PRESS RELEASE

Consolidated results for 2016 (*)

(Unaudited financial information)

Caixa Geral de Depósitos S.A. (CGD): Improved financial strength. Significant reduction in credit at risk, with increased impairment coverage. Recapitalisation plan to be concluded.

■ While advancing in its recapitalisation plan, CGD has completed a management assessment of its assets following the valuation principles of a new relevant private investor, as agreed with DGComp.

■ This exercise produced €3,016.9 million of new impairment and provisions for 2016.

■ Following the significant increase of impairment and provisions, together with credit write-offs, CGD reduced its credit at risk to 10.5% of its credit portfolio.

■ Coverage by impairments reached 79% including 100% coverage achieved in the corporate loans segment.

■ Credit more than 90 days overdue coverage reached 123.9% increasing 21.7 p.p. when compared to 2015.

■ The referred amount of €3,016.9 million recorded as impairment and provisions was decisive for net income of €-1,859.5 million achieved in 2016.

■ Core operating income, in 2016, comprising the sum of net interest income and commissions, net of operating costs in 2016, was up 68.7% over the preceding year to €368.1 million, having benefited from the performance of net interest income and operating costs.

■ Net interest income was up 5.5% by €60.2 million over the preceding year to €1,144.9 million.

(EUR Million)

	Dec 15	Dec 16	Y-o-Y Change
Net interest income	1.085	1.145	5.5%
Commissions (net)	498	464	-6.9%
Income from fin. operations	346	79	-77.0%
Total operating income	1.999	1.547	-22.6%
Operating costs	1.365	1.240	-9.1%
Core net op. inc. before imp.	218	368	68.7%
Provisions and impairments	715	3.017	321.7%
Net income	-171	-1.859	-

■ Total operating income was down €451.7 million to €1,547.2 million, in 2016, in comparison to the preceding year. This decrease resulted essencially from the €266.4 million reduction in income from financial operations, which amounted to €79.5 million, and from other operating losses of €-189.0 million (also a consequence of the asset assessment exercise).

■ Operating costs, in 2016, were down 9.1% over the preceding year, having benefited from containment across all of its component parts. Excluding the recognition of the non-recurring cost of the pre or early retirement programme in progress (*Horizonte* plan) in 2015 and in 2016, the reduction would have been 5.7%.

■ CGD Group's consolidated net assets were down 7.3% over the end of 2015 to €93,547 million at the end of 2016.

■ Customer resources were down 5.1% over the preceding year to €69,680 million. The reduction in deposits was mainly due to the institutional clients segment, while the individuals segment experienced a slight decrease as a consequence of a strong placement effort of OTRVs (Portuguese Public Debt) throughout the year.

■ Loans and advances to customers (gross), including loans with repurchase agreements, were down 3.7% over the preceding year to €68,735 million, strongly influenced by write-offs.

■ The loans-to-deposits ratio, in December 2016, was 90.6% against 90.1% in December 2015, reflecting the strong liquidity position of the Group.

■ CGD Group had total financing of €3,527 million from the ECB at the end of 2016 (up €761 million over December 2015), 3.8% of total assets, clearly showing its comfortable liquidity position.

■ The LCR (liquidity coverage ratio) of 181.1% was higher than regulatory requirements.

■ The phased-in common equity tier 1 (CET 1) and total ratios calculated under CRD IV/CRR rules were 7.0% and 8.1%, respectively, in December 2016.

Considering the component parts of the recapitalisation plan already implemented in January 2016 (capital increase in kind – Parcaixa shares and CoCo bonds – and the elimination of available negative items), in addition to the components planned for 2017 (capital increase of €2,500 million by the state, as well as the market issuance of €500 million in AT1 (additional tier 1) subordinated debt), the *pro forma* values of the phased-in and fully implemented Common Equity Tier 1 (CET 1) ratios at 31 December 2016, would amount to 12.0% and 11.8%, respectively. CGD's Tier 1 and Total phased-in ratios will, in turn, be 13.0% and 14.1%, after the conclusion of the Recapitalization Plan.

■ These ratios decisively increase CGD's financial strength, building the foundation to preserve CGD's leadership position of the Portuguese financial system, and its role supporting families and corporates.

(*) The December 2015 values have been restated, considering Mercantile Bank Holdings, Ltd. as a non-current asset held for sale.

