

Caixa Geral de Depósitos



# Results Presentation

## Consolidated Results

Unaudited financial information  
Investor Relations | 29.07.2022



1H  
22





# 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 June 30, 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 early months 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 June 30 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 “Apresentação Resultados 1ºS 22”. In the event of any inconsistency, the original version prevails.





1 Activity Highlights

2 Accounts





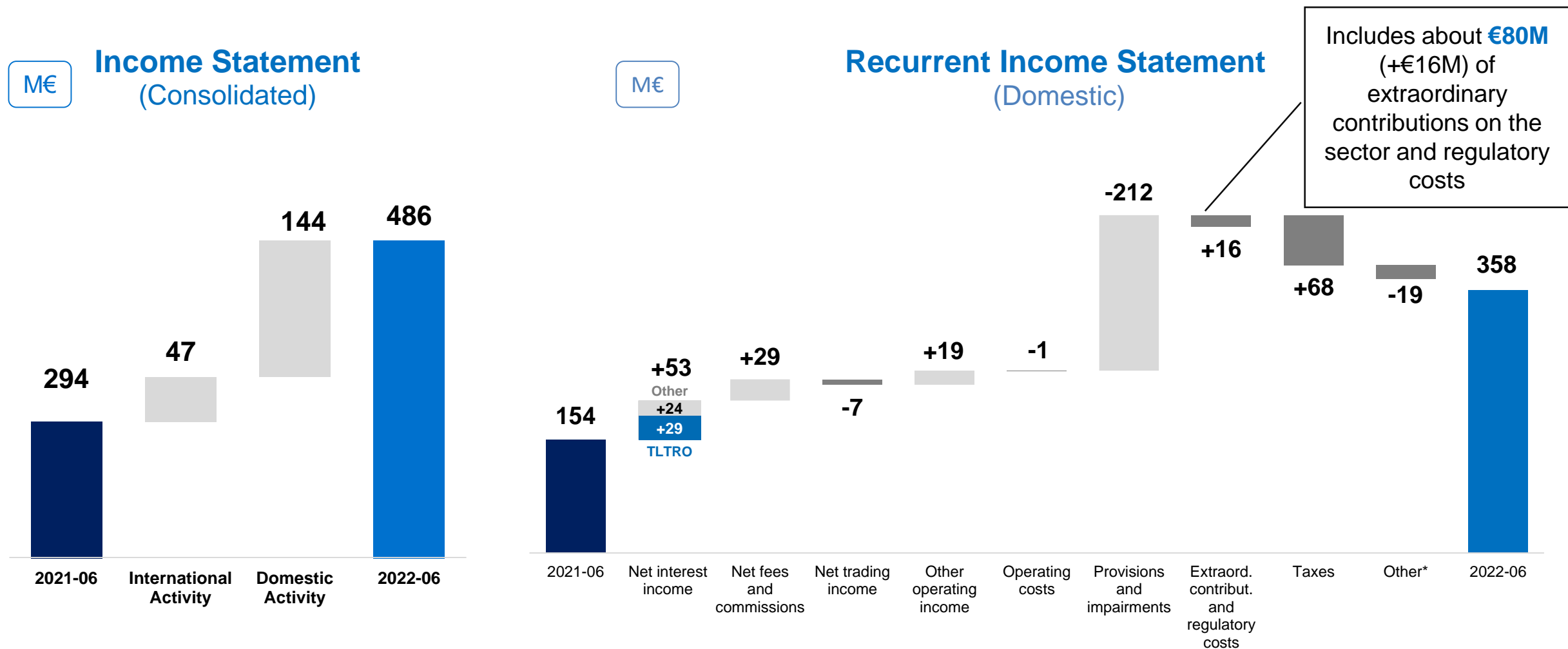


# Highlights

- CGD recorded a net income of €486 million supported by the improvement in the cost of risk and in the international area which grew by 47 M€ (+77%)
- Commercial performance supports business volume growth (2%) with sustained leadership positions in assets and liabilities
- Credit to individuals and companies in Portugal grows, with special relevance in the corporate sector to the 5% increase in the SME segment
- Deposits growing (+3.7 b€) across all segments, maintaining a negative P/L impact in Portugal (net cost of deposits at 26 b.p.)
- Extraordinary contributions from the banking sector and regulatory costs increase to 80.5 M€ (+25%)
- Strong customer engagement in digital channels with 19% growth in mobile users
- Sustained decrease in recurrent cost-to-income ratio to 43.4%, reflecting higher levels of efficiency and improved earnings
- Asset quality improves: NPL ratio decrease to 2.6% and NPL ratio net of total impairments remains at 0% with 137% NPL coverage level. Foreclosed assets decrease by 15% in the semester, to 339 M€
- Robust capital position, with the CET1 ratio at 18.5%, above the average of Portuguese and European banks and incorporating dividends already paid and 200 M€ expected dividend from first half 2022 results, to be paid in 2023, according with Policy
- 300 M€ senior preferred debt issued for MREL requirements, with full investment grade category, and the first green issue by a Portuguese bank



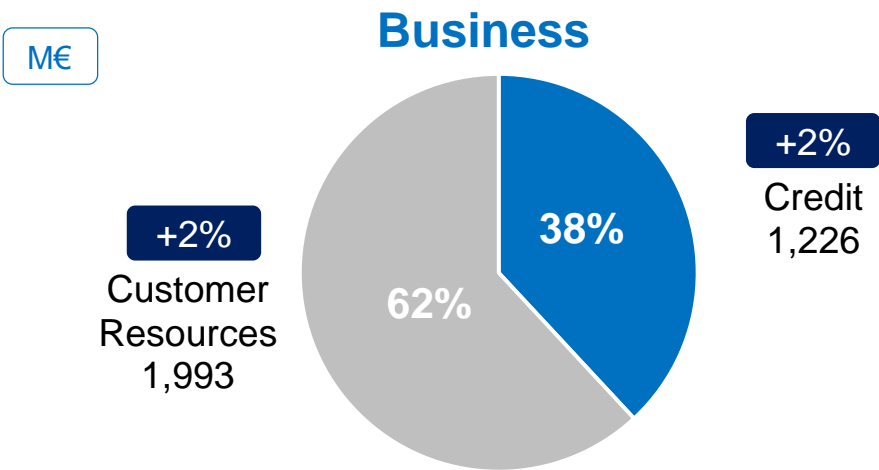
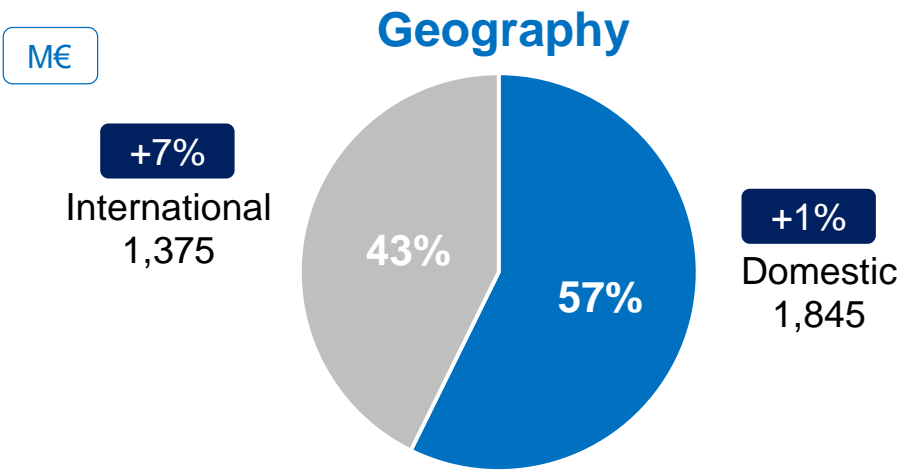
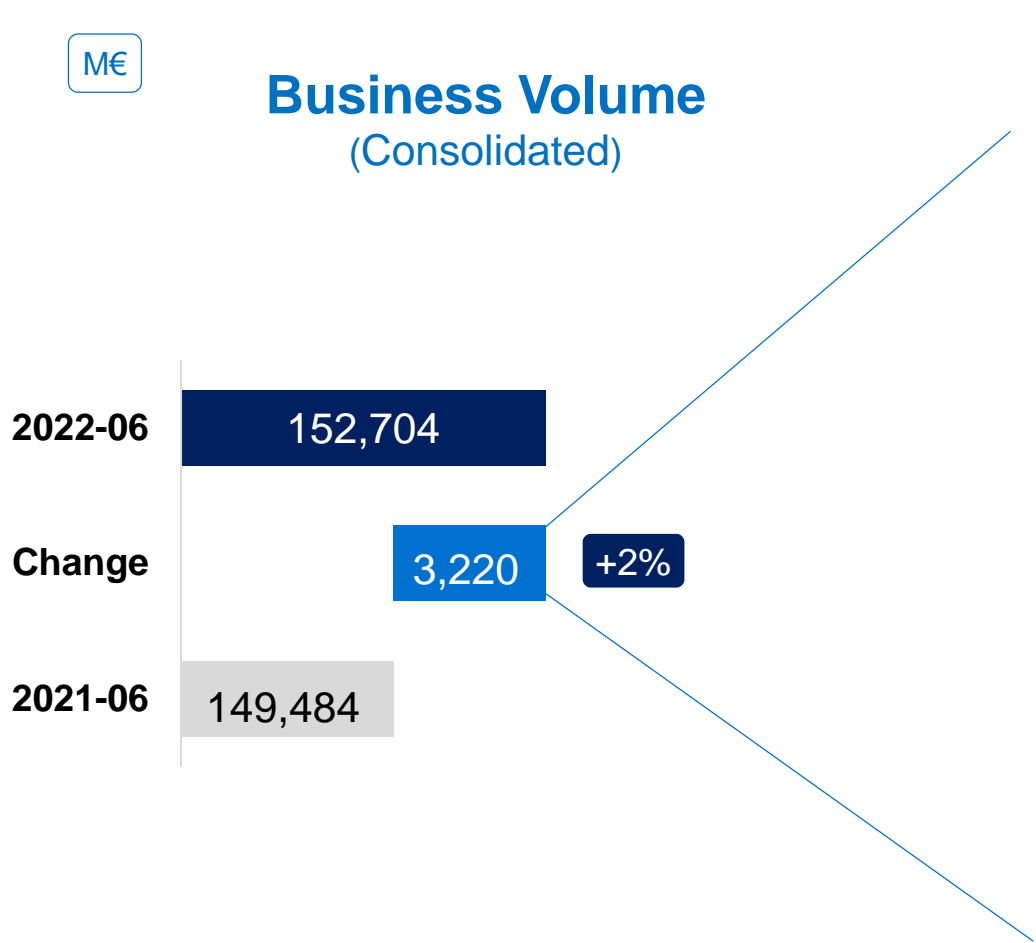
# Consolidated net income supported by a good performance in international activity and sound credit quality



\* Includes: Income from equity instruments, non-controlling interests, results of associated companies and results of subsidiaries held for sale



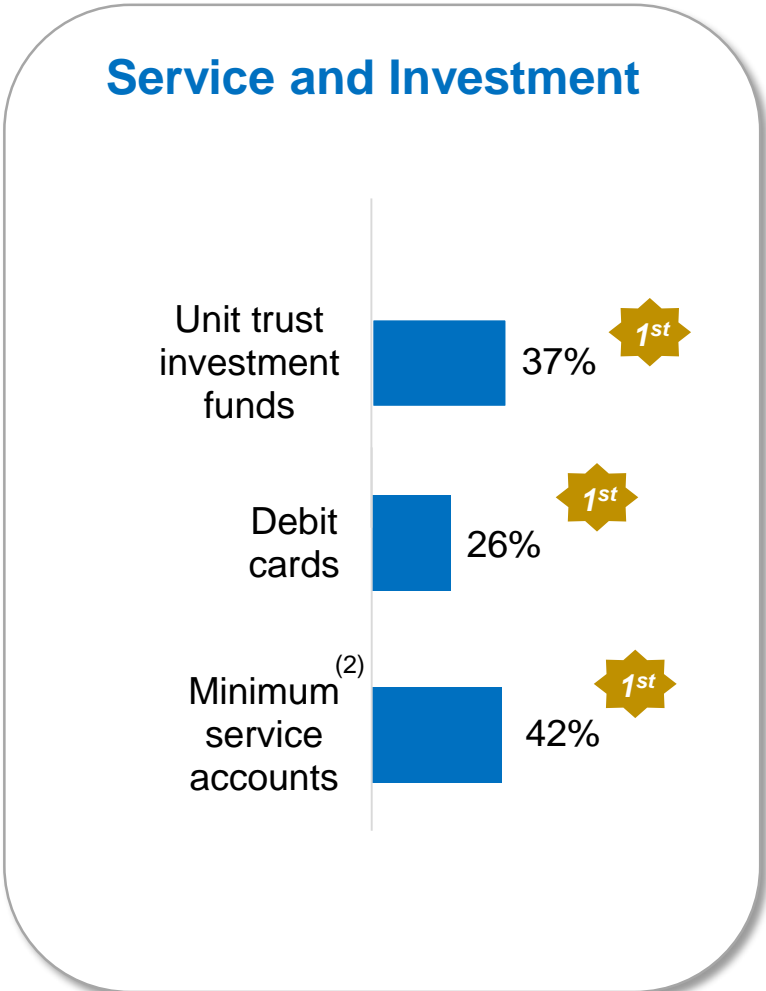
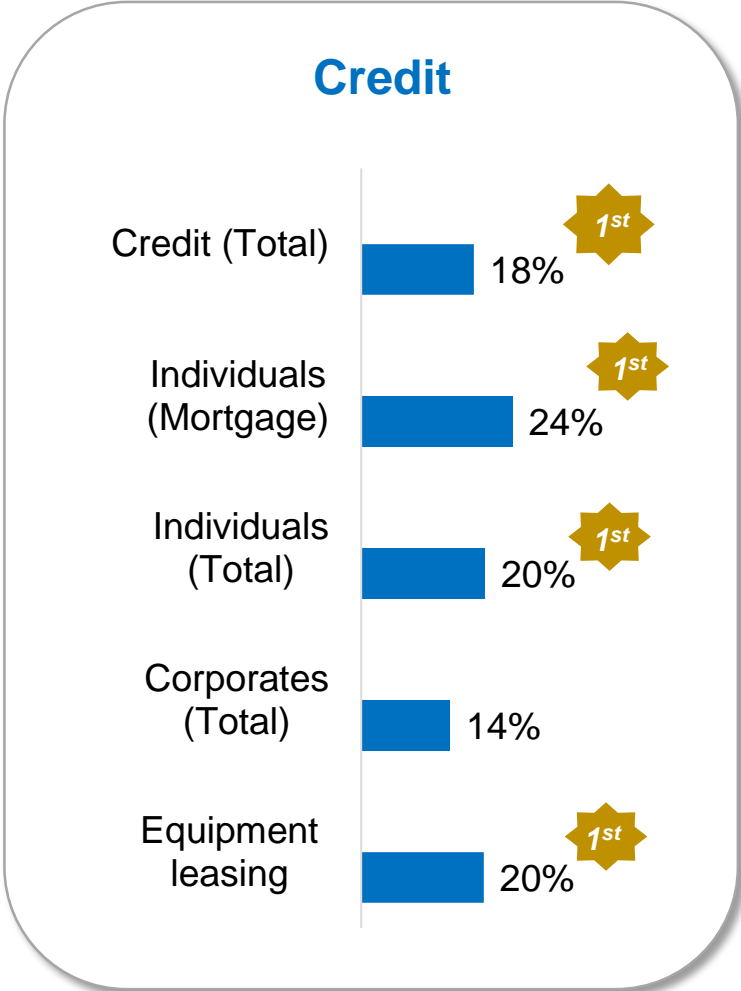
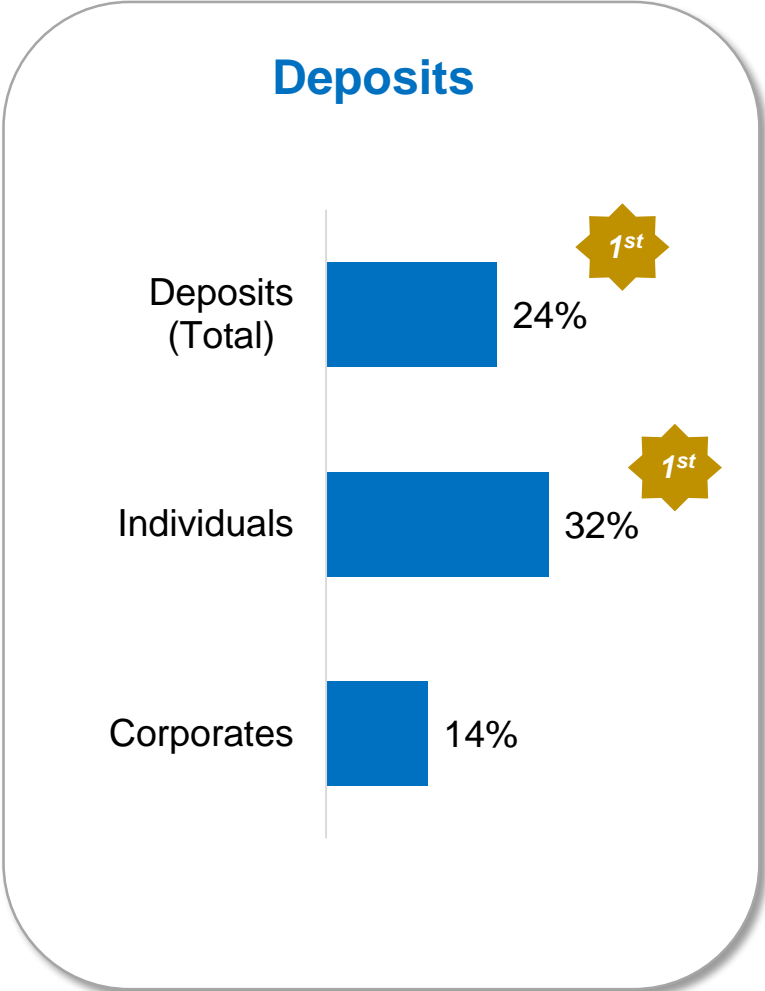
# Solid growth in the business volume, in credit and deposits, both in the international and domestic activity





