



Consolidated Results

3rd Quarter 2018

Unaudited financial information

Investor Relations Office

Date – 30/10/2018



Agenda

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



Highlights

Net Income increase and NPL reduction result in rating improvement



Net income reaches 369 M € (-47 M € in September 2017), resulting in a ROE⁽¹⁾ of 6.7%
Core Income (Margin + Commissions) at CGD Portugal up 7%

Core operating income⁽²⁾ increases 23% over 3rd Quarter 2017, benefiting from the rise of net interest margin in Portugal and commissions, together with lower operating costs

Continued improvement in asset quality, with NPL ratio reduction to 9.6% (considering the NPL portfolio sale concluded in October 2018) and reinforced coverage

2 notch rating upgrade, from Ba3 to Ba1, by Moody's (Oct-18)

CGD leads the domestic Internet Banking market⁽³⁾

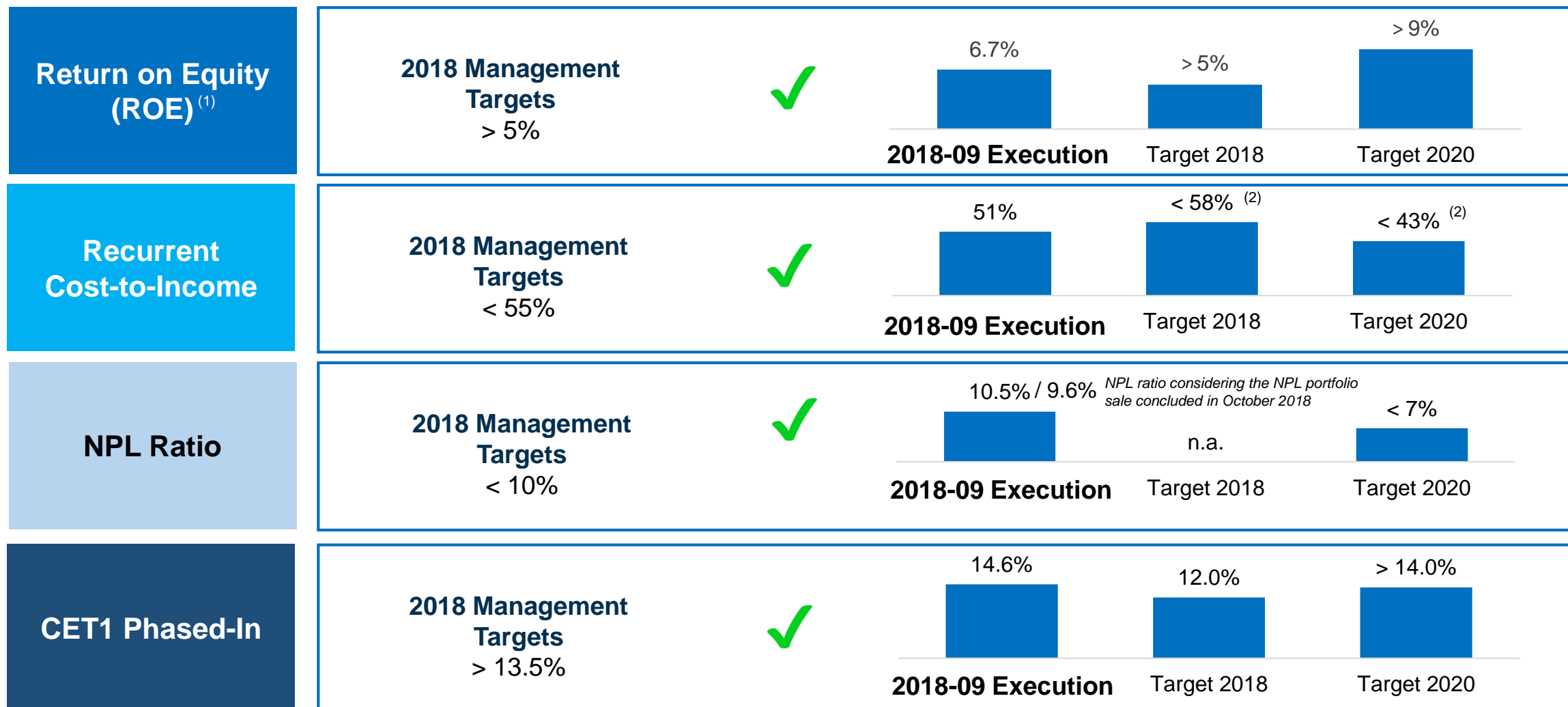
(1) Current activity ROE = (net income + non-recurring costs + non-controlling interests) / Shareholders' equity (average of 13 monthly observations); Annualized value.

(2) Core operating income = Interest margin + Net Commissions - Current operating costs.

(3) According to the results of the Basef Internet Banking study (average of 2017) conducted by Marktest company.

Strategic Plan - CGD on the right track to 2020

Strategic Plan Targets

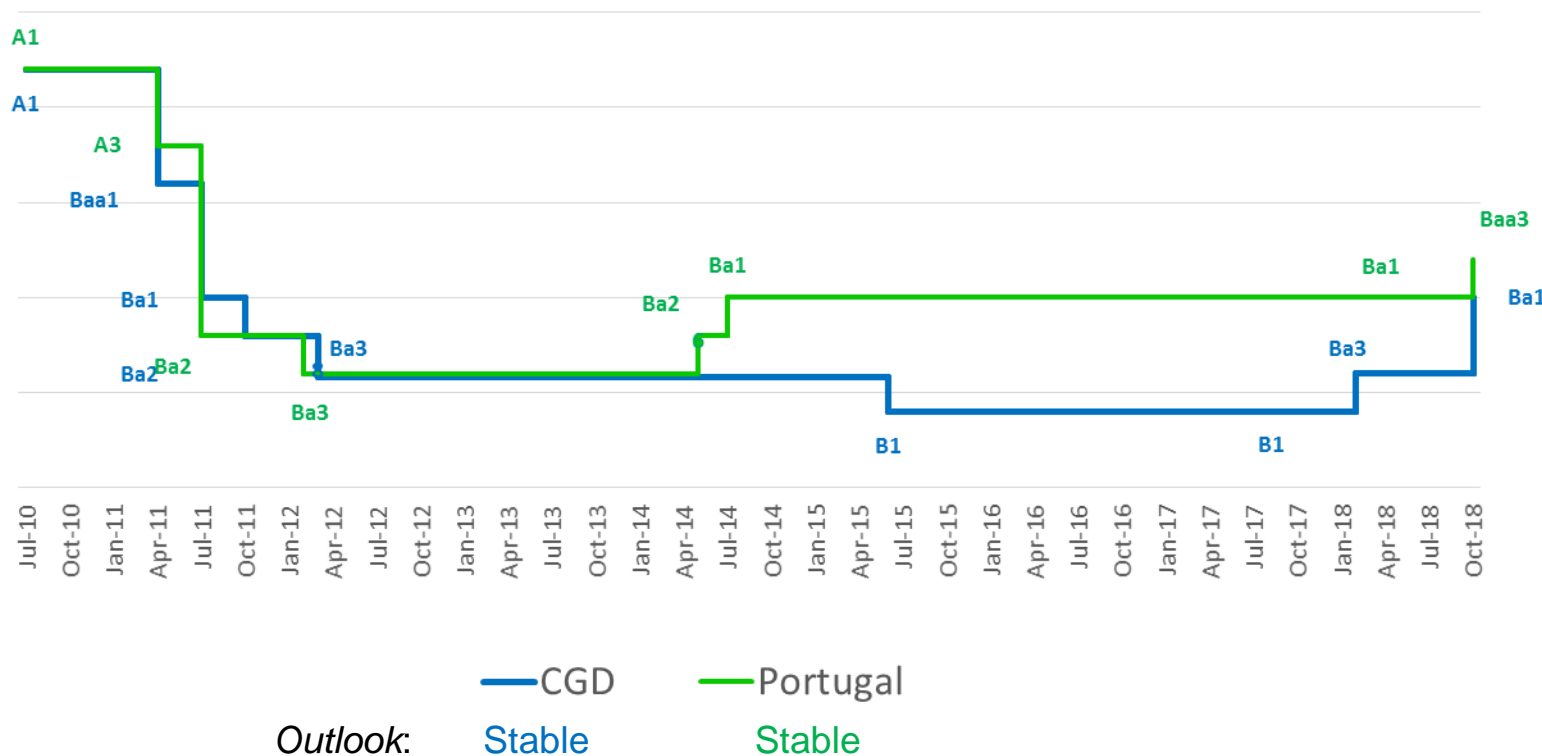


Highlights

Agencies start to review CGD's rating...

Moody's

Moody's Long Term Ratings



Recent changes:

Upgrade from Ba3 to **Ba1** (2 notches) in Oct-18 following upgrade from B1 to Ba3 in Feb-18

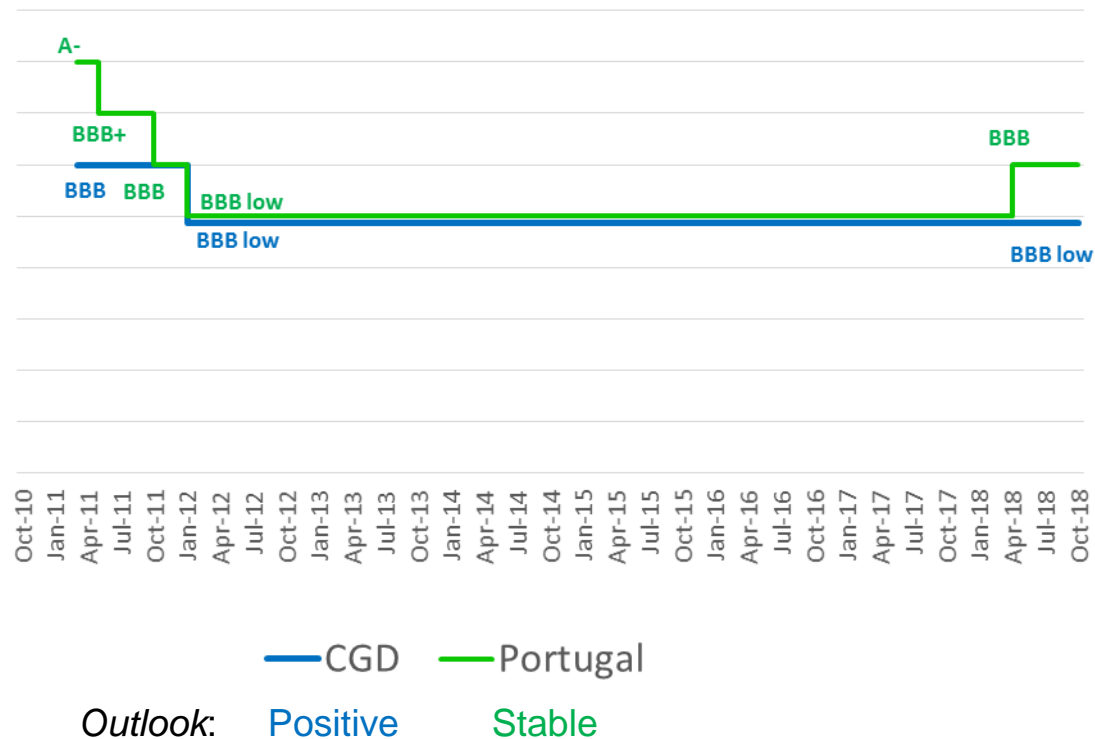
CGD's [rating] reflects the improved Macro Profile in combination with the bank's strengthened credit profile following the large recapitalization undertaken by the Government of Portugal in 2017, allowing CGD to accelerate the cleanup of its balance sheet.

Source: Moody's Rating Action, 16/10/2018

Agencies start to review CGD's rating...

DBRS

DBRS Long Term Ratings



Recent changes:

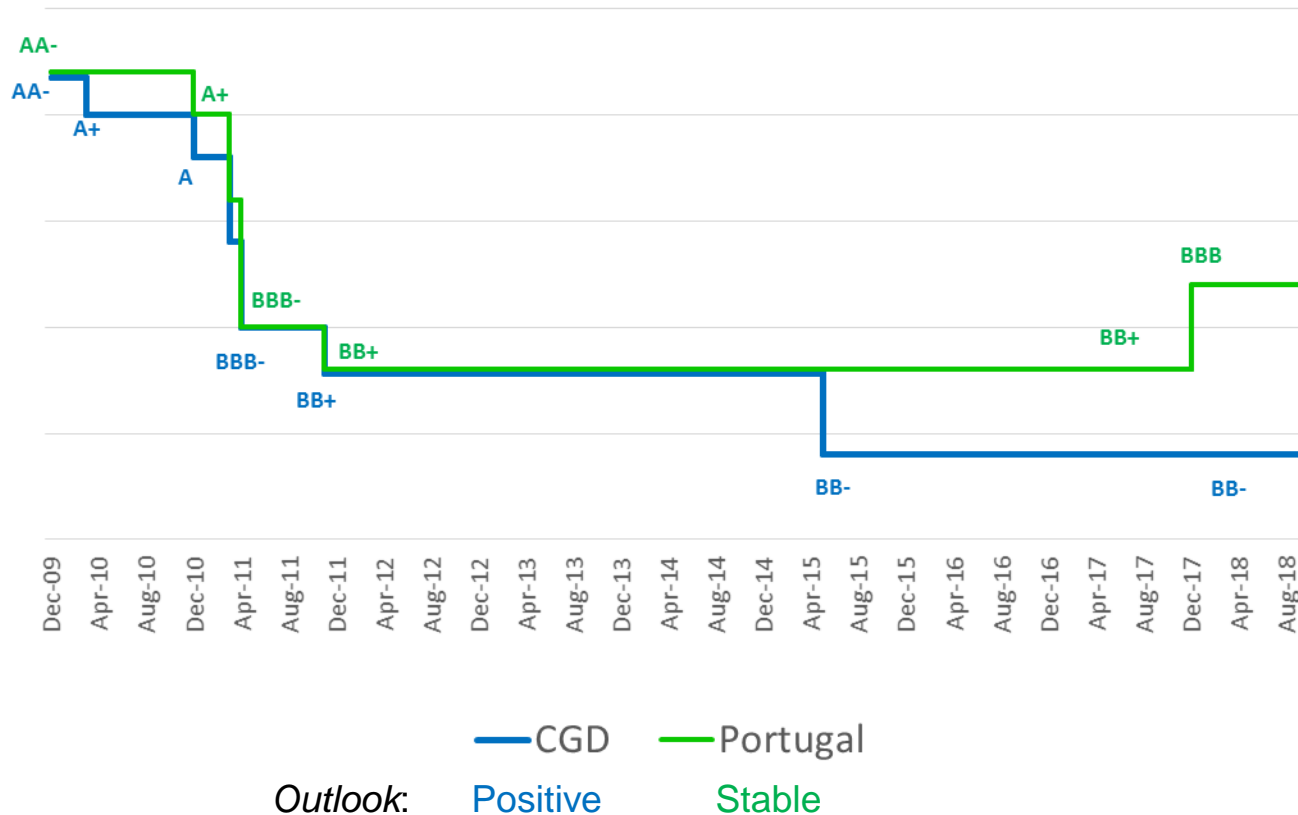
BBB (low) reaffirmed in Jun-18, with Trend changed from Negative to **Positive**

Over the last year the Group has demonstrated a significant improvement in relation to its risk profile and profitability, including returning to profitability in FY17, and showing good progress with regard to domestic core revenues. In addition, Non-Performing Loans (NPLs), which were a key consideration for the previous Negative trend, have materially reduced.

Source: DBRS Press Release, 04/06/2018

Highlights

Agencies start to review CGD's rating...



Fitch Ratings

Recent changes:

BB- reaffirmed in Dec-17, with **Positive** Outlook

The Positive Outlook on CGD's Long-Term IDR reflects Fitch's expectations that CGD's management team will execute its restructuring plan, leading to material improvements in profitability in the next 18-24 months. The better operating environment in Portugal should also support further reductions in the bank's large stock of problem assets and facilitate the achievement of the strategic objectives outlined in the group's restructuring plan.

