

# Investor Presentation



Caixa Geral de Depósitos

**Feb 2016**

(2015 Unaudited Accounts)



Investor Relations Office

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**Long Term Commitment to the Portuguese Economy and Society**

**Customer – Centered Business**

**Support the Corporate Sector, Strong Focus on SME**

**Promotion of Human Talent and Teamwork**

**Highest Ethical Standards**

**Innovation**

**Social Responsibility and Global Sustainability**

## CGD Group Overview

Funding and Liquidity

Solvency

Asset Quality

Business Performance

Summary

Appendixes

## Group Overview

**100%**  
State Owned  
since 1876

**4 Million**  
Customers  
in Portugal

**101bn€**  
Total Assets

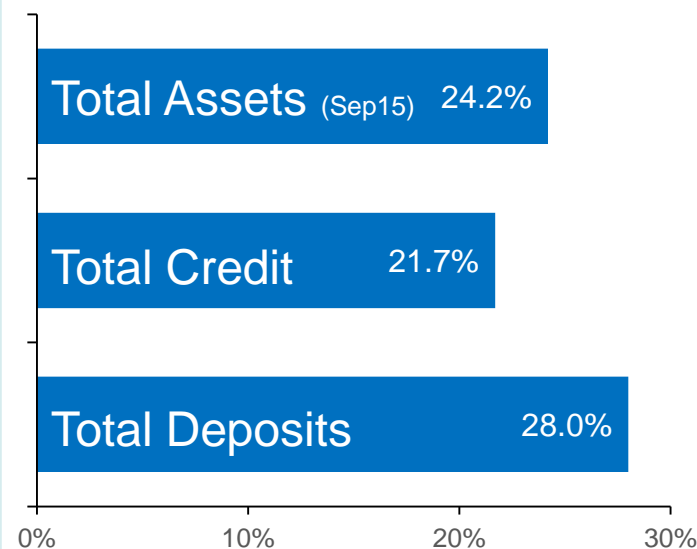
**1,253**  
Branches

**23**  
Countries  
**4**  
Continents

**8,410**  
Employees  
CGD  
Portugal

- Established in 1876 and fully owned by the Portuguese State.
- Strong franchise as a universal Bank and a dominant financial group in Portugal.
- Leading position in the retail market with 4 million customers in Portugal and assets of 100.9bn€.
- Total network of 1,253 branches connecting developed countries with the fast growing economies around the world, of which:
  - 765 in Portugal and;
  - 488 branches abroad.
- Largest international platform among Portuguese banks: 23 countries 4 continents.
- Europe Banking Awards 2014, Best Bank – EMEA Finance (Mar 2015)

### Market Shares – Portugal (November 2015)



## Vying for High Growth Markets



## Global Reach

### Retail Banking

- **South Africa** - Banco Mercantile
- **Angola** - Banco Caixa Geral Totta Angola
- **Cape Verde** - Banco Comercial Atlântico and Banco Interatlântico
- **Spain** - Banco Caixa Geral
- **France** - Branch of France
- **Luxembourg** - Branch of Luxembourg
- **Mozambique** - Banco Comercial e de Investimentos
- **São Tomé and Príncipe** - Banco Internacional de S. Tomé e Príncipe
- **East – Timor** - Branch of Timor
- **Macao** - Banco Nacional Ultramarino

### Non – Residential Banking

- **Germany** - Representative Office CGD
- **Belgium** - Representative Office CGD
- **Canada** - Representative Office CGD
- **Macao** - Branch of Macao
- **Switzerland** - Representative Office CGD
- **Venezuela** - Representative Office CGD and BCG

### Wholesale & Investment Banking

- **Brazil** - Banco Caixa Geral Brasil
- **EUA** - Branch of New York
- **United Kingdom** - London Branch
- **Cayman Islands** - Branch of Cayman Islands

### Other International Business

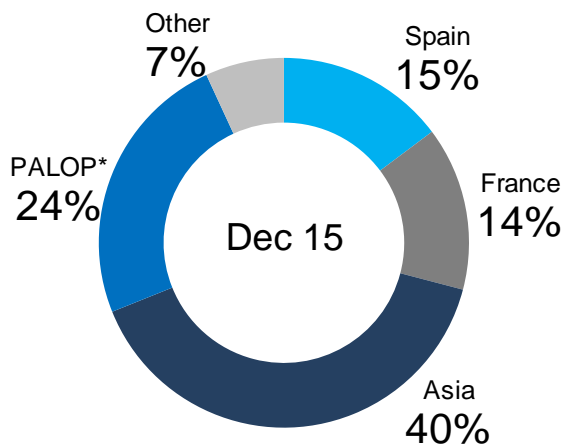
- **Algeria** - Business Delegation
- **China** - Branch of Zuhai, Representative Office Shanghai
- **India** - Representative Office of Mumbai and Pagim (Goa)
- **Mexico** - Representative Office BCG

## Diversifying Resource Taking

### International Activity Contribution

The international area continued to make a highly favourable contribution to total resource-taking with a 11.0% increase over 2014 to €17,035 million, particularly including CGD Group businesses in Asia, Africa, France and Spain.

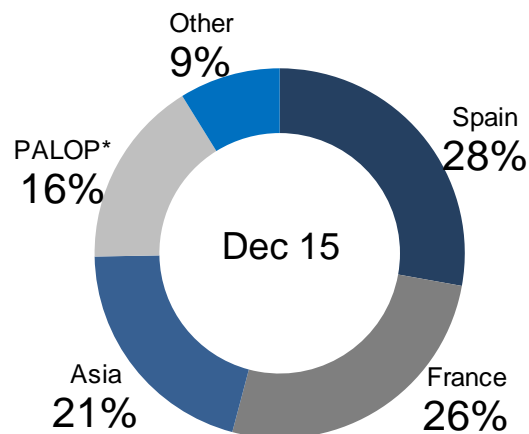
% Deposits Geographic Distribution



(\*) Portuguese Language Speaking African Countries

**Total: 17,035 M€ (23.3% of total Deposits)**

% Credit Geographic Distribution



(\*) Portuguese Language Speaking African Countries

**Total: 15,320 M€ (21.5% of total Credit)**

CGD Group Overview

**Funding and Liquidity**

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Summary

Appendixes



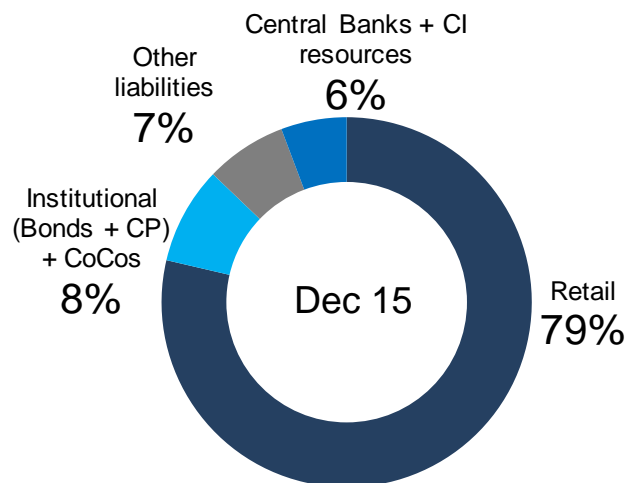
## Deposits as the Major Funding Contributor

### Funding Structure – Balance Sheet

Robust funding structure reflecting a dominant retail contribution (deposits and other retail instruments), due to a large and stable customer base:

- 3/4 of deposits hail from households;
- 2/3 of deposits are term and savings deposits.

%

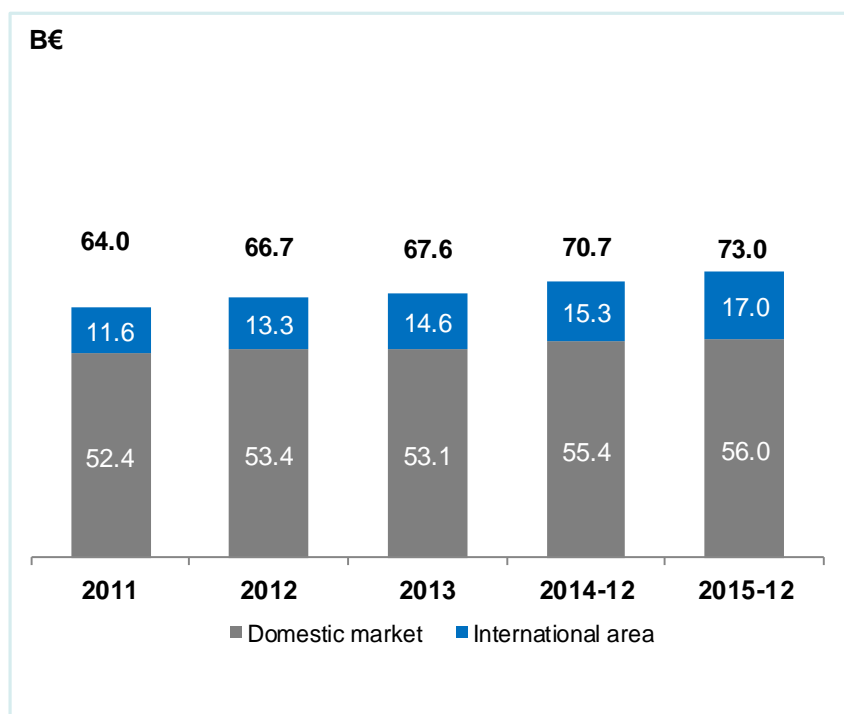


Balance Sheet Total Liabilities: € 94.7 bn

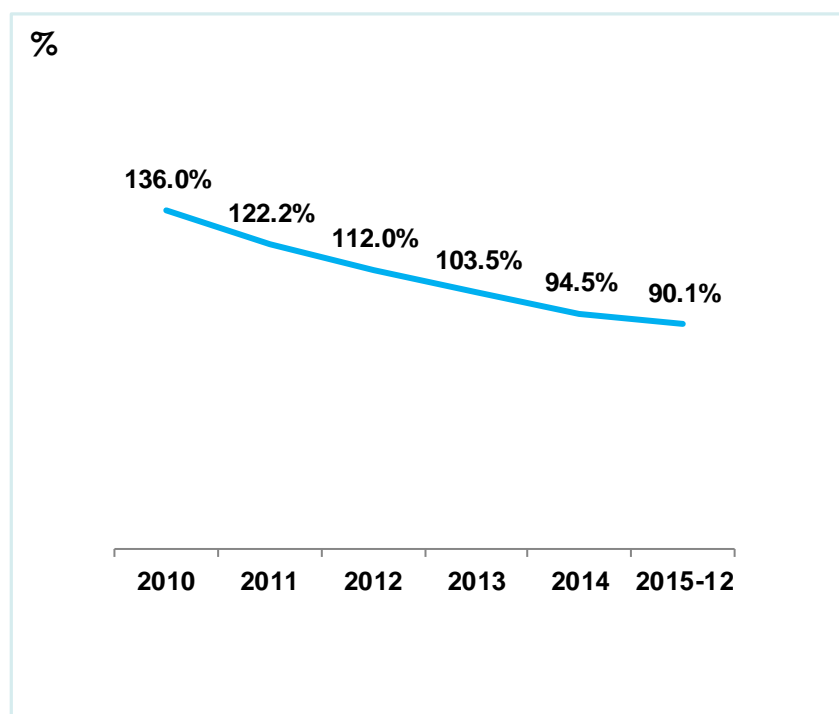
## Strong Deposit Base and Deleveraging Process near Completion

Caixa continues to enjoy the trust of its customers, confirmed by the positive trend in deposits, mostly driven by households.

