PRESS RELEASE

Consolidated results
1st Half 2019

Continued implementation of strategic plan confirms improved profitability and asset quality in the 1st half of 2019

- Consolidated net income in the first half year was up 46% by €88 million over June 2018 to €282.5 million, equivalent to ROE(1) (return on equity) of 7.4%;
- Core operating income was up by 4.1% year-on-year to €331 million;
- Operating costs were down by 5.9% year-on-year;
- An amount of €35.5 million from the provision set up in 2017 for the implementation of the employee reduction plan, was recognised in employee costs. This had a nil effect on net income for the half year;
- Total operating income was up €19.1 million over first half 2018 to €908.2 million;
- CGD's efficiency level, with a cost-to-income ratio of 48.3%(2), continues to progress favourably;
- Total domestic activity resources of €73,159 million continue to show customers' loyalty to CGD;
- Customer deposits were up 4.8% (+€ 3,017 million) in 1st half 2019;
- The performing credit portfolio, excluding the public sector, recorded a 1.7% growth (+€ 638 million) in the half year;
- SMEs credit portfolio up 2.4%, production reaches €1,200 million in first half 2019;
- New residential mortgage loans were up 36% by €257 million over the same period 2018;
- CGD continued to enjoy a highly favourable liquidity position with €12 billion in eligible assets in the Eurosystem pool and an LCR (Liquidity Coverage Ratio) of 324%;
- The quality of CGD's assets continued to improve with a CGD Group NPL (Non-Performing Loans) ratio of 7.3% and impairment and collateral coverage of 64.3% and 43.6% respectively (total coverage of 107.9%);
- The fully loaded CET 1, Tier 1 and Total ratios were 14.8%, 15.8% and 17.1%, respectively, considering the impact of the payment of dividends for 2018 and the adjustment in the Pension Fund discount rate;
- CGD was notified by the Bank of Portugal of its MREL (Minimum Requirement for Own Funds and Eligible Liabilities) requirements. The amount of eligible issuances deriving from the fulfilment thereof is fully within CGD's Funding and Capital Plans.

---

(1) Current activity ROE = (net income + non-recurring costs + non-controlling interests) / Shareholders' equity (average of 13 monthly observations and annualized).

(2) Excluding non-recurring costs of €50,7M in 2018 and €35,5M in 2019 for staff reduction programs as well as administrative expenses.

Caixa Geral de Depositos
Head Office: Av. João XXI, 63
1000-300 LISBOA
(351) 217 905 502
Share Capital € 3,844,143,735
CRCL and Tax no 500 960 046

Investor Relations
investor.relations@cgd.pt
www.cgd.pt /Investor-Relations

DISCLAIMER

- The financial statements have been prepared on the basis of International Financial Reporting Standards (IFRS) as adopted in the European Union following Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19 and provisions of Decree-Law No. 35/2005 of February17. The financial information reported is unaudited.
- The financial metrics presented refer to June 30, 2019, unless otherwise stated. These may be estimates subject to revision. Solvency ratios include net income for the period.
- The June 2018 accounts were restated following a change of accounting policy on the sale of non-current real estate assets (held for sale) which includes essentially assets obtained from credit recovery. The restatement also occurs as a result of Banco Comercial do Atlântico (BCA) being reclassified as a "Non-current assets held for sale".
- CGD's holdings in Mercantile Bank Holdings Limited (South Africa) and Banco Caixa Geral, SA (Spain) continue to be recorded as non-current assets held for sale under IFRS 5. The valuation of each of these holdings in the financial statements now released do not yet reflect the terms agreed with the entities selected as buyers as approved by the Portuguese Government in 2018, since both transactions are now pending approval by the competent authorities. If these commitments occur until the final approval of the Interim Management Report and Accounts, they constitute an adjustable subsequent event and the accounts should reflect the adjustment of the value of these holdings. In the event that the above adjustment needs to be reflected, the estimated impact on the valuation of these two holdings is a positive 157 million euros in net income for the period and equity as of 30 June 2019.
- Financial statements reflect the implementation of IFRS 16 – Leases as of January 1, 2019; CGD made use of the approach that does not require the restatement of comparative information.
- This document is intended for general information only and does not constitute investment advice or professional advice and may not be construed as such.
- This document is an English translation of the Portuguese language document "Press Release - Resultados Consolidados 1º Semestre de 2019". In the event of any inconsistency, the original version prevails.