# CGD maintains its leadership in the domestic market

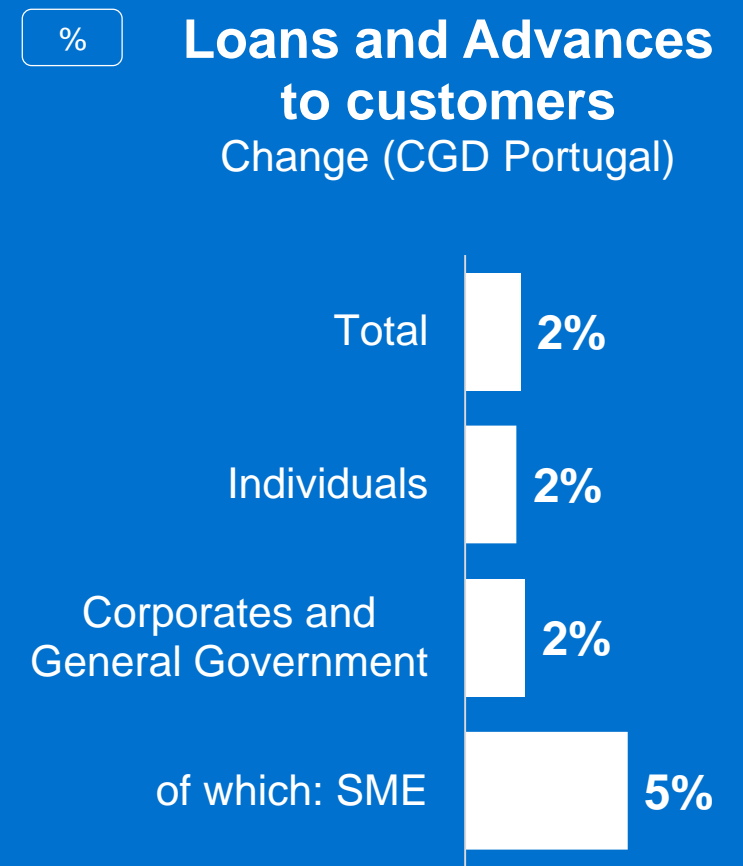
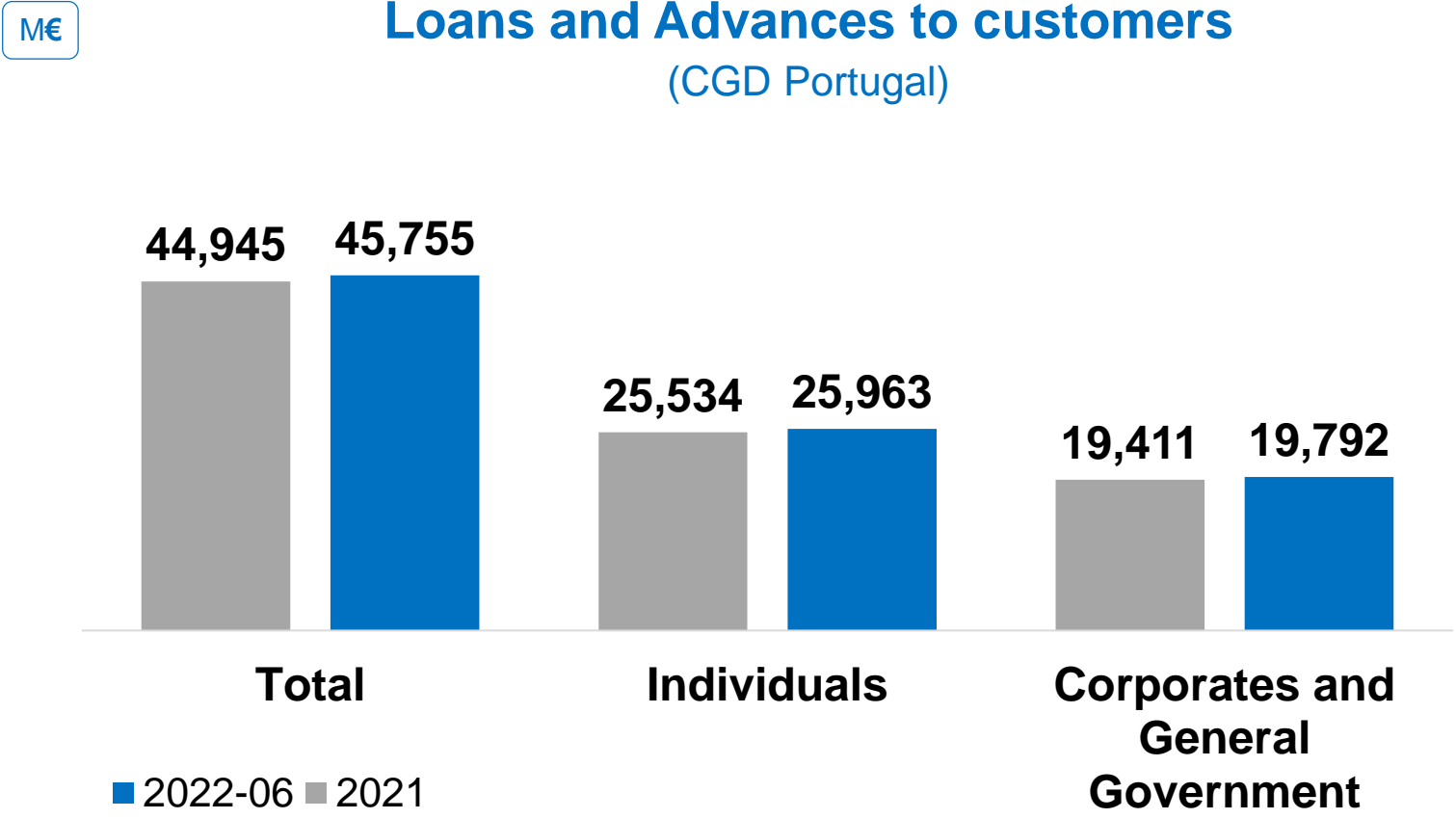
Market Share <sup>(1)</sup>



(1) May 2022; (2) December 2021



# Credit in Portugal grows in Individuals and Corporates



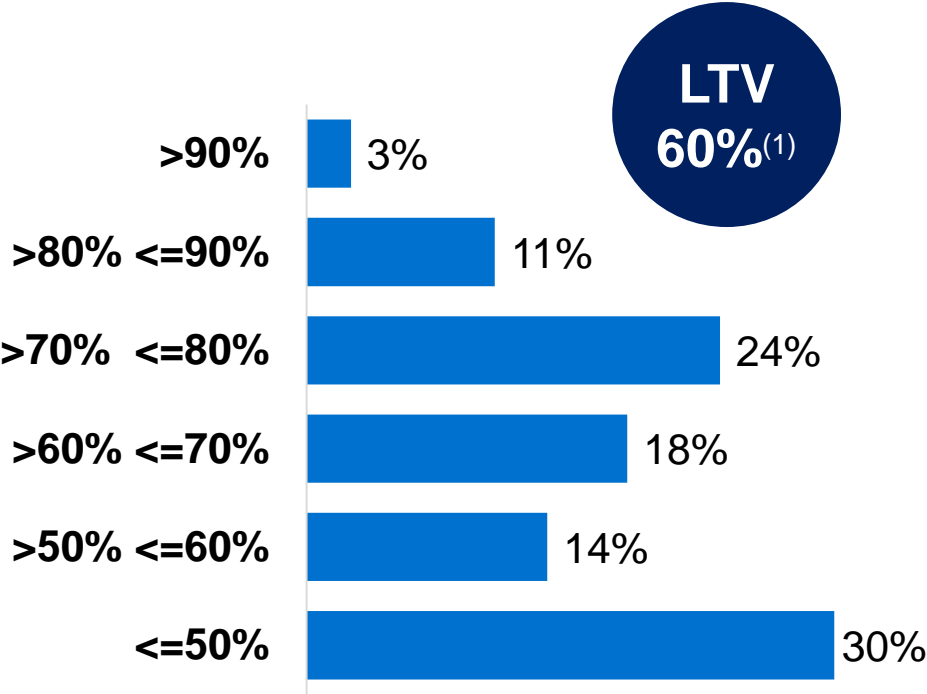


# Loan-to-value of the mortgage loan portfolio with a favourable profile

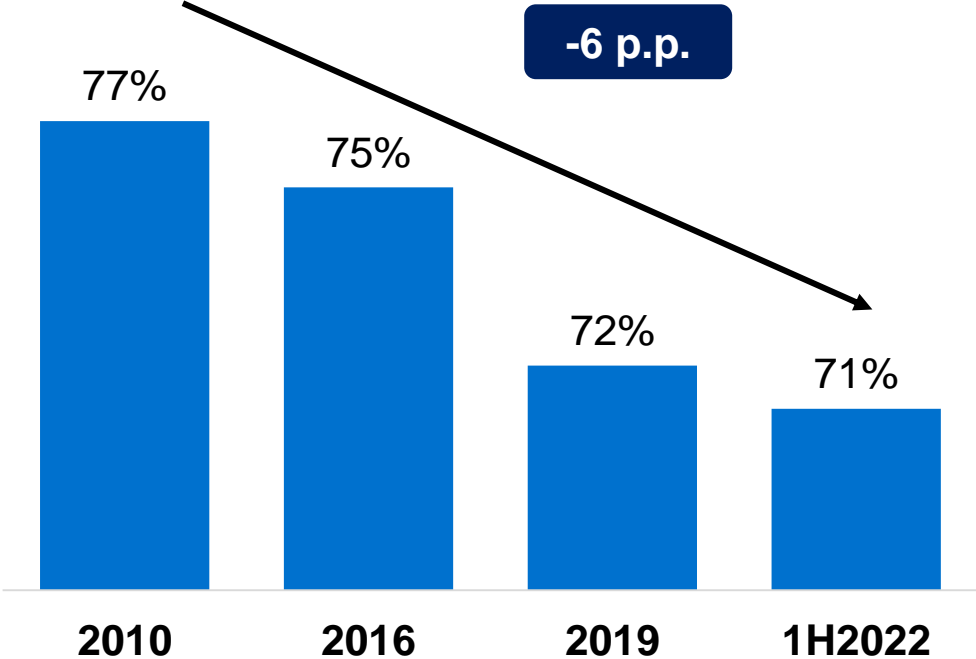


%

**Loan to Value (LTV)**  
Mortgage Loan Portfolio



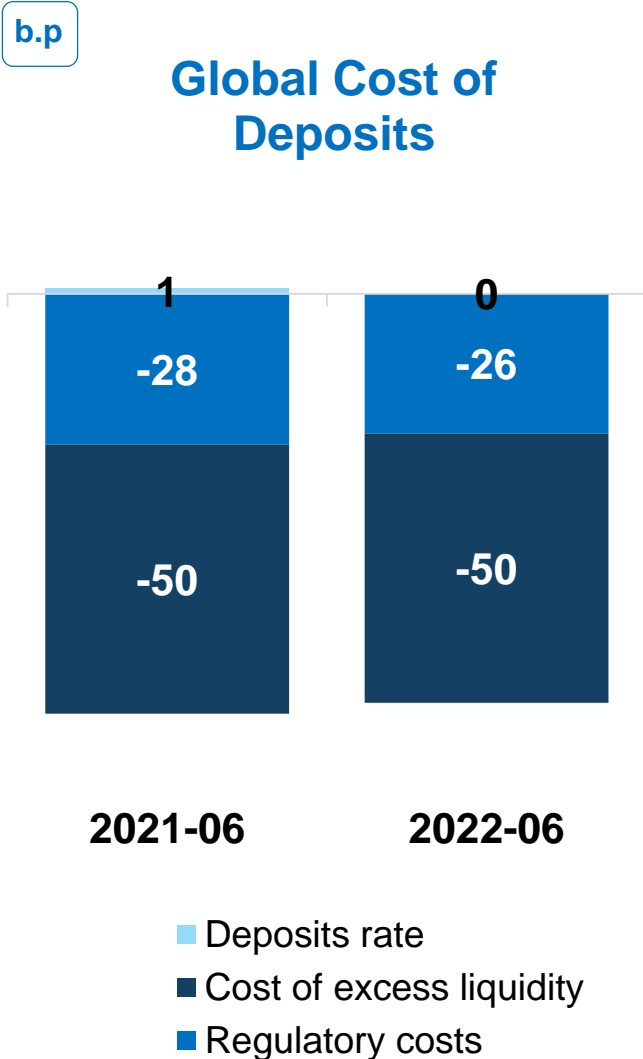
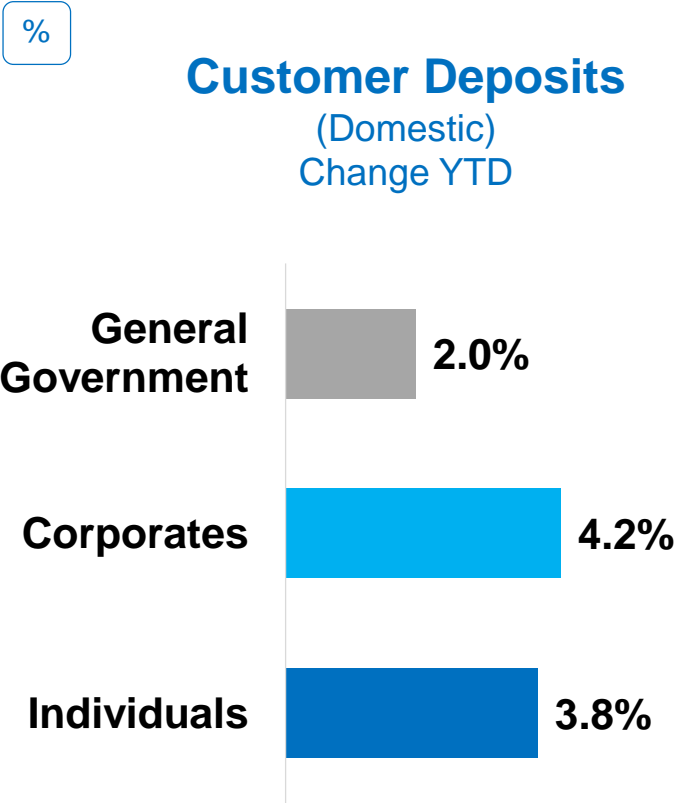
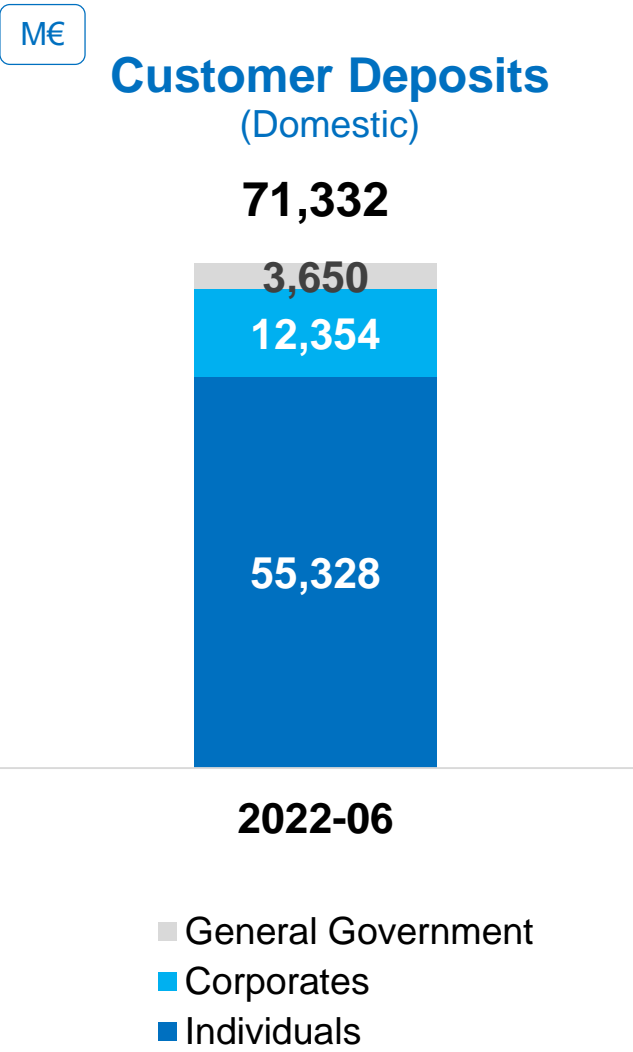
**Loan to Value (LTV)**  
New Mortgage Loans