### Deposits Evolution



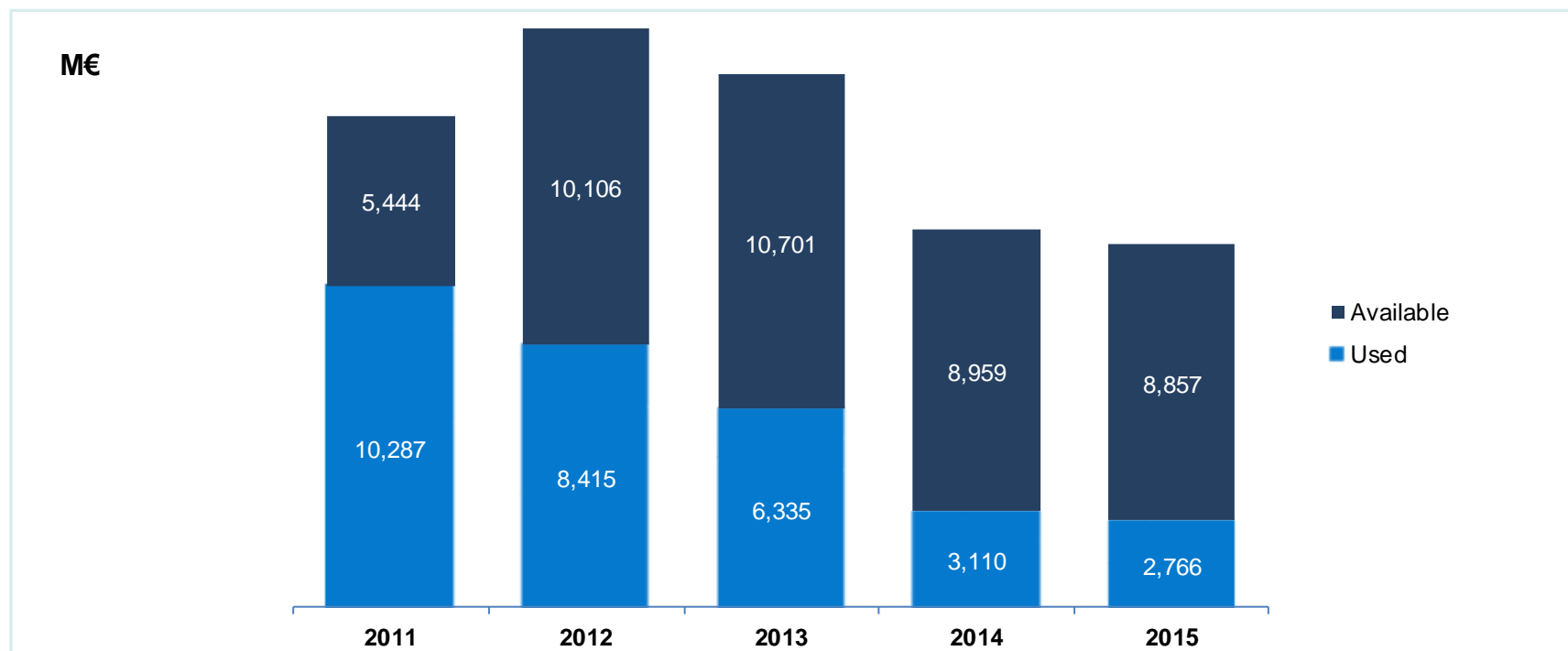
### Loans-to-Deposits Ratio Evolution



## Ample Available Collateral Pool

### ECB Funds used by CGD Group and Available Collateral Pool

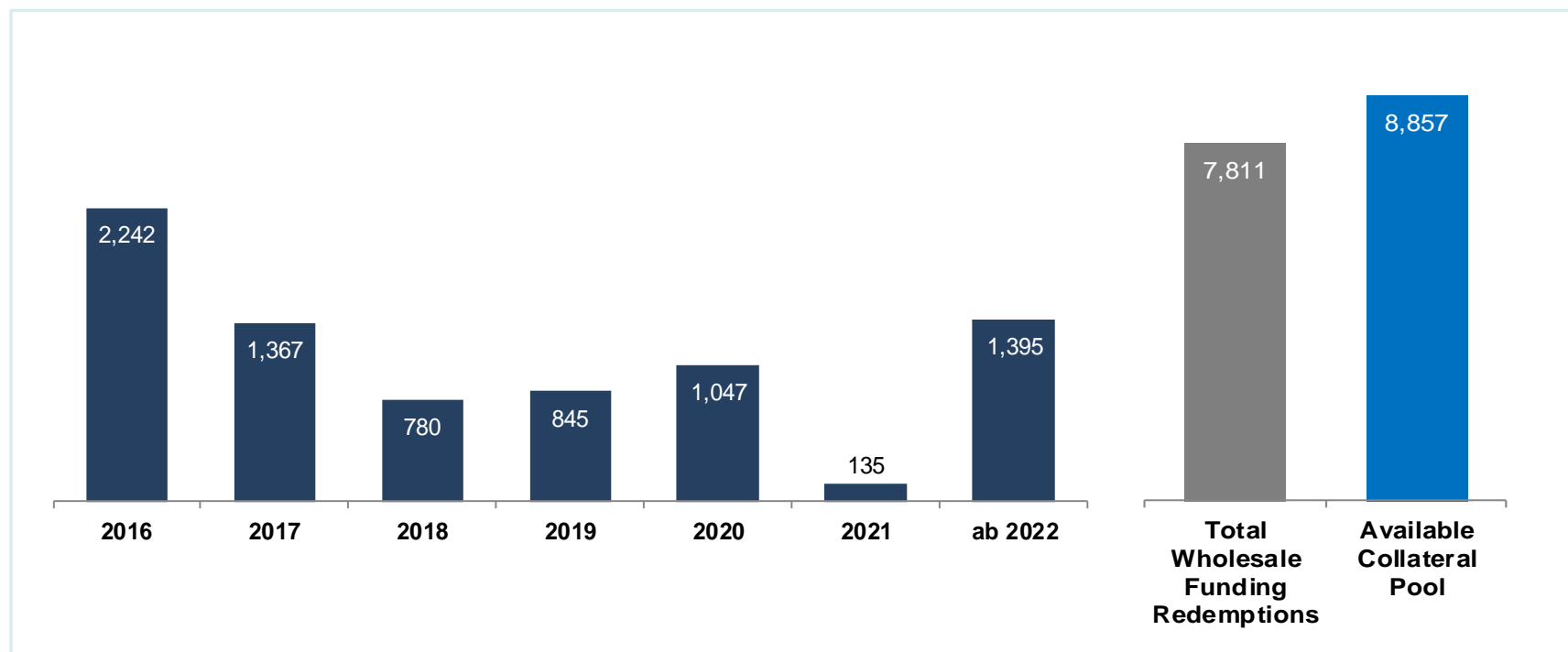
CGD Group continued to reduce its borrowings from the Eurosystem to an end of year total of €2,766 million, down €344 million over 2014 (2.7% of its total assets).



## Available Collateral Pool Covers Upcoming Maturities

### CGD's Wholesale Redemptions Calendar (Outstanding as of December 2015)

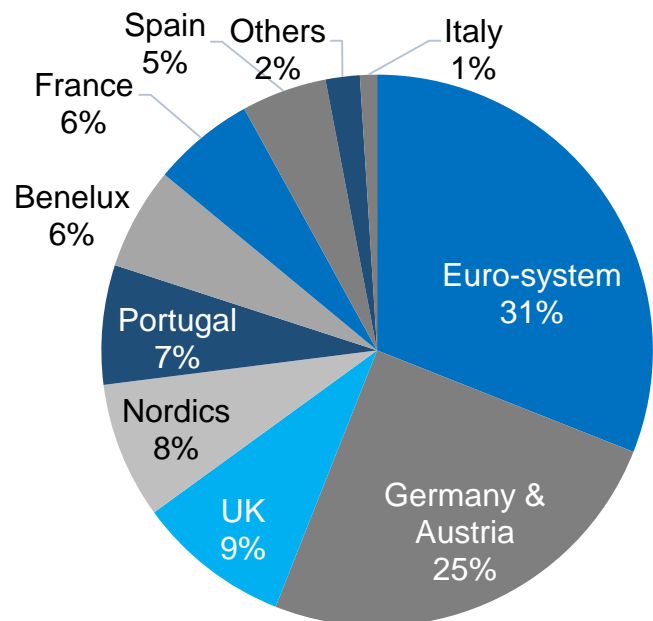
Low annual redemptions relative to CGD Group total funding resources.



