PRESS RELEASE **CAIXA GERAL DE DEPÓSITOS**

CONSOLIDATED RESULTS

1Q 2021

Net income for the quarter, in spite of the pandemic, amounted to €80.7 million. DG Comp notifies CGD of the successful completion of the 2017-2020 strategic plan

With its activity still conditioned by the restrictive measures resulting from Covid-19 pandemic and in a challenging and, as yet, uncertain context, Caixa Geral de Depósitos Group earned consolidated net income of €80.7 million in the first three months of 2021 (down 6.5% over the same period 2020). This is equivalent to a return on equity (ROE) of 4.2%.

This result already includes the accounting of all regulatory costs and specific contributions on the banking sector for the year 2021, which has been a consistent practice at CGD, which had an impact on the net result of €52.7 million (an increase of 5.8 million compared to the same period of the previous year). This impact, annualised is translated into a return on equity of around 6.2% in the first quarter.

Credit impairment, net of recoveries totaled €35.9 million, an increase of €26.5 million over the same quarter of the preceding year, translating into a cost of credit risk indicator of 29 bps in comparison to 7 bps, in the first three months of 2020. This reinforcement of credit impairments is a preventive measure for the economic impacts on the quality of the credit portfolio (namely with the end of the moratorium), taking into account that so far, there are no signs of deterioration. Thus, and considering the reinforcement already made in 2020, CGD has on its balance sheet approximately €370 million of preventive impairments to face the potential impacts on the quality of the credit portfolio.

Operating costs were down 14.8%, compared to the first three months of 2020 to 231.2 million. In recurring terms, the reduction in these costs was 6.2%, which reflected into a recurring cost-to-income ratio of 50.6%, stabilized over the first quarter 2020 ratio.

Customer deposits were up €6.5 billion compared to the first quarter of 2020.This was essentially on account of the resources taken by CGD Portugal, fuelled by higher levels of household savings and showing customers' loyalty to Caixa.

The 4.4% growth of corporate credit stock in Portugal (excluding the construction and real estate sectors in which the reduction of NPLs is concentrated) strengthened support for companies.

CGD's mortgage lending agreements continued to outpace the sector's average growth and were accompanied by an increase in market share. In comparison to first quarter 2020, growth of new mortgage lending agreements was up 34.8% by number and 42.9% by value of operations, resulting in market leadership with a market share of 25.0% share in new production.

A continued improvement in asset quality, with a reduction of the non-performing loans ratio to 3.6%, in conjunction with the preventive higher levels of impairment represent an NPL ratio of 0% (considering all impaired credit);

The ratios of 18.0% for core capital (CET1) and 20.6% for the total ratio, excluding the dividend on the 2020 result complied comfortably with the capital requirements in force for CGD. These capital ratios, which were higher than the Portuguese and European averages, are indicative of CGD's robust capitalisation.

In April 2021 DG Comp notified CGD of its closure of the monitoring process of the Strategic Plan 2017-2020, which was agreed between the Portuguese State and the European Commission in 2017. Thus, it can be concluded that the implementation of the assumed commitments was carried out successfully. This monitoring by DG Comp was initiated in June of 2012 with the issuance by CGD and underwriting by the Portuguese State of Capital Contingent Bonds (CoCo's) and the succeeding state aid process which led to the Restructuring Plan 2013-2017, followed by the recapitalization process in 2017 with its Strategic Plan 2017-2020. This notification concludes a long period of monitoring of CGD's activity by the European authorities.

MAIN INDICATORS

CGD CONSOLIDATED		
BALANCE SHEET AND P&L INDICATORS (EUR million)	2020-03	2021-03
Net assets	86,288	96,286
Loans and advances to customers (gross)	50,162	50,910
Loans and advances to customers (net)	48,008	48,590
Customer deposits	67,364	73,912
Total operating income	427	380
Net core operating Income before impairments (1)	117	128
Net income	86	81
PROFIT AND EFFICIENCY RATIOS		
Gross return on equity - ROE (3) (4)	8.4%	7.8%
Net return on equity - ROE (4)	4.5%	4.2%
Gross return on assets - ROA (3) (4)	0.8%	0.7%
Net return on assets - ROA (4)	0.4%	0.4%
Total operating income / Average net assets (3) (4)	1.9%	1.7%
Employee costs / Total operating income (3)	44.4%	40.9%
Cost-to-income BoP (3)	63.3%	59.3%
Cost-to-income (2) (3)	49.0%	50.6%
Cost-to-core income (2) (5)	54.5%	55.1%
CREDIT QUALITY AND COVER LEVELS (6)		
NPL ratio - EBA	4.5%	3.6%
NPL ratio (net)	0.7%	0.0%
NPE ratio - EBA	3.6%	2.8%
NPL coverage - EBA	84.6%	102.5%
NPE coverage - EBA	79.1%	95.8%
NPL specific coverage - EBA	60.5%	63.6%
NPE specific coverage - EBA	58.0%	60.1%
Forborne ratio for loans and advances - EBA (7)	3.5%	3.0%
Coverage ratio on forborne loans and advances - EBA (7)	93.1%	90.0%
Cost of credit risk(*)	0.07%	0.29%
STRUCTURE RATIOS		
Loans & adv. customers (net) / Net assets	55.6%	50.5%
Loans & adv. customers (net) / Customer deposits (3)	71.3%	65.7%
SOLVENCY AND LIQUIDITY RATIOS (CRD IV/CRR) (6)		
CET 1 (fully implemented)	16.4%	18.0%
Tier 1 (fully implemented)	17.5%	19.1%
Total (fully implemented)	18.9%	20.6%
Liquidity coverage ratio	392%	460%
OTHER INDICATORS		
Number of branches, local extensions and corporate offices - CGD Portugal	551	543
Number of employees - Domestic banking and financial activity	7,066	6,554
Number of employees - CGD Portugal	6,684	6,277
Number of ATM and ATS in Portugal	2,919	2,798
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 including Net Income, except when marked with (*); (7) CGD Portugal Ratios.

