PRESS RELEASE

Consolidated results
3rd Quarter 2018 (*)

(Unaudited financial information)

Third quarter results confirm an increase in core profitability and improved asset quality following the successful implementation of the Strategic Plan acknowledged by a rating upgrade.

- CGD's consolidated activity continued to be positively impacted by the implementation of its strategic plan which generated net income of €369.3 million, in the first nine months of 2018, equivalent to a ROE[(1)] (return on equity) of 6.7%;

- This level of profitability, above the forecast set out in CGD's strategic plan for 2018 (5%), reflects the evolution of the following accounts:

  - CGD Portugal's net interest income was up 4.0% over the first nine months of 2017 to €546.4 million. Consolidated net interest income, impacted by adverse foreign exchange effects in Angola and Macau was down 2.4% to €886.5 million;

  - An improvement of 8.8% in net fees and commissions in the first nine months of 2018, in comparison to the same period 2017;

  - A visible 12.4% reduction in operating costs[(2)];

- The maintenance of a low cost of credit risk of 0.26%, confirming the quality of CGD's assets as well as their coverage ratio.

- Net core operating income before impairments was up 23% over the end of the first nine months of 2017 to €554 million;

[1] Net ROE from current activity = (Net Income + non-recurring costs + Non-controlling interests) / Average Shareholders' equity (13 observations)

- CGD's total operating income of €1,330.1 million, in the first nine months of 2018, was down €195.7 million year-on-year 2017, having been sharply impacted by the expected reduction of net trading income, owing to its highly expressive proportion in 2017;

Core Activity Evolution	2017-09	2018-09	Var. (Abs)	Var. (%)
Net interest income	909	887	-22	-2.4%
of which CGD Portugal	526	546	21	4.0%
Net fees and commissions	333	362	29	8.8%
Recurrent operating costs	792	695	-98	-12.4%
Net core oper. income before impairments [(2)]	449	554	105	23.4%
Prov. and impair. for credit risk (net)	41	49	8	19.1%
Non-control. interests and results ass. companies	-12	12	24	-
Recurrent net operating income before impairments	396	517	121	30.5%
Net income	-47	369	416	-

- CGD's efficiency level continued to progress favourably with a cost-to-income ratio of 51%;

- Net income of €369.3 million in the first nine months of 2018 was sharply up over the negative €46.8 million of September 2017;

- CGD's asset quality continued to show remarkable improvement with the CGD Group NPL (non-performing loans) ratio reaching 9.6%, when considering the sale of a credit portfolio concluded in early October;

[2] Excluding non-recurring costs of M€ 44.3 in 2018 and M€ 272.5 in 2017 for staff reduction programs as well as administrative expenses;

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- Without considering the effect of this disposal, the NPL ratio at the end of the third quarter was 10.5%, with impairment and collateral coverage ratios on the said date of 61.5% and 42.1% respectively (total coverage ratio of 103.5%);

- Total resources continue to benefit from the preference of CGD's customers with domestic activity comprising a total amount of €70,968 million;

- Increase of 26% in new mortgage lending operations, an increase of 230 million euros compared to the first nine months of 2017;

- New factoring and confirming operations increased by 18%, equipment and property leasing by 38% and 26%, respectively, over the first nine months of 2017;

- Credit evolution marked by the reduction of NPL's. Nonetheless, the performing credit stock is up 3% over the same period last year;

- CGD continued to enjoy a highly favourable liquidity status with €11.9 billion in eligible assets included in the Eurosystem pool and an LCR (liquidity coverage ratio) of 253%;

- The phased-in and fully implemented CET 1 ratios both stood at 14.6%. The phased-in tier 1 and total ratios of 15.6% and 17.0%, were indicative of the robustness of CGD's capital position, even without any phasing in period for the implementation of IFRS 9 in first quarter 2018;

- CGD's performance in implementing its strategic plan and the completion of its recapitalisation plan in 2018, together with the favourable economic environment in Portugal, were reflected in Moody's two notch upgrade of CGD's rating from Ba3 to Ba1, in October.

(*) The 2017 September 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 since December 2016. The whole analysis in this document was done comparably to the September 2017 restated accounts.

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

1. MAIN INDICATORS

CGD CONSOLIDATED	*Restated*		
BALANCE SHEET AND P&L INDICATORS (EUR million)	2017-09	2017-12	2018-09
Net assets	94,807	93,248	90,960
Loans and advances to customers (net)	56,241	55,255	53,118
Customer deposits	65,005	63,499	63,515
Total operating income	1,526	1,965	1,330
Net core operating Income before impairments (1)	449	634	554
Net income	-47	52	369
Net income from current activity (2)	473	661	375
PROFIT AND EFFICIENCY RATIOS			
Gross return on equity - ROE (3) (4)	3.2%	4.1%	11.0%
Net return on equity - ROE (4)	-0.3%	1.1%	6.6%
Gross return on assets - ROA (3) (4)	0.2%	0.3%	1.0%
Net return on assets - ROA (4)	0.0%	0.1%	0.6%
Total operating income / Average net assets (3) (4)	2.2%	2.1%	2.0%
Employee costs / Total operating income (3)	46.7%	33.1%	33.6%
Employee costs recurrent / Total core operating income (1) (2)	37.2%	36.0%	33.6%
Cost-to-income BoP (3)	68.8%	55.5%	53.8%
Cost-to-income (2) (3)	51.2%	55.1%	50.5%
Cost-to-core income (2) (6)	62.3%	60.6%	54.9%
CREDIT QUALITY AND COVER LEVELS (7)			
NPL ratio - EBA	13.1%	12.0%	10.5%
NPE ratio - EBA	9.9%	9.3%	8.0%
NPL coverage - EBA	53.7%	56.7%	61.5%
NPE coverage - EBA	53.9%	56.4%	60.7%
Forborne ratio for loans and advances - EBA (8)	7.1%	6.6%	5.1%
Coverage ratio on forborne loans and advances - EBA (8)	95.2%	97.1%	99.2%
Cost of credit risk(*)	0.14%	0.13%	0.26%
STRUCTURE RATIOS			
Loans & adv. customers (net) / Net assets	59.3%	59.3%	58.4%
Loans & adv. customers (net) / Customer deposits (3)	86.5%	87.0%	83.6%

