



Consolidated Results 1st Quarter 2019

Unaudited financial information

Investor Relations

02/05/2019



Agenda

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- 2 Results
- 3 Balance Sheet
- 4 Asset Quality
- 5 Liquidity
- 6 Capital



Highlights

CGD strengthens profitability capital and asset quality, returning to dividend payment

Consolidated net income reaches 126 M € (68 M € in March 2018), resulting in a ROE of 6.6%, +2.8 p.p.

Core operating income ⁽¹⁾ increases 11.5% over 1Q 2018

Fully implemented CET 1 ratio reaches 15.0%, Tier 1 16.1% and Total ratio 17.4% (before dividend).
These ratios are evidence of CGD's robust capital position

Continued improvement in asset quality: reduction of NPL ratio to 7.8% and coverage of 62,8%

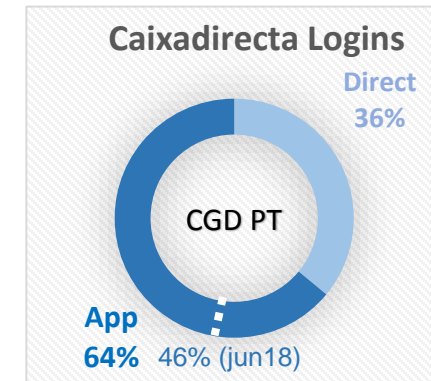
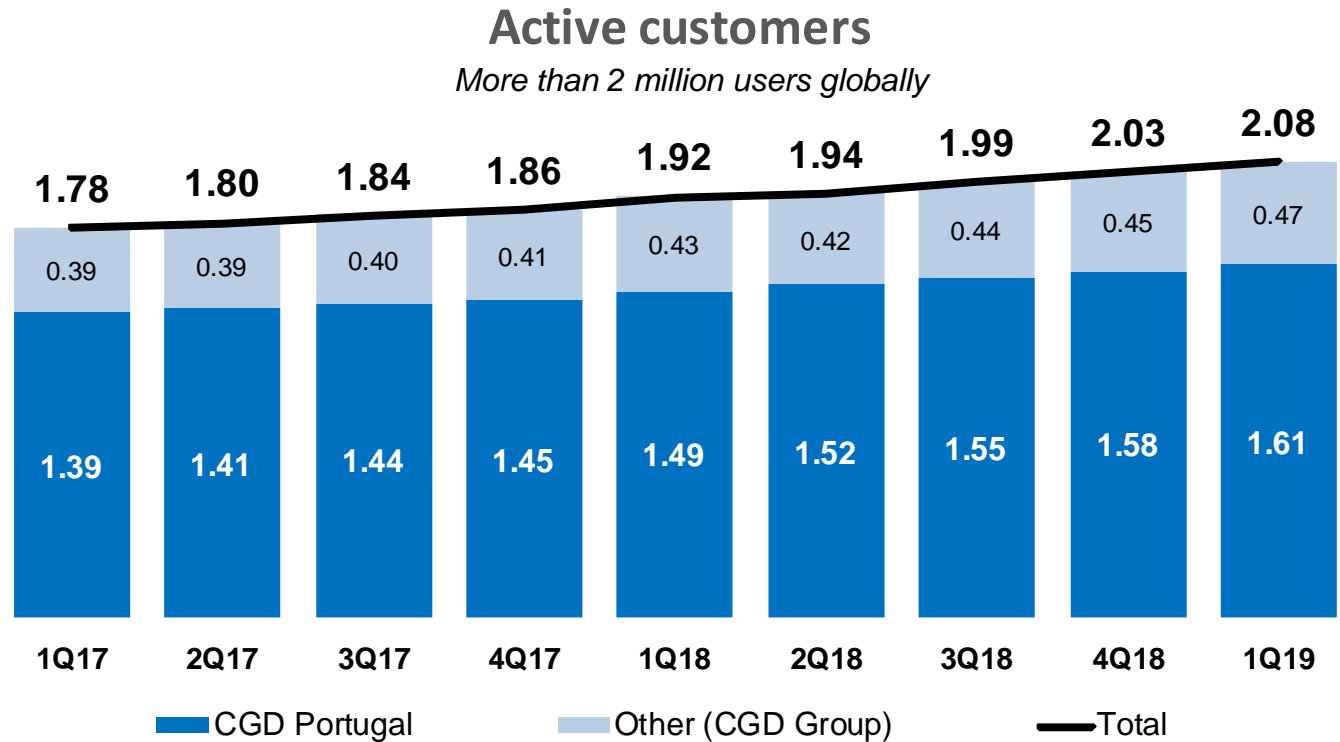
CGD returns to paying dividends with a proposal of 200 M € to be submitted to the General Meeting already authorized by the supervisory authorities

(1) Core operating income = Interest margin + Net Commissions - Operating costs.

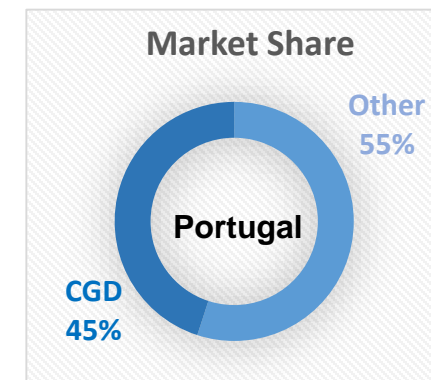
Strategic Plan – 2019 execution consolidates the track to 2020



Digital Banking: Building the Future CGD, leader with a 45% market share



App logins already reach 64%

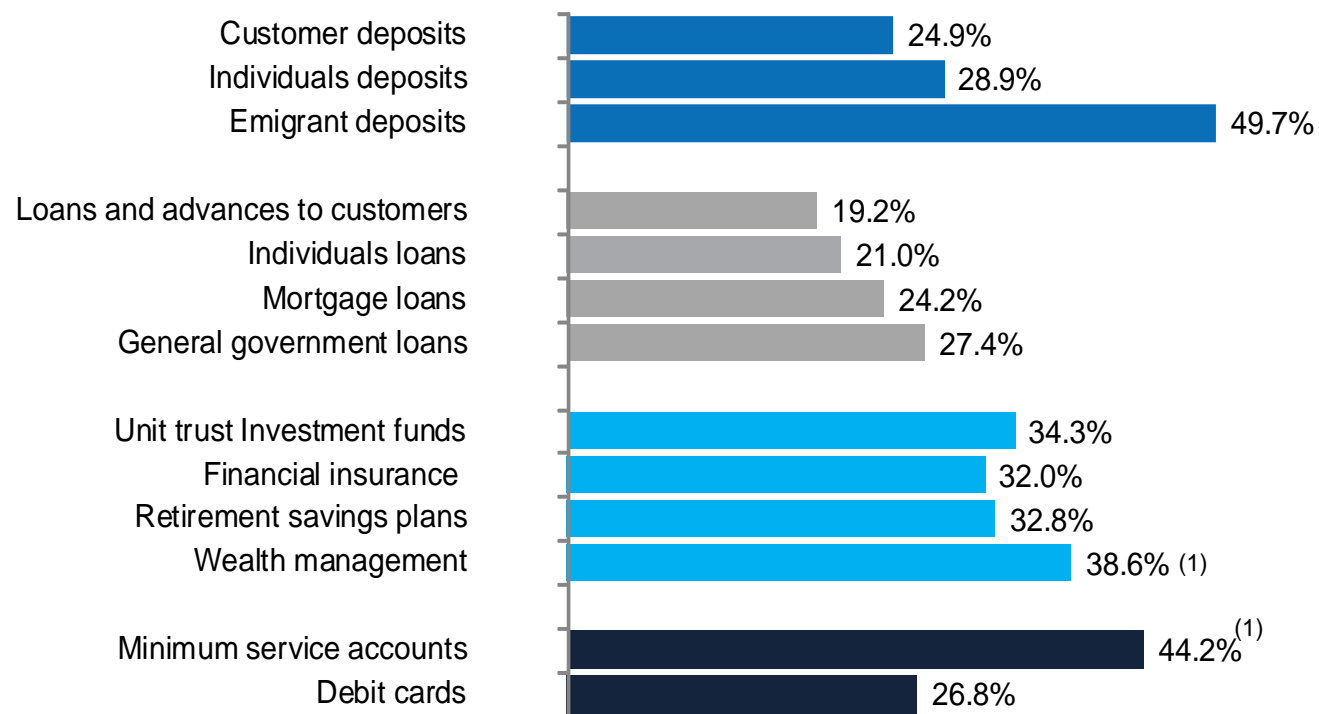


Leader with more than twice the number of users of 2nd placed bank*

* According to Basef Internet Banking study (2018 average) by Marktest.

Leadership and Distinctions

Leader in main client and product segments



Market Shares

February 2019

Prizes and distinctions

TOP 500 BANKING BRANDS 2019
MARCA PORTUGUESA MAIS VALIOSA (AA+)
 The Banker
 ESTAMOS TODOS DE PARABÉNS!

The most valuable Portuguese bank brand

Caixa Platina is the best Premium card in 2019 (by Compara.Já.pt)

Caixa BI
 Euronext Lisbon Nº 1
 IPO & Seasoned
 Equity Offer House
 2019

CGD
 1st in Portugal
 45th in Europe
 154th Worldwide

FUNDOS DE INVESTIMENTO MOBILIÁRIO
CAIXAGEST
 DUPLAMENTE DISTINGUIDA
 PELOS MORNINGSTAR AWARDS 2019.

Caixagest
 Best Global and Bond
 Fund Manager in
 Portugal 2019

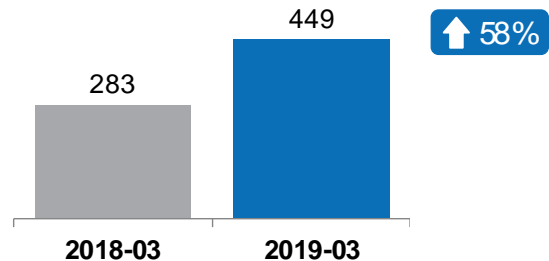
(1) December 2018.

Individuals and Corporates

Individuals and households



- **58% increase in new mortgage loans**, € 165 million over Mar18



- **1.6 million Contas Caixa accounts**, 64,000 more than in dec 2018
- **301 thousand remote banking clientes**
- Customer segmentation model: Caixa Platinum, Caixa Azul and Mass Market extended to remote customer management servisse
- Launch of a line of credit with a mutual guarantee for students in higher education



Social support:

- Support for cyclone Idai victims.

Corporate business



Outstanding position in the placement of SPGM, PME Investment, IFD and supranational lines (EIB and EIF)

- 2nd place in Capitalizar 2018, **€116M¹**, MS*= 19%
- 1st place in Capitalizar Mais, **€81M¹**, MS*= 23%
- 1st place in Protocolos SGM **€46M²**, MS*= 21%
- Caixa EIB 2018, **€178M³** – depleted
- Caixa Invest Inovação (FEI), **€75M³**



New commercial offer for corporates

- Credit line to support Tourism development
- SI Inovação Lines (IT inovation)
- Launch of FLEXCASH (digital confirming);
- Forfait extended to documentary credits (EUR and USD);
- Fixed rate MLT loans and leasing offer (new terms: up to 20 years)
- Roll out of export credit insurance products (CGD-COSEC)
- Launch of Caixa Business and Caixa Business+ accounts



In 1Q 2019, 3 “Fora da Caixa” conferences were held involving circa 1,152 CGD customers and 50 thousand streaming views. With these events a cycle of 26 conferences was closed over 2 years.

