Novo Banco Update Overview

July 2018

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Agenda

1. Overview of Novo Banco
2. Financial results summary – YE 2017 & 1Q2018
3. Asset Quality
4. Capital Position
5. Liquidity and Funding

NOVO BANCO highlights

Recovery Story

- **Sale of 75% majority to Lone Star** and **termination of the bridge bank status** on 18 October 2017.
- Sale and restructuring plan agreed with the European Commission.
- **Successful LME transaction** with early redemption of approx. €4.7bn of nominal Senior Debt and significant interest savings.
- **€1.0bn capital** injection by **Lone Star in 2017.**

A Reference Institution in Portugal

- **A reference institution in the Portuguese financial sector,** with net assets of €52.1bn at Dec-17.
- **A reference bank in Corporate segment,** with 18.1% market share* in Corporate Loans and 21.1% in Trade Finance**.
- **One of the reference banks in Retail Banking in Portugal**, with a **market share* of 10.7% and 8.3%** in Residential Mortgages and Other Loans to Individuals, respectively.

Levers to Support Capital Position

- Capital ratios at Mar-18(p): **CET1 phased-in of 13.5%** and **CET1 fully implemented of 12.6%.**
- **Contingent Capital Agreement** up to a €3,890mn for approx. 8 years from the Resolution Fund (subject to certain conditions).
- **Not to distribute Dividends** until the CCA maturity date.

* Novo Banco Management estimates. ** Novo Banco Management estimates based on number of swift messages according to SWIFT.
(p) Provisional.

Governance - Overview of governing bodies

General and Supervisory Board

4-years term: 2017 to 2020

Chairman
Byron Haynes

Vice-chairman
Karl-Gerhard Eick

General and Supervisory Board Members
Donald Quintin
Kambiz Nourbakhsh
Mark Coker
Benjamin Dickgiesser
John Herbert
Robert A. Sherman
Carla Antunes da Silva

(1)
Financial Affairs Committee
Risk Committee
Compliance Committee
Remuneration Committee
Nomination Committee

Executive Board of Directors

4-years term: 2017 to 2020

Chief Executive Officer
António Ramalho

Chief Commercial Officer (Corporate)
Vítor Fernandes

Chief Financial Officer
Jorge Cardoso

Chief Legal and compliance Officer
Luísa Soares da Silva

Chief Operating Officer
José Eduardo Bettencourt

Chief Risk Officer
Rui Fontes

Chief Commercial Officer (Retail)
Luís Ribeiro (2)

NOVO BANCO

(1) The Special Committees are composed of members of the General and Supervisory Board. The General and Supervisory Board sets up, appoints the members and approves the internal rules of the Special Committees.
(2) Luís Ribeiro taking office is pending authorisation by the European Central Bank.

Executive Board of Directors

António Ramalho, CEO
- Chief Executive Officer
- Former CEO of Infraestruturas de Portugal
- Former Vice CEO of Millennium BCP
- Former Chaiman of Unicre
- Former Board Member of Santander Totta
- Former Board Member of Grupo Champalimaud banks (BPSM, BTA and CPP)
- 26 years of banking experience

Jorge Freire Cardoso
- Chief Financial Officer
- Board Member since Sep-14
- Formerly with Caixa Geral de Depósitos where he was a Member of the Board and of the Executive Committee
- Formerly CEO of Caixa - Banco de Investimento
- 21 years of banking experience

José Eduardo Bettencourt
- Chief Operating Officer
- Former President of the Board of Santander Asset Management
- Former Santander Totta Board Member
- Former member of the EBD of Barclays, BCI / Santander and Santander de Negócios Portugal
- Former President of Sporting Clube de Portugal
- Several managerial responsibilities in Citibank, Banco Mello and Golden Assets
- 28 years of banking experience

Vítor Fernandes
- Chief Commercial Officer (Corporate)
- Board Member since Sep-14
- Former Member of the Board of Millennium BCP and Caixa Geral de Depósitos
- Previously CEO of Fidelidade Mundial and Império Bonança insurance companies
- 24 years of experience in the financial sector

Luísa Soares da Silva
- Chief Legal and Compliance Officer
- Before joining Novo Banco, Luísa Soares da Silva practiced financial, banking, insurance and capital markets law in Morais Leitão, Galvão Teles, Soares da Silva & Associados (MLGTS), since 2001 as a Partner
- 26 years of experience of financial, banking, insurance and capital markets practice law.

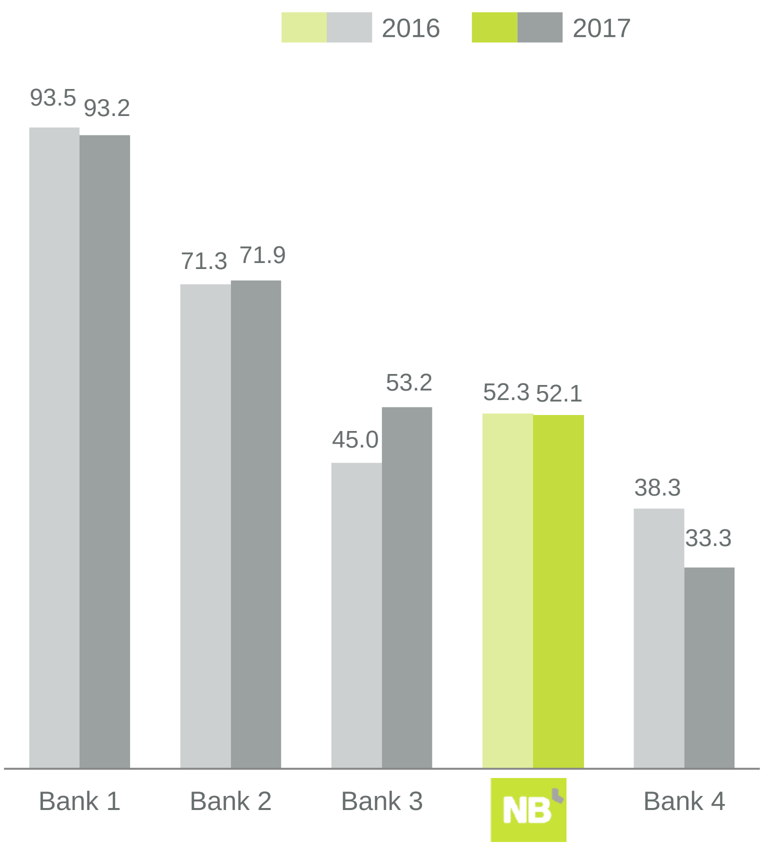
Rui Fontes
- Chief Risk Officer
- Formerly Head of risk of Novo Banco and of Banco Espírito Santo and former Head of Risk Models
- 21 years of banking experience

Luís Ribeiro (1)
- Chief Commercial Officer (Retail)
- Member of the Board of Directors of NOVO BANCO Açores and Garval – Sociedade de Garantia Mútua
- Formerly responsible for coordinating the area of companies on the South of Portugal and previously for the retail area
- 23 years of banking experience

(1) Luís Ribeiro taking office is pending authorisation by the European Central Bank.

NOVO BANCO is a reference bank in the Portuguese financial system, with over 1.3 million clients as at Dec-17

Net Assets[1] *(Portuguese Banks, €bn)*



Sale and shareholder structure

Lone Star [2] — **75%** → **NB** ← **25%** — **Resolution Fund** [3]

- Share capital of NOVO BANCO amounts to €5.9bn and is 75% held by Lone Star and 25% held by the Resolution Fund.
- 31 Mar. 2017: BdP announced the selection of Lone Star for the conclusion of the sale of NOVO BANCO.
- 10 Jul. 2017: EC announced that it had approved under the EU Merger Regulation the planned acquisition of NOVO BANCO by Lone Star Funds.
- 2 Oct. 2017: NOVO BANCO completed the LME with early redemption of €4.7bn of senior debt (57% of nominal amount outstanding).
- 11 Oct. 2017: EC approved under EU State aid rules the Portuguese aid for the sale of NOVO BANCO.
- 18 Oct. 2017: completion of the sale of 75% of NOVO BANCO to Lone Star who capitalised NOVO BANCO with €750mn in Oct. 2017and €250mn in Dec. 2017.

[1] Source: 2017 Results Press Releases (NB, CGD, Millennium BCP, Santander Totta SGPS and BPI).
[2] The stake held by Lone Star in NOVO BANCO is held through Nani Holdings, SGPS, SA.
[3] The Resolution Fund was created in 2012 and its primary goal is to provide financial support for the implementation of resolution measures determined by Banco de Portugal (BdP). The Resolution Fund is a public-law legal person with administrative and financial autonomy. It is operated within Banco de Portugal.

The sale of 75% of the share capital of NOVO BANCO to Lone Star and Restructuring Plan was approved by EC

Novo Banco Commitments

- To divest or wind-down certain of its non-core assets.
- To apply executive remuneration caps.
- To comply with a new return on equity based pricing tool for new business.
- Not to distribute dividends during the restructuring period, which ends on 31 December 2021[(1)].
- To comply with pre-provisioning income and cost to income ratio targets and progressive reductions of FTEs and branch closures.

Approved Measures

- **Contingent Capital Agreement** ('CCA'): For a period of approx. 8 years, **NOVO BANCO** can be compensated up to a limit of €3.89bn for losses recognised in a predefined set of assets, in case its capital ratios decrease below a predefined threshold.
- **Tier 2 Underwriting**: To the extent a capital market solution is not feasible under predefined conditions, the Resolution Fund will underwrite Tier 2 capital (up to €400mn).
- **Capital Backstop**: Portugal commits to supply the capital gap if **NOVO BANCO** capital ratios fall below the SREP total capital requirement through an ultimate back-stop (i.e. in the lack of a private solution) by means of the issuance of Alternative Tier 1 capital instruments or a capital injection.