CONSOLIDATED INFORMATION

RESULTS

In the first three months of 2021, CGD group's activity continued to be affected by the epidemiological situation and the containment measures taken by the relevant authorities. In these circumstances, CGD made a consolidated profit of €80.7 million in the first three months of 2021, which, in comparison to its net profit of €86.2 million in the same period of the preceding year, comprises a reduction of 6.5% and representing a return on equity (ROE) of 4.2%.

Although structural costs continued to trend downwards, translating the Group´s operational improvement, the decrease in the level of total operating income was responsible for the decrease of net operating income before impairment. The positive performance of income from financial operations, income from services and commissions and operating costs accounts was not sufficient to reverse the negative effect of the evolution of net interest income and other operating income. In fact, in the first three months of 2021, net interest income was accordingly down 11.5% by €30.2 million over the same period last year, having been affected, in particular, by the fall in the market interest rates, with direct impact in portfolio indexes, as well as the general decrease in spreads in new operations, as a result of market competitiveness.

Year-on-year net commission recorded an increase by €2.7 million (+ 2.2%). This increase is supported by the reduction in commissions paid, as well as in commissions associated with the placement of investment funds, as most of the commissions charged fell due to restrictions in economic activity and the new legal restrictions. The results of financial operations also increased, + 12.7 million euros (+ 38.9%).

This was offset by other operating income which was down €29.7 million over the same period 2020. This decrease mostly reflects, the lack of significant gains in real estate assets, in contrast to what had occurred in 2020.

Operating costs totaled €231.2 million in the first quarter 2021, which correspond to a 14.8% reduction compared to the same period of the previous year. This positive evolution was essencially due to the decrease of employee costs (-16.3%). These costs include, a non-recurring cost of €34.1 million (€61.3 million in the same quarter of the previous year) for early retirement and voluntary redundancy programmes mainly as a charge to the use of the same amount from the provision set up in 2017 for this purpose (thus, with no impact in net result). The exclusion of these non-recurring impacts would have resulted in a 3.1% reduction of employee costs. General administrative costs, in turn, were down 15.2% by €8.8 million, due to maintenance of the Group´s operational improvement.

Operating income was, accordingly, down 12.9% by €22.5 million over the first quarter of the preceding year, having been impacted by the evolution of impaired credit net of recoveries, which was up €26.5 million over the same quarter of the preceding year, reflecting a cautious approach to potential credit portfolio deterioration, owing to the current environment. These effects were partially offset by the reduction of provisions for guarantees and other liabilities.

Credit impairment reflects in the period under review a cost of credit risk indicator of 29 bps in comparison to 7 bps, in the first three months of 2020.

Income from held-for-sale subsidiaries totalled €3.8 million corresponding to an increase €1.2 million over the same period of the previous year.

Results of associated companies in turn were up 382.1% by €7.9 million over the same period of the preceding year to €10 million. This evolution largely derived from the €8.3 million contribution from the activity of Fidelidade Companhia de Seguros SA, which was up €8.5 million over March 2020 owing to the losses made in first quarter 2020 deriving from Covid-19.

BALANCE SHEET

At the end of the first quarter of 2021, CGD's consolidated net assets totaled €96,286 million, representing an increase of €9,998 million (+11.6%) over the same period of 2020. This evolution mostly derived from the €2,183 million growth (+ 10.5%) in securities investments, and by cash and deposits with central banks which increased by €8,145 million (+123.5%) over March 2020, highligting CGD's liquidity surplus.

The customer loan portfolio (net) totalled €48,590 million, representing an increase of 1.2% over the end of March 2020.

