PRESS RELEASE

Consolidated results
3rd Quarter 2019

Profitability (ROE 8.2%) and asset quality continue to show improvement; closer to investment grade by all agencies; progress achieved in meeting the strategic plan's objectives on international assets

- Consolidated net income for the first nine months was €640.9 million, up €272 million over the same period 2018. Recurrent consolidated net income was €112 million up 30% over the same period 2018 to €481.4 million, equivalent to a ROE(1) of 8.2%;
- October saw the completion of the sale of Banco Caixa Geral (Spain) and approval of the South African authorities for the sale of Mercantile concluded on November 7, complying with the objectives of the strategic plan. This evolution led to a €159 million reversal of impairments resulting from the sales price achieved in the negotiating process;
- The September accounts still include BCG and Mercantile, as its deconsolidation only occurs on the closing date of the sale;
- Core operating income on a recurring basis was up year-on-year by 1.6% to €564 million;
- Operating costs were down year-on-year by 3.7%;
- Commissions increase 1.4% in domestic activity and 2.0% in consolidated activity;
- An amount of €38.1 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;
- CGD's efficiency level, with a cost-to-income ratio of 47.2%, continued to progress favourably(2);
- Total customer resources, comprising an overall amount of €72,010 million from domestic activity continue to increase. Customer deposits were up 3.3% with individuals deposits growing 4,5% year on year;
- There was a 35% increase of €385 million in new mortgage loans over the same period 2018;
- Loans to corporates (excluding construction and real estate) increases 5.5% in the first nine months of 2019;
- CGD continued to enjoy a highly favourable liquidity position with €11.9 billion in the Eurosystem pool of eligible assets and an LCR (liquidity coverage ratio) of 325%;

(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 for employee redundancy programmes and general administrative costs of €44.3 million in 2018 and €38.1 million in 2019.

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- CGD's asset quality continued to trend to improvement with a CGD Group NPL ratio of 6.6% and impairment and collateral coverage of 68.2% and 41.1% respectively, to a total coverage ratio of 109.3%. The NPL ratio (net) was 2.2%;
- The fully loaded, CET 1, tier 1 and total ratios of 15.6%, 16.6% and 18.0%, respectively, easily met CGD's capital requirements;
- Fitch Ratings upgraded its rating on CGD to BB+ in October. This was the second upgrade by this agency since the strategic plan was implemented.

