



Announcement

Caixa Geral de Depósitos, S.A. hereby announces that it has been authorised by the European Central Bank and the Bank of Portugal to proceed with the corporate operations comprising the first stage of Caixa Geral de Depósitos, S.A.'s recapitalisation process.

Caixa Geral de Depósitos, S.A. accordingly announces that it has submitted the following operations for the approval of the Portuguese State, as its sole shareholder:

- a) The use of free reserves and the legal reserve for an overall amount of €1,412,460,251.00, to cover the same amount of retained losses carried forward from past years;
- b) An increase of CGD's share capital, through new contributions in kind, from €5,900,000,000.00 (five billion nine hundred million euros) to, at least, €7,328,761,040.00 (seven billion three hundred and twenty eight million seven hundred and sixty one thousand and forty euros), to be fully subscribed for by the Portuguese State and paid up in kind, as follows:
 - (i) the transfer of 490,000,000 (four hundred and ninety million) shares of Parcaixa, SGPS, S.A. to Caixa Geral de Depósitos, S.A.
 - (ii) the transfer to Caixa Geral de Depósitos, S.A., and corresponding immediate cancellation, of the core tier 1 capital instruments subscribed for by the Portuguese State (CoCo bonds) with a nominal value of €900,000,000.00, with all of the rights thereto attached, matured and outstanding, including interest accrued up to the date of the subscription.
- c) A reduction of €6,000,000,000.00 (six billion euros) in Caixa Geral de Depósitos, S.A.'s share capital through the extinguishing of 1,200,000,000 (one billion two hundred million) shares with a nominal value of €5 (five euros) each, of which:
 - (i) €1,404,506,311.00 (one billion four hundred and four million five hundred and six thousand three hundred and eleven euros) to cover the remaining balance of the retained losses carried forward from past years, in addition to covering other negative distributable items, and,
 - (ii) the balance of €4,595,493,689.00 (four billion five hundred and ninety five million four hundred and ninety three thousand six hundred and eighty nine euros) to set up a free reserve for the same amount.

These operations are part of Caixa Geral de Depósitos, S.A.'s recapitalisation process, which is currently in progress and set out in the strategic plan approved by the Portuguese State, as Caixa Geral de Depósitos, S.A.'s shareholder, with the aim of strengthening its



capital adequacy ratios under the terms of the agreement in principle entered into between the Portuguese State and the European Commission represented by the Directorate-General for Competition.

In addition to the above mentioned operations the recapitalisation process also provides for: (a) a cash increase in share capital for an amount of up to €2,700,000,000.00 (two billion seven hundred million euros) to be subscribed for and paid up by the Portuguese State and (b) the issuance of additional tier 1 capital instruments or other hybrid capital instruments for the amount of, in the first instance, €500,000,000.00 (five hundred million euros), to be subscribed for by private investors, both to take place after the closure of Caixa Geral de Depósitos, S.A.'s accounts at 31 December 2016.

Caixa Geral de Depósitos, S.A.

Lisbon, 12 December 2016

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