PRESS RELEASE

2019 Consolidated results

Continued implementation of the Strategic Plan confirms, in 2019, progress in profitability, efficiency, asset quality and solvency

- Consolidated net income for 2019 was €776 million, up €280 million over 2018. Recurrent consolidated net income was 27% up, €136 million, over 2018 to €632 million, equivalent to a ROE(1) of 8.1%;
- The non-recurring result of €144 million is related to the sale process of international subsidiaries and is mainly due to the reversal of impairments set up in 2017.

  The sales of BCG (Spain) and Mercantile (South Africa) were concluded in 2019;
- The current net income of the domestic activity reached €449 million, an increase of €108 million (+48%) compared to 2018, and €183 million comes from international activity (+19%);
- Operating costs were down 2%, €19 million, as a result of staff reduction and optimizing operational efficiency;
- Net trading income was up €52 million, to €82.5 million, supported by the financial assets portfolio and respective hedges;
- CGD's efficiency level below 50% for the first time since the implementation of the Strategic Plan; Current cost-to-income ratio was 47%(2),
- Credit risk impairment decreased €169 million, compared to 2018, reflecting the low level of credit risk. CGD has a negative credit risk cost (-9 bp), in line with its peers in Portugal;
- Customer deposits were up 4.9%, showing confidence in and loyalty to CGD, allowing for the maintenance of its market shares and leadership position in Portugal;
- Corporate loans in Portugal (excluding the construction and real estate sectors) grew 6.7%, reflecting CGD's support to the most dynamic sectors in the national economy;
- New mortgage loans were up 33%, reinforcing CGD's status as the bank of choice for individual customers;
- Asset quality improved as the Non-Performing Loans (NPL) ratio reached 4.7%, converging to the European average. The NPL ratio net of impairments reached 1.1%;
- CGD reinforced its solvency, with capital ratios reaching 16.8% in core capital (CET1) and 19.3% in total capital;
- CGD started filling its Minimum Requirement for own funds and Eligible Liabilities (MREL) requirements by issuing €500 million of senior non-preferred debt, the first such issue by a Portuguese bank;
- In 2019, the improvement of asset quality and solvency was again recognized by rating agencies, with Fitch and DBRS upgrading CGD's rating by one notch, and Moody's revising upwards the outlook to Stable.

(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 €46.0 million in 2018 and €50.7 million in 2019.

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 the International Financial Reporting Standards (IFRS) as adopted in the European Union in accordance with Regulation (EC) No. 1606/2002 of the European Council and of the Parliament of July 19 and provisions of Decree-Law No. 35/2005 of February17. The financial information reported is unaudited.
- The financial metrics in this presentation refer to December 31, 2019, unless otherwise stated. These may be estimates subject to revision. Solvency ratios include net income for the period.
- In 2019, the equity stake in Banco Comercial do Atlântico (BCA) was reclassified as a "Non-current assets held for sale". The 2018 accounts were restated for comparison purposes. The balance sheet restatement does not result from the application of IFRS-5.
- 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 recommendation or professional guidance and may not be construed as such.

This document is an English translation of the Portuguese language document "Press Release - Resultados Consolidados 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)	**2018-12**	**2019-12**
Net assets	89,129	85,776
Loans and advances to customers (net)	51,144	47,974
Customer deposits	62,626	65,710
Total operating income	1,758	1,884
Enhanced net core operating Income before impairments (1)	696	701
Net income	496	776
PROFIT AND EFFICIENCY RATIOS		
Gross return on equity - ROE (3) (4)	10.3%	13.7%
Net return on equity - ROE (4)	6.6%	8.1% (8) (9.8%)
Gross return on assets - ROA (3) (4)	0.9%	1.3%
Net return on assets - ROA (4)	0.6%	0.9%
Total operating income / Average net assets (3) (4)	2.0%	2.2%
Employee costs / Total operating income (3)	33.7%	30.3%
Employee costs recurrent / Total core operating income (1) (2)	33.9%	32.6%
Cost-to-income BoP (3)	54.4%	50.1%
Cost-to-income (2) (3)	51.7%	47.4%
Cost-to-core income (2) (5)	56.3%	55.9%
CREDIT QUALITY AND COVER LEVELS (6)		
NPL ratio - EBA	8.5%	4.7%
NPL ratio (net)	3.4%	1.1%
NPE ratio - EBA	6.7%	3.9%
NPL coverage - EBA	62.4%	77.4%
NPE coverage - EBA	61.6%	71.9%
Forborne ratio for loans and advances - EBA (7)	4.2%	3.9%
Coverage ratio on forborne loans and advances - EBA (7)	100.1%	84.3%
Cost of credit risk (*)	0.21%	-0.09%
STRUCTURE RATIOS		
Loans & adv. customers (net) / Net assets	57.4%	55.9%
Loans & adv. customers (net) / Customer deposits (3)	81.7%	73.0%
SOLVENCY AND LIQUIDITY RATIOS (CRD IV/CRR) (6)		
CET 1 (fully implemented)	14.6%	16.8%
Tier 1 (fully implemented)	15.7%	17.9%
Total (fully implemented)	16.9%	19.3%
Liquidity coverage ratio	234.6%	332.0%
OTHER INDICATORS		
Number of branches, local extensions and corporate offices - CGD Portugal	551	548
Number of employees - Domestic activity	7,675	7,100
Number of employees - CGD Portugal	7,244	6,706
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