Macro-economic and market context

- Maintenance of **interest rates** at minimum levels with expectations of their maintenance at negative levels for an extended period;
- **Long-term rates** fall, reducing the profitability of financial assets and pressing down credit spreads;
- Prospects of **global economic slowdown**, particularly in the euro zone (IMF, World Bank);
- Political and geostrategic **risks** (Brexit, trade war, international sanctions, oil price evolution);
- Introduction of **new regulatory requirements** (MREL);
- Continued deleveraging of **economic agents** in Portugal with impact on credit stocks;
- Need for further **reduction of NPL** stock;

Non-recurring events in 1st quarter accounts

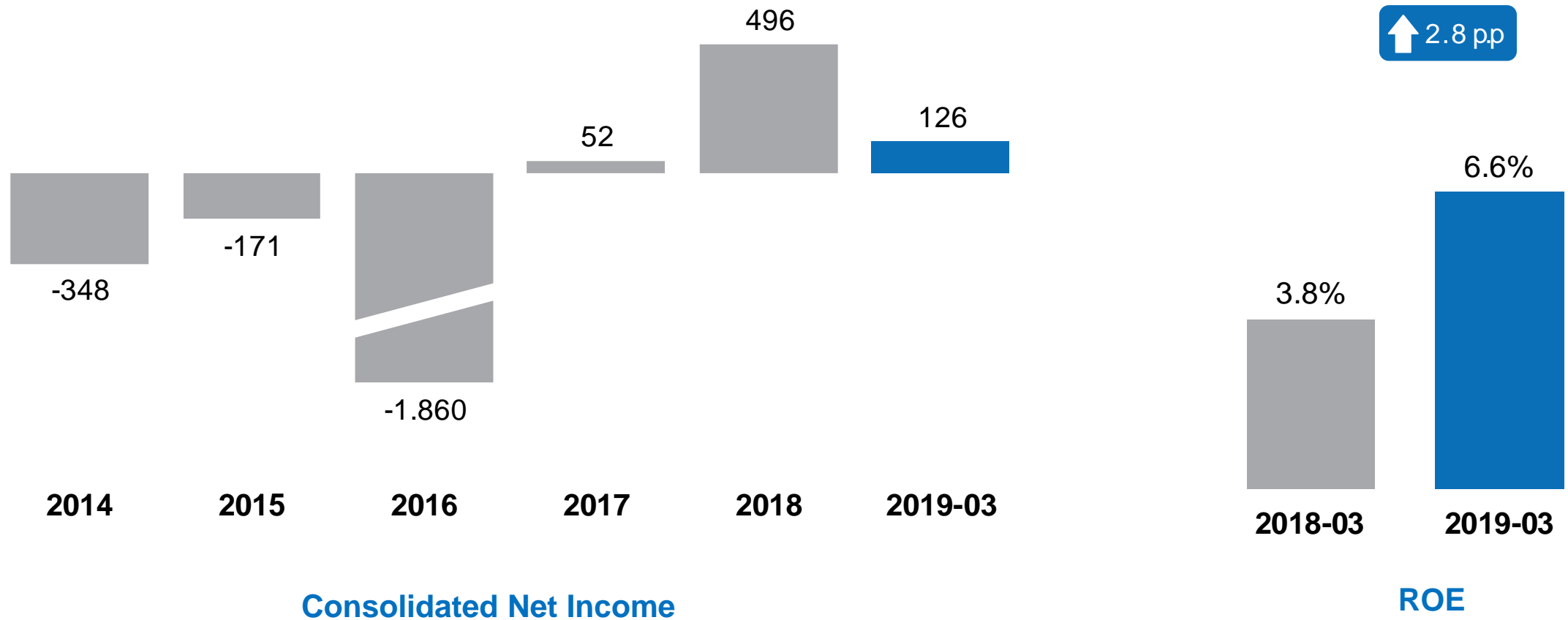
- Accounting for all regulatory costs for 2019 (including special contribution to the banking sector with **negative impact of EUR 60 million on net income**;
- **Positive impact of EUR 36 million in net income**, resulting from a capital gain of EUR 50 million on the sale of property.;
- Reversal of EUR 55 million in provisions for staff reduction programs, registered at the end of 2017, with an equivalent amount of staff costs. **No impact on net income**;
- Without these effects, the result (recurrent) for the period would be **EUR 149 million**, higher than reported;



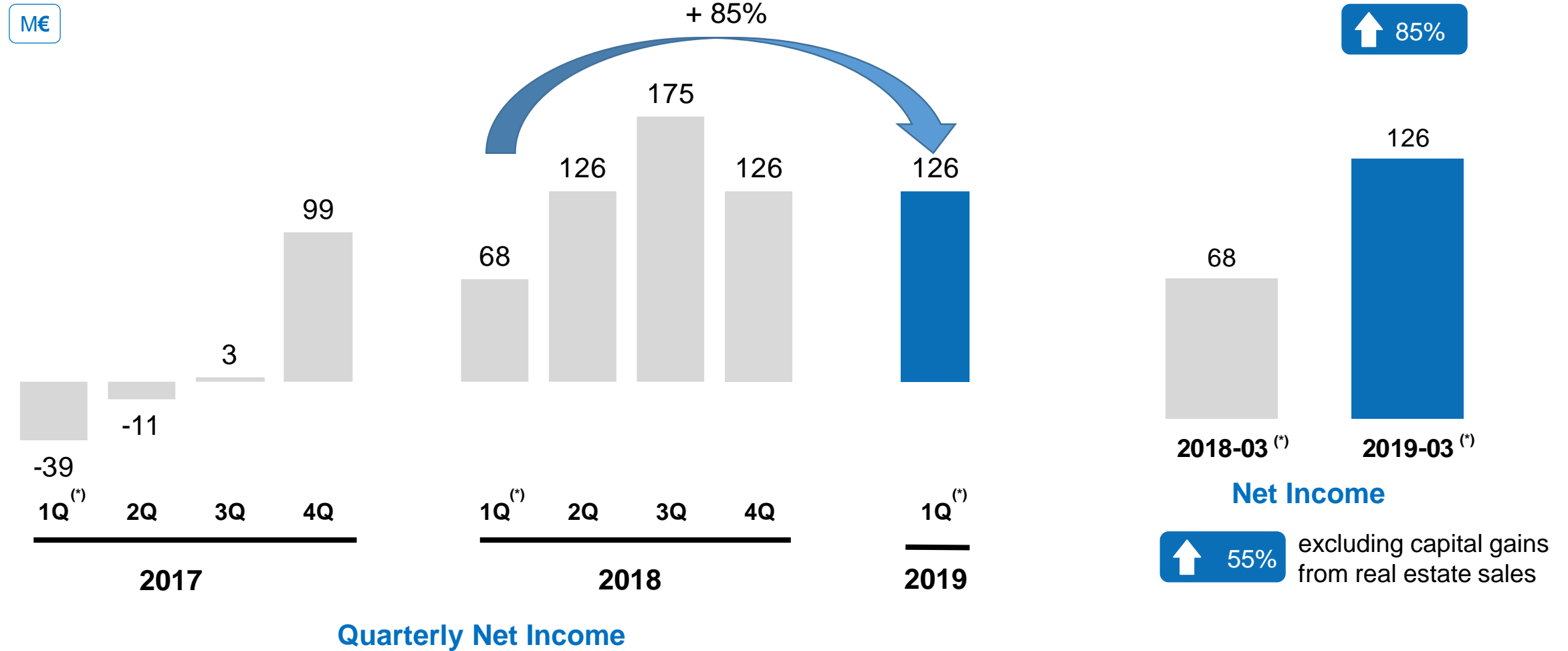
Results

1st Quarter 2019 confirms progress in strengthening CGD's profitability

M€

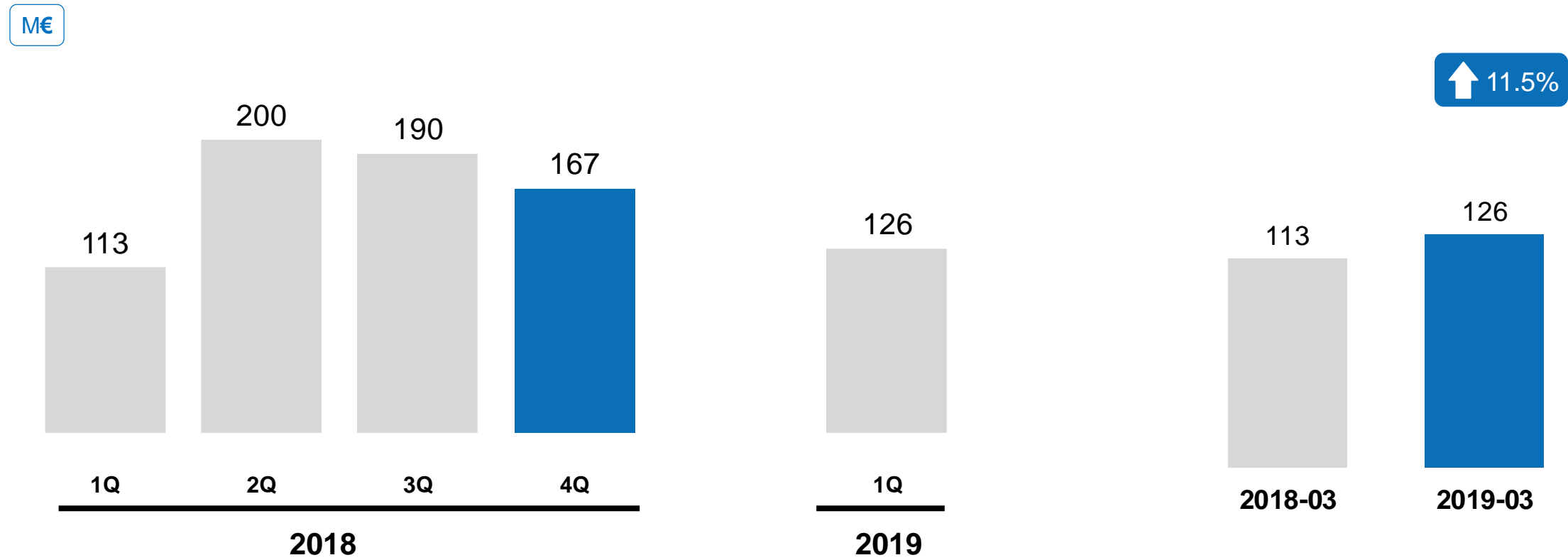


Quarterly Net Income confirms progress of CGD's profitability ...



(*) Includes regulatory costs for the entire year

...supported by the favourable evolution of Net Core Operating Income before Impairments



Quarterly Net Core Operating Income before Impairments ⁽¹⁾ ⁽²⁾

Net Core Operating Income before Impairments ⁽¹⁾ ⁽²⁾

(1) Net Core Operating Income before Impairments = Net Interest Income + Net Fees and Commissions - Operating Costs;
 (2) 2018 accounts have been restated, considering Banco Comercial do Atlântico (BCA) as a non-current asset held for sale.

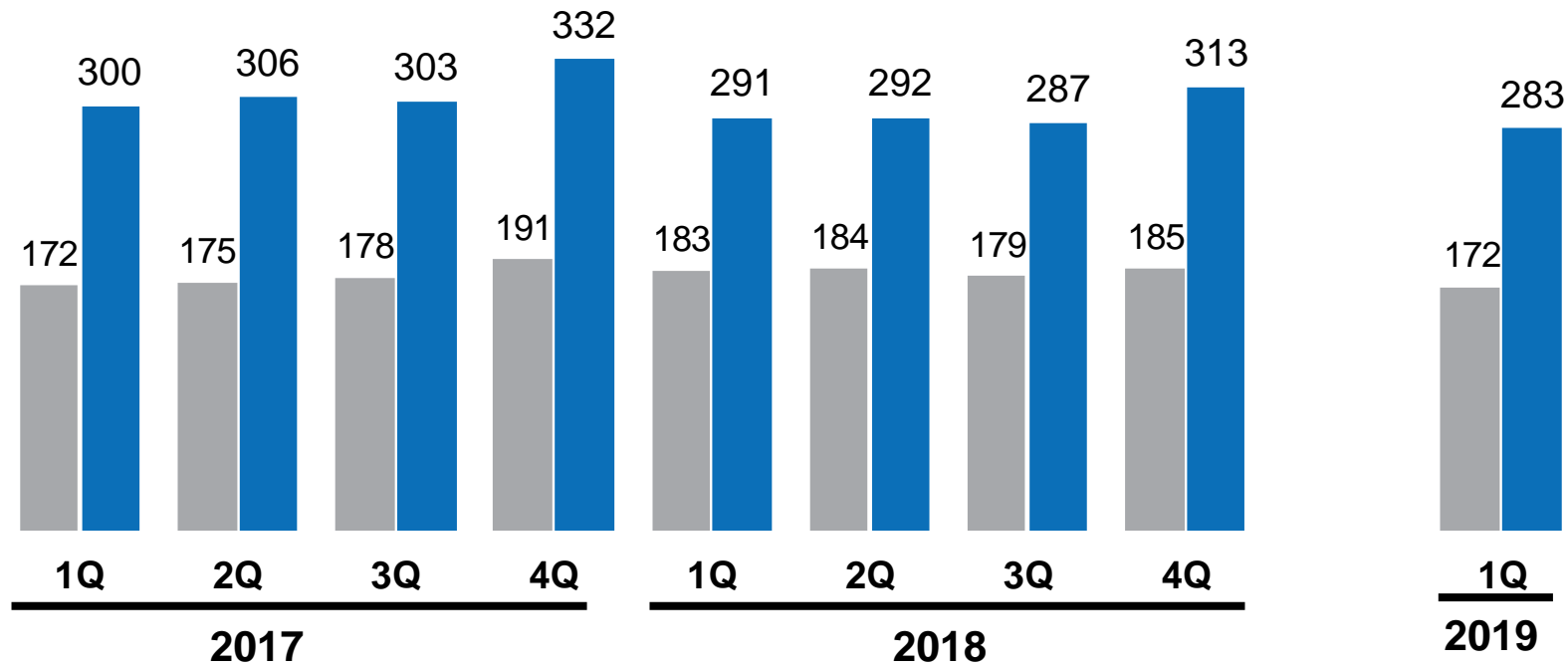
Net Interest Income affected by low interest rate environment