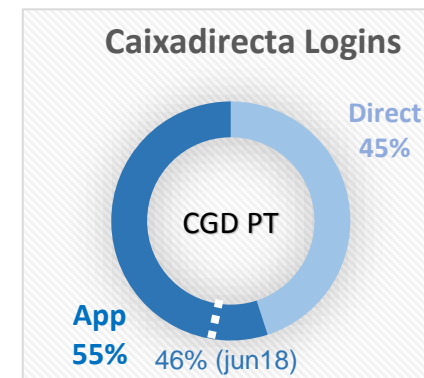
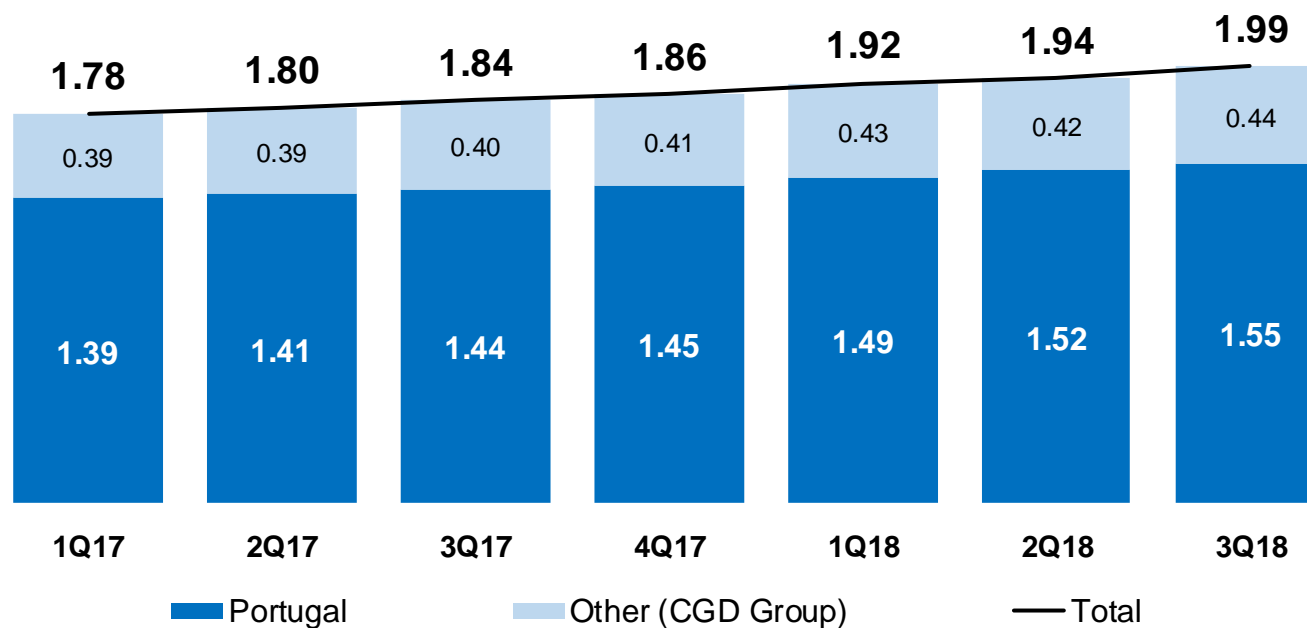
Source: Fitch Ratings Press Release, 21/12/2017

Digital Banking: Building the Future CGD

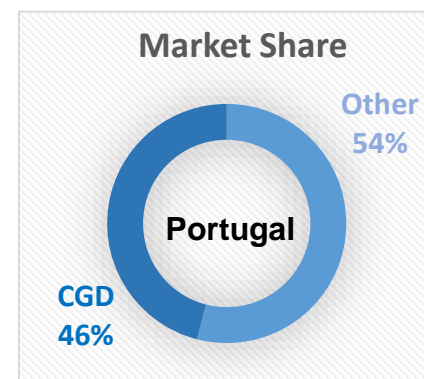
M

Active customers

+ 154,000 customers vs. Sep. 17 (+8.4%)



In 3Q18, for the 1st time, App logins exceed 50%



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



Handy and practical

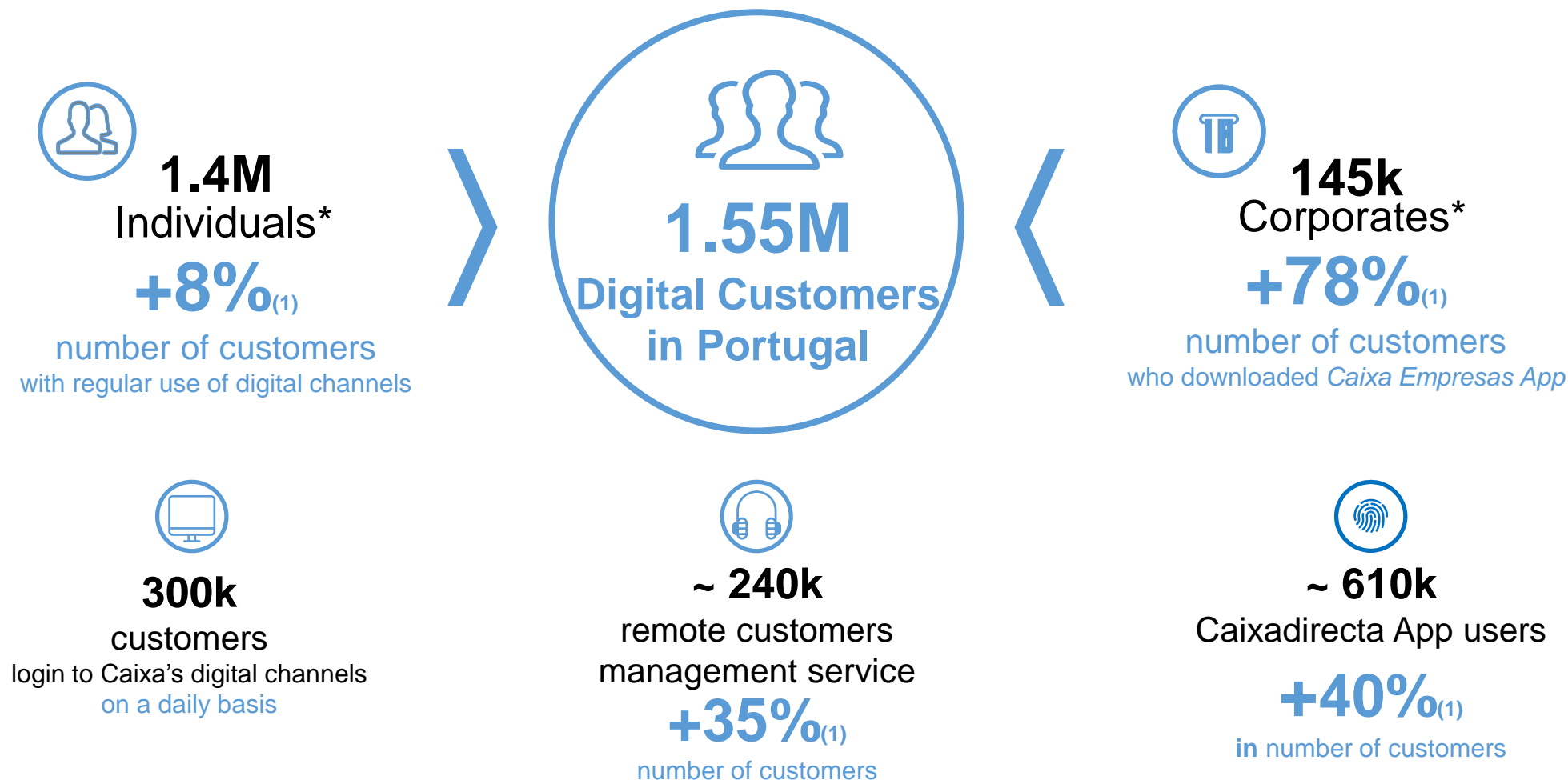


Easy and instantaneous



Groundbreaking and educational

Digital Banking: Building the Future CGD



Digital Banking: Building the Future CGD

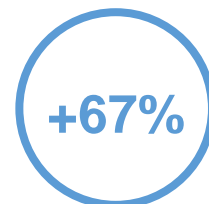
INDIVIDUALS



Investment Funds
transaction volume¹



Savings products
transaction volume¹



Volume of credit
limits assigned¹

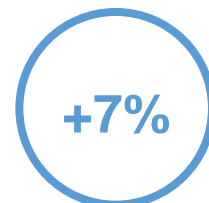
CORPORATES



Specialized Credit
transaction volume¹



Trade Finance
transaction volume¹



Current accounts
transaction volume¹



> **300k**
Followers

NEW

New Caixadirecta App

- **Involvement of 10k customers** in the design phase
- **200k customers** in the first few weeks
- **> 10k feedbacks** received of which 70% with maximum ratings

NEW

Caixa Easy App

- > 3k downloads in first weeks

NEW

Internet banking service for 12-17 year old customers

- Caixa is the 1st Bank in Portugal to offer this service

Relevant Events

CGD clients



- CGD Portugal's total active clients reaches 3.8 million, including **44 thousand new customers** in the first nine months;
- **1.43 million Contas Caixa accounts** in 03Q18, +490 thousand since December 2017;
- **Bank with highest level of relationship service:** 610 thousand individuals (240 thousand at-a-distance) and 34 thousand corporates with dedicated relationship manager;



- **Launch of the 3rd Mobile Branch** in 03Q18 – service now covers 51 locations;

- **Leading position in various customer segments** in particular University Students (over 40 thousand new students from 80 universities and institutes in 2018);

- Broader coverage of **Multicare health insurance** to include customers aged 60 – 65 years old;



- In the first 9 months of 2018, **10 “Fora da Caixa” conferences** were held involving over **5,400 customers**.

Market leadership

- **Leader in various client and product segments:**
 - Wealth management (39%, Sep18)
 - Mutual funds (33%, Sep18)
 - Deposits – individuals (29%, Aug18)
 - Credit – households (21%, Aug18)
 - Payments and bank cards (22%, Sep18)
 - “Minimum banking services” accounts (46%, Jun18)
 - Number of subscription orders for OTRV “Julho 2025” (40%).

Prizes and distinctions



Caixa BI

Best Investment Bank - PT



CGD

1st in Portugal

45th in Europe

154th Worldwide



Caixagest

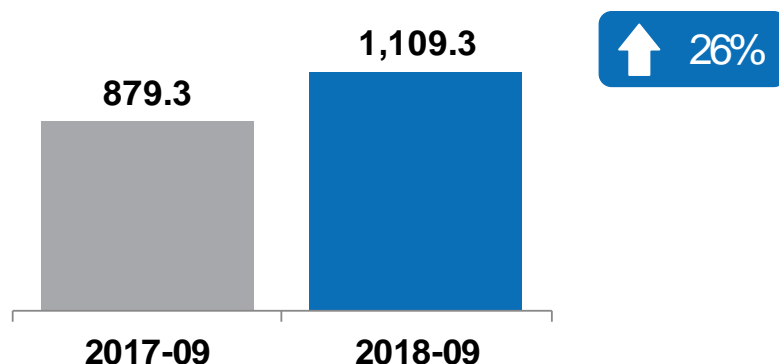
Best Global and Bond Fund Manager in Portugal

Relevant Events

Individuals and households



- **26% increase in new mortgage loans**, € 230 million over Sep17.



Corporate business



- Launch of Overdraft facility for non-Euro accounts;
- Forfait extended to Documentary Credits;
- Non-recourse factoring (95% coverage by COSEC – credit insurer);
- *Renting* – on-going campaign with new vehicles;
- Credit insurance lines between COSEC and CGD;
- New Factoring&Confirming operations increased by 18%, Equipment and Property Leasing, 38% and 26% respectively, over the 1st 9 months 2017.

“Caixa TOP”

- **CGD launches new corporate recognition programme exclusive for SME increasing business flow:**

- More expedient credit approval and documentation process;
- Improved pricing;
- *Leasing flex* - greater flexibility in amounts and tenors;
- *Confirming* guaranteed and *Factoring* timely processed;
- POS NetCaixa – reduced customer service fee;
- “CaixaEmpresas” Package – lower monthly fee;
- Exclusive treasury products;
- Trade Finance – preferential pricing;
- Online FX Trading Platform – free and in real time;
- Preferential conditions in some third party services (e.g., consulting and “Portugal 2020” projects).

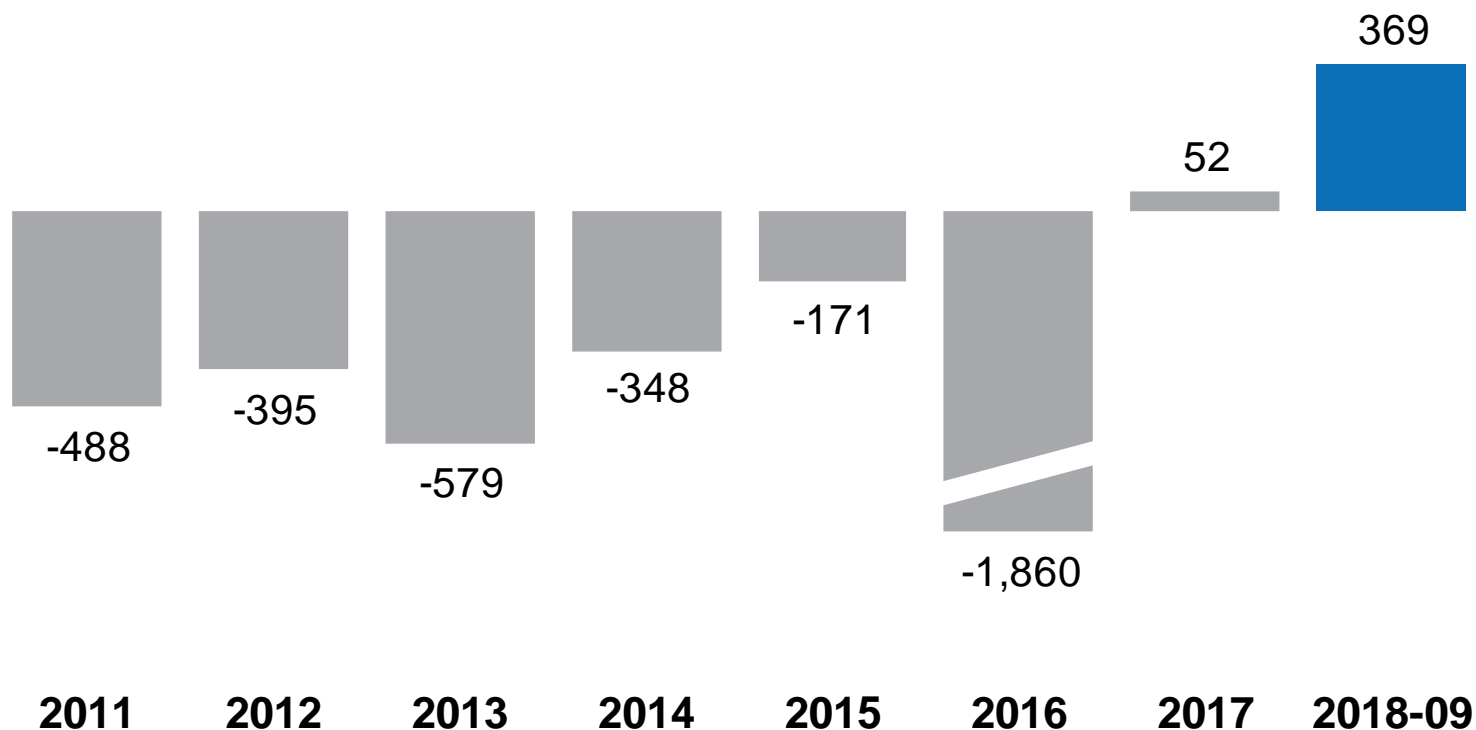




Results

3rd Quarter 2018 confirms progress of CGD's profitability...