(1) Weighted average



Deposits growing (+3.7 B€) across all segments, with continued negative P/L impact in Portugal

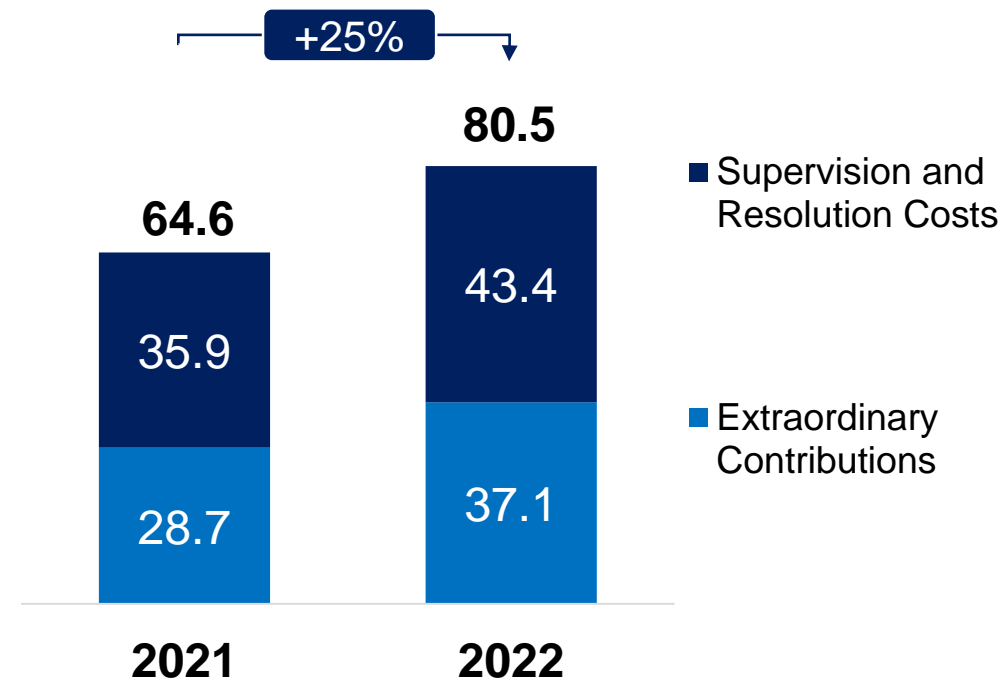




# Regulatory Costs continue to weigh significantly, growing at a fast pace

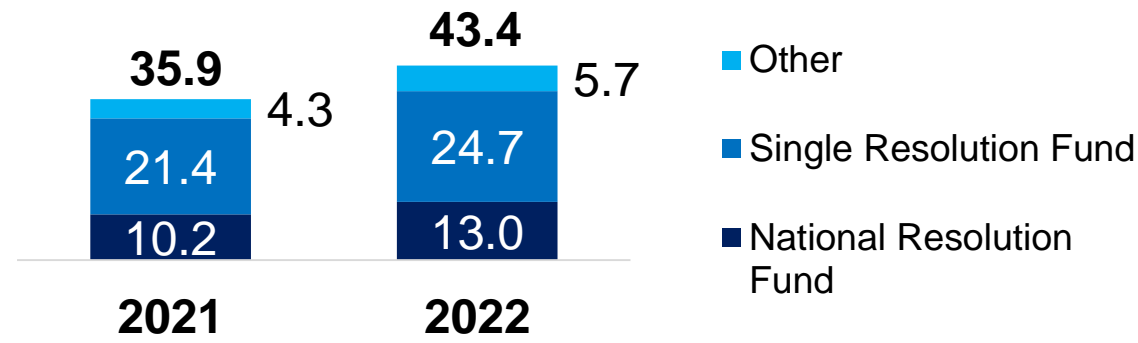
M€

## Regulatory Costs



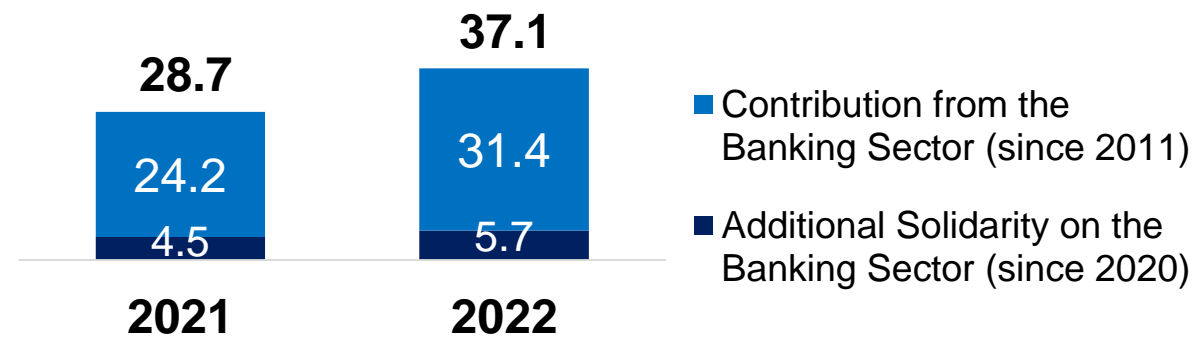
M€

## Supervision and Resolution Costs



M€

## Extraordinary Contributions







**2.14M → 62%<sup>(1)</sup>**

**DIGITAL ACTIVE CUSTOMERS IN PORTUGAL**



**Growth in Active Mobile Clients<sup>(2)</sup> ↑ 19%<sup>(3)</sup>**

## ENGAGEMENT IN DIGITAL CHANNELS

**40M**

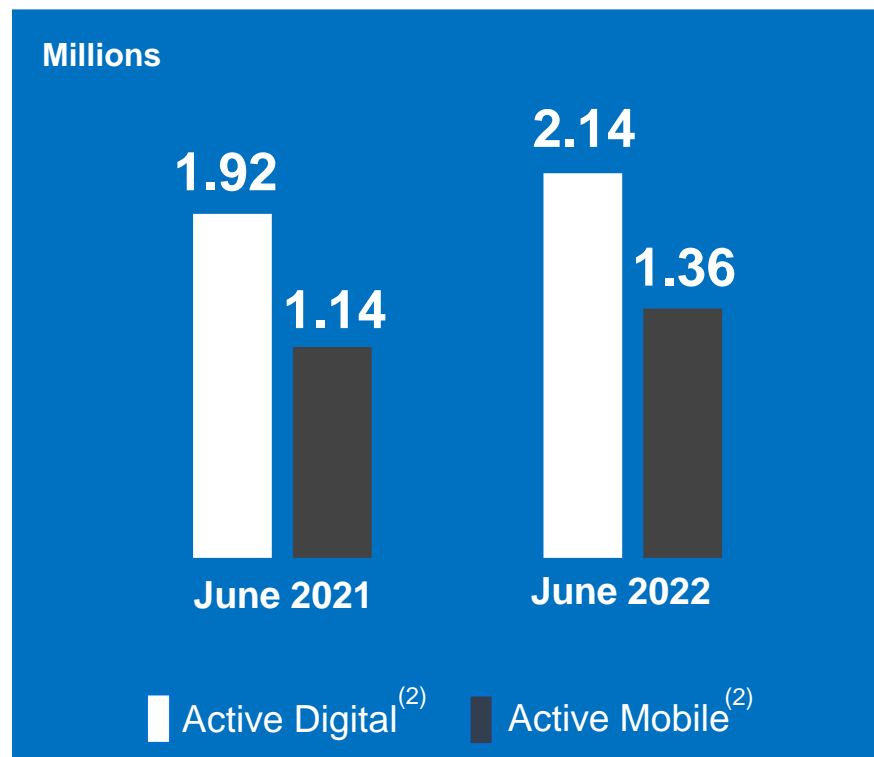
↑11%<sup>(4)</sup>

**No. of transactions**  
(Retail + Corporate)

**177M**

↑16%<sup>(3)</sup>

**Total Caixadirecta logins**  
(Retail + Corporate)



## DIGITAL BUSINESS



↑45%<sup>(4)</sup>  
**CONSUMER CREDIT**



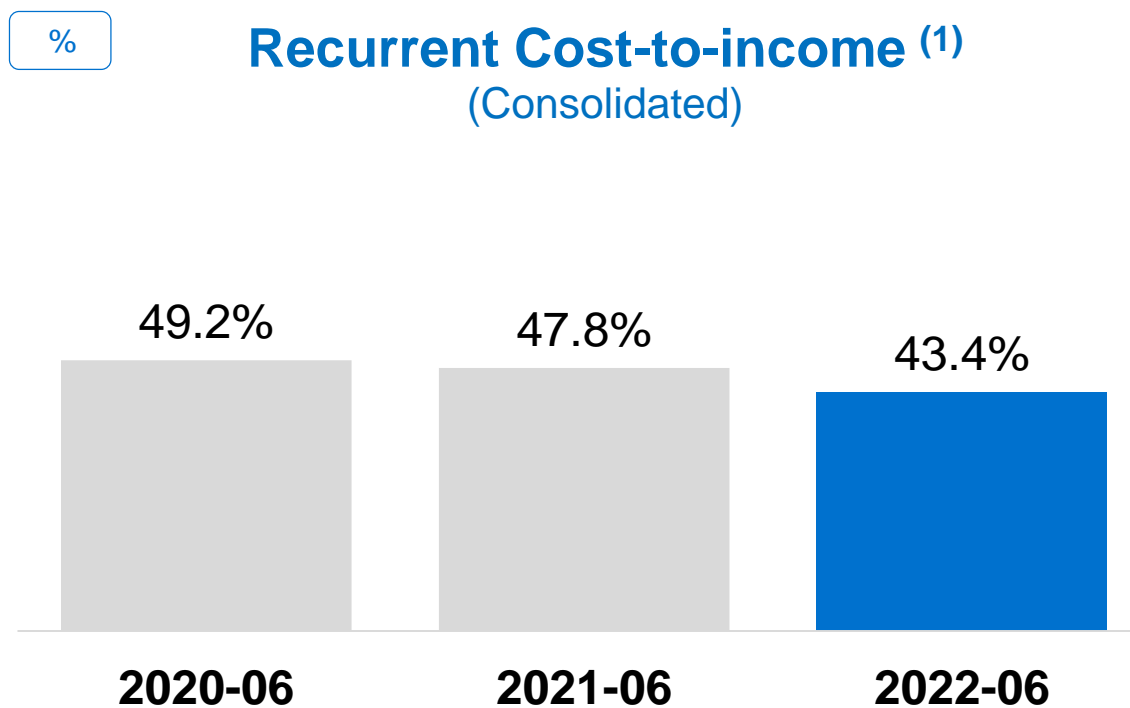
↑74%<sup>(4)</sup>  
**SECURITIES ACCOUNT OPENING**



↑33%<sup>(4)</sup>  
**FACTORING & CONFIRMING**

(1) Weight of the active digital customers over total Caixa's eligible customers; (2) Individuals and Corporates (domestic perimeter); (3) YoY; (4) Financial Transactions YoY;





(1) Ratio defined by the Bank of Portugal Instruction 6/2018 [Operating Costs / (Total Operating Income + Income From Associated Companies)]



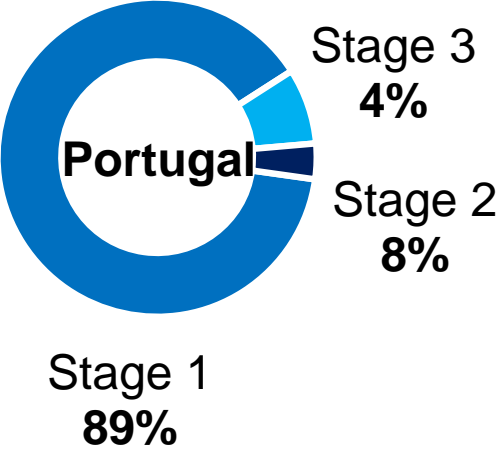
# Credit performance remains stable after the end of the Covid moratoriums



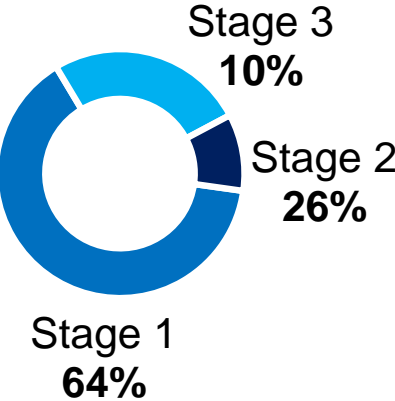
## Breakdown by stages

(2022-06)

