

Strategic Plan - Main Indicators

European Commission Decision			2017	2018	2019	2020	Perimeter	Public Disclosure	Description	
Pg.	Pgrf.	Pillar	Indicator							
37	4	1. Strengthening solvency level and risk management model	Credit-risk costs		< 0,7%		< 0,6%	Domestic	Prospecto Emissão AT1 de 28/3/2017. https://www.cgd.pt/English/Investor-Relations/Debt-Issuances/Prospectus/Documents/Prospectus-AT1_28MAR2017.pdf	A cost of risk ratio at or below 0.6 per cent. by 2018 and 2020
38	9	1. Strengthening solvency level and risk management model	Non-Performing Loans (NPL) ratio		-		< [10-15%]	Consolidated	EUROPEAN COMMISSION 10/03/2017. State Aid SA.47178 Letter to a Member State Prospecto Emissão AT1 de 28/3/2017. https://www.cgd.pt/English/Investor-Relations/Debt-Issuances/Prospectus/Documents/Prospectus-AT1_28MAR2017.pdf	"The recovery setup will be enhanced by end-of year 2017 to ensure that the target NPL ratio of <[10-15%] is attained in 2020" A Non Performing Exposure ratio from 16 per cent. in 2016 to a level at or below 12 per cent. by 2018 and 8 per cent. by 2020.
39	13	1. Strengthening solvency level and risk management model	Securities portfolio Value at Risk (VaR) (M€)				[0-50]	Consolidated	EUROPEAN COMMISSION 10/03/2017. State Aid SA.47178 Letter to a Member State	total VaR for financial assets held for trading does not exceed EUR [0-50] million.
39	1	2. Adjusting CGD's domestic operations	Retail Branches		≤ 550		≤ 480	Domestic	Prospecto Emissão AT1 de 28/3/2017. https://www.cgd.pt/English/Investor-Relations/Debt-Issuances/Prospectus/Documents/Prospectus-AT1_28MAR2017.pdf	Reducing the number of branches by 170, to below 550 by 2018 and below 480 by 2020 and maintaining a market share of branches at around 14 per cent.
40	2	2. Adjusting CGD's domestic operations	Headcount		≤ 7.750		≤ 6.650	Domestic	Prospecto Emissão AT1 de 28/3/2017. https://www.cgd.pt/English/Investor-Relations/Debt-Issuances/Prospectus/Documents/Prospectus-AT1_28MAR2017.pdf	Reducing headcount by 2,200 to below 7,750 by 2018 and below 6,650 by 2020
40	3	2. Adjusting CGD's domestic operations	Staff costs (M€)		[450-500]		[400-450]	Domestic	EUROPEAN COMMISSION 10/03/2017. State Aid SA.47178 Letter to a Member State	Domestic employee costs, including bonuses but excluding restructuring costs, will decrease from EUR [500-550] million in 2015 to a maximum of EUR [450-500] million in 2018 and EUR [400-450] million in 2020.
40	4	2. Adjusting CGD's domestic operations	Operating costs (M€)		< 780		< 720	Domestic	Prospecto Emissão AT1 de 28/3/2017. https://www.cgd.pt/English/Investor-Relations/Debt-Issuances/Prospectus/Documents/Prospectus-AT1_28MAR2017.pdf	To reduce domestic operational costs from €834 million in 2016 to a level below €780 million by 2018 and below €720 million by 2020, an overall reduction of 20 per cent.
41	4	3. Restructuring CGD's International operations and Group	International portfolio (billion €)				≤ 12	International	Prospecto Emissão AT1 de 28/3/2017. https://www.cgd.pt/English/Investor-Relations/Debt-Issuances/Prospectus/Documents/Prospectus-AT1_28MAR2017.pdf	To reduce assets related to international activity from €23 billion in 2016 to a level at or below €12 billion by 2020
41	4	3. Restructuring CGD's International operations and Group	Equity invested in international portfolio (billion €)				[0-5]	International	EUROPEAN COMMISSION 10/03/2017. State Aid SA.47178 Letter to a Member State	The total international portfolio will be reduced and amount to a maximum of EUR [10-15] billion of assets in 2020 and EUR [0-5] billion of equity.
42	1	4. Modernizing the domestic commercial franchise	Net commission income as a % of business volume		≥ 0,40%		≥ 0,45%	Domestic	Prospecto Emissão AT1 de 28/3/2017. https://www.cgd.pt/English/Investor-Relations/Debt-Issuances/Prospectus/Documents/Prospectus-AT1_28MAR2017.pdf	To increase commissions as a percentage of total deposits and credit from 0.35 per cent. to a level at or above 0.40 per cent. by 2018 and 0.45 per cent. by 2020
42	2	4. Modernizing the domestic commercial franchise	Year-on-Year growth rate of credit		[0 - 5%] except Large Corporates and CRE [-5 - 0%]			CGD Standalone	EUROPEAN COMMISSION 10/03/2017. State Aid SA.47178 Letter to a Member State	Portugal will ensure that the Year-on-Year growth rate of credit to customers in terms of volume for domestic operations will be aligned with conservative levels, designed to avoid excessive risk taking
42	3	4. Modernizing the domestic commercial franchise	Credit portfolio composition (billion €)				by 2020: EUR [20 - 30] for Mortgage, EUR [5 - 10] for CRE and EUR [0 - 5] for each of the remaining segments	CGD Standalone	EUROPEAN COMMISSION 10/03/2017. State Aid SA.47178 Letter to a Member State	These Year-on-Year growth rates will lead to a composition of the credit portfolio aligned, on a best effort basis, with the target segments of Retail and Small and Medium enterprises