M€



Consolidated Net Income



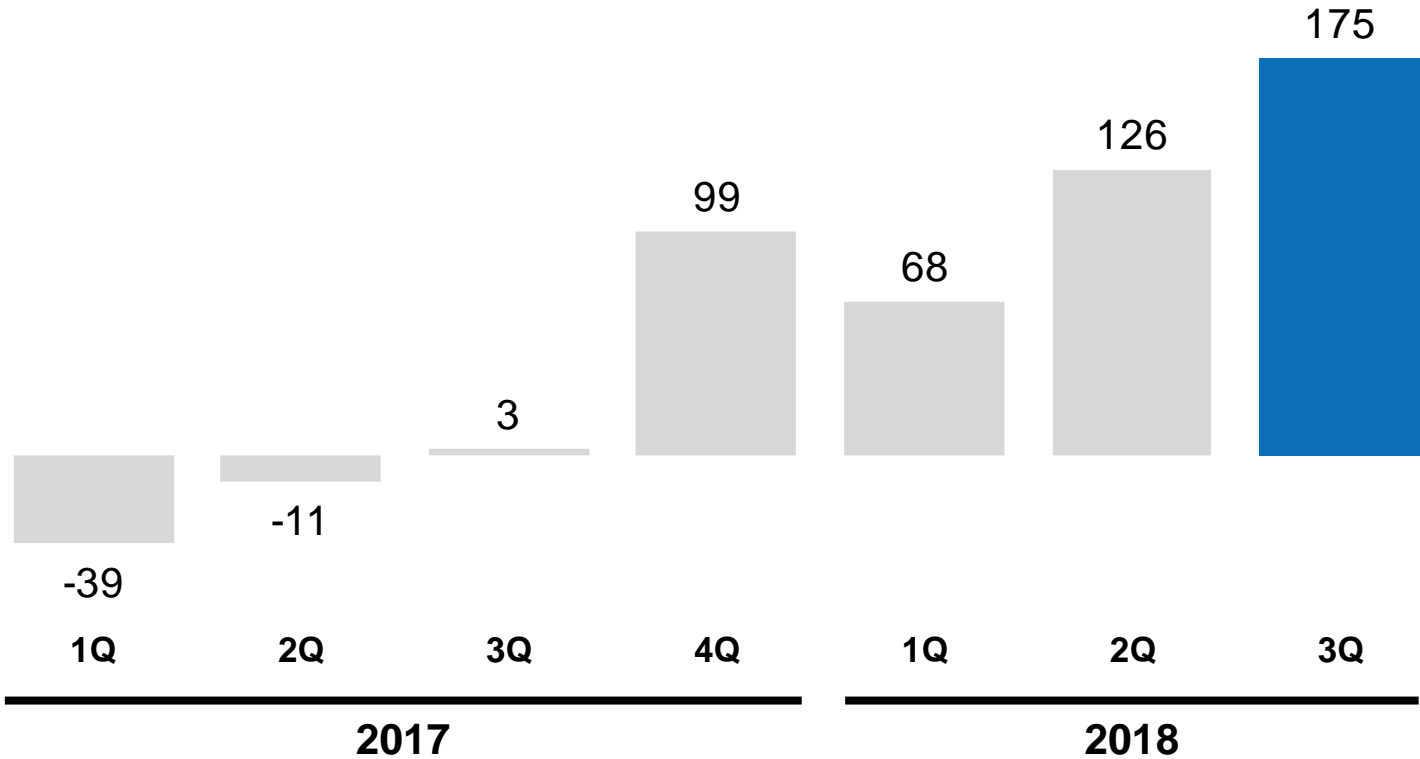
2018-09

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

(2) Current activity ROE = (net income + non-recurring costs + non-controlling interests) / Shareholders' equity (average of 13 monthly observations); Annualized value

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

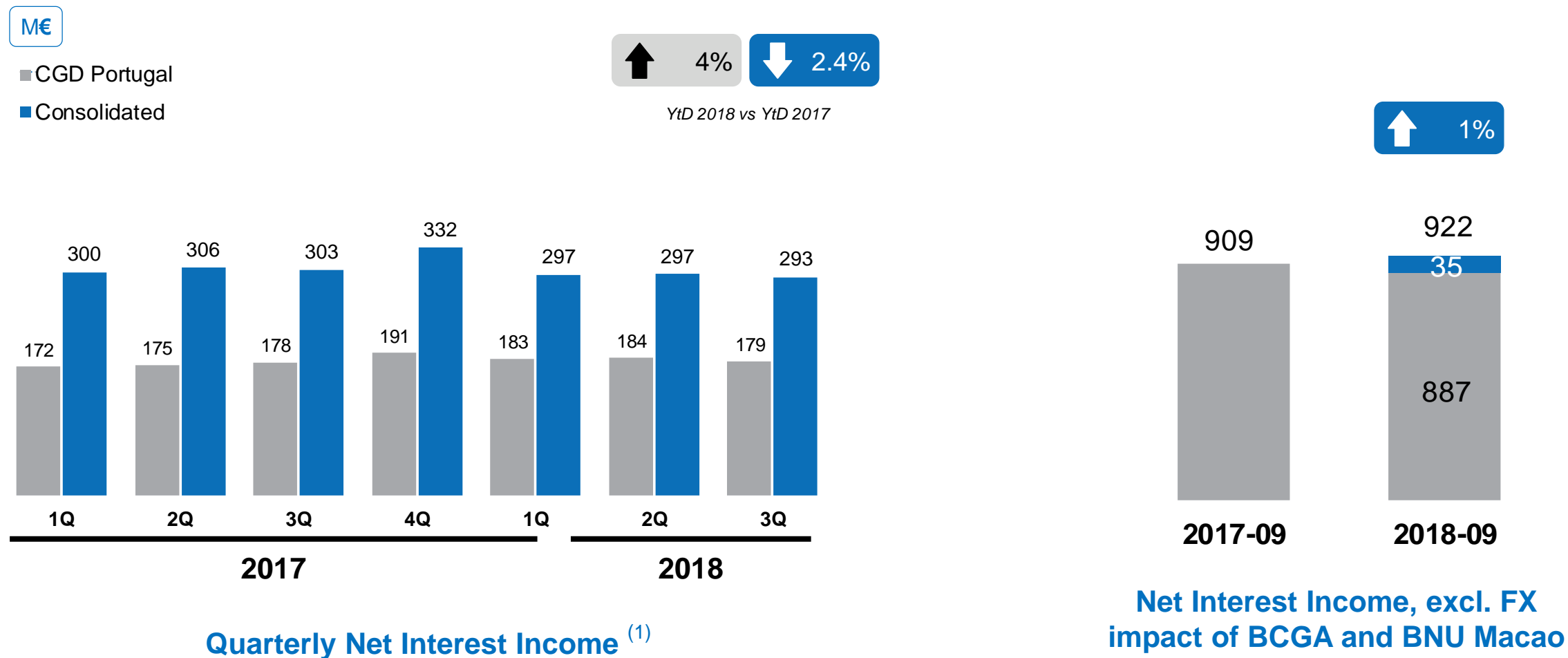
M€



Quarterly Net Income

Results

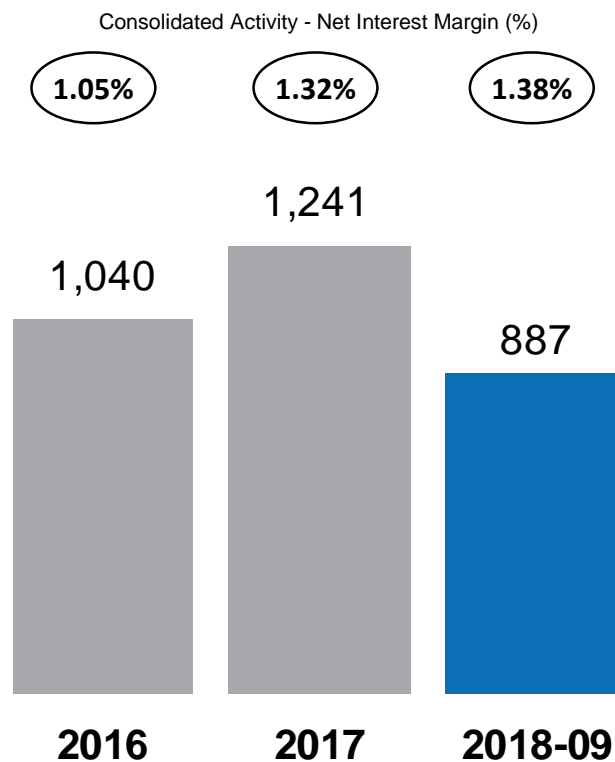
Net Interest Income with positive evolution in Portugal, despite interest rate environment...



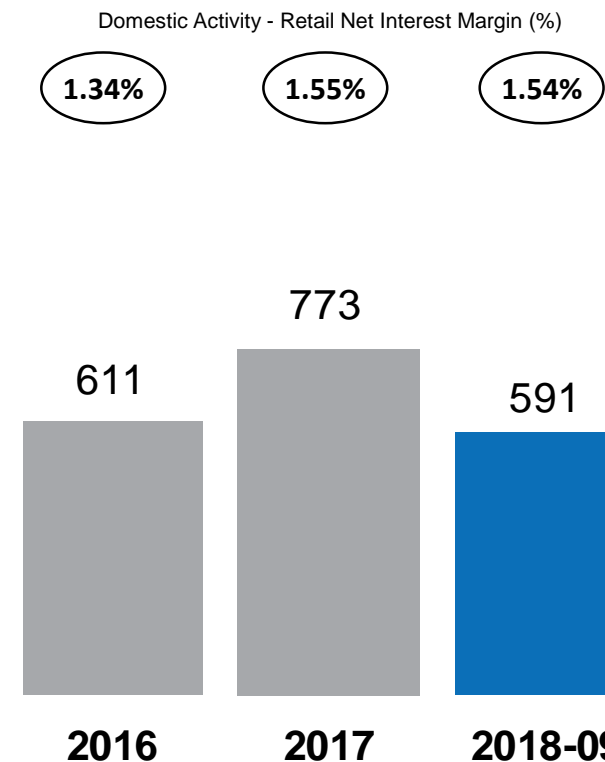
(1) Consolidated figures on comparable basis, considering BCG Espanha, BCG Brasil and CGD Investimentos CVC as a non-current asset held for sale. Mercantile Bank Holdings was already reclassified as such.

Net Interest Margin improving...

M€



**Total Net Interest Income
Consolidated Activity**



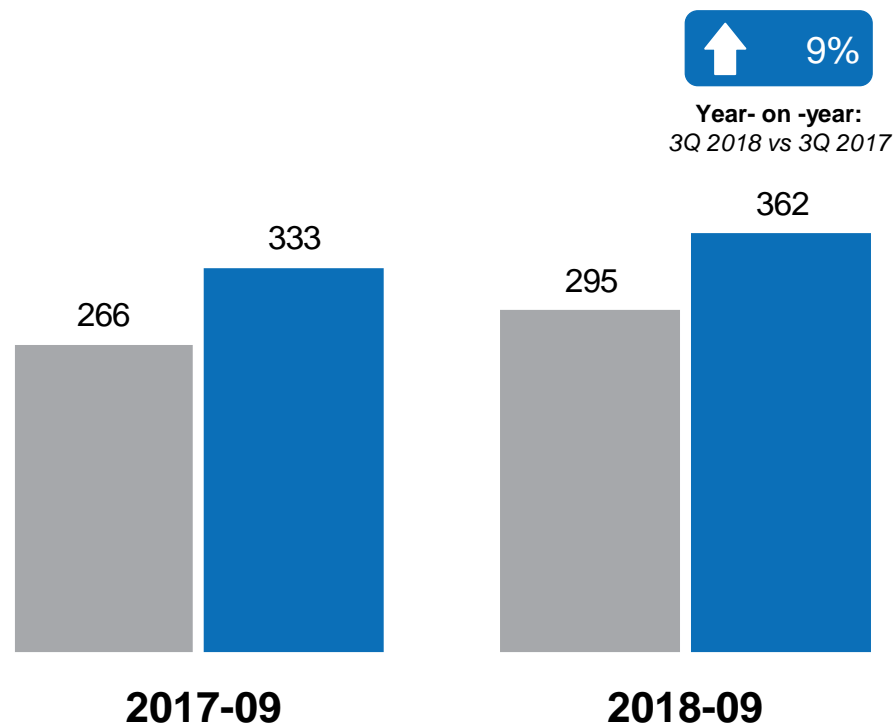
**Total Net Interest Income
Domestic Activity**

...and Net Fees and Commissions benefit from the Strategic Plan implementation

M€

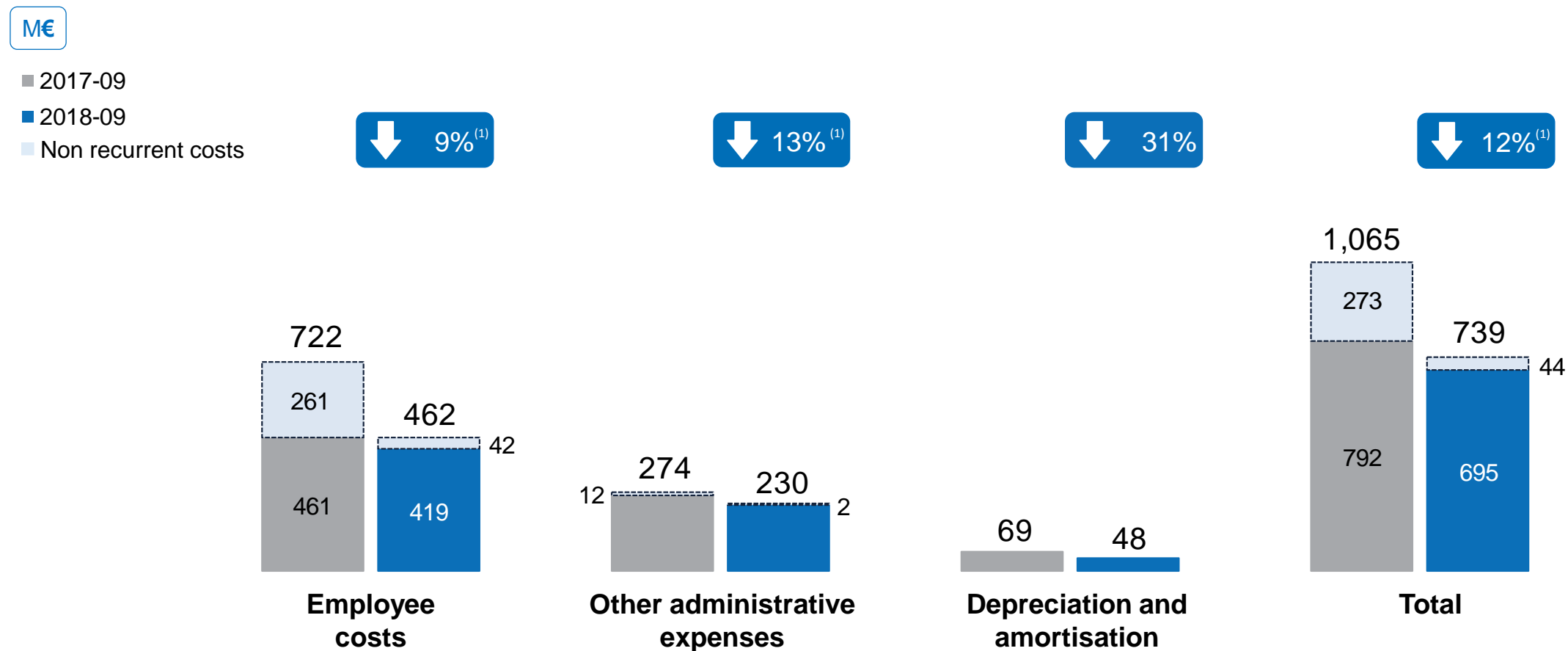
■ Domestic Activity

■ Consolidated



**Net Fees and Commissions
(Domestic Activity and Consolidated)**

Lower recurrent Operating Costs at consolidated level...



Operating Costs – Consolidated Activity

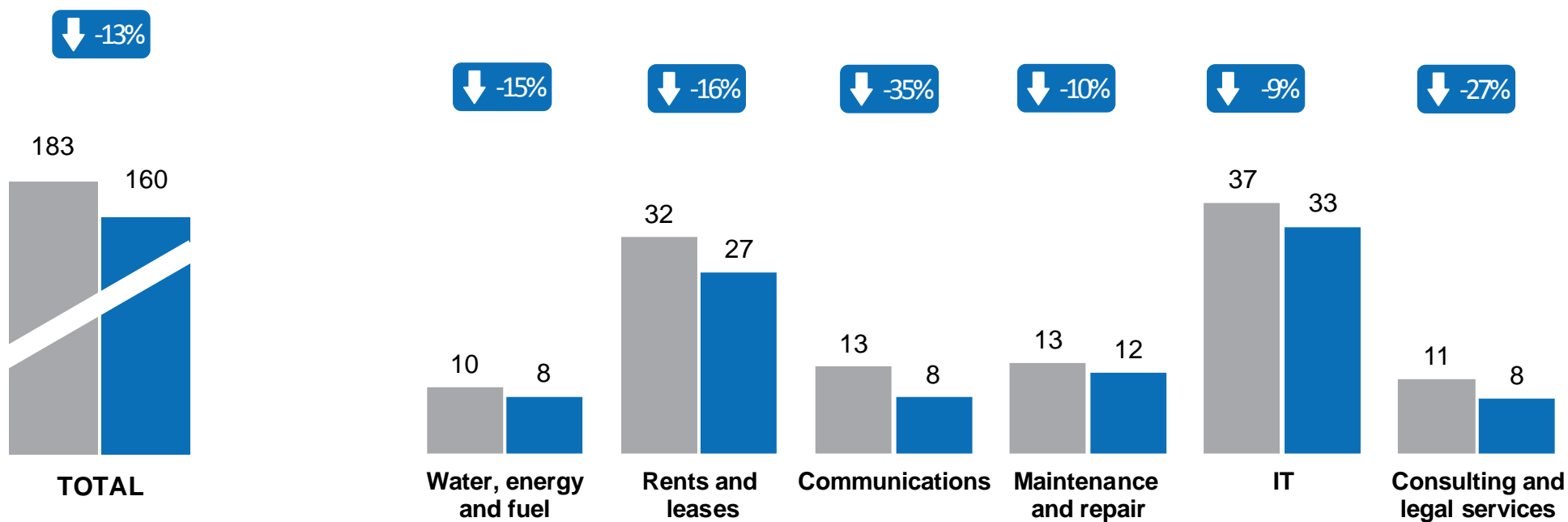
(1) Excluding non-recurrent costs.

