

Results Presentation

Consolidated Results

Unaudited financial information
Investor Relations | 10.11.2022



9M
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 30 September 2021 has been restated.
- The financial metrics in this presentation refer to September 30, 2022, unless otherwise stated. These may be estimates subject to revision. Solvency ratios include net income for the period, excluding the maximum distributable amount according to dividend policy, unless where otherwise noted.
- Global economic activity decelerated in the first nine months of 2022, due to the impact of the pandemic in some geographies and the invasion of Ukraine by Russia at the beginning of the year, 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 the recorded inflation was substantially higher than anticipated in the end of the previous year. Current 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 currently available, CGD estimated and reflected in its financial statements, for the period that ended in 30 September 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 9M22”. In the event of any inconsistency, the original version prevails.

Agenda



1 Activity Highlights

2 Income Statement

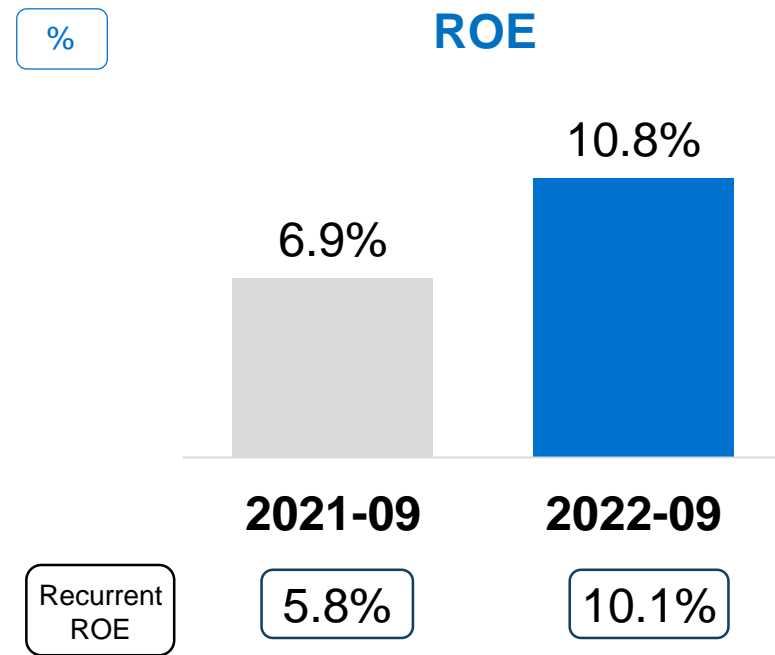
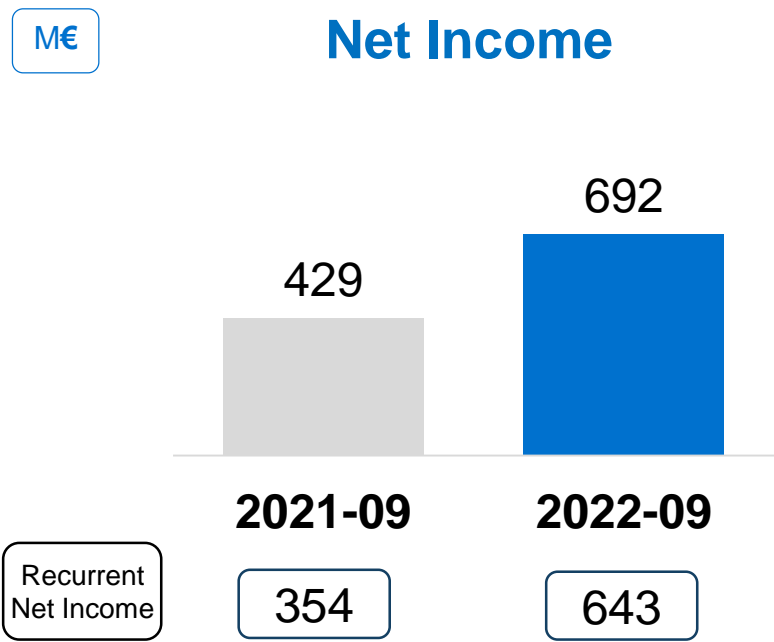
3 Balance Sheet



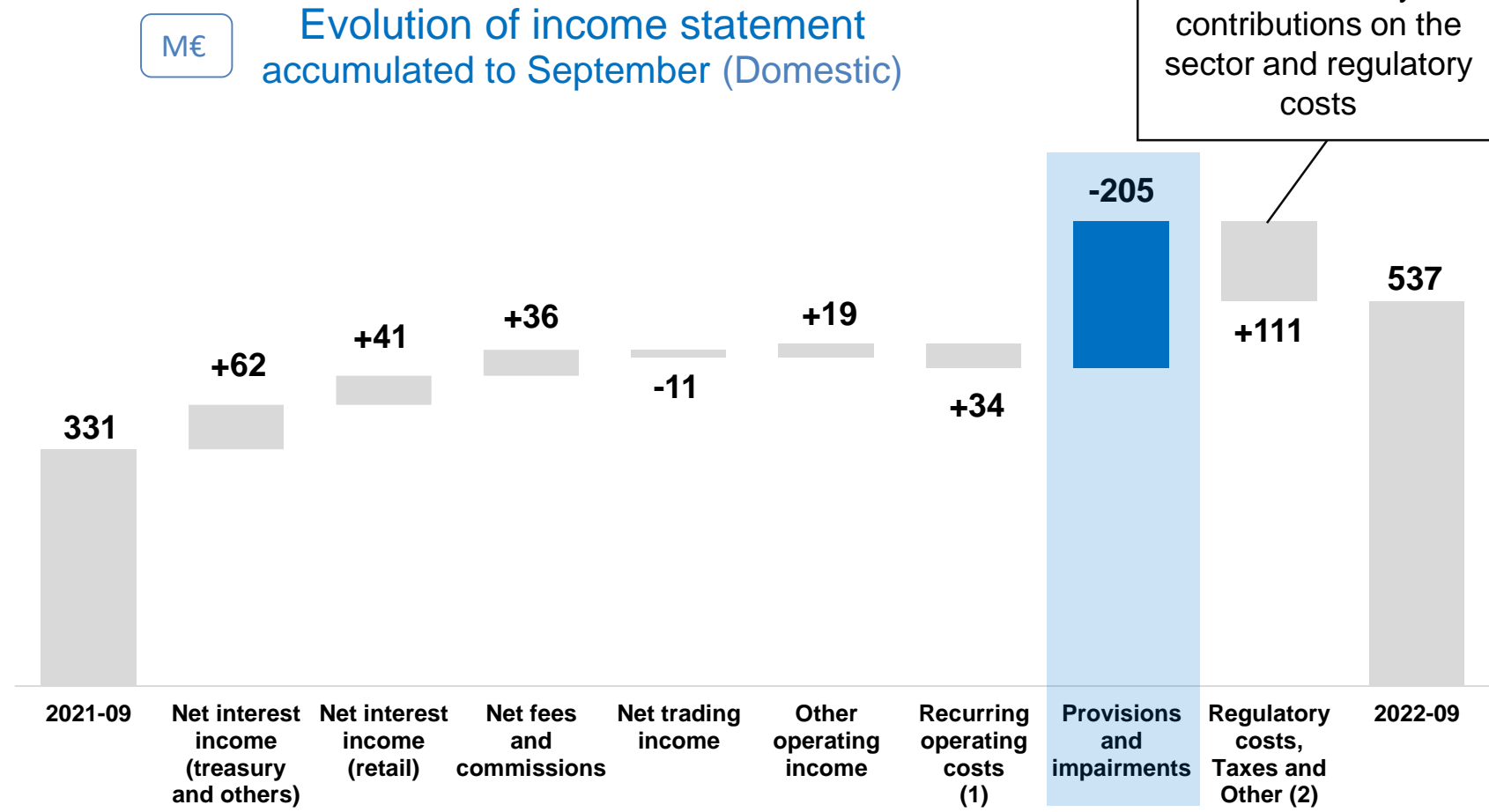
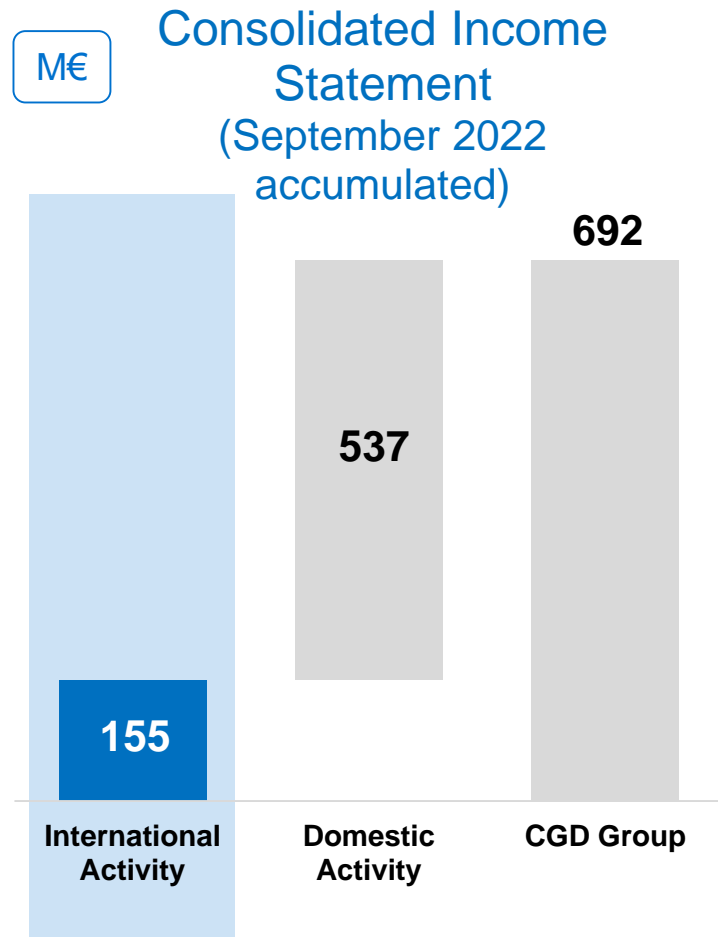
Highlights

- Caixa records consolidated net income, accumulated to September, of €692 M, supported by the reduction of impairments registered for the Covid crisis and the €155 M (+58%) contribution of the international area, projecting the payment to taxpayers of the largest dividend in CGD's history
- ROE of 10.8% reaches cost of capital referentials for the first time since 2008
- Sustained growth of business volume (+2%), with strong international performance and individuals and companies loan portfolio in Portugal increases by 2%, with special reference to the 6% increase in the SME segment
- Production of mortgage loans in Portugal reaches €2,443 M, contributing to the growth of the portfolio (+1.5%). Average instalment below €250 with debt service to income ratio of 33%
- Growth of 3.8% in deposits in all segments (+€2.6 B)
- Strong customer engagement in digital channels with 19% growth in mobile users
- Sustained decrease in recurrent cost-to-income ratio to 41.5%, reflecting higher levels of efficiency and improved earnings
- Asset quality improves with NPL in continued decline and NPL ratio decreases to 2.6%, the lowest historic level, and NPL ratio net of total impairments remains at 0% with 142% NPL coverage level. Foreclosed assets decrease by 17% to €335 M
- Robust capital position, with the CET1 ratio at 18.7%, above the average of Portuguese and European banks
- In October, Caixa issued in the international markets and to meet MREL requirements, senior preferred debt in the amount of €500M, its second "green" issue and the third with ESG characteristics, totaling €1.3 B.

Consolidated net income of €692M, resulting in a ROE of 10.8%



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



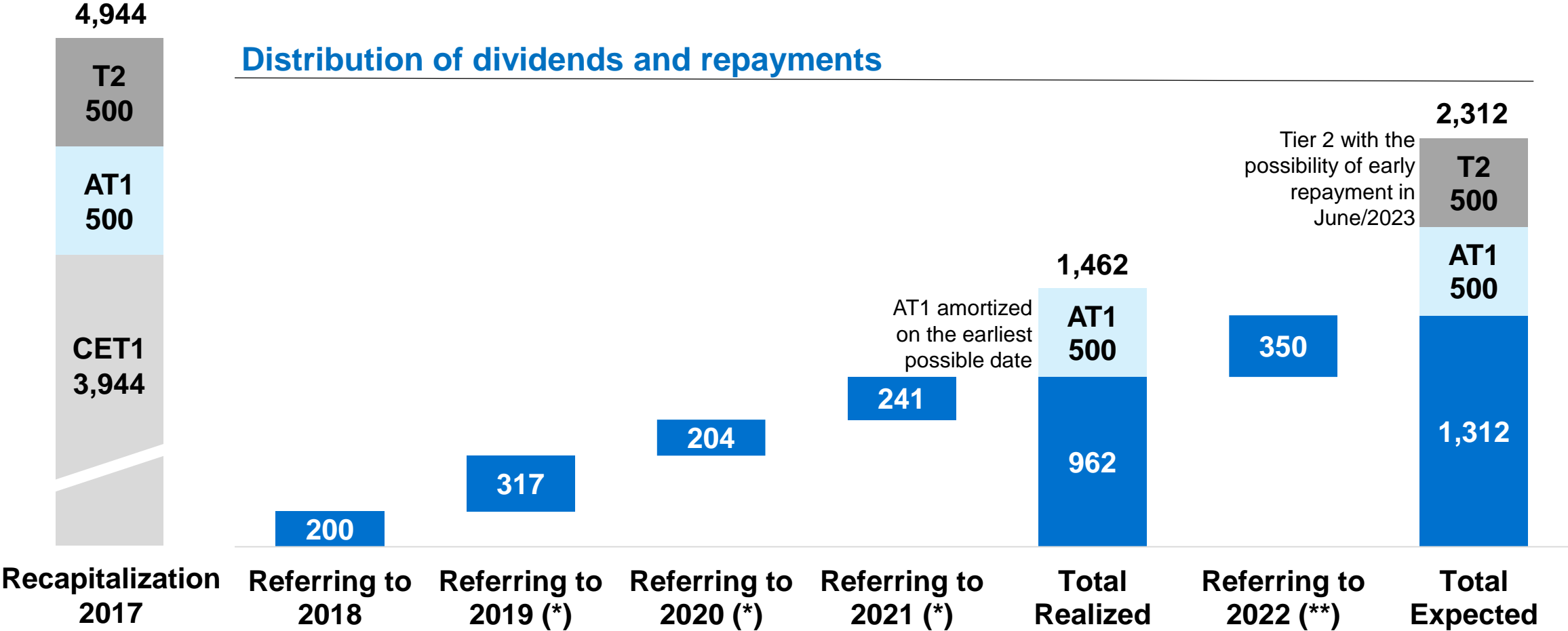
(1) Includes personnel restructuring costs
 (2) Other includes: Income from equity instruments, non-controlling interests, results of associated companies and results of subsidiaries held for sale

Results allow for dividend payments in accordance with policy and repayment of issues carried out under the Recapitalization Plan



