



Consolidated Results 1st Quarter 2018

Unaudited financial information

Investor Relations Office

Date – 10/05/2018








Agenda

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



Highlights

1st Quarter 2018 confirms CGD on the right track, with a consolidated net income of 68 M€^{(1) (2)}

	Strategic Plan	After successfully completing the first year of the Strategic Plan CGD 2020, CGD started 2018 with a quarter of clear progression in its path to profitability, efficiency and asset quality.	
	Business	... supported by the positive evolution of net core operating Income before Impairments...	Evolution 1Q2018 vs. 1Q2017: Net Interest Income: Consolidated -1%, CGD Portugal +6% Commissions: +9%; Operating Costs: -11% Net Core Operating Inc. before Impairments: +27%
	Asset Quality	...by the structurally low cost of credit risk...	Evolution 1Q2018 vs. 1Q2017:⁽³⁾ Cost of Credit Risk: 0.22% NPL: 11.4% (-3.9 pp) NPL Coverage by impairments: 60.1%
	Liquidity	...taking advantage of the strong funding base available...	Deposits: 81% of Liabilities Pool of available Collateral: 13.5 B€ LCR: 241% Loans-To-Deposits: 87%
	Capital	... and keeping a sound capital position.	Capital Ratios (Phased-in), 1Q2018 vs. 1Q2017:⁽³⁾ CET1: 13.6% (+1.3 pp) Tier 1: 14.7% (+1.4 pp) Total: 15.3% (+1.1 pp)

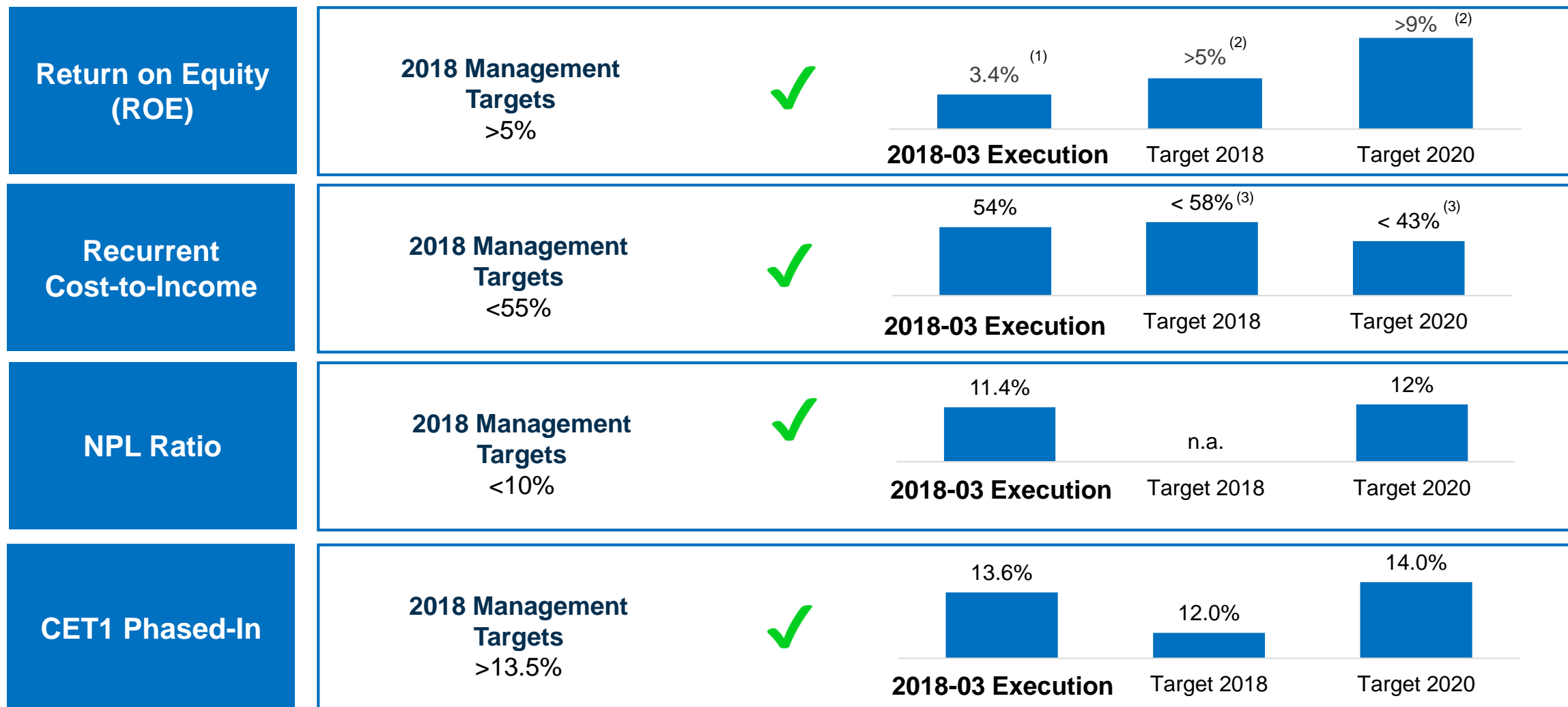
(1) The March 2017 values have been restated, considering BCG Espanha, BCG Brasil and CGD Investimentos CVC as a non-current asset held for sale. Mercantile Bank Holdings was already reclassified as such;

(2) Non-recurring employee costs were considered, relating to employee reduction programmes, for a total gross amount of €58.0 million in the 1st quarter of 2017 and €58.5 million in the 1st quarter of 2018;

(3) March 2018 Solvency and Asset Quality ratios are estimated, subject to change when definitive values are determined, Solvency ratios include Net income of the period.

Strategic Plan - CGD on the right track to 2020

Strategic Plan Targets



Relevant Events

Digital Offer: Building the CGD of the Future

- Group CGD: 2 million digital clients;
- Caixadirecta: 1.5 million of digital clients in CGD Portugal;
- 197 million transactions in 1st quarter 2018;
- 46% of total internet banking users in Portugal (Basef Internet Banking study, by Marktest, 2017 average);
- Launch of Bank Passbook App (Digital Bank Passbook version);
- Sole banking service in pageviews.pt Top 10;
- 300,000 followers in social networks.
- Launch of the distance account opening by video call

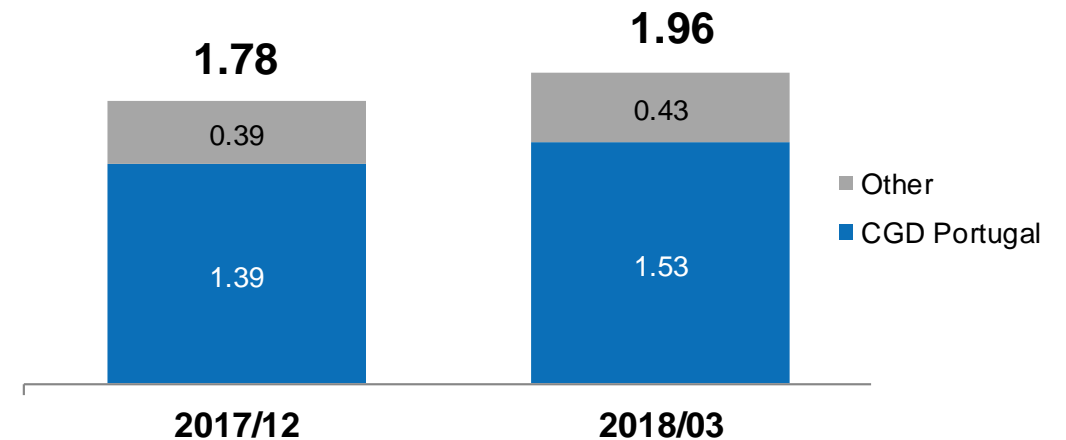


CGD Market Leader

- Individuals Deposits – Market Share: 30%
- Mortgage Loans - Market Share: 25%
- PPR - New Production on Bancassurance chanel: 61%
- OTRV – Placement leader in 2016 and 2017: 41%
- SPGM Credit Lines– Leader in number of operations and volume of credit



Million



Digital Clients – CGD Group

Relevant Events



“Fora da Caixa” Events

- After 10 events in 2017, 4 events were held in the 1st quarter of 2018: Castelo Branco, Aveiro, Lisbon and Évora;
- Topics covering Technology, Innovation, Real estate, Tourism and Culture;
- More than 2,350 CGD customers involved.



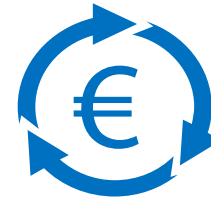
CGD Clients

- Total active clients at CGD Portugal reaches 3,8 Million in March 2018, including 13,000 new clients on the first quarter;
- More than 218,000 clients in University segment;
- CGD’s second mobile banking branch started operating in the first quarter, improving relationship with customers.



Caixa Account

- Easier, targeting customer’s needs;
- > Link to customers and increased revenue;
- Launched in June 2017;
- Mar 2018: > 1,170,000 accounts (+270 thousand since December 2017).



Mutual Funds Market Leader

- 131 M€ growth since December 2017;
- Total AuM of 4,059 M€;
- 33% market share in March 2018;
- Caixagest: Best domestic fund house and fixed income multi asset, by Morningstar.



Investment Banking and Credit

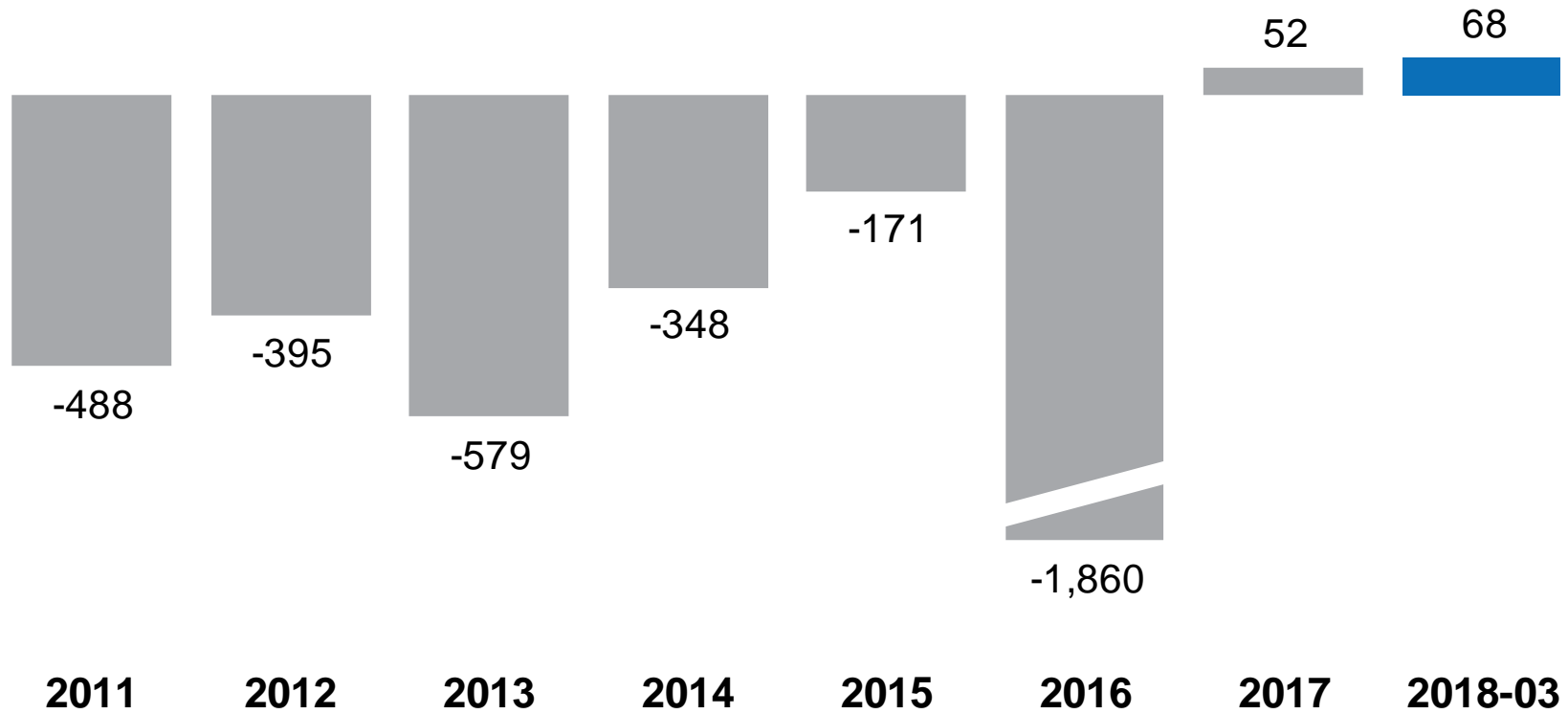
- Caixa BI: “*Best Investment Bank in Portugal*” by Global Finance and EMEA Finance;
- Disbursement of 300 M€ in the “BEI” credit line.



