

Presentation

Consolidated Results 2016

Unaudited financial information
10th March 2017

GIR – Gabinete de *Investor Relations*



Caixa Geral de Depósitos

Agenda

- **Executive Summary**
- **Increased Financial Strength and Recapitalization Plan**
- **Results**
- **Balance Sheet**
- **Liquidity and Solvency**

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



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Executive Summary

- 2016 was strongly impacted by **provisions and impairment charges** (3,017 million euros) as a consequence of the management assessment of its assets following the valuation principles of a new relevant private investor, as agreed with DGComp;
- **CGD's financial strength** was reinforced, with a reduction in credit at risk to 10.5%, and a improved coverage by impairments, reaching 79%;
- **Core operating income** improved to € 368 million, an increase of 69% over 2015, benefiting from a reduction in operating costs and an increase in net interest income;
- **Net income** stood at €-1,859 million, impacted by the referred to provisions and impairments;
- **Total resources from individuals and corporates** registered a positive evolution of € 495 million in 2016, supported by the resilience of deposits;
- **Broad liquidity**, strong pool of eligible assets (€ 12,3 billion) for use with ECB;
- Positive credit performance with **stable market shares** (mortgage loans with 28.1%, corporate loans with 20.7%), **Balance Sheet deleveraging** (€ -7,354 million) as a result of the business cycle and write-offs policy;
- Pro-forma **Capital Ratios** including the two stages of the Recapitalization Plan **meet the capital requirements defined by the regulator (SREP)**, with phased-in ratios of 12.0% (CET1), 13.0% (Tier 1) and 14.1% (Total);
- **Recapitalization Plan** underway, with stage 1 executed on January 4 and stage 2 scheduled for March;
- 2017-2020 Strategic Plan will **allow a positive evolution in efficiency and profitability**, supporting CGD's leadership position of the Portuguese financial system.



Agenda

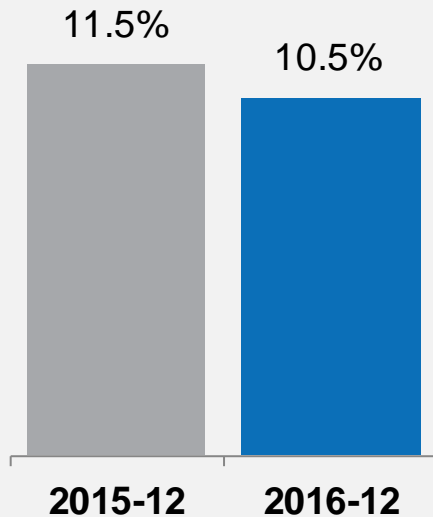
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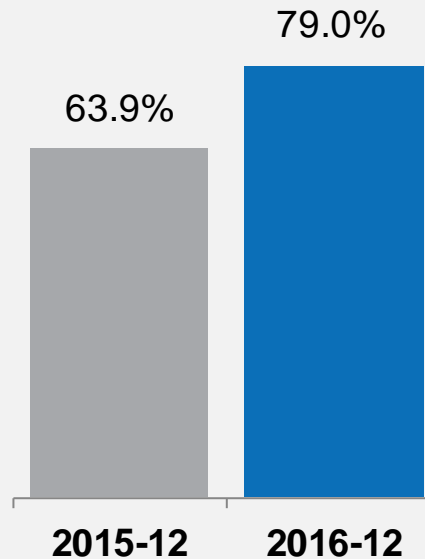
CGD improves its financial strength...

%

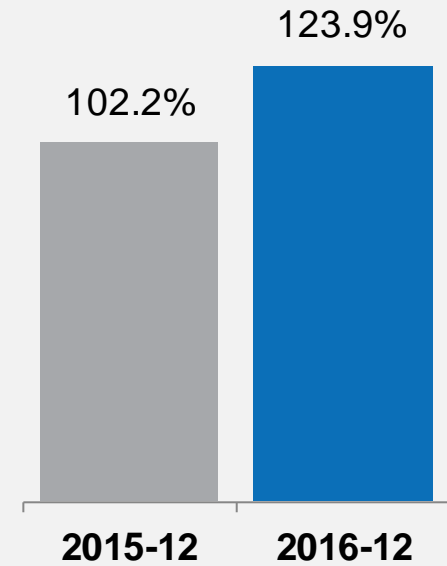
Credit at Risk Reduced



Higher Coverage by Impairments of Credit at Risk



of Overdue Credit > 90 days



Recapitalisation Plan is advancing...

31 March 2017:

2nd Stage of the Recapitalization Plan

- Capital increase of 2,500 M€ in cash
- Issuance of 500 M€ of Additional Tier 1

March

2017

January

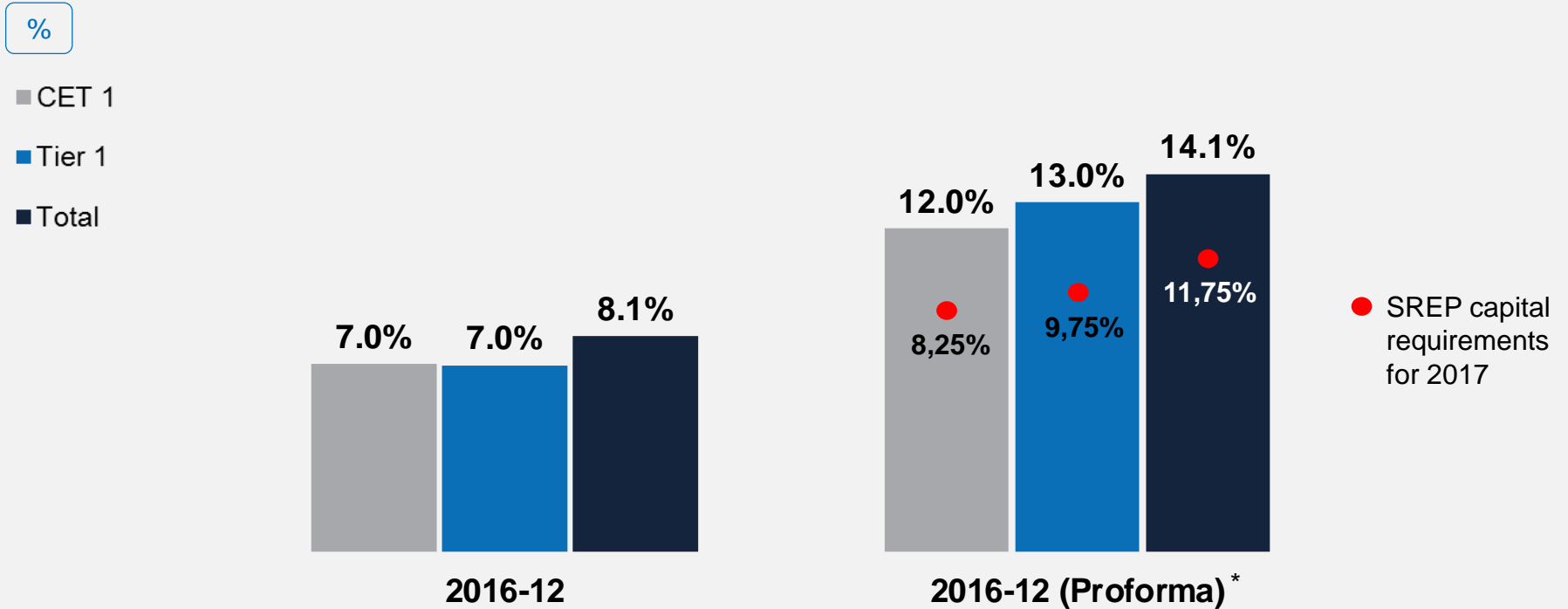
4 January 2017:

1st Stage of the Recapitalization Plan

- Capital increase in kind
(945.1 M€ CoCos + 499 M€ Parcaixa)
- Capital reduction (6,000 M€)
creates positive distributable items



...strengthening CGD



Phased-in Capital Ratios

* Proforma including stage 1 and 2 measures of the Recapitalization Plan

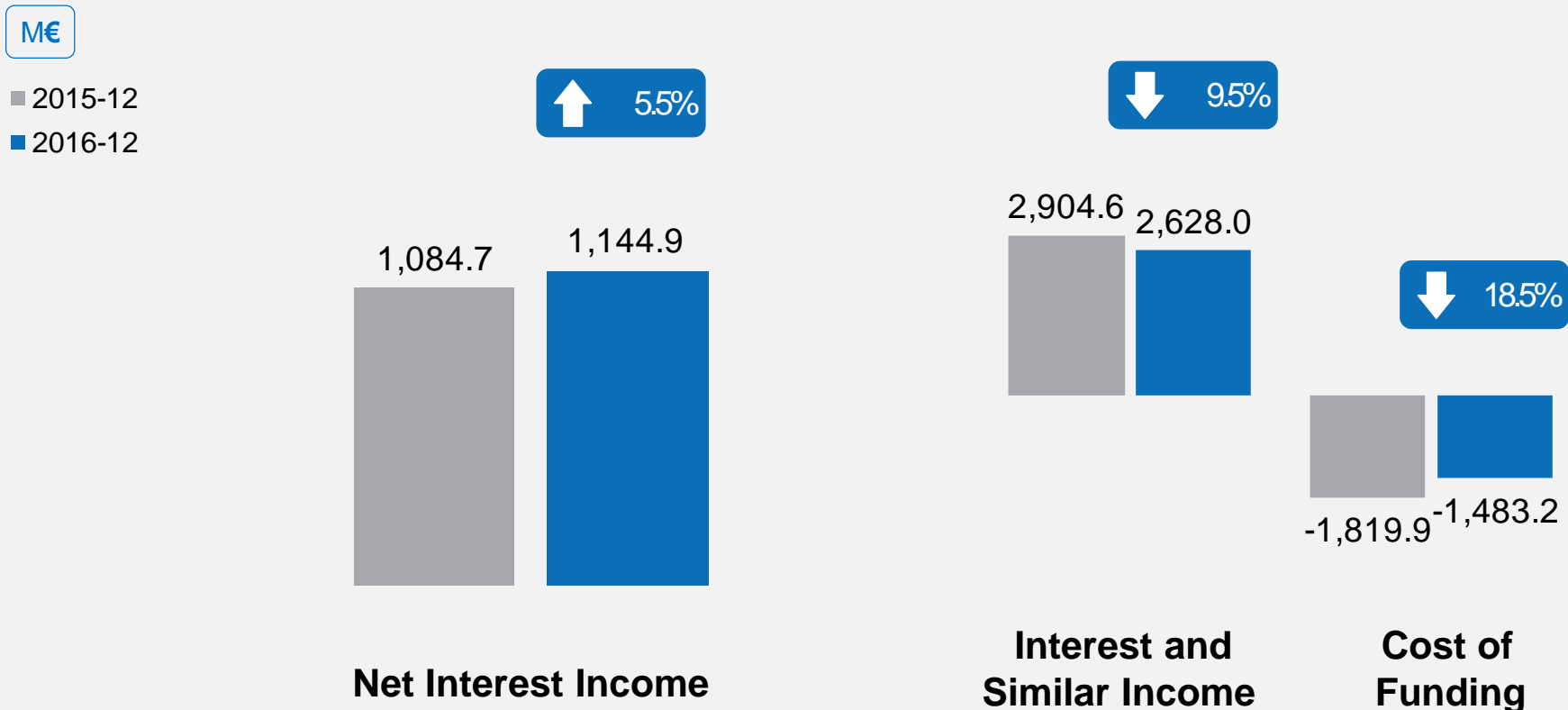


Agenda

