CAIXA ECONÓMICA MONTEPIO GERAL
CONSOLIDATED RESULTS
AS AT 30 SEPTEMBER 2016

Lisbon, 17 November 2016
(year-on-year changes, unless when stated otherwise)

HIGHLIGHTS

- Net income for the 3rd quarter of +€144 thousand
- Net interest income grew +10.3% year-on-year
- Operating costs vary by 4.0% including costs of €32Mn with the process of re-dimensioning of the operating structure. Excluding this effect, there was a reduction of 8.4%
- Increase in Customers' deposits by €39.6Mn, +0.3% year-on-year
- Reinforcement of the liquidity position: LCR of 109.0% (+20 p.p. vs. 89.0% in Sep-15)
- Reduction of cost of risk from 1.6% to 1.1%
- Strengthening of the capital position: increase of the CET[1] ratio to 10.43% and of the Total Capital[1] ratio to 11.01% (8.82% and 9.74% in Dec-15, respectively)
- Accumulated net income with reference to 30 September 2016 of -€67.5Mn, against -€67.6Mn as at 30 June and -€59.5Mn in September 2015

CAPITAL

Strengthening of Solvency

- **Reinforcement of capital ratios with the CET1[1] ratio increasing by 161 bps to 10.43%** and the Total Capital ratio[1] by 127 bps to 11.01% relative to 31 December 2015.
- The reinforcement of the capital ratios reflects the combined effect of the **increase of own funds** by 7.2% and the **reduction of risk-weighted assets**, which fell by €719Mn (-5.1%) since the end of 2015 and -€1 226Mn (-8.5%) year-on-year.
- **Improvement of the Leverage ratio**[1] which stood at 6.4%, compared to 5.7% as at 31 December 2015.

LIQUIDITY

Solid liquidity position

- **Improvement of the LCR ratio** to 109.0%, from 89.0% in Sep-15, remaining stable relative to the end of 2015 (111.4%).
- **Customers' Deposits amounted to €12.6Bn, an increase of €39.6Mn relative to Sep-15**, representing 59.3% of the total funding sources.
- **CTD ratio of 99.5%**, considering loans and customers' resources on the balance sheet (99.6% in Sep-15).

[1] Calculations pursuant to CRD IV/CRR, Phasing-in

ASSET QUALITY

Reduction of cost of risk

- **Improvement of asset quality** which was reflected in the **reduction of the cost of credit risk to 1.1%**, from 1.6% recorded at the end of the 3rd quarter of 2015.
- **Reduction of entries into non-performing loans**[2] by 12.1%.
- **Coverage of credit-at-risk** stands at 118.9%, taking impairments and associated mortgage guarantees into account.

EARNINGS

Improvement of the earnings of commercial activity

- **Net income for the 3rd quarter of €144 thousand,** reversing the recent trend of negative quarterly results.
- **Result of the commercial activity**[3] **with significant growth, reaching €45.5Mn relative to €10.6Mn in the same period of the previous year(+328%)**, influenced by:
  - **10.3% growth of net interest income**.
  - **4.9% growth of commercial net banking income**[4].
  - **8.4% reduction of operating costs**, excluding costs related to the process of re-dimensioning of the operating structure.
- Net income of -€67.5Mn undermined by the specific impacts occurred in the 1st half of the year, related to the costs with the process of re-dimensioning the operating structure, the contributions levied on the banking sector, for the Single Resolution Fund and the National Resolution Fund, and with losses in financial investments[5].
- Before these impacts, the **net income of the first nine months of 2016 came to €22.6Mn**.

RATING

Improved rating of Covered Bonds

- **DBRS revised the long-term rating of CEMG to 'BB', with an improvement of the Outlook to Stable**.
- **Improvement of the rating of the Covered Bonds** issued by CEMG, by the agencies Moody's (from 'Baa1' to 'A3'), Fitch Ratings (from 'BBB-' to 'A-') and DBRS (from 'A' to 'A(high)'), following the implementation of the Conditional Pass-Through mechanism.
- On 14 November, Fitch Ratings **announced the placement of the Covered Bond Programme of CEMG on Rating Watch Positive, reflecting the possibility of the programme reaching the 'A+' rating**.