Results

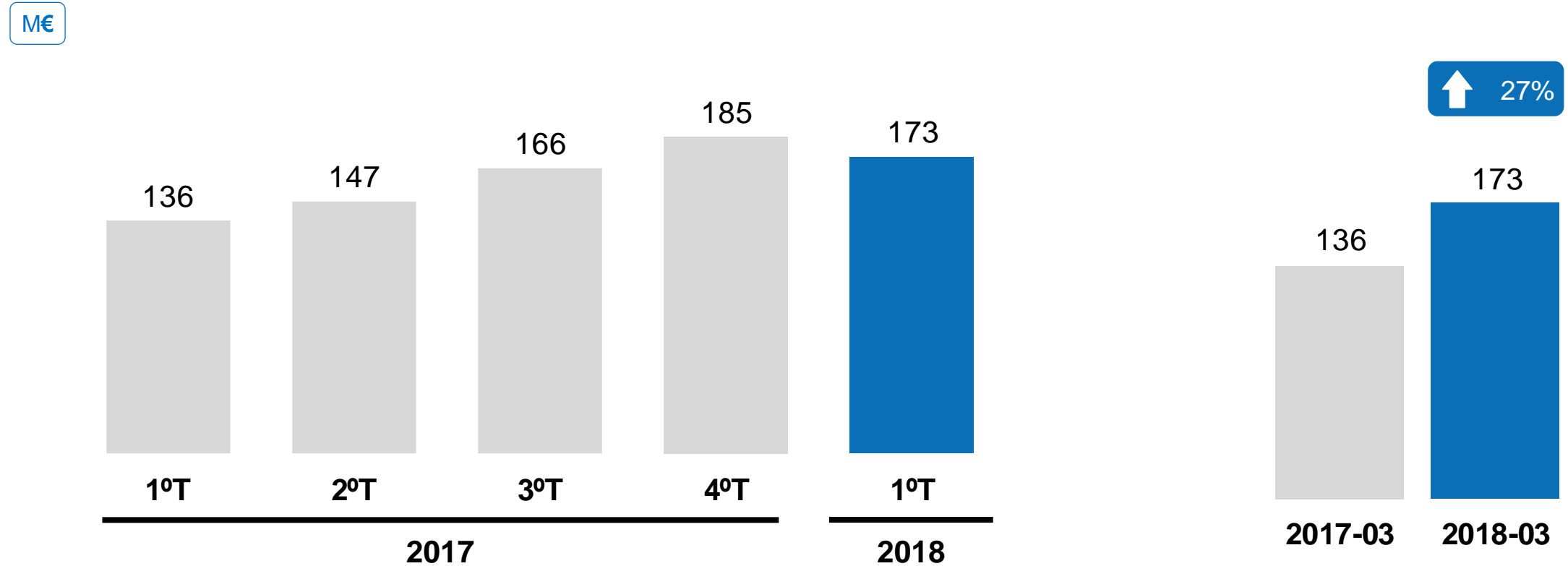
Net income of the 1st quarter of 2018 overcomes 2017...

M€



Consolidated Net Income

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



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

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

(2) Excluding non recurrent costs;

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

Net Interest Income with positive evolution in Portugal...

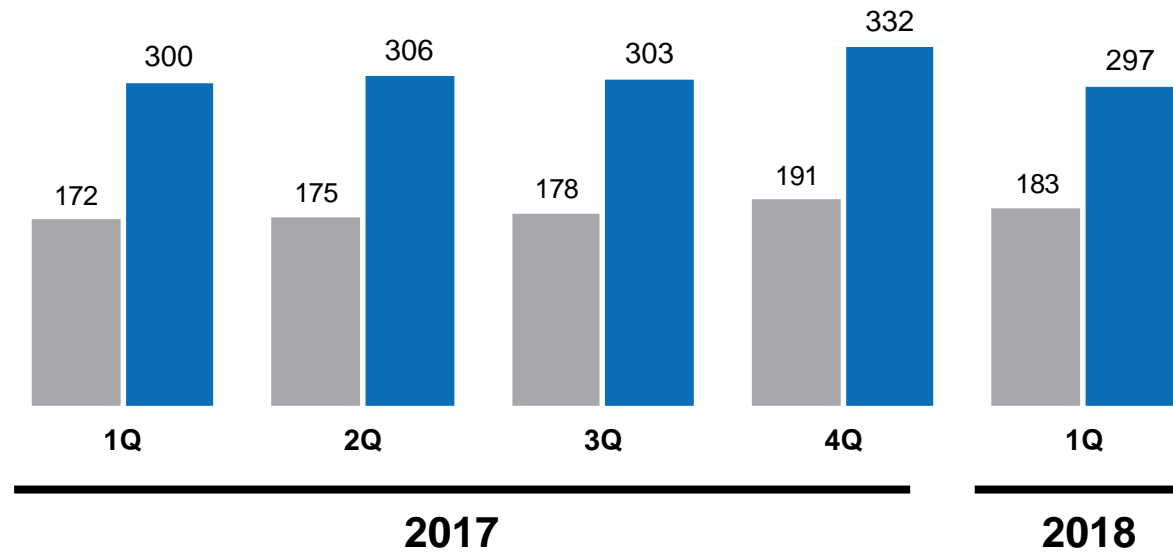
M€

■ CGD Portugal

■ Consolidated

↑ 6% ↓ 1%

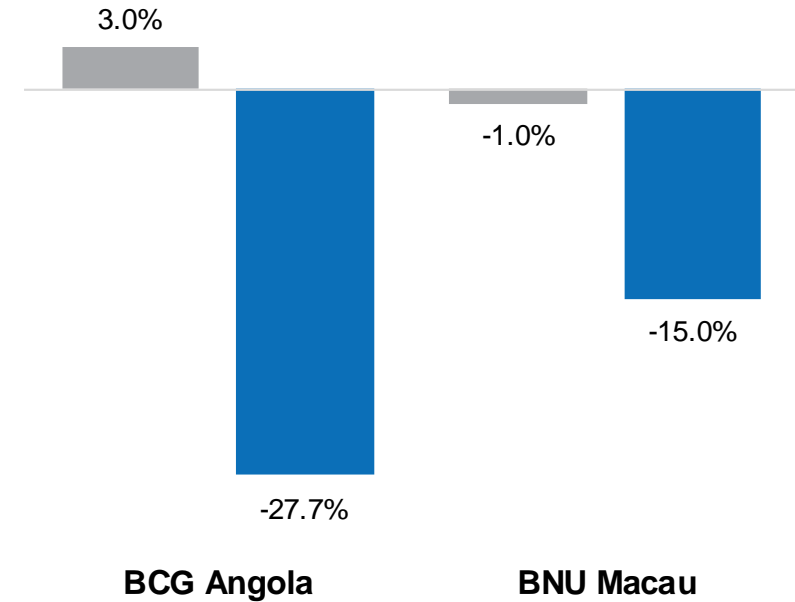
Year-on-year:
1Q 2018 vs 1Q 2017



Quarterly Net Interest Income ⁽¹⁾

■ Local Currency
■ Euros

Negative FX impact from BNU Macau and BCGA of 12.5 M€

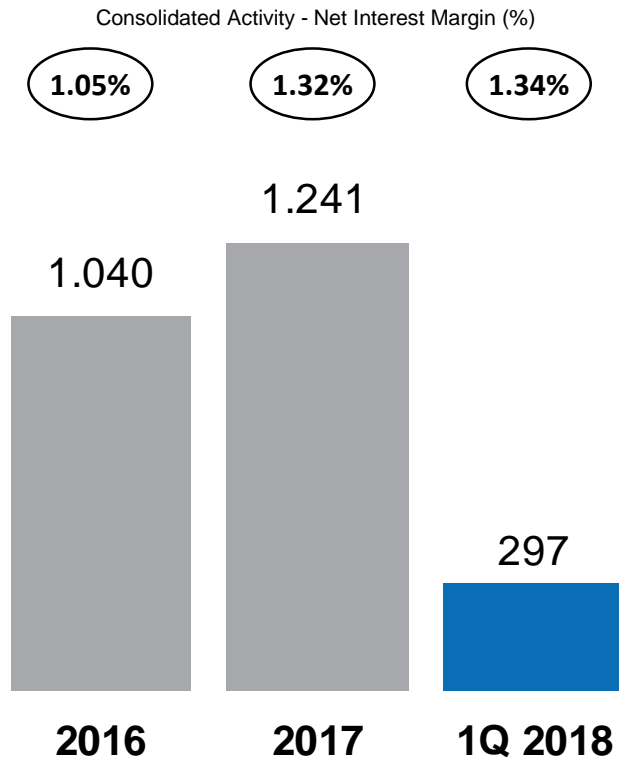


Net Interest Income
1Q 2018 vs 1Q 2017

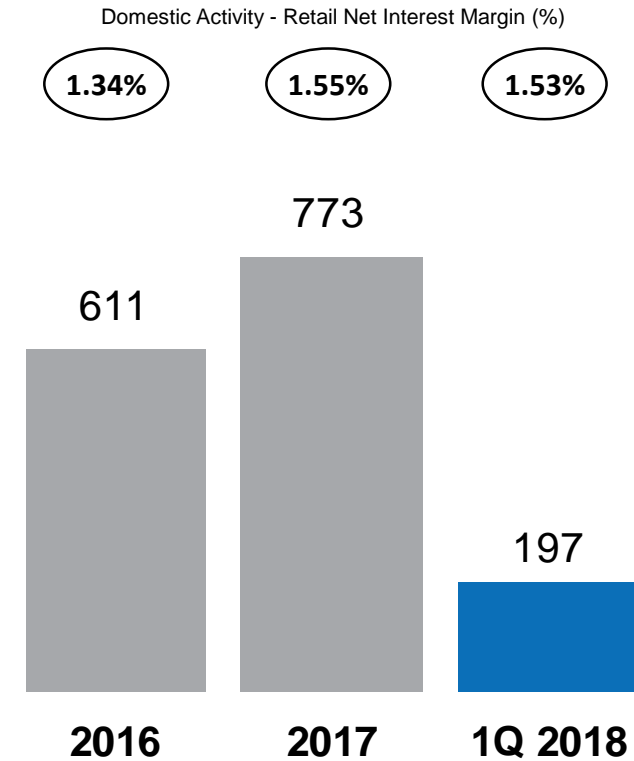
(1) Consolidated figures on comparable basis, considering BCG Espanha, BCG Brasil and CGD Investimentos CVC as a non-current asset held for sale. Mercantile Bank Holdings was already reclassified as such.

Stable Net Interest Margin...

