

CONSOLIDATED RESULTS

1H 2023



Net income for the half year offsets past losses. Caixa pays, in 2023, €1.2 billion of the recapitalisation amount, with a dividend payment of €713⁽¹⁾ million and the redemption of its €500 million Tier 2 issue

Caixa Geral de Depósitos group's consolidated net profit of €608 million in first half 2023 is a sign of its recovery of recent years and the current scenario of interest rate increases. This contribution enabled the profit made since its recapitalisation of 2017, to offset its accumulated losses across the years 2011 to 2016. The average return on equity (ROE) in the last decade was 0.9%, evolving in the post-recapitalization period (2017-1H2023), to 7.7%.

A dividend distribution of €352 million for 2022 was approved in General Meeting. This dividend was the highest ever and was accompanied by a distribution in kind for the amount of €361 million, subject to the authorization of the European Central Bank, comprising the surrender of the ownership of its headquarters building to its sole shareholder, for the amount of €713 million, paid in 2023.

Early payment of the Tier 2 issuance for the amount of €500 million was made in June, in full settlement of private sector financing in the 2017 recapitalisation.

These operations as a whole represented Caixa's payment of €1.2 billion of the amount of its 2017 recapitalisation in 2023, in its payment of €1,675 million of the €2.5 billion in public investment and representing 2/3 of the total.

The current cost-to-income ratio was down to 27.3%, on the back of high levels of efficiency and a higher level of income.

Customer deposits totalled €79 billion on a consolidated basis and €69 billion in terms of domestic activity in which Caixa retained its market lead of 23%, as was the case in the individual customers segment with a market share of 31%.

Caixa achieved a consolidated total of €53 billion in its loans and advances to customers, of which €45 billion in Portugal, stabilising in year-on-year terms. In domestic terms this volume represents a market share of 18% and preserves Caixa's leading position, particularly in mortgage lending (23%).

The amount charged in commissions decreased by 5%, compared to the same period last year, with a continuation of the decline expected until the end of the year.

Caixa also consolidated its lead of the equipment leasing segment with a market share of 24%.

Consumer credit (new loans) was up 18.4% over the same period to €180 million. Providing customers with technologically advanced solutions developed under the 2021-2024 strategic plan, with remote contracting representing 53% of total operations, contributed to such a positive level of evolution.

In corporate terms reference should be made to the 52% growth of business on the Flexcash digital payment management platform and expressive increases in trade finance products.

The number of active digital banking customers was up 7% over the same period last year to 2.3 million (individual and corporate). The mobile channel recorded 16% growth to 1.6 million users and the proportion of sales on digital channels to individual customers in Portugal totalled 82%.

Caixa recorded an NPL ratio of 2.48% in first half 2023, with the NPL ratio net of impairment remaining at 0% (zero). The cost of credit risk, reflecting a conservative and predominantly preventative approach, stood at 0.40%.

Capital ratios comfortably exceeded regulatory requirements to CET 1 and total capital ratios of 19.3% and 19.6%, respectively, even after early repayment of the tier 2 issue.

The MREL ratio equalled the amount of own funds and eligible liabilities equivalent to 27.09% of total risk-weighted assets and exceeded the requirement of 26.44% applicable from the beginning of 2024.

Caixa's performance merited the recognition of the rating agencies. DBRS upgraded its rating on Caixa to BBB (high) in May and Moody's upgraded its BCA (baseline credit assessment) rating to baa2 - the same level as for the Portuguese Republic - and attributed a positive outlook on Caixa's debt rating. Subordinated debt, rated at Baa3 also improved to investment grade.