M€

- CGD Portugal
- Consolidated

↓ 2.8%

Change Year on Year
1Q2019 vs 1Q2018

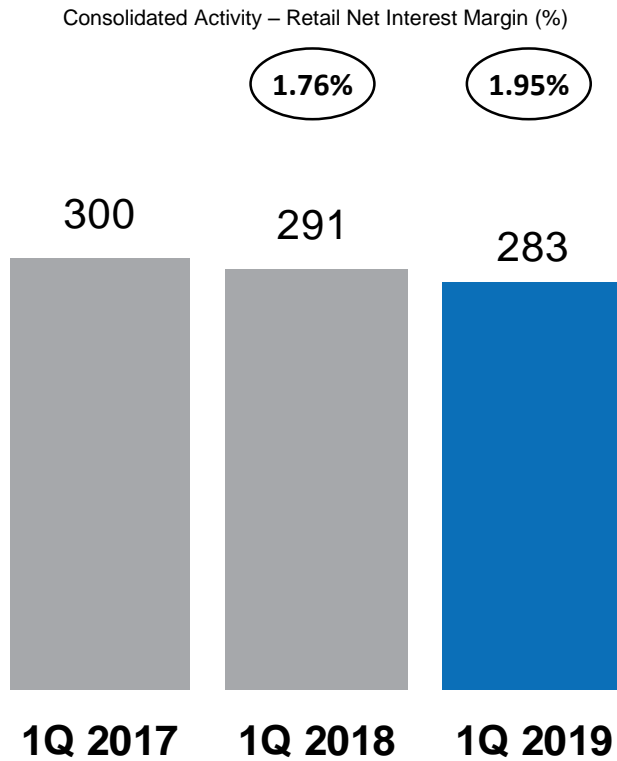


Quarterly Net Interest Income ⁽¹⁾

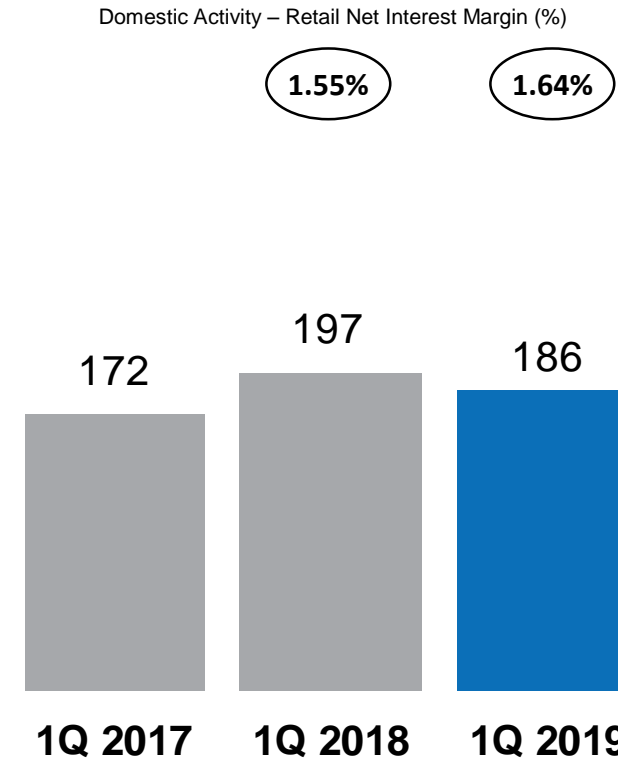
(1) 2018 accounts have been restated, considering Banco Comercial do Atlântico (BCA) as a non-current asset held for sale.

Net Interest Margin in retail rises despite deleveraging and interest rate environment ...

M€

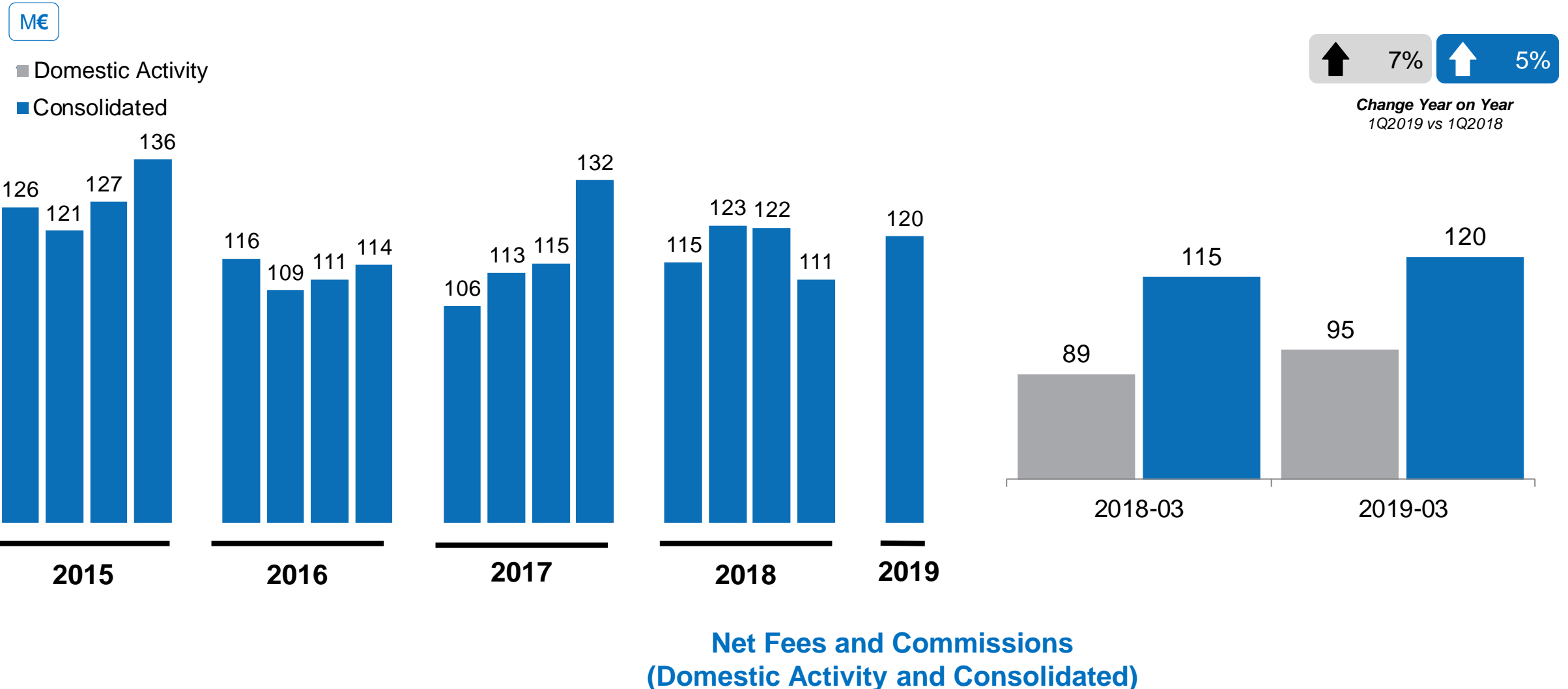


**Total Net Interest Income
Consolidated Activity**



**Total Net Interest Income
Domestic Activity**

...and Net Fees and Commissions in line with the Strategic Plan

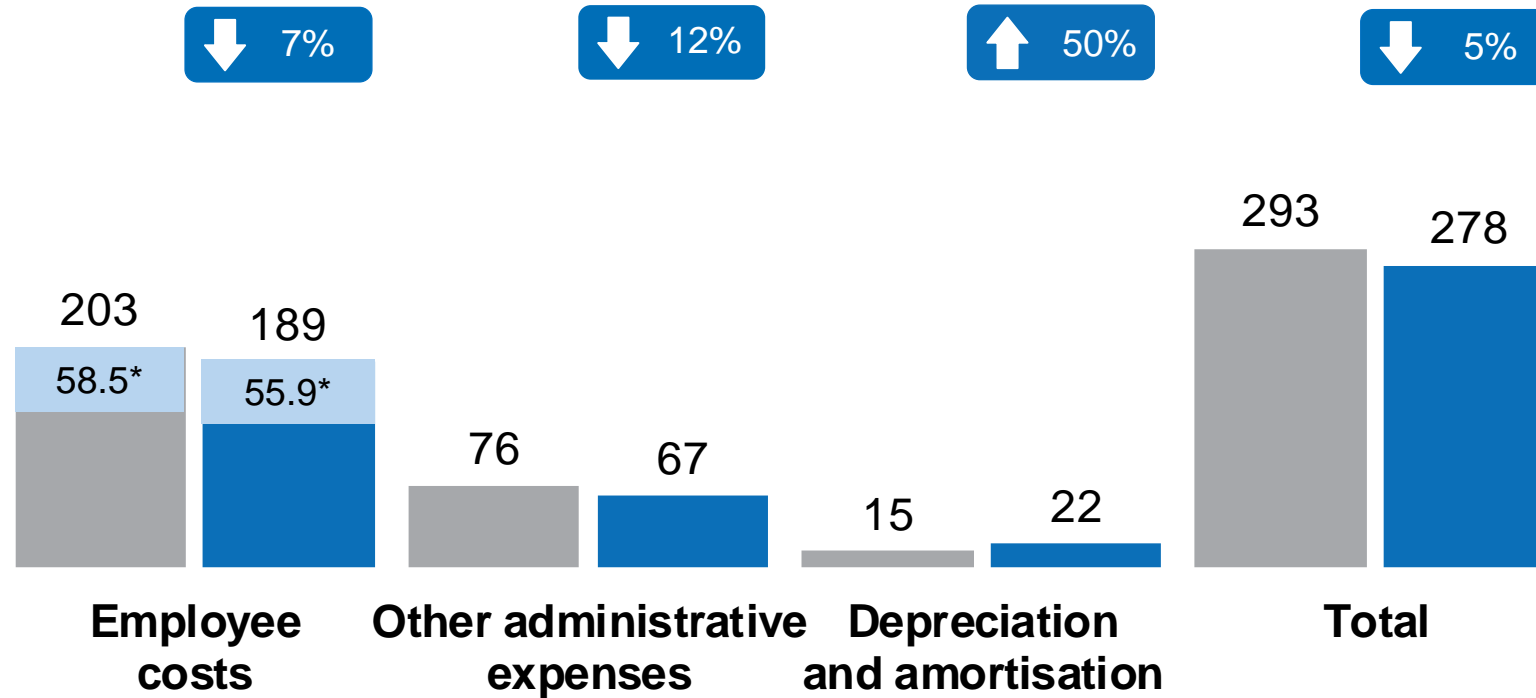


Lower Operating Costs at consolidated level...

