



Montepio

Valores que crescem consigo.

CAIXA ECONÓMICA MONTEPIO GERAL 2017 CONSOLIDATED RESULTS

ANNOUNCEMENT

- **Caixa Económica Montepio Geral, caixa económica bancária, S.A. (CEMG) informs that, after the new Board of Directors took office on 21 March 2018, in the context of the change of the governance model, the preparation and approval of the accounts for the 2017 financial year has been concluded, the mandatory opinions and reports have been issued, as well as the legal certification of the accounts, and the related Report and Accounts has been approved in the General Meeting that took place on 14 May 2018.**
- **The closing of accounts process for the 2017 financial year was conducted by the new Board of Directors since the date it took office. The analysis of the available information led to some adjustments that culminated in a change of the consolidated results vis-à-vis the provisional and unaudited version of the accounts disclosed on 8 February 2018.**
- **The 2017 consolidated net income attributable to the shareholder amounts to €6.4 million, down €23.7 million from the amount of the unaudited net income disclosed on 8 February 2018.**
- **The legal certification issued by the External Auditor (KPMG & Associados - SROC, S.A.) regarding CEMG's 2017 financial year consolidated accounts' documents does not include reservations or emphases on the documents presently disclosed.**

Lisbon, 15 May 2018

Annex: Key Indicators, Balance Sheet and Income Statement of 2017 financial year

KEY INDICATORS

	Dec 2016	Dec 2017	YoY Change 2017/2016	Dec 2017 (memo items, disclosed on 8.Feb.2018)
ACTIVITY AND RESULTS (EUR million)				
Net Assets	21,346	20,200	(5.4%)	20,215
Gross loans to Customers	15,041	14,063	(6.5%)	14,064
Customers' Deposits	12,468	12,561	0.7%	12,561
Net Income	(86.5)	6.4	-	30.1
SOLVENCY (a)				
Common Equity Tier 1 ratio (CRD IV / CRR, phasing-in)	10.4%	13.2%	2.8 p.p.	13.5%
Tier 1 ratio (CRD IV / CRR, phasing-in)	10.4%	13.2%	2.8 p.p.	13.5%
Total Capital ratio (CRD IV / CRR, phasing-in)	10.9%	13.3%	2.4 p.p.	13.6%
Risk Weighted Assets (EUR million)	12,830	11,875	(7.4%)	11,987
LEVERAGE RATIOS				
Net loans to Customers / Customers' Deposits (b)	111.2%	107.3%	(3.9 p.p.)	107.5%
Net loans to Customers / On-Balance sheet Customers' resources (c)	96.3%	92.4%	(3.9 p.p.)	92.5%
CREDIT RISK AND COVERAGE BY IMPAIRMENTS				
Cost of credit risk	1.2%	1.1%	(0.1 p.p.)	0.9%
Ratio of loans and interest overdue by more than 90 days	9.1%	8.2%	(0.9 p.p.)	8.2%
Non-performing loans ratio (b)	11.5%	9.8%	(1.7 p.p.)	9.8%
Net non-performing loans ratio (b)	3.9%	2.6%	(1.3 p.p.)	2.8%
Coverage of loans and interest overdue by more than 90 days	86.0%	90.2%	4.2 p.p.	88.2%
Credit at risk ratio (b)	15.2%	12.7%	(2.5 p.p.)	12.7%
Net credit at risk (b)	8.0%	5.8%	(2.2 p.p.)	5.9%
Credit at risk coverage ratio	51.6%	57.9%	6.3 p.p.	56.6%
Credit at risk coverage ratio, factoring-in related real estate collateral	120.0%	120.6%	0.6 p.p.	119.3%
Restructured loans as a % of total loans (d)	8.9%	8.2%	(0.7 p.p.)	8.2%
Restructured loans not included in credit at risk as a % of total loans (d)	3.2%	3.2%	0.0 p.p.	3.2%
EFFICIENCY AND PROFITABILITY				
Net operating income / Average net assets (b)	1.7%	2.5%	0.8 p.p.	2.5%
Earnings before Tax / Average net assets (b)	(0.9%)	0.2%	1.1 p.p.	0.4%
Earnings before Tax / Average equity (b)	(12.3%)	3.0%	15.3 p.p.	4.8%
Cost-to-Income (Operating costs / Net banking income) (b)	76.4%	53.0%	(23.4 p.p.)	53.1%
Cost-to-Income, excluding specific effects (e)	88.4%	61.7%	(26.7 p.p.)	62.0%
Staff costs / Net banking income (b)	44.5%	30.9%	(13.6 p.p.)	31.0%
EMPLOYEES AND DISTRIBUTION NETWORK (Number)				
Employees				
Group total (f)	3,806	3,837	31	3,837
CEMG	3,588	3,630	42	3,630
Branches				
Domestic - CEMG	327	324	(3)	325
International	33	34	1	40
Finibanco Angola (g)	23	24	1	25
BTM (Mozambique)	10	10	0	10
Rep. Offices	6	5	(1)	5

(a) In accordance with the CRD IV/CRR (phasing-in); the ratios as of "Dec 2017 (memo items, disclosed on 8.Feb.2018)" include the effect of the adherence to the special regime of deferred tax assets, under law nr 61/2014.

(b) In accordance with the statement of the Bank of Portugal no. 16/2004, as amended.

