PRESS RELEASE **CAIXA GERAL DE DEPÓSITOS**

CONSOLIDATED RESULTS

1st Half 2020

Consolidated net income totalled €249 million (€198 million on a recurring basis). Results impacted by preventative impairment increases.

CGD remains fully operational and has significantly enhanced its support to households and corporates. First half 2020 results impacted by the response to the Covid-19 pandemic.

Consolidated net income for first half 2020 was down 41% over the same period 2019 to €249 million, equivalent to a ROE of 6.2% (down by a year-on-year 4.5 pp).

This amount includes an extraordinary gain of €51 million (after tax) arising from actuarial gains in liabilities with post-employment benefits (pension fund and medical plan). Current net income of €198 million was therefore down 30% over the current income in first half 2019. ROE stood at 5%;

The cost of credit risk totalled 0.31% owing to a €156 million increase of impairment and provisions in anticipation of the effects of the Covid-19 pandemic. Without this increase the ratio would have remained negative;

Recurring operating costs, down 7% over June 2019, reflected improved efficiency levels as shown by the recurring cost-to-income ratio of 44%(1) in terms of domestic activity;

Customer deposits were up €4.9 billion in the half year. This was essentially on account of the resources taken by CGD Portugal, fuelled by higher levels of household savings and showing our customers' trust in Caixa;

The corporate credit stock in Portugal (excluding the construction and real estate sectors) grew 8.5% across the 1st half year, which was the largest semi-annual growth in the last eight years, strengthening the support for corporates.

In the production of mortgage loans, CGD maintained in the semester the trend of increasing its production share, which reached 20%, despite the 2% reduction compared to the same period in 2019, reflecting the slowdown resulting from the effects of the pandemic.

Improvement of asset quality with the non-performing loan ratio down to 4.4% which, together with impairment increases resulted in an NPL ratio net of impairment of 0.6% (considering all credit impairments);

Capital ratios of 16.6% for core capital (CET 1) and 19.1% for total capital were above the expectable average for euro zone banks;

CGD entered into a new €1 billion TLTRO ("targeted longer-term refinancing operation") with the ECB.

(1) Excluding non-recurring costs

MAIN INDICATORS

CGD CONSOLIDATED	*Restated*	
BALANCE SHEET AND P&L INDICATORS (EUR million)	2019-06	2020-06
Net assets	91,334	90,405
Loans and advances to customers (net)	49,449	48,315
Customer deposits	65,644	70,624
Total operating income	903	811
Net core operating Income before impairments (1)	349	357
Net income	417	249
PROFIT AND EFFICIENCY RATIOS		
Gross return on equity - ROE (3) (4)	14.8%	9.1%
Net return on equity - ROE (4)	10.7%	6.2%
Gross return on assets - ROA (3) (4)	1.4%	0.9%
Net return on assets - ROA (4)	1.0%	0.6%
Total operating income / Average net assets (3) (4)	2.0%	1.9%
Employee costs / Total operating income (3)	32.6%	30.6%
Employee costs recurrent / Total core operating income (1) (2)	32.4%	32.5%
Cost-to-income BoP (3)	51.9%	49.8%
Cost-to-income (2) (3)	48.0%	49.2%
Cost-to-core income (2) (5)	54.2%	53.3%
CREDIT QUALITY AND COVER LEVELS (6)		
NPL ratio - EBA	7.3%	4.4%
NPL ratio (net)	2.6%	0.6%
NPE ratio - EBA	5.7%	3.6%
NPL coverage - EBA	64.7%	87.2%
NPE coverage - EBA	64.5%	82.3%
NPL specific coverage - EBA	54.3%	62.6%
NPE specific coverage - EBA	54.3%	60.3%
Forborne ratio for loans and advances - EBA (7)	4.4%	4.6%
Coverage ratio on forborne loans and advances - EBA (7)	96.8%	90.9%
Cost of credit risk(*)	0.01%	0.31%
STRUCTURE RATIOS		
Loans & adv. customers (net) / Net assets	54.1%	53.4%
Loans & adv. customers (net) / Customer deposits (3)	75.3%	68.4%
SOLVENCY AND LIQUIDITY RATIOS (CRD IV/CRR) (6)		
CET 1 (fully implemented)	15.1%	16.6%
Tier 1 (fully implemented)	16.1%	17.7%
Total (fully implemented)	17.4%	19.1%
Liquidity coverage ratio	323.6%	402.3%
OTHER INDICATORS		
Number of branches, local extensions and corporate offices - CGD Portugal	552	551
Number of employees - Domestic activity	7,503	6,921
Number of employees - CGD Portugal	7,083	6,549
Number of ATM and ATS in Portugal	3,005	2,921
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) 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 ; (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;

ECONOMIC AND FINANCIAL FRAMEWORK AND CAPITAL MARKET EVOLUTION

The world economy, in 2019, posted its lowest rate of growth following the financial crisis of 2008 owing to a slowdown of global trade, a series of geopolitical uncertainties and the economic cycle's natural maturing process. At the start of 2020 and in spite of the fact that economic projections pointed to a continuation of this trend towards moderation, financial markets remained highly optimistic with narrowing credit spreads, lower yields on sovereign bonds and successive all-time highs of equity indices.

