PRESS RELEASE **CAIXA GERAL DE DEPÓSITOS**

CONSOLIDATED RESULTS

1H 2021

CGD made a net profit of €294.2 million in first half 2021 and returned to an investment grade rating from Moody's. Net assets of more than €100 billion.

In a half year characterised by some recovery in economic activity, in a still adverse background for banking activity, Caixa Geral de Depósitos group's consolidated net profit of €294.2 million was up 18.3% over the same period 2020 and equivalent to a return on equity (ROE) of 7.2%.

This evolution is mainly a result of the good performance of the net trading income, as the level of core income remained with a negative trend, impacted by a €44 million decrease in net interest income, only partially offset by the increase in commissions.

The net income also includes an extraordinary income of €44.3 million (after tax) deriving from a revaluation of liabilities for post-employment benefits and from provisions for the pre-retirement programme. Current net income of €250 million was therefore up 26.2% over current income in first half 2020.

Impaired credit at the end of the half year stood at €90.2 million, as opposed to the €59.7 million recorded in the previous quarter which, net of recoveries, resulted in a cost of credit risk of 19 bps.

Operating costs on a recurring basis were down 1.5% over the same period 2020 to €400 million. This translated into a recurring cost-to-income ratio of 45.3%, as opposed to 49% in first half 2020.

Customer deposits were up 6.3% by €4.5 billion in first half 2021. This essentially derived from resources taken by CGD Portugal, fuelled by higher levels of household savings and customers' trust in and loyalty to Caixa.

Credit to companies in Portugal (excluding the construction and real estate sectors, in which the reduction of NPLs is concentrated) was up 5.4%, reflecting greater support for companies.

The amount of new mortgage loans was up 65% over first half 2020. This resulted in a leading market position with a new sales share of 24.4% up to May 2021. Notwithstanding the fact that the increase was influenced by lower sales in second quarter 2020 due to the beginning of the lockdown, CGD continued to trend to higher than sector growth and strengthened its market share in comparison to 2020.

Asset quality continued to improve. The non-performing loans ratio was down to 3.2% and, together with a preventive increase of impairment, made it possible to achieve an NPL ratio net of impairment of 0% (taking all impaired credit into account). This has been the case since the first quarter. Considering only specific impairments, CGD's net ratio already compares favorably with the average for European banks.

Capital ratios were strengthened and reached 18.9% for core capital (CET1) and 21.5% for total capital, even after the payment of the dividend on 2020 profit and comfortably complying with the capital requirements in force for CGD. These capital ratios, higher than the Portuguese and European averages, are indicative of CGD's robust capitalisation.

In July 2021, Moody's Investor Service upgraded its rating on CGD's long term senior debt from Ba1 to Baa3. This upgrade of CGD's long and short term senior debt marks a return to Moody's investment grade category rating after a period of ten years and is an important milestone in Caixa's evolution and market status. With this change, CGD is now rated at investment grade by two of the main international rating agencies.

MAIN INDICATORS

CGD CONSOLIDATED		
BALANCE SHEET AND P&L INDICATORS (EUR million)	**2020-06**	**2021-06**
Net assets	90,405	101,000
Loans and advances to customers (gross)	50,540	51,523
Loans and advances to customers (net)	48,315	49,207
Customer deposits	70,624	76,426
Total operating income	811	859
Net core operating Income before impairments (1)	357	445
Net income	249	294
PROFIT AND EFFICIENCY RATIOS		
Gross return on equity - ROE (3) (4)	9.1%	11.2%
Net return on equity - ROE (4)	6.2%	7.2%
Gross return on assets - ROA (3) (4)	0.9%	1.0%
Net return on assets - ROA (4)	0.6%	0.7%
Total operating income / Average net assets (3) (4)	1.9%	1.9%
Employee costs / Total operating income (3)	30.6%	17.1%
Cost-to-income BoP (3)	49.8%	34.4%
Cost-to-income (2) (3)	49.2%	45.3%
Cost-to-core income (2) (5)	53.3%	53.8%
CREDIT QUALITY AND COVER LEVELS (6)		
NPL ratio - EBA	4.4%	3.2%
NPL ratio (net)	0.6%	0.0%
NPE ratio - EBA	3.4%	2.6%
NPL coverage - EBA	85.4%	103.8%
NPE coverage - EBA	80.1%	96.5%
NPL specific coverage - EBA	60.9%	66.5%
NPE specific coverage - EBA	58.0%	63.0%
Forborne ratio for loans and advances - EBA (7)	4.6%	2.7%
Coverage ratio on forborne loans and advances - EBA (7)	90.9%	90.6%
Cost of credit risk(*)	0.31%	0.19%
STRUCTURE RATIOS		
Loans & adv. customers (net) / Net assets	53.4%	48.7%
Loans & adv. customers (net) / Customer deposits (3)	68.4%	64.4%
SOLVENCY AND LIQUIDITY RATIOS (CRD IV/CRR) (6)		
CET 1 (fully implemented)	16.8%	18.9%
Tier 1 (fully implemented)	17.9%	20.0%
Total (fully implemented)	19.3%	21.5%
Liquidity coverage ratio	402%	393%
OTHER INDICATORS		
Number of branches, local extensions and corporate offices - CGD Portugal	551	543
Number of employees - Domestic banking and financial activity	6,921	6,515
Number of employees - CGD Portugal	6,548	6,241
Number of ATM and ATS in Portugal	2,912	2,688
CGD RATING	**Short Term**	**Long Term**
FitchRatings	B	BB+
Moody's	P-3	Baa3
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 including Net Income, except when marked with (*); (7) CGD Portugal Ratios.

