Consolidated Results 2018

Unaudited financial information

Investor Relations

01/02/2019
Agenda

1. Highlights
2. Results
3. Balance Sheet
4. Asset Quality
5. Liquidity
6. Capital
Highlights
CGD strengthens profitability and asset quality, earning improvements to its rating

- **Highlights**
  - Core operating income increases 14.6% over 2017, benefiting from the rise of net interest margin in Portugal, increased commission income and lower operating costs. Core Income (Margin + Commissions) up 7%
  - Consolidated net income reaches 496 M € (52 M € in 2017), resulting in a ROE of 6.6%
  - Phased-in and fully implemented CET 1 ratios reach 14.7%. Fully implemented Tier 1 and Total ratios of 15.7% and 17.0% are evidence of CGD’s robust capital position
  - Continued improvement in asset quality: reduction of NPL ratio to 8.5% and coverage increased to 63.5%
  - 3 notches rating upgrade, to Ba1, by Moody’s (Feb-18 and Oct-18) and 1 notch to BB by Fitch (Dec-18). DBRS affirmed at investment grade level of BBB (low)

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(1) Core operating income = Interest margin + Net Commissions - Current operating costs.
## Highlights

### Strategic Plan – 2018 execution consolidates the track to 2020

<table>
<thead>
<tr>
<th>Return on Equity (ROE) (1)</th>
<th>2018 Management Targets</th>
<th>2018-12 Execution</th>
<th>Target 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&gt; 5%</td>
<td>✓</td>
<td>&gt; 5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recurrent Cost-to-Income</th>
<th>2018 Management Targets</th>
<th>2018-12 Execution</th>
<th>Target 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt; 55%</td>
<td>✓</td>
<td>&lt; 58% (2)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NPL Ratio</th>
<th>2018 Management Targets</th>
<th>2018-12 Execution</th>
<th>Target 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt; 10%</td>
<td>✓</td>
<td>10,0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CET1 Fully loaded</th>
<th>2018 Management Targets</th>
<th>2018-12 Execution</th>
<th>Target 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&gt; 13.5%</td>
<td>✓</td>
<td>12.0%</td>
</tr>
</tbody>
</table>

---

(1) Current activity ROE = (net income + non-recurring costs + non-controlling interests) / Shareholders’ equity (average of 13 monthly observations). (2) Domestic activity.
Highlights

Sale of international subsidiaries

- Buyers for entirety of CGD’s shareholder position in Mercantile Bank Holdings Limited (South Africa) and Banco Caixa Geral, S.A. (Spain) approved by the Portuguese government. Sales are, at this time, subject to approval by the authorities of each country, which is why they weren’t reflected in the 2018 accounts. In case the sales are concluded before the final approval of the Annual Report, these constitute an adjustable subsequent event.

- Banco Caixa Geral (Brazil) - Preparatory stage of the sale process initiated in 2017

- Banco Comercial do Atlântico (Cape Verde) - Sale process initiated in 2019
Agencies start to review CGD’s rating

**Moody’s**

**Rating:** Ba1

**Changes in 2018:**
- Feb. – Upgrade to Ba3
- Oct. – Upgrade to Ba1
- Dec. – Negative Outlook

**Impact review:**
- 3 notches upgrade
- Gap to the Sovereign reduced by 1 notch
- Negative Outlook is a result of systemic event (full depositor preference over senior unsecured debt)

**Fitch**

**Rating:** BB

**Changes in 2018:**
- Dec. – Upgrade to BB
  - Positive Outlook

**Impact review:**
- 1 notch upgrade
- Gap to the Sovereign reduced to 1 notch

**DBRS**

**Rating:** BBB (low)

**Changes in 2018:**
- Jun. – Rating BBB (low) affirmed
  - Positive Trend

**Impact review:**
- Investment grade rating affirmed
- Positive Trend
## Main management targets for 2019 and 2020

### Highlights

1. **Current activity ROE** = (net income + non-recurring costs + non-controlling interests) / Shareholders’ equity (average of 13 monthly observations)
2. **Domestic activity.**