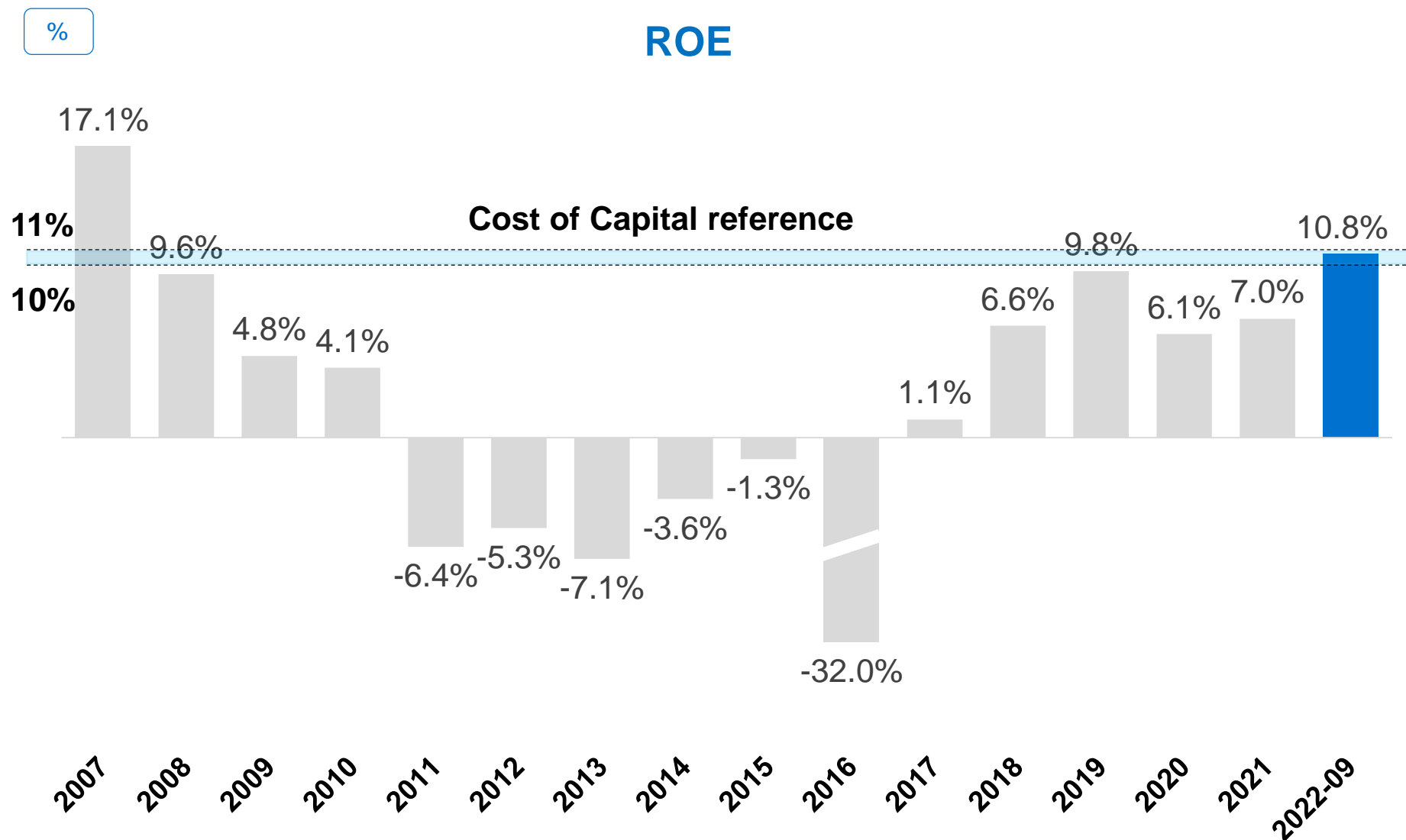
M€

Distribution of dividends and repayments



(*) Maximum distributable amount in accordance with the Dividend Policy
(**) Amount considered in the 2023 State Budget; maximum distributable amount referring to the first 9 months of 2022 of €286 M

ROE of 10.8% reaches cost of capital for the first time since 2008

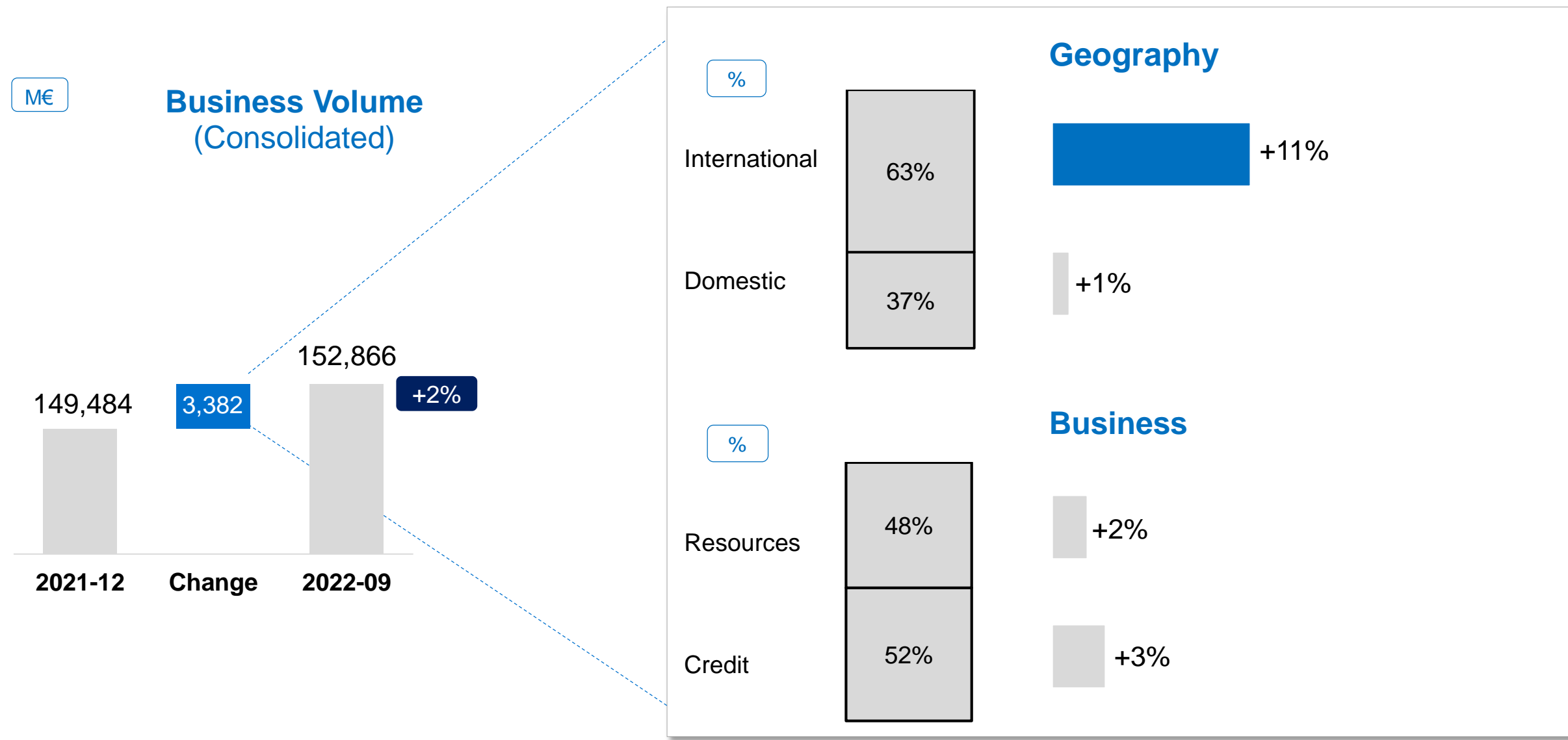


Cost of Capital reference

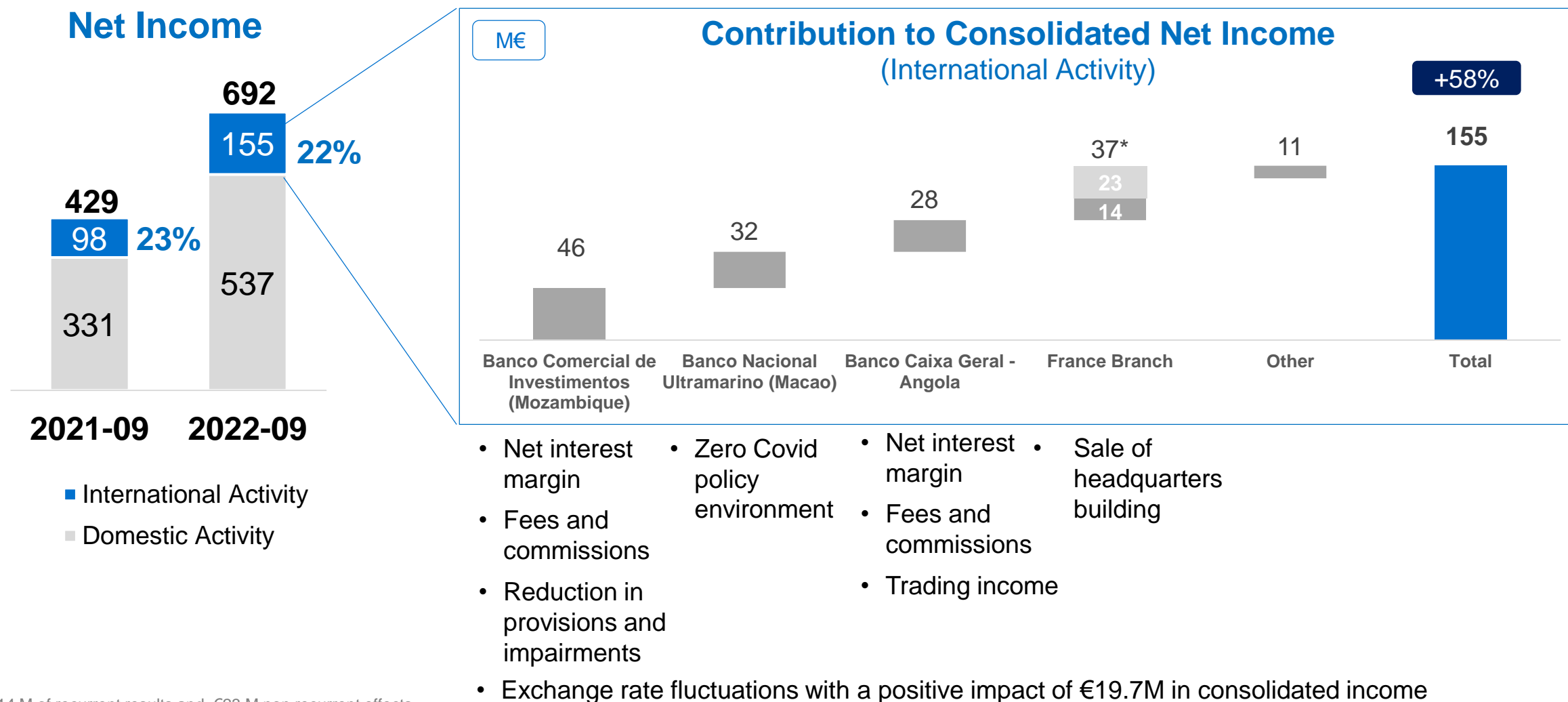
- Average of European banks: **10,2%** ⁽¹⁾
- Caixa's AT1 issuance in 2017: **10,75%**

(1) Source: ECB (2021)

Business volume increases in loans and deposits, with emphasis on the international activity



International activity improves consolidated income growing 58%

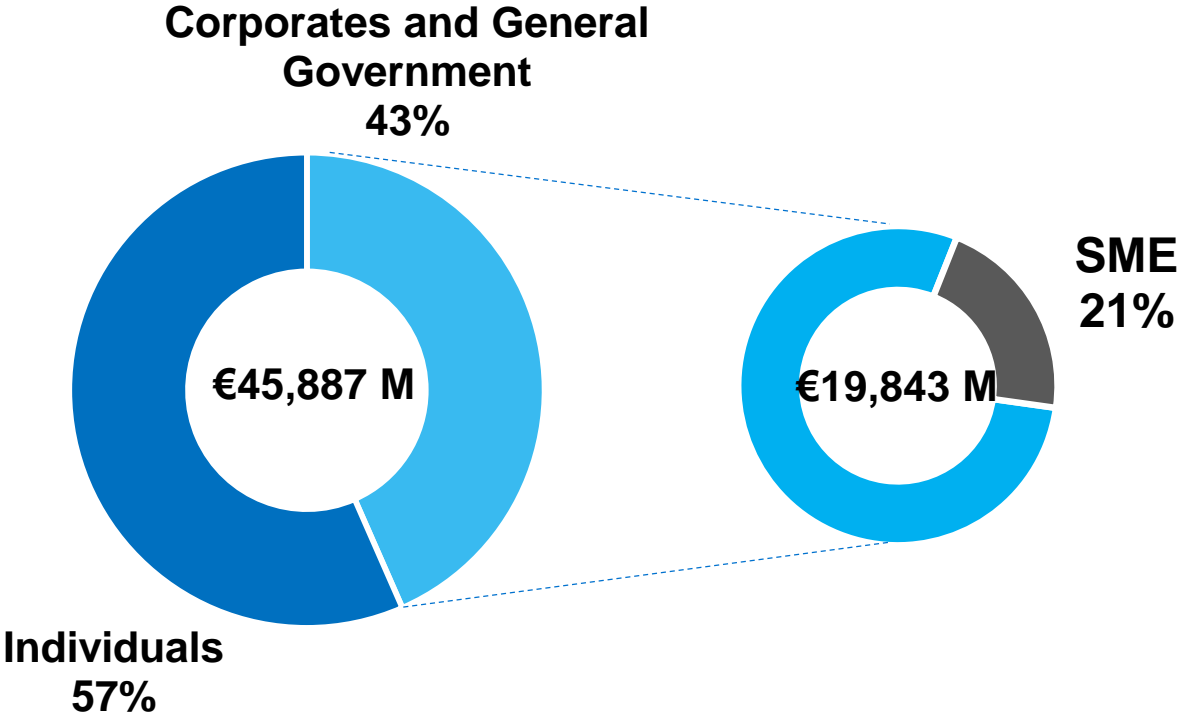


* €14 M of recurrent results and €23 M non recurrent effects



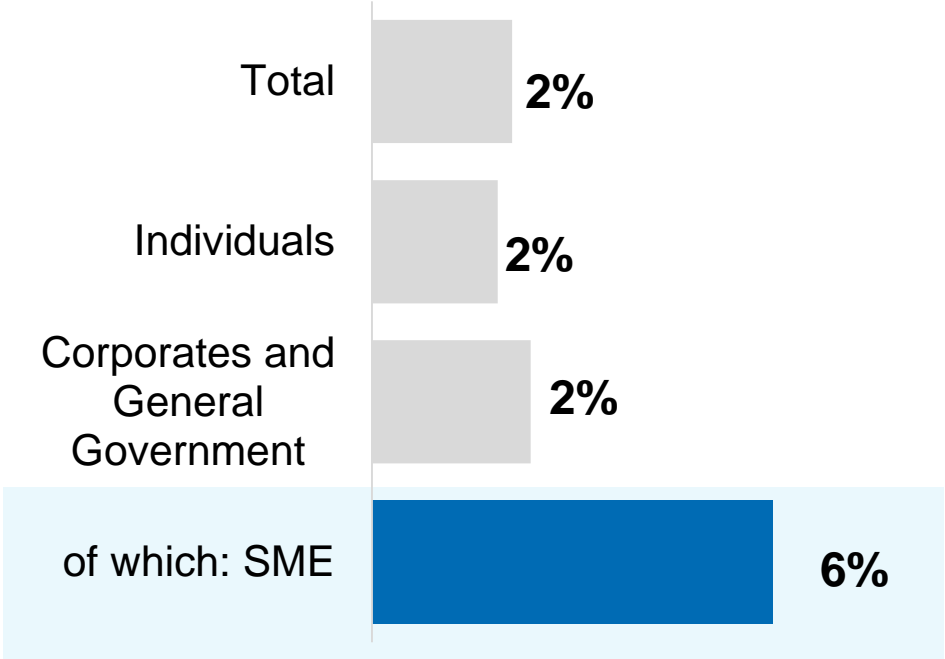
%

Loans and Advances to customers
(CGD Portugal)