In the first quarter 2021, a total 6.128 new mortgage lending operations amounted to €724 million at CGD Portugal, corresponding to an increase of 1,583 operations (+34.8%) and €217 million euros in the contracted amount (+ 42.9%) compared to the same period of the preceding year.

Special reference should also be made to the 4.4% growth in corporate loans in Portugal (excluding the construction and real estate sectors), reflecting CGD's commitment to support the most dynamic sectors in the domestic economy.

(EUR Million)

LOANS AND ADVANCES TO CUSTOMERS			Change	
	2020-03	2021-03	Total	(%)
CGD Portugal	**43,319**	**43,983**	**663**	**1.5%**
Corporate	15,932	16,118	185	1.2%
General government and other	3,025	3,134	109	3.6%
Individual customers	24,362	24,731	369	1.5%
Mortgage loans	23,558	23,939	381	1.6%
Other	804	792	-12	-1.5%
Other CGD Group companies	**6,843**	**6,927**	**84**	**1.2%**
Total	**50,162**	**50,910**	**748**	**1.5%**

Note: Gross loans and advances to customers

CGD achieved 18.1% share of the credit market in the national marketplace in March 2021, of 14.6% in the case of corporate loans and 23.3% in the case of individual mortgage loans.

The 9.7% increase of €6,547 million in customer deposits in comparison to march 2020 is mostly justified from resources taken by domestic activity.

CGD retained its leading position in the national market in March 2021, both in terms of total customer deposits with a market share of 26.0% and individual customers' deposits with a market share of 29.9%.

Total resources taken from domestic activity at the end of March 2021 were up 9.8% over the same period of last year to €80,933 million. Reference should be made to the 11.7% increase of €6,707 million in customer deposits from domestic operations, as a sign of the confidence and loyalty of CGD customers.

The increase of off-balance sheet products in comparison to the same quarter of the preceding year is mostly explained by mutual funds and pension funds which were up 34.9% by €1,355 million and 8.4% by €345 million, respectively over the same quarter of the previous year.

The financial insurance and variable-income treasury bonds were down by €909 million and €59 million, respectively.

(EUR Million)

RESOURCES TAKEN			Change	
	2020-03	2021-03	Total	(%)
Balance sheet	**71,162**	**81,156**	**9,994**	**14.0%**
Central banks' & cred instit. resources	1,162	4,627	3,464	298.0%
Customer deposits (Consolidated)	67,364	73,912	6,547	9.7%
Domestic activity	57,562	64,270	6,707	11.7%
International activity	9,802	9,642	-160	-1.6%
Covered bonds	1,249	1,251	1	0.1%
EMTN and other securities	1,293	1,233	-59	-4.6%
Other	93	133	41	44.1%
Off-balance sheet	**20,049**	**20,952**	**903**	**4.5%**
Investment funds	3,879	5,234	1,355	**34.9%**
Real estate investment funds	759	928	169	**22.3%**
Pension funds	4,113	4,458	345	**8.4%**
Financial insurance	8,326	7,417	-909	**-10.9%**
OTRV Portuguese Governm. Bonds	2,972	2,913	-59	**-2.0%**
Total	**91,211**	**102,108**	**10,897**	**11.9%**
Total resources (domestic activity) (1)	**73,735**	**80,933**	**7,199**	**9.8%**

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

The loans-to-deposits ratio of 65.7% in March 2021 (71.3% in March 2020), reflects the strong increase in deposits.

Asset quality continued to trend to improvement with NPLs (non-performing loans as defined by the EBA) down 9.4% by €238 million over March 2020 owing to the positive evolution in the components of cured credit and recoveries. The NPL ratio totaled 3.6%, against 4.5% in March 2020. If considered the total credit impairment, the NPL coverage ratio is 102.5% (total coverage ratio of 131.6% if including assigned collaterals), reaching a NPL ratio, net of impairment, of 0%. This evolution also reflects reinforced credit impairments in 2020 and in first quarter 2021.

LIQUIDITY

In the sphere of the Eurosystem's monetary policy measures, and considering the alterations communicated by the Governing Council of the European Central Bank, on 10 December 2020 regarding the third series of TLTRO-III (Targeted Longer-Term Refinancing Operations), CGD obtained €2.5 billion in finance from the European Central Bank in March 2021, thus bringing the overall amount of finance obtained through this instrument to 3.5 billion euros.

Together with such finance, the CGD Group increased the amount of eligible assets in the Eurosystem collateral pool to around 16.6 billion euros, representing an increase of approximately 2.5 billion euros, compared to that recorded in the end of 2020, thus maintaining a high amount of available collateral.

The liquidity coverage ratio (LCR) of 460%, at the end of March 2021, was much higher than the current liquidity regulatory requirement (100%).