Note: Indicators calculations according to glossary at:
https://www.cgd.pt/English/Investor-Relations/Other-information/Glossary/Other-versions/Documents/Glossary_10MAY2018.pdf
Solvency and credit quality ratios as of end-September 2018 are estimated, subject to change upon their definitive calculation. Solvency ratios include Net income of the period.
(1) Net core operating Income before impairments = Total operating income of core activity - Operating Costs; Total operating income of core activity = Net interest income + net fees and commissions;(2) Excluding non-recurring costs of M€ 44.3 in 2018 and M€ 272.5 in 2017 for staff reduction programs as well as general administrative expenses; (3) Ratios defined by the Bank of Portugal (instruction 6/2018); (4) Considering average shareholders' equity and net asset values (13 observations); (5) Net ROE from current activity = (Net Income + Non-recurring costs + Non-controlling interests) / Average Shareholders' equity (13 observations) (6)Operating costs /Total operating income of core activity; (7) Prudencial perimeter, except when marked with (*); (8) CGD Portugal Ratios.

CGD CONSOLIDATED			
SOLVENCY AND LIQUIDITY RATIOS (CRD IV/CRR) (1)	2017-09	2017-12	2018-09
CET 1 (phased-in)	13.0%	14.0%	14.6%
Tier 1 (phased-in)	14.0%	15.1%	15.6%
Total (phased-in)	14.7%	15.7%	17.0%
CET 1 (fully implemented)	12.7%	14.0%	14.6%
Liquidity coverage ratio	204.2%	208.9%	252.8%
OTHER INDICATORS			
Number of branches - CGD Group	1,144	1,139	1,068
Number of branches - CGD Portugal (Physical branches from individuals network	588	587	522
Number of employees - Domestic activity	8,570	8,321	7,812
Number of employees - CGD Portugal	7,844	7,665	7,359

CGD RATING	Short Term	Long Term
FitchRatings	B	BB-
Moody's	NP	Ba1
DBRS	R-2 (mid)	BBB (low)

(1) Prudencial perimeter

2. CONSOLIDATED INFORMATION

RESULTS

Consolidated net interest income was negatively affected by the impact of the depreciation of Angola's kwanza and Macau's pataca against the euro, countering the evolution in local currency. Excluding the referred to foreign exchange effect, CGD's consolidated net interest income would have reached €922 million euros up 1.5% over the first nine months of 2017.

Net interest income for the first nine months of 2018 was down 2.4% by €22.2 million over the same period of the preceding year to €886.5 million.

CGD Portugal's net interest income was, in turn, up 4.0% over the €525.6 million registered in the same period of 2017 to €546.4 million.

(EUR Million)

RESULTS	Restated		Change 2018-09 vs 2017-09	
	2017-09	2018-09	Total	(%)
Net interest income	908.7	886.5	-22.2	-2.4%
of which CGD Portugal	525.6	546.4	20.9	4.0%
Net fees and commissions	332.8	362.0	29.2	8.8%
Recurrent operating costs	792.5	694.6	-97.9	-12.4%
Net core operating income before impairments (1)	449.1	554.0	104.9	23.4%
Provisions and impairments for credit risk (net)	40.9	48.7	7.8	19.1%
Non-controlling interests and results of associated companies	-12.1	11.6	23.7	-
Recurrent net operating income before impairments	396.2	516.9	120.8	30.5%
Net trading Income	240.8	103.9	-136.9	-56.9%
Income from equity instruments	31.4	15.6	-15.8	-50.4%
Non recurrent costs	272.5	44.3	-228.2	-83.7%
Other provisions (minus other operating income)	20.3	-12.1	-32.4	-
Provisions for the sale of subsidiaries	322.0	0.0	-322.0	-100.0%
Results of subsidiaries held for sale	69.4	33.1	-36.3	-52.3%
Income tax	169.9	268.0	98.1	57.8%
Net income	-46.8	369.3	416.2	-

(1) Excluding non-recurrent costs.

Net fees and commissions in the first nine months of the year was up 8.8% by €29.2 million to €362.0 million in comparison to the end of the same period 2017, having benefited from the increase of €32.3 million registered in Portugal, higher than expected in the plan for 2018.

Net trading income for the January to September 2018 period, deriving from gains on interest rate risk hedging and currency operations totalled €103.9 million.