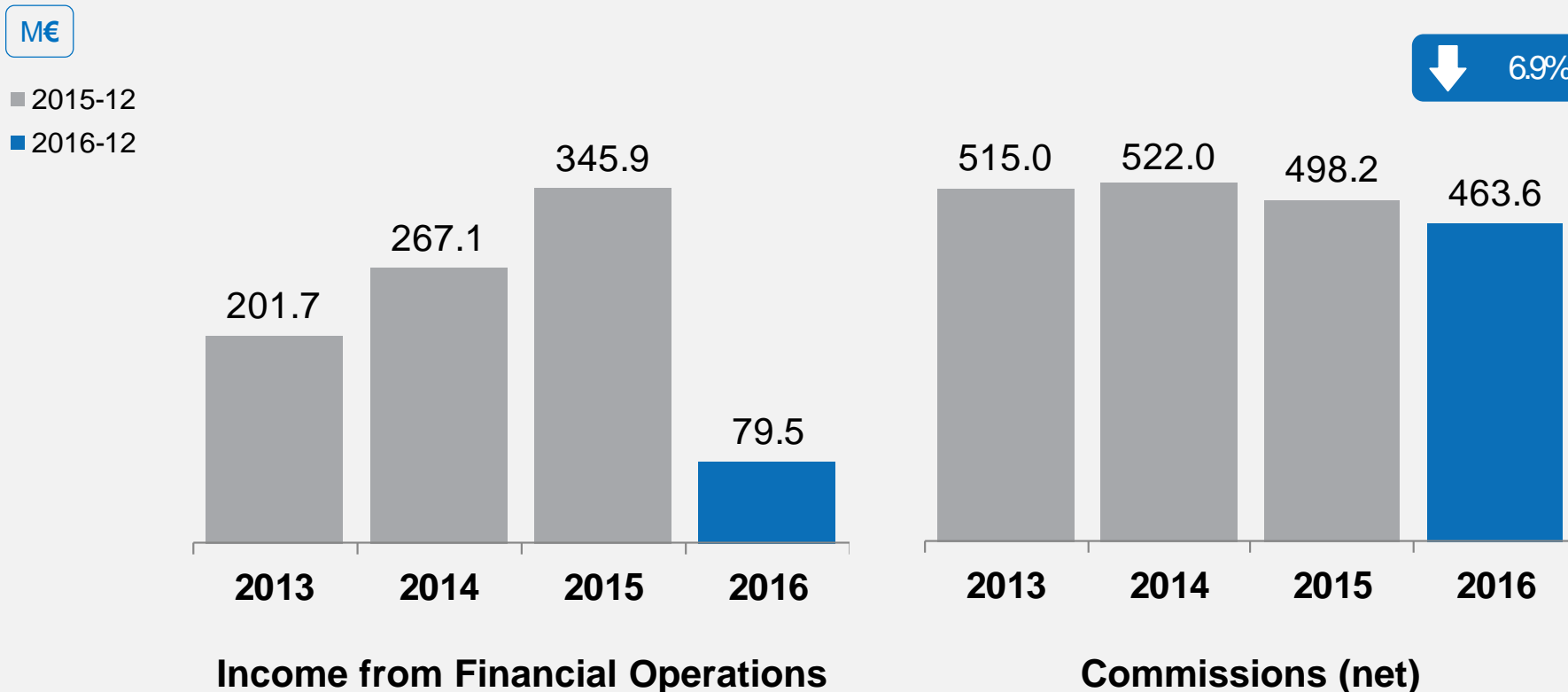
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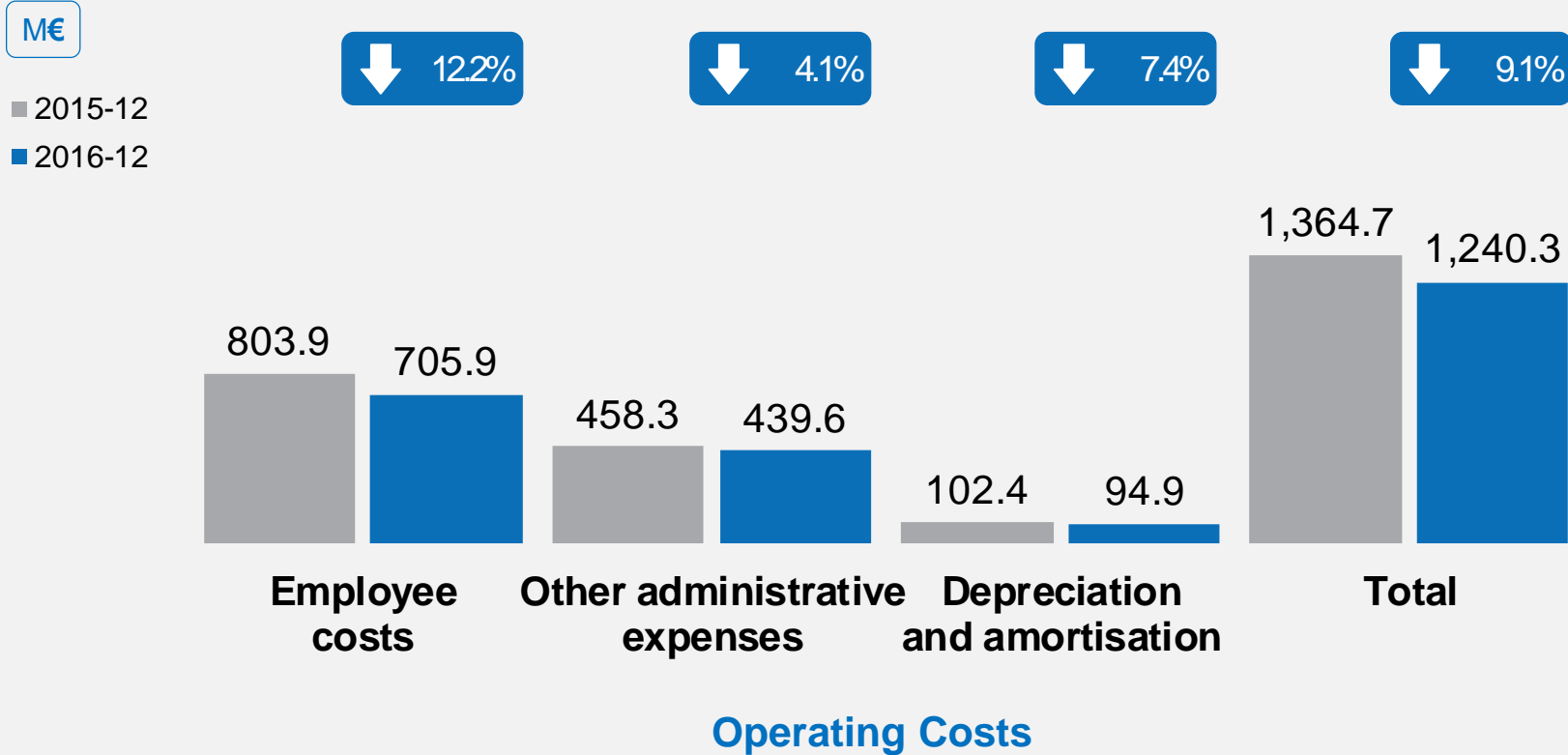
Net Interest Income up 5.5% benefiting from the reduction in funding costs...



...but Total Operating Income was influenced by Income from Financial Operations and Commissions

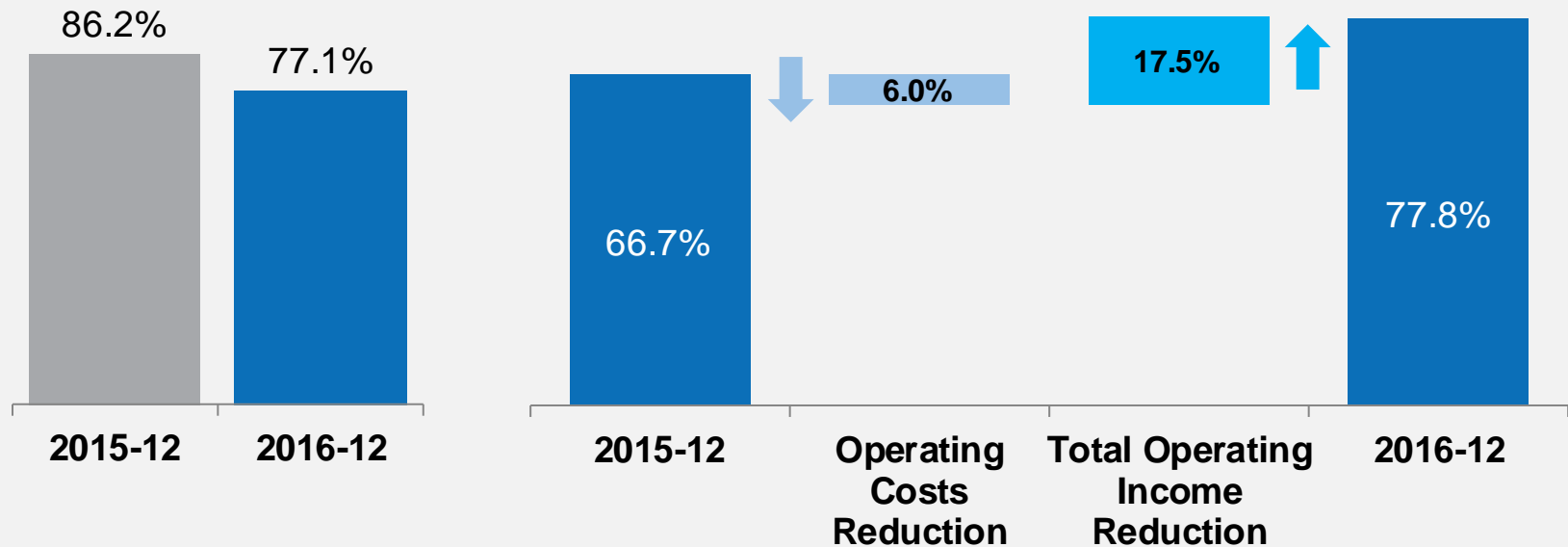


Lower Operating Costs...