(1) Additionally under the CCA, NOVO BANCO has agreed not to distribute dividends until the CCA maturity date.

Evolution of strategic priorities: leveraging key commercial strengths while reducing exposure to non-core assets

2014 | 2015 | 2016 | 2017 | 2018+

I Solving liquidity and funding constraints

II Managing the capital position

III Downsize non-core assets and restoring profitability

IV Restructuring Plan

I

- **Deleverage.**
- **Improve liquidity and funding position** by strengthening the customer deposit base.
- **Reduce non-performing asset base.**

II

- **Manage regulatory capital** position through deleveraging.
- **Sale of BESI.**
- Selected **sales of real estate and equity stakes.**
- **Optimisation of RWAs.**

III

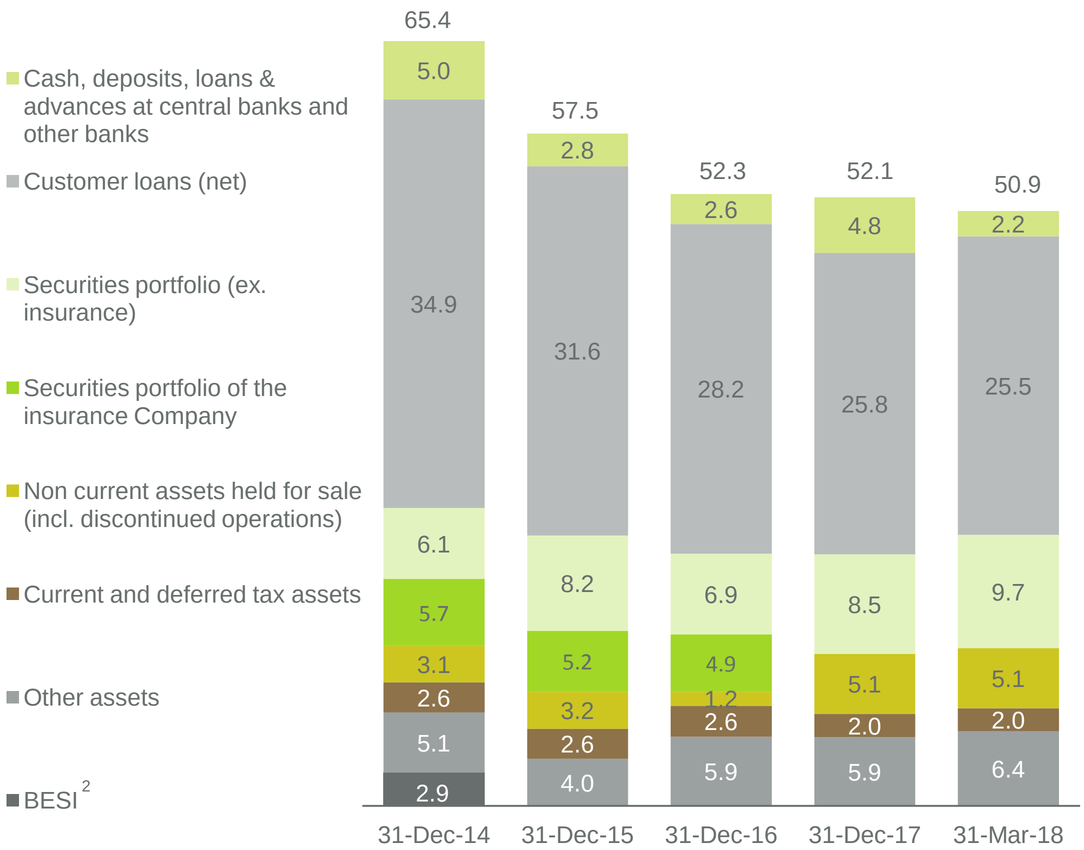
- **Focus on core business** with distinctive value proposition.
- **Normalise funding costs.**
- **Reduce operating costs,** by simplifying group the structure and reducing footprint.
- **Increase productivity** leveraging on digitalisation.
- **Reduce cost of risk** and impairment charges by reviewing risk appetite and strengthening governance.

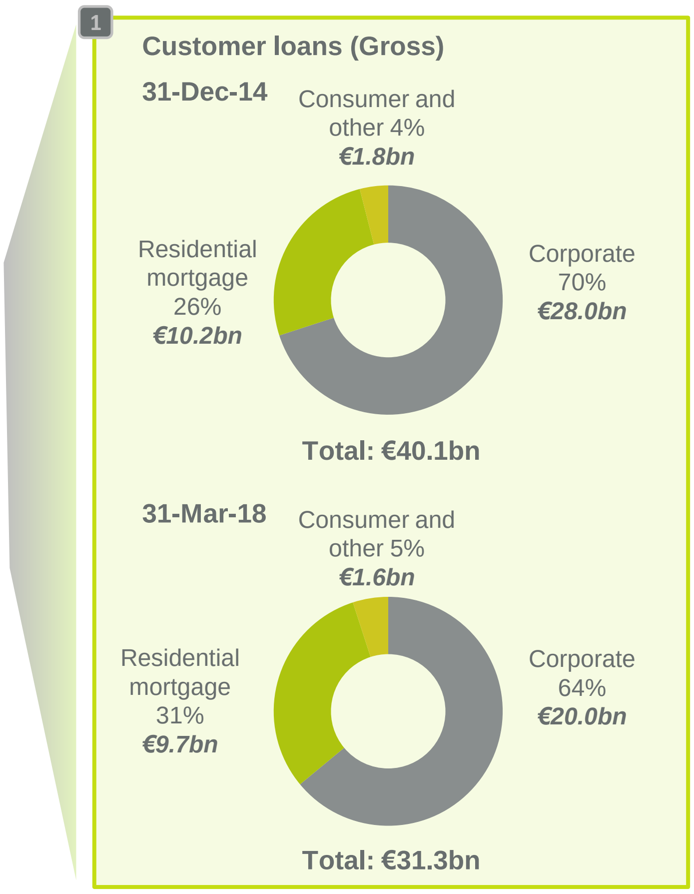
IV

- **Divestment or Wind-down of non-core assets,** including selected international operations, real estate assets, equity stakes, out-of-strategy loan portfolio and restructuring funds.
- **Reduction of Non Performing Assets** (mostly sales of NPL and real estate assets).
- **Restoring Future Profitability,** by reducing operating costs, increasing productivity and refocusing profitability on its core domestic franchise.

Successful re-focus on traditional commercial banking

Asset distribution[1] *(Net assets, €bn)*





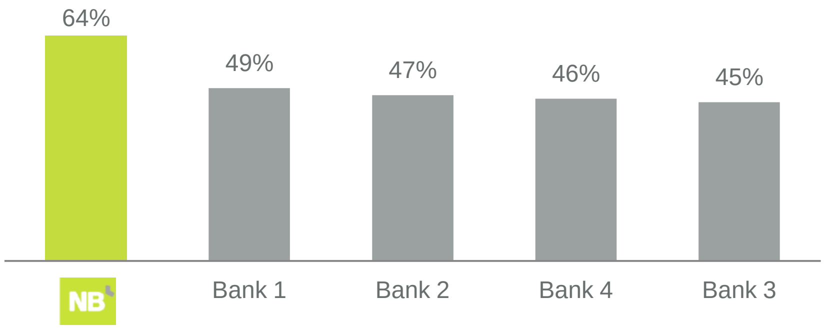
[1] Excluding BESI, net assets for Novo Banco would amount to €62.6bn as of 31 December 2014.
[2] Including consolidation adjustments; BESI on a standalone basis had total assets of €4.4bn as of 31 December 2014.

NOVO BANCO is a leading institution in the Portuguese financial sector

Corporate Banking

- **NOVO BANCO** has a **market share of 18.1% in Corporate Loans** and 21.1% in Trade Finance.
- **1 Department for large corporates and 20 corporate centres for SMEs** fully covering Portugal. Committed to be a **reference partner for corporate** clients on their daily activities.
- **Supporting the corporate segment across all industry sectors** with a particular **focus on the exporting SMEs and those that incorporate innovation** in their products, services or production systems.
- **Innovative offer** with Express Bill (solution for payments and collections) and Fine Trade (tool that identifies export opportunities for corporate clients).

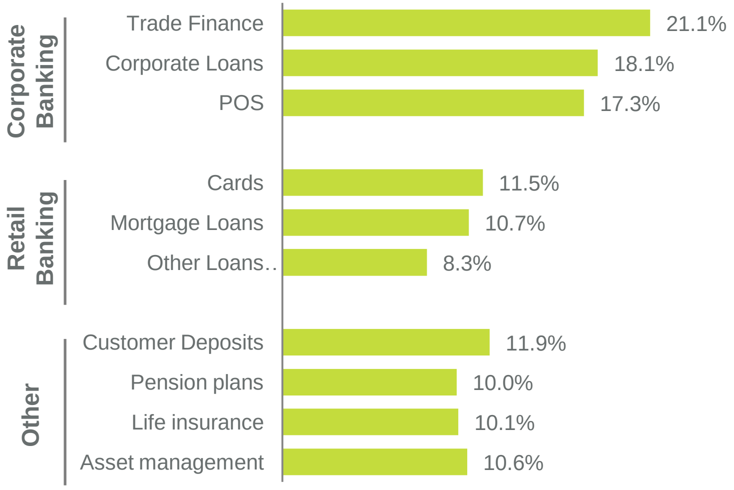
Weight of Corporate Credit in Overall portfolio
(Portuguese Banks) [1]



Retail Banking

- **NOVO BANCO** has a **market share of 10.7% and 8.3%** in Residential Mortgages and Other Loans to Individuals, respectively.
- The Bank has **a specialised and diversified product offer** to meet private individuals and small business' needs.
- In **addition to the strong branch network**, **NOVO BANCO has a multi-channel approach** through internet banking, phone banking, and mobile banking (smartphone and tablet).
- Good performance of **Banco BEST**, a 100% subsidiary online commercial bank targeting affluent customers. In 2017 AuM reached €2.1bn and net income of €3mn (+9.8% year-on-year).