Changes in External Supplies and Services

M€

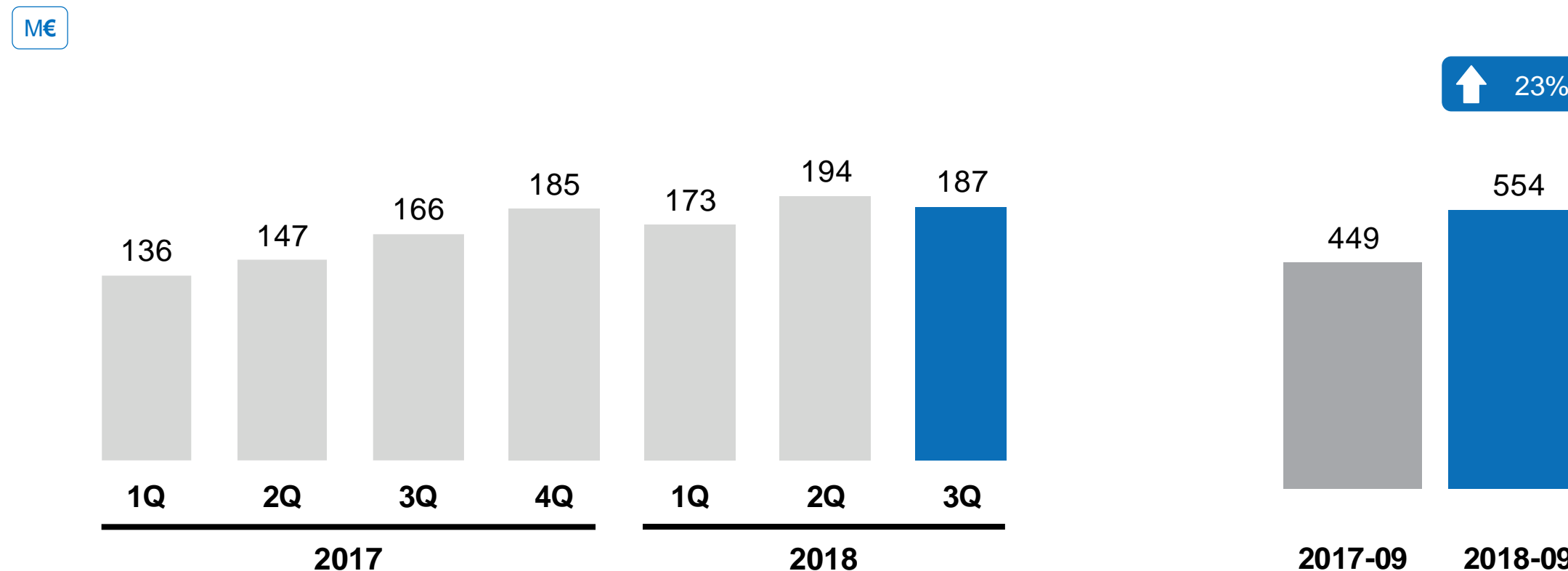
■ 2017-09

■ 2018-09



**Main contributions
CGD Portugal**

...and Net Core Operating Income before Impairments with Y-o-Y favourable evolution



Quarterly Net Core Operating Income before Impairments (Current Activity) ⁽¹⁾ ⁽²⁾ ⁽³⁾

(1) Net Core Operating Income before Impairments = Net Interest Income + Net Fees and Commissions - Operating Costs;

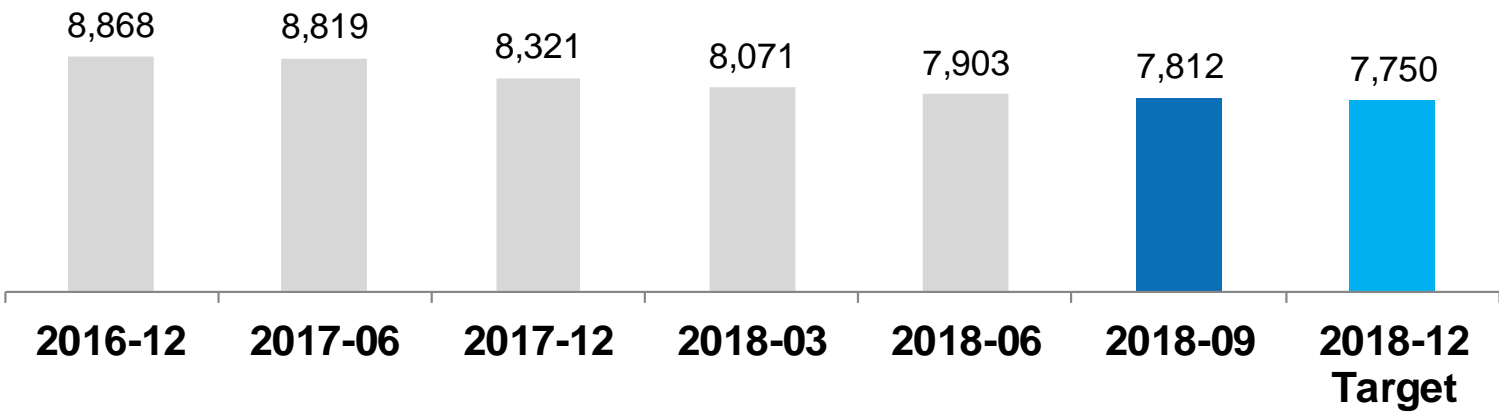
(2) Excluding non recurrent costs;

(3) Consolidated figures on comparable basis, considering BCG Espanha, BCG Brasil and CGD Investimentos CVC as a non-current asset held for sale. Mercantile Bank Holdings was already reclassified as such.

Employees and retail branches evolve according to the Strategic Plan

M€

Number of Employees
(Domestic Activity)



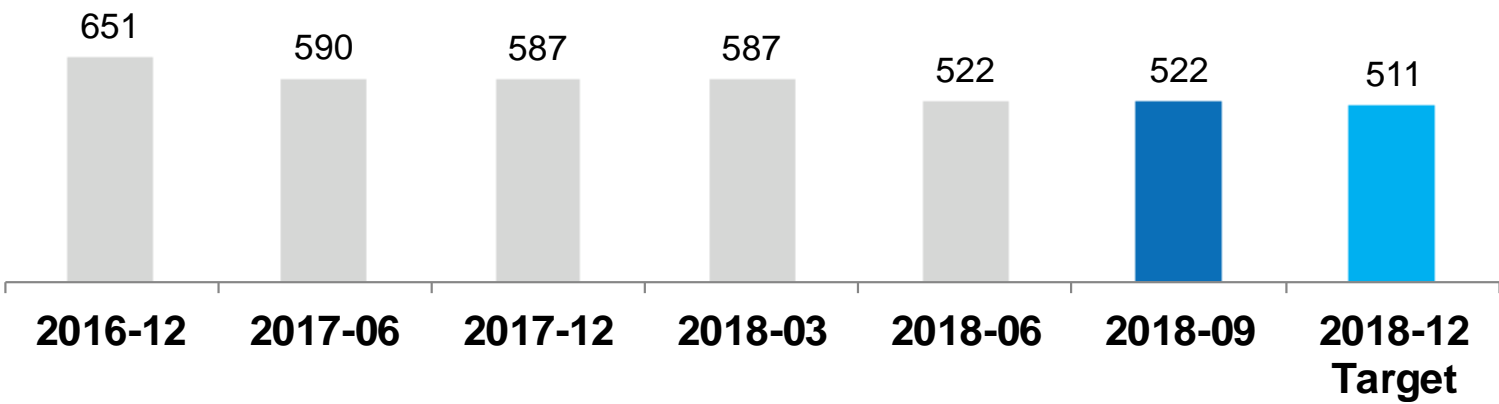
↓ 1,056

vs. 4Q 2016

↓ 509

vs. 4Q 2017

Retail Branch Network
(CGD Portugal)



↓ 129

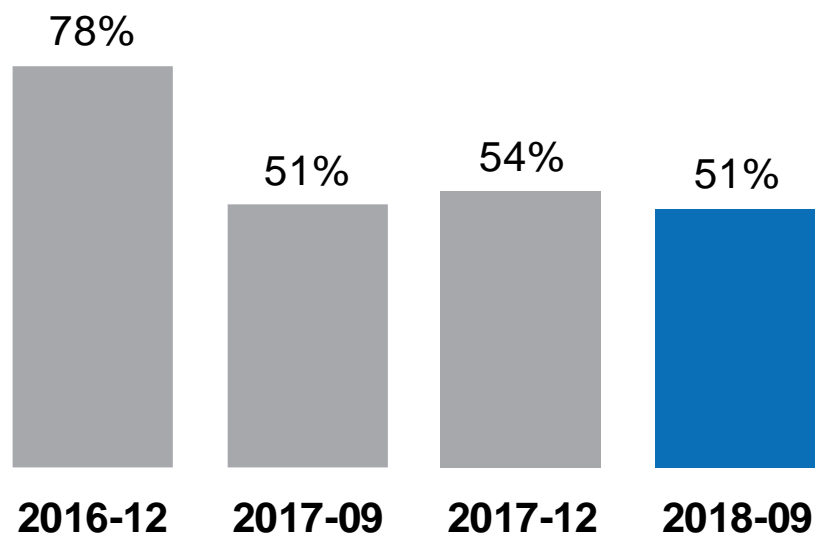
vs. 4Q 2016

↓ 65

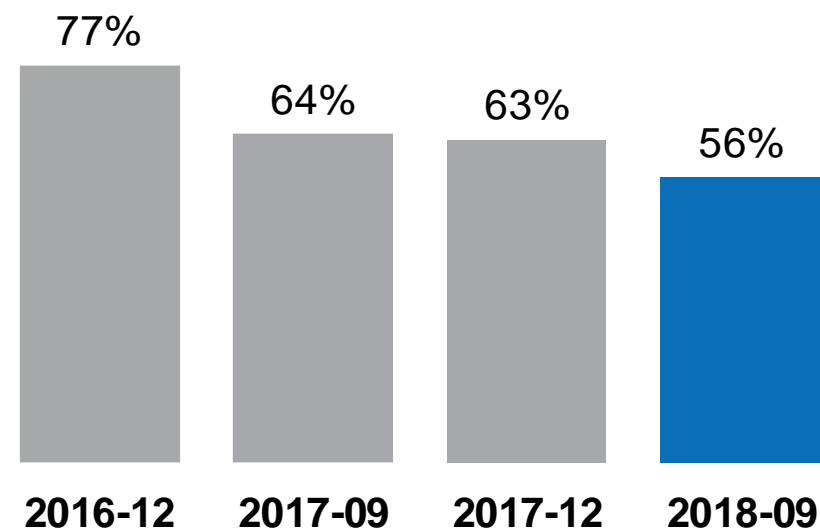
vs. 4Q 2017

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

%



**Cost-to-Income ^{(2) (3)}
(Consolidated)**



**Cost-to-Core Income ^{(1) (2)}
(Consolidated)**

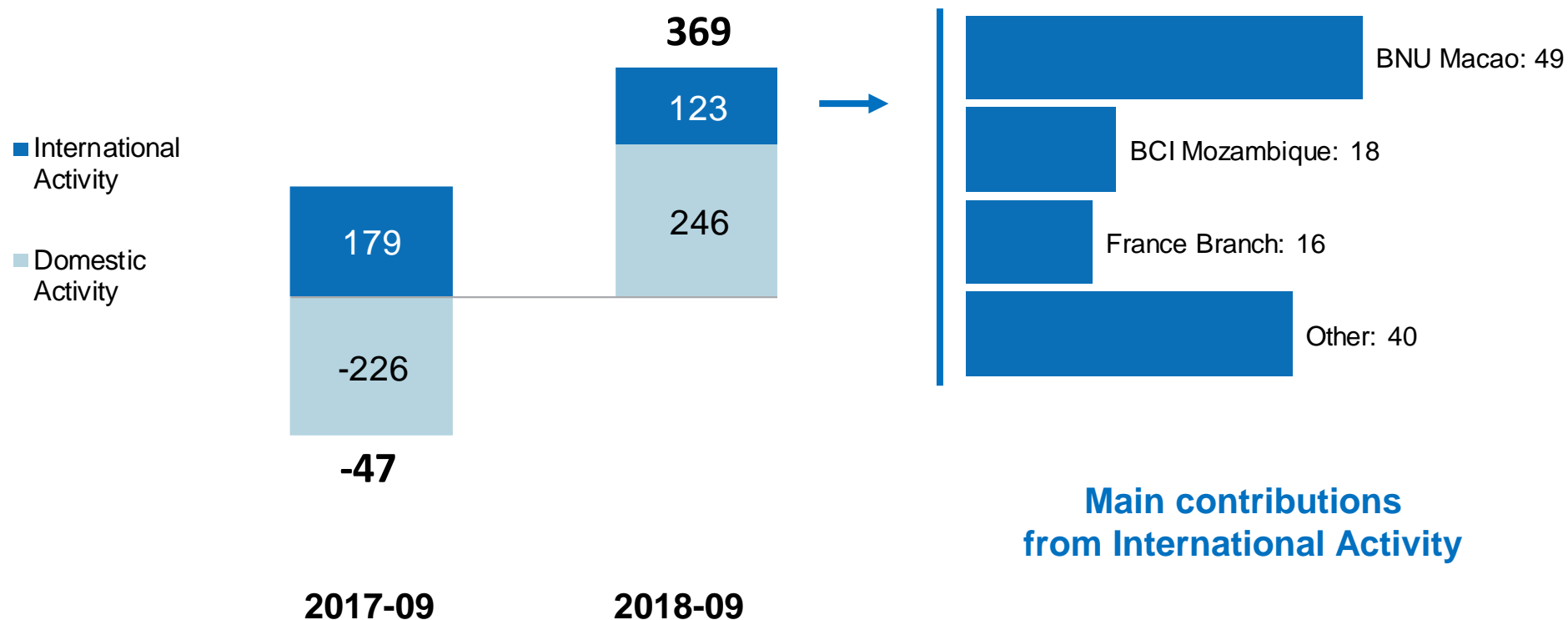
(1) Operating Costs / (Net Interest Income + Net Fees and Commissions); Consolidated figures on comparable basis, considering BCG Espanha, BCG Brasil and CGD Investimentos CVC as a non-current asset held for sale. Mercantile Bank Holdings was already reclassified as such;

(2) Excluding non-recurrent costs;

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

Contributions to Consolidated Net Income

M€



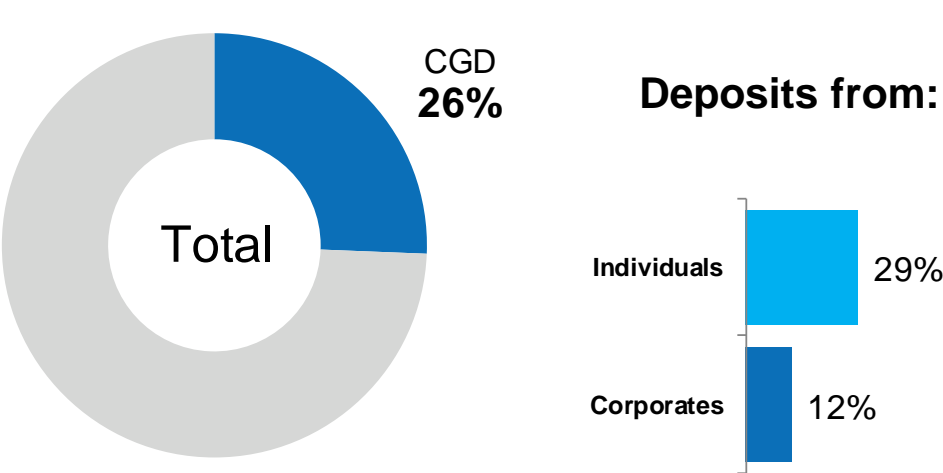
Branches wind-down: London Branch, Cayman, Macao Offshore, Zhuhai and New York.