%

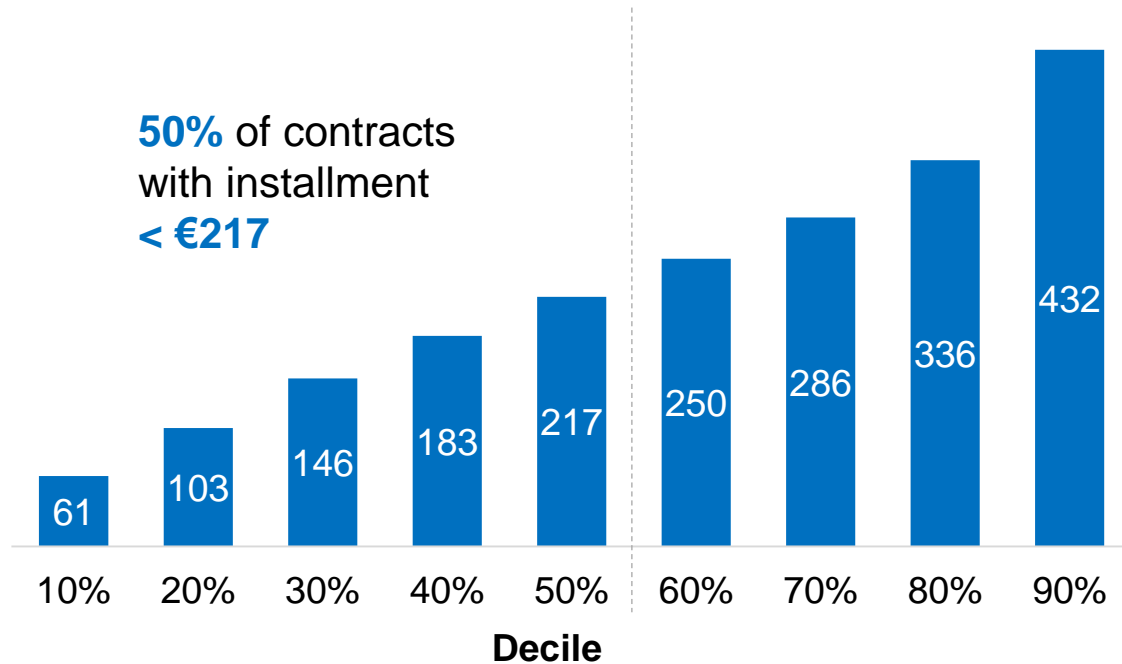
Loans and Advances to customers
YTD (CGD Portugal)



Mortgage loan portfolio with average instalment below €250 and debt service to income (DSTI) ratio at 33%

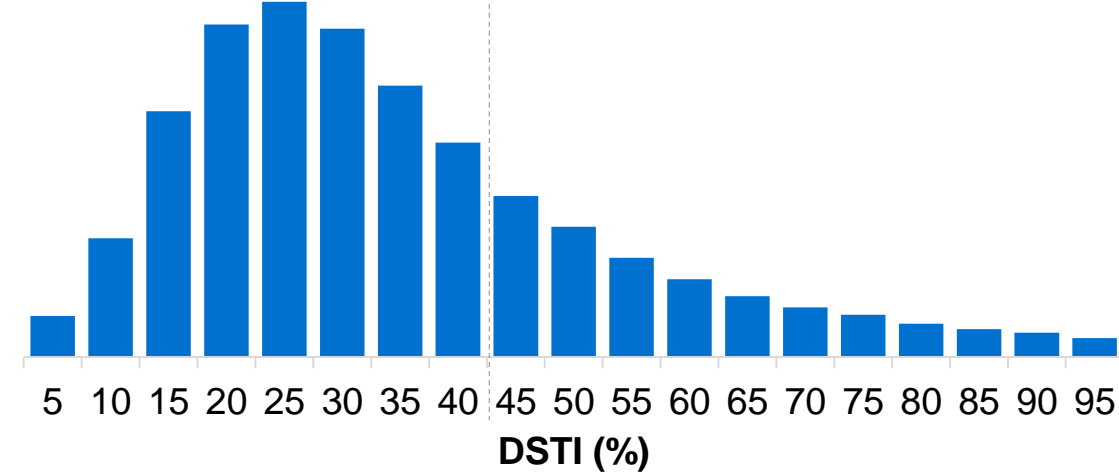


Average installment per decile of the portfolio



Debt Service To Income (DSTI)**

72% of contracts with DSTI below 40%



€ 244 average monthly instalment
90% of contracts with installments below € 432



33% Average DSTI
23% average Effort Rate^(*) in contracts celebrated since 2017

* Percentage of gross annual income in twelfth of the household, intended for the payment of monthly installments relating to credit operations to individuals (excluding insurance premiums)

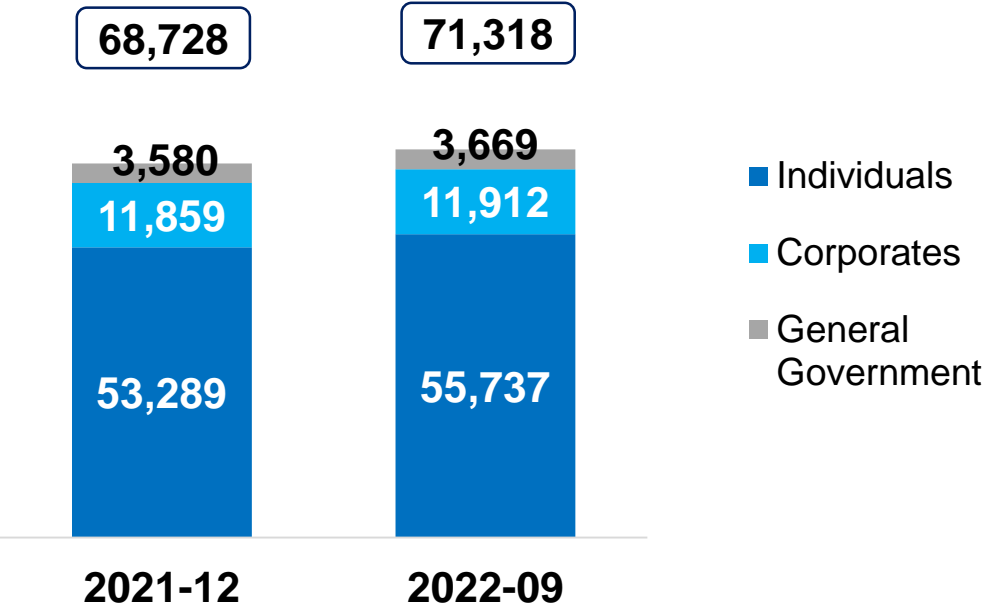
** Percentage of net monthly income (Annual net income divided by 12 months) of the household, intended for the payment of monthly installments relating to credit operations to individuals (excluding insurance premiums)

Deposits grow in Portugal across all segments



M€

Customer Deposits (Domestic)



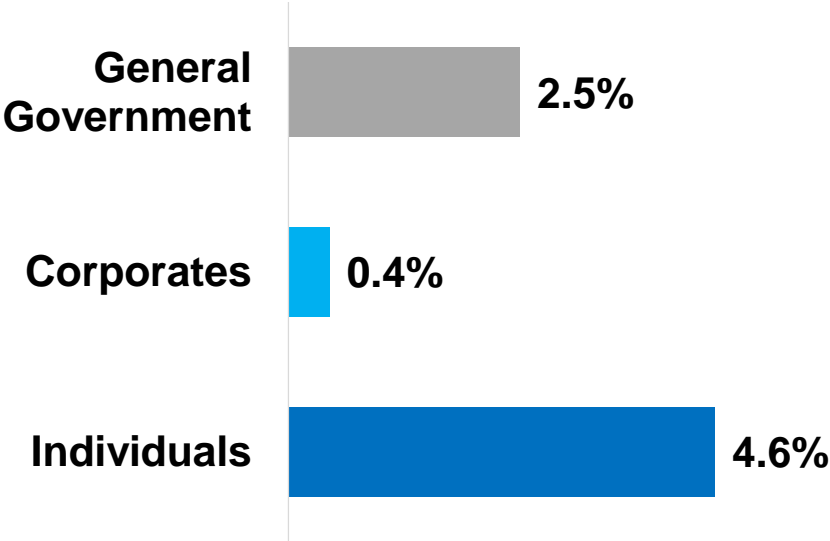
Total customer resources
(Domestic)

86,048

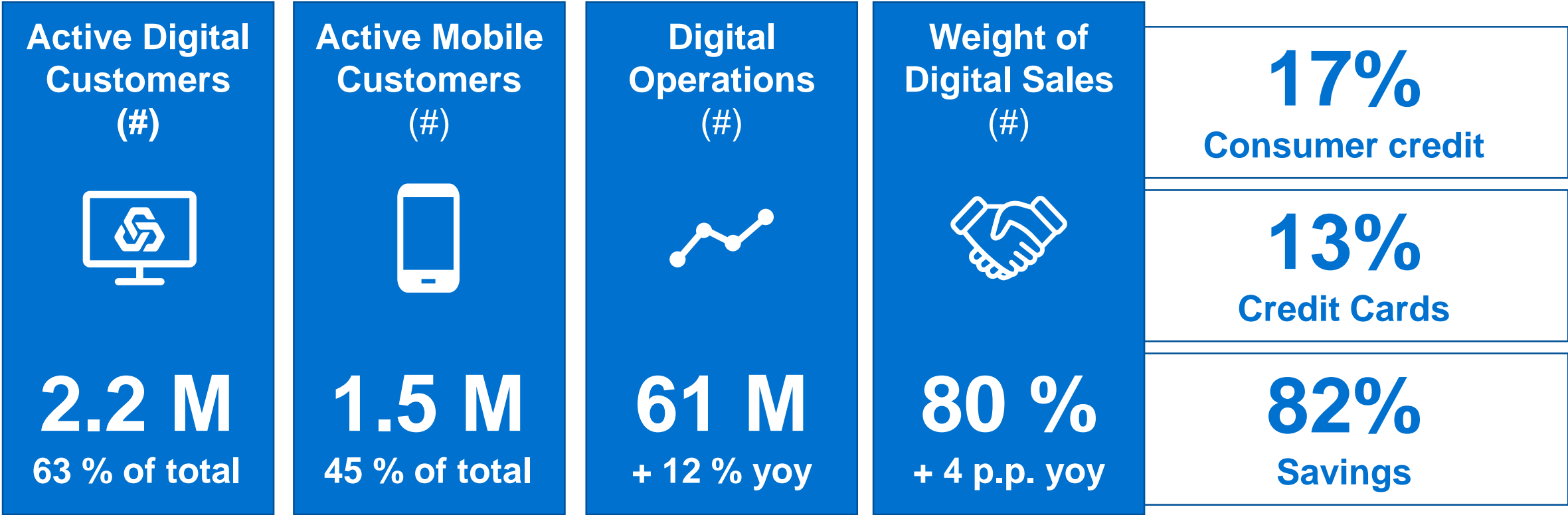
86,364

%

Customer Deposits (Domestic) Change YTD



Investment made in recent years in digital transformation materializes in a contribution to the business

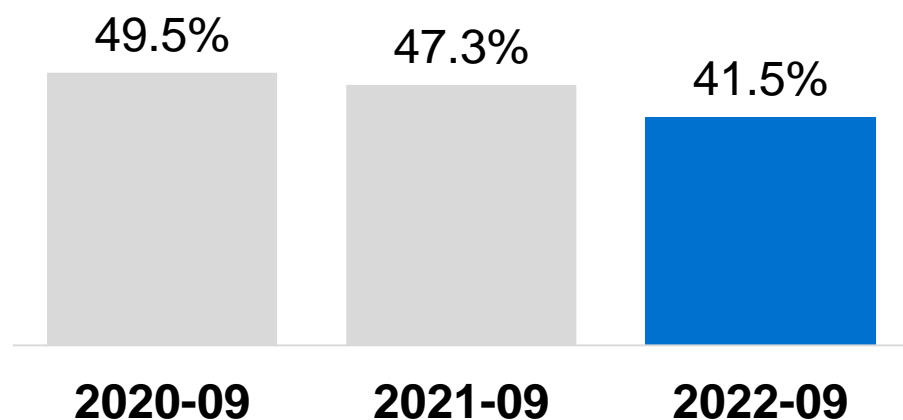


Cost-to-Income down with improved efficiency and increased income



%

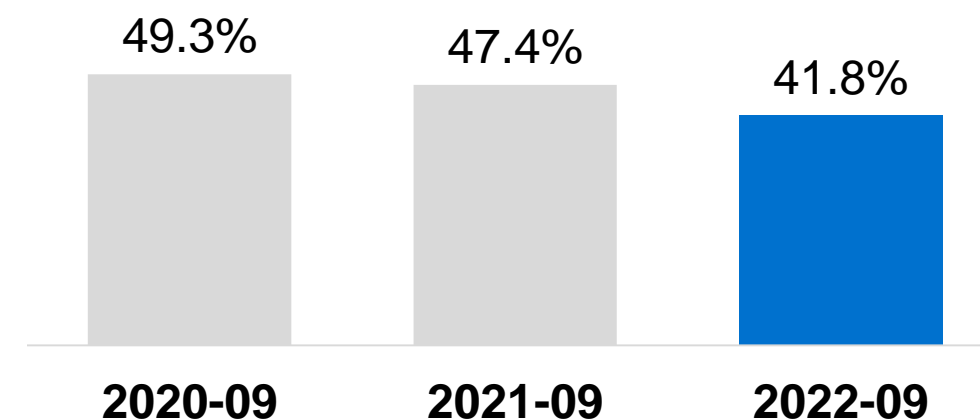
Recurrent Cost-to-income ⁽¹⁾ (Consolidated)



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

%

Recurrent Cost-to-income ⁽¹⁾ (Domestic)



