CONSOLIDATED RESULTS
SEPTEMBER 30, 2015

HIGHLIGHTS

CAPITAL

Solvency reinforcement

- Reinforcement of the prudential own funds, translated into an improvement of the Common Equity Tier 1 ratio (Phasing-in) to 9.30% and in a shoring-up of the Total Capital ratio (Phasing-in) to 10.32% (8.51% and 8.67%, respectively, in December 2014).
- This reinforcement of solvency was obtained through the combined effect of the increase of the core and complementary own funds in EUR 61.1 million and EUR 121.4 million, respectively, as well as through the decrease of the Risk Weighted Assets in EUR 634.8 million, in the first 9 months of 2015. This effect is a consequence of the fulfilment of strategic measures which led to a mitigation of risk and to a lesser capital consumption on the Balance sheet of Caixa Económica.

LIQUIDITY

Improvement of the on-balance sheet liquidity

- Shore-up of the on-Balance sheet liquidity, as measured by the increase of the LCR ratio (Liquidity Coverage Ratio), which stood at 89%, 29 p.p. above the minimum required level. The favorable evolution of this ratio allows CEMG, already today, to fulfil the liquidity requirements only applicable from 2018 onwards (100%).
- Maintenance of a balanced leverage ratio (99.6%), factoring in total credit and total customers' resources, translating the positive Commercial Gap of EUR 52.9 million.
- Sound individual customers' deposits base, standing at EUR 9.0 billion, together with an increase of market operations, allowing for the replacement of more expensive resources from institutional clients.

ASSET QUALITY

Reduction in the Cost of Risk

- Reduction in the Cost of Risk to 1.6%, as opposed to 3.1%, at year end-2014, reflecting an improvement in expected losses related to credit impairments.
- The coverage of Credit-at-Risk was kept stable at 58.5%, which increases to 121.4% when real estate collateral is considered.

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EARNINGS

Improvement in the activity and recurrent income

- Increase of the credit portfolio diversification effort, with companies (excl. construction) accounting for 38.6% of the total (37.0%, in the same period of 2014).
- Commission Income went up 6.8%, from the 2nd to the 3rd quarter of 2015, in line with the increase of 1.3% of Net Interest Income, observed in the 2nd quarter of 2015, thus contributing to the progressive improvement in core Net Operating Income.
- Reduction in Operating Costs, in Portugal (-0.9%), coupled with an increase abroad (Angola and Mozambique), as a result of the investment made by the Group. On a comparable basis, excluding the qualified holding in Banco Terra, S.A., acquired at the end of 2014, there was a contention of the operating costs. Also worth noting is the decrease of 6.6% in the consolidated operating costs from the 2nd to the 3rd quarter of 2015.
- Lesser contribution of the Securities Portfolio resulting from the sale of public debt securities in 2014 (circa EUR 27.8 million/quarter), with impact on the reduction of Net Interest Income, which totalled EUR 72.7 million.
- Increase in the results from financial operations to EUR 74.6 million, against EUR 8.2 million in September 2014 (EUR +66.4 million), not taking into account the contribution of the sale of public debt securities. The lesser weight of this contribution led to a reduction in the results from financial operations which stood at EUR 145.7 million.
- Significant decrease of the impairment losses in 45.7%.
- Improvement of EUR 211.5 million in Recurrent Net Income to EUR -130.5 million (against EUR -342.0 million). Net Income for the period stood at EUR -59.5 million.

RATING

Rating upgrades

- Moody's upgraded the Long-Term rating from 'B2' to 'B1' and the Outlook to 'Stable. A 3-notch upgrade of the covered bonds rating was also carried out, from 'Ba1' to 'Baa1'.
- Fitch Ratings affirmed the Viability Rating and improved the Outlook to 'Stable' and revised the Long-Term IDR to 'B+'.
- DBRS affirmed, also, CEMG's Intrinsic Assessment and revised the Long-Term rating to 'BB(high)', maintaining the Outlook.
- Standard & Poor's reiterated the high quality of the Residential Mortgage Backed Securities where Caixa Económica Montepio Geral acts as the Originator, assigning an A(sf) grade to the class A notes of both Pelican Mortgages no.2 and Aqua Mortgage no.1 securitisation transactions.

Net Income for the first 9 months of 2015 of Caixa Económica Montepio Geral was EUR -59.5 million, which compares with EUR 19.5 million[1] in the same period of 2014.

This trend reflects two effects:

- ✓ The improvement of EUR 211.5 million in recurrent Net Income.
- ✓ A reduction of EUR 224.0 million in the results from financial operations, which reached EUR 145.7 million, due to a lesser contribution of the results obtained with the sale of Portuguese treasury securities.

