CONSOLIDATED RESULTS 1H2022

Caixa recorded a net income of €486 million, supported by the improvement in the cost of risk and in the international area

In the first half of 2022, Group Caixa Geral de Depósitos generated a consolidated net income of €486 million, an increase of 65% compared to the same period of 2021.

This evolution reflects an improvement in the evolution of net interest income and a lower cost of credit risk in the period after the most acute phase of the Covid-19 pandemic and the sale of some non-core assets, as well as the contribution of the international activity to the Group's net income of €109 million, around 22% of the total, an increase of 77% compared to the first half of 2021.

Deducting non-recurring effects, a return on equity (ROE) of 10.6% was achieved.

Business volume was up €3.2 billion (+2%) compared to the end of 2021, recording an evolution both in credit (+€1,226 million, +2.3%) and in resources (+€1,993 millions), driven by international activity, which grew by 7.4%.

In the corporate segment, the production of credit stands out in the first half of the year, in particular, the 5% rise in the stock of loans to SME (Small and Medium-sized Enterprises). Reference should also be made to the growth in the sale of core products to corporates, including medium-long term financing (up 46%), non-financial insurance (up 35%), bank guarantees (up 48%) and factoring and confirming (up 24%). Credit transactions through the Flexcash platform were up 21% over the first half 2021, highlighting the growing importance of the digital channels.

In the individuals segment in Portugal, the production of mortgage loans grew by 10.1% in the half-year period, reaching €1,731 million. Consumer credit benefited from initiatives to reduce the approval period and disbursement of funds, with an increase in production of 47.1% compared with the same period last year.

Customer deposits were up 3.8% by €2,604 million across the semester in Portugal, particularly in the corporate segment (up 4.2%) and customers (3.8%), continuing to have a negative impact on bank accounts by around 26b.p..

The 2021-2024 Strategic Plan continued to be pursued, with the effect of improving business in areas such as credit to SME, consumer credit and the number of digital customers.

The number of active customers using digital banking reached 2.14 million at the end of June 2022, with a 19% growth in mobile users. The number of financial operations on digital channels in the first half increased by 11% over the same period last year.

The steady decline in recurrent cost-to-income to 43.4% was indicative of high levels of efficiency gains and improved returns.

Asset quality improved with NPL ratio decreasing to 2.6% while NPL ratio net of impairment remained at 0%. Foreclosed assets was down 15% to €339 million, its lowest since 2008.

The evolution recorded in the loan portfolio since the end of the moratoriums within the scope of the pandemic, has a relevant impact on the result, allowing the partial reversal of impairments constituted preventively in previous years, concretely in 2020 and 2021. Recovery activity also continued to deliver good results. Overall, the evolution of the portfolio and recovery activity resulted in a credit risk cost of -0.58% reflecting the favourable evolution compared to initial expectations in the context of a pandemic.

CGD continues to enjoy a robust capital status, higher than the average for Portuguese and European banks. The Tier 1 and Total ratios stood at 18.5% and 20.0% respectively, even after the payment of dividends approved at the General Meeting.

During the first half of 2022, an issue of €300 million of senior preferred debt was carried out - the first carried out with the investment grade category by the 3 rating agencies and the first "green" issue by a Portuguese bank - continuing the constitution of eligible emissions to comply with the MREL requirements with application from 2024.

MAIN INDICATORS

CGD CONSOLIDATED	Restated		
BALANCE SHEET AND P&L INDICATORS (EUR million)	**2021-06**	**2021-12**	**2022-06**
Net assets	100,995	104,010	106,596
Net assets (domestic activity)	87,897	90,300	91,559
Loans and advances to customers (gross)	52,024	52,498	53,725
Loans and advances to customers (net)	49,683	50,184	51,560
Customer deposits	77,146	79,666	83,230
Total operating income	875	1,773	1,026
Net core operating Income before impairments (1)(2)	356	730	478
Net income	294	583	486
PROFIT AND EFFICIENCY RATIOS			
Gross return on equity - ROE (3) (4)	11.2%	10.0%	17.0%
Net return on equity - ROE (4)	7.2%	7.0%	11.5%
Gross return on assets - ROA (3) (4)	1.0%	0.9%	1.5%
Net return on assets - ROA (4)	0.7%	0.6%	1.0%
Total operating income / Average net assets (3) (4)	1.9%	1.8%	2.0%
Employee costs / Total operating income (2)(3)	29.6%	28.6%	26.0%
Cost-to-income BoP (3)	34.6%	42.4%	47.6%
Recurrent cost-to-income (2) (3)	47.8%	47.9%	43.4%
CREDIT QUALITY AND COVER LEVELS (6)			
NPL ratio - EBA	3.2%	2.8%	2.6%
NPL ratio (net)	0.0%	0.0%	0.0%
NPE ratio - EBA	2.5%	2.3%	2.1%
NPL coverage - EBA	102.4%	107.8%	108.8%
NPE coverage - EBA	96.3%	98.6%	99.7%
NPL specific coverage - EBA	66.5%	65.1%	63.9%
NPE specific coverage - EBA	63.0%	61.7%	60.4%
Forborne ratio for loans and advances - EBA (7)	2.7%	2.2%	2.2%
Coverage ratio on forborne loans and advances - EBA (7)	90.6%	96.2%	82.1%
Cost of credit risk(*)	0.18%	0.08%	-0.58%
STRUCTURE RATIOS			
Loans & adv. customers (net) / Net assets	49.2%	48.2%	48.4%
Loans & adv. customers (net) / Customer deposits (3)	64.4%	63.0%	61.9%
SOLVENCY AND LIQUIDITY RATIOS (CRD IV/CRR)			
CET 1 (fully implemented) (6)	18.5%	18.2%	18.5%
Tier 1 (fully implemented) (6)	19.6%	18.2%	18.5%
Total (fully implemented) (6)	21.1%	19.7%	20.0%
Liquidity coverage ratio	393%	357%	356%
Net stable funding ratio (8)	174%	165%	176%
Leverage ratio (8)	8.0%	7.3%	7.0%
OTHER INDICATORS			
Number of branches - CGD Group	931	927	921
Number of branches, local extensions and corporate offices - CGD Portugal	543	542	539
Number of employees - CGD Group	11,634	11,471	11,371
Number of employees - Domestic banking and financial activity	6,515	6,383	6,295
Number of employees - CGD Portugal	6,241	6,117	6,035
Number of ATM - CGD Portugal	2,455	2,580	2,565