... with Cost-to-Core Income improvement

%



Cost-to-Core Income *

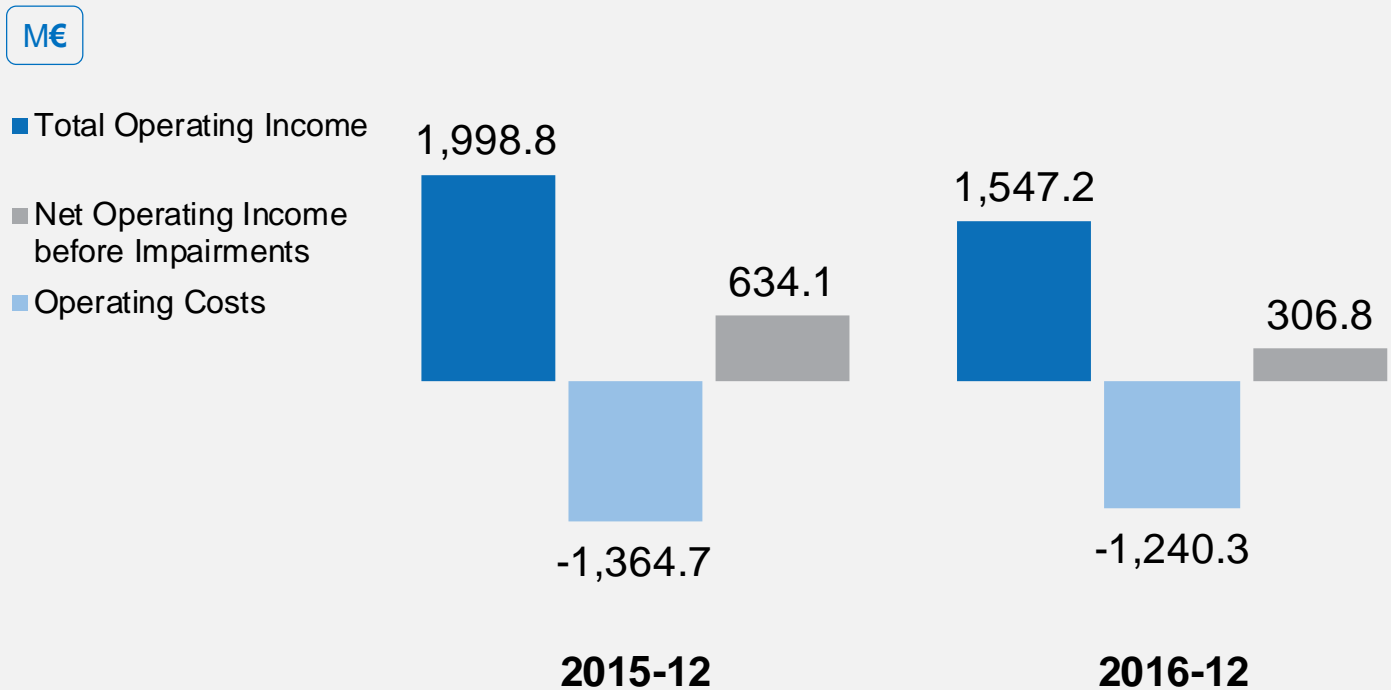
Cost-to-Income **

* Operating Costs / (Net Interest Income + Commissions (net))

** Ratio defined by the Bank of Portugal Instruction 23/2012 [Operating Costs / (Total Operating Income + Income From Associated Companies)]



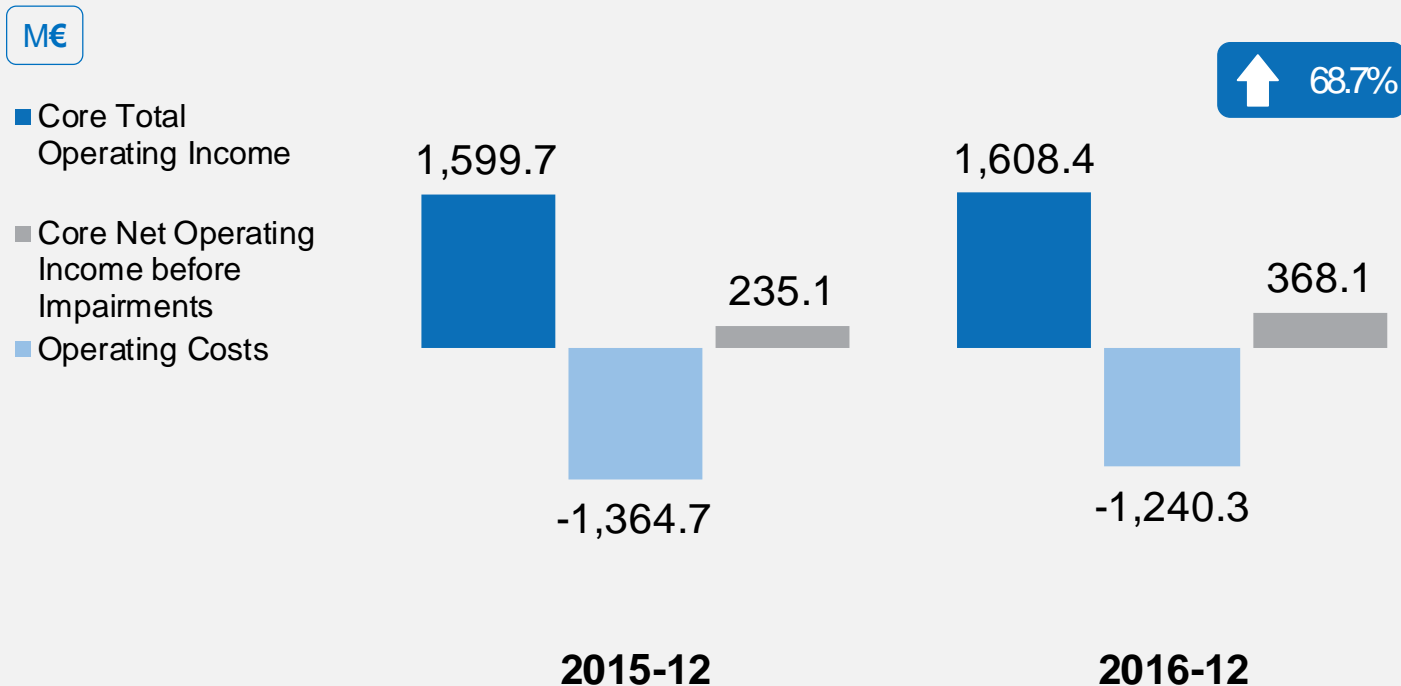
Net Operating Income before Impairments decreased...



Net Operating Income before Impairments



...but Core Net Operating Income before Impairments had a positive evolution



Core Net Operating Income before Impairments *

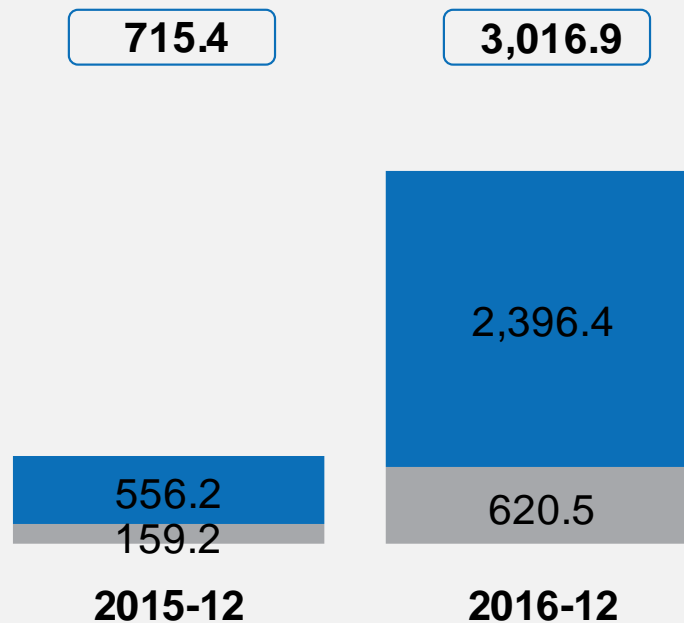
* Core Net Operating Income before Impairments = Core Total Operating Income – Operating Costs
 Core Total Operating Income = Net Interest Income + Commissions (net)



Significant increase of Impairments and Provisions...