### Strategic Plan Targets

<table>
<thead>
<tr>
<th>Metric</th>
<th>2019</th>
<th>2020</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Return on Equity (ROE)</strong> (1)</td>
<td>&gt; 7%</td>
<td>&gt; 9%</td>
<td>&gt; 9%</td>
</tr>
<tr>
<td><strong>Recurrent Cost-to-Income</strong></td>
<td>&lt; 50%</td>
<td>&lt; 43%</td>
<td>&lt; 43%</td>
</tr>
<tr>
<td><strong>NPL Ratio</strong></td>
<td>&lt; 7%</td>
<td>&lt; 5%</td>
<td>&lt; 7%</td>
</tr>
<tr>
<td><strong>CET1 Fully loaded</strong></td>
<td>&gt; 14%</td>
<td>&gt; 14%</td>
<td>&gt; 14%</td>
</tr>
</tbody>
</table>

---

(1) Current activity ROE = (net income + non-recurring costs + non-controlling interests) / Shareholders’ equity (average of 13 monthly observations); (2) Domestic activity.
## Digital Banking: Building the Future CGD

### Active customers

<table>
<thead>
<tr>
<th>Quarter</th>
<th>CGD Portugal</th>
<th>Other (CGD Group)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q17</td>
<td>1.39</td>
<td>0.39</td>
<td>1.78</td>
</tr>
<tr>
<td>2Q17</td>
<td>1.41</td>
<td>0.39</td>
<td>1.80</td>
</tr>
<tr>
<td>3Q17</td>
<td>1.44</td>
<td>0.40</td>
<td>1.84</td>
</tr>
<tr>
<td>4Q17</td>
<td>1.45</td>
<td>0.41</td>
<td>1.86</td>
</tr>
<tr>
<td>1Q18</td>
<td>1.49</td>
<td>0.43</td>
<td>1.92</td>
</tr>
<tr>
<td>2Q18</td>
<td>1.52</td>
<td>0.42</td>
<td>1.94</td>
</tr>
<tr>
<td>3Q18</td>
<td>1.55</td>
<td>0.44</td>
<td>1.99</td>
</tr>
<tr>
<td>4Q18</td>
<td>1.58</td>
<td>0.45</td>
<td>2.03</td>
</tr>
</tbody>
</table>

CGD Portugal: +128 thousand customers vs. Dec.17 (+8.9%)

### Highlights

**Caixadirecta Logins**

- **CGD PT**: Direct 40%
- **App**: 60% (46% Jun 2018)

**Market Share**

- **Portugal**: CGD 47%
- Other 53%

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

According to Basef Internet Banking study (2018 average up to October) by Marktest.
Digital Banking: Offer

Handy and practical

2018 Best Homebanking site

Immediate use

At the distance of a click

Easy and instantaneous

Groundbreaking and educational
Digital Banking: Building the Future CGD

**Highlights**

1.43M Individuals*
+9%\(^{(1)}\)
number of customers with regular use of digital channels

1.58M Digital Customers in Portugal

147k Corporates*
+68%\(^{(1)}\)
number of customers who downloaded Caixa Empresas App

300k customers
login to Caixa’s digital channels on a daily basis

273k remote customer management service
+55%\(^{(1)}\)
number of customers

~ 668k Caixadirecta App users
+32%\(^{(1)}\)
in number of customers

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\(^{(1)}\) Year on Year changes

* Number of clients with an active Caixadirecta contract – Dec 2018
Highlights

Digital Banking: New functionalities and more transactionality

- **INDIVIDUALS**
  - Investment Funds transaction volume\(^1\): +13%
  - Savings products transaction volume\(^1\): +8%
  - Volume of credit limits assigned\(^1\): +56%
  - Long Term deposits volume\(^1\): +14%
  - Trade Finance transaction volume\(^1\): +5%

- **CORPORATES**
  - Specialized Credit transaction volume\(^1\): +104%
  - Savings products transaction volume\(^1\): +24%

**~100 M Monthly operations**

**NEW IN 2018:**
- Account opening remotely
- New *Caderneta App* with transfers and payments
- New *Caixadirecta App* > 400 thousand customers
- *Caixa Easy App* > 10 thousand customers in 3 months
- *Caixadireta* for 12-17 year old customers
  - Caixa is the 1st Bank in Portugal to offer this service
- *Consumer credit in Caixadirecta* > 250 operations in first 2 months

www.cgd.pt

Top 12
No. of single Visitors\(^2\)