CGD RATING	Short Term	Long Term
Moody's	P-2	Baa2
FitchRatings	F3	BBB-
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 deducted of the maximum distributable amount according to dividend policy, and excluding AT1 issue called in March 2022; (7) CGD Portugal Ratios; (8) June 2021, December 2021 and May 2022 ratios.

ECONOMIC - FINANCIAL FRAMEWORK

The economic environment in first half 2022 was in stark contrast to the projections at the beginning of the year. Expectations of an easing of restrictions related to the pandemic and expected positive impacts, particularly in services-related sectors, together with the resolution of supply constraints, high savings levels and recovering labour markets in January, were indicative of a highly positive outlook for global growth. Notwithstanding a hike in inflation and the need to normalise monetary policy, the global post-pandemic environment was favourable to a robust rate of growth.

However, at the start of the year two relevant factors emerged which contributed to the containment of the favourable outlook. Firstly, the spread of the Omicron variant had a particularly negative impact on China where government mandated lockdowns and disruptions in several cities contributed to a significant reduction of economic activity, including a contraction of consumption.

The second factor, which would prove to be the most relevant, was the outbreak of armed conflict in Ukraine at the end of February. In addition to the adverse (human) implications arising from any such event there were major repercussions in commodity markets, trade, and financial channels. The offensive in Ukraine has contributed to economic fragmentation, as a significant number of countries and companies, particularly multinationals, have cut their trading links with Russia, which has been subject to various economic and financial sanctions.

Owing to the proportion accounted for by Russia and Ukraine of the supply of certain raw materials, such as natural gas and oil in the case of the former and cereals and agricultural fertilisers, in the case of the latter, hikes in energy and food prices contributed to successive price hikes, both in production and consumption. With increasing shortages of labour and intermediate goods other inflation-related items also began to increasingly contribute to price hikes, further aggravating high inflationary pressures.

Such a framework is evident in the constant upward revisions of inflation forecasts, both for 2022 and the following year and the prospects of further, more gradual moderation. The growth of consumer prices has already had a direct impact on household disposable income, while the uncertainty caused by the war has had an adverse effect on corporate investment decisions, introducing the shadow of stagflation into economic analyses.

In addition to forecasts of higher inflation, the expected trajectory towards a normalisation of monetary policy was also significantly adjusted by the actions of the monetary authorities.

In first half 2022, the Federal Reserve initiated a cycle of benchmark interest rate increases, while the European Central Bank also announced the ending of its quantitative easing programme and signalled an increase in base rates. Several central banks in developed economies have also tightened their financial restrictions.

The monetary normalisation cycle in financial markets translated into across-the-board hikes in sovereign yields and money market interest rates to multi-annual levels. The risk of an economic stagflation context and growing fears of recession were reflected in sharp falls in major stock markets which, in the US, culminated in its worst half year performance of the last 50 years. In terms of raw materials, the energy segment recorded the highest levels of appreciation, driven by the development of the armed conflict in Eastern Europe and constraints in the supply of oil and natural gas to Europe.

CONSOLIDATED INFORMATION

RESULTS

Caixa ended the first 6 months of 2022 with consolidated net income of €485.7 million, up 65% from €294.2 million in June 2021. This evolution allowed an increase of 4.3 percentage points in return on equity (ROE), from 7.2% over the same period last year to 11.5% in June 2022.

Excluding the non-recurring events recorded in 2021, with emphasis on employee costs, and in 2022 with the sale of several non-core properties, the increase in income from €221 million to €443 million, is equivalent to a ROE of 10.6%.