ECONOMIC-FINANCIAL FRAMEWORK

Global activity continued to recover in first half 2021, albeit conditioned by the emergence of new SARS-Cov-2 virus variants and fears of a resurgence of related inflationary pressures, both on account of hikes in energy prices and multiple constraints on production, triggering upward revisions of inflation rate projections for 2021 and 2022.

Portugal faced the third wave and worst part of the pandemic in early 2021 and was forced to order another general lockdown between mid January and end March. Consequent closures, particularly in the trade and services sectors, were reflected in a first quarter contraction of GDP, driven by a further drop in private consumption. Activity in the second quarter, albeit at a slow and uneven pace, was boosted by a latter reduction in the number of infections. In June, the European Commission approved the Recovery and Resilience Plan and the respective disbursements are expected to be more expressive from August onwards.

The assessment of the main central banks concerning prices continues to suggest that higher inflation levels are temporary and existing monetary *stimuli* have, therefore, been retained. In contrast, central banks in smaller countries, especially in the emerging bloc, have started to reduce *stimuli*, or have, in some cases increased their lending rates.

First half 2021 in financial markets was marked by a fresh appreciation of higher risk asset classes associated with the global economic cycle's recovery phase. The improvement in sentiment, supported by new fiscal stimulus programmes, was most noticeable in the US, although it was visible in all developed countries whose vaccination programmes are at a more advanced stage.

There were very slight changes in Euribor rates in the money markets over the first six months of the year across all maturities. Financing and liquidity conditions in the region remained practically unchanged and highly favourable, supported by the ECB's accommodative policy.

Economic recovery and higher levels of inflation were accompanied by a gradual increase in sovereign bond yields. Notwithstanding a correction from May onwards, 10 year yields across the first half year were up by an average 35 bps.

Widening spreads in credit markets accompanying higher yields at the start of the year were followed by a phase of narrowing spreads in the second half. Corporate bonds benefited from the reopening and recovery of many sectors of the economy, hikes in energy prices in companies associated with this sector and, in the case of financial companies, higher levels of corporate debt purchases by the ECB.

Stock markets witnessed a continuation of the appearance of a more optimistic climate in second quarter 2020, continuously trending to appreciation and successive historical highs, both in the US and Europe. Uncertainty levels were substantially down, with stock volatility indices receding to pre-crisis levels. Not even rising inflation dampened positive investor sentiment towards this class.

The dollar and sterling, fuelled by the yield spread in comparison to the euro and yen, were the currencies with the highest levels of appreciation in foreign exchange markets, in first half 2021. The dollar, supported by the stronger pace of the economic recovery cycle and greater fiscal support, was up 3% against the euro. Sterling, in turn, was up 4.3%. Special reference should be made, in the case of emerging countries, to the 4.5% appreciation of the Brazilian *real* against the dollar in a movement which was amplified by the Central Bank of Brazil's hike in its lending rate.

In the case of commodities, oil prices rose by nearly 50% in first half 2021, to their highest level since 2018 (with Brent and crude ending the year at $75.1 and $73.5/barrel). This performance is explained both by growing worldwide demand, supply-side constraints imposed by oil countries and low US inventory levels.

CONSOLIDATED INFORMATION

RESULTS

CGD group's activity in the first six months of 2021 naturally continued to be affected by the epidemiological situation and containment measures taken by the competent authorities. CGD posted a consolidated profit of €294.2 million in first half 2021, against a net profit of €248.6 million for the same period of the preceding year. This 18.3% increase was equivalent to a return on equity (ROE) of 7.2 %.

Net interest income in the first half of 2021 was down 8.4% by €43.6 million over the same period of the preceding year, having been particularly affected by lower market interest rates, which were directly reflected in portfolio indexers, in addition to across-the-board decreases of spreads on new operations owing to a competitive market.

Net commissions were up €24.7 million over the same period of the preceding year. This increase is mainly supported by commissions associated with the placement of investment funds and financial insurance, with an expressive growth of €16 million (up 29%) and, to a lesser extent, by the dynamism in the new loans.

Net trading income also increased more sharply, having reached €122 million, thus recording a positive variation of €82.8 million compared to 2020.

This was offset by the €15.2 million decrease of other operating income over the same period 2020, essentially on account of the fact that no significant gains were made from real estate assets.

Given the evolution of the different aggregates, CGD group's total operating income in first half 2021 was up 5.9% by €47.9 million over the same period 2020.

Operating costs also had a very positive evolution, totalling 304.1 million euros in the first half of 2021. This positive evolution essentially derived from the sharp decrease of employee costs. This amount includes a non-recurring impact of €96.4 million, essentially owing to the provisions adjustments associated with post-employment benefits and adjustment of the costs foreseen with the pre-retirement programme. This impact is partially offset at the level of net income under provisions. The exclusion of such non-recurring factors would result in a 0.1% decrease of employee costs. General administrative costs, on the other hand, were down 8.1% by €9.1 million owing to continued improvements in the group's operational efficiency.

Operating income, up 22.7% by €83.1 million over first half last year, was also positively impacted by the evolution of impaired credit, net of recoveries which was down €30 million over the first six months of 2020. Even so, the aggregate of provisions and impairments increased by 72.4 million euros compared to the same period of the previous year, reflecting a prudent attitude towards the current macroeconomic context.