The epidemiological crisis starting first quarter justified the adoption of restrictive measures on mobility on a worldwide scale with impacts in terms of business paralysis over several months. The interruption began at the end of January in China and its neighbouring economies, with an impact both on industry as well as services, spreading to Europe and the US in March and more recently to the emerging economies. Planetary lockdown resulted in the biggest downturn in economic activity since the Great Depression at the end of the twenties.

According to the IMF, the world economy experienced major retraction in first half 2020. World GDP was estimated to be down 4.9%, comprising an estimated accumulated economic loss of 12.5 trillion dollars up to 2021. The recession is expected to be synchronised in 2020, affecting both the developed (down 8%) and emerging countries (down 3%), with 95% of countries in contraction.

Diverse economic indicators either sank to their lowest ever levels in April or lower than those recorded during the financial crisis of 2008. In several sectors the paralysis was more than 90% with economies being limited to essential sectors (food, health and safety) for several weeks.

Massive synchronised worldwide *stimuli* were introduced to combat the economic crisis. In terms of monetary policy, more accommodative conditions were provided by the different central banks, in the form of asset purchase programmes, permanent lines of credit and reductions to interest rates to all-time lows. Diverse financial support programmes were implemented in the fiscal domain, both for households and corporates, in an attempt to limit the most negative effects over the short term and produced positive effects on the prevention of corporate bankruptcies and job losses. There was also a recovery of investor confidence with recoveries of several asset categories such as the equity markets, narrowing spreads and a reduction of financing costs.

The reopening of economies in May fuelled a gradual resumption of private consumption in many countries. In the absence of a vaccine or treatment, the level of uncertainty always remained very high. Based on restrictive measures those economies more reliant on tourism, the hospitality industry or travel were the most affected and according to the diverse projections will require an extended timeframe for activity to recover to its pre-pandemic levels.

The main risks are affected by a fundamentally downwards distortion owing to the possibility of new outbreaks of the pandemic and worsening of the recession, with a reversal of consumption and mobility as well as a resurgence of geopolitical and commercial tensions which may worsen relations between countries. Forecasts indicate that international commerce this year could be around 12% down. On the upside are the possibility of the development of medical solutions in terms of treatments and a vaccine as early as 2020.

There was a huge reduction of inflationary pressures in the first half year which are likely to remain moderate up to the end of the year, reflecting expectations of persistently weak aggregate demand and owing to lower energy and commodity prices.

Projections on the evolution of the Portuguese economy for 2020 and following years are being revised significantly downwards as in the case of other countries in the euro area. The most recent, published by the Bank of Portugal and the European Commission respectively point to annual GDP contraction of 9.5% and 9.8%, in 2020. Portuguese GDP in the first quarter contracted 3.8% in consecutive, non annualised, real terms. These results were identical to those of the euro area and are expected to witness a drop of between 10% and 15% in the second quarter. The recovery of activity in diverse sectors up to the end of the year should be gradual but insufficient to make up for first half losses and at the end of 2021 are likely to remain at a lower level than at the start of the outbreak.

In spite of the fact that first effects of the pandemic in Portugal were felt in March and involved the need to implement a lockdown over the whole of the territory, the unemployment rate of 6.7% in the 1st quarter of the year was down 0.1 pp over the same quarter 2019 in failing to reflect negative effects on the labour market. However, even with the application of the special support programme for workers, the Bank of Portugal estimates an increase in the annual unemployment rate to 10.1% in 2020.

As regards the evolution of financial markets, the optimism in force at the start of the year gave ground to highly expressive downturns across almost all asset categories in March, except for gold and the US dollar which were considered to be safe havens. Following the adoption of economic support measures, a gradual resumption of activity and growing expectation of a rapid medical solution, a sharp drop of volatility led to a partial recovery of losses. Yields on sovereign bonds however, remained vey low in line with extremely expansionary monetary policies.

CONSOLIDATED INFORMATION

RESULTS

The Covid-19 pandemic had a marked effect on first half 2020. In a highly uncertain context, a sharp contraction of economic activity and additional challenges facing the banking sector, CGD made a consolidated profit of €248.6 million in the first six months of 2020, (down 40.5% first six months of 2019), translating into a return on equity (ROE) of 6.2%.

Net income includes an extraordinary gain of €51 million (after tax) arising from actuarial gains in liabilities with post-employment benefits (pension fund and medical plan). In turn, in June 2019, the results were impacted by the non-recurring gain on the sale of Banco Caixa Geral (Spain) in the referred to year as the impact on the valuation of this subsidiary, with reference to 30 June 2019, was a positive €135 million, given the adjustment of the impairment recognised in CGD's accounts at the end of 2017 to the sales price. Accordingly, current net income in the first half of this year was €198.1 million in comparison to €282.5 million in the first six months of 2019, comprising a year-on-year reduction of 30%. ROE on current activity was therefore 5.0%, down 2.4 pp over first half 2019.