M€

■ 2018-03

■ 2019-03

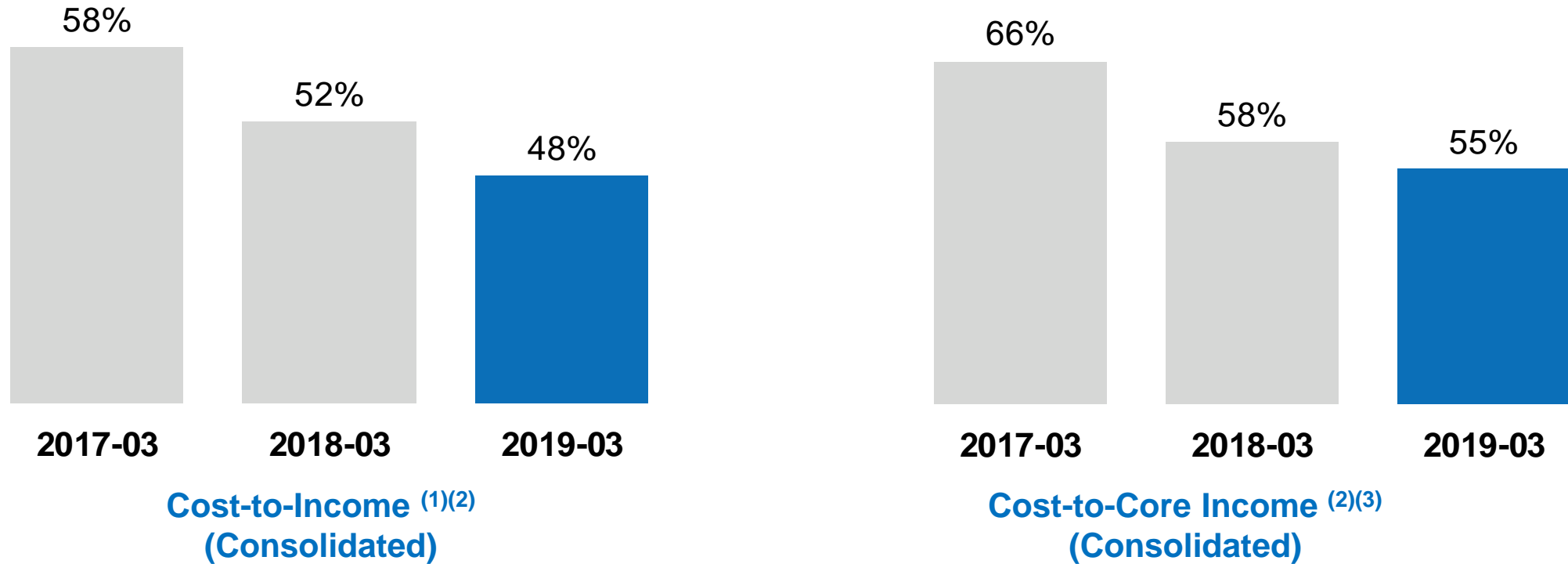


Operating Costs – Consolidated Activity

* Non recurrent costs

Cost-to-Income continues its downwards path...

%



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

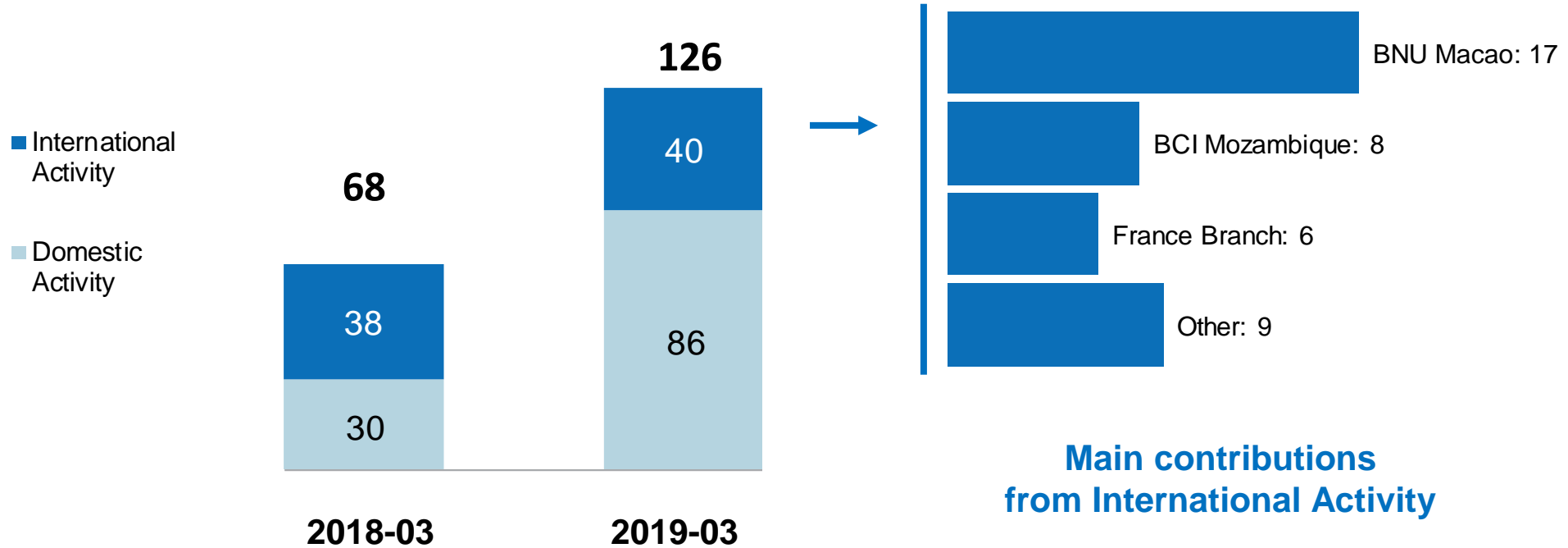
(2) Excluding non-recurrent costs;

(3) Operating Costs / (Net Interest Income + Net Fees and Commissions);

2018 accounts have been restated, considering Banco Comercial do Atlântico (BCA) as a non-current asset held for sale.

Contributions to Consolidated Net Income

M€



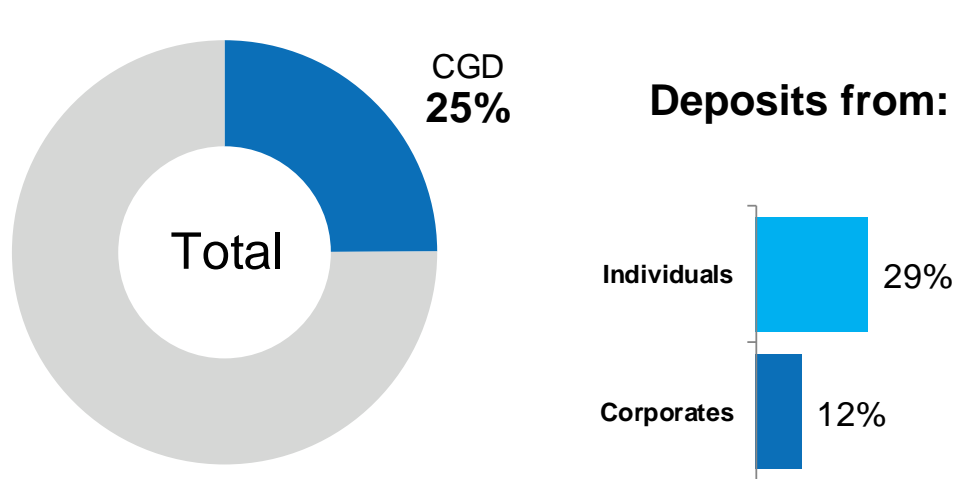
- Branches closed (2017-2018): London, Cayman, Offshore Macao, Zhuhai and New York.
- Mercantile Bank Holdings Limited (South Africa) and Banco Caixa Geral, S.S. (Spain) – sales waiting approval from local authorities.
- Banco Caixa Geral - Brasil, S.A. and Banco Comercial do Atlântico (Cape Verde) sales process is ongoing.
- Luxembourg branch wind down process in progress.



