CAIXA GERAL DE DEPÓSITOS

CONSOLIDATED OPERATIONS

30 JUNE 2012

UNAUDITED ACCOUNTS

1 – HIGHLIGHTS

Results for 1st Half 2012

In terms of Caixa Geral de Depósitos Group's 1st half 2012 performance, reference should be made to the significant improvement of its own funds, liquidity and efficiency, in an environment strongly penalised by the recessive situation and its consequent impact on provisioning and impairment.

1- Caixa Geral de Depósitos Group earned income of EUR 64.2 million, before tax and non-controlling interests, in first half 2012 (EUR 211.7 million in the same period of the preceding year) notwithstanding the adverse economic and financial conditions, which required a global amount of EUR 728.9 million in provisions and impairment to be registered as a cost for the half year.

After EUR 57.3 million in tax, of which EUR 14.9 million comprised the extraordinary banking sector contribution, **consolidated net results** for the half year were EUR 6.9 million (against EUR 130.3 million in the same period 2011), pursuant to which, after distributions for non-controlling interests, the **net results attributable to CGD's shareholder** were a negative EUR 12.7 million (in comparison to positive net results of EUR 91.4 million in 1st half 2011).

2- The group increased its **shareholders' equity** in 1st half 2012 by 28.5% to EUR 6 839 million at the end of June, owing to its EUR 750 million increase in share capital under the financial component of CGD's Recapitalisation Plan, last June and an improvement of fair value reserves.

The referred to plan also included the issue of EUR 900 million in debt instruments eligible as Core Tier 1 own funds, pursuant to which the **Core Tier I ratio** on a consolidated basis, including retained earnings, was increased by 9.5% in December 2011 to 11.5% at the end of June, in accordance with Bank of Portugal regulations. The ratio, as defined by the European Banking Authority (EBA), was 9.6% in June 2012. Domestic and European regulatory requirements on own funds were therefore fulfilled and surpassed.

3- There was a significant 24.8% increase of EUR 157.6 million in **gross operating income,** over first half 2011 to EUR 792.4 million owing to an expressive 8.4% increase of EUR 125.7 million in net operating income from banking and insurance operations, in conjunction with a 3.7% decrease in operating costs.

4- Net interest income was down 10.3% by EUR 82.4 million over the first half of the preceding year to EUR 719.7 million.

5- Income from commissions (net) was up 3.9% by EUR 9.8 million over the same period 2011 to EUR 257.7 million.

6- Income from financial operations was up EUR 204.7 million over the first six months of the preceding year to EUR 255.9 million.

7- Operating costs, down 3.7% by EUR 31.9 million to EUR 826.7 million, over 1st half 2011, particularly derived from employee costs related to CGD Portugal's activity which were down 11.8% by EUR 30.3 million. This evolution greatly improved efficiency ratios, particularly **cost-to-income** which was down 9.8 percentage points from 60.8% in December 2011 to 51.0% in the case of CGD Group and from 55.7% to 45.5% in terms of CGD's individual operations.

8- Provisions for the half year totalled EUR 728.9 million of which EUR 483.3 million in respect of **credit impairment** and EUR 245.6 million in respect of **provisions and impairment on other assets (net)**.

9- CGD Group's **net assets** were down 4.9% over the preceding year to EUR 117.7 billion at the end of June 2012. Contributory factors were the 5.9% reduction of EUR 4.9 billion in loans and advances to customers and 6.1% reduction of EUR 1.7 billion in securities investments (including assets with repo agreements), reflecting CGD's deleveraging strategy on non-strategic assets.

10- There was a highly favourable increase in **deposits in the individual customers' segment** on the branch office network in Portugal by EUR 2 374 million (up 5.7% in year-on-year terms) which comprises the most stable funding base. The total customer deposits balance was EUR 64.4 billion.

11- Loans and advances to customers (gross), excluding repo operations, totalled EUR 81.3 billion at the end of June, down 1.5% over the end of December (on a comparable basis). In the case of operations in Portugal, loans and advances to companies increased by EUR 33 million in first half 2012, as opposed to lending to general government and individual customers that was down 3.3% and 2.0%, respectively.

12- The **loans-to-deposits** ratio, measured by net credit to customer deposits was 120.4%, in comparison to an end of June 2011 ratio of 128.2%, having achieved the reference ratio recommended for Portuguese banks by 2014 under the Economic and Financial Assistance Programme (120%).

13- CGD's funding from the ECB was EUR 9 billion at the end of June, identical to last December's figure.

CGD **assets eligible** as collateral with the ECB, at EUR 14.0 billion, kept pace with the end of 2011 figure of EUR 14.4 billion.

14- The **credit overdue for more than 90 days ratio** was 4.6% with a cover ratio of 103.3%, against 3.6% and 116.5%, respectively at the end of December. The credit at risk ratio increased from 6.9% at the end of 2011 to 8.7%.

15- Caixa Seguros e Saúde, SGPS, consolidated its lead of the domestic insurance market maintaining its prime position with a global market share of 28.5%. Caixa Seguros e Saúde's consolidated net results (CGD GAAP), for the first half 2012, at EUR 36.6 million, relatively unchanged from first half 2011.

2 – KEY INDICATORS

CAIXA GERAL DE DEPÓSITOS

Consolidated Operations at 30 June 2012
Summary of Principal Indicators

(EUR million)

	Jun/2011 (*)	Dec/2011 (*)	Jun/2012	Change Jun/12 - Jun/11	Change Jun/12 - Dec/11
Results :					
Net interest income	802.0		719.7	-10.3%	
Net interest income including income from equity investments	918.1		800.2	-12.8%	
Commissions (net)	247.9		257.7	3.9%	
Non-interest Income	364.3		570.9	56.7%	
Non-interest income	211.0		247.9	17.5%	
Technical margin on insurance operations	1 493.4		1 619.0	8.4%	
Net operating income from banking and insurance operations	858.6		826.7	-3.7%	
Operating costs	634.8		792.4	24.8%	
Gross operating income	211.7		64.2	-69.7%	
Income before tax and non-controlling interest	91.4		-12.7	-113.9%	
Net income for period					
Balance sheet:					
Net assets	123 772	120 642	117 694	-4.9%	-2.4%
Cash and loans and advances to credit institutions	6 322	8 648	5 801	-8.2%	-32.9%
Securities investments	26 921	24 398	25 380	-5.7%	4.0%
Loans and advances to customers (net)	82 394	78 248	77 519	-5.9%	-0.9%
Loans and advances to customers (gross)	85 295	81 631	81 367	-4.6%	-0.3%
Central banks' and credit institutions' resources	13 296	15 860	14 017	5.4%	-11.6%
Customer resources	71 031	70 587	70 394	-0.9%	-0.3%
Debt securities	17 815	14 923	11 150	-37.4%	-25.3%
Technical provisions for insurance operations	5 440	4 611	4 363	-19.8%	-5.4%
Shareholders' equity	6 799	5 324	6 839	0.6%	28.5%
Resources taken from customers	87 478	86 041	86 468	-1.2%	0.5%
Profit and efficiency ratios:					
Gross return on equity - ROE (1) (2)	5.75%	-8.13%	2.18%		
Net return on equity - ROE (1)	3.54%	-6.40%	0.23%		
Gross return on assets - ROA (1) (2)	0.34%	-0.44%	0.11%		
Net return on assets - ROA (1)	0.21%	-0.35%	0.01%		
Cost-to-income (consolidated) *(2)*	57.4%	60.8%	51.0%		
Cost-to-income (separate) *(2)*	53.8%	55.7%	45.5%		
Cost-to-income (banking activity) *(2)*	55.1%	60.7%	49.8%		
Employee costs / Net operating income (2)	31.4%	32.1%	27.4%		
Operating costs / Average net assets	1.38%	1.44%	1.37%		
Net operating income / Average net assets (2)	2.40%	2.36%	2.70%		
Credit quality and cover levels:					
Overdue credit / Total credit	3.4%	3.9%	5.4%		
Credit more than 90 days overdue / Total credit	3.0%	3.6%	4.6%		
Non-performing credit / Total credit (2)	3.6%	4.3%	5.7%		
Non-performing credit (net) / Total credit (net) (2)	0.2%	0.2%	1.0%		
Credit at risk / Total credit (2)	5.3%	6.9%	8.7%		
Credit at risk (net) / Total credit (net) (2)	2.0%	2.9%	4.2%		
Overdue credit cover	98.8%	105.0%	87.5%		
Credit more than 90 days overdue cover	112.4%	116.5%	103.3%		
Credit at risk cover (2)	64.0%	59.8%	53.9%		
Credit impairment (P&LA) / Loans and advances to customers (average balance)	0.84%	0.97%	1.16%		
Structure ratios:					
Loans and advances to customers (net) / Net assets	66.6%	64.9%	65.9%		
Loans and advances to customers (net) / Customer deposits	128.2%	122.2%	120.4%		
Solvency ratios:					
Solvency (2)	11.5%	11.6%	13.8%		
Tier 1 (2)	8,6%	9.0%	11.2%		
Core Tier 1 (2)	8.4%	9.5%	11.5%		
Core Tier 1 (EBA)			9.6%		

(1) Considering average shareholders' equity and net assets values (13 observations)
(2) Ratios defined by the Bank of Portugal (Instruction no. 23/2011)
(*) Pro forma accounts, considering the figures involving Caixa Seguros e Saúde, SA's healthcare area as a non-current asset held for sale

3 – ECONOMIC - FINANCIAL ENVIRONMENT

The world economy continued to expand, in first half 2012, albeit displaying signs of an intensification of cooling levels. Special reference should be made to the developed economies, notably the European bloc, in addition to the uncertainties of businesspeople and consumers.

Such uncertainties particularly derived from heightening tensions in the old continent's sovereign debt market. Contributory factors ranged from the restructuring process on Greek public debt to the political impasse in Greece itself.