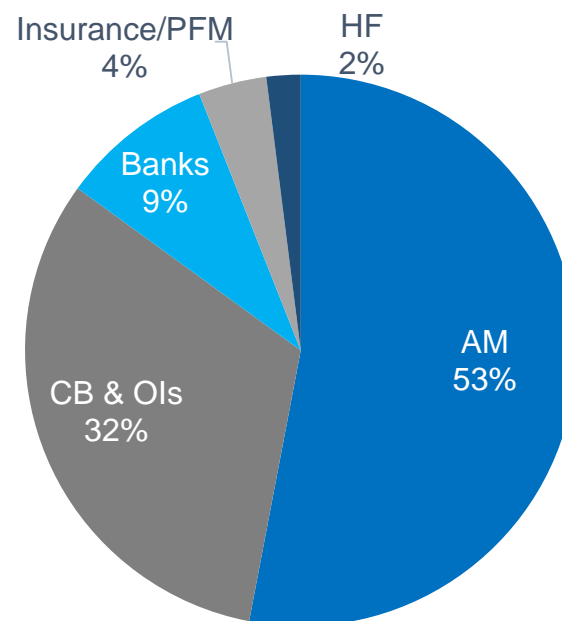
## Covered Bonds Programme: A Presence in the Market

Issue Size	€750 MM	€750 MM	€1 bn
Format	5 Year Covered Bond 2018	5 Year Covered Bond 2019	7 Year Covered Bond 2022
Announcement	11-Jan-13	09-Jan-14	20-Jan-15
Coupon	3.75%/annual	3%/annual	1%/annual
Reoffer Spread	Mid Swaps + 285bps	Mid Swaps + 188bps	Mid-Swaps + 64bps

### Geographic Breakdown Latest Issue



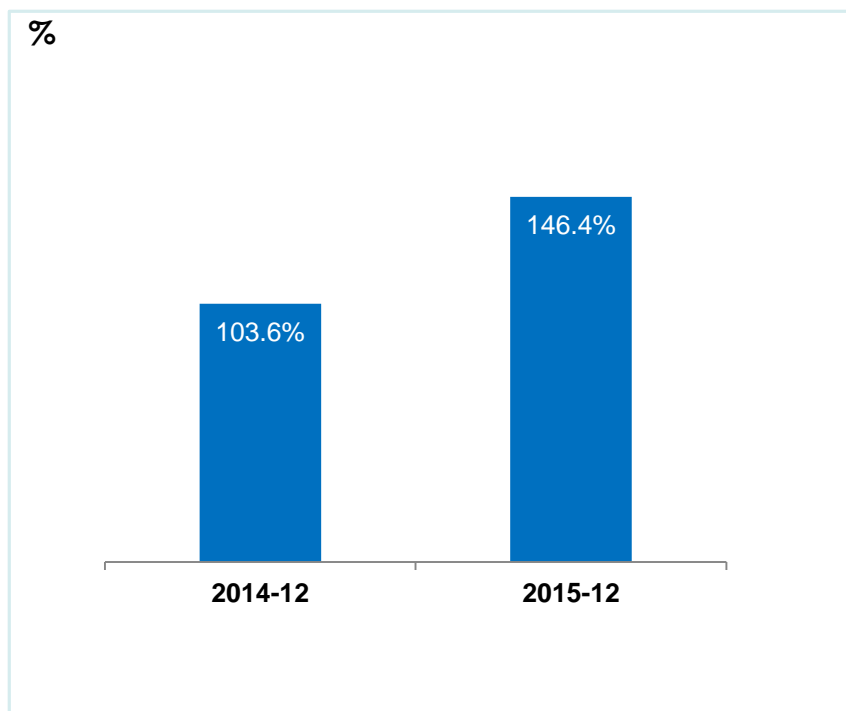
### Breakdown by type of investors



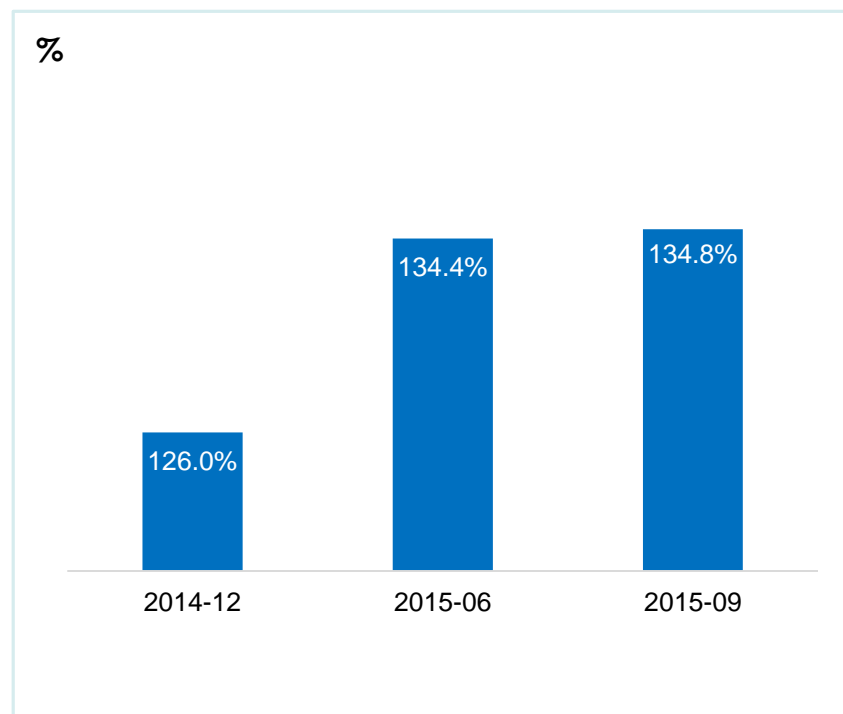
## Liquidity Ratios

The LCR (“Liquidity Coverage Ratio”) indicator, with a comfortable 146.4%, was significantly higher than the minimum requirements and indicative of CGD’s excellent liquidity position.

### Liquidity Coverage Ratio



### Net stable funding ratio

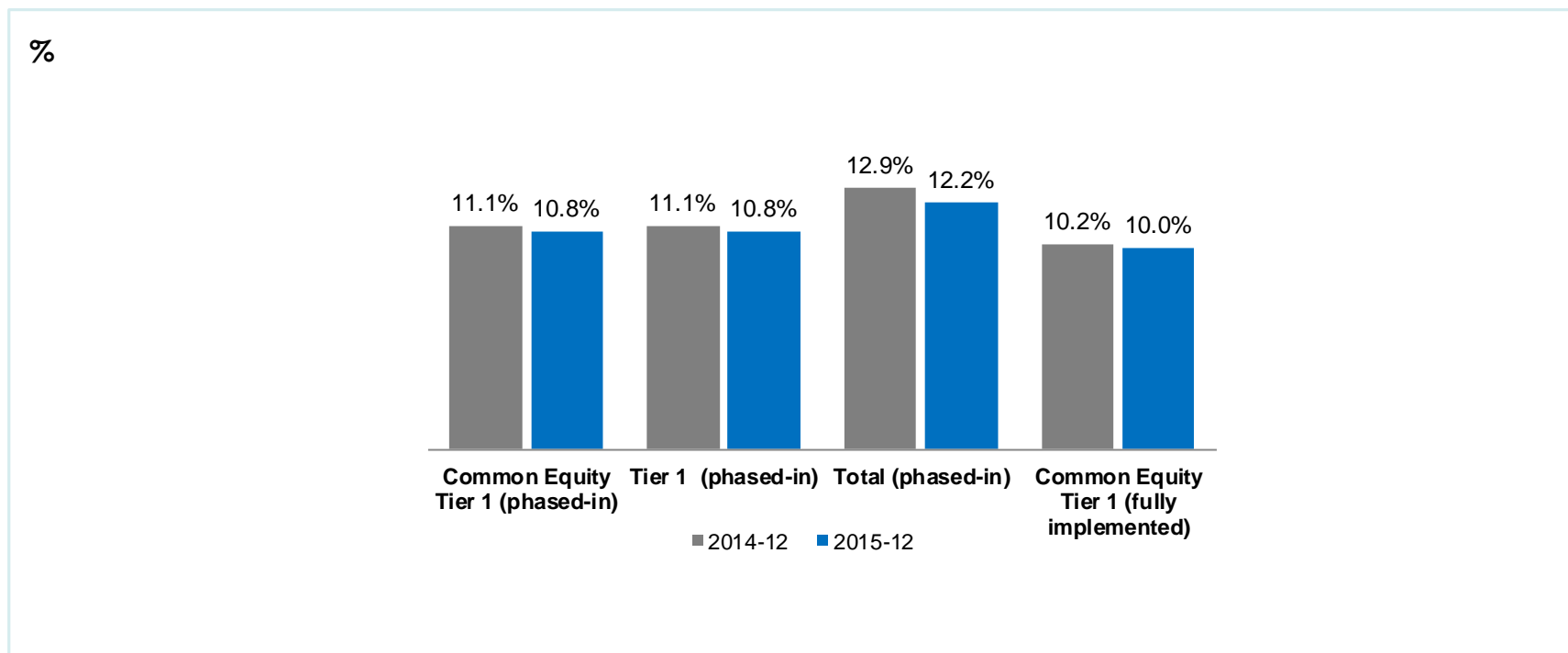


CGD Group Overview
Funding and Liquidity
<b>Solvency</b>
Asset Quality
Business Performance
Summary
Appendixes

## A Balanced Capital Base

### Capital

The Common Equity Tier 1 (CET 1) phased-in and fully implemented ratios, calculated under CRD IV/CRR rules, at 10.8% and 10.0% in December 2015 respectively, confirmed the balance of CGD's current capital position.