CGD's total operating income in the first nine months of 2018 was, accordingly, down €195.7 million in comparison to the same period 2017 to €1,330.1 million, influenced by the significant reduction of net trading income, given its highly expressive proportion in 2017.

Consolidated operating costs in the first nine months of 2018 were down 30.6% by €326.0 million to €738.9 million in comparison to the same period 2017, year in which they were strongly impacted by non-recurring costs related to provisions for the Early Retirement and Mutually Agreed Redundancy Programmes and to the international Branches' restructuring costs. Excluding non-recurring items, the year-on-year reduction of these costs would have been 12.4%, across all accounts. This confirms CGD Group's trajectory in terms of rationalising its operations.

Net operating income before impairment was up 28.3% by €130.3 million, in comparison to the same period of the preceding year. Core operating income, in turn, as the sum of net interest income and commissions, net of operating costs was up €104,9 million in the period under analysis to €554,0 million.

Credit impairment (net) was €116.0 million in the January to September 2018 period. The credit impairment (net) indicator, as a percentage of the average credit portfolio balance, in September 2018, stood at an annualised 0.26% certifying the quality of CGD assets in addition to their coverage ratio.

Income tax for the first nine months of 2018 amounted to €268.0 million against €170.0 million for the same period 2017 an increase justified by the rise in operating results. The referred to tax includes a special banking sector contribution of €32.9 million in the first nine months of 2018 (€36.5 million in the same period 2017).

Income from subsidiaries held-for-sale totalled €33.1 million. Results of associated companies were in turn, up €22.4 million over the first nine months of 2017 to €44.5 million, reflecting the favourable evolution of insurance activity.

The referred to evolution resulted in consolidated net income of €369.3 million for CGD in the first nine months of 2018, against a negative €46.7 million for the same period of the preceding year.

BALANCE SHEET

CGD's consolidated net assets of €90,960 million at the end of third quarter 2018 were down 4.1% by €3,846 million over the same period 2017 with loans and advances to customers down by €3,123 million compared to September 2017, which were sharply affected by the reduction policy on NPLs (non-performing loans).

Cash balances and loans and advances to credit institutions at 30 September 2018, were up €1,149 million over September 2017 to €8,660 million.

(EUR Million)

BALANCE SHEET - Main headings	Restated 2017-09	2017-12	2018-09	Change 2018-09 vs. 2017-09 (%)	Change 2018-09 vs. 2017-12 (%)
Net assets	94,807	93,248	90,960	-4.1%	-2.5%
Cash and loans and advances to credit institutions	7,511	8,348	8,660	15.3%	3.7%
Securities investments [(1)]	17,099	15,804	16,279	-4.8%	3.0%
Loans and advances to customers (net) [(1)]	56,241	55,255	53,118	-5.6%	-3.9%
Loans and advances to customers (gross) [(1)]	60,880	59,811	57,212	-6.0%	-4.3%
Central banks' and credit institutions resources	3,996	4,043	2,651	-33.7%	-34.4%
Customer resources	65,108	63,631	63,608	-2.3%	0.0%
Debt securities	4,091	4,051	3,259	-20.3%	-19.6%
Shareholders' equity	7,973	8,274	8,244	3.4%	-0.4%

(1) Includes assets with repo agreements.

Gross loans and advances to companies in Portugal, excluding construction and real estate, continued to grow over the first nine months of 2018 (up 6% by €440 million over December 2017 to €8,236 million).

The new mortgage loans in CGD Portugal totalled 1,109 million euros, up €230 million (+ 26%) over September 2017.

Customer resources were down 2.3% by €1.5 billion, more than offset by the positive performance of off-balance-sheet resources taken (+ EUR 2,169 million).

The central banks' and credit institutions' resources were down 33.7% by €1,345 million, this change is explained by the early repayment of €2 billion in ECB finance in the form of TLTRO 2 (targeted longer-term refinancing operations).

CGD retained its leading position in the domestic market, both in terms of total deposits with a market share of 26%, as in individual customers' deposits with 29%.

(EUR Million)

RESOURCES TAKEN	Restated 2017-09	2017-12	2018-09	Change 2018-09 vs. 2017-09 (%)	Change 2018-09 vs. 2017-12 (%)
Balance sheet	**74,670**	**72,753**	**71,043**	**-4.9%**	**-2.4%**
Central banks' & cred instit. resources	3,996	4,043	2,651	-33.7%	-34.4%
Customer deposits (Consolidated)	65,005	63,499	63,515	-2.3%	0.0%
Domestic activity	53,741	52,319	53,471	-0.5%	2.2%
International activity	11,264	11,180	10,044	-10.8%	-10.2%
Covered bonds	3,824	3,851	3,060	-20.0%	-20.5%
EMTN and other securities	1,742	1,228	1,725	-1.0%	40.4%
Other	103	132	93	-10.0%	-29.7%
Off-balance sheet	**18,043**	**19,210**	**20,212**	**12.0%**	**5.2%**
Investment funds	3,519	3,928	3,993	13.4%	1.7%
Real estate investment funds	969	972	966	-0.3%	-0.6%
Pension funds	3,639	3,770	3,758	3.3%	-0.3%
Financial insurance	7,382	7,639	8,355	13.2%	9.4%
OTRV Portuguese Governm. Bonds	2,533	2,901	3,140	24.0%	8.3%
Total	**92,713**	**91,963**	**91,255**	**-1.6%**	**-0.8%**
Total resources (domestic activity) [(1)]	**69,481**	**68,781**	**70,968**	**2.1%**	**3.2%**

(1) Includes customer deposits, investment funds, financial insurance, OTRV and other bonds, owned by customers.

