Results Presentation 2017

Unaudited financial information

28 March 2018

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Appendix: Balance Sheet and Income Statement

NOVO BANCO

Highlights

Positive Net Operating Income of 341.7mn€*, down by 44.9mn€ from 2016.

Considering the income from the Contingent Capital Agreement:

Income before taxes of -923.5mn€ (-988.1mn€ in 2016);

Net income for the year of -1,395.4mn€ (-788.3mn€ in 2016).

The Bank maintained the same relevance with Assets of 52.1bn€ versus 52.3bn€ in 2016

Novo Banco ended the year with 473 branches (-64 than in 2016) **and with 5488 employees** (-608 than in the previous year)

NOVO BANCO

* Without considering the triggering of the Contingent Capital Agreement

Activity

Reduction of the loan book by 2.3bn€ (-6.9%), with the main reduction occurring in non-performing loans (-1.7bn€).

Reduction of NPAs of 2.3bn€ with the weight of NPLs* decreasing to 30.5% (2016: 33.4%), with the respective **impairment coverage increasing to 58.7%** (2016: 49.3%).

Customer Deposits increased by 4.1bn€ (+16.1% in the year), of which 1.8bn€ resulting from the LME operation while issued bonds decreased by 2.6bn€.

Net ECB funding was reduced by 2.3bn€, to 2.8bn€ on 31 December 2017 (2016: 5.1bn€).

NOVO BANCO

** Non-Performing Loans for customer loans*

Performance

Banking Income of 890.9mn€ (-8.9% versus 2016), without considering the triggering of the Contingent Capital Agreement.

Net Interest Income decreased by 23.3% as a result of the deleveraging in the period, while fees and commissions increased by 17.2%.

Capital markets results increased by 45.2%, underpinned by the gains obtained on the LME operation (209.7mn€).

Reduction of 7.1% in operating costs as a result of the ongoing cost rationalization and optimisation policies.

Soundness

Impairments reinforced in a total of 2,056.9mn€.

Net booking of 445.1mn€ of taxes of which 520mn€ due to annulments of DTAs, which under the terms of the current business plan do not meet the conditions for inclusion in the Bank's assets.

Capital increase of 1bn€ by the shareholder of the LONE STAR Group.

Triggering of the Contingent Capital Agreement in the amount of 791.7mn€ at the responsibility of the shareholder Resolution Fund.

Phased-in Common Equity Tier 1 (CET1) **ratio of 12.8%.**

Phased-in Total Capital ratio of 13.0%.

Results

- **Negative Net Income of 1,395.4mn€**, which compares with a net loss of 788.3mn€ in 2016.
- **Commercial Banking Income of 719.4mn€** penalized by a reduction in Net Interest Income (-23.3%) that offset the improvement in fees and commissions (+17.2%).
- **Capital Markets Results of 214.3mn€** benefited from the impact of the LME (209.7mn€).
- **Decrease of 7.1% in operating costs** due to the continuing rationalization and optimization policies.
- **Positive Net Operating Income of 1,133.4mn€** considering the triggering of the Contingent Capital Agreement (791.7mn€).
- **Provisions reinforced in 2,056.9mn€**, of which 1,229.2mn€ for credit, 398.0mn€ for discontinuing operations and 134.3mn€ of provisions for restructuring.

Income Statement *(mn€)*

	2016	2017	Change %
Net Interest Income	514.5	394.6	(23.3%)
+ Fees and Commissions	277.1	324.8	17.2%
= Commercial Banking Income	**791.6**	**719.4**	**(9.1%)**
+ Capital Markets Results	147.6	214.3	45.2%
+ Other Operating Results	38.2	749.0	-
= Banking Income	**977.5**	**1,682.6**	**72.1%**
- Operating Costs	590.9	549.2	(7.1%)
= Net Operating Income	**386.6**	**1,133.4**	-
- Net Provisions	1,374.7	2,056.9	49.6%
= Income Before Taxes	**(988.1)**	**(923.5)**	**6.5%**
- Taxes * and Non-Controlling Interests	(199.7)	471.9	-
= Net Income	**(788.3)**	**(1,395.4)**	**(77.0%)**

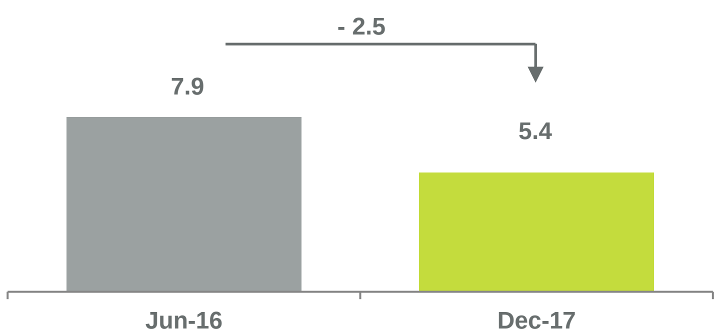
* Includes Special Tax on Banks.

Contingent Capital Agreement

- In line with the conditions agreed in the sale process of NOVO BANCO, a **Contingent Capital Agreement was set up which will be managed by the Resolution Fund**.
- Under this agreement, NOVO BANCO **can be compensated up to a limit of 3.89bn€** for losses that may be recognised in some of its problematic assets, in case its capital ratios decrease below a predefined threshold.
- The capital thus managed corresponds to a **previously established set of assets** with an initial net book value (in June 2016) of approximately 7.9bn€. **On 31 December 2017 the net value of those assets was 5.4bn€**.
- **On 31 December 2017, the above-mentioned agreement was triggered resulting in a compensation of 791.7mn€**.

Assets included in the Contingent Capital Agreement

(net book value in bn€)



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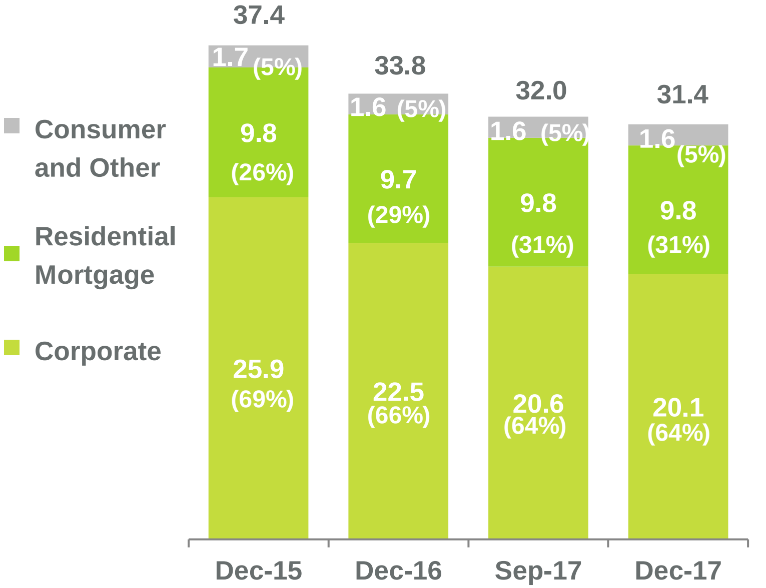
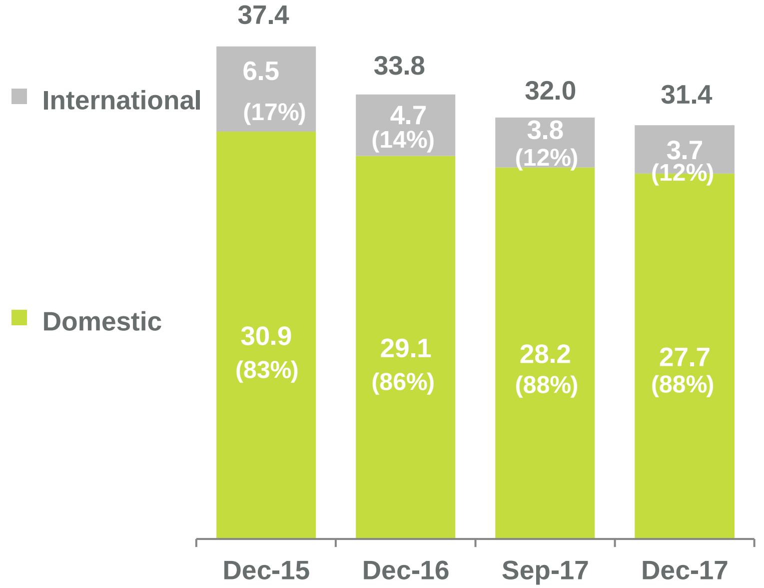
Decrease of Gross Customer Loans in 2.3bn€