Notwithstanding a continuation of the downwards trajectory of operating costs, the unfavourable evolution of total operating income conditioned net operating income before impairment which was down 7.3% by € 31.5 million over first half 2019.

Net interest income in the first six months of 2020 was down 7.9% by €44.7 million over the same period of the preceding year, owing to the current interest rate environment and particularly the high level of early loan repayments by public entities in 2019, given the state's low borrowing costs.

Year-on-year commissions earnings were up 1% by €2.4 million. Income from financial operations of €39.4 million was up €16.9 million over the €22.5 million recognised in first half 2019.

Other operating income this half year evolved unfavourably in comparison to first half 2019 and was down 94.9% by €56.4 million. The variation essentially derives from the positive impact of the capital gains made on the sale of the Rua do Ouro building in the accounts for first half 2019.

Operating costs of €411.7 million in the first six months of 2020, were down 12.9% over first half 2019. This positive evolution was across-the-board to all components of operating costs and was especially significant in the 14.7% decrease of €43.5 million in employee costs.

In first half 2020, these costs included non-recurring costs of €75.7 million for early retirement and voluntary redundancy programmes and a positive impact of €70.7 million mentioned above, in respect of the actuarial on liabilities for post employment benefits. The exclusion of these non-recurring results would have resulted in a 4.9% reduction of employee costs. General administrative costs, in turn, were down 13% by €16.7 million. Excluding the above referred to non-recurring items the year-on-year reduction of operating costs as a whole was 6.9%.

Profitability, in first half 2020, was also affected by higher levels of provisions and impairment. Operating income, (down 36.6%), was negatively impacted by increased provisions for guarantees and other liabilities, which were up €70.6 million over first half 2019. The €75.2 million increase of credit impairment, net of recoveries, is not unconnected to the impact of the Covid-19 pandemic and is indicative of a cautious approach to an eventual deterioration of the credit portfolio, with new credit impairment of €146.7 million. The credit impairment aggregate for the period in question reflects a cost of credit risk of 31 bps, against 1 bp in first half 2019.

As in the same half of the preceding year, the accounts for first half 2020 included all regulatory costs for the year, namely, those related to contributions to supervisory and resolution entities, including the deposit guarantee fund, as well as the new additional tax on the banking sector.

Income from held-for-sale subsidiaries, down 73.4% to €6.7 million over first half 2019, reflected the exits of Mercantile Holdings and Banco Caixa Geral (Spain) from CGD group's consolidation perimeter owing to the sale of these two entities pursuant to the implementation of the bank's strategic plan and balance sheet optimisation process. Together, the two subsidiaries contributed €13.8 million to this account in June 2019.

In turn the results of companies, as measured by the equity accounting method, impacted by the increase of the insurance area's contribution, were up by 102.7% over first half 2019, to €15.8 million.

BALANCE SHEET

CGD's consolidated net assets at the end of first half 2020 remained stable at €90,405 million (down 1% by €929 million) year-on-year 2019, notwithstanding the sale of subsidiaries that took place in the second half of 2019.

Non-current assets held-for-sale were down 82.9% by €5.8 billion owing to the sale of Banco Caixa Geral (Spain) in October 2019 and Mercantile Bank (South Africa) in the following month, as part of the bank's strategic plan and balance sheet optimisation process.

Securities investments were up 24.1% by €4,673 million over June 2019 to €24,060 million, at 30 June 2020, almost all of which in public debt. Cash and cash balances at central banks were up 36.2% by €2,120 million over June 2019 to €7,971 million.

Loans and advances to customers (net) were down 2.3% over the end of June 2019 to €48,315 million due to the reduction in lending to public entities and the sale of NPL's portfolios during the second half of 2019

The adverse environment in force since the end of the first quarter of the year had the effect of slowing the rate of growth of new agreements, although evolution in comparison to December 2019, was positive.

8,620 mortgage lending operations totalling €954 million, were entered into with CGD Portugal in first half 2020. This was down 7.2% by 667 operations and 1.6% by €15 million over the same period last year.

(EUR Million)

LOANS AND ADVANCES TO CUSTOMERS			Change 2020-06 vs. 2019-06	
	2019-06	2020-06	Total	(%)
CGD Portugal	**42,888**	**41,247**	**-1,641**	**-3.8%**
Corporate	14,018	14,145	128	0.9%
General government and other	3,884	2,825	-1,059	-27.3%
Individual customers	24,986	24,276	-710	-2.8%
Mortgage loans	24,193	23,542	-652	-2.7%
Other	793	735	-59	-7.4%
Other CGD Group companies	**9,491**	**9,293**	**-198**	**-2.1%**
Total	**52,379**	**50,540**	**-1,840**	**-3.5%**

Note: Gross loans and advances to customers

Special reference should be made to the 8.5% growth in the first half 2020 in corporate loans in Portugal (excluding the construction and real estate sectors), reflecting CGD's commitment to support the most dynamic sectors in the national economy particularly in the current context.

CGD achieved an 18% share of the credit market in the national marketplace in May 2020 of 14.3% in the case of corporate loans and 23.5% in the case of personal mortgage loans.