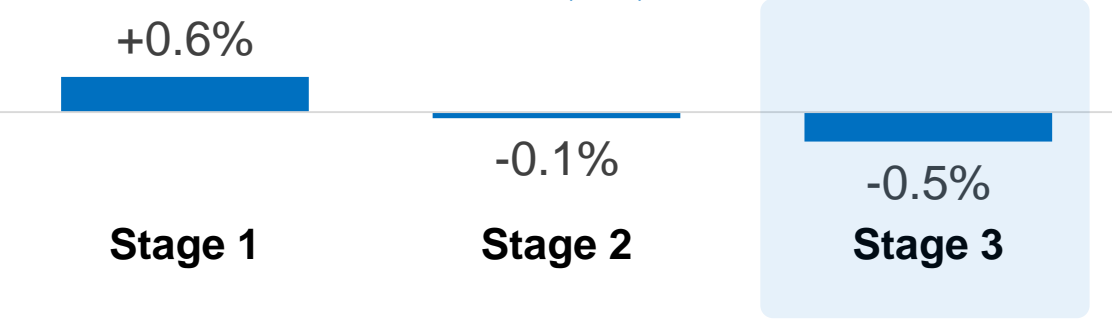
%



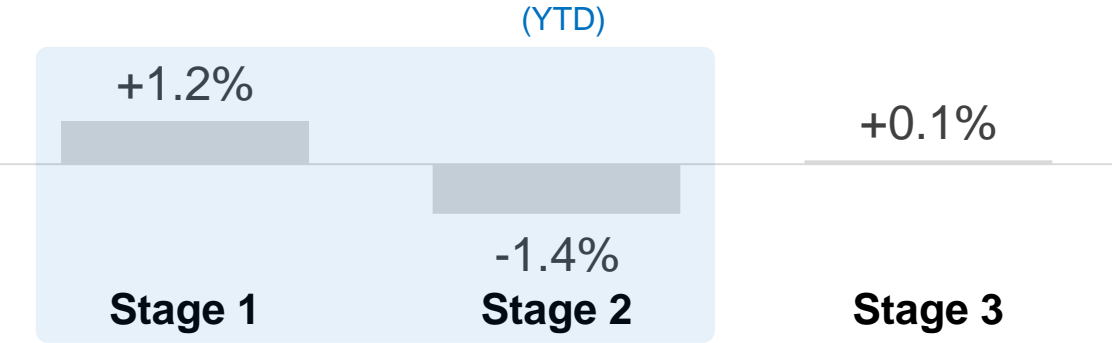
## Loans which had moratorium



## Change in staging <sup>(1)</sup> - CGD Portugal (YTD)



## Change in staging <sup>(1)</sup> - CGD Portugal credits that had moratorium (YTD)

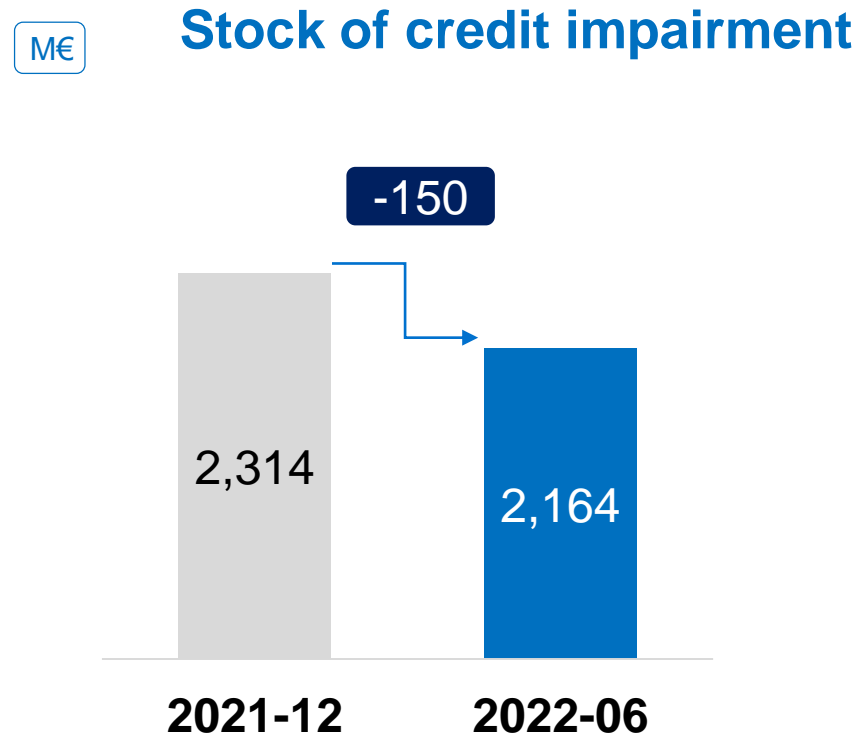
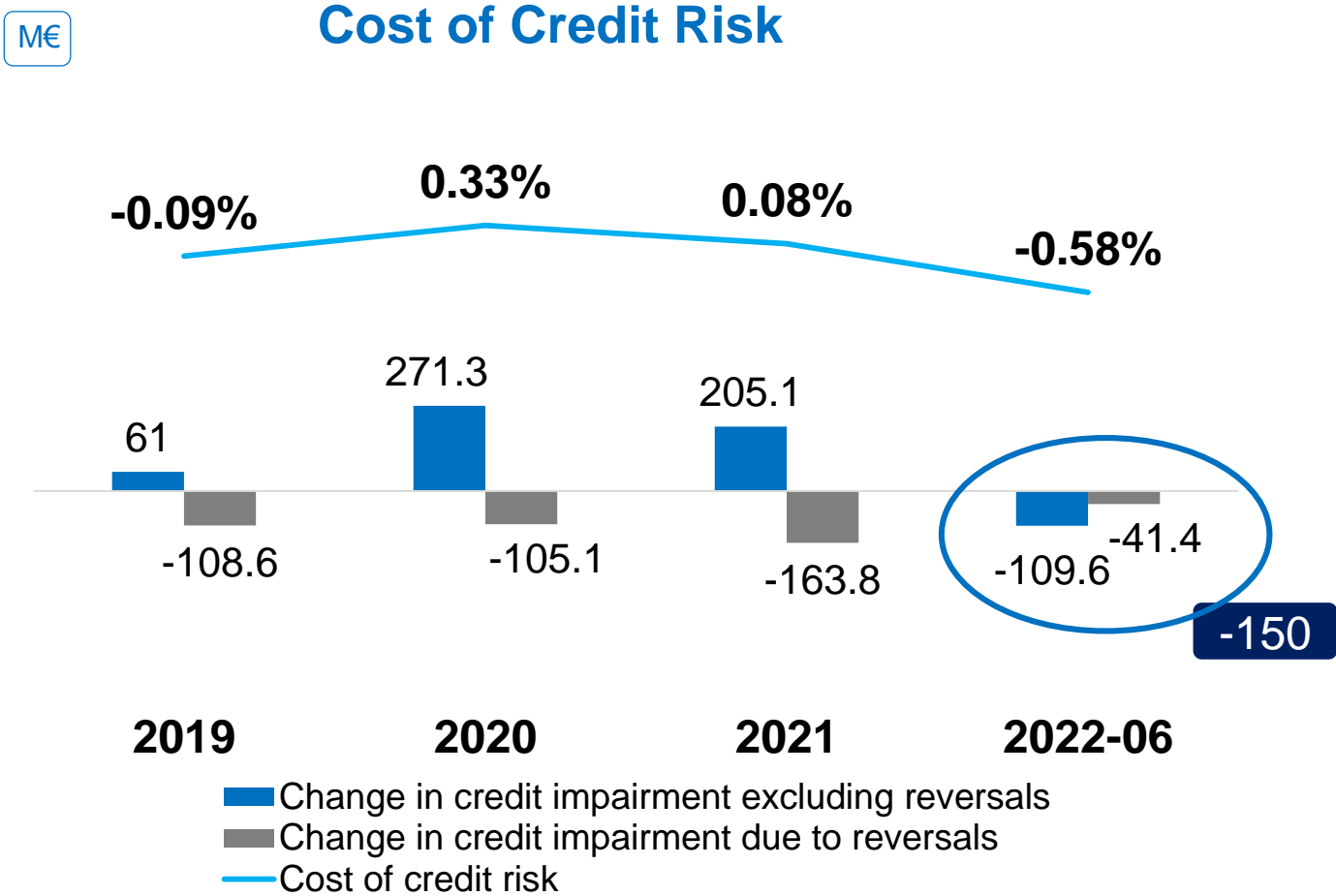


	Stage 1	Stage 2	Stage 3
Consolidated	88.4%	7.7%	3.9%

(1) IFRS9: Stage 1 – Performing credit; Stage 2 – Credit without default, but with credit risk; Stage 3 – Non performing credit (default).



Reversal of impairment is a result of the post-pandemic favourable evolution of credit quality



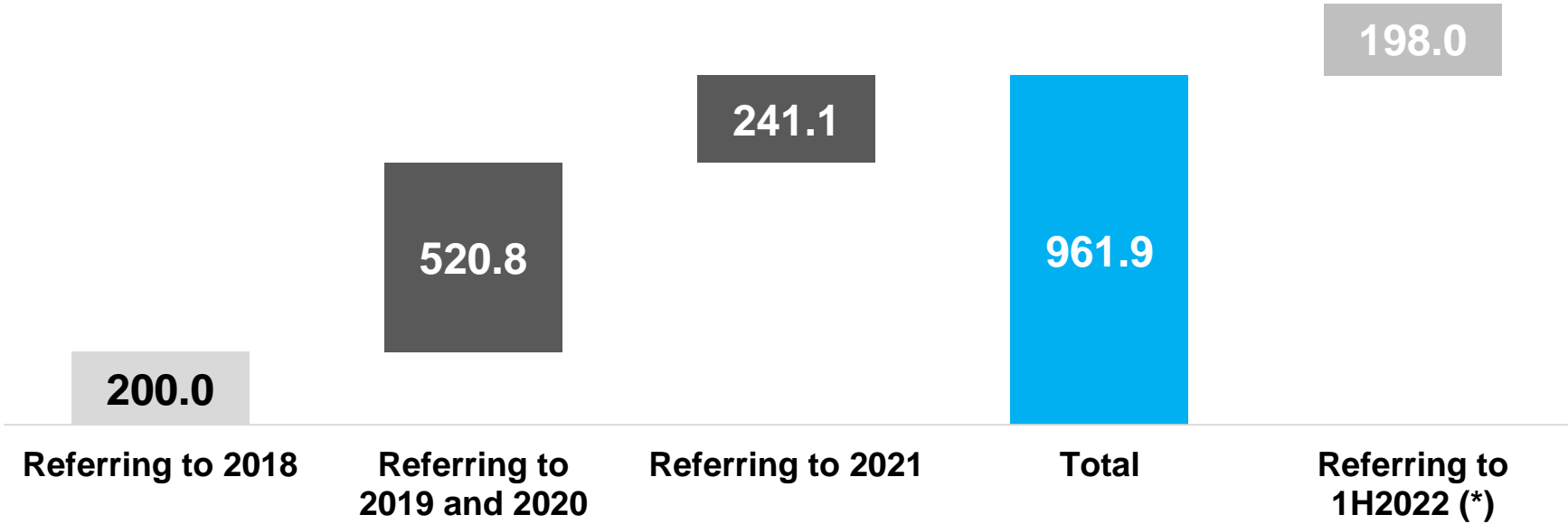


# Payment of dividends aligned with dividend policy



M€

## Dividend distribution



(\*) Maximum distributable amount according to Dividend Policy and considered in capital ratios

Dividend of

378 M€

approved in General Meeting and settled in June 2022

Aligned with the dividend policy



# Financing the transition to a low-carbon economy in a fair and inclusive way

## SUSTAINABLE FINANCE

### Caixa's first "Green" bond issue, broadening the typology of ESG issues

- Financing of mortgage loans, whose collateral has an energy performance certificate (EPC label) of A+, A and B
- Second ESG bond issued by Caixa, the first green bond by a Portuguese issuer
- ESG investors represented 78% of the allocation
- The issue represented, vis-à-vis current market conditions, savings in terms of funding costs



## CAIXA SOCIAL AWARDS 2022



In 2022, 29 public institutions were distinguished with a total amount of 500 m€, supporting projects for Recovery and Resilience, Digital Transformation and Capacity Building, and Green Economy and Ecological Transition.

## PUBLIC RECOGNITION OF THE CAIXA'S ESG PERFORMANCE



**Europe's Climate Leaders 2022**  
Financial Times e Statista



**National Sustainability Award**  
Sustainable Finance Category  
Jornal de Negócios



**Supplier Engagement Rating Leadership (A-)**  
CDP



**Special Award for the Recapitalization Plan success and financial leadership**  
34<sup>th</sup> edition of the IRGAwards  
Deloitte

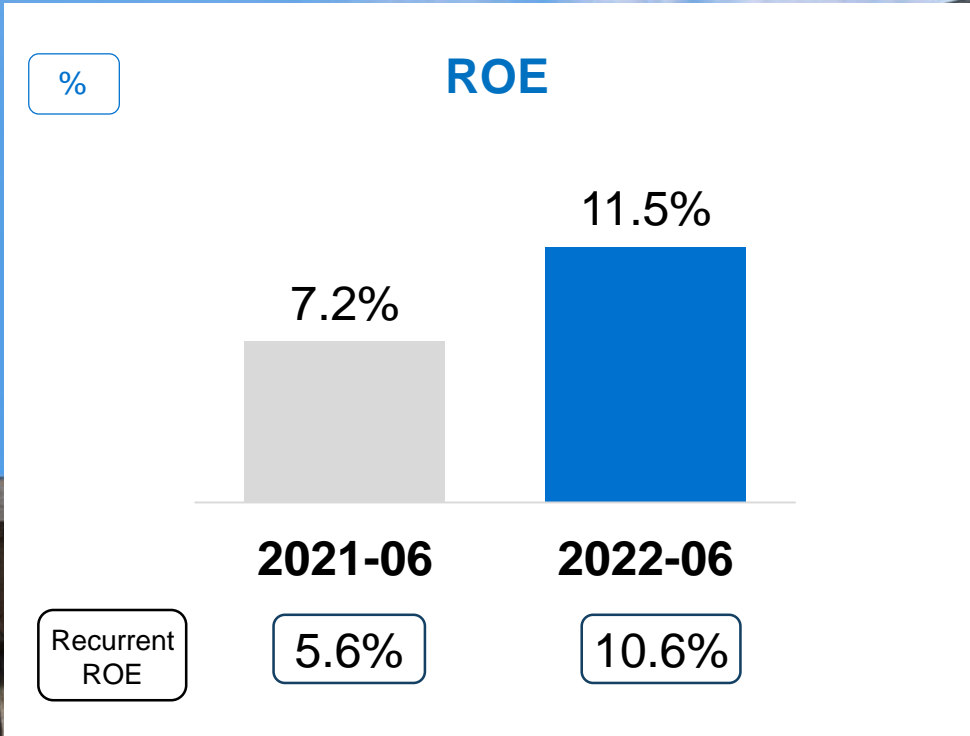
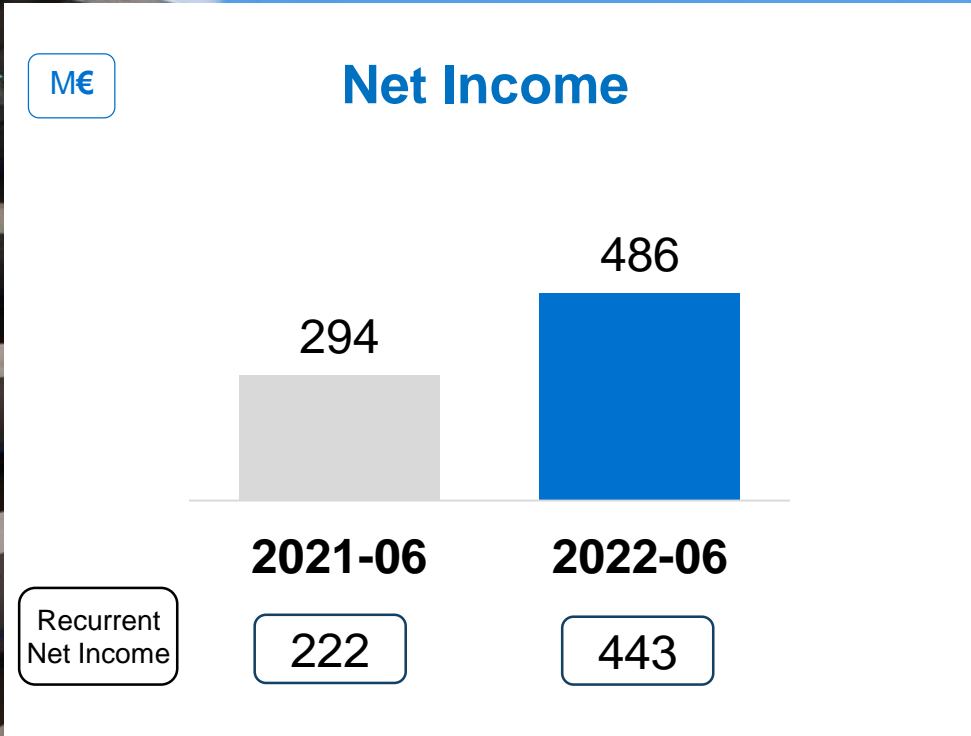