M€



**Total Net Interest Income
Consolidated Activity**

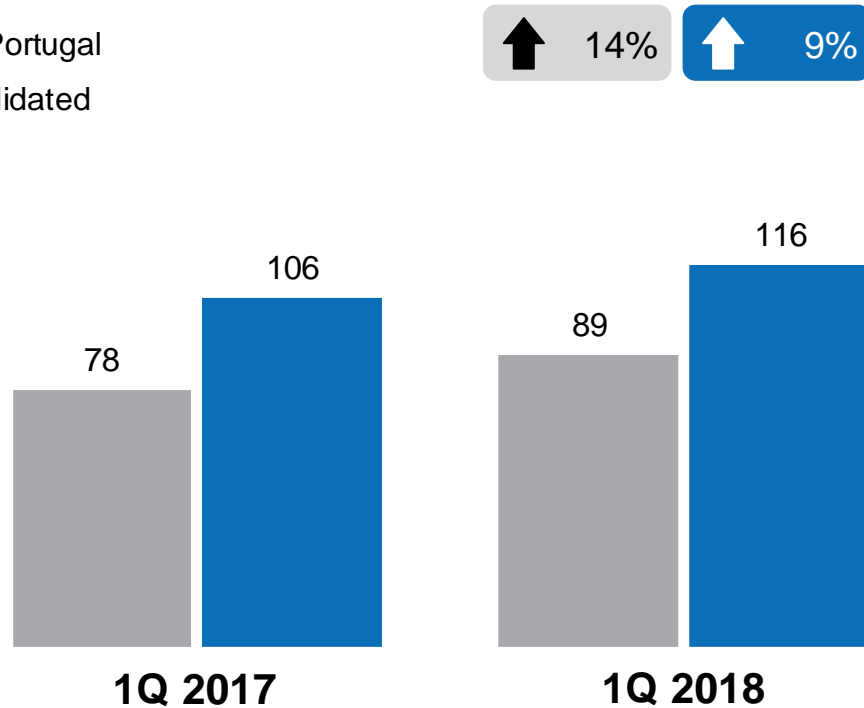


**Total Net Interest Income
Domestic Activity**

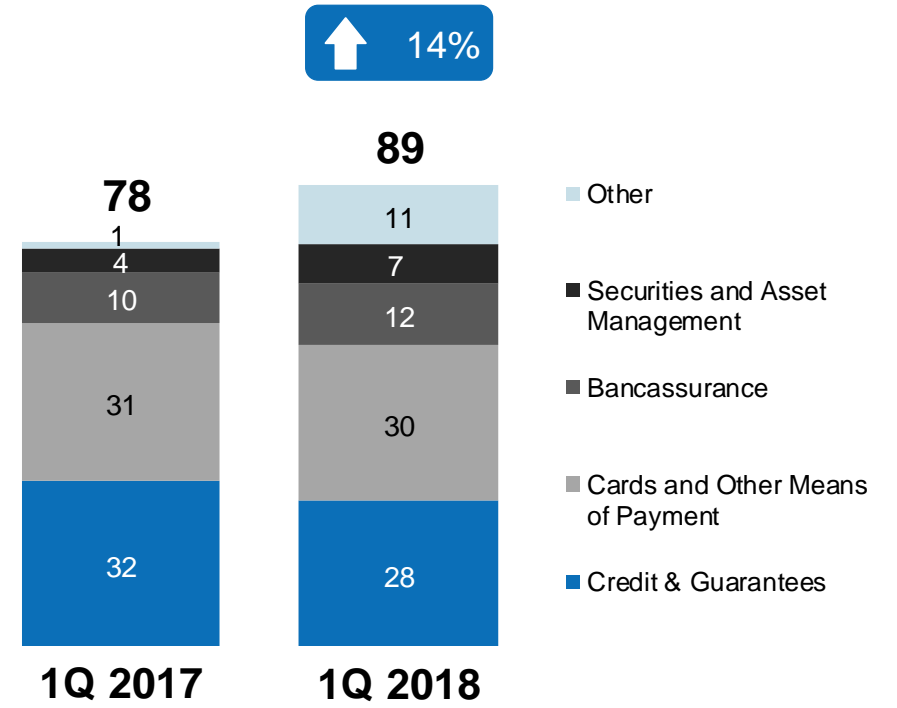
...and Net Fees and Commissions benefit from the Strategic Plan implementation

M€

■ CGD Portugal
■ Consolidated



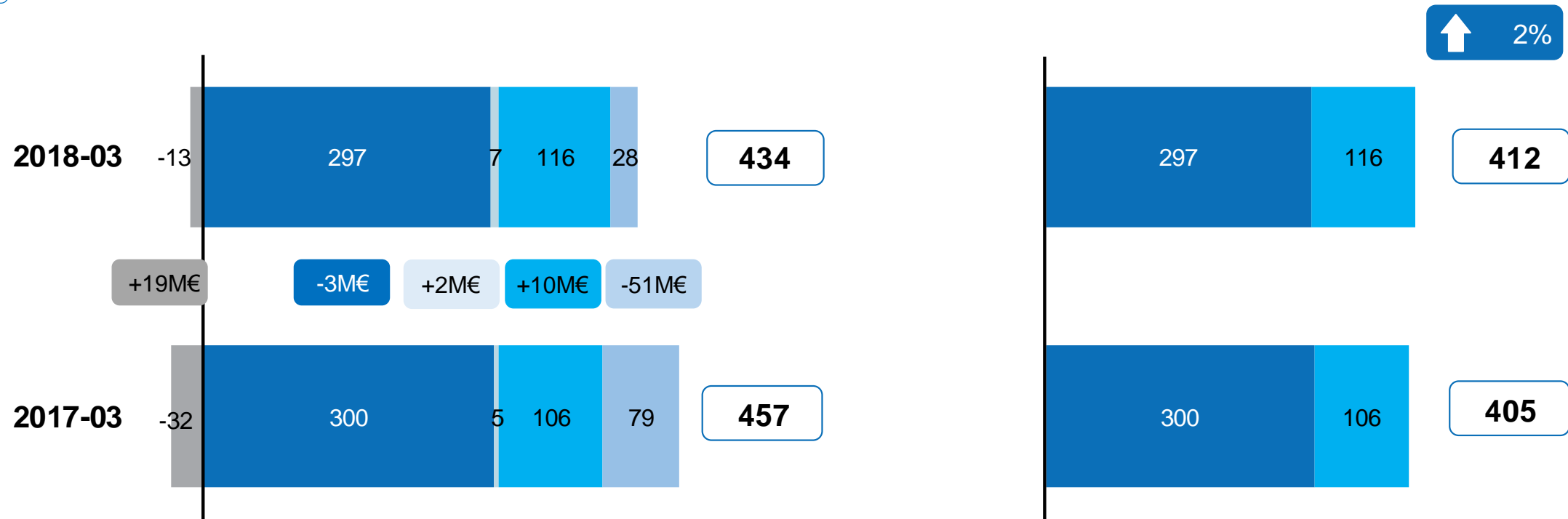
**Net Fees and Commissions
(Consolidated and CGD Portugal)**



**Net Fees and Commissions
(CGD Portugal)**

Total Operating Income influenced by Net Trading Income, Core Operating Income improved...

M€



Total Operating Income

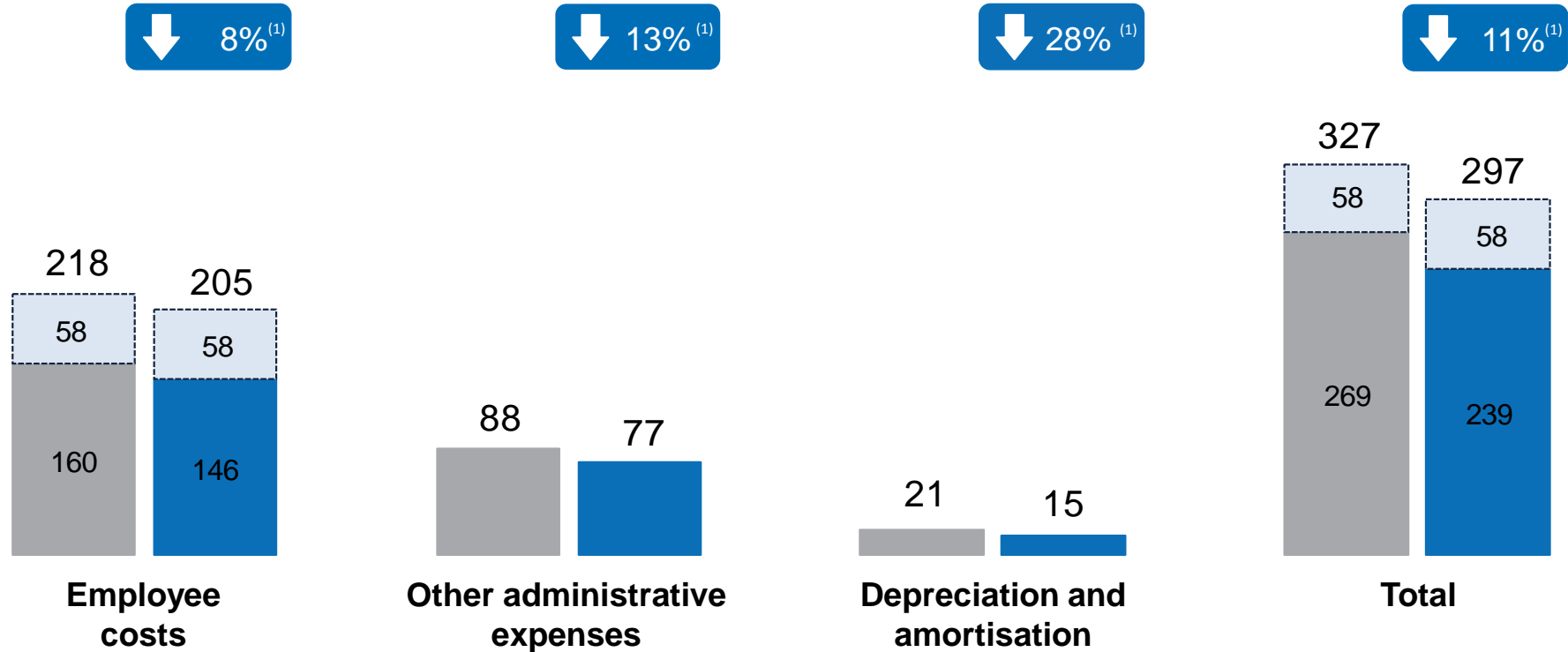
Total Core Operating Income

- Net fees and commissions
- Net interest income
- Net trading income
- Other Operating Income
- Income from equity instruments

Lower recurrent Operating Costs at consolidated level...

M€

- 2017-03
- 2018-03
- Non recurrent costs

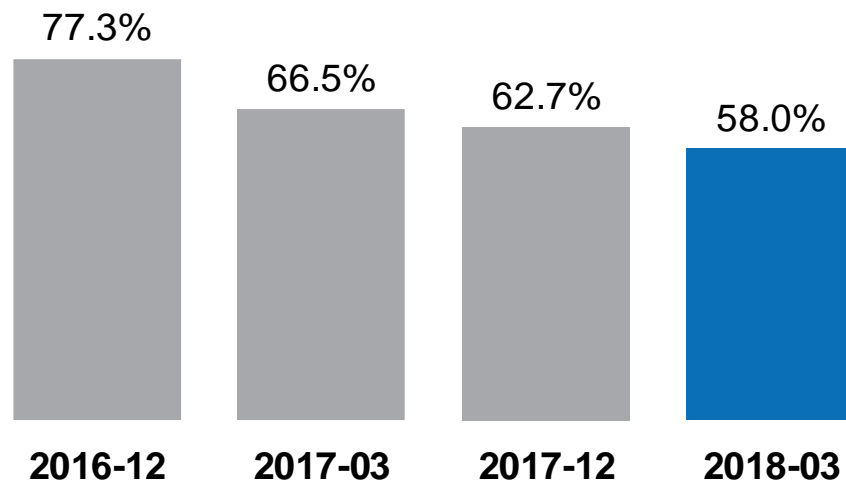


Operating Costs – Consolidated Activity

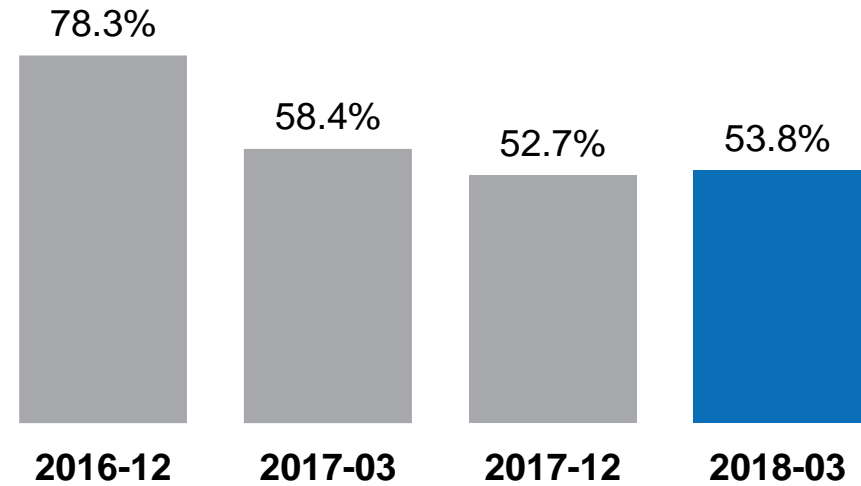
(1) Excluding non-recurrent costs.