CGD Group Overview

Funding and Liquidity

Solvency

**Asset Quality**

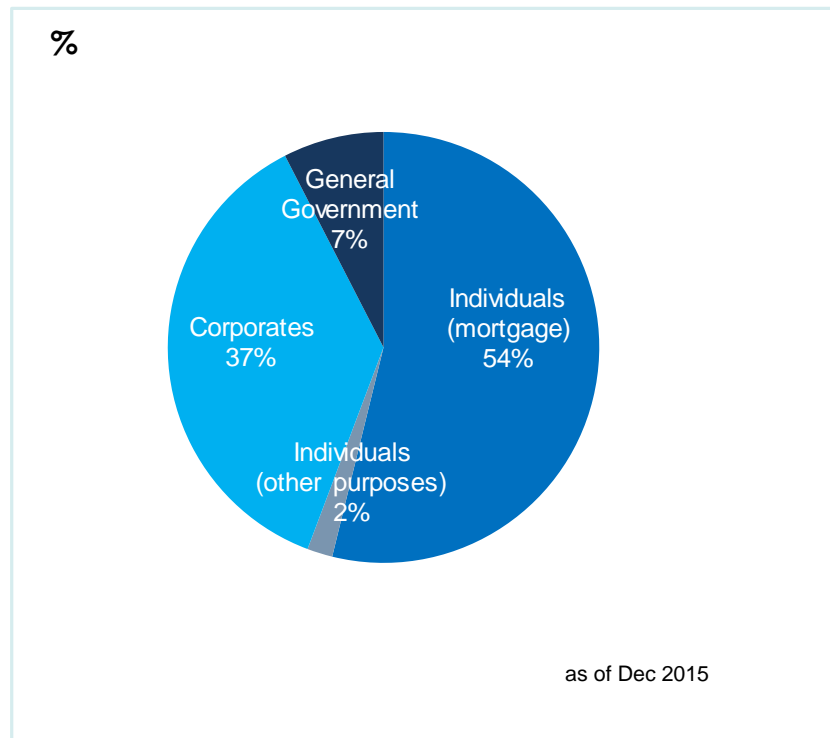
Business Performance

Summary

Appendixes

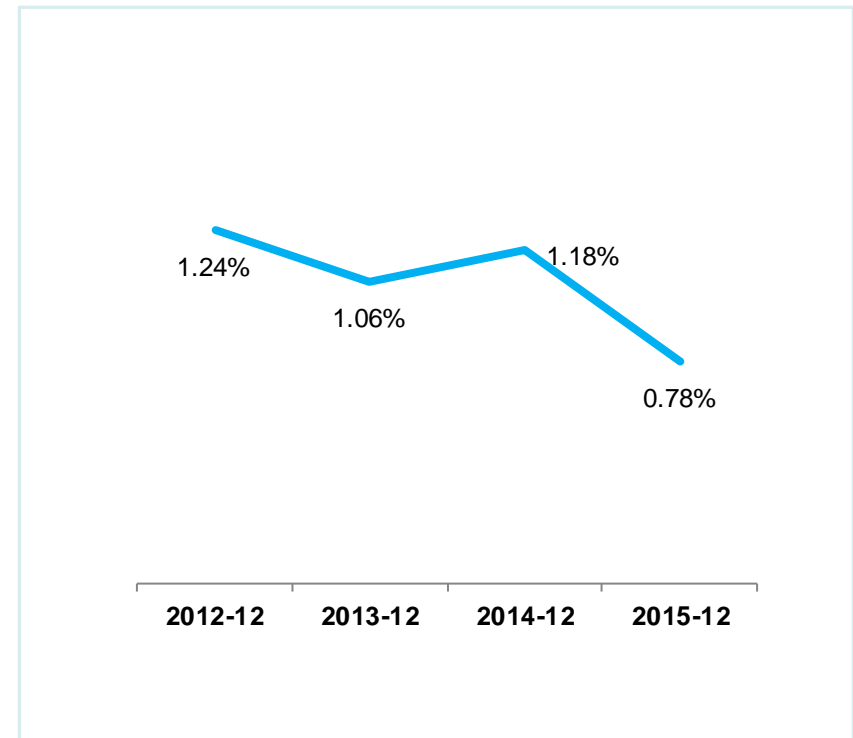
## A Diversified Credit Portfolio

### Loans and Advances to Customers Portugal



Loans and Advances to Customers (Gross)  
DEC 15: € 52.9 bn

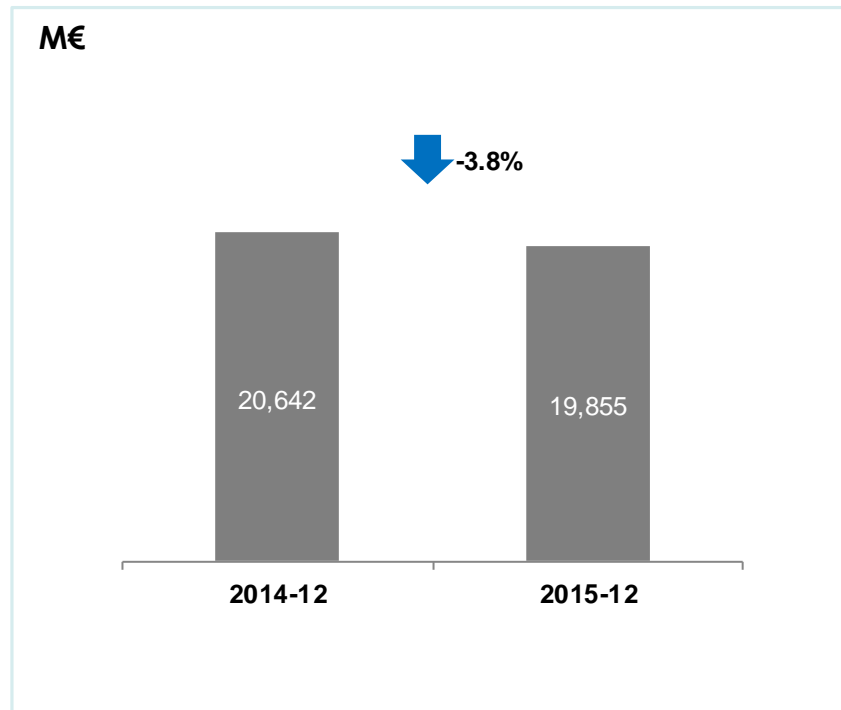
### Cost of Credit Risk



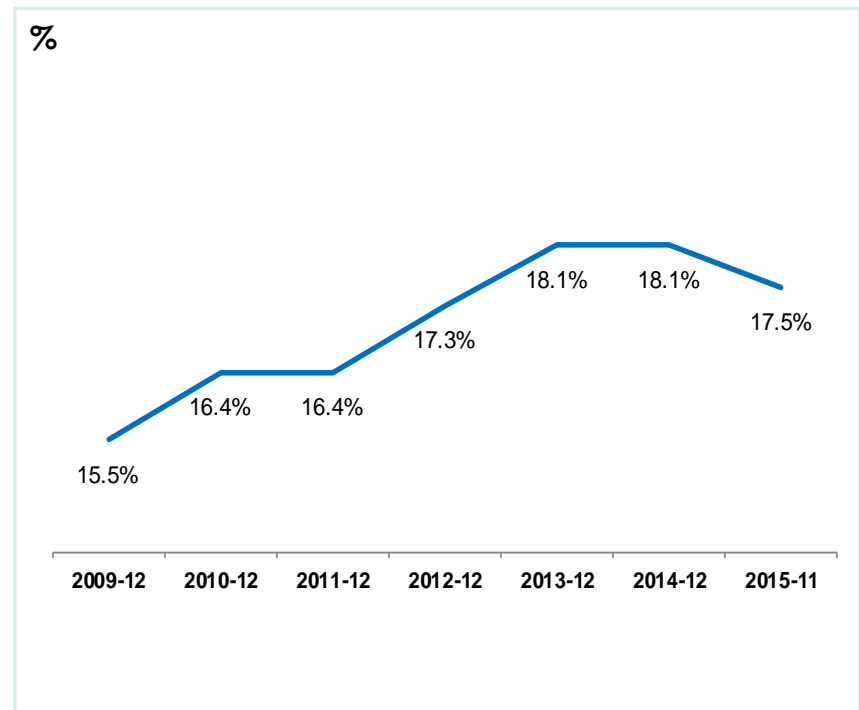
Cost of Credit Risk is approaching a more normal level.

## Business Indicators

### Corporate Loans – CGD Portugal



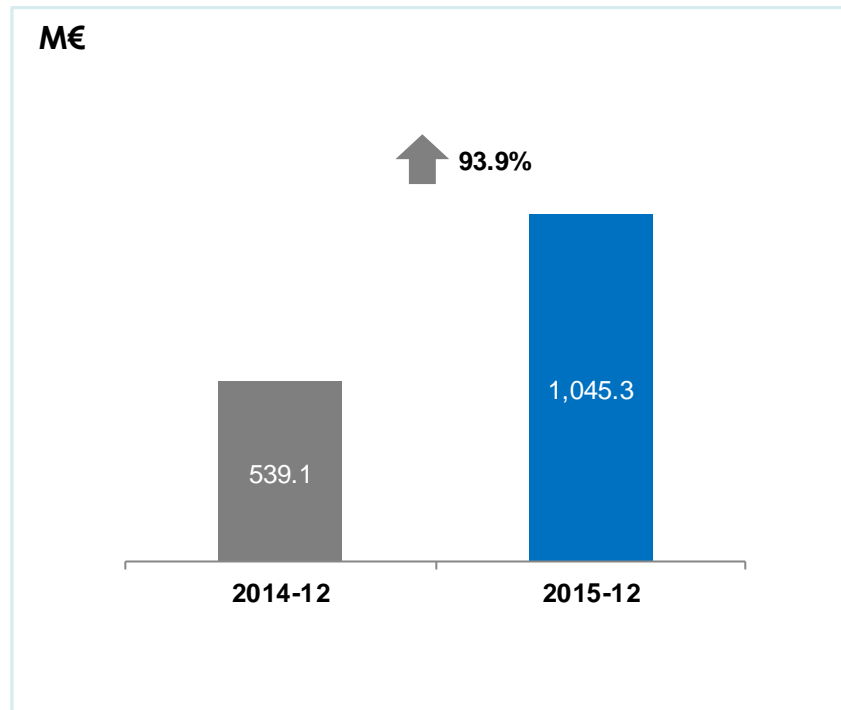
### Corporate Loans – Market Share



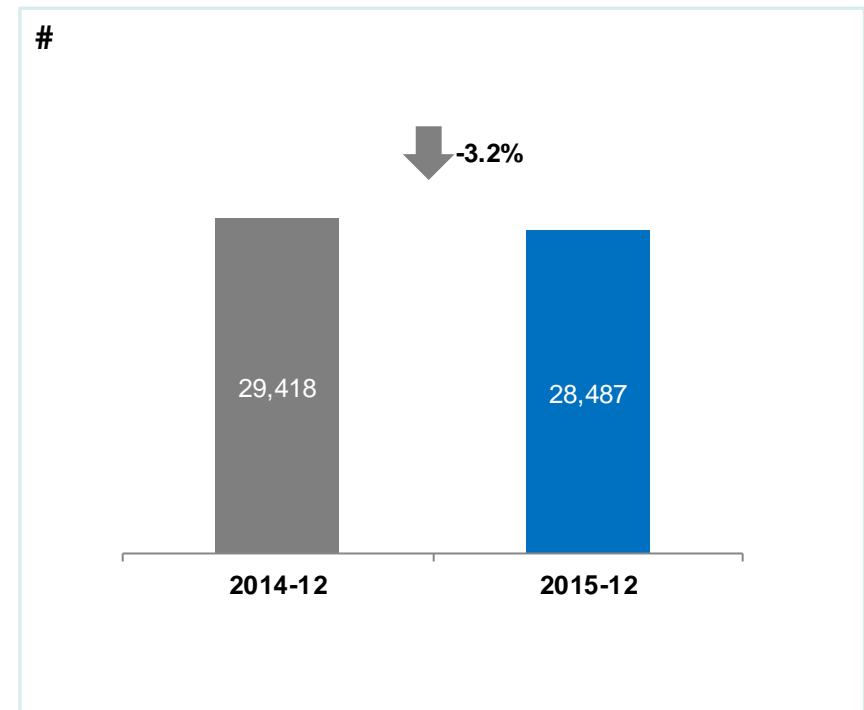
CGD had a 17.5% share of loans and advances to companies in November 2015, in the Portuguese market.