The impaired credit aggregate in the period under review reflects a cost of credit risk cost of 19 bps, against 31 bps for the first half of 2020.

Income from subsidiaries held-for-sale was up €1.7 million over the same period last year to €8.4 million.

In turn, results from associated companies were up 66.3% by €10.5 million over the same period of the preceding year to €26.2 million. This evolution largely derived from the contribution of €19 million in income from Fidelidade Companhia de Seguros SA, up €7.8 million over June 2020, affected by first quarter 2020 losses resulting from the impact of Covid-19.

BALANCE SHEET

CGD's consolidated net assets were up 10.5% by €9,625 million over December 2020 to €101 billion at the end of first half 2021. This evolution particularly derives from the 81.7% increase of €8,397 million in loans and advances to central banks, over December 2020 from resources deriving from the TLTRO programme and evolution of the commercial gap arising from the strong increase in customer deposits and despite the significant increase in the loan portfolio.

Gross loans and advances to customers of €51,523 million were up 2.7% across the half year.

CGD Portugal entered into 13,093 mortgage loan agreements for €1,572 million in first half 2021. This was up 52% by 4,471 operations and up 65% by €618 million over the same period of 2020.

Special reference should be made this half year to the 5.4% growth of corporate loans in Portugal (excluding the construction and real estate sectors) which reflects CGD's commitment to back the most dynamic sectors of the national economy.

(EUR Million)

LOANS AND ADVANCES TO CUSTOMERS	Restated		Change	
	2020-12	2021-06	Total	(%)
CGD Portugal	**43,478**	**44,543**	**1,064**	**2.4%**
Corporate	15,761	16,278	517	3.3%
General government and other	2,841	3,268	427	15.0%
Individual customers	24,586	24,996	410	1.7%
Mortgage loans	23,782	24,172	389	1.6%
Other	804	825	21	2.6%
Other CGD Group companies	**6,670**	**6,981**	**310**	**4.7%**
Total	**50,149**	**51,523**	**1,374**	**2.7%**

Note: Gross loans and advances to customers

CGD achieved an 18% share of the domestic credit market in May 2021, with 15% for corporate loans and 23% for mortgage loans to personal customers.

Customer deposits were up 6.3% by €4,508 million over the end of 2020, essentially on account of higher levels of household savings, deriving from restrictions on consumption, as a consequence of the pandemic and respective lockdowns.

CGD retained its leading position in the national market, both in terms of total customer deposits with a May 2021 market share of 26% and personal customers' deposits with a market share of 30%.

Total resources taken from domestic activity at the end of June 2021 were up 5.6% over December last year to €83,566 million. The increase in off-balance sheet products in the same period essentially derived from the unit trust investment funds component which was up 19.6% by €941 million. The other variable-income treasury bonds component was down 11.9% by €351 million, as a result of the maturity of some bonds.

(EUR Million)

RESOURCES TAKEN			Change	
	2020-12	2021-06	Total	(%)
Balance sheet	**76,562**	**85,808**	**9,246**	**12.1%**
Central banks' & cred instit. resources	2,040	6,771	4,730	231.8%
Customer deposits (Consolidated)	71,918	76,426	4,508	6.3%
Domestic activity	62,668	66,505	3,837	6.1%
International activity	9,250	9,921	672	7.3%
Covered bonds	1,258	1,254	-4	-0.3%
EMTN and other securities	1,230	1,204	-26	-2.1%
Other	115	153	38	32.9%
Off-balance sheet	**20,741**	**21,412**	**672**	**3.2%**
Investment funds	4,798	5,739	941	19.6%
Real estate investment funds	931	930	-1	-0.2%
Pension funds	4,435	4,508	73	1.6%
Financial insurance	7,634	7,645	10	0.1%
OTRV Portuguese Governm. Bonds	2,942	2,591	-351	-11.9%
Total	**97,302**	**107,220**	**9,918**	**10.2%**
Total resources (domestic activity) (1)	**79,120**	**83,556**	**4,435**	**5.6%**

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

The loans-to-deposits ratio, as a reflection of the sharp increase in deposits, totalled 64% in June 2021, in comparison to 68% in June 2020.

Asset quality continued to trend to improvement with NPLs (non-performing loans as defined by the EBA) down 11.1% by €281 million over June 2020 owing to the positive evolution of cured credit and recovery components. The NPL ratio stood at 3.2% against 4.4% in June 2020. The overall volume of impaired credit resulted in a coverage ratio of 103.8% (total coverage of 134.5% including the allocation of collateral), resulting in an NPL ratio net of impairment of 0%. This evolution also reflects higher levels of impaired credit in 2020 and first half 2021.

LIQUIDITY

Under Eurosystem monetary policy measures, CGD raised further funding of €2.3 billion from the European Central Bank in June 2021, increasing the overall amount of financing obtained from the third series of targeted longer term refinancing operations (TLTRO-III) to €5.8 billion.

In parallel, CGD group increased the value of its assets in the Eurosystem collateral pool to approximately €18.9 billion, resulting in an increase of €4.8 billion over the end of 2020, maintaining a large amount of available collateral (€13.1 billion).

The liquidity coverage ratio (LCR) of 393%, at the end of June 2021, was much higher than the current liquidity regulatory requirement (100%).