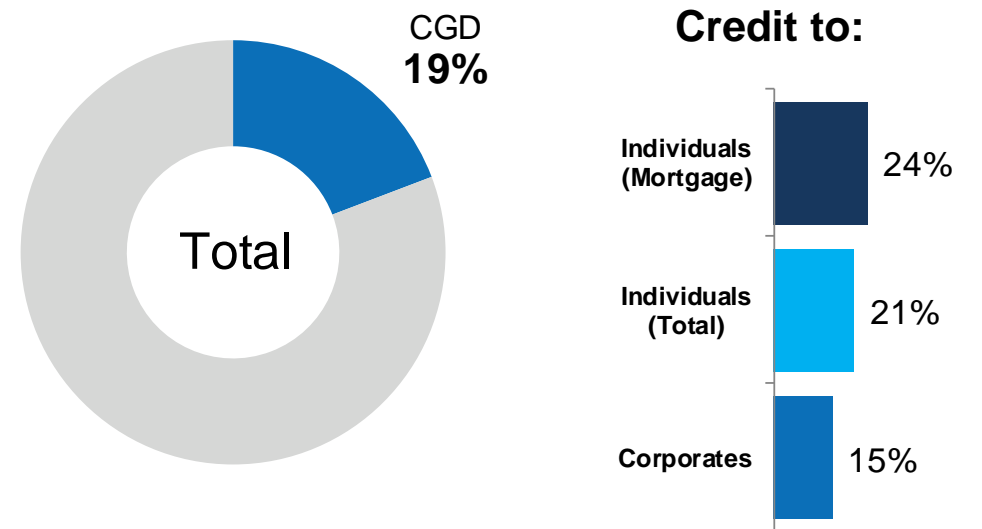
Balance Sheet

Market Shares: CGD leader in Portugal

%



Customer Deposits – Portugal
February 2019



Loans and Adv. to Customers – Portugal
February 2019

Business Volume evolves favourably

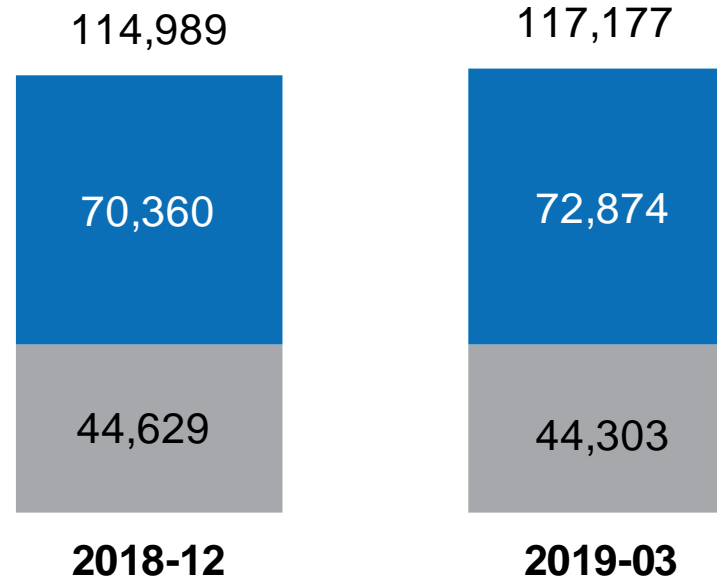
%

↑ 1,9%

Change:
YTD

+ 2,188 M€

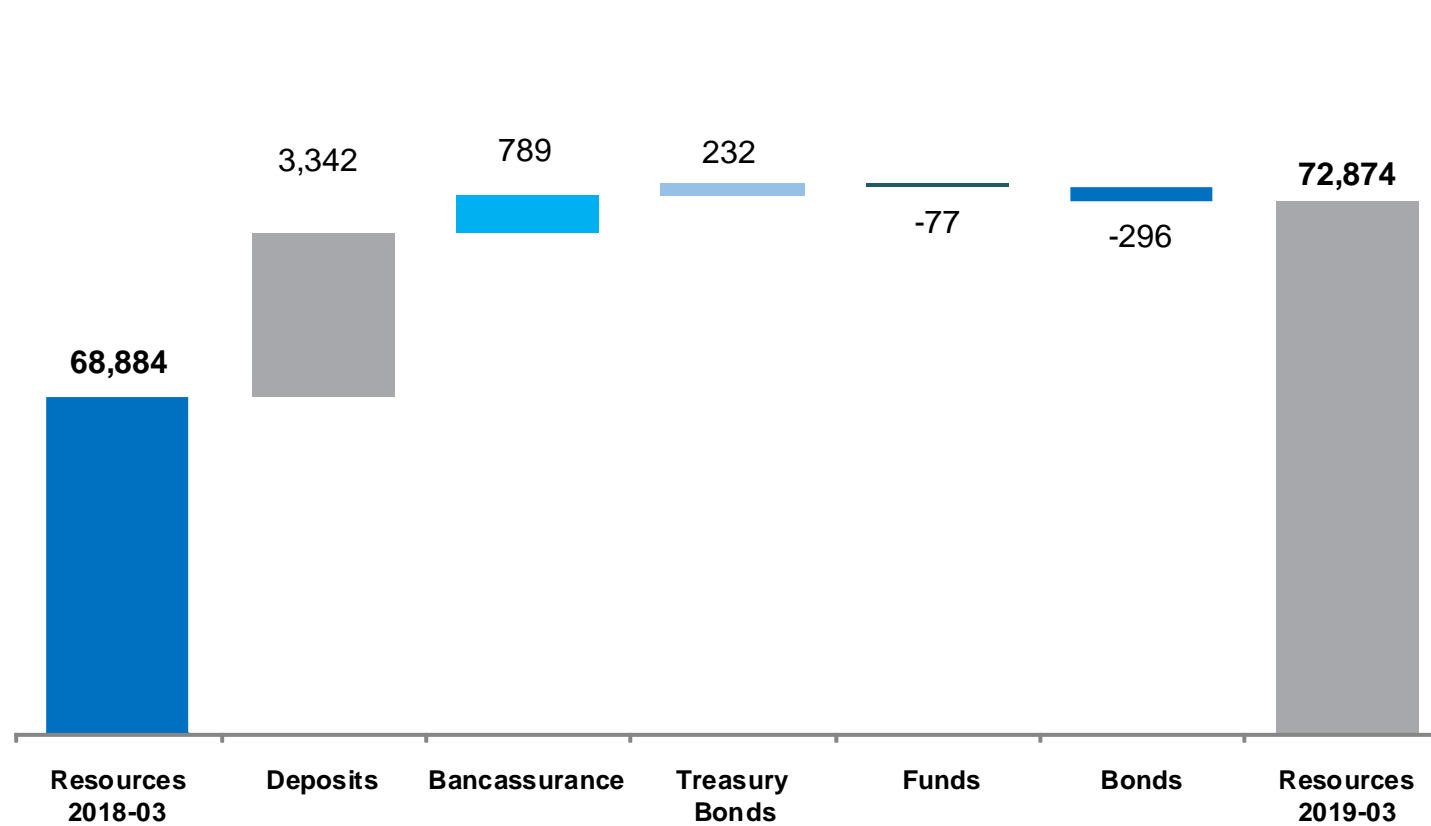
- Customer Resources - Domestic Activ.
- Loans and Adv. To Customers - CGD Portugal



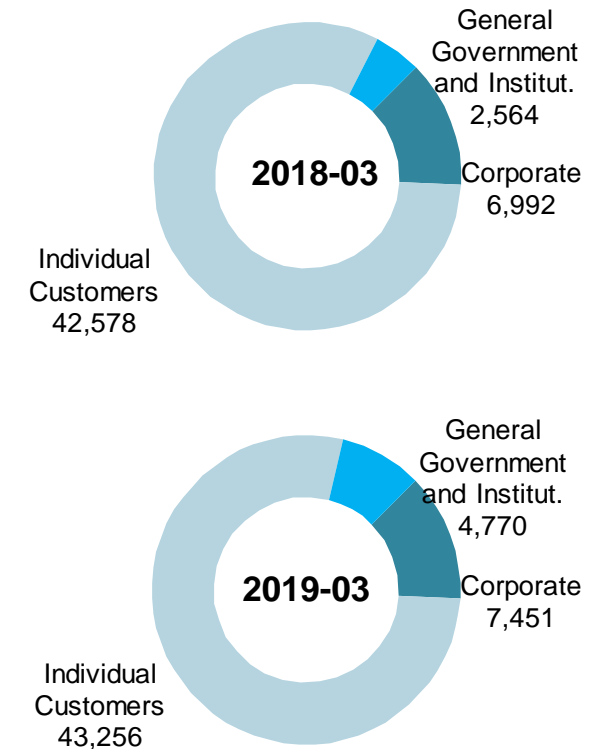
**Business Volume
(Domestic Activity)**

Total Customer Resources in Portugal increased

M€



**Total Customer Resources
(Domestic Activity)**



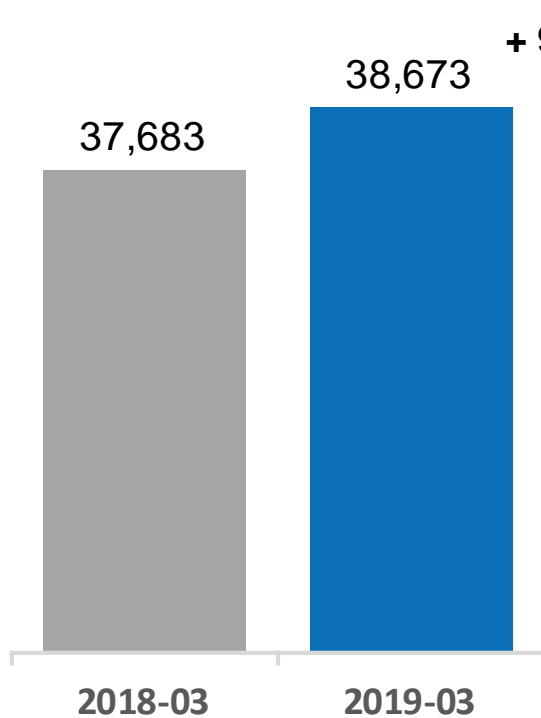
**Customer Deposits
(Domestic Activity)**

Credit in Portugal reflects NPL reduction and General Government reimbursements, performing grows

M€

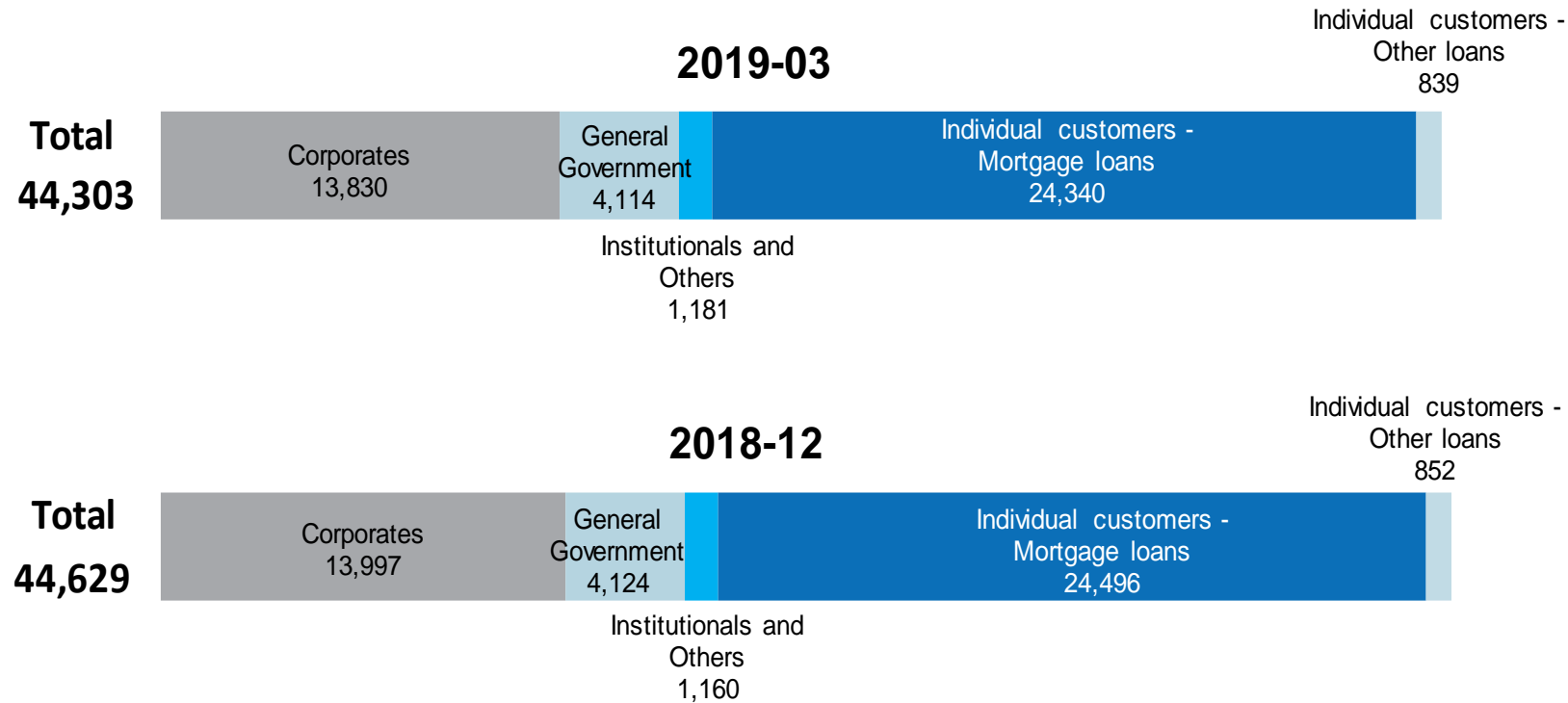
↑ 2.6%

+ 989 M€



Loans and Advances to Customers* (performing) excluding General Government CGD Portugal (EBA Definition)