1. MAIN INDICATORS

BALANCE SHEET AND P&L INDICATORS	2015-12	2016-12		Change
Net assets	100.901	93.547		-7.3%
Loans and advances to customers (net)	65.759	62.867		-4.4%
Customer resources	73.426	69.680		-5.1%
Total Operating Income	1.999	1.547		-22.6%
Core Net Operating Income before Impairments	218	368		68.7%
Net income	-171	-1.859		-
PROFIT AND EFFICIENCY RATIOS				
Gross return on equity - ROE (1) (2)	-0.4%	-46.5%		-46.1 p.p.
Net return on equity - ROE (2)	-1.3%	-32.0%		-30.7 p.p.
Gross return on assets - ROA (1) (2)	0.0%	-2.7%		-2.6 p.p.
Net return on assets - ROA (2)	-0.1%	-1.8%		-1.8 p.p.
Total Operating Income / Average net assets (1)	2.0%	1.6%		-0.4 p.p.
Employee costs / Total Operating Income (1)	39.3%	44.3%		5.0 p.p.
Cost-to-income (1)	66.7%	77.8%		11.1 p.p.
CREDIT QUALITY AND COVER LEVELS				
Overdue credit ratio	7.6%	7.2%		-0.4 p.p.
Credit more than 90 days overdue ratio	7.2%	6.6%		-0.5 p.p.
Non-performing credit ratio (1)	9.3%	8.4%		-0.9 p.p.
Non-performing credit (net) ratio (1)	2.2%	0.2%		-2.0 p.p.
Credit at risk ratio (1)	11.5%	10.5%		-1.0 p.p.
Credit at risk (net) ratio (1)	4.5%	2.4%		-2.1 p.p.
Restructured credit ratio (3)	10.0%	9.0%		-0.9 p.p.
Restr. crd. not incl. in crd. at risk ratio (3)	5.6%	4.2%		-1.4 p.p.
Overdue credit coverage	96.3%	113.8%		17.5 p.p.
Credit more than 90 days overdue coverage	102.2%	123.9%		21.7 p.p.
Crd. Imp. (P&L) / Loans & adv. custom. (aver.)	0.78%	3.42%		2.6 p.p.
STRUCTURE RATIOS				
Loans & adv. customers (net) / Net assets	65.2%	67.2%		2.0 p.p.
Loans & adv. custom. (net) / Custom. dep. (1)	90.1%	90.6%		0.6 p.p.
SOLVENCY AND LIQUIDITY RATIOS (CRD IV/CRR) (4)			Proforma (*)	
CET 1 (phased-in)	10.9%	7.0%	12.0%	1.1 p.p.
Tier 1 (phased-in)	10.9%	7.0%	13.0%	2.1 p.p.
Total (phased-in)	12.3%	8.1%	14.1%	1.8 p.p.
CET 1 (fully implemented)	10.0%	5.5%	11.8%	1.8 p.p.
Liquidity coverage ratio	143.1%	181.1%		
Net stable funding ratio	135.9%	134.6%		
OTHER INDICATORS				
Number of branches - CGD Group	1.253	1.211		-42
Number of branches - CGD Portugal	764	717		-47
Number of employees - CGD Group	16.058	15.452		-606
Number of employees - CGD Portugal	8.410	8.113		-297

CGD RATING	Short Term	Long Term	Date (last assessment)
Standard & Poor's	B	BB-	2016-08
FitchRatings	B	BB-	2016-05
Moody's	N/P	B1	2015-06
DBRS	R-2 (mid)	BBB (low)	2016-11

Note: Indicators calculations according to glossary at: http://www.cgd.pt/English/Investor-Relations/Investor-Information/Documents/Glossary.pdf

(1) Ratios defined by the Bank of Portugal (instruction 23/2012); (2) Considering average shareholders' equity and net asset values (13 observations); (3) Ratios defined by the Bank of Portugal (instruction 32/2013); (4) Estimated end-December 2016 Solvency Ratios; (*) Proforma including the two stages of the ongoing recapitalization process

2. ECONOMIC - FINANCIAL ENVIRONMENT

According to the IMF (International Monetary Fund) global economic growth, in 2016, was down 0.1 pp over 2015 to 3.1%, owing to deceleration in the developed bloc (down 0.5 pp to 1.6%), as opposed a marginal acceleration of growth (up 0.2 pp to 4.2%) in the emerging and developing bloc for the first time in six years.

In the case of developed countries as a whole, whose economies were subject to high levels of uncertainty and which witnessed political events, whose results were not commensurate with the central scenario expected in the markets, ongoing market recovery and the improvement in real household disposable income enabled private consumption to continue to drive expansion in alliance with an easing of bank lending restrictions. Investment, in turn, continued to disappoint.

Following five successive years of cooling economies, the slight improvement in the growth of the emerging bloc, in 2016, was a consequence of stabilising activity, not only in China, but also in Brazil and Russia as two of the larger emerging economies whose levels of economic contraction were lower than in the preceding year. Notwithstanding an improvement of financing conditions in this bloc, given the expectations of continuing low interest rates in the developed bloc, diverse factors continued to weigh upon a faster upturn in economic growth, namely the low prices of several commodities, reduced level of investment by the major developed countries, high levels of debt in several cases, or worsening geopolitical tensions in various regions of the globe.