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

Continued decrease of NPL leads to reduction in NPL ratio

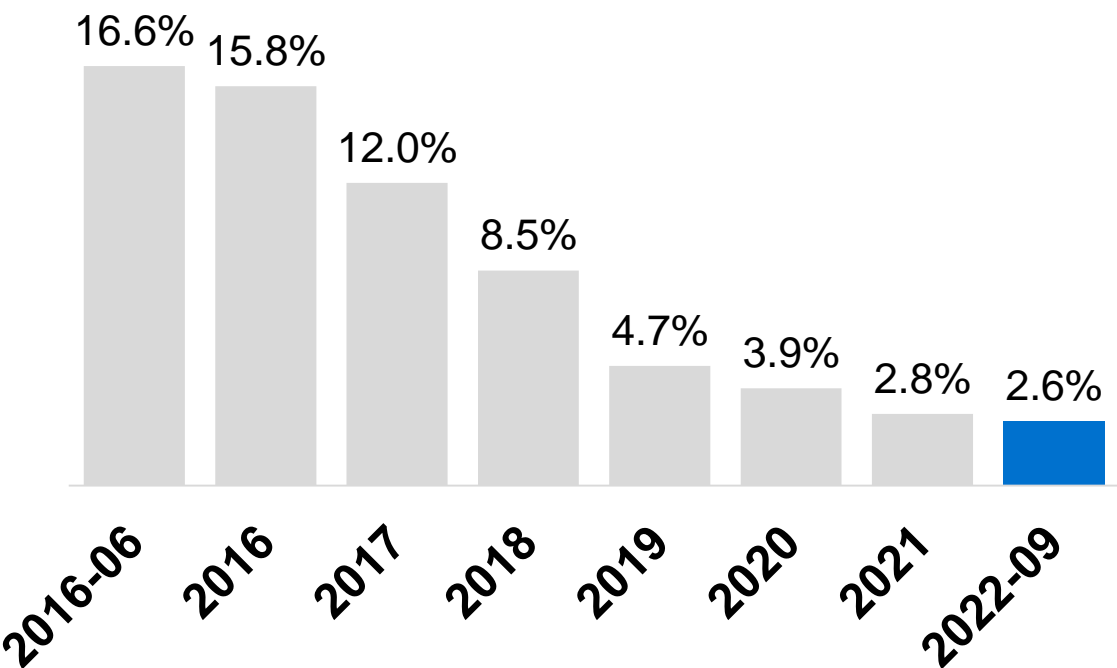
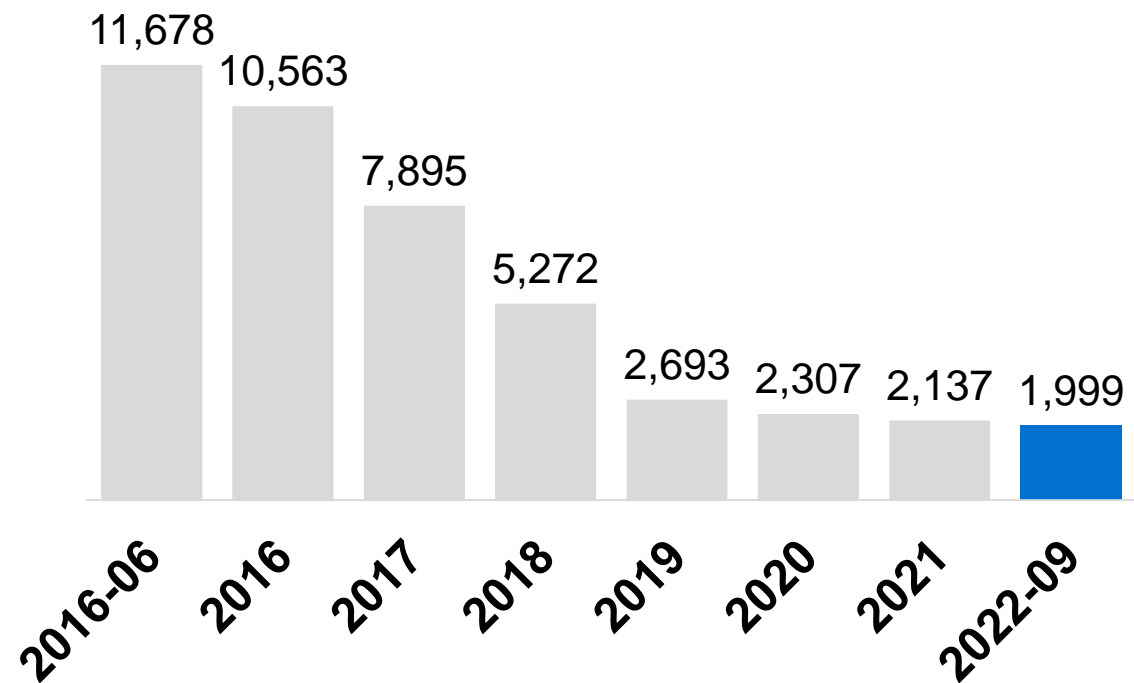


M€

Gross NPL evolution ⁽¹⁾

M€

Evolution NPL ratio ⁽¹⁾

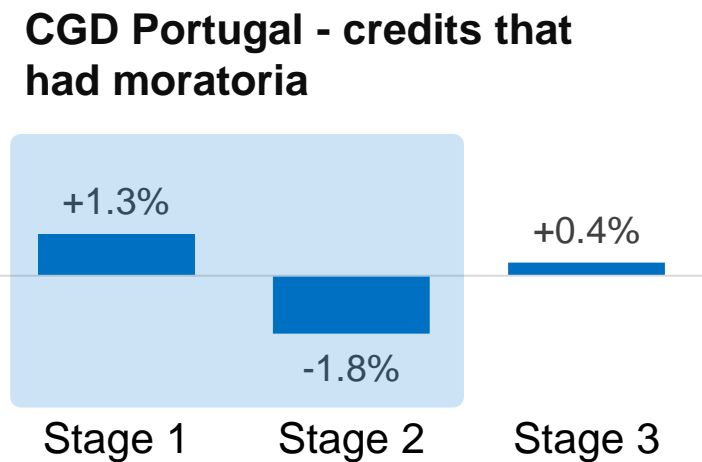
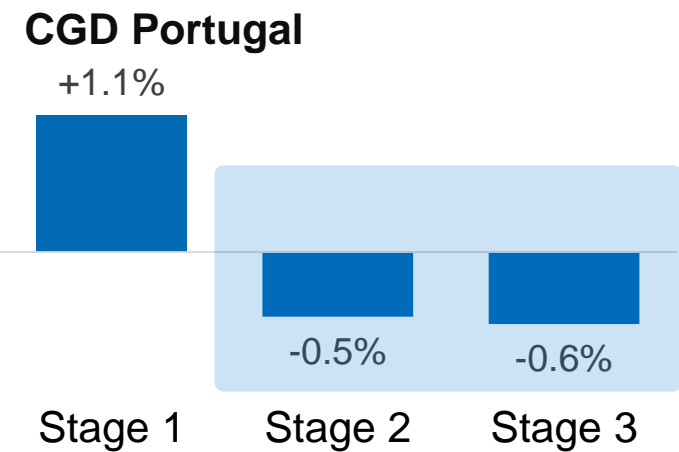
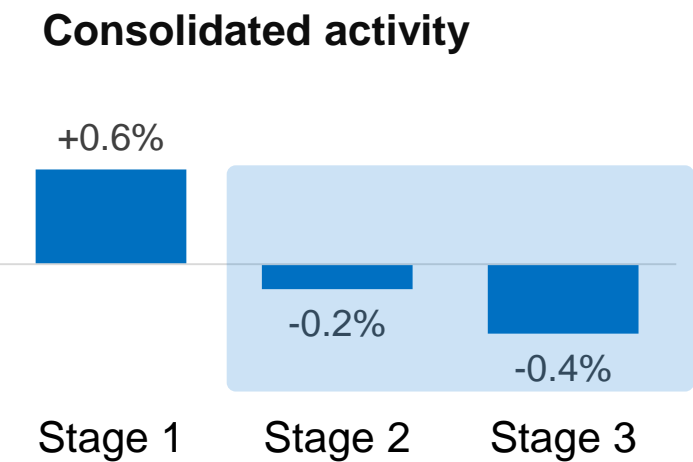


(1) NPL - Non Performing Loans: EBA definitions

Credit performance remains stable after the end of the Covid moratoriums



Breakdown by stages YTD



Distribution by stages (2022-09)

Stage 1	88.6%	89.2%	64.3%
Stage 2	7.6%	7.3%	25.4%
Stage 3	3.8%	3.5%	10.3%

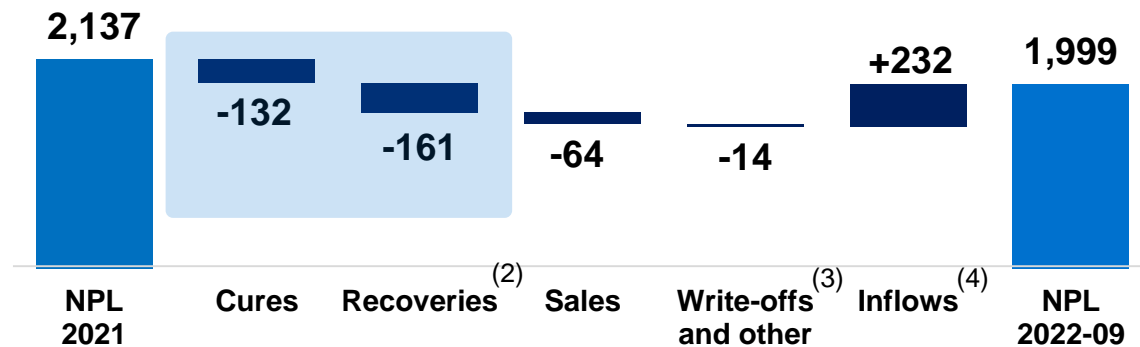
Note IFRS9: Stage 1 – Performing credit; Stage 2 – Credit without default, but with credit risk; Stage 3 – Non performing credit (default).

Negative cost of credit risk reflecting favourable evolution of credit recovery and the level of coverage by impairments and collateral



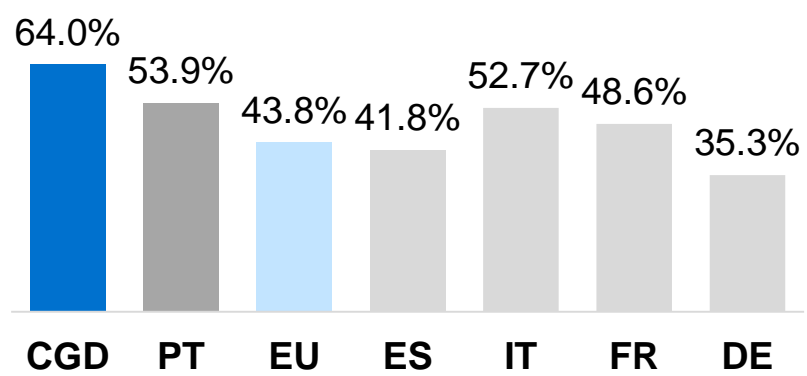
M€

Gross NPL Evolution ⁽¹⁾



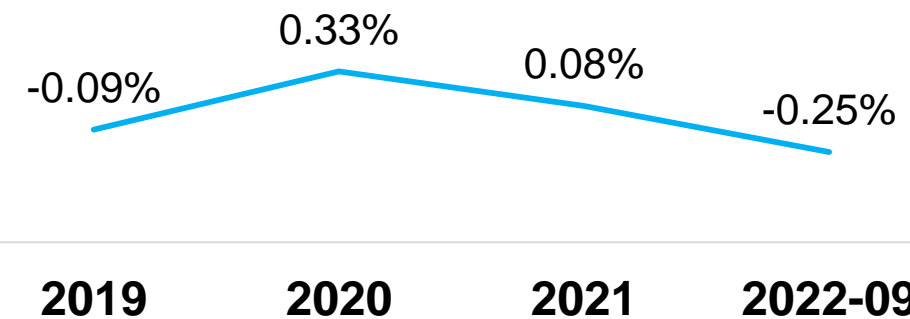
%

Coverage ratio of Non-Performing Loans ⁽⁵⁾



%

Cost of Credit Risk



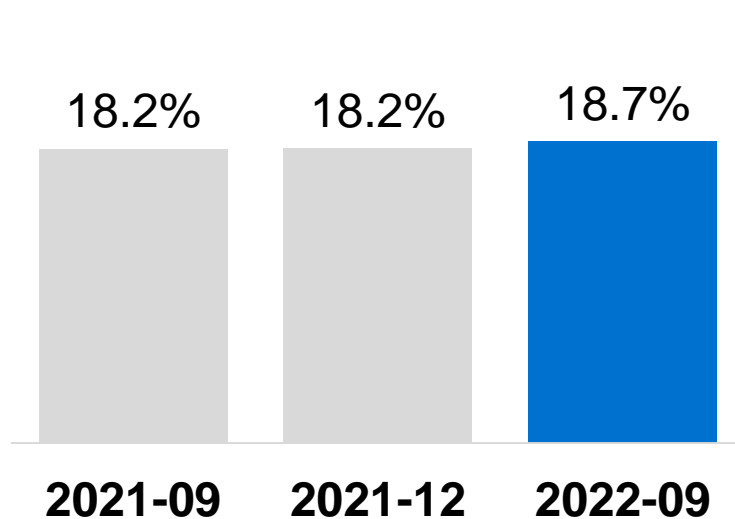
(1) NPL – Non Performing Loans: EBA definitions; (2) Recovery value of the set of credits classified as NPL- Non Performing Loans (3) Includes impact of exchange rate variations; (4) As a reminder, in the pre-COVID period, the values in September were €474 million and €425 million in 2018 and 2019, respectively; (5) Source: EBA Risk Dashboard – June 2022;

Robust capital ratios after call of AT1

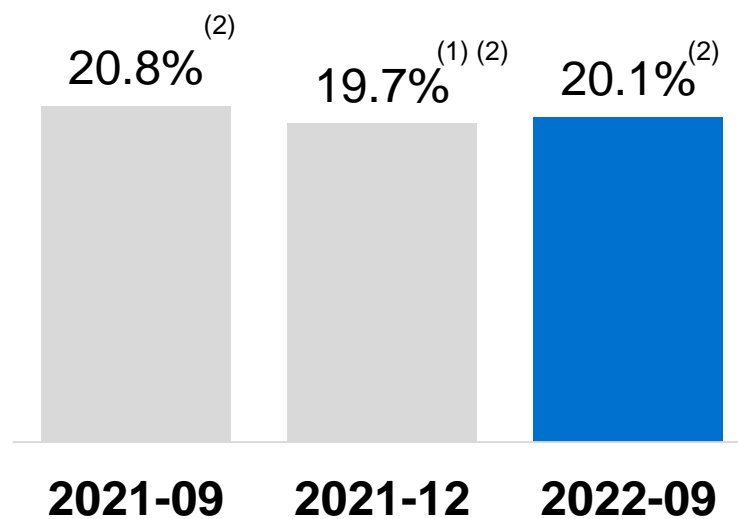


%

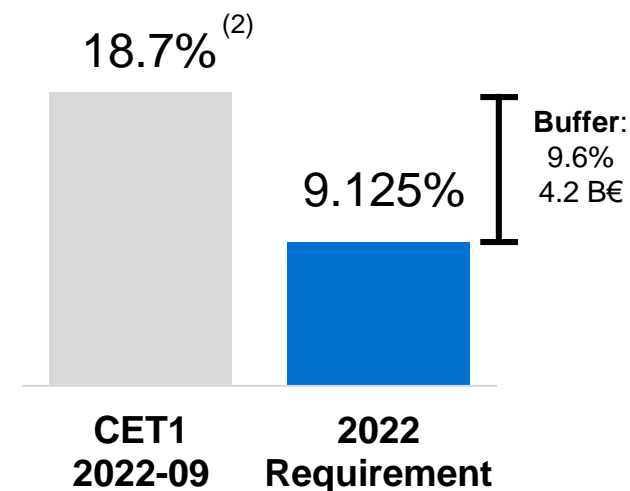
CET 1 Ratio
(Fully Loaded) ⁽²⁾



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, except for 2021-09

Sustainable development policy continued with new "green" issue



Sustainable Debt Issuance

- **Second "Green" debt issue** and third with ESG characteristics, of €500 M (total amount issued of €1.3 billion)
- ESG investors represented **70% of the allocation**

Allocation and Impact Report



€597 M of financing
5,746 companies supported
31,400 jobs impacted



€83 M funding under a
hydroelectric power generation
119,316 tCO₂e emissions avoided
per year



€157 M in financing related to
four buildings with a BREEAM
certification rating of "Very
Good" or higher
2,115 tCO₂e emissions avoided
per year