Total resources taken from domestic activity were up 2.1% over the same period last year and up 3.2% over December 2017 to €70,968 million at the end of September 2018. They were particularly influenced by the 12.0% increase of €2,169 million in off-balance sheet items. Special reference should also be made to the 13.2% increase of €973 million in financial insurance and the 24.0% increase of €607 million in variable rate treasury bond issuances in comparison to the same period of the preceding year.

(EUR Million)

LOANS AND ADVANCES TO CUSTOMERS	Restated 2017-09	2017-12	2018-09	Change 2018-09 vs. 2017-09 Total	Change 2018-09 vs. 2017-09 (%)	Change 2018-09 vs. 2017-12 (%)
CGD Portugal	**50,162**	**48,826**	**47,058**	**-3,104**	**-6.2%**	**-3.6%**
Corporate	16,415	15,706	15,053	-1,362	-8.3%	-4.2%
General government	5,479	5,117	5,035	-443	-8.1%	-1.6%
Institutionals and other	1,224	1,254	1,125	-99	-8.1%	-10.3%
Individual customers	27,045	26,750	25,844	-1,201	-4.4%	-3.4%
Mortgage loans	26,158	25,861	24,962	-1,196	-4.6%	-3.5%
Other	887	889	882	-5	-0.5%	-0.7%
Other CGD Group companies	**10,718**	**10,985**	**10,154**	**-564**	**-5.3%**	**-7.6%**
Total	**60,880**	**59,811**	**57,212**	**-3,669**	**-6.0%**	**-4.3%**

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

Loans and advances to customers (gross), including loans with repurchase agreements, were down 4.3% over December of the preceding year to €57,212 million at the end of September 2018, with loans and advances to companies and to individual customers from CGD Portugal's activity down 4.2% and 3.4%, respectively. Special reference, herein, should be made to the process of reducing non-productive exposures, based on disposals, as well as the maintenance of a deleveraging trend by domestic economic operators, albeit less expressive.

CGD had a 20% share of the credit market in August 2018 (16% in the case of lending to corporates and 25% to individual customers for housing purposes).

The loans-to-deposits ratio of 83.6% in September 2018 (86.5% in September 2017), reflected the marked preference of CGD's customers for deposits even in an environment of low interest rates.

The evolution of CGD's asset quality was favourable, with a reduction of €1.3 billion in NPLs (non-performing loans according to the EBA definition) − down 16.1% over December 2017, given the positive evolution of cured, writte-offs and recovery components. The NPL ratio at the end of the third quarter stood at 10.5% with impairment and collateral coverage of 61.5% and 42.1% respectively at the said date (total coverage ratio of 103.5%).

If the impact of the sale of an NPL portfolio concluded in early October was considered for the September 30th accounts, CGD Group would have had an NPL ratio of 9.6%.

NPL, NPE and COVERAGE	Consolidated		CGD Portugal	
Gross ratios	2017-09	2018-09	2017-09	2018-09
NPE (1)	9.9%	8.0%	10.9%	8.9%
NPL (2)	13.1%	10.5%	14.4%	11.4%
Coverage by impairments				
NPE	53.9%	8.9%	57.2%	63.8%
NPL	53.7%	61.5%	57.3%	64.4%

(1) NPE - Non performing exposure - EBA definition. (2) NPL - Non performing loans - EBA definition.

LIQUIDITY

Taking advantage of its comfortable liquidity situation, CGD reduced its borrowings from the ECB across 2018. Resources obtained from the ECB from CGD Group at the end of September were down to around €1.1 billion in comparison to €3.5 billion in December of the preceding year. This decrease was based on CGD's early repayment of all of its liabilities to the ECB in June for the amount of €2 billion in TLTRO 2 in addition to a reduction of almost €400 million in other CGD Group entities' borrowings.

The amount of CGD's eligible assets included in the ECB's collateral pool was down in line with the reduction of its borrowings from €12 billion in December 2017 to around €10.5 billion at the end of September 2018. The decrease, in CGD Group terms, was from €13.6 billion to €11.9 billion.

CGD issued €500 million in tier 2 securities in June, solely for institutional investors, to complete the last stage of its recapitalisation plan started in 2017. The issuance has a maturity of 10 years with an early redemption option available to CGD at the end of the fifth year at an interest rate of 5.75% for the first five years. This had the effect of increasing the outstanding issuances balance under the EMTN programme from €925 million at the start of the year to €1.4 billion at the end of the third quarter.

On account of the maturity of a €750 million issuance in January, the funding balance under the covered bonds programme was down from €5.3 billion at the end of December 2017 to €4.5 billion in September 2018.

The liquidity position in the form of an LCR (liquidity coverage ratio) of 252,8%, at the end of September 2018 was highly favourable and in excess of regulatory requirements and the average of European Union banks.

SOLVENCY

Consolidated shareholders' equity, at 30 September 2018, was up €271 million over the same period 2017 to €8,244 million. Other reserves and retained earnings were down, largely owing to the impact of the full implementation of IFRS 9, in which CGD decided not to take advantage of the phasing-in option.