1. MAIN INDICATORS

CGD CONSOLIDATED	Restated	
BALANCE SHEET AND P&L INDICATORS (EUR million)	**2018-06**	**2019-06**
Net assets	91,557	91,199
Loans and advances to customers (net)	53,205	49,449
Customer deposits	63,486	65,644
Total operating income	889	908
Net core operating Income before impairments (1)	318	331
Net income	194	283
PROFIT AND EFFICIENCY RATIOS		
Gross return on equity - ROE (3) (4)	9.5%	11.6%
Net return on equity - ROE (4)	5.3%	7.4%
Gross return on assets - ROA (3) (4)	0.8%	1.1%
Net return on assets - ROA (4)	0.5%	0.7%
Total operating income / Average net assets (3) (4)	2.0%	2.0%
Employee costs / Total operating income (3)	35.1%	32.4%
Employee costs recurrent / Total core operating income (1) (2)	33.1%	32.3%
Cost-to-income BoP (3)	55.4%	52.1%
Cost-to-income (2) (3)	49.9%	48.3%
Cost-to-core income (2) (5)	55.4%	54.7%
CREDIT QUALITY AND COVER LEVELS (6)		
NPL ratio - EBA	10.7%	7.3%
NPE ratio - EBA	8.3%	5.7%
NPL coverage - EBA	61.4%	64.3%
NPE coverage - EBA	60.3%	64.2%
Forborne ratio for loans and advances - EBA (7)	5.6%	4.4%
Coverage ratio on forborne loans and advances - EBA (7)	96.9%	96.8%
Cost of credit risk(*)	0.38%	0.01%
STRUCTURE RATIOS		
Loans & adv. customers (net) / Net assets	58.1%	54.2%
Loans & adv. customers (net) / Customer deposits (3)	83.8%	75.3%
SOLVENCY AND LIQUIDITY RATIOS (CRD IV/CRR) (6)		
CET 1 (fully implemented)	14.1%	14.8%
Tier 1 (fully implemented)	15.1%	15.8%
Total (fully implemented)	16.3%	17.1%
Liquidity coverage ratio	216.0%	323.6%
Net stable funding ratio	140.8%	157.8%
OTHER INDICATORS		
Number of branches - CGD Group	1,071	1,068
Number of branches - CGD Portugal (Physical branches from individuals network)	522	520
Number of employees - Domestic activity	7,903	7,503
Number of employees - CGD Portugal	7,419	7,083
CGD RATING	**Short Term**	**Long Term**
FitchRatings	B	BB
Moody's	NP	Ba1
DBRS	R-2 (high)	BBB (low)

Note: Indicators calculations according to glossary at:

https://www.cgd.pt/English/Investor-Relations/Other-information/Glossary/Other-versions/Documents/Glossary_10MAY2018.pdf

Solvency and credit quality ratios as of end-June 2019 are estimated, subject to change upon their definitive calculation. Solvency ratios include Net income of the period.

(1) Net core operating Income before impairments = Total operating income of core activity - Operating Costs; Total operating income of core activity = Net interest income + net fees and commissions;(2) Excluding non-recurring costs of M€50.7 in 2018 and M€35.5 in 2019 for staff reduction programs as well as general administrative expenses; (3) Ratios defined by the Bank of Portugal (instruction 6/2018); (4) Considering average shareholders' equity and net asset values (13 observations); (5) Operating costs /Total operating income of core activity; (6) Prudencial perimeter, except when marked with (*); (7) CGD Portugal Ratios.

2. ECONOMIC - FINANCIAL FRAMEWORK

The moderation of world economic performance, in first half 2019, derived from the slowdown of global trade, a series of geopolitical uncertainties and maturation of the cycle with a negative distortion in terms of the identification of risk factors. This translates into a reduction of worldwide GDP growth projections to around 3% in 2019, the lowest rate of current expansion. Inflationary pressure continues to be contained owing to the reduction of the contribution of energy prices and the equally low underlying inflation rate figures, notwithstanding the low rate of unemployment.

Monetary conditions remained accommodative in a context of moderating growth, the non-existence of inflationary tensions and heightened risk aversion. The US Fed suspended its interest rate hikes process and, in June, signalled the possibility of a reversal of this policy. The ECB recognised weakening economic activity and inflation and once again dampened expectations over increases in reference rates, having announced a new TLTRO cycle. The Central Bank of Japan left its monetary policy unchanged and the Bank of England indicated a bias towards a hike in its base rate in 2020, albeit conditioned to a non-disruptive process as regards Brexit.

Disappointment over growth and low inflation figures in the emerging economies led several central banks, such as those of India and Russia, to implement reductions to their reference rate and in the case of the Central Bank of China, to the legal reserves ratio.

In the US whose year began with the longest ever part closure of the federal government, the half year was marked by the levying of customs duties on various goods imported from China and the publication of indicators confirming growth moderation in the second quarter. Inflation continues to deviate downwards from the Fed's target of 2%.