# Accounts

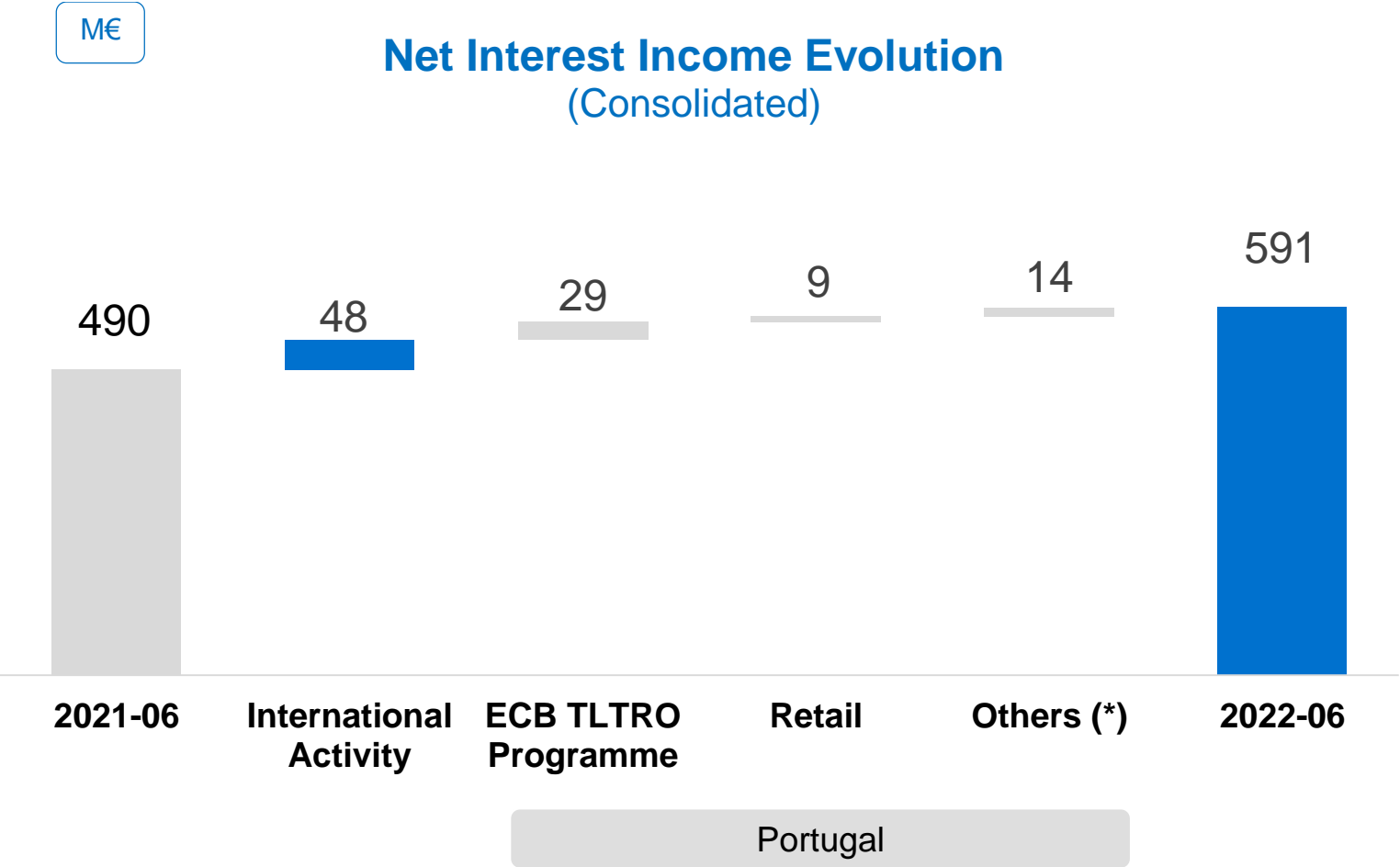
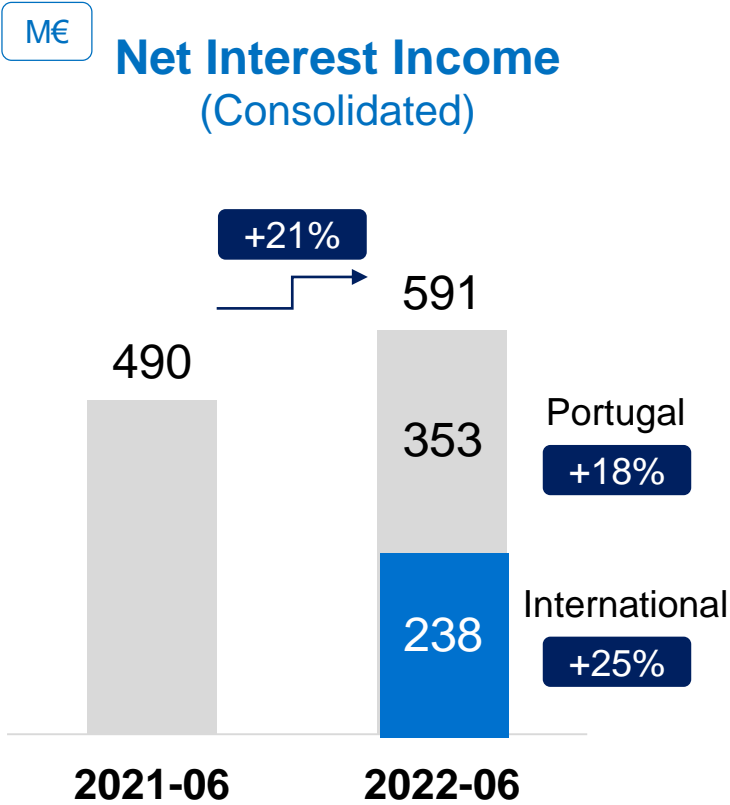


# Consolidated net income with year-on-year improvement. ROE increases to 11,5%



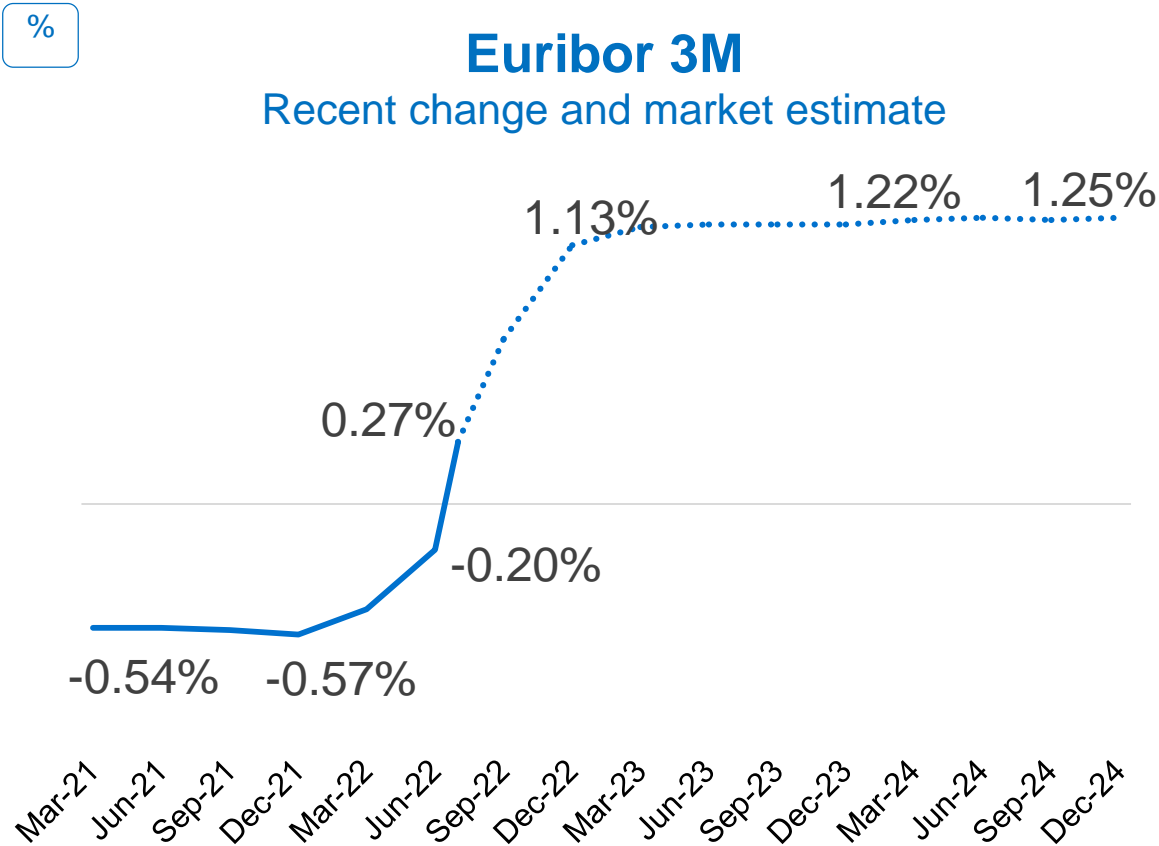
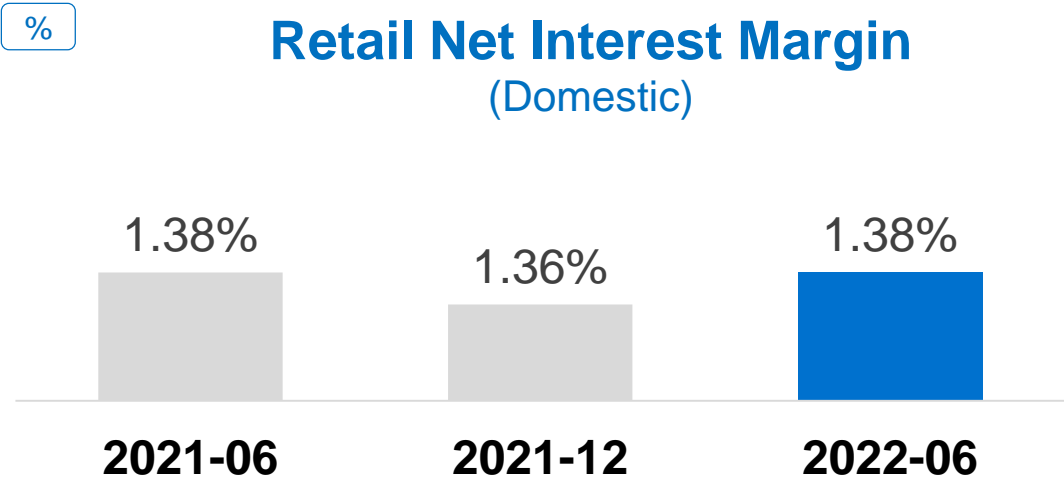


# Consolidated Net Interest Income impacted by the international activity and the ECB TLTRO Programme



(\*) Includes treasury and asset portfolio items





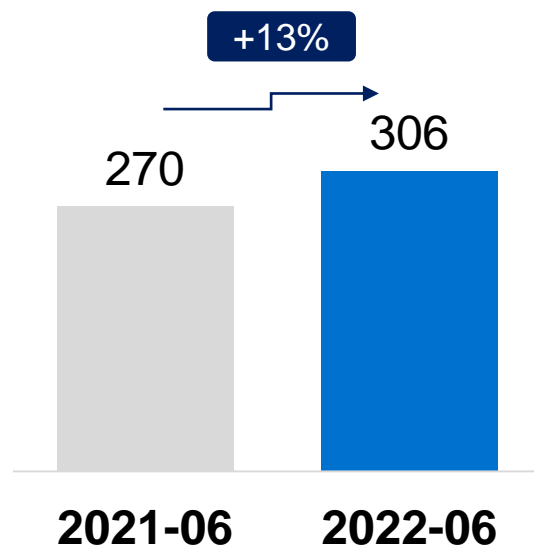


# Investment product sales support commissions growth in Portugal



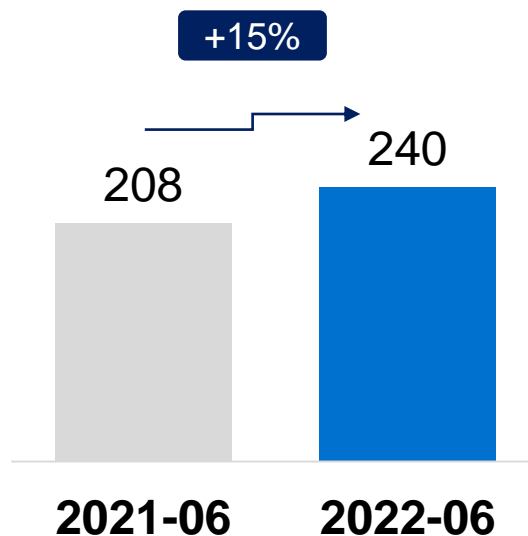
M€

## Services and Commissions (Consolidated)

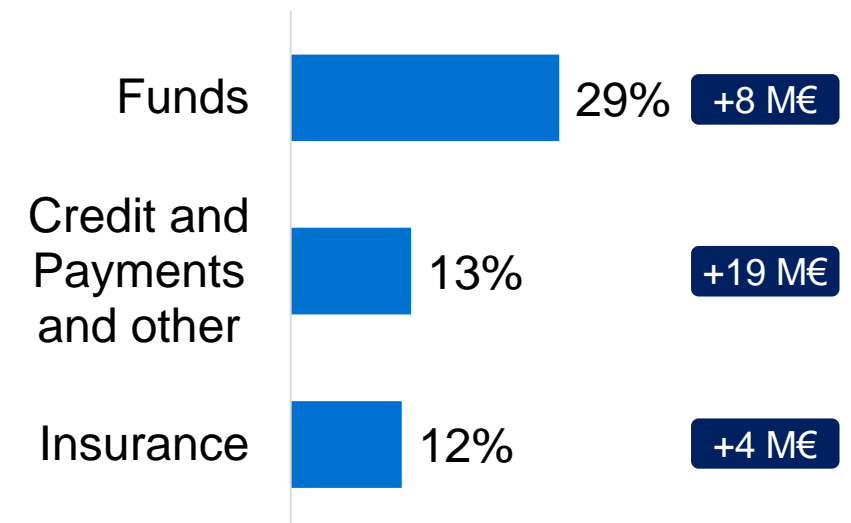


M€

## Services and Commissions (CGD Portugal)



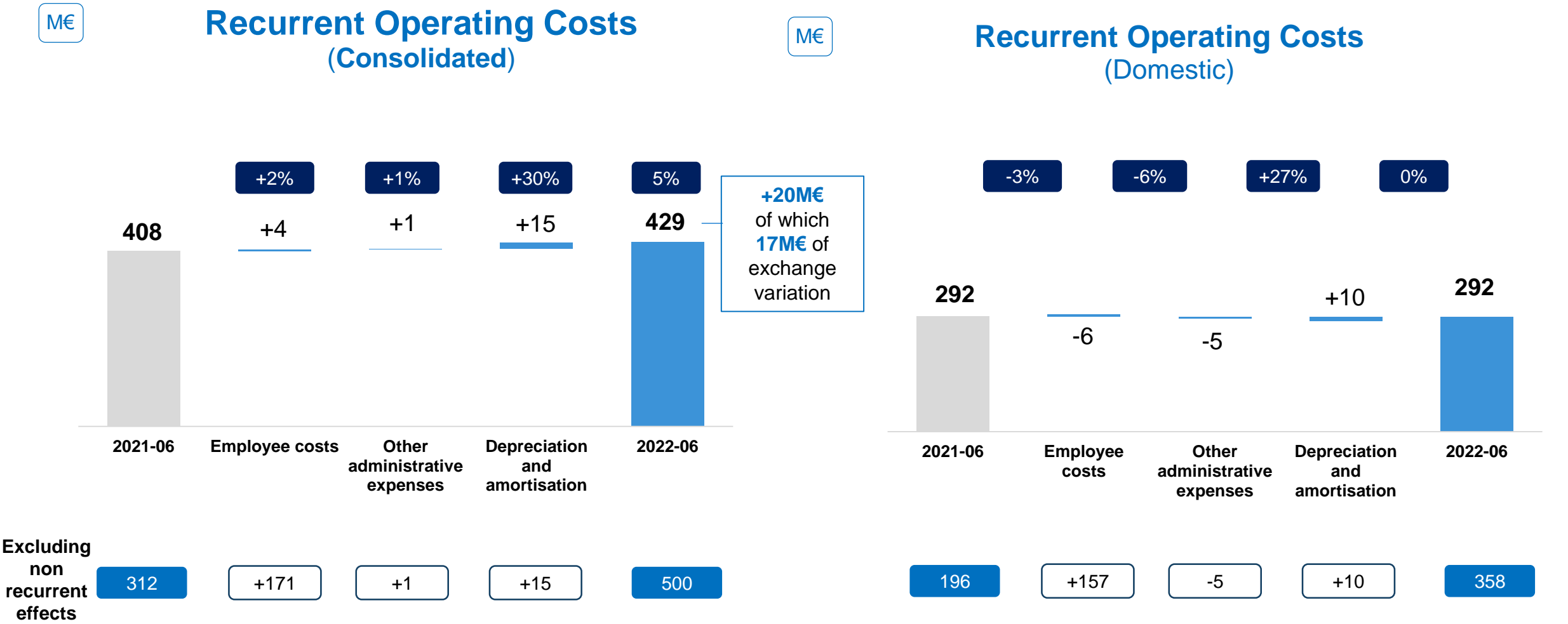
## Services and Commissions Product line growth (CGD Portugal)





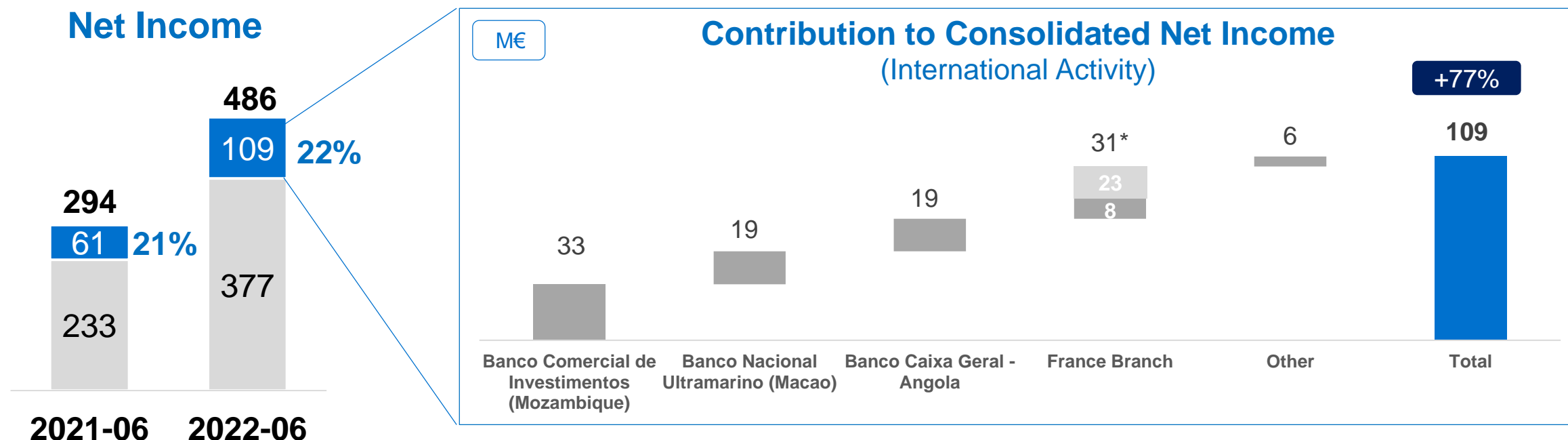
# Recurrent Operating Costs stable in Portugal; impacted by the change in exchange rate from international activity