The improvement in Recurrent Net Income was a consequence of i) the increase of 6.8% in commission income, from the 2nd to the 3rd quarter of 2015, ii) as well as of the policy to reduce the level of Operating Costs in the domestic business activity (-0.9%), thus contributing to the decrease of 6.6% in the Group's Operating Costs, from the 2nd to the 3rd quarter of 2015.

These effects have off-set the reduction in the business volume, due to the slow and still fragile recovery of the domestic economy, which is translated in the 5.3% reduction in the net credit to customers.

The results from financial operations totaled EUR 145.7 million, which compares with EUR 369.7 million in the same period of 2014. This evolution was determined by the lesser contribution from the sale of Portuguese treasury securities reaching EUR 361.5 million, in the first 9 months of 2014, against EUR 71,0 million until 30 September 2015, implying a reduction of EUR 290.4 million. It is, therefore, worth noting that, if one excludes the impact of the sale of the aforementioned securities, the results from financial operations posted an increase of EUR 66.4 million in September 2015 against the same period of 2014.

The operating costs of the domestic activity decreased by 0.9% year-on-year, this trend, coupled with the increase of the operating costs of the international activity, led to an overall increase 3.5%. On a comparable basis, not taking into account the entering into Mozambique, through the acquisition of a qualified holding in the share capital of Banco Terra, S.A., which occurred at the end of 2014, there was a contention of the operating costs. It should also be stressed that, from the 2nd to the 3rd quarter of 2015, the Group's operating costs decreased 6.6%, as a result of the reduction in staff and administrative costs of 1.6% and 12.9%, respectively, as a result of the putting in place of a very stringent cost reduction policy.

The cost of risk went down to 1.6%, against 3.1%, at year end-2014, as a result of the reduction in credit impairments, which decreased by 42.2% year-on-year, to EUR 202.6 million, or 47.3% in the domestic market, as a result of the recovery of the Portuguese economy and its impact on the households finances. As far as the international activity is concerned, credit impairments posted by Finibanco Angola increased EUR 3.0 million, reaching EUR 10.3 million, whereas in Banco Terra credit impairments were only EUR 0.6 million.

In terms of Balance sheet, net total assets stood at EUR 21,824.9 million, thus showing a slight decrease against the value posted in 31 December 2014 (-2.9%).

Credit to customers (net) decreased by 5.3%, against the same period of 2014, to EUR 14,597.4 million, reflecting the performance of the domestic activity (-5.4%) as a consequence of a very stringent credit underwriting policy, contrasting with the performance on the international front where there was an increase of 1.3%. The behavior of the credit portfolio is also a consequence of the contraction in mortgage loans (-8.6%) and of the stability of the loans to companies (-0.7%).

In what concerns the quality of the credit portfolio, the credit-at-risk ratio stood at 14.46%, whereas the credit more than 90 days overdue ratio was 7.97%, depicting the prolonged unfavorable context of the Portuguese economy. Also worth noting is the stability of the coverage of credit-at-risk at 58.5%, against 59.7% in the same period of 2014. Taking into account the associated guarantees, this coverage ratio stood at 121.4% (135.4%, in September 2014).

As far as Liquidity is concerned, there was a consolidation of the sound base of individuals' deposits, standing at EUR 9.0 billion, together with an amortisation of debt securities issued of EUR 568 million, thus evidencing an active management of the net funding needs. The Liquidity Coverage Ratio reached 89%, 29 p.p. above the minimum required level, as well as the leverage ratio, taking into account total credit and customers' resources, improved to 99.6%, against 99.8% in June 2015.

As regards Capital, the downward trend in the Risk Weighted Assets was kept, having decreased by EUR 634.8 million, against December 2014, as a consequence of the reduction of the credit portfolio and of the debt securities

[1] To ensure comparability, the financial statements of September 2014 were restated following the European Commission Regulation No. 634/2014 of June 13, which established the entry into force of the IASB's interpretation on IFRIC 21, of May 20, 2013, no later than the date of the first financial exercise that begins on or after June 17, 2014.

portfolio. Putting together this decrease with the shore-up of the own funds of EUR 348.5 million, which took place in the first 9 months of 2015, there was an improvement in the phasing-in capital ratios, *Common Equity Tier 1* and Total Capital from 8.51% and 8.67%, to 9.30% and 10.32%, respectively. The slight reduction of these ratios against June 2015 is, mainly, a consequence of the net income for the period.