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43	4	4. Modernizing the domestic commercial franchise	Credit New production spreads		[0 - 5%] except Credit to Individuals [5 - 10%]			CGD Standalone	EUROPEAN COMMISSION 10/03/2017. State Aid SA.47178 Letter to a Member State	Portugal will ensure that the interest margins realised on each product in the credit to customers portfolio will be adjusted to earn appropriate returns on capital employed. Limited deviations are allowed if part of an adjusted global pricing policy adopted by the Board and which continue to ensure year by year achievement of the net interest margin (in percentage) on total credit to clients envisaged in the industrial plan
43	4	4. Modernizing the domestic commercial franchise	Credit stock spreads					CGD Standalone		
44	1	5. Adjustment mechanisms - Synthesis of the Strategic plan	Net interest income (billion €)		≥ 0,9		≥ 1,1	Domestic	Prospecto Emissão AT1 de 28/3/2017. https://www.cgd.pt/English/Investor-Relations/Debt-Issuances/Prospectus/Documents/Prospectus-AT1_28MAR2017.pdf	To increase net interest income from €635 million in 2016 to a level at or above €900 million by 2018 and €1.1 billion by 2020
44	3	5. Adjustment mechanisms - Synthesis of the Strategic plan	Recurrent Cost-to-income		≤ 58%		≤ 43%	Domestic	Prospecto Emissão AT1 de 28/3/2017. https://www.cgd.pt/English/Investor-Relations/Debt-Issuances/Prospectus/Documents/Prospectus-AT1_28MAR2017.pdf	To reduce the domestic cost-to-income ratio from 82 per cent in 2016 to a level at or below 58 per cent. by 2018 and 43 per cent. by 2020
44	4	5. Adjustment mechanisms - Synthesis of the Strategic plan	Recurrent Return-on-Equity (ROE)		>5%		>9%	Consolidated	Prospecto Emissão AT1 de 28/3/2017. https://www.cgd.pt/English/Investor-Relations/Debt-Issuances/Prospectus/Documents/Prospectus-AT1_28MAR2017.pdf	Targeting attractive returns for the shareholder (greater than 5 per cent. as of 2018 and greater than 9 per cent. as of 2020)

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Other sources			CET1		>12%		>14%	Consolidated	Prospecto Emissão AT1 de 28/3/2017. https://www.cgd.pt/English/Investor-Relations/Debt-Issuances/Prospectus/Documents/Prospectus-AT1_28MAR2017.pdf	Strengthening the Group's solvency levels to aim for CET1 above 12 per cent. as of 2018 and above 14 per cent. as of 2020 on a consolidated basis;	
			Texas ratio		≤ 80%		≤ 70%	Consolidated	Prospecto Emissão AT1 de 28/3/2017. https://www.cgd.pt/English/Investor-Relations/Debt-Issuances/Prospectus/Documents/Prospectus-AT1_28MAR2017.pdf	A Texas ratio at or below 80 per cent. by 2018 and 70 per cent. by 2020. This ratio is determined by calculating by non-performing exposures as a proportion of the aggregate of Tangible Equity and Impairments in the balance sheet.	
			International Entities					~ 15	International activity	Prospecto Emissão AT1 de 28/3/2017. https://www.cgd.pt/English/Investor-Relations/Debt-Issuances/Prospectus/Documents/Prospectus-AT1_28MAR2017.pdf	To reduce the number of international entities (including branches and subsidiaries) from 28 to a maximum of 15 by 2020
			Cost-to-Income (International)		≤ 50%			≤ 45%	International activity	Prospecto Emissão AT1 de 28/3/2017. https://www.cgd.pt/English/Investor-Relations/Debt-Issuances/Prospectus/Documents/Prospectus-AT1_28MAR2017.pdf	To reduce the cost to income related to international activity from 52 per cent. in 2016 to a level at or below 50 per cent. by 2018 and 45 per cent. by 2020
			ROE (International)		≥ 15%			≥ 15%	International activity	Prospecto Emissão AT1 de 28/3/2017. https://www.cgd.pt/English/Investor-Relations/Debt-Issuances/Prospectus/Documents/Prospectus-AT1_28MAR2017.pdf	To increase the return on equity of the international activity from 13 per cent. in 2016 to a minimum of 15 per cent. by 2018 and 15 per cent. by 2020
			Business market Share					~ 24%	Domestic	Prospecto Emissão AT1 de 28/3/2017. https://www.cgd.pt/English/Investor-Relations/Debt-Issuances/Prospectus/Documents/Prospectus-AT1_28MAR2017.pdf	Maintaining its business market share at around 24 per cent
			Net Interest Margin			> 0,8%		> 1,1%	Domestic	Prospecto Emissão AT1 de 28/3/2017. https://www.cgd.pt/English/Investor-Relations/Debt-Issuances/Prospectus/Documents/Prospectus-AT1_28MAR2017.pdf	To increase net interest margin from 0.6 per cent. in 2016, to above 0.8 per cent. by 2018 and above 1.1 per cent. by 2020
			Operating Income / Business Volume			> 1,3%		> 1,5%	Domestic	Prospecto Emissão AT1 de 28/3/2017. https://www.cgd.pt/English/Investor-Relations/Debt-Issuances/Prospectus/Documents/Prospectus-AT1_28MAR2017.pdf	To increase operating income as a percentage of the business volume (loans and deposits, excluding non-recurring items), from 1 per cent. in 2016 to above 1.3 per cent. by 2018 and above 1.5 per cent. by 2020