Loans per Segment *(Gross, bn€)*



Loans per Geography *(Gross, bn€)*



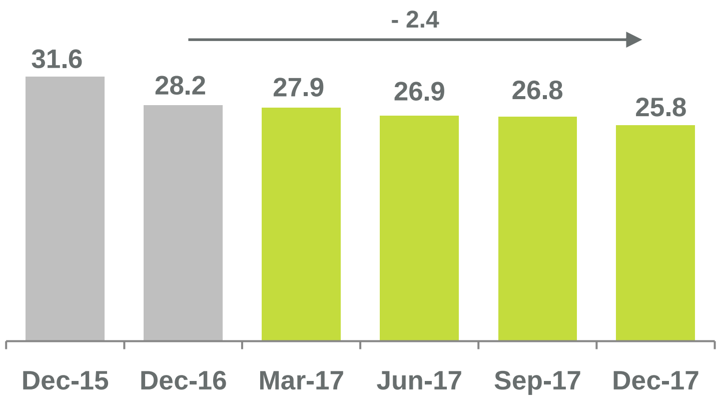
- Customer loans (gross) were down by 2.3bn€ in 2017.
- Corporate loans represented 64% of total loan portfolio.

- Residential Mortgage Loans with growth of 59% YoY in production.
- Consumer Loans with increase of 89% in production. Car Leasing with growth of 56% in production.

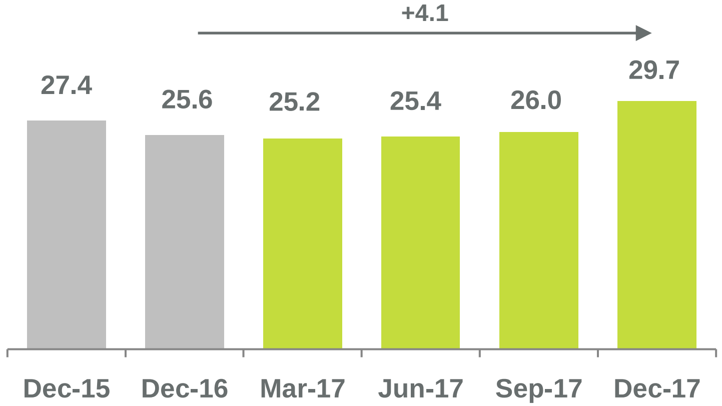
NOVO BANCO

Customer Deposits increased by 4.1bn€ in 2017 (LME 1.8bn€)
Positive evolution of the Loan to Deposit ratio to 88%