SHAREHOLDERS' EQUITY	Restated		
	2017-09	2017-12	2018-09
Share capital	3,844	3,844	3,844
Other capital instruments	500	500	500
Revaluation reserves	321	395	239
Other reserves and retained earnings	2,981	3,098	2,955
Non-controlling interests	374	385	336
Net income	-47	52	369
Total	**7,973**	**8,274**	**8,244**

The other capital instruments account for an amount of €500 million, refers to the additional tier 1 market issuance at the end of March 2017.

The phased-in and fully implemented CET 1 ratios in September both stood at 14.6%. The tier 1 and total ratios, at 15.6% and 17.0%, respectively, easily met the capital requirements currently in force at CGD.

SOLVABILITY	Phased-in		Fully Implemented	
	2017-12	2018-09	2017-12	2018-09
CET I	14.0%	14.6%	14.0%	14.6%
Tier I	15.1%	15.6%	15.0%	15.6%
Total	15.7%	17.0%	15.2%	16.9%

The capital ratios at the said date include the full impacts of the implementation of IFRS 9 (-0.25%), the phasing-in process in 2018 (-0.06%) and the deduction of irrevocable commitments associated with mandatory contributions (-0.35%). The reduction of risk-weighted assets and capital from net income for the first three quarters of the year gave rise to increases of 0.38% and 0.85% respectively.

RELEVANT EVENTS

Rating

Moody's two notch upgrade of its ratings on CGD's deposits and long term senior debt from Ba3 to Ba1 (October 2018), mainly reflected the progress made on implementing the strategic plan 2017-2020, in terms of profitability, improved asset quality and strengthening capital ratios.

Digital banking

CGD introduced its digital transformation programme at the start of 2018, to adjust its service to customers' needs.

Under this programme and with the objective of improving customer's accessibility to digital solutions, the first nine months of 2018 witnessed the launch of CGD's App Caderneta as a digital version of CGD's bank account passbook which was particularly designed for the senior segment, the possibility of opening an account by video call, a new Caixadirecta app that, in addition to being more user-friendly increases the number of functionalities to 120 and, lastly, Caixa Easy, as a smartphone service enabling small amounts to be transferred using a mobile phone number, without identifying the number of the current account to be credited.

As a way to incentivize young customers to use financial and banking tools that will allow them in the future, to better manage their resources, Caixa launched a version of Caixadirecta for 12-17 years old with a special "Consults" feature.

Reference should be made to the significant increase in the use of the new Caixadirecta app, which, in August, already accounted for around 55% of accesses to Caixadirecta and which is the number 1 app in play stores, with 190 thousand downloads in only 4 weeks.

Caixa also continues to commit resources to its remote customers management services which account for 240,000 customers, to meet the needs of customers who prefer a proximity relationship with the bank with the convenience of extended opening times and a multiplicity of contact channels.

CGD is therefore providing for day-to-day management oversight needs, savings, investment and loans for personal projects, enabling agreements for products and services to be entered into in a more comfortable, convenient and secure manner.

CGD Group had two million individual and corporate digital customers with active contracts, in the domestic and foreign markets at the end of this nine months period. This comprises a year-on-year increase of 154,000 new customers.

The results of the BASEF Internet Banking (average for 2017) survey produced by Marktest shows CGD to be the leader in terms of the number of internet banking services users in Portugal with 46% of the total – more than twice the number of its closest banking competitor.

Caixa continues to be the only bank in the top 20 in terms of the number of social network searches, with 1,297,000. This is more than twice that of the second placed bank (PHD/NetAudience – August).

Conta Caixa accounts

Customers continue to express their preference for Caixa accounts as a multiproduct solution comprising a current account, online transfers, credit and debit cards and insurance. The total number of subscriptions at the end of September, rose to more than 1,428,000 accounts, or a growth of more than 490,000 new accounts in the nine months period − an increase of more than 52%.

New Commercial Offer

A new program named "Caixa Top" was launched, to distinguish best customers with a differentiating set of advantages and special conditions: speed in credit concession, improved pricing, exclusive treasury products, support with external commerce transactions and many other Top advantages, for reference companies.

In September, Caixa announced a new facility of 1.000 million euros to finance agriculture and agro-industrial activities through its dedicated AgroCaixa – Antecipar lines.

Multicare health insurance subscription was extended from 60 to 65 years old.

Encontros Fora da Caixa conferences

CGD organised ten nationwide Encontros Fora da Caixa meetings from January to September 2018 (Castelo Branco, Aveiro, Lisbon, Évora, Porto, Beja, Setúbal, Bragança, Fátima and Coimbra), dealing with regional issues and helping to define a strategic vision for companies and the country. These meetings were attended by more than 5,400 CGD customers.

*Agência Móve*l (Mobile Branch) – a proximity service

The third mobile branch office was launched in September and expanded the coverage of this innovative proximity and convenience service to 18 locations in the municipal districts of Arronches, Elvas, Crato, Castelo de Vide, Marvão, Monforte, Nisa, Ponte de Sor, Portalegre and Sousel, with a fortnightly visit aiming to improve the relationship between Caixa and local inhabitants, particularly in areas in which there are no traditional banking services.