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 September 30, 2019, unless otherwise stated. These may be estimates subject to revision. Solvency ratios include net income for the period.
- The September 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".
- As of September 30, 2019, CGD's holdings in Mercantile Bank Holdings Limited (South Africa) and Banco Caixa Geral, SA (Spain) were recorded as non-current assets held for sale under IFRS 5. On September 9, 2019, the European Central Bank (ECB) informed CGD of its non-opposition to the sale of shares representing 99.79% of the share capital of Banco Caixa Geral, S.A. (BCG) to ABANCA Corporácion Bancária, S.A., which came to take place on October 14, 2019. On October 9, 2019, the South African authorities declared their approval of the sale of shares representing 100% of the share capital of Mercantile Bank Holdings Limited to Capitec Bank Limited, which was concluded on November 7, 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 3º Trimestre 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)	**2018-09**	**2019-09**
Net assets	91,007	89,862
Loans and advances to customers (net)	52,696	49,179
Customer deposits	62,806	64,674
Total operating income	1,386	1,387
Net core operating Income before impairments (1)	510	526
Net income	369	641
PROFIT AND EFFICIENCY RATIOS		
Gross return on equity - ROE (3) (4)	11.0%	14.6%
Net return on equity - ROE (4)	6.6%	8.2%(8)(10.8%)
Gross return on assets - ROA (3) (4)	1.0%	1.4%
Net return on assets - ROA (4)	0.6%	1.0%
Total operating income / Average net assets (3) (4)	2.1%	2.1%
Employee costs / Total operating income (3)	31.8%	30.8%
Employee costs recurrent / Total core operating income (1) (2)	33.3%	32.1%
Cost-to-income BoP (3)	50.8%	50.0%
Cost-to-income (2) (3)	47.7%	47.2%
Cost-to-core income (2) (5)	55.2%	54.0%
CREDIT QUALITY AND COVER LEVELS (6)		
NPL ratio - EBA	10.5%	6.6%
NPL ratio (net)	4.3%	2.2%
NPE ratio - EBA	8.0%	5.0%
NPL coverage - EBA	61.3%	68.2%
NPE coverage - EBA	60.7%	66.7%
Forborne ratio for loans and advances - EBA (7)	5.2%	4.1%
Coverage ratio on forborne loans and advances - EBA (7)	99.2%	100.2%
Cost of credit risk(*)	0.26%	0.01%
STRUCTURE RATIOS		
Loans & adv. customers (net) / Net assets	57.9%	54.7%
Loans & adv. customers (net) / Customer deposits (3)	83.9%	76.0%
SOLVENCY AND LIQUIDITY RATIOS (CRD IV/CRR) (6)		
CET 1 (fully implemented)	14.6%	15.6%
Tier 1 (fully implemented)	15.6%	16.6%
Total (fully implemented)	16.8%	18.0%
Liquidity coverage ratio	252.8%	325.4%
OTHER INDICATORS		
Number of branches - CGD Group	1,072	1,069
Number of branches - CGD Portugal (Physical branches)	522	510
Number of employees - Domestic activity	7,812	7,421
Number of employees - CGD Portugal	7,359	7,011
CGD RATING	**Short Term**	**Long Term**
FitchRatings	B	BB+
Moody's	NP	Ba1
DBRS	R-2 (high)	BBB

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-September 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€44.3 in 2018 and M€38.1 in september 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; (8) Current activity ROE = (net income + non-recurring costs + non-controlling interests) / Shareholders ' equity (average of 13 monthly observations, annualized.

2. CONSOLIDATED INFORMATION

RESULTS

CGD's improved profitability was confirmed across the first 9 months of 2019.

Net operating income before impairment in the first nine months of 2019 was up 4.2% by €27.7 million. Contributory factors were the increase of around €13.5 million in non-interest income and the continuation of the downwards trajectory of operating costs with a global reduction of €26.9 million. Employee costs were down 5.1% by €23.3 million and general administrative costs down 11.1% by €24.9 million.

Core operating income as the sum of net interest income and commissions, net of current operating costs, was up €9 million in the period under analysis to €564 million. This positive evolution reflected the referred to reduction of operating costs and 2.0% increase in income from services and commissions which offset the decrease in net interest income.

Net interest income in the first nine months of 2019 was down 2.2% by €18.8 million over the preceding year to €851.5 million owing to the interest rate environment and its impact on the credit and financial assets portfolio.

The employee costs component part of operating costs included a non-recurring cost of €38.1 million for the first nine months of the year against €44.3 million for the same period of the preceding year. All regulatory costs for 2019, notwithstanding their settlement date, have been recognised in the accounts.

Income from financial operations in the first nine months of the year totalled €18.0 million. This was less than the amount for the same half last year owing to the evolution of interest-rate-derivative-hedges given the evolution of long term rates.

Credit impairment, net of recoveries for the amount of €4.0 million for the period between January and September 2019 was recognised in the consolidated accounts. The credit impairment aggregate for the period under analysis reflects a cost of credit risk of 1 bp, in comparison to 26 bps for the first nine months of 2018. The evolution of impairment on other assets was impacted by a €159 million impairment on the sale of Banco Caixa Geral (Spain) and Mercantile (South Africa) based on an adjustment of the valuation of such assets in the provision set up in 2017 to the sales price achieved in the negotiating process.

Income from held-for-sale subsidiaries was down €4.4 million to €34.2 million while results of associated companies was €13.2 million, down €30.8 million owing to the impact of the decrease in the contribution from the insurance area.