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

%



Cost-to-Core Income ⁽¹⁾ ⁽²⁾



Cost-to-Income ⁽²⁾ ⁽³⁾

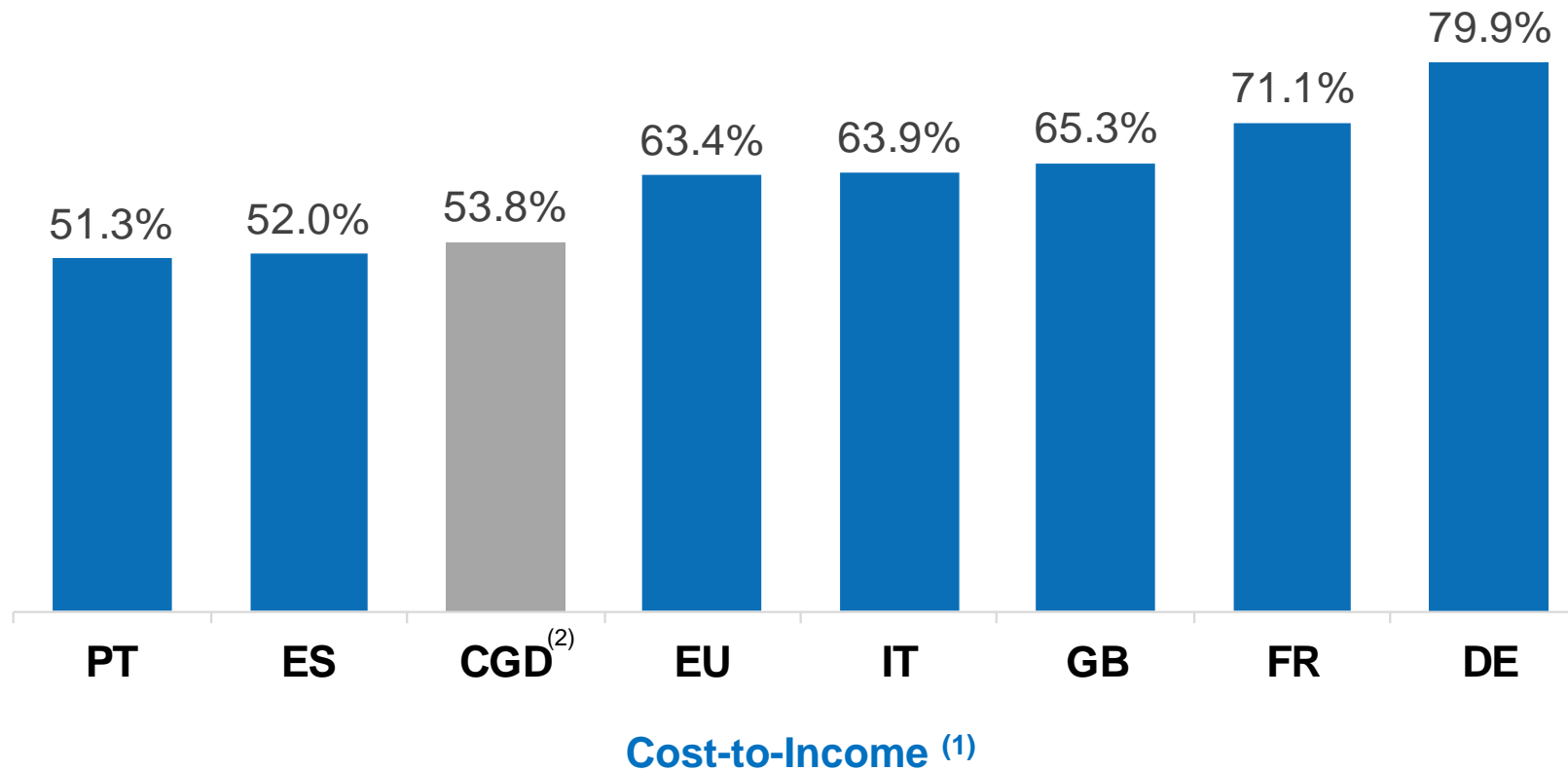
(1) Operating Costs / (Net Interest Income + Net Fees and Commissions); Consolidated figures on comparable basis, considering BCG Espanha, BCG Brasil and CGD Investimentos CVC as a non-current asset held for sale. Mercantile Bank Holdings was already reclassified as such;

(2) Excluding non-recurrent costs;

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

Cost-to-Income: CGD is improving efficiency...

%

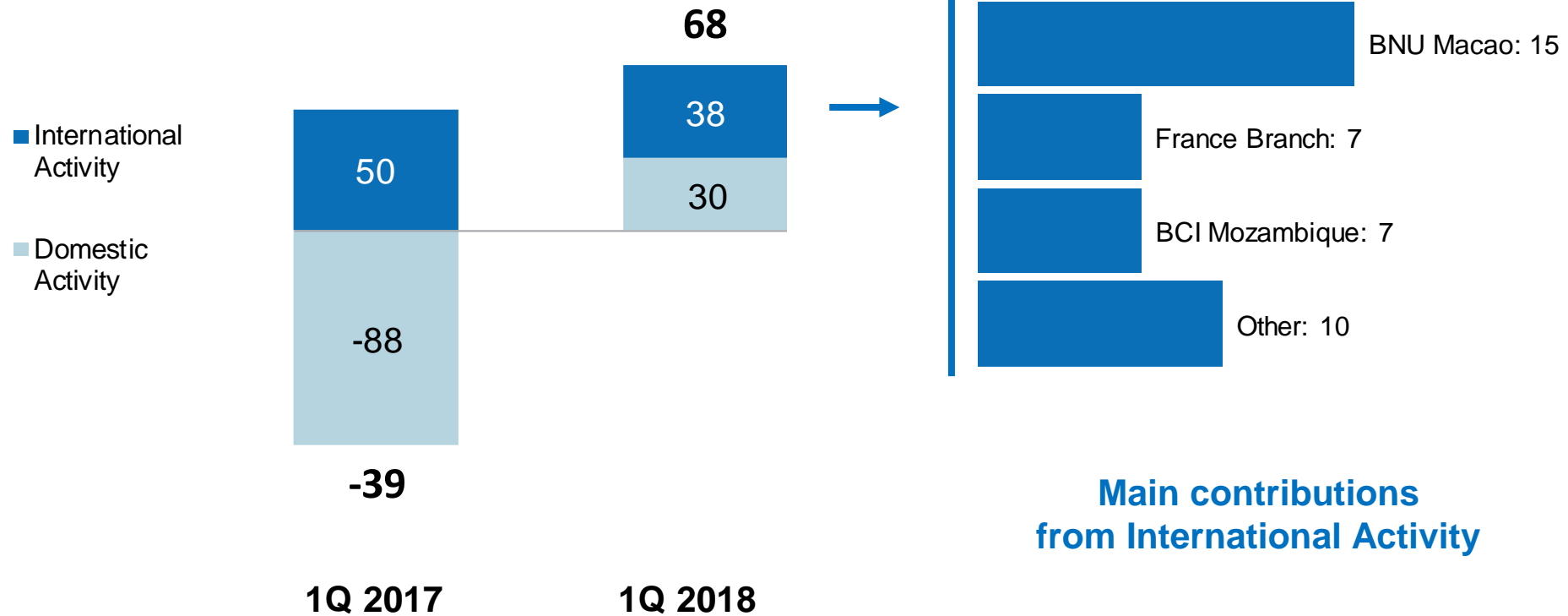


(1) Source: EBA Risk Dashboard at 31 December 2017 (cost-to-income average by country or geographic area), except CGD;

(2) CGD data referred to 31 March 2018. Cost-to income = Operating Costs / (Total Operating Income + Income From Associated Companies)] Excluding non-recurrent costs.

Contributions to Consolidated Net Income

M€



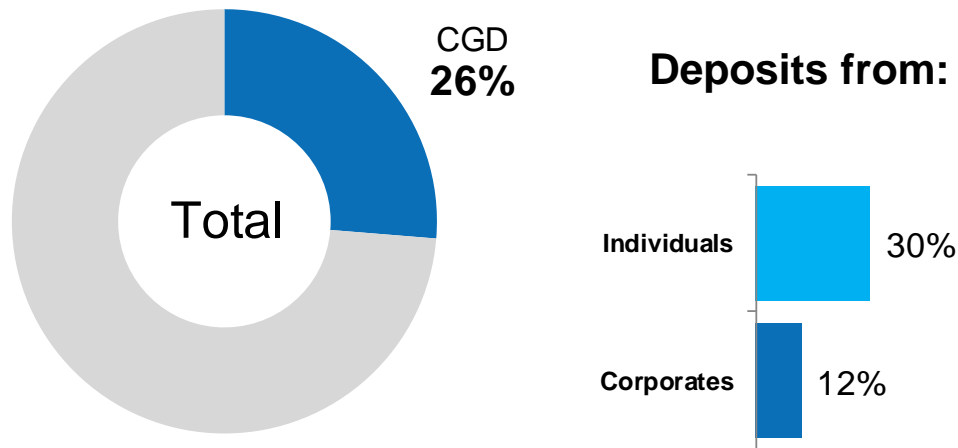
Branches wind-down in 2017: London Branch, Cayman, Macao Offshore and Zhuhai.



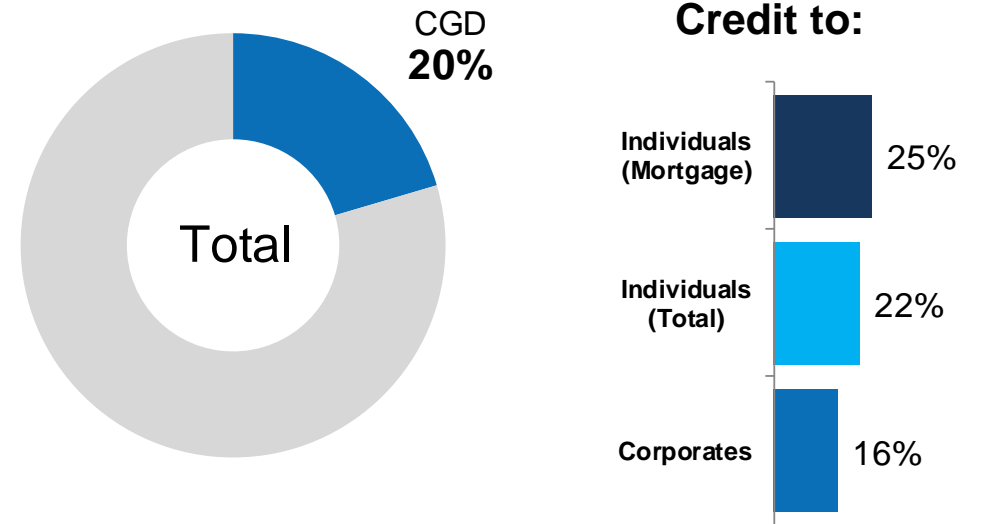
Balance Sheet

Market Shares: CGD leader in Portugal

%



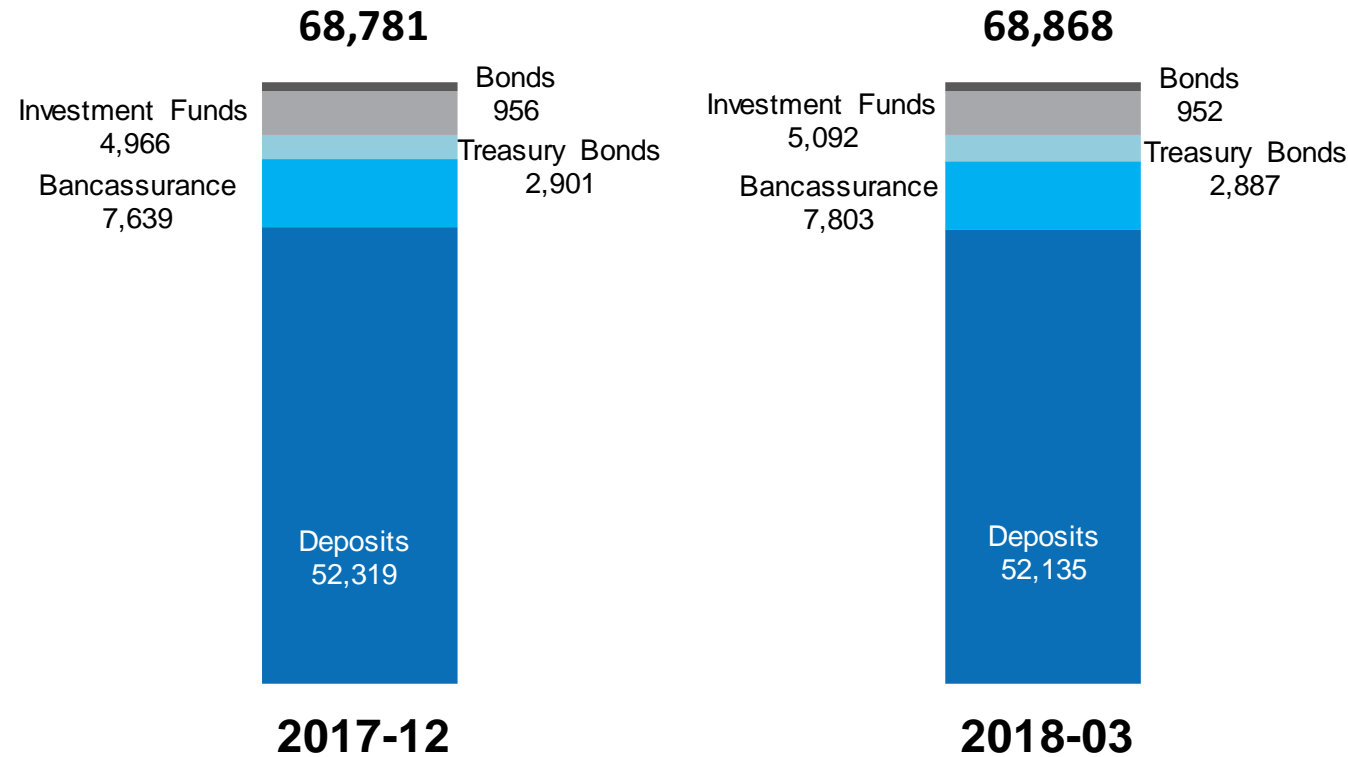
Customer Deposits – Portugal
February 2018



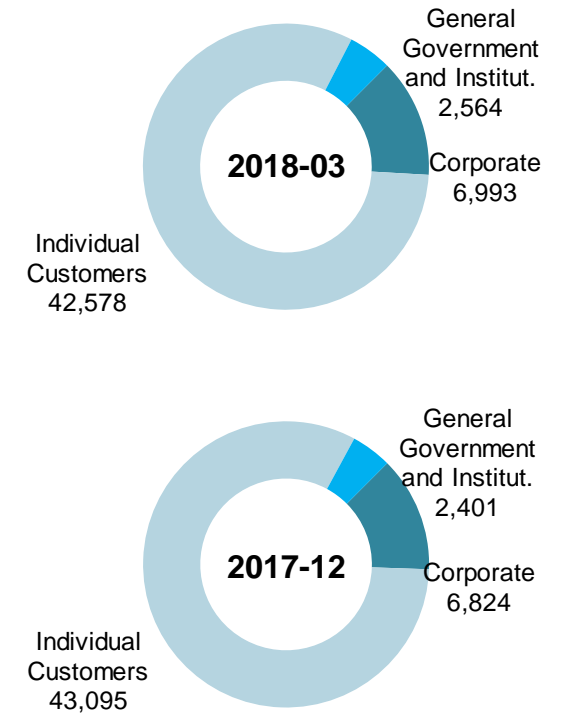
Loans and Adv. to Customers – Portugal
February 2018

Total Customer Resources in Portugal increased...