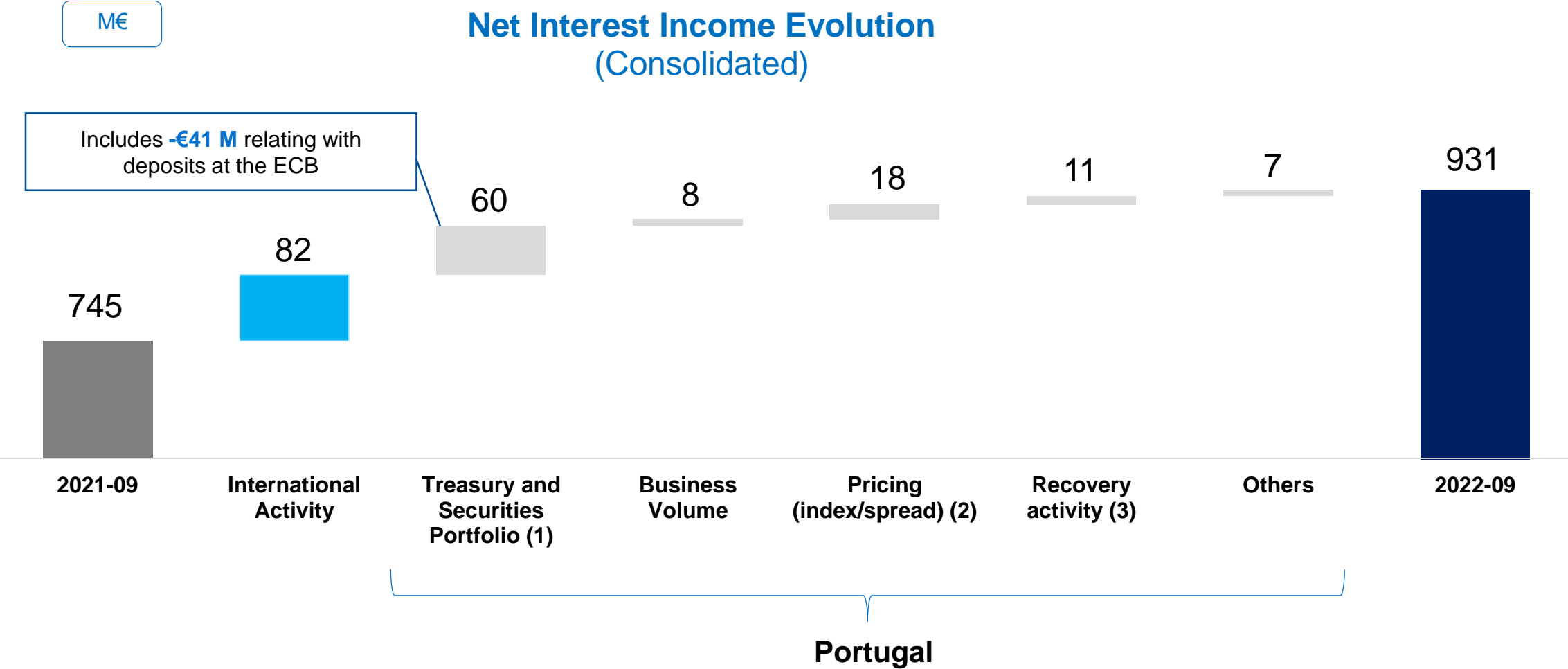
€13 M financing of purchase of
electric vehicles
854 tCO₂e estimated emissions
avoided per year





Income Statement

Consolidated Net Interest Income impacted by the international activity and treasury management, including TLTRO Programme



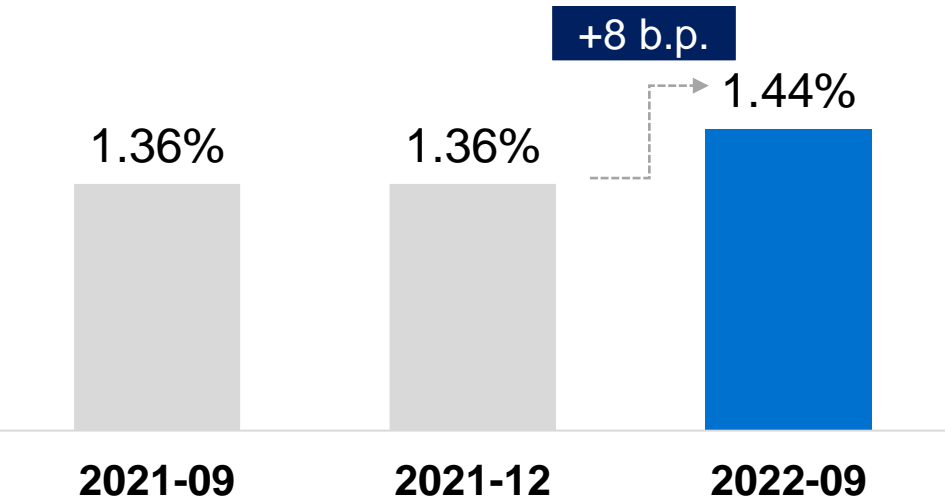
(1) Total net contribution from TLTRO to net interest income in the amount of €27 M
(2) Includes -€14 M of spread effect
(3) Net Interest Income generated on loans classified as non-performing

Interest rate increase pass through has been very gradual

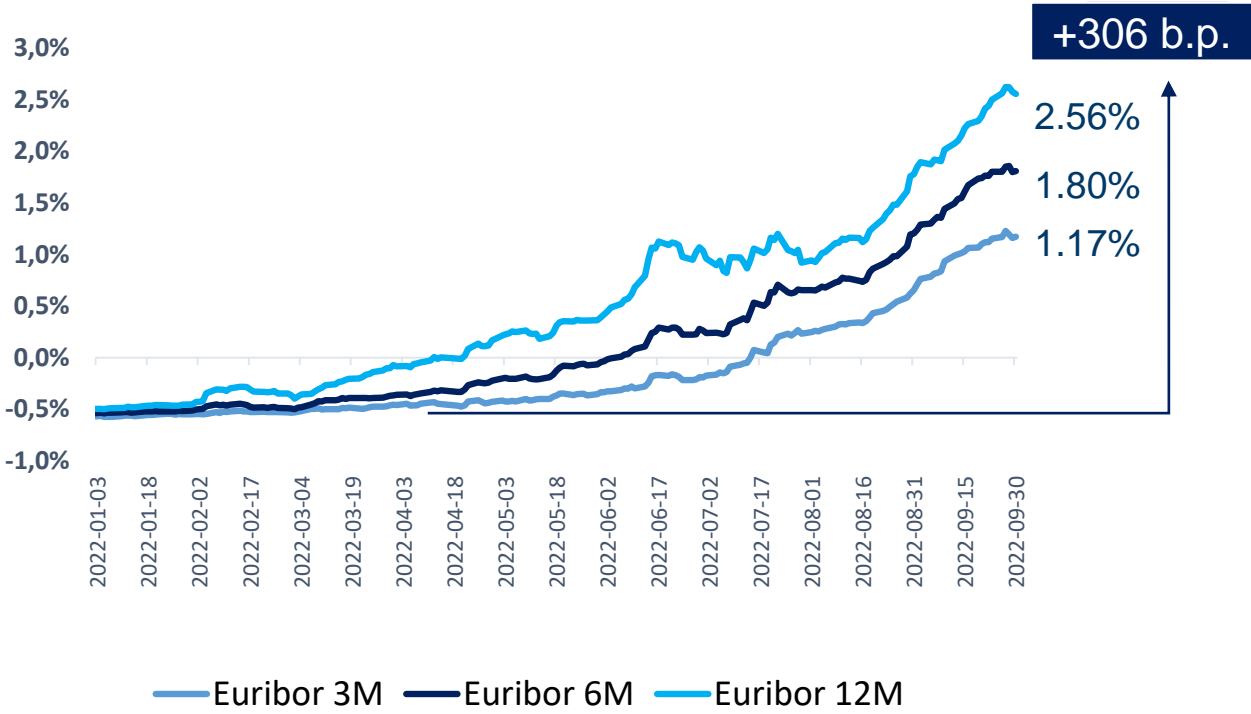


Retail Net Interest Margin

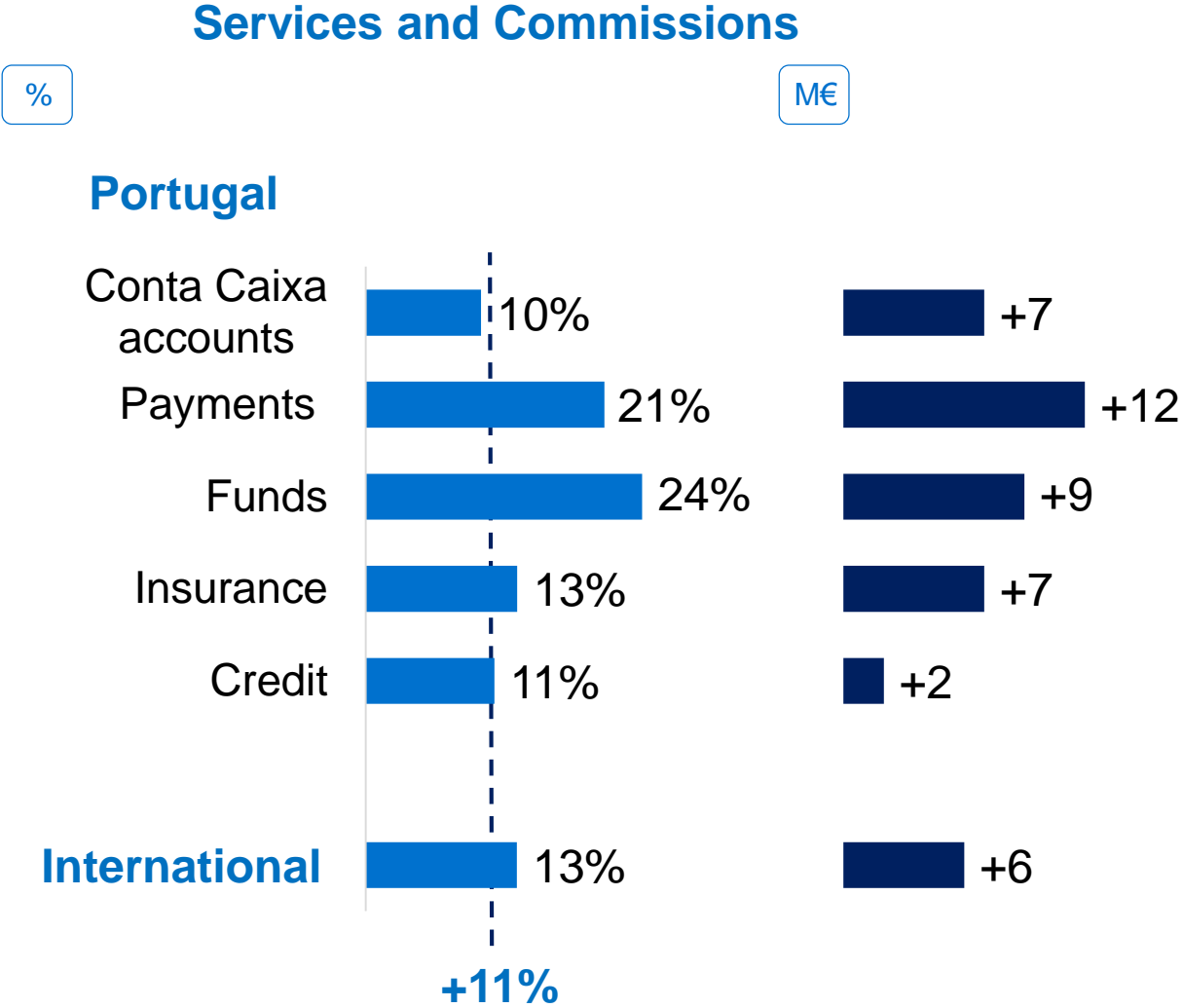
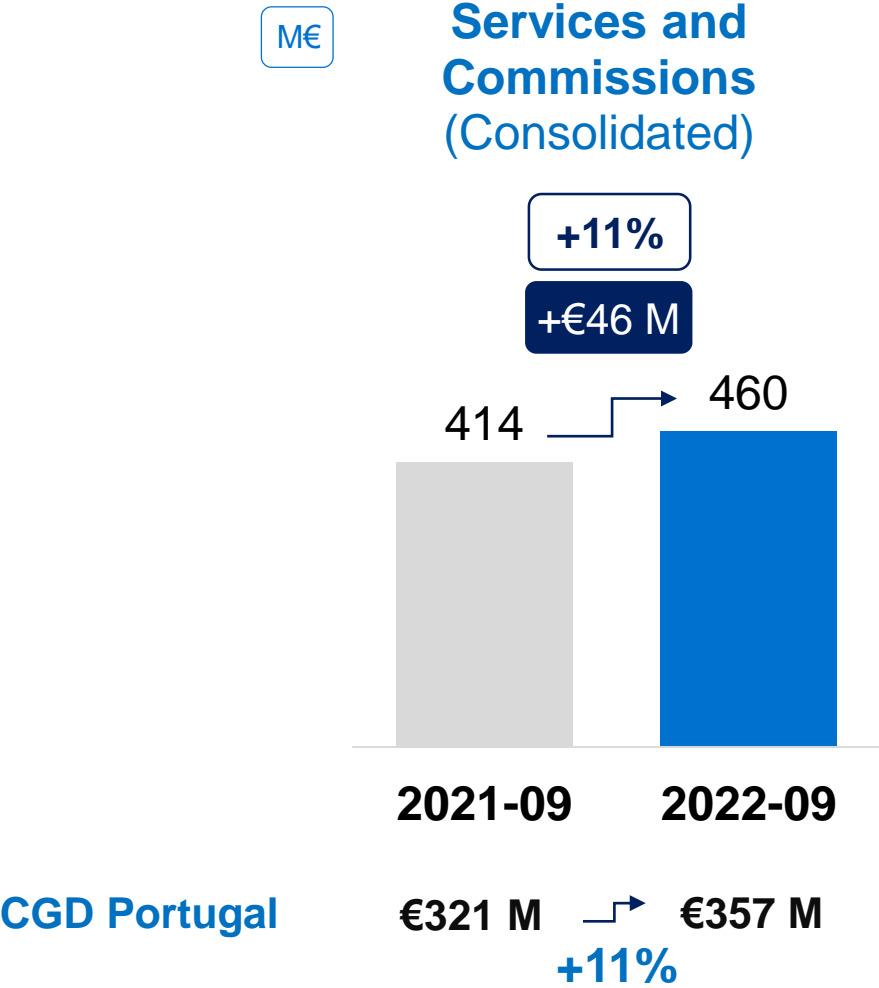
Domestic



Texas Euribor



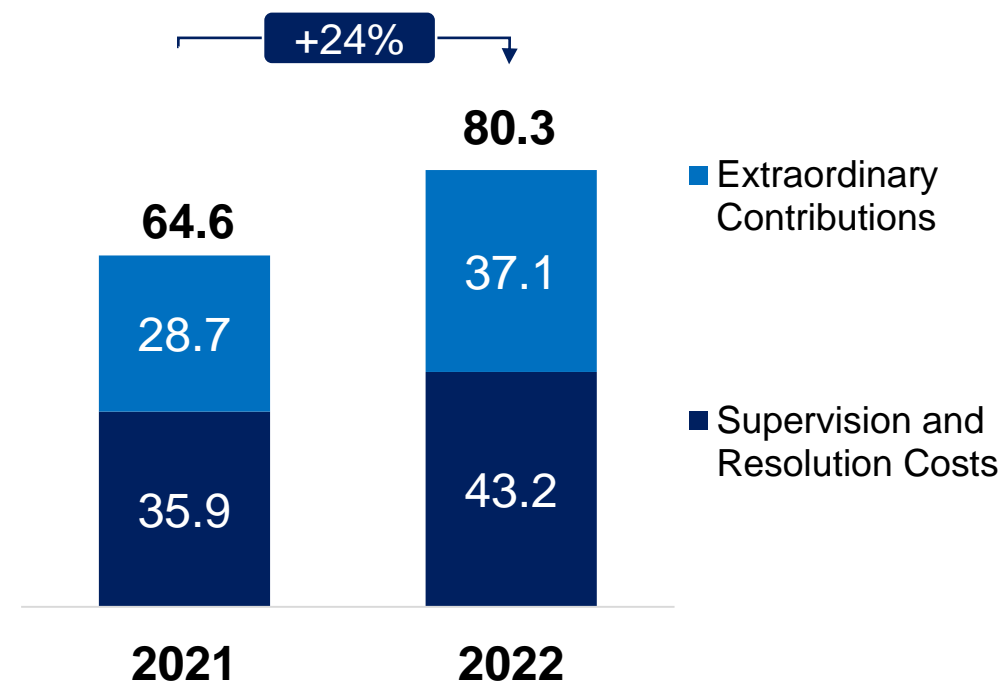
Sale of investment products and recovery of economic activity support the growth of commissions in Portugal