Market Share in selected Business Lines (Dec.17)[2]



Note: Domestic Commercial Banking Includes Retail, Corporate and Institutional Clients and Private Banking.
[1] NB calculation based on 2017 Result Press Releases (NB, CGD, Millennium bcp, Santander Totta and BPI).
[2] Dec-17 data. Sources: Banco de Portugal, APS, APFIPP, CMVM, SIBS, SWIFT and GNB management estimates.

Novo Banco offers a broad product offer to support its clients

International Commercial Banking	▪ International presence to support **NOVO BANCO** clients. ▪ Business development focused in Spain (Dec-17 net assets of €2.5bn) and additional platforms to support Iberian clients.
Asset Management	▪ **Carried out by GNB Gestão de Ativos** (100% owned by **NOVO BANCO**). ▪ **Wide product range** covering mutual funds, real estate funds, pension funds, discretionary and wealth management services. ▪ Total AuM's as of Dec-17 of €10.8bn.
Insurance	▪ **Carried out by GNB Vida** (100% owned by **NOVO BANCO**), which provides life insurance products and retirement plans both in Portugal and Spain. As at Dec-17 total net assets of €5.3bn. **NOVO BANCO** launched an organized process to sell GNB Vida. ▪ **NOVO BANCO** also has a 25% stake in **GNB Seguros**, which focus its activity in Portugal with non-life products such as home, car and health insurance. As at Dec-17 total net assets of €122.3mn.

Contingent Capital Agreement

- As agreed during the sale process of **NOVO BANCO**, a **Contingent Capital Agreement ("CCA")** was entered into between **the Resolution Fund and NOVO BANCO**.

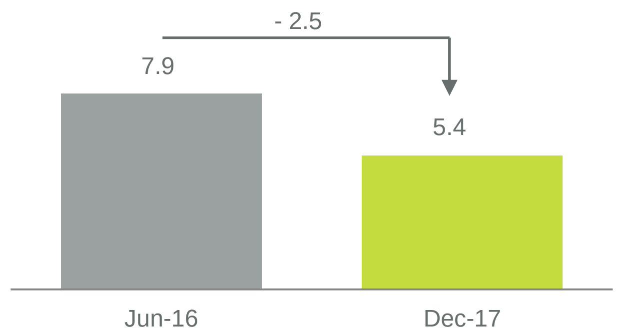
- **NOVO BANCO is to be compensated up to €3.89bn** for losses recognised in a predefined portfolio of assets ("**CCA Assets**") and other CCA covered losses (the "**CCA Losses**") in case the capital ratios decrease below a pre-defined threshold ("Minimum Capital Condition").

- The Minimum Capital Condition :
  - CET1 or Tier 1 < CET1 or Tier 1 SREP requirement Plus a buffer for the first 3 years (2017 - 2019)
  - CET1 < 12%

- Duration of the mechanism is set at approx. 8 years, until 31 December 2025 (the **"CCA Maturity Date"**), which date can be extended by one additional year should the net book value of the CCA Assets not fall below an agreed level.

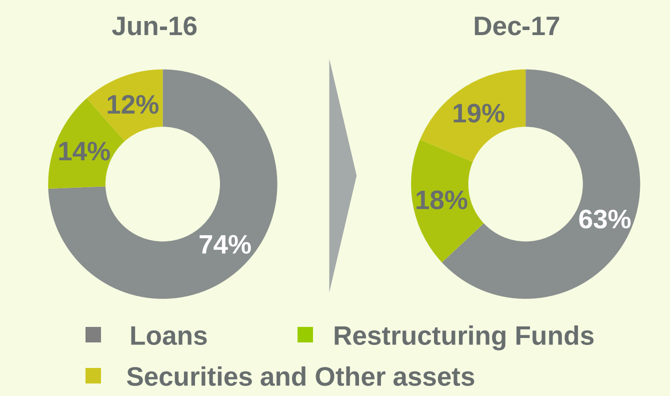
Assets included in CCA[1]

(net book value in €bn)



[1]Deducting provisions for undrawn exposures, the CCA asset would amount to €7.8bn and €5.3bn in Jun. 2016 and Dec. 2017, respectively.

Breakdown of CCA Assets *



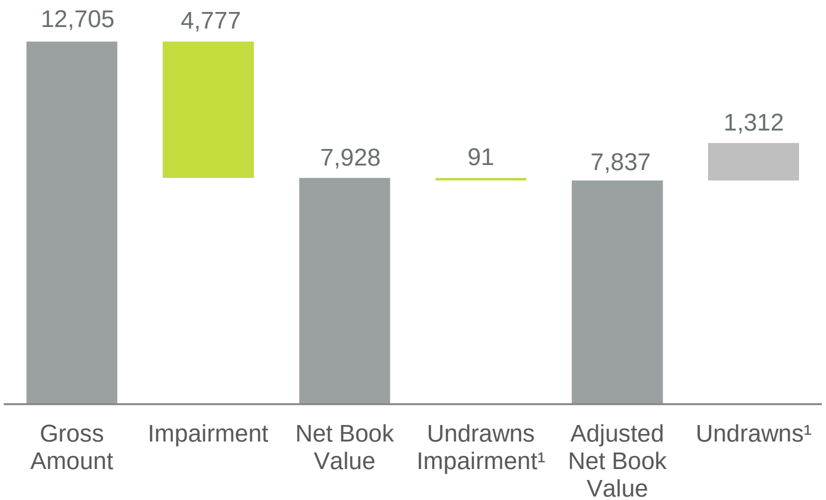
** Net book value*

Contingent Capital Agreement (continued)

- The managed capital was defined with respect to a **predefined set of assets** with an initial adjusted net book value (as at 30 June 2016) of approximately €7.8bn. As at **31 December 2017 the adjusted net book value of those assets was €5.3bn**.

CCA exposure (Jun-16)

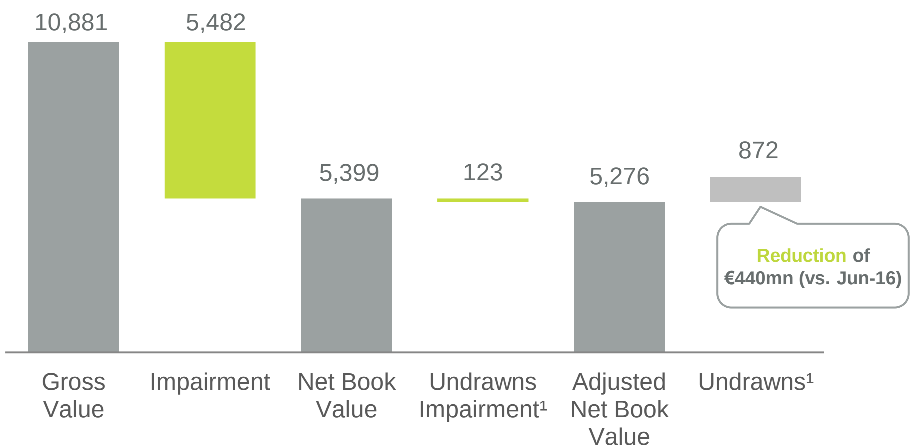
(€mn)



¹ Guarantees, committed credit lines and other commitments

CCA exposure (Dec-17)

(€mn)



¹ Guarantees, committed credit lines and other commitments.

NOVO BANCO

Agenda

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NOVO BANCO

Highlights in 2017 and 1Q18

- **2017: Net Operating Income of €341.7mn[1],** down by €44.9mn (-11.6%) from 2016.

  1Q18: Net Operating Income of €130.2mn[2], up from €45.6mn as of Mar-17, including the reclassification of GNB Vida as discontinued operations.

  - Excluding such effect, **Net Income** would have amounted to **€9.7mn.**

- **In 2017 reduction of the loan book by €2.3bn** (-6.9%), with the **main reduction** occurring in **non-performing loans (-€1.7bn),** (-15.0%) from 2016. Comparing with Dec-17, in the 1Q18 **the loan book contracted by €0.1bn** (-0.4%), with **non-performing loans reducing €0.3bn (-3.1%),** in line with yearly trends.

- **Weight of NPLs[3] decreasing to 30.5% in 2017 and to 29.7% in 1Q18** (2016: 33.4%), with the respective impairment coverage increasing to 58.7% and 61.9%, respectively (2016: 49.3%).

  - In Mar-18, the **NPL ratio excluding the CCA Assets would have been 9.1%.**

  - **Cost of risk decreased to 0.16%** in Mar-18 from 3.91% in Dec-17.

