements* As of 31 December 2019, the net value of real estate properties received by credit recovery and included in the headings Non-current assets held for sale ("NCAHS"), Investment Properties ("IP") and Other Assets ("OA") amounts to Euros 409,772 thousand, Euros 51,095 thousand and Euros 17,859 thousand, respectively. In accordance with the policies in force in the Crédito Agrícola Group, the properties are subject to periodic evaluations, carried out by expert appraisers registered at the CMVM, which incorporate a set of assumptions, and which give rise to the recording of impairment losses whenever the amount resulting valuation, net of selling costs, is lower than its book value. Given the expression of these assets in the consolidated balance sheet of the Crédito Agrícola Group and taking into consideration that their valuation requires the application of a set of assumptions and judgments by the management for the purpose of determining the amount and the moment of recognition of the corresponding losses due to impairment, this was a matter of relevance for the purposes of our audit.	The audit procedures we have undertaken included the identification and understanding of the key controls established by the Crédito Agrícola Group to identify real estate properties with signs of impairment, classified as NCAHS, IP and OA, to determine the corresponding amounts of impairment losses and ensure the corresponding accounting treatment in an appropriate and timely manner. Our procedures also included performing detailed tests. For a sample of real estate properties, we conducted analyses on its valuation and, if applicable, the subsequent impairment loss recorded on the basis of the evaluations prepared by the external independent appraisers. This analysis also included an assessment of the reasonableness of the methodology applied and the assumptions used by the expert appraisers in determining the value of the selected properties. Whenever necessary, we held meetings to understand and challenge the judgments and assumptions adopted in preparing the valuations. We evaluated the competence, capacity and objectivity of the expert appraisers contracted by the Crédito Agrícola Group, including confirmation of their registration with the CMVM. For a sample of properties that were sold during 2019, we compared the sale value with the last valuation obtained, in order to assess the reasonableness of the valuations previously obtained by the Crédito Agrícola Group. Our auditing procedures also included a review of the disclosures about NCAHS, IP an OA included in the notes to the consolidated financial statements taking

Key Audit Matter	*Summary of the Audit Approach*
	into account applicable and current accounting standards.
Employees post-employment benefits *Measurement and disclosures related with employees post-employment benefits presented in Notes 2.4. o) and 45. of the notes to the consolidated financial statements*	
As at 31 December 2019, the liabilities for past services of the Crédito Agrícola Group with pensioners, employees and directors post-employment benefits amounted to Euros 109,772 thousand, mainly covering retirement and survival pensions, health care and death benefit, namely those predicted on the Vertical Collective Work Agreement for Crédito Agrícola, known as Collective Work Agreement for Credit Institutions of Crédito Agrícola Mútuo. These liabilities are estimated based on actuarial valuations developed by an actuary of the Crédito Agrícola Group, certified by the Insurance and Pension Funds Supervisory Authority (ASF). These assessments incorporate a set of financial and actuarial assumptions, such as the discount rate, the inflation rate, the mortality and disability tables, the growth rates of pensions and wages, among others, which correspond to the best estimation of the management concerning characteristics of the benefits and the population of employees and the current and future behavior of these variables. In the specific case of the discount rate used in actuarial studies, it is determined on the basis of the market rates for high-quality corporate bonds in terms of credit risk, denominated in the currency in which the benefits will be paid (Euros) and similar maturity to the benefits plan expiration date. In this context, future changes in the assumed financial and actuarial assumptions may give rise to material impacts on net liabilities as well as assets held to meet these liabilities, and this issue was considered a key matter for the purposes of our audit.	The audit procedures we have undertaken included the identification and understanding of the key controls implemented by the Crédito Agrícola Group to ensure the information compiled and provided to the actuary is correct and complete to calculate the liabilities and future financing needs of the plan, as well as the adequacy of the process of calculating the fair value of the Fund's assets. The audit work included meetings with the management and the actuary in order to identify the methodologies and the options considered in the definition of the main actuarial and financial assumptions adopted. Given the relevance of the required management judgments, we proceeded to evaluate the reasonableness of the main assumptions by comparing them with the data that we were independently able to obtain. We reviewed the compliance (i) of the historic information of the employees used for the purposes of calculating responsibilities; (ii) accounting recognition of costs related to past services and other changes in assumptions and estimates that occurred during the year; and (iii) the fair value of the assets of the fund, calculating it, whenever possible, independently for a sample of assets held. Finally, we have developed the detailed analysis of the actuarial study prepared with reference to 31 December 2019, based on the results of the procedures referred to above. The audit procedures included the review of the directors, employees and pensioners' post-employment benefits disclosures included in the notes to the consolidated financial statements taking into account applicable and current accounting standards.