The 7.6% increase of €4,980 million in customer deposits in comparison to the same period 2019 essentially derives from resources taken by CGD Portugal.

CGD retained its leading position in the national market in May 2020, both in terms of total customer deposits with a market share of 25.4% and personal customers' deposits with a market share of 29.3%.

(EUR Million)

RESOURCES TAKEN			Change 2020-06 vs. 2019-06	
	2019-06	2020-06	Total	(%)
Balance sheet	**70,532**	**75,314**	**4,782**	**6.8%**
Central banks' & cred instit. resources	1,678	2,063	385	23.0%
Customer deposits (Consolidated)	65,644	70,624	4,980	7.6%
Domestic activity	56,364	60,752	4,388	7.8%
International activity	9,280	9,872	592	6.4%
Covered bonds	2,262	1,252	-1,010	-44.7%
EMTN and other securities	806	1,270	464	57.6%
Other	142	105	-37	-26.4%
Off-balance sheet	**20,425**	**19,835**	**-589**	**-2.9%**
Investment funds	4,007	3,879	-128	**-3.2%**
Real estate investment funds	800	759	-41	**-5.2%**
Pension funds	3,905	4,113	208	**5.3%**
Financial insurance	8,603	8,108	-495	**-5.8%**
OTRV Portuguese Governm. Bonds	3,109	2,977	-132	**-4.3%**
Total	**90,957**	**95,149**	**4,192**	**4.6%**
Total resources (domestic activity) (1)	**73,165**	**77,026**	**3,861**	**5.3%**

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

The loans-to-deposits ratio of 68.4% in June 2020 (75.3% in June 2019), reflecting the increase in deposits and the decrease in the loan portfolio.

Asset quality continued to trend to improvement with NPLs (non-performing loans as defined by the EBA) down 43% by €1.9 billion over June 2019 owing to, in addition to the positive evolution of cured credit, disposals and recoveries which also performed well. The NPL ratio of 4.4%, against 7.3% in June 2019, confirmed the commitment to endeavour to converge to the average for European banks. Specific impairment and collateral coverage at 30 June 2020 were 62.6% and 37.0% respectively. If considered the total credit impairment, we achive an NPL coverage ratio of 87.2% (total coverage ratio of 124.2%), giving an NPL ratio, net of impairment of 0.6%. This evolution also reflects increased impairment as a preventative measure in the half year.

LIQUIDITY

CGD continues to enjoy ample liquidity, allowing it to redeem a covered bond for the amount of €1 billion in first quarter 2020 without recourse to market refinance.

In the sphere of Eurosystem monetary policy measures and in consideration of the alterations made by the European Central Bank in the context of the Covid-19 pandemic, CGD obtained €1 billion in finance from the European Central Bank in the form of a TLTRO-III (Targeted Longer-Term Refinancing Operation) in June.

Together with such finance, CGD increased the value of its assets on the Eurosystem collateral pool to around €14.1 billion. This was an increase of €3.3 billion over the end of 2019.

The liquidity coverage ratio (LCR) of 402.3%, at the end of June 2020, was much higher than the current liquidity regulatory requirement (100%).

CAPITAL

Consolidated shareholders' equity was up €174 million over the same period 2019 to €8,533 million at 30 June 2020. Reference should be made to the 16.1% positive evolution of €485 million in other reserves and retained earnings and the €120 million decrease in revaluation reserves.

Other reserves aldo reflected the change of actuarial assumptions on pension funds – reduction of the discount rate to 1.30% (against 1.40% in December 2019), which was partly offset by actuarial gains in responsibilities with post employment.

"Other equity instruments" of €500 million refer to the market issue of additional tier 1 funds securities at the end of March 2017

(EUR Million)

SHAREHOLDERS' EQUITY			Change 2020-06 vs. 2019-06	
	2019-06	2020-06	Total	(%)
Share capital	3,844	3,844	0	0.0%
Other capital instruments	500	500	0	0.0%
Revaluation reserves	356	237	-120	-33.5%
Other reserves and retained earnings	3,005	3,489	485	16.1%
Non-controlling interests	236	214	-22	-9.5%
Net income	417	249	-169	-40.5%
Total	**8,359**	**8,533**	**174**	**2.1%**

The fully loaded, CET1 Tier 1 and Total ratios, (including net income for the period) were 16.6%, 17.7% and 19.1% respectively, met CGD's current capital requirements. These ratios, above the Portuguese and European average, show CGD's robust and adequate capital position.

RELEVANT EVENTS

Measures to minimise the impact of Covid-19 on corporate and personal customers and employee protection

The end of first quarter 2020 bore witness to a national emergency scenario in the form of the Covid-19 pandemic, which required a prompt response in terms of providing assistance to corporate and households to enable them to surmount the major liquidity constraints generated by the downturn of activity, pursuant to which CGD took a series of steps to minimise its impact on its customers.

Corporate: possibility of a moratorium on current operations; *Linha de Crédito Capitalizar 2018 – Covid-19* [Covid-19 Capitalisation line of credit]; *Linha de Apoio à Economia Covid-19*; [Covid-19 Economic Support line of credit] Flexible solutions for *Linha Caixa Invest Inovação* [Investment in Innovation line of credit]; no monthly POS equipment rental charges for small traders; possibility of rescheduling operations.