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[1] Without considering the triggering of the Contingent Capital Agreement
[2] Includes a positive effect from discontinued operations
[3] Non-performing loans for customer loans

Highlights in 2017 and 1Q18

- **Customer Deposits increased by €4.1bn in 2017** (+16.1% in the year) and **amounted to €28.6bn at the end of 1Q18**, of which €1.8bn resulting from the LME operation while issued bonds decreased by €2.6bn in 2017 and a further €0.2bn in the 1Q18 to €1.0bn.
- **Net ECB* funding of** €2.8bn in Dec-17 (2016: €5.1bn), and €5.2bn in Mar-18.
- **Capital increase of €1bn in 2017** by the shareholder Lone Star Group.
- Phased-in Common Equity Tier 1 **(CET1) ratio of 13.5% at the end of 1Q18**, up from 12.8% in Dec-17, including the effect of the CCA agreement. **CET1 fully implemented of 12.6**% in the 1Q18 up from 12.0% in Dec-17.
- Phased-in **Total Capital ratio of 13.9% in Mar-18 and 13.0% in Dec-17** and fully implemented **Total Capital ratio of 13.0% in Mar-18** and 12.4% in Dec-17.

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* European Central Bank

Income statement

Income Statement 2017 and 1Q18 *(€mn)*

	2016	2017	Change %	1Q17	1Q18	Change %
1 Net Interest Income	514.5	394.6	(23.3%)	119.0	97.4	(18.1%)
+ Fees and Commissions	277.1	324.8	17.2%	75.8	78.7	3.8%
= Commercial Banking Income	**791.6**	**719.4**	**(9.1%)**	**194.8**	**176.1**	**(9.6%)**
2 + Capital Markets Results	147.6	214.3	45.2%	(6.3)	39.2	-
+ Other Operating Results	38.2	749.0 (b)	-	(7.8)	36.9 (c)	-
= Banking Income	**977.5**	**1,682.6**	**72.1%**	**180.8**	**252.2**	**39.5%**
3 - Operating Costs	590.9	549.2	(7.1%)	135.2	121.9	(9.8%)
4 **= Net Operating Income**	**386.6**	**1,133.4**	**-**	**45.6**	**130.2**	**-**
5 - Net Provisions	1,374.7	2,056.9	49.6%	137.4	37.8	(72.5%)
= Income Before Taxes	**(988.1)**	**(923.5)**	**6.5%**	**(91.8)**	**92.4**	**-**
- Taxes(a) and Non-Controlling Interests	(199.7)	471.9	-	39.1	31.6	(19.2%)
6 **= Net Income**	**(788.3)**	**(1,395.4)**	**(77.0%)**	**(130.9)**	**60.9**	**-**

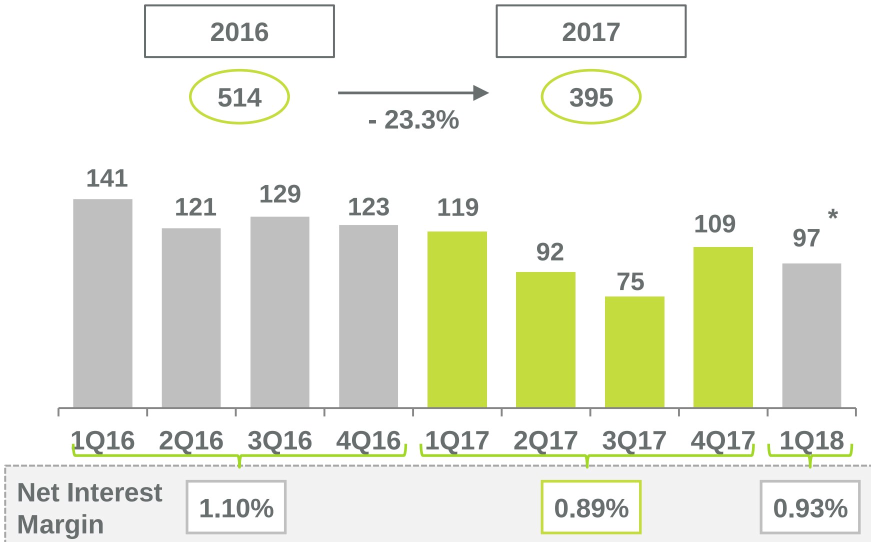
(a) Includes Special Tax on Banks. (b) Includes €791.7mn of CCA compensation. (c) In the 1Q2018 the CCA compensation was accounted for under Reserves in Equity. (d) Includes positive effect from GNB Vida classification as discontinued operation (€51.2mn), excluding this effect the Net Income would be €9.7mn.

Commentary

1. **Net Interest Income** decreased as a result of the deleveraging and negative interest rate environment, while fees and commissions increased consistently.
2. **Capital Markets Results** in 2017 underpinned by gains obtained on LME operation (€209.7mn). In 1Q18 results were driven by strong performance of the sovereign debt portfolio.
3. **Decrease of operating costs** due to continuing rationalization and optimization policies.
4. **Net Operating Income in 2017** includes the triggering of the CCA (€791.7mn). **In 1Q18**, more than double when compared to 1Q17 mainly due to market results and other operating income.
5. **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. **In 1Q18 Provisions amounted to €37.8mn**, 72.5% less than in the 1Q17, with credit impairments of €50.1mn.
6. **Negative Net Income of €1,395.4mn in 2017**, compares with a net loss of €788.3mn in 2016. **In 1Q18 Positive Net Income of €60.9mn**(d) which compares to a loss of €130.9mn as of 1Q17.

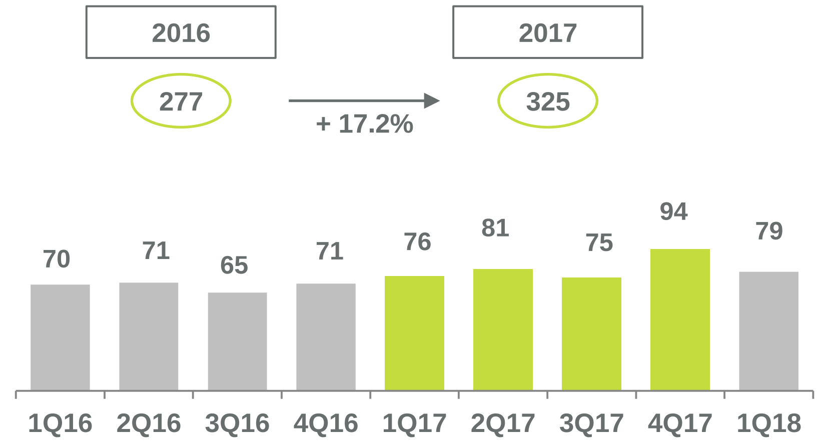
Positive evolution of Fees and Commissions despite negative impact of the deleveraging effect

Net Interest Income *(NII, €mn)*



- In 2017 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) which did not offset the reduction in the interest rate on assets (55bps).
- NII in 1Q18 decreased by 18.1% YoY to €97mn.

Fees and Commissions *(€mn)*

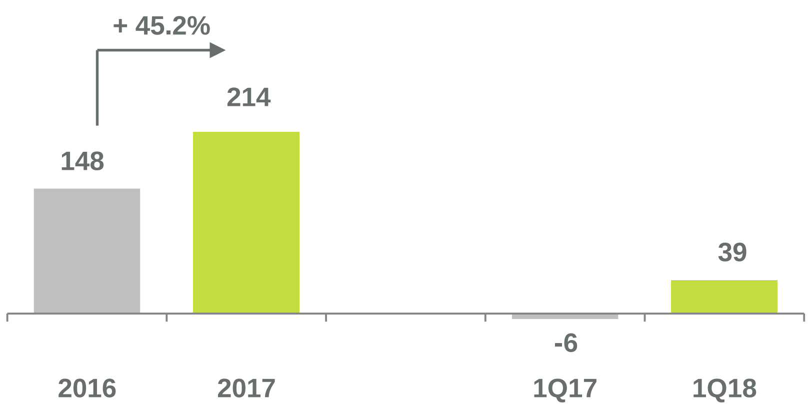


- In 2017 Fees and Commissions (F&C) +17.2% YoY or +5.4% YoY without the reduction in the cost of bond issues guaranteed by the Republic of Portugal (€2.0mn in 2017 vs €32.9mn in 2016), which were fully reimbursed in early 2017.
- In 1Q18 F&C increased by 3.8% YoY.

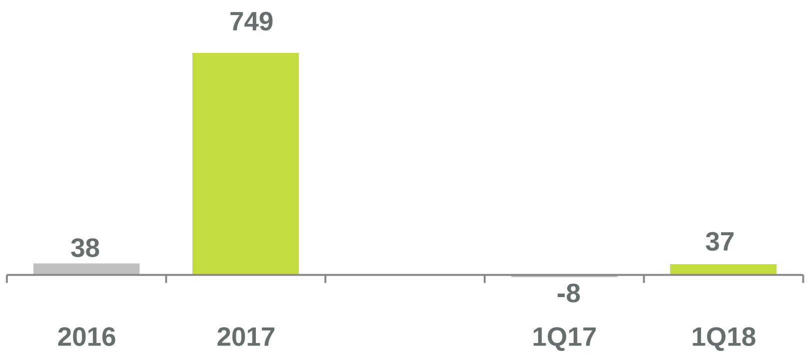
* In 1Q18 NII without IFRS 9 Stage 3 impairment adjustment was €103mn.