THE ONLY BANKING SITE in the TOP 30

+ de 302m Followers

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\(^1\) Changes over the same period, 2018 vs 2017; \(^2\) Netaudience – Dec18
Leadership and Distinctions

Leader in main client and product segments

<table>
<thead>
<tr>
<th>Customer deposits</th>
<th>25.7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals deposits</td>
<td>29.1%</td>
</tr>
<tr>
<td>Emigrant deposits</td>
<td>33.3%</td>
</tr>
<tr>
<td>General government deposits</td>
<td>49.3%</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td></td>
</tr>
<tr>
<td>Individuals loans</td>
<td>19.5%</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>24.4%</td>
</tr>
<tr>
<td>General government loans</td>
<td>30.4%</td>
</tr>
<tr>
<td>Unit trust Investment funds</td>
<td>33.4% (1)</td>
</tr>
<tr>
<td>Financial insurance</td>
<td></td>
</tr>
<tr>
<td>Retirement savings plans</td>
<td>43.0%</td>
</tr>
<tr>
<td>Wealth management</td>
<td>55.6%</td>
</tr>
<tr>
<td>OTRV “July 2025” no. of orders</td>
<td></td>
</tr>
<tr>
<td>Minimum service accounts</td>
<td></td>
</tr>
<tr>
<td>Debit cards</td>
<td>45.7% (2)</td>
</tr>
</tbody>
</table>

Market Shares
November 2018

Prizes and distinctions

<table>
<thead>
<tr>
<th>CGD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st in Portugal</td>
</tr>
<tr>
<td>45th in Europe</td>
</tr>
<tr>
<td>154th Worldwide</td>
</tr>
</tbody>
</table>

Caixa BI
Best Investment Bank - PT

Caixagest
Best Global and Bond Fund Manager in Portugal

Leading position in various customer segments
in particular University Students, with 56% of the academic population (over 40 thousand new students from 80 universities and institutes in 2018).

(1) December 2018; (2) June 2018
Highlights

Relevant Events

Individuals and households

- 27% increase in new mortgage loans, €328 million over Dec17.

![Bar chart comparing 2017-12 and 2018-12]

- 1.5 million Contas Caixa accounts, 584 thousand more than in 2018
- New customer segmentation model: Caixa Platinum, Caixa Azul and Mass Market

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 up 15%, Equipment and Property Leasing, 27% and 33% respectively, over 2017.

CGD launches new corporate recognition programme exclusive for SME with several advantages:

- More expedient and documentation process;
- Improved pricing;
- Exclusive treasury products;
- Trade Finance products and support

Coverage: 9,600 corporate customers

Placement of new government sponsored credit lines:

- Caixa Invest Inovação (EIF)
- Caixa EIB 2018
- Capitalizar Mais – SI Inovação

1st place in Linhas Capitalizar 2018 e Capitalizar Mais

In 2018, 13 “Fora da Caixa” conferences were held involving circa 7,000 CGD customers and 275 thousand streaming views.
Results
Consolidated Net Income

2018 confirms progress in strengthening CGD’s profitability

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>-488</td>
</tr>
<tr>
<td>2012</td>
<td>-395</td>
</tr>
<tr>
<td>2013</td>
<td>-579</td>
</tr>
<tr>
<td>2014</td>
<td>-348</td>
</tr>
<tr>
<td>2015</td>
<td>-171</td>
</tr>
<tr>
<td>2016</td>
<td>-1,860</td>
</tr>
<tr>
<td>2017</td>
<td>52</td>
</tr>
<tr>
<td>2018</td>
<td>496</td>
</tr>
</tbody>
</table>

(1) ROE = (net income + non-controlling interests) / Shareholders' equity (average of 13 monthly observations).
(2) Current activity ROE = (net income + non-recurring costs + non-controlling interests) / Shareholders' equity (average of 13 monthly observations).
Quarterly Net Income confirms progress of CGD’s profitability (+27% Y-o-Y)...
Results