M€

- Credit impairment net of reversals
- Provisions and impairments of other assets (net)



Provisions and Impairments

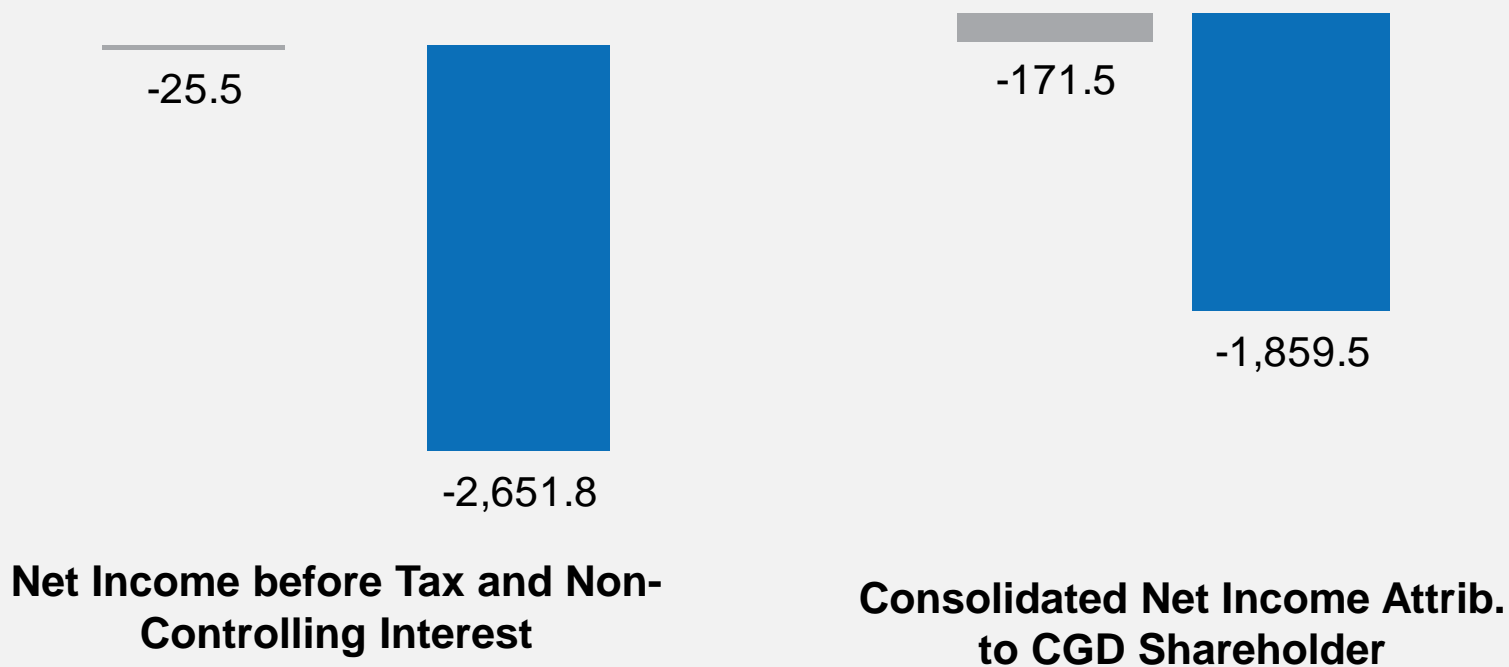


...impacting Consolidated Net Income

M€

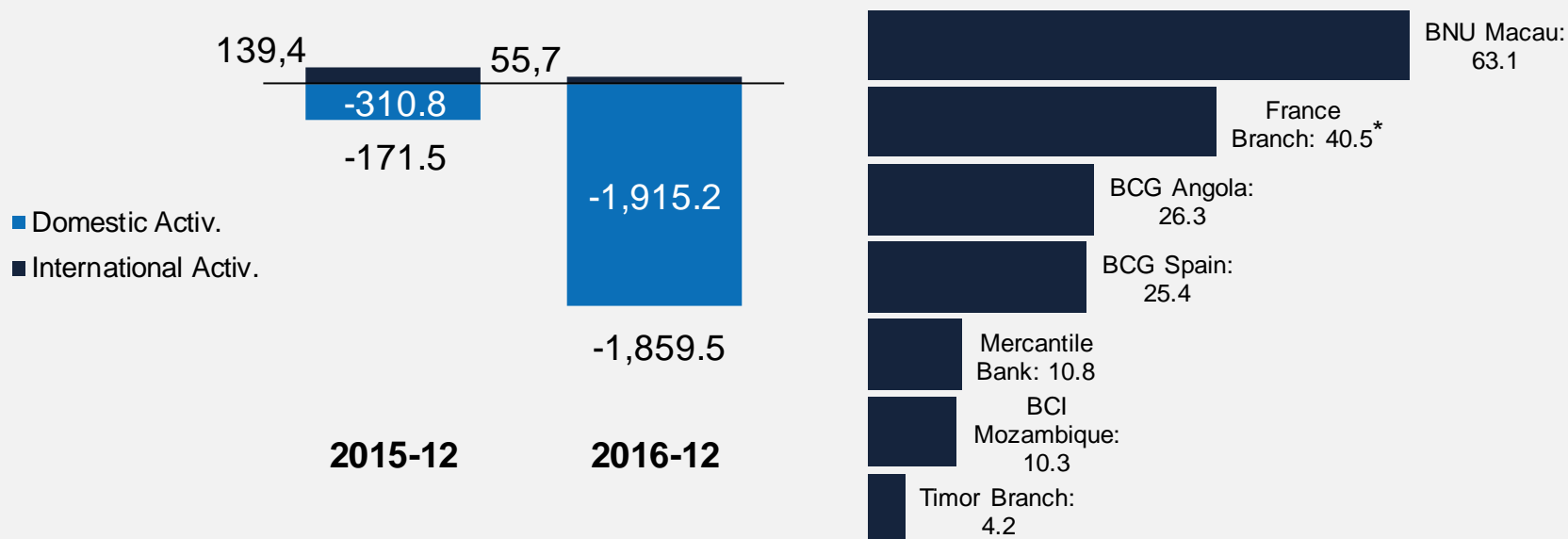
■ 2015-12

■ 2016-12



Important contribution from international activity

M€



Net Income attrib. to CGD Shareholder (International activity contributions)