MAIN INDICATORS

CGD CONSOLIDATED	Restated	
	2022-06	2023-06
P&L INDICATORS (EUR million)		
Net interest income	578	1,316
Net fees and commissions	423	455
Non-interest income	304	289
Total operating income	1,010	1,775
Net operating income before Impairments	519	1,219
Net core operating Income before impairments ⁽¹⁾⁽²⁾	461	1,145
Net operating income	750	953
Net income	486	608
PROFIT AND EFFICIENCY RATIOS		
Gross return on equity - ROE ^{(3) (4)}	17.0%	20.4%
Net return on equity - ROE ⁽⁴⁾	11.5%	13.5%
Gross return on assets - ROA ^{(3) (4)}	1.5%	1.9%
Net return on assets - ROA ⁽⁴⁾	1.0%	1.3%
Total operating income / Average net assets ^{(3) (4)}	2.0%	3.5%
Employee costs / Total operating income ⁽²⁾⁽³⁾	26.0%	15.1%
Cost-to-income BoP ⁽³⁾	47.5%	31.1%
Recurrent cost-to-income ^{(2) (3)}	43.3%	27.3%
	2022-12	2023-06
BALANCE SHEET INDICATORS (EUR million)		
Net assets	102,511	97,866
Cash and loans and advances to credit institutions	25,802	22,486
Securities investments	18,689	17,644
Loans and advances to customers (gross)	53,032	52,610
Loans and advances to customers (net)	50,778	50,253
Central banks' and credit institutions' resources	338	384
Customer resources	83,972	79,297
Debt securities and subordinated liabilities	2,487	1,979
Shareholders' equity	9,483	9,607
CREDIT QUALITY AND COVER LEVELS		
NPL ratio - EBA Risk Dashboard	2.43%	2.48%
NPL ratio (net)	0.0%	0.0%
NPE ratio - EBA Risk Dashboard	2.15%	2.13%
NPL coverage - EBA Risk Dashboard	122.0%	132.5%
NPE coverage - EBA Risk Dashboard	107.8%	117.4%
Cost of credit risk	-0.01%	0.40%
STRUCTURE RATIOS		
Loans & adv. customers (net) / Net assets	49.5%	51.3%
Loans & adv. customers (net) / Customer deposits ⁽³⁾	60.5%	63.5%
SOLVENCY AND LIQUIDITY RATIOS (CRD IV/CRR)		
CET 1 (fully implemented) ⁽⁵⁾	18.7%	19.3%
Tier 1 (fully implemented) ⁽⁵⁾	18.7%	19.3%
Total (fully implemented) ⁽⁵⁾	20.2%	19.6%
Liquidity coverage ratio	303.4%	278.3%
Net stable funding ratio ⁽⁸⁾	182.6%	172.9%
Leverage ratio ⁽⁸⁾	7.7%	8.0%
BRANCHES		
Number of branches - CGD Group ⁽⁶⁾	891	889
Number of branches, local extensions and corporate offices - CGD Portugal	515	515
EMPLOYEES		
	2022-06	2023-06
Number of employees - CGD Group	11,371	11,040
Number of employees - CGD Portugal ⁽⁷⁾	6,723	6,430
CGD RATING		
	Long Term	Outlook
Moody's	Baa2	Positive
FitchRatings	BBB-	Stable
DBRS	BBB (High)	Stable

Note: Indicators calculations according to glossary at:

<https://www.cgd.pt/English/Investor-Relations/Other-information/Glossary/Documents/Glossary.pdf>

(1) Net core operating Income before impairments = Net interest income + 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) Prudential perimeter including Net Income deducted of the maximum distributable amount according to dividend policy. The June 2023 values are deducted of dividends in kind payment, subject to the authorization of the European Central Bank. (6) In the first half of 2023, a branch of Banco Caixa Angola and a branch of Banco Nacional Ultramarino (Macau) were closed (7) Total domestic perimeter; (8) May 2023.

ECONOMIC-FINANCIAL FRAMEWORK

Notwithstanding this demonstration of resilience, the overall growth of activity across first half 2023 remained low, confirming expectations at the beginning of the year that the annual rate of GDP expansion would be lower than in 2022, in a context in which geopolitical risks, with the military conflict in Ukraine at the forefront, remained high. There were also fresh fears over financial stability in the wake of the banking crisis which began in the US, with the bankruptcy of several regional banks, followed later in Europe, with the intervention in Credit Suisse.

Although US economic performance was better than expected owing to the strength of the labour market, which allowed household consumption to continue to be the engine of growth, growth disappointed elsewhere. In China, the expected momentum deriving from the end of pandemic-related restrictions was extremely limited and its economy, instead, slowed sharply in the second quarter. In the Euro Area, the very significant drop in energy prices did not have the expected positive effect on internal demand and, with external demand also falling short of expectations, mainly from China, the region recorded zero growth during the first three months of the year after having suffered a marginal contraction in the last quarter of 2022.

In Portugal, first quarter GDP growth came as a positive surprise owing to the highly favourable evolution of net exports, particularly deriving from the contribution of tourism, notwithstanding the disappointing situation with regard to consumption and business investment.

The surprising growth of GDP, in the first quarter, resulted in sharp upward revisions of economic growth forecasts by the Bank of Portugal and supranational entities, notably the IMF, European Commission and OECD.