CAPITAL

Consolidated shareholders' equity was up €347 million over the same period of 2020 to €8,819 million at 31 March 2021. Other reserves and retained earnings registered an increase of €278 million, (up 7.7%), largely justified by the incorporation of the positive 2020 results and post proposed dividend.

"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	
	2020-03	2021-03	Total	(%)
Share capital	3,844	3,844	0	0.0%
Other capital instruments	500	500	0	0.0%
Revaluation reserves	174	261	87	50.1%
Other reserves and retained earnings	3,632	3,911	278	7.7%
Non-controlling interests	235	222	-13	-5.4%
Net income	86	81	-6	-6.5%
Total	**8,472**	**8,819**	**347**	**4.1%**

The fully loaded CET1, Tier 1 and Total ratios, (including net income for the period) were 18.0%, 19.1% and 20.6% respectively, meeting CGD's current capital requirements. These ratios, above the Portuguese and European average, show CGD's robust and adequate capital position.

MREL

During the course of first quarter of 2021, CGD was informed by the single resolution board of its Minimum Requirement for Own Funds and Eligible Liabilities (MREL) requirements under the European Banking Resolution Directive (BRRD2). From January 1st 2024, CGD must hold own funds and eligible liabilities equivalent to 25.58% of total risk-weighted assets (which includes a combined buffer requirement of 3.5%) and 6.00% of the total leverage ratio exposure.

Under the intermediate requirement, from January 1st 2022, the amount of own funds and eligible liabilities must equate 23.13% of total risk-weighted assets (which includes a combined buffer requirement of 3.5%) and 6.00% of the total leverage ratio exposure.

To fulfil its MREL requirements CGD estimates that it will need to issue approximately €2 billion in eligible liabilities in preferred and non-preferred senior debt by the end of 2023, in addition to CGD's €500 million issuance of non-preferred senior debt in 2019.

The MREL requirement decision is based on current legislation and is subject to periodic review by the supervisor.

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, protection measures for personal and corporate customers have been maintained and reinforced.

Companies: Linha de Apoio à Economia (LAE) Covid-19 [Covid-19 Economy Support Line] for exporting companies in the industrial and tourism sectors and for event organisers, preparation of new Caixa Invest Fundo Maneio and Caixa Invest Transforma special investment fund lines, a new period for subscribing for statutory moratoria and an extension of grace periods on principal with a public sector guarantee together with POS benefits.

Personal customers: a new period for subscribing for statutory moratoria, extension of existing statutory moratoria and redemptions of PPRs (retirement plans) up to September 2021, oversight of customers coming to the end of a moratorium, Multicare health insurance with remote consultations and the possibility of payments for Covid-19 treatment in addition to the possibility of using Caixadireta to subscribe for investment products.

In addition to the current plan which was implemented in 2020 and following a worsening of the pandemic at the beginning of the year, Caixa implemented new support measures in its branch office network, incentivising the scheduling of visits and use of Caixadirecta, to provide customers with secure essential banking services.

Innovation and digital transformation

Caixa continued to lead as a digital bank in the first quarter of the year, with more customers, more operations and more business.

Growth in the number of digital customers in the domestic market already exceeds 1.88 million (personal and corporate) active Caixadirecta contracts. This is up 9% over the same period of the preceding year.

The increase in the number of customers preferring digital channels was also accompanied by a 27% increase in the number of distance transactions, in comparison to the same period last year.

The first 3 months of the year were particularly marked by the strong growth of digital business. This was clearly visible in online subscriptions for products and services, such as the Conta Caixa Solução Multiproduto [Caixa account - multiproduct solution] which was up 281%, the opening of distance accounts (up 243%), online personal loan applications (up 159%) and subscriptions for investment funds (up 43%), which show a significant level of evolution over the same period of the preceding year. Reference should be made in the corporate segment to the growth of short term financing agreements (up 56%) and factoring and confirming operations (up 31%).

Caixa continued to invest in innovative projects to meet the need to improve its distance services, having provided its contact centre with a "virtual assistant" to allow customers to interact and perform operations using normal speech, with an automatic response to their requests being ensured by a human voice in a conversational context. A new channel for interaction with university customers has also been implemented, via WhatsApp, improving the relationship with this segment, whose management is fully remote.

The Caixadirecta solution continues to evolve, broadening its spectrum of online products and services with new options for credit card agreements and personal loans and even includes the possibility of updating personal data totally online.

The Caixadirecta app's digital assistant (which already has around 800,000 unique users) has continued to evolve with the aim of providing an increasingly more adequate response to customers' needs and has shown itself to be an essential tool in supporting applications for moratoria, helping to collect critical information to assess customers' potential level of financial stress. The app now enables cards to be activated and online card purchases authenticated, making operations even more secure.