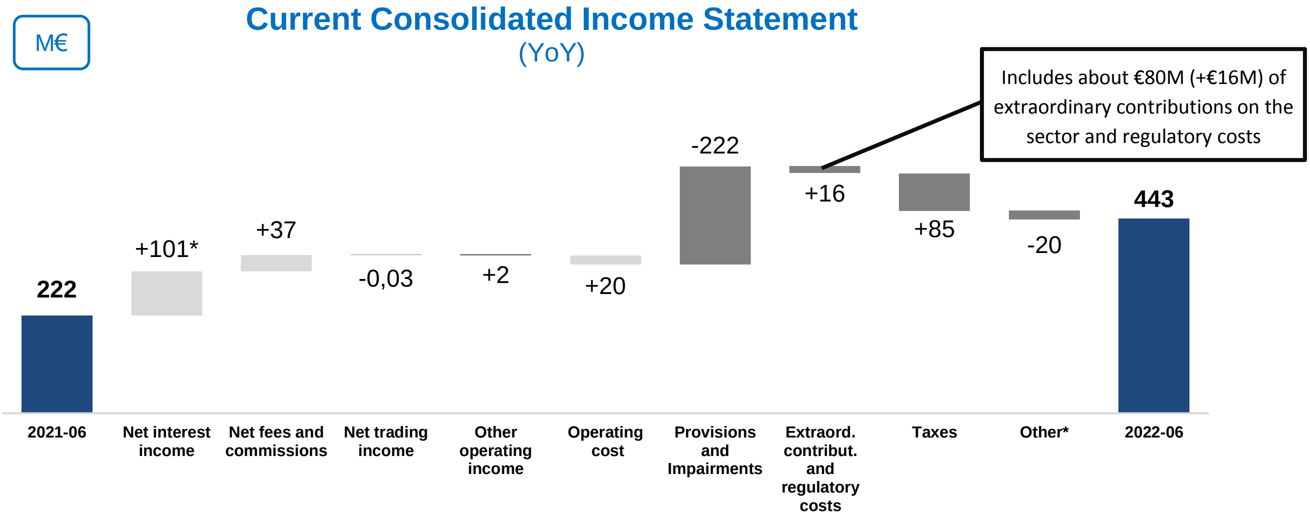
With a positive impact on net income, the following stand out: the €334.7 million reduction of provisions and impairment, essentially through the evolution of the cost of credit risk to -58 bp in June 2022, compared to +18 bp in the same period last year, a variation of -€197 million in credit impairment corresponding to a partial reduction in the levels of additional impairments recorded in the context of a pandemic between 2020 and 2021. An additional contribution was the reversal of provisions in the amount of €58.5 million associated with PPR 2022 (retirement savings plans), reflected on employee costs. In 2021 this provision was up €35.4 million.

Net interest income increased €101.1 million (+21%) compared to the first half of 2021, driven by the contribution of international entities, in particular BCI Mozambique (up €27.9 million) and BCG Angola (up €20 million), it should be noted that for all international units, the exchange rate variation represents an impact of €31.7 million, i.e. 31.3% of this aggregate's total variation. The growth in Caixa's net interest income in Portugal was up €46.7 million and includes, among other effects, an impact of €35 million related to the conditions of the TLTRO-III refinancing operation.

Other operating income was up €55.3 million over the same period 2021, owing to the effect of the sale of a Fundolis Fund property (€25.1 million) and a France branch property (€35.9 million).

Commissions were up €36.2 million. Here, too, the international activity contributed a notable amount, of €5.7 million, with the increase in Portugal focused on commissions for the placement of investment funds (+€8 million), insurance brokerage (+€4.2 million), credit operations (+€2.8 million) and issue of guarantees (+€2.2 million).

Recurring Core Operating Income was also up €122 million (+34%), compared to the same period last year, to a value of €478 million.



* Includes +€47M from international activity, +€29M TLTRO and +€25M Other

Consolidated Income Statement	294	+101	+36	-47	+55	+188	-335	+81	-20	486

Conversely, results from Financial Operations show a reduction of €47 million (-38%) compared to the one obtained in June 2021, totalling €76 million. After deducting the extraordinary effects that occurred in 2021, the variation is only €30 thousand.

Recurring Domestic Structural Costs recorded in June 2022 an increase of €20.4 million (+5.0%) compared to the same period in 2021, mainly explained by the variation exchange rate of international activity.

Operating Costs increased by €187.6 million (+60.1%) compared to the same period in 2021, an evolution determined by the non-recurring event in 2021 of a €145.4 million reduction in provisions for past services associated with the medical services protocol signed by Caixa in Portugal. Also in Portugal, a provision for the pre-retirement program (PPR) of €55.3 million in 2022 (€26.2 million in 2021) was recorded. Also noteworthy is BCI Mozambique, which posted an increase of €11.6 million, (+23%) largely explained by the exchange rate evolution (+€8.6 million).

Regarding the evolution of Provisions and Impairments, the stability registered in the asset quality indicators allowed the reversal of €109.6 million of credit impairments recorded in previous periods, concretely in 2020 and 2021, in the context of the covid-19 pandemic, with a relevant impact on the consolidated results.

It should also be noted that the credit recovery activities, including the write-off of assets and the sale of NPL and real estate, had a positive impact on several components of the Caixa Group's income statement, essentially resulting in increases in the net interest income, Other Operating Income and a recovery in credit impairment (€41.4 million).

The income tax burden in June 2022 increased by around €81 million (+47%) over June 2021, following the increase in the Group's results. However, excluding the non-recurring events recorded in the first half of 2021 and 2022, the change in the tax burden would be higher, reaching approximately €93 million.

Reference should be made to Income Tax and Other operating income, impacted by a 25% increase in extraordinary contributions on the sector and regulation costs, which in the 1st half of the year exceeded €80 million.

Regulatory costs for 2022, accounted for in the first half, totalled €80.5 million, representing an increase of €15.9 million (+25%) compared to the same period in 2021.

In the remaining items of the Caixa Group's income statement, while in Results of Associated Companies and in the Results of Subsidiaries Held for Sale, there were no particularly relevant changes, the Non-Controlling Interests component recorded a notable growth of €21.7 million, of which €9.3 million are associated with exchange rate variations in CGD's main subsidiaries. Income from Equity Instruments recorded significant growth in the first half 2022, compared to the same period of 2021, reflecting the increase in income distributed by Investment Funds. Altogether, these variables represented a reduction of approximately €20 million.

BALANCE SHEET

CGD's consolidated net assets reached €106.596 million at the end of the first semester of 2022, which represented only a slight increase from €104,010 million at the end of December 2021.

Gross loans and advances to customers of €53,725 million were up 2.3% compared to the end of 2021.

During the first half of 2022, the production of mortgage loans at Caixa Portugal grew by 10.1% year-on-year.