CAPITAL

Consolidated shareholders' equity was up €701 million over the same period of 2020 to €9,234 million at 30 June 2021. Other reserves and retained earnings registered an increase of €607 million, (up 17.4%), largely justified by the incorporation of the positive results, deducted from the dividend paid.

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

(EUR Million)

SHAREHOLDERS' EQUITY			Change	
	2020-06	2021-06	Total	(%)
Share capital	3,844	3,844	0	0.0%
Other capital instruments	500	500	0	0.0%
Revaluation reserves	237	269	32	13.6%
Other reserves and retained earnings	3,489	4,096	607	17.4%
Non-controlling interests	214	231	17	7.8%
Net income	249	294	46	18.3%
Total	**8,533**	**9,234**	**701**	**8.2%**

The fully loaded CET1, Tier 1 and Total ratios, (including net income for the period) were 18.9%, 20.0% and 21.5% respectively, meeting CGD's current capital requirements. These ratios, above the Portuguese and European average, show CGD's robust and adequate capital position.

MREL

CGD was informed of the Single Resolution Board's decision to revise its MREL (minimum requirement for own funds and eligible liabilities) requirements under the European Banking Resolution Directive (BRRD2), in first half 2021. Starting 1 January 2024, CGD's own funds and eligible liabilities must be equivalent to 25.58% of total risk-weighted assets (including a combined buffer requirement of 3.5%) and a total leverage exposure of 6%.

Pursuant to the interim requirement, from 1 January 2022, the amount of own funds and eligible liabilities to be held is equivalent to: 23.13% of total risk-weighted assets (including a combined buffer requirement of 3.5%) and a total leverage exposure of 6%.

To fulfil its MREL requirements CGD estimates a need to issue approximately €2 billion in eligible liabilities in the form of preferred and non-preferred senior debt by the end of 2023, together with the non-preferred senior debt issuance of €500 million which took place in 2019.

The MREL requirement resolution is based on current legislation and is subject to a review by the supervisor in due course.

RATING

During the month of July 2021, a Moody's Investor Service upgraded the rating of senior long-term debt of CGD one notch, from Ba1 to Baa3, and short-term senior debt, including commercial paper, from Not Prime to P-3. The outlook remained as Stable. At the same time, the long term senior non preferred debt rating was also upgraded one notch, from Ba2 to Ba1.

This upgrade in long and short term senior debt, marks CGD's return to investment grade status by Moody's after a period of ten years, representing an important milestone in Caixa's evolution and market position and follows three upgrades during the implementation of the 2017-2020 Strategic Plan, as a result of improved capital, profitability and asset quality.

CGD is now rated at investment grade level by two of the main international agencies.

RELEVANT EVENTS

Reinforcement of measures to minimise the impact of Covid-19 on corporate and individual customers and employee protection

Owing to the continuation of the Covid-19 pandemic, the protection measures for personal and corporate customers were maintained and strengthened, as part of the following government lines of credit:

Companies. Government lines of credit to the most affected sector: Covid-19 – Exporting Companies – Industry and Tourism; Covid-19 – Events Organising Companies; Covid-19 – Medium and Large Tourism Companies; Covid-19 – Travel Agents and Tourism Operators; New Applications for Statutory Moratoria; New Medium/Long Term Lines with a European Investment Fund (EIF) Guarantee: *Caixa Invest Fundo Maneio* (working capital), *Caixa Invest Transforma* (transformation), *Caixa Invest* Green Land, *Caixa Invest Social Projeto II* (social) and *Caixa Invest Start II.* Reference should be made to the *Caixa Invest Tesouraria* (treasury funds) that, as a current account, also benefits from a 70% EIF guarantee.

Personal customers. A new period for applications for statutory moratoria from 1 January to 31 March 2021; extension of statutory moratoria up to September 2021 for currently existing moratoria; oversight of customers coming to an end of their moratoria, providing information on and assessing the implementation of any additional measures; extension of the facility of retirement savings plans redemptions at no cost and exemption from fiscal penalties up to 30 September 2021; Multicare health insurance, with access to telephone and video consultations, a vast network of providers, *Vitality* programme and possibility of inclusion of Covid-19 treatment.

In addition to the present plan which was implemented in 2020 and following a worsening of the pandemic at the start of the year, Caixa implemented new branch office support measures, incentivising visits to be scheduled in advance.

These measures have enabled 99% of branch offices to remain open to provide personal and corporate customers with essential banking and face-to-face services on the mainland and islands.

Innovation and digital transformation

Caixa continued to grow as a digital bank in the first half year, with more customers, more operations and more business.

Caixa recorded growth in its number of domestic market digital customers. It already has more than 1.91 million personal and corporate customers with active Caixadirecta contracts, up 8% over the same period last year.

The increase in the number of customers who prefer digital channels was also accompanied by a 25% increase in remote transactions over the same period last year, to a total of more than 40 million transactions.

The first 6 months of the year were particularly marked by a sharp growth of digital business, which was clearly visible in terms of online products and services such as the Caixa *Multiproduct Solution* account (up 121%), remote opening of accounts (up 33%), online personal loan applications (up 239%) and subscriptions for unit trust investment funds (up 55%) which have evolved significantly in comparison to the same period last year. Reference should be made to the 39% growth of factoring and confirming operations in the corporate segment.

To provide for the need to improve its remote services, Caixa continued to focus on innovative projects, having provided its contact centre with a *Virtual Assistant* that allows customers to interact and perform operations, using natural language for communication purposes, providing an automatic response to requests in a human voice in a conversational context. A new channel for interaction with university customers has also been implemented, via *WhatsApp*, ensuring the existence of a closer relationship with this segment, whose management is fully remote.