The app, with more than 1.12 million active customers, continues to be the main access channel to the bank. This represents growth of 22% in comparison to the same period of the preceding year.

The DABOX app, as a credit card aggregator, recorded year-on-year growth of 45% in number of users, which already exceeds 80 thousand, more than 35% of which are not Caixa customers. DABOX therefore continues to be the open banking market leader in Portugal, with a market share of 45% (according to 1Q2021 SIBS API Market data).

Investment in digital fuelled a 29% increase in accesses to the Caixadirecta Service (in comparison to 1Q2020). There were more than 1.17 million unique accesses on 1 March 2021 alone.

Caixa's website continued to lead in terms of banking sites in Portugal, in this quarter, with more than 46% unique visitors than the second placed bank, according to the results of the Netaudience study in March 2021.

Reference should also be made to Saldo Positivo, which continues to appeal to Portuguese citizens (CGD customers and non-customers) and which, this quarter, had more than 1.4 million page views and an average of 286 thousand monthly visits. Saldo Positivo is Caixa's financial literacy portal, whose main objective is to clarify financial doubts and enable Portuguese citizens to make better informed, sounder decisions.

Around 30% of CGD's digital customers are already users of its distance management service, in which more than 500 thousand clients benefit from the services of a dedicated business manager/assistant, on any of the available remote channels, as well as Caixadirecta's 24/365 service. They are also free to visit any Caixa branch office counter.

This service recorded a 300% growth of daily sales in first quarter 2021. This is indicative of the support given to the digital transition of customers and the confidence placed in this service.

Enhanced value proposals and customer service levels

Caixa continued to focus on strengthening customer experience and loyalty in first quarter 2021, based on the suitability of its offer, levels of service and commercial procedures which have been adapted to an extended pandemic context.

In the case of commercial activity on the retail network, reference should be made to mortgage loans, investment, Contas Caixa ("Caixa accounts") and POS.

Mortgage loans witnessed above average market growth and an improvement in the quality of service and customer satisfaction. March 2021 was the 7th consecutive month with over €200 million and the best since October 2009. The increase in loan agreements and endeavours to avoid churn reversed the trend towards the portfolio erosion of the last 10 years. New mortgage loans were up 43% over 2019 to €724 million, comprising an accumulated market share of 25.0% in March 2021.

There were more than 1.97 million new subscriptions for Contas Caixa (multi-product solution) at the end of March 2021, up 50.6 thousand over December 2020.

In spite of lockdowns, investment witnessed an acceleration of resource diversification (up 127% over the same quarter of the preceding year) with the launch of new investment products, marked by the leading position in the unit trust investment funds segment with a market share of 33.0% in March 2021.

Credit card applications were up 7% across first quarter 2021, in comparison to the total for 2020. Online purchases were up by a year-on-year 84%, with widespread acceptance of contactless technology, in which more than 1.6 million contactless debit cards were issued in comparison to March 2020. CGD has therefore strengthened its leading position in this business area with around 4.5 million bank cards having been issued.

As part of its offer for personal customers, reference should be made to "S" and "M" Caixa accounts with additional benefits in terms of transfers, access to Caixa's services through Caixadirecta and the Caixadirecta app, launch of "Investimento Portugal 2021" life insurance (helping to promote the Portuguese economy), provision of new PPR insurance linked to the PPR 52+ asset index, temporary extension of the PPR Evoluir limit to the age of 70 and upgrades of the Activecare Geral card policies to Multicare 1 improving the level of health protection and adjusting the level of customers' coverage.

The first quarter of 2021 saw an increase in the number of new corporate customers who chose Caixa to finance their investments or for their treasury requirements, thus helping CGD to strengthen its status as a corporate bank.

In the support to companies, reference should be made to the production of Medium Long Term Financing (MLP) with a growth of 5% compared to the same period last year and the placing of more than 5.8 thousand Caixa Business Accounts as a multiproduct solution including a current account, the Caixadirecta Empresas (corporate) service, online SEPA transfers, debit and credit cards, cheques and access to Caixa's POS equipment at more favourable prices.

Reference should be made to the closing down of the PME Líder 2020 [Leading SMEs] programme with 9,955 companies having been distinguished (2,592 of which by Caixa − up 43% in comparison to the 2019 programme). Caixa also joined COTEC, this quarter, in its attribution of the Innovation Statute which promotes and recognises the innovation and technological cooperation of Portuguese companies.

Caixa further incentivised the use of totally digital solutions, such as Caixadirecta Empresas, its "Flexcash" digital confirming solution and new platforms for digitally processing foreign trade documents, whose level of importance in the current environment is increasing.

Delivering on its objective to provide a new client experience in face to face service, Caixa continued its expansion of the new branch prototype, currently having 21 units remodeled.