(1) Enhanced net core operating Income before impairments = Net interest income incl. income from equity investments + net fees and commissions - Operating Costs; (2) Excluding non-recurring costs of M€46 in 2018 and M€51 in December 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. ECONOMIC-FINANCIAL FRAMEWORK

Although having expanded for the tenth consecutive year, the rate of growth of the world economy, in 2019, was the lowest recorded over the referred to period, particularly on account of the slowdown of world trade and maturation of the global economic cycle. Moderation was the order of the day, in the case of both developed and emerging economies, owing to the negative impact of protectionist measures on external demand and business and investor confidence.

According to the latest IMF (International Monetary Fund) estimates, world GDP growth in 2029 was 3.0%. This was the lowest rate of expansion over the last decade and even lower than the 3.6% posted in 2018. Inflationary pressure on consumer prices failed to materialise as anticipated, notwithstanding the strength of the labour market. Inflation failed to meet the targets of most central banks in the developed economies.

In main European economies there was a slowdown in GDP, with the main activity indicators in Italy, the United Kingdom and Germany occasionally reaching levels corresponding to a recession. In addition to the increased uncertainty resulting from the proliferation of trade tensions, political events, with an emphasis on Brexit and political instability in Italy and Spain, which only decreased towards the end of the year.

GDP growth in the EA (Euro Area), continued to moderate across a second consecutive year in falling from 1.9% to 1.1%, according to the ECB (European Central Bank) which underlined the negative impact of a cooling level of external trade, particularly as regards the industrial output of most member states, although private consumption and fixed investment made a positive contribution to the expansion of activity. Reference should be made to the low growth rates in Germany (0.4%) and in Italy (0.1%), in comparison to the preceding year's 1.5% and 0.8%.

The main central banks not only continued to adopt a cautious approach in 2019 but also accentuated the accommodative level of monetary policy on the basis of their recognition of the growing risk of a world economic slowdown and absence of significant inflationary pressures.

In Europe, the ECB reduced the interest rate on its permanent deposit facility by 10 bps in September to a new historical minimum of -0.50%. It also reactivated its APP (asset purchase programme) for a monthly amount of €20 billion starting November.

The Portuguese economy achieved a sixth consecutive year of expansion in 2019. The Bank of Portugal, in its December 2019 economic bulletin estimates last year's real GDP growth at 2.0% which once again outperformed the euro area average. Notwithstanding this result, the rate of expansion was 0.4 pp down over 2018. The contribution made by domestic demand was down owing to the lower rate of growth of household consumption. The lower growth of exports (2.8% in comparison to 3.8%) was associated with slowing external demand.

The annual change in the HICP (harmonised index of consumer prices) in 2019 was sharply down from 1.2% in 2018 to 0.3%, having once again been constrained by the energy account. Consideration of this indicator excluding the most volatile foodstuffs and energy goods accounts, in addition to tourism-related services and prices affected by administrative changes suggests that underlying inflation was also very limited.

The labour market, as over the last few years, continued to trend to positive. The estimated average unemployment rate, up to the third quarter, was down 0.7 pp over the same period 2018 to 6.4%, the lowest since 2003 and continued to reduce in spite of the fact that job creation evolved at a slower rate.

According to the state budget proposal for 2020, the general government balance continued its downwards trajectory in 2019 to -0.1% of GDP in comparison to -0.4% in 2018. Excluding temporary effects, the amount of this balance corresponded to a positive 0.4%, up 0.1 pp over the preceding year. The debt ratio, in turn, is expected to be down 3.3 pp over last year to 118.9%, having continued to trend downwards since 2014, when it peaked at its highest ever level of 135.1%.

Share indices in both developed and emerging blocs were once again sharply up. Euribor rates in the money markets were down for all maturities across the year as a whole, to historically minimum levels in September when the ECB decided to lower the interest rate on its deposit facility and resume its asset purchase programme with the objective of boosting growth and lending to the economy. The curve continues to maintain a positive slope across the period as a whole. The Eonia rate remained very close to the deposit rate, even following the ECB's reduction to -0.50%, having diminished in the same proportion. In an uncertain international situation, investors' huge appetite for sovereign debt bonds, in 2019, was reflected in the sharp drop of their respective yields.