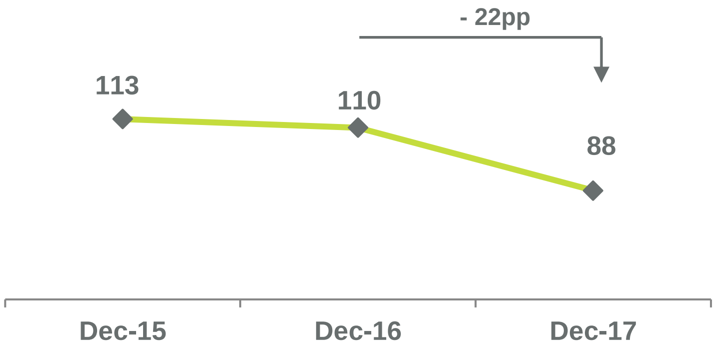
Net Loans *(bn€)*



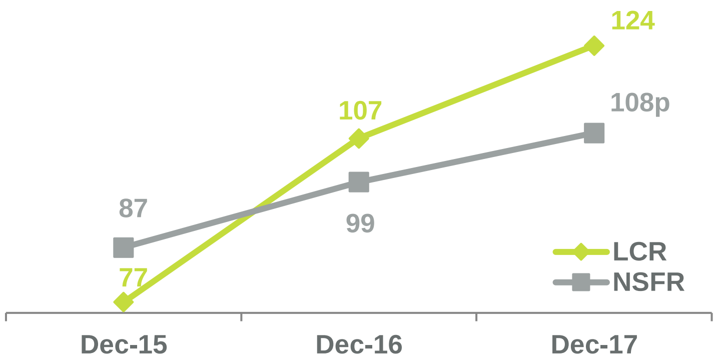
Customer Deposits *(bn€)*



Loan to Deposit Ratio *(%)*



Liquidity Ratios *(%)*



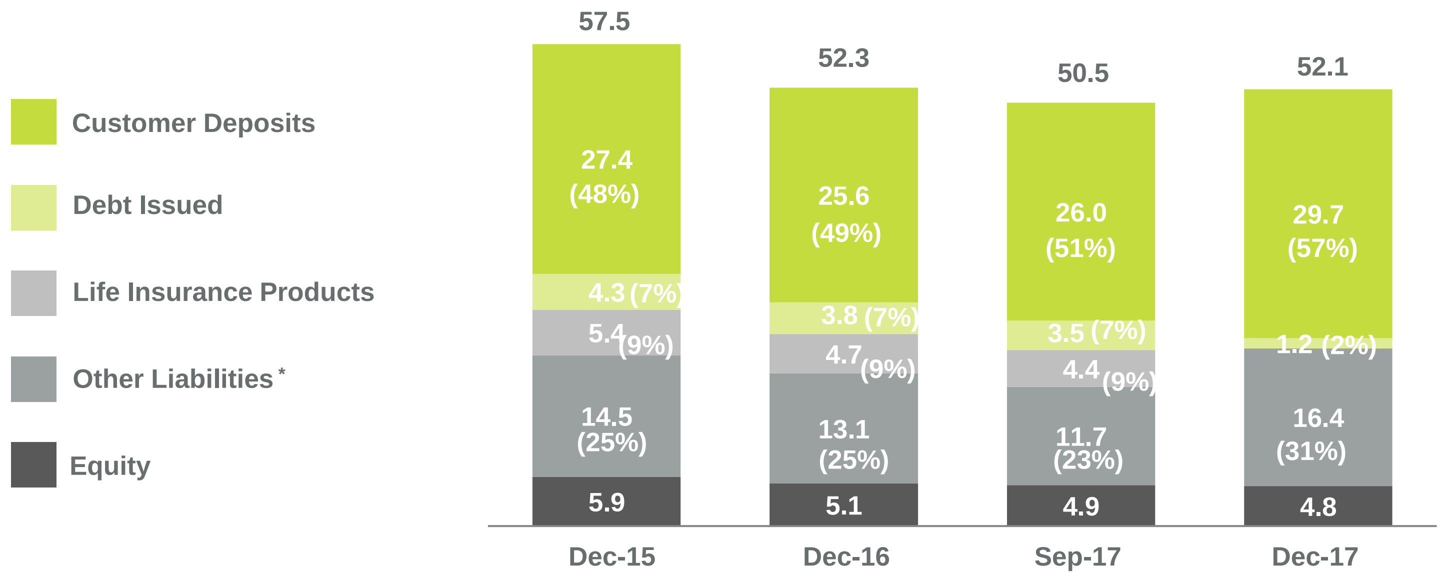
NOVO BANCO

p: provisional

LCR: *Liquidity Coverage Ratio*; *NSFR*: *Net Stable Funding Ratio*.

Customer Deposits increased weight in funding structure

Funding structure *(bn€)*

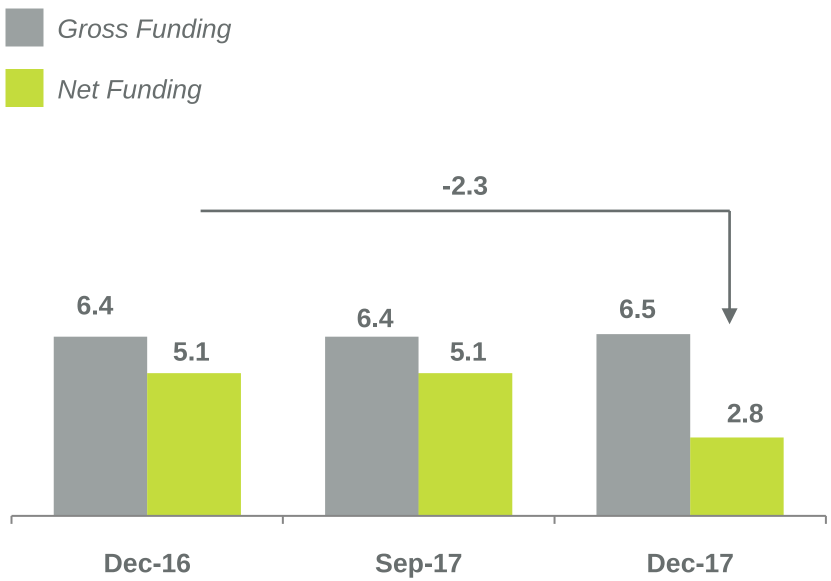


- Customer deposits increased its weight as the main funding source: 57% in Dec-17 vs 49% in Dec-16.
- Fourth quarter 2017 marked by the conclusion of sale process of **NOVO BANCO** to Lone Star.
- With the completion of the LME transaction (announced on 24-July and settled on 4-Oct), **NOVO BANCO** acquired and early reimbursed bonds with nominal value of 4.7bn€ (accounting for 57% of the total), which corresponded to 2.2bn€ in terms of book value.

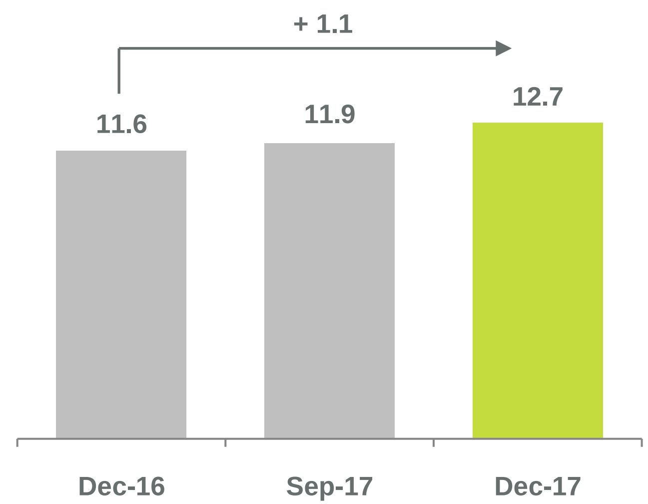
* Includes funding from ESCB - European System of Central Banks, Money Market funds and units being discontinued.

Decrease of net ECB* funding to 2.8bn€

ESCB* Funding *(bn€)*



Eligible Assets *(net of haircut, bn€)*



- Net Funding with the ECB decreased by 2.3bn€ in 2017 to 2.8bn€.

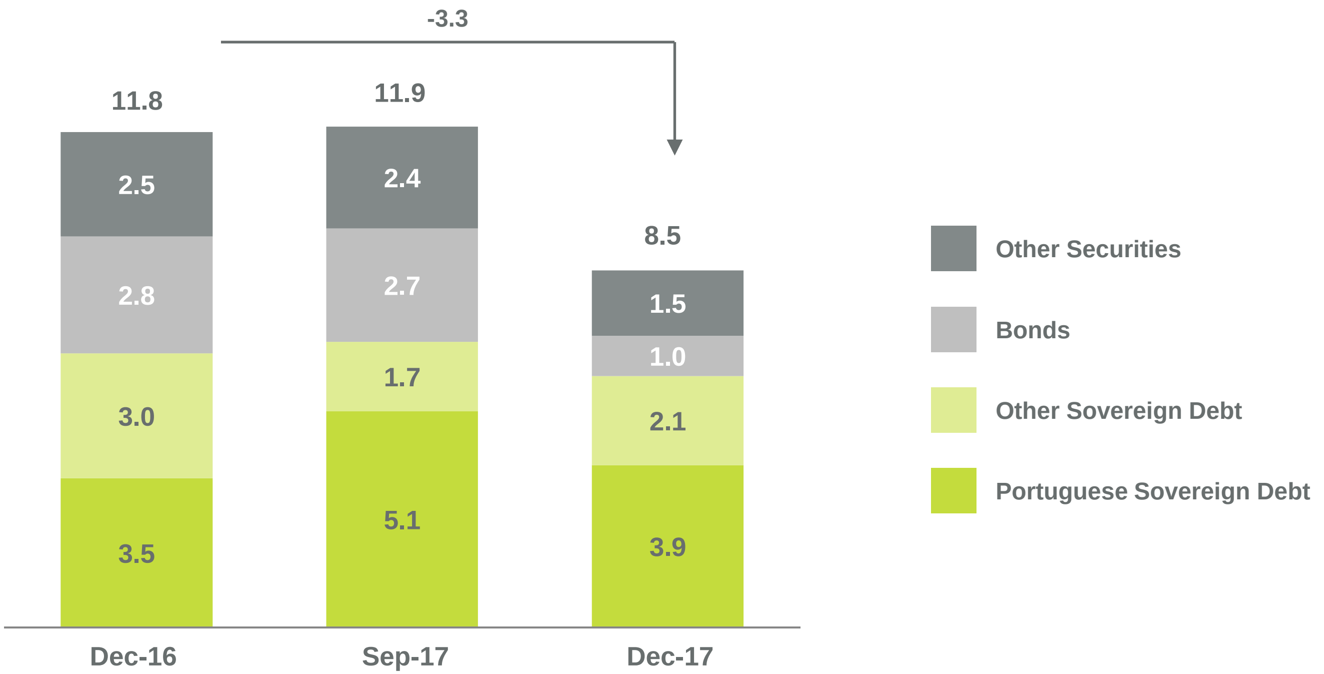
- Increase in the portfolio of assets available for rediscount with the ECB, net of haircut (+1.1bn€ in 2017).