Real GDP growth in the Euro Area in the first three months of the year was surprisingly positive in reflecting several temporary idiosyncratic factors. Business confidence and activity indicators, particularly those associated with industry owing to the cooling of global trade, deteriorated across the half year as a whole, having, in some cases, fallen to highly negative levels, whereas inflation, remaining at less than 2%, continued to evidence a marked trend to reduction from second half 2018,

As opposed to most of its European counterparts, the projections for economic growth of the Portuguese economy in 2019 and following years remained uncertain albeit pointing to the maturation of the expansionary stage of the economic cycle as confirmed by the Bank of Portugal. The Portuguese economy grew by a consecutive, non-annualised 0.5%, in real terms, in first quarter 2019 and outperformed the Euro Area by 0.4%. The unemployment rate of 6.8% in the first quarter of the year was down 1.1 pp over the same quarter 2018.

As regards the evolution of financial markets, the optimism noted in early May, based on the prospect of a trade agreement between the US and China being achieved over the short term, was significantly affected by the commercial tensions having transcended the sphere of customs duties, with obstacles over technology and intellectual property transfers having been raised by the US government. The highly significant increase of volatility and risk aversion resulted in a preference for safe assets and heightened expectations of even more accommodative monetary policy guidelines from the main central banks.

Sovereign bond yields continued to trend markedly downwards with highly significant falls, particularly following the early days of May, to minimum values in the case of European countries, including Portugal. The US interest rate was also sharply down to its lowest level for the last three and a half years at the end of June.

The ECB's willingness to introduce new economic stimuli led to significantly lower Euribor rates after the start of May, leading to historical minimums for these indexers' maturities at the end of the first half year.

Investors' heightened risk aversion and growing preference for safer assets led to a situation in which the usual safe currencies such as the Japanese yen and Swiss franc evidenced a high level of appreciation against the euro, across the first half of the year. The euro, which, at the end of May, was around 3% down against the dollar, started to recover in June, as a reflection of the prospect of the reduction of the divergences between the Fed's and ECB's monetary policies, in spite of depreciating by 0.8% across the first half year.

With the exception of May, the main share indices were significantly up across the remaining months of first half 2019 and, in the case of the MCSI Global, translated into half year gains of 15.3%. If in the first four months of the year, optimism was based on expectations of a favourable outcome for the trade talks between the US and China, together with the disclosure of positive corporate results, the recovery, in June, was based on the prospects of greater stimuli from the main central banks.

3. CONSOLIDATED INFORMATION

RESULTS

CGD's total operating income for first half 2019 was up 2.1% by €19.1 million over first half 2018 to €908.2 million. Contributing to this favourable evolution was the increase of non-interest income, of around €34 million, which more than compensated the €15 million drop in net interest income including income from equity instruments.

Operating costs continued to trend downwards with employee costs down 7.8% by €25.2 million and general administrative costs down 13.3% by €20.6 million.

The employee costs component of operating costs included a non-recurring cost of €35.5 million for early retirement programmes and voluntary redundancies, as a charge to provisions set up in 2017 for this purpose.

Net interest income for first half 2019 was down 3.2% by €18.4 million over the preceding year to €564.6 million owing to the interest rate environment and its impact on the credit and financial assets portfolio.

Income from financial operations in the first six months of the year totalled €22.5 million. This was less than the amount recorded in the same half last year and was conditioned by the evolution of interest rate hedges owing to the evolution of long term rates.

Net operating income before impairment was up 12.9% by €49.1 million, over the same period of the preceding year. Core operating income, in turn, as the sum of net interest income and commissions, net of operating costs was up €13 million in the period under analysis to €330.5 million.

Credit impairment of €2.8 million, net of recoveries was recognised in the consolidated accounts for the period between January and June 2019. The credit impairment aggregate for the period under analysis reflects a cost of credit risk of 1 bps, against 38 bps for first half 2018.

All regulatory costs for 2019, notwithstanding the settlement date, were recognised in the accounts for the first half year.

The tax bill in June 2019 came to €171.5 million against €167.1 million in June 2018. The referred to tax includes a banking sector contribution of €27.0 million in comparison to €32.8 million for the same period of the preceding year.

Income from held-for-sale subsidiaries was €25.2 million. Income from companies using the equity accounting method was, in turn, down €19.3 million, owing to the decrease of the contribution made by the insurance area.

As a result of the above referred to evolution CGD posted a 45.6% increase in consolidated profit to €282.5 million in first half 2019, against a net profit of €194.1 million for the same period of the preceding year.

BALANCE SHEET

CGD's consolidated net assets were up 2.3% by €2.1 million over December 2018 to €91,199 million at the end of first half 2019.

Securities investments, including assets with repurchase agreements, were up 24.2% by €3,785 million to €19,397 million at 30 June 2019 and up 18.4% over December. Loans and advances to credit institutions were up 10.0% by €308 million to €3,382 million over the same period last year.

The stock of Loans and advances to customers was down 3.3% over the end of 2018 to a net €49,449 million. The sharp rise in new production was, however, insufficient to offset the reduction in the portfolio which was strongly influenced by NPL sales and the deleveraging in several customer segments, particularly the public sector and major enterprises.