[2] Loans overdue by more than 90 days and falling due.
[3] Commercial Net Interest Income (Interest received on loans to customers - Interest paid on customers' resources) + Net Commissions - Operating Costs, excluding costs with the process of re-dimensioning of the operating structure.
[4] Commercial Net Interest Income (Interest received on loans to customers – Interest paid on customers' resources) + Net Commissions.
[5] Considers the devaluation of financial assets of the telecommunications sector and business restructuring funds, as well as the accounting statement of the earn-out of a financial asset.

CAPITAL

The core Capital (Institutional Capital + Participation Fund) of Caixa Económica Montepio Geral (CEMG) amounted to 2 170 million euros, at the end of the 3rd quarter of 2016. This amount incorporates the institutional capital increase of 270 million euros, paid up by Montepio Geral – Associação Mutualista (MGAM) in March 2016.

Therefore, since the end of 2015, the reinforcement of own funds by 7.2% combined with the 719 million euros reduction of Risk-Weighted Assets (-5.1%), derived from the management of the allocation of risk in the credit portfolio and in the debt securities portfolio was reflected in an improvement of the capital ratios. In the first nine months of 2016, the Common Equity Tier 1 ratio[6] (CET1) and the Total Capital ratio[6] evolved from 8.82% to 10.43% and from 9.74% to 11.01%, respectively. The capital ratios do not include the positive effects associated to the Deferred Tax Assets regime (+37 million euros), the endorsement of which was approved at CEMG's Extraordinary General Meeting held on 6 July 2016.

It is also important to note that at the end of the 3rd quarter of 2016, the Leverage ratio[6] stood at 6.4%, compared to 5.7% as at 31 December 2015 (+36 bps).

(thousand euros)

	Sep 2015	Dec 2015	Sep 2016	YoY Change	YtD Change
BASEL III - CRD IV / CRR					
Total Capital	**1 494**	**1 360**	**1 458**	**(2.4%)**	**7.2%**
Common Equity Tier 1 Capital	1 346	1 231	1 382	2.6%	12.3%
Tier 1 Capital	1 346	1 231	1 382	2.6%	12.3%
Tier 2 Capital	154	137	87	(43.6%)	(36.7%)
Risk weighted assets	14 470	13 962	13 244	(8.5%)	(5.1%)
Total Capital ratio (phasing-in)	**10.32%**	**9.74%**	**11.01%**	69 bp	127 bp
Tier 1 ratio (phasing-in)	**9.30%**	**8.82%**	**10.43%**	113 bp	161 bp
CET1 ratio (phasing-in)	**9.30%**	**8.82%**	**10.43%**	113 bp	161 bp
CET1 ratio (fully loaded)	**6.96%**	**6.73%**	**8.19%**	123 bp	146 bp

Calculations as per our interpretation to date.

LIQUIDITY

Net assets amounted to 21 226 million euros, having increased by 0.4% in relation to the value recorded as at 31 December 2015 (-2.7% year-on-year), derived from a diversification of the balance sheet into different financial asset classes but undermined by the still lukewarm demand for credit (-3.5% in relation to 31 December 2015).

Customers' deposits, with a year-on-year growth of +39.6 million euros (+0.3% and -2.9% in relation to 31 December 2015), continued to be the main source of funding, and now account for 59.3% of the total funding sources. Deposits from Individuals continue to be the main base of customers' deposits, having increased by 0.3% relative to the 1st half of 2016, with the corporate and institutional segments, due to their more volatile nature, registering a decrease of -4.0% over the same period, in spite of the year-on-year growth of 2.9%.

In the first 9 months of 2016, CEMG assured the repayment of 404 million euros of debt securities issued, with refinancing at the European Central Bank standing at 2 619 million euros, registering reductions of 363 million euros relative to the same period of the previous year and of 252 million euros relative to the end of the 1st half of 2016.

The Liquidity Coverage Ratio (LCR) stood at 109.0%, compared to 89.0% year-on-year and to 111.4% at the end of 2015, in view of the minimum requirement in force of 70%. Special note should also be made of the maintenance of a balanced commercial account with the CTD ratio, considering loans and customers' resources on the Balance Sheet, which stands at 99.5% (99.6% as at 30 September 2015).