Service Quality Assessment

Caixa continues to focus on improving its customers' banking experience, geared to innovation and inclusion. The recognition of its work in the form of 4 international awards from Global Banking and Finance magazine, has strengthened its position as a digital bank, for each and all.

According to Brandscore, in first quarter 2021, Caixa improved its brand indicators and strengthened the highly positive assessment of its reputation (customer evaluation), in respect of attributes considered essential to the bank's sustainability (trust, financial strength, ethics and transparency).

In the context of Portuguese banking, in the first quarter of the year, Caixa was the brand with the greatest appeal to new customers, having reduced the likelihood of churn and coming second in this indicator's ranking

Sustainability

In a period marked by the impacts of the pandemic in which social inequalities tend to worsen, Caixa has continued to support projects with a major impact on the most disadvantaged, acting as a relevant player in financing the transition to a low carbon economy.

Caixa attributed its Caixa Mais Mundo Awards, for the third consecutive year in first quarter 2021. These awards recognise the academic achievements of students in higher education and professional institutions which have entered into agreements with Caixa. There has been an increase in the number of scholarships in this 3rd edition with the award of prizes of €1,000 to 150 students for their achievements, creating opportunities for more students, including more financially vulnerable social groups, to continue their studies in higher education.

Caixa also continued its Goods Donation Programme and its contribution to reducing inequalities in access to education, by donating more than 300 computers to StudentKeep, to be distributed to students who have been identified in nationwide school groupings as being in need.

As part of its community engagement policy, Caixa donated a further €100,000 to the Portuguese League Against Cancer, in addition to its donation of €20,000 in October, supporting this Association's pursuit of its objectives of providing care to cancer patients and their families, health promotion, cancer prevention and encouraging oncology training and research. The total donation of €120 thousand resulted from two campaigns "Advantages for you, helping those who need you" and "With Caixa, your purchases help those who are most in need"

In the corporate volunteering sphere, Caixa organised its Volunteering Day for the third consecutive year on 10 April, to coincide with Caixa's 145th anniversary. Around 150 employees were involved in various nationwide voluntary actions as part of this initiative, providing support to 24 institutions and collecting around 3 tonnes of food.

As a signatory to the Principles for Responsible Banking of the United Nations Environment Programme (UNEP) and in fulfilling its membership requirements, Caixa published the first report on the six principles on its website. The Principles for Responsible Banking define the role and duty of the financial sector in building a sustainable future in addition to its alignment with the sustainable development goals established by the UN and the Paris Climate Accord.

Caixa also aligned its reporting with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), improving the transparency of the climate risk management process.

In 2021, Caixa reinforced its commitments to strengthening the bank's contribution and ambition to achieve sustainable development. This particularly includes the Women's Empowerment Principles (WEPs) of the United Nations, with a view to promoting gender equality in Caixa and the Enhanced Reporting Europe Campaign of the Climate Disclosure Standards Board, which aims to strengthen Caixa's environmental and climate reporting.

In terms of its environmental responsibility, Caixa has continued to develop projects and initiatives aimed at reducing its activities' environmental impact through its optimisation of material, natural and energy resources.

Prizes and distinctions

The following prizes and distinctions were awarded to CGD group's retail and digital banking and fund management activities in first quarter of 2021:

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 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 profit totaled €51.2 million in the first quarter 2021 against €63.8 million for the same quarter of the preceding year.

To this drop in net income contributed the evolution of other operating income, which presented a negative value of 17.9 million euros in the period from January to March 2021, corresponding to a reduction of €32.0 million over the same period of the previous year.

Net core operating income before impairments was up €13.3 million (+20.8%) to €77.4 million, against €64.0 million for the same quarter 2020. This increase derives from the favorable evolution of operating costs (down €29.6 million) and, to a lesser extent, from the increase in commissions (up €3.1 million euros), which offset the reduction in net interest income (down €19.4 million).

The decreases of €16.8 million and €2.6 million in net interest income and income from equity instruments, respectively, were unfavourable developments.

In the first quarter 2021, credit impairment was up €44.1 million in comparison to the same quarter of 2020 to provide for the eventuality of credit deterioration stemming from the current environment.