Strong performance of the Capital Markets, supported by the LME

Capital Markets Results *(€mn)*



Other Operating Results *(€mn)*

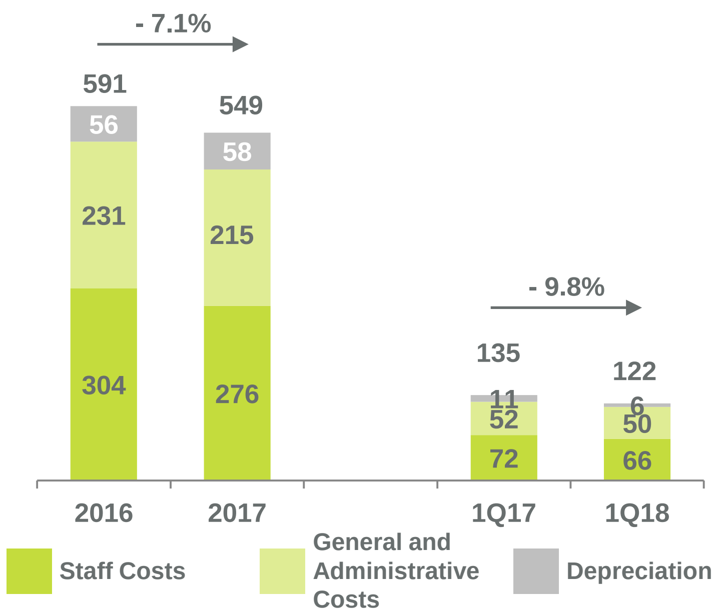


- In 2017 reflects gains on the sale and revaluation of the sovereign debt securities and the impact of the LME operation (€209.7mn).
- In 1Q18 the €39.2mn benefited from gains on sovereign debt trading.

- In 2017 it includes the triggering of CCA in the amount of €791.7mn. In 2018 the CCA is accounted for under Reserves Equity.
- In 2017 it includes part of the capital gain on the sale of a 75% stake in NB Ásia (€66.0mn) and loss on sale of international loans (-€30.9mn).

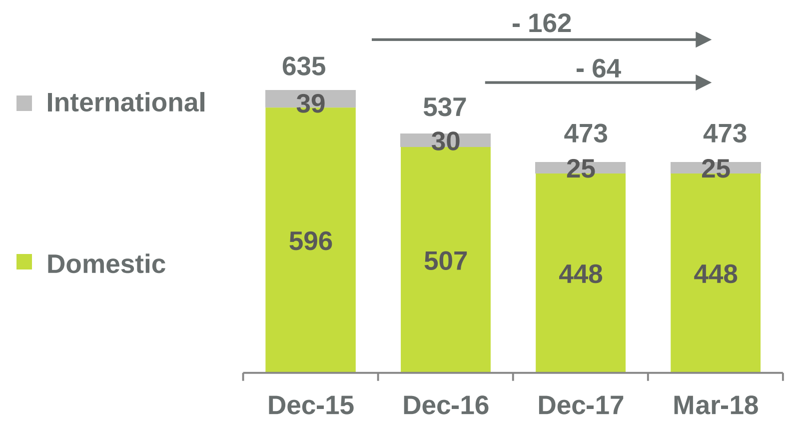
Operating Costs decreased in 2017 and 1Q18 reflecting the restructuring efforts

Operating Costs *(€mn)*

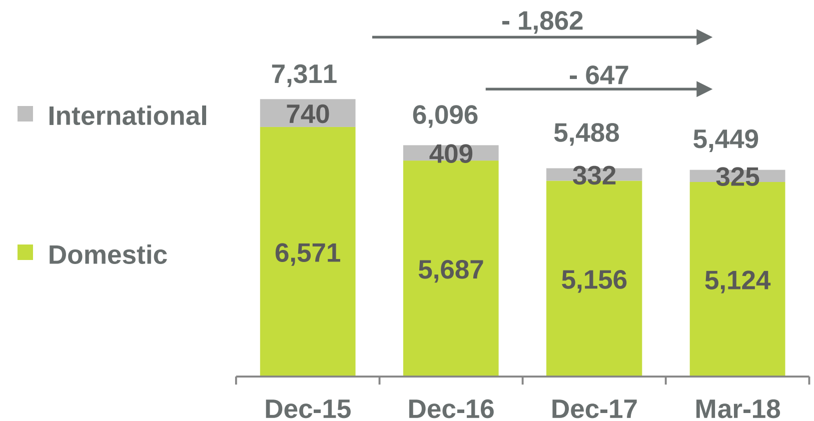


- Reduction of Operating Costs in 2017 and 1Q18, reflecting the implementation of the restructuring measures that involved downsizing the distribution network and simplification and scaling down of the organisational structure and processes.

Branch Network



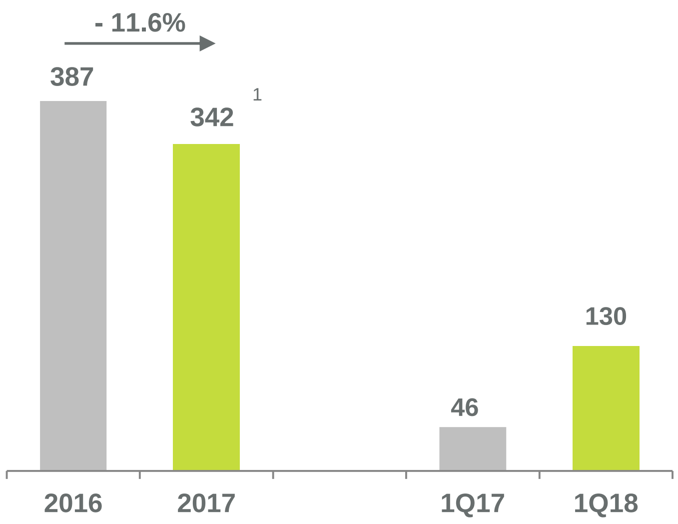
Employees



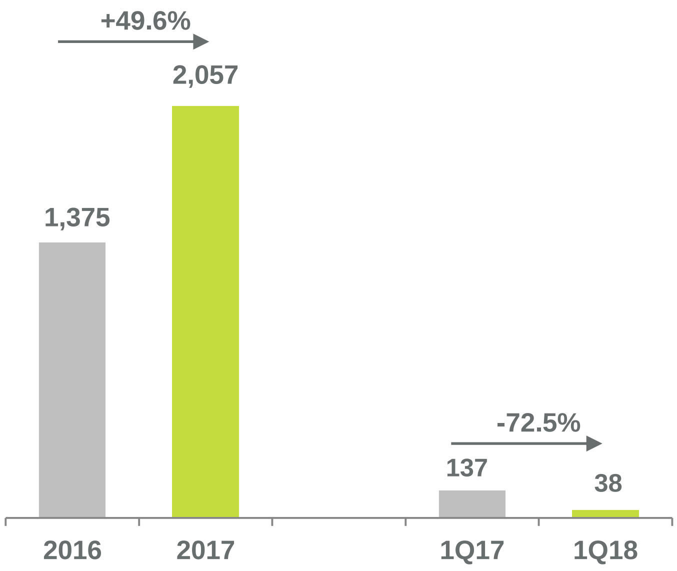
NOVO BANCO

Net Operating Income reflecting strategic priorities

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



Total Provisions *(€mn)*



- The evolution of Net Operating Income reflecting on the negative side, the decrease in NII (-23.3% in 2017, -18.1% in 1Q18 YoY) due to the ongoing deleverage, and on the positive side the increase in fees and commissions (+17.2%, +3.8% in 1Q18 YoY) and the drop in operating costs (-7.1% in 2017, -9.8% in 1Q18 YoY) and in the 1Q18 better performance of capital markets results vs 1Q17.

- In 2017 provision charge includes €1,229mn for credit, €135mn for securities, €398mn for discontinued activities and €134mn for restructuring (2016: €98mn).
- In 1Q18 provision charge includes credit impairments of €50.1mn.

[1] Excluding in 2017 the triggering of the Contingent Capital Agreement.