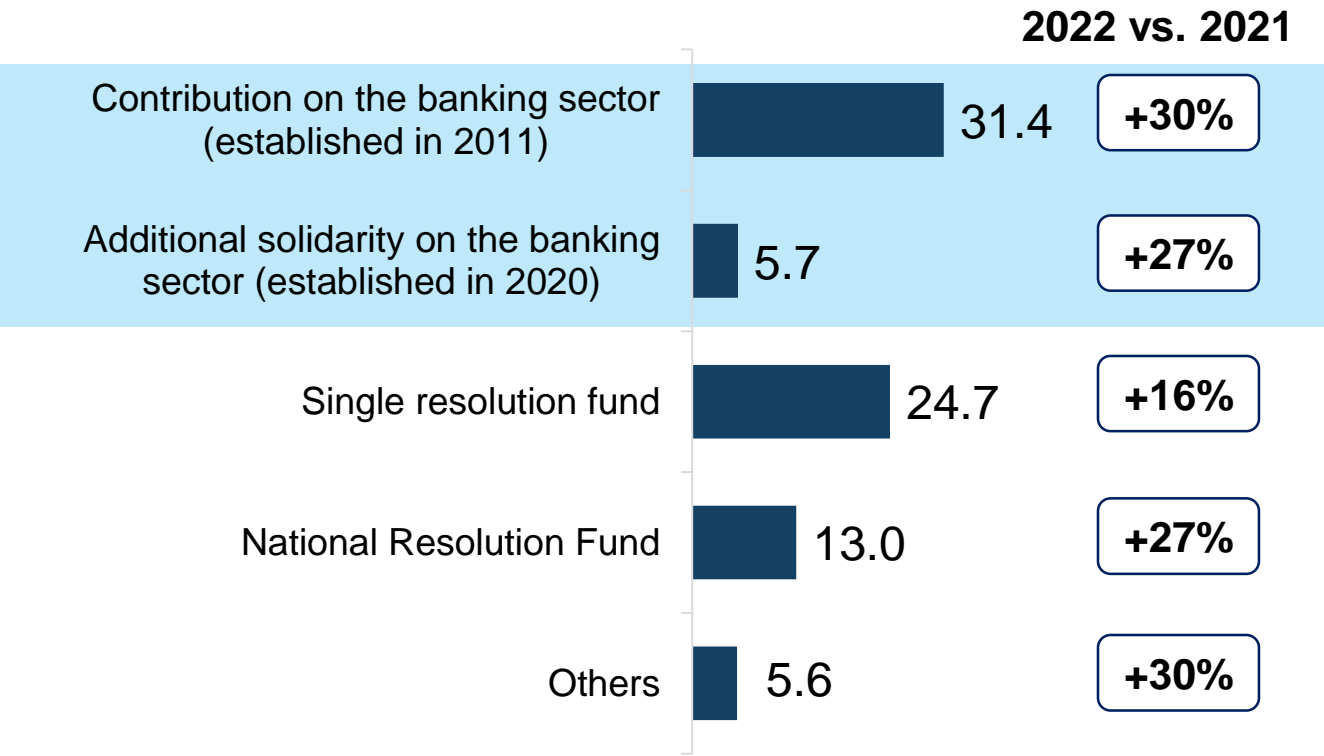
Supervision and resolution costs with significant weight and relevant increase compared to 2021, include €37 M of extraordinary contributions

M€

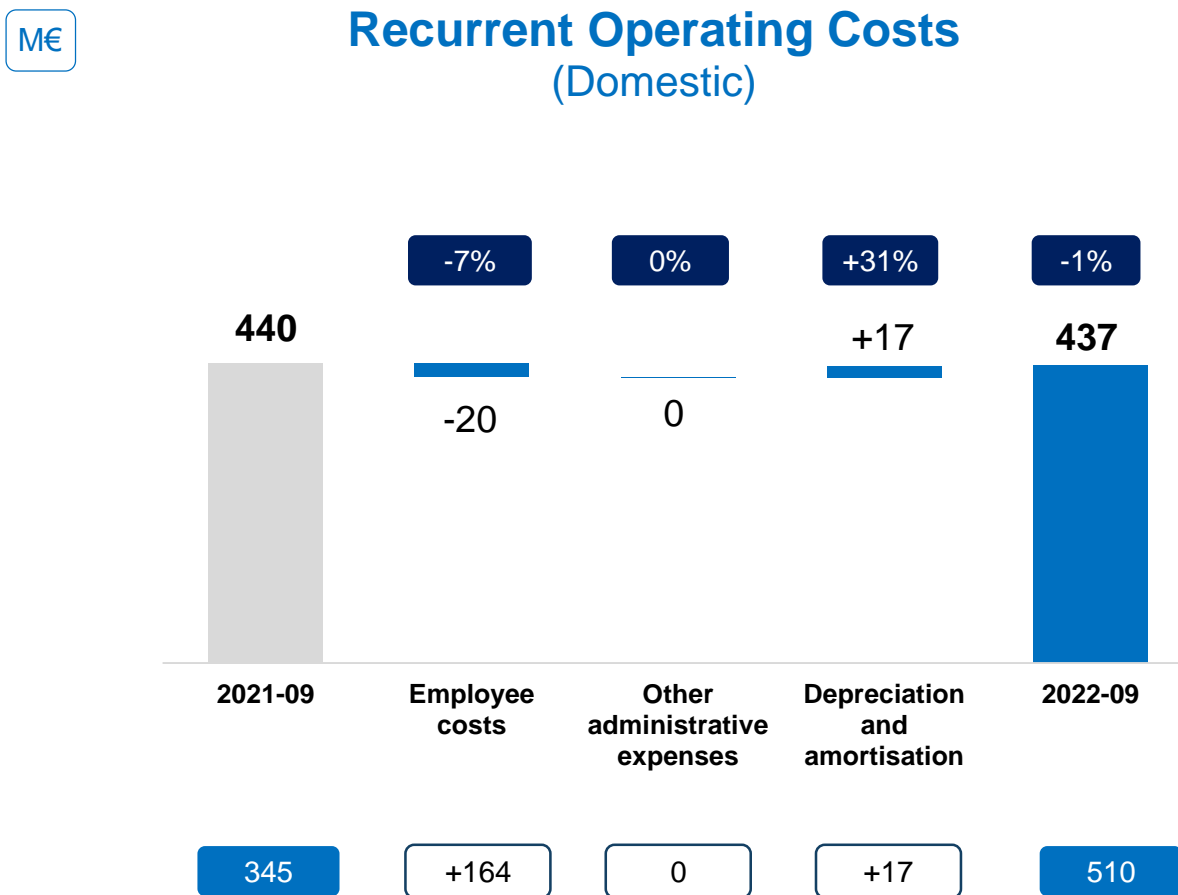
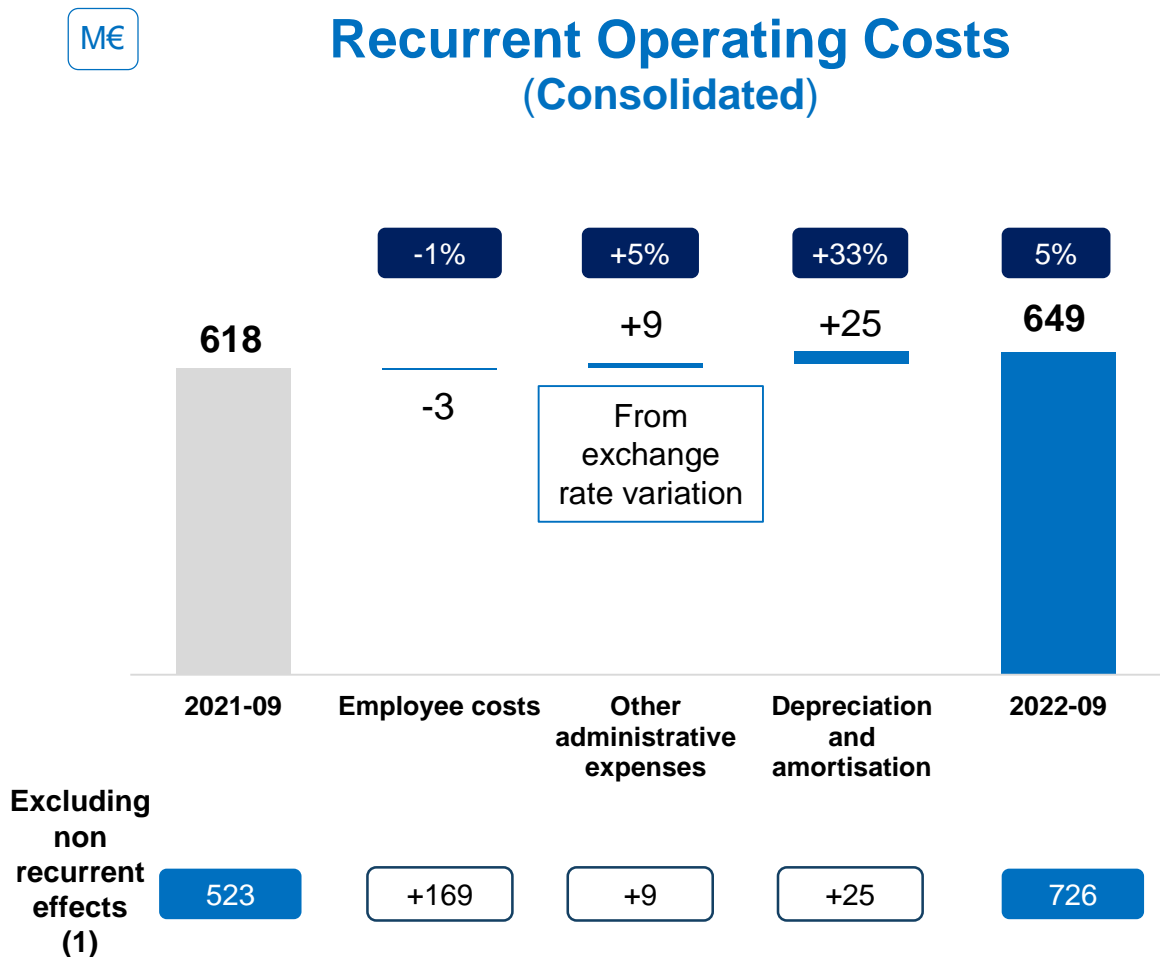
Regulatory Costs



Regulatory Costs in 2022



Recurrent Operating Costs stable in Portugal; impacted by exchange rate variation in international activity

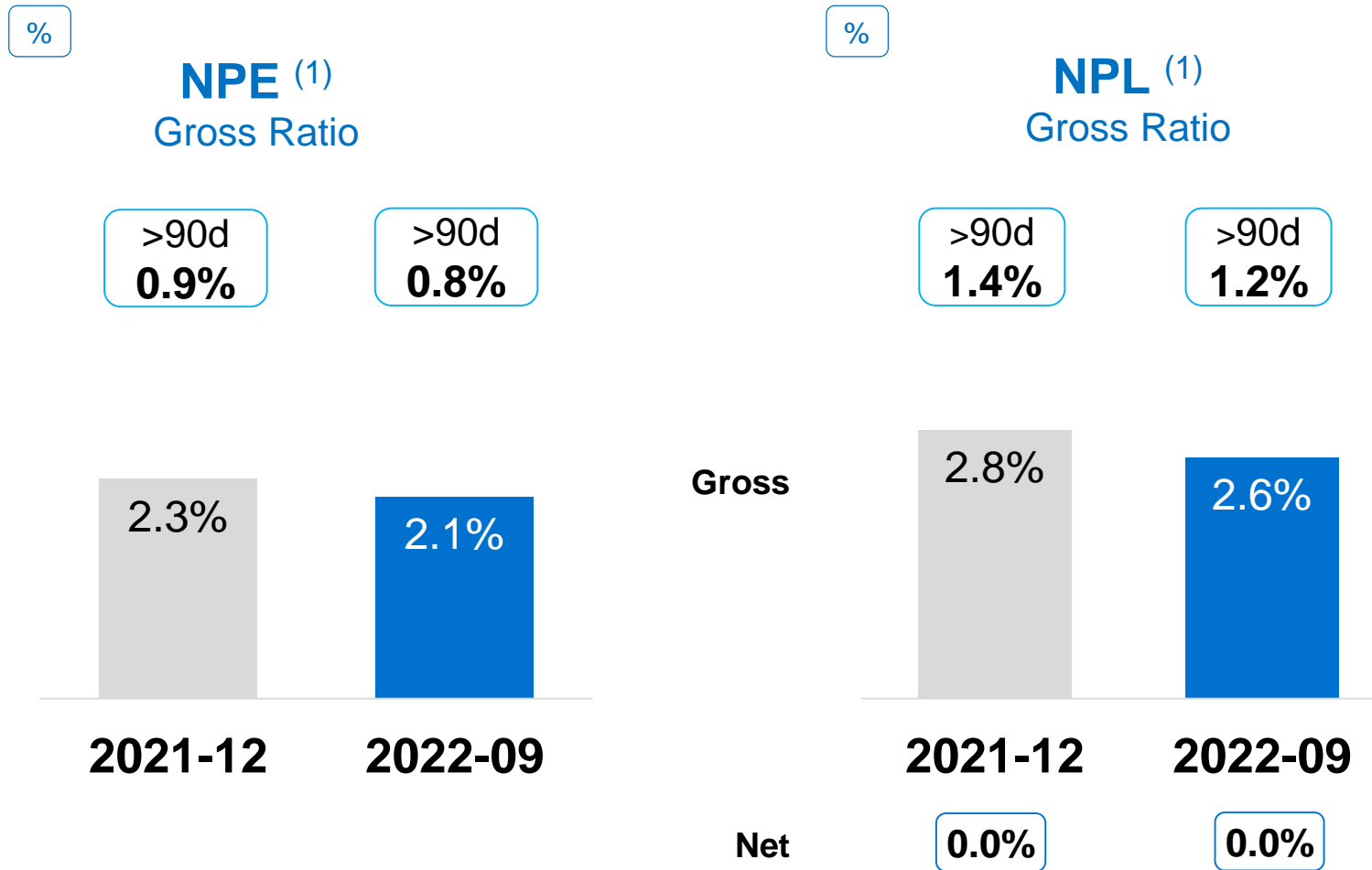


(1) Main effects include: - in September 2021, the Early Retirement Programme (€30.8 M) and the reversal of the provision relating to the Medical Plan (-€145.4 M);
- in September 2022, the Early Retirement Programme (€58.7 M)



Balance Sheet

NPE and NPL maintain a downward trajectory, NPL ratio net of impairment at 0% (zero)



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

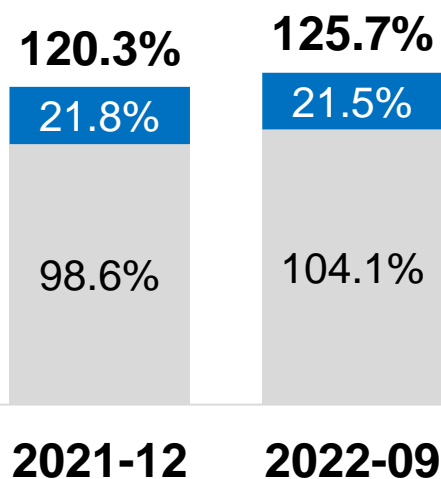
NPE and NPL with coverage above the average of European banks



%

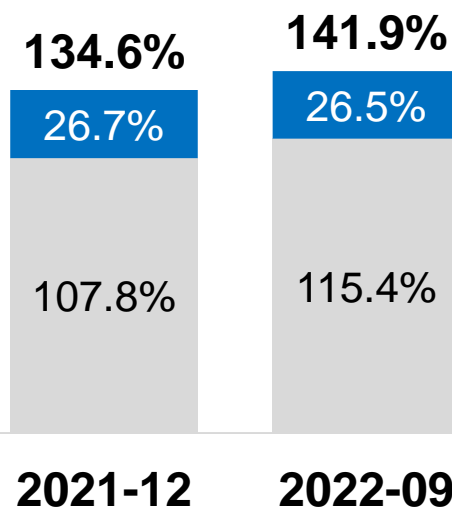
NPE (1)