[6] Calculations pursuant to CRD IV/CRR, Phasing-in

ASSET QUALITY

At the end of the 3rd quarter of 2016, loans to customers (gross) reached a total of 15 386 million euros, reflecting a 3.5% decrease in relation to the same period of the previous year and relative to 31 December 2015. This was due to the performance of domestic activity (-3.2% year-on-year) as a result of a more stringent risk management policy in granting credit and of risk-adjusted repricing.

The performance of the credit portfolio, in relation to the same period of the previous year, continued to reflect the higher level of mortgage loan repayment in relation to new operations raised, giving rise to a year-on-year reduction of 4.6% (-3.5% in relation to the end of 2015) and the reduction in the companies segment (-2.1%), especially the decrease in the loans to construction (-20.7%). Domestic activity represents 98.4% of the total gross credit portfolio, portraying the lower exposure to the Angolan and Mozambican markets.

The entries into non-performing loans[7] in the first 9 months of the year decreased by 37.4% year-on-year, in line with the decline of 12.1% in the number of contracts. Credit quality has also been undermined by the Top 20 of Credit-at-Risk (CaR), in spite of the extensive coverage of 94.6% of impairments and associated asset-backed collateral. Excluding the negative contribution of this Top 20 CaR, CEMG would have recorded a positive evolution of credit at risk, year-on-year, of -128.9 million euros (-6.6%).

Consequently, regardless of the recurring quarterly reduction of the amount of credit-at-risk (variation of -0.6% from the 1st to the 2nd quarter and of -1.6% from the 2nd to the 3rd quarter of 2016), the negative contribution of the Top 20 CaR and the decrease of total loans led to the stabilisation of the credit-at-risk ratio, relative to 30 June 2016, at 15.4%. Compared to the same period of the previous year, and excluding the reduction of total loans, the credit-at-risk ratio would have reduced to 14.8%.

The coverage of credit-at-risk by impairments and associated mortgage guarantees reached 118.9% and 48.8%, taking only impairments into consideration.

EARNINGS

The net income for the 3rd quarter of 2016 stood at 144 thousand euros, enabling the accumulated result of the first 9 months of the year to stabilise at -67.5 million euros relative to the value recorded at the end of the 1st half of 2016 (-67.6 million euros and -59.5 million euros at the end of Sep-15).

Net income in the 3 months ended on 30 September 2016 indicates a reversal of the recent trend of negative quarterly results, reflecting the impact of the management measures implemented within the scope of the Strategic Plan 2016-2018, aimed at the sustainable recovery of the levels of profitability.

It is also important to note that the net income of the first nine months of 2016, excluding the specific impacts identified below, which occurred during the 1st half of 2016, came to 22.6 million euros. The net specific impacts, which amounted to 90.1 million euros, are broken down as follows:

- Restructuring costs of 32.0 million euros, incurred with the process of re-dimensioning of the operating structure, under the strategic plan in force, aimed at rescaling the resources allocated to the banking activity.
- Contribution levied on the banking sector for the Single Resolution Fund and National Resolution Fund, amounting to 26.4 million euros, compared to 12.9 million euros in the same period of the previous year.
- Impact on specific financial investments[8] amounting to 52.2 million euros.
- Tax effect of 20.5 million euros relative to the aforementioned specific impacts.

Net interest income recorded a significant year-on-year increase of 10.3%, having reached 201.1 million euros, influenced by the application of a strict repricing policy and the reduction of issued debt which was replaced by less onerous sources of financing. These positive signs continued to be confirmed in the 3rd quarter of the year, with net interest income standing at 73.8 million euros, corresponding to a 10.7%

[7] Loans overdue by more than 90 days and falling due.
[8] Considers the devaluation of financial assets of the telecommunications sector and business restructuring funds, as well as the accounting statement of the earn-out of a financial asset. Plus the respective tax impacts.

increase in relation to the previous quarter. It should be emphasised that this growth occurred in a context of historically low interest rates, which continues to constrain the performance of financial intermediation.

Net fees and commissions remained stable in relation to the same period of the previous year, having reached a total of 75.9 million euros, up 0.5%. The results from financial operations amounted to 26.4 million euros, compared to 124.9 million euros in the same period of the previous year, which incorporated 76.6 million euros derived from the sale of sovereign debt securities, in contrast to 3.1 million euros recorded up to 30 September 2016. Hence, the evolution of net banking income in the first nine months of 2016, which stood at 286.4 million euros, compared to 379.1 million euros in the same period of the previous year, was negatively affected due to the aforementioned earnings from the divestment of securities in the previous year.