* ECB – European Central Bank

ESCB - European System of Central Banks

Securities portfolio based in securities with lower risk and higher liquidity.

Evolution of Securities Portfolio *(bn€)*



- The portfolio decrease was mainly due to the transfer of GNB Vida* to discontinued operations.
- Sovereign Debt from Euro Zone countries accounted for 69% of total securities portfolio.
- Positive fair value reserve of 242mn€ (Dec-16: 151mn€).

NOVO BANCO

* On 03/08/2017 NOVO BANCO, S.A. announced that it has launched an organised process to sell up to 100% of the share capital of GNB Companhia de Seguros de Vida, S.A. (“GNB Vida”).

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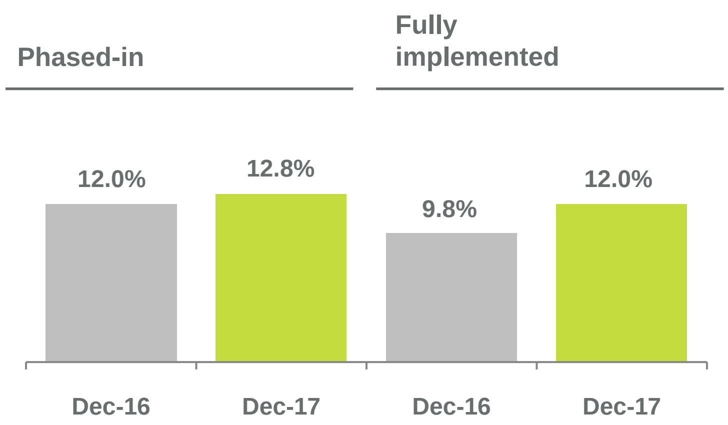
NOVO BANCO

CET1 phased-in ratio of 12.8% in Dec-17

CET1 phased-in ratio evolution



Capital Ratios (phased-in)

BIS III (CRD IV / CRR)

mn€	Dec-16	Dec-17
Risk Weighted Assets (A)	**33,627**	**31,740**
Own Funds		
CET1 (B)	4,051	4,047
Tier1 (C)	4,051	4,047
Total (D)	4,051	4,117
CET1 phased-in Ratio (B/A)	**12.0%**	**12.8%**
Tier1 Ratio (C/A)	12.0%	12.8%
Solvency Ratio (D/A)	12.0%	13.0%
CET1 fully implemented Ratio	**9.8%**	**12.0%**

- CET1 phased-in ratio of 12.8% in Dec-17.
- CET1 fully implemented ratio of 12.0% in Dec-17.

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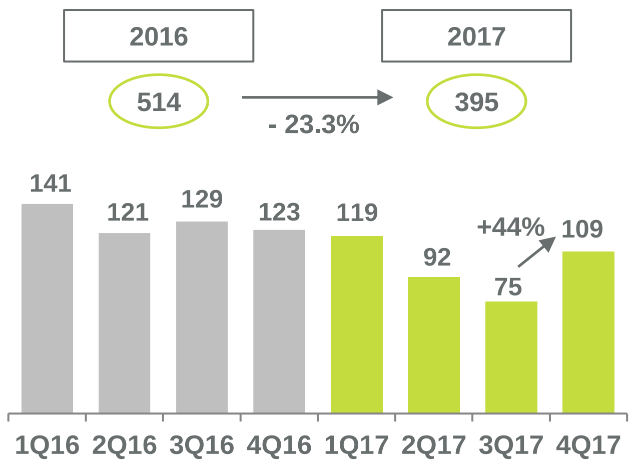
Net Interest Income reflecting the deleverage.
Fees and Commissions with positive evolution.

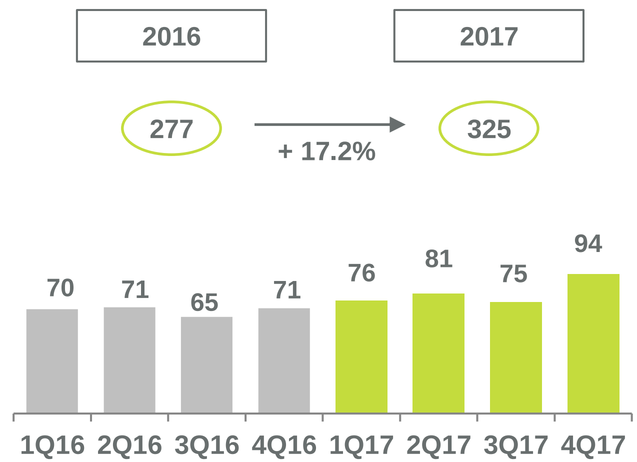
Net Interest Income
(NII, mn€)



Net Interest Margin	1.10%	0.89%

- NII contracted by 23.3% YoY with the positive impact from a 34 bps reduction in the cost of liabilities (from 1.39% in Dec-16 to 1.05% in Dec-17) not sufficient to offset the reduction in the interest rate on assets (55bps).

Fees and Commissions
(mn€)

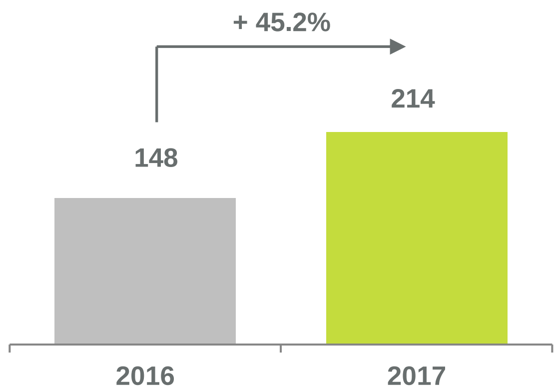


- Fees and commissions +17.2% YoY or +5.4% without the reduction in the cost of bond issues guaranteed by the Republic of Portugal (2.0mn€ in 2017 vs 32.9mn€ in 2016), which were fully reimbursed in early 2017.

NOVO BANCO

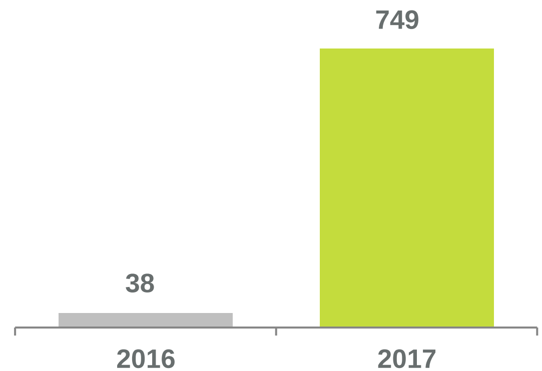
Capital Markets Results and Other Operating Results

Capital Markets Results
(mn€)



- Reflects gains on the sale and revaluation of sovereign debt securities and the results of LME operation (209.7mn€).