Coverage by Impairments
and Collateral



NPL (1)

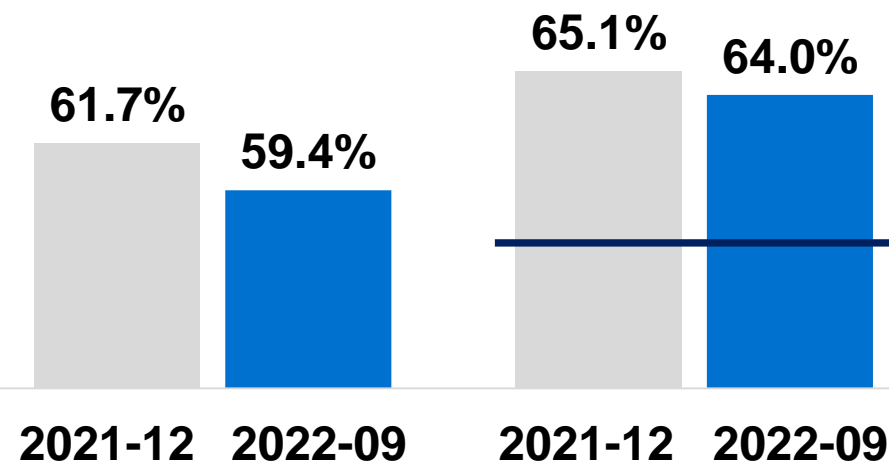
Coverage by Impairments
and Collateral



Specific Impairment

NPE

NPL

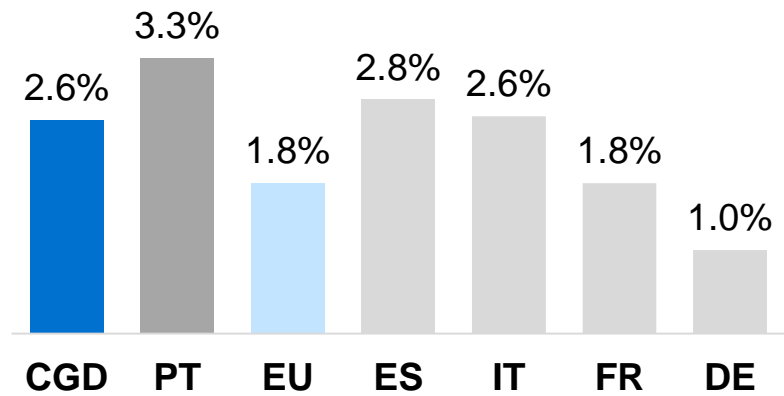


■ Total Impairment ■ Collateral

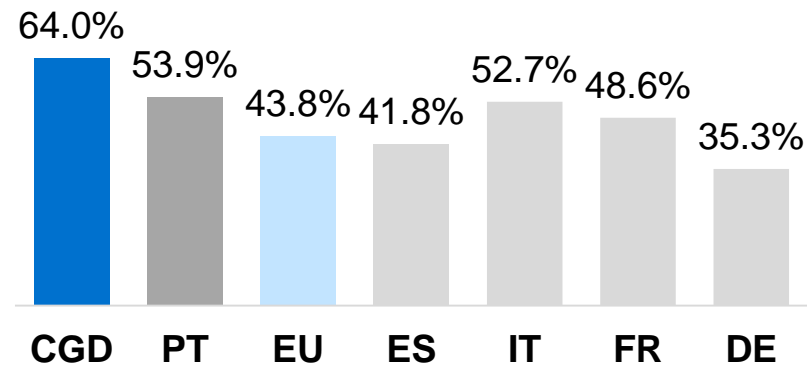
(1) NPE – Non Performing Exposure and NPL – Non Performing Loans: EBA definitions; (2) EBA Risk Dashboard – June 2022

CGD compares favourably with the Portuguese and European average

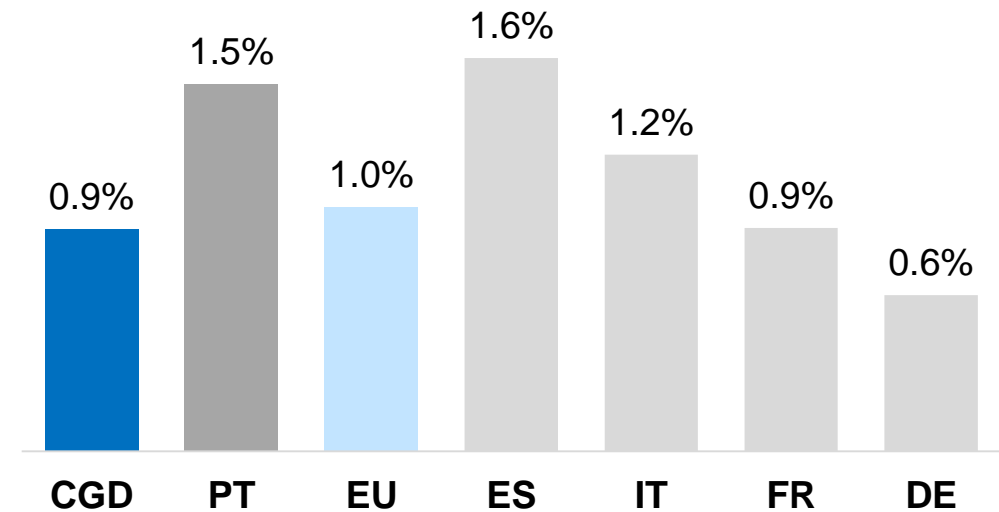
% Non-Performing Loans⁽¹⁾



% Coverage ratio of Non-Performing Loans⁽¹⁾



% Non-Performing Loans net of Impairments⁽¹⁾



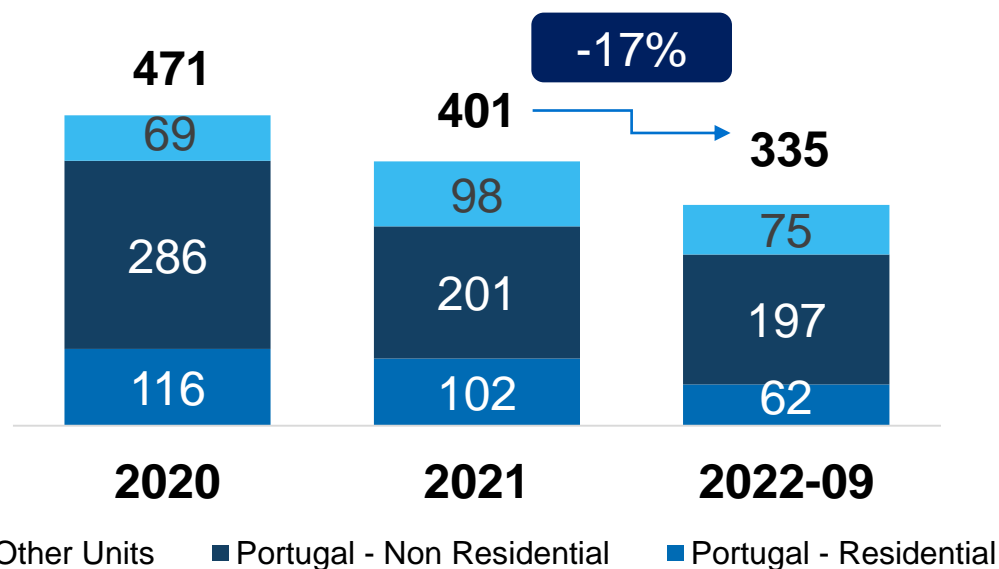
(1) Source: EBA Risk Dashboard – June 2022

Continued reduction in foreclosed assets



M€

Foreclosed assets



Impairment Coverage

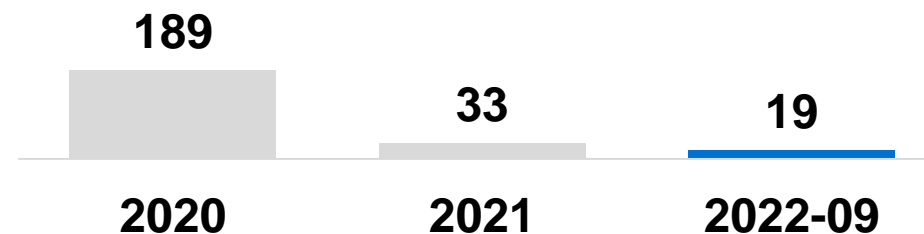
52%

53%

52%

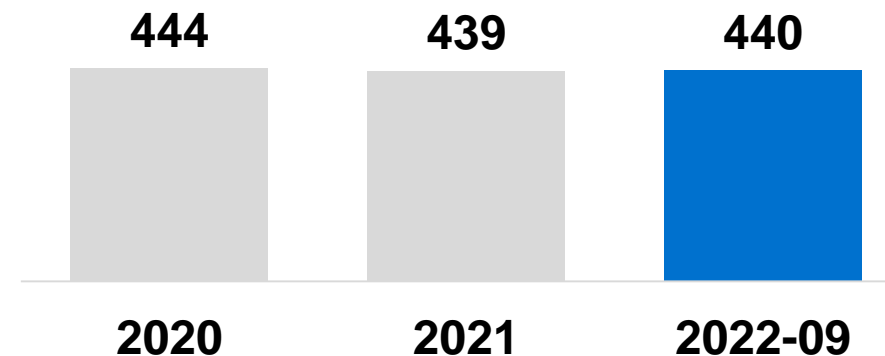
M€

Investment Properties



M€

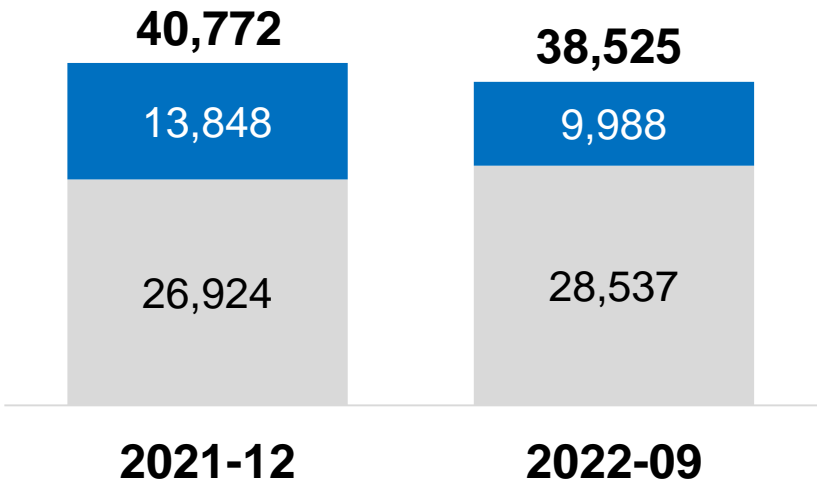
Corporate Restructuring Funds





M€

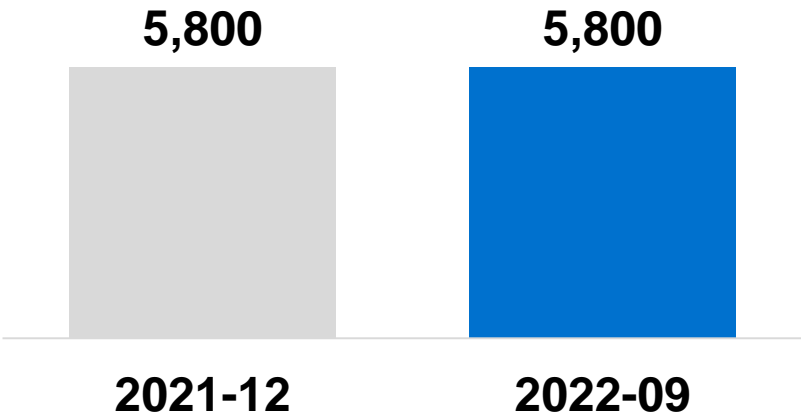
Cash and cash equiv. at Central Banks and loans and advances to Credit Instit.⁽¹⁾ and Eligible Assets



- Eligible Assets
- Cash and equivalents at Central Banks, and Loans and Advances to Credit Instit.

M€

ECB Funding (TLTRO)



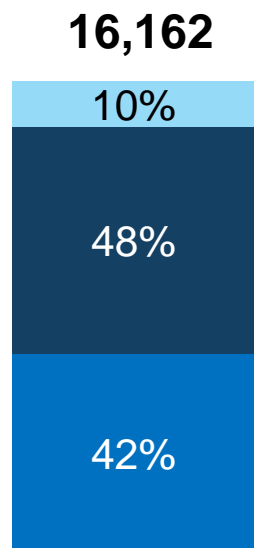
(1) Excluding minimum reserves

Smaller securities portfolio with measures to mitigate market volatility



Portfolio of sovereign debt securities by issuer

M€

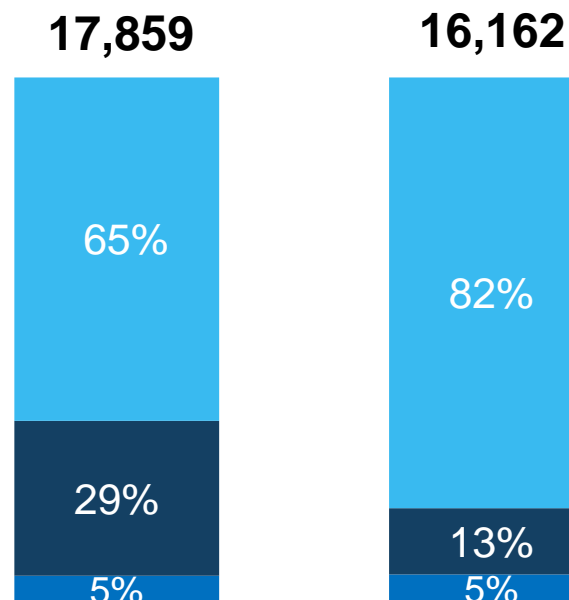


2022-09

- Other sovereigns
- Other eurozone sovereigns ⁽¹⁾
- Portugal sovereign debt

Sovereign debt securities portfolio

M€

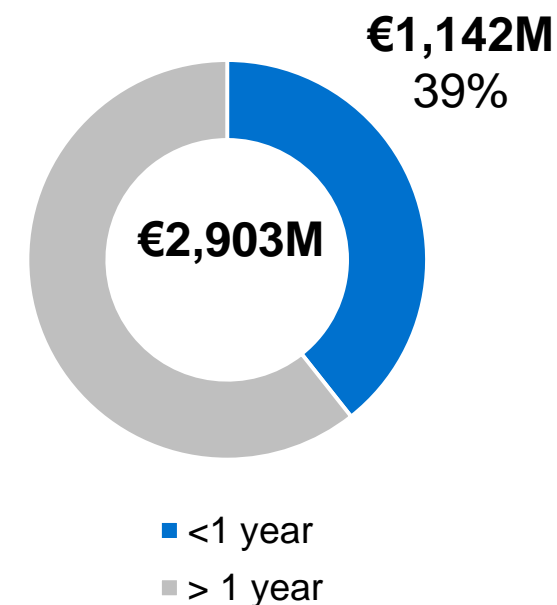


2021-09

2022-09

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

Sovereign debt - Financial assets at fair value by tenor



- <1 year
- >1 year

Sovereign and Supranational debt accounts for **92%** of total debt securities

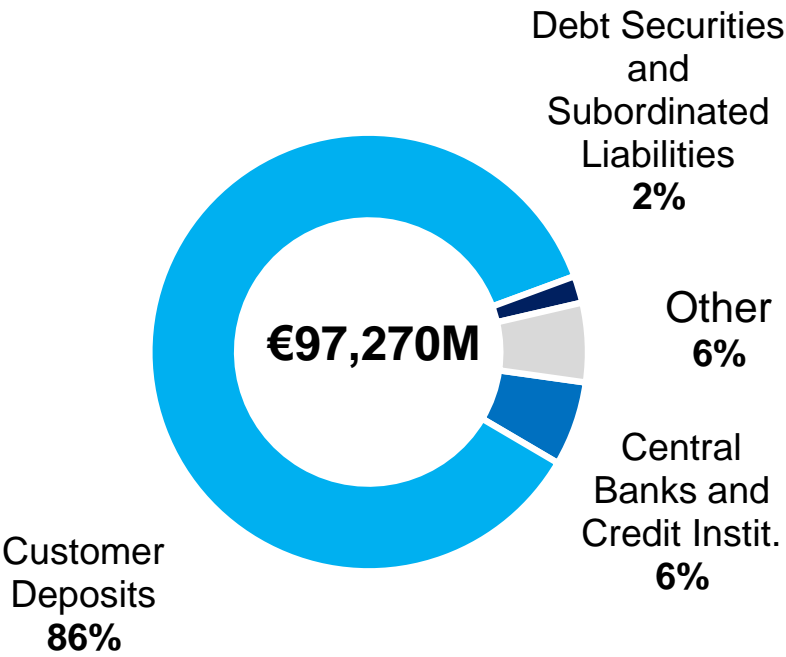
(1) Includes Belgium, Spain, France, Ireland and Italy