## Business Indicators

### Mortgages – CGD Portugal New Operations - Volume



### Mortgages – CGD Portugal Outstanding



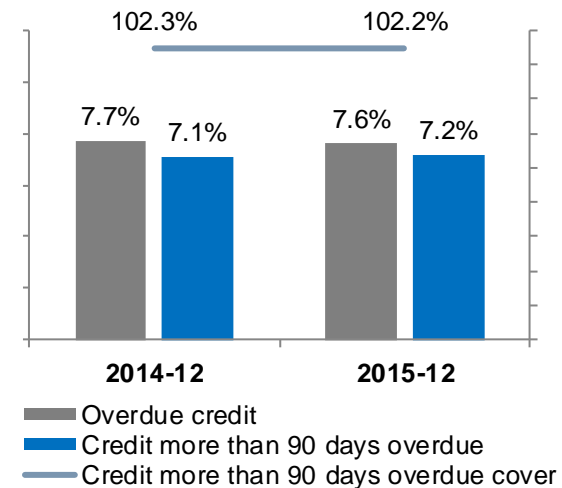
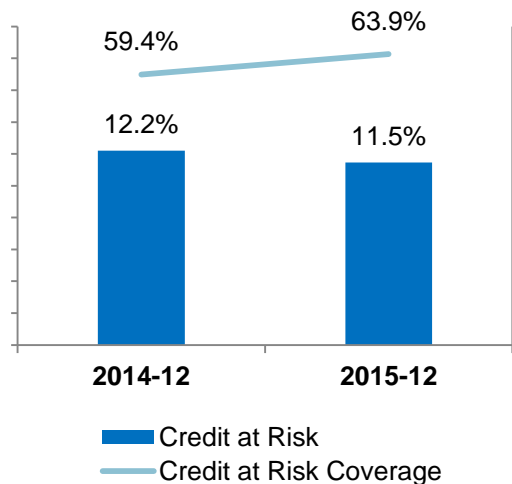
CGD's new mortgage loans (Portugal) have been trending to growth, with a further 5,126 operations in 2015, up 93.9% by €506 million over 2014.

## ...to Address Challenging Economic Environment

### Credit Quality Ratios

The Credit at Risk is reducing (11.5% in 2015) and coverage is improving to 63.9%. In Portugal the credit at risk coverage is 46.4% on credit to individuals and 71.8% on loans to corporates.

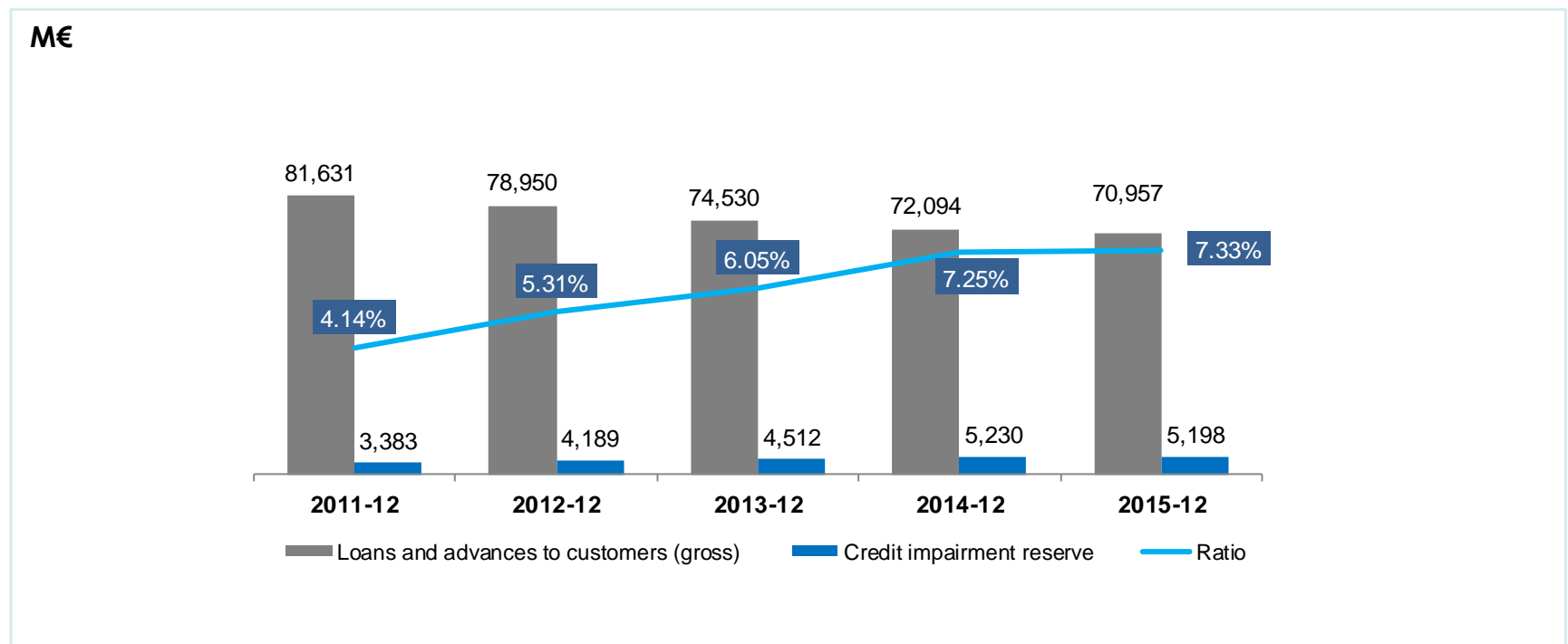
%



## Prudent Provisioning...

### Balance Sheet Impairments Reserve Ratio

CGD continues to adopt a conservative impairments policy.



CGD Group Overview

Funding and Liquidity

Solvency

Asset Quality

**Business Performance**

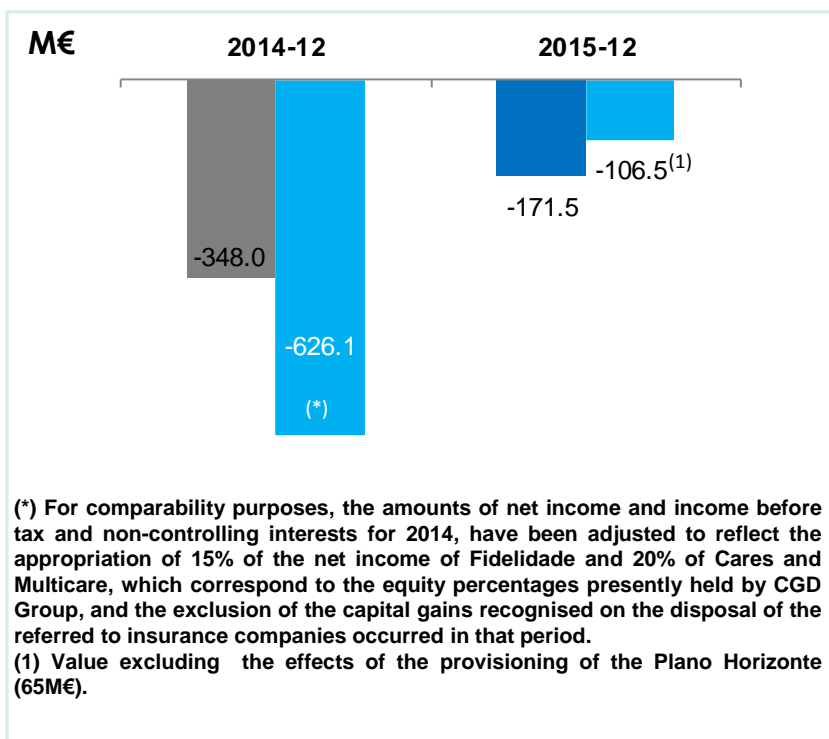
Summary

Appendixes

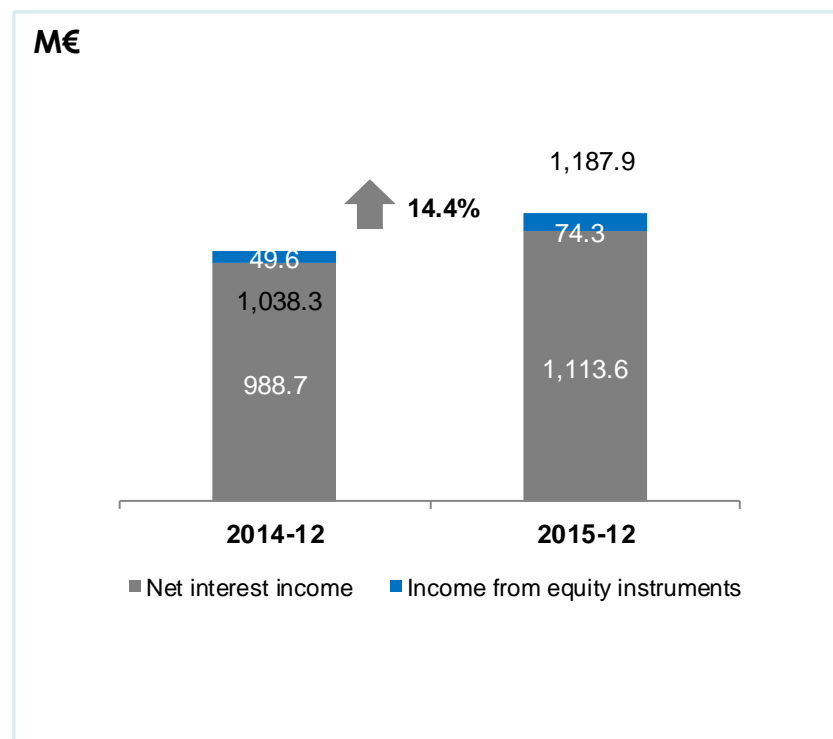
## Consolidated Results in 1Q2015

The negative level of net income for the year of €-171.5 million was an improvement of €454.7 million over 2014.