…supported by Net Core Operating Income before Impairments favourable evolution

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q</td>
<td>136</td>
<td>634</td>
</tr>
<tr>
<td>2Q</td>
<td>147</td>
<td></td>
</tr>
<tr>
<td>3Q</td>
<td>166</td>
<td></td>
</tr>
<tr>
<td>4Q</td>
<td>185</td>
<td>726</td>
</tr>
</tbody>
</table>

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

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) 2017 consolidated accounts have been restated following a change of accounting policy on the sale of non-current real estate assets (held for sale) which includes essentially assets obtained from credit recovery.
Net Interest Income with positive evolution in Portugal, despite interest rate environment…

Quarterly Net Interest Income (1)

(1) 2017 consolidated accounts have been restated following a change of accounting policy on the sale of non-current real estate assets (held for sale) which includes essentially assets obtained from credit recovery.
Results

Net Interest Margin improving…

Consolidated Activity - Net Interest Margin (%)
- 2016: 1.05%
- 2017: 1.32%
- 2018: 1.37%

Domestic Activity - Retail Net Interest Margin (%)
- 2016: 1.34%
- 2017: 1.55%
- 2018: 1.62%

Total Net Interest Income

Consolidated Activity
- 2016: 1,040 M€
- 2017: 1,241 M€
- 2018: 1,205 M€

Domestic Activity
- 2016: 611 M€
- 2017: 773 M€
- 2018: 796 M€
Results

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

<table>
<thead>
<tr>
<th>€M</th>
<th>Change Year on Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Activity</td>
<td>2%</td>
</tr>
<tr>
<td>Consolidated</td>
<td>2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Fees and Commissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-12</td>
<td>375</td>
</tr>
<tr>
<td>2018-12</td>
<td>465</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Fees and Commissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-12</td>
<td>383</td>
</tr>
<tr>
<td>2018-12</td>
<td>474</td>
</tr>
</tbody>
</table>

Net Fees and Commissions (Domestic Activity and Consolidated)
### Results

**Lower recurrent Operating Costs at consolidated level…**

<table>
<thead>
<tr>
<th></th>
<th>2017-12</th>
<th>2018-12</th>
<th>Change</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee costs</strong></td>
<td>659</td>
<td>619</td>
<td>40</td>
<td>7% (1)</td>
</tr>
<tr>
<td><strong>Other administrative expenses</strong></td>
<td>358</td>
<td>320</td>
<td>-38</td>
<td>12% (1)</td>
</tr>
<tr>
<td><strong>Depreciation and amortisation</strong></td>
<td>46</td>
<td>2</td>
<td>-44</td>
<td>37% (1)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,103</td>
<td>1,001</td>
<td>102</td>
<td>11% (1)</td>
</tr>
</tbody>
</table>

(1) Excluding non-recurrent costs.

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**Operating Costs – Consolidated Activity**
Results

Employees and retail branches evolve according to the Strategic Plan

Number of Employees (Domestic Activity)

- 2017-12: 8,321
- 2018-06: 7,903
- 2018-12: 7,675

Retail Branch Network (CGD Portugal)

- 2017-12: 587
- 2018-06: 522
- 2018-12: 522
Results

Cost-to-Income continues its downwards path…

%

<table>
<thead>
<tr>
<th></th>
<th>2016-12</th>
<th>2017-12</th>
<th>2018-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost-to-Income (Consolidated) (2) (3)</td>
<td>78%</td>
<td>53%</td>
<td>52%</td>
</tr>
<tr>
<td>Cost-to-Core Income (Consolidated) (1) (2)</td>
<td>77%</td>
<td>63%</td>
<td>57%</td>
</tr>
</tbody>
</table>

(1) Operating Costs / (Net Interest Income + Net Fees and Commissions); 2017 consolidated accounts have been restated following a change of accounting policy on the sale of non-current real estate assets (held for sale) which includes essentially assets obtained from credit recovery;
(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)].
**Results**

**Contributions to Consolidated Net Income**

$€\phantom{0}$

- **International Activity**
  - BNU Macao: 62
  - BCI Mozambique: 36
  - France Branch: 16
  - Other: 44