In first half 2019, there were 9,287 new mortgage lending operations in CGD Portugal, for an amount of €969 million. This represented a 22.7% increase of 1,720 operations and a 36% increase of €257 million over June 2018.

Customer deposits, essentially comprising resources taken by CGD Portugal, were up 3.4% by €2,158 million in comparison to the same period 2018.

CGD maintained its leading position in terms of total customer deposits in May 2019 with a market share of 25%. Reference should be made to its market share of 29.0% in the case of personal customers' deposits.

(EUR Million)

RESOURCES TAKEN	Restated 2018-06	Restated 2018-12	2019-06	Change 2019-06 vs. 2018-06 Total	Change 2019-06 vs. 2018-06 (%)	Change 2019-06 vs. 2018-12 Total	Change 2019-06 vs. 2018-12 (%)
Balance sheet	**70,732**	**68,931**	**70,532**	**-200**	**-0.3%**	**1,601**	**2.3%**
Central banks' & cred instit. resources	2,370	1,797	1,678	-692	-29.2%	-119	-6.6%
Customer deposits (Consolidated)	63,486	62,626	65,644	2,158	3.4%	3,017	4.8%
Domestic activity	54,151	53,263	56,364	2,213	4.1%	3,101	5.8%
International activity	9,336	9,363	9,280	-56	-0.6%	-83	-0.9%
Covered bonds	3,040	3,058	2,262	-777	-25.6%	-796	-26.0%
EMTN and other securities	1,724	1,362	806	-918	-53.2%	-556	-40.8%
Other	113	87	142	29	26.0%	55	62.8%
Off-balance sheet	**19,674**	**19,888**	**20,425**	**751**	**3.8%**	**537**	**2.7%**
Investment funds	4,059	3,745	4,007	-51	-1.3%	262	7.0%
Real estate investment funds	984	778	800	-184	-18.7%	23	2.9%
Pension funds	3,747	3,641	3,905	158	4.2%	265	7.3%
Financial insurance	8,068	8,586	8,603	534	6.6%	16	0.2%
OTRV Portuguese Governm. Bonds	2,815	3,138	3,109	294	10.4%	-29	-0.9%
Total	**90,405**	**88,819**	**90,957**	**551**	**0.6%**	**2,138**	**2.4%**
Total resources (domestic activity) (1)	**70,966**	**70,249**	**73,159**	**2,192**	**3.1%**	**2,910**	**4.1%**

(1) Includes customer deposits, investment funds, financial insurance, OTRV and other bonds, owned by customers.

Total resources taken from domestic activity at the end of first half 2019 were up 3.1% over the same period last year to €73,159 million. In the case of domestic activity, reference should be made to the 4.1% increase of €2,213 million in customer deposits and off-balance sheet products which, notwithstanding decreases in the real estate funds component, were up 3.8% by €751 million. Financial insurance was up 6.6% by €534 million and variable-income treasury bonds up 10.4% by €294 million over June 2018.

Loans and advances to customers (gross) were down 8.9% over first half 2018 to €52,379 million. Loans to corporates and personal customers, in the sphere of CGD Portugal's activity were down 10.3% and 4.2%, respectively, as a reflection of endeavours to reduce NPL stock.

(EUR Million)

LOANS AND ADVANCES TO CUSTOMERS	Restated	Restated		Change 2019-06 vs. 2018-06		Change 2019-06 vs. 2018-12	
	2018-06	2018-12	2019-06	Total	(%)	Total	(%)
CGD Portugal	**47,598**	**44,629**	**42,888**	**-4,710**	**-9.9%**	**-1,741**	**-3.7%**
Corporate	15,563	13,997	13,958	-1,604	-10.3%	-38	-0.2%
General government	4,840	4,124	3,549	-1,290	-26.7%	-574	-11.9%
Institutionals and other	1,107	1,160	394	-714	-64.4%	-766	-69.2%
Individual customers	26,088	25,348	24,986	-1,102	-4.2%	-362	-1.4%
Mortgage loans	25,208	24,496	24,193	-1,015	-4.0%	-303	-1.2%
Other	880	852	793	-87	-9.8%	-59	-6.7%
Other CGD Group companies	**9,904**	**9,821**	**9,491**	**-413**	**-4.2%**	**-330**	**-3.3%**
Total	**57,502**	**54,450**	**52,379**	**-5,123**	**-8.9%**	**-2,071**	**-3.6%**

Note: Gross loans and advances to customers

CGD achieved an 18.9% share of the domestic credit market in May 2019 (15.0% for corporate and 24.1% for residential mortgage loans).

The loans-to-deposits ratio at the end of first half 2019 stood at 75.3% in comparison to 83.8% in June 2018. This demonstrates the strong loyalty of CGD’s depositors, even in an environment of low interest rates.