Personal: possibility of a moratorium on current operations; mortgage loan protection for self-owned property for permanent residence; property and personal loans protection; unlimited SEPA and MB Way transfers; no commissions in the first year or during the crisis period; easy app-based access to Caixa.

Legislative changes were introduced to the incentives package across the second quarter, both as regards moratoria and lines of credit in which CGD was quick to react in making prompt adjustments to its offer. As a means of providing for the largest number of customers these measures included new EIF Covid lines of credit, for customers not covered by mutual guarantee lines.

To ensure the nationwide provision of essential banking services and face-to-face services for personal and corporate customers, CGD kept 100% of its branch offices open leaving normal opening times unchanged, adapting the structure to the teleworking, and simultaneously adopting a series of steps to increase the protection and safety of customers and bank staff.

Face-to-face services were progressively resumed at the end of the lock-down period to provide a full response to customers' needs, guaranteeing the safety of all staff, customers and suppliers and business continuity.

Innovation and digital transformation

The Covid-19 pandemic enabled CGD to consolidate its leading position as the digital bank of Portuguese citizens, in its almost immediate provision of distance solutions designed to facilitate access to the bank and maintain customer proximity: online application forms for moratoria requests; immediate, fully digital app-based subscriptions to Caixadirecta and unlocking contracts and registering grace requests via the Digital Assistant of the Caixadirecta App were several innovations. CGD was also the first bank in Portugal to operate a 100% home-based contact centre.

CGD continues to commit to innovative solutions to improve its customers' experience and satisfaction, enhancing its online functions with the possibility of blocking cards and certifying the device used to ensure greater security.

The DABOX open banking solution powered by Caixa, differs from that of its competitors in adding market value, with its April launch of transfers between accounts from any bank. Users are now able to aggregate their current accounts in the main banks operating in Portugal, make transfers and achieve an integrated overview of their financial funds.

CGD has evidenced its capacity to adapt to the market, in reacting quickly to the pandemic and achieving higher growth rates in terms of satisfaction with digital channels (BrandScore survey for second quarter 2020).

CGD increased its number of digital customers in the domestic market to 1.76 million with active Caixadirecta agreements, comprising 48% of CGD customers.

Digital channels accounted for an average of 58% of customer operations in CGD in first half 2020. In May alone, this represented more than 24 million accesses to Caixadirecta, 70% of which app-based

These indicators show that CGD customers are becoming more "digital", as evidenced by the sustained growth in the use of distance channels.

One in ten CGD customers already uses its distance management service whose users enjoy the services of a dedicated account manager on any of the remote services available. The relevance of this service was particularly enhanced owing to the Covid-19 pandemic, having recorded a huge increase of contacts in comparison to 2nd half 2019 as shown by the 42% increase in the average number of calls and 69% increase in the average volume of written messages.

Enhanced value proposals and customer service levels

CGD 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 its offer for personal customers reference should be made to more competitive rates and a new simulator for Caixa's Leasing Imobiliário para Habitação [residential property leasing], the re-launch of its Plano Proteção Vida [life protection plan], family protection and savings incentives, life insurance associated with mortgage loans with more competitive terms and more comprehensive protection, Liber 3G motor vehicle insurance [seguro automóvel Liber 3G] and the launch of the structured deposit in USD "USD5 Ações Março 2022" and, in the second quarter of the year, Multicare 60+ insurance with 4 options based on a customer's profile, PPR Evoluir [retirement savings plans] life insurance that enables a retirement nest egg to be built up and the introduction of the Caixa Maiores Acompanhados (accompanied majors) debit card.

By the end of June 2020, there had been a 10% increase in total subscriptions to the *Contas Caixa* (multiproduct solution) over June 2019 to more than 1.8 million accounts.

Support for the business community particularly included an additional 15 thousand *Caixa Business accounts,* as a multiproduct solution including products such as *Caixadirecta Empresas* which provides customers with autonomous and user-friendly access to their accounts, enabling them to perform the most frequent banking operations without the need to visit a branch office.

The maintenance of medium and long term finance and increased number of customers choosing CGD to assist them with their investments or treasury needs have helped CGD to strengthen its position as a bank for corporate customers.

Service Quality Assessment

Caixa came in 1st place, in Portugal, in the *Top 1000 World Banks* (Tier 1) ranking published by the highly respected British magazine *The Banker.* Reference should also be made to its 179th position in the world ranking.

According to Brand Score, Caixa improved its position across all brand indicators in 2nd quarter 2020, in terms of the assessment of its customers. This particularly includes governance as the indicator with the highest increase in 2020 and which diminishes the probability of losing customers while improving Caixa's appeal to non-customers.

The response to the pandemic and customers' needs entailed endeavours to digitalise processes and offer with the aim of providing customers with a better service. One result of this investment is the increase in the number of users of Caixa's digital channels which was higher than the banking average.

Traditionally Caixa has been the brand with the highest recognition factor in Portuguese banking. First half 2020 confirmed this top-of-mind indicator of 25% and spontaneous recall indicator of 63%.