Various Portuguese banking system indicators showed improvements across the first three quarters of 2019, according to data published by the Bank of Portugal.

The quality of the assets of Portuguese banks continued to improve with the diminishing volume of NPLs (non-performing loans) having particularly been achieved by disposals of non-productive asset portfolios. The NPL ratio, as late as third quarter 2019, was down 7.7%, or 3.6 pp over the same quarter 2018, with the NPL coverage ratio continuing its upwards trajectory to 53.5%.

The better quality of the assets in Portuguese banks' balance sheets translated, in turn, into an improvement of profitability, owing to lower levels of provisions and impairment on loans, notwithstanding the very low interest rates in Europe.

Greater efforts to achieve efficiency improvements were also reflected in a continued recovery of profitability, improving the strength of solvency ratios in the form of retained earnings.

Such improvements in balance sheets, efficiency, solvency and the profitability of Portuguese credit institutions permitted the continuation of the recovery of investor confidence in the national banking system and the market issuance of debt securities and was also reflected in the continuation of more solid regulatory capital ratios.

There are still, however, many challenges to banking activity in Europe. This is particularly the case, in Portugal, on account of a prolonged environment of very low interest rates, more demanding regulation, a growth trend towards the digitalisation of financial services and the appearance of new players in financial brokerage activity, higher incidence of cyber crime and risks deriving from climate change.

3. CONSOLIDATED INFORMATION

RESULTS

The fact that 2019 was a year of the continuation of the implementation of its strategic plan was confirmed by CGD's improved profitability. CGD's net profit for 2019 was up 56.5% to €775.9 million, in comparison to a net profit of €495.8 million for the preceding year.

This incorporates non-recurring income of €143.5 million, related to the disposal processes on its international subsidiaries and mostly comprising reversals of impairment declared in 2017, based on a prudent asset valuation policy.

Net operating income before impairment was up 18.8% by €145.3 million. Contributory factors were the increase of around €162.5 million in non-interest income, with a contribution of €52.3 million from the income from financial operations component and other operating income with a contribution of €88.4 million. Operating costs continued to trend downwards with a global reduction of €19.2 million. Employee costs were down 4.3%, by €26.4 million and general and administrative costs down 8.6% by €27.1 million.

Net interest income, at 31 December 2019, was down 4.3% by €51.1 million over the preceding year to €1,132.1 million owing to the situation with interest rates which sank to historical minimums in third quarter 2019 and very significant amount of early redemptions of credit by public entities.

Operating costs, in 2019, were down 1.9% to €964.8 million. This positive year-on-year evolution over the same period 2018 was impacted by reductions of 4.3% in general administrative costs and 8.6% in the case of employee costs. This amount includes a non-recurring cost of €50.7 million for early retirement and voluntary redundancy programmes, mainly as a charge to the use of the same amount from the provision which was set up in 2017 for this purpose.

Income from financial operations was up 173.3% over 2018 to €82.5 million, buoyed by the favourable performance of the financial assets portfolio and respective coverage.

Income from held-for-sale subsidiaries was down 56.4% to €23.0 million and income from companies measured by the equity accounting method, impacted by the smaller contribution from the insurance area, was down 17.5% to €43.1 million.

BALANCE SHEET

CGD's consolidated net assets were down 3.8% over the end of the preceding year to €85,776 million at 31 December 2019. This was mainly influenced by the 81.0% reduction of non-current assets held-for-sale deriving from the disposal of Banco Caixa Geral (Spain) in October and Banco Mercantile (South Africa) in November, in due furtherance of the bank's strategic plan and optimisation of its balance sheet.

Securities investments were up 24.8% by €4,069 million over December 2018 to €20,452 million at 31 December 2019, owing to the evolution of investments at amortised cost, supported by CGD's surplus liquidity situation. Loans and advances to credit institutions totalled €3,218 million.

The net loans and advances to customers portfolio was down 6.2% over the end of 2018 to €47,974 million. New loan agreements particularly included an increase in mortgage loans in Portugal which were up 33.0% by €514 million to €2,073 million, at the end of 2019, strengthening CGD's leading role as the main bank in the individual customers segment.

Notwithstanding strong progression, new agreements were insufficient to counteract the reduction of the portfolio which was heavily influenced by disposals of NPLs and deleveraging operations in several customer segments, namely at general government.

Loans and advances to customers (gross) were down 7.9% over 2018 to €50,122 million. Loans to corporates and individual customers, in terms of CGD Portugal's activity were down 2.1% and 3.6%, respectively, as a reflection of endeavours to reduce NPL stock by €2.6 billion.