The quality of CGD’s assets evolved favourably with a €2.3 billion reduction of 34% in its NPL (non performing loans) ratio, over June 2018 according to the EBA definition, in which portfolio disposals in the first half 2018 were accompanied by a positive evolution of cured and recovered credit. The NPL ratio at the end of first half 2019 stood at 7.3% with impairment and collateral coverage of 64.3% and 43.6% respectively, at the same date (total coverage of 107.9%).

LIQUIDITY

Given a comfortable situation, both in terms of liquidity as in own funds, CGD decided to exercise, after the necessary approvals, its early redemption option on two tier 1 issuances (securities issuances representing tier 1 own funds), in the first three months of 2019. The securities with a present value of €110.7 million, were originally issued in 2004 and 2005.

Resources taken in consolidated terms by CGD Group from the ECB, entirely through Banco Caixa Geral (Spain), were slightly up by €20 million from €471 million to €491 million over December 2018.

There was a €37 million increase in CGD Group’s eligible assets portfolio in the Eurosystem pool, in comparison to the amount at the end of last year to €12 billion at the end of June.

The financing balance of covered bonds, following the reduction in the first month of the year in question with a maturity of €750 million, remained stable up to the end of June at €5.3 billion, with no need to renew.

Reference should be made, in the case of the outstanding balance on EMTN programme issuances, to a decrease following the redemption, in May, of around €539 million of a lower tier II subordinated debt issuance (securities representing tier 2 own funds), originally issued in 2005.

In the sphere of the EMTN programme, reference should also be made to the completion of a series of upgrades at the end of June which particularly included a new subordination class referred to as “non-preferred senior debt instruments”. This new instrument will enable CGD to issue debt complying with the subordinated component of the MREL (minimum requirement for own funds and eligible liabilities), with the use of less exacting instruments than own funds instruments but which are also able to absorb losses in the event of resolution and contribute towards the bank’s internal recapitalisation.

The LCR (liquidity coverage ratio) of 323.6% the end of June 2019 was higher than the regulatory requirements and European Union banks' average.

CAPITAL AND MREL

Consolidated shareholders' equity at 30 June 2019 was up €70 million over the same period 2018 to €8,224 million. Reference should be made to the 33.2% evolution of €89 million in revaluation reserves.

Other reserves were impacted by the reduction of the Pension Fund discount rate from 2.075% to 1.6% and the payment of dividends of €200 million.

(EUR Million)

SHAREHOLDERS' EQUITY	Restated	Restated		Change 2019-06 vs 2018-06	
	2018-06	2018-12	2019-06	Total	(%)
Share capital	3,844	3,844	3,844	0	0.0%
Other capital instruments	500	500	500	0	0.0%
Revaluation reserves	268	257	356	89	33.2%
Other reserves and retained earnings	3,011	2,855	3,005	-6	-0.2%
Non-controlling interests	337	333	236	-100	-29.8%
Net income	194	496	283	88	45.6%
Total	**8,154**	**8,285**	**8,224**	**70**	**0.9%**

The other equity instruments account totalling €500 million refers to the market issuance of additional tier 1 securities at the end of March 2017.

The fully loaded, CET 1, tier 1 and total ratios, of 14.8%, 15.8% and 17.1%, respectively (including net income for the period), easily met the capital requirements currently in force for CGD.

CGD was notified by the Bank of Portugal of its MREL requirements during the course of the half year in conformity with the resolution issued by the Single Resolution Fund.

CGD must have an amount of own funds and eligible liabilities of €11,453 million, from 1 January 2023. This is equivalent to 13.27% of the total liabilities and shareholders' equity of its resolution perimeter at 31 December 2017.

The MREL requirement is in line with CGD's expectations and is consistent with its financing plan which provides for the issuance of approximately €2 billion of eligible liabilities (excluding AT1 financing) – issuances of preferred and non-preferred senior debt – up to the end of 2022.

The resolution in respect of the MREL requirement is based on current legislation and is subject to a review by the supervisor over time.

RELEVANT EVENTS

Rating agencies continue to upgrade their ratings

DBRS Ratings upgraded its rating on long term deposits by one notch to BBB and on short term deposits to R-2 (high), with a stable trend, in March 2019. This was latterly changed to "positive" in the following month, in line with the revision of the rating trend on the Portuguese Republic. It upgraded its rating on long term debt in June from BBB (low) to BBB and from R-2 (middle) to R-2 (high), on short term debt both of which ratings with a stable trend. It also upgraded its rating on CGD's covered bonds by one notch from A (high) to AA (low).

In July, Moody's affirmed its rating of Ba1 on CGD's long term senior debt, having reviewed its outlook from negative to stable and upgraded its long term rating on deposits from Ba1 to Baa3, by one notch with a stable outlook and short term not-prime debt to P-3.

Innovation and digital transformation

The Digital Transformation Program continues with initiatives for end-to-end business transformation. In the business context, the development of support processes for the commercialization of core credit products, companies and individuals stands out.