The commercial net banking income[9] grew 4.9% relative to the same period of the previous year, underpinned by the positive performance of commercial net interest income[10] and the stability of net commissions, which grew 6.6% and 0.5%, respectively.

Operating costs at the end of the 3rd quarter of 2016, excluding costs incurred with the process of re-dimensioning of the operating structure which took place during the 1st half of the year, showed a year-on-year reduction of 8.4%, having reached 237.1 million euros, which was influenced by the 7.3% decrease in terms of domestic activity.

It is also important to mention the significant reduction, from the 2nd to the 3rd quarter, in terms of staff costs (-35.3%), general administrative expenses (-27.8%) and amortisation and depreciation (-9.6%), following the conclusion in the first half of the year of the process of re-dimensioning of the operating structure within the scope of the implementation of the Strategic Plan 2016-2018.

As a result, there was a considerable improvement of the commercial activity results[11] at the end of the 3rd quarter of 2016, which reached 45.5 million euros, compared to 10.6 million euros as at 30 September 2015, as a result of the aforementioned performances.

Credit impairment charges decreased 36.2% year-on-year, with the cost of credit risk falling to 1.1%, against 1.6% recorded in the same period of 2015.

Regarding the international activity of the CEMG Group, Banco MG Cabo Verde, Sociedade Unipessoal, S.A. recorded a positive net income of 49 thousand euros, which compares with the positive result of 717 thousand euros as at 30 September 2015, resulting from the reduction of 742 thousand euros in net banking income, as well as the reduction of 74 thousand euros in operating costs.

Finibanco Angola, S.A. posted a net income of 9.4 million euros, remaining stable against 30 September 2015 (+3.2%), reflecting the compensation effect occurred between the reduction of costs by 2.7 million euros and the slowdown of net banking income by 2.8 million euros.

BTM, S.A., which operates in Mozambique, recorded a positive net income of 144 thousand euros in the first nine months of 2016, compared to the negative net income of -3.3 million euros in the same period of the previous year, underpinned by the 41.7% increase in net banking income and a 24.7% reduction in operating costs.

[9] Commercial net interest income + Net commissions
[10] Interest received on loans to customers – Interest paid on customers' resources
[11] Commercial net operating revenue + Net commissions – Operating costs, excluding costs related to the process of re-dimensioning of the operating structure

RATING

As at 30 September 2016, the ratings assigned to CEMG are presented below:

Rating Agency	Long Term	Short Term	Outlook
Fitch Ratings	B	B	Stable
Moody's Investors Service	B3	NP	Negative
DBRS	BB	R-3	Stable

On 28 September 2016, DBRS revised its long-term rating of CEMG to 'BB', from 'BB(high)', with the Outlook improving to Stable, as a result of the low interest rate environment, weak economic recovery in Portugal and the complex regulatory framework. The agency also highlighted that the rating assigned to CEMG continues to reflect its solid franchise, its loyal base of customers and the resilience of its fundamentals, which enabled it to avoid having to resort to State support during the period of economic and financial crisis. In the same communiqué, DBRS highlights the positive progress that CEMG has been making since the appointment of the new Executive Board of Directors and that it expects a gradual improvement of CEMG medium-term profitability, as a result of the cost reduction programme which was implemented and the signs of stabilisation in asset quality deterioration, due to the management measures implemented.

During the 3rd quarter of 2016, the Meetings of Covered Bond Holders, held on 1 July, approved the implementation of the Conditional Pass-Through mechanism for the series issued under the Covered Bond Programme. Following the implementation of this decision, the agencies Moody's Investors Service, Fitch Ratings and DBRS decided to upgrade the rating of Covered Bonds issued by CEMG:

- Moody's Investors Service: upgrade by 1 notch, from 'Baa1' to 'A3';
- Fitch Ratings: upgrade by 3 notches, from 'BBB-' to 'A-';
- DBRS: upgrade by 1 notch, from 'A' to 'A(high)'[12].