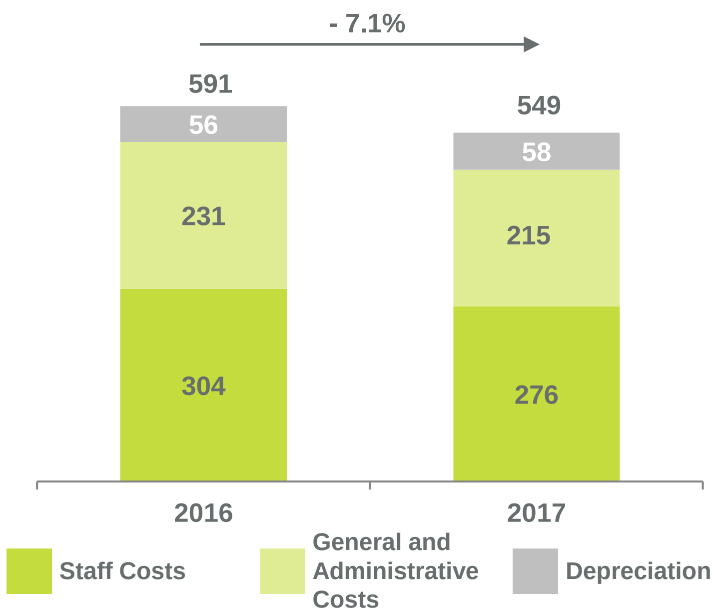
Other Operating Results
(mn€)



- Triggering of Contingent Capital Agreement in the amount of 791.7mn€.
- Part of the capital gain on the sale of a 75% stake in NB Ásia (66.0mn€).
- Loss on sale of international loans (-30.9mn€) and contributions to the Resolution Funds (-27.5mn€).

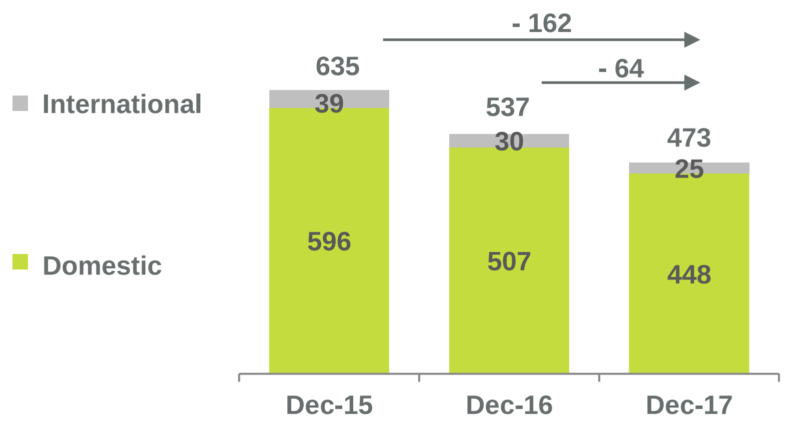
Operating Costs decreased by 7.1% reflecting the restructuring measures

Operating Costs *(mn€)*

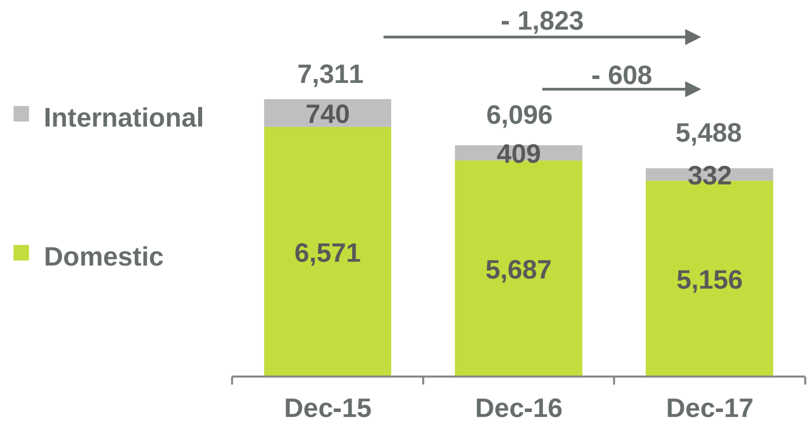


- Reduction of 7.1%, reflecting the implementation of the restructuring measures that involved downsizing the distribution network and simplification and scaling down of the organisational structure and processes.