CGD also continues to commit resources to its remote customers management services which account more than 303,000 customers. This comprises a year-on-year increase of 34% customers served.

CGD had about 1.64 million individual and corporate digital customers with active contracts, in the domestic market at the end of June 2019. Of note is the use of the Caixadirecta App, considering its 63% growth in monthly logins compared to the first half of 2018 and which accounted for 67% of total accesses to Caixadirecta, the Portuguese App with the highest number of ratings in Apps Stores (around 67,000).

More and more, the use of digital platforms is a reality available to all, 1.5 million of CGD's 3.8 million customers use digital channels and an example of this was the access to Caixadireta, on April 30 of 408,000 unique customers.

In 2019, the cgd.pt site has become 100% accessible to people with disabilities, meeting AAA accessibility level. In addition, CGD continues to be the only bank in the top 25 in terms of number of social network searches. This is more than twice that of the second placed bank (NetAudience meterpanel - February 2019).

Improved customer experience and commercial transformation

The improvement of its customers' experience is a priority for CGD and is a core issue in strengthening its value proposals for them. In the "Mortgage Lending Satisfaction Survey" which was carried out in May, 90% of customers indicated their satisfaction with CGD's mortgage lending. Its status as a corporate bank was also enhanced in these first 6 months of 2019, with more than 3,800 corporate customers having entered into new loans with Caixa.

A new, faster and more flexible new accounts registration process was developed. Particular reference should be made to the automatic scanning of the data contained on citizens' ID cards, achieving a 75% reduction in the time needed to enter into a relationship with CGD.

Contas Caixa ["Caixa accounts"], as a multiproduct solution comprising a current account, online transfers, credit and debit cards and insurance, had a total number of around 1.66 million subscribers at the end of June, up by 133 thousand new accounts across the first half year.

Encontros Fora da Caixa conferences

The first Fora da Caixa cycle came to an end in 2019. The event travelled to all domestic district capitals, with 4 meetings having been held in this second cycle. Meetings were also held in Portuguese cities under the equation E=MC2 | Economy = Market x (Knowledge and Culture). In this new format Culture has been included as an integral part of these events.

1,478 CGD customers were present in the 6 meetings held across first half 2019, together with 109 thousand streaming views.

Caixa continues to be the leader in the main customer and product segments

With particular reference to unit trust investment funds, deposits, household loans payments and bank cards and digital operations.

Protection of people with fewer resources particularly includes the "minimum banking services" account, led by CGD, with a market share of around 44.2% in December 2018.

In terms of governmental lines, CGD achieved a leading position with its SPGM [mutual guarantee] and IFD lines of credit in the first 6 months of 2019 and achieved 1st place with its *Linha Capitalizar Mais*. [Capitalisation plus] lines of credit.

Prizes and distinctions

Across the 1st half 2019, the following awards and distinctions were attributed distinguishing CGD Group's activity in retail banking, investment banking and fund management:

- CGD - First Portuguese bank in the world ranking for the 2nd consecutive year in the Top 1000 World Banks 2019 ranking by The Banker magazine;
- CGD - Most valuable and strongest Portuguese banking brand and 4th most valuable and 2nd strongest amongst Portuguese brands according to BrandFinance;
- CGD – Best Bank in Portugal 2018, by English EMEA Finance magazine, in its Europe Banking Awards 2018;
- CGD – Most valuable brand (AA+) – in the Top 500 Banking Brands 2019, by The Banker magazine.
- CGD – Best 2019 Premium Card assigned to the Platinum Card by the online simulator Compara.J.com, which distinguishes the most competitive premium card;
- CaixaBI - Nº 1 IPO & Seasoned Equity Offer House 2019, by Euronext Lisbon Awards 2019;
- Caixagest – Best Global Domestic Manager, by Morningstar, a distinction which it had already received in 2015 and 2018, which covers its global offer of funds;
- Caixagest – Best Domestic Bond Manager, by Morningstar, for the fifth consecutive year.

4. DOMESTIC AND INTERNATIONAL ACTIVITY

Domestic activity contributed €196.5 million to CGD Group's net income in first half 2019, against €118.7 million in the same half of the preceding year.

Contributory factors in this evolution were the positive effects of the aggregate comprising a €50.1 million increase of other operating income, €36,8 million reduction of operating costs, €1.4 million increase in income from services and commissions and a lower rate of setting up of provisions and impairment.