- **Domestic Activity**
  - 2017-12: 52
  - 2018-12: 155
  - 2017-12: 228
  - 2018-12: 341

**Main contributions from International Activity**

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

*Includes €41.2 million contribution of CGD Investimentos CVC (Brazil) referring to the disposal of Rico Corretora.*
Balance Sheet
Balance Sheet

Market Shares: CGD leader in Portugal

Customer Deposits – Portugal
November 2018

Loans and Adv. to Customers – Portugal
November 2018
Total Customer Resources in Portugal increased

* December 2017 excludes deposits from Group Entities that were merged into CGD in 2018.
Credit in Portugal reflects NPL reduction and General Government reimbursements, performing grows

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

(EBA Definition)

*includes securitized credit

2018-12

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporates</td>
<td>13,997 M€</td>
</tr>
<tr>
<td>General Government</td>
<td>4,124 M€</td>
</tr>
<tr>
<td>Institutionals and Others</td>
<td>1,160 M€</td>
</tr>
<tr>
<td>Individual customers</td>
<td>24,496 M€</td>
</tr>
</tbody>
</table>

Total 44,629 M€

2017-12

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporates</td>
<td>15,706 M€</td>
</tr>
<tr>
<td>General Government</td>
<td>5,117 M€</td>
</tr>
<tr>
<td>Institutionals and Others</td>
<td>1,254 M€</td>
</tr>
<tr>
<td>Individual customers</td>
<td>25,861 M€</td>
</tr>
</tbody>
</table>

Total 48,826 M€

+ 577 M€
Loans to corporates in Portugal grow in most dynamic sectors of the economy…

**Balance Sheet**

**Gross loans to corporates (performing), excluding construction and real estate sectors**

CGD Portugal

<table>
<thead>
<tr>
<th></th>
<th>2017-12</th>
<th>2018-12</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>M€</td>
<td>8,286</td>
<td>8,732</td>
<td>+446</td>
</tr>
</tbody>
</table>

**% Change vs. Dec-17**

- **Manufacturing**: 9.1%
- **Construction and Real estate activities**: 0.8%
- **Transport and warehousing**: 8.8%
- **Tourism**: 17.0%
- **Sales and Retail**: 3.0%
- **Agriculture**: 1.1%
- **Other**: 4.8%

**Year-on-Year: 2018 vs 2017**

- **5.4%**
… as well as in new *Factoring & Confirming* and *Leasing* operations

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**Balance Sheet**

**Factoring and Confirming**

2017: €3,227  
2018: €3,698  
Increase: 15%

**Equipment Leasing**

2017: €249  
2018: €317  
Increase: 27%

**Property Leasing**

2017: €69  
2018: €92  
Increase: 33%
## Significant increase in new Mortgage Loans

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q</td>
<td>291 M€</td>
<td>1,230 M€</td>
</tr>
<tr>
<td>2Q</td>
<td>309 M€</td>
<td></td>
</tr>
<tr>
<td>3Q</td>
<td>280 M€</td>
<td></td>
</tr>
<tr>
<td>4Q</td>
<td>351 M€</td>
<td></td>
</tr>
<tr>
<td>1Q</td>
<td>283 M€</td>
<td>1,558 M€</td>
</tr>
<tr>
<td>2Q</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3Q</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4Q</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Change YoY: 2018 vs 2017  
+328 M€  

27%
Asset Quality
Asset Quality

**Reduced Cost of Credit Risk…**

<table>
<thead>
<tr>
<th>Year</th>
<th>Credit impairment net of reversals (M€)</th>
<th>Cost of Credit Risk (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>854</td>
<td>1.18%</td>
</tr>
<tr>
<td>2015</td>
<td>557</td>
<td>0.78%</td>
</tr>
<tr>
<td>2016</td>
<td>2,383</td>
<td>3.40%</td>
</tr>
<tr>
<td>2017</td>
<td>86</td>
<td>0.13%</td>
</tr>
<tr>
<td>2018</td>
<td>119</td>
<td>0.21%</td>
</tr>
</tbody>
</table>

Credit impairment net of reversals

Cost of Credit Risk

Caixa Geral de Depósitos
Asset Quality

...NPE and NPL decreasing and reinforced coverage

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPE</td>
<td>12.1%</td>
<td>9.3%</td>
<td>6.6%</td>
</tr>
<tr>
<td>NPL</td>
<td>15.8%</td>
<td>12.0%</td>
<td>8.5%</td>
</tr>
</tbody>
</table>

(1) NPE – Non Performing Exposure and NPL – Non Performing Loans – EBA definitions; (2) EBA Risk Dashboards – Sep 2018
Strong action on NPL allows 2.7 B€ reduction in 2018, (5.4 B€, -51%) since December 2016...