Notwithstanding the continuing upwards trend of inflationary pressures, with the year-on-year variation of consumer price indices remaining at levels well above the respective central bank targets, there was a sustained decline in global inflation in the first half of the year compared to the peaks reached in 2022. This reduction derived both from what is referred to as the base effect and lower energy and, more recently, food and beverages costs.

Underlying pressures, which exclude the inputs of the more volatile components, showed greater resilience.

This framework is evident in inflation projections which still continue their upwards climb, both for 2023 and following years, with a trend towards further, more gradual, moderation. Consumer price growth continued to have a direct impact on household disposable income and, consequently, household and corporate expenditure, with visible effects in terms of the unfavourable evolution of

domestic demand and the fact that the spectrum of stagflation has not been totally eliminated from economic projections.

With the aim of containing still high levels of inflation, the degree of monetary policy continued to be more restrictive in first half 2023 based on increases in central banks' key reference interest rates, which resulted in tighter credit criteria and a dip in the demand for credit.

The US Federal Reserve increased its Fed Funds rate by 75 bps. In Europe, and owing to higher inflation figures, several central banks caused a surprise by introducing higher-than-expected hikes.

The European Central Bank proved to be no exception and also extended the increase in central interest rates, having between July 2022 and today, implemented the sharpest hike in interest rates since its respective creation. It was also highly assertive in suggesting the high probability of new rate increases during the second half and also announced that ongoing reinvestments under the asset purchase program (APP) would be discontinued from July 2023.

The main effects of the continued increase in interest rates included, inter alia, the investment of substantial amounts of term deposits and savings accounts in alternative products, particularly savings certificates, early repayments of loans to households and a reduction of demand for credit, in particular for home purchases. Despite higher debt servicing and debt-to-income ratios, no relevant effect on the quality of banking sector assets, including mortgage credit, has been materialized, in spite of the high proportion of variable rate transactions and the need for increased caution.

In financial markets and notwithstanding a context of low economic growth, the resilience demonstrated in tandem with the prospect of a break in the cycle of base rate increases, keeping them at restrictive and high levels for longer periods, was reflected in stable sovereign debt yields at their highest levels in more than a decade. Money market interest rates kept pace with the evolution of base rates, thus continuing to trend upwards, with a very short break in March, during the period of greatest banking sector instability.

The prospect of a more benign approach by central banks, as opposed to 2022, led to a highly positive performance of risk assets, with the stock market in evidence. In reverse, reference should be made to commodities, particularly energy products, which recorded the highest loss of value among the different asset classes, to levels below those observed prior to the invasion of Ukraine.

CONSOLIDATED INFORMATION

RESULTS

Caixa ended first half 2023 with a consolidated net profit of €607.9 million, up 25.2% over the €485.7 million for the same period 2022.

Consolidated net interest income was up €738.1 million, essentially on account of two effects in the activity in Portugal:

- the impact of higher interest rates on retail operations, split between the segment of individual customers (up €270 million) and companies and other customers (up €148 million);
- and the contribution of the domestic treasury activity. In the case of the deposits in Central Banks, it should be noted that in the first half of 2022, the negative interest rates applied by the European Central Bank represented a cost, which was the opposite of the first six months of 2023, when positive rates were recorded, resulting in an increase of interest income from these deposits by €253 million. The remaining domestic activity, including the securities portfolio management, was up €32 million.

International activity also made a relevant contribution to the evolution of net interest income (up €34.6 million), particularly in the case of BCI Moçambique (up €11.4 million) and BNU Macau (up €15.8 million).

Commissions were down 4.9% (by €14.9 million) over June 2022. Component parts of this variation were the decreases recorded at CGD Portugal (down €7.8 million) and at BCI Mozambique (down €5.8 million), where emphasis should be given to lower commissions associated to credit operations, and other exemptions, and marketing of securities.

Income from financial operations was up by an atypical €77.3 million over the first six months of 2022. This evolution derived from the non-recurring operation involving the liquidation of the pension fund. Excluding this extraordinary effect, income from financial operations would have had a negative variation of €2.7 million.

BALANCE SHEET

CGD's consolidated net assets reached €97,866 million at the end of June 2023, down 4.5%, due to the decline in deposits at central banks and securities investments.