Rating downgrades on public debt by several of the main rating agencies once again contributed towards a deterioration of investors' confidence in the financial stability and solvency of several Economic and Monetary Union (EMU) countries, particularly Spain. The major funding requirements of Spain's economy and negative growth rate spilled over to other countries in a similar situation, notably Italy. In both cases, such fears were clearly visible in the increase in the respective implicit interest rates which, in the former case, reached their highest levels since EMU came into effect.

Heightening uncertainties over the debt crisis and signs of an economic slowdown led to new measures from the responsible authorities, with the aim of improving agents' confidence levels. Such measures included, *inter alia*, a decision to increase the bailout funds' intervention capacity, based on an agreement entered into between the EU and the Spanish government, to enable the recapitalisation of the banking sector. At the end of the half year, in the sphere of the European Council, Brussels, an increase in the flexibility of the use of these bailout funds and reactivation of the growth pact, whose most important measures included permission for a European Investment Bank capital increase, were approved.

The growing uncertainty over the international economic environment is explained not only by deceleration in the developed economies but also a slowdown in emerging and developing economies, notably China and Brazil. The level of concern over the cooling of activity in this bloc was clearly visible in the reductions of key interest rates. In China and India, the central banks announced the first reduction of such rates since December 2008 and March 2009, respectively, whereas, in Brazil, the monetary authority set the rate at a new historical low.

In the developed bloc and particularly in the US, the Fed admitted that the level of economic upturn had been very modest and expanded its treasury bonds programme at the end of the half year. In Europe, the ECB, which, at the start of the year had organised its second auction for bonds with a maturity of 3 years, recognised the existence of more negative risks to growth, having authorised a broadening of the range of assets eligible as collateral from seven central banks, including the Bank of Portugal. In Europe, the central banks of Denmark, Sweden and Norway also announced reductions to their respective key interest rates whereas, in Japan, the monetary authority expanded the size of its assets purchasing programme on two occasions.

Notwithstanding an environment of high risk aversion, deriving from fears of an economic slowdown and uncertainty over the future of EMU which, in encouraging investors to increase their positions in safer assets helped to maintain a low interest rate environment, periods of an easing of such fears, with a favourable impact on higher risk assets were also witnessed, particularly in the first half of the year.

The deterioration of sentiment and the economic environment with regard to EMU over the course of the half year, in conjunction with the ECB's decision to reduce key interest rates on two occasions at the end of 2011, led to a fall in Euribor rates. This was more marked in the first three months of the year, with successive minimum lows having been reached over the different maturities.

The single currency reflected the deterioration of the economic environment and the ECB's performance, in registering a second consecutive half of depreciation against the US dollar. In such a context, the euro depreciated in value by 2.3%, following its depreciation of 10.6% in the preceding half, having, in May, recorded its lowest price since June 2010, at $1.236. The doubts and uncertainties deriving from the sovereign debt crisis in Europe, fuelling fears over EMU's long term viability also contributed in equal measure to this performance.

After having peaked, at the end of the first quarter, at its highest level since May 2008 in the US and February 2011, in Europe, the share market was affected by substantial adjustments which, in the second case, albeit temporarily, cancelled out the gains made since the start of the year. The recovery, starting at the end of the half year, allowed gains of 8.3% and 2.7% to be made respectively. In the case of the countries on the periphery of Europe, with the exception of Ireland, share indices closed the half year with major losses of as much as 20% in the case of Spain. Whereas Germany's DAX closed the half year with gains of 8.8%, in line with US figures, the Portuguese PSI20 was down 14.5%.

4 – RECAPITALISATION PLAN

To comply with the goals defined in the Economic and Financial Assistance Plan and the requirements of the European Banking Authority (EBA) regarding Core Tier 1 capital ratio objectives, the Portuguese state, as CGD's sole shareholder, approved the bank's recapitalisation plan for a total amount of EUR 1 650 million, in a unanimous written resolution of 27 June 2012, comprising:

1. An increase of EUR 750 million in CGD's share capital, through the issue of 150 million new nominative shares with a unit value of EUR 5, subscribed for, at par, by its sole shareholder;

2. An issue of hybrid financial instruments, eligible as Core Tier 1 own funds for a global amount of EUR 900 million, fully subscribed for by the Portuguese state.

The referred to unanimous written resolution also approved capital increases contingent upon the occurrence of one of the conversion events of the referred to hybrid financial instruments, into capital.

The shareholder's financial settlement of the operations referred to in items 1 and 2 took place on 29 June 2012.

The Core Tier I ratio, on a consolidated basis, including retained earnings, therefore increased from the 9.5% recorded in December 2011 to 11.5% in June 2012, in conformity with the Bank of Portugal's rules and 9.6%, under EBA terms in comparison to the EBA's minimum requirement of 9% by 30 June 2012 and the 10% defined by the Portuguese authority by 31 December 2012.

5 - EVOLUTION OF CGD GROUP

CGD Group's activity, in first half 2012, in compliance with its strategic guidelines with the objective of redirecting CGD to banking activity and gradually reducing its exposure to other activities/sectors, comprised a continuity of its banking activity consolidation outside the European area.

After around two years of negotiations, CGD Group, via CGD - Participações em Instituições Financeiras, Lta. ("CGD PINF"), a Brazilian company, jointly owned on a fifty-fifty basis by CaixaBI and Banco Caixa Geral-Brasil, signed the definitive agreements for an equity investment in Banif Corretora de Valores e Câmbio, S.A. ("Banif CVC") which, in the meantime, had been renamed CGD Investimentos Corretora de Valores e Câmbio, S.A. ("CGD Securities").

The acquisition process began in March 2012, with the purchase of 70% of the brokerage company's shares and was completed in June 2012 with the buy order for the remaining 30%, provided for in the agreement.

The operation was designed to promote the group's investment banking activities in the Brazilian market.

In April, the shareholders of Banco Comercial e de Investimentos (BCI), in which CGD Group has a 51% stake, approved an increase in the bank's share capital in the form of an incorporation of reserves from 1 900 million to 3 000 million meticais. The increase was designed to strengthen the bank's image of financial strength in addition to demonstrating its shareholders' commitment to the development of Mozambique's economy**.**

In May, Mercantile successfully completed a repo operation on the shares of non-controlling interests, following which transaction the bank's shares ceased to be listed in the Johannesburg stock exchange. Mercantile thus became a direct and indirect wholly owned CGD subsidiary.

As regards listed financial investments, reference should be made to CGD's sale of all of its Cimpor shares in the Intercement take-over bid. As the decision to dispose of the shares was followed by all CGD Group portfolios, the group therefore no longer has any voting rights in Cimpor.

On 12 June, CGD disposed of 33 181 144 ZON Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A. shares in an OTC transaction for 10.735 % of ZON's share capital to Jadeium B.V., a company headquartered in Amsterdam. The shares were physically and financially liquidated on 2 July this year.

As regards the insurance area, reference should be made to the merger, on 31 May last, between the Companhia de Seguros Fidelidade-Mundial, S.A. and Império Bonança-Companhia de Seguros, S.A. insurance companies, the latter of which was incorporated into the former. At the same time, Companhia de Seguros Fidelidade-Mundial, S.A. changed its name to Fidelidade-Companhia de Seguros, S.A. and increased its share capital from EUR 400 million to EUR 520 million as an effect of the merger.

Given the need to increase the shareholders' equity of Fidelidade-Companhia de Seguros, its shareholder, Caixa Seguros e Saúde, decided to increase its share capital by EUR 85 million to EUR 605 million, at the start of June. The increase was fully paid up by CGD, as Caixa Seguros e Saúde dispensed with its right of preference. As a consequence of this operation, CGD now owns 14% of Fidelidade-Companhia de Seguros's share capital with Caixa Seguros e Saúde having reduced the size of its investment to 86%.

At the end of June, CGD, with the objective of increasing Caixa Seguros e Saúde, SGPS, SA's shareholders' equity, increased the company's share capital by EUR 351.5 million from EUR 448.4 million to EUR 799.9 million.

6 – FINANCIAL ANALYSIS – CONSOLIDATED OPERATIONS

Summary

Results

Caixa Geral de Depósitos Group earned **net income of EUR 64.2 million before income tax and non-controlling interests** in 1st half 2012 (EUR 211.7 million in the same period last year), notwithstanding an adverse economic and financial environment which required extraordinary amounts in impairment on credit and securities accounts as costs for the period.

Total provisioning for the half year was EUR 728.9 million with impairment of EUR 483.3 million on credit and provisions and impairment of EUR 245.6 million on other assets (net), a significant proportion of which latter amount to provide for the loss of value on CGD's equity investments in Portugal Telecom, La Seda Barcelona and BCP and its exposure in the group's insurance area.

Consolidated net income after tax and non-controlling interest, was a negative EUR 12.7 million against a positive figure of EUR 91.4 million in 1st half 2011.

As the process for the disposal of Caixa Seguros e Saúde, SA's healthcare area ("HPP") is in progress, the consolidated accounts for 1st half 2012, and respective comparable figures were restated to present HPP's accounts in the form of a non-current asset held for sale in conformity with "IFRS 5 – Non-current assets held for sale and discontinued operations".

GROSS OPERATING INCOME FROM CGD GROUP'S MAIN BUSINESS AREAS

(EUR million)	Jun-11	Jun-12	Change Jun-12 - Jun-11	
			Total	%
Domestic commercial banking	381.6	489.8	108.2	28.4%
International operations	121.7	146.9	25.2	20.7%
Insurance operations	94.1	131.5	37.4	39.8%
Investment banking	37.4	24.2	-13.2	-35.3%
Gross operating income	**634.8**	**792.4**	**157.6**	**24.8%**

Gross operating income evolved very favourably to EUR 792.4 million, up 24.8% by EUR 157.6 million over the same half last year, owing to an expressive 8.4% increase of EUR 125.5 million in net operating income from banking and insurance operations in conjunction with a 3.7% decrease in operating costs.

Results Analysis

In 1st half 2012, **net interest income including income from equity instruments** was down 12.8% by EUR 117.9 million to EUR 800.2 million over the same half last year owing to a 10.3% decrease of EUR 82.4 million in net interest income and 30.6% decrease of EUR 35.5 million in income from equity instruments. The evolution of these latter figures was particularly influenced by the reduction of dividends paid by Portugal Telecom and the disposal of CGD's equity investment in Cimpor.