Key Audit Matter	*Summary of the Audit Approach*
Risk of insufficient assets to cover contracted liabilities *<u>Measurement and disclosures related with the risk of insufficient assets to cover contracted liabilities presented in Notes 19. and 21. of the notes to the consolidated financial statements</u>*	
The heading mathematical provisions for life segment and provision for interest rate commitments are a matter of relevance for the purposes of our audit, not only because of their significant expression in liabilities, but also because these require, in relation to their determination, the application of subjective assumptions and judgments by the management of Crédito Agrícola Group. As of 31 December 2019, this heading amounts to Euros 872,413 thousand, being, among others, constituted by (i) a mathematical provision for life insurance in the amount of Euros 630,325 thousand and (ii) provision for interest rate commitments in the amount of Euros 67,816 thousand. Additionally, in liabilities are reflected the financial liabilities of the deposit component of insurance contracts and insurance contracts and transactions, considered for accounting purposes as investment contracts that on 31 December 2019 amount to Euros 32,465 thousand. The assessment of the adequacy of insurance liabilities is made based on the projection of future cash flows associated with each contract. These cash flows include premiums, deaths, salaries, redemptions, cancellations, expenses and commissions payable. This assessment is carried out product by product and the curve used to discount liability is a risk-free interest rate curve. These evaluations involve judgments regarding the selection of the assumptions underlying the calculation, such as discount rates and redemption rates. The existing risk arises from the possibility of non-satisfaction of the guarantees assumed by the Crédito Agrícola Group for the commercialized contracts, due to the fact that there is no direct correspondence between assets and liabilities at the level of interest rate and maturity.	Our team, integrating actuarial experts, has developed the following main audit procedures: • Identification and understanding of the process and controls considered key to the assessment of the adequacy of insurance liabilities, in particular in what concerns insurance products with assumed guarantees; • Verification of the effectiveness of the controls associated with the recognition of mathematical provisions, the provision for interest rate commitments and financial liabilities of the deposit component of insurance contracts and insurance contracts and transactions considered as investment contracts for accounting purposes; • Identification and evaluation of the assumptions used by management in assessing the adequacy of insurance responsibilities; and • The development of independent tests for insurance contracts and investment contracts portfolios comparing the results obtained with those obtained by management. In addition, our auditing procedures also included a review of the disclosures on mathematical provision of life insurance and provision for interest rate commitment included in the notes to the consolidated financial statements taking into account applicable and current accounting standards.

Key Audit Matter	*Summary of the Audit Approach*
Financing of the Resolution Fund *<u>Disclosures related to the Resolution Fund presented in Note 48 a). attached to the consolidated financial statements</u>* The resolution measures applied in 2014 to Banco Espírito Santo, SA - a process that led to the creation of Novo Banco, SA ("Novo Banco") - and in 2015 to Banif - Banco Internacional do Funchal, SA ("Banif") created uncertainties related to the possible insufficiency of resources of the Resolution Fund to ensure the fulfilment of its responsibilities, in particular the short-term repayment of the financing it has contracted for this purpose. These uncertainties have become more relevant due to the liabilities and contingent liabilities assumed, namely those resulting from: (i) effects of the application of the principle that no creditor of the credit institution under resolution may incur greater loss than it would if it had entered into liquidation; (ii) legal proceedings against the Resolution Fund; (iii) negative effects arising from the resolution process resulting in additional responsibilities or contingencies for Novo Banco that must be neutralized by the Resolution Fund; and (iv) contingent capitalization mechanism associated with Novo Banco's sale process to Lone Star, under which the Resolution Fund, as shareholder of Novo Banco, may be called upon to make capital injections in the event of certain conditions related to the performance of a restricted set of assets of Novo Banco and the evolution of its capitalization levels. The financial statements at 31 December 2019 reflect the management's expectation that Caixa Central, as an entity participating in the Resolution Fund, will not be required to make special contributions or any other type of extraordinary contributions to finance the resolution measures applied to the BES and Banif or any other contingent liability or liability assumed by the Resolution Fund. Contingent liabilities may evolve differently than originally expected, so they are subject to continuous review to determine whether this eventuality of resources outflow has become probable. In these circumstances, the assessment of this contingent liability implies that the Crédito Agrícola Group management employs complex estimates and judgments as to the probability of materializing and quantifying the amounts of liabilities that may result from litigation and contingencies in which the Group is a party involved, and, to that extent, this was a matter considered relevant for the purposes of our audit.	The audit procedures we developed for this matter included the identification and understanding of the key processes and controls instituted by Crédito Agrícola Group regarding the identification and monitoring of contingent liabilities. Concerning the relevance and complexity of the judgments required by Crédito Agrícola Group management, within the scope of our audit, we carried out, among others, the following procedures in relation to the Resolution Fund: (i) monitoring of changes of greater significance to the simplified model of cash flow projections of the Resolution Fund presented by Caixa Central when renegotiating the loans granted, based on the contractual conditions agreed between the Banks and the Resolution Fund; (ii) appreciation of the relevant public communications on the contingent liabilities and responsibilities assumed by the Resolution Fund and / or the Portuguese State; (iii) analysis of the evolution of Caixa Central's exposures to the Resolution Fund; and (iv) understanding of the views of Caixa Central managers regarding the economic and financial situation of the Resolution Fund, and the predictability of expected cash flows from its regular revenues. Our audit procedures also included the revision of the disclosures on provisions and contingent liabilities in the notes to the consolidated financial statements of the Crédito Agrícola Group, taking into account applicable and current accounting standards.