The loans and advances to customers portfolio reached €52,610 million in gross terms, a slight decrease of 0.8% compared to the end of 2022. In Portugal, growth was recorded in Corporate & General government (+1.9%), SME (+1%), credit for consumption and other purposes (3.1%)

Other operating income was down €30.3 million over June 2022. This variation is essentially explained by the non-recurring profit made on the disposal of real estate in Portugal in the first half 2022. Net of such extraordinary effects, the change would have been a positive €10.6 million.

Operating costs increased €65.1 million (up 13.3%) compared to June 2022, due essentially to the increase recorded in staff costs (up €28.5 million) and general administrative expenses (up €34.5 million). Deducting the extraordinary effects that occurred in the first half of 2022 and 2023, essentially associated with the employee restructuring programme, operating costs were up 9.1%, by €38.5 million, compared to June 2022. This was not unrelated to the effect of the evolution of the inflation rate.

Provisions and impairment in first half 2023 were up €496.2 million over the same period 2022. However, this variation was influenced by non-recurring factors essentially associated with the employee restructuring programme and disposal of non-core assets in 2022. Therefore, net of extraordinary effects, provisions and impairment in terms of consolidated activity in first half 2023 were up €378.5 million. Of this amount, €332.5 million are related to credit risks, with the objective of providing for the uncertainty characterising the economy in 2023. The cost of credit risk was consequently up to 0.40% in June 2023.

The increase in operating income resulted in a higher tax burden in the June 2023 period, by €76.9 million, in comparison to first half 2022.

In respect of the remaining items of Caixa group's profit and loss account, income from equity instruments was down 56.2% by €5.4 million to €4.2 million in June 2023. In turn, corporate earnings measured by the equity accounting method were down 45.1% over June 2022 to €12.4 million and the earnings of companies held-for-sale totalled €10.7 million, an increase of €3.7 million over the same period 2022. Non-controlling interests component was down €2.0 million.

and a decrease in mortgage loans (-2.1%) compared to December 2022.

CGD achieved a domestic credit market share of 18% in June 2022 (15% for corporate, 19% for individuals and 23% for mortgage loans) maintaining the leadership position in total loans, in individual customers and in mortgage loans.

(EUR Million)

LOANS AND ADVANCES TO CUSTOMERS	Restated		Change	
	2022-12	2023-06	Total	(%)
CGD Portugal	45,551	45,417	-134	-0.3%
Corporate & General government	19,522	19,894	372	1.9%
Individual customers	26,029	25,523	-506	-1.9%
Mortgage loans	25,003	24,466	-538	-2.1%
Consumer credit & other	1,025	1,057	32	3.1%
Other CGD Group companies	7,482	7,193	-289	-3.9%
Total	53,032	52,610	-423	-0.8%

Note: Gross loans and advances to customers

In the domestic market, customer deposits were down 5.2% by €3,763 million over December 2022. Caixa maintained its leading position in total customer deposits, with a 23% share, and in individual customers' deposits with a 31% share.

Total resources taken from consolidated activity were down 4.9% over last December to €93,463 million at the end of June 2023. The decrease is essentially explained by the evolution of deposits from domestic activity, although this trend reversed in June. The evolution of other customer funds remained stable, standing at over €14 billion.

The loans-to-deposits ratio in June 2023 stood at 64%, an increase compared to the end of 2022 (61%).

In terms of asset quality, the volume of NPL (Non Performing Loans) remained stable, as a result of the combined effect of the evolution in the components of cures, recoveries, sales and write-offs, against inflows.

The NPL ratio reached 2.48%, compared to 2.43% in December 2022 influenced by the reduction in the loan portfolio. The first half of 2023 witnessed a strengthening of credit impairment, raising the coverage ratio to 132.5% (total coverage of 151.5% including allocated collateral), with the NPL ratio net of impairment remaining at 0% (zero). Caixa continues to enjoy a highly favourable position in terms of its coverage levels in comparison to the domestic and European average.

(EUR Million)

CUSTOMER RESOURCES	Restated		Change	
	2022-12	2023-06	Total	(%)
Balance sheet	83,972	79,297	-4,674	-5.6%
Customer deposits (Consolidated)	83,875	79,121	-4,754	-5.7%
Domestic activity	72,605	68,842	-3,763	-5.2%
Individuals	55,969	53,322	-2,648	-4.7%
Corporates	13,429	12,410	-1,019	-7.6%
General Government	3,207	3,110	-96	-3.0%
International activity	11,270	10,279	-991	-8.8%
Other	97	176	80	82.6%
Off-balance sheet	14,329	14,166	-163	-1.1%
Total	98,300	93,463	-4,837	-4.9%

LIQUIDITY

Considering the ample available liquidity and robust solvency, and having obtained prior authorization from the European Central Bank (ECB), CGD exercised the option of early repayment of the issue of Tier 2 own funds, in the amount of €500 million, with effect from June 28, 2023, the first contractually foreseen date for the exercise of the call.