During the 4th quarter of 2016, on 14 November, Fitch Ratings announced the placement of the Covered Bond Programme of CEMG on Rating Watch Positive, reflecting the possibility of the programme being able to reach the 'A+' rating. This decision, which resulted from the review of the agency's assessment methodology, indicates an imminent upgrading of the rating of the Covered Bonds, currently classified as "A-" (in the 'Investment Grade' category).

SIGNIFICANT EVENTS IN THE 3rd QUARTER OF 2016

Reorganisation of the CEMG Group is on track

The implementation of the Strategic Plan of CEMG for the three-year period 2016-2018, approved by the Extraordinary General Meeting held on 30 December 2015, continued on track during the 3rd quarter of 2016. The Extraordinary General Meeting held on 6 July approved the adherence to the special regime applicable to deferred tax assets, set out in Law No. 61/2014, of 26 August. This regime allows the conversion of specific types of deferred tax assets into tax credits, thus enabling the absorption of losses, regardless of the future profitability of the credit institution.

Montepio Geral Associação Mutualista is the only qualifying shareholder of CEMG

The investors Eurico Hélder Reis Sousa Brito and Paulo Jorge Veríssimo Guilherme sold units of the Participation Fund, reducing their stake to less than 2% of the Participation Fund of CEMG, such that under the terms of article 20 of the Securities Code, they no longer hold a qualifying position.

Montepio Geral Associação Mutualista is now the only qualifying unitholder in the Participation Fund of CEMG, with a qualifying holding, as at 27 September 2016, of 66.7% of the Participation Fund.

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[12] Revised to 'A', on 4 October 2016

Montepio supports social causes

On 17 August, the reinforcement of CEMG's support to the League of Portuguese Firefighters was announced. Under this agreement, and with the objective of supporting the Firefighters' Social Protection Fund, CEMG announced the opening of a solidarity account to which it contributed one euro for each euro donated by the Portuguese. Special credit lines were also announced, for individual and corporate customers affected by the fires.

CEMG has become the Local Sponsor of the "Street Football Project" for a two-year period (2016-2017).

The "Street Football Project", promoted by the CAIS Association, aims to foment the practice of sports and use sport as an innovative intervention strategy in promoting social inclusion. It is supported by the Football For Hope Programme of FIFA, the Secretary of State for Youth and Sports / Youth and Sport Portuguese Institute, the National Sport Programme for All and by Montepio.

CEMG supports companies

In September, CEMG attended *AgroGlobal* – one of the most representative platforms of the agricultural business in Portugal.

Promote new businesses and support customers through the Agricultural Solution is one of the objectives of CEMG's participation in this initiative which focuses on the affirmation and growth of companies and entrepreneurs from each business area of the agricultural sector.

Montepio reinforced the Take Off offer with a credit line of 20 million euros from the European Investment Bank. Take Off is a solution aimed at start-ups.

From funding and treasury solutions to business protection, savings solutions or a platform for secure payments for integration into e-commerce websites, there are many benefits that entrepreneurs can count on. In addition, it is possible to resort to the services of two incubators, which were also created with the support of Montepio: Startup Lisboa Tech, an incubator specialised in technologically-based companies; and Startup Lisboa Commerce, specialised in hosting commerce and tourism sector projects.

CEMG reinforces the security of its Customers

CEMG adopted a new strong authentication system based on SMS messages: the SMS Code.

This authentication mechanism allowed to improving the level of security of the operations undertaken through CEMG's remote channels, combining security with the level of usability required for a simple and quick use of remote channels.

Revision of the Articles of Association of Caixa Económica Montepio Geral

During the 4th quarter of 2016, the General Meeting of CEMG was convened to, at an extraordinary meeting on 22 November 2016, deliberate on the transformation of CEMG into a public limited company and the alteration of its articles of association.

The only item on the agenda of the General Meeting results from the implementation of the regulatory framework of the Savings Banks introduced by Decree-Law No. 190/2015 of 10 September, with the exclusive aim of ensuring that the legal requirements necessary to comply with the legal regime applicable to CEMG are met, not falling under any public listing process of the institution, which will depend on the approval of Montepio Geral Associação Mutualista.