* Excluding €28.1 million non-recurrent net income from the French Branch



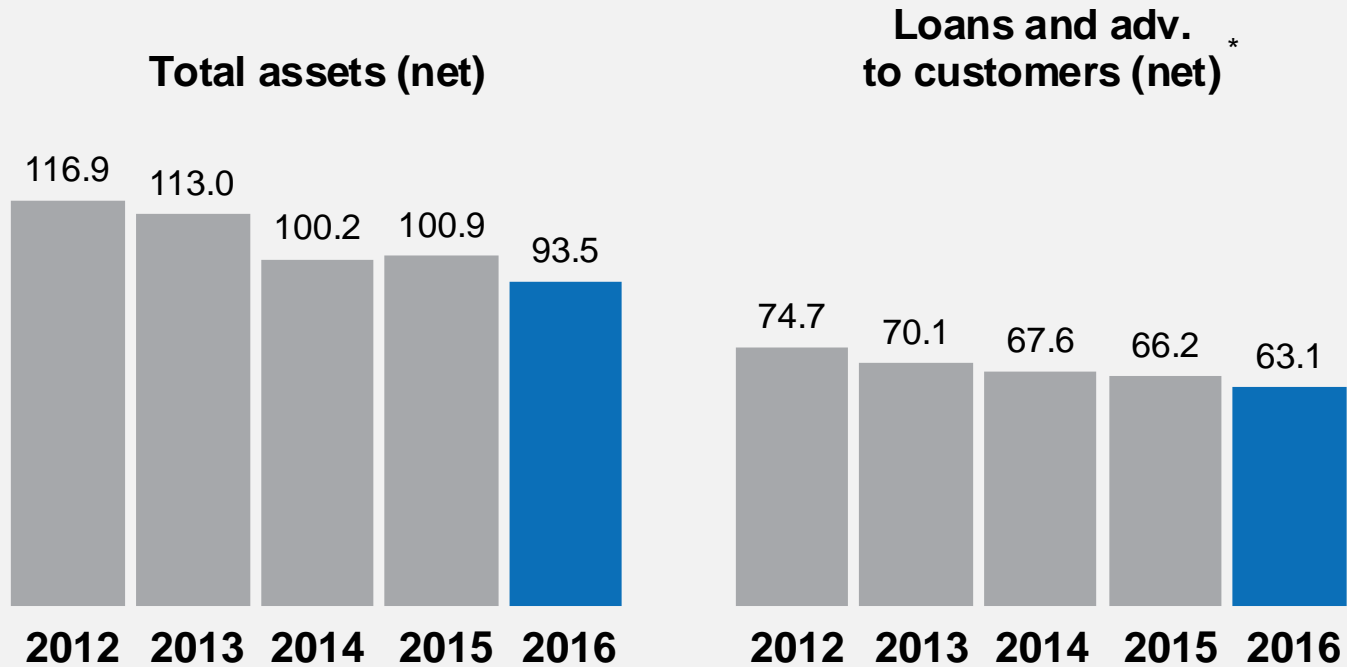
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Balance Sheet is decreasing

B€



* Including assets with repurchase agreement



Resilient resources from individuals and corporates

M€

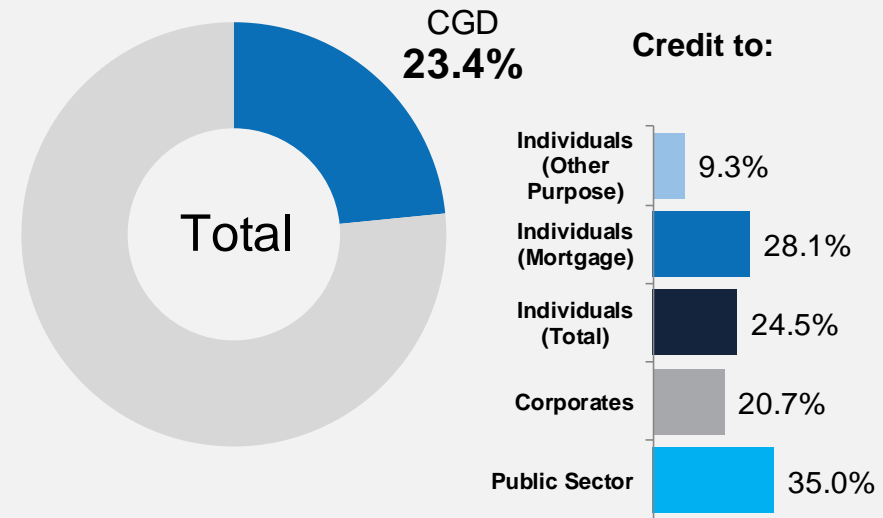
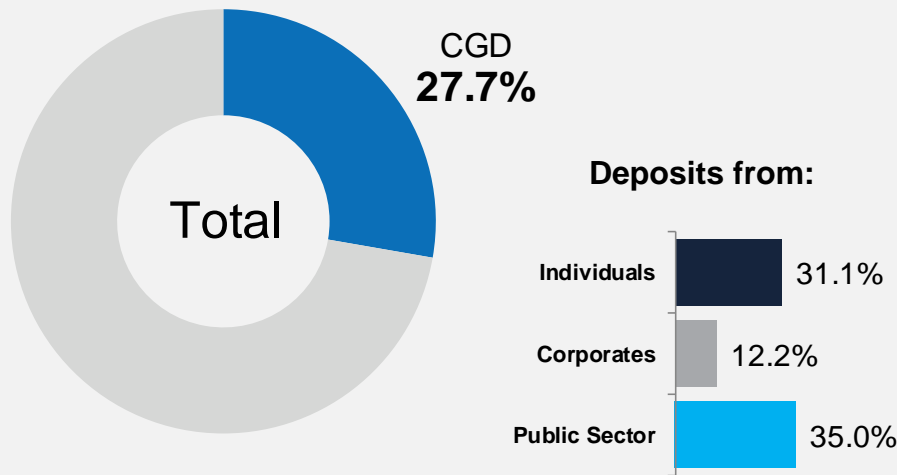


Customer Resources – CGD Portugal
(including deposits, inv. funds, bancassurance and bonds)