Market leadership

Caixa continues to be the leader in some major client segments and products, including Wealth Management (39%/Sep18), Investment Funds (33%/Sep18), Individual Deposits (29%/Sep18), Credit to Households (21%/Aug18), bank cards and payments (22%/Sept18) and minimum service accounts, for which Caixa is the leader with approximately 50% share.

Special reference during the third quarter to the public offering of OTRV "July 2025" which Caixa led in terms of number of orders collected – 40% of clients opted for Caixa.

In the new academic season Caixa executed a large scale digital operation in 80 Universities and Polytechnic Institutes, encompassing over 40 thousand new students, attaining a universe of more than 1 million customers over the last 24 years.

Prizes and distinctions

Across the first nine months of 2018, the following awards and distinctions were attributed distinguishing CGD Group's activity in retail banking, investment banking and fund management:

- CGD – *First in Portugal* at the *Top 1000 World Banks 2018 ranking*, rising from the 260th position to 154th in just one year;

- CGD – *Best Retail Bank in Portugal 2017*, by English EMEA Finance magazine, in its *Europe Banking Awards 2017*;
- CGD – *Most reputed brand 2018 – Banking*, by Marktest Reputation Index (MRI);
- CGD – Bank with most valuable reputation in Portuguese banking in 2017, by ON Strategy;
- CGD – *Brand with greatest notoriety in Portuguese banking*, BrandScore 02Q18;
- CaixaBI - *Best Investment Bank in Portugal 2018*, by American Global Finance magazine, in its annual *World´s Best Investment Banks*;
- CaixaBI – *Best Investment Bank in Portugal 2017*, by English EMEA Finance magazine, in its *Europe Banking Awards 2017*;
- Caixagest – *Best Global Domestic Manager*, by Morningstar, a distinction which it had already received in 2015 and which covers its global offer of funds;
- Caixagest – *Best Domestic Bond Manager*, by Morningstar, for the fourth consecutive year.

3. DOMESTIC AND INTERNATIONAL ACTIVITY

Domestic activity contributed an amount of €246.4 million to CGD Group's net income in the first nine months of 2018, in comparison to a negative €226.2 million in the same period of the preceding year.

In what regards CGD's core activity reference should be made to the 11.1% increase in net fees and commissions over September 2017 to €295.4 million and the 3.9% improvement in net interest income to €590.9 million.

(EUR Million)

DOMESTIC ACTIVITY CONTRIBUTION TO CONSOLIDATED P&L (*)	Restated 2017-09	2018-09	Change
			(%)
Net interest income	568.9	590.9	3.9%
Income from equity instruments	30.3	15.0	-50.5%
Net fees and commissions	265.9	295.4	11.1%
Net trading income	204.5	57.7	-71.8%
Other operating income	45.6	0.7	-98.4%
Total operating income	**1,115.2**	**959.9**	**-13.9%**
Employee costs	591.4	347.3	-41.3%
Administrative expenses	218.7	185.0	-15.4%
Depreciation and amortisation	46.9	28.8	-38.6%
Operating costs	**857.0**	**561.2**	**-34.5%**
Net operating income before impairments	**258.1**	**398.7**	**54.4%**
Credit impairment (net)	41.7	82.9	98.9%
Provisions and impairments of other assets (net)	328.3	-100.7	-
Net operating income	**-111.8**	**416.5**	**-**
Income Tax	133.6	210.7	57.7%
Net operat. inc. after tax and before non-controlling interests	**-245.4**	**205.8**	**-**
Non-controlling interests	2.4	2.8	15.2%
Results of associated companies	21.7	43.4	100.3%
Net income	**-226.2**	**246.4**	**-**

(*) Pure intragroup transactions w ith no impact on consolidated net income are not eliminated.

Net trading income of €57.7 million at the end of the first nine months of 2018, was down over the same period of the preceding year which was marked by exceptionally high earnings. This performance, in conjunction with the evolution of other operating income (a negative €44.9 million), resulted in a 13.9% reduction of total operating income.

Operating costs for the January to September period were down 34.5% to €561.2 million, influenced by the sharp reduction of employee costs, reflecting the Horizonte plan in September 2017. Excluding this effect employee costs would also have been down 9.9%.

Continuing to implement the strategic plan 2017-2020, the number of CGD employees engaged in domestic activity in the first nine months of 2018 was down 509.

(EUR Million)

INTERNATIONAL ACTIVITY CONTRIBUTION TO CONSOLIDATED P&L (*)	Restated 2017-09	2018-09	Change (%)
Net interest income	346.9	297.9	-14.1%
Income from equity instruments	1.1	0.6	-46.0%
Net fees and commissions	66.7	68.1	2.1%
Net trading income	25.4	45.4	78.6%
Other operating income	6.4	-11.7	-
Total operating income	**446.6**	**400.3**	**-10.4%**
Employee costs	130.7	114.4	-12.5%
Administrative expenses	91.3	74.7	-18.2%
Depreciation and amortisation	21.9	18.7	-14.4%
Operating costs	**243.9**	**207.8**	**-14.8%**
Net operating income before impairments	**202.7**	**192.5**	**-5.0%**
Credit impairment (net)	26.4	33.1	25.2%
Provisions and impairments of other assets (net)	-1.3	-16.7	-
Net operating income	**177.6**	**176.1**	**-0.8%**
Income Tax	36.3	57.3	57.9%
Net operat. inc. after tax and before non-controlling interests	**141.3**	**118.8**	**-15.9%**
Non-controlling interests	31.8	30.1	-5.3%
Results from subsidiaries held for sale	69.4	33.1	-52.3%
Results of associated companies	0.4	1.1	158.8%
Net income	**179.3**	**122.9**	**-31.5%**