Branch Network



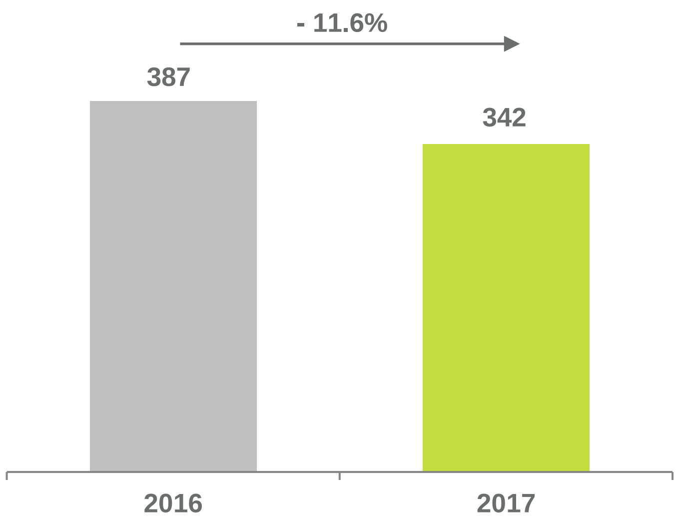
Employees



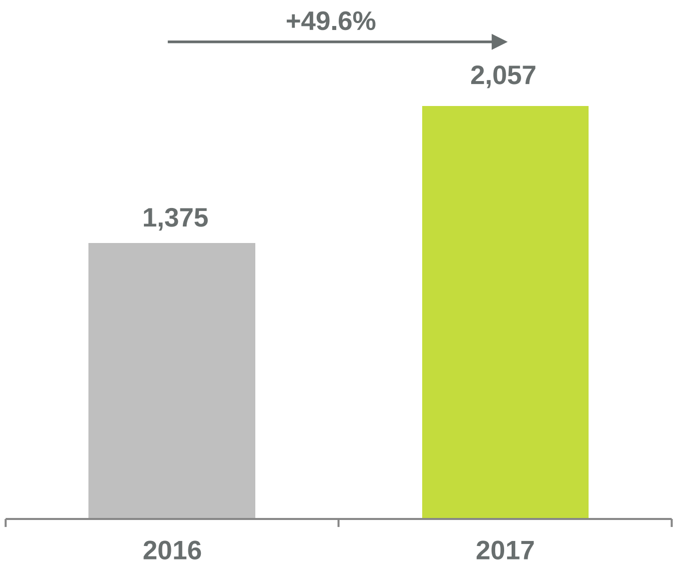
NOVO BANCO

Net Operating Income and Provisions

Net Operating Income *
(Banking Income – Operating Costs, mn€)*



Total Provisions *(mn€)*



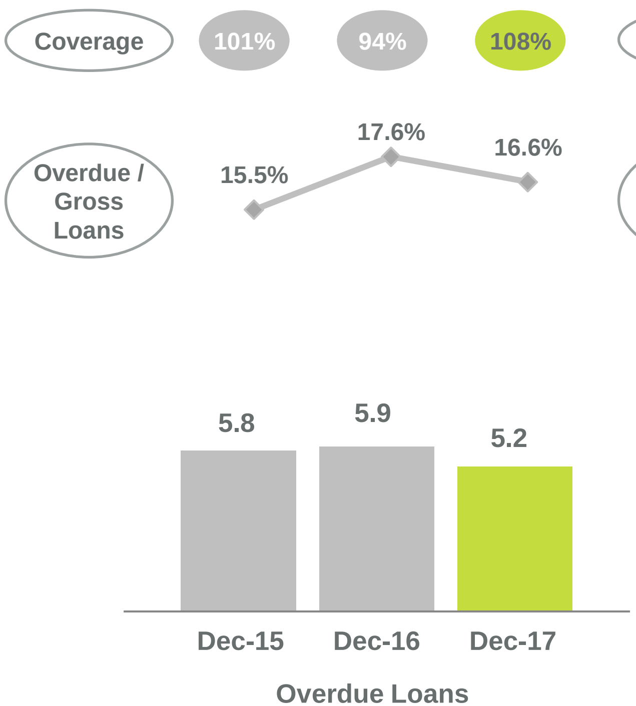
- The evolution of Net Operating Income* reflected on the negative side, the decrease in NII (-23.3%) due to the ongoing deleverage, and on the positive side the increase in fees and commissions (+17.2%) and the drop in operating costs (-7.1%).

- Provision charge of 2,057mn€ (+49.6%), includes 1,229mn€ for credit, 135mn€ for securities, 398mn€ for discontinued activities and 134mn€ for restructuring (2016: 98mn€).

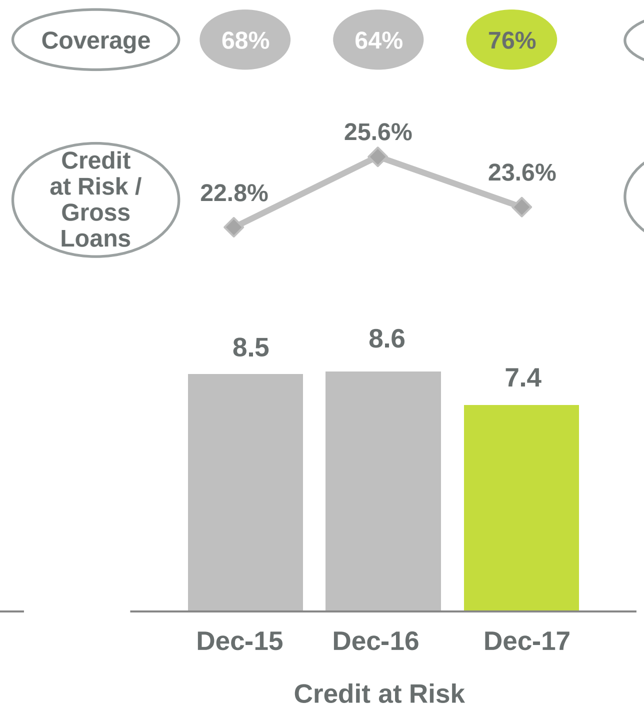
* *Excluding in 2017 the triggering of the Contingent Capital Agreement.*

Credit Risk Indicators

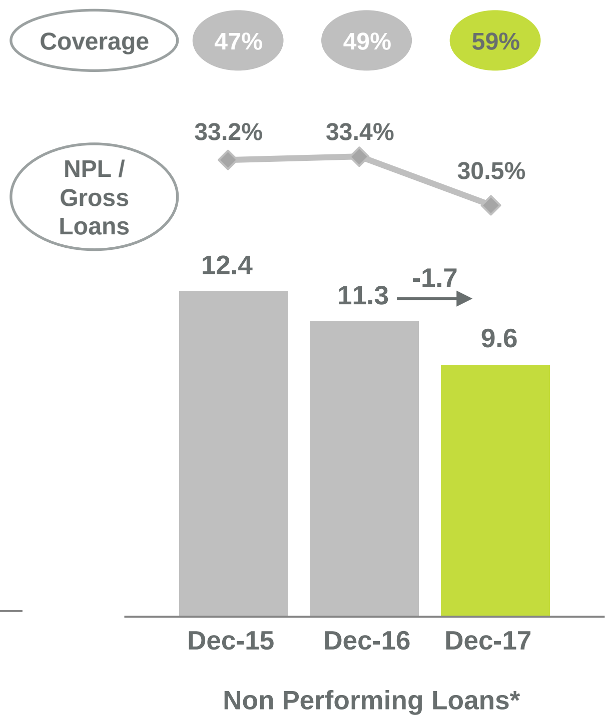
Overdue Loans *(bn€)*



Credit at Risk *(bn€)*



Non Performing Loans* *(bn€)*



- Non Performing Loans decreased from 11.3bn€ in Dec-16 to 9.6bn€ in Dec-17 (decrease of 1.7bn€), with the Non Performing Loans ratio improving by 290bps to 30.5%.
- The NPL coverage ratio improved to 58.7% (Dec-16: 49.3%)

NOVO BANCO

** For customer loans*

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NOVO BANCO in 2017

- ✓ **Ceased to be a transition bank.**
- ✓ **LME transaction with a positive impact of 210M€ in the 4Q17** not including future interest savings over 5 years.
- ✓ **1 000M€ capital injection by the new shareholder LONE STAR** that owns 75% of the Bank.
- ✓ Creation of a **Contingent Capital Agreement up to a maximum amount of 3 980M€** under the responsibility of the Resolution Fund that thus preserved 25% of the capital.
- ✓ A **new Governance model** was implemented according to the best practices.
- ✓ **Restart of the reestructuring process** with the agreement of the European Commission.
- ✓ 2017 made it possible to create the bases allowing NOVO BANCO to develop its natural ability for the corporate and private individual segments focused on the domestic market but not neglecting its Iberian nature.
- ✓ **2017 reflects part of the restructuring that will be all more effective as faster and decisive.**

NOVO BANCO Profile

Strong Business Model

- **NOVO BANCO is a reference institution in the Portuguese financial sector, with net assets of 52.1bn€**.
- **Reference bank in Corporate segment,** with 18.3% market share* in Corporate Loans and 21.1% in Trade Finance.
- One of the **leading banks in Retail in Portugal**, backed by a segmented commercial approach and by a multi-channel strategy. More than half a million frequent digital clients and the number of frequent users of the NB Smart App surpassing 250 thousand (+44% vs 2016).

Indicators

- **Net Customer Loans of 25.8bn€ in Dec-17.**
- **Customer Deposits of 29.7bn€ in Dec-17.**
- **Loan to Deposit ratio of 88% in Dec-17.**
- Capital ratios in Dec-17: **CET1 phased-in of 12.8%** and **CET1 fully implemented of 12.0%**.

* Based on December 2017 data and management estimates.