As a result of the above CGD recognised consolidated profit of €640.9 million in the first nine months of 2019, against a net profit of €369.3 million for the same period of the preceding year, comprising growth of 73.5%.

BALANCE SHEET

CGD's consolidated net assets at the end of September 2019 were up 0.8% by €733 million over December 2018 to €89,862 million.

Securities investments of €20,159 million, at 30 September 2019, were up 28.8% by €4,509 million over September 2018 and 23% over December. Loans and advances to credit institutions for the amounted to €2,988 million.

The loans and advances to customers portfolio was down 3.8%, over the end of 2018 to €49,179 million (net). The huge increase in new agreements, however, was not enough to offset the reduction of the portfolio, which was strongly influenced by NPL sales and by deleveraging operations in several customer segments, namely the public sector.

A total amount of €1,495 million was taken out in mortgage loans in CGD Portugal in the first nine months of 2019 − up 34.7% by €385 million over September 2018.

Customer deposits, essentially comprising resources taken by CGD Portugal, were up 3.0% by €1,867 million over the same period 2018.

CGD maintained its leading domestic market position in terms of total customer deposits in August 2019 with a market share of 24.9%. Special reference should be made to its market share of 29.0% in the case of personal customers' deposits.

(EUR Million)

RESOURCES TAKEN	Restated	Restated		Change 2019-09 vs. 2018-09		Change 2019-09 vs. 2018-12	
	2018-09	2018-12	2019-09	Total	(%)	Total	(%)
Balance sheet	**70,379**	**68,931**	**69,542**	**-836**	**-1.2%**	**612**	**0.9%**
Central banks' & cred instit. resources	2,696	1,797	1,598	-1,097	-40.7%	-199	-11.0%
Customer deposits (Consolidated)	62,806	62,626	64,674	1,867	3.0%	2,047	3.3%
Domestic activity	53,471	53,263	55,061	1,590	3.0%	1,797	3.4%
International activity	9,335	9,363	9,613	278	3.0%	250	2.7%
Covered bonds	3,060	3,058	2,276	-783	-25.6%	-782	-25.6%
EMTN and other securities	1,725	1,362	796	-929	-53.8%	-566	-41.5%
Other	93	87	198	105	113.8%	111	127.2%
Off-balance sheet	**20,076**	**19,888**	**20,764**	**688**	**3.4%**	**877**	**4.4%**
Investment funds	3,889	3,745	4,202	313	8.0%	457	12.2%
Real estate investment funds	934	778	838	-96	-10.3%	60	7.8%
Pension funds	3,758	3,641	4,045	287	7.6%	404	11.1%
Financial insurance	8,355	8,586	8,588	233	2.8%	1	0.0%
OTRV Portuguese Governm. Bonds	3,140	3,138	3,092	-49	-1.6%	-46	-1.5%
Total	**90,455**	**88,819**	**90,307**	**-148**	**-0.2%**	**1,488**	**1.7%**
Total resources (domestic activity) (1)	**70,857**	**70,249**	**72,010**	**1,153**	**1.6%**	**1,761**	**2.5%**

(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 September 2019 were up 1.6% over the same period last year to €72,010 million. In terms of domestic activity reference should be made to the performance of customer deposits which were up 3.0% by €1,590 million and off-balance sheet products that, notwithstanding decreases in the case of property investment funds and variable-income treasury bonds, were up 3.4% by €688 million over the same month of the preceding year. Property investment funds were up 8.0% by €313 million and financial insurance up 2.8% by €233 million over September 2018.

Loans and advances to customers (gross) were down 8.6% over the same month in 2018 to €51,857 million. Loans to corporates and personal customers, in terms of CGD Portugal's activity were down 9.0% and 4.3%, respectively, as a reflection of endeavours to reduce NPL stock.