Stable funding structure based on retail funding



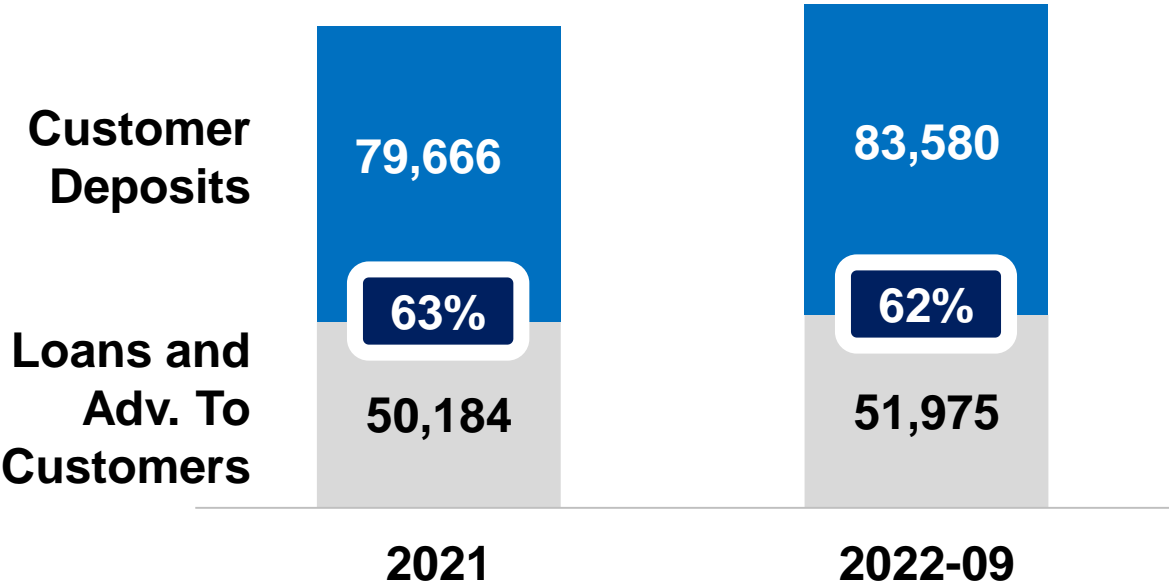
%

Liabilities Structure (*)



M€

Loan-to-Deposit Ratio



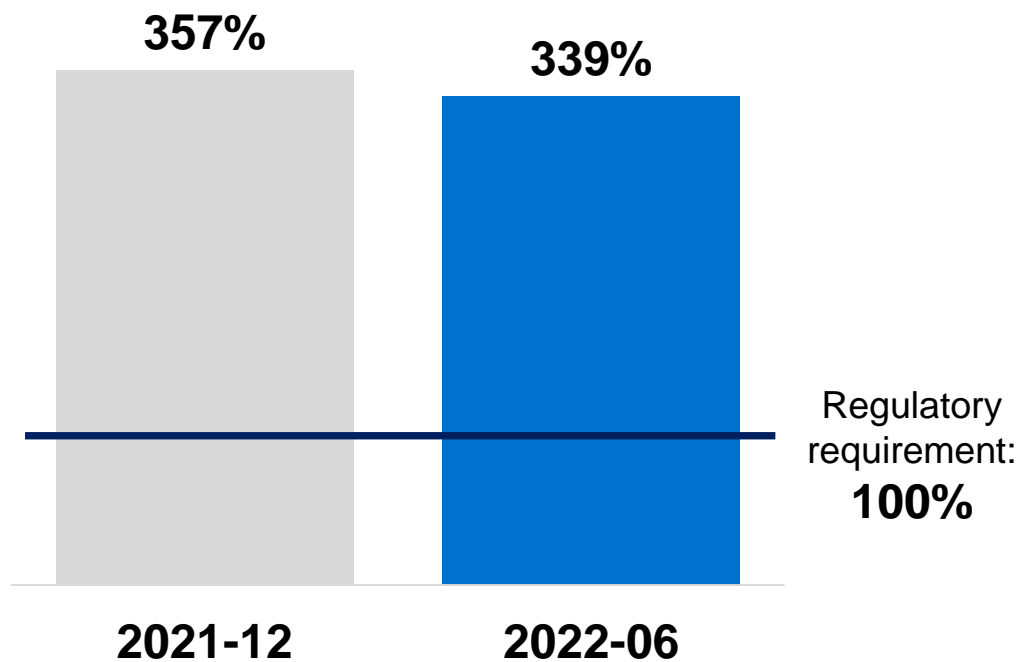
(*) Excluding non-current liabilities held for sale.

Liquidity position remains robust and sustainable



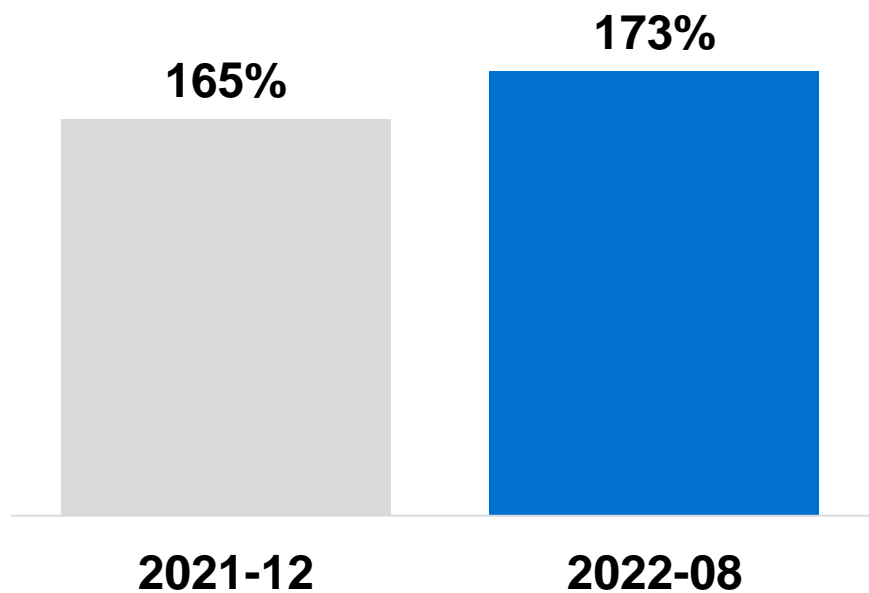
%

LCR
(Liquidity Coverage Ratio)



%

NSFR
(Net Stable Funding Ratio)

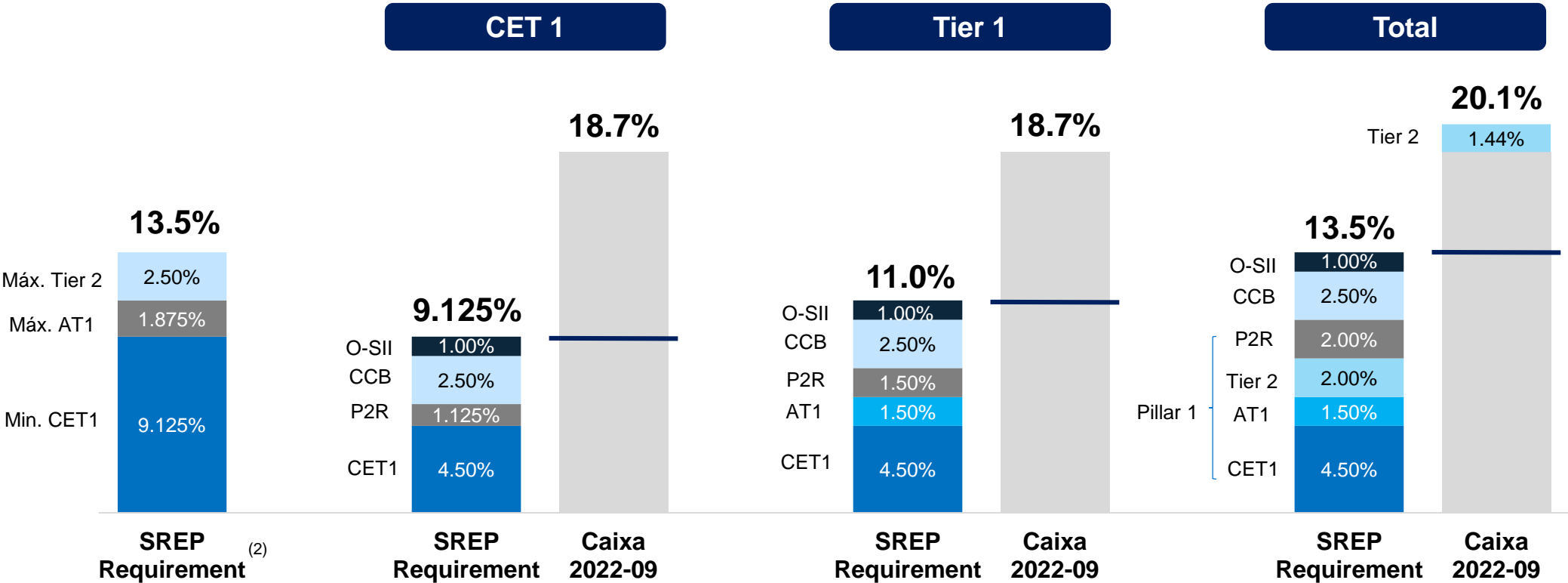


CGD meets SREP requirements with ample margin after call of AT1



%

SREP 2022 Requirements and CGD Capital Ratios ⁽¹⁾



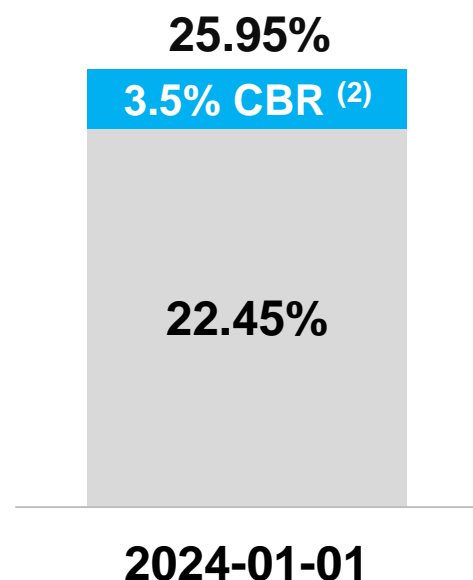
(1) Excluding from net income the maximum distributable amount according to dividend policy
(2) P2R composition: 56.25% CET1, 18.75% AT1 and 25% Tier 2; O-SII buffer: 1% in 2022 and 2023

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

New issuance in international markets contributes to ensuring compliance with the MREL requirement



MREL requirements (% of RWA) ⁽¹⁾



- In October, CGD issued senior preferential debt in the amount of €500 M, with a maturity of 6 years and call after 5 years and a coupon of 5.75%;
- It was the second public issue in 2022, after the €300 M issue in June;
- In this way, CGD ensured the execution of the following objectives:
 - **compliance** with its financing plan and the **intermediate MREL requirement** applicable on 01.01.2023;
 - **2023 pre-funding** allows compliance with the **final MREL requirement** applicable on 01.01.2024;
 - **issue more cost-effectively** given the absence of a minimum subordination requirement;
 - **diversify funding sources** and consolidate the investor base.
- The **MREL ratio** plus issuances carried out in October 2022, stood at **27.77% of RWA**, exceeding the value of 25.95% applicable from 01.01.2024.

(1) RWA – Risk Weighted Assets – Assets weighted by risk; (2) CBR – Combined Buffer Requirement – combined buffer O-SII + CCB

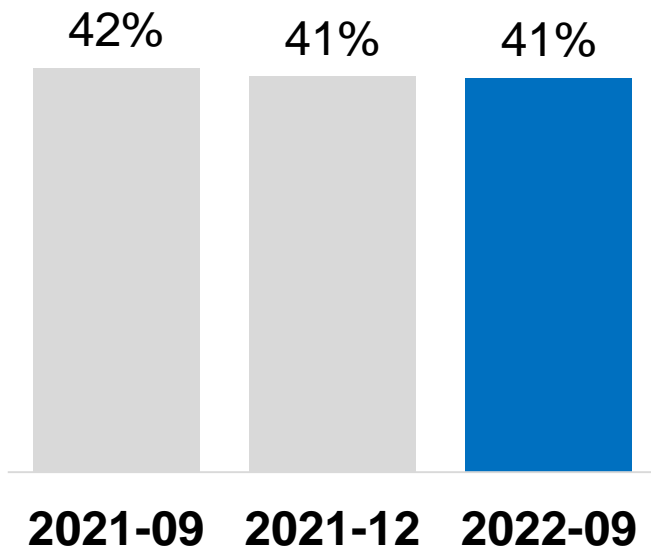


Risk Weighted Assets (RWA) density, Texas and Leverage Ratios

%

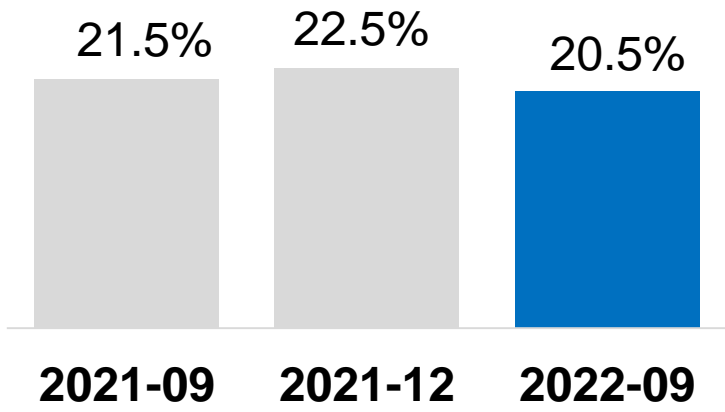
RWA Density

RWA fully implemented (2022-09): 43.7 B€



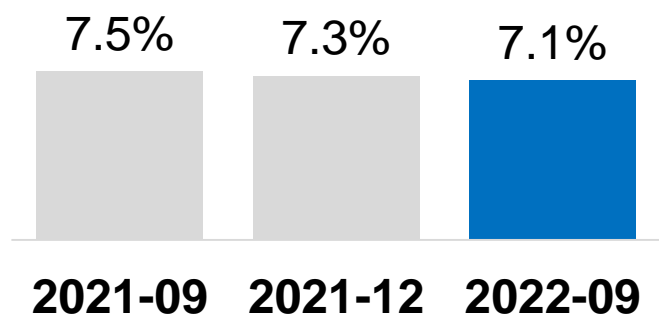
%

Texas Ratio (1)



%

Leverage Ratio (2)



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



Results Presentation

Consolidated Results

Unaudited financial information

Investor Relations | 10.11.2022

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