Special reference should be made this period to the 10.6% growth in consumer credit and other purposes, reflecting the initiatives of the Strategic Plan 2021-2024 in the Consumer Credit area.

CGD achieved an 18% share of the domestic credit market in May 2022, with 14% for corporate loans and 24% for mortgage loans to individual customers.

(EUR Million)

LOANS AND ADVANCES TO CUSTOMERS			Change	
	2021-12	2022-06	Total	(%)
CGD Portugal	**44,945**	**45,755**	**811**	**1.8%**
Corporate & General government	19,411	19,792	382	2.0%
Individual customers	25,534	25,963	429	1.7%
Mortgage loans	24,665	25,002	337	1.4%
Consumer credit & other	869	961	92	10.6%
Other CGD Group companies	**7,553**	**7,969**	**416**	**5.5%**
Total	**52,498**	**53,725**	**1,226**	**2.3%**

Note: Gross loans and advances to customers

Customer deposits were up 4.5% by €3,564 million over the end of 2021, essentially on account of higher levels of household savings.

CGD retained its leading position in the national market, both in terms of total customer deposits with a May 2022 market share of 24% and individual customers' deposits with a market share of 32%.

Total resources taken from domestic activity at the end of June 2022 were up 1.2% over December last year to €87.082 million. Lower levels of off-balance sheet products derive from maturities in the case of financial insurance and maturity without renewal of an OTRV.

The loans-to-deposits ratio stood at 61.9% in June 2022, remaining stable in relation to the end of 2021, despite the continuous increase in deposits and credit.

Asset quality continued to trend to improvement with NPL (non-performing loans as defined by the EBA) down 6.2% by €133 million over December 2021 owing to the positive evolution of cured credit, recoveries, sales and write-offs components. The NPL ratio reached 2.6%, which compares with the 2.8% observed in December 2021. The overall volume of impaired credit resulted in a coverage ratio of 108.8% (total coverage of 137% including the allocation of collateral), resulting in an NPL ratio net of impairment of 0%.

(EUR Million)

RESOURCES TAKEN			Change	
	2021-12	2022-06	Total	(%)
Balance sheet	**89,408**	**91,817**	**2,408**	**2.7%**
Central banks' & cred instit. resources	6,745	6,512	-233	-3.5%
Customer deposits (Consolidated)	79,666	83,230	3,564	4.5%
Domestic activity	68,728	71,332	2,604	3.8%
Individuals	53,289	55,328	2,039	3.8%
Corporates	11,859	12,354	495	4.2%
General Government	3,580	3,650	71	2.0%
International activity	10,939	11,898	959	8.8%
Covered bonds	1,259		-1,259	-100.0%
EMTN and other securities	1,648	1,932	284	17.2%
Other	89	143	53	59.6%
Off-balance sheet	**21,672**	**19,844**	**-1,828**	**-8.4%**
Total	**111,081**	**111,661**	**580**	**0.5%**
Total resources (domestic activity) (1)	**86,048**	**87,082**	**1,034**	**1.2%**

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

LIQUIDITY

Considering the high level of liquidity, Caixa proceeded, during the first half of 2022, to the reimbursement of mortgage bonds in the amount of €1,250 million without resource to market refinancing.

At the same time, Caixa exercised the option of early redemption of the perpetual issue of additional Tier 1 capital (Additional Tier 1), in the amount of €500 million and an interest rate of 10.75%, with effect from 30 March 2022, the first contractually foreseen date for the exercise of the call, obtaining important annual savings in interest.

The prior authorization granted by the European Central Bank (ECB) to carry out this redemption results from the positive assessment of Caixa's financial strength, reflecting the successful completion of the difficult and demanding restructuring plan.

Caixa continued with its issuance plan, aiming to fully comply with the MREL regulatory requirements, having issued, on 7 June 2022, senior preferred debt in the amount of €300 million, with term of four years and possibility of early redemption after three years, placed on international markets and issued with a coupon of 2.875%.

This issue has the particularity of being Caixa's first "Green" issue, directing the funds raised to the funding of credit operations in the environmental domains, being the second issue with ESG characteristics.

As part of the Eurosystem's monetary policy measures, CGD Group continues to hold €5.8 billion in ECB funding from the third TLTRO-III series (targeted longer-term refinancing operations).

The total value of assets available as collateral for the Eurosystem is approximately €10.8 billion, in addition to the significant volume of the cash balance with the Bank of Portugal.

The liquidity coverage ratio (LCR) of 356%, at the end of June 2022, was much higher than the current liquidity regulatory requirement (100%).

CAPITAL

As at 30 June 2022, consolidated shareholders' equity was up €110 million, to €9,397 million, over the end of 2021. The reduction of €500 million in "Other capital instruments", which referred to securities representing additional Tier 1 own funds (Additional Tier 1) that were called in March 2022, was offset by the €746 million increase in "Other reserves and retained earnings", already taking into account the payment of dividends to the Shareholder. This change is justified, among others, by the incorporation of the positive results of 2021 and by the positive impacts of exchange rate variations.

(EUR Million)

SHAREHOLDERS' EQUITY			Change	
	2021-12	2022-06	Total	(%)
Share capital	3,844	3,844	0	0.0%
Other capital instruments	500	0	-500	-100.0%
Revaluation reserves	255	168	-87	-34.1%
Other reserves and retained earnings	3,867	4,613	746	19.3%
Non-controlling interests	238	287	49	20.5%
Net income	583	486	-98	-16.7%
Total	**9,287**	**9,397**	**110**	**1.2%**

The fully loaded CET1, Tier 1 and Total ratios, including net income for the period deducted of the maximum distributable amount according to dividend policy, were 18.5%, 18.5% and 20.0% respectively, meeting CGD's current capital requirements with a comfortable margin. These ratios, above the Portuguese and European average, show CGD's robust and adequate capital position.