(EUR Million)

CONTRIBUTION TO CONSOLIDATED P&L (*)	Domestic Activity			International Activity		
	2020-03	2021-03	Change (%)	2020-03	2021-03	Change (%)
Net interest income	167.5	150.7	-10.0%	95.4	82.1	-14.0%
Income from equity instruments	3.5	0.9	-73.2%	0.0	0.0	-100.0%
Net fees and commissions	102.8	105.8	3.0%	20.0	19.6	-1.8%
Net trading income	22.1	38.7	75.1%	10.7	6.8	-35.8%
Other operating income	14.1	-17.9	-	-2.5	-1.6	-
Total operating income	**309.9**	**278.2**	**-10.2%**	**123.6**	**106.9**	**-13.5%**
Employee costs	152.9	126.1	-17.5%	37.6	33.2	-11.7%
Administrative expenses	40.6	37.4	-8.0%	24.3	17.3	-28.6%
Depreciation and amortisation	16.2	16.6	2.5%	6.7	6.0	-10.5%
Operating costs	**209.7**	**180.1**	**-14.1%**	**68.6**	**56.6**	**-17.5%**
Net operating income before impairments	**100.2**	**98.1**	**-2.1%**	**55.0**	**50.3**	**-8.5%**
Credit impairment (net)	-8.7	35.3	-	18.1	0.5	-97.0%
Provisions and impairments of other assets (net)	-31.0	-43.2	-	2.8	4.2	50.0%
Net operating income	**140.0**	**106.0**	**-24.3%**	**34.1**	**45.6**	**33.7%**
Income Tax	77.1	63.9	-17.1%	5.6	12.3	117.5%
Net operat. inc. after tax and before non-controlling interests	**62.9**	**42.2**	**-33.0%**	**28.5**	**33.4**	**17.1%**
Non-controlling interests	1.0	0.6	-34.2%	8.9	8.0	-9.9%
Results from subsidiaries held for sale	0.0	0.0	-	2.6	3.8	46.3%
Results of associated companies	1.9	9.7	418.3%	0.2	0.3	-
Net income	**63.8**	**51.2**	**-19.8%**	**22.4**	**29.5**	**31.5%**

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

In the first three months of 2021 net trading income had a favorable evolution (up €16.6 million) over the same period of the preceding year and net fees and commissions increased by 3.1 million euros in the same period.

In the first three months of 2021, operating costs were down 14.1% over the same quarter of previous year to €180.1 million. This positive evolution derived from the decrease in general administrative costs and in employee costs. This latter account, in March 2021, included a non-recurring cost of €34.1 million for early retirement and voluntary redundancy programmes as a charge to the provision set up in 2017.

The international business area's contribution to consolidated net income in March 2021 was up 31.5% over the first quarter of 2020.

The main contributors to income from international activity in the first quarter 2021 were BNU Macau (€12.6 million), BCI Moçambique (€5.7 million), and Banco Caixa Geral - Angola (€3.0 million).

Total operating income from international activity was down 13.5% in comparison to the same quarter of the previous year. In turn, the evolution of operating costs was favorable, with a decrease of €12.0 million euros (down 17.5%) and credit impairment (net) was down €17.6 million, evolutions that contributed positively to the increase of international activity's contribution to CGD Group's net profit.

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

(EUR Thousand)

INCOME STATEMENT	Consolidated Activity				Separate Activity			
	2020-03	2021-03	Change		2020-03	2021-03	Change	
			Total	(%)			Total	(%)
Interest and similar income	402,046	333,211	-68,835	-17.1%	297,291	249,398	-47,893	-16.1%
Interest and similar costs	139,295	100,631	-38,664	-27.8%	111,863	82,141	-29,722	-26.6%
Net interest income	262,752	232,580	-30,172	-11.5%	185,427	167,258	-18,169	-9.8%
Income from equity instruments	3,518	943	-2,575	-73.2%	68,063	42,439	-25,624	-37.6%
Net interest inc. incl. inc. from eq. investm.	**266,270**	**233,523**	**-32,746**	**-12.3%**	**253,491**	**209,697**	**-43,794**	**-17.3%**
Fees and commissions income	152,818	153,451	632	0.4%	125,659	126,255	596	0.5%
Fees and commissions expenses	30,288	28,214	-2,074	-6.8%	23,239	22,028	-1,211	-5.2%
Net fees and commissions	122,530	125,237	2,706	2.2%	102,420	104,227	1,807	1.8%
Net trading income	32,753	45,496	12,743	38.9%	29,237	38,448	9,211	31.5%
Other operating income	5,035	-24,642	-29,677	-	3,155	-26,768	-29,923	-
Non-interest income	**160,319**	**146,090**	**-14,229**	**-8.9%**	**134,812**	**115,908**	**-18,904**	**-14.0%**
Total operating income	**426,588**	**379,613**	**-46,975**	**-11.0%**	**388,303**	**325,605**	**-62,698**	**-16.1%**
Employee costs	190,463	159,330	-31,133	-16.3%	156,611	129,923	-26,688	-17.0%
Administrative expenses	57,979	49,184	-8,794	-15.2%	43,009	38,382	-4,627	-10.8%
Depreciation and amortisation	22,949	22,643	-306	-1.3%	17,472	17,835	363	2.1%
Operating costs	271,391	231,157	-40,234	-14.8%	217,091	186,139	-30,952	-14.3%
Net operating income before impairments	**155,198**	**148,456**	**-6,741**	**-4.3%**	**171,212**	**139,465**	**-31,747**	**-18.5%**
Credit impairment	54,490	59,656	5,167	-	44,215	59,177	14,962	33.8%
Credit recoveries	-45,148	-23,772	21,376	-	-43,185	-23,345	19,840	-
Provisions for reduction of employees	-61,329	-32,578	28,751	-	-61,159	-32,578	28,581	-
Provisions for guarantees and other commitments	27,787	-14,222	-42,009	-	27,476	-14,632	-42,108	-
Other provisions and impairments	5,298	7,728	2,430	45.9%	2,276	7,268	4,992	219.3%
Provisions and impairments	**-18,903**	**-3,188**	**15,715**	**-**	**-30,378**	**-4,110**	**26,268**	**-**
Net operating income	**174,101**	**151,644**	**-22,456**	**-12.9%**	**201,590**	**143,575**	**-58,015**	**-28.8%**
Income Tax	**82,711**	**76,135**	**-6,576**	**-8.0%**	**74,542**	**63,940**	**-10,602**	**-14.2%**
of which Contribution on the banking sector	23,677	28,733	5,056	21.4%	23,377	28,555	5,178	22.2%
Net op. inc. after tax and before non-controlling int.	**91,390**	**75,509**	**-15,881**	**-17.4%**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Non-controlling interests	9,844	8,639	-1,205	-12.2%	n.a.	n.a.	n.a.	n.a.
Results of associated companies	2,065	9,955	7,890	382.1%	n.a.	n.a.	n.a.	n.a.
Results of subsidiaries held for sale	2,618	3,830	1,211	46.3%	n.a.	n.a.	n.a.	n.a.
Net income	**86,229**	**80,654**	**-5,574**	**-6.5%**	**127,047**	**79,635**	**-47,412**	**-37.3%**