The Caixadirecta solution continues to evolve by expanding the spectrum of online products and services, with new options for credit card applications and personal loans, allowing personal information to be fully updated online.

The Caixadirecta app's *Digital Assistant* continued to evolve in its provision of an increasingly more adequate response to customers' needs, particularly including moratoria, helping to collect critical information for an assessment of situations of possible financial stress. The *Digital Assistant* already has 1.2 million unique users, corresponding to 52% growth over the same period last year. The app also makes it possible to activate cards, make periodic contributions to retirement savings plans, apply for credit cards and confirm online purchases made with cards, further improving the security of operations.

The app continues to be the main access channel to the bank, with more than 1.18 million active customers, up 22% over the same period last year.

Multibanco cash machines allow customers to subscribe for the Caixadirecta Service, recover access codes and activate the *SMS Token* option. In comparison to the first quarter of the year, these options were up 61%, 65% and 21%, respectively. They aim to simplify customers' lives and ensure greater ease of access to the Caixadirecta service.

The number of users of the DABOX app which can also aggregate credit cards and Sodexo meal vouchers, was up 32% over 1st half 2020. The app now has more than 82 thousand users, of whom more than 35% are non-Caixa customers.

DABOX continues to lead the open banking market in Portugal, with a market share of 43% (according to 1st quarter 2021 data from the SIBS API Market) and already has more than 20 entities available.

The focus on digital has expanded access to the Caixadirecta service by 20% (in comparison to 1st half 2020). A total of more than 1.2 million unique accesses was recorded on 31 May, 2021 alone.

The Caixa website continued to be the banking sites leader in Portugal in this period, with a 70% increase in unique visitors over the second placed bank, according to the results of the *Netaudience* survey of May 2021.

Reference should also be made to the continuing appeal to Portuguese customers (CGD and non-CGD) of *Saldo Positivo* website which, this quarter recorded more than 2.7 million page views and an average of more than 320 thousand monthly visits. *Saldo Positivo* is Caixa's financial literacy portal, one of whose main objectives is to clarify financial doubts and enable the Portuguese population to make better, more informed decisions.

Caixa has more than 500,000 followers on social networks, in the various areas of the bank in which it is present (Facebook, LinkedIn, Instagram and YouTube).

Caixa has also strengthened its position as a sustainable and inclusive bank and is a member of the *EUSOUDIGITAL* programme as a *Social Investor*. This initiative, promoted by the Movement for the Active Digital Use (MUDA), aims to promote the digital literacy of 1 million adults in Portugal by the end of 2023, based on the development of a national network of thousands of volunteers in more than 1,500 spaces, nationwide.

Enhanced value proposals and customer service levels

Caixa strengthened its focus on the transformational process in its cards and means of payment area, in first half 2021, aiming to consolidate its leading position in this business area (having issued around 4.5 million bank cards), strengthening its value proposal, customer loyalty and commitment and profitability.

This focus was evidenced by the adjustments made in 2021, based on a new commercial system in articulation with the bank's commercial and other divisions. In the first 6 months of the year, credit card agreements were up 10.6% over 2020, favoring contactless technology.

Caixa continued to focus on innovation and technological evolution with the launch of Apple Pay and Swatchpay! as new, flexible, user-friendly, secure payment systems.

Reference should also be made to the following evolution in first half 2021 in comparison to the same period last year:

- Growth of around 61% in online purchases;
- Growth of around 404%, in the average daily value of purchases using contactless technology;
- Decrease in the number of withdrawals, representing a cost reduction of 4% (25% over June 2019).

The average share of the market for debit cards in May 2021 was 26.2% and 12.8% in the case of credit cards. There was an increase in the number of cards and a significant increase in their penetration rate.

The issuance of cards using contactless technology is across-the-board to the whole range and allows purchases to be paid for at no additional cost by simply placing the card next to the terminal. The *Caixa Débito MB* card was launched to increase the flexibility of response to different customer profiles.

In terms of innovation in first half 2021, around 2.7 million cards were tokenized. They were predominantly associated with electronic shopping, logistics, mobility or content platforms or payment wallets such as Apple Pay or Swatch PAY!.

A new fully digital and fully remote form of application for credit cards was also provided, generating business through secure messages in Caixadirecta.

In terms of environmental sustainability, 740 kg of bank cards were delivered for recycling in 2021.

In first half 2021 installations comprised 3,382 cash machines on which 70.3 million operations were performed and €7.1 million processed. Caixa is migrating its in-house ATM network to the Multibanco network, in order to optimise the total number of installations with the elimination of several in-house cash machines, enabling it to increase its market share of the global Multibanco network from 15.44% to 19.31%.

Caixa is once again leader in equipment leasing financing (a prime financing vehicle for corporate investment) in 2020 with a leading share of 16.4% (14.8% in 2019) according to the Portuguese Leasing, Factoring and Renting Association.

In its pursuit of providing a new customer experience in face-to-face environments, Caixa has expanded its new branch office model to its current level of 21 branches.

Service Quality Assessment

According to Brandscore, customers' evaluations of Caixa's reputation remained highly positive in 2nd quarter 2021, namely as regards what are considered to be the essential attributes for the bank's sustainability (trust, financial strength, ethics and transparency). According to this study, in 2nd quarter 2021, Caixa renewed its nomination as the "Best Bank for Personal Customers" and "Best Bank for Young People" in the eyes of the customers of each bank.