Sustainability

The repercussions of the Covid-19 pandemic have had an expressive effect on CGD's business and the short term guidelines of its sustainability strategy, consequently requiring an immediate, adequate response to the imminent challenges facing Portuguese society.

CGD donated more than 1,500 items of equipment over the course of the first half year, encouraging the re-use of diverse items of equipment and discontinued materials and donated 120 items of computer equipment to diverse educational institutions, providing assistance to students who, not having a computer at home, are forced to contend with the need for distance learning.

Additional funding of more than €1 million was supplied for social projects in which reference should be made to the financial support for Portugal's contribution to the international fund to fight the pandemic and contributing to the donation of 100 ventilators to Portugal's National Health Service through APB (Association of Portuguese Banks).

CGD has opened its Caixa Garden to the public as part of its European Green Capital 2020 commitments. This partnership with the Municipality of Lisbon comes under the aegis of CGD's social responsibility policy and provides people with yet another green leisure space in the city.

CGD has subscribed to the BCSD Portugal (Business Council for Sustainable Development) paradigm manifesto on how to exploit the crisis to launch a new sustainable development policy and published a diversity policy for CGD group employees and members of the board of directors and audit boards with the aim of defining the objectives to be achieved in terms of diversity.

Having concluded its *Caixa Social 2020* prizes in the first quarter of the year, CGD brought its *Caixa Social 2021* prizes forward to the second quarter, providing one million euros to assist responses to the Covid-19 pandemic. A total number of more than 400 applications were received. 34 projects which should have an impact on around 125 thousand beneficiaries were distinguished.

Prizes and distinctions

The following prizes and distinctions were awarded to CGD group's retail and digital banking and fund management activities in first half 2020:

CGD – 1st placed Portuguese bank in the worldwide ranking for the 3rd consecutive year in the Top 1000 World Banks 2020 ranking − The Banker Magazine

CGD - "Best Bank" in Portugal 2019 for the 6th consecutive year, *EMEA Finance* magazine, in the sphere of its annual *Europe Banking Awards 2019*

CGD – Awarded a distinction for "Active Ageing and Preparation for Retirement" for the 2nd consecutive year from Human Resources magazine which recognises the best companies for Personnel Management in Portugal

CGD – Most Reputable Brand 2020 Banking − Marktest Reputation Index (MRI)

CGD – Brand distinguished with the "On Strategy" award − *Brands Reputation Portugal 2020 Awards"* attributed by the *Reputation Knowledge Centre*

CGD – Best Digital Bank − BrandScore survey for 1st quarter 2020

CGD DABOX app – Best Communication Campaign in the Banking and Financial Services category − SAPO Prizes 2020

Caixa Gestão de Ativos − Best National Global Bond Manager − Morningstar Awards *2020* received for the 4th year and encompassing its global funds offer

Caixa Gestão de Ativos − Best National Bond Manager − Morningstar Awards 2020, awarded for the 6th consecutive year

Caixa Gestão de Ativos − Sustainable Finance Prize 2020 from Euronext Lisbon Awards 2020, which recognises the best positive impact on environmental or corporate governance issues.

DOMESTIC AND INTERNATIONAL ACTIVITY

Domestic activity's contribution to CGD group's net profit in June 2020 was down 37.3% to €207.8 million against €331.5 million for the same period of the preceding year.

This decrease in net profit particularly derives from the reduction of other operating income in comparison to the preceding year as the capital gain of €36.6 million made on the sale of the Rua do Ouro building was accounted for in first quarter 2019 and, in second quarter 2019, owing to the reversal of impairment on the equity investment, registered in 2017, of €135 million in BCG (Spain).

The decreases of €40.4 million and €10.2 million in net interest income and income from equity instruments, million respectively, were unfavourable developments.

Credit impairment was up €38.2 million to provide for the eventuality of credit portfolio deterioration deriving from the current environment.

Income from financial operations was up €23.5 million and commissions earnings have seen a slight increase in the same period.

(EUR Million)

CONTRIBUTION TO CONSOLIDATED P&L (*)	Domestic Activity			International Activity		
	Restated 2019-06	2020-06	Change (%)	Restated 2019-06	2020-06	Change (%)
Net interest income	372.5	332.1	-10.8%	191.9	188.5	-1.8%
Income from equity instruments	15.1	4.9	-67.5%	0.3	0.0	-97.7%
Net fees and commissions	199.1	206.5	3.7%	42.9	37.1	-13.5%
Net trading income	-3.2	20.3	-	25.7	19.0	-26.1%
Other operating income	77.1	16.3	-78.9%	-4.0	-0.3	-
Total operating income	660.5	580.0	-12.2%	256.7	244.2	-4.9%
Employee costs	225.3	179.7	-20.3%	71.4	73.6	3.1%
Administrative expenses	96.2	80.9	-15.9%	47.1	44.9	-4.8%
Depreciation and amortisation	32.7	32.9	0.5%	13.8	13.2	-4.6%
Operating costs	354.3	293.5	-17.2%	132.4	131.6	-0.5%
Net operating income before impairments	306.3	286.6	-6.4%	124.4	112.6	-9.5%
Credit impairment (net)	-9.3	28.9	-	12.1	49.1	306.3%
Provisions and impairments of other assets (net)	-155.8	-48.1	-	5.8	3.2	-45.0%
Net operating income	471.3	305.8	-35.1%	106.5	60.3	-43.4%
Income Tax	146.0	112.2	-23.2%	25.5	11.5	-54.8%
Net operat. inc. after tax and before non-controlling interests	325.3	193.6	-40.5%	81.0	48.8	-39.8%
Non-controlling interests	1.5	1.5	-0.3%	20.4	14.8	-27.4%
Results from subsidiaries held for sale	0.0	0.0	-	25.2	6.7	-73.4%
Results of associated companies	7.6	15.6	104.5%	0.1	0.1	-
Net income	331.5	207.8	-37.3%	86.0	40.8	-52.5%