# Greater contribution from international activity, growing 77%



- International Activity
- Domestic Activity

- O BCI recorded an increase of 19.2 M€. Contributing to this growth the increase in net interest income (+28 M€), in commissions(+5.2 M€);
- O BCG Angola shows an increase of 12.2 M€ in its contribution, justified by the combined effect of the increase in net interest income and the decrease in provisions and impairments;
- BNU Macau's contribution to Net Income reached 19 M€, despite the zero Covid policy in place;
- Exchange rate variations had an global impact of 12.5 M€ on consolidated net profit

\* 8 M€ of recurrent results and 23 M€ non recurrent effects



# CGD proactively works with companies in the most vulnerable sectors to the increase in the price of production factors, in particular energy



## Sectors identified for in-depth analysis

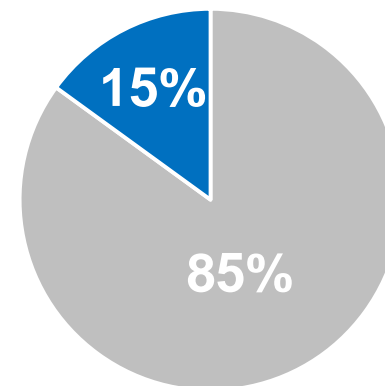
- Representative weight of **energy costs**
- **Narrow margins** (lower shock absorption capacity)
- Sensitivity to specific **climatic and sectoral shocks** (Agriculture and Fisheries)

### SECTORS Representative sample - illustrative

Agriculture and fisheries  
Food industries  
Textiles and apparel  
Paper, chemicals and plastics  
Mineral products  
Metallic products  
Electronic and electrical equipment  
Vehicles and equipment  
Transport

## Evaluation result

% of exposure in identified sectors



- No signs of increased risk
- For ongoing monitoring

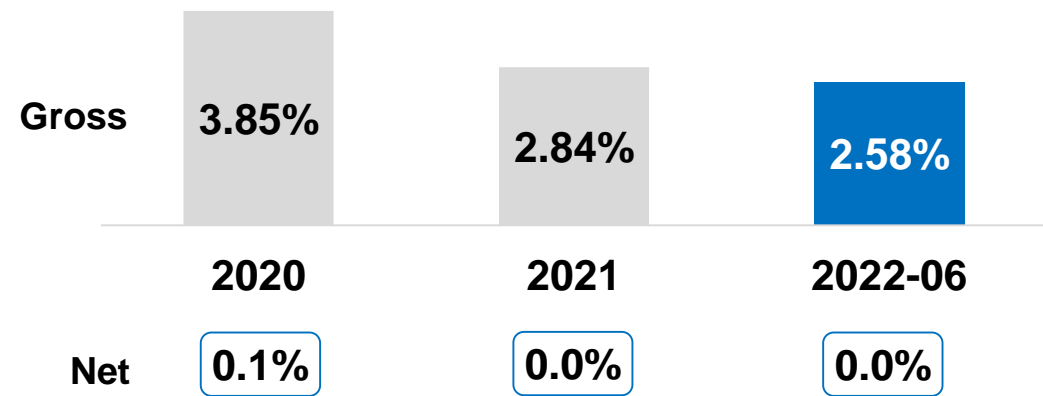


# Performance of the loan portfolio and the recovery activity supporting reduction of Covid impairments and of the cost of credit risk

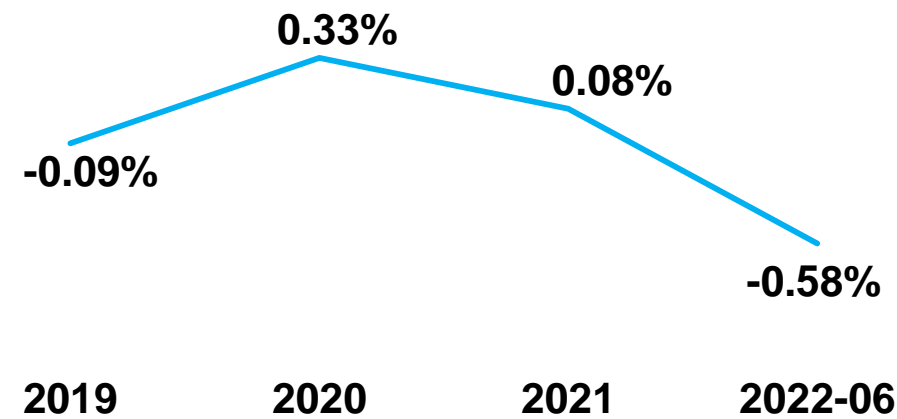


%

Evolution of NPL ratio <sup>(1)</sup>

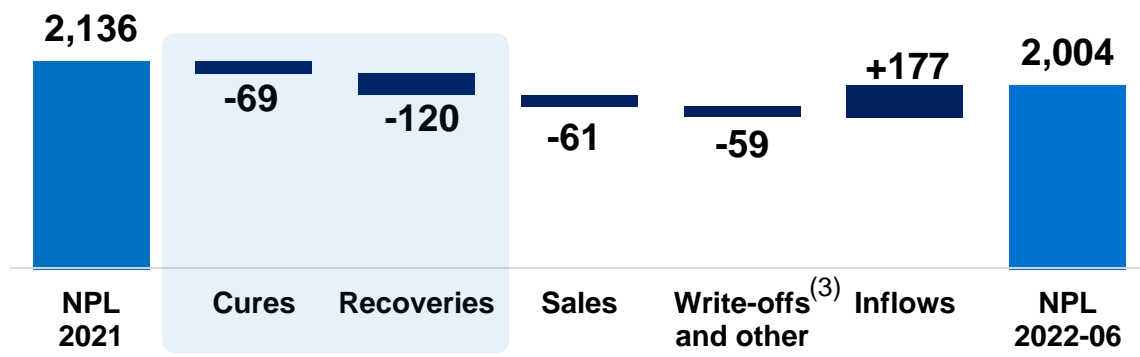


Custo do Risco de Crédito



M€

Gross NPL Evolution <sup>(2)</sup>

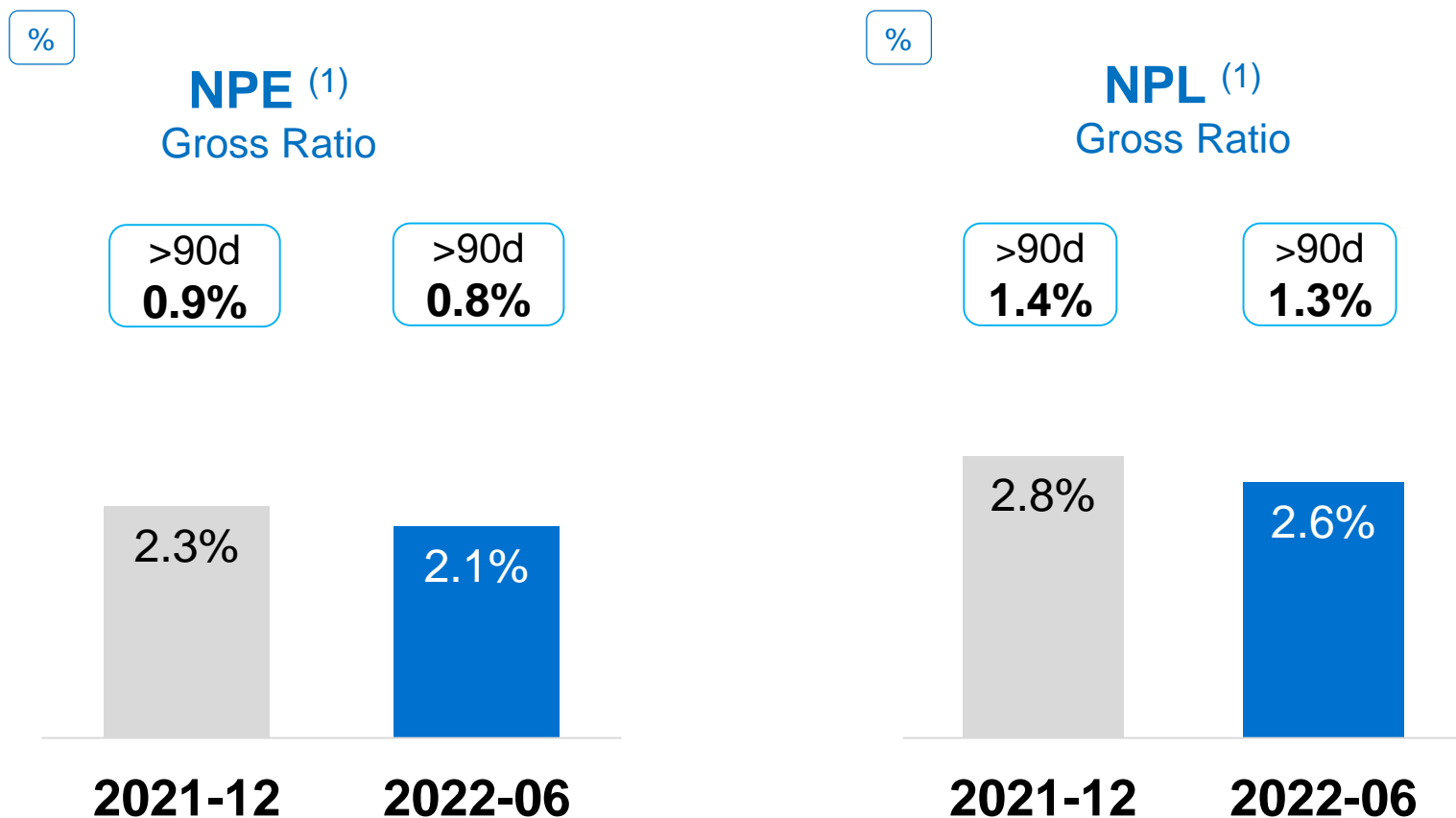


A [sustained prudent approach](#), based on projections for the years 2022-2023 in a scenario of credit stage change, essentially in corporates operating in sectors with a high exposure to potential negative effects of the pandemic and the war in Ukraine, and with low credit ratings

(1) NPL – Non Performing Loans: EBA definitions; (2) Recovery value of the set of credits classified as NPL- Non Performing Loans (3) Includes impact of exchange rate variations



# NPE and NPL maintain a downward trajectory with NPL > 90 days at 1.3%



(1) NPE – Non Performing Exposure e NPL – Non Performing Loans: definições EBA



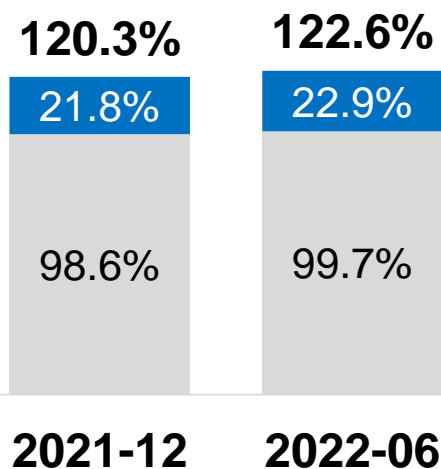
# NPE and NPL with coverage above the average of European banks



%

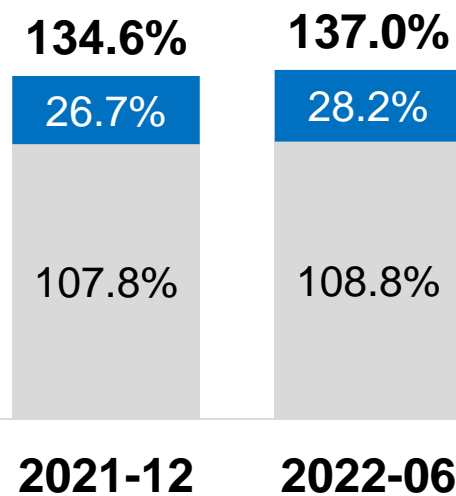
## NPE (1)

Coverage by Impairments  
and Collateral



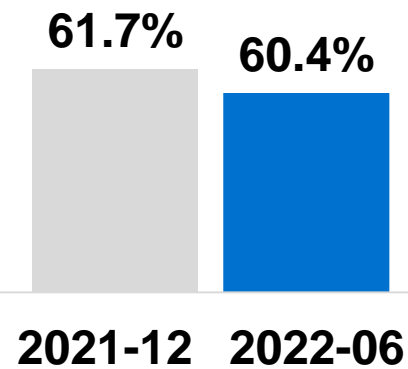
## NPL (1)

Coverage by Impairments  
and Collateral

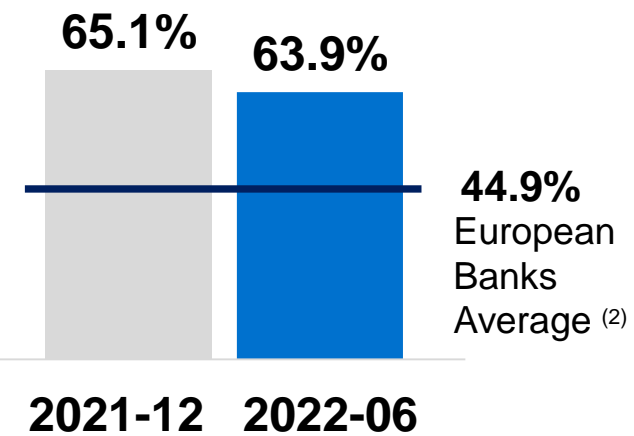


## Specific Impairment

### NPE



### NPL



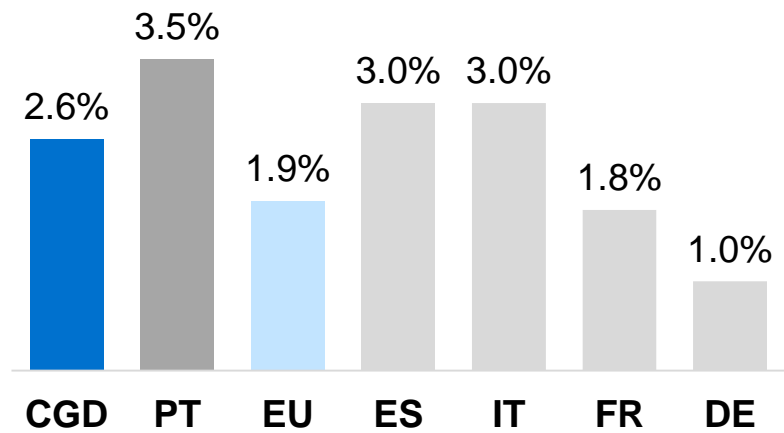
■ Total Impairment ■ Collateral

(1) NPE – Non Performing Exposure and NPL – Non Performing Loans: EBA definitions; (2) EBA Risk Dashboard – March 2022

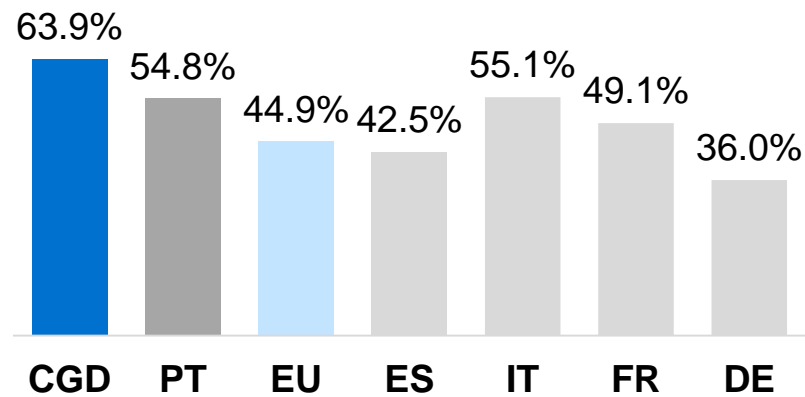


# CGD compares favourably with the Portuguese and European average

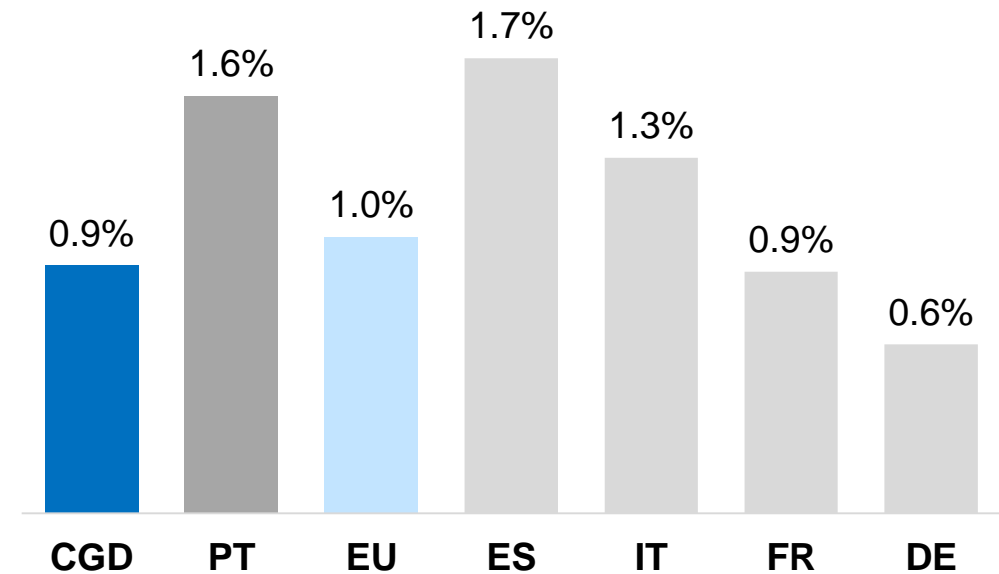
**% Non-Performing Loans<sup>(1)</sup>**