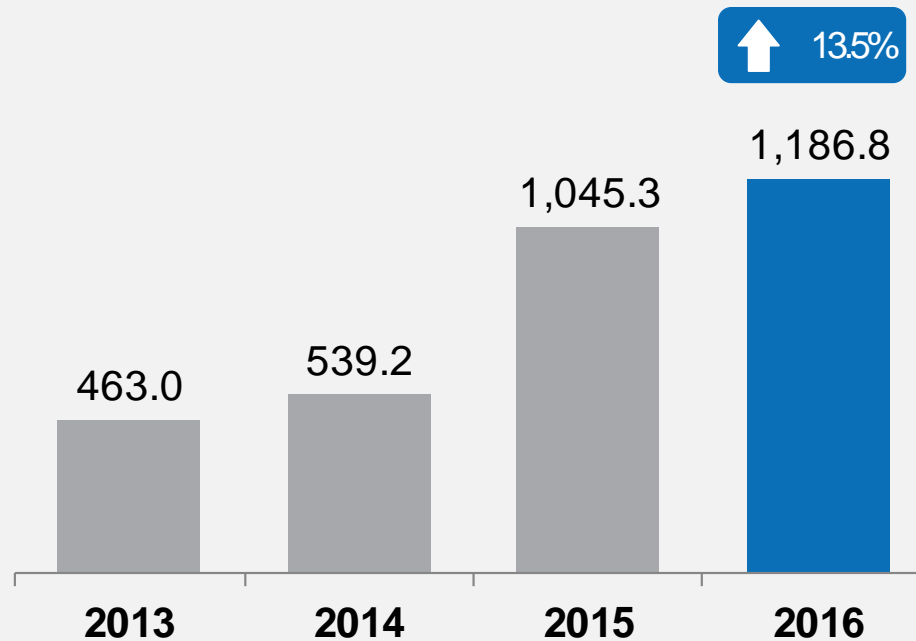
Market leader in Portugal

%



Mortgage Loans new operations continue to increase

M€



Mortgage Credit: New Loans
Portugal Retail Network



Agenda

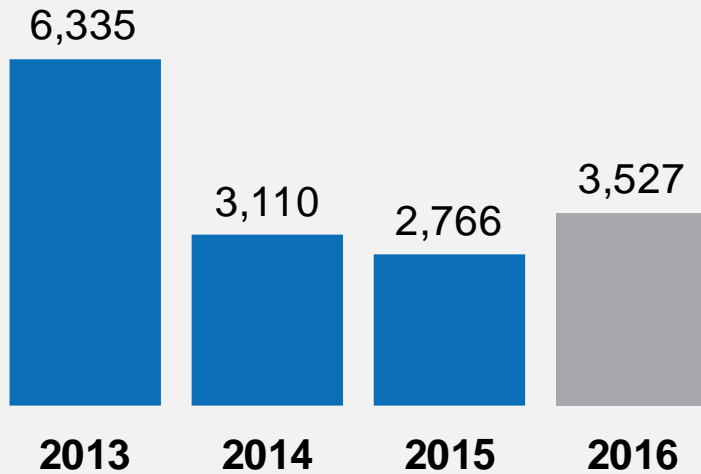
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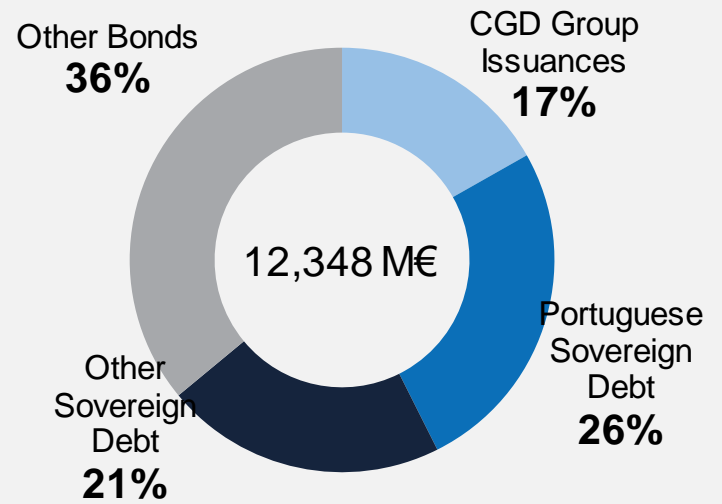
Residual ECB funding...

M€

%



ECB Funding

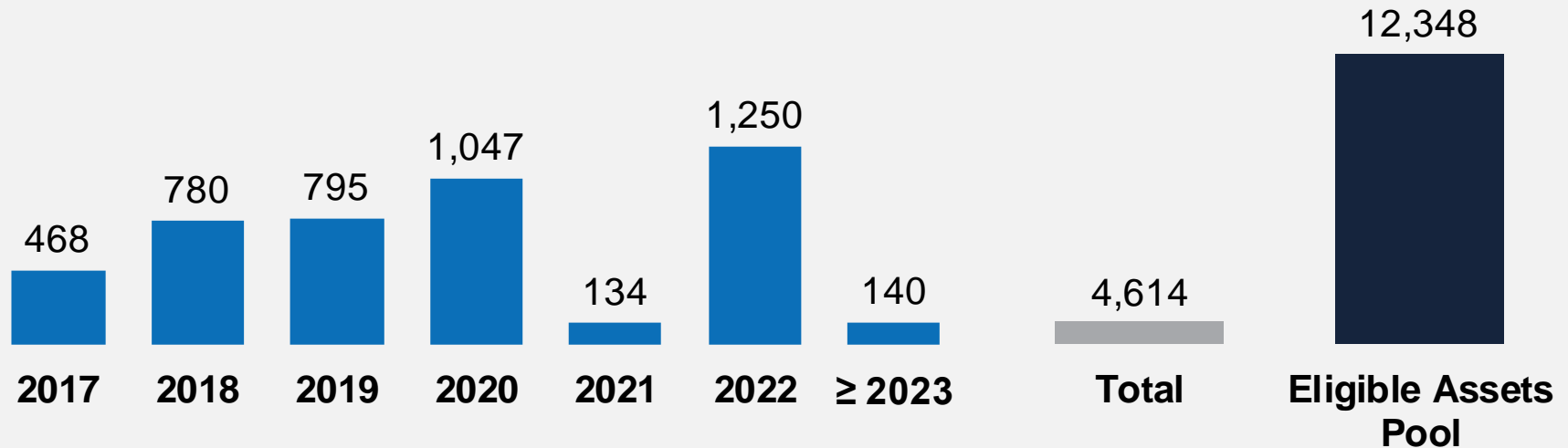


Eligible Asset Pool



...with maturities fully covered by Eligible Assets Pool

M€



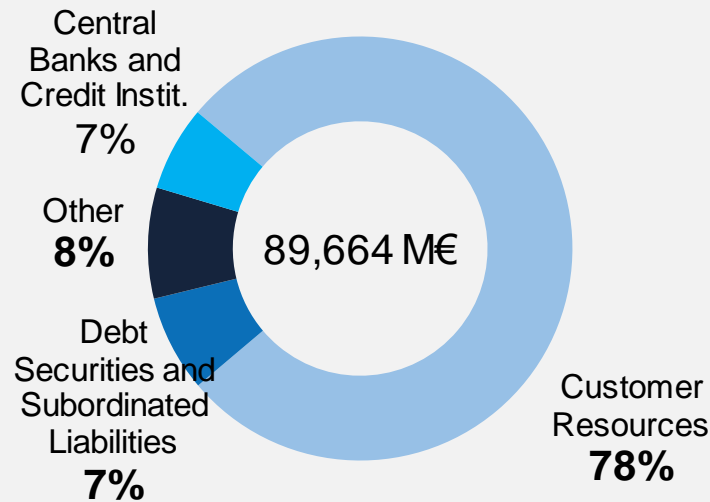
Annual maturities of Wholesale Debt



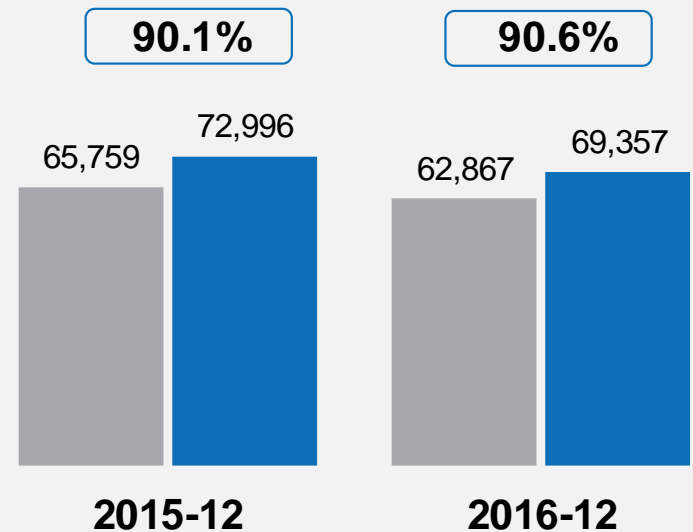
Solid funding structure based on retail banking