### Consolidated Net Income



### Net Interest Income



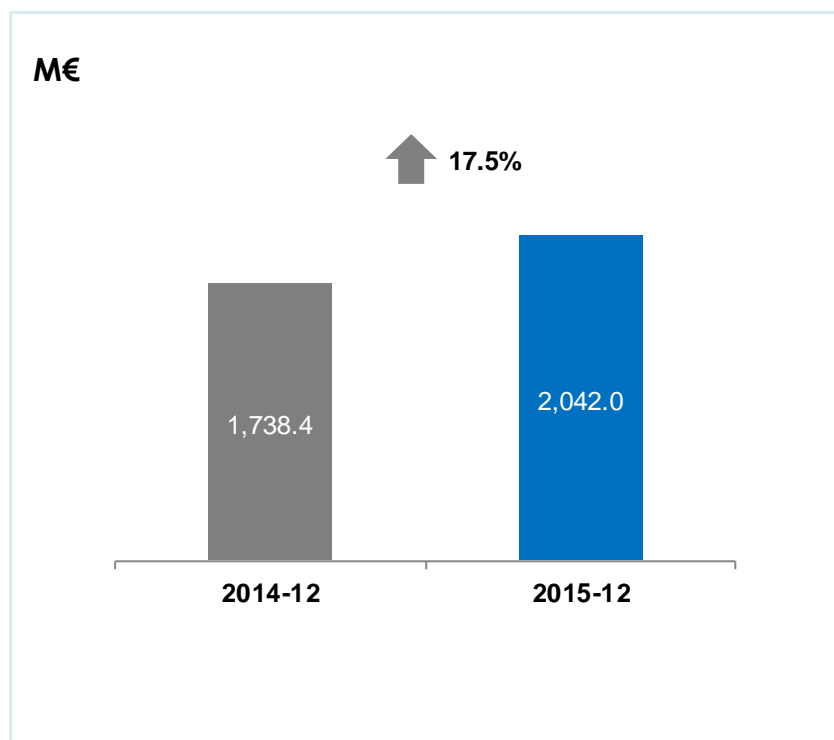
CGD achieved net interest income of €1,187.9 million in 2015, up 14.4% over 2014. This growth was essentially the result of a reduction in funding costs which more than offset the reduction in interest on lending activities.



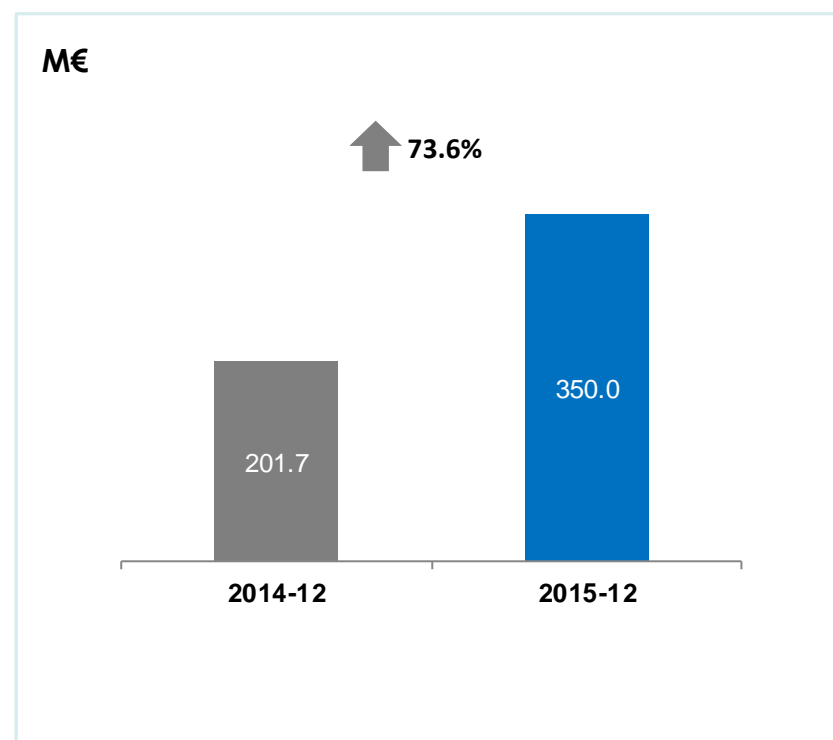
## Increase of Total Operating Income

Total operating income was up by a positive year-on-year 17.5% in the period under analysis to €2,042.0 million.

### Total Operating Income



### Income from Financial Operations

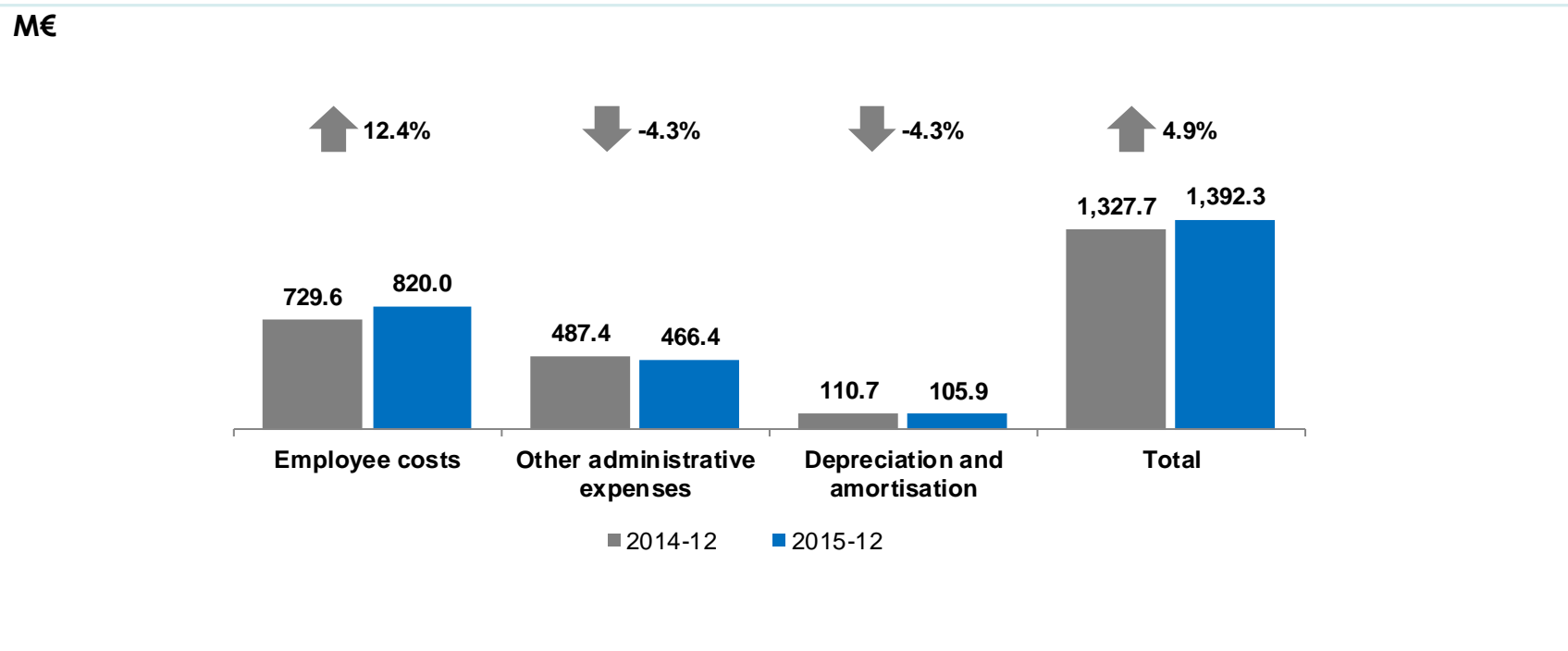


Income from financial operations, in 2015, totalled €350.0 million against €201.7 million in the preceding year, benefiting from the good performance of the public debt market in a context of falling interest rates.

## Operational Costs reflect CGD's International Presence

### Operating Costs and Depreciation

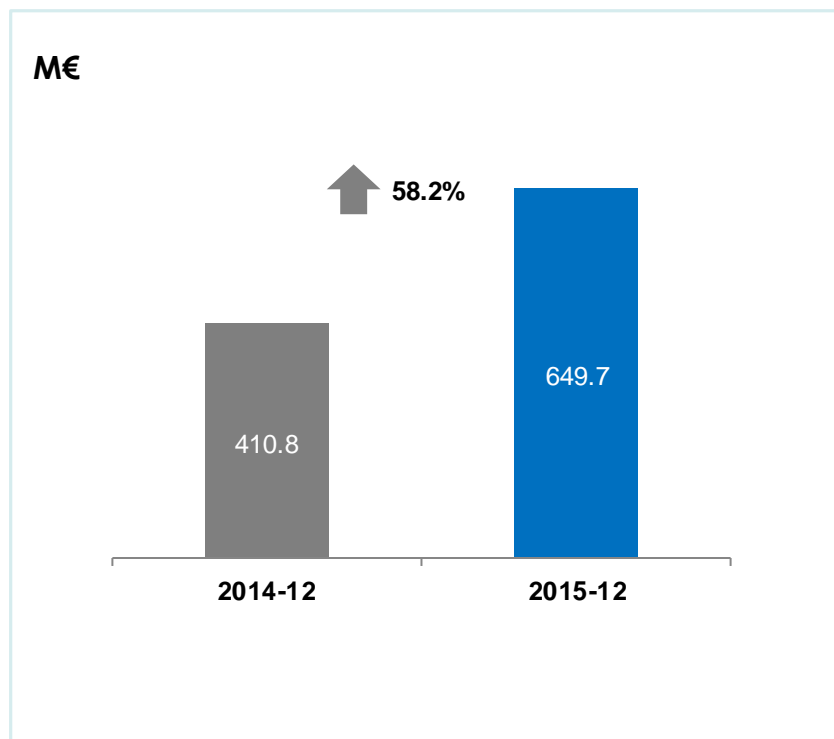
Employee costs, were up 12.4% by €90.5 million, essentially owing to the effects of the provisioning of the Plano Horizonte in addition to the reduction of the discount rate on pension fund liabilities, in 2015.