**% Coverage ratio of Non-Performing Loans<sup>(1)</sup>**



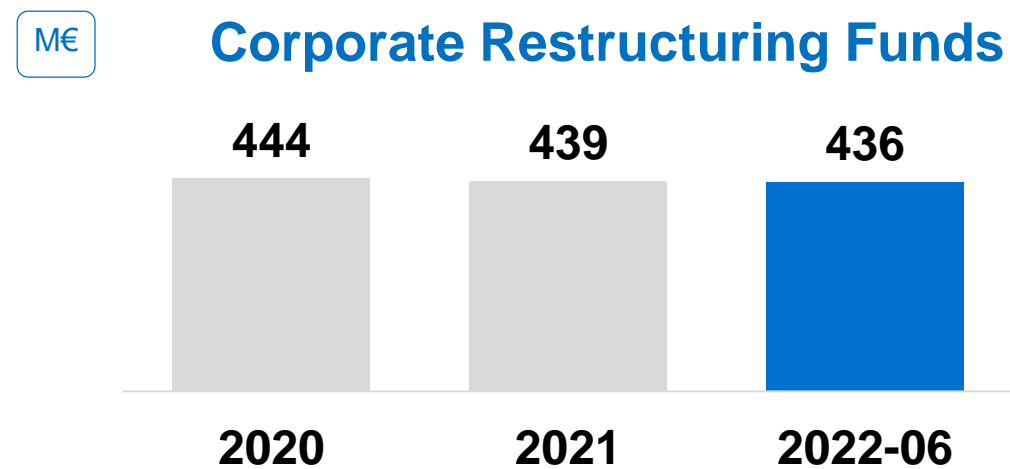
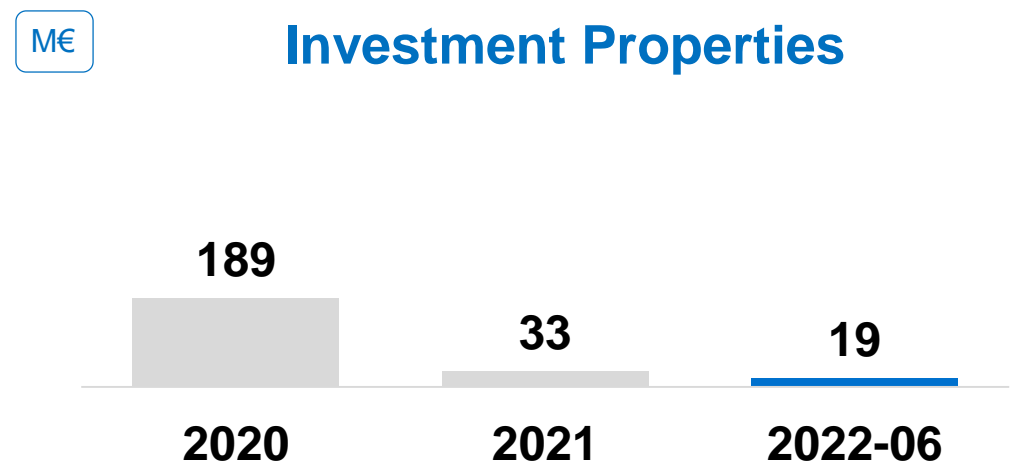
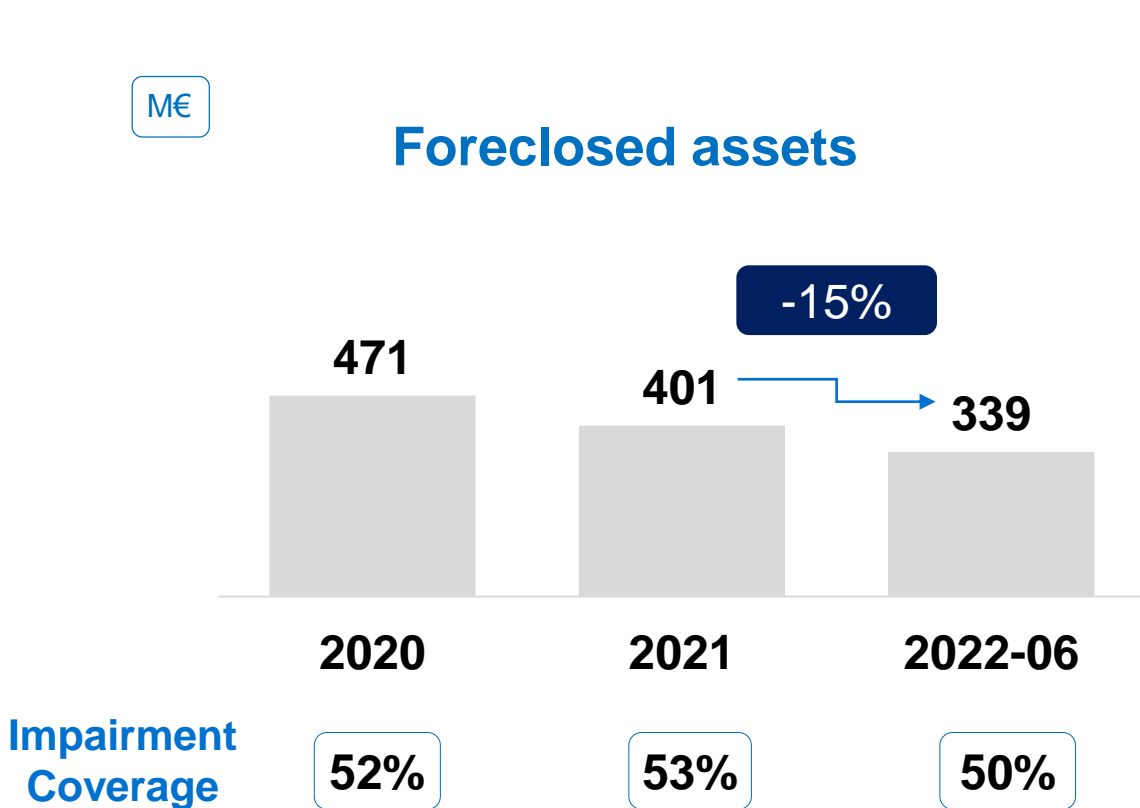
**% Non-Performing Loans net of Impairments<sup>(1)</sup>**



(1) Source: EBA Risk Dashboard – March 2022; (2) Excluding non-recurrent results



# Continued reduction in foreclosed assets

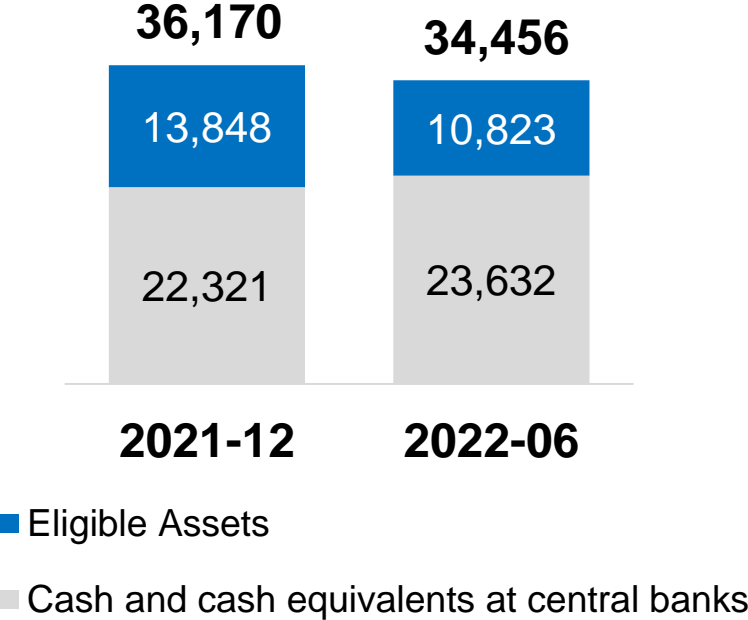






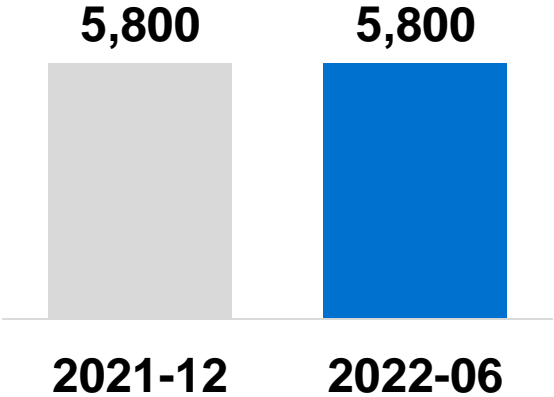
M€

Cash and cash equiv.  
at central banks<sup>(1)</sup>  
and Eligible Assets



M€

ECB Funding  
(TLTRO)



(1) Excluding minimum reserves

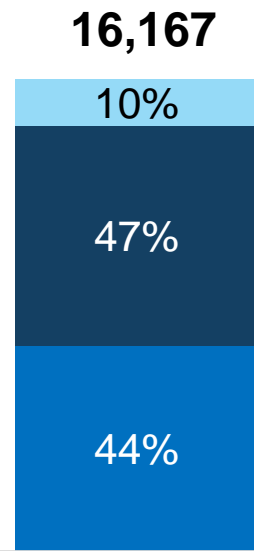


# Securities portfolio with measures to mitigate market volatility



Portfolio of sovereign debt securities by issuer

M€

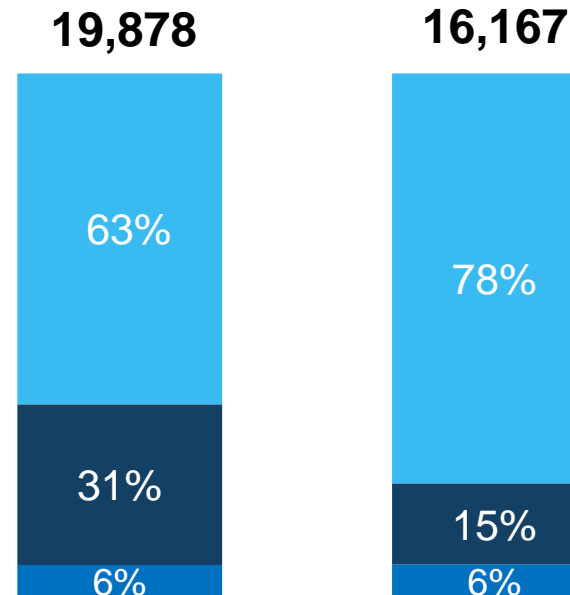


2022-06

- Other sovereigns
- Other eurozone sovereigns <sup>(1)</sup>
- Portugal sovereign debt

Sovereign debt securities portfolio

M€



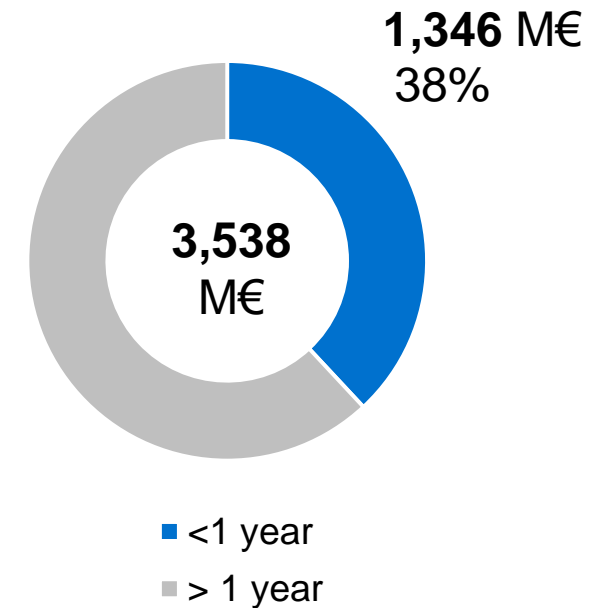
2021-06

2022-06

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income
- Financial assets at fair value through profit or loss