(EUR Million)

BALANCE SHEET	Consolidated Activity				Separate Activity			
	2020-12	2021-03	Dhange		2020-12	2021-03	Clange	
ASSETS			Total	(%)			Total	(%)
Cash and cash equiv. with central banks	10,278	14,740	4,462	43.4%	9,513	13,901	4,388	46.1%
Loans and advances to credit instit.	3,312	3,261	-51	-1.5%	2,129	2,100	-30	-1.4%
Securities investments	23,445	23,000	-446	-1.9%	24,866	24,224	-643	-2.6%
Loans and advances to customers	47,903	48,590	687	1.4%	44,174	44,648	474	1.1%
Assets with repurchase agreement	14	150	137	984.4%	0	135	135	-
Non-current assets held for sale	1,159	1,180	21	1.8%	208	198	-10	-4.8%
Investment properties	189	191	2	0.9%	8	8	0	0.0%
Intangible and tangible assets	681	686	5	0.8%	517	513	-4	-0.8%
Invest. in subsid. and assoc. companies	505	506	1	0.2%	1,301	1,301	0	0.0%
Current and deferred tax assets	1,751	1,699	-51	-2.9%	1,699	1,653	-46	-2.7%
Other assets	2,140	2,284	145	6.8%	1,035	947	-88	-8.5%
Total assets	**91,375**	**96,286**	**4,910**	**5.4%**	**85,452**	**89,627**	**4,176**	**4.9%**
LIABILITIES								
Central banks' and cred. instit. resources	2,040	4,627	2,586	126.8%	2,532	5,088	2,557	101.0%
Customer resources	72,033	74,045	2,012	2.8%	65,978	67,635	1,657	2.5%
Debt securities	1,371	1,363	-8	-0.6%	1,371	1,363	-8	-0.6%
Financial liabilities	921	688	-234	-25.4%	921	686	-234	-25.4%
Non-current liabilities held for sale	864	884	20	2.3%	0	0	0	-
Provisions	1,037	1,014	-23	-2.2%	996	973	-23	-2.3%
Subordinated liabilities	1,117	1,122	4	0.4%	1,117	1,122	4	0.4%
Other liabilities	3,290	3,725	435	13.2%	4,730	4,889	160	3.4%
Sub-total	**82,675**	**87,467**	**4,793**	**5.8%**	**77,645**	**81,757**	**4,112**	**5.3%**
Shareholders' equity	**8,701**	**8,819**	**118**	**1.4%**	**7,807**	**7,871**	**64**	**0.8%**
Total	**91,375**	**96,286**	**4,910**	**5.4%**	**85,452**	**89,627**	**4,176**	**4.9%**

Lisbon, 13th of May 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 February 17. The financial information reported is unaudited.
- The financial metrics in this presentation refer to March 31, 2021, unless otherwise stated. These may be estimates subject to revision. Solvency ratios include net income for the period, unless where otherwise noted.
- 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 1T2021”. In the event of any inconsistency, the original version prevails.

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