Special reference should be made to the 6.7% growth of lending to corporates in Portugal (excluding the construction and real estate sectors) based on CGD's commitment to back the most dynamic sectors of the national economy.

(EUR Million)

LOANS AND ADVANCES TO CUSTOMERS	Restated		Change 2019-12 vs. 2018-12	
	2018-12	2019-12	Total	(%)
CGD Portugal	**44,629**	**40,900**	**-3,729**	**-8.4%**
Corporate	13,997	13,710	-287	-2.1%
General government and other	5,284	2,767	-2,517	-47.6%
Individual customers	25,348	24,423	-925	-3.6%
Mortgage loans	24,496	23,652	-844	-3.4%
Other	852	771	-81	-9.5%
Other CGD Group companies	**9,821**	**9,222**	**-599**	**-6.1%**
Total	**54,450**	**50,122**	**-4,328**	**-7.9%**

Note: Gross loans and advances to customers

CGD had 18.4% domestic credit market share in November 2019, 14.8% in corporate loans and 23.8% in mortgage loans to individual customers.

Customer deposits, essentially comprising resources taken by CGD Portugal, were up 4.9% by €3,083 million over the same period 2018.

CGD maintained its leading domestic market position in terms of total customer deposits in November 2019 with a market share of 25.2%. Special reference should be made to its 29.1% market share of personal customers' deposits.

Total resources taken from domestic activity at the end of December 2019 were up 3.8% over the same period last year to €72,949 million. Reference should be made to the 4.9% increase of €2,614 million in customer deposits in the case of domestic operations, evidencing the confidence and loyalty of CGD customers. Off-balance sheet products, notwithstanding the decreases in the financial insurance component and other variable-income treasury bonds were up 4.9% by €979 million over December 2018, with unit trust investment funds up 17.1% by €640 million and pension funds up 12.6% by €459 million over December 2018.

(EUR Million)

RESOURCES TAKEN	Restated 2018-12	2019-12	Change 2019-12 vs. 2018-12 Total	(%)
Balance sheet	**68,931**	**70,449**	**1,518**	**2.2%**
Central banks' & cred instit. resources	1,797	1,078	-719	-40.0%
Customer deposits (Consolidated)	62,626	65,710	3,083	4.9%
Domestic activity	53,263	55,877	2,614	4.9%
International activity	9,363	9,832	469	5.0%
Covered bonds	3,058	2,290	-768	-25.1%
EMTN and other securities	1,362	1,290	-72	-5.3%
Other	87	82	-5	-6.1%
Off-balance sheet	**19,887**	**20,866**	**979**	**4.9%**
Investment funds	3,745	4,386	640	17.1%
Real estate investment funds	777	796	19	2.5%
Pension funds	3,641	4,100	459	12.6%
Financial insurance	8,586	8,528	-59	-0.7%
OTRV Portuguese Governm. Bonds	3,138	3,056	-81	-2.6%
Total	**88,818**	**91,315**	**2,497**	**2.8%**
Total resources (domestic activity) [1]	**70,249**	**72,949**	**2,700**	**3.8%**

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

The loans-to-deposits ratio stood at 73.0% in December 2019 against 81.7% in December 2018, as a reflection of the increase of deposits and decrease in the loans and advances portfolio.

Asset quality continued to evolve favourably with a reduction of €2.6 billion in the NPL (non performing loans ratio) according to the EBA definition, which was down 48.9% over December 2018, in which portfolio disposals in 2019 were accompanied by a positive evolution of cured and recovered credit. The NPL ratio of 4.7%, in comparison to 8.5% in December 2018, confirmed the commitment to endeavour to converge with the European banks' average. On that date, their coverage for impairments and collateral was 77.4% and 39.8%, respectively (total coverage of 117.2%), putting the net NPL impairment ratio at 1.1%.

The investment properties account decreased by €624 million compared to December 2018, strongly influenced by the reduction of CGD's stake in several real estate funds, especially the Fundimo Fund.

LIQUIDITY

2019 was, once again, a highly liquid year which enabled several debt issuances to be redeemed without any refinancing requirement. With the completion of the sale of BCG Spain, CGD group closed the year without any ECB funding.

This situation, together with a comfortable level of own funds also enabled CGD, in first quarter 2019, to exercise an early redemption option on two additional tier 1 own funds issuances, originally issued in 2004 and 2005 with a nominal value of €111 million at the redemption date.

CGD launched a senior non-preferred debt issuance of €500 million, with a maturity of 5 years and a yield of 1.25% in November as part of its financing plan defined to comply with MREL (minimum requirements for own funds and eligible liabilities). This was the first issuance of this type of debt by a Portuguese bank.