Commissions (net) evolved positively by 3.9% to EUR 257.7 million, up EUR 9.8 million over the same period 2011, particularly reflecting commissions earned from international operations, up 18.3% by EUR 10.1 million**.**

COMMISSIONS (net) – Contribution by Business Areas

(EUR million)	Jun-11	Jun-12	Change Jun-12 - Jun-11	
			Total	%
CGD Portugal	152.0	151.5	-0.5	-0.3%
International operations	55.0	65.1	10.1	18.3%
Investment banking	25.1	25.7	0.6	2.5%
Asset management	15.6	15.4	-0.3	-1.6%
Other	0.2	0.0	-0.2	-100.0%
Total	**247.9**	**257.7**	**9.8**	**3.9%**

Income from financial operations was significantly up by EUR 204.7 million over the first six months of the preceding year to EUR 255.9 million. This evolution essentially derived from gains of EUR 171.9 million on the repurchase of own debt.

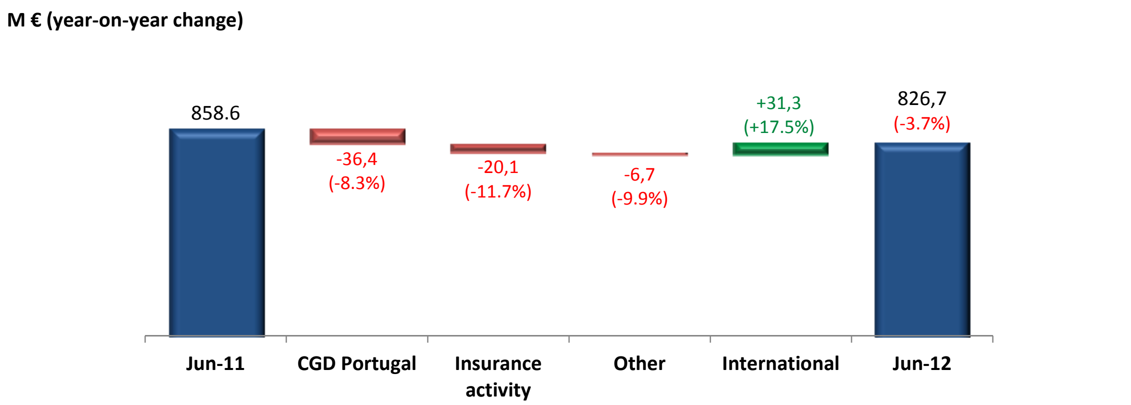
The **technical margin on insurance operations** contributed EUR 247.9 million to the group's net operating income. This amount was up 17.5% by EUR 37.0 million over 1st half 2011 and reflected the significant 14.0% drop of EUR 64.5 million in claims costs net of reinsurance.

As a result of the above, **net operating income from banking and insurance operations** was up 8.4% by EUR 125.7 million to EUR 1 619.0 million over the first six months of last year.

Operating costs, translating the furtherance of the employee costs and external supplies and services containment policy were down 3.7% by EUR 31.9 million to EUR 826.7 million over 1st half 2011. Employee and external supplies and services costs were down 5.7% by EUR 26.6 million and 1.3% by EUR 4.0 million, respectively.

By areas of activity, CGD Portugal's contribution to consolidated operating costs was down 8.3% by EUR 36.4 million over 1st half 2011, originated by an 11.8% drop of EUR 30.3 million in employee costs and a 2.9% drop of EUR 3.9 million in external supplies and services costs. In the case of insurance activities the contribution of operating costs was down 11.7%, as opposed to an increase of 17.5% in the case of international operations, translating the expansion of this business segment.

Operating Costs - contribution by business areas



The significant reduction of operating costs in conjunction with an increase in net operating income was responsible for strongly improved efficiency ratios, particularly CGD Group's cost-to-income ratio which was down from 60.8% in December 2011 to 51.0% (9.8 percentage points).

The ratio for CGD's separate operations was down from 55.7% to 45.5%.

EFFICIENCY RATIOS

	Jun-11	Dec-11	Jun-12
Cost-to-income (consolidated operations) (1)	57.4%	60.8%	51.0%
Cost-to-income (separate operations) (1)	53.8%	55.7%	45.5%
Cost-to-income (banking) (1)	55.1%	60.7%	49.8%
Employee costs / net operating income (1)	31.4%	32.1%	27.4%
External supplies and services / net operating income	20.0%	21.9%	18.2%
Operating costs / average net assets	1.38%	1.44%	1.37%

(1) Calculated in accordance with Bank of Portugal Instruction 23/2011

Impairment of credit, net of cancellations and reversals was EUR 483.3 million in the first six months of 2012, against EUR 349.3 million for the same period of the preceding year.

Provisions and impairment on other assets (net) for the half year totalled EUR 245.6 million, a significant part of which to provide for value losses on CGD's equity investments in Portugal Telecom, BCP and La Seda Barcelona, in addition to exposure to securities held by the group's insurance area.

In March, the group subscribed for Greece's public debt restructuring process in which it made a total loss of around EUR 185.5 million, although this did not have an impact on results as it had already been registered in 2011 in the form of securities impairment and provisions.

Current and deferred tax plus the **extraordinary contribution** of EUR 14.9 million on the banking sector totalled EUR 57.3 million.

Return on equity (ROE) was 2.18% (0.23% after tax), with **return on assets (ROA)** of 0.11% (0.01% after tax).

PROFIT RATIOS

	Jun-11	Dec-11	Jun-12
Gross return on equity – ROE (1) (2)	5.75%	-8.13%	2.18%
Net return on equity - ROE (2)	3.54%	-6.40%	0.23%
Gross return on assets – ROA (1) (2)	0.34%	-0.44%	0.11%
Net return on assets - ROA (2)	0.21%	-0.35%	0.01%
Net operating income (3) / average net assets (1) (2)	2.40%	2.36%	2.70%

1) Calculated in accordance with Bank of Portugal Instruction 23/2011
2) Considering average shareholders' equity and net assets values (13 observations)
3) Includes income from associated companies

Balance sheet Analysis

CGD Group's consolidated net assets at the end of June 2012 totalled EUR 117.7 billion, down 4.9% by EUR 6.1 billion on an annual basis and 2.4% by EUR 2.9 million since the start of the year, translating the effect of the deleveraging strategy in progress in the balance sheet.

Reductions of 5.9% (EUR 4.9 billion) and 6.1% (EUR 1.7 billion) were accordingly witnessed in the **loans and advances to customers** and **securities portfolios** respectively (including assets with repo agreements) over the preceding year. The **cash assets and investments in credit institutions balance** was also down by 8.2% (EUR 520 million).

On the **liabilities** side, reference should be made to the 37.4% decline of EUR 6.7 billion and 19.8% decline of EUR 1.1 billion in **debt securities** and **technical provisions for insurance operations** over June 2011.

In first half, CGD reduced its borrowings from the ECB to an end of June exposure level of EUR 9 billion, similar to last year's figure.

Loans and advances to customers (gross), excluding repo operations, were down 1.5% by EUR 1.3 billion to EUR 81.3 billion and down 3.6% by EUR 3.0 billion, respectively, at the end of 2011, and end of June 2011 (on a comparable basis).

Around 78% of loans and advances to customers refer to CGD's individual operations in Portugal. Loans and advances to companies increased by EUR 33 million (up 0.1%) in first half 2012, as opposed to lending to general government and individual customers that was down 3.3% and 2.0%, respectively.

LOANS AND ADVANCES TO CUSTOMERS(a)

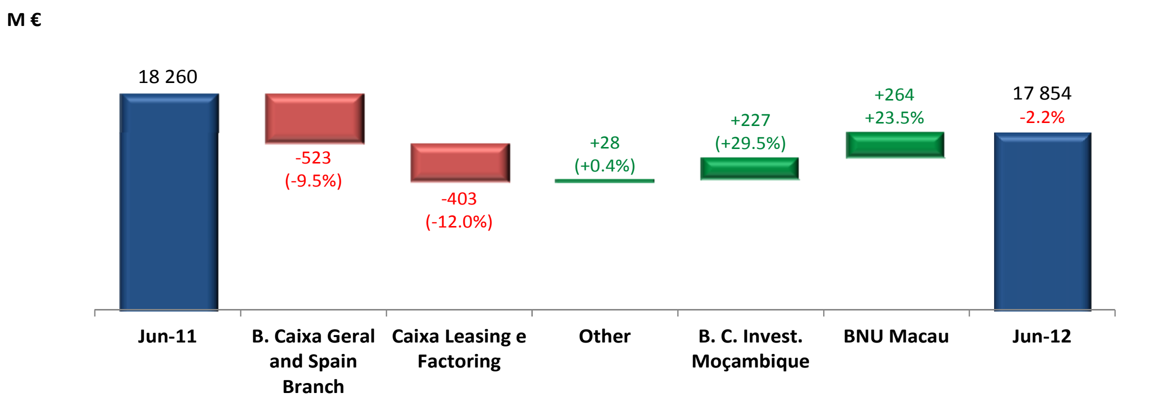
(EUR million)	Jun-11	Dec-11	Jun-12	Change Jun-12 - Jun-11		Change Jun-12 - Dec/11	
				Total	%	Total	%
CGD operations in Portugal	**66 010**	**64 382**	**63 404**	**-2 606**	**-3.9%**	**-978**	**-1.5%**
Corporate	24 195	23 725	23 758	-437	-1.8%	33	0.1%
General government (b)	5 025	4 333	4 189	-836	-16.6%	-144	-3.3%
Institutionals and other	1 570	1 691	1 599	-41	-2.6%	-162	-9.6%
Individual customers	35 220	34 633	33 928	-1 292	-3.7%	-705	-2.0%
Mortgage loans	33 711	33 183	32 572	-1 139	-3.4%	-611	-1.8%
Other	1 509	1 451	1 356	-153	-10.1%	-95	-6.5%
Other CGD Group companies	**18 260**	**18 151**	**17 854**	**-406**	**-2.2%**	**-297**	**-1.6%**
Total	**84 270**	**82 533**	**81 258**	**-3 012**	**-3.6%**	**-1 275**	**-1.5%**

a) Before impairment and excluding repo operations

b) InJun-11 and Dec-11, for comparative purposes , the amount of EUR 1 000 million relative to Commercial Paper of BPN and transferred to Parvalorem, was included

In the case of operations in Portugal, mortgage loans were down 3.4% over June 2011 and 2% over the first half of the year representing around 51% of the portfolio total. New mortgage loans on domestic territory in first half 2012 totalled EUR 195.1 million, split up into 2 673 operations. The amounts involved were much lower than the EUR 804.6 million (9 436 operations) recorded in the same period 2011.