%

M€



Funding Structure

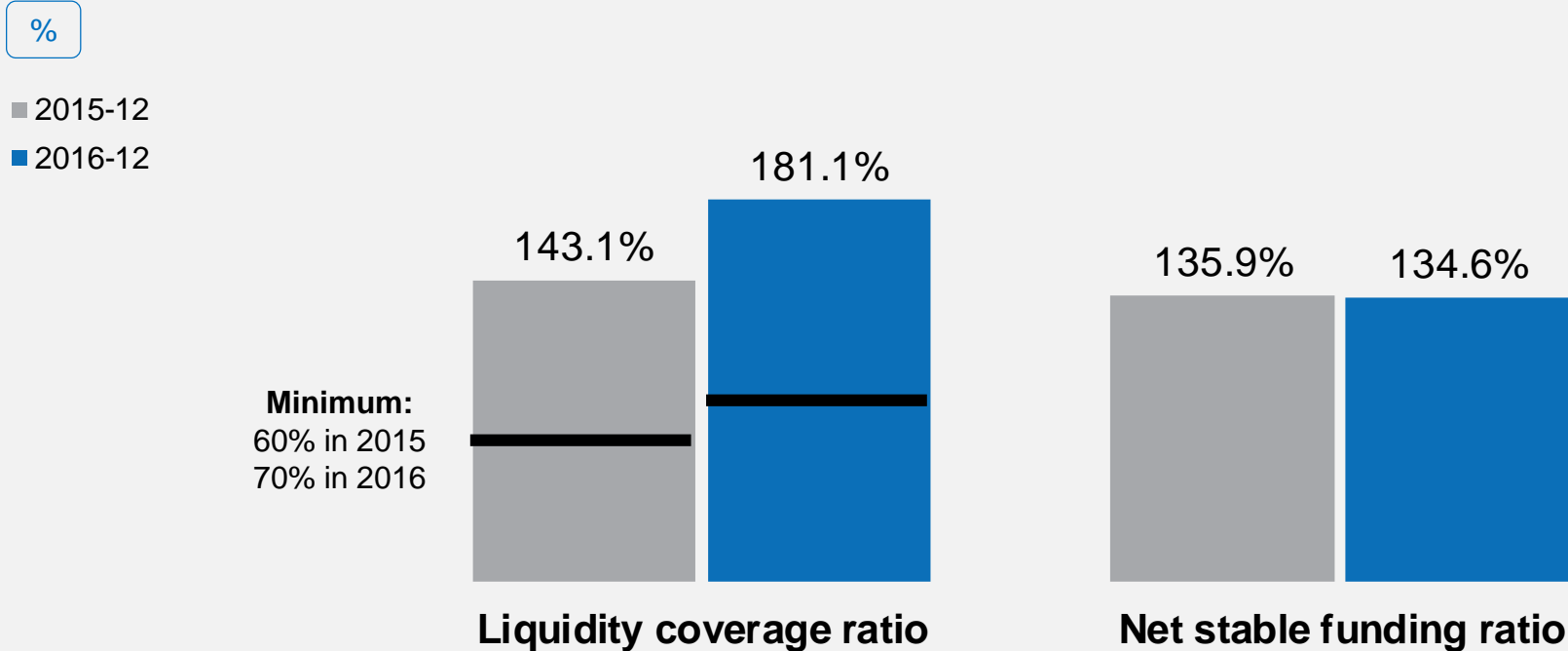


Loans-to-Deposits Ratio

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



Comfortable liquidity ratios

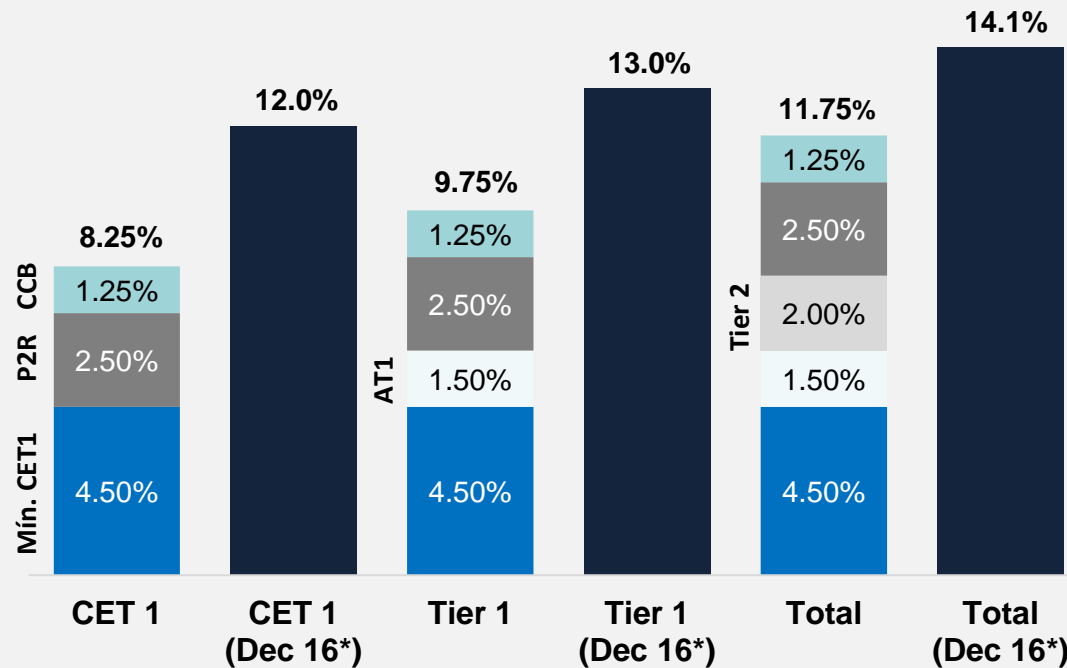


Liquidity Ratios



Capital Ratios meet SREP requirements

%



CGD phased-in Capital Ratios and SREP 2017 Requirements

* Proforma including stage 1 and 2 measures of the Recapitalization Plan



Executive Summary

- **Core operating income** improved, reaching € 368 million, an increase of 69%;
- **Net interest income** is up 5.5%, despite the continued decline in interest rates;
- **Operating costs** decreased by 9%;
- **Broad liquidity**, strong pool of eligible assets for use with ECB and affordable funding;
- **Total resources from individuals and corporates** registered a positive evolution of € 495 million in 2016, supported by the resilience of deposits;
- **CGD reinforces its strength**, reducing credit at risk and increasing coverage by impairments;
- **Recapitalization Plan underway** with stage 1 executed on January 4 and stage 2 scheduled for March;
- Pro-forma **capital ratios** including both stages of the Recapitalization Plan **meet regulatory capital requirements**;
- 2017-2020 strategic plan **will allow a positive evolution in efficiency and profitability.**



Disclaimer

This document is intended to disclose general information, and does not constitute investment recommendation or professional guidance, nor can be interpreted as such. The values refer to 31 December 2016, except otherwise stated.



THANK YOU



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