(EUR Million)

LOANS AND ADVANCES TO CUSTOMERS	Restated	Restated		Change 2019-09 vs. 2018-09		Change 2019-09 vs. 2018-12	
	2018-09	2018-12	2019-09	Total	(%)	Total	(%)
CGD Portugal	**47,058**	**44,629**	**42,135**	**-4,922**	**-10.5%**	**-2,493**	**-5.3%**
Corporate	15,053	13,997	13,697	-1,356	-9.0%	-299	-2.0%
General government	5,035	4,124	3,481	-1,555	-30.9%	-643	-12.8%
Institutionals and other	1,125	1,160	231	-894	-79.4%	-929	-82.6%
Individual customers	25,844	25,348	24,726	-1,118	-4.3%	-622	-2.4%
Mortgage loans	24,962	24,496	23,918	-1,044	-4.2%	-578	-2.3%
Other	882	852	808	-74	-8.4%	-44	-5.0%
Other CGD Group companies	**9,696**	**9,821**	**9,722**	**26**	**0.3%**	**-99**	**-1.0%**
Total	**56,753**	**54,450**	**51,857**	**-4,896**	**-8.6%**	**-2,593**	**-4.6%**

Note: Gross loans and advances to customers

CGD achieved an 18.5% share of the domestic credit market in August 2019 (14.6% for corporate and 24.0% for mortgage loans).

The loans-to-deposits ratio at the end of the first nine months of 2019 stood at 76.0% in comparison to 83.9% in September 2018. This is indicative of the strength of the loyalty of CGD's depositors, even in an environment of low interest rates.

The quality of CGD's assets evolved favourably with a reduction of €2.7 billion in its NPL (non performing loans) ratio which was down 40% over September 2018 according to the EBA definition, in which portfolio disposals in third quarter 2019 were accompanied by a positive evolution of cured and recovered credit. The NPL ratio at the end of third quarter 2019 stood at 6.6% with impairment and collateral coverage of 68.2% and 41.1% respectively at the same date, comprising a total coverage ratio of 109.3%.

The investment properties account which was strongly influenced by the Fundimo fund's exit from CGD Group's consolidation perimeter, following the reduction of CGD's equity stake in this fund was down €554 million over December 2018.

LIQUIDITY

Given its comfortable situation, both in terms of liquidity as in own funds, after having obtained the necessary authorisations, CGD decided to exercise 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 by CGD Group from the ECB, in consolidated terms, wholly through Banco Caixa Geral (Spain), were slightly down by €20 million over December 2018 from €471 million to €451 million.

There was a €126 million decrease in CGD Group's assets portfolio eligible for the Eurosystem pool, in comparison to the amount at the end of last year to €11.9 billion at the end of September.

The covered bonds financing balance, following the reduction in the first month of the year in question with the maturing of €750 million, remained stable at €2.25 billion, with no need to renew.

The outstanding balance on the EMTN programme remained stable since May this year at €828.3 million at the time of the €539 million redemption of a subordinated lower tier 2 debt issuance originally issued in 2005.

The LCR (liquidity coverage ratio) of 325% the end of September 2019 was higher than the regulatory requirements and average for European Union banks.

CAPITAL

Consolidated shareholders' equity at 30 September 2019 was up €375 million over the same period 2018 to €8,618 million. Reference should be made to the 49.8% increase of €119 million in revaluation reserves.

Other reserves were impacted by the reduction of the discount rate on the pension fund from 2.075% to 1.6% with a negative effect of €165 million and dividend payments of €200 million.

(EUR Million)

SHAREHOLDERS' EQUITY	Restated	Restated		Change 2019-09 vs 2018-09	
	2018-09	2018-12	2019-09	Total	(%)
Share capital	3,844	3,844	3,844	0	0.0%
Other capital instruments	500	500	500	0	0.0%
Revaluation reserves	239	257	358	119	49.8%
Other reserves and retained earnings	2,955	2,855	3,022	67	2.3%
Non-controlling interests	336	333	253	-83	-24.7%
Net income	369	496	641	272	73.5%
Total	**8,244**	**8,285**	**8,618**	**375**	**4.5%**

The other equity instruments account for the amount of €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 15.6%, 16.6% and 18.0%, respectively (including net income for the period), easily met the capital requirements currently in force for CGD, while still not having benefited from the total impact of the sale of international assets.