M€



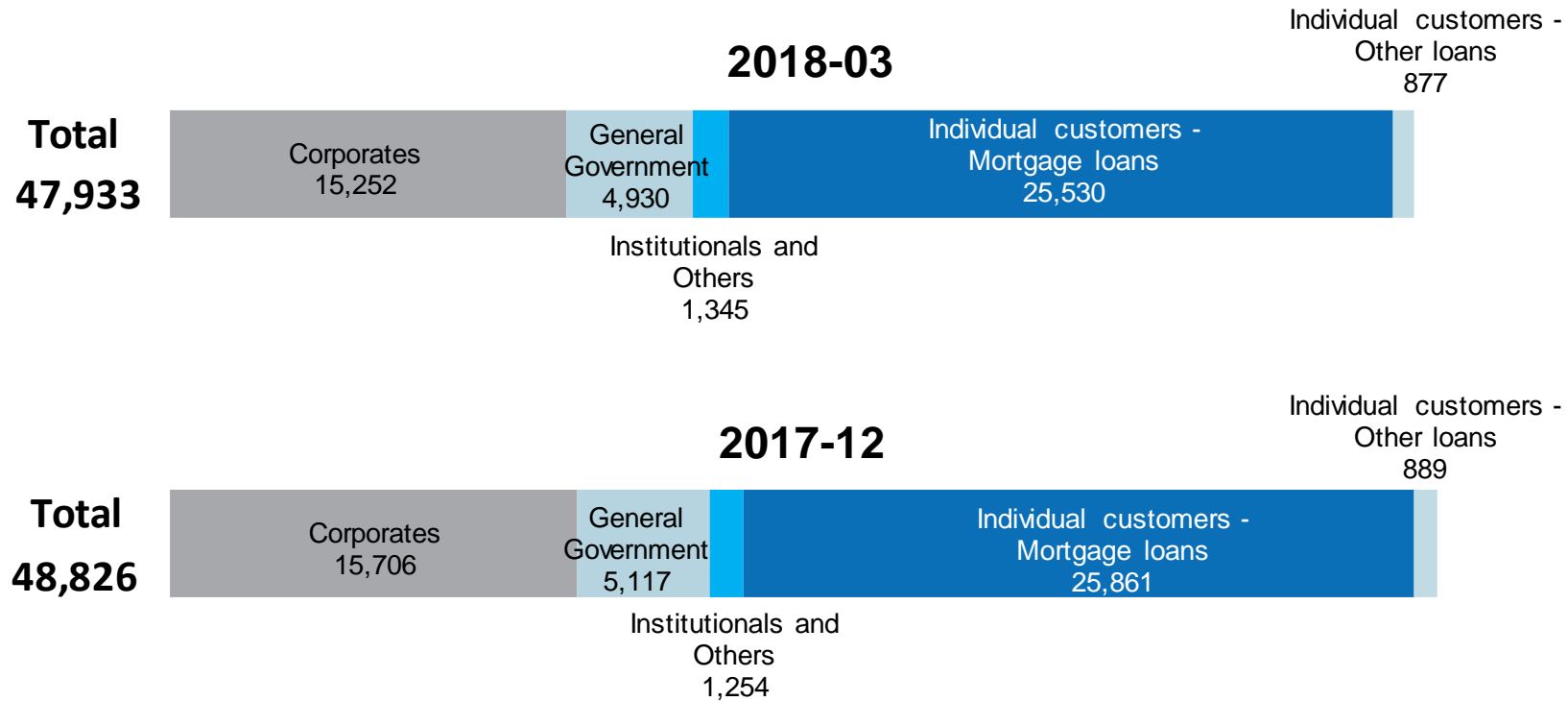
Total Customer Resources – Domestic Activity



Customer Deposits (Domestic Activity)

Credit in Portugal follows market trend and reflects NPL reduction...

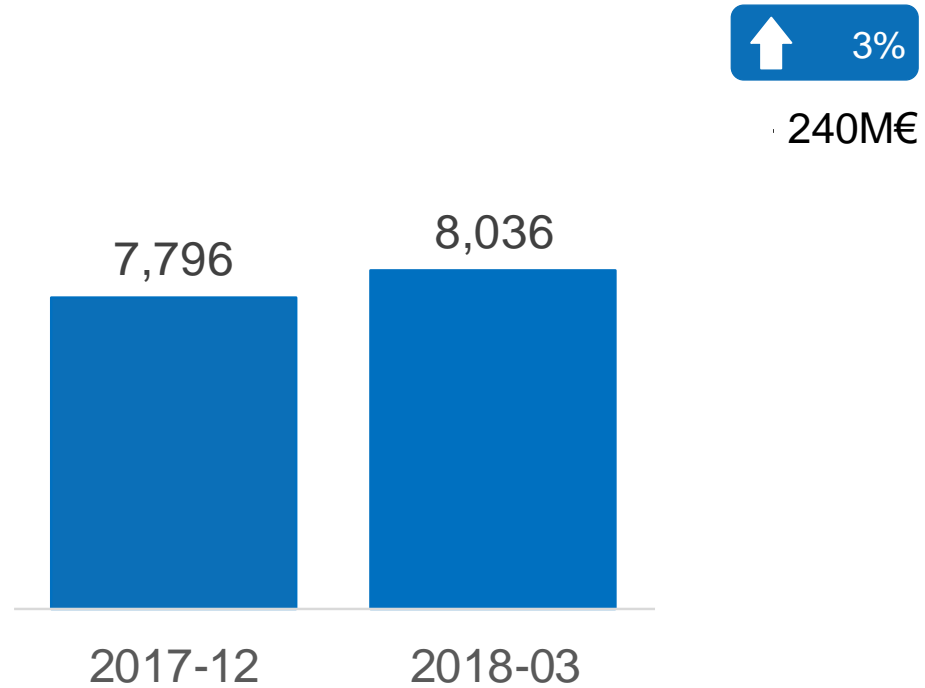
M€



Loans and Advances to Customers (Gross) - CGD Portugal

Performing credit to corporates in Portugal is growing in non CRE sectors...

M€



CGD Portugal
**Gross performing credit to corporates, excluding
construction and real estate sectors**

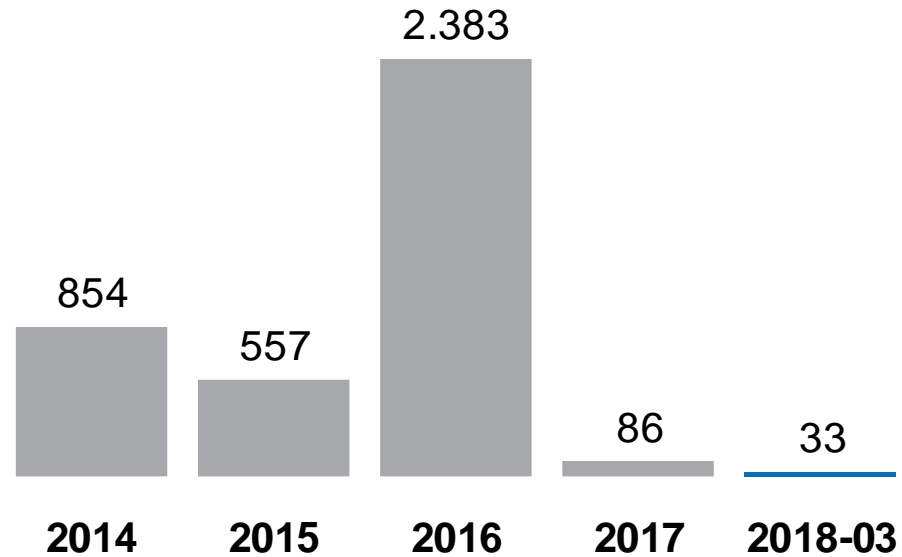


Asset Quality

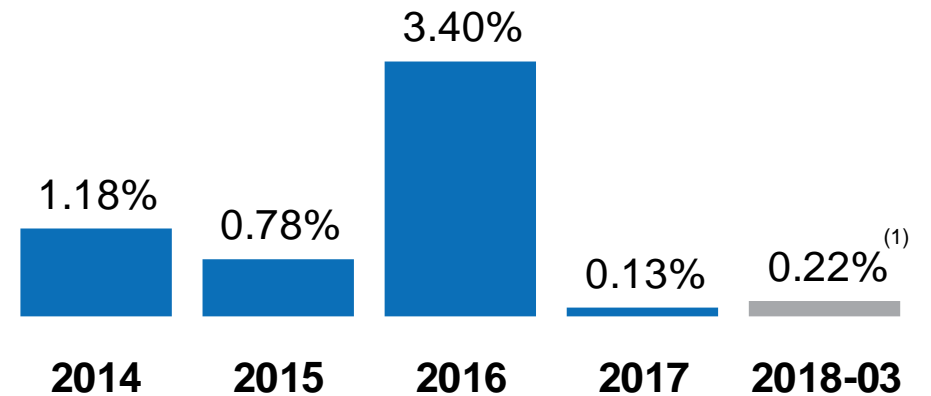
Reduced Cost of Credit Risk...

M€

%



Credit impairment net of reversals



Cost of Credit Risk

(1) Quarterly values are annualised

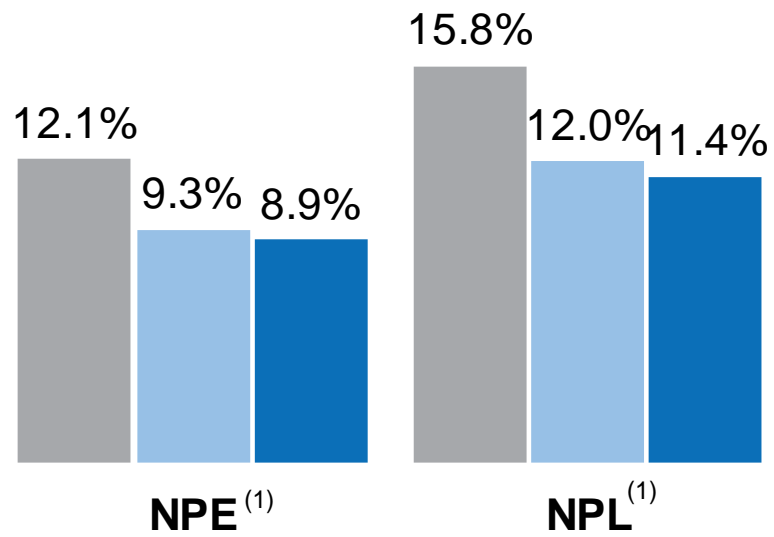
...NPE and NPL decreasing and reinforced coverage