According to the European Commission’s Winter 2017 Economic Forecast, the growth rate of the euro area decelerated in 2016. Following growth of 2.0% in 2015, the region posted an expansion of 1.7% last year, particularly on account of the smaller contribution made by domestic demand and the negative contribution of external demand. However, positive growth rates were recorded in all member states. Unemployment in the region was down once again, in 2016, for the third consecutive year. The anual unemployment rate was at 10.0%, down 0.9 pp over the same period 2015.

The Portuguese economy expanded for the third consecutive year, in 2016. According to the projections published by INE (National Statistic Institute), Portugal grew 1.4%. In the labour market, the unemployment rate of 10.5% in Q3 2016, was the lowest for practically seven years. The Portuguese HICP (Harmonised Index of Consumer Prices) posted an average annual rate of change of 0.6%, a 0.1 pp increase over the last year.

2016 witnessed a continuation and, in several cases, a boost to expansionary monetary policy, particularly, at the very start of the year, in the case of the Central Bank of Japan which reduced the interest rate on surplus bank reserves to -0.1%, and the successive interventions comprising the Central Bank of China’s liquidity injections in the financial system. Special reference should be made, in March, to the performance of the ECB (European Central Bank). The leaders of the ECB decided to increase the amount of monthly bond purchases from €60 billion to €80 billion and once again reduced the interest rate on the deposit facility to -0.40%, cutting its main refinancing rate to 0%. In December, the council of governors decided to extend the duration of the quantitative easing programme for another nine months and announced the a €20 billion reduction to the monthly rate of acquisition, starting April, back down to €60 billion.

In August, with the aim of countering the potential negative effects triggered by Brexit, the Bank of England announced a 25 bp in its reference rate, to a new all-time low of 0.25%, accompanied by an additional set of other measures. The US Fed that, over the course of the year moderated the prospects of multiple increases of its reference interest rate, although always admitting the need for an adjustment, announced in the last month of the year, as was the case in 2015, a 25 bp increase in its main interest rate to a target range of 0.50% to 0.75%.

The start of the year in the financial markets was marked by a sharp increase in uncertainty and risk aversion over the deceleration of the Chinese economy and the impact of lower commodity prices. However, the main central banks' commitments to shore up economies, together with a progressive improvement of activity indicators and stabilising of price growth, forestalling fears of deflation, notably in the euro area, led to a gradual and almost seamless increase in the value of risk assets, only temporarily interrupted following the referred to UK referendum, in June, and the US presidential elections in November.

Following a fall to as low as -11.5% up to mid February, the start of economic recovery at the end of last year and particularly during the last two months, led the Morgan Stanley index of global share prices to post annual gains of 5.6%. The performance of the main indices, notwithstanding, was mixed. Whereas the Japanese market (Topix) was down by a marginal 1.9% and the European market (Eurostoxx600) by 1.2%, its first fall in three years, the most significant gains, in 2016, were made by the UK's Footsie (14.4%) and US S&P500 (9.5%).

In 2016, the yield on 10 year US government bonds was up (17.5 bp), to its highest level since September 2014, at year end, as opposed to Europe where Germany witnessed a fall of 42.1 bp. In both cases, early July, following Brexit, all-time lows of 1.358% and -0.189%, were respectively recorded, with the dissonant performance of the respective central banks and higher increases of expectations over US inflation, leading to a much more significant increase in this latter case.

Money market rates, in Europe, were down again in 2016, given the ECB's monetary policy, and more noticeably so in the first half with successive all-time lows across the last few months of the year. In 2016, it was also the turn of the 12 months' maturity to slide into negative territory starting February.

In 2016, the favourable evolution of the US labour market and expectations of the normalisation, albeit gradual, of the Fed's monetary policy, led the dollar to appreciate for the fourth consecutive year against the currencies of its major trading partners (up 3.6%), having closed the year at a 14 year high. The ECB's adoption and expectations of new expansionary measures led to a 3,2% depreciation of the euro against the US currency, against which it lost ground for a third consecutive year.

3. CONSOLIDATED INFORMATION

RESULTS

Net interest income was up 5.5% by €60.2 million over the preceding year to €1,144.9 million in 2016. This growth derived from the 18.5% reduction of €336.7 million in funding costs, higher than the 9.5% decrease of €276.5 million in interest on lending operations.