At the end of June 2023, the total value of CGD Group assets available as collateral for the Eurosystem amounted to approximately €14.4 billion, to which the significant

volume of available funds with the Bank of Portugal must be added.

With regard to CGD Group's funding structure, customer deposits assume a fundamental weight, representing 90.7% of total consolidated liabilities (excluding non-current liabilities held for sale).

At the end of June 2023 the Liquidity Coverage Ratio (LCR) stood at 278.3%, a value much higher than the current regulatory liquidity coverage requirement of 100%.

CAPITAL

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, and the payment of dividends in kind, both subject to the authorization of the European Central Bank) were 19.3%, 19.3% and 19.6% 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.

According to the decision of the European Central Bank (ECB) in December 2022, on the minimum prudential requirements in force for 2023, based on the results of the last Supervisory Review and Evaluation Process (SREP), the Pillar 2 requirement for CGD in 2023 is 1.9%. This represents a reduction of 10 bp. compared to 2022 and 35 bp. compared to 2021 (two consecutive reductions), thus reflecting an improved perception by the Supervisor of the institution's global risk profile.

MREL

At the end of the first half of 2023, the amount of own funds and eligible liabilities held by CGD, within the scope of the MREL, represented 27.09% of total risk-weighted assets, exceeding the value applicable from 1 January 2024 (26.44%). It should be noted that this result occurs after the early redemption of the Tier 2 issue in June.

CGD is not subject to compliance with any minimum subordination requirement, and the preferred resolution strategy is the Multiple Point-of-Entry (MPE) approach.

RATING

In May 2023, DBRS Morningstar upgraded its Long Term Senior Issuer Rating to BBB (high) from BBB, the Short-Term Issuer Rating to R-1 (Low) from R-2 (high) and the Long Term Deposit Ratings at A (Low) from BBB (high). The Trend of these ratings was revised to "Stable".

The evolution in investment grade notching took into consideration the improvement in profitability as well as the maintenance of a solid capitalisation and stable liquidity position. Also in June 2023, DBRS Morningstar upgraded the rating of CGD's covered bonds (Obrigações Hipotecárias) one notch, from AA to AA (high).

Also in May 2023, Moody's Investors Service upgraded CGD's Baseline Credit Assessment rating from baa3 to baa2, as well as that of deposits from Baa2 to Baa1, with

a Positive outlook, and raised the Tier 2 debt rating to investment grade, from Ba1 to Baa3.

The senior debt rating was reaffirmed at Baa2, the same level as the Portuguese Republic, with the outlook evolving to Positive. CGD's senior non-preferred debt rating remained at Baa3.

In its assessment, Moody's considered the strengthening of CGD's credit profile, namely the improvement in asset quality and capital ratios, along with the continued increase in recurring results.

Fitch Ratings maintained the ratings attributed to Caixa unchanged, namely the long-term ratings BBB- with a Stable Outlook.

RELEVANT EVENTS

Innovation and digital transformation

The second half year witnessed growth in the number of digital customers and business with sales up by more than 80%.

The domestic market had 2.3 million active digital customers (individual and corporate), comprising 67% of the customer base and year-on-year growth of 7%.

Reference should also be made to the increasing relevance to users of the 16% year-on-year growth of the mobile channel to more than 1.6 million individual and corporate customers.

Enhanced value proposal and customer service

Consumer credit retained its previous year's growth trend at €180 million (+18.4%). Remote applications accounted for 53% of the total number of proposal acceptances.

Caixa maintained its lead in the means of payment segment with 4.7 million cards and a strong focus on digitalisation and mobile payments. Of special note were

the increases of 42% in online purchases and 38% in contactless operations.

The second quarter witnessed the launch of Crédito TPA (POS credit) as an innovative solution for business customers.

10,230 companies were awarded PME Líder (Leading SME) status under the IAPMEI 2022 Programme, 2,672 of which with Caixa support.