KEY INDICATORS

	Sep 2015	Dec 2015	Sep 2016	YoY Change
ACTIVITY AND RESULTS (thousand euros)				
Net Assets	21 824 857	21 145 216	21 225 918	(2.7%)
Gross loans to Customers	15 946 845	15 944 015	15 385 770	(3.5%)
Customers' Deposits	12 553 667	12 969 431	12 593 244	0.3%
Net Income	(59 461)	(243 407)	(67 483)	(13.5%)
SOLVENCY				
Common Equity Tier 1 ratio (CRD IV / CRR, phasing-in)	9.3%	8.8%	10.4%	1.1 p.p.
Tier 1 ratio (CRD IV / CRR, phasing-in)	9.3%	8.8%	10.4%	1.1 p.p.
Total Capital ratio (CRD IV / CRR, phasing-in)	10.3%	9.7%	11.0%	0.7 p.p.
Risk Weighted Assets	14 470 484	13 962 350	13 243 635	(8.5%)
LEVERAGE RATIOS				
Net loans to Customers (a)	116.6%	113.1%	114.7%	(1.9 p.p.)
Net loans to Customers / On-Balance sheet Customers' resources (b)	99.6%	97.7%	99.5%	(0.1 p.p.)
CREDIT RISK AND COVERAGE BY IMPAIRMENTS				
Cost of credit risk	1.6%	1.6%	1.1%	(0.5 p.p.)
Ratio of loans and interest overdue by more than 90 days	7.9%	7.7%	9.1%	1.2 p.p.
Non-performing loans ratio (a)	8.4%	9.5%	11.1%	2.7 p.p.
Net non-performing loans ratio (a)	(0.1%)	1.6%	3.8%	3.9 p.p.
Coverage of loans and interest overdue by more than 90 days	106.5%	104.0%	82.5%	(24.0 p.p.)
Credit at risk ratio (a)	14.5%	14.3%	15.4%	0.9 p.p.
Net credit at risk (a)	6.6%	6.8%	8.5%	2.0 p.p.
Credit at risk coverage ratio	58.5%	56.1%	48.8%	(9.7 p.p.)
Credit at risk coverage ratio, factoring-in related real estate collateral	121.4%	126.9%	118.9%	(2.5 p.p.)
Restructured loans as a % of total loans (c)	10.7%	9.6%	9.0%	(1.7 p.p.)
Restructured loans not included in credit at risk as a % of total loans (c)	5.4%	4.0%	3.0%	(2.4 p.p.)
EFFICIENCY AND PROFITABILITY				
Net operating income / Average net assets (a)	2.3%	2.1%	1.8%	(0.5 p.p.)
Earnings before Tax / Average net assets (a)	(0.6%)	(1.2%)	(0.9%)	(0.3 p.p.)
Earnings before Tax / Average equity (a)	(8.9%)	(18.8%)	(13.1%)	(4.2 p.p.)
Cost-to-Income (Operating costs / Net banking income) (a)	68.2%	78.9%	94.0%	25.7 p.p.
Cost-to-Income, excluding res. from financial operations and costs with the operational reorganisation programme	101.8%	106.3%	91.2%	(10.6 p.p.)
Personnel costs / Net banking income (a)	40.1%	44.8%	61.6%	21.5 p.p.
EMPLOYEES AND DISTRIBUTION NETWORK (Number)				
Employees				
Group total	4 432	4 404	4 182	(250)
CEMG	3 898	3 871	3 623	(275)
Branches				
Domestic - CEMG	422	421	331	(91)
International	30	30	30	-
Finibanco Angola (d)	21	21	21	-
Banco Terra Moçambique	9	9	9	-
Rep. Offices	6	6	6	-

(a) Pursuant to Banco de Portugal Instruction No. 16/2004, in its current version
(b) Total On-Balance sheet Customers' resources = Customers' Deposits and Debt securities issued
(c) Pursuant to Banco de Portugal Instruction No. 32/2013
(d) Includes Business Centers