(EUR Million)

RESULTS	2015-12	2016-12	Change (%)
Net interest income	1.084.7	1.144.9	5.5%
Net inter. income incl. inc. from equity investm.	1.159.0	1.197.3	3.3%
Commissions (net)	498.2	463.6	-6.9%
Total Operating Income	1.998.8	1.547.2	-22.6%
Operating costs	1.364.7	1.240.3	-9.1%
Net Operating Income before Impairments	634.1	306.8	-51.6%
Core Net Operating Income before Impairments	218.2	368.1	68.7%
Provisions and Impairments	715.4	3.016.9	321.7%
Net income	-171.5	-1.859.5	-

Net commissions were down by an annual 6.9% to €463.6 million whille income from financial operations reached €79.5 million.

Total operating income was down €451.7 million to €1,547.2 million, in 2016, in comparison to the preceding year, having essentially been penalised by the €266.4 million reduction in income from financial operations and the evolution of other operating losses (€-189.0 million when compared to 2015).

Operating costs, in 2016, were down 9.1% over the preceding year, having benefited from containment across all of its component parts. Excluding the recognition of the non-recurring cost of the pre or early retirement programme in progress (Horizonte plan) in 2015 and in 2016, the reduction would have been 5.7%. Notwithstanding the reduction of operating costs, the above referred to decrease of total operating income led to a cost-to-income indicator of 77.8%.

Net operating income before impairment, in 2016, was €306.8 million, down 51.6% by €327.3 million over 2015.

Core operating income in 2016, comprising the sum of net interest income and commissions, net of operating costs, was up 68.7% over the preceding year to €368.1 million, having benefited from the performance of net interest income and operating costs.

While advancing in its recapitalisation plan, CGD has completed a management assessment of its assets and potential contingencies, as agreed with DGComp, resulting in €3,016.9 million of new impairment and provisions for 2016. Credit impairment for the year amounted to €2,396.4 million, with a cost of credit risk of 3.42%.

The referred amount of impairment and provisions was decisive for net income of €-1,859.5 million achieved in 2016.

BALANCE SHEET

CGD Group's consolidated net assets were down 7.3% over the end of 2015 to €93,547 million at the end of 2016.

The decline derived from claims at central banks and other credit institutions (down 24.1% by €1,848 million, securities investments (down 20.7% by €4,067 million) and loans and advances to customers (down 4.6% by €3,076 million euros).

(EUR Million)

BALANCE SHEET - Main headings	2015-12	2016-12	Change (%)
Net assets	100.901	93.547	-7.3%
Cash and loans and advances to credit instit.	7.664	5.816	-24.1%
Securities investments (1)	19.649	15.581	-20.7%
Loans and advances to customers (net) (2)	66.178	63.102	-4.6%
Loans and advances to customers (gross) (2)	71.376	68.735	-3.7%
Central banks' and credit institutions' resources	5.433	5.800	6.7%
Customer resources	73.426	69.680	-5.1%
Debt securities	6.700	4.184	-37.6%
Shareholders' equity	6.184	3.883	-37.2%

(1) Includes assets with repo agreements and trading derivatives

(2) Includes assets with repo agreements

The securities investment portfolio, including assets with repurchase agreements and trading derivatives was down 20.7% by €4,067 million over last December to €15,581 million.

The liabilities side witnessed reductions of customer resources (down 5.1% by €3,746 million), reflecting the reduction of the deposit balances of diverse institutional customers, and debt securities (down 37.6% by €2,516 million euros).

The total resources of CGD Portugal's individual customers segment amounted to €58,061 million, a 0.6% annual change of €334 million.

(EUR Million)

TOTAL CUSTOMER RESOURCES CGD PORTUGAL	2015-12	2016-12	Change (%)
Total deposits	**59.270**	**56.165**	**-5.2%**
Individuals	46.323	45.486	-1.8%
Corporate	5.873	6.144	4.6%
Institutionals	7.074	4.535	-35.9%
Other resources (*)	**13.447**	**14.094**	**4.8%**
Individuals	11.404	12.575	10.3%
Corporate	716	606	-15.4%
Institutionals	1.326	913	-31.2%
Total	**72.717**	**70.260**	**-3.4%**
Individuals	57.727	58.061	0.6%
Corporate	6.590	6.751	2.4%
Institutionals	8.401	5.448	-35.1%

(*) Includes mutual funds, insurance products, OTRV and other bonds

Loans and advances to customers (gross) – including loans with repurchase agreements – were down 3.7% over the preceding year to €68,735 million, strongly influenced by write-offs of €1,933 million accounted for in 2016.

In this environment, loans and advances to individual customers were down 5.1% over December 2015, as opposed to corporate loans which were down 10.8%. CGD's market share of corporate loans, in November 2016, was 20.7%.

Translating the reduction in the size of its loans and advances to customers portfolio, the loans-to-deposits ratio was 90.6% against the December 2015 ratio of 90.1%.