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

Operating costs in June 2020 were down to €293.5 million. This positive evolution in comparison to the first half of the preceding year essentially derived from the significant decrease of 15.9% in general administrative costs and 20.3% in employee costs This latter account, in June 2020, included a non-recurring cost of €75.7

million for early retirement and voluntary redundancy programmes as a charge to the provision set up in 2017, with no impact in net income. A non-recurring gain of €70.7 arising from extraordinary actuarial gains in liabilities with post-employment benefits (pension fund and medical plan) was also recognised in employee costs. These two non-recurring effects generated an impact of €50.5 million in net profit.

Excluding non-recurring effects, domestic activity contributed with €157.3 million to CGD group's net profit in 2020 in comparison to €196.5 million in 2019, corresponding to a €39.3 million decrease (-20%).

The international business area's contribution to consolidated net income in June 2020 was down 52.5% over first half 2019 to €40.8 million. The main contributors to income from international activity in first half 2020 were BNU Macau (€29.8 million), BCI Moçambique (€5.7 million) and Banco Caixa Geral - Angola (€8.8 million).

Total operating income from international activity was down 4.9% in comparison to first half 2019. There was a reversal of the growth trend of operating costs which were down 0.5%. Credit impairment was up €37 million over the same period 2019.

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

(EUR Thousand)

INCOME STATEMENT	Consolidated Activity				Separate Activity			
	Restated 2019-06	2020-06	Change Total	Change (%)	2019-06	2020-06	Change Total	Change (%)
Interest and similar income	937,802	781,950	-155,852	-16.6%	691,069	554,041	-137,029	-19.8%
Interest and similar costs	373,246	262,047	-111,199	-29.8%	307,753	205,363	-102,390	-33.3%
Net interest income	564,556	519,903	-44,653	-7.9%	383,317	348,678	-34,639	-9.0%
Income from equity instruments	15,368	4,922	-10,447	-68.0%	74,086	85,315	11,229	15.2%
Net interest inc. incl. inc. from eq. investm.	**579,925**	**524,825**	**-55,100**	**-9.5%**	**457,403**	**433,993**	**-23,410**	**-5.1%**
Fees and commissions income	306,992	297,738	-9,254	-3.0%	253,673	246,814	-6,859	-2.7%
Fees and commissions expenses	65,770	54,138	-11,632	-17.7%	46,363	42,210	-4,153	-9.0%
Net fees and commissions	241,222	243,600	2,378	1.0%	207,310	204,604	-2,705	-1.3%
Net trading income	22,522	39,393	16,871	74.9%	23,992	31,770	7,777	32.4%
Other operating income	59,403	3,012	-56,391	-94.9%	32,830	-6,220	-39,050	-
Non-interest income	**323,146**	**286,005**	**-37,142**	**-11.5%**	**264,132**	**230,154**	**-33,978**	**-12.9%**
Total operating income	**903,071**	**810,830**	**-92,241**	**-10.2%**	**721,535**	**664,147**	**-57,388**	**-8.0%**
Employee costs	296,704	253,205	-43,499	-14.7%	227,343	183,592	-43,751	-19.2%
Administrative expenses	129,114	112,371	-16,743	-13.0%	98,308	84,995	-13,313	-13.5%
Depreciation and amortisation	46,585	46,108	-477	-1.0%	32,933	35,125	2,192	6.7%
Operating costs	472,403	411,685	-60,718	-12.9%	358,584	303,713	-54,872	-15.3%
Net operating income before impairments	**430,668**	**399,145**	**-31,523**	**-7.3%**	**362,950**	**360,434**	**-2,516**	**-0.7%**
Credit impairment (net)	2,816	78,000	75,184	-	657	48,479	47,822	-
Provisions for reduction of employees	-35,505	-74,486	-38,981	-	-35,505	-74,205	-38,700	-
Provisions for garantees and other commitements	-35,505	35,104	70,609	-	-36,600	34,045	70,645	-
Other provisions and impairments	-78,989	-5,568	73,421	-	-143,488	9,209	152,697	-
Provisions and impairments	**-147,182**	**33,050**	**180,232**	**-**	**-214,936**	**17,528**	**232,464**	**-**
Net operating income	**577,850**	**366,095**	**-211,755**	**-36.6%**	**577,887**	**342,907**	**-234,980**	**-40.7%**
Income Tax	**171,511**	**123,709**	**-47,803**	**-27.9%**	**136,162**	**104,904**	**-31,258**	**-23.0%**
of which Contribution on the banking sector	27,030	27,976	946	3.5%	26,480	27,677	1,197	4.5%
Net op. inc. after tax and before non-controlling int.	**406,338**	**242,386**	**-163,953**	**-40.3%**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Non-controlling interests	21,849	16,265	-5,584	-25.6%	n.a.	n.a.	n.a.	n.a.
Results of associated companies	7,779	15,770	7,990	102.7%	n.a.	n.a.	n.a.	n.a.
Results of subsidiaries held for sale	25,226	6,703	-18,523	-73.4%	n.a.	n.a.	n.a.	n.a.
Net income	**417,495**	**248,594**	**-168,901**	**-40.5%**	**441,724**	**238,003**	**-203,722**	**-46.1%**