CGD's eligible assets portfolio for the Eurosystem pool across 2019 remained generally stable at €10.8 billion. The reduction in the case of CGD group is explained by the completion of the sale of Banco Caixa Geral Spain.

The LCR (liquidity coverage ratio) of 332% at the end of 2019 was higher than the regulatory requirements and average for European Union banks.

CAPITAL

Consolidated shareholders' equity totaled €8,568 million as of December 31, 2019, an increase of €282 million compared to 2018, highlighting the evolution of the other revaluation reserves which registered a positive evolution of €24 million. (+9.2%).

The other reserves reflected the change in actuarial assumptions of the pension fund (reduction of the discount rate and application of new mortality tables resulting in extraordinary contributions of €301.1 million) and the payment of €200 million of dividends.

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.

(EUR Million)

SHAREHOLDERS' EQUITY	Restated		Change 2019-12 vs 2018-12	
	2018-12	2019-12	Total	(%)
Share capital	3,844	3,844	0	0.0%
Other capital instruments	500	500	0	0.0%
Revaluation reserves	257	281	24	9.2%
Other reserves and retained earnings	2,855	2,929	74	2.6%
Non-controlling interests	333	236	-97	-29.2%
Net income	496	776	280	56.5%
Total	**8,285**	**8,566**	**281**	**3.4%**

The fully loaded, CET 1, tier 1 and total ratios, of 16.8%, 17.9% and 19.3%, respectively (including net income for the period), meetingt the capital requirements currently in force for CGD.

MREL

During 2019, CGD was notified by Banco de Portugal of its MREL requirements (Minimum Requirement for Own Funds and Eligible Liabilities) as decided by the Single Resolution Board. As of January 1, 2023, CGD must hold an amount of own funds and eligible liabilities of € 11,453 millio, equivalent to 13.27% of the total liabilities and equity of its Resolution Perimeter, as of December 31, 2017.

In order to comply with MREL requirements, CGD forecasted to issue approximately €2 billion .of eligible liabilities in issues of senior preferential debt and senior non-preferred debt by the end of 2022. The execution of this financing plan started in November 2019 with the first issue of senior non-preferred debt in the amount of €500 million.

The issuance was strongly accepted by institutional and international investors, who presented orders seven times higher than the issuance amount, which allowed for a reduction in the issuance cost compared to that initially announced. The placement of the issue was mainly concentrated on asset managers with high geographical dispersion.

RELEVANT EVENTS

Rating agencies continue to upgrade their ratings

In 2019, the significant improvement in profitability, asset quality and the strengthening of capital ratios was reflected in the rating assigned to CGD by the main international rating agencies, registering 2 upgrades (DBRS Morningstar and Fitch Ratings) and an increase in Outlook (Moody's).

DBRS Morningstar upgraded its rating on long term debt in 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.

Fitch Ratings upgraded CGD's Long Term Issuer Default Rating (IDR), 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.

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

CGD continues to invest in innovation and inclusion, consolidating its position as Portuguese digital bank, thus contributing to the growth of the business and to the improvement of the customer experience and satisfaction.

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], short term loans online through Caixadirecta Particulares e Empresas, providing simulations and user-friendly agreements and Caixa Pay app, which allows retailers to accept payments with debit and credit cards, via MB Way on their Tablet or Smartphone.

CGD increased the number of its domestic market digital customers with active Caixadirecta contracts to 1.71 million. This comprised 48% 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, continued to be App #1 in financial apps trends in Portugal.

With the launch of DABOX app, the 1st Open Banking app in the market to allow users to add the current accounts of the principal banks operating in Portugal, Caixa continues to grow in use and recognition, even with customers of other banks (around 20% of users are not CGD customers).

In December 2019, "Caixa" was launched, the 1st transactional digital assistant in Portugal for accessibility. The new digital assistant of the CaixaDirecta App is supported by artificial intelligence and offers a new conversational experience, allowing you to interact with the Bank through your voice, ensuring greater accessibility to its users.

Reference should be made to the domestic and international recognition in terms of digital innovation, reflected in the awards received for innovative services launched by Caixa, which reinforces Caixa's position as a Digital Bank, with a strong commitment to innovation and convenience of new solutions, in order to better serve customers.

At the same time, distance customer management continued to grow and already has 12 centres, managing a total number of 437 thousand customers, up 60% over 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

The average number of complaints made against Caixa in 2019 was down by an overall 6% 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, a Flexi-Mais Insurance with 4 investment options in a single contract, a new Retirement Savings Plan (3 Open Investment Funds: Caixa Defensivo, moderado e Arrojado [Defensive, moderate and bold], a structured deposit for 2 years in USD and in the multi-product solution Contas Caixa [Caixa accounts] a solution that allows each customer to have more than one Conta Caixa and additional bonus points for university customers. The total number of 1.8 million Contas Caixa subscriptions at the end of 2019 was up 271 thousand accounts over December 2018.