MREL

CGD was notified of its MREL (minimum requirement for own funds and eligible liabilities) requirements by the Bank of Portugal during the course of 2019 in conformity with a single resolution fund resolution.

CGD must have €11,453 million in own funds and eligible liabilities 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 and issuances of preferred and non-preferred senior debt up to the end of 2022,

The MREL requirement resolution 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

In July 2019, 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.

DBRS Ratings (DBRS Morningstar) upgraded its rating on long term debt in June 2019 from BBB (low) to BBB and from R-2 (middle) to R-2 (high), on short term debt, both with a stable trend. It also upgraded its rating on CGD's covered bonds by one notch from A (high) to AA (low). It upgraded its rating on long term deposits to BBB (high) and, on short term deposits, to R-1, both with a stable trend, in October 2019. This was the second upgrade in 2019.

Fitch Ratings upgraded CGD's Long Term Issuer Default Rating (IDR), also in October 2019, from BB to BB+ with a stable outlook and its Viability Rating (VR) from bb to bb+, the second rating upgrade since the start of the ongoing Strategic Plan.

These upgrades reflect a successful implementation by CGD of its Strategic Plan 2017-2020 with marked improvements in profitability, enhanced asset quality and reinforced capital ratios.

Innovation and digital transformation

CGD continued to invest in innovation and inclusion, helping to improve the customer experience and making a positive contribution to business growth. To this end, a global investment plan for technology and digital transformation was approved to be in force between 2017 and 2022, in excess of 200 million euros.

Reference should be made to the launch of three types of personal accidents insurance (*Proteção Vital das Pessoas, Proteção Pessoal e Viagem*) [Vital Protection, Personal Protection and Travel Insurance] and short term loans online through *Caixadirecta Particulares e Empresas*, providing simulations and user-friendly agreements.

CGD increased the number of its domestic market digital customers with active Caixadirecta contracts to 1.68 million in September. This comprised 43% of CGD customers.

Reference should be made to the Caixadirecta App as the main access channel to the homebanking service in accounting for 70% of all accesses to the Caixadirecta service. CGD apps were enhanced by an additional 30 functionalities, such as cardless withdrawals and categories of movements across the first 9 months of 2019.

Already in October 2019, App Caixadirecta wins Navegantes XXI 2019 award, in the category "Best Financial Services App", awarded by ACEPI.

Caixa launched its DABOX app as the first open app in the market to allow users to add the current accounts of the principal banks operating in Portugal.

At the same time, distance customer management continued to grow and already has 9 centres, managing a total number of 400 thousand customers, up 34% over September 2018 and meeting the needs of customers who recognise the added value of a distance manager.

The cgd.pt site, complying with the AAA accessibility level, was 100% accessible by people with special needs in 2019.

Enhanced value proposals and customer service levels

Customer experience improvements are a priority for CGD and a core issue in strengthening its respective value proposals.

The average number of complaints made against Caixa in the first 9 months of 2019 was down by an overall 10% over 2018. The number of complaints made against Caixa in 1st half 2019 was lower than the banking system average.

Caixa continues to lead the main customer and product segments, particularly unit trust investment funds, deposits, credit to households, payments and bank cards and digital business.

In terms of innovation for its personal customers CGD introduced its *Seguro Fidelidade Casa,* [Household Insurance] with 3 growing protection plans to meet customers' needs. The multiproduct *Contas Caixa* [Caixa accounts] solution allows each customer to have more than one *Conta Caixa* with additional bonus points for university customers. The total number of 1.75 million *Contas Caixa* subscriptions at the end of September 2019 was up 226 thousand accounts over December 2018.

CGD launched its iAPEX platform on its *cgd.pt* site to support Portuguese business – namely SMEs. The platform contains information of relevance on potential export markets, Caixa's *COSEC* insurance credit and continued to invest in innovation. A €200 million tranche of *Linha Caixa Invest Inovação* [Investment in Innovation line of credit] has been practically finalised with the guarantee of a further tranche.