Caixa strengthened its leadership, in the Portuguese banking context, in the 2nd quarter of the year, as the brand with the greatest appeal to new customers and kept churn levels low, coming in second place in this indicator's ranking.

Sustainability

Committed to its decisive role in terms of the sustainable, inclusive development of Portuguese society, Caixa has been developing projects and initiatives to mitigate the environmental impact of its activity and further align its practices with national and international climate objectives.

Five operating areas of Caixa's Sustainability Strategy 2021-2024 were defined in line with the development of its new strategic plan. They comprise Caixa's vision of becoming the leader in sustainable financing in Portugal, namely:

1) Sustainable, inclusive funding. To back the transition to a low-carbon economy and finance projects with a social impact on people's lives;

2) Climate risk management. To help build a prosperous, resilient economy, identifying, assessing and managing climate-related risks;

3) Financial and digital inclusion. To be an inclusive organisation in prioritising the well- being of its employees and society;

4) Transparent governance models. To be an organisation with an efficient governance model, driving responsible, diversified, inclusive performance;

5) Corporate sustainability reporting. To ensure the existence of transparent reporting practices, aligned with best practices and stakeholders' expectations.

Caixa was distinguished as one of the leading companies in the fight against climate change in Europe, in 2021, according to the "Europe's Climate Leaders 2021" ranking published by the Financial Times. Caixa was also the national financial institution in this ranking with the largest reduction in emissions in comparison to the growth of its revenues and the largest reduction in greenhouse gas emissions between 2014 and 2019.

With the aim of reinforcing its climate ambition, Caixa became a member of the Net Zero Banking Alliance (NZBA), as part of an action mentored by the United Nations Environment Programme Finance Initiative (UNEP FI) with the aim of mobilising the financial sector in the construction of a carbon neutral economy, to achieve a progressive reduction of emissions by 2050, in line with the objectives of the Paris Accord.

The improved performance of the environmental management system, which monitors and oversees performance in terms of the reduction of Co2 emissions from banking activity at its headquarters building, was recognised in the compliance audits and legal requirements.

CGD's environmental performance has evidenced a decreasing trend in the consumption of resources. There was a decrease of 6% in electricity consumption (not including the Autonomous Region of Madeira for June 2021, representing around 3% of CGD's total electricity consumption), 22% of CGD's headquarters building's water consumption and around 20% of its paper consumption over first half 2020 .These results derive from the implementation of various energy efficiency measures in CGD's buildings, such as the upgrading of air conditioning fans and installation of variable speed water flow regulators, digitalisation and dematerialisation of paper initiatives in addition to the significant reduction of the number of users with a physical presence in CGD's central services.

In a period marked by the impacts of the pandemic and in which social inequalities tend to worsen, Caixa, together with 9 banks and more than 30 companies operating in Portugal, mentored a solidarity initiative focusing on food support for the most vulnerable families during the current crisis. The *#TodosJuntos* ("All Together") solidarity campaign raised more than €2.5 million for the purchase of staple foods and urgent medicines.

Caixa was also involved in the "Feed this Idea" campaign developed by the Food Bank to respond to the growing number of requests for support from people and families in need, due to the social and economic impacts of the pandemic, with donations from dozens of employees.

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 of 2021:

CGD – CEO Paulo Macedo elected "Personality of 2021 – Human Resources".

CGD - "Best Bank" in Portugal 2020 for the 7th consecutive year, EMEA Finance magazine, in the sphere of its annual Europe Banking Awards 2020.

CGD – Bank Nº1 in Portugal (rose 14 positions compared to 2019) in the Top 500 Banking Brands 2020 ranking - The Banker Magazine

CGD - Most valuable Portuguese bank brand | Top 500 Banking Brands 2021 - The Banker Magazine

CGD - "Best Bank" - Digital Banking Services Portugal 2021 | Global Banking and Finance Awards

CGD App DABOX – Most Innovative Mobile Savings App Portugal 2021 | Global Banking and Finance Awards

CGD Digital Assistant of Caixadirecta app – Most Innovative Retail Banking App Portugal 2021 | Global Banking and Finance Awards

CGD Digital Assistant of Caixadirecta app - Best Mobile Payments Initiative – (Highly Commended) Awards dos PayTechaAwards

CGD Saldo Positivo – Best CSR Initiative Portugal 2021 in Corporate Social Responsibility (CSR) category | Global Banking and Finance Awards

Caixa Gestão de Ativos − Best National Global Bond Manager − Morningstar Awards 2021 received for the 4th year and encompassing its global funds offer.

Caixa Gestão de Ativos − Best National Bond Manager − Morningstar Awards 2021, awarded for the 7th consecutive year.

DOMESTIC AND INTERNATIONAL ACTIVITY

Domestic activity's contribution to CGD group's net income in first half 2021 was up 12% to €232.7 million against €207.8 million for the same half of the preceding year.

Three positive factors made a decisive contribution to this growth in net income: the increase in income from services and commissions, associated with the placement of investment funds, financial insurance and new loans granting (up €20.7 million); the €84.2 million increase in net trading income; and the 33.2% reduction of operating costs.

Net interest income and income from equity instruments were down €32.6 million and €1.1 million, respectively.

However, the evolution of net trading income was highly favourable with an increase of €84.2 million.