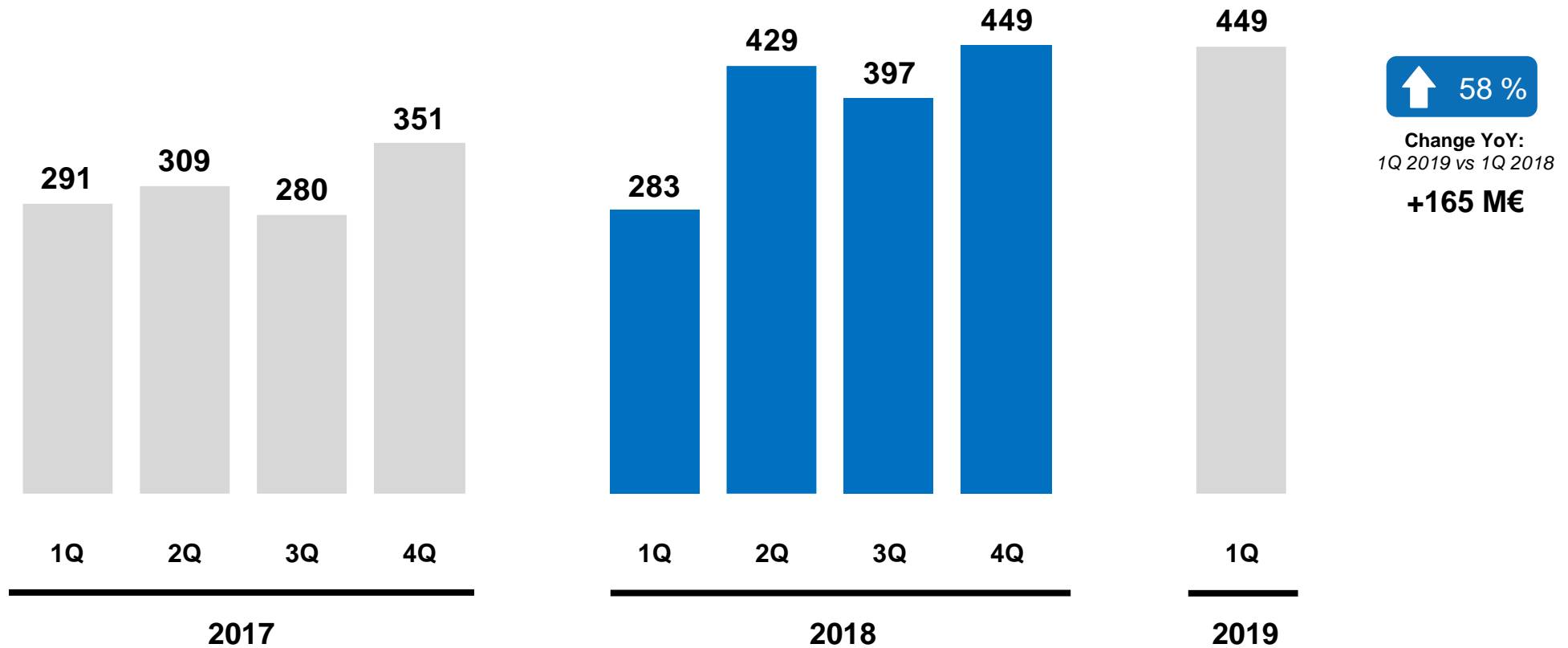
*includes securitized credit



Loans and Advances to Customers (Gross) CGD Portugal

58% increase in new Mortgage Loans

M€

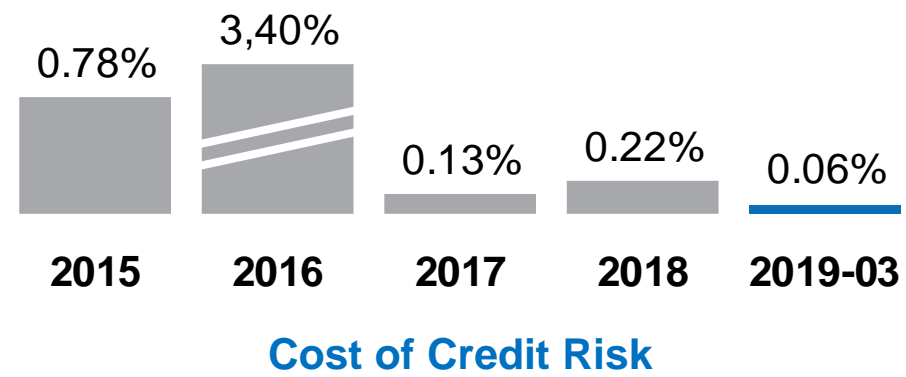




Asset Quality

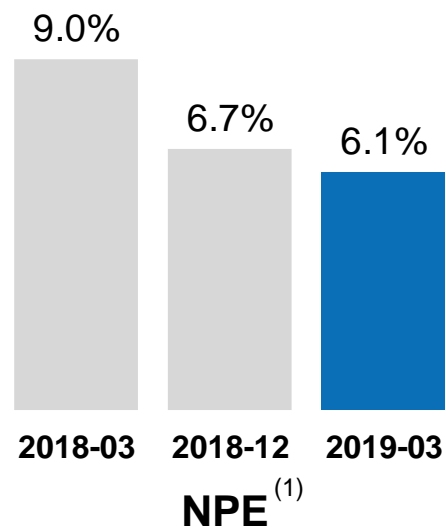
Reduced Cost of Credit Risk

%

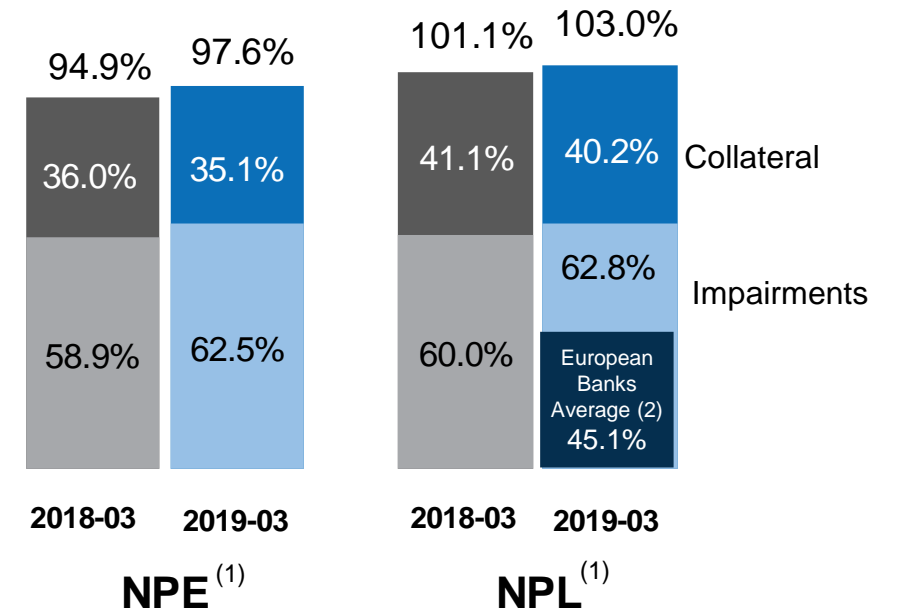
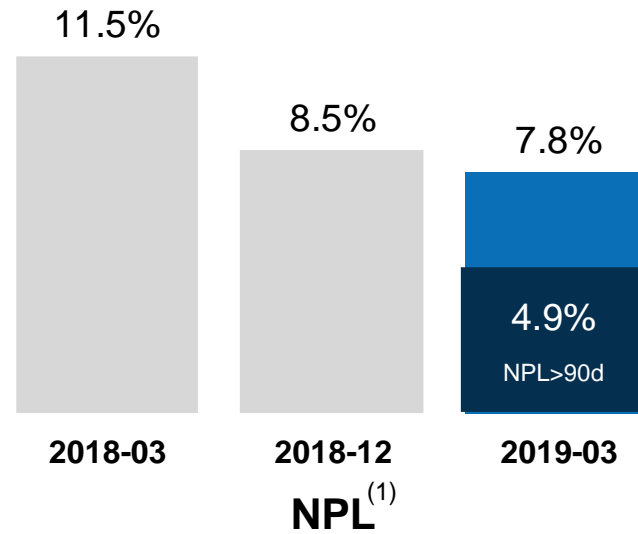


NPE and NPL decreasing and reinforced coverage. NPL more than 90 days ratio less than 5%

%



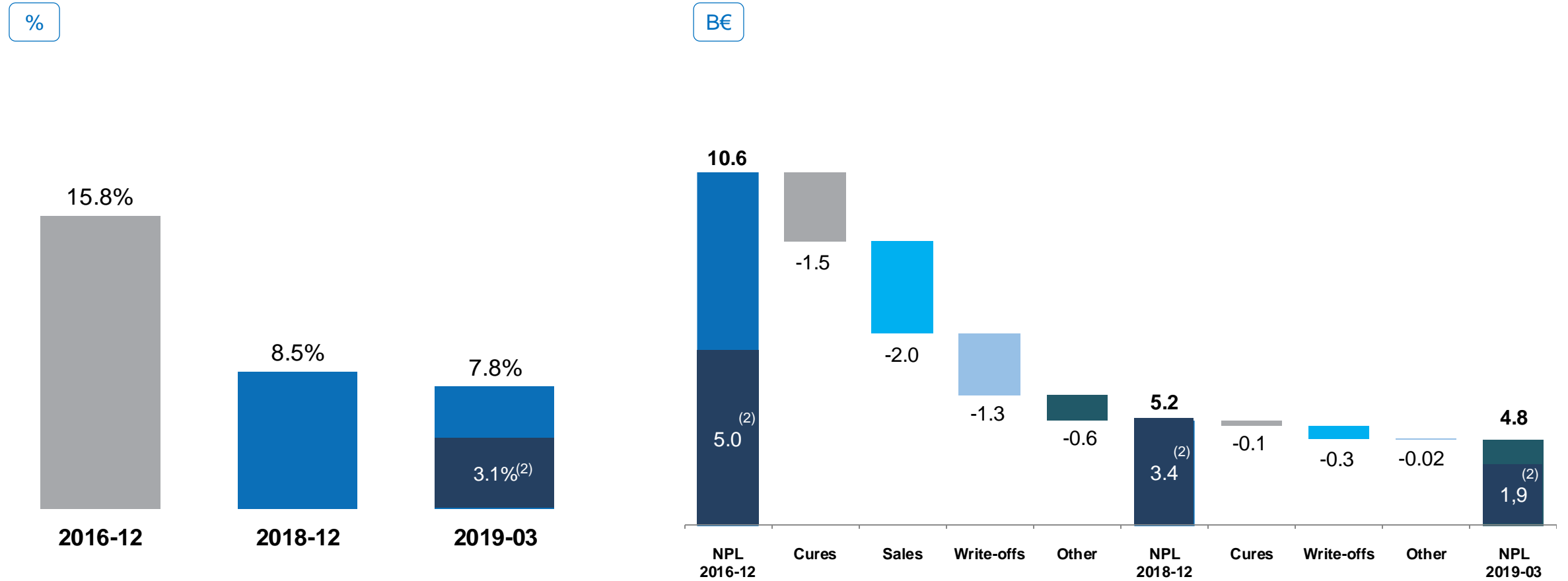
Gross Ratios



Coverage by Impairments and Collateral

(1) NPE – Non Performing Exposure and NPL – Non Performing Loans – EBA definitions; (2) EBA Risk Dashboards – Dec 2018

NPL reduction continues in 2019, down 5,8 B€ (-55%) since December 2016...



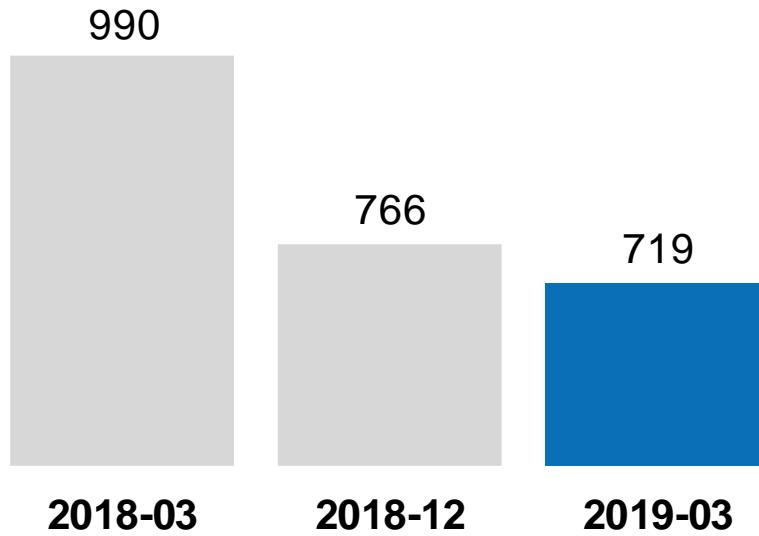
NPL⁽¹⁾ evolution

(1) NPL – Non Performing Loans – EBA definition.
 (2) NPL net of impairments.

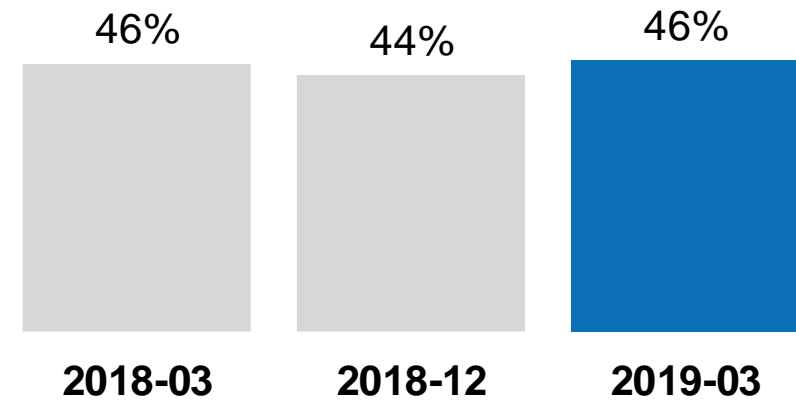
Foreclosed Assets (Real Estate) maintains decreasing trend

M€

%



**Foreclosed Assets - Gross Value
(Real Estate)**



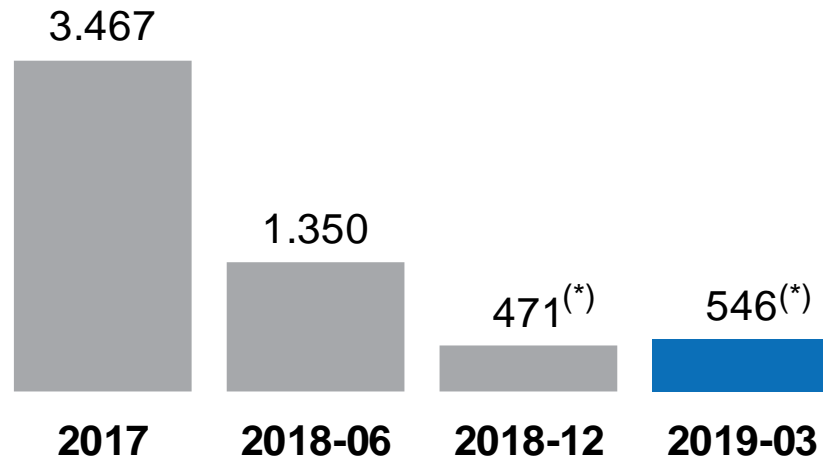
Coverage by Impairments



Liquidity

CGD removes the risk of ECB refinancing (TLTRO)