(EUR Million)

LOANS AND ADVANCES TO CUSTOMERS			Change
	2015-12	2016-12	(%)
CGD Portugal	**53.345**	**51.453**	**-3.5%**
Corporate	19.855	17.710	-10.8%
General government	3.111	3.071	-1.3%
Institutionals and other	883	2.666	201.8%
Individual customers	29.496	28.006	-5.1%
Mortgage loans	28.487	27.068	-5.0%
Other	1.008	938	-7.0%
Other CGD Group companies	**18.030**	**17.282**	**-4.1%**
Total	**71.376**	**68.735**	**-3.7%**

Note: Gross loans and advances to customers, including repurchase agreements

Credit in CGD Portugal amounted to €51,453 million and represented around 75% of the Group's total loans and advances to customers.

Following the significant increase of impairment and provisions and the credit write-off already mentioned, CGD reduced its credit at risk to 10.5% of its credit portfolio, while, at the same time achieving impairment cover of 79.0%. This particularly included the 99.9% cover achieved in the corporate loans segment, while cover to loans and advances to individual customers was 48.0%.

The current credit at risk ratio not covered by impairment is now 2.2% of total credit showing the increase of the financial strength of CGD's credit portfolio.

The credit overdue more than 90 days ratio totalled 6.6% in December 2016 (7.2% in 2015), with a respective impairment cover of 123.9%, in comparison to 102.2% in December 2015.

LIQUIDITY

Keeping pace with the ECB's measures designed to boost the credit market at the start of the year, CGD Portugal, in order to optimise its liquidity management and reduce its lending costs, opted to exchange the full amount of its TLTRO ("Targeted Longer Term Refinancing Operations") financing for the new 4 year TLTRO II operations and to increase its level of financing from the ECB, to boost its capacity to back the economy and domestic companies.

This resulted, for CGD Portugal, in an amount of €2 billion in financing from the ECB in June 2016, which remained unchanged up to the end of 2016. CGD's collection of eligible assets included in the collateral pool for ECB financing was also up by a similar amount from €9,876 million at the end of 2015 to €10,676 million in December 2016.

CGD Group's financing from the ECB increased by €761 million to €3,527 million at the end of the year. This increase was accompanied by a parallel increase in the eligible assets portfolio included in the Eurosystem pool, which went from €11,604 million in December 2015 to €12,347 million in December 2016.

The balance of medium and long term financing issued under both the EMTN and covered bonds programmes, continued its downwards trend of past years, in 2016. Several bonds have reached maturity, including the inaugural issuance for the covered bonds market in Portugal, in 2006, translated into repayments of €2,365 million across the year. This amount was, however, easily accommodated, with internal liquidity management as its sole counterpart, without the need to raise funds from the market.

The LCR (liquidity coverage ratio) indicator at the end of December 2016 was higher than the regulatory requirements at 181.1% in comparison to 143.1% at the end of December 2015. The NSFR (net stable funding ratio), was, in turn, 134.6% at the same date in comparison to 135.9% in December 2015.

SOLVENCY

The phased-in common equity tier 1 (CET 1) and total ratios calculated under CRD IV/CRR rules were 7.0% and 8.1%, respectively, in December 2016.

Considering the share capital increase of €2.5 billion, to be paid up in cash by the state, in addition to the market issuance of €500 million in highly subordinated debt (AT1), comprising the second phase of the approved recapitalisation plan, whose first phase was implemented in early January 2017, the pro-forma values of the phased-in and fully implemented Common Equity Tier 1 (CET 1) ratios at 31 December 2016, would amount to 12.0% and 11.8%, respectively. CGD’s Tier 1 and Total phased-in ratios will, in turn, be 13.0% and 14.1%, after the conclusion of the Recapitalization Plan.

These ratios decisively increase CGD’s financial strength.

ECB’s Capital Requirements for 2017

Based on SREP 2016 (Supervisory Review and Evaluation Process) results, CGD was notified by the ECB (European Central Bank) of the minimum capital requirements applicable starting 01 January 2017.

Regarding consolidated activity, the phased-in CET1 capital requirement of 8.25% to be complied with includes: i) the minimum CET1 capital ratio of 4.5% required by Pillar 1; ii) the minimum CET1 capital ratio of 2.5% required by Pillar 2 and iii) the CCB (capital conservation buffer) of 1.25%.

Pursuant to the Bank of Portugal’s resolution of 29 July 2016, the O-SII (Other Systemically Important Institutions) buffer for CGD was set at 0.5% for 2018 and 1.0% for 2019. The CCB will increase to 2.5% in 2019.

In addition to the above mentioned CET1 capital requirement, CGD must achieve a minimum tier 1 ratio of 9.75% and a total capital ratio of 11.75% in 2017.