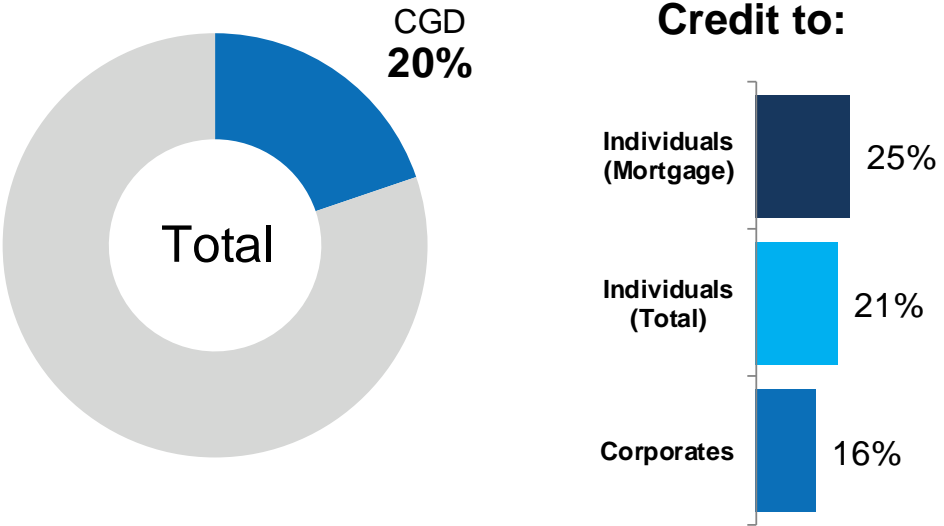
Balance Sheet

Market Shares: CGD leader in Portugal

%



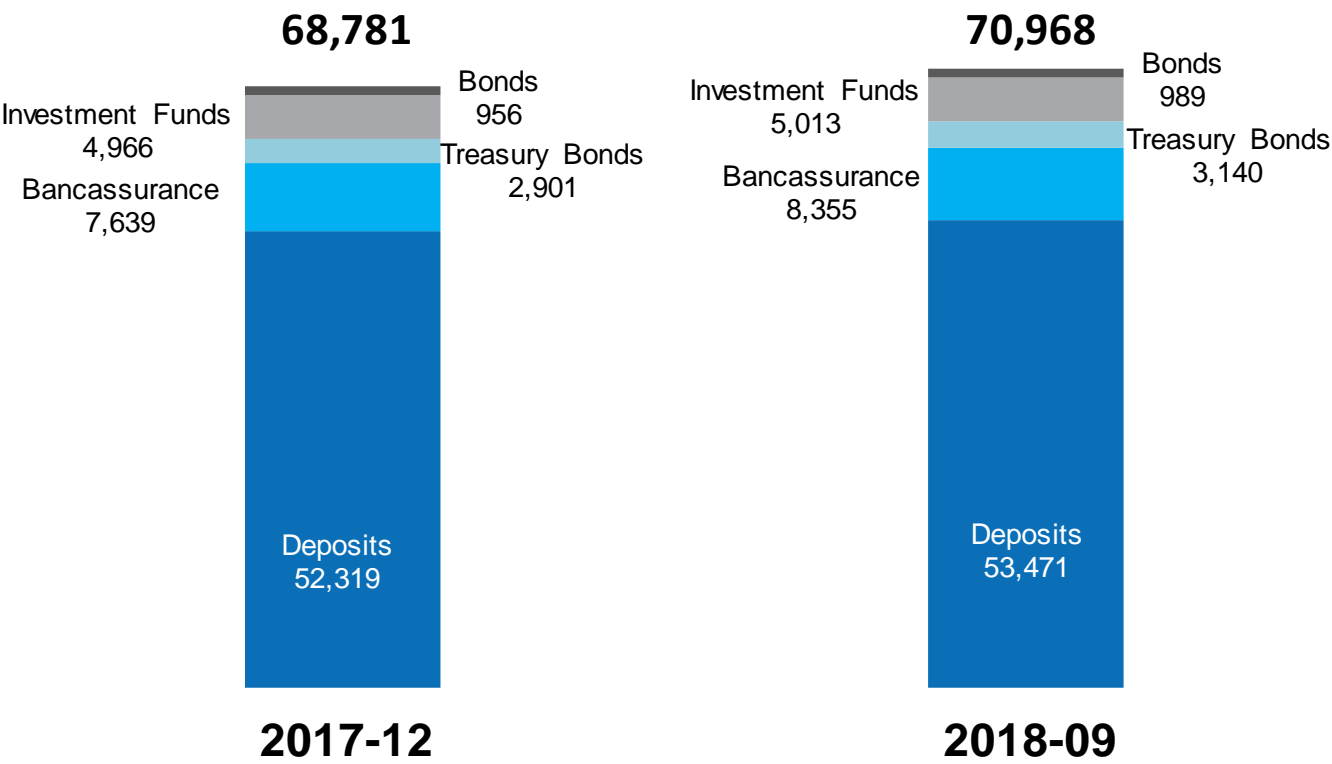
Customer Deposits – Portugal
August 2018



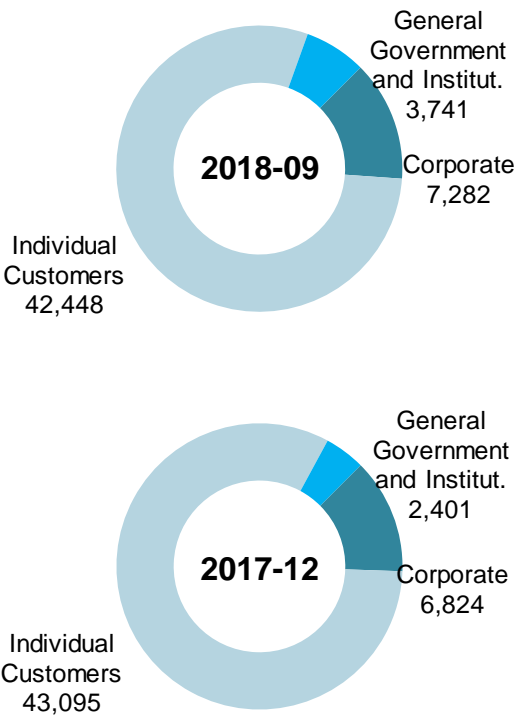
Loans and Adv. to Customers – Portugal
August 2018

Total Customer Resources in Portugal increased...

M€



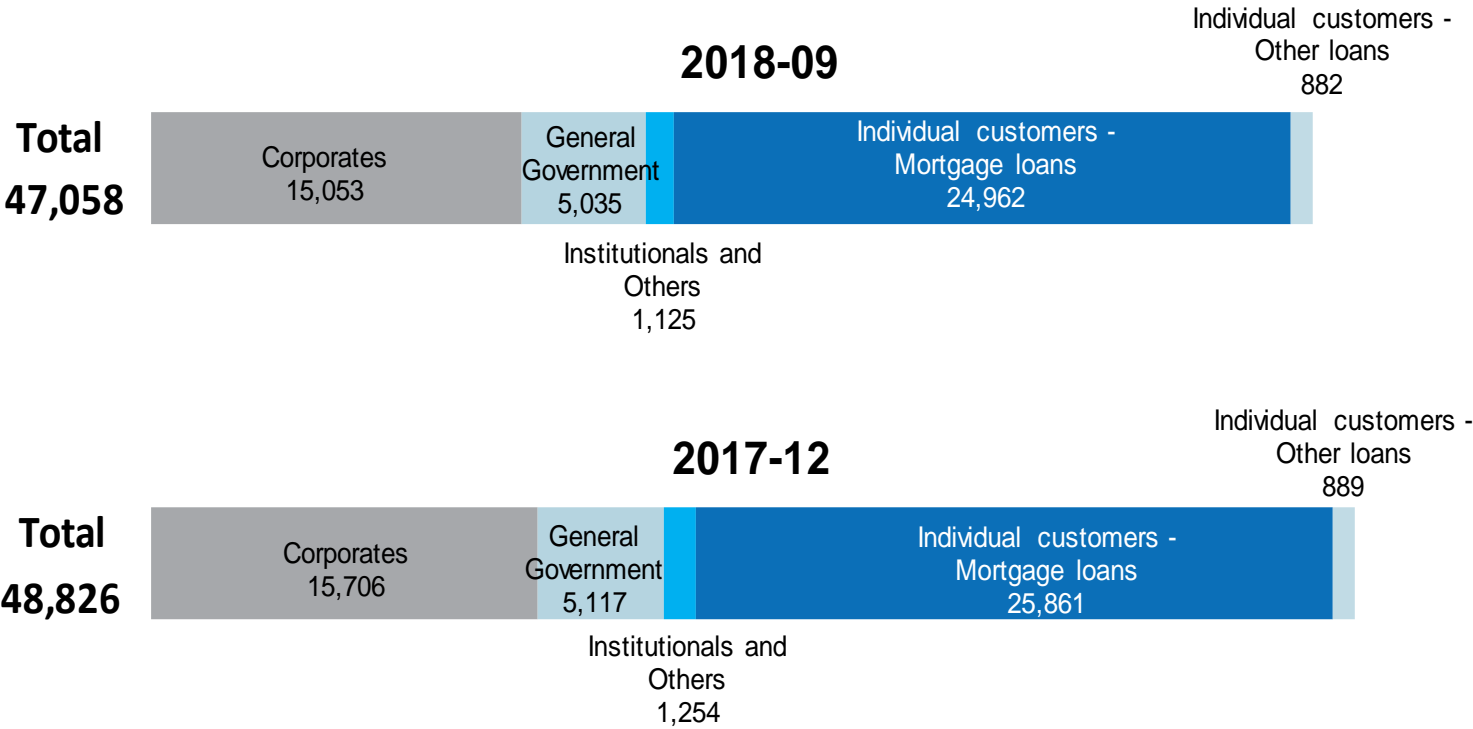
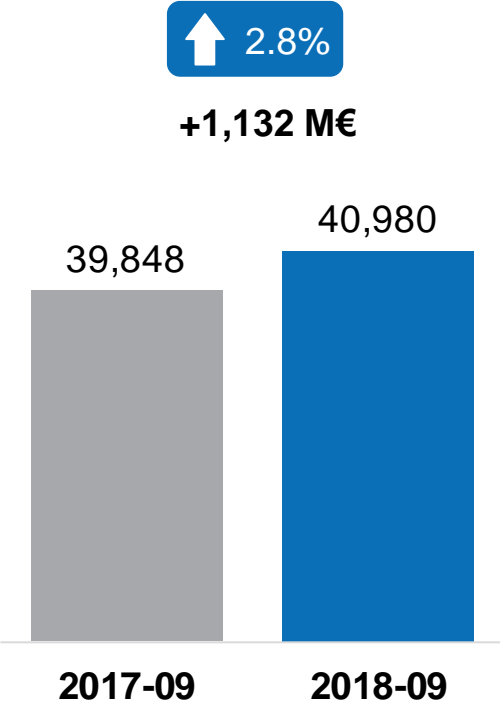
Total Customer Resources – Domestic Activity



Customer Deposits (Domestic Activity)

Credit in Portugal reflects NPL reduction, but performing shows growth

M€



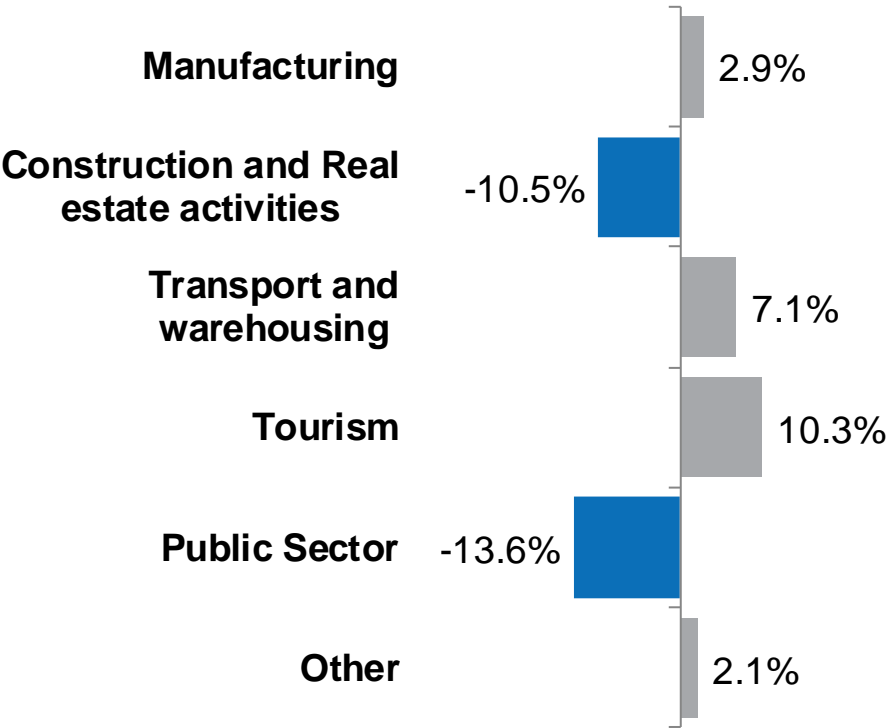
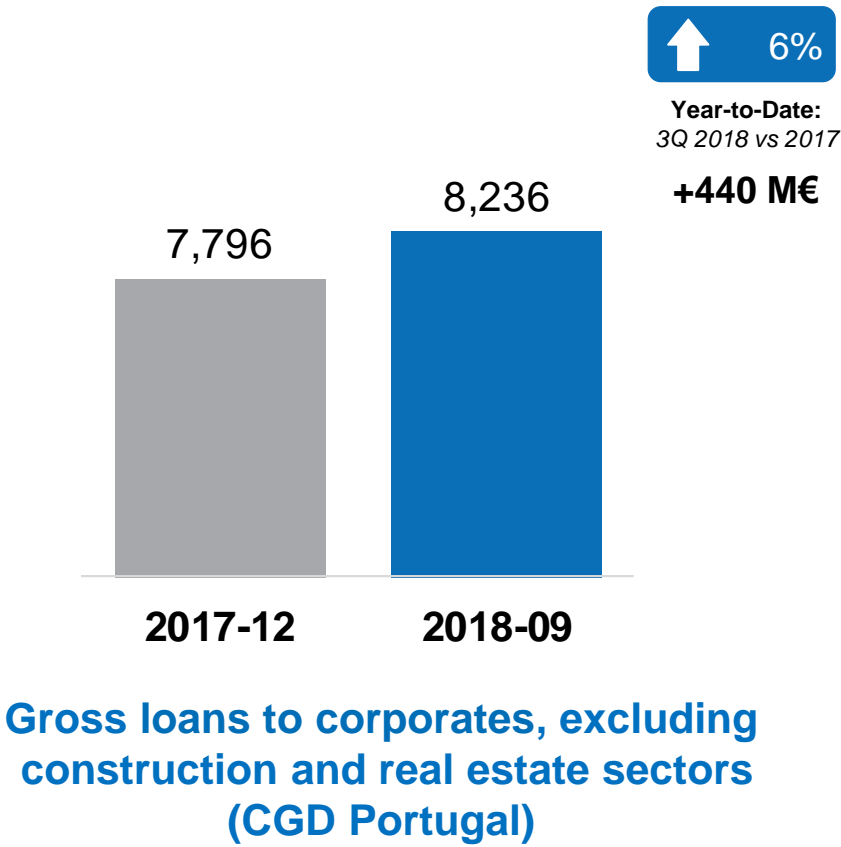
Loans and Advances to Customers (Performing)
CGD Portugal
(EBA Definition)

Loans and Advances to Customers (Gross)
CGD Portugal

Loans to corporates in Portugal grow in non CRE sectors...