%

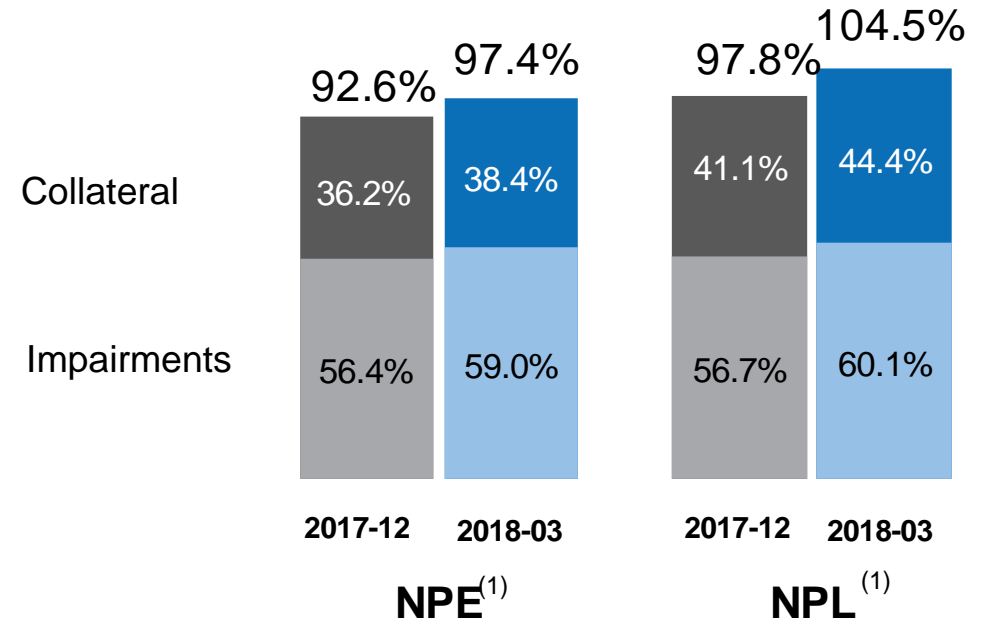
■ 2016-12

■ 2017-12

■ 2018-03



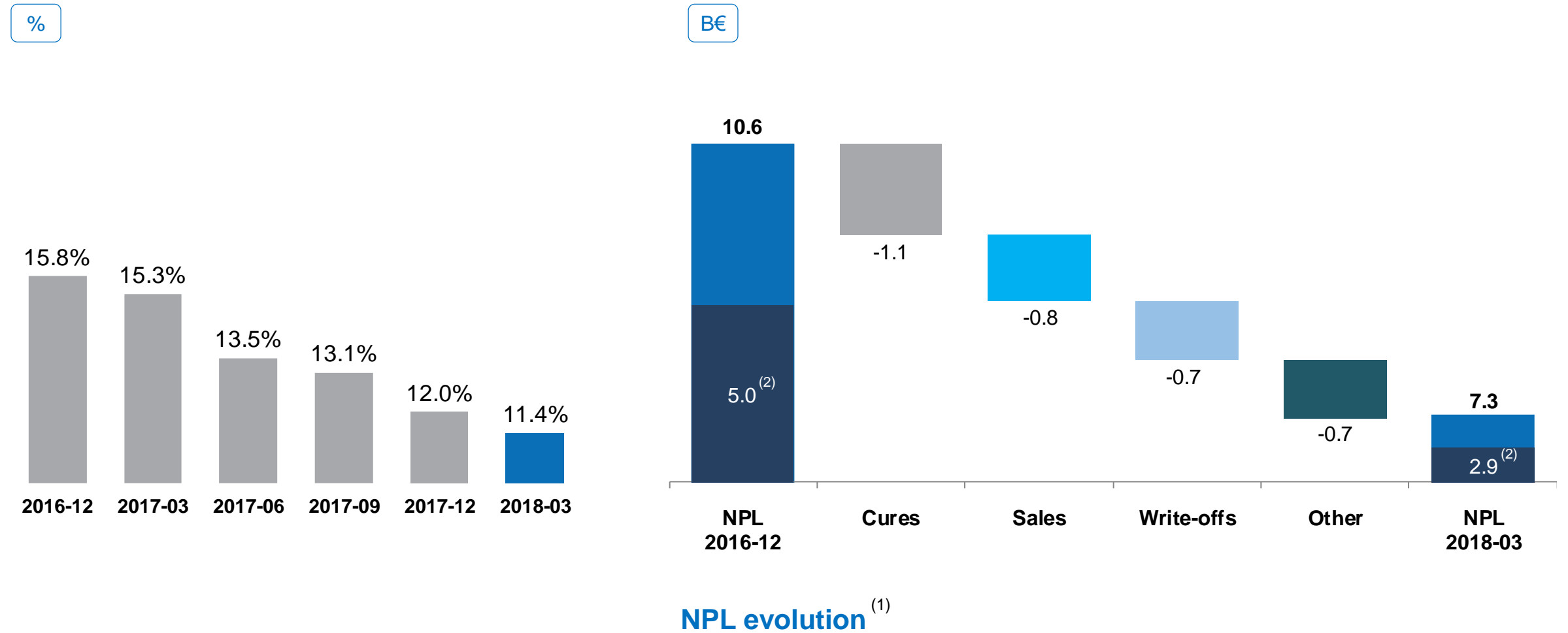
Gross Ratios



Coverage by Impairments and Collateral

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

Strong action on NPL allows 0.6 B€ reduction in the 1st quarter, 3.3 B€ since January 2017...

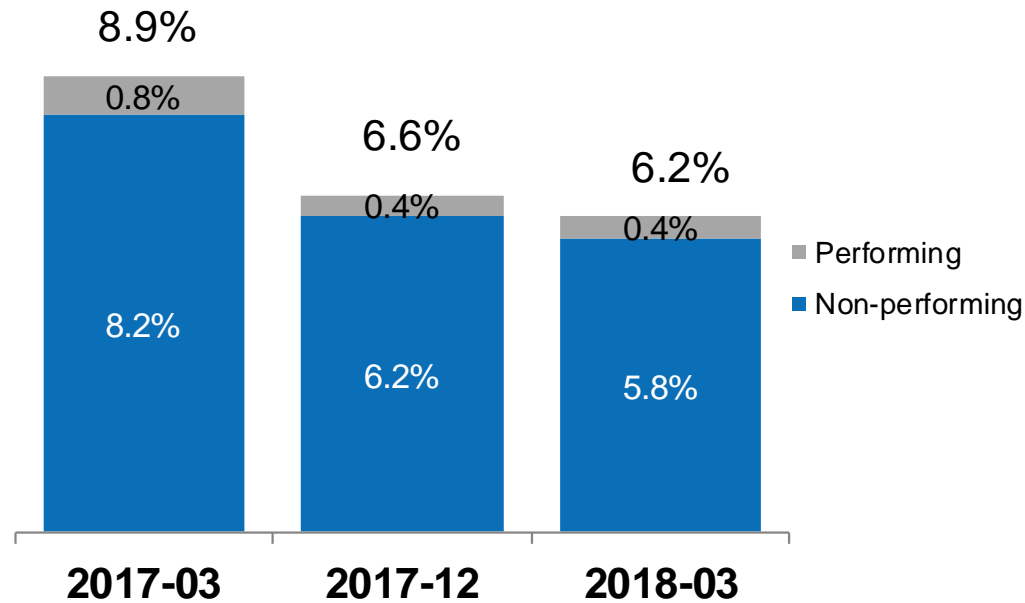


(1) NPL – Non Performing Loans – EBA definition.

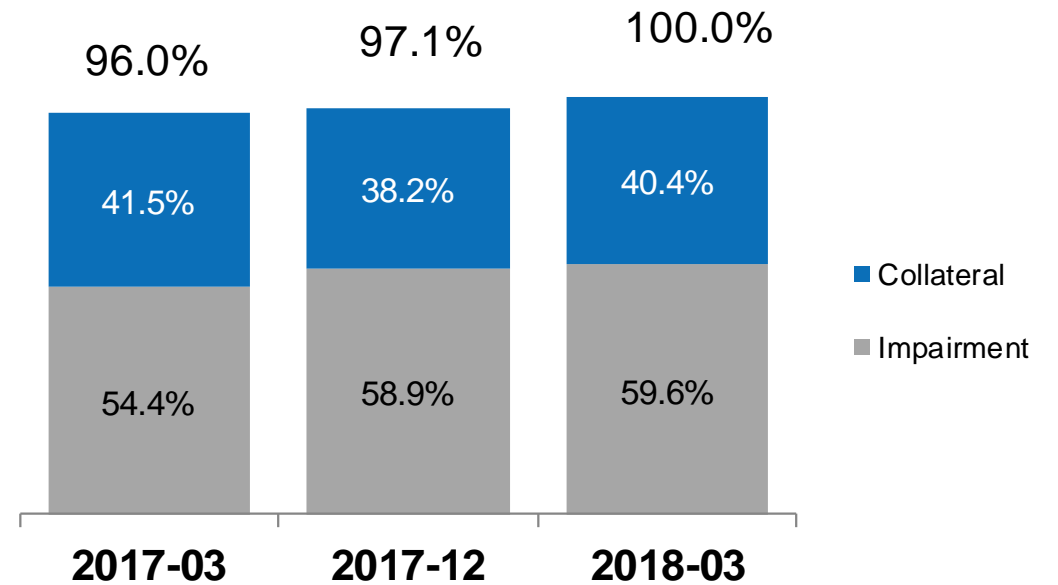
(2) NPL net of impairments.

Forborne loans and advances declining...

%



**Forborne loans under probation ⁽¹⁾ as % of total loans
CGD Portugal**



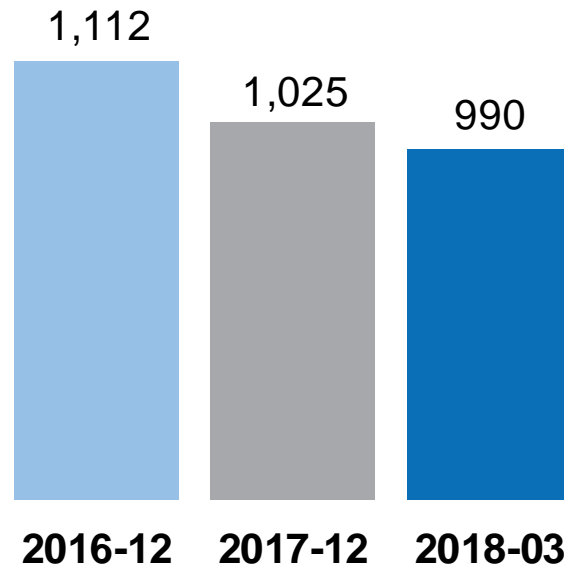
**Coverage by Impairments and Collateral ⁽¹⁾
CGD Portugal**

(1) Forebearance Ratio for loans and advances– EBA definition.

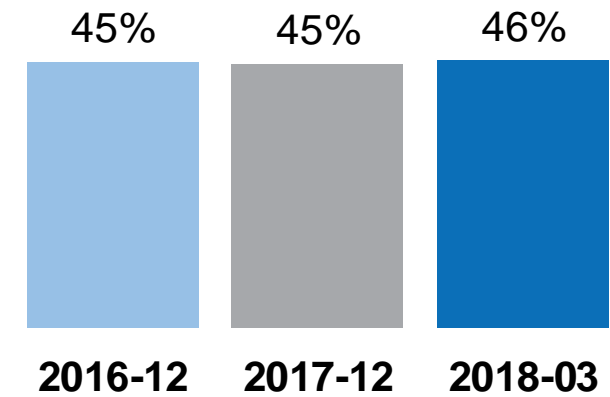
Foreclosed Assets (Real Estate)

M€

%



**Foreclosed Assets - Gross Value
(Real Estate)**



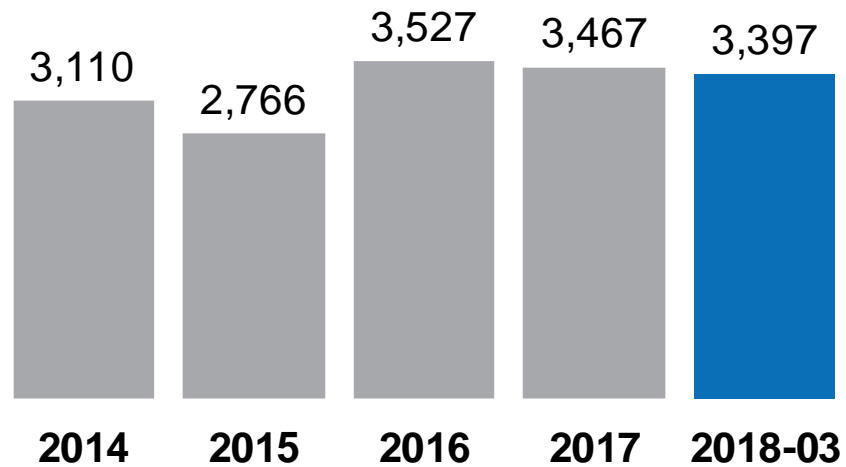
Coverage by Impairments



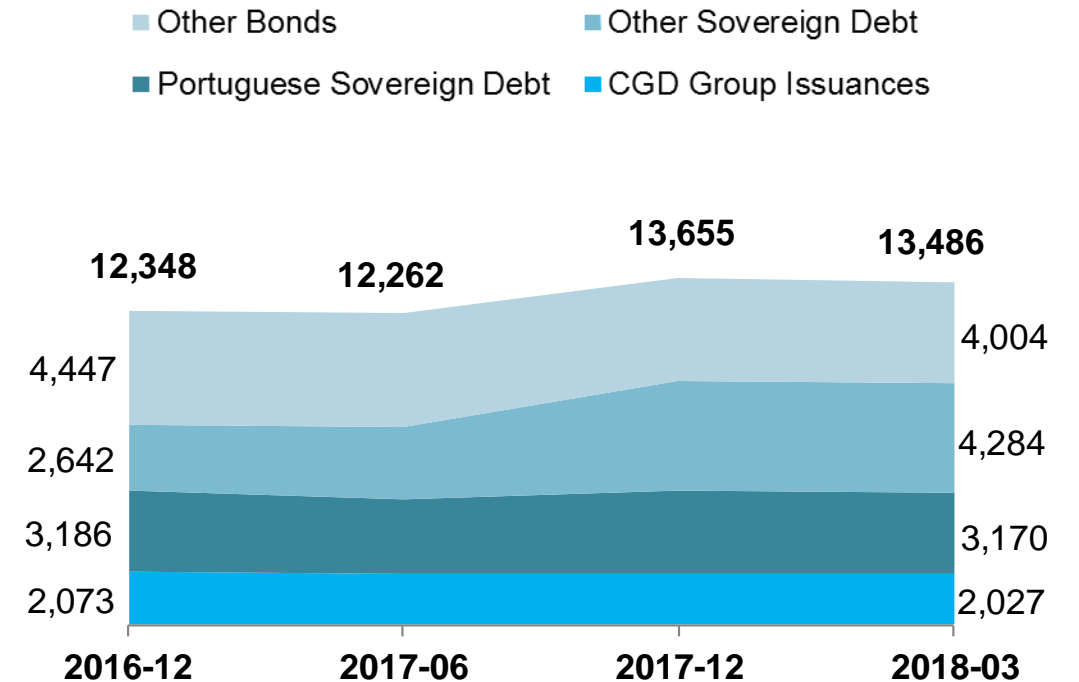
Liquidity

ECB funding stabilized and ECB Eligible Assets Pool strengthened...