Asset Quality

NPL evolution

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

Strong Reduction on Foreclosed Assets (Real Estate)

Foreclosed Assets - Gross Value (Real Estate)

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Value (ME)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016-12</td>
<td>1,112</td>
</tr>
<tr>
<td>2017-12</td>
<td>1,025</td>
</tr>
<tr>
<td>2018-12</td>
<td>766</td>
</tr>
</tbody>
</table>

Coverage by Impairments

<table>
<thead>
<tr>
<th>Year</th>
<th>Impairment Coverage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016-12</td>
<td>45%</td>
</tr>
<tr>
<td>2017-12</td>
<td>45%</td>
</tr>
<tr>
<td>2018-12</td>
<td>44%</td>
</tr>
</tbody>
</table>
Liquidity
CGD removes the risk of ECB refinancing (TLTRO)

ECB Funding (Consolidated Activity)

Eligible Assets in ECB Pool (Consolidated Activity)

(*) Total value refers to BCG Spain

M€
Liquidity

**Wholesale Debt maturities fully covered**

Annual maturities of Wholesale Debt

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>781 M€</td>
</tr>
<tr>
<td>2020</td>
<td>1,041 M€</td>
</tr>
<tr>
<td>2021</td>
<td>83 M€</td>
</tr>
<tr>
<td>≥ 2022</td>
<td>2,499 M€</td>
</tr>
</tbody>
</table>

Total vs Eligible Assets Pool

- Total: 4,404 M€
- Eligible Assets Pool: 12,019 M€
Liquidity

**Stable funding structure based on retail funding…**

<table>
<thead>
<tr>
<th>Liabilities Structure (1)</th>
<th>%</th>
<th>M€</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Banks and Credit Instit.</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Debt Securities and Subordinated Liabilities</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Customer Deposits</td>
<td>84%</td>
<td>75,410 M€</td>
</tr>
</tbody>
</table>

(1) Excluding non-current liabilities held for sale

<table>
<thead>
<tr>
<th>Loans-to-Deposits Ratio</th>
<th>2017-12</th>
<th>2018-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and Adv. to Customers (net)</td>
<td>55,255</td>
<td>51,589</td>
</tr>
<tr>
<td>Customer Deposits</td>
<td>63,499</td>
<td>63,335</td>
</tr>
</tbody>
</table>
...with a strong liquidity position

Liquidity Coverage Ratio (LCR)

Regulatory requirement: 100%

176% 2016-12
209% 2017-12
226% 2018-12
Capital
Recapitalization Plan concluded with Tier 2 issuance in June 2018

**Phase 1 Executed**
- **4 January 2017**
  - Share Capital increase in kind by the State, using 49% of Parcaixa SGPS, S.A.
- **End of March 2017**
  - Issuance of AT1

**Phase 2 Executed**
- **End of March 2017**
  - Share Capital increase in cash, subscribed by the State

**Phase 3 Executed**
- **21 June 2018**
  - Issuance of Tier 2 securities, with cost below expectations
Tier 1 and Tier 2 issuances with Yield reduction

Source: Bloomberg
CGD complies with capital requirements

SREP 2018 Requirements and CGD Capital Ratios in 31 December 2018

(1) Ratios include net income of the period.
CET 1 Ratio: Evolution in 2018 reinforces solvency

14.0% -0.06% -0.25% -0.35% -0.26% +1.14% 0.43% 14.7%

2017-12 Phasing-in 2018 IFRS 9 (1) Deduction of irrevocable payment commitments Other regulatory adjustments Generation of capital through P&L RWA reduction and others 2018-12

CET 1 Ratio (2)

(1) IFRS 9 implementation without using the allowed phasing-in period.
(2) Ratios include net income of the period.
Sustained improvement of Capital position after the recapitalisation, consolidates CET1 rise of 260 b.p.