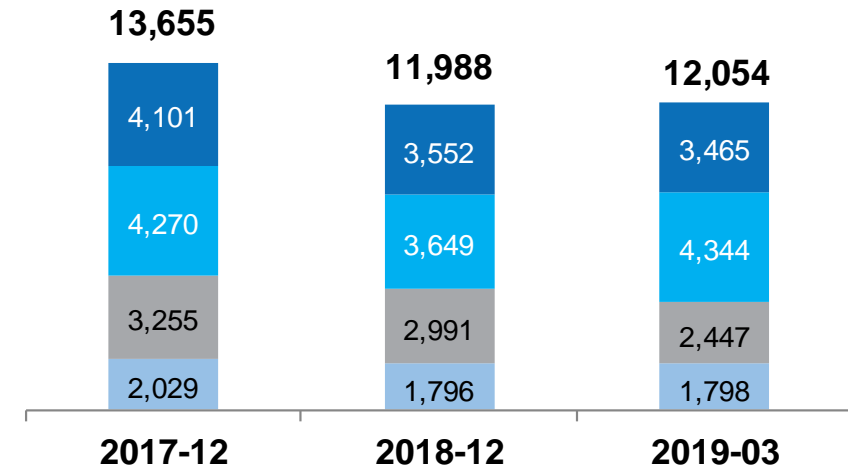
M€



**ECB Funding
(Consolidated Activity)**

() Total value refers to BCG Spain*

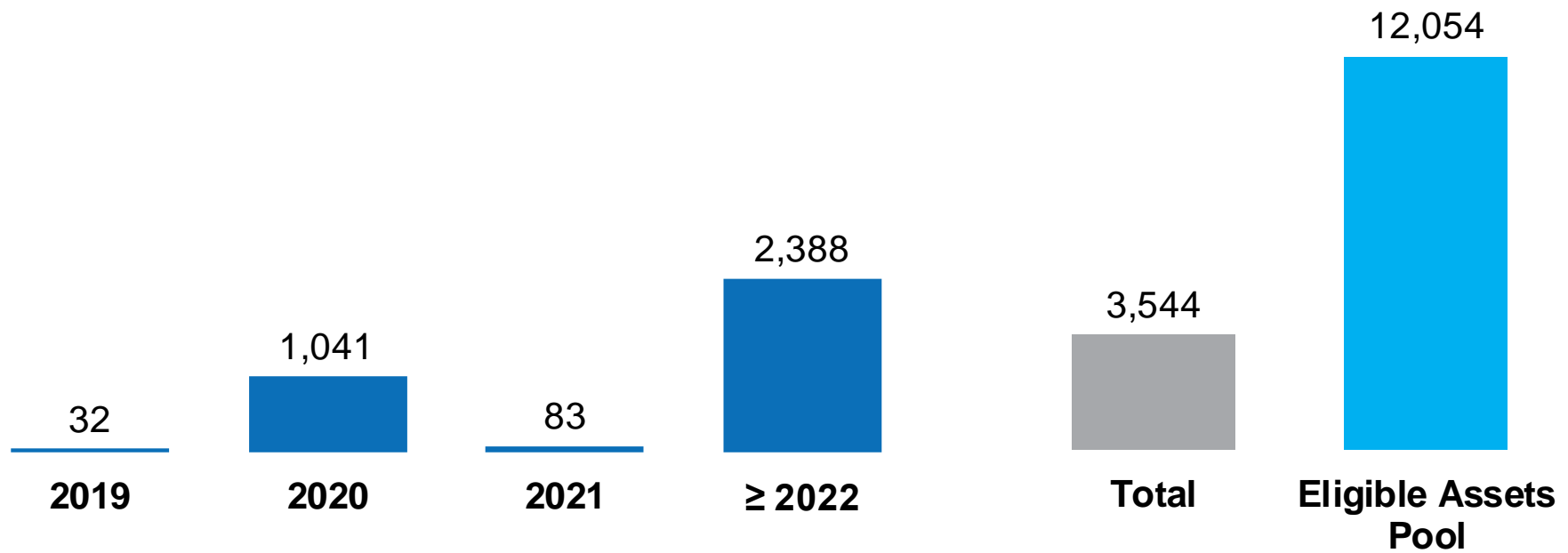
- Other Bonds
- Portuguese Sovereign Debt
- Other Sovereign Debt
- CGD Group Issuances



**Eligible Assets in ECB Pool
(Consolidated Activity)**

Wholesale Debt maturities fully covered

M€



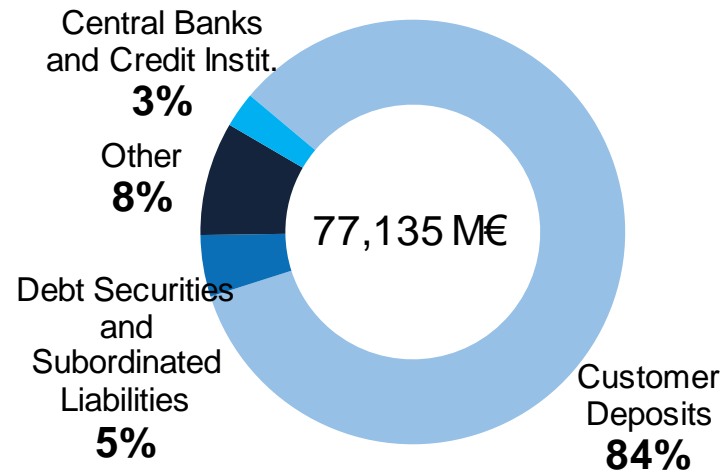
Wholesale Debt maturity profile

Total vs Eligible Assets Pool

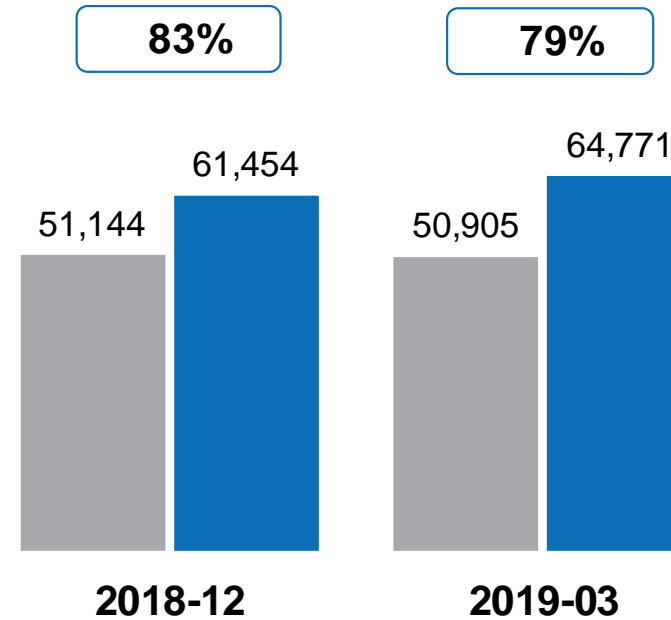
Stable funding structure based on retail funding...

%

M€



Liabilities Structure⁽¹⁾



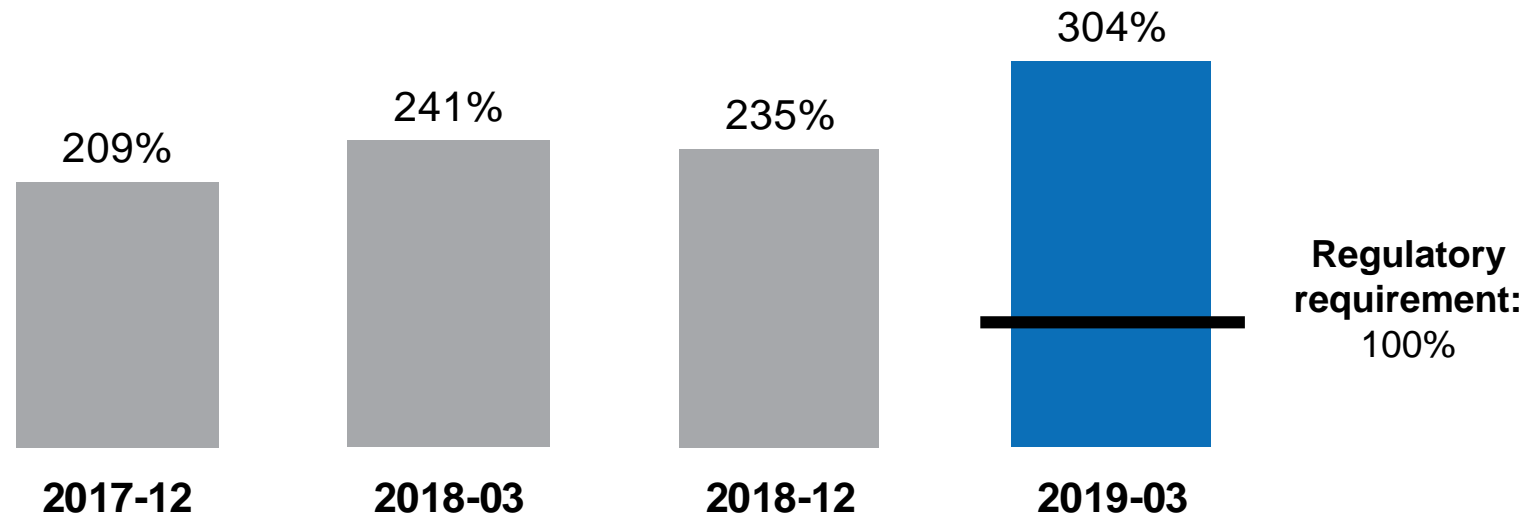
Loans-to-Deposits Ratio

■ Loans and Adv. to Customers (net)
■ Customer Deposits

(1) Excluding non-current liabilities held for sale

...with a strong liquidity position

%



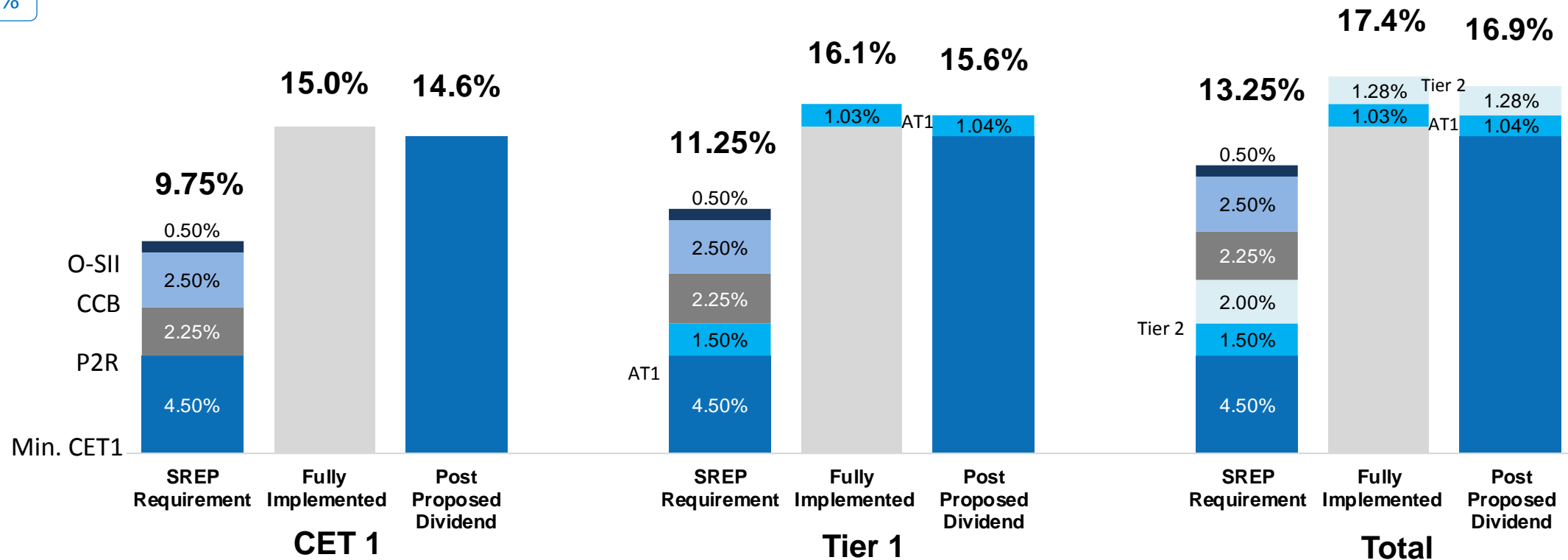
Liquidity Coverage Ratio (LCR)