(%)

SREP - CAPITAL REQUIREMENTS	2017
Consolidated	
Common Equity Tier 1 (CET1)	**8.25%**
Pillar 1	4.5%
Pillar 2 Requirement	2.5%
Capital Conservation Buffer (CCB)	1.25%
Other Systemically Important Institutions (OSII)	0.0%
Tier 1	**9.75%**
Total	**11.75%**
Individual	
Common Equity Tier 1 (CET1)	**7.0%**
Pillar 1	4.5%
Pillar 2 Requirement	1.25%
Capital Conservation Buffer (CCB)	1.25%
Other Systemically Important Institutions (OSII)	0.0%
Tier 1	**8.5%**
Total	**10.5%**

Regarding individual activity, the phased-in CET1 capital requirement of 7.0% to be complied with includes: i) the minimum CET1 capital ratio of 4.5% required by Pillar 1; ii) the minimum CET1 capital ratio of 1.25% required by Pillar 2 and iii) the CCB (capital conservation buffer) of 1.25%.

In addition to the above mentioned CET1 capital requirement, CGD must achieve a minimum tier 1 ratio of 8.5% and a total capital ratio of 10.5% in 2017.

4. DOMESTIC AND INTERNATIONAL ACTIVITY

Net losses, in 2016, from CGD Group's domestic activity totalled €1,915.2 million, against the preceding year's losses of €310.8 million, essentially impacted by provisions and impairment of €2,722.3 million, calculated as part of the previously referred to evaluation of assets. Income from financial operations and other operating income were also down by €254.7 million and €206.4 million, respectively. This was offset by the favourable evolution of operating costs (€-124.7 million, -12.0%) and tax headings (€-830.3 million).

(EUR Million)

DOMESTIC ACTIVITY CONTRIBUTION TO CONSOLIDATED P&L (*)	2015-12	2016-12	Change
			(%)
Net interest inc. incl. inc. from eq. investm.	636.0	658.5	3.5%
Commissions (net)	366.9	349.9	-4.6%
Income from financial operations	229.1	-25.5	-
Other operating income	70.6	-135.8	-
Total operating income	**1.302.7**	**847.0**	**-35.0%**
Employee costs	585.7	497.4	-15.1%
Other administrative expenses	388.3	355.4	-8.5%
Depreciation and amortisation	69.4	65.8	-5.2%
Operating costs	**1.043.4**	**918.6**	**-12.0%**
Net operating income before impairments	259.3	-71.6	-
Provisions and impairments	579.3	2.722.3	369.9%
Income from associated companies	46.7	46.7	0.1%
Income from subsidiaries held for sale	-1.6	0.0	-
Net Inc. before tax and non-controlling interest	-275.0	-2.747.2	-
Tax	18.7	-830.3	-
Non-controlling interest	17.2	-1.7	-
Net income	**-310.8**	**-1.915.2**	**-**

(*) Pure intragroup transactions with no impact on consolidated net income are not eliminated

The international businesses' contribution to the Group's consolidated net income, in 2016, also affected by impairment and provisions of €294.6 million, totalled €55.7 million (down 60.1% over the preceding year). Total operating income was down 2.9% by €23.0 million having afected by the 13.8% decrease of €15.2 million in income from financial operations. Operating costs were down 6.6% by €26.6 million.

(EUR Million)

INTERNATIONAL ACTIVITY CONTRIBUTION TO CONSOLIDATED P&L (*)	2015-12	2016-12	Change
			(%)
Net interest inc. incl. inc. from eq. investm.	526.4	548.4	4.2%
Commissions (net)	130.4	113.0	-13.3%
Income from financial operations	110.1	94.9	-13.8%
Other operating income	13.5	1.1	-91.9%
Total operating income	**780.4**	**757.4**	**-2.9%**
Employee costs	218.2	208.4	-4.5%
Other administrative expenses	154.3	141.5	-8.3%
Depreciation and amortisation	33.0	29.1	-11.9%
Operating costs	**405.6**	**379.0**	**-6.6%**
Net operating income before impairments	374.9	378.4	1.0%
Provisions and impairments	136.1	294.6	116.5%
Income from subsidiaries held for sale	10.3	10.8	4.9%
Income from associated companies	0.4	0.8	76.4%
Net Inc. before tax and non-controlling interest	249.5	95.4	-61.8%
Tax	37.4	3.6	-90.2%
Non-controlling interest	72.7	36.1	-50.4%
Net income	**139.4**	**55.7**	**-60.1%**

(*) Pure intragroup transactions with no impact on consolidated net income are not eliminated

The largest contributors to net income from international activity in 2016 were BNU Macau (63.1 million), CGD's France branch (€40.5 million[1]), BCG Angola (€26.3 million) and BCG Spain (€25.4 million).