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

The international area’s contribution of €122.9 million to consolidated net income in the January to September 2018 period was down 31.5% year-on-year 2017. This unfavourable development was due to the depreciation of Angola's kwanza and Macau's pataca against the euro referred to previously and also derived from the reduction of CVC Corretora contribution to CGD Group results as this subsidiary had significant gains in September 2017 following the disposal of its economic rights over Rico Corretora

Notwithstanding the favourable €20 million increase in net trading income, lower levels of net interest income sharply conditioned total operating income of €400.3 million, in the first nine months of 2018. Excluding the referred to foreign exchange effect, net interest income from international activity would have recorded an additional amount of €35.4 million.

The negative evolution of total operating income that, in comparison to the same period of the preceding year was down 10.4% by €46.3 million was partly offset by the decrease of all component parts of the operating costs of international activity. In comparison to the same quarter last year, employee costs were down 12.5%, administrative costs down 18.2% and depreciation fell 14.4%.

The main contributors to consolidated net income were BNU Macau (€48.7 million), BCI Moçambique (€18.5 million) and France branch (€15.5 million).

Following the implementation of the Strategic Plan, the branches in London, Cayman, Offshore Macau, Zhuhai and New York have been closed.

4. CONSOLIDATED ACCOUNTS

(EUR Million)

BALANCE SHEET	Restated			Change 2018-09 vs. 2017-09		Change 2018-09 vs. 2017-12	
ASSETS	2017-09	2017-12	2018-09	Total	(%)	Total	(%)
Cash and cash equiv. with central banks	3,741	4,621	5,001	1,261	33.7%	381	8.2%
Loans and advances to credit instit.	3,770	3,727	3,658	-112	-3.0%	-69	-1.9%
Securities investments	17,099	15,751	15,709	-1,389	-8.1%	-42	-0.3%
Loans and advances to customers	56,241	55,255	53,118	-3,123	-5.6%	-2,137	-3.9%
Assets with repurchase agreement	0	53	570	570	0.0%	517	978.4%
Non-current assets held for sale	6,691	6,757	6,332	-359	-5.4%	-425	-6.3%
Investment properties	951	898	831	-120	-12.6%	-67	-7.5%
Intangible and tangible assets	647	669	506	-141	-21.7%	-163	-24.3%
Invest. in subsid. and assoc. companies	391	415	393	2	0.6%	-22	-5.3%
Current and deferred tax assets	2,482	2,323	2,157	-324	-13.1%	-166	-7.1%
Other assets	2,795	2,780	2,685	-111	-4.0%	-95	-3.4%
Total assets	**94,807**	**93,248**	**90,960**	**-3,846**	**-4.1%**	**-2,287**	**-2.5%**
LIABILITIES							
Central banks' and cred. instit. resources	3,996	4,043	2,651	-1,345	-33.7%	-1,392	-34.4%
Customer resources	65,108	63,631	63,608	-1,500	-2.3%	-23	0.0%
Debt securities	4,091	4,051	3,259	-832	-20.3%	-792	-19.6%
Financial liabilities	1,183	1,060	760	-423	-35.8%	-301	-28.4%
Non-current liabilities held for sale	5,683	5,784	5,495	-188	-3.3%	-289	-5.0%
Provisions	1,316	1,288	1,168	-148	-11.2%	-120	-9.3%
Subordinated liabilities	1,475	1,028	1,525	50	3.4%	497	48.4%
Other liabilities	3,982	4,088	4,251	269	6.8%	163	4.0%
Sub-total	**86,834**	**84,974**	**82,717**	**-4,117**	**-4.7%**	**-2,257**	**-2.7%**
Shareholders' equity	**7,973**	**8,274**	**8,244**	**271**	**3.4%**	**-31**	**-0.4%**
Total	**94,807**	**93,248**	**90,960**	**-3,846**	**-4.1%**	**-2,287**	**-2.5%**

(EUR Thousand)

INCOME STATEMENT	Restated		Change	
	2017-09	2018-09	Total	(%)
Interest and similar income	1,738,854	1,542,883	-195,971	-11.3%
Interest and similar costs	830,122	656,352	-173,771	-20.9%
Net interest income	908,732	886,532	-22,200	-2.4%
Income from equity instruments	31,430	15,604	-15,826	-50.4%
Net interest inc. incl. inc. from eq. investm.	**940,162**	**902,136**	**-38,027**	**-4.0%**
Fees and commissions income	424,337	451,143	26,807	6.3%
Fees and commissions expenses	91,495	89,111	-2,385	-2.6%
Net fees and commissions	332,841	362,033	29,192	8.8%
Net trading income	240,830	103,883	-136,947	-56.9%
Other operating income	11,920	-37,997	-49,917	-
Non-interest income	**585,591**	**427,920**	**-157,672**	**-26.9%**
Total operating income	**1,525,754**	**1,330,055**	**-195,698**	**-12.8%**
Employee costs	722,113	461,736	-260,378	-36.1%
Administrative expenses	274,039	229,659	-44,380	-16.2%
Depreciation and amortisation	68,803	47,519	-21,284	-30.9%
Operating costs	1,064,955	738,914	-326,041	-30.6%
Net operating income before impairments	**460,799**	**591,142**	**130,343**	**28.3%**
Prrovisions and impairment for credit risks(net)	40,870	48,686	7,816	-
Other provisions and impairments	354,200	-50,145	-404,345	-
Provisions and impairments	**395,070**	**-1,459**	**-396,529**	**-**
Net operating income	**65,729**	**592,601**	**526,872**	**801.6%**
Income Tax	**169,856**	**267,957**	**98,101**	**-**
of which Contribution on the banking sector	36,526	32,860	-3,666	-10.0%
Net op. inc. after tax and before non-controlling int.	**-104,127**	**324,644**	**428,771**	**-**
Non-controlling interests	34,161	32,856	-1,306	-3.8%
Results of associated companies	22,084	44,470	22,386	101.4%
Results of subsidiaries held for sale	69,357	33,064	-36,293	-52.3%
Net income	**-46,847**	**369,322**	**416,169**	**-**