Caixa continued to provide a series of treasury and means of payment solutions for companies in first half 2023. Reference should be made to the 52% growth of sales on the Flexcash digital payment management platform for corporate treasury management; trade finance products for the exports and imports of Portuguese companies, particularly documentary credit and remittances, which were up 17% in transaction volumes, with forfeiting operations (discount without recourse for documentary credit) up 131% and the promotion of non-financial insurance, with a 27% growth in sales in the corporate segment.

Reference should also be made in first half 2023 to the following year-on-year positive variations in sales of core products in the context of corporate network activity: medium and long term financing for SMEs (up 28%); bank guarantees (up 31%); factoring and confirming (up 19%);

equipment leasing (up 53%) and vehicle leasing (up 55%) – May 2023.

There was a 1% year-on-year increase in lending to SMEs in a context of a dip in the market for corporate loans.

The positive evolution of specialised credit, translated into the strengthening of the bank's lead in the equipment leasing segment, demonstrating its commitment to backing companies' productive investment.

In the investment solutions component and notwithstanding a challenging context, companies continued to invest with Caixa support. Several lines of credit were provided to improve access to finance for small and medium-sized Portuguese companies through special EIF - European Investment Fund lines, in a global package of approximately €300 million, whose execution reached 5.4% in the first two months.

A collection of sustainable financing solutions was also provided. They particularly included campaigns for financing electric and hybrid vehicles, with increases of 71% in automobile leasing agreements for this type of vehicle, on the corporate network.

Sustainable financing particularly included €1.3 billion in "green" issuances structured by Caixa BI.

Sustainability

Environment

In terms of sustainable financing, Caixa published its allocation and impact report associated with its two "green" debt issuances of 2022 with the aim of financing more energy efficient buildings, namely homes with A+, A and B energy certificates.

These issuances financed 6,742 more energy-efficient buildings (88% for permanent residence), involving 11,347 customers and helping to prevent the annual emission of more than 2,064 tonnes of CO₂.

By promoting the acquisition of more sustainable and efficient housing, Caixa has helped to provide for United Nations Sustainable Development Goals (SDGs), namely based on the implementation of SDG 9 - Industry, Innovation and Infrastructures and SDG 11 - Sustainable Cities and Communities, achieving the objectives established in the Roadmap for Carbon Neutrality 2050 developed by the Portuguese government, in the buildings component (residential and services).

Social

CGD, within the scope of its social responsibility, launched its Caixa Social awards, for the fifth consecutive year, as an initiative which aims to provide financial support for social projects developed by the third sector with the aim of mitigating poverty and favouring social inclusion.

The 2023 edition of the Caixa Social awards received 777 applications in the following areas:

- Social inclusion and solidarity – comprising initiatives and social responses aimed at guaranteeing the

fundamental rights and social inclusion of people in poverty or social exclusion;

- Prevention and healthcare – comprising health promotion measures for the needy;
- Job creation and / or promotion – initiatives contributing to the maintenance and / or creation of jobs, support for entrepreneurship, combating long term unemployment and people's professional integration by helping to reduce structural weaknesses in the Portuguese economy;
- Education, training and empowerment – through projects aimed at the acquisition and development of skills that provide greater autonomy and integration in the labour market, including ways to combat school leaving and academic failure, with the inclusion of financial and digital literacy programmes.

Caixa continued its support to the community with a global amount of approximately 15 million euros. In culture, the activity of Fundação Caixa Geral de Depósitos/Culturgest continues to be supported, in addition to sponsorship of the activities of the Caixa Cultura Programme. On a social level, recognition of the merit of students was materialized in the awarding of the Caixa Mais Mundo Awards, with the attribution of 300 prizes with a unit value of 1,000 euros, thus helping more students, including financially more vulnerable social groups, to pursue their studies in higher education.

Over the years, Caixa has strengthened its support for the academic community by providing the university segment with access to a package of products and services suited

to their life cycle and to facilitate the management of their daily lives. The connection to higher education was also consolidated through the awarding of more than 200 awards for merit, research, scholarships and recognition of innovation projects, with the aim of contributing to the promotion of knowledge.

Governance

A transparent governance model is the key to promoting responsible, diverse value creation. In this context it is important to highlight the approval of three corporate ESG policies, namely the Sustainability Policy (review), Sustainable Financing and Energy Transition Policy and the Climate and Environmental Risk Management Policy.