Agenda

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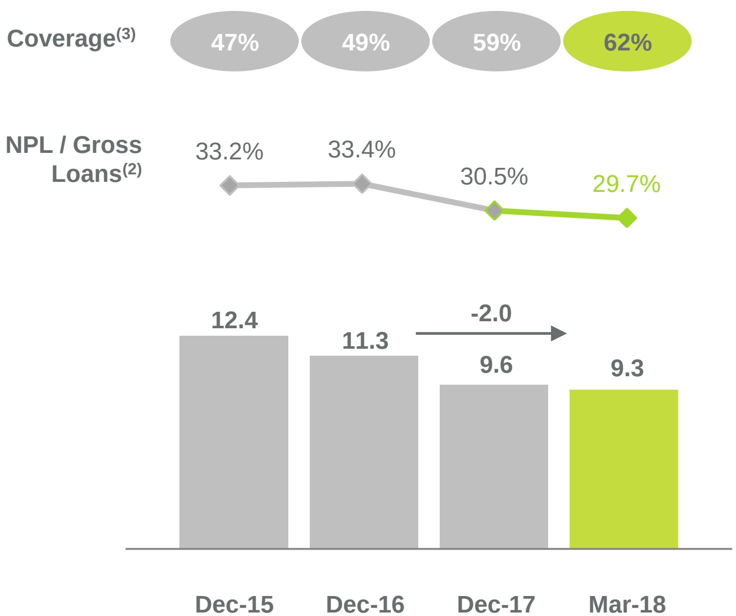
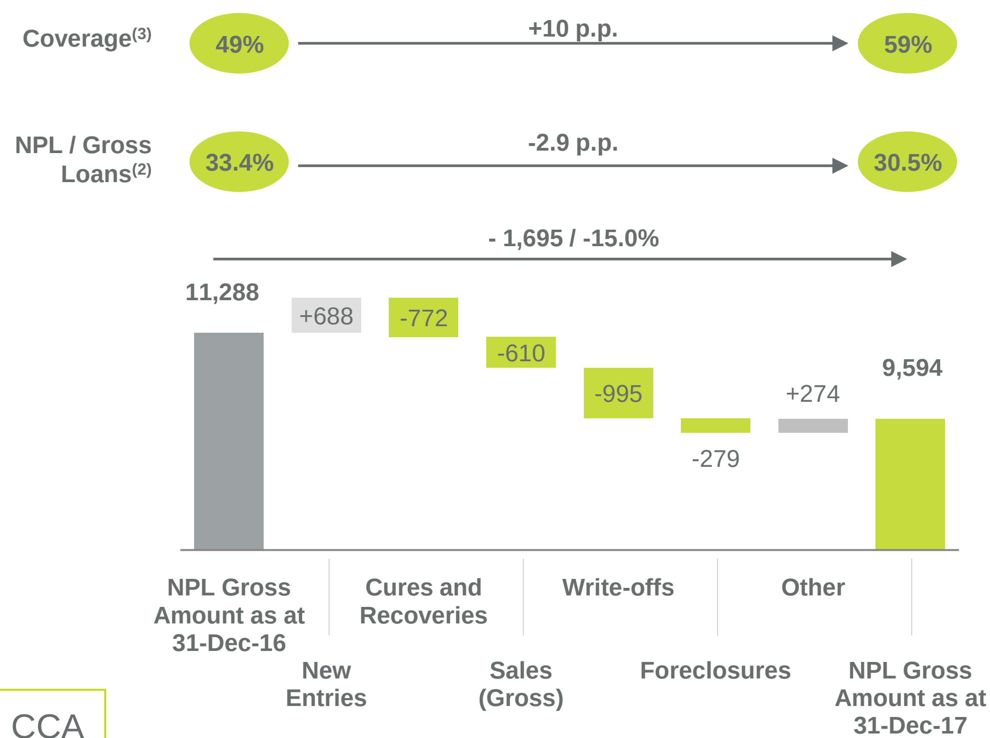
4. Capital Position
5. Liquidity and Funding

Non-performing loans – Overview

Non-Performing Loans (1) *(€bn)*



Non-Performing Loans (1) Evolution in 2017 (€mn)(4)



- In Mar-18, the NPL ratio excluding the CCA Assets would have been 9.1%.

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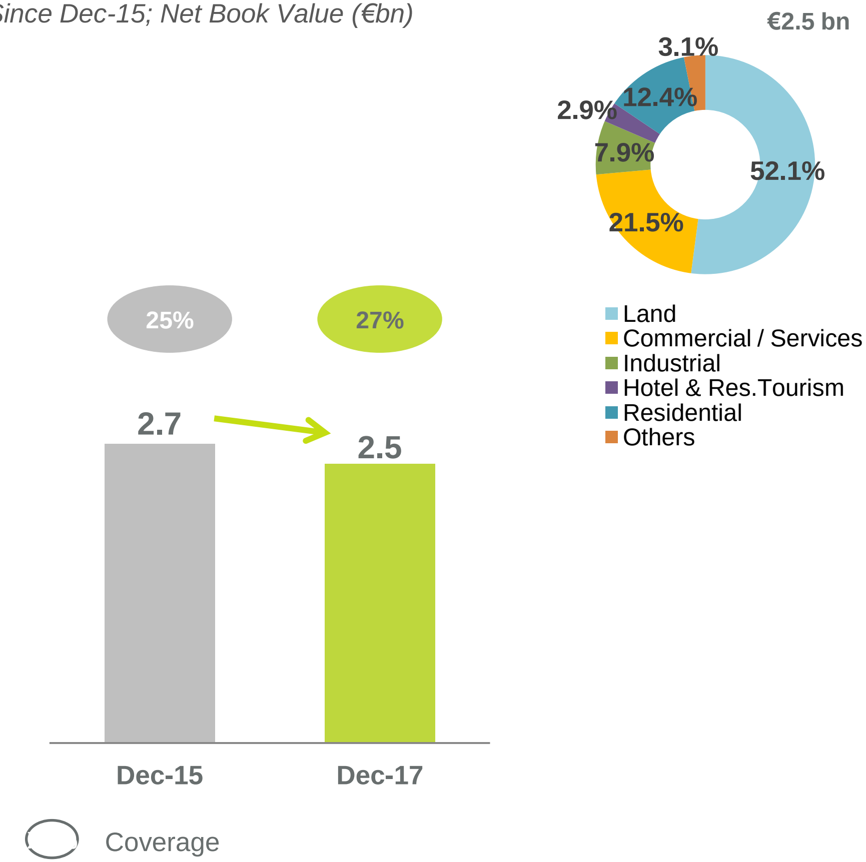
[1] *For customer loans*
[2] *Asset Quality: Non Performing Loans / Gross Loans*
[3] *Coverage by impairments*

[4] *NPL: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*

Foreclosed Assets and Restructuring Funds

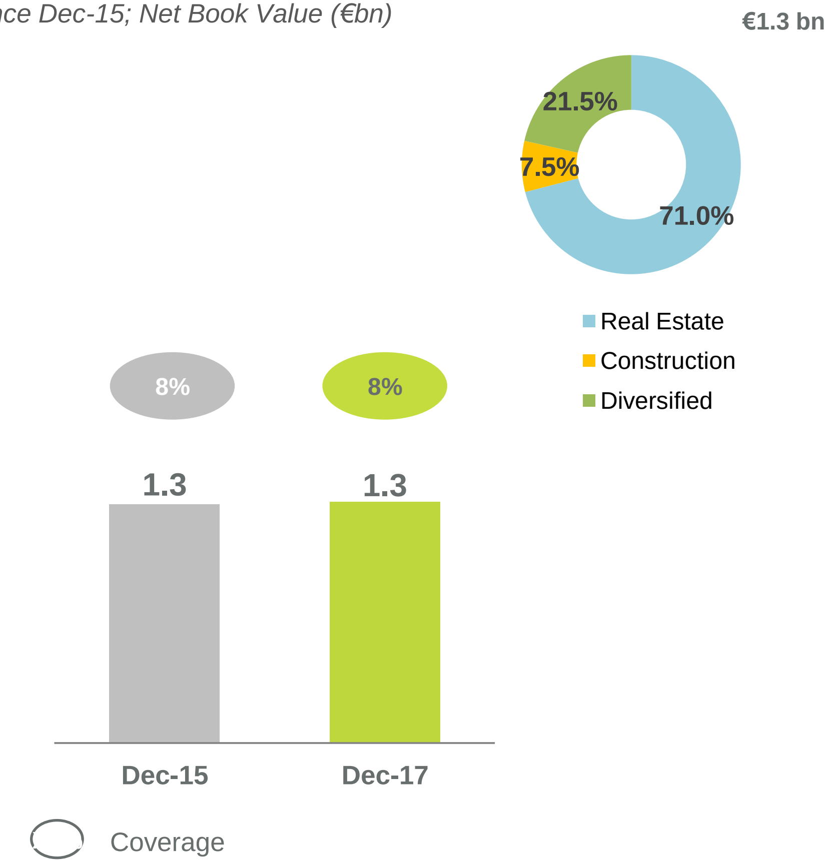
Real Estate Owned Evolution

Since Dec-15; Net Book Value (€bn)



Restructuring funds Evolution

Since Dec-15; Net Book Value (€bn)



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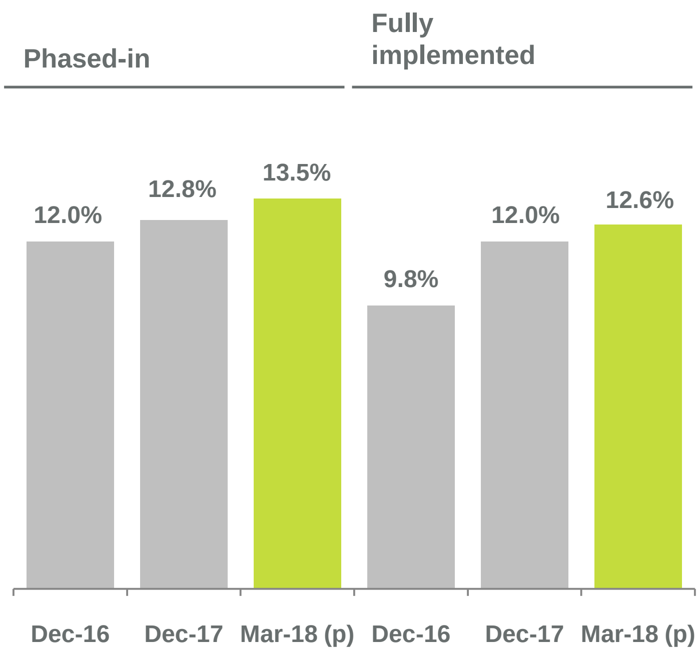
CET1 phased-in ratio of 13.5% in Mar-18(p)

CET1 ratio evolution



- CET1 phased-in ratio of 13.5%(p) in Mar-18.
- CET1 fully implemented ratio of 12.6%(p) in Mar-18.