The first *Fora da Caixa* cycle came to an end in 2019. The event visited all domestic district capitals, with 4 meetings having been held in this second cycle in Portuguese cities under the equation E=MC2 | Economy = Market x (Knowledge and Culture). Culture is an integral part of the events in this new format. 1,659 CGD customers were present at the 8 meetings held. There were also 146 thousand streaming views.

Caixagest - Técnicas de Gestão de Fundos, S.A., which has been operating in the domestic investment funds market since 1990, underwent a name change in September 2019 to Caixa Gestão de Ativos - Sociedade Gestora de Fundos de Investimento, S.A. (Caixa Gestão de Ativos) and subscribed to the United Nations' PRI (Principles for Responsible Investment) programme continuing to commit to socially responsible investment.

Prizes and distinctions

Across the first 9 months of 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;
- Caixa Gestão de Ativos[3] – Best Global Domestic Manager, by Morningstar, a distinction which it had already received in 2015 and 2018, which covers its global offer of funds;
- Caixa Gestão de Ativos[3] – Best Domestic Bond Manager, by Morningstar, for the fifth consecutive year;
- Caixa Gestão de Ativos[3] – Best Domestic Investment Fund Manager, by Rankia Awards 2019.

[3] Formerly called Caixagest

3. DOMESTIC AND INTERNATIONAL ACTIVITY

Domestic activity contributed €508.4 million to CGD Group's net income in the first 9 months of 2019 against €246.4 million for the same period of the preceding year.

Contributory factors in this evolution were the positive effects of the aggregate comprising a €89.3 million increase of other operating income, a €39.5 million reduction of operating costs, a €4.2 million increase in income from services and commissions and lower provisions and impairment levels.

(EUR Million)

CONTRIBUTION TO CONSOLIDATED P&L (*)	Domestic Activity			International Activity		
	Restated 2018-09	2019-09	Change (%)	Restated 2018-09	2019-09	Change (%)
Net interest income	590.9	552.5	-6.5%	281.7	298.7	6.0%
Income from equity instruments	15.0	21.1	40.3%	0.3	0.3	-5.3%
Net fees and commissions	302.6	306.8	1.4%	65.4	67.0	2.5%
Net trading income	57.7	-16.0	-	44.4	34.0	-23.3%
Other operating income	57.5	146.8	155.5%	1.2	-2.9	-
Total operating income	**1,023.7**	**1,011.1**	**-1.2%**	**393.0**	**397.1**	**1.1%**
Employee costs	347.3	323.6	-6.8%	107.4	107.9	0.4%
Administrative expenses	185.0	151.6	-18.1%	70.6	69.9	-0.9%
Depreciation and amortisation	28.8	46.5	61.4%	17.4	21.0	20.7%
Operating costs	**561.2**	**521.7**	**-7.0%**	**195.4**	**198.8**	**1.7%**
Net operating income before impairments	**462.6**	**489.5**	**5.8%**	**197.5**	**198.3**	**0.4%**
Credit impairment (net)	82.9	-18.8	-	32.7	22.8	-30.4%
Provisions and impairments of other assets (net)	-36.8	-194.7	-	-5.1	7.7	-
Net operating income	**416.5**	**702.9**	**68.8%**	**169.9**	**167.9**	**-1.2%**
Income Tax	210.7	205.0	-2.7%	56.1	36.8	-34.4%
Net operat. inc. after tax and before non-controlling interests	**205.8**	**497.9**	**141.9%**	**113.8**	**131.1**	**15.2%**
Non-controlling interests	2.8	2.2	-20.3%	30.1	33.2	10.4%
Results from subsidiaries held for sale	n.a.	n.a.	n.a.	38.6	34.2	-11.4%
Results of associated companies	43.4	12.7	-70.7%	0.6	0.5	-23.2%
Net income	**246.4**	**508.4**	**106.3%**	**122.9**	**132.5**	**7.8%**

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

Operating costs, in achieving a positive level of performance over the same period 2018, impacted by the decrease of general administrative costs and employee costs, were down 7.0% in the first nine months of 2019 to €521.7 million. This amount includes a non-recurring cost of €38.1 million for early retirement and voluntary redundancy programmes, as a charge to the use of the same amount from the provision set up in 2017 for this purpose.

