CGD REPORTS

BOARD OF DIRECTORS' REPORT

1st Half 2013

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Caixa Geral de Depositos

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Board of Directors' Report

1. Economic-Financial Framework

The world economy continued to grow, albeit at a moderate rate, in first half 2013.

Moderate growth of world economy.

The year began in a climate of a certain optimism associated with the less negative outlook on US growth, following legislators' successful avoidance of the "fiscal cliff" and an upturn in business confidence already in evidence at the end of 2012.

This positive sentiment was, however, to dissipate as a result of political uncertainty, firstly in Spain and then Italy, followed at the end of the first quarter by the Cyprus crisis, which entered into a financial assistance agreement negotiated in the meantime.

US: strong fiscal adjustment and announcement of an eventual reduction of monetary stimuli in the near future.

Economic activity in the US continued to expand at a moderate pace in which a contributory factor was, not unexpectedly, the strong fiscal adjustment.

In the euro area (EA), the ECB cut its reference rate by 25 b.p. to 0.50% and its marginal lending facility by 50 b.p. to 1%. An improvement in confidence indicators, both corporate and household starting from the second quarter, was noted. Reference should be made to the resolutions issued by the Ministers of Finance for the purpose of the construction of the European Banking Union, as regards the Single Supervisory Banking Mechanism and the Single Supervisory Mechanism for the Resolution of Banking Crises.

Reduction of refi rates in the eurozone and further steps towards the construction of the European Banking Union.

Unemployment was once again in the order of the day but for the wrong reasons, by hitting its highest level of the last 23 years in June (12.1%). Year-on-year inflation in the EA continued to fall, this time to 1.6%, in June.

The level of contraction, in Portugal, was less marked than noted at the end of 2012. GDP was down 0.4% in first quarter 2013 in comparison to the last quarter of 2012, comprising a year-on-year reduction of 4%. According to Bank of Portugal projections (Summer Economic Bulletin 2013) GDP for 2013 shall be reduced by 2%, despite the good performance of exports.

Economy in contraction in Portugal, albeit attenuating in first half. Unemployment causes serious concern.

The indicators published continued to point towards a drop in activity. According to Eurostat, the unemployment rate was around 17.4% after having risen to 17.8% in April. The year-on-year inflation rate of 1.9% at the end of 2012 fell to 1.2% near the end of first half 2013.

The slowdown in the emerging economies, but above all, the actions of the authorities, contributed towards the uncertainty regarding the international environment. In the case of China the inertia of the central bank may be considered from a viewpoint of the Chinese leaders' desires for a cooling-off period, The case of Brazil was more marked, with the Brazilian central bank having increased its refi interest rate on two occasions, in response to the high level of inflation.

The uncertain environment contributed, during much of the second half, to a situation in which investors strengthened their positions in safer assets, in an environment of low interest rates. Consequently a fall in yields on 10 year maturities to new historic minimums, in Germany and France was seen. The Federal Reserve's signalling at the end of the half year of its intention to reduce economic stimuli to the economy translated into an increase in Euro Área interest rates, which returned to their highest levels since first half 2012.

The deterioration of sentiment regarding the economic situation in Europe in conjunction with the ECB's resolution to reduce its key reference rates led to a fall in Euribor rates, which, in the 6 and 12 months maturities fell to new historic minimums, with the latter occurrence of a correction deriving from the improvement of several economic indicators and the avowed intentions of the Federal Reserve.

New historic maximums on main US and Europe stock exchange indexes.

The main stock exchange indexes reached new historic maximums close to the end of May, both in the US and Europe, with half year gains of 12.6% and 1.9%, respectively. In the case of the countries on the European periphery, except for Ireland whose index was up 16.7%, equity indices closed the year with accumulated losses of between 6.6% in Greece and 1.7% for the PSI20 in Portugal. The German index appreciated 4.6% in first half 2013.

2. Highlights

Continued support to households, encouragement to save, financing and accompanying companies which represent added value for the upturn of the Portuguese economy and most importantly, the development of international business, continue to be the guidelines for CGD Group's policy and management strategy.

In the context of the expected upswing of economic activity, Caixa is adjusting its business model to the new objectives and the needs of different segments of its customer base.

In May and July, respectively, Caixa received the Mission Statement provided by its State Shareholder and DG Comp approval of its Restructuring Plan. Both confirm and reinforce the main guidelines already being followed by CGD Group.

TABLE 1 - KEY INDICATORS

(EUR million)

RESULTS	Jun/12 (*)	Dec/12 (*)	Jun/13	Change Jun/13 Jun/12	Change Jun/13 Dec/12
Net interest income	722.5	-	414.1	-42.7%	-
Net interest income incl. income from equity investm.	803.0	-	468.3	-41.7%	-
Commissions (net)	257.8	-	256.1	-0.7%	-
Non-interest Income	542.0	-	475.6	-12.2%	-
Technical margin on insurance operations	247.9	-	214.9	-13.3%	-
Net operating income from banking and insurance oper.	1,592.9	-	1,158.8	-27.3%	-
Operating costs	797.2	-	813.6	2.1%	-
Gross operating income	795.7	-	345.2	-56.6%	-
Income before tax and non-controlling interest	63.7	-	-199.7	-	-
Net income	-12.7	-	-181.6	-	-
BALANCE SHEET					
Net assets	117,694	116,859	112,684	-4.3%	-3.6%
Cash and loans and advances to credit institutions	5,798	5,423	4,769	-17.8%	-12.1%
Securities investments (including Assets with Repurchase Agreement)	25,794	28,697	27,613	7.1%	-3.8%
Loans and advances to customers (net)	77,544	74,735	72,673	-6.3%	-2.8%
Loans and advances to customers (gross)	81,392	78,924	77,109	-5.3%	-2.3%
Central banks' and credit institutions' resources	13,996	12,227	9,837	-29.7%	-19.5%
Customer resources	70,345	71,355	71,827	2.1%	0.7%
Debt securities	11,150	10,591	9,085	-18.5%	-14.2%
Technical provisions for insurance operations	4,363	4,224	4,185	-4.1%	-0.9%
Shareholders' equity	6,839	7,280	7,106	3.9%	-2.4%
RESOURCES TAKEN FROM CUSTOMERS	86,411	89,267	89,611	3.7%	0.4%

(%)

PROFIT AND EFFICIENCY RATIOS	Jun/12 (*)	Dec/12 (*)	Jun/13	Change Jun/13 Jun/12	Change Jun/13 Dec/12
Gross return on equity - ROE (1) (2)	2.17%	-5.69%	-5.55%	-	-
Net return on equity - ROE (1)	0.23%	-5.34%	-4.41%	-	-
Gross return on assets - ROA (1) (2)	0.11%	-0.31%	-0.35%	-	-
Net return on assets - ROA (1)	0.01%	-0.29%	-0.28%	-	-
Cost-to-income (consolidated) (2)	50.1%	57.7%	70.1%	-	-
Employee costs / Net operating income (2)	27.2%	30.8%	40.0%	-	-
Other administrative expenses / Net operating income	18.1%	21.3%	24.1%	-	-
Operating costs / Average net assets	1.33%	1.41%	1.41%	-	-
Net operating income / Average net assets (2)	2.65%	2.44%	2.01%	-	-
CREDIT QUALITY AND COVER LEVELS					
Overdue credit / Total credit	5.4%	5.7%	6.7%	-	-
Credit more than 90 days overdue / Total credit	4.6%	5.3%	5.9%	-	-
Non-performing credit / Total credit (2)	5.7%	6.4%	7.4%	-	-
Non-performing credit (net) / Total credit (net) (2)	1.0%	1.1%	1.8%	-	-
Credit at risk / Total credit (2)	8.7%	9.4%	10.2%	-	-
Credit at risk (net) / Total credit (net) (2)	4.2%	4.4%	4.7%	-	-
Overdue credit coverage	87.5%	92.8%	85.6%	-	-
Credit more than 90 days overdue coverage	103.3%	100.6%	98.1%	-	-
Credit impairment (P&L) / Loans and adv. to customers (av. balance)	1.17%	1.24%	0.95%	-	-
STRUCTURE RATIOS					
Loans and advances to customers (net) / Net assets	65.9%	64.0%	64.5%	-	-
Loans and advances to customers (net) / Customer deposits (2)	120.4%	114.0%	110.5%	-	-
SOLVENCY RATIOS					
Solvency (2)	13.8%	13.6%	13.6%	-	-
Tier 1 (2)	11.3%	11.2%	11.0%	-	-
Core Tier 1 (2)	11.7%	11.6%	11.4%	-	-
Core Tier 1 (EBA)	9.6%	9.4%	9.3%	-	-

(1) Considering average shareholders' equity and net assets values (13 observations).
(2) Ratios defined by the Bank of Portugal (Instruction no. 23/2012).
(*) Pro forma accounts, considering the entities comprising the form of jointly owned entities being integrated by the equity accounting method.

- Caixa's commitment to its extensive, stable customer base continued to be rewarded by a positive evolution of deposits which, in consolidated, year-on-year terms were up 2.2%.

  CGD maintains leadership of its deposits market share, achieving more than 30% on the individual customers segment.

- Consolidated Net Assets were down yet again, this time by 3.6% over the end of the preceding year and by 4.3% over June 2012, to €112,684 million.
- In a context of reduction bank financing to the economy, Caixa recorded stabilization on corporate loans in Portugal (down 0.4% over the same period) has increasing respective market share.
- The Total Overdue Credit Ratio at the end of June was 6.7% against 5.7% in December 2012. The Credit Overdue for more than 90 days ratio was 5.9%, in comparison to 5.3% at the end of 2012.

  The Credit at Risk and Non-performing Credit Ratios, calculated in accordance with Bank of Portugal Instruction 23/2012, were 10.2% e 7.4% respectively at the end of June 2013, against 9.4% and 6.4% respectively at the end of 2012.
- CGD Group made Consolidated Net Losses of €181.6 million in first half 2013.
- Net Interest Income, including Income from Equity Instruments was down 41.7% over first half 2012 to €468.3 million, both in terms of Net Interest Income (down 42.7%) and Income from Equity Instruments (down 32.6%). Net Interest Income continued to be significantly penalised by the fact that CGD's balance sheet is highly sensitive to the evolution of short term interest rates owing to the still dominant proportion of mortgage lending in its credit portfolio, almost all of which are indexed to Euribor with very low spreads.
- The unfavourable evolution of Net Interest Income was heightened by the payment of extraordinary costs of €39.8 million to the state, during the half year, associated with the issue of Coco ("contingent convertible") bonds.
- Income from Financial Operations totalled a significant amount of €195.3 million.
- Net Operating Income from Banking and Insurance Activities was, therefore, down 27.3% by €434.2 million to €1,158.8 million in first half 2013.
- Gross Operating Income, down 56.6% over June 2012, also reflects an interruption to the downwards trend of structural costs owing to the reintroduction of holiday and Christmas subsidies.
- Maintaining its downwards evolution, impairment, however, was still very high, particularly in the credit segment, at €371.9 million net of reversals against €483.3 million in the same half of the preceding year. Provisions and impairment on other assets, net of reversals and recoveries, were down to €175.2 million against €245.2 million in June 2012.
- The contribution to Consolidated Net Results made by Group Units abroad comprised losses of €54.6 million. Excluding Spain the contribution would have been a positive (€35.8 million).
- Caixa Seguros e Saúde recorded in accordance with applicable accounting rules by CGD a Net profit of 76.0 million euros in the 1st half of 2013, representing an increase of 107.4% over the same period in 2012 (36.6 million euros).

  To this result contributed the alienation of HPP, achieved during the 1st quarter transaction that had a positive impact of 36.4 million euros.
- In the domestic sphere, Caixa BI's performance was highly positive in contributing around €14 million to the Group's Consolidated Net Results.
- Notwithstanding its highly comfortable liquidity situation, Caixa once again tapped the market, at the beginning of 2013, with its launch of a €750 million Covered Bonds issue with a maturity of 5 years and a fixed coupon rate of 3.75%.

- Furthering the guidelines towards lesser reliance on ECB funding, Caixa reduced its borrowings from the ECB by a further amount of around €2 billion in the first half year to €4.75 billion, in June.

- The favourable performance of deposits, in conjunction with less dynamic performance in terms of credit translated into a reduction of the loans-to-deposits ratio to 110.5%.

- This environment led to a deterioration of Cost-to-Income to 70.1% in June 2013.

  Other Administrative Expenditure maintained its downwards trajectory (3.0% year-on-year over 2012) reflecting the furtherance of the operational optimisation policy in progress in the Group.

- Caixa received a Mission Statement from its shareholder at 31 May, followed in July by DG Comp approval of its respective restructuring plan. In both cases, the main resulting guidelines confirm the strategic guidelines already being followed by the Group.

3. Evolution of CGD Group

CGD Group's structure and organisation, in the first half year, continued to proceed along a convergence trajectory towards a model centred on the banking business as its core activity, whose development is based on an extended geographic platform with priority hubs and strategic vectors.

Group focus on banking activity and reorganisation, converging to an economic paradigm shift.

The following is a list of the main changes to the Group's structure and composition in first half 2013:

- **February**- Permission was given to set up and operate the Macau offshore branch.
- **March** - Completion of Caixa Seguros e Saúde, SGPS, SA's sale of HPP - Hospitais Privados de Portugal, SGPS, SA, the owner of six hospitals nationwide and responsible for the management of Cascais hospital to Brazilian healthcare group Amil;

Completion of sale of Hospitais Privados de Portugal.

- **May** - Incorporation of CGD - Participações em Instituições Financeiras, Lta. ("CGD PINF"), into CGD Investimentos Corretora de Valores e Câmbio, S.A. ("CGD Securities"), in Brazil.
- **June** - Publication of Decree Law 80/2013, defining the rules governing the disposal of the share capital of companies Fidelidade-Companhia de Seguros, SA, Multicare-Seguros de Saúde, SA and Cares-Companhia de Seguros, SA or company or companies directly or indirectly owning the full or part amount of their respective assets.

Approval of rules governing sale of the insurance business published in Decree Law.

Following the understanding reached between the governments of the Republic of Angola and the Republic of Portugal, the full amount of CGD's equity investment in Banco para a Promoção e Desenvolvimento (BPD) was sold to Sonangol Group.

Reference should also be made to the following actions in progress:

- Continuation of the domestic branch office network optimisation process, adjusting it to the new economic and technological environment, as well as the evolution of the profile and objectives of various customer segments.
- Continuation of the process of the transformation of the Group's presence in Spain based on its respective redimensioning and greater focus on bilateral trade involving export flows or investment operations among Group customers in Portugal and Spain.
- Reorganisation of the structure and operation of CGD, namely in the real estate segment with the aim of avoiding defaults and the need for credit recoveries, improving adjustments to the current environment.

BRANCH OFFICE NETWORK

CGD Group's branch office network, at the end of June 2013, had 1 284 branches of which 815 in Portugal (814 of CGD and 1 of Caixa BI) and 469 abroad.

The number of branches, in Portugal, during the half year was down 33 to 780 CGD branches, 34 CGD corporate offices and one Caixa BI branch.

TABLE 2 - CGD GROUP BRANCHES

	Jun/12	Dec/12	Jun/13
CGD (Portugal)	857	847	814
Physical branches	804	793	758
Self-service branches	17	18	22
Corporate Offices	36	36	34
Caixa – Banco de Investimento (Lisbon+Madrid)	2	2	2
France Branch	46	47	48
Banco Caixa Geral (Spain)	209	172	172
Banco Nacional Ultramarino (Macau)	14	14	15
Banco Comercial e de Investimentos (Mozambique)	127	128	130
Banco Nacional de Investimentos (Mozambique)	1	-	-
Banco Interatlântico (Cape Verde)	9	9	9
Banco Comercial Atlântico (Cape Verde)	33	33	33
Mercantile Lisbon Bank Holdings (South Africa)	15	15	15
Banco Caixa Geral Brazil	2	2	2
Banco Caixa Geral Totta de Angola	25	25	26
Other CGD Branch Offices	16	16	18
Macau Offshore Subsidiary	1	1	0
Total	**1,357**	**1,311**	**1,284**
Representative Offices (*)	**11**	**12**	**12**

(*) Includes a representative office in Algeria in 2012, which awaits approval from the Algerian authorities.

Slight expansion of the commercial network abroad.

The slight increase in the number of commercial branches abroad from 463 to 469 in first half 2013, reflected the consolidation of international activity, following the restructuring operation taking place, in Spain, in 2012 (reduction of 37 branches).

Reference should be made to the opening of 3 branches in Africa and 2 in Asia, plus the creation of a new Macau branch in lieu of the Macau offshore subsidiary.

HUMAN RESOURCES

The Group had 19 853 workers in June 2013 of whom 9 340 were allocated to banking operations (CGD Portugal), down by a global number of 2 121 and 2 232 employees, over June and December 2012, respectively. This reduction of around 10% largely derived from the non-inclusion of HPP-SGPS staff, owing to its disposal in first half 2013.

TABLE 3 - CGD GROUP EMPLOYEES

	Jun/12 (*)	Dec/12 (*)	Jun/13
Banking operations (CGD Portugal)	9,495	9,401	9,340
Other	12,590	12,573	10,513
Total	**22,085**	**21,974**	**19,853**

(*) For comparability purposes, does not include employees from Esegur and Locarent, entities that started being consolidated by the equity method.

Not considering in 2012 the effect of the disposal of HPP-SGPS (2064 in June and 2093 in December) the number of employees of the Group would have decreased by 168 compared to June and 28 compared to December 2012.

Strengthening the Group's human resources in the international area, the first half of 2013.

This was offset by the strengthening of the Group's presence in the international area in first half 2013, leading to an increase of 187 workers in banking operations abroad, particularly Banco Comercial e de Investimentos (Mozambique) with 133, France Branch with 25 and Banco Caixa Geral Totta Angola with 21 employees.

4. Main Business Area Developments

4.1. RETAIL BANKING

Slight scaling of the network and continued process improvement model of service to all customers.

The Branch Office Network, in Portugal, at the end of the half, comprised 815 Branches of which 22 self-service and 34 Caixa Empresas "Corporate Offices", owing to the continuity of the service models redimensioning and optimisation policy.

RESOURCES

The fragile nature of the macroeconomic and social situation and persistent environment of uncertainty in Portugal did not prevent and may well have contributed to the increase in Portuguese households' savings levels, notwithstanding the reduction of their disposable income and continues to be reflected in the good performance of deposits in CGD, whose market share in Portugal remained close to 28%.

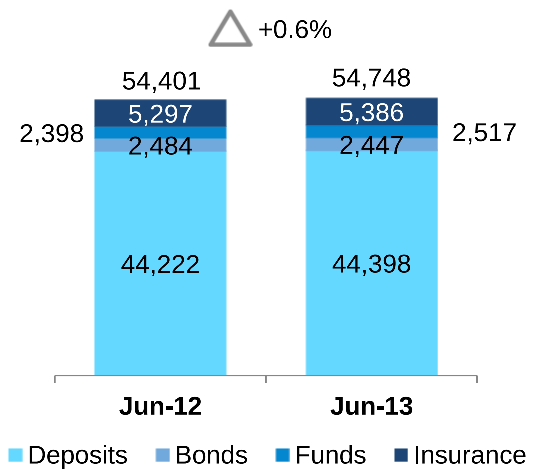
Individual Customers' Deposits in the branch office network, in Portugal, continue to increase year-on-year (0.4%), indicating customers' continue to trust in Caixa in periods of greater difficulty and uncertainty.

Increase in deposits and other resource-taking instruments.

Resource-taking products, in the segment as a whole were up 0.6%, over June 2012. Particular reference should be made, in addition to the growth of Deposits, to the 5% increase in Investment Funds and 1.7% increase in Insurance.

CHART 1 - RESOURCE TAKING (INDIVIDUAL CUSTOMERS) - BRANCH OFFICE NETWORK (PORTUGAL) BY PRODUCT

(EUR million)



It should be noted the positive evolution of new savings products which, owing to their innovative character and the fact that they meet the needs and objectives of different customer strata, have played a significant pedagogical role in encouraging people to save.

Reference should be made, by way of example, to the Caixa Família service, providing for the creation of a savings network within each customer's natural community i.e. the family. This new, innovative, collective savings solution enables a higher interest rate to be paid on each individual account owing to the higher interest rate band applicable to all accounts.

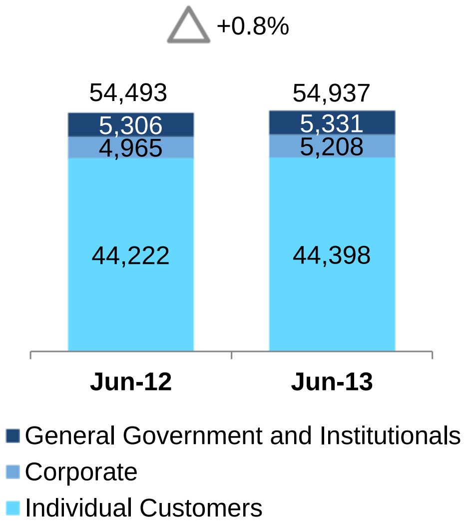
To promote savings solutions for students and younger people, Caixa was, once again, present at the Summer Festivals, having launched its Caixapoupança Superior Summer Festivals Campaign which, in addition to revitalising its range of products and services for university students, endeavoured to encourage savings and deposits based on a product exclusively for customers in higher education.

Resource-taking products in the Corporate segment in the branch office network in Portugal grew at an overall rate of 5.2% in first half 2013. Special reference should be made to the 4.9% growth of Deposits and 16.3% growth of Investment Funds.

Total deposits in the branch office network in Portugal were up 0.8%, year-on-year, to €54,937 million, influenced by growth in the Corporate (4.9%) and Individual Customers (0.4%) segments. In comparison to December 2012, Corporate and Individual Customers' Deposits grew 5.4% and 0.2%, respectively.

CHART 2 - DEPOSITS - BRANCH OFFICE NETWORK (PORTUGAL) BY CUSTOMER SEGMENT

(EUR million)



CGD's clear leadership in terms of resource-taking is the visible result of its credibility in the eyes of the Portuguese population, in addition to its successful strategy of providing a collection of savings solutions.

Good performance of new savings products.

Caixa continued to strengthen its Caixa Mais service model, during the half year, owing to the importance of its depositors' base, by expanding its customer coverage (496,634 customers comprising 58% of turnover in the individual customers segment) together with a renewed and more interconnected offer of products and services in this sphere.

Strengthening and improvement of service models in the Individual Customers and Corporate segments.

In the individual customers segment, reference should also be made to the Caixazul service, geared to the personalised management of Premium Customers which, at 30 June 2013, totalled 297,238 and contributed with around 37% of turnover in the Individual Customers Segment. The branch office network had 674 branches with spaces reserved for this service model (89% of total branch office network) wich was secured by 1,069 comercial assistants.

CGD leads the field in specialised customer care.

At the end of June 2013, more than 834 thousand Individual and Corporate customers were managed by a dedicated commercial account, with Caixa continuing to lead the national banking sector in terms of its customer care and service.

At the end of first half 2013, the fact that the Caixadirecta App was the first free financial App in the Google Play Store downloads ranking and second in Apple's App Store, with around 136 000 downloads and around 65 000 customers, was indicative of its appeal to customers.

The new Caixadirecta Apps are a new experience in terms of financial wealth management. They provide pleasant, interactive navigation with a graphical view of global account balances and movements and alerts on balance changes over the last 7 days.

In terms of distance services, reference should also be made to:

- The 5 April launch of the new Caixadirecta app for the iOS (Apple) and Android operating systems for Tablets and Smartphones;
- Launch of the Caixa e-banking (online and mobile) service with a new image, better navigation and more functionalities;
- New Caixadirecta on-line service functionalities, comprising callback services for Caixa Mais customers;
- A service for deaf citizens as one of the CGD's social responsibility and innovation policy initiatives.

Segment of Residents Abroad:
- Strategic for CGD
- Significant contribution to the total resources of individual customers
- High potential for value creation

Caixa considers residents abroad to be a strategic segment, owing to its contribution to the individual customer resources total and its value creation potential, in the current macroeconomic and financial environment.

Set of actions to commercial promotion and strengthening customer relationships.

A collection of commercial actions, designed to strengthen relationships with these customers was launched in first half 2013, notably:

- The Easter Campaign, backed by an advertising campaign headlined by the "Diversify your Savings" slogan, mainly aimed at promoting Caixa's savings solutions (in euros and US dollars).
- The Summer Campaign (also running through the third quarter), with the objective of promoting investment in Portugal through the sale of Caixa Group property and savings-taking actions. The message conveyed by the advertising campaign was "It's great to be Portuguese with benefits both here and there" and aims to convey the advantages of Caixa's offer, both abroad and in Portugal.
- "Know your Customer Campaign" with the objective of collecting information for the creation of personalised proposals.
- "Customers Resident Abroad Identification Campaign", involving contacts with customers with signs of recent emigration or expatriation, in order to gauge and adjust the offer on a case-by-case basis.
- "Customers Resident Abroad Identification Campaign", involving contacts with customers in order to gauge and adjust the offer on a case-by-case basis.

Together with these initiatives and to strengthen relationships with customers resident abroad, Caixa continued to implement its customers resident abroad policy, based on an articulated, complementary approach between Caixa's bank branches offices in Portugal, subsidiaries and representative offices abroad and distance management chanels in the form of Caixadirecta Internacional and Caixazul Internacional services (for wealthier customers). At the end of the first half, around 20% of customers resident abroad were parties to one of these personalised management services.

Total Resources Taken remained relatively stable.

Total Resources Taken balance of CGD Group (excluding the Interbank money market) remained relatively stable in comparison to the same half of the preceding year and 2012 values, at €99,127 million.

TABLE 4 - RESOURCE -TAKING BY THE GROUP - BALANCES

(EUR million)

	Jun/12	Dec/12	Jun/13	Change Jun/13 vs. Jun/12		Change Jun/13 vs. Dec/12	
				Total	(%)	Total	(%)
Balance sheet	**86,818**	**87,718**	**86,599**	**-218**	**-0.3%**	**-1,118**	**-1.3%**
Retail	**75,318**	**76,823**	**77,083**	**1,765**	**2.3%**	**260**	**0.3%**
Customer deposits	64,398	65,546	65,795	1,397	2.2%	250	0.4%
Other customer resources	10,920	11,278	11,288	368	3.4%	10	0.1%
Institutional investors	**10,600**	**9,995**	**8,616**	**-1,984**	**-18.7%**	**-1,378**	**-13.8%**
EMTN	5,287	5,357	3,920	-1,367	-25.9%	-1,437	-26.8%
Covered bonds	3,146	3,042	3,806	660	21.0%	764	25.1%
Other	2,167	1,596	891	-1,276	-58.9%	-705	-44.2%
Portuguese State - Contingent convertible (CoCo) bonds	**900**	**900**	**900**	**0**	**0.0%**	**0**	**0.0%**
Off-balance sheet	**11,094**	**12,443**	**12,527**	**1,434**	**12.9%**	**84**	**0.7%**
Investm. units in unit trust investm. funds	4,343	4,588	4,621	278	6.4%	33	0.7%
Pension funds	2,124	2,306	2,282	158	7.4%	-24	-1.0%
Wealth management (a)	4,627	5,549	5,624	998	21.6%	75	1.4%
Total	**97,911**	**100,161**	**99,127**	**1,215**	**1.2%**	**-1,035**	**-1.0%**
Total (excl. instit. inv. and Portuguese state)	**86,411**	**89,267**	**89,611**	**3,199**	**3.7%**	**345**	**0.4%**

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

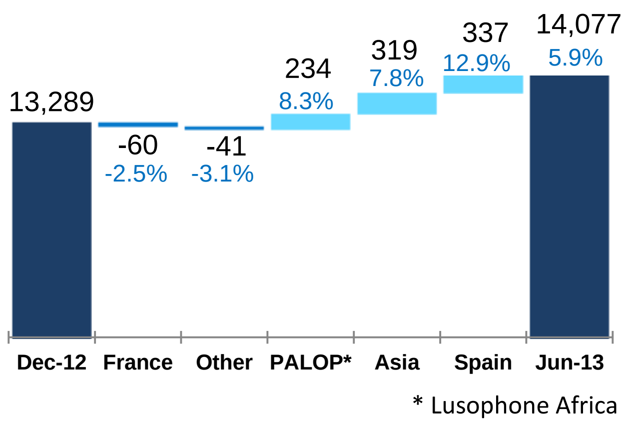
Positive contribution to resource-taking from the international network.

The Customer Deposits balance amounted to €65,795 million, up 2.2% over June 2012. This reflects the active promotion of deposits to customers, contributing to a reduction of the CGD Group financing needs in wholesale market.

Group companies abroad continued to make a positive contribution to total Group resource-taking (up 5.9% over the end of 2012). With regard to geographic areas reference should be made to the increase in Customer Deposits in Spain (12.9%), the Asia (7.8%) and Lusophone Africa (8.3%).

CHART 3 - CUSTOMER DEPOSITS - INTERNATIONAL ACTIVITY

(EUR million)



In Spain notwithstanding the difficult economic environment, the reorientation of the business model to greater emphasis on resource-taking and a less aggressive approach by Spain's banks made possible the increase of deposits.

Active promotion of customer deposits contributed to a reduction of CGD Group financing needs in wholesale market

Off-balance sheet resources were up by 12.9% year-on-year to €12,527 million at the end of June 2013, translating good performance by Wealth Management whose corresponding balance comprised a total change of €998 million (€5,624 million against €4,627 million at the end of first half 2012).

TABLE 5 - CUSTOMER DEPOSITS (CONSOLIDATED)

BALANCES

(EUR million)

	Jun/12	Dec/12	Jun/13	Change Jun/13 vs. Dec/12	
				Total	%
Individual customers	52,666	53,126	52,371	-756	-1.4%
Sight deposits	12,196	12,557	12,698	141	1.1%
Term and savings deposits	40,463	40,569	39,672	-897	-2.2%
Corporate	9,263	9,429	11,716	2,287	24.3%
Sight deposits	4,362	4,285	4,859	574	13.4%
Term deposits	4,900	5,144	6,857	1,713	33.3%
Public sector	2,150	2,671	1,400	-1,272	-47.6%
Sight deposits	1,164	959	1,235	276	28.8%
Term deposits	987	1,713	164	-1,548	-90.4%
Mandatory deposits	324	318	309	-10	-3.0%
Total	**64,397**	**65,545**	**65,795**	**250**	**0.4%**

Increase market share in customer deposits in most segments.

By segment, reference should be made to the very positive behavior of corporate deposits who progressed 2.3 billion euros (+24.3% since the beginning of the year), driven by the modalities of Term deposits, with an increase of 1.7 billion (+33.3%).

By modality, around €46,694 million, (71%of total customer deposits) were term and savings deposits.

CGD Group's market share of customer deposits rose from 27.3% in June 2012 to 27.5% in June 2013, translating into an increase in most segments. It should be noted the individual customer deposits market share that exceeded 32%.

TABLE 6 - CUSTOMER DEPOSITS – MARKET SHARE [(a)]

BY CUSTOMER SEGMENT

	Jun/12	Dec/12	Jun/13
Corporate	10.1%	10.8%	11.3%
General government	16.9%	19.3%	12.0%
Individual customers	32.2%	32.7%	32.4%
Emigrants	39.4%	40.6%	40.4%
Mandatory	96.4%	96.8%	96.9%
Total	**27.3%**	**28.1%**	**27.5%**

(a) Activity in Portugal

Launch of Covered Bonds issue of € 750 M, with a maturity of 5 years wich reopened this market segment to Portuguese financial institutions

Debt securities, down 14.2% since the end of 2012 to €9.1 billion, translated reductions in the balances of bonds issued under the EMTN and ECP programmes. This was offset by a 25.1% increase of €764 million in the covered bonds balance owing to the start-of-year launch of a covered bonds issue of €750 million with a maturity of 5 years, which signalled the reopening of this market segment to Portuguese financial institutions.

TABLE 7 - DEBT SECURITIES

(EUR million)

	Jun/12	Dec/12	Jun/13	Change Jun/13 vs.Dec/12	
				Total	%
EMTN programme issues (a)	5,733	5,801	4,371	-1,431	-24.7%
ECP programme issues	1,140	636	18	-618	-
Nostrum Mortgages	376	343	252	-91	-26.5%
Covered bonds	3,146	3,042	3,806	764	25.1%
Bonds issued on the public sector	651	617	621	4	0.6%
Cash bonds and certificates of deposit	104	151	18	-133	-
Total	**11,150**	**10,591**	**9,085**	**-1,505**	**-14.2%**

(a) Does not include issues classified as subordinated liabilities

Caixa took in €2.9 billion In subordinated liabilities up 1.8% by €52 million over December 2012.

TABLE 8 - SUBORDINATED LIABILITIES

(EUR million)

	Jun/12	Dec/12	Jun/13	Change Jun/13 vs.Dec/12	
				Total	%
EMTN programme issues (a)	1,125	1,136	1,119	-17	-1.5%
CoCo	900	900	900	0	0.0%
Other	849	853	922	70	8.2%
Total	**2,874**	**2,889**	**2,941**	**52**	**1.8%**

(a) Does not include issues classified as debt securities

LOANS AND ADVANCES TO CUSTOMERS

Corporate

The deleveraging process which began in 2011, the continuation of a recessionary environment with low levels of confidence in the future prospects for economic evolution both in Portugal and the EU, have continued to contribute towards the negative evolution of Caixa's consolidated gross credit, which (excluding repos operations) is down 2.1% since the start of 2013.

Stabilization of corporate loans in Portugal in first half 2013.

Despite this reduction, in the first half of 2013, there was a stabilization of corporate loans in Portugal, having registered only a slight decrease of 0.4%.

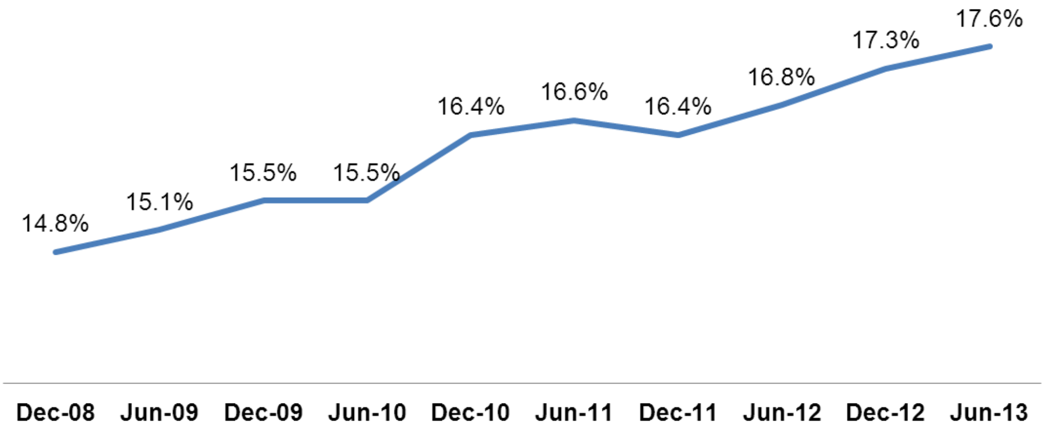
In its support for the economy, Caixa provided more than €2,200 million in funding in first half 2013. Focus on this strategic segment, with new exclusive solutions, endeavoured to generate confidence in the national entrepreneurial spirit and strengthen Caixa's image as the building block for national economic development.

It should be noted, in a context of credit retraction in the domestic market, a increase market share and especially the expansion of the business segments in particular dynamism and importance for the Portuguese economy. Caixa's teams of commercial managers specialising in SMEs, micro enterprises and entrepreneurs furthered and strengthened its support to the economy across all economic sectors, particularly focusing on manufacturers of tradable goods (capitalising upon Caixa's international presence and specific promotions), corporate treasury support and capitalisation.

CHART 4 - MARKET SHARES - CORPORATE LOANS

(%)

Market shares of corporate loans in sustained growth.

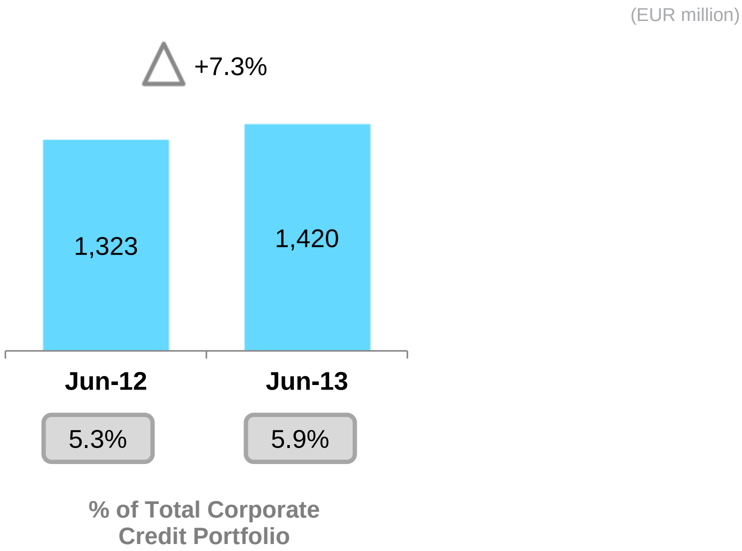


In June, Caixa's market share of loans and advances to companies was 17.6%. Reference should be made to the fact that its market share of loans and advances to companies has progressed by 2.1 pp over the last three years.

The volume of credit issued by CGD in the sphere of companies with PME Líder ("Leading SME") status totalled €1,385 million at the end of June 2013, up 4.4% during the year.

Caixa had a 16.5% market share of Linhas PME Investe ("SME Invest Lines") 2012/13 by amount of finance and 12.9% in number of operations.

CHART 5 - CREDIT LINE - PME INVESTE - LOANS TO COMPANIES (PORTUGAL)



Credit boost to SMEs and priority sectors for economic upturn.

Market shares in terms of Linha PME Crescimento ("SME Growth Line") 2012/13 are 16.6% and 13.8%, respectively.

A total number of 8,468 national companies enjoyed PME Lider ("Leading SME") status in June this year of which 2,359 (around 28%) are Caixa clients. 1,314 companies succeeded in achieving PME Excelência ("SME Excellence") status, in 2012; with Caixa providing day-to-day support to 331 SMEs with this status, comprising a market share of 25% of this sector.

Launch of new products and specific lines of CGD.

Up to the end of 2013, Caixa still had more than €1.9 billion available for the development of business activity and dynamics, in the form of exclusive Caixa products and government lines.

These indicators reflect CGD's strategic focus in financing added value projects and entities, especially producers of tradable goods and/or with a high level of innovation content. Also based on this approach, Caixa has continued to further its relevant role in supporting external demand and the internationalisation of the economy and, of the utmost importance, the restructuring of the Portuguese productive sector and containment of unemployment.

It should be noted the launch of CGD new products and specific lines, namely "Iva EnCaixa", the "Caixa Capitalização" line, "Caixa Exportações" and Caixa Mais Tesouraria, which supported the strengthening of the market share of CGD in the corporate segment.

Creation of instruments to finance the Portuguese companies: a CGD priority.

One of Caixa's priorities was the creation of instruments for financing Portuguese companies, with €1,200 million in funding exclusively available for Caixa products:

- IVA EnCaixa: €333 million as an advance of VAT rebates for economically viable companies operating under an "organised accounts" regime which use Caixa as their main bank;
- Exports and Manufacture of Tradable Goods: €600 million with the best maturity and spread terms for exporting companies and manufacturers of tradable goods;
- Linha Caixa Capitalização: €250 million for the recapitalisation of economically viable companies.

Caixa provides the following collection of investment support lines, in its backing for the domestic economy, comprising improvements in access conditions to corporate funding:

Support lines:

- "Linhas PME Crescimento 2013" (SME Growth Line);
- "Linhas PME Investe" (SME INVEST Lines);
- "Linhas Investe QREN" (SRF - Strategic Reference Framework Line);
- Lines of credit for the agricultural, animal husbandry and fisheries sectors.

Linha PME Crescimento 2013 [SME Growth Line]

This is a special line of credit for micro enterprises and SMEs, with a mutual guarantee, created under the terms of a protocol between CGD, mutual guarantee companies, IAPMEI and PME Investimentos. It has competitive spreads, maturities of up to 9 years and a grace period on principal of up to 24 months.

The Linha PME Crescimento 2013 with a credit limit of €2 billion and two specific sub-lines - The Linha Geral [General Line] and Linha Micro e Pequenas Empresas [Micro and Small Enterprises Line], - including a specific appropriation for exporting companies (up to 10% of the amount of the specific sub-lines is exclusively for the primary sector).

Caixa had already approved an amount of more than €150 million under this line (applications received by mutual guarantee companies up to June 2013), comprising a market share of around 15%.

Linhas PME INVESTE [SME INVEST Lines],

Caixa has approved more than €5 billion under PME Investe/PME Crescimento lines since 2008 (applications received by mutual guarantee companies up to June 2013).

Linha INVESTE QREN [SRF - Strategic Reference Framework Line]

This is a special line of credit, with a mutual guarantee, for small and medium sized enterprises, created under a protocol between CGD, mutual guarantee companies, IFDR - Instituto Financeiro para o Desenvolvimento Regional [Financial Institution for Regional Development] and SPGM - Sociedade de Investimento.

Comprising a global amount of €1 billion, of which €600 million for SRF projects submitted by SMEs, the Linha INVESTE QREN aims to back investment projects approved under QREN/SIAC [SIAC - Sistema de Apoio a Ações Coletivas -Colective Activities Support System] to complement Community funding.

The main advantages of this line are listed below:

- Financing of large amounts (up to €4 million);
- Extended maturities (up to 8 years, with a 2 year grace period);
- Up to 50% of the funding covered by mutual guarantee (when the beneficiaries are SMEs),
- Highly competitive spreads for this type of finance (medium and long term);
- Fully subsidised mutual guarantee fees;
- No bank fees.

Lines of credit for the agricultural, animal husbandry and fisheries sectors:

Caixa has set aside €222 million for the primary sector, as follows:

- PRODER/PROMAR. This line of credit, for a global amount of €150 million provides special conditions for investment operations approved under the PRODER-Programa de Desenvolvimento Rural programme [Rural Development] and PROMAR- Programa Operacional de Pescas programme [Fisheries] whose public funding is provided by IFAP, with a total maturity of up to 7 years and a grace period on principal of up to 2 years.

- PRODER Intempéries Janeiro 2013 credit line [Storms]. The objective of this line of credit is to provide a response to the bad weather experienced in the winter of

2013. It is geared to investment projects designed to re-establish production potential and provides preferred banking conditions.

- Short Term Line of Credit for Agriculture, Forestry and Animal Husbandry (Campaign Credit). The calculations of the conditions governing subsidies were favoured under the terms of an IFAP protocol.

For the progression of Caixa's activity as a "corporate bank"consolidation of the Caixa Empresas service model in the branch office network, underpinned by a personalised management concept for self-employed and small and micro-enterprises has made a visible contribution to this progression. The client manager materialises the relational aspect of this model on the basis of an integrated approach to the corporate and individual needs of customers

Personalised management services to self-employed.

In June 30, 2013 were included in this service model 24,445 customers, with a turnover of 3,677 million.

Innovative products and services

Special reference should also be made to the following corporate funding solutions during the course of the half year:

Caixa Break card

This is a prepaid bank card for companies, for workers' meal allowances.

Improved service

Innovation in products and services:

- "Caixa Break" card.

Caixa e-Banking

Caixa e-banking is an internet banking service for corporates and institutionals. It facilitates a large number of views and banking operations. A company can view its position and perform operations (complying with the conditions governing movements in which users are only authorised to operate the accounts which have been attributed to them for the said purpose).

Caixa has continued to improve this service by providing new functionalities, notably on foreign trade products.

Improved Services:

- Caixa e-banking;
- Vehicle Solution
- "Caixa MaisTesouraria" (Treasury "plus").

Solução Automóvel [Vehicle Solution]

Caixa provides the most suitable financial credit, leasing or renting solutions for corporate fleet management, having launched a special leasing and renting campaign in first quarter 2013.

Caixa Leasing Auto is a leasing solution for vehicle fleets and finances 100% of the purchase price of new passenger and/or goods vehicles.

Without the need for a down payment, the CaixaRenting option enables companies to reduce their administrative costs and eliminate tasks related with vehicle fleet management, benefiting from a range of associated services such as vehicle maintenance management, claims, repair workshop management, 24 hours breakdown service, insurance and fiscal services.

Caixa MaisTesouraria [Treasury "plus"].

This solution incorporates treasury management, as a single product providing advances on amounts owed by debtors and/or guaranteeing payments to suppliers.

In the current environment, this is an essential instrument for the effective management of the customers and suppliers portfolio, with advantages in terms of reducing credit risk and enabling the immediate early, automatic payment of funds to suppliers.

To support all aspects of corporate activity, Caixa once again strengthened its commercially dynamic approach based on its allocation of financial limits (simplifying operations' contractual and approval procedures) on treasury support applications, commercial discounts, issue of bank guarantees, credit card limits and for acquisitions of current equipment.

Individual customers

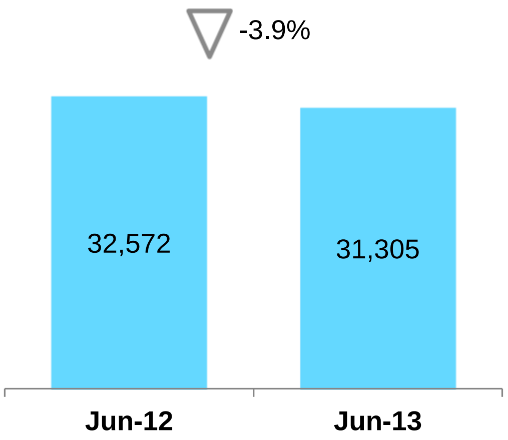
The reduction noted in loans and advances to individual customers was particularly the result of the smaller flow of new mortgage lending operations, deriving from the fragility of the current environment which has translated into the postponing of several decisions to buy or change homes and which is also associated with other more structural factors, such as market maturity, improved legislative amendments in progress in the rental market and changes to the behavioural patterns of the Portuguese population.

Reduction of mortgage loans in line with the lack of confidence displayed by the Portuguese population in the economic outlook over the short term.

The outstanding balance on mortgage loans issued by the branch office network in Portugal was accordingly down 2% over December 2012 and 3.9% year-on-year, to €31,305 million at the end of first half 2013.

CHART 6 - MORTGAGE CREDIT PORTFOLIO - BRANCH OFFICE NETWORK (PORTUGAL)

(EUR million)



However, as regards new operations, a certain inversion of the downwards movement noted in 2012, was witnessed during the course of the first half of the year, with 2,815 new operations totalling €216 million (up 10.8%), owing to endeavours to dispose of real estate assets in CGD's portfolio.

In new mortage loans inversion of the downwards' movement observed in 2012.

As one of Caixa's In-house Rationalisation Programme initiatives, the Optimisation of the Property Business Management Model has resulted in the assimilation of a diverse collection of functions and competencies which had been spread out over a significant range of bodies within Caixa Geral de Depósitos Group into DNI (Property Finance and Business Division) as a single structural body for the purposes of facilitating business opportunities, by exploiting synergies in Caixa Geral de Depósitos Group.

In addition to the measures which Caixa has, for many years, been implementing to minimise the risk on many of its customers, owing to the current increase in the unemployment rate, Portuguese households' high debt levels and consequent degradation of their income levels, plus the fact that a large majority of mortgage contracts are indexed to Euribor, a new mortgage lending initiative was launched in 2013. It is based on three operating thrusts, without entailing the need for an increase in spread on the operations:

- Extending of loan maturity periods;
- Introduction of a deferred percentage on principal;
- Introduction of a grace period.

In order to benefit from these additional support measures, clients need only certify a reduction of their income levels and that, following the application of one or more of the measures, their debt-to-income ratio will not be less than 30%.

New initiative in the mortgage lending based on three main vectors:
- Extension of the loan term;
- Deferral percentage of capital;
- Introduction of a grace period

Optimisation of property marketing activities for CGD Group's property portfolio

With the aim of containing the increase in its housing stock, to be included in the Group's property portfolio and sales, Caixa has made use of a large number of channels, particularly:

- Advertising and marketing of properties on CGD Group portfolio support platforms;
- Caixa Imobiliário newsletter, in two versions;
- Corner Imobiliário [Property Corner]: available at 25 branches (12 in the north, 10 in Greater Lisbon and 3 in the south), providing information on the marketing of new projects, current campaigns and property auctions, etc;
- Different specific sites such as: www.liveinportugal.pt.

In the urban redevelopment sphere, based on the objectives of the Community's Jessica Initiative, developed by the European Commission, CGD has submitted a proposal for the management of a UDF (Urban Development Fund).

Caixa's was one of the proposals selected and it is responsible for the management of the Jessica/CGD UDF comprising the Regional Operational Programmes for the North, Centre and Alentejo. This UDF is the only nationwide finance vehicle providing for the possibility of a stake to be taken in the capital of redevelopment support and urban regeneration projects and manages around €51 million of Community funding, plus €127 million from CGD, to a global amount of €178 million under management.

Also as regards the sphere of the Jessica/CGD UDF, reference should be made to the launch of two new redevelopment and regeneration support instruments in the form of the Fundo de Investimento Imobiliário Fechado para Arrendamento Habitacional Cidades de Portugal [Cities of Portugal Closed End Property Investment Fund for Home Rentals] and the Fundo Especial de Investment Imobiliário Fechado Caixa Reabilita. [Caixa Reabilita Special Closed End Property Investment Fund].

In the personal loans and loans for consumption segment (which represents no more than around 2% of CGD's credit to individual customers), Caixa implemented several solutions for the prevention and settlement of defaults on personal loans, negociated overdraft limit (NOL) and credit cards, in 2013, enabling customers to restructure their current credit operations in line with their financial capacity.

Caixa also simplified its offer by reducing the number of marketable products by 49% since January 2010. The offer is grouped into 5 areas: training, health, renewable energies, vehicle and multipurpose.

In consolidated terms, loans and advances to customers (gross) totalled €77,109 million at the end of June 2013, down 2.3% by €1,814 million and 5.3% by €4,282 million over the end of December and June 2012 respectively (on a comparable basis). CGD Portugal accounted for €60,201 million and the remaining Group businesses €16,908 million, 78% and 22% of the loans and advances to customers total.

TABLE 9 - LOANS AND ADVANCES TO CUSTOMERS [(a)]

(EUR million)

				Change Jun/12 vs.Jun/13		Change Jun/13 vs.Dec/12	
	Jun/12	Dez/12	Jun/13	Total	(%)	Jun/13	Dec/12
Corporate	36,519	35,751	35,065	-1,454	-4.0%	-686	-1.9%
Individuals	39,660	38,639	37,700	-1,960	-4.9%	-939	-2.4%
Mortgage	37,322	36,387	35,611	-1,712	-4.6%	-776	-2.1%
Other	2,338	2,253	2,090	-249	-10.6%	-163	-7.2%
General Government	5,212	4,534	4,344	-868	-16.6%	-190	-4.2%
Total	**81,392**	**78,924**	**77,109**	**-4,282**	**-5.3%**	**-1,814**	**-2.3%**

(a) Before impairment

Expansion of credit activity of CGD Units abroad.

The banks in Africa posted slight growth of 0.2% at loans to customers, in the first six months of 2013 to €2,439 million. Reference should be made to BCI in Mozambique with a 7.3% increase of €71 million over December 2012.

In Macau, lending by BNU was up 6.7% by €97.1 million over the end of 2012.

In Europe, France branch, operating in a country which is slow to display evident signs of recovery, was down 7.9% by €309.8 million. Loans at Group companies in Spain also continued to decline by 2.4% and 6.3%, over December and June 2012, respectively.

CGD Group increased its market share of loans and advances to customers over December 2012, from 21.3% to 21.4% in June 2013, reflecting the increase in the market share in the companies segment to 17.6%. The mortgage lending share remained unchanged at 26.6%.

TABLE 10 - LOANS AND ADVANCES TO CUSTOMERS – MARKET SHARES [(a)]

BY SEGMENT

	Jun/12	Dec/12	Jun/13
Corporate	16.8%	17.3%	17.6%
Individuals	23.5%	23.6%	23.6%
Mortgage	26.6%	26.6%	26.6%
Other	9.1%	9.1%	9.2%
General Government	34.2%	34.3%	33.6%
Total	**21.1%**	**21.3%**	**21.4%**

(a) Activity in Portugal includes securitized loans

ELECTRONIC CHANNELS

Self-Service

Caixa's self service network, comprising 4,781 items of equipment, processed 134.9 million operations totalling movements of €7.95 billion, i.e. around €43 million/day in the period.

Its private CAIXAUTOMÁTICA network, with 2,442 items of equipment, cash machines and bank passbook updaters processed 66.5 million operations comprising €4.27 billion in movements. The Multibanco network, managed by Caixa, with 2,339 items of equipment, processed 68.3 million operations and nearly €3.7 billion transactions.

Distance channels

Expansion of the new distance channels platform to corporate customers in first half 2013

Reference should be made, in first half 2013, to the expansion of the new distance channels platform to corporate customers, which, in addition to the operation of telephone, online, mobile and SMS channels on the Caixadirecta service for individual customers, also now processes the online and mobile channels of the referred to Caixa e-banking service for companies.

The Caixa Directa Service telephone channel processed 1.8 million contacts, having received more than 519 thousand and made around 1.1 million calls, contacting around 146 thousand customers.

Distance branches, geared to the monitoring and management of university students, recent graduates and residents abroad already handle around 120 thousand customers, with a turnover of €1 billion.

The Caixadirecta on-line service retained its growth trend in terms of the amount of operations of around 1.68%, over the same period last year.

Caixa e-banking

Caixa e-banking is the internet banking service for corporate and institutional customers. Its use, measured by the amount of operations performed, grew 0.36%. The number of active contracts grew 10.02%.

MEANS OF PAYMENT

CGD retained its domestic market lead in card issuance, with a market share of 25.9%

CGD retained its domestic market lead in issues of debit, prepaid and credit cards, with a market share of 25.9%, in June 2013, (24.3% in June 2012), notwithstanding the difficult environment.

In terms of "acquiring", Caixa continued to implement its strategic guidelines of promoting and encouraging the use of electronic means of payment, strengthening its position in the domestic market. There has been a sustained growth of the netcaixa service which consists of the global, integrated acceptance offer for domestic and foreign cards bearing the Multibanco, Visa and Mastercard symbols, relating to debit and credit operations on automatic payment terminals, with a year-on-year increase in market share from 11.6% to 12.2%.

Cards

Investment continued to be made on improving services, campaigns and other actions to secure and retain customer loyalty, based on the launch of new products and changes in the existing cards portfolio.

Investment on improving services, campaigns and other actions to secure and retain customer loyalty,

To expand the CGD card customer base and respective billings, work has been performed on revitalising cost improvement and effectiveness mechanisms.

Caixa has developed a new communication tool designed to improve convenience and security in the day-to-day use of cards in the form of Caixa Card Alerts comprising a series of specific communications on Caixa cards, emailed directly to the addresses housed in the credit card customer database. This tool will be initially used to notify the our credit card customers when they have exceeded their credit limits and may be used at a later stage for communications relating to the prevention of defaults, fraud alerts and the issue/cancellation of cards.

Proactive communications actions and campaigns and promotional endeavours continue to be developed to promote subscriptions and the intensification of the selective use of cards and use of credit, with the aim of finding new customers, defining new attributes in new segments and new functionalities, differentiated in terms of offer and channel.

Reference should be made to the following as regards loyalty campaigns and products/functionalities promotions in first quarter 2013:

- Rounding up – (from 2012/12/01 to 2013/01/31). With the objective of boosting savings based on the use of CGD's means of payment, all customers with an active rounding up function associated with individual credit cards (excluding; Made By card) and deferred debit cards for individual customers (excluding: Caixautomática card) and who save a minimum amount of €10 in their December and January statements, are eligible for a monthly gift of €100 paid into their savings account for 1 year.

- Split payments – (from 2012/12/01 to 2013/01/31). Split payments permited transfers of outstanding balance on cards, payable in instalments over a period of 12 months.

- MasterCard cards 2013 – (from 2013/03/20 to 2013/05/10) - The MasterCard credit cardholder with the highest amount of purchases during the campaign period was given a ticket for two persons to the Champions League final, to include travel and accommodation for two. The 50 MasterCard cardholders with the largest amounts in purchases in the referred to period were given 50 Playstation 3.

- Cash Lovers – (from 2013/01/01 a 2013/05/31) - This was a direct marketing action targeted at individual customers between the ages of 18 and 69, with only one effective debit cards, who made cash withdrawals of €2,500 or more from ATMs without making any purchase, between January and May 2013. This action took the form of prizes to persons changing their respective behaviour, incentivising the use of cards for purchases as opposed to withdrawals.

External recognition of Caixa's activity

As in past years, CGD was once again a finalist in the RETAIL BANKER INTERNATIONAL AWARDS 2013 international competition in the "Best Payment Innovation" category.

4.2. SPECIALISED CREDIT

SPECIALISED CREDIT SECTOR IN PORTUGAL

The