Consolidated Capital Ratios

BIS III (CRD IV / CRR)

€mn	Dec-16	Dec-17	Mar-18 (p)
Risk Weighted Assets (A)	**33,627**	**31,740**	**32,251**
Own Funds			
CET1 (B)	4,051	4,047	**4,351**
Tier1 (C)	4,051	4,047	**4,354**
Total (D)	4,051	4,117	**4,479**
CET1 Phased-in Ratio (B/A)	**12.0%**	**12.8%**	**13.5%**
Tier1 Ratio (C/A)	12.0%	12.8%	**13.5%**
Solvency Ratio (D/A)	12.0%	13.0%	**13.9%**
CET1 Fully Implemented Ratio	**9.8%**	**12.0%**	**12.6%**
RWA Density (Phased-in)	**64%**	**61.0%**	**63%**
Leverage Ratio (Phased-in)	**8.1%**	**8.2%**	**9.0%**
Leverage Ratio (Fully Implemented)	**6.7%**	**7.7%**	**8.3%**

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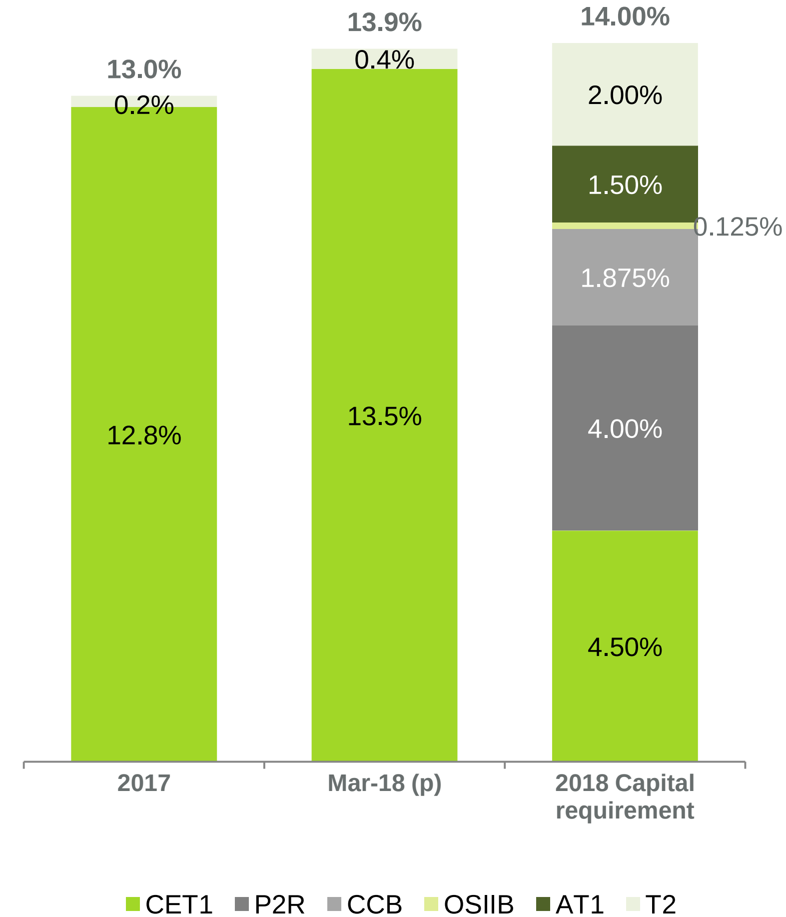
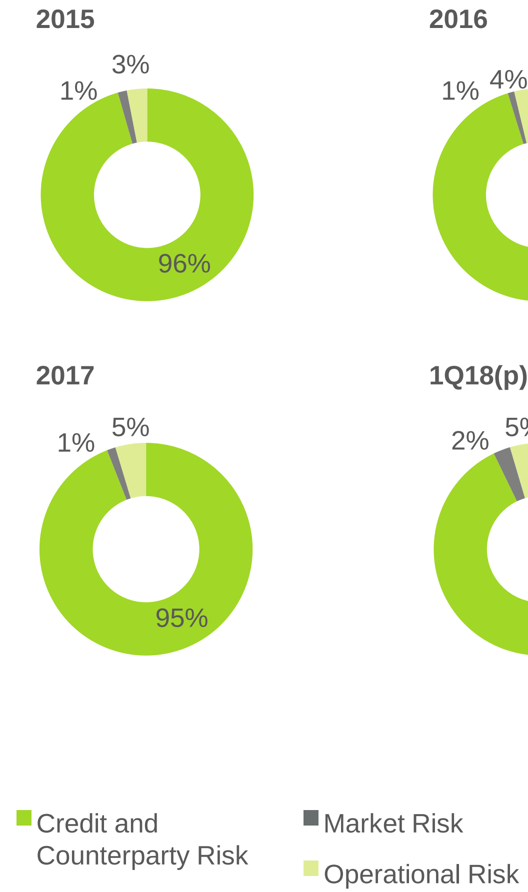
(p) provisional

Capital position

Consolidated Phased-In Total Capital position vs Requirements



RWA development



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(p) Provisional

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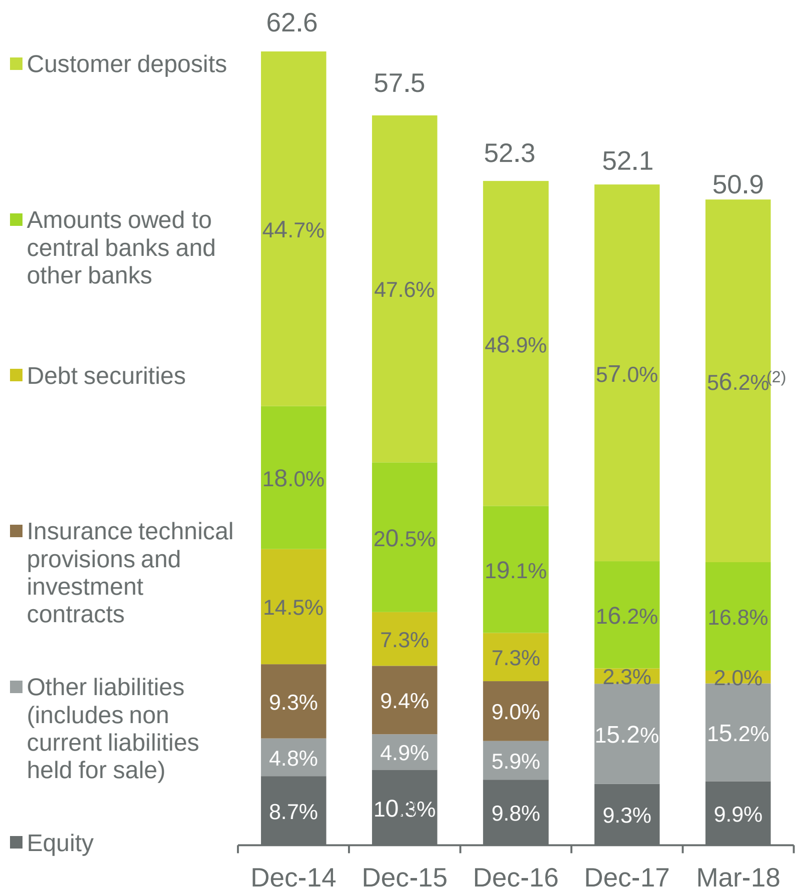
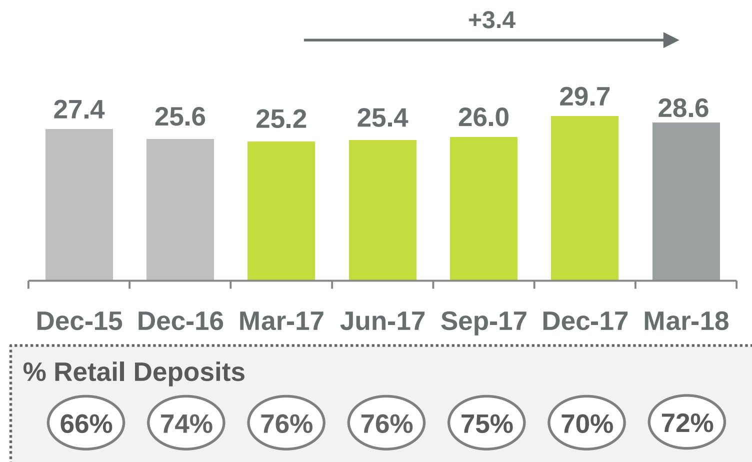
Funding mix improved with higher Customer Deposits weight

Funding side of the balance sheet *(€bn)* (1)



Customer Deposits *(€bn)*

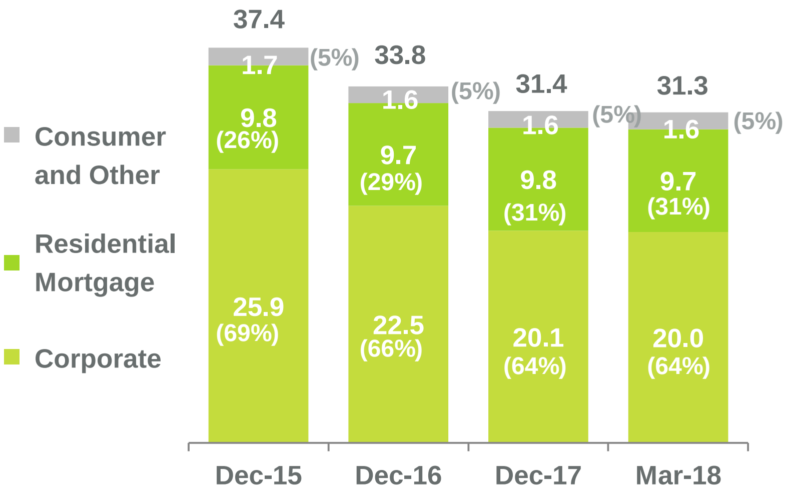


- Customer deposits increased its weight as the main funding source: 56% in Mar-18 vs 49% in Dec-16.
- With the completion of the LME transaction (announced on 24-Jul-17 and settled on 4-Oct-17), **NOVO BANCO** acquired and early reimbursed bonds with nominal value of €4.7bn (accounting for 57% of the total), which corresponded to €2.2bn in terms of book value.