(EUR Million)

CONTRIBUTION TO CONSOLIDATED P&L (*)	Domestic Activity			International Activity		
	Restated 2018-06	2019-06	Change (%)	Restated 2018-06	2019-06	Change (%)
Net interest income	396.2	372.5	-6.0%	189.1	191.9	1.5%
Income from equity instruments	11.5	15.1	31.2%	0.3	0.3	-3.2%
Net fees and commissions	199.9	201.3	0.7%	43.1	42.9	-0.4%
Net trading income	29.0	-3.2	-	18.8	25.7	36.7%
Other operating income	29.9	80.0	167.1%	-8.4	-4.0	-
Total operating income	**666.5**	**665.6**	**-0.1%**	**242.7**	**256.7**	**5.8%**
Employee costs	249.3	225.3	-9.6%	72.6	71.4	-1.6%
Administrative expenses	127.6	101.3	-20.6%	47.4	47.1	-0.5%
Depreciation and amortisation	19.3	32.7	70.0%	11.5	13.8	20.0%
Operating costs	**396.2**	**359.4**	**-9.3%**	**131.5**	**132.4**	**0.7%**
Net operating income before impairments	**270.3**	**306.3**	**13.3%**	**111.3**	**124.4**	**11.8%**
Credit impairment (net)	90.5	-9.3	-	23.1	12.1	-47.7%
Provisions and impairments of other assets (net)	-55.2	-20.8	-	-1.0	5.8	-
Net operating income	**235.0**	**336.4**	**43.1%**	**89.1**	**106.5**	**19.5%**
Income Tax	141.2	146.0	3.4%	25.9	25.5	-1.5%
Net operat. inc. after tax and before non-controlling interests	**93.9**	**190.4**	**102.8%**	**63.2**	**81.0**	**28.2%**
Non-controlling interests	1.9	1.5	-23.6%	16.4	20.4	24.4%
Results from subsidiaries held for sale	n.a.	n.a.	n.a.	28.3	25.2	-10.8%
Results of associated companies	26.7	7.6	-71.4%	0.3	0.1	-55.7%
Net income	**118.7**	**196.5**	**65.6%**	**75.4**	**86.0**	**14.0%**

(*) Pure intragroup transactions with no impact on consolidated net income are not eliminated.

Operating costs were down 9.3% in first half 2019 to €359.4 million, achieving a positive level of performance over the same half 2018, impacted by the decrease of general administrative costs and employee costs. This amount included a non-recurring cost of €35.5 million for early retirements and voluntary redundancies, as a charge to the use of the same amount from the provision which was set up in 2017 for this purpose.

International business's contribution of €86.0 million to consolidated net income in first half 2019 was up 14.0% over the same period 2018. The main contributions to income from international activity in the first six months of the year were made by BNU Macau (€33.0 million), BCI Mozambique (€18.9 million), and France branch (€10.2 million).

Total operating income from international activity was up 5.8% over the same period of the preceding year. The components of total operating income making a positive contribution to this evolution in comparison to the same period of the preceding year were net interest income (up 1.5% by €2.8 million) and income from financial operations (up 36.7%, by €6.9 million).

Notwithstanding the decreases of 1.6% in the employee costs and 0.5% in administrative costs components, operating costs were up 0.7% over June 2018 owing to the 20.0% increase in the amortisation and depreciation component.

The London, Cayman, Macau Offshore, Zhuhai and New York branches have already been closed down following the implementation of the strategic plan. The disposal process on CGD's equity stakes in Mercantile Bank Holdings Limited (South Africa) and Banco Caixa Geral, S.A. (Spain), was furthered during the course of the first half. Their completion is dependent upon permission from the local authorities. Further work was also carried out on the disposal process of BCG Brasil.

The disposal process on Banco Comercial do Atlântico (Cape Verde) and closure of the Luxembourg branch was initiated in early 2019 and is expected to be completed by the end of this year.

These operations were aimed at rationalising CGD Group's international structure, enabling it to free-up capital and reduce its risk profile.

5. CONSOLIDATED ACCOUNTS AND SEPARATE ACCOUNTS – CGD, S.A.

(EUR Million)