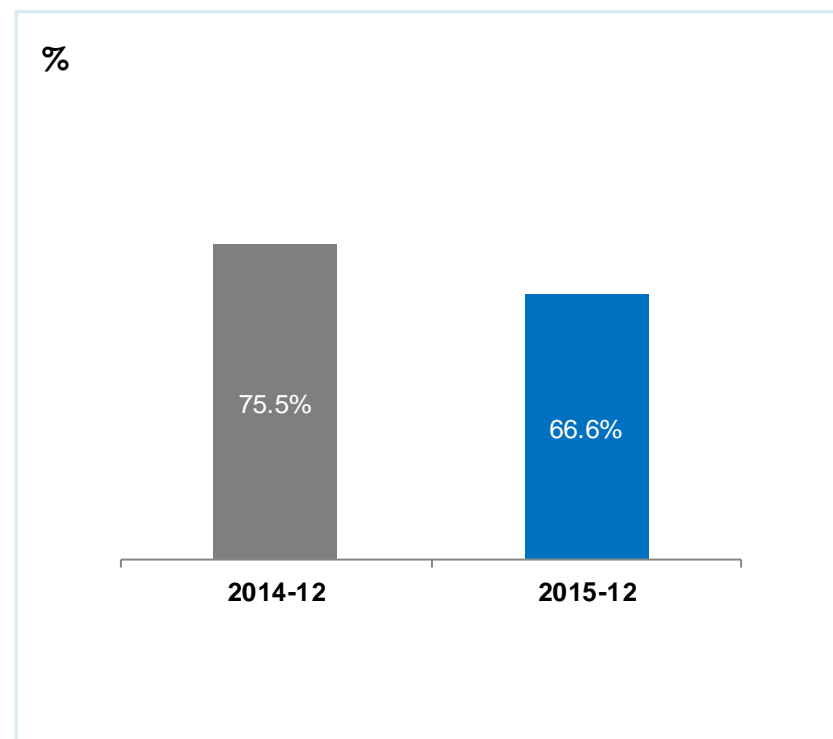
Excluding those two impacts, operating costs would have decreased 1.7% in consolidated activity and 4.2% in CGD Portugal.

## Increase of Net Operating Income before Impairments

### Net Operating Income before Impairments



### Cost-to-Income

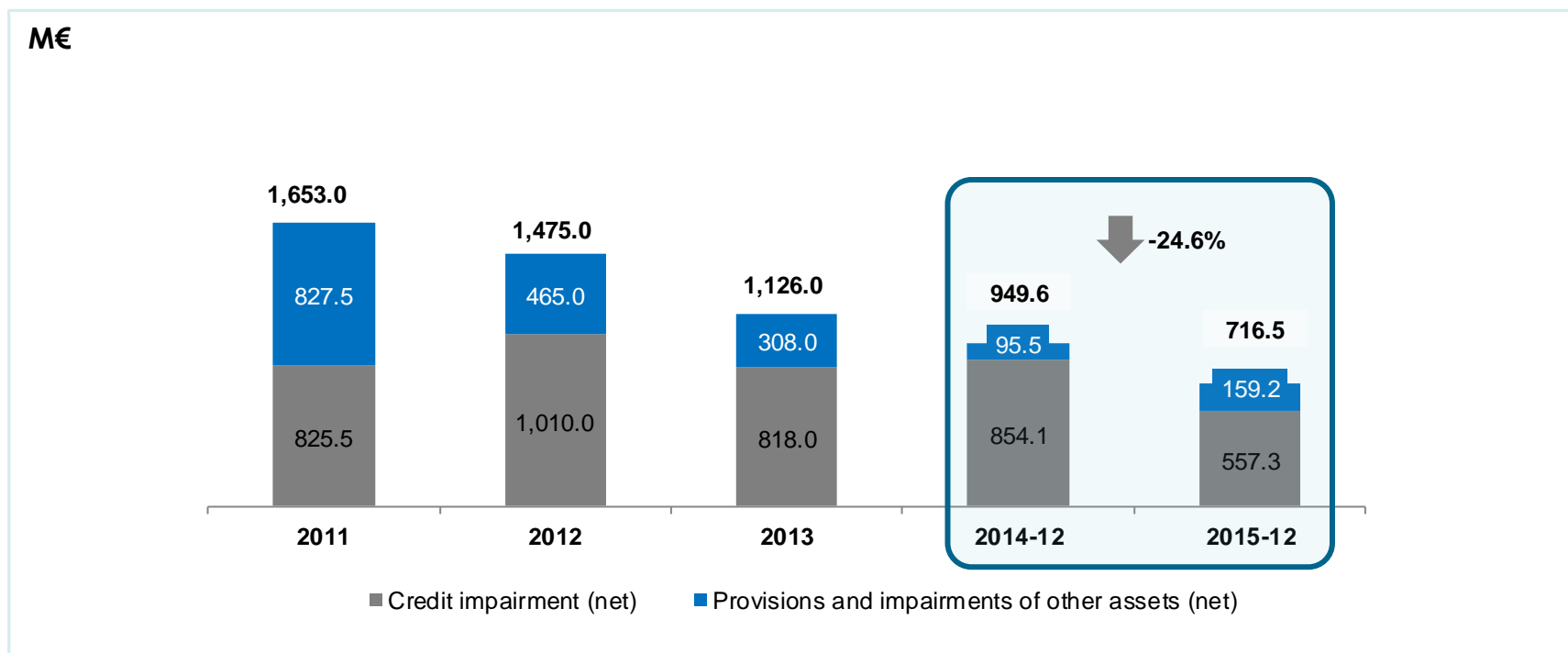


Net operating income before Impairments was up 58.2% over last year, to €649.7 million.

## Decreasing Trend in Impairments and Provisions

### Impairments and Provisions

The gradual improvement of the economic and financial environment, in addition to CGD's performance in the credit and credit recovery areas, enabled it to bring its cost of credit down to an annualised 0.78%, in December 2015.



CGD Group Overview
Funding and Liquidity
Solvency
Asset Quality
Business Performance
<b>Summary</b>
Appendix

## CGD – A Financial Reference in Portugal

### Market Leadership and Global Reach

- Market leader in retail banking in Portugal, with 28.3% share of customer deposits and 21.7 % share of loans to customers.
- Extensive network, connecting mature economies with fast growing markets of Brazil, Africa and Asia.
- Gateway at the crux of the American Continent, the Portuguese Speaking African Countries and Asia.

### Funding and Liquidity

- Customer resources trend positively.
- Loans-to-deposits ratio at 90.1%.
- CGD Group continued to reduce its borrowings from the Eurosystem to an end of year total of €2,766 million (down €344 million over 2014). This comprised 2.7% of its total assets at the said date.

### Solvency

- The common equity Tier 1 (CET 1) ratios, calculated in accordance with CRD IV / CRR fully implemented and phasing-in rules, were 10.0% and 10.8%, respectively.

## CGD – A Financial Reference in Portugal

<b>Asset Quality</b>	<ul style="list-style-type: none"><li>• Following AQR, Caixa Geral de Depósitos has reaffirmed its strength as the Portuguese banking system's leading institution, able to contribute towards domestic economic development on behalf of its customers, in line with its mandate.</li></ul>
<b>Economy Support</b>	<ul style="list-style-type: none"><li>• Commitment to the Portuguese economy, namely through the support to families and companies, in the latter case namely the export driven SMEs.</li></ul>
<b>Strategy</b>	<ul style="list-style-type: none"><li>• Adjustment of the Bank to a new economic paradigm.</li><li>• Focus on banking activity.</li><li>• Strengthening of cross-border business.</li></ul>
<b>Sustainability</b>	<ul style="list-style-type: none"><li>• CGD - Banking Brands with the Best Reputation 2015 - distinction of the Reputation Institute.</li><li>• Comprehensive sustainability programme, recognised by domestic and international entities which monitor and audit its performance.</li><li>• 1<sup>st</sup> Portuguese Bank with Environmental Certification – APCER (ISO 14001)</li></ul>

## Appendixes

### Appendix 1 - CGD Ratings

### Appendix 2 – Main Financial Indicators

### Appendix 3 - Sustainability



# | Appendix 1 - CGD Ratings



## CGD CreditRatings

	Short Term	Long Term	Outlook
<b>STANDARD &amp; POOR'S</b>	B	BB-	Positive
<b>FITCH RATINGS</b>	B	BB-	Stable
<b>MOODY'S</b>	N/P	B1	Stable
<b>DBRS</b>	R-2 (mid)	BBB (low)	Stable

## Appendixes

Appendix 1 - CGD Ratings

**Appendix 2 – Main Financial Indicators**

Appendix 3 - Sustainability

## CGD Consolidated Main Financial Indicators (1/5)

### Balance Sheet (Consolidated Activity)

	2014-12	2015-12	Change 2015-12 vs 2014-12	
			Total	(%)
<b>Assets</b>				
Cash and cash equivalents with central banks	2,118	2,880	762	36.0%
Loans and advances to credit institutions	3,012	4,785	1,773	58.9%
Loans and advances to customers	66,864	65,759	-1,105	-1.7%
Securities investments	18,972	18,986	14	0.1%
Assets with repurchase agreement	1,281	1,081	-200	-15.6%
Non-current assets held for sale	804	830	26	3.2%
Investm. in subsid. and associated companies	319	277	-41	-13.0%
Intangible and tangible assets	828	754	-74	-8.9%
Current tax assets	55	37	-18	-32.4%
Deferred tax assets	1,425	1,474	49	3.4%
Other assets	4,474	4,037	-437	-9.8%
<b>Total assets</b>	<b>100,152</b>	<b>100,901</b>	<b>749</b>	<b>0.7%</b>

## CGD Consolidated Main Financial Indicators (2/5)

### Balance Sheet (Consolidated Activity)

			Change 2015-12 vs 2014-12	
	2014-12	2015-12	Total	(%)
<b>Liabilities</b>				
Central banks' and credit institutions' resources	6,002	5,433	-569	-9.5%
Customer resources	71,134	73,426	2,292	3.2%
Financial liabilities	2,121	1,739	-383	-18.0%
Debt securities	7,174	6,700	-474	-6.6%
Provisions	842	992	151	17.9%
Subordinated liabilities	2,428	2,429	1	0.0%
Other liabilities	3,958	3,998	40	1.0%
<b>Sub-total</b>	<b>93,659</b>	<b>94,718</b>	<b>1,058</b>	<b>1.1%</b>
<b>Shareholders' equity</b>	<b>6,493</b>	<b>6,184</b>	<b>-309</b>	<b>-4.8%</b>
<b>Total</b>	<b>100,152</b>	<b>100,901</b>	<b>749</b>	<b>0.7%</b>

## CGD Consolidated Main Financial Indicators (3/5)

### Income Statement (Consolidated Activity)

	2014-12	2015-12	Change	
			Total	(%)
Net interest income	988.7	1,113.6	124.9	12.6%
Net interest inc. includ. inc. from eq. investm.	1,038.3	1,187.9	149.6	14.4%
Commissions (net)	515.0	511.5	-3.5	-0.7%
Income from financial operations	201.7	350.0	148.4	73.6%
Non-interest income	700.1	854.1	154.0	22.0%
Net operating income	1,738.4	2,042.0	303.6	17.5%
Operating costs	1,327.7	1,392.3	64.6	4.9%
Net Operating Income before Impairments	410.8	649.7	238.9	58.2%
Provisions and impairment	949.6	716.5	-233.1	-24.6%
Net Income before tax and non-controlling interests	-233.5	-21.3	212.2	-
Net Inc. before tax and non-cont. interests, adjusted	-511.6	-21.3	490.3	-
Net income	-348.0	-171.5	176.6	-
Net income, adjusted (1)	-626.1	-171.5	454.7	-

(1) For comparability purposes, the amounts of net income and income before tax and non-controlling interests for 2014, have been adjusted to reflect the appropriation of 15% of the net income of Fidelidade and 20% of Cares and Multicare.