M€



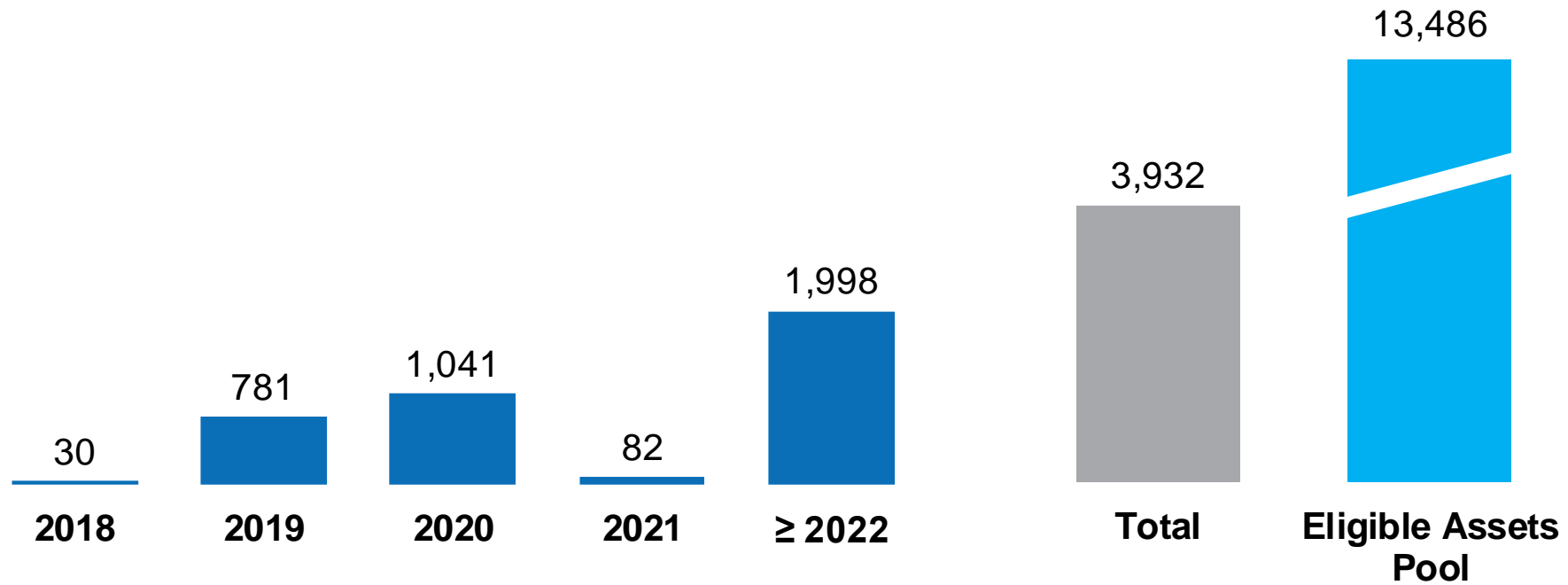
ECB Funding



Eligible Assets in ECB Pool

...with Wholesale Debt maturities fully covered

M€

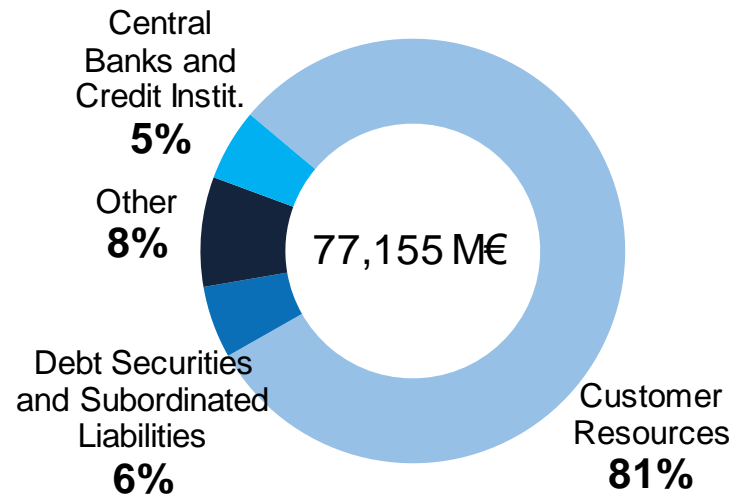


Annual maturities of Wholesale Debt

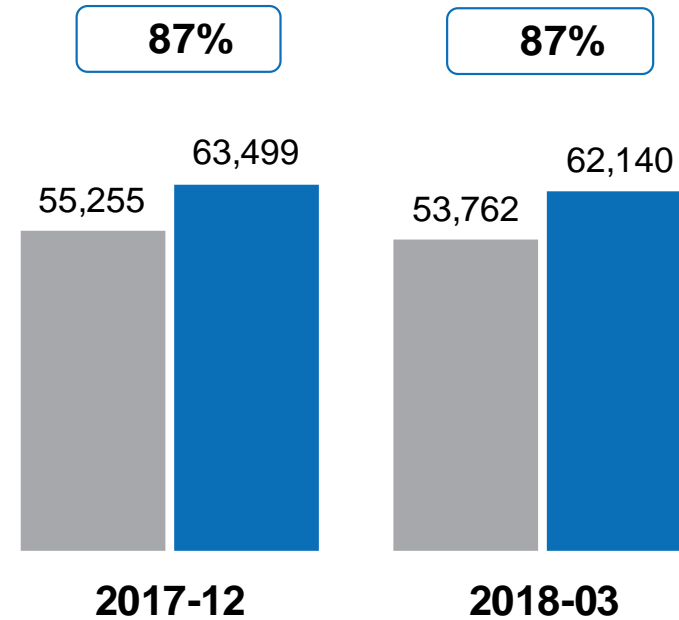
Solid funding structure based on retail funding...

%

M€



Funding Structure ⁽¹⁾



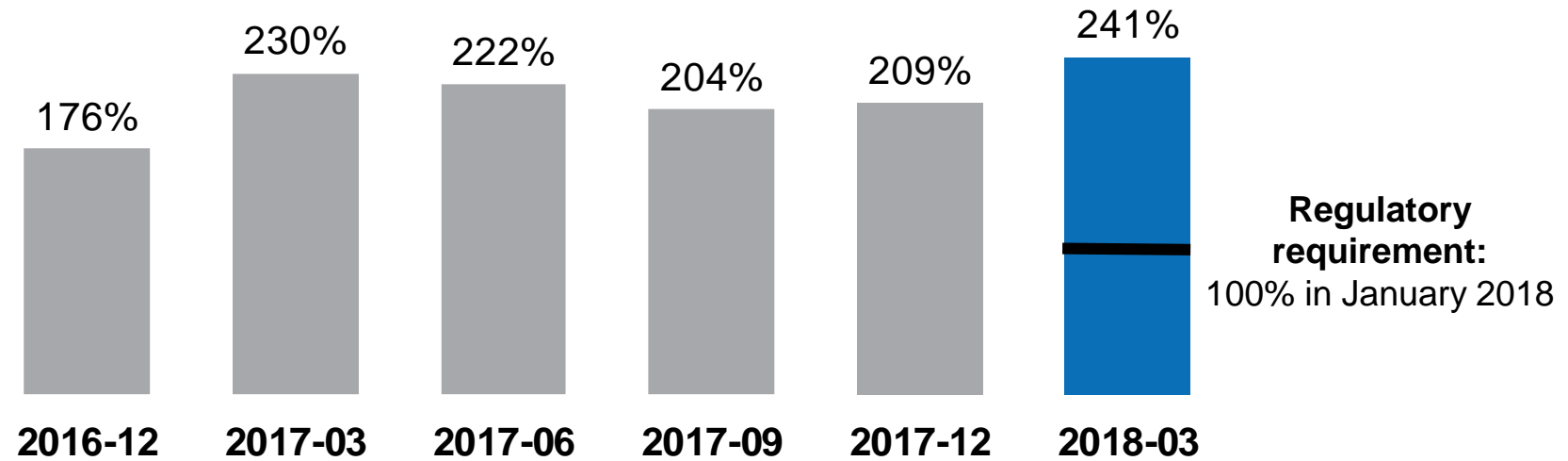
Loans-to-Deposits Ratio

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

(1) Excluding non-current liabilities held for sale

...with a strong liquidity position

%



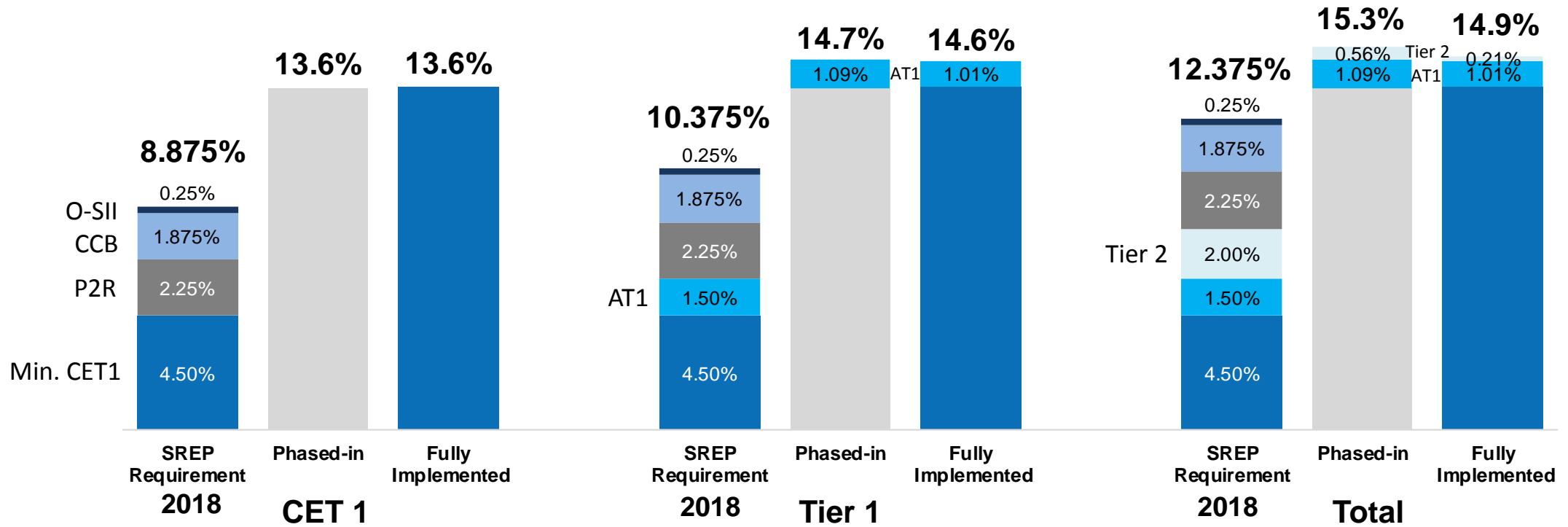
Liquidity Coverage Ratio (LCR)