Prizes and distinctions*

The following prizes and distinctions related to CGD group's activities were awarded in the first semester of 2023:

- Best Digital Bank in Portugal - Global Brand Magazine Awards
- Distinction of the best Customer Service professionals in Portugal – APCC and AproCS – Fortius Awards 2023
- Double distinction of Funds from Caixa Gestão de Ativos, with funds Caixa Ações Líderes Globais and Caixa Ações Europa Socialmente Responsible – Jornal de Negócios/APFIPP Best Funds Awards
- Banking brand with the best emotional reputation – RepScore 2023 study – Onstrategy
- Caixadirecta app Digital Assistant - 5 Star Award - Banking - Virtual Assistant
- Commercial support platform – Corporate platform - 5 Star Award - Banking
- Best Digital Banking Brand - Global Magazine Awards, Portugal 2023

* The awards and distinctions are the sole responsibility of the entities that awarded them.

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

(EUR Thousand)

INCOME STATEMENT	Consolidated Activity				Separate Activity			
	Restated		Change				Change	
	2022-06	2023-06	Total	(%)	2022-06	2023-06	Total	(%)
Interest and similar income	831,179	1,590,397	759,217	91.3%	567,728	1,279,026	711,298	125.3%
Interest and similar costs	253,044	274,208	21,164	8.4%	189,737	184,284	-5,453	-2.9%
Net interest income	578,135	1,316,189	738,054	127.7%	377,991	1,094,742	716,751	189.6%
Income from equity instruments	9,521	4,168	-5,352	-56.2%	70,825	108,668	37,843	53.4%
Net interest inc. incl. inc. from eq. investm.	587,656	1,320,357	732,701	124.7%	448,816	1,203,410	754,594	168.1%
Fees and commissions income	373,369	362,099	-11,269	-3.0%	305,749	300,016	-5,733	-1.9%
Fees and commissions expenses	69,256	72,923	3,668	5.3%	53,132	54,875	1,743	3.3%
Net fees and commissions	304,113	289,176	-14,937	-4.9%	252,616	245,140	-7,476	-3.0%
Net trading income	74,981	152,297	77,316	103.1%	56,072	113,257	57,185	102.0%
Other operating income	43,460	13,175	-30,285	-69.7%	12,949	2,761	-10,188	-78.7%
Non-interest income	422,554	454,648	32,094	7.6%	321,638	361,158	39,521	12.3%
Total operating income	1,010,209	1,775,005	764,796	75.7%	770,454	1,564,568	794,114	103.1%
Employee costs	322,718	351,195	28,476	8.8%	249,590	273,976	24,386	9.8%
Administrative expenses	104,112	138,643	34,530	33.2%	75,425	102,989	27,564	36.5%
Depreciation and amortisation	64,212	66,304	2,092	3.3%	50,042	54,375	4,333	8.7%
Operating costs	491,043	556,141	65,098	13.3%	375,057	431,339	56,282	15.0%
Net operating income before impairments	519,167	1,218,864	699,697	134.8%	395,397	1,133,229	737,832	186.6%
Credit impairment	-109,471	169,784	279,254	-	-118,407	146,276	264,682	-
Credit recoveries	-40,646	-63,284	-22,638	-	-39,264	-59,904	-20,640	-
Provisions for reduction of employees	-58,660	72,585	131,245	-	-58,484	72,585	131,069	-
Provisions for guarantees and other commitments	-18,358	22,668	41,026	-	-15,858	20,397	36,255	-
Other provisions and impairments	-3,225	64,076	67,301	-	-49,402	45,567	94,969	-
Provisions and impairments	-230,359	265,829	496,188	-	-281,415	224,921	506,336	-
Net operating income	749,526	953,035	203,509	27.2%	676,812	908,308	231,496	34.2%
Income Tax	251,598	328,516	76,918	30.6%	218,241	298,717	80,475	36.9%
of which Contribution on the banking sector	37,104	39,456	2,352	6.3%	36,909	39,334	2,425	6.6%
Net op. inc. after tax and before non-controlling int.	497,928	624,519	126,591	25.4%	n.a.	n.a.	n.a.	n.a.
Non-controlling interests	41,765	39,723	-2,043	-4.9%	n.a.	n.a.	n.a.	n.a.
Results of associated companies	22,546	12,384	-10,162	-45.1%	n.a.	n.a.	n.a.	n.a.
Results of subsidiaries held for sale	6,990	10,679	3,689	52.8%	n.a.	n.a.	n.a.	n.a.
Net income	485,698	607,859	122,161	25.2%	458,571	609,592	151,021	32.9%

The June 2022 accounts of the consolidated activity were restated for comparability purposes due to the shareholder position in Banco Comercial do Atlântico (BCA) being classified under "Non-current assets held for sale" in December 2022.