International business's contribution of €132.5 million to consolidated net income in the first nine months of 2019 was up 7.8% over the same period 2018. The main contributions to income from international activity in the first nine months of the year were made by BNU Macau (€50.8 million), BCI Moçambique (€28.4 million), and France branch (€15.9 million).

Total operating income from international activity was up 1.1% over the same period of the preceding year. The total operating income components making a positive contribution to this evolution in comparison to the same period of the preceding year were net interest income with a 6.0% increase of €17.0 million as opposed to a 23.3% decrease of €14.4 million in income from financial operations.

Operating costs were up 1.7% over September 2018, essentially on account of the 20.7% increase in the amortisation and depreciation component, as the other components comprising employment costs (up 0.4%) and administrative costs (down 0.9%) remained stable.

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 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. Work also continued on the BCG Brasil disposal process.

On 9 September 2019, the ECB (European Central Bank) informed CGD of its non-opposition to the disposal of 99.79% of Banco Caixa Geral, S.A.´s equity shares to ABANCA Corporación Bancaria, S.A. This declaration was followed by the definitive sale on 14 October 2019.

On 9 October 2019, the South African authorities declared their approval of the disposal process on 100% of the equity shares of Mercantile Bank Holdings Limited (Mercantile) to Capitec Bank Limited. The disposal was completed on 7 November 2019.

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

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

(EUR Million)

	Consolidated Activity				Separate Activity			
BALANCE SHEET	Restated 2018-09	Restated 2018-12	2019-09	Change YtD	2018-09	2018-12	2019-09	Change YtD
ASSETS				(%)				(%)
Cash and cash equiv. with central banks	4,968	5,528	4,821	-12.8%	4,216	4,661	3,998	-14.2%
Loans and advances to credit instit.	3,452	3,057	2,988	-2.2%	4,200	3,964	4,065	2.5%
Securities investments	15,650	16,383	20,159	23.0%	17,049	17,995	21,287	18.3%
Loans and advances to customers	52,696	51,144	49,179	-3.8%	46,638	44,852	43,000	-4.1%
Assets with repurchase agreement	570	55	40	-27.6%	469	0	31	-
Non-current assets held for sale	7,145	7,028	6,853	-2.5%	671	657	774	17.9%
Investment properties	831	810	256	-68.4%	3	5	5	-0.8%
Intangible and tangible assets	488	491	682	38.7%	279	292	484	65.8%
Invest. in subsid. and assoc. companies	389	384	423	10.0%	3,544	1,672	1,561	-6.7%
Current and deferred tax assets	2,156	2,151	1,956	-9.1%	2,078	2,045	1,876	-8.3%
Other assets	2,663	2,097	2,505	19.5%	1,827	1,463	1,575	7.7%
Total assets	**91,007**	**89,129**	**89,862**	**0.8%**	**80,974**	**77,607**	**78,658**	**1.4%**
LIABILITIES								
Central banks' and cred. instit. resources	2,696	1,797	1,598	-11.0%	3,102	2,176	2,409	10.7%
Customer resources	62,899	62,714	64,872	3.4%	58,081	56,215	58,252	3.6%
Debt securities	3,259	3,260	2,463	-24.5%	3,259	3,261	2,463	-24.5%
Financial liabilities	760	738	1,111	50.6%	754	731	1,110	51.9%
Non-current liabilities held for sale	6,282	6,185	5,902	-4.6%	0	0	0	-
Provisions	1,102	1,047	947	-9.6%	1,126	1,046	958	-8.4%
Subordinated liabilities	1,525	1,160	609	-47.5%	1,633	1,270	609	-52.1%
Other liabilities	4,240	3,943	3,741	-5.1%	5,675	5,543	5,227	-5.7%
Sub-total	**82,763**	**80,843**	**81,243**	**0.5%**	**73,630**	**70,240**	**71,028**	**1.1%**
Shareholders' equity	**8,244**	**8,285**	**8,618**	**4.0%**	**7,344**	**7,367**	**7,630**	**3.6%**
Total	**91,007**	**89,129**	**89,862**	**0.8%**	**80,974**	**77,607**	**78,658**	**1.4%**