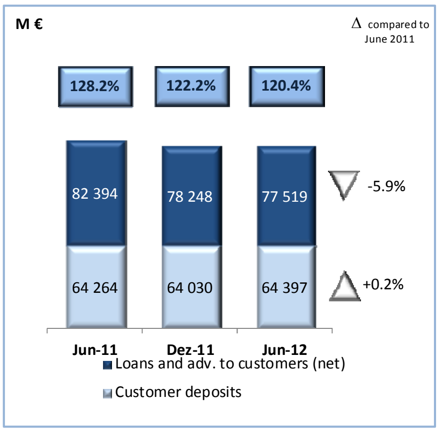
Loans and Advances to Customers - other Group companies (Change Jun-11/Jun-12)



Loans made by other group companies comprised 22% of total credit. Reference should be made to the reductions in the case of group companies in Spain (down 9.5% by EUR 523 million over June 2011) and Caixa Leasing e Factoring (down 12.0% by EUR 403 million). This was offset by BNU Macau (up 23.5% by EUR 264 million) and Banco Comercial e de Investimentos in Mozambique (up 29.5% by EUR 227 million), respectively.

Particularly translating the reduction of loans and advances to customers, the loans-to-deposits ratio measured by net credit to customer deposits was 120.4% against 122.2% at the end of 2011 and 128.2% at the end of June 2011, already having practically accomplished the recommended target of 120% set for Portuguese banks in 2014.

Loans-to Deposit Ratio



The deteriorating economic and financial situation was reflected in credit quality indicators, with a **total overdue credit ratio** of 5.4% at the end of June 2012, against 3.9% in December 2011 and 3.4% at the end of June 2011. The **credit overdue more than 90 days ratio** was 4.6% at the end of June 2012, against 3.6% at the end of 2011.

The **credit at risk** and **non-performing credit ratios**, calculated in conformity with the Bank of Portugal's Instruction no. 23/2011, were 8.7% and 5.7%, respectively, at the end of June, against 6.9% and 4.3% respectively at the end of 2011. Credit at risk, in addition to credit 90 or more days overdue and associated outstanding credit also consider the total amount of overdue restructured credit[1] and other credit operations on which there is evidence justifying their classification as credit at risk, notably a debtor's bankruptcy of liquidation.

ASSET QUALITY

	Jun-11	Dec-11	Jun-12
Non-performing credit / total credit (1)	3.6%	4.3%	5.7%
Credit at risk / total credit (a)	5.3%	6.9%	8.7%
Overdue credit / total credit	3.4%	3.9%	5.4%
Credit> 90 days overdue / total credit	3.0%	3.6%	4.6%
Non-performing credit, net / total credit, net (1)	0.2%	0.2%	1.0%
Credit at risk, net / total credit, net. (1)	2.0%	2.9%	4.2%
Credit impairment / overdue credit	98.8%	105.0%	87.5%
Credit impairment / credit>90 days overdue	112.4%	116.5%	103.3%
Impaired credit (FS) / total credit (average)	0.84%	0.97%	1.16%

1) Calculated in accordance with Bank of Portugal Instruction 23/2011

[1] Operations, overdue for 90 days or more whose respective contractual conditions have been changed when a debtor has not adequately reinforced guarantees or liquidated past due interest and other costs/charges.

Credit impairment, net of cancellations and reversals, during the half year, comprised 1.16% of the average credit portfolio, up 0.19 pp over the end of 2011.

Accumulated impairment on loans and advances to customers (normal and overdue) was up 32.6% by EUR 946.7 million over the same date in 2011 to EUR 3 847.6 million at the end of June, resulting in a credit overdue for more than 90 days cover ratio of 103.3% (116.5% at the end of 2011).

The securities portfolio (including assets with repo agreements) was reduced by 6.1% to EUR 25.8 billion in comparison to EUR 27.5 billion in June 2011, almost exclusively deriving from the component held by the insurance companies.

SECURITIES INVESTMENTS (a)

(EUR million)	Jun-11	Dec-11	Jun-12	Change Jun-12 - Jun-11		Change Jun-12 - Dec-11	
				Total	%	Total	%
Banking	**17 542**	**16 226**	**17 350**	**-192**	**-1.1%**	**1 124**	**6.9%**
Financial assets at fair value	3 530	4 044	4 028	498	14.1%	-16	-0.4%
Available for sale financial assets	14 012	12 182	13 322	-690	-4.9%	1 141	9.4%
Insurance	**9 911**	**8 949**	**8 442**	**-1 469**	**-14.8%**	**-507**	**-5.7%**
Financial assets at fair value	97	87	84	-13	13.6%	-4	-4.1%
Available for sale financial assets	6 234	5 440	5 232	- 1 002	-16.1%	-207	-3.8%
Investments associated with unit linked products	678	585	624	-54	-8.0%	39	6.7%
Investments held to maturity	2 902	2 837	2 502	-400	-13.8%	-335	-11.8%
Total	**27 454**	**25 176**	**25 793**	**-1 661**	**-6.1%**	**617**	**2.5%**

(a) After impairment and including assets with repo agreements

As regards the investment portfolio, CGD furthered its balance sheet deleveraging strategy, which started in 2011, by not replacing assets attaining their maturity. This effect is not fully visible in the figures as it is offset by the increase in the market value of a part of the portfolio, particularly the public debt component.

Funding and Liquidity Management

The monetary policy measures announced by the European Central Bank (ECB), notably the realisation of LTROs with a maturity of 3 years, reduction of the mandatory minimum reserves ratio and measures expanding the range of assets eligible as collateral, enabled domestic banks to improve their liquidity position in first half 2012.

In this context, CGD's borrowing requirements from the ECB, in June 2012, were EUR 9 billion, a figure identical to December 2011.

CGD, in its exploitation of another ECB 3 year maturity liquidity injection operation, in February, with the aim of optimising its liquidity management, substituted a part of its short term borrowings from the ECB by this resource.

Pursuant to its active balance sheet management process, CGD launched a public tender offer for non-qualified investors and a tender offer in the international markets on a covered bonds issue and another on its issue of bonds on the public sector, in the first quarter. This operation enabled CGD to acquire around 30% of the outstanding amount of the two issues at below par, making capital gains of EUR 96 million. In addition to this transaction, CGD brought forward several repo operations on several of its private issues.

Market fears over exposure to sovereign debt and other residual risks associated with the current economic situation, led to the issue of a recommendation by the European Banking Authority (EBA) in December 2011 to set up exceptional, temporary, capital buffers to strengthen the solidity of and trust in the banking system. The objective of such measures is to enable the selected institutions to maintain a high quality Core Tier I capital level for an amou nt equivalent to 9% of their risk-weighted assets up to 30 June 2012.

Subsequently, on 29 June, the state, as CGD's sole shareholder, approved its recapitalisation plan for the amount of EUR 1 650 million, comprising EUR 900 million for the issue of debt instruments eligible as own funds and a EUR 750 million increase in share capital. The subscribed for debt instruments are hybrid instruments eligible for classification as Core Capital Tier I and known as CoCo (contingent conversion) capital instruments.

The balance of **total resources taken** by the group (excluding the interbank money market) was down 6.7% in annual terms and 2.4% over the amount registered at the end of 2011 to EUR 98.0 billion. However, not considering the funding obtained from institutional investors, the customer resources balance increased by around 0.5% over December of the preceding year to EUR 86.5 billion, albeit down 1.2% over the same half year 2011.

The customer deposits balance was up 0.2% by EUR 133 million to EUR 64.4 billion over the end of June 2011 and up 0.6% by EUR 368 million since the start of the year. Deposits of the individual customers segment in the domestic branch network progressed very positively by 5.7%, in annual terms, and 2.1% in the first half year 2012.

71% (EUR 45.7 billion) of the global customer deposits balance comprised term and savings deposits which were up 4.4% by EUR 1.9 billion over the same date in 2011 and 0.9% by EUR 410 million since the start of the year, reflecting the active promotion of deposit-taking from customers and helping to reduce CGD Group's borrowing requirements from the wholesale market.

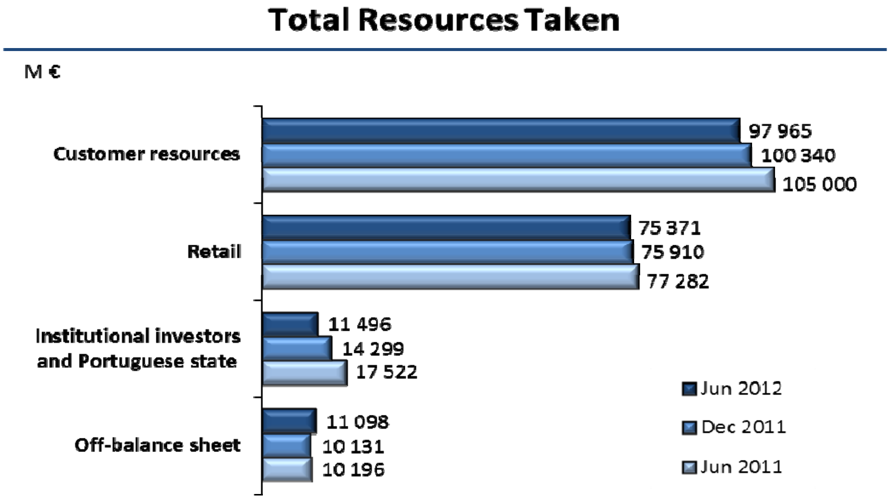
RESOURCES TAKEN BY GROUP

Balances	Jun-11	Dec-11	Jun-12	Change Jun-12 - Jun-11		Change Jun-12 - Dec-11	
(EUR million)				Total	%	Total	%
Balance sheet	**94 804**	**90 209**	**86 867**	**-7 937**	**-8.4%**	**-3 342**	**-3.7%**
Retail	**77 282**	**75 910**	**75 371**	**-1 911**	**-2.5%**	**539**	**0.7%**
Customer deposits	64 264	64 030	64 397	133	0.2%	368	0.6%
Capitalisation insurance (a)	9 912	8 893	8 163	-1 749	-17.6%	-729	-8.2%
Other customer resources	3 105	2 987	2 810	-295	-9.5%	-177	-5.9%
Institutional investors	**17 522**	**14 299**	**10 596**	**-6 926**	**-39.5%**	**-3 703**	**-25.9%**
EMTN	7 758	7 128	5 294	-2 464	-31.8%	-1 834	-25.7%
ECP and USCP	47	0	1 140	1 093		1 140	
Nostrum Mortgages	425	403	376	-49	-11.5%	-27	-6.8%
Covered bonds	7 101	5 806	3 146	-3 954	-55.7%	-2 660	-45.8%
Bonds guaranteed by the Portuguese Republic	1 161	0	0	-1 161	-100.0%	0	
Bonds on the public sector	1 031	962	640	-391	-37.9%	-321	-33.4%
Portuguese State	**0**	**0**	**900**	**900**		**900**	
CoCo bonds	0	0	900	900		900	
Off-balance sheet	**10 196**	**10 131**	**11 098**	**902**	**8.8%**	**967**	**9.5%**
Investment units in unit trust investment funds	4 485	4 055	4 343	-142	-3.2%	288	7.1%
Caixagest	2 848	2 490	2 791	-57	-2.0%	301	12.1%
Fundimo	1 637	1 565	1 552	-85	-5.2%	-13	-0.8%
Pension funds	2 110	2 075	2 128	18	0.9%	53	2.6%
Wealth management (b)	3 601	4 001	4 627	1 026	28.5%	626	15.6%
Total	**105 000**	**100 340**	**97 965**	**-7 035**	**-6.7%**	**-2 375**	**-2.4%**
Total excluding institutional investors	**87 478**	**86 041**	**86 468**	**-1 010**	**-1.2%**	**428**	**0.5%**

(a) Includes fixed-rate insurance and unit linked products

(b) Does not include CGD Group companies' insurance portfolios

Translating the banks' and domestic companies' difficulties in access to funding from the capital market and buy-backs, the balance on resources taken from **institutional investors** in the form of own issues was down 39.5% by EUR 6.9 billion over June 2011 and 25.9% by EUR 3.7 billion since the start of the year to EUR 10.6 billion.



Off-balance sheet resources, at the end of June, totalled EUR 11.1 billion, up by an annual amount of 8.8% and comprising a half yearly increase of 9.5% over the end of 2011, translating a strong increase in the wealth management balance.

Shareholders' Equity and Solvency Ratio

The **group's shareholders' equity** was significantly up over the end of 2011 by 28.5% (EUR 1 515 million) to EUR 6 839 million at the end of June.

SHAREHOLDERS' EQUITY

(EUR million)	Jun-11	Dec-11	Jun-12	Change Jun-12 – Jun 11		Change Jun-12 - Dec-11	
				Total	%	Total	%
Share capital	5 050	5 150	5 900	850	16.8%	750	14.6%
Fair value reserves	-1 669	-2 085	-1 197	473	28.3%	888	-42.6%
Other reserves and retained earnings	1 914	1 703	1 146	-768	-40.1%	-556	-32.7%
Non-controlling interests	1 413	1 045	1 002	-411	-29.1%	-43	-4.1%
Net income for period	91	-488	-13	-104	-113.9%	476	-
Total	**6 799**	**5 324**	**6 839**	**40**	**0.6%**	**1 515**	**28.5%**

The increase in shareholders' equity over December 2011 derived from the EUR 750 million increase in CGD's share capital, following CGD's Recapitalisation Plan, last June, in addition to the EUR 888 million increase in fair value reserves.

Following the referred to increase, CGD's share capital totalled EUR 5 900 million comprising 1 180 000 000 shares with nominal value of EUR 5 each, fully subscribed for and paid up by the state.

This capital increase, in addition to the issue of debt instruments eligible for core capital Tier I own funds for the amount of EUR 900 million in the scope of CGD's Recapitalisation Plan, therefore increased the Core Tier I ratio, on a consolidated basis, including retained earnings, from 9.5% in December 2011 to 11.5% at the end of June, as defined by the Bank of Portugal. The said ratio was 9.6%, in June 2012, under the terms defined by the European Banking Authority (EBA). These latter values were higher than the 9% minimum required by the EBA at 30 June 2012 and the 10% defined by the Portuguese authority for 31 December 2012, respectively.

The Tier I ratio was, in turn, at 11.2% (9.0% in December 2011), lower than Core Tier I, having been penalised by the repurchase of preference shares issued by CGD Group, in last September's exchange offer.

The solvency ratio on a consolidated basis, including retained earnings, increased from 11.6% at the end of 2011 to 13.8% in June 2012.

Ratings

In first half 2012, the international rating agencies Standard & Poor's and DBRS made additional cuts to their ratings on Portuguese banks, including CGD, following their rating downgrades on the Portuguese public debt.

However, in July, following June's recapitalisation operation, CGD's "SACP" (Stand-Alone Credit Profile) and "Viability Rating" were upgraded by Standard & Poor's and FitchRatings, respectively.

Information on CGD's present short and long term ratings is set out in the following table:

	Short term		Long term		
	CGD	Portuguese Republic	CGD	Portuguese Republic	
STANDARD & POOR'S	B	B	BB-	BB	Jul/2012
FITCH RATINGS	B	B	BB+	BB+	Jul/2012
MOODY'S	N/P	N/P	Ba3	Ba3	Mar/201
DBRS	R-2 (mid)		BBB (low)	BBB (low)	May/201

Standard & Poor's

On 14 February 2012, following its ratings downgrade on nine euro area members, including Portugal, Standard & Poor's downgraded CGD's long term rating from BB+ to BB-, with a negative outlook having reaffirmed its short term B rating.

On 11 July 2012, Standard & Poor's upgraded CGD's "SACP" (Stand-Alone Credit Profile) from b+ to bb- following its recapitalisation plan, having reaffirmed its long and short term ratings of BB- and B, respectively, with a negative outlook.

Fitch Ratings

On 18 June 2012, Fitch Ratings downgraded its VR ("Viability Rating") on four Portuguese banks, including CGD, from b+ to b.

On 17 July 2012, the referred to rating agency, reviewed CGD's ratings following its recapitalisation plan and upgraded its "Viability Rating" from b to bb-. The long term BB+ rating with a negative outlook and short term B rating were reaffirmed on the same date.

Moody's

On 28 March 2012, Moody's downgraded its ratings on several Portuguese banks, including CGD, following the 13 February 2012 downgrade of its long term rating on the Portuguese Republic, from Ba2 to Ba3, with a negative outlook.

The long term rating on CGD's therefore changed from Ba2 to Ba3 and its BFSR ("Bank Financial Strength Rating") from D (Ba2) to E+ (B1) with a negative outlook.

DBRS

On 31 January 2012, following the downgrade on its long term rating on the Portuguese Republic, the DBRS rating agency, which started its cover operations on CGD in December 2011, attributing it with a long term BBB rating and a short term R-2 (high) rating, both with a negative trend, downgraded the ratings to BBB (low), with a negative trend (identical to the Portuguese Republic's) and to R-2 (mid), also with a negative trend.

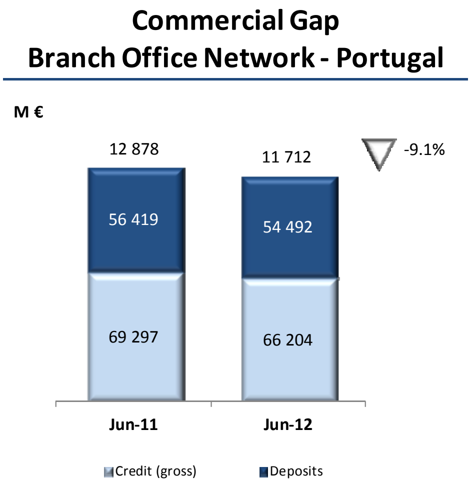
On 24 May 2012, the DBRS rating agency placed CGD's ratings under review with negative implications following and in line with the long term rating on the Portuguese Republic on 22 May last, reflecting the impact of additional systemic risks.

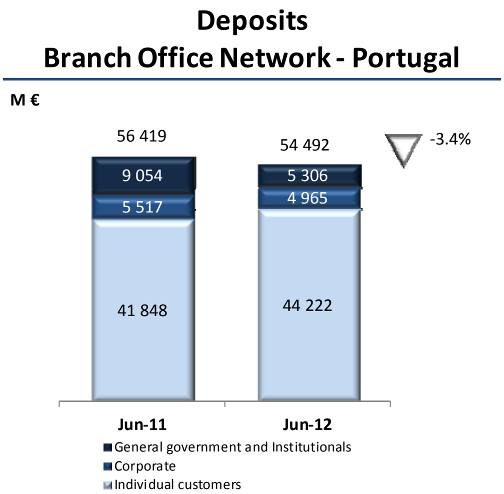
7 – Main Business Area Developments

7.1. Retail Banking – Branch Office Network in Portugal

First half 2012 was characterised by continuity of the commercial transformation project, particularly the consolidation of service models, improved value proposals, commercial guidelines, quality of customer service and increased customer loyalty and satisfaction indices. At the end of June 2012, more than 814 thousand individual and corporate customers benefited from the management services of a dedicated commercial account officer, with Caixa continuing to occupy the leading position in the national banking sector in terms of customer care and services.

The branch office network at 30 June 2012 comprised 828 branches and 36 *Caixa Empresas* corporate offices



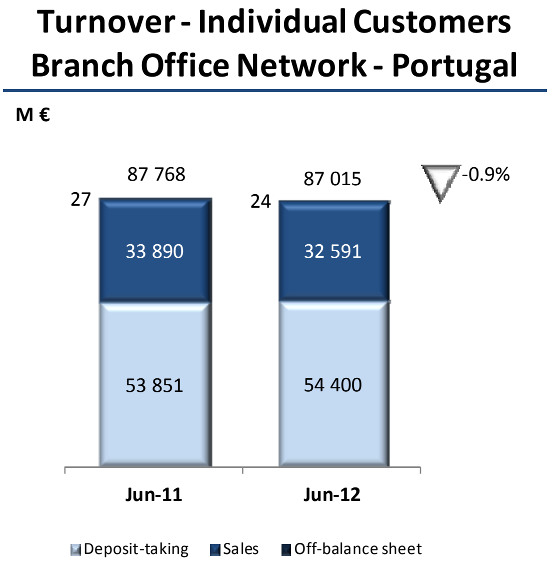


The year-on-year gap in the branch office network was smaller owing to the fact that the decrease in credit was higher than that of total deposits.

Total deposits in the branch office network, notwithstanding year-on-year growth of 5.7% in the individual customers' segment, were down 3.4% as a whole to EUR 54 492 million, fuelled by falls of 41.4% relating to general government and 10% in the case of companies.

Individual Customers

Turnover in the individual customers segment totalled EUR 87 015 million, down 0.9% year-on-year at the end of first half 2012. Deposits in this customer segment were up 1% and sales down 3.8%.

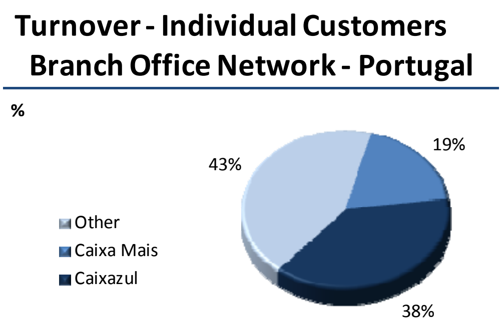


Individual customers' deposits on CGD's branch office network in Portugal were up 5.7% year-on-year to EUR 44 222 million at 30 June 2012.

Caixa Geral de Depósitos's clear lead in terms of resource-taking reflects its successful implementation of a strategy based on the issue of a collection of savings solutions geared to customers in all segments, always providing the highest levels of security based on its financial strength and helping to reinforce its liquidity.

Mortgage loans were down 3.4%, year-on-year, in portfolio value terms as a reflection of the market's maturity and the difficulties represented by the present economic-social context.

Reference should be made, in the individual customers' segment, to the *Caixazul* service, geared to the personalised management of premium customers, consisting of financial advisory and decision-making support services, based on customised solutions and opportunity management. This service, at the end of June 2012, had 316 467 customers and accounted for more than 38.3% of turnover in the individual customers' segment. The branch office network had 565 branches with these dedicated spaces.

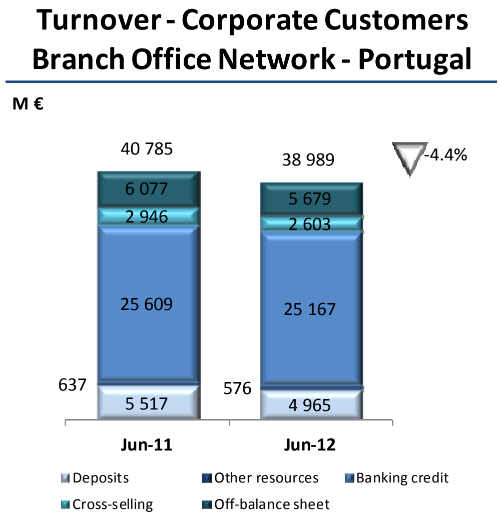


One of the most significant aspects of CGD's branch office management, in first half 2012, was the promotion of its *Caixa Mais* service model by 998 commercial staff at 809 branch offices with 456 786 customers. This new *Caixa Mais* service model is intrinsically associated with a new, highly personalised, proactive branch office service model based on a CRM approach. The service model, at the end of June 2012, accounted for 18.8% of turnover in the individual customers' business segment.

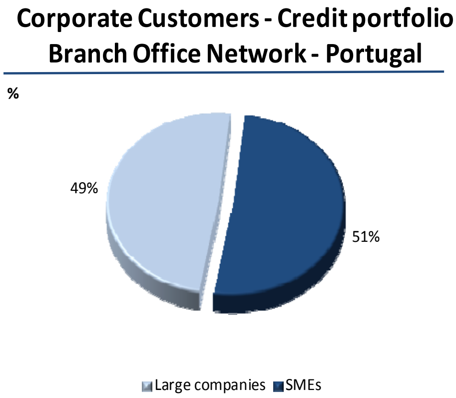
Corporate

Year-on-year turnover of EUR 38 989 million recorded by the corporate segment at the end of first half 2012 was down by an across-the-board 4.4%, (deposits down 10%, sales down 2.8% and off-balance sheet accounts down 6.5%, over the same period 2011).

Year-on-year lending to companies, at the end of June 2012, was down 1.7% as a reflection of the current economic crisis in the eurozone and consequent contraction of the economy, particularly in the case of SMEs.



Strategic guidelines to grow CGD's market share and business in the corporate segment, work continued to be implemented with the consolidation of the *Caixa Empresas* service model, on the branch office network, with the underlying concept of providing a personalised management service to the self employed and small and medium sized corporate customers whose credit managers represent the relational aspect on the basis of an integrated approach to corporate customers' business and individual needs. This service model had 24 021 customers and a turnover of EUR 3 604 million in first half 2012.



7.2. International Area Operations

The European economic scenario, in first half 2012, continued to reflect the effects of the "sovereign debt crisis" which spread to other southern European countries, notably Spain and Italy. In the first case an assistance programme for the Spanish banks, as a sector which has shown itself to be extremely vulnerable and not able, on its own, to provide for regulatory supervision requirements and resist the worsening funding terms, is already in progress.

Italy, notwithstanding its self-financing capacity, has also come under strong suspicion from the markets, with an increased risk of global contagion.

In contrast to this situation has been the already visible recovery of Ireland which was also provided with a bailout package and convergence with the objectives defined in the Assistance Programme is already taking place in Portugal (albeit less linear than anticipated). Reference should, herein, be made to the marked recovery of the external accounts, particularly based on net export growth and emigrants' remittances.

Most organisations' projections for 2012, indicate a continuation of economic slowdown with a slight recovery in 2013. Such an evolution will have a naturally negative impact on international trade and poorer performance levels in the case of the emerging economies, with an accelerating trend in the first half of the year. The scenario, on this level, is also heterogeneous and several of the "new economies" will be particularly dynamic.

In such a heterogeneous growth context, Caixa Geral de Depósitos's presence, in a total number of 23 countries on 4 continents has helped to mitigate the currently impending constraints on a clearly contracting domestic economy. Caixa has an effective presence in the currently most dynamic world regions with development potential. Its international network is particularly based in CPLP (Portuguese Commonwealth) countries, other Latin American countries, China and the Maghreb, in addition to its traditional presence in countries with cultural and linguistic affinities with Portugal or with large communities of Portuguese origin.

Caixa has been progressively gearing its activities to markets with the highest business potential for domestic companies and, as such, for CGD Group itself, both in the form of its locally incorporated banks as well as its branches and representative offices. With this strategy, CGD is endeavouring to fulfil its fundamental mission of backing the recovery of the Portuguese economy, in the form of higher export levels as a proportion of GDP while, at the same time, consolidating a sustained improvement of its own levels of returns.

In first half 2012, Caixa maintained its main strategic thrust in the international area and consolidated its positions in its operating markets, paying special attention to the Africa, Brazil and Asia triangle. CGD Group has therefore continued to promote foreign trade and the internationalisation of Portuguese companies, particularly focusing on the top-performing SMEs and providing a wide range of solutions in the form of an export pack. Caixa has continued to fulfil all of its commitments under its medium and long term concessional and commercial lines of export credit, making a particularly marked contribution to energising the exports sector and maintaining its support to its customers and promoting across-the-board economic growth.

Caixa Group provides full export packs in its awareness of the fact that many SMEs, owing to the downturn of domestic demand, have embarked upon an internationalisation process but do not have the resources or expertise to enter new markets, particularly in higher growth economies with still inefficient fiscal, customs and administrative systems.

The group's solutions also include corporate advisory services, provided by specialists in foreign markets and trade finance who cooperate closely with the domestic and foreign branch office network in providing detailed information on the specific characteristics of each of the relevant markets for the internationalisation of Portuguese companies and the development of tailor-made support to exports and investment, taking into account their customers' specific needs.

Notwithstanding the fact that the performance of Caixa Group's international area in the first half year, was not globally favourable and in which the group's consolidated net income was down over the same half of the preceding year, in posting losses of around EUR 11 million, such a negative evolution particularly reflects the negative performance of the Iberian market, which the group considers to be a broader version of its home market. Excluding operations in Spain, namely from Banco Caixa Geral and Spain Branch, net income from international operations would have been EUR 55.6 million.

A decisive contribution to such negative evolution was made by a series of non-recurring factors, largely associated with impairment and provisions that, in net terms, totalled EUR 111.9 million. Reference should be made to the fact that the performance of the gross operating income of subsidiaries and branches abroad, on a consolidated basis, continued to be highly positive, with a 20.7% increase of EUR 25 million over the same period of the preceding year, in line with the trend already being recorded at the end of the quarter ended March to EUR 146.9 million in June 2012.

Particular mention should be made of the results achieved by several of CGD Group's main international activities which made a highly positive contribution to consolidated net income from international activity. They include BNU Macau, with net income of EUR 14.2 million, France branch with EUR 11.8 million and BCI in Mozambique or Mercantile Bank, in South Africa, with net profits of EUR 6.8 and EUR 6.0 million, respectively. Reference should also be made to the contribution of BCGTA in Angola, with net income of EUR 4.4 million.

In turn, loans and advances to customers, net of impairment, were up 2.7% over June 2011 to EUR 13.5 billion, partly conditioned by the deleveraging restrictions deriving from the undertakings with the *Troika*. The large international network has made a major contribution to the increase in resources taken and a lower level of group dependence on ECB funding. There was a highly significant increase in resource-taking with a positive change of 27.7% to EUR 13.0 billion. Consolidated net assets in the international area were up 5.7%, year-on-year, to EUR 19.7 billion.

7.3. Investment Banking

This half year was positive, notwithstanding the less favourable economic environment in CaixaBI's main operating geographies and benefited from involvement in several major operations involving commissions earnings of EUR 32.3 million.

The bank's net income continues to be penalised by its increased provisions and impairment on credit and interest rate cover operations totalling EUR 10.5 million.

Prizes and Rankings

CaixaBI's good performance continues to be recognised by its customers and partners and rewarded by its leading positions in the main rankings.

- **Best Investment Bank in Portugal in 2012** - Award for Excellence 2012: distinction awarded to CaixaBI by Euromoney.
- **"Best Investment Bank in Portugal in 2011"** distinction awarded to CaixaBI by the North American Global Finance magazine.
- **"Best Investment Bank in Portugal in 2011"** distinction awarded by the specialised EMEA Finance magazine.
- **Best Debt House in Portugal 2011** - Award for Excellence: distinction awarded to CaixaBI by Euromoney.
- **No. 1 Corporate Bond House**: distinction awarded by NYSE Euronext Lisbon.
- **Best Cross-border M&A Deal 2011**: distinction awarded by the prestigious EMEA Finance magazine on the operation for Portugal Telecom's equity investment in the Oi Group, in which CaixaBI was the financial advisor.
- **Latin America Transport Deal of the Year 2011**: prize awarded by the prestigious Project Finance magazine owned by the Euromoney Editorial Group, for the Embraport project, in which CGD Group operated as the mandated lead arranger (MLA) for the A/B Loan of the Inter-American Development Bank.
- **Americas Transportation Deal of the Year 2011**: prize awarded by the prestigious Project Finance magazine (Thomson Reuters Group) for the referred to Embraport project.

- **M&A league table** (Bloomberg[2]): participation in the main M&A operations in its operating markets enabling CaixaBI to end first half 2012 in first position in Portugal and in Iberia and tenth in Brazil (leading Portuguese bank in this geography) in terms of announced/completed transaction values.

Project Finance

As regards project finance operations, reference should be made to CaixaBI's participation in the following processes:

- EuroWatt: successful completion of the refinancing process for the Petit Arbre, Hombleux I, Lislet II, St. Léger and Omissy I wind farms.

- TagusGás: completion of the Tagusgás refinancing process resulting from the change in the respective concession contract.

Structured Finance

As regards CaixaBI's activity in structured corporate operations, reference should be made to the financial advisory services to Tagus, a company 55% owned by the José de Mello Group and 45% owned by the Arcus European Infrastructure Fund, for the structuring and organisation of finance for the takeover bid on Brisa shares.

Corporate Debt Finance

As regards operations in the primary debt market, which was badly affected by the constraints related with the instability associated with the sovereign debt crisis and risk aversion to countries on the periphery of the eurozone, reference should be made to the following operations:

Bonds:

- CaixaBI operated as joint dealer manager for CGD's tender offer on two covered bond issues (maturing in 2016) and bonds on the public sector (maturing in 2014), which operation also involved a domestic aspect targeted at non-qualified investors resident in Portugal, in which CaixaBI was the sole dealer manager.

- SONAE Investimentos: the bank was the organiser and lead manager for a EUR 170 million bond loan with a maturity of 5 years for Sonae Investimentos.

[2] Extracted at 10 July 2012.

- Brisa Concessão Rodoviária: CaixaBI was the joint lead manager for the public subscription on EUR 225 million of Brisa Concessão Rodoviária bonds, with a maturity of 2 years and 5 months.

- Portugal Telecom: CaixaBI was the joint lead manager for the public subscription on EUR 400 million Portugal Telecom SGPS, S.A., bonds with a maturity of 4 years which is currently in progress and whose financial settlement is scheduled for 26 July.

Commercial Paper:

- CaixaBI organised and led seven new commercial paper programmes involving an amount of EUR 735 million in which special reference should be made to the Galp Energia programme for the amount of EUR 550 million and Zon Multimédia, for the amount of EUR 100 million.

Equity Capital Market

On an equity capital level, reference should be made to CaixaBI's participation as advisor in the organisation and structuring of Tagus's already referred to public takeover bid for Brisa.

Corporate Finance – Advisory

Notwithstanding the unfavourable macroeconomic context and continuation of the slowdown in M&A activities on a global level, CaixaBI's endeavours were reflected in the Bloomberg ranking for first half 2012, in which the bank came 1st in Portugal, 1st in Iberia and 10th in Brazil (leading Portuguese bank in this geography).

Reference should be made to CaixaBI's successful completion of the following projects, during the half year:

- Parpública: financial advisory service to Parpública for the 2nd stage of the REN reprivatisation, translating into the disposal of a 40% equity investment in REN to the State Grid China Corporation (25%) and the Oman Oil Company (15%).

- CGD: financial advisory service to Caixa Geral de Depósitos for the disposal of a 10.96% equity investment in Zon Multimédia and a 9.62% equity investment in Cimpor.

- SGC Group: financial advisory services to SGC Group for the disposal of Pargim Empreendimentos e Participações (real estate business focusing on shopping centres in

Brazil) to the Brazilian company Aliansce, comprising a further example of CaixaBI's successful implementation of its cross-border strategy between Portugal and Brazil.

Syndication and Sales

CaixaBI was dealer manager and financial Intermediary for CGD's already referred to tender offer on two covered bond issues.

In terms of commercial paper issues, CaixaBI placed 174 issues totalling an amount of EUR 2 916 million.

Financial intermediation

According to CMVM data published at the end of May, the volume of domestic stock market trading was down 7.9% over the same period 2011. According to the same source of information, CGD Group at the end of May came 4th in the Portuguese financial intermediaries ranking with a market share of 8.9%.

Trading – Public Debt and Liquidity Providing

Public debt market-making activities in the secondary market during the half year continued to be characterised by poor liquidity, high bid-offer spreads and major volatility. Notwithstanding all these constraints, CaixaBI came 2nd in IGCP's general performance ranking.

In terms of its activity as a liquidity provider CaixaBI continued to obtain the maximum "A" rating on all securities and categories in which it operates.

Venture Capital

As regards CaixaBI's venture capital activity, a total number of 99 projects were examined during the period, 71 of which were secured in the period and 28 brought forward from the previous year. Eleven of the projects were approved comprising potential investment of around EUR 28 million of which completions have totalled around EUR 2 million.

By sector, 46% of the projects examined were industrial companies, 18% agro industrial, 18% in the information technologies sector and 8% commercial projects.

7.4. Insurance and Healthcare Activity

Caixa Seguros e Saúde, SGPS's consolidated net results (CGD GAAP), for first half 2012 were, at EUR 36.6 million, relatively unchanged from first half 2011, albeit incorporating the negative impact of non-recurring factors, resulting from impairment registered for the period.

Excluding such effects, however, current earnings of close to EUR 54 million represent a substantial increase of 315% over the EUR 13 million assessed on the same basis in June 2011.

Caixa Seguros e Saúde consolidated its undisputed lead of the domestic insurance market with a global market share of 28.5%, leading in both the life insurance (29.8%) and non-life insurance (26.7%) areas.

The combined ratio, net of reinsurance for non-life activity was down 2.8 pp to 97.3%, in comparison to the same period 2011, particularly reflecting the improved claims rate.

Caixa Seguros e Saúde achieved a solvency margin cover rate of 216.1%, in June 2012. This was significantly up by around 70 pp. over December 2011.

Caixa Seguros e Saúde, SGPS, S.A.

Caixa Seguros e Saúde, in accordance with the accounting rules applicable by CGD, posted net income of EUR 36.6 million, relatively unchanged from first half 2011. This amount incorporated the impact of diverse adverse factors, such as impairment on the insurance area's exposure to Greek sovereign debt.

Excluding such effects, current income would have been close to EUR 54 million.

If the HPP sales process is taken into account, it should be noted that they would be considered, at 31/03/2012, as an available for sale non-current asset. Therefore, in consolidated terms the HPP investments are not recognised in assets owing to the fact that the amount of the investment, including adjustments, is negative and the amount is accordingly recognised in shareholders' equity as comprehensive income.

INDICATORS (a)

(EUR million)	Jun-11	Jun-12
Net assets	14 727	12 874
Shareholders' equity	847	1 378
Investment properties, securities portfolio, bank deposits and cash	13 143	11 384
Technical provisions net of reinsurance	5 173	4 129
Liabilities for customer resources and other loans	7 288	6 372
Net income	37	37
Solvency margin components	1 118	1 299
Required solvency margin	706	601
Surplus solvency margin	412	698
Solvency margin cover rate	158.3%	216.1%

a) The amounts set out in this table comply with the financial statements in IFRS/IAS format (CGD Group) and correspond to the consolidated accounts

Caixa Seguros e Saúde earned statutory net income of EUR 38.8 million in first half 2012.

Insurance Operations

Insurance Market

There was a reduction of activity levels in the domestic insurance market, in first half 2012, with direct insurance premiums sales of EUR 4 777 million, down 19.0% over the same period 2011 (including resources taken under investment contracts).

Life insurance sales, with premium income of EUR 2 703 million, down 27.7% over the same period last year, essentially derived from financial capitalisation insurance and retirement savings plans.

Non-life insurance as a whole, with sales of around EUR 2 075 million, were down 4.0%, as a reflection of the unfavourable macroeconomic context.

DIRECT INSURANCE

(EUR million)	Jun-11	Jun-12
Operations in Portugal		
Total market share	28.9%	28.5%
Life insurance	30.0%	29.8%
Non-life insurance	27.0%	26.7%
Direct insurance premiums	1 703	1 359
Life insurance	1 120	806
Non-life insurance	584	553
Foreign insurance operations		
Direct insurance premiums	36	33
Life insurance	17	13
Non-life insurance	19	20

Leadership

Caixa Seguros e Saúde consolidated its lead of the domestic insurance market, as the undisputed market leader with a global market share of 28.5%, both in terms of life insurance with 29.8% and non-life insurance with 26.7%

Caixa Seguros earned an amount of direct insurance premiums of EUR 1 359 million, from operations in Portugal, down 20.2% over the preceding year, particularly deriving from the evolution of life insurance areas (down 28%).

Premium income from non-life insurance as a whole was down 5.3%, centred on transport, personal accidents, motor and workman's compensation insurance as a consequence of the economic slowdown. This rate of change has been influenced by an extraordinary first half 2011 movement whose elimination would result in a 3.3% reduction of the non-life portfolio.

In the case of international operations, notwithstanding the decrease in premium volumes to EUR 33 million, Caixa Seguros e Saúde continued to be responsible for more than 90% of domestic insurance companies' sales in other markets.

Results

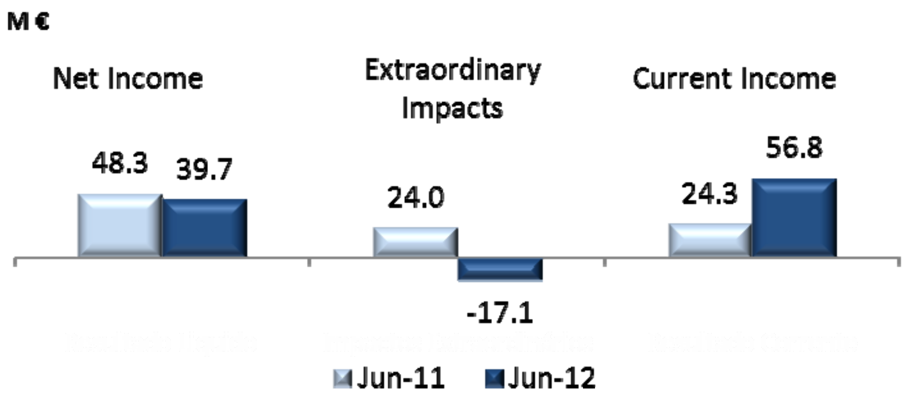
Total technical income, excluding financial activity, was EUR 163.6 million, up EUR 20.4 million over the same period of the preceding year of which EUR 43.4 million from life insurance activity (up EUR 4.8 million over the preceding year) and EUR 120.3 million from non-life insurance activity (up EUR 15.7 million over June 2011).

Income from financial operations, after customer allocations, was EUR 44.1 million against the preceding year's EUR 97.6 million, reflecting the decrease of income deriving from the reduction of the investments portfolio and recognition of impairment on Greek debt.

Structural costs, excluding the provision for other risks and liabilities, totalled EUR 154.3 million, down 2.4% over the same period last year.

Net income attributable to the area under insurance management in the statutory accounts at EUR 39.7 million, was down EUR 8.6 million over first half 2011, essentially on account of the drop in income from financial operations.

Excluding non-recurring effects, net income would have been close to EUR 57 million, representing a significant improvement over the comparable result for the preceding year.



Solvency

In consolidated terms, Caixa Seguros e Saúde achieved a considerable increase in its solvency margin to 216.1%, particularly resulting from the conversion of subordinated debt to capital enabling the company to provide all customers and economic agents related with the group with a high level of security.

CAIXA GERAL DE DEPÓSITOS

3 August 2012

8 – CONSOLIDATED BALANCE SHEET

CAIXA GERAL DE DEPÓSITOS

Consolidated Balance Sheet at 30 June 2012

(EUR million)

ASSETS

	30.06.2011 (*)	31.12.2011 (*)	30.06.2012	Δ Jun/12 - Jun/11 Total	Δ Jun/12 - Jun/11 %	Δ Jun/12 - Dec/11 Total	Δ Jun/12 - Dec/11 %
Cash and cash equivalents with central banks	1 128	2 704	1 265	137	12.1%	-1 440	-53.2%
Loans and advances to credit institutions	5 193	5 944	4 536	-657	-12.7%	-1 408	-23.7%
Loans and advances to customers	82 394	78 248	77 519	-4 874	-5.9%	-728	-0.9%
Securities investments	26 921	24 398	25 380	-1 541	-5.7%	982	4.0%
Assets with repurchase agreement	533	778	413	-120	-22.6%	-365	-46.9%
Investment in subsidiaries and associated companies	33	35	32	-1	-2.9%	-2	-6.9%
Intangible and tangible assets	1 485	1 516	1 532	47	3.2%	16	1.0%
Current tax assets	112	87	93	-20	-17.5%	5	6.1%
Deferred tax assets	1 472	1 915	1 671	199	13.5%	-244	-12.7%
Technical provisions for outwards reinsurance	258	226	229	-29	-11.3%	3	1.2%
Other assets	4 242	4 791	5 024	782	18.4%	233	4.9%
TOTAL	**123 772**	**120 642**	**117 694**	**-6 078**	**-4.9%**	**-2 948**	**-2.4%**

LIABILITTIES

	30.06.2011 (*)	31.12.2011 (*)	30.06.2012	Δ Jun/12 - Jun/11 Total	Δ Jun/12 - Jun/11 %	Δ Jun/12 - Dec/11 Total	Δ Jun/12 - Dec/11 %
Central banks' and credit institutions' resources	13 296	15 860	14 017	721	5.4%	-1 842	-11.6%
Customer resources	71 031	70 587	70 394	-636	-0.9%	-193	-0.3%
Financial liabilities	1 283	1 918	2 152	869	67.7%	233	12.1%
Debt securities	17 815	14 923	11 150	-6 665	-37.4%	-3 773	-25.3%
Provisions	792	886	894	103	13.0%	8	0.9%
Technical provisions for insurance operations	5 440	4 611	4 363	-1 076	-19.8%	-248	-5.4%
Subordinated liabilities	2 548	2 075	2 874	326	12.8%	798	38.5%
Other liabilities	4 768	4 457	5 010	242	5.1%	554	12.4%
SUB-TOTAL	***116 973***	***115 318***	***110 855***	***-6 118***	***-5.2%***	***-4 463***	***-3.9%***
SHAREHOLDERS' EQUITY	6 799	5 324	6 839	40	0.6%	1 515	28.5%
TOTAL	**123 772**	**120 642**	**117 694**	**-6 078**	**-4.9%**	**-2 948**	**-2.4%**

(*) Pro forma accounts, considering the figures involving Caixa Seguros e Saúde, SA's healthcare area as a non-current asset held for sale

9 – CONSOLIDATED INCOME STATEMENT

CAIXA GERAL DE DEPÓSITOS

Consolidated Income Statement at 30 June 2012

(EUR thousand)

	30.06.2011 (*)	30.06.2012	Change Total	Change Percent
Interest and similar income	2 497 121	2 756 945	259 824	10.4%
Interest and similar costs	1 695 087	2 037 281	342 194	20.2%
Net interest income	***802 033***	***719 664***	***-82 369***	***-10.3%***
Income from equity instruments	116 040	80 533	-35 507	-30.6%
Net interest income including income from equity investments	**918 074**	**800 197**	**-117 877**	**-12.8%**
Income from services and commissions	315 292	347 311	32 019	10.2%
Costs of services and commissions	67 346	89 590	22 244	33.0%
Commissions (net)	***247 946***	***257 722***	***9 776***	***3.9%***
Income from financial operations	51 180	255 870	204 690	
Other net operating income	65 172	57 313	-7 859	-12.1%
Non-interest income	**364 298**	**570 904**	**206 606**	**56.7%**
Premiums net of reinsurance	635 646	614 289	-21 356	-3.4%
Investment income allocated to insurance contracts	88 380	76 053	-12 327	-13.9%
Claims costs net of reinsurance	461 295	396 759	-64 536	-14.0%
Commissions and other associated income and costs	-51 753	-45 638	6 115	11.8%
Technical margin on insurance operations	**210 978**	**247 945**	**36 967**	**17.5%**
Net operating income from banking and insurance operations	**1 493 350**	**1 619 047**	**125 697**	**8.4%**
Employee costs	469 982	443 418	-26 564	-5.7%
Other administrative expenses	299 327	295 348	-3 979	-1.3%
Depreciation and amortisation	89 274	87 920	-1 354	-1.5%
Operating costs and depreciation	**858 584**	**826 686**	**-31 897**	**-3.7%**
Gross operating income	**634 766**	**792 360**	**157 594**	**24.8%**
Provisions and impairment of other assets (net)	49 758	245 565	195 808	
Credit impairment net of reversals	349 267	483 302	134 034	38.4%
Provisions and impairment	**399 025**	**728 867**	**329 842**	**82.7%**
Income from subsidiaries held for sale	-27 785	-1 433	26 351	
Income from associated companies	3 729	2 099	-1 630	-43.7%
Income before tax and non-controlling interest	**211 685**	**64 159**	**-147 526**	**-69.7%**
Tax	**81 397**	**57 286**	**-24 110**	**-29.6%**
Current and deferred	66 697	42 374	-24 324	-36.5%
Extraordinary contribution on the banking sector	14 699	14 912	213	1.5%
Consolidated net income for period	**130 288**	**6 873**	**-123 415**	**-94.7%**
of which:				
Non-controlling interest	38 859	19 586	-19 273	-49.6%
NET INCOME ATTRIBUTABLE TO CGD SHAREHOLDER	**91 429**	**-12 713**	**-104 143**	**-113.9%**

(*) Pro forma accounts, considering the figures involving Caixa Seguros e Saúde, SA healthcare area as a non-current asset held for sale.