M€

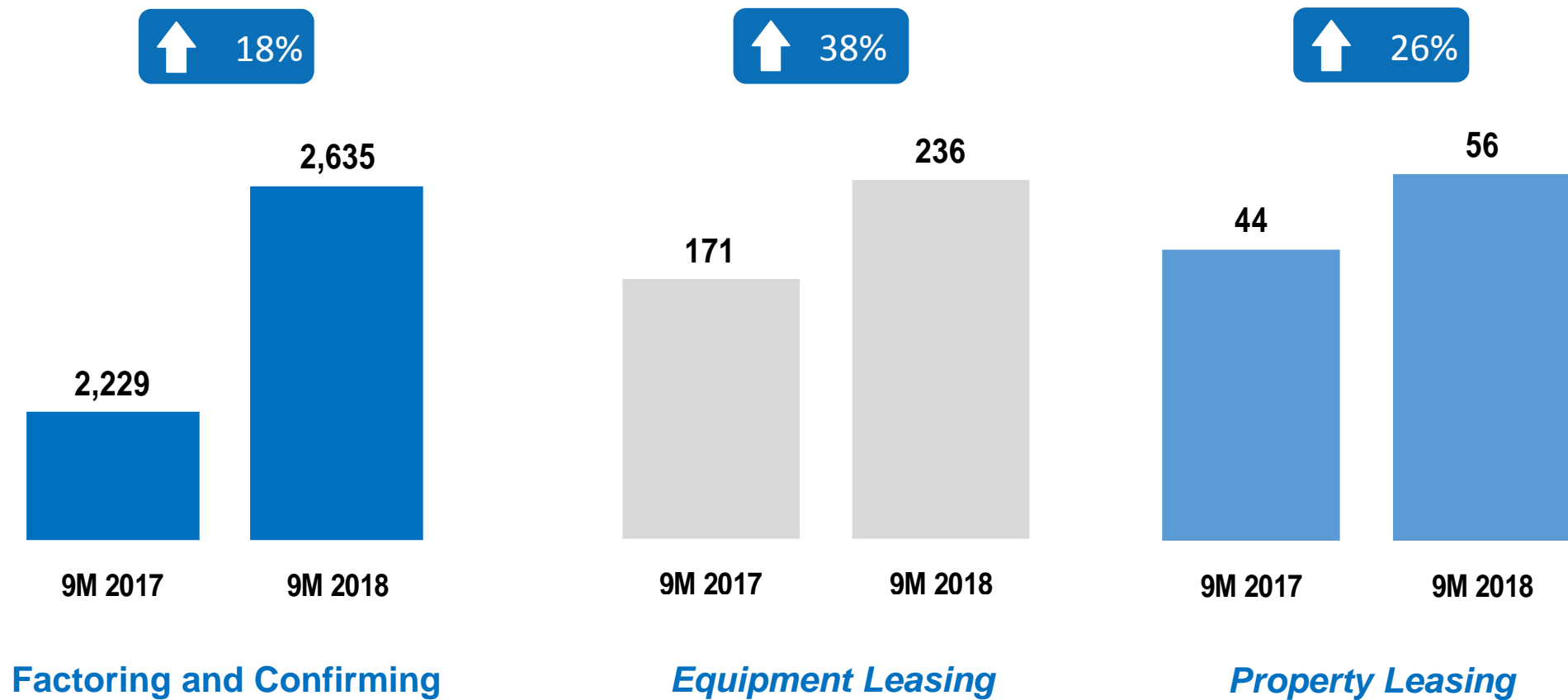
% Change vs. Dec-17



Loans to SMEs - Evolution

... as well as in new *Factoring & Confirming* and *Leasing* operations

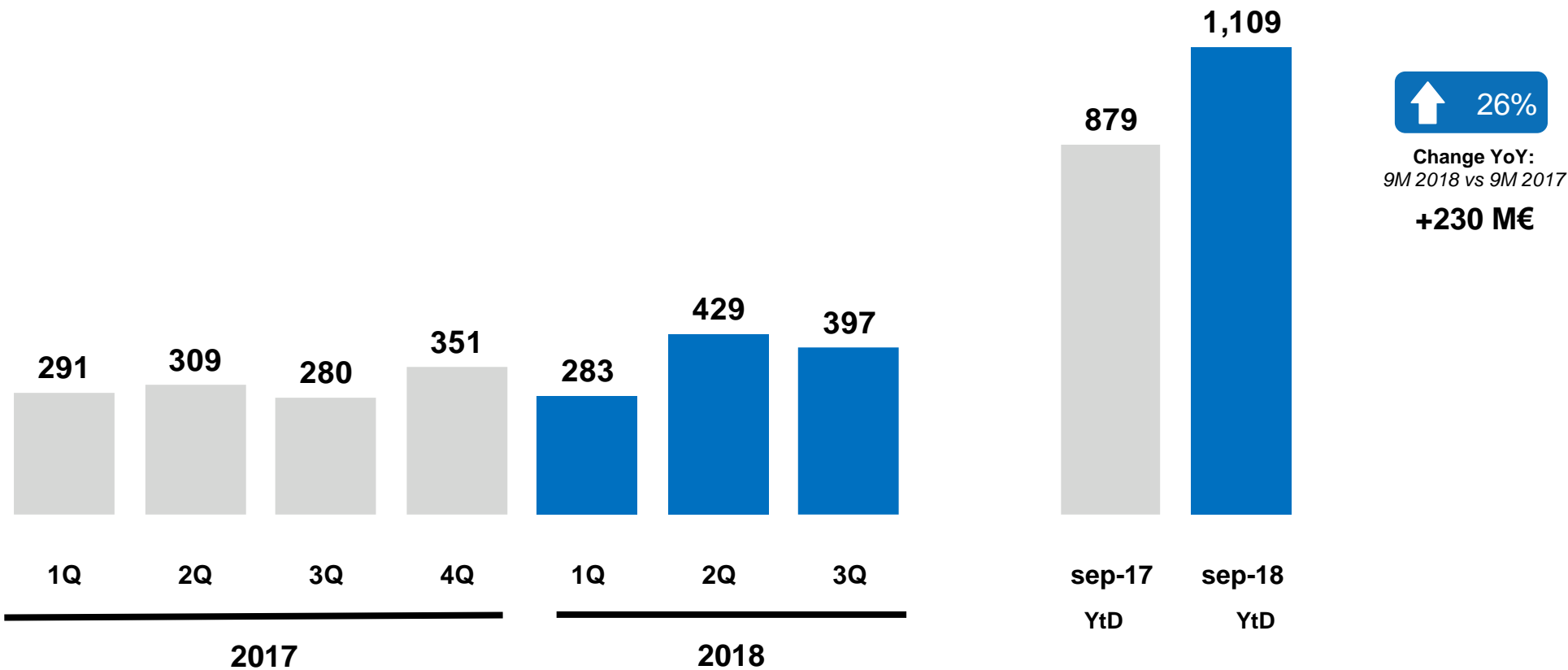
M€



Individuals and Households

Significant increase in new Mortgage Loans

M€



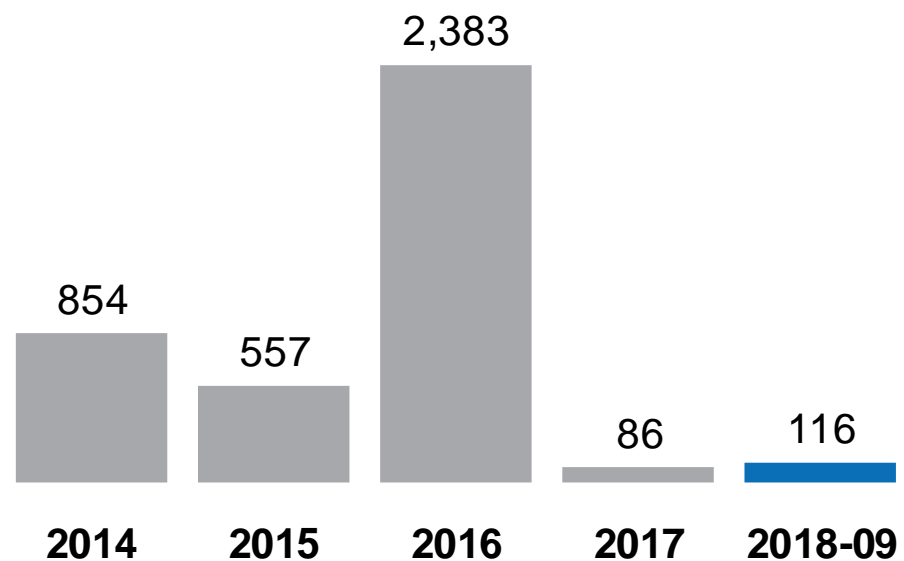


Asset Quality

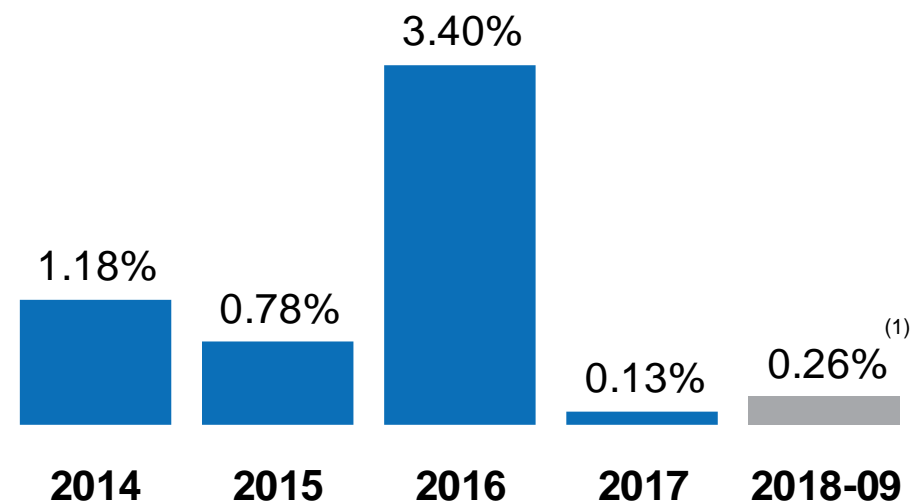
Reduced Cost of Credit Risk...

M€

%



Credit impairment net of reversals

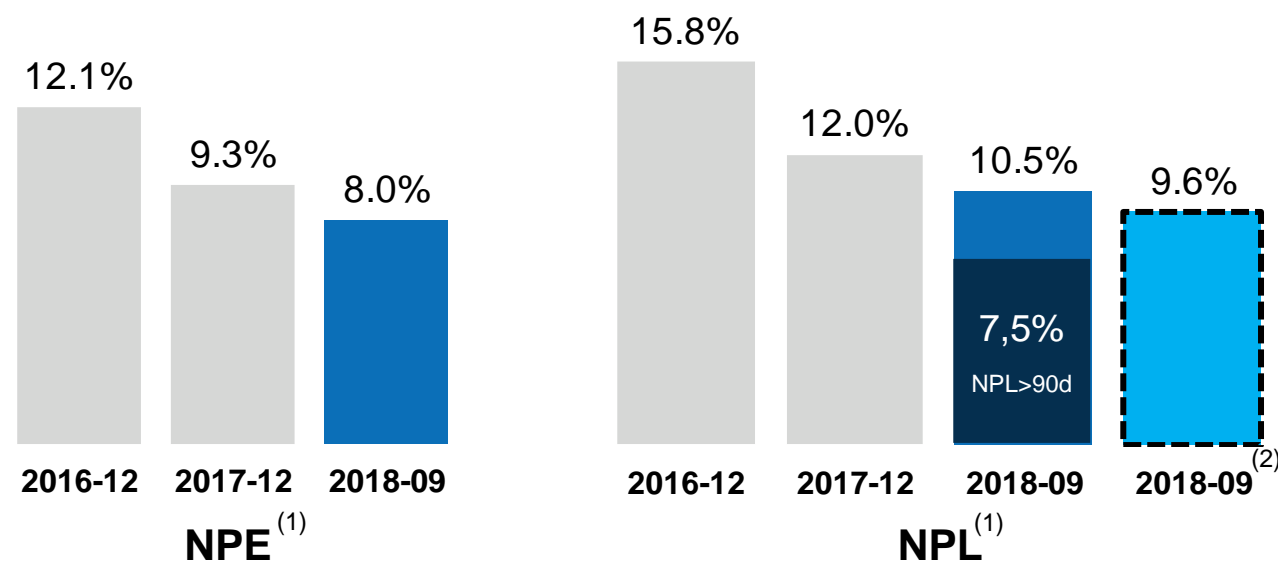


Cost of Credit Risk

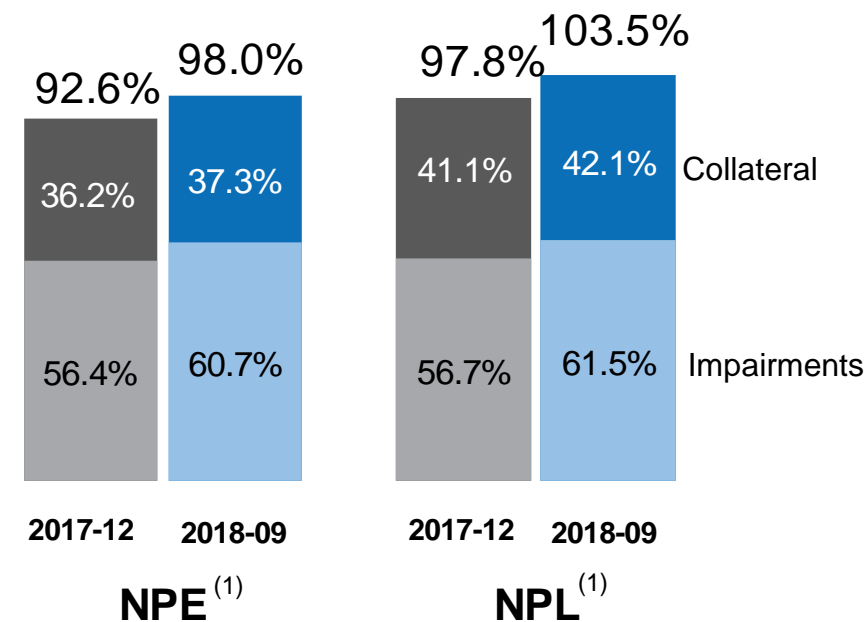
(1) Annualised figures

...NPE and NPL decreasing and reinforced coverage

%



Gross Ratios



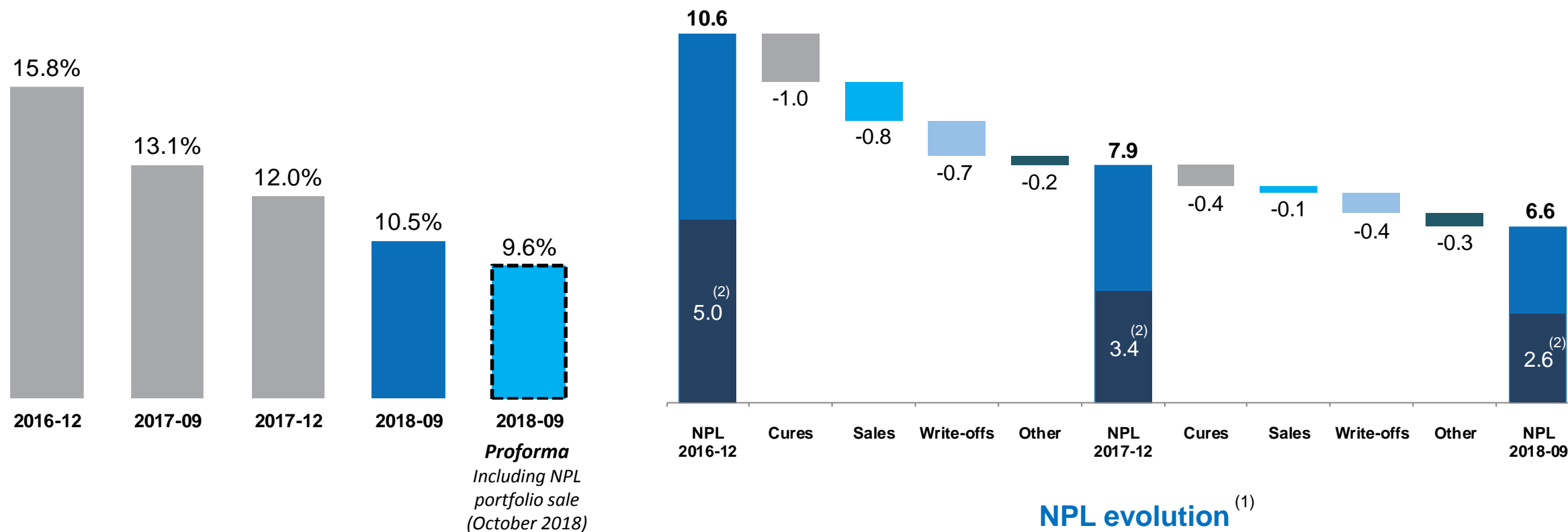
Coverage by Impairments and Collateral

(1) NPE – Non Performing Exposure and NPL – Non Performing Loans – EBA definitions;

(2) NPL considering portfolio sale in October 2018.