	Consolidated Activity				Separate Activity			
BALANCE SHEET	Restated 2018-06	Restated 2018-12	2019-06	Change YtD	2018-06	2018-12	2019-06	Change YtD
ASSETS				(%)				(%)
Cash and cash equiv. with central banks	5,223	5,528	5,851	5.8%	4,453	4,661	4,977	6.8%
Loans and advances to credit instit.	3,074	3,057	3,382	10.7%	4,260	3,964	4,165	5.1%
Securities investments	15,612	16,383	19,397	18.4%	16,990	17,995	20,899	16.1%
Loans and advances to customers	53,205	51,144	49,449	-3.3%	47,094	44,852	43,428	-3.2%
Assets with repurchase agreement	318	55	21	-61.8%	255	0	21	-
Non-current assets held for sale	7,453	7,028	6,875	-2.2%	720	657	648	-1.4%
Investment properties	877	810	805	-0.7%	3	5	5	0.0%
Intangible and tangible assets	507	491	698	42.1%	289	292	486	66.5%
Invest. in subsid. and assoc. companies	396	384	416	8.3%	3,547	1,672	1,621	-3.1%
Current and deferred tax assets	2,218	2,151	2,014	-6.4%	2,136	2,045	1,929	-5.7%
Other assets	2,676	2,097	2,292	9.3%	1,910	1,463	1,455	-0.5%
Total assets	**91,557**	**89,129**	**91,199**	**2.3%**	**81,657**	**77,607**	**79,634**	**2.6%**
LIABILITIES								
Central banks' and cred. instit. resources	2,370	1,797	1,678	-6.6%	3,050	2,176	2,182	0.3%
Customer resources	63,599	62,714	65,786	4.9%	58,727	56,215	59,475	5.8%
Debt securities	3,241	3,260	2,468	-24.3%	3,242	3,261	2,468	-24.3%
Financial liabilities	859	738	987	33.8%	851	731	986	34.9%
Non-current liabilities held for sale	6,503	6,185	6,050	-2.2%	0	0	0	-
Provisions	1,147	1,047	988	-5.6%	1,167	1,046	990	-5.3%
Subordinated liabilities	1,522	1,160	601	-48.2%	1,621	1,270	600	-52.7%
Other liabilities	4,163	3,943	4,417	12.0%	5,814	5,543	5,583	0.7%
Sub-total	**83,403**	**80,843**	**82,975**	**2.6%**	**74,472**	**70,240**	**72,286**	**2.9%**
Shareholders' equity	**8,154**	**8,285**	**8,224**	**-0.7%**	**7,185**	**7,367**	**7,348**	**-0.3%**
Total	**91,557**	**89,129**	**91,199**	**2.3%**	**81,657**	**77,607**	**79,634**	**2.6%**

(EUR Thousand)

INCOME STATEMENT	Consolidated Activity			Separate Activity		
	Restated 2018-06	2019-06	Change (%)	2018-06	2019-06	Change (%)
Interest and similar income	1,021,026	937,802	-8.2%	761,994	691,069	-9.3%
Interest and similar costs	438,071	373,246	-14.8%	354,975	307,753	-13.3%
Net interest income	582,955	564,556	-3.2%	407,018	383,317	-5.8%
Income from equity instruments	11,781	15,368	30.4%	65,070	74,086	13.9%
Net interest inc. incl. inc. from eq. investm.	**594,737**	**579,925**	**-2.5%**	**472,089**	**457,403**	**-3.1%**
Fees and commissions income	299,555	304,150	1.5%	242,094	250,831	3.6%
Fees and commissions expenses	57,462	60,676	5.6%	39,966	41,269	3.3%
Net fees and commissions	242,093	243,474	0.6%	202,128	209,562	3.7%
Net trading income	50,274	22,522	-55.2%	24,233	23,992	-1.0%
Other operating income	1,998	62,244	3015.7%	-24,605	35,672	-
Non-interest income	**294,364**	**328,241**	**11.5%**	**201,755**	**269,226**	**33.4%**
Total operating income	**889,101**	**908,165**	**2.1%**	**673,844**	**726,629**	**7.8%**
Employee costs	321,905	296,704	-7.8%	248,512	227,343	-8.5%
Administrative expenses	154,803	134,208	-13.3%	123,162	103,402	-16.0%
Depreciation and amortisation	30,794	46,585	51.3%	19,212	32,933	71.4%
Operating costs	507,502	477,497	-5.9%	390,885	363,678	-7.0%
Net operating income before impairments	**381,599**	**430,668**	**12.9%**	**282,959**	**362,950**	**28.3%**
Credit impairment (net)	113,610	2,816	-97.5%	89,596	657	-99.3%
Provisions for reduction of employees	-30,681	-35,505	-	-32,581	-35,505	-
Provisions for sale international subsidiaries	5,000	0	-100.0%	5,000	0	-100.0%
Provisions for garantees and other commitements	-53,928	-35,505	-	-50,483	-36,600	-
Other provisions and impairments	23,436	55,967	138.8%	14,002	14,428	3.0%
Provisions and impairments	**57,437**	**-12,227**	**-**	**25,533**	**-57,020**	**-**
Net operating income	**324,161**	**442,895**	**36.6%**	**257,426**	**419,971**	**63.1%**
Income Tax	**167,068**	**171,511**	**2.7%**	**127,793**	**136,162**	**6.5%**
of which Contribution on the banking sector	32,814	27,030	-17.6%	29,842	26,480	-11.3%
Net op. inc. after tax and before non-controlling int.	**157,093**	**271,383**	**72.8%**	**n.a.**	**n.a.**	**n.a.**
Non-controlling interests	18,301	21,849	19.4%	n.a.	n.a.	n.a.
Results of associated companies	27,034	7,779	-71.2%	n.a.	n.a.	n.a.
Results of subsidiaries held for sale	28,273	25,226	-10.8%	n.a.	n.a.	n.a.
Net income	**194,099**	**282,540**	**45.6%**	**129,633**	**283,808**	**118.9%**

Lisbon, 30 July 2019