Capital

CGD complies with capital requirements

%

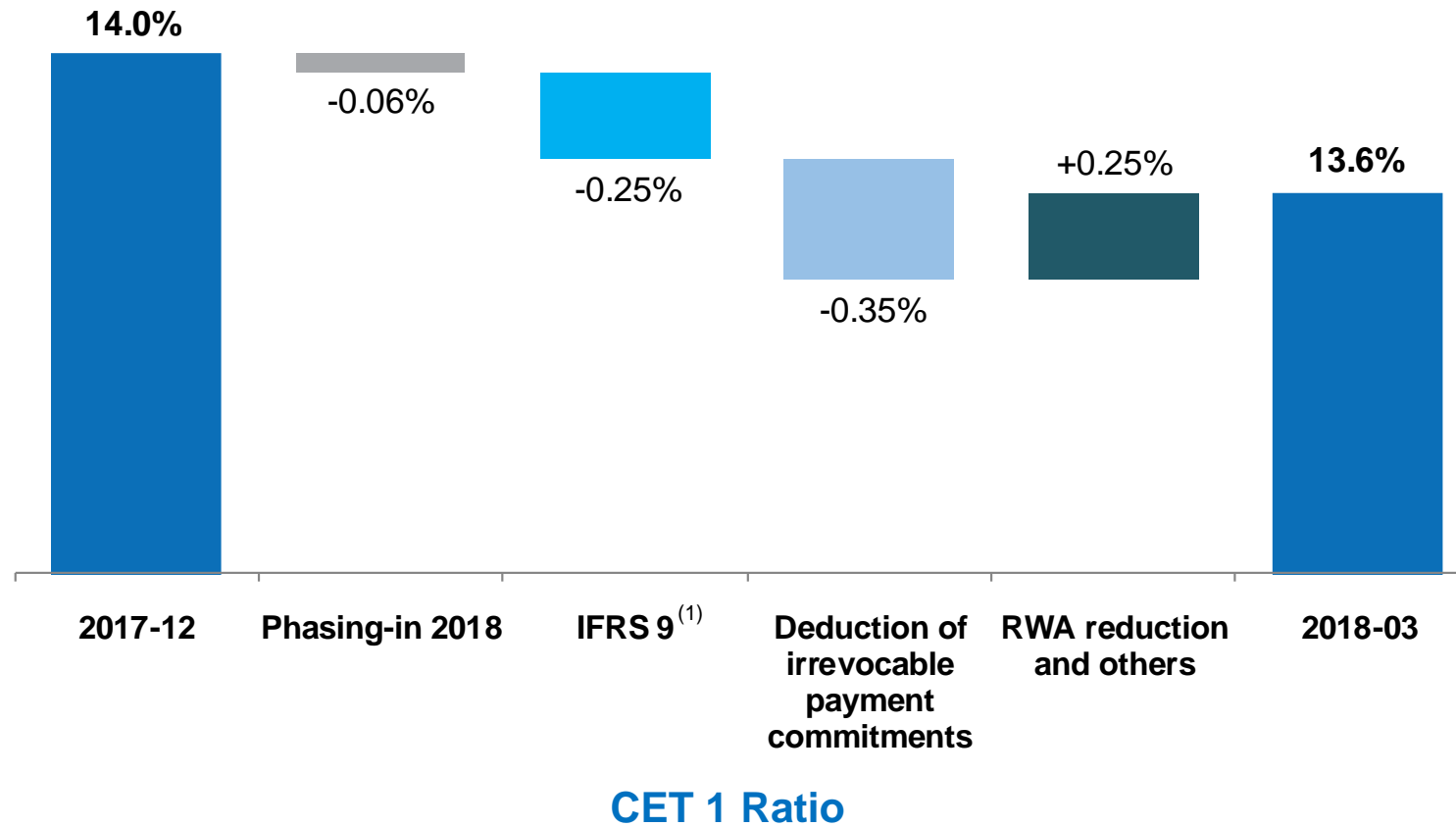


SREP 2018 Requirements and CGD Capital Ratios in 1st Quarter 2018

Capital ratios include, on this date, the impacts related to the effects of the implementation of IFRS 9 standard, the phasing-in of 2018 and the deduction of irrevocable commitments associated with regulatory contributions.

CET 1 Ratio: 1st Quarter 2018 evolution

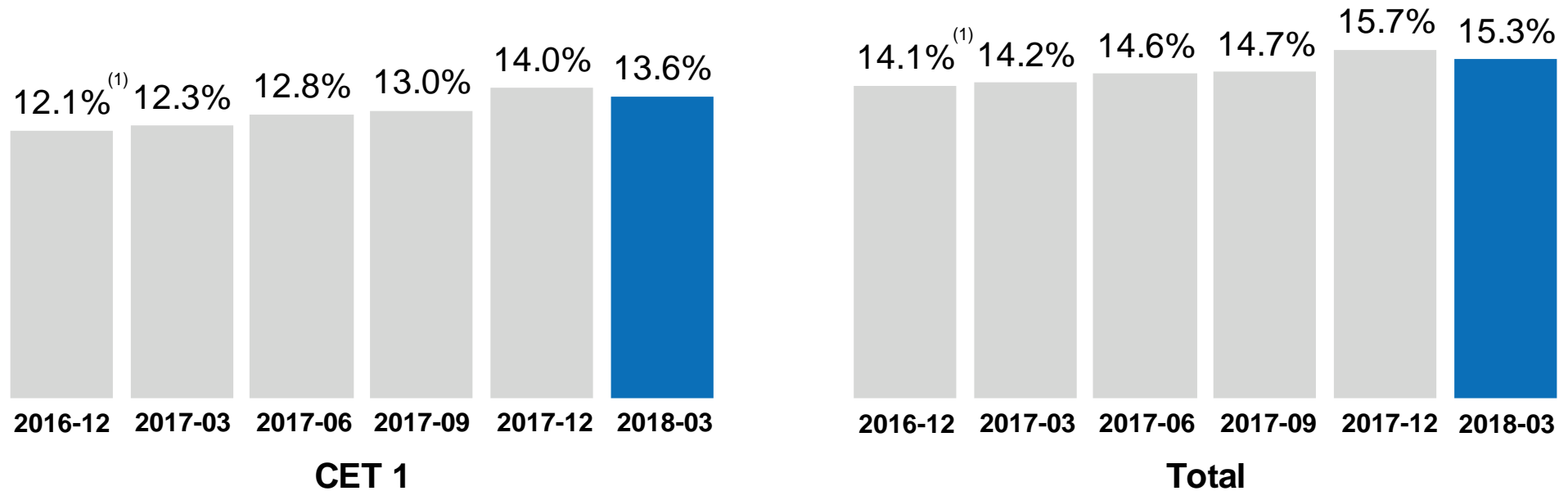
%



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

Improvement of Capital position after the recapitalisation

%



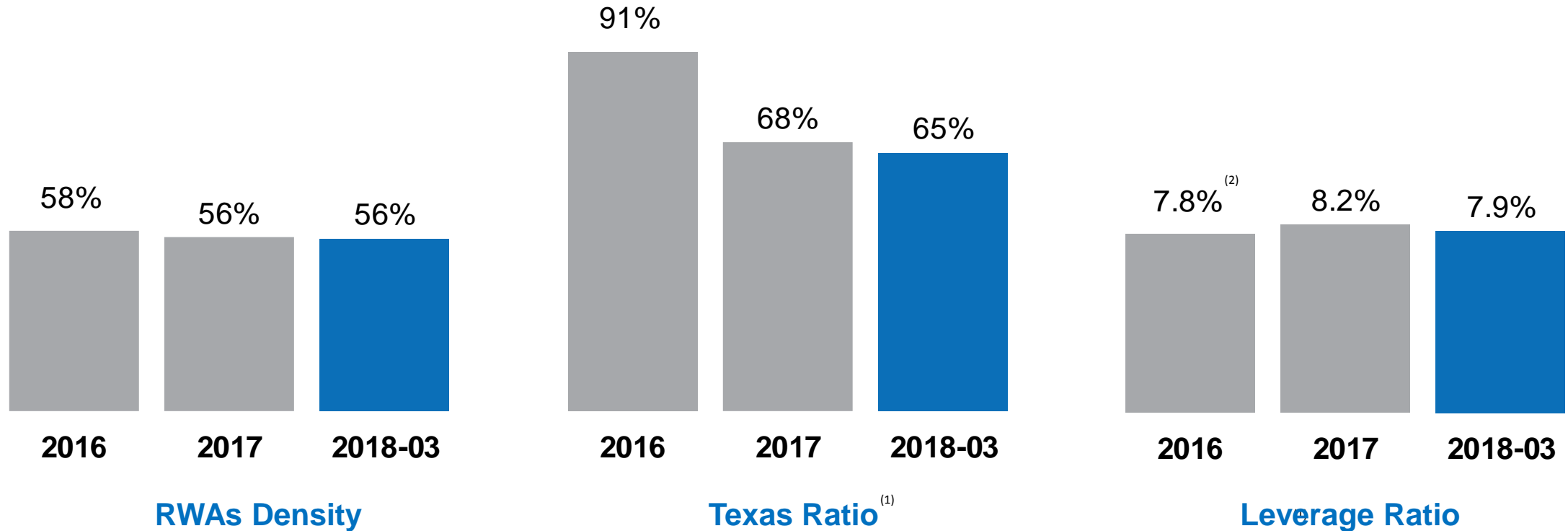
**Capital Ratios Quarterly Evolution
(Phased-in)**

DG Comp agreed to CGD Tier 2 issuance to fulfil requirement from the Recapitalization Plan

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

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

%

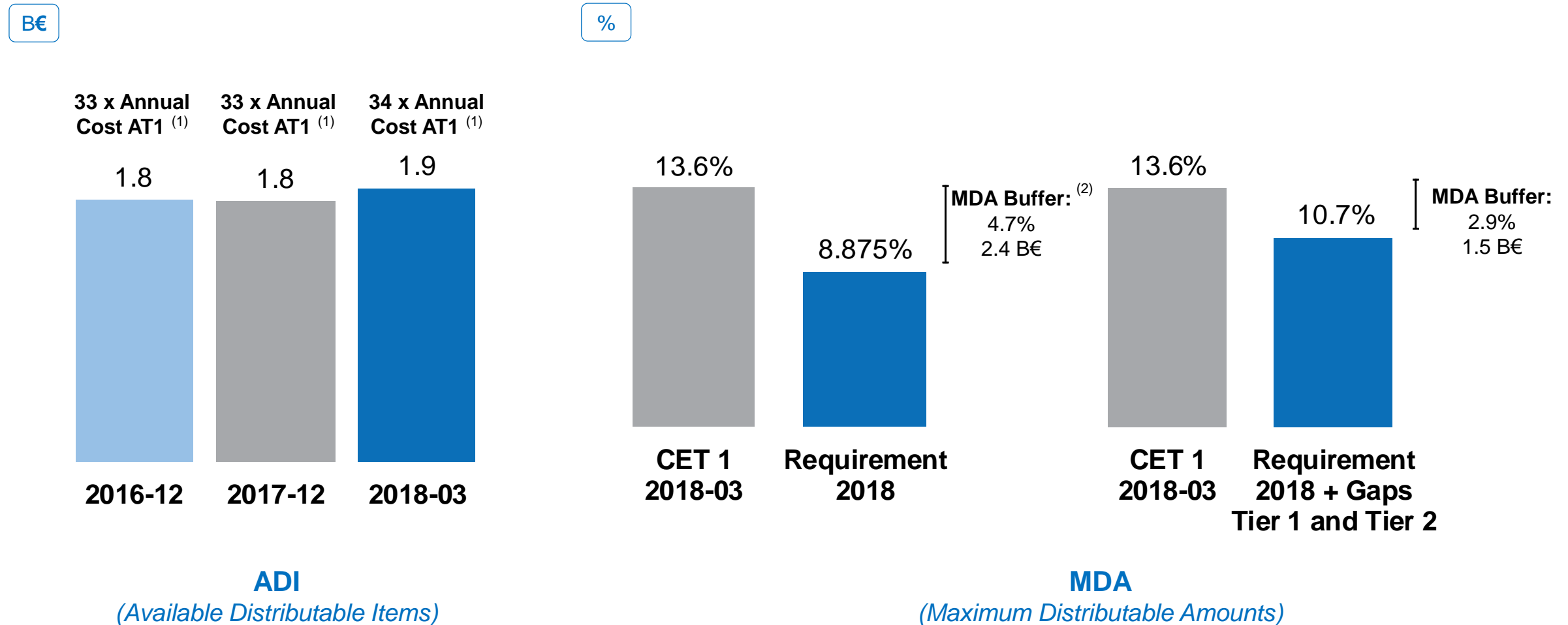


RWA fully implemented (2018-03): 50.7 B€

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

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

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



(1) 10.75% coupon for current 500 M€ AT1 issuance;
 (2) Considering Buffers of 1.5% in T1 and 2% in T2 fulfilled.

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 March 2018, except otherwise stated.

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Thank You