Applicable from that 2022 onwards, the Pillar 2 requirement is set to 2%, which represents a reduction of 0.25% compared to 2021, thus reflecting an improvement in the Supervisor's perception of the overall risk of the institution.

Regarding the Pension Fund, the justification behind the changes in the assumptions was considered actuarially reasonable, with a recommendation for a full reassessment at the end of the year, taking into account the uncertainties around the impacts of inflation and the current macro-economic scenario on the long-term evolution of salaries and pensions.

During the first half of 2022, long-term interest rates were up, driven by the sharp inflationary pressure with the beginning of the war in Ukraine. This evolution of the markets led to an upward revision of the Pension Fund discount rate to 3.2%. The degree of coverage of liabilities increased to 126%, despite the incorporation of more conservative assumptions, highlighting the revision of the male and female mortality tables, from TV 88/90 to TV 88/90 (-1 year) and TV 88/90 (-3 years) to TV 99/01 (-2 years), respectively, reflecting the expectation of an increase in life expectancy; the revision of the salary growth rate, from 0.60% to 1.2% by 2024 and 0.9% after 2024; and the revision of the pension growth rate, from 0.3% to 0.6% until 2024 and 0.5% after 2024. In the context of high uncertainty regarding the evolution of the macroeconomic scenario and geopolitical constraints, together with the high volatility of the financial markets, monitoring of these variables will continue in the second half of the year.

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 quarter 2022. Starting 1 January 2024, CGD's own funds and eligible liabilities must be equivalent to 25.95% of total risk-weighted assets (including a combined buffer requirement of 3.5%) and a total leverage exposure of 5.94%.

The requirements apply on a sub-consolidated basis for the determined resolution perimeter, translated into the European perimeter. Until this decision, the resolution perimeter also included Banco Nacional Ultramarino in Macau.

The revision of the requirement applicable on January 1, 2024 is consistent with CGD's expectations and with its funding plan, which provides for the reinforcement of own funds and eligible liabilities to ensure due compliance.

As part of the Funding Plan defined to comply with the MREL requirements, Caixa issued in June 2022 the aforementioned "Green" senior preferred debt, in the amount of €300 million, the third issue being placed on the international debt markets for this purpose, following the issuance of senior non-preferred debt in November 2019 and senior preferred debt in September 2021.

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

RATING

On March 9, 2022, Fitch Ratings upgraded CGD's IDR and long-term preferred senior debt ratings from BB+ to BBB-, and revised its outlook from Positive to Stable.

The rating upgrade reflects the improvement in asset quality even during the pandemic period, the resilience of profitability - based on market leadership and strong levels of efficiency - and better capital ratios. The IDR and senior short-term preferred debt ratings were upgraded from B to F3.

With this change, CGD is now rated investment grade by the three international agencies that monitor its rating.

In May, DBRS affirmed Caixa's rating at BBB, having revised the trend from Negative to Positive. This improvement reflects Caixa's leadership position in Portugal, its solid funding and capital, as well as the resilience demonstrated during the pandemic.

RELEVANT EVENTS

Innovation and digital transformation

Caixa ends the 1st half of 2022 with more digital customers, more logins and more business.

In the domestic market, we registered 2.14 million active digital customers (Retail and Business), which represents 62% of our customer base, and a growth of 12% compared to the same period last year.

The mobile channel reached 1.36 million users (Retail and Business), +19% compared to the same period of the previous year, demonstrating an increasing relevance among users, who favour convenience in the context of mobility.

During the half-year period, we registered 177 million logins to Caixadirecta, (Retail and Business customers) 16% more than in the same period last year. The number of operations, which totalled 40 million, also registered a significant growth of 11% compared to the same period of the previous year.

The Contact center, which since 2021 has a Virtual Assistant - that guarantees greater efficiency in service, with call retention rates of 50% - recorded high levels of satisfaction, of 75%.

The digital business has been evolving and has shown greater expression compared to the same period last year, namely in the online subscription of core products and services for Retail customers, such as Personal Loans (+45%) and Financial Assets Account Opening (+74%), and Business customers, such as Factoring & Confirming (+33%).

To meet customer´s needs, providing an increasingly innovative, convenient and secure service, Caixa continues to evolve its digital channels, improving access to online services such as updating personal data using Chave Móvel Digital, which is transforming user experience, in a process that is even more faster and simpler.

App Caixadirecta remains the Portuguese banking with the largest number of users, now enabling service payments with Credit Cards, Conta Caixa upgrades and Personal Data Updating using documents photo uploads, making the process faster and more comfortable.

The Digital Assistant, which is a reference in the national banking sector, not only for its transactional component but also for acting as an inclusive solution, registered 453 thousand accesses at the end of the semester.

Compared to the same period last year, the number of account balances check and the number of transactions via the assistant grew by 266% and by 95%, respectively, which demonstrates not only the usefulness of the voice service but also the confidence of users.

App Caixadirecta continues to be the main access channel to the bank, with more than 1.32 million active customers, which represents a 19% growth compared to the same period last year. With the increase in the number of mobile customers, the number of reviews in the 3 applications stores also grows (app Store, Google Play and Gallery app), and app Caixadirecta maintains its leadership as the Portuguese financial sector application with the highest number of reviews, already surpassing 130 thousand.

Enhanced value proposal and customer service

Caixa's support for micro and small enterprises is reflected in the 4,700 new customers in the segment choosing Caixa to finance their investments or treasury requirements.