Responsibilities of management and the supervisory board for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present fairly the financial position, the financial performance and the cash flows of the Crédito Agrícola Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Director's report, in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria; and

e) the assessment of the Crédito Agrícola Group ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Crédito Agrícola Group financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Crédito Agrícola Group internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Crédito Agrícola Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Crédito Agrícola Group to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Crédito Agrícola Group to express an opinion on the consolidated financial statements. We are responsible for the direction supervision and performance of Crédito Agrícola Group audit. We remain solely responsible for our audit opinion;

g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and

i) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information included in the Director's report is consistent with the consolidated financial statements.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our understanding that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Director's report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Crédito Agrícola Group, no material misstatements were identified.

Non-financial statement set forth in article nº 508-G of the Portuguese Company Law

In compliance with paragraph 6 of article nº 451 of the Portuguese Company Law, we hereby inform the Crédito Agrícola Group stated in its Director's Report that it will prepare a separate report of the Director's Report that will include the non-financial information set forth in article nº 508-G of the Portuguese Company Law, which should be published on its website until the legal deadline.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of the Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of Caixa Central in the Shareholders' General Meeting of 30 May 2015 for the financial year ended on 31 December of that year. Our last appointment was in the Shareholders' General Meeting of 25 May 2019 for the period from 2019 through 2021.

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Crédito Agrícola Group supervisory board as of this date.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remained independent of the Crédito Agrícola Group in conducting our audit.

29 April 2020

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
represented by:

Aurélio Adriano Rangel Amado, R.O.C.

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Opinions of the General and Supervisory Board

10.1.OPINION OF THE GENERAL AND SUPERVISORY BOARD ON THE CONSOLIDATED ANNUAL REPORT OF GRUPO CRÉDITO AGRÍCOLA MÚTUO

Pursuant to subparagraph e) of article 20 of the Statutes of Caixa Central – Caixa Central de Crédito Agrícola Mútuo, CRL, and based on the information that it was charged to appraise and analyse under its activity during 2019, which is disclosed in its Activities Report, the General and Supervisory Board, also considering the opinion of both the Statutory Auditor and the Financial Matters Committee, issues a favourable opinion on the Annual Report and Consolidated Accounts of Grupo Crédito Agrícola relative to the financial year of 2019.

Lisbon, 30 April 2020

Approved on 30 April 2020 at the General and Supervisory Board Meeting

10.2. OPINION OF THE FINANCIAL MATTERS COMMITTEE TO THE GENERAL AND SUPERVISORY BOARD

1. Under the regulatory terms and its statutory competences, the Financial Matters Committee appraised the Annual Report and Accounts of Grupo Crédito Agrícola relative to the financial year ended on 31 December 2019, prepared by the Executive Board of Directors, and drew up this Opinion based on the knowledge obtained on the performance of the business, the conclusions of the analysis of the information and financial statements.

2. During the period under review, the Financial Matters Committee held meetings periodically with the Executive Board of Directors and the corporate managers responsible for the internal control functions, which enabled monitoring and supervising the financial matters and accounting practices, the internal procedures in terms of internal audit and the internal control system concerning financial reporting, the risk management system and the compliance function.

3. The Financial Matters Committee held meetings regularly with the Statutory Auditor to monitor and discuss the conclusions of the audit work conducted on Grupo Crédito Agrícola's financial statements.

4. The Financial Matters Committee also appraised the Legal Certifications of Accounts, the Additional Report for the Supervisory Body, all prepared by PriceWaterhouseCoopers & Associados – Sociedade de Revisores de Contas, Lda, issued without reservations and with a single emphasis relative to the possible effects of the COVID-19 pandemic on the economy and, consequently, on Grupo Crédito Agrícola's future activity.

5. The Legal Certifications of Accounts and Audit Reports include areas in which the audit of Grupo Crédito Agrícola focused, referred to as "Relevant Audit Matters", which PwC identified as being:

    I. Impairment losses of financial assets at amortised cost - Loans and advances to customers;
    II. Impairment losses of securitised receivables - Sovereign debt;
    III. Appreciation of real estate assets received in loan recovery;
    IV. Employees' post-employment benefits;
    V. Risk of insufficient assets to cover the liabilities undertaken;
    VI. Financing of the Resolution Fund.