(EUR Million)

INTERNATIONAL ACTIVITY CONTRIBUTION TO CONSOLIDATED P&L	2015-12	2016-12	Change
			(%)
BNU Macao	58.8	63.1	7.2%
BCG Angola	33.9	26.3	-22.2%
BCG Spain	25.3	25.4	0.6%
Mercantile Bank (South Africa)	10.3	10.8	4.9%
BCI (Mozambique)	19.8	10.3	-48.0%
Africa - other units	0.7	2.2	206.8%
BCG Brazil	-6.9	1.4	-
Branches	18.8	-72.6	-
of which: France Branch	43.2	40.5	-6.3%
Other	-21.3	-11.2	-
Total	**139.4**	**55.7**	**-60.1%**

[1] Amount excluding the non-recurrent net profit of €28.1 million.

5. CONSOLIDATED ACCOUNTS

(EUR Million)

BALANCE SHEET			Change	
ASSETS	2015-12	2016-12	Total	(%)
Cash and cash equivalents with central banks	2.880	1.841	-1.039	-36.1%
Loans and advances to credit institutions	4.785	3.976	-809	-16.9%
Securities investments	18.986	15.017	-3.970	-20.9%
Loans and advances to customers	65.759	62.867	-2.892	-4.4%
Assets with repurchase agreement	1.081	800	-281	-26.0%
Non-current assets held for sale	830	1.426	596	71.7%
Investment properties	1.125	978	-147	-13.0%
Intangible and tangible assets	754	693	-62	-8.2%
Investm. in subsid. and associated companies	277	312	35	12.6%
Current and deferred tax assets	1.511	2.588	1.077	71.2%
Other assets	2.912	3.051	139	4.8%
Total assets	**100.901**	**93.547**	**-7.354**	**-7.3%**
LIABILITIES				
Central banks' and credit institutions' resources	5.433	5.800	367	6.7%
Customer resources	73.426	69.680	-3.746	-5.1%
Debt securities	6.700	4.184	-2.516	-37.6%
Financial liabilities	1.739	1.695	-43	-2.5%
Provisions	992	1.127	135	13.6%
Subordinated liabilities	2.429	2.424	-5	-0.2%
Other liabilities	3.998	4.754	756	18.9%
Sub-total	**94.718**	**89.664**	**-5.053**	**-5.3%**
Shareholders' equity	**6.184**	**3.883**	**-2.301**	**-37.2%**
Total	**100.901**	**93.547**	**-7.354**	**-7.3%**

(EUR Thousand)

INCOME STATEMENT			Change	
	2015-12	2016-12	Total	(%)
Interest and similar income	2.904.572	2.628.032	-276.541	-9.5%
Interest and similar costs	1.819.871	1.483.164	-336.707	-18.5%
Net interest income	1.084.701	1.144.868	60.166	5.5%
Income from equity instruments	74.267	52.389	-21.878	-29.5%
Net interest inc. incl. inc. from eq. investm.	**1.158.968**	**1.197.256**	**38.288**	**3.3%**
Income from services and commissions	621.565	584.068	-37.497	-6.0%
Costs of services and commissions	123.408	120.489	-2.919	-2.4%
Commissions (net)	498.157	463.579	-34.578	-6.9%
Income from financial operations	345.857	79.457	-266.400	-77.0%
Other Operating Income	-4.172	-193.141	-188.969	-
Non-interest income	**839.842**	**349.895**	**-489.947**	**-58.3%**
Total Operating Income	**1.998.810**	**1.547.151**	**-451.659**	**-22.6%**
Employee costs	803.948	705.850	-98.098	-12.2%
Other administrative expenses	458.302	439.615	-18.687	-4.1%
Depreciation and amortisation	102.413	94.870	-7.543	-7.4%
Operating costs and depreciation	1.364.663	1.240.336	-124.328	-9.1%
Net Operating Income before Impairments	**634.147**	**306.816**	**-327.331**	**-51.6%**
Provisions and impairments of other assets (net)	159.198	620.543	461.344	289.8%
Credit impairment net of reversals	556.206	2.396.399	1.840.193	330.8%
Provisions and impairments	**715.404**	**3.016.941**	**2.301.537**	**321.7%**
Income from subsidiaries held for sale	**8.705**	**10.821**	**2.116**	**24.3%**
Income from associated companies	**47.099**	**47.480**	**381**	**0.8%**
Net Inc. before tax and non-controlling interest	**-25.453**	**-2.651.825**	**-2.626.372**	**-**
Tax	**56.087**	**-826.654**	**-882.741**	**-**
Current and deferred	23.909	-865.722	-889.631	-
Extraordinary contrib. on the banking sector	32.178	39.068	6.890	21.4%
Consolidated net income for period	**-81.541**	**-1.825.171**	**-1.743.631**	**-**
of which:				
Non-controlling interest	89.912	34.351	-55.561	-61.8%
Net income attrib. to CGD shareholder	**-171.453**	**-1.859.523**	**-1.688.070**	**-**

The December 2015 values have been restated, considering Mercantile Bank Holdings, Ltd. as a non-current asset held for sale.

6. SEPARATE ACCOUNTS

(EUR million)

BALANCE SHEET			Change	
ASSETS	2015-12	2016-12	Value	(%)
Cash and cash equivalents with central banks	1,774	867	-907	-51.1%
Loans and advances to credit institutions	5,401	4,553	-848	-15.7%
Securities investments	20,349	15,999	-4,350	-21.4%
Loans and advances to customers	54,391	52,013	-2,377	-4.4%
Assets with repurchase agreement	771	422	-349	-45.3%
Non-current assets held for sale	387	341	-45	-11.7%
Investment properties	3	3	0	11.2%
Investm. in subsid. and associated companies	429	397	-32	-7.5%
Intangible and tangible assets	3,765	3,654	-111	-2.9%
Current and deferred tax assets	1,279	2,341	1,062	83.1%
Other assets	2,277	2,408	131	5.7%
Total assets	**90,825**	**83,000**	**-7,825**	**-8.6%**
LIABILITIES				
Central banks' and credit institutions' resources	5,707	5,954	247	4.3%
Customer resources	61,950	58,649	-3,301	-5.3%
Debt securities	6,686	4,217	-2,469	-36.9%
Financial liabilities	6,054	5,764	-291	-4.8%
Provisions	868	1,088	220	25.4%
Subordinated liabilities	2,604	2,622	18	0.7%
Other liabilities	2,101	2,218	117	5.6%
Sub-total	**85,970**	**80,512**	**-5,459**	**-6.3%**
Shareholders' equity	**4,855**	**2,488**	**-2,367**	**-48.7%**
Total	**90,825**	**83,000**	**-7,825**	**-8.6%**

The December 2015 values have been restated as a result of Notice 5/2015 of 7th December from Bank of Portugal, which led to the application of IAS 39 for the calculation of impairments losses in credits and other receivables.

(EUR thousand)

INCOME STATEMENT			Change	
	2015-12	2016-12	Value	(%)
Interest and similar income	2,241,503	1,939,389	-302,114	-13.5%
Interest and similar costs	1,617,336	1,274,441	-342,895	-21.2%
Net interest income	624,166	664,948	40,782	6.5%
Income from equity instruments	438,592	57,540	-381,052	-86.9%
Net interest income incl. income from equity investm.	**1,062,758**	**722,488**	**-340,270**	**-32.0%**
Income from services and commissions	440,285	435,055	-5,230	-1.2%
Costs of services and commissions	92,769	85,573	-7,196	-7.8%
Commissions (net)	347,515	349,482	1,966	0.6%
Net results of assets and liabilities at fair value through profit or loss	88,799	-76,089	-164,888	-
Net gain on available-for-sale financial assets	210,872	95,464	-115,408	-54.7%
Net foreign exchange revaluation gain	12,570	13,450	880	7.0%
Net gain on the sale of other assets	147,593	-17,159	-164,752	-
Other operating income	34,240	10,238	-24,003	-70.1%
Non-interest income	**841,590**	**375,386**	**-466,205**	**-55.4%**
Total operating income	**1,904,349**	**1,097,874**	**-806,475**	**-42.3%**
Employee costs	590,815	503,720	-87,094	-14.7%
Other administrative expenses	345,375	321,970	-23,404	-6.8%
Depreciation and amortisation	69,508	65,775	-3,734	-5.4%
Operating costs and depreciation	1,005,698	891,465	-114,232	-11.4%
Net operating income before impairments	**898,651**	**206,408**	**-692,243**	**-77.0%**
Provisions net of reversals	27,530	314,874	287,343	1043.7%
Credit impairment net of reversals	481,481	2,257,879	1,776,398	368.9%
Impairments of other assets (net)	99,342	452,368	353,027	355.4%
Provisions and impairments	**608,353**	**3,025,121**	**2,416,768**	**397.3%**
Net income before tax	**290,298**	**-2,818,712**	**-3,109,010**	**-**
Tax	**101,509**	**-839,441**	**-940,950**	**-**
Current and deferred	71,956	-875,271	-947,227	-
Extraordinary contribution on the banking sector	29,553	35,830	6,277	21.2%
Net income for period	**188,789**	**-1,979,272**	**-2,168,060**	**-**

The December 2015 values have been restated as a result of Notice 5/2015 of 7th December from Bank of Portugal, which led to the application of IAS 39 for the calculation of impairments losses in credits and other receivables.

Lisbon, 15 March 2017