(c) On-Balance sheet Customers' resources = customer Deposits and liabilities represented by securities. Calculated in accordance with the financial statements attached to this announcement.

(d) In accordance with the statement of the Bank of Portugal no. 32/2013.

(e) Excludes results of financial operations, the impacts associated with the operative structure resizing program and the review of the collective labour agreement.

(f) Includes business centres.

CONSOLIDATED BALANCE SHEET

(million euro)	Dec-16	Dec-17	YoY Change 2017/2016 %	Dec 2017 (memo items, disclosed on 8.Feb.2018)
Cash and deposits at central banks	381.3	1,733.6	354.7%	1,733.6
Deposits at other credit institutions	69.6	50.2	(27.9%)	50.2
Financial assets held for trading	78.2	184.1	135.4%	184.1
Financial assets available for sale	2,399.5	2,200.9	(8.3%)	2,197.3
Investments in credit institutions	559.1	312.2	(44.2%)	310.1
Loans to customers	13,861.0	13,029.3	(6.0%)	13,052.7
Investments held to maturity	1,126.1	0.0	(100.0%)	0.0
Non-current assets held for sale	760.2	742.2	(2.4%)	742.2
Non-current assets held for sale - Discontinuing operations	470.4	474.5	0.9%	475.0
Investment properties	608.0	538.6	(11.4%)	538.6
Other tangible assets	237.1	233.3	(1.6%)	233.3
Intangible assets	34.9	31.4	(10.0%)	31.4
Inv. in associates and subsidiaries	4.0	4.1	2.5%	4.1
Current tax assets	11.9	7.3	(38.7%)	7.3
Deferred tax assets	521.7	466.0	(10.7%)	461.4
Other Assets	222.9	192.3	(13.7%)	193.6
TOTAL NET ASSETS	21,345.9	20,200.0	(5.4%)	20,214.7
Resources from central banks	2,322.9	1,557.8	(32.9%)	1,557.8
Financial liabilities held for trading	26.1	16.2	(37.9%)	16.2
Resources from other credit institutions	2,275.9	1,786.7	(21.5%)	1,784.5
Resources from customers and other liabilities	12,467.8	12,561.0	0.7%	12,561.0
Debt securities issued	1,920.0	1,544.1	(19.6%)	1,545.0
Hedging derivatives	0.0	1.7	-	1.7
Financial liabilities associated to transferred assets-Discontinuing operations	354.8	330.4	(6.9%)	330.4
Provisions	21.8	27.1	24.3%	28.1
Other subordinated liabilities	251.0	236.2	(5.9%)	236.2
Current tax liabilities	1.9	5.2	173.7%	5.3
Other liabilities	247.0	370.7	50.1%	371.5
TOTAL LIABILITIES	19,889.4	18,437.1	(7.3%)	18,437.8
Share Capital ¹	2,170.0	2,420.0	11.5%	2,420.0
Other equity instruments	6.3	6.3	0.0%	6.3
Own Securities	(0.1)	0.0	-	0.0
Reserves and retained earnings	(656.5)	(702.7)	-	(712.2)
Consolidated profit/ (loss)	(86.5)	6.4	-	30.1
Total equity attributable to the shareholders	1,433.3	1,730.1	20.7%	1,744.2
Non-controlling interests	23.2	32.8	41.4%	32.9
TOTAL EQUITY	1,456.5	1,762.9	21.0%	1,777.0
TOTAL LIABILITIES AND EQUITY	21,345.9	20,200.0	(5.4%)	20,214.8

(1) as of December 2016 it was comprised of institutional capital and the participation fund.

CONSOLIDATED INCOME STATEMENT

(million euro)	Dec-16	Dec-17	YoY Change 2017/2016 %	Dec 2017 (memo items, disclosed on 8.Feb.2018)
Interest and similar income	534.3	420.6	(21.3%)	481.4
Interest and similar expense	281.2	154.4	(45.1%)	217.5
NET INTEREST INCOME	253.2	266.2	5.1%	263.9
Income from equity instruments	11.6	12.6	8.6%	12.6
Income from services, fees and commissions	101.5	119.8	18.0%	117.0
Net gains/losses from financial operations	37.0	70.7	91.1%	72.8
Other operating income	(31.8)	35.9	-	38.8
NET OPERATING INCOME	371.5	505.3	36.0%	505.1
Staff Costs	165.5	156.2	(5.6%)	156.4
General and administrative expenses	94.0	87.0	(7.4%)	87.0
Amortization and depreciation	24.3	24.8	2.1%	24.8
OPERATING COSTS	283.8	268.0	(5.6%)	268.2
Loan impairments	182.5	160.7	(11.9%)	138.0
Other financial assets impairments	44.5	7.8	(82.5%)	6.7
Other assets impairments	40.8	12.6	(69.1%)	11.7
Other provisions	(6.3)	10.3	-	11.4
Earnings by equity method	0.2	0.2	0.0%	0.2
EARNINGS BEFORE TAX AND NON-CONTROLLING INTERESTS	(173.5)	46.1	-	69.4
Tax	(96.2)	42.4	-	48.3
Non controlling interests	2.0	1.4	(30.0%)	1.4
Results from discontinuing operations	(7.2)	4.1	-	10.4
NET INCOME	(86.5)	6.4	-	30.1