A positive level of performance was achieved in the number of active Caixa Accounts in the personal customers segment, which were up by around 40,000 with an additional 8,000 Business Caixa Accounts in the case of companies.

The trajectory of the acquiring service has been one of growth, both in purchases involving a physical presence made in person via POS terminals and e-Commerce;

Caixa's offer for personal customers in the second quarter particularly included:

- Launch of the Casa+Eficiente (more efficient home) campaign in which the contractual-related charges for customers applying for loans for the acquisition of properties with better energy performance (A+, A and B) were waived;
- Investimento Ibéria 5 years May 2022 personal life insurance linked to investment funds based on the Iberian economy;
- Launch of an ophthalmology consultation service in the online medicine area which now includes 10 specialisations.

Reference should be made to the following special second quarter endeavours regarding Caixa's offer for its business customers:

- Production Support and Pig Farming and Milk Treasury Support lines of credit both of which were designed to support corporate treasury requirements with guarantees of 70% and 75% respectively from Banco Português do Fomento;
- Launch of the Caixa Corporate Account as a multi-product solution that includes a current account, one thousand monthly online transfers, cards, cheques and an insurance package.

The retail network ended the half year with 479 general branch offices, 30 Caixa Spaces, 3 mobile and 13 self-service branches. As regards support for companies, reference should be made to the opening, already in July, of the Covilhã Office to enhance Caixa's support for regional business.

The new branch office model continues to expand and now comprises 34 units (17 in the north of the country and 17 in the metropolitan area of Lisbon and the south).

Service Quality Assessment

According to Brandscore, customers' evaluations of Caixa's reputation remained highly positive in 2nd quarter 2022, namely as regards the essential attributes for the bank's sustainability (trust, financial strength, governance ethics and transparency).

Caixa has improved its brand score indicators in the evaluation of its customers, particularly "Governance" and "Simplicity". According to this study, in first half 2022, Caixa renewed its nomination from customers as the "Best Bank for Personal Customers" and the "Best Bank for Young People".

In terms of banking, the Caixa brand continues to be the leader in terms of its appeal to new customers.

Sustainability

The sustainability strategy for the period 2021-2024 embodies Caixa's ambition to be the sustainable financing leader in Portugal, in its support for the transition to a low carbon economy, financing projects with a social impact on people's lives based on five strategic operational pillars:

- Equity, digital and financial inclusion
- Disclosure of sustainability-related information
- Transparent governance models
- Sustainable, inclusive financing
- Climate risk management

Environment

As a benchmark institution in the financial sector, Caixa's priority is to support the transition to a low carbon economy based on its financing and investing activities.

Caixa has accordingly issued €300 million in "Green" senior preferred bonds. This operation is the first "Green" issuance by a Portuguese financial institution, gearing the financing of credit operations to the environmental domains, promoting energy efficiency by financing houses with category A+, A and B energy certificates. As Caixa's second ESG issuance it shows that the commitments undertaken in the field of sustainable financing are being fulfilled, creating value for customers and reducing the environmental impact of their activity. The sustainable characteristics of the issuance succeeded in attracting the interest of ESG investors who accounted for 78% of the issuance.

Caixa published its 2021 Sustainability Report and 2021 Sustainability Brochure, in 2022 in conformity with the Global Reporting Initiative (GRI) or the Task Force on Climate-Related Financial Disclosures (TCFD).

In terms of external recognition, reference should be made to the fact that Caixa's sustainable debt issuance was one of the three projects nominated in the Sustainability Initiative Award category in the 34th edition of the Investor Relations & Governance Awards.

Social action

In social terms, reference should be made to the Caixa Social 2022 Awards prize-giving ceremony at Culturgest - Fundação Caixa Geral de Depósitos, in which a total amount of €500,000 was shared by 29 projects in the following areas:

- Recovery and resilience of the social sector
- Digital transformation and training
- Green economy and ecological transition

Prizes and distinctions

In the first half of 2022, the following awards and distinctions were awarded in relation to CGD Group's activity in retail and digital banking and fund management:

- Powerful Brand - CGD was distinguished in the Large Banks category by the Marktest Group and Cofina Media
- Best Bank in Sustainability – CGD was elected "Best Bank in Sustainability in 2021" by the Brandscore study, by consulting firm Scopen
- Banking – Virtual Assistant – Caixadirecta App Digital Assistant – 5 Star Award
- Banking – Open Banking – DABOX App - 5 Star Award
- Special Award - 34th edition of the Investor Relations & Governance Awards (IRGAwards) – Deloitte - Completion of the Recapitalization Plan
- National Sustainability Award - Sustainable Finance - First sustainable debt issue by a Portuguese bank - Jornal de Negócios

DOMESTIC AND INTERNATIONAL ACTIVITY

Domestic activity contributed an amount of €377 million to Caixa group's net income in June 2022, up 62% against €232.7 million in the same period last year.

Caixa's activity in Portugal, Caixa Banco de Investimento and the contribution of the group's national companies associated with the real estate sector were mainly responsible for the variation registered in domestic activity, with contributions of €311.1 million, €7.9 million and €27.9 million respectively.

The positive performance of net interest income and commissions accounts shows that domestic core activity is recovering from an adverse environment.

Structural costs, in the case of domestic activity, were up 82.8% to €358.5 million. The largest contribution comprised employee costs of €239.7 million, essentially deriving from the provisions adjustments associated with post-employment benefits and the costs of the early retirements programme.

Provisions and impairment, in the first six months of 2022, were down €326.5 million owing to the €194.3 million reduction of net credit impairment, resulting in a cost of credit risk of -58 bps against +18 bps in the same period last year and €132.2 million reduction in provisions and impairment on other assets (net) reflecting the favourable evolution compared to initial expectations in the context of a pandemic.