To support of the Portuguese corporate business, namely SMEs, CGD launched the iAPEX Platform through the website cgd.pt, with relevant information on the export markets. In terms of products reference should be made to the launch of the Credit Line to support companies exposed to Brexit, a renewal of the Caixa Invest Inovação line and the launch of the Credit Line for Decarbonization and Circular Economy, which aims the modernization and the business competitiveness in the context of the transition to a circular economy and efficient energy consumption.

Caixa also distinguished with the Caixa Top status about 6,820 companies in the retail network, allowing, with this Recognition Program, access to different price and product conditions.

The first Fora da Caixa cycle came to an end in 2019. The event visited all domestic district capitals, with 8 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. 4,107 CGD customers were present at the 11 meetings held. There were also 169 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

In 2019, the following awards and distinctions were attributed distinguishing CGD Group's activity in retail banking, investment banking, fund management and digital banking:

Banking

- 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

Investment Bank

- CaixaBI - Nº 1 IPO & Seasoned Equity Offer House 2019, by Euronext Lisbon Awards 2019

Asset Management

- 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
- Caixa Gestão de Ativos[3] – Sustainable Finance 2020 Award, by Euronext Lisbon

Digital Banking

- App CaixaDirecta – Best App of Financial Services, prémio Navegantes XXI 2019 Award, by ACEPI[4]
- App CaixaDirecta - Highly Commended in Best Mobile Initiative category by Banking Technology Awards 2019, by Banking Technology Awards 2019
- App CaixaDirecta – Honorable Mention as Best Digital Platform & Customer Experience, by Portugal Digital Awards 2019
- App Caixa Easy - Honorable Mention as Best Digital Platform & Customer Experience, by Portugal Digital Awards 2019
- App DABOX - Honorable Mention as Best Digital Platform, by Portugal Digital Awards 2019
- App DABOX – Best digital app for mobile phones in Mobile Communications & Apps category, by European Excellence Awards 2019

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[3] Formerly called Caixagest

[4] Digital Economy Association

4. DOMESTIC AND INTERNATIONAL ACTIVITY

Domestic activity's contribution to CGD group's net profit, in 2019, was up 73.7% to €592.5 million against €341.0 million for the same period of the preceding year. This result includes the non-current component related to the sale of international subsidiaries in the amount of €143.5 million. In this way, the current net result registered a growth of 32%.

Contributory factors were the positive effects of the income from equity instruments (up €14.7 million) aggregate, other operating income (up €77.3 million), operating costs (down €32.8 million), income from services and commissions (up €21.5 million) and lower provisions and impairment levels.

(EUR Million)

CONTRIBUTION TO CONSOLIDATED P&L (*)	Domestic Activity			International Activity		
	Restated 2018-12	2019-12	Change (%)	Restated 2018-12	2019-12	Change (%)
Net interest income	795.6	733.8	-7.8%	386.8	397.8	2.8%
Income from equity instruments	16.5	31.2	89.4%	0.4	0.3	-14.4%
Net fees and commissions	392.8	414.3	5.5%	88.0	88.2	0.2%
Net trading income	-7.1	28.5	-	38.6	54.0	39.9%
Other operating income	86.0	163.3	89.8%	0.7	0.5	-27.4%
Total operating income	**1,283.8**	**1,371.1**	**6.8%**	**514.6**	**540.8**	**5.1%**
Employee costs	460.7	435.0	-5.6%	149.1	148.3	-0.5%
Administrative expenses	258.2	221.8	-14.1%	96.5	93.2	-3.4%
Depreciation and amortisation	36.0	65.3	81.2%	23.9	28.9	21.3%
Operating costs	**755.0**	**722.2**	**-4.3%**	**269.4**	**270.5**	**0.4%**
Net operating income before impairments	**528.8**	**648.9**	**22.7%**	**245.1**	**270.3**	**10.3%**
Credit impairment (net)	57.8	-81.8	-	63.6	34.3	-46.1%
Provisions and impairments of other assets (net)	-90.2	-129.7	-	1.5	4.7	218.1%
Net operating income	**561.2**	**860.4**	**53.3%**	**180.1**	**231.4**	**28.5%**
Income Tax	267.4	291.3	8.9%	39.3	40.7	3.5%
Net operat. inc. after tax and before non-controlling interests	**293.8**	**569.1**	**93.7%**	**140.7**	**190.6**	**35.5%**
Non-controlling interests	4.0	2.9	-28.4%	39.8	47.0	18.2%
Results from subsidiaries held for sale	0.0	-16.1	-	52.7	39.1	-26.0%
Results of associated companies	51.3	42.3	-17.4%	1.0	0.8	-22.4%
Net income	**341.0**	**592.5**	**73.7%**	**154.7**	**183.5**	**18.6%**

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

Operating costs, in achieving a positive level of performance over 2018, impacted by the decrease of general administrative costs and employee costs, were down 4.3% in 2019 to €722.2 million. This amount includes a non-recurring cost of €50.7 million for early retirement and voluntary redundancy programmes, as a charge to the use of the same amount from the provision which was set up in 2017 for this purpose.