Hedge accounting applied to the public debt portfolio

Sovereign debt - Financial assets at fair value by tenor



- <1 year
- >1 year

Sovereign and Supranational debt accounts for **93%** of total debt securities

(1) Includes Belgium, Spain, France, Ireland and Italy

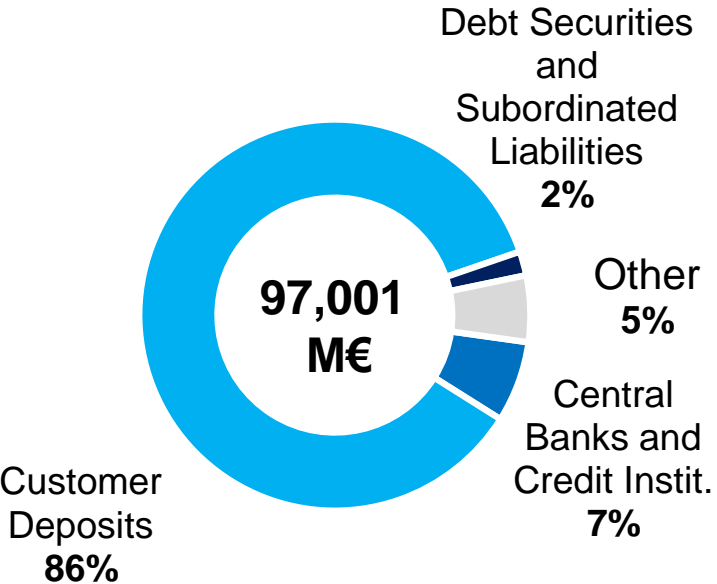


# Stable funding structure based on retail funding



%

## Liabilities Structure (\*)



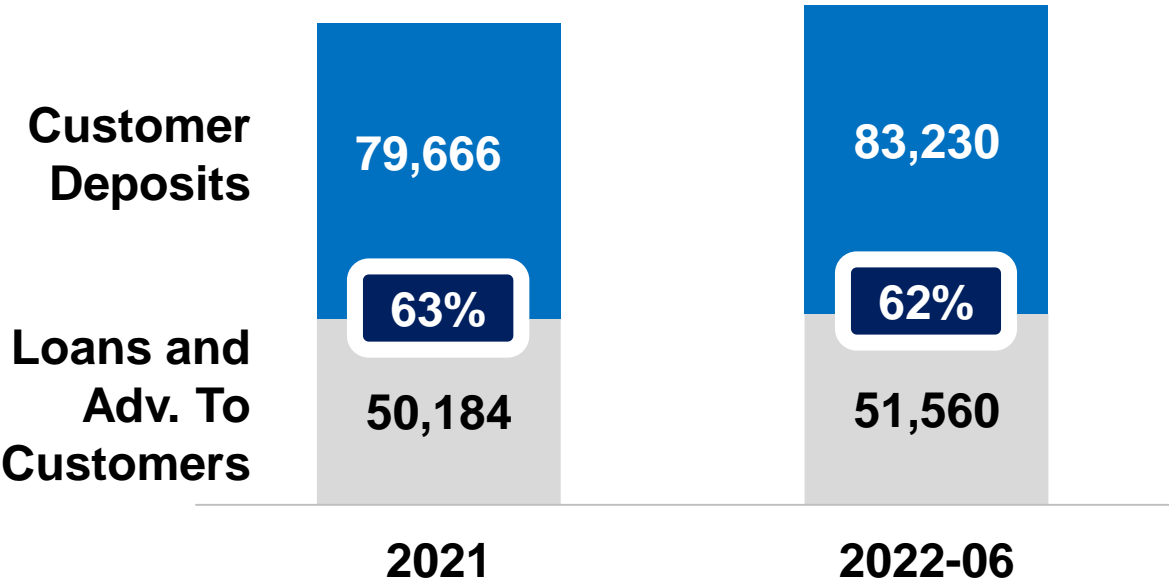
M€

## Customer deposits (Domestic)



M€

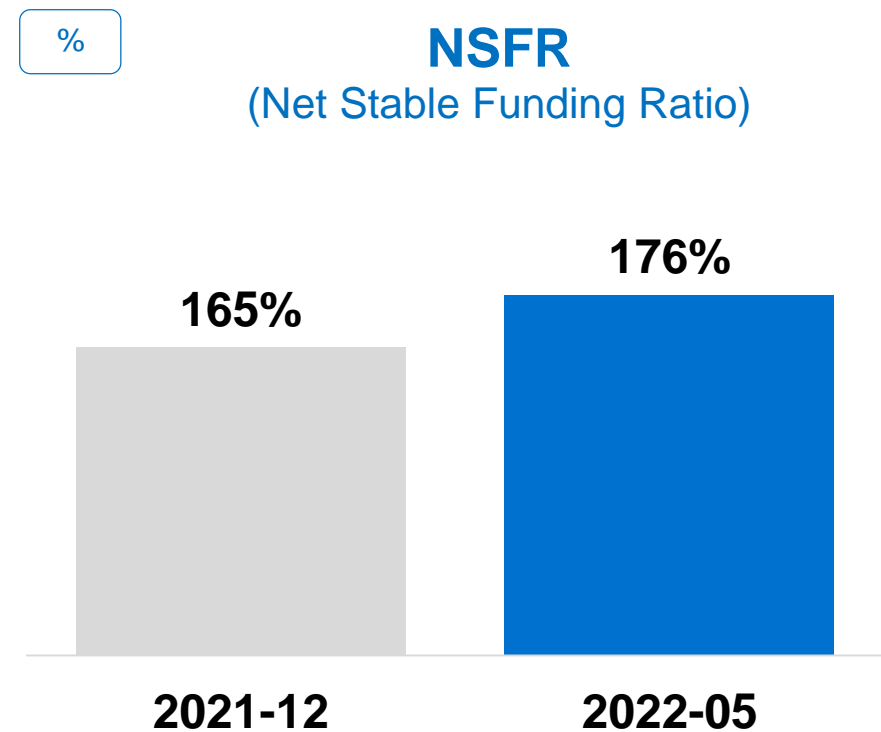
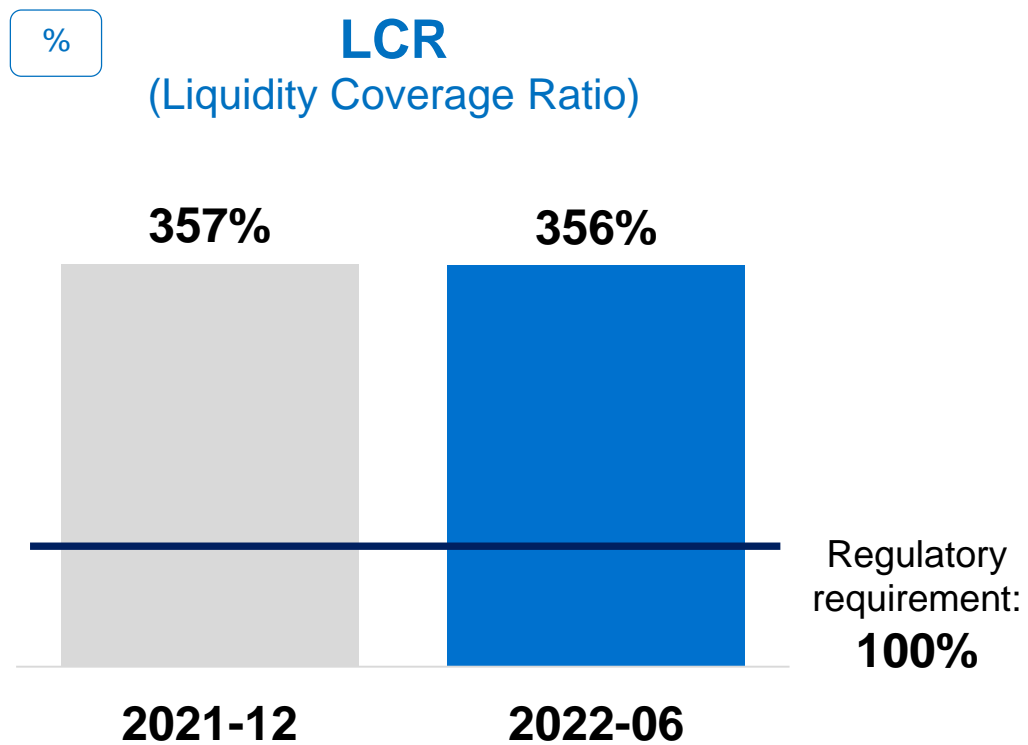
## Loan-to-Deposit Ratio



(\*) Excluding non-current liabilities held for sale.



# Liquidity position remains robust and sustainable

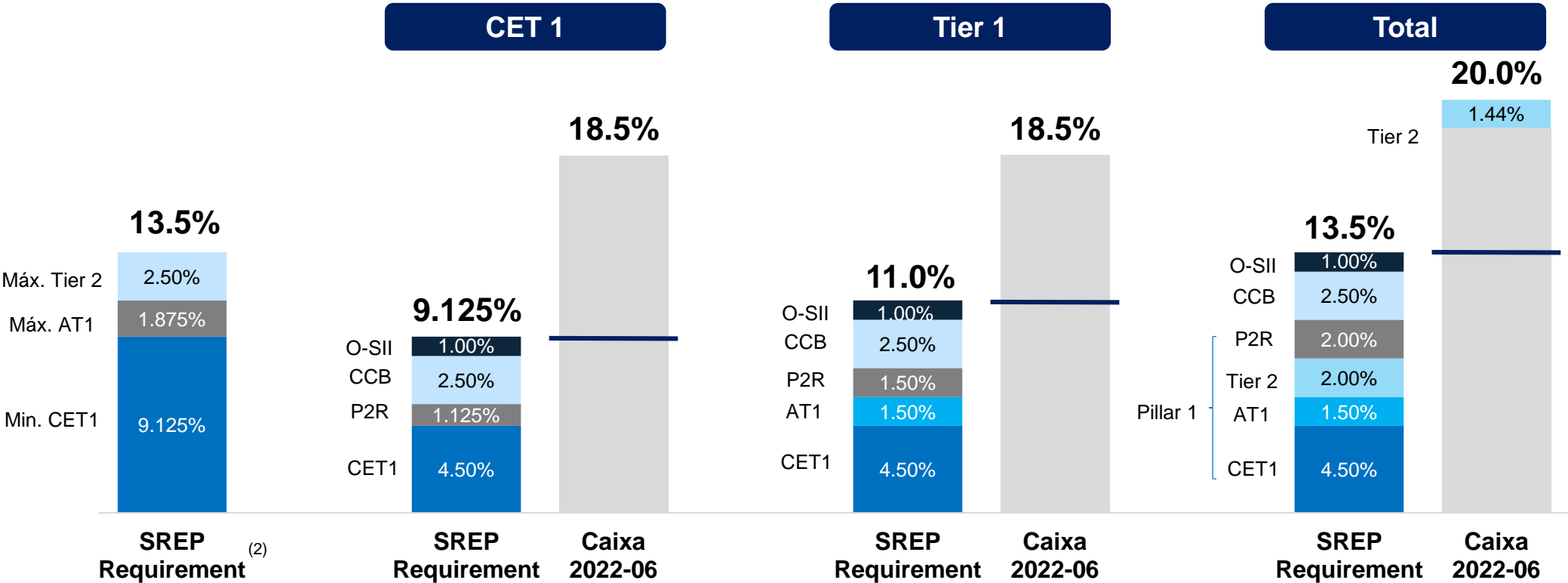




# CGD meets SREP requirements with ample margin after call of AT1



## SREP 2022 Requirements and CGD Capital Ratios <sup>(1)</sup>



(1) Excluding from net income the maximum distributable amount according to dividend policy

(2) P2R composition: 56.25% CET1, 18.75% AT1 and 25% Tier 2; O-SII buffer: 1% in 2022 and 2023

O-SII: Other Systemically Important Institutions buffer  
CCB: Capital Conservation buffer  
P2R: Pillar 2

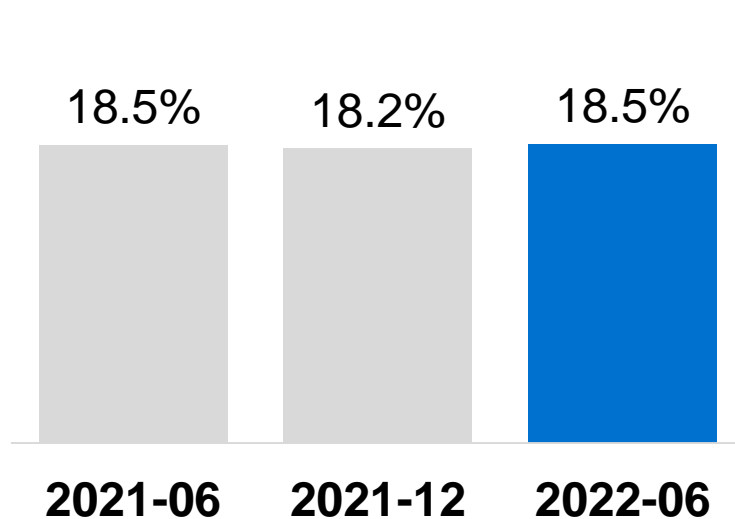


# Robust capital ratios after call of AT1

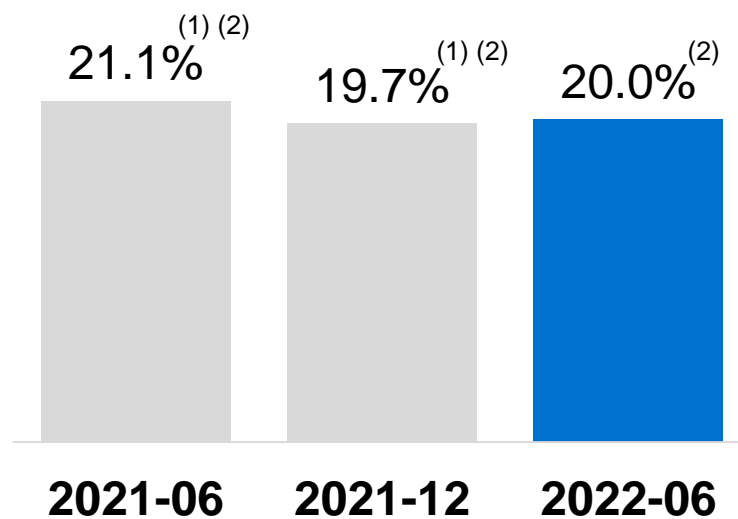


%

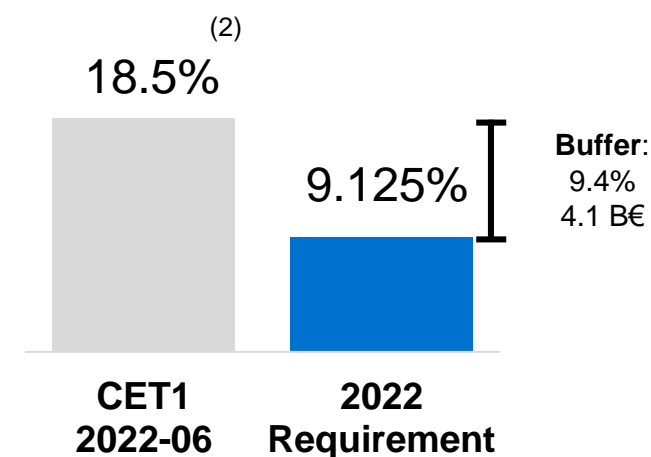
**CET 1 Ratio<sup>(2)</sup>**  
(Fully Loaded)



**Total Capital Ratio**  
(Fully Loaded)



**Capital Buffer**



(1) Excludes AT1 redeemed in March 2022; (2) Excluding from net income the maximum distributable amount according to dividend policy



## Pension Fund with liabilities fully covered at 126%



### Liabilities for employee pensions

	2021	2022-06
Total responsibilities for past services	3,299.6 M€	2,638.7 M€
Equity status of the Pension Fund	3,558.7 M€	3,332.7 M€
<b>Coverage Level</b>	<b>107.9%</b>	<b>126.3%</b>

- Upward revision of the Pension Fund discount rate to 3.2%
- 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
- Revision of the salary growth rate, from 0.6% to 1.2% by 2024 and 0.9% after 2024 and 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

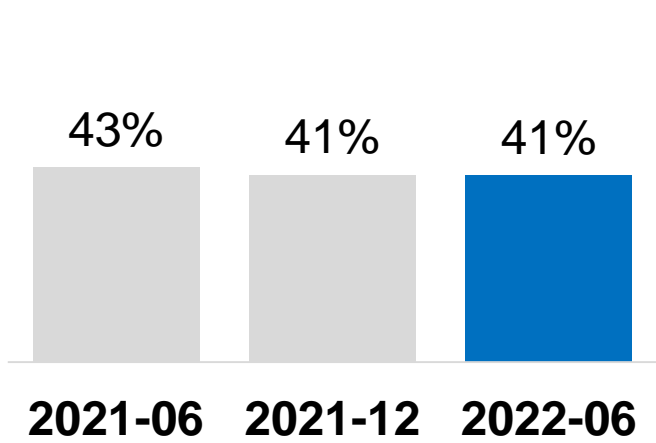


# Risk Weighted Assets (RWA) density, Texas and Leverage Ratios

%

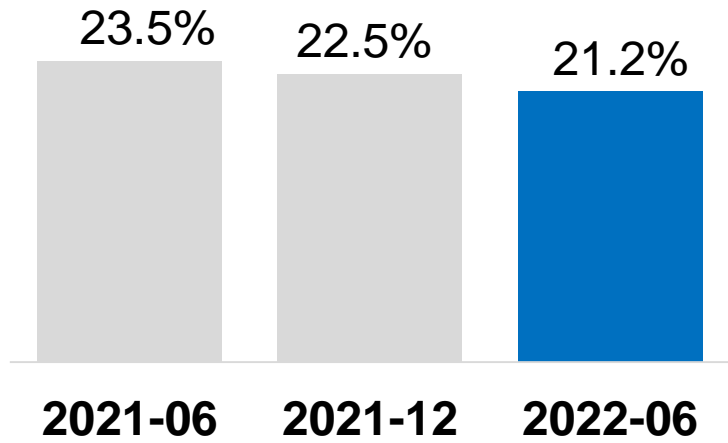
## RWA Density

RWA fully implemented (2022-06): 43.5 B€



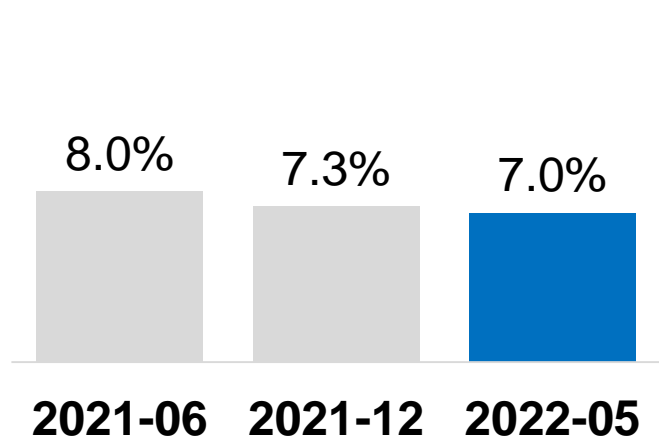
%

## Texas Ratio (1)













%

## Leverage Ratio (2)



(1) Texas Ratio = Non Performing Exposure EBA / (Impairment + Tangible Equity); (2) Leverage Ratio = Tier 1 Capital / Total Exposure



	Net income of €486 million supported by the improvement in the cost of risk and in the international area which grew by 47 M€ (+77%)
	Commercial performance supports business volume growth (2%) with sustained leadership positions in assets and liabilities
	Credit to individuals and companies in Portugal grows, with special relevance in the corporate sector to the 5% increase in the SME segment
	Deposits growing (+3.7 b€) across all segments, maintaining a negative P/L impact in Portugal (net cost of deposits at 26 b.p.)
	Extraordinary contributions from the banking sector and regulatory costs increase to 80.5 M€ (+25%)
	Strong customer engagement in digital channels with 19% growth in mobile users
	Sustained decrease in recurrent cost-to-income ratio to 43.4%, reflecting higher levels of efficiency and improved earnings
	Asset quality improves: NPL ratio decrease to 2.6% and NPL ratio net of total impairments remains at 0% with 137% NPL coverage level. Foreclosed assets decrease by 15% in the semester, to 339 M€
	Robust capital position, with the CET1 ratio at 18.5%, above the average of Portuguese and European banks and incorporating dividends already paid and 200 M€ expected dividend from first half 2022 results, to be paid in 2023, according with Policy
	300 M€ senior preferred debt issued for MREL requirements, with full investment grade category, and the first green issue by a Portuguese bank





# Results Presentation

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## Consolidated Results

Unaudited financial information

Investor Relations | 29.07.2022

# 1H 22

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