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CONSOLIDATED BALANCE SHEET

(thousand euros)	Sep 2015	Dec 2015	Sep 2016
Cash and deposits at central banks	610 261	424 450	326 344
Loans and advances to credit institutions repayable on demand	224 536	238 007	239 383
Financial assets held for trading	58 842	51 093	45 122
Financial assets available for sale	3 480 107	3 068 501	2 439 867
Other loans and advances to credit institutions	171 555	172 044	146 532
Loans and advances to customers	14 597 393	14 662 277	14 230 780
Held to maturity instruments	151 926	161 540	1 275 640
Hedging derivatives	46	9	-
Non-current assets held for sale	842 489	754 898	754 854
Investment properties	717 255	692 485	602 593
Property and equipment	87 651	89 115	273 120
Intangible assets	72 119	65 862	65 438
Investments in associated companies and others	20 957	3 908	4 097
Current tax assets	6 091	27 861	11 250
Deferred tax assets	427 347	403 506	480 130
Other assets	356 282	329 660	330 768
TOTAL NET ASSETS	**21 824 857**	**21 145 216**	**21 225 918**
Deposits from central banks	2 981 917	2 277 258	2 618 614
Financial liabilities held for trading	57 841	70 289	18 104
Deposits from other financial institutions	1 965 378	1 573 131	1 808 968
Deposits from customers	12 553 667	12 969 431	12 593 244
Debt securities issued	2 096 578	2 031 165	1 703 994
Financial liabilities relating to transferred assets	126 332	323 037	414 180
Non-current liabilities held for sale	77	-	-
Hedging derivatives	757	439	-
Provisions	14 404	16 587	15 136
Current tax liabilities	1 568	3 069	5 043
Other subordinated debt	331 043	333 039	249 958
Other liabilities	263 166	203 625	253 287
TOTAL LIABILITIES	**20 392 728**	**19 801 070**	**19 680 528**
Institutional Capital	1 500 000	1 500 000	1 770 000
Participation Fund	400 000	400 000	400 000
Other equity instruments	8 273	8 273	6 323
Treasury stock	(31 581)	(31 581)	(81)
Fair value reserves	(45 324)	646	6 997
Other reserves and retained earnings	(364 869)	(318 454)	(591 777)
Net income for the period	(59 461)	(243 407)	(67 483)
Non-controlling interests	25 091	28 669	21 411
TOTAL EQUITY	**1 432 129**	**1 344 146**	**1 545 390**
TOTAL LIABILITIES AND EQUITY	**21 824 857**	**21 145 216**	**21 225 918**

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CONSOLIDATED INCOME STATEMENT

(thousand euros)	Sep 2015	Sep 2016
Interest and similar income	497 964	428 214
Interest and similar expense	315 586	227 105
NET INTEREST INCOME	**182 378**	**201 109**
Dividends from equity instruments	1 470	3 879
Fee and commission income	100 289	101 228
Fee and commission expense	24 820	25 357
Net gains / (losses) arising from financial assets and liabilities at fair value through profit or loss	9 384	(27 604)
Net gains / (losses) arising available for sale financial assets	102 066	40 861
Net gains / (losses) from foreign exchange differences	13 451	13 124
Net gains / (losses) arising from the sale of other financial assets	(18 218)	12 748
Other operating income	13 107	(33 617)
NET BANKING INCOME	**379 107**	**286 371**
Staff costs	152 114	176 388
General administrative expenses	86 749	72 711
Depreciation and amortisation	19 863	20 001
Other provisions	202 617	129 254
Loans impairment	6 720	31 864
Other financial assets impairment	9 326	19 154
Other assets impairment	(5 149)	(15 006)
Share of profit of associates under equity method	(3 894)	274
EARNINGS BEFORE TAX AND NON-CONTROLLING INTERESTS	**(97 027)**	**(147 721)**
Tax		
Current	1 256	(2 212)
Deferred	36 143	84 253
Non-controlling interests	167	(1 803)
NET INCOME FOR THE PERIOD	**(59 461)**	**(67 483)**

Disclaimer

The financial information relative to the first 9 months of 2016, which was not audited, was prepared in accordance with the international financial reporting standards (IFRS), under the terms prescribed in Regulation (EC) No. 166/2002 of the European Parliament and of the Council, of 19 July.

In view of the revision of articles 28-A and 28-C of the Corporate Income Tax Code (CIRC), through Law 82 -C/2014, of 31 December, with respect to the calculation of impairment losses for credit risk, the maintenance of Regulatory Decree No. 18/2015, of 30 December is assumed.

Glossary

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 Credit Risk – Annualised credit impairment as a percentage of average gross credit

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