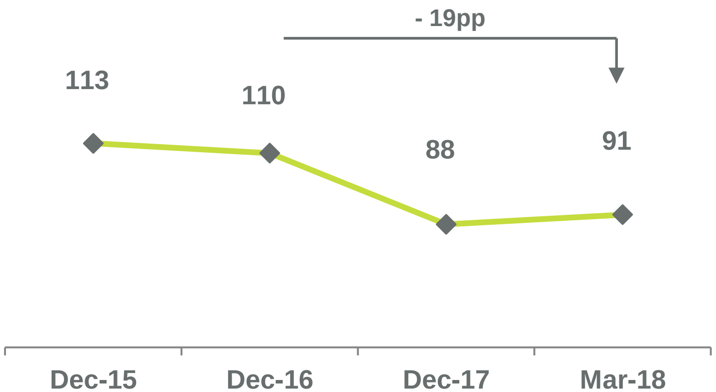
(1) Excluding BESI on 31 December 2014.
(2) Customer Deposits includes Deposits and Other Customer Funds. Other Customer Funds includes cheques and pending payment instructions, REPOS and other funds

Gross Customer Loans decreased improving Loan to Deposit Ratio, as Liquidity Ratios increased

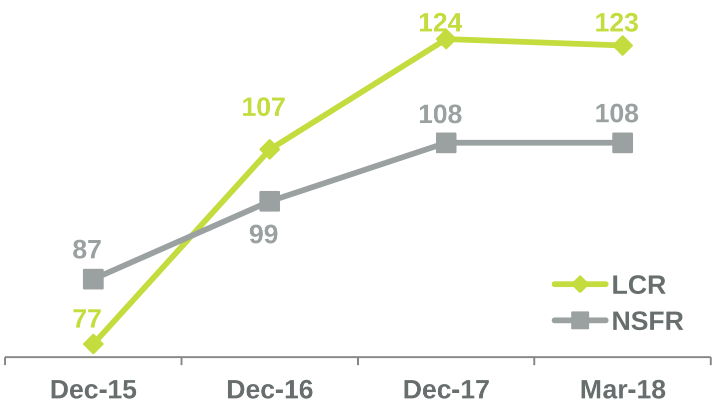
Loans per Segment *(Gross, €bn)*



Loan to Deposit Ratio *(%)* [(1)]



Liquidity Ratios *(%)* [(2)]



- Customer loans (gross) were down by €2.5bn since Dec-16.
- Corporate loans represented 64% of total loan portfolio.
- Positive evolution of the Loan to Deposit ratio to 91%.

(1) Loan to Deposit Ratio: Ratio of [gross loans -(accumulated provisions/ impairment for credit according with Instruction no. 22/2011 regarding the reporting of information on credit at risk] to customer deposits
(2) LCR: Liquidity Coverage Ratio; NSFR: Net Stable Funding Ratio.

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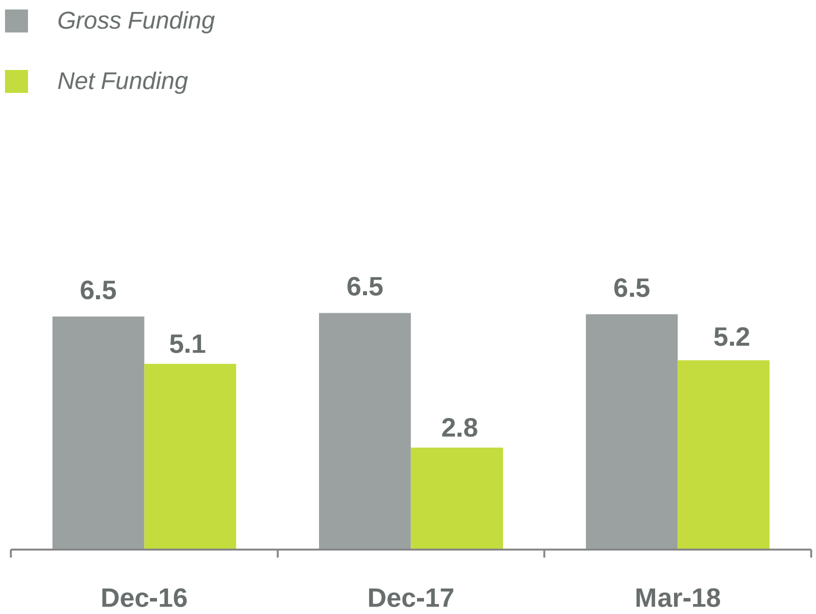
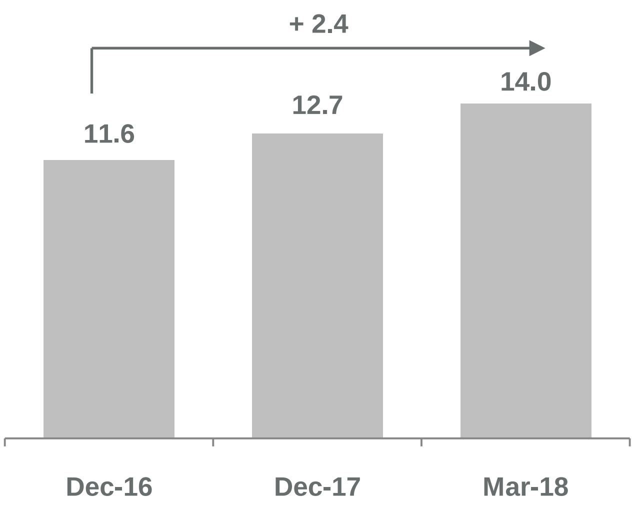
Increase of Eligible Assets in €2.4bn since Dec-16

ESCB* Funding *(€bn)*



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

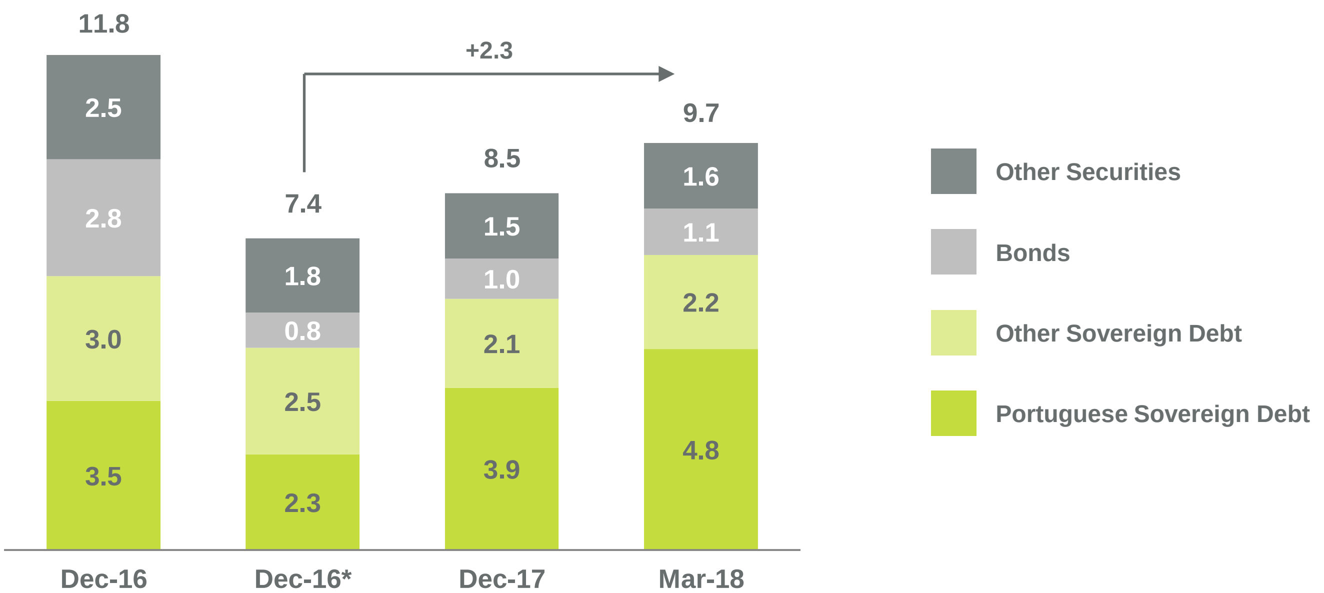


- Increase in the portfolio of assets available for rediscount with the ECB*, net of haircut (+€2.4bn since Dec-16).

* ESCB: European System of Central Banks; ECB: European Central Bank

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

Evolution of Securities Portfolio *(€bn)*



- Sovereign Debt from Euro Zone countries accounted for 72% at the end of Mar-18 (Dec-17: 69%) of total securities portfolio.
- Negative fair value reserve of €241mn in Mar-18 (Dec-17: €242mn).

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* Dec-16* figures exclude the portfolio of GNB Vida (on 03/08/2017 NOVO BANCO, S.A. announced that it has launched an organized process to sell GNB Companhia de Seguros de Vida, S.A. -"GNB Vida").

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