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NOVO BANCO

Portuguese Economy – Highlights

Note prepared in March 2018

MAIN ECONOMIC THEMES

- GDP increased 0.7% QoQ and 2.4% YoY in Q4 2017 (0.5% QoQ and 2.5% YoY in Q3). The unemployment rate stood at 7.9% in January 2018 vs. 10.1% in January 2016. Consumer confidence increased in January, while business sentiment moderated. Tourism activity remains strong.
- Improved forecasts for GDP growth, solid progress in reducing the budget deficit and the receded risk of a deterioration in external financing conditions led to upgrades in the sovereign rating by S&P (from BB+ to BBB-, stable outlook) and by Fitch (from BB+ to BBB, stable outlook).
- The 10Y PGB yield stood around 1.80% in mid-March, with the spread vs. the 10Y German Bund at around 120 bps.

PUBLIC AND EXTERNAL ACCOUNTS

- The budget deficit is expected to have fallen from 2% of GDP in 2016 to around 1.2% of GDP in 2017. The 2018 Budget points to a deficit of 1.1% of GDP, with the Primary Balance at 2.6%.
- Public debt should have fallen from 130.1% to125.6% of GDP in 2017, and is expected to reach around 123.1% of GDP in 2018. Net of central Government deposits, public debt should rise from 115.5% to 119.1% of GDP in 2018. By early March, 36% of gross PGB financing needs for 2018 had been covered.
- In June 2017, Portugal left the Excessive Deficit Procedure. Moody's revised the outlook for its Ba1 ratings from "stable" to "positive" (an upgrade is expected in 2018). The external balance surplus should reach around 1.5% of GDP in 2017-18.

OUTLOOK

- After a 2.7% reading in 2017, GDP should decelerate but continue to grow above 2% in 2018, supported by stronger domestic demand and exports (mitigated by stronger imports). Private consumption is expected to decelerate slightly.
- Activity growth should be supported by improving financing conditions, better than expected growth in Europe, domestic political stability, a gradual stabilisation of the banking sector, strong growth in tourism and stronger public and private investment.
- The economy remains vulnerable to negative external shocks. Growth remains constrained by high indebtedness levels and by ongoing adjustments in the banking sector.

MAIN RISKS

- Deterioration of investor sentiment associated with political and financial market uncertainty, e.g. adjustment in inflation and rates expectations, trade wars; tensions between the US and North Korea, China, Russia and Iran; political environment in Catalonia and Italy.
- Economic and fiscal impacts of the ongoing adjustments in the banking sector.
- Difficulties in achieving further structural fiscal consolidation.
- Stronger than expected growth could come from the impact of the ECB's QE, stronger than expected growth in Europe and short term effects of an expansionary fiscal policy.

Portuguese Economy – Main economic indicators 2010-2019

Annual growth rates (%), except where indicated	2010	2011	2012	2013	2014	2015	2016	2017E	2018F	2019F
GDP	1.9	-1.8	-4.0	-1.1	0.9	1.8	1.6	2.7	**2.1**	**1.7**
Private Consumption	2.4	-3.6	-5.5	-1.2	2.3	2.3	2.1	2.2	**2.1**	**1.6**
Public Consumption	-1.3	-3.8	-3.3	-2.0	-0.5	1.3	0.6	0.1	**0.7**	**0.5**
Investment	3.4	-14.0	-18.1	-5.1	5.1	6.4	0.8	8.4	**5.3**	**4.5**
Exports	9.5	7.0	3.4	7.0	4.3	6.1	4.4	7.9	**6.4**	**4.8**
Imports	7.8	-5.8	-6.3	4.7	7.8	8.5	4.2	7.9	**6.7**	**5.1**
Inflation (%)	1.4	3.7	2.8	0.3	-0.3	0.5	0.6	1.4	**1.3**	**1.5**
Budget Balance (% GDP)	-11.2	-7.4	-5.7	-4.8	-7.2*	-4.4**	-2.0***	-1.2	**-1.0**	**-0.7**
Public Debt (% GDP)	96.2	111.4	126.2	129.0	130.6	129.0	130.1	125.6	**123.1**	**119.0**
Unemployment (% Labour Force)	10.8	12.7	15.6	16.2	13.9	12.4	11.1	8.9	**7.8**	**6.9**
Current & Capital Account Balance (% GDP)	-9.1	-4.0	0.0	2.3	1.0	0.3	1.0	1.5	**1.4**	**1.2**

* Excluding one-off operations (e.g. Recapitalisation of Novo Banco (EUR 4.9 bn), SOE financing, BPN Crédito write-offs, tax credits to investment , severance payments to public sector workers), the deficit in 2014 stood at 3.6% of GDP. ** Excluding one-offs (e.g. recapitalisation of Banif), the deficit reached 3.1% of GDP. *** Includes one-off measures.

E: Estimate; F: Forecast.

Sources: INE, Bank of Portugal, NB Economic Research.

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Consolidated Balance Sheet

(mn€)	31 Dec. 16	31 Dec. 17
Cash and deposits with central banks	1,469	3,788
Deposits with banks	371	381
Financial assets held for trading	657	578
Other financial assets at fair value through profit or loss	1,204	30
Available for sale financial assets	10,558	8,448
Loans and advances to banks	724	582
Loans and advances to customers	28,184	25,791
Derivatives held for risk management purposes	223	171
Non current assets held for sale	8	5
Non current assets held for sale: - discontinued operations	1,217	5,131
Investment properties	1,206	1,144
Other tangible assets	206	157
Intangible assets	45	9
Investments in associated companies	159	146
Current tax assets	31	6
Deferred tax assets	2,604	1,964
Technical reserves of reinsurance ceded	6	-
Other assets	3,460	3,724
Total Assets	**52,333**	**52,055**

	31 Dec. 16	31 Dec. 17
Deposits from central banks	6,410	6,410
Financial liabilities held for trading	633	560
Deposits from banks	3,578	2,015
Due to customers	25,990	30,208
Debt securities issued	3,818	1,217
Derivatives held for risk management purposes	108	76
Investment contracts	3,396	-
Non current liabilities held for sale	2	3
Non current liabilities held for sale: - discontinued operations	749	5,526
Provisions	365	417
Technical reserves	1,334	-
Current tax liabilities	17	14
Deferred tax liabilities	19	6
Subordinated debt	48	-
Other liabilities	719	771
Total Liabilities	**47,185**	**47,223**
Share capital	4,900	5,900
Revaluation reserves, other reserves and retained earnings	955	248
Net income for the period	(788)	(1,395)
Non-controlling interests	81	79
Total Equity	**5,148**	**4,832**
Total Liabilities and Equity	**52,333**	**52,055**

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Consolidated Income Statement