%

B€

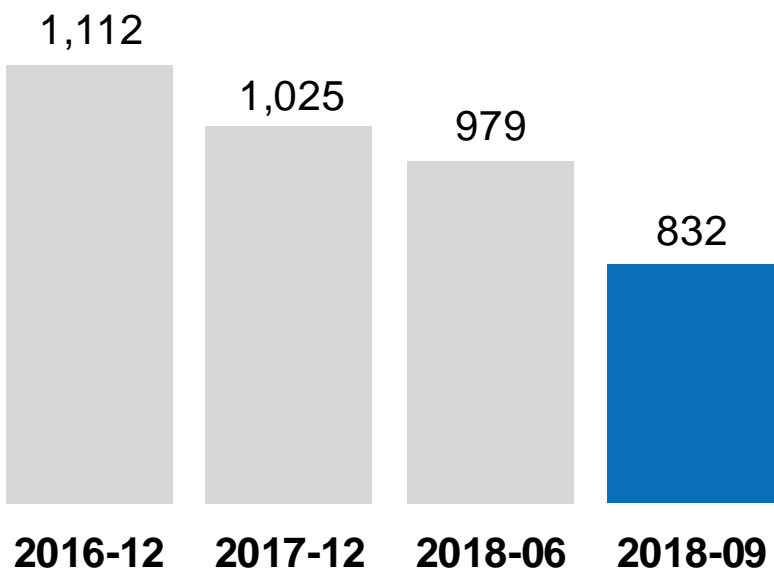


(2) NPL net of impairments.

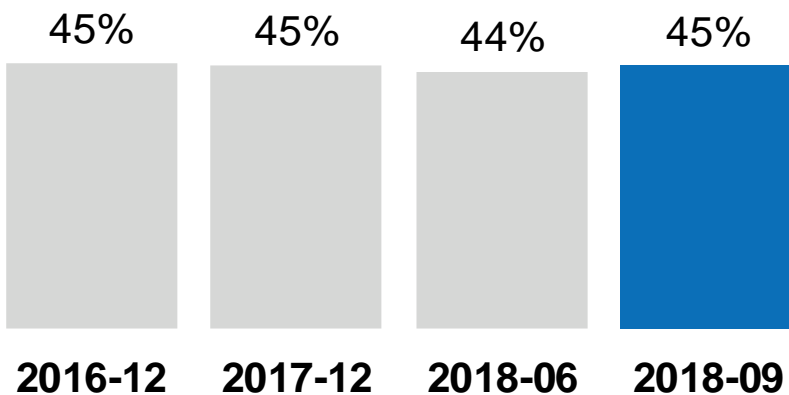
Foreclosed Assets (Real Estate)

M€

%



Foreclosed Assets - Gross Value
(Real Estate)



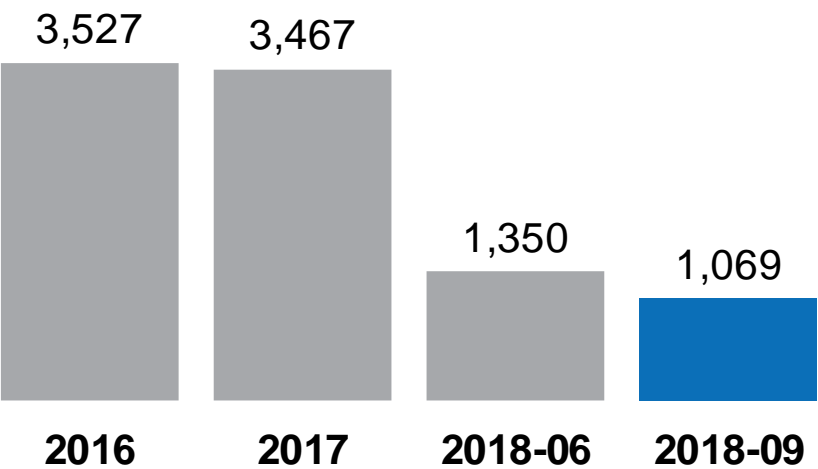
Coverage by Impairments



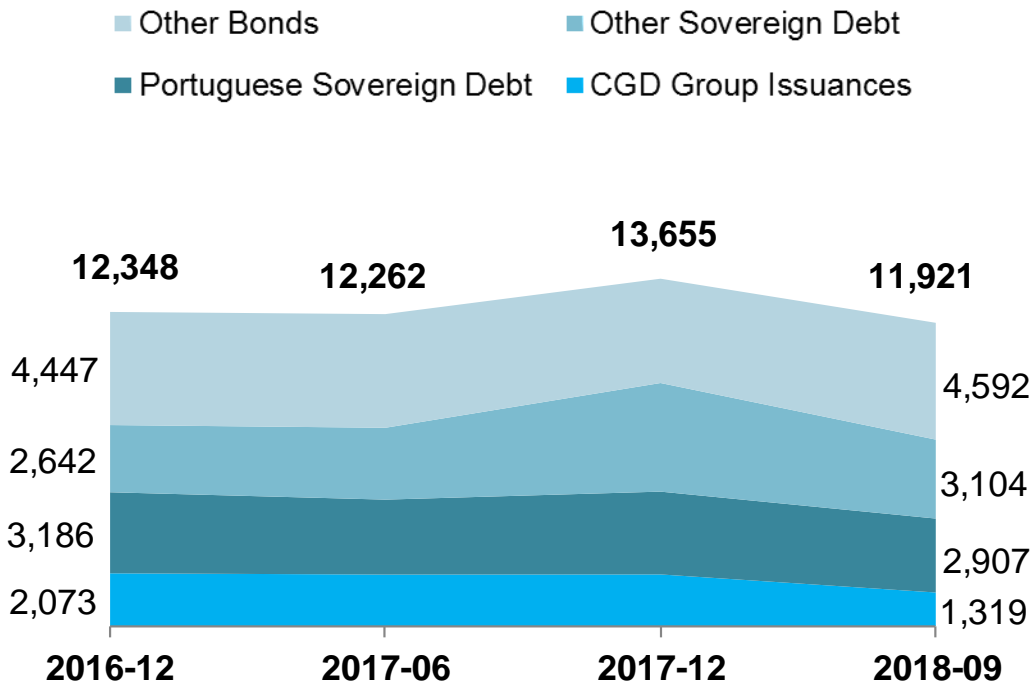
Liquidity

CGD enjoys a large ECB funding capacity

M€



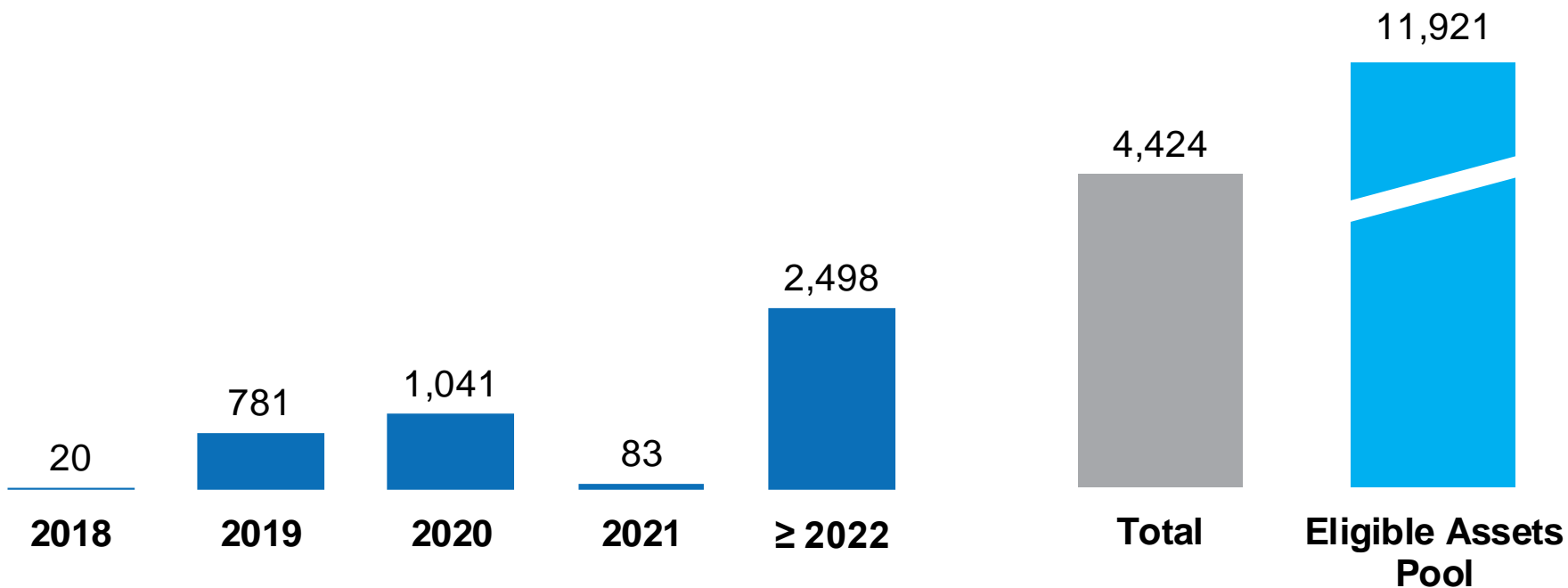
ECB Funding
(Consolidated Activity)



Eligible Assets in ECB Pool
(Consolidated Activity)

Wholesale Debt maturities fully covered

M€

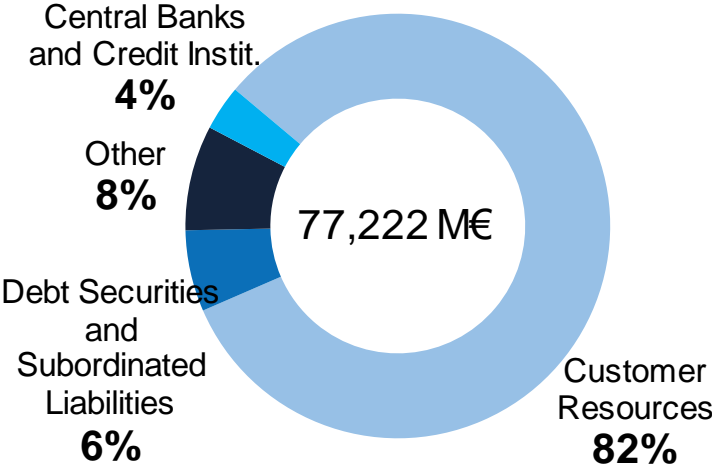


Annual maturities of Wholesale Debt

Stable funding structure based on retail funding...

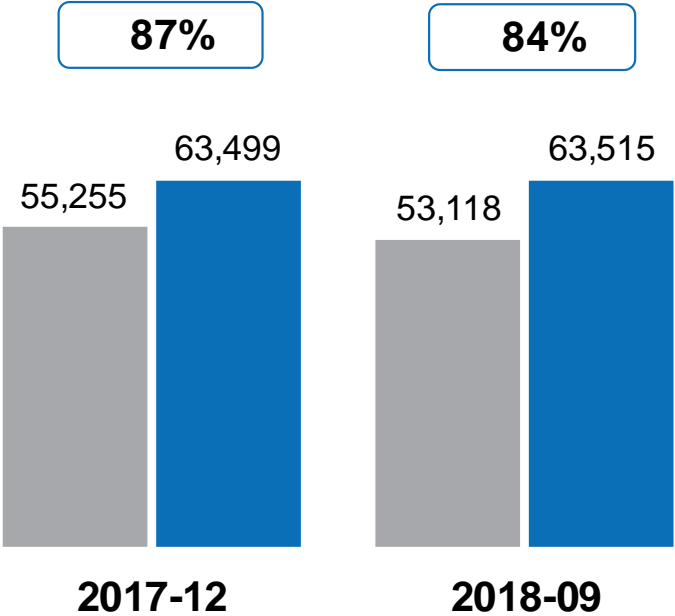
%

M€



Funding Structure⁽¹⁾

(1) Excluding non-current liabilities held for sale



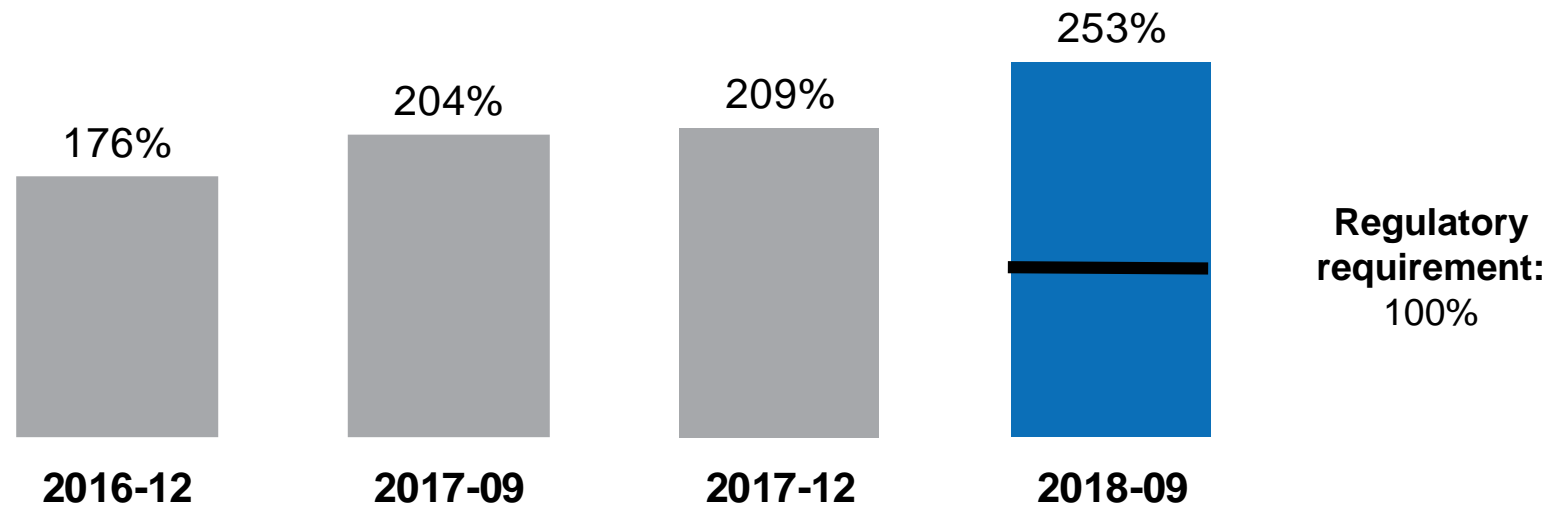
Loans-to-Deposits Ratio

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

Liquidity

...with a strong liquidity position

%



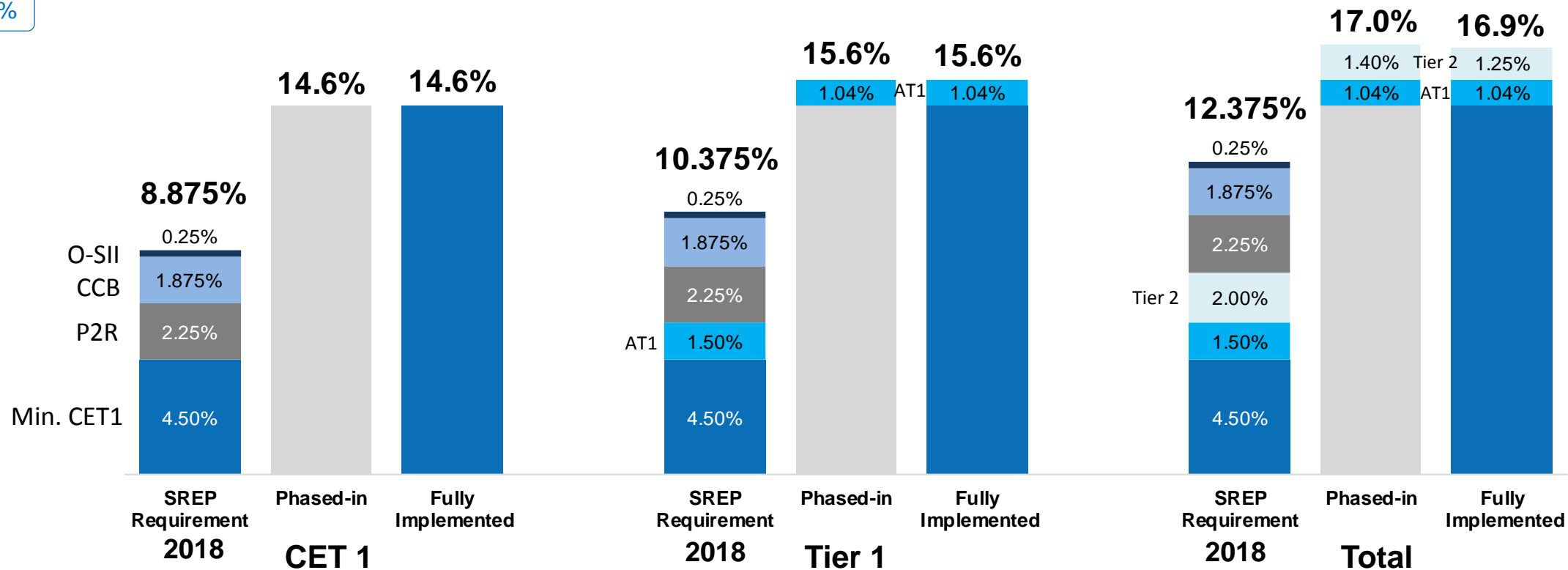
Liquidity Coverage Ratio (LCR)