(thousand euros)

	Sep-15	Jun-15	Dec-14
BASEL III - CRD IV / CRR			
Total Capital	**1,494**	**1,600**	**1,309**
Eligible instruments to CET1	1,885	1,896	1,682
Common Equity Tier 1 Capital	1,346	1,436	1,285
Tier 1 Capital	1,346	1,436	1,285
Tier 2 Capital	154	171	33
Risk-Weighted Assets and equivalents	14,470	15,065	15,105
Total Capital ratio (phasing-in)	**10.32%**	**10.62%**	**8.67%**
Common Equity Tier 1 (phasing-in)	**9.30%**	**9.53%**	**8.51%**
Tier 1 ratio (phasing-in)	**9.30%**	**9.53%**	**8.51%**

This favorable trend in a set of key indicators, translated into the improvement of Caixa Económica Montepio Geral's rating grades, with Moody's upgrading the Long-Term rating, from 'B2' to 'B1' and also improving the Outlook to 'Stable'. As far as Fitch Ratings are concerned, they have confirmed the 'viability rating' and improved the Outlook to 'Stable', whereas DBRS confirmed the 'Intrinsic Assessment', while keeping the Outlook.

Emphasis should also be put in the 3-notch upgrade of Caixa Económica Montepio Geral covered bonds rating by Moody's, from 'Ba1' to 'Baa1', moving to the 'moderate credit risk' class, in the Investment Grade category.

Standard & Poor's Ratings Services reiterated the high quality of the Residential Mortgage Backed Securities where Caixa Económica Montepio Geral acts as the Originator, assigning an A(sf) grade to the class A notes of both *Pelican Mortgages no.2* and *Aqua Mortgage no.1* securitisation transactions.

MOST IMPORTANT EVENTS IN THE FIRST 9 MONTHS OF 2015

CEMG's new corporate bodies

Following the approval of the revision of CEMG's Articles of Association, in the General Meeting held on 26 May 2015, the new corporate bodies were elected on 5 August 2015. The new Executive Board of Directors, headed by Mr. José Morgado, took office on 7 August 2015.

New legal framework for the Savings Banks

In 10 September 2015, the Decree-Law no. 190/2015 was published, which divides the savings banks in two groups, according to the volume of their assets, into "annexed savings banks" and "banking savings banks", with CEMG falling in the latter group.

This Decree-Law determines the equivalence of the banking savings banks to banks and that, as such, they can perform all the legal activities carried out by the latter. Therefore, this Document opens very positive perspectives for the development of Caixa Económica's activities, granting it a flexibility and an access to market instruments that were previously not available to it, given its legal nature, but which were, nevertheless, available to its competitors.

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TABLE OF INDICATORS

(thousand euros)

INDICATORS	Sep-15	Dec-14	Sep-14 [2]
LEVERAGE RATIOS			
Net Loans to Customers / Customers' Deposits (a)	116.56%	106.46%	110.21%
Net Loans to Customers / On-Balance sheet total Customers' resources (b)	99.64%	92.50%	95.56%
CREDIT RISK AND COVERAGE BY IMPAIRMENTS			
Ratio of Loans and Interest Overdue by more than 90 days	7.97%	6.13%	6.44%
Non-Performing Loans Ratio (a)	8.40%	7.42%	8.67%
Net Non-Performing Loans Ratio (a)	-0.07%	-1.00%	0.45%
Coverage of Loans and Interest Overdue by more than 90 days	106.53%	136.65%	128.87%
Credit at Risk Ratio (a)	14.46%	12.03%	13.84%
Net Credit at Risk Ratio (a)	6.56%	4.02%	6.08%
Credit at Risk Coverage Ratio	58.51%	69.35%	59.66%
Credit at Risk Coverage Ratio, factoring in associated real estate collateral	121.40%	136.50%	135.39%
Restructured Loans as a % of Total Loans (c)	10.70%	10.49%	10.41%
Restructured Loans not included in Credit at Risk as a % of Total Loans (c)	5.41%	6.89%	6.83%
PROFITABILITY AND EFFICIENCY			
Net Operating Income / Average Net Assets (a)	2.29%	3.48%	4.13%
Earnings before Taxes / Average Net Assets (a)	-0.59%	-0.92%	0.32%
Earnings before Taxes / Average Equity (a)	-8.94%	-12.55%	4.20%
Operating Expenses / Net Operating Income (Cost to Income) (a)	68.25%	43.56%	35.92%
Personnel Expenses / Net Operating Income (a)	40.12%	24.75%	20.71%

(a) According to Banco de Portugal Instruction No. 16/2004.
(b) On-Balance sheet total Customers' Resources = Customers' Resources + Debt Securities Issued.
(c) According to Banco de Portugal Instruction No. 32/2013.

Glossary

CET1 – Common Equity Tier 1

Cost to Income – Efficiency ratio (Operating Cost as a percentage of Net Operating Income)

CRD IV / CRR – Basel III legal framework, namely, Directive 2013/36/EU and Regulation no. 575/2013, of the European Parliament and of the Council

Cost of Risk – Annualized credit impairment as a percentage of average gross credit

IASB – International Accounting Standards Board

IDR – Issuer Default Rating

IFRIC – International Financial Reporting Interpretations Committee

LT – Long Term

Lisbon, 30 October 2015

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