## CGD Consolidated Main Financial Indicators (4/5)

### Financial Indicators

CREDIT QUALITY AND COVER LEVELS	2014-12	2015-12
Overdue credit / Total credit	7.7%	7.6%
Credit more than 90 days overdue / Total credit	7.1%	7.2%
Non-performing credit / Total credit <sup>(4)</sup>	8.9%	9.3%
Non-performing credit (net) / Total credit (net) <sup>(4)</sup>	1.8%	2.2%
Credit at risk / Total credit <sup>(4)</sup>	12.2%	11.5%
Credit at risk (net) / Total credit (net) <sup>(4)</sup>	5.3%	4.5%
Restructured credit / Total credit <sup>(6)</sup>	10.6%	10.0%
Restr. crd. not incl. in crd. at risk / Total crd. <sup>(6)</sup>	6.3%	5.6%
Overdue credit coverage	94.3%	96.3%
Credit more than 90 days overdue coverage	102.3%	102.2%
Crd. Imp. (P&L) / Loans & adv. custom. (aver.)	1.18%	0.78%
STRUCTURE RATIOS		
Loans & adv. customers (net) / Net assets	66.8%	65.2%
Loans & adv. custom. (net) / Custom. dep. <sup>(4)</sup>	94.5%	90.1%

(2) Ratios defined by the Bank of Portugal (instruction 23/2012).

(3) Ratios defined by the Bank of Portugal (instruction 32/2013)

## CGD Consolidated Main Financial Indicators (5/5)

### Financial Indicators

	2014-12	2015-12
<b>SOLVENCY AND LIQUIDITY RATIOS (CRD IV/CRR)<sup>(7)</sup></b>		
Common equity tier 1 (phased-in)	10.9%	-
Tier 1 (phased-in)	10.9%	-
Total (phased-in)	12.7%	-
Common equity tier 1 (fully implemented)	9.8%	-
Common equity tier 1 - includ. DTA (phased-in)	11.1%	10.8%
Tier 1 - includ. DTA (phased-in)	11.1%	10.8%
Total - includ. DTA (phased-in)	12.9%	12.2%
Common equity tier 1 - includ. DTA (fully implemented)	10.2%	10.0%
Liquidity coverage ratio (fully implemented)	103.6%	146.4%

## Appendixes

Appendix 1 - CGD Ratings

Appendix 2 – Main Financial Indicators

**Appendix 3 – Sustainability**

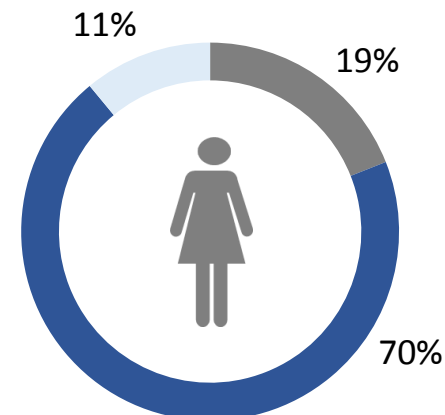


### Improving Human Capital

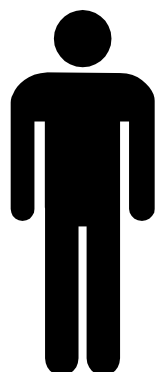
#### Distribution of Employees by Gender and Age



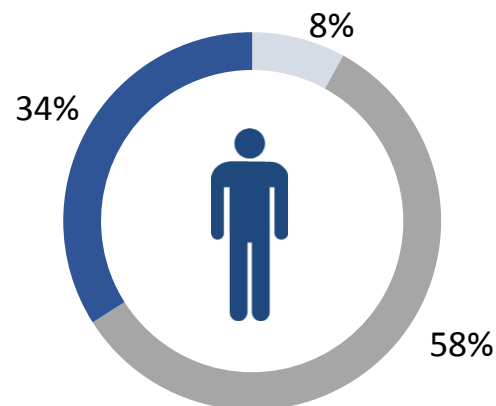
56%



■ 18-30 years ■ 30-50 years ■ More than 50 years



44%



■ 18-30 years ■ 30-50 years ■ More than 50 years

## Sustainable Value Offer

CGD promotes social volunteerism as an engine of change and global integration.

### Intervention axes of CGD

- Community Involvement
- Financial Education
- Financial Sustainability
- Environment

### Volunteer program CGD

- “Banco Alimentar” (food bank) - Collection of Food
- Junior Achievement Portugal
- Young VolunTeam
- Blood Donations

### Investment in the Future

Following the signing of the commitment with the United Nations Global Compact, the world's biggest corporate responsibility initiative, CGD was a signatory to the Ten Global Compact Principles in the human rights, labour, environment and anti-corruption areas. These principles are based on the following:

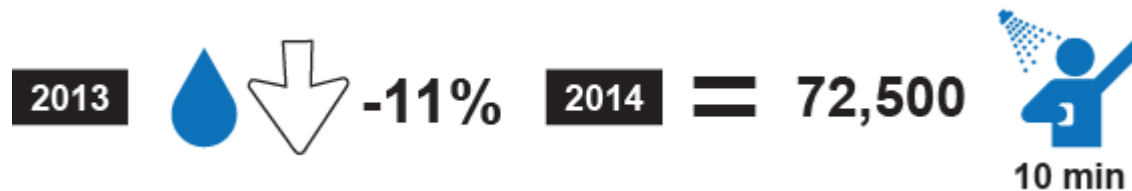
- Universal Declaration of Human rights
- Declaration of the International Labour Organisation (ILO)
- Rio Declaration on the Environment and Development
- United National Convention on Corruption.



## Environmental Responsibility

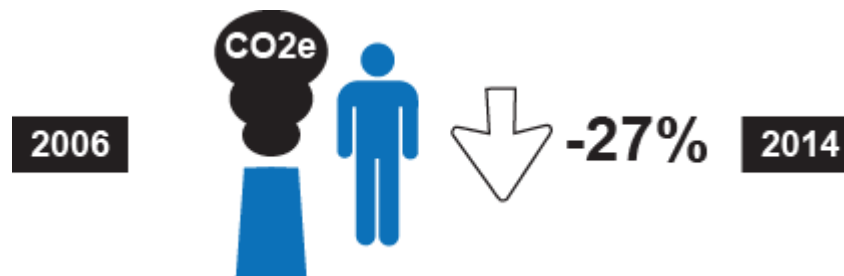
### WATER CONSUMPTION REDUCTION

11% water consumption reduction since 2013, equivalent to 72,500 ten minute showers.



### CARBON FOOTPRINT REDUCTION

27% CO<sub>2</sub> per employee reduction since 2006.



### RECYCLING

95% of produced waste is recycled.

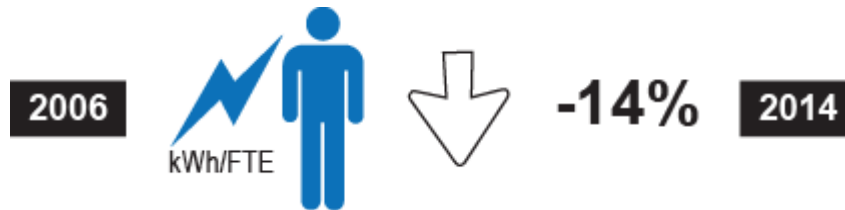


### Environmental Responsibility

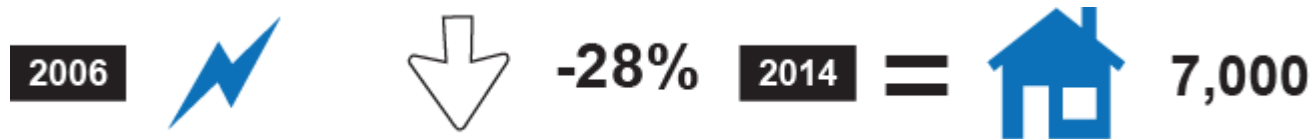
CGD is the first bank in Portugal to have an Environmental Management System

#### ELECTRICITY CONSUMPTION REDUCTION

14% electricity power usage per employee reduction since 2006.



28% electric power consumption reduction since 2006, equivalent to 7,000 homes.



## Prizes and Distinctions

### Latest Sustainability Awards and Distinctions



Carbon disclosure project leadership index disclosure [cdli]. 2015 Best Iberian Bank (level a)



BEST ETHICAL PRACTICES AWARDS 2014

Best Ethical Practices Awards 2014: Social Responsibility

REPUTATION INSTITUTE



CGD Banking Brands with The Best Reputation in Portugal 2015



Green Leadership Award Sustainability Strategy



Prime Company. [Oekom Ranking]



Rock in Rio Award for a sustainable stand



Portugal Best Bank 2014 – EMEA Finance



1<sup>st</sup> Portuguese Bank with Environmental Certification – APCER – ISO 14001

Disclaimer: These prizes are the sole responsibility of the awarding entities

The awards received reflect the work that has been done in the CGD Sustainability Programme, in line with the best social, environmental and corporate responsibility practices.

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# Thank You

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