Capital

CGD complies with capital requirements

%

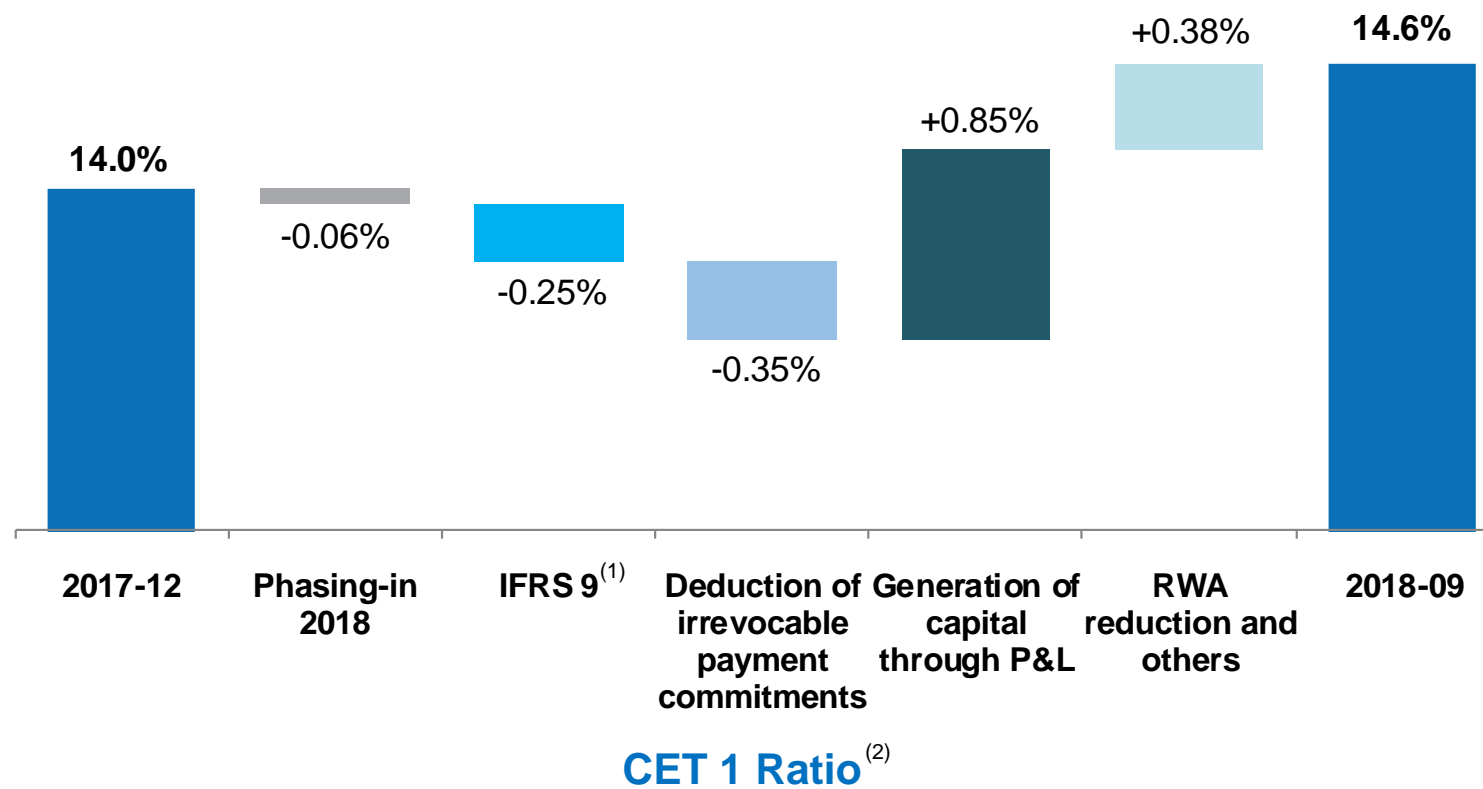


SREP 2018 Requirements and CGD Capital Ratios in 3rd Quarter 2018⁽¹⁾

(1) Ratios include net income of the period.

CET 1 Ratio: 2018 evolution (first nine months)

%

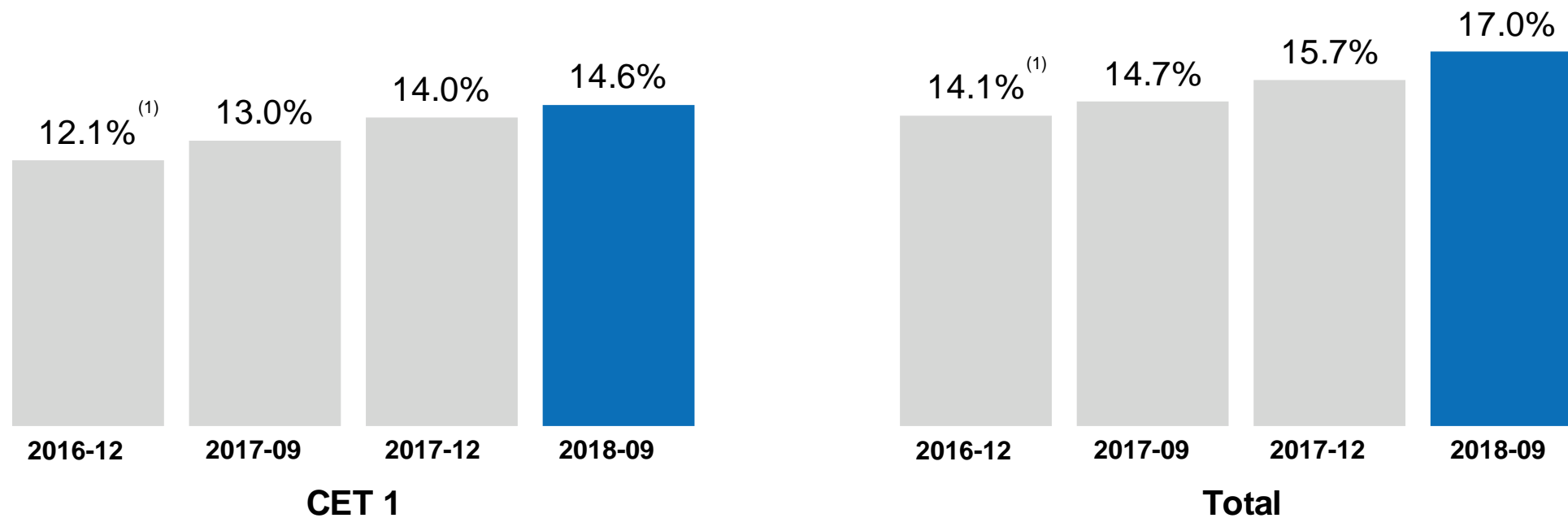


(1) IFRS 9 implementation without using the allowed phasing-in period.

(2) Ratios include net income of the period.

Improvement of Capital position after the recapitalisation

%



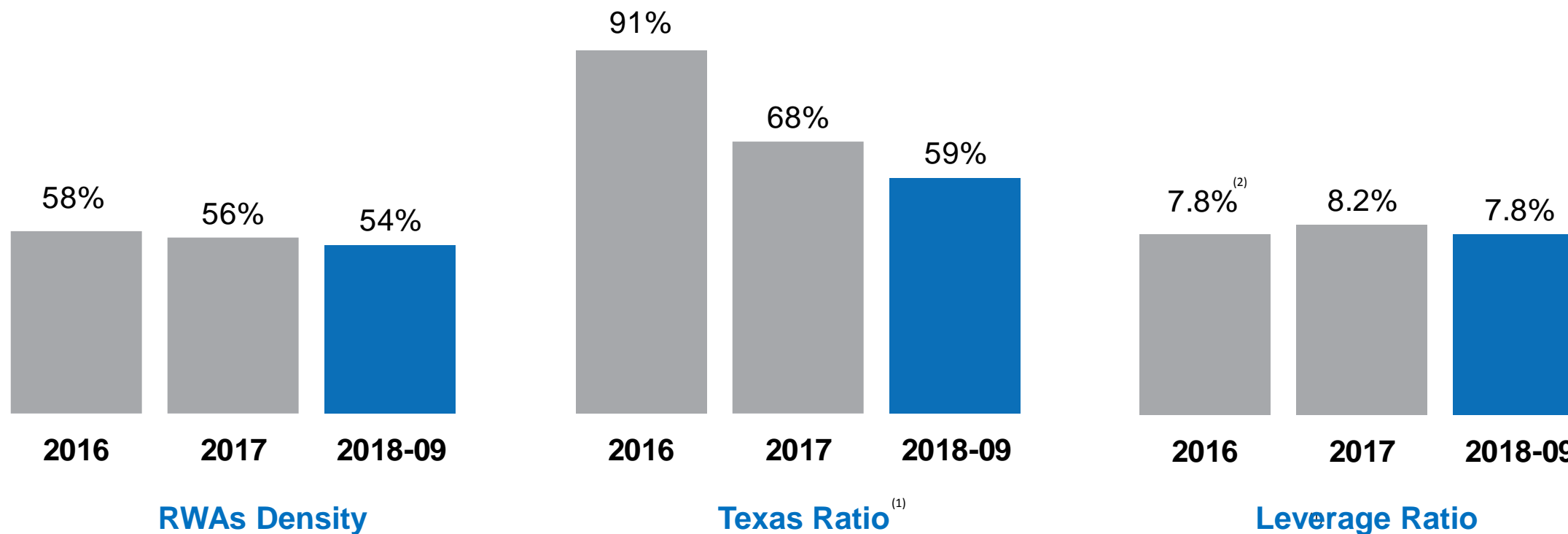
Capital Ratios Evolution (Phased-in)⁽²⁾

(1) Proforma, including stages 1 and 2 of the Recapitalization Plan.

(2) Ratios include net income of the period.

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

%

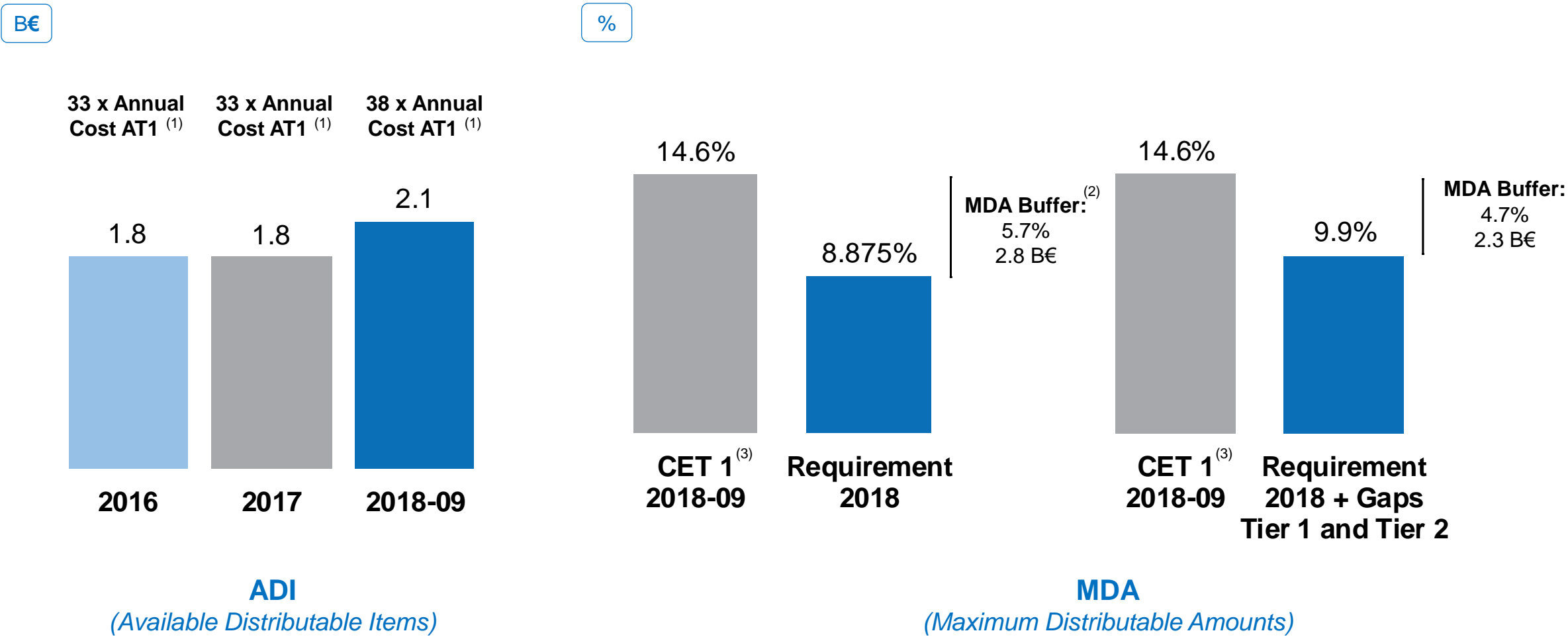


RWA fully implemented (2018-09): 49.0 B€

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

(2) Proforma, including stages 1 and 2 of the Recapitalization Plan.

Available Distributable Items (ADI) and Maximum Distributable Amount (MDA)



(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

3rd Quarter 2018 confirms progression on profitability and asset quality, with a sound capital position⁽¹⁾

Business⁽²⁾

Positive evolution of core operating income...

3Q2018 vs. 3Q2017:

- ✓ Net Interest Income:
 - CGD Portugal: +4%
- ✓ Commissions: +9%;
- ✓ Core Income:
 - CGD Portugal: +7%
- ✓ Operating Costs: -12%
- ✓ Core operating income: +23%
- ✓ Recurrent Cost-to-income: 51%

Asset Quality⁽³⁾

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

3Q2018:

- ✓ Cost of Credit Risk: 0.26%
- ✓ NPL: 9.6% (considering portfolio sale in October 2018)
- ✓ NPL Coverage by impairments: 61.5%

Liquidity

...taking advantage of the wide base of funding available...

- ✓ Deposits: 82% of Liabilities⁽⁵⁾
- ✓ Pool of Collateral: 11.9 B€
- ✓ LCR: 253%
- ✓ Loans-To-Deposits: 84%

Capital⁽³⁾

...and maintaining a strong capital position.

Capital Ratios (Phased-in),

3Q2018 vs. 3Q2017:

- ✓ CET1: 14.6% (+1.6 pp)
- ✓ Tier 1: 15.6% (+1.6 pp)
- ✓ Total: 17.0% (+2.3 pp)



3rd Quarter 2018

ROE⁽⁴⁾ = 6.7%

(1) The September 2017 values have been restated, considering BCG Espanha, BCG Brasil and CGD Investimentos CVC as a non-current asset held for sale. Mercantile Bank Holdings was already reclassified as such;

(2) Non-recurring costs of € 44.3 million in 2018 and € 272.5 million in 2017 were considered, relating to employee reduction programmes, as well as other administrative expenses;

(3) September 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) Current activity ROE = (net income + non-recurring costs + non-controlling interests) / Shareholders' equity (average of 13 monthly observations); Annualized value;

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



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 30 September 2018, except otherwise stated.

This document is an English translation of the Portuguese language document “Resultados Consolidados – 3º Trimestre de 2018”. In the event of any inconsistency, the original version prevails.

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