(EUR Million)

CONTRIBUTION TO CONSOLIDATED P&L (*)	Domestic Activity			International Activity		
	Restated 2021-06	2022-06	Change (%)	Restated 2021-06	2022-06	Change (%)
Interest and similar income	490.3	553.8	12.9%	252.9	320.9	26.9%
Interest and similar costs	190.8	200.7	5.2%	62.3	82.3	32.0%
Net interest income	**299.5**	**353.0**	**17.9%**	**190.6**	**238.6**	**25.2%**
Income from equity instruments	3.8	9.1	136.9%	0.3	0.5	64.2%
Net fees and commissions	227.2	256.7	13.0%	42.9	48.6	13.3%
Net trading income	104.5	50.3	-	18.5	25.6	38.5%
Other operating income	-1.4	12.4	-	-0.1	42.5	-
Total operating income	**633.7**	**681.4**	**7.5%**	**252.1**	**355.8**	**41.1%**
Employee costs	82.5	239.7	190.5%	73.8	87.8	19.0%
Administrative expenses	76.6	71.9	-6.2%	39.7	46.1	16.0%
Depreciation and amortisation	37.0	46.8	26.6%	13.4	18.5	38.8%
Operating costs	**196.1**	**358.5**	**82.8%**	**126.9**	**152.5**	**20.2%**
Net operating income before impairments	**437.5**	**323.0**	**-26.2%**	**125.2**	**203.3**	**62.3%**
Credit impairment (net)	37.3	-157.1	-	8.7	6.1	-30.3%
Provisions and impairments of other assets (net)	45.5	-86.7	-	13.1	7.6	-42.0%
Net operating income	**354.8**	**566.8**	**59.7%**	**103.4**	**189.6**	**83.4%**
Income tax	146.9	211.8	44.2%	23.9	40.0	67.2%
Net operat. inc. after tax and before non-controlling interests	**207.9**	**355.0**	**70.7%**	**79.5**	**149.6**	**88.3%**
Non-controlling interests	1.1	0.0	-99.5%	18.8	41.8	121.7%
Results from subsidiaries held for sale	0.0	0.0	-	0.3	0.1	-78.7%
Results of associated companies	26.0	22.0	-15.2%	0.6	0.8	-
Net income	**232.7**	**377.0**	**62.0%**	**61.5**	**108.7**	**76.8%**

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

The international business area was up 77% over the same period 2021 and accounted for €108.7 million of consolidated net income in March 2022. This evolution was influenced by the exchange rate variation occurring in the countries of Caixa group's main units abroad.

The main contributions to income from international activity were made by BCI Mozambique (€33 million) and France branch (€31 million) in the latter reflecting the recurring effect of the sale of its Headquarters building.

The contribution of the international units to Caixa group's consolidated net income derived from the positive contribution of net interest income and commissions accounts which demonstrated the economic recovery scenario in the geographies in which Caixa operates, surpassing the increase in structural costs recorded (including foreign exchange effects) in the period under review.

Total income from international activity was, accordingly, up 41.1% over June 2021. In turn, structural costs were up 20.2%, without cancelling out the positive variations in net interest income and commissions resulting in a 62.3% increase of net operating income before impairment.

Provisions and impairments were down €8.2 million over the same period in 2021.

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

(EUR Thousand)

	Consolidated Activity				Separate Activity			
INCOME STATEMENT	Restated 2021-06	2022-06	Change		2021-06	2022-06	Change	
			Total	(%)			Total	(%)
Interest and similar income	705,529	846,328	140,800	20.0%	499,532	567,728	68,196	13.7%
Interest and similar costs	215,470	255,120	39,651	18.4%	166,653	189,737	23,084	13.9%
Net interest income	490,059	591,208	101,149	20.6%	332,879	377,991	45,113	13.6%
Income from equity instruments	4,111	9,536	5,425	132.0%	68,527	70,825	2,298	3.4%
Net interest inc. incl. inc. from eq. investm.	**494,170**	**600,744**	**106,574**	**21.6%**	**401,406**	**448,816**	**47,411**	**11.8%**
Fees and commissions income	326,629	375,603	48,974	15.0%	266,036	305,749	39,712	14.9%
Fees and commissions expenses	56,817	69,576	12,759	22.5%	44,384	53,132	8,748	19.7%
Net fees and commissions	269,812	306,027	36,215	13.4%	221,652	252,616	30,964	14.0%
Net trading income	122,932	75,894	-47,038	-38.3%	98,723	56,072	-42,651	-43.2%
Other operating income	-12,112	43,207	55,318	-	-18,072	12,949	31,021	-
Non-interest income	**380,633**	**425,128**	**44,496**	**11.7%**	**302,303**	**321,638**	**19,335**	**6.4%**
Total operating income	**874,803**	**1,025,872**	**151,070**	**17.3%**	**703,709**	**770,454**	**66,745**	**9.5%**
Employee costs	156,306	327,544	171,238	109.6%	89,447	249,590	160,143	179.0%
Administrative expenses	105,657	107,007	1,350	1.3%	79,513	75,425	-4,088	-5.1%
Depreciation and amortisation	50,065	65,068	15,004	30.0%	39,359	50,042	10,682	27.1%
Operating costs	312,027	499,619	187,591	60.1%	208,319	375,057	166,738	80.0%
Net operating income before impairments	**562,775**	**526,254**	**-36,522**	**-6.5%**	**495,389**	**395,397**	**-99,993**	**-20.2%**
Credit impairment	89,176	-109,585	-198,761	-	67,934	-118,407	-186,340	-
Credit recoveries	-43,193	-41,415	1,779	-	-40,493	-39,264	1,229	-
Provisions for reduction of employees	35,422	-58,660	-94,082	-	35,422	-58,484	-93,906	-
Provisions for guarantees and other commitments	-271	-18,287	-18,016	-	-618	-15,858	-15,240	-
Other provisions and impairments	23,430	-2,179	-25,609	-	8,943	-49,402	-58,345	-
Provisions and impairments	**104,563**	**-230,126**	**-334,689**	**-**	**71,188**	**-281,415**	**-352,603**	**-**
Net operating income	**458,212**	**756,380**	**298,167**	**65.1%**	**424,202**	**676,812**	**252,610**	**59.5%**
Income Tax	**170,838**	**251,816**	**80,979**	**47.4%**	**146,149**	**218,241**	**72,092**	**49.3%**
of which Contribution on the banking sector	28,733	37,104	8,372	29.1%	28,555	36,909	8,354	29.3%
Net op. inc. after tax and before non-controlling int.	**287,374**	**504,563**	**217,189**	**75.6%**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Non-controlling interests	19,980	41,765	21,785	109.0%	n.a.	n.a.	n.a.	n.a.
Results of associated companies	26,519	22,838	-3,681	-13.9%	n.a.	n.a.	n.a.	n.a.
Results of subsidiaries held for sale	294	63	-231	-78.7%	n.a.	n.a.	n.a.	n.a.
Net income	**294,206**	**485,698**	**191,492**	**65.1%**	**278,053**	**458,571**	**180,518**	**64.9%**