(mn€)	2016	2017
Net Interest Income	**514.5**	**394.6**
Dividend income	37.8	6.2
Fee and Commission income	378.4	387.2
Fee and Commission expense	(113.0)	(71.8)
Net gains / (losses) from financial assets at fair value through profit or loss	22.9	(56.6)
Net gains / (losses) from available-for-sale financial assets	116.4	57.2
Net gains / (losses) from foreign exchange revaluation	(6.6)	26.4
Net gains / (losses) from sale of other assets	(51.7)	(39.2)
Insurance earned premiums, net of reinsurance	49.2	-
Claims incurred, net of reinsurance	(167.7)	-
Change of the technical provision, net of reinsurance	105.3	-
Other operating income and expense	37.0	860.8
Operating Income	**922.5**	**1,564.8**
Staff costs	(303.5)	(275.7)
General and administrative costs	(231.4)	(215.4)
Depreciation and amortisation	(56.1)	(58.1)
Provisions and impairments	(1,374.7)	(2,056.9)
Sale of subsidiaries and associates	24.3	3.8
Results from associated companies consolidated by equity method	4.1	8.4
Income before taxes	**(1,014.6)**	**(1,029.1)**
Income tax		
Current	(16.3)	(14.4)
Deferred	243.9	(430.8)
Income from continuing activities	**(787.0)**	**(1,474.2)**
Income from discontinued operations	(10.4)	74.8
Net income for the period	**(797.4)**	**(1,399.5)**
Non-controlling interests	9.1	4.0
Net income attributable to the shareholders of the Bank	**(788.3)**	**(1,395.4)**

Glossary (1/3)

Income Statement

Fees and Commissions	Fee and commission income less fee and commission expense
Commercial Banking Income	Net interest income and fees and commissions
Capital Markets Results	Dividend income, net gains / (losses) from financial assets and liabilities at fair value through profit or loss, net gains / (losses) from available-for-sale financial assets, net gains / (losses) from foreign exchange revaluation, and net gains / (losses) on the revaluation of liabilities
Other Operating Results	Other operating income and expenses, disposal of subsidiaries and associated companies, and results from associated companies consolidated by the equity method
Banking Income	Net interest income, fees and commissions, capital markets results and other results
Operating Costs	Staff costs, general and administrative expenses and depreciation and amortisation
Net Operating Income	Banking Income - operating costs
Net Provisions	Provisions net of reversals, impairment losses on loans net of reversals, impairment losses on other financial assets net of reversals and impairment losses on other assets net of reversals

Balance Sheet / Liquidity

Assets eligible as collateral for rediscount operations with the ECB	The Eurosystem only grants credit against adequate collateral. This collateral consists of tradable financial securities and other types of assets such as nontradable assets and cash. The expression "eligible assets" is used for assets that are accepted as collateral by the Eurosystem.
Securities portfolio	Securities (bonds, shares and other variable-income securities) booked in the portfolios of financial assets held for trading, other financial assets at fair value through profit or loss and available-for-sale financial assets.
Due to customers Banco de Portugal Instruction n. 16/2004	Sums booked under the following balance sheet accouting headings: [#400 - #34120 + #52020 + #53100]
Net ECB funding	Difference between the funding obtained from the ECB and the placements with the ECB
On-balance sheet customer funds	Deposits, other customer funds, debt securities placed with clients and life insurance products
Retail customer funds	On-balance sheet funds of retail clients
Off-Balance Sheet Funds	Off-balance sheet funds managed by Group companies, including mutual funds, real estate investment funds, pension funds, bancassurance, portfolio management and discretionary management.
Total Customer Funds	On- and off- balance sheet customer funds.
Loan to deposit ratio Banco de Portugal Instruction n. 16/2004	Ratio of [gross loans - (accumulated provisions / impairment for credit according with Instruction n. 22/2011 regarding the reporting of information on credit at risk] to customer deposits

Glossary (2/3)

Asset Quality and Coverage

Overdue Loans ratio	Ratio of overdue loans to total credit
Overdue Loans > 90 days ratio	Ratio of overdue loans > 90 days to total credit
Overdue and Doubtful Loans ratio Banco de Portugal Instruction n. 16/2004	Ratio of overdue and doubtful loans [overdue credit > 90 days and doubtful loans reclassified as overdue for provisioning reasons (according with Notice 3/95, nr. 4, nr. 1, a)] to total credit. Notice 3/05 was revoked.
Overdue and Doubtful Loans ratio, net Banco de Portugal Instruction n. 16/2004	Ratio of overdue and doubtful loans - [(provisions for credit overdue + provisions for doubtful loans) and/or accumulated credit impairments, pursuant to the definition given in Instruction no. 22/2011 on the reporting of information on credit at risk] and customer loans net of impairments.
Credit at risk ratio Banco de Portugal Instruction n. 16/2004	Ratio of credit at risk [credit with overdue instalments of principal or interest for a period of 90 days or more, restructured credit after being overdue for 90 days or more without adequate reinforcement of collateral or full repayment of overdue interest and other overdue charges, outstanding credit with overdue instalments of principal or interest for a period of less than 90 days, but for which there is evidence justifying its classification as credit a risk, namely bankruptcy or liquidation of the debtor] to gross customer loans.
Credit at risk ratio, net Banco de Portugal Instruction n. 16/2004	Ratio of credit at risk - [(provisions for credit overdue + provisions for doubtful loans) and/or accumulated credit impairments, according with the definition in Instruction no. 22/2011 on the reporting of information on credit at risk] and customer loans deducted of accumulated impairment.
Restructured credit ratio Banco de Portugal Instruction n. 32/2013	Ratio of restructured credit due to financial difficulties of the client to total credit
Restructured credit not included in credit at risk ratio Banco de Portugal Instruction n. 32/2013	Ratio of restructured credit not included in credit at risk to total credit
Overdue Loans coverage ratio	Ratio of accumulated impairment on customer loans (on balance sheet) to overdue loans.
Overdue Loans > 90 days coverage ratio	Ratio of accumulated impairment on customer loans (on balance sheet) to overdue loans > 90 days
Credit at risk coverage ratio	Ratio of accumulated impairment on customer loans (on balance sheet) to credit at risk.
Coverage ratio of customer loans	Ratio of impairment on customer loans (on balance sheet) to gross loans.
Cost of Risk	Ratio of credit impairment charges accounted in the period to gross customer loans
Non-performing loans	Total balance of the contracts identified as: (i) in default (internal definition in line with article 178 of Capital Requirement Regulation, i.e., contracts with material overdue above 90 days and contracts identified as unlikely to pay, in accordance with qualitative criteria); and (ii) with specific impairment.

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Glossary (3/3)

Efficiency and Profitability Ratios

Efficiency Banco de Portugal Instruction n. 16/2004	Ratio of staff costs to banking income (net interest income, securities income, net fees and commissions, capital markets results, income from associated companies and subsidiaries and other operating income and expenses).
Efficiency Banco de Portugal Instruction n. 16/2004	Ratio of operating costs (staff costs, general and administrative expenses and depreciation and amortisation) to banking income (net interest income, securities income, net fees and commissions, capital markets results, income from associated companies and subsidiaries and other operating income and expenses).
Cost to Income	Ratio of operating costs (staff costs, general and administrative expenses and depreciation and amortisation) to banking income (net interest income, fees and commissions, capital markets results and other results)
Profitability Banco de Portugal Instruction n. 16/2004	Ratio of banking income (net interest income, securities income, net fees and commissions, capital markets results, income from associated companies and subsidiaries and other operating income and expenses) to average net assets.
Return on average net assets Banco de Portugal Instruction n. 16/2004	Ratio of income before tax and non-controlling interests to average net assets.
Return on average equity Banco de Portugal Instruction n. 16/2004	Ratio of income before tax and non-controlling interests to average equity.

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This document contains unaudited information for 2017.

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