The international business area's contribution to consolidated net profit for 2019 was up 18.6% over 2018 to €183.5 million. The main contributions to income from international activity in the year were from BNU Macau (€68.7 million), BCI Moçambique (€34.8 million) and France branch (€20.4 million).

Total operating income from international activity was up 5.1% over the preceding year. The total operating income components contributing to this evolution were net interest income with a 2.8% increase of €11.0 million and income from financial operations which was up 39.9% by €15.4 million.

Operating costs (up 0.4%) remained stable in comparison to December 2018, essentially on account of the 21.3% increase of the amortisation and depreciation component as the remaining components were down: employee costs (by 0.5%) and administrative costs (by 3.4%).

The changes to CGD group's structure in 2019 aimed to further its strategic plan in the areas of repositioning its international presence enabling the release of capital and the reduction of its risk profile.

The following operations took place in 2019:

- Sale of Mercantile Bank Holdings Limited (South Africa) and Banco Caixa Geral, S.A. (Spain);
- Incorporation of Imocaixa - Gestão Imobiliária, S.A. into Caixa - Imobiliário, S.A.;
- Merger between Fundger - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A. and Caixa Gestão de Ativos Sociedade Gestora de Fundos de Investimento, S.A. (ex-Caixagest);
- Sale of Ibéria and Beirafundo closed-end property investment funds;
- Liquidation of the Caixa Arrendamento and Caixa Imobiliário closed-end housing investment funds;
- Liquidation of Caixa Geral Finance Ltd.;
- Work began on operations for the closure of the Spain branch and continued in the case of the closure of the Luxembourg branch which ceased to operate at the end of 2019. These processes are scheduled for completion in 1st quarter 2020;
- Furtherance of sale of Banco Caixa Geral - Brasil, S.A., scheduled for completion in 2020;
- Reduction of the share capital of Banco Caixa Geral - Brasil, S.A. and CGD - Investimentos Corretora de Valores e Câmbio, S.A., to adjust the capital requirements to each company's activity;
- Work began on the preparatory works for the sale of Banco Comercial do Atlântico, S.A.

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

(EUR Million)

BALANCE SHEET	Consolidated Activity				Separate Activity			
	Restated 2018-12	2019-12	Change		2018-12	2019-12	Change	
ASSETS			Total	(%)			Total	(%)
Cash and cash equiv. with central banks	5,528	7,304	1,775	32.1%	4,661	6,384	1,723	37.0%
Loans and advances to credit instit.	3,057	3,218	162	5.3%	3,964	4,176	212	5.3%
Securities investments	16,383	20,452	4,069	24.8%	17,995	21,666	3,671	20.4%
Loans and advances to customers	51,144	47,974	-3,170	-6.2%	44,852	41,781	-3,071	-6.8%
Assets with repurchase agreement	55	11	-44	-80.5%	0	0	0	-
Non-current assets held for sale	7,028	1,333	-5,695	-81.0%	657	234	-423	-64.4%
Investment properties	810	186	-624	-77.1%	5	5		0.4%
Intangible and tangible assets	491	659	168	34.2%	292	469	177	60.6%
Invest. in subsid. and assoc. companies	384	462	78	20.2%	1,672	1,538	-134	-8.0%
Current and deferred tax assets	2,151	1,870	-281	-13.1%	2,045	1,786	-260	-12.7%
Other assets	2,097	2,307	211	10.1%	1,463	1,364	-99	-6.8%
Total assets	**89,129**	**85,776**	**-3,353**	**-3.8%**	**77,607**	**79,403**	**1,796**	**2.3%**
LIABILITIES								
Central banks' and cred. instit. resources	1,797	1,078	-719	-40.0%	2,176	1,908	-268	-12.3%
Customer resources	62,714	65,792	3,078	4.9%	56,215	59,006	2,791	5.0%
Debt securities	3,260	2,463	-797	-24.4%	3,261	2,464	-797	-24.4%
Financial liabilities	738	909	171	23.2%	731	907	176	24.1%
Non-current liabilities held for sale	6,185	981	-5,204	-84.1%	0	0	0	-
Provisions	1,047	1,044	-3	-0.3%	1,046	1,054	8	0.8%
Subordinated liabilities	1,160	1,116	-43	-3.7%	1,270	1,116	-154	-12.1%
Other liabilities	3,943	3,827	-116	-2.9%	5,543	5,325	-218	-3.9%
Sub-total	**80,843**	**77,210**	**-3,633**	**-4.5%**	**70,240**	**71,779**	**1,539**	**2.2%**
Shareholders' equity	**8,285**	**8,566**	**281**	**3.4%**	**7,367**	**7,624**	**257**	**3.5%**
Total	**89,129**	**85,776**	**-3,353**	**-3.8%**	**77,607**	**79,403**	**1,796**	**2.3%**