Core operating income was up by a year-on-year €84.4 million from €250 million to €334.4 million (33.8%). This increase is due to the exceptionally favourable evolution of operating costs (down €97.3 million) and, to a lesser extent, the €20.7 million increase in commissions earnings which offset the €33.6 million reduction in net interest income, including income from equity instruments.

In first half 2021, impaired credit net of reversals was up €8.3 million over the same half year 2020 in order to address the possibility of a deteriorating credit portfolio arising from the current context.

(EUR Million)

CONTRIBUTION TO CONSOLIDATED P&L (*)	Domestic Activity 2020-06	Domestic Activity 2021-06	Domestic Activity Change (%)	International Activity 2020-06	International Activity 2021-06	International Activity Change (%)
Net interest income	332.1	299.5	-9.8%	188.5	176.8	-6.2%
Income from equity instruments	4.9	3.8	-22.0%	0.0	0.3	4205.8%
Net fees and commissions	206.5	227.2	10.0%	37.1	41.4	11.6%
Net trading income	20.3	104.5	416.0%	19.0	17.8	-6.3%
Other operating income	16.3	-1.4	-	-0.3	-0.2	-
Total operating income	**580.0**	**633.7**	**9.3%**	**244.2**	**236.1**	**-3.3%**
Employee costs	179.7	82.5	-54.1%	73.6	69.0	-6.1%
Administrative expenses	80.9	76.6	-5.3%	44.9	37.4	-16.7%
Depreciation and amortisation	32.9	37.0	12.5%	13.2	12.5	-5.0%
Operating costs	**293.5**	**196.1**	**-33.2%**	**131.6**	**119.0**	**-9.6%**
Net operating income before impairments	**286.6**	**437.5**	**52.7%**	**112.6**	**117.1**	**4.0%**
Credit impairment (net)	28.9	37.3	28.9%	49.1	10.7	-78.2%
Provisions and impairments of other assets (net)	-48.1	45.5	-	3.2	12.0	278.1%
Net operating income	**305.8**	**354.8**	**16.0%**	**60.3**	**94.4**	**56.5%**
Income Tax	112.2	146.9	30.9%	11.5	22.7	97.1%
Net operat. inc. after tax and before non-controlling interests	**193.6**	**207.9**	**7.4%**	**48.8**	**71.7**	**46.9%**
Non-controlling interests	1.5	1.1	-21.3%	14.8	18.8	27.2%
Results from subsidiaries held for sale	0.0	0.0	-	6.7	8.4	25.0%
Results of associated companies	15.6	26.0	66.1%	0.1	0.3	-
Net income	**207.8**	**232.7**	**12.0%**	**40.8**	**61.5**	**50.6%**

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

The international business area's contribution to consolidated net income in June 2021 was up 50.6% over first half 2020 to €61.5 million. The main contributions to income from international activity in first half 2021 were from BNU Macau (€24.7 million), BCI Moçambique (€13.9 million) and CGD's France branch (€9.1 million).

In first half 2021, total operating income from international activity was down 3.3% over the same half of the preceding year. In turn, the performance of operating costs was favourable, with a 9.6% reduction of €12.7 million. The €29.5 million decrease of net provisions and impairment made a positive contribution to the increase in international activity's contribution to CGD group.

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

(EUR Thousand)

INCOME STATEMENT	Consolidated Activity				Separate Activity			
	2020-06	2021-06	Change		2020-06	2021-06	Change	
			Total	(%)			Total	(%)
Interest and similar income	781,950	689,554	-92,396	-11.8%	572,029	499,532	-72,497	-12.7%
Interest and similar costs	262,047	213,268	-48,778	-18.6%	205,653	166,653	-39,000	-19.0%
Net interest income	519,903	476,285	-43,618	-8.4%	366,376	332,879	-33,497	-9.1%
Income from equity instruments	4,922	4,097	-825	-16.8%	85,315	68,527	-16,788	-19.7%
Net interest inc. incl. inc. from eq. investm.	**524,825**	**480,382**	**-44,443**	**-8.5%**	**451,691**	**401,406**	**-50,285**	**-11.1%**
Fees and commissions income	297,738	324,905	27,167	9.1%	246,614	266,036	19,422	7.9%
Fees and commissions expenses	54,138	56,590	2,452	4.5%	42,210	44,384	2,175	5.2%
Net fees and commissions	243,600	268,314	24,715	10.1%	204,404	221,652	17,248	8.4%
Net trading income	39,393	122,242	82,849	210.3%	31,770	98,723	66,953	210.7%
Other operating income	3,012	-12,174	-15,186	-	-2,822	-18,072	-15,250	-
Non-interest income	**286,005**	**378,383**	**92,378**	**32.3%**	**233,352**	**302,303**	**68,951**	**29.5%**
Total operating income	**810,830**	**858,765**	**47,935**	**5.9%**	**685,042**	**703,709**	**18,666**	**2.7%**
Employee costs	253,205	151,558	-101,647	-40.1%	186,844	89,447	-97,397	-52.1%
Administrative expenses	112,371	103,302	-9,069	-8.1%	84,243	79,513	-4,730	-5.6%
Depreciation and amortisation	46,108	49,248	3,140	6.8%	35,229	39,359	4,130	11.7%
Operating costs	411,685	304,108	-107,576	-26.1%	306,316	208,319	-97,996	-32.0%
Net operating income before impairments	**399,145**	**554,657**	**155,512**	**39.0%**	**378,727**	**495,389**	**116,662**	**30.8%**
Credit impairment	146,679	90,168	-56,511	-	116,494	67,934	-48,560	-41.7%
Credit recoveries	-68,679	-42,190	26,489	-	-67,759	-40,493	27,266	-
Provisions for reduction of employees	-74,486	35,422	109,908	-	-74,205	35,422	109,627	-
Provisions for guarantees and other commitments	35,104	-281	-35,385	-	35,373	-618	-35,991	-
Other provisions and impairments	-5,568	22,342	27,910	-	9,984	8,943	-1,041	-10.4%
Provisions and impairments	**33,050**	**105,461**	**72,410**	**219.1%**	**19,886**	**71,188**	**51,302**	**258.0%**
Net operating income	**366,095**	**449,196**	**83,101**	**22.7%**	**358,841**	**424,202**	**65,361**	**18.2%**
Income Tax	**123,709**	**169,617**	**45,909**	**37.1%**	**109,410**	**146,149**	**36,739**	**33.6%**
of which Contribution on the banking sector	27,976	28,733	756	2.7%	27,677	28,555	879	3.2%
Net op. inc. after tax and before non-controlling int.	**242,386**	**279,578**	**37,193**	**15.3%**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Non-controlling interests	16,265	19,980	3,716	22.8%	n.a.	n.a.	n.a.	n.a.
Results of associated companies	15,770	26,230	10,461	66.3%	n.a.	n.a.	n.a.	n.a.
Results of subsidiaries held for sale	6,703	8,378	1,675	25.0%	n.a.	n.a.	n.a.	n.a.
Net income	**248,594**	**294,206**	**45,613**	**18.3%**	**249,431**	**278,053**	**28,622**	**11.5%**