6. The analysis of the "Relevant Audit Matters" by the Statutory Auditor does not call into question the issue without reservations of Grupo Crédito Agrícola's accounts and its opinion is not modified by the identified emphasis.
7. During the External Auditor's examination of the Financial Statements of Grupo Crédito Agrícola, no relevant flaws were detected in internal control, i.e., of high risk.

8. During the supervision activity, no relevant situations were detected involving breach or suspected breach of laws and regulations or of its statutes.

9. Under the audit of the consolidated accounts of Grupo Caixa Agrícola, the Statutory Auditor received and analysed 62 Legal Certifications of Accounts of the 79 CCAM that are currently part of the Sistema Integrado do Crédito Agrícola Mútuo (SICAM). During this process, no matters of materially relevant impact were detected, either individually or as a whole, that affect its opinion on the consolidated financial statements of Grupo Crédito Agrícola. For the CCAM that have not yet issued their Legal Certification of Accounts, the responsible Statutory Auditors were contacted, with no situations having been identified up to date that could change the Legal Certification of Accounts.

10. Considering the detailed presentation, by the Executive Board of Directors, of the Consolidated Report and Accounts of Grupo Crédito Agrícola for the financial year of 2019, in particular the chapter on financial information of Grupo Crédito Agrícola, we highlight the following aspects:

    a. Grupo Crédito Agrícola presented a consolidated net income of 131.5 million euros in 2019, showing comfortable liquidity levels and strengthening its solvency. Particularly influential in contributing to this consolidated net income was the good performance of the Group's banking business which achieved a net income of around 115.5 million euros;

    b. Operating income increased by 6.0% to 541 million euros, largely as a result of the evolution of net trading income (+29.8 million euros);

    c. Structural costs increased by 3.8% year-on-year, corresponding to a rise of 13.2 million euros in absolute terms, largely as a result of the increased costs related to the Group's technological focus and capacity-building;

    d. Grupo Crédito Agricola's own funds reached 1,621 million euros (+181 million euros), corresponding to year-on-year growth of 12.6%. Own fund requirements to cover credit, market and operational risks reached 9,810 million euros, representing 8.6% growth in relation to the levels of December 2018;

    e. The common equity tier 1 (CET1) and total solvency ratios, calculated for 2019 with full application of the rules established in Regulation (EU) 575/2013 (CRD IV), showed values of 16.0% and 16.5%, respectively, revealing the existence of a comfortable margin in relation to own fund;

    f. The liquidity coverage ratio of the CA Group stood at 470.8% at the end of 2019, portraying a comfortable situation. The Group's leverage ratio, including net income, stood at 8.2% in 2019;

    g. The Group showed a Return on Equity (ROE) of 7.9%, in 2019, and a Return on Assets (ROA) of 0.7%.

    h. The contribution of the net income of the Group's insurance business to the consolidated net income in 2019 amounted to 13.5 million euros, with CA Seguros, the non-life insurance company, having contributed with 5.2 million euros and CA Vida, the life insurance company, having contributed with 8.3 million euros;

    i. The asset management activity of CA GEST recorded a reduction of 12.9% to 1,411 million euros, a fact reflected in a reduction of the market share from the previous 2.8% to 2.5%;

    j. The CA Group maintained its strategy of divestment of real estate assets repossessed in credit repayment and recorded sales of around 75 million euros (net book value), from the sale of 750 real estate properties.

11. During our duties, we found that:
    a. The accounting policies and worth measurement criteria adopted are adequate;
    b. The Management Report is sufficiently elucidative on the evolution of Grupo Crédito Agrícola's business and situation, especially with respect to the impact of the pandemic containment measures on economic activities and their reflection on economic growth.

By way of conclusion:

12. Based on the monitoring carried out on the main aspects of Grupo Crédito Agrícola's performance and on the analysis of the information and documents provided by the Executive Board of Directors, the signatories state that, to the best of their knowledge, the financial information analysed was prepared in conformity with the applicable accounting rules, giving a true and appropriate reflection of the assets and liabilities, the financial situation and results of Grupo Crédito Agrícola, and that the management report faithfully presents the evolution of the business, performance and position of Grupo Crédito Agrícola, including an appropriate description of the main risks and uncertainties faced.

13. The Financial Matters Committee issues a favourable opinion on the Annual Report, the Financial Statements and net income of the Consolidated operations of Grupo Crédito Agrícola for the financial year ended on 31 December 2019.

Lisbon, 29 April 2020

Prof. Dr. Vítor Fernando da Conceição Gonçalves – Chairman

Dra. Maria Helena Maio Ferreira de Vasconcelos – Member

Dr. José Gonçalves Correia da Silva – Member

CA

Crédito Agrícola