(EUR Thousand)

INCOME STATEMENT	Consolidated Activity				Separate Activity			
	Restated 2018-12	2019-12	Change Total	Change (%)	2018-12	2019-12	Change Total	Change (%)
Interest and similar income	2,041,382	1,828,091	-213,291	-10.4%	1,516,129	1,326,278	-189,851	-12.5%
Interest and similar costs	858,267	696,033	-162,234	-18.9%	703,040	565,177	-137,863	-19.6%
Net interest income	1,183,114	1,132,058	-51,057	-4.3%	813,089	761,101	-51,988	-6.4%
Income from equity instruments	16,828	31,496	14,668	87.2%	66,988	75,335	8,347	12.5%
Net interest inc. incl. inc. from eq. investm.	**1,199,942**	**1,163,553**	**-36,389**	**-3.0%**	**880,077**	**836,436**	**-43,640**	**-5.0%**
Fees and commissions income	603,876	630,352	26,476	4.4%	492,531	514,033	21,502	4.4%
Fees and commissions expenses	123,787	128,449	4,663	3.8%	89,158	89,136	-22	0.0%
Net fees and commissions	480,089	501,902	21,813	4.5%	403,373	424,897	21,524	5.3%
Net trading income	30,197	82,529	52,332	173.3%	39,419	66,396	26,976	68.4%
Other operating income	47,707	136,060	88,353	185.2%	-23,651	136,302	159,953	-
Non-interest income	**557,994**	**720,491**	**162,498**	**29.1%**	**419,142**	**627,595**	**208,453**	**49.7%**
Total operating income	**1,757,936**	**1,884,045**	**126,109**	**7.2%**	**1,299,218**	**1,464,031**	**164,813**	**12.7%**
Employee costs	609,781	583,373	-26,408	-4.3%	459,133	436,605	-22,528	-4.9%
Administrative expenses	314,275	287,162	-27,112	-8.6%	251,811	227,002	-24,809	-9.9%
Depreciation and amortisation	59,902	94,255	34,353	57.3%	37,059	70,485	33,425	90.2%
Operating costs	983,958	964,790	-19,168	-1.9%	748,004	734,092	-13,912	-1.9%
Net operating income before impairments	**773,977**	**919,254**	**145,277**	**18.8%**	**551,215**	**729,940**	**178,725**	**32.4%**
Credit impairment (net)	121,394	-47,565	-168,959	-	116,518	-130,409	-246,926	-
Provisions for reduction of employees	-53,379	-20,649	32,730	-	-54,314	-19,934	34,380	-
Provisions for sale international subsidiaries	5,000	-159,665	-164,665	-	5,000	-154,231	-159,231	-
Provisions for garantees and other commitements	-76,656	-9,897	66,759	-	-98,334	-138,067	-39,733	-
Other provisions and impairments	36,339	65,247	28,908	79.6%	-24,028	134,461	158,488	-
Provisions and impairments	**32,699**	**-172,530**	**-205,228**	**-**	**-55,158**	**-308,180**	**-253,022**	**-**
Net operating income	**741,279**	**1,091,784**	**350,505**	**47.3%**	**606,372**	**1,038,119**	**431,747**	**71.2%**
Income Tax	**306,742**	**332,045**	**25,304**	**8.2%**	**268,575**	**276,106**	**7,532**	**2.8%**
of which Contribution on the banking sector	32,860	27,029	-5,831	-17.7%	29,865	26,480	-3,385	-11.3%
Net op. inc. after tax and before non-controlling int.	**434,537**	**759,739**	**325,202**	**74.8%**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Non-controlling interests	43,788	49,904	6,116	14.0%	n.a.	n.a.	n.a.	n.a.
Results of associated companies	52,281	43,121	-9,161	-17.5%	n.a.	n.a.	n.a.	n.a.
Results of subsidiaries held for sale	52,745	22,973	-29,772	-56.4%	n.a.	n.a.	n.a.	n.a.
Net income	**495,776**	**775,928**	**280,153**	**56.5%**	**337,798**	**762,013**	**424,215**	**125.6%**

Lisbon, 31 January 2020