(EUR Million)

BALANCE SHEET	Consolidated Activity				Separate Activity			
	2020-12	2021-06	Change		2020-12	2021-06	Change	
ASSETS			Total	(%)			Total	(%)
Cash and cash equiv. with central banks	10,278	18,675	8,397	81.7%	9,513	17,711	8,198	86.2%
Loans and advances to credit instit.	3,312	3,022	-290	-8.8%	2,129	1,996	-133	-6.3%
Securities investments	23,445	23,415	-30	-0.1%	24,866	24,339	-528	-2.1%
Loans and advances to customers	47,903	49,207	1,304	2.7%	44,174	45,229	1,055	2.4%
Assets with repurchase agreement	14	122	109	782.5%	0	109	109	-
Non-current assets held for sale	1,159	1,144	-15	-1.3%	208	192	-16	-7.8%
Investment properties	189	192	4	1.9%	8	8	0	0.0%
Intangible and tangible assets	681	677	-4	-0.6%	517	499	-18	-3.4%
Invest. in subsid. and assoc. companies	505	509	3	0.7%	1,301	1,301	0	0.0%
Current and deferred tax assets	1,751	1,643	-108	-6.2%	1,699	1,593	-107	-6.3%
Other assets	2,140	2,395	256	12.0%	1,035	1,168	133	12.9%
Total assets	**91,375**	**101,000**	**9,625**	**10.5%**	**85,452**	**94,145**	**8,693**	**10.2%**
LIABILITIES								
Central banks' and cred. instit. resources	2,040	6,771	4,730	231.8%	2,532	7,290	4,759	188.0%
Customer resources	72,033	76,579	4,546	6.3%	65,978	69,931	3,953	6.0%
Debt securities	1,371	1,355	-16	-1.2%	1,371	1,355	-16	-1.2%
Financial liabilities	921	644	-277	-30.1%	921	636	-284	-30.9%
Non-current liabilities held for sale	864	848	-16	-1.8%	0	0	0	-
Provisions	1,037	927	-110	-10.6%	996	887	-109	-11.0%
Subordinated liabilities	1,117	1,103	-14	-1.3%	1,117	1,103	-14	-1.3%
Other liabilities	3,290	3,538	249	7.6%	4,730	4,684	-45	-1.0%
Sub-total	**82,675**	**91,766**	**9,092**	**11.0%**	**77,645**	**85,887**	**8,242**	**10.6%**
Shareholders' equity	**8,701**	**9,234**	**533**	**6.1%**	**7,807**	**8,257**	**451**	**5.8%**
Total	**91,375**	**101,000**	**9,625**	**10.5%**	**85,452**	**94,145**	**8,693**	**10.2%**

Lisbon, 30th of July 2021

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, 2021, unless otherwise stated. These may be estimates subject to revision. Solvency ratios include net income for the period, unless where otherwise noted.
- In the first half 2021, economic activity in Portugal and worldwide was significantly affected by the new variants of the Covid 19 pandemic and by the imposed containment efforts, conditioning a series of economic activities. Despite the fact that the second quarter 2021 witnessed a gradual lifting of restrictions, the economic outlook remains surrounded by high uncertainty, being highly dependent on the evolution of the disease, the speed of vaccination on a large scale and the emergence of new variants.

  Banco de Portugal is now projecting a stronger recovery than previously anticipated. The more optimistic outlook derives, on one hand, from the improvement in economic agents' confidence and the assumption that the restrictions on activity that began to be lifted from March onwards will continue to be eased and, on the other hand, from the expectation of further improvement of external demand directed at the Portuguese economy.

  In light of these uncertainties, and based on the information available at this time, CGD estimated and recognized in its financial statements for the period ending on June 30, 2021 its best estimate of 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 monitoring and 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 1S 2021". In the event of any inconsistency, the original version prevails.

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