The June 2021 accounts of the consolidated activity were restated for comparability purposes due to the shareholder position in Banco Comercial do Atlântico (BCA) no longer being classified under “Non-current assets held for sale”.

(EUR Million)

BALANCE SHEET	Consolidated Activity 2021-12	Consolidated Activity 2022-06	Change (%)	Separate Activity 2021-12	Separate Activity 2022-06	Change (%)
ASSETS						
Cash and cash equiv. with central banks	23,000	24,340	5.8%	22,082	23,327	5.6%
Loans and advances to credit instit.	3,924	4,190	6.8%	2,236	2,116	-5.4%
Securities investments	21,152	20,150	-4.7%	21,708	20,354	-6.2%
Loans and advances to customers	50,184	51,560	2.7%	45,613	46,544	2.0%
Assets with repurchase agreement	8	46	485.0%	0	46	-
Non-current assets held for sale	336	375	11.5%	121	112	-7.0%
Investment properties	33	19	-43.7%	8	6	-22.0%
Intangible and tangible assets	746	792	6.1%	559	592	5.9%
Invest. in subsid. and assoc. companies	530	473	-10.7%	1,265	1,264	-0.1%
Current and deferred tax assets	1,575	1,376	-12.6%	1,535	1,332	-13.2%
Other assets	2,522	3,274	29.8%	1,242	1,787	43.9%
Total assets	**104,010**	**106,596**	**2.5%**	**96,368**	**97,480**	**1.2%**
LIABILITIES						
Central banks' and cred. instit. resources	6,745	6,512	-3.5%	7,216	7,007	-2.9%
Customer resources	79,756	83,373	4.5%	72,092	74,693	3.6%
Debt securities	1,790	828	-53.7%	1,790	828	-53.7%
Financial liabilities	382	210	-45.1%	381	209	-45.1%
Non-current liabilities held for sale	148	197	33.7%	0	0	-
Provisions	977	858	-12.2%	933	812	-13.0%
Subordinated liabilities	1,118	1,104	-1.3%	1,118	1,104	-1.3%
Other liabilities	3,808	4,117	8.1%	4,694	4,696	0.0%
Sub-total	**94,723**	**97,198**	**2.6%**	**88,224**	**89,349**	**1.3%**
Shareholders' equity	**9,287**	**9,397**	**1.2%**	**8,145**	**8,131**	**-0.2%**
Total	**104,010**	**106,596**	**2.5%**	**96,368**	**97,480**	**1.2%**

Lisbon, 29th of July 2022

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.
- In December 2021, the shareholding in Banco Comercial do Atlântico (BCA) was no longer classified as “Non-current assets held for sale”. For this reason and in accordance with the provisions of IFRS 5 “Non-Current Assets Held for Sale and Discontinued Operating Units” the consolidated income statement as of 30 June 2021 has been restated.
- The financial metrics in this presentation refer to June 30, 2022, unless otherwise stated. These may be estimates subject to revision. Solvency ratios include net income for the period, unless where otherwise noted.
- Global economic activity decelerated in the first half of 2022, due to the impact of the new wave of the pandemic and the invasion of Ukraine by Russia at the end of February, which implied a deterioration in the growth prospects of the global economy in the short term and greater inflationary pressures. The prospects of growth of the Portuguese economy in the period 2022-2024 have been revised downwards by the Bank of Portugal and inflation will be substantially higher. Geopolitical instability implies that the magnitude of the economic impact of the conflict is uncertain, involving the risk of materialization of more adverse scenarios.
- In light of this framework, with reference to the information available at the time, CGD estimated and reflected in its financial statements, for the period that ended in 30 June 2022, its best estimate of the financial effects arising from these events, including with regard to the valuation of its assets and the measurement of expected losses in the loan portfolio, which will be subject to continuous monitoring and review.
- This document is only intended to provide general information and does not constitute investment advice or professional advice, nor can it be interpreted as such.
- This document is an English translation of the Portuguese language document “Resultados Consolidados 1S2022”. In the event of any inconsistency, the original version prevails.

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