Capital

CGD complies comfortably with capital requirements

%

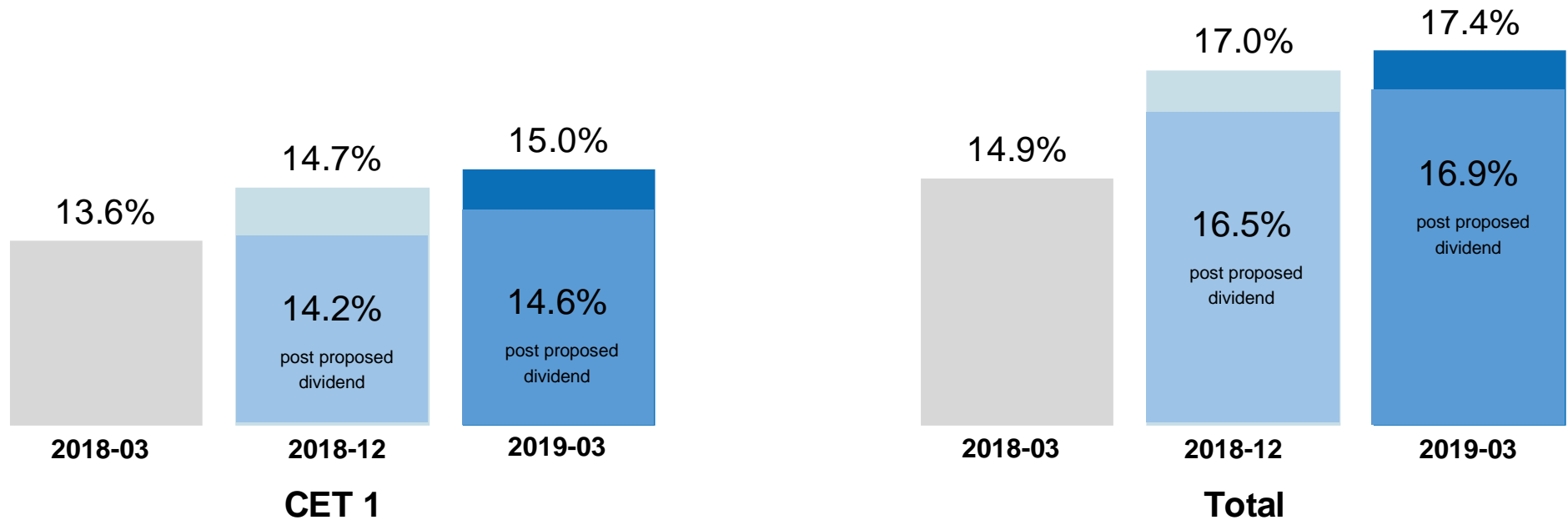


SREP 2019 Requirements and CGD Capital Ratios in 31 March 2019⁽¹⁾

(1) Ratios include net income of the period.

Sustained improvement of Capital position, CET1 rises 140 b.p., (100 b.p. after dividend) in the last 12 months

%

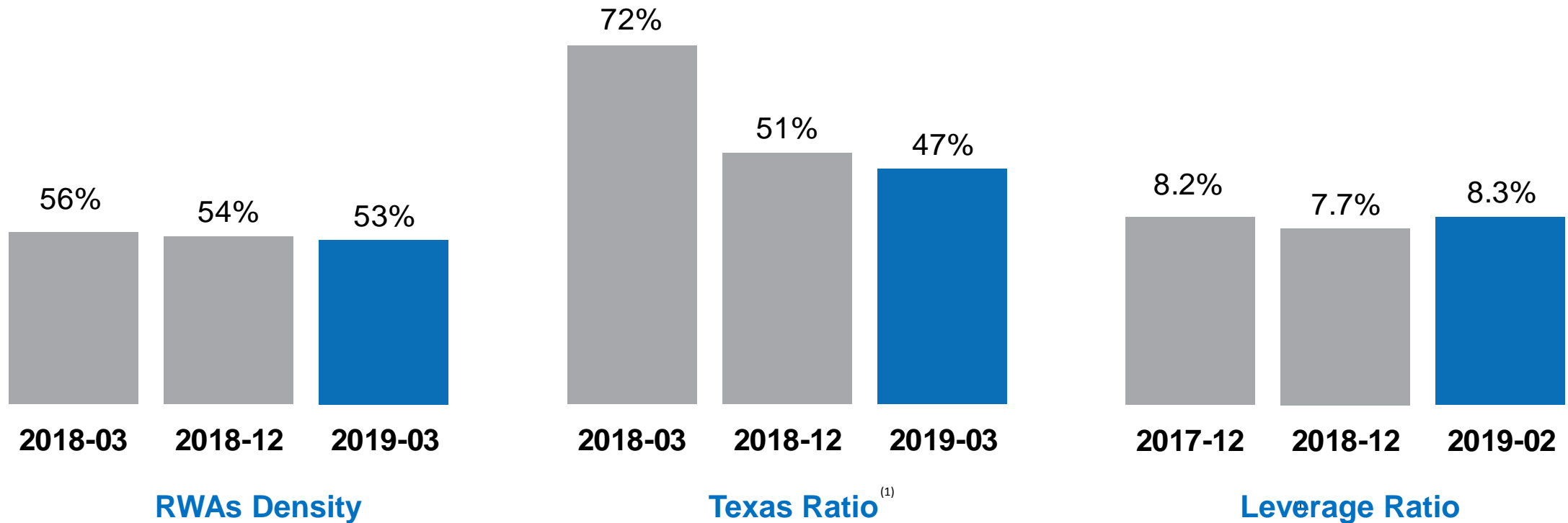


Capital Ratios Evolution (Fully Loaded)⁽¹⁾

(1) Ratios include net income of the period.

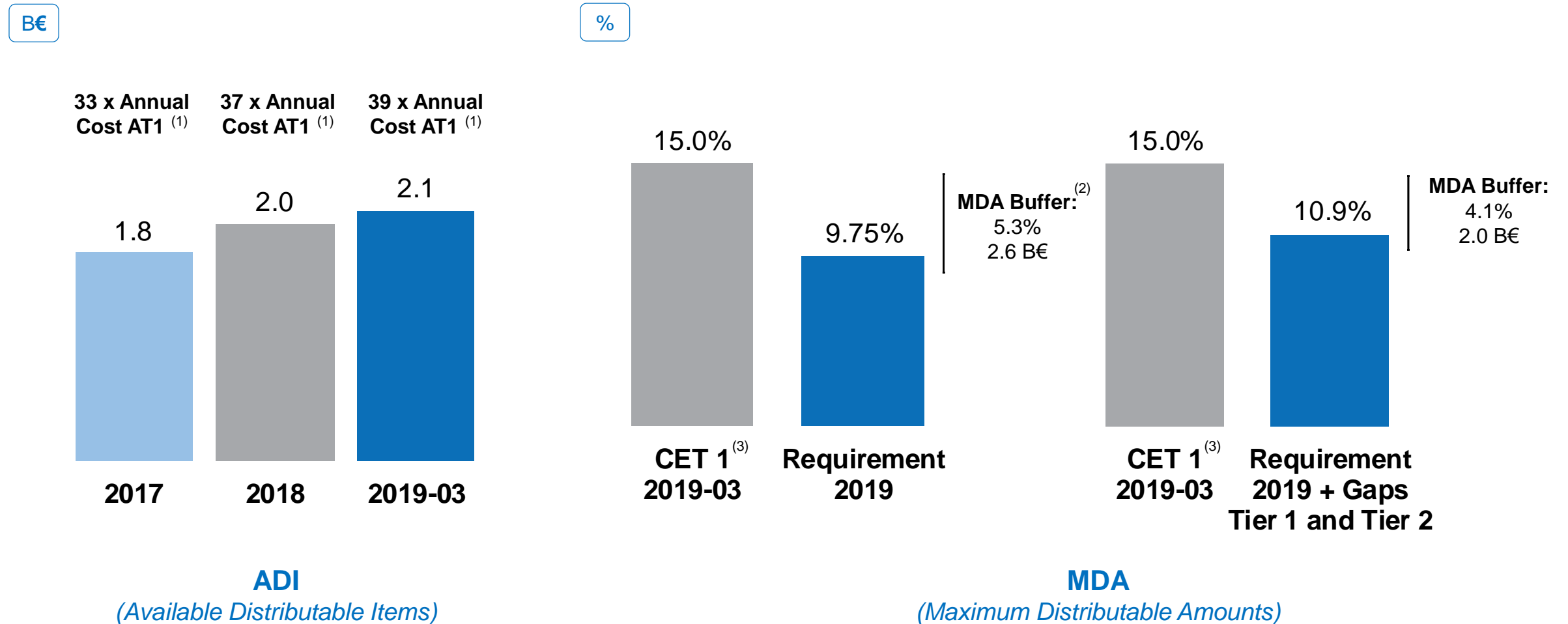
Risk Weighted Assets (RWA) density, Texas and Leverage Ratios

%



(1) Texas Ratio = Non Performing Exposure EBA / (Impairments + Tangible Equity).

Available Distributable Items (ADI) and Maximum Distributable Amount (MDA), before dividend



(1) 10.75% coupon for current 500 M€ AT1 issuance;
 (2) Considering Buffers of 1.5% in T1 and 2% in T2 fulfilled.
 (3) Ratios include net income of the period.



Highlights

1Q2019⁽¹⁾ confirms progression on profitability and asset quality, with a sound liquidity and capital position...

Business⁽²⁾

Positive evolution of core operating income...

1Q 2019 vs. 1Q 2018:

- ✓ Commissions: +5%;
- ✓ Operating costs: -5%
- ✓ Core operating income: +11.5%
- ✓ Recurrent cost-to-income: 48%

Asset Quality⁽³⁾

...a structurally reduced cost of credit risk...

1Q 2019:

- ✓ Cost of credit risk: 0.06%
- ✓ NPL: 7.8%
- ✓ NPL Coverage by impairments: 62.8%

Liquidity

...benefiting from a wide base of funding available...

- ✓ Deposits: 84% of liabilities⁽⁵⁾
- ✓ Pool of collateral: 12.1 B€
- ✓ LCR: 304%
- ✓ Loans-to-deposits: 79%

Capital⁽³⁾

...and maintaining a strong capital position.

Capital ratios (fully loaded)

1Q 2019 vs. 1Q2018:

- ✓ CET1: 15.0% (+1.4 pp)
- ✓ CET1: 14,6% (+0.9 pp)⁽⁶⁾
- ✓ Tier 1: 16.1% (+1.4 pp)
- ✓ Total: 17,4% (+2.5 pp)



1Q 2019

ROE⁽⁴⁾ = 6.6%

(1) 2018 accounts have been restated, considering Banco Comercial do Atlântico (BCA) as a non-current asset held for sale;

(2) Non-recurring costs of € 58.5 million in 2018 and € 55.9 million in 2019 were considered, relating to employee reduction programmes, as well as other administrative expenses;

(3) 2018 solvency and asset quality ratios are estimated, subject to change when definitive values are determined. Solvency ratios include net income of the period;

(4) ROE = (net income + non-controlling interests) / Shareholders' equity (average of 13 monthly observations); Annualized value;

(5) Excluding non-current liabilities held for sale;

(6) Ratio include payment of post proposed dividends.

... allowing to reinforce the main targets for the fulfillment of Strategic Plan 2017 - 2020

	2019 Execution	2020 Strategic Plan Targets	European Banking Average ⁽³⁾
Return on Equity (ROE) ⁽¹⁾	6.6%	> 9%	6.5%
Recurrent Cost-to-Income	48%	< 43% ⁽²⁾	64.6%
NPL Ratio	7.8% <i>(Impairment coverage of 62.8%)</i>	< 7%	3.2% <i>(Impairment coverage of 45.1%)</i>
CET1 Fully loaded	15.0%	> 14%	14.4%



Thank You

Disclaimer

This document is intended to disclose general information, and does not constitute investment recommendation or professional guidance, nor can be interpreted as such. The values refer to 31 March 2019, except otherwise stated.

This document is an English translation of the Portuguese language document “Resultados Consolidados - 1º Trimestre 2019”. In the event of any inconsistency, the original version prevails.

CAIXA GERAL DE DEPÓSITOS

Head Office : Av. Joao XXI, 63
1000-300 LISBOA
PORTUGAL
(+351) 217 905 502
Share Capital € 3,844,143,735
CRCL and Tax no 500 960 046

INVESTOR RELATIONS OFFICE

investor.relations@cgd.pt
<http://www.cgd.pt/Investor-Relations>