(EUR Million)

BALANCE SHEET	Consolidated Activity				Separate Activity			
	2019-06	2020-06	Change Total	Change (%)	2019-06	2020-06	Change Total	Change (%)
ASSETS								
Cash and cash equiv. with central banks	5,851	7,971	2,120	36.2%	4,977	7,092	2,115	42.5%
Loans and advances to credit instit.	3,382	3,450	68	2.0%	4,165	4,271	107	2.6%
Securities investments	19,386	24,060	4,673	24.1%	20,899	25,204	4,305	20.6%
Loans and advances to customers	49,449	48,315	-1,134	-2.3%	43,428	42,004	-1,424	-3.3%
Assets with repurchase agreement	31	17	-15	-46.4%	21		-21	-
Non-current assets held for sale	7,010	1,198	-5,812	-82.9%	806	208	-598	-74.2%
Investment properties	805	188	-616	-76.6%	5	6	1	25.9%
Intangible and tangible assets	698	648	-50	-7.2%	486	478	-8	-1.7%
Invest. in subsid. and assoc. companies	416	454	38	9.2%	1,621	1,536	-85	-5.2%
Current and deferred tax assets	2,014	1,810	-204	-10.1%	1,929	1,734	-195	-10.1%
Other assets	2,292	2,295	3	0.1%	1,455	1,273	-182	-12.5%
Total assets	**91,334**	**90,405**	**-929**	**-1.0%**	**79,792**	**83,806**	**4,015**	**5.0%**
LIABILITIES								
Central banks' and cred. instit. resources	1,678	2,063	385	23.0%	2,182	2,601	419	19.2%
Customer resources	65,786	70,728	4,943	7.5%	59,475	64,059	4,584	7.7%
Debt securities	2,468	1,419	-1,048	-42.5%	2,468	1,420	-1,048	-42.5%
Financial liabilities	987	1,000	12	1.2%	986	998	12	1.2%
Non-current liabilities held for sale	6,050	872	-5,178	-85.6%	0	0	0	-
Provisions	988	1,045	56	5.7%	990	1,057	67	6.8%
Subordinated liabilities	601	1,103	502	83.6%	600	1,103	502	83.7%
Other liabilities	4,417	3,642	-775	-17.5%	5,583	4,891	-692	-12.4%
Sub-total	**82,975**	**81,872**	**-1,103**	**-1.3%**	**72,286**	**76,128**	**3,843**	**5.3%**
Shareholders' equity	**8,359**	**8,533**	**174**	**2.1%**	**7,506**	**7,678**	**172**	**2.3%**
Total	**91,334**	**90,405**	**-929**	**-1.0%**	**79,792**	**83,806**	**4,015**	**5.0%**

Lisbon, 31st of July 2020

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 June 30, 2020, unless otherwise stated. These may be estimates subject to revision. Solvency ratios include net income for the period.

- The first months of 2020 have been marked by the COVID-19 pandemic. As a consequence of the spread of the disease, with confirmed cases in more than 200 countries and territories, drastic measures have been taken to contain it, including the restrictions on mobility of the population, the closure of national borders and conditioning in a wide range of economic activities. Several countries lifted their lockdown restrictions in the second part of the half year, enabling a resumption of economic activity albeit subject to the application of limitations on different sectors. Consequently diverse economic indicators referring to the first quarter have confirmed a sharp deceleration of worldwide economic activity, suggesting a global recessionary scenario with high levels of uncertainty over its depth and duration.

  Impacts, albeit uncertain, are naturally expected on the group's activity and its capacity to achieve its economic-financial goals. Their extent will be contingent upon a multiplicity of factors such as the depth of the economic crisis, its length, the economic sectors most affected and the type and impact of the monetary and fiscal policy measures adopted and to be adopted by the diverse European Union central banks in the future.

  In light of these uncertainties, and based on the information available at this time, CGD estimated and recognized in the semester the financial effects of this pandemic, including the valuation of financial assets and the measurement of expected losses in the loan portfolio, which will be subject to continuous reassessment.

- 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 1º Semestre de 2020". In the event of any inconsistency, the original version prevails.

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