Capital Ratios Evolution (Fully Loaded)

(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

<table>
<thead>
<tr>
<th>Year</th>
<th>RWAs Density</th>
<th>Texas Ratio&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Leverage Ratio&lt;sup&gt;(2)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>58%</td>
<td>91%</td>
<td>7.8%</td>
</tr>
<tr>
<td>2017</td>
<td>57%</td>
<td>68%</td>
<td>8.2%</td>
</tr>
<tr>
<td>2018</td>
<td>54%</td>
<td>50%</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

RWA fully implemented (2018-12): 48.4 B€

<sup>(1)</sup> Texas Ratio = Non Performing Exposure EBA / (Impairments + Tangible Equity).
<sup>(2)</sup> Proforma, including stages 1 and 2 of the Recapitalization Plan.
Available Distributable Items (ADI) and Maximum Distributable Amount (MDA)

<table>
<thead>
<tr>
<th>Year</th>
<th>ADI (Available Distributable Items)</th>
<th>MDA (Maximum Distributable Amounts)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>2018-12</td>
<td>CET 1 (Available Distributable Items)</td>
<td>MDA Buffer: 4.7% 2.3 B€</td>
</tr>
<tr>
<td>2018-12</td>
<td>Requirement 2018</td>
<td>14.7%</td>
</tr>
<tr>
<td>2018 + Gaps Tier 1 and Tier 2</td>
<td>CET 1 (Maximum Distributable Amounts)</td>
<td>MDA Buffer: 14.7%</td>
</tr>
</tbody>
</table>

(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.
2018 confirms progression on profitability and asset quality, with a sound capital position...

### Business
Positive evolution of core operating income...

2018 vs. 2017:
- Net interest income: +2%
- Commissions: +2%
- Core income: +7%
- Operating costs: -11%
- Core operating income: +14.6%
- Recurrent cost-to-income: 52%

### Asset Quality
...a structurally reduced cost of credit risk...

2018:
- Cost of credit risk: 0.21%
- NPL: 8.5%
- NPL Coverage by impairments: 63.5%

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

- Deposits: 84% of liabilities
- Pool of collateral: 12.0 B€
- LCR: 226%
- Loans-to-deposits: 81%

### Capital
...and maintaining a strong capital position.

Capital ratios (fully loaded)

2018 vs. 2017:
- CET1: 14.7% (+0.7 pp)
- Tier 1: 15.7% (+0.7 pp)
- Total: 17.0% (+1.8 pp)

---

(1) The 2017 accounts have been restated following a change of accounting policy on the sale of non-current real estate assets (held for sale) which includes essentially assets obtained from credit recovery.

(2) Non-recurring costs of € 47.9 million in 2018 and € 31.1 million in 2017 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) 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.
… allowing to reinforce the main targets for the fulfillment of Strategic Plan 2017 - 2020

<table>
<thead>
<tr>
<th>Highlights</th>
<th>2018 Execution</th>
<th>2020 Strategic Plan Targets</th>
<th>European Banking Average (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Equity (ROE) (1)</td>
<td>6.6%</td>
<td>&gt; 9%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Recurrent Cost-to-Income</td>
<td>52%</td>
<td>&lt; 43% (2)</td>
<td>63.2%</td>
</tr>
<tr>
<td>NPL Ratio</td>
<td>8.5% (Impairment coverage of 63.5%)</td>
<td>&lt; 7%</td>
<td>3.4% (Impairment coverage of 45.7%)</td>
</tr>
<tr>
<td>CET1 Fully loaded</td>
<td>14.7%</td>
<td>&gt; 14%</td>
<td>14.5%</td>
</tr>
</tbody>
</table>

(1) Current activity ROE = (net income + non-recurring costs + non-controlling interests) / Shareholders’ equity (average of 13 monthly observations); (2) Domestic activity; (3) EBA Risk Dashboard – Sep. 2018.
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 December 2018, except otherwise stated.

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