(EUR Thousand)

INCOME STATEMENT	Consolidated Activity			Separate Activity		
	Restated 2018-09	2019-09	Change (%)	2018-09	2019-09	Change (%)
Interest and similar income	1,519,428	1,394,832	-8.2%	1,135,482	1,014,817	-10.6%
Interest and similar costs	649,121	543,286	-16.3%	529,446	444,783	-16.0%
Net interest income	870,307	851,546	-2.2%	606,037	570,035	-5.9%
Income from equity instruments	15,334	21,363	39.3%	65,153	75,224	15.5%
Net interest inc. incl. inc. from eq. investm.	**885,641**	**872,909**	**-1.4%**	**671,190**	**645,258**	**-3.9%**
Fees and commissions income	455,201	467,743	2.8%	368,739	382,399	3.7%
Fees and commissions expenses	88,715	94,042	6.0%	62,418	65,595	5.1%
Net fees and commissions	366,486	373,702	2.0%	306,321	316,804	3.4%
Net trading income	102,877	18,030	-82.5%	62,921	19,291	-69.3%
Other operating income	31,621	122,726	288.1%	-16,588	58,435	-
Non-interest income	**500,984**	**514,457**	**2.7%**	**352,654**	**394,530**	**11.9%**
Total operating income	**1,386,625**	**1,387,366**	**0.1%**	**1,023,844**	**1,039,788**	**1.6%**
Employee costs	454,761	431,504	-5.1%	345,440	326,276	-5.5%
Administrative expenses	225,566	200,624	-11.1%	179,983	153,992	-14.4%
Depreciation and amortisation	46,198	67,469	46.0%	28,844	50,615	75.5%
Operating costs	726,525	699,597	-3.7%	554,267	530,882	-4.2%
Net operating income before impairments	**660,100**	**687,769**	**4.2%**	**469,577**	**508,906**	**8.4%**
Credit impairment (net)	115,614	3,988	-96.6%	84,466	-17,201	-
Provisions for reduction of employees	-40,706	-38,073	-	-42,606	-37,430	-
Provisions for sale international subsidiaries	5,000	-159,483	-	5,000	-157,916	-
Provisions for garantees and other commitements	-67,024	-54,505	-	-63,234	-70,614	-
Other provisions and impairments	60,854	69,046	13.5%	55,641	13,488	-75.8%
Provisions and impairments	**73,737**	**-183,015**	**-**	**-45,199**	**-252,471**	**-**
Net operating income	**586,363**	**870,783**	**48.5%**	**514,776**	**761,377**	**47.9%**
Income Tax	**266,785**	**241,832**	**-9.4%**	**196,270**	**188,478**	**-4.0%**
of which Contribution on the banking sector	32,860	27,029	-17.7%	29,865	26,480	-11.3%
Net op. inc. after tax and before non-controlling int.	**319,578**	**628,951**	**96.8%**	**n.a.**	**n.a.**	**n.a.**
Non-controlling interests	32,856	35,431	7.8%	n.a.	n.a.	n.a.
Results of associated companies	44,038	13,204	-70.0%	n.a.	n.a.	n.a.
Results of subsidiaries held for sale	38,562	34,173	-11.4%	n.a.	n.a.	n.a.
Net income	**369,322**	**640,898**	**73.5%**	**318,506**	**572,900**	**79.9%**

Lisbon, 8 November 2019