(EUR Million)

	Consolidated Activity			Separate Activity		
	Restated					
BALANCE SHEET	2022-12	2023-06	Change	2022-12	2023-06	Change
ASSETS			(%)			(%)
Cash and cash equiv. with central banks	21,812	19,269	-11.7%	20,781	17,787	-14.4%
Loans and advances to credit instit.	3,990	3,217	-19.4%	2,197	2,274	3.5%
Securities investments	18,689	17,644	-5.6%	16,363	15,742	-3.8%
Loans and advances to customers	50,778	50,253	-1.0%	46,180	46,048	-0.3%
Non-current assets held for sale	1,271	1,380	8.6%	127	185	45.6%
Investment properties	17	613	3,528.7%	6	5	-13.2%
Intangible and tangible assets	780	1,007	29.0%	599	825	37.8%
Invest. in subsid. and assoc. companies	476	488	2.6%	1,249	1,256	0.5%
Current and deferred tax assets	1,029	805	-21.7%	988	758	-23.2%
Other assets	3,669	3,189	-13.1%	2,266	1,839	-18.8%
Total assets	102,511	97,866	-4.5%	90,756	86,720	-4.4%
LIABILITIES						
Central banks' and cred. instit. resources	338	384	13.6%	809	756	-6.5%
Customer resources	83,972	79,297	-5.6%	75,938	72,303	-4.8%
Debt securities	1,368	1,374	0.4%	1,368	1,374	0.4%
Financial liabilities	221	189	-14.4%	221	189	-14.4%
Non-current liabilities held for sale	999	1,062	6.3%	0	0	-
Provisions	906	1,082	19.4%	856	1,021	19.2%
Subordinated liabilities	1,118	605	-45.9%	1,118	605	-45.9%
Other liabilities	4,106	4,265	3.9%	2,307	2,106	-8.7%
Sub-total	93,029	88,258	-5.1%	82,618	78,354	-5.2%
Shareholders' equity	9,483	9,607	1.3%	8,139	8,366	2.8%
Total	102,511	97,866	-4.5%	90,756	86,720	-4.4%

The December 2022 accounts of the consolidated activity were restated for comparability purposes due to the shareholder position in Flitptrel IV SA e Flitptrel Porto Santo SA being classified under "Non-current assets held for sale" in June 2023.

Lisbon, 21st of July 2023

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 shareholding in Banco Comercial do Atlântico (BCA) was classified under "Non-current assets held for sale" in December 2022, and in June 2023 Flitptrel IV SA and Flitptrel Porto Santo SA were also classified under this heading. Therefore, and for comparative purposes only, the amounts related to the consolidated balance sheet as of June 30, 2022 and December 31, 2022 disclosed in this document were restated, as IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" only requires the restatement of the income statement.
- The financial metrics in this presentation refer to June 30, 2023, unless otherwise stated. These may be estimates subject to revision. Solvency ratios include net income for the period, excluding the maximum distributable amount according to dividend policy, unless where otherwise noted.
- World economic activity continues to be conditioned by high inflation and the tightening of monetary and financial conditions. In the Eurosystem projection of June 2023, world growth drops from 3.3% in 2022 to 2.9% in 2023 — due to the evolution of the more developed economies —, remaining around 3% in 2024-25. Growth in external demand for the Portuguese economy is expected to slow down from 7.8% in 2022 to 1.4% in 2023, in line with the evolution of imports from trading partners. This evolution takes place in a context of recomposition of global demand, with an increase in the weight of services, including non-tradables, to the detriment of consumption of goods and investment. In the short term, the decrease in inflation results from the adjustment in the prices of energy goods. In the case of the less volatile components, inflationary pressures associated with the dynamism of the labor market and, consequently, wage increases, particularly in advanced economies, point to a more gradual slowdown. Thus, inflation in the Euro area is expected to decrease from 8.4% in 2022 to 5.4%, 3% and 2.2% in 2023, 2024 and 2025, respectively. As for monetary and financial conditions, they became less favourable, reflecting higher interest rates and an appreciation of the Euro.
- 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 1S2023". In the event of any inconsistency, the original version prevails.



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