5. SEPARATE ACCOUNTS – CGD, S.A.

(EUR million)

BALANCE SHEET				Change 2018-09 vs. 2017-09		Change 2018-09 vs. 2017-12	
ASSETS	2017-09	2017-12	2018-09	Total	(%)	Total	(%)
Cash and cash equiv. with central banks	3,048	3,750	4,216	1,168	38.3%	466	12.4%
Loans and advances to credit inst.	3,800	3,809	3,707	-93	-2.4%	-101	-2.7%
Securities investments	18,906	17,337	17,049	-1,857	-9.8%	-288	-1.7%
Loans and advances to customers	49,508	48,072	46,638	-2,871	-5.8%	-1,435	-3.0%
Non-current assets held for sale	318	713	671	353	111.0%	-42	-5.9%
Intangible and tangible assets	365	336	279	-87	-23.7%	-57	-17.0%
Invest. in subsid. and associat. companies	4,049	3,492	3,544	-505	-12.5%	51	1.5%
Current and deferred tax assets	2,359	2,235	2,078	-281	-11.9%	-157	-7.0%
Other assets	2,437	2,430	2,793	355	14.6%	363	14.9%
Total assets	**84,791**	**82,174**	**80,974**	**-3,816**	**-4.5%**	**-1,200**	**-1.5%**
LIABILITIES							
Central banks' and credit inst. resources	4,906	4,847	3,102	-1,804	-36.8%	-1,745	-36.0%
Customer resources	58,624	56,838	58,081	-543	-0.9%	1,243	2.2%
Debt securities	4,094	4,053	3,259	-834	-20.4%	-793	-19.6%
Financial liabilities	1,180	1,056	754	-426	-36.1%	-302	-28.6%
Provisions	1,360	1,247	1,126	-234	-17.2%	-121	-9.7%
Subordinated liabilities	1,574	1,128	1,633	59	3.7%	505	44.8%
Other liabilities	6,010	5,833	5,675	-335	-5.6%	-158	-2.7%
Sub-total	**77,748**	**75,001**	**73,630**	**-4,118**	**-5.3%**	**-1,372**	**-1.8%**
Shareholders' equity	**7,043**	**7,173**	**7,344**	**301**	**4.3%**	**171**	**2.4%**
Total	**84,791**	**82,174**	**80,974**	**-3,816**	**-4.5%**	**-1,200**	**-1.5%**

(EUR thousand)

INCOME STATEMENT			Change	
	2017-09	2018-09	Total	(%)
Interest and similar income	1,288,761	1,135,482	-153,279	-11.9%
Interest and similar costs	674,444	529,446	-144,998	-21.5%
Net interest income	614,318	606,037	-8,281	-1.3%
Income from equity instruments	58,282	65,153	6,871	11.8%
Net interest income incl. income from eq. investm.	**672,600**	**671,190**	**-1,410**	**-0.2%**
Fees and commissions income	331,472	361,568	30,096	9.1%
Fees and commissions expenses	66,705	62,418	-4,287	-6.4%
Net fees and commissions	264,766	299,150	34,384	13.0%
Net trading income	182,870	62,921	-119,949	-65.6%
Other operating Income	-28,210	-49,958	-21,748	-
Non-interest income	**419,427**	**312,113**	**-107,314**	**-25.6%**
Total operating income	**1,092,027**	**983,303**	**-108,724**	**-10.0%**
Employee costs	598,428	345,440	-252,988	-42.3%
Administrative expenses	216,811	179,983	-36,828	-17.0%
Depreciation and amortisation	48,753	28,844	-19,909	-40.8%
Operating costs	863,992	554,267	-309,725	-35.8%
Net operating income before impairments	**228,035**	**429,036**	**201,001**	**88.1%**
Prrovisions and impairment for credit risk (net)	23,339	21,232	-2,107	-9.0%
Other provisions and impairments	68,610	-106,972	-175,582	-
Provisions and impairments	**91,949**	**-85,740**	**-177,689**	**-**
Net operating income	**136,086**	**514,776**	**378,690**	**278.3%**
Income Tax	**113,907**	**196,270**	**82,364**	**72.3%**
of which contribution on the banking sector	33,509	29,865	-3,645	-10.9%
Net income	**22,179**	**318,506**	**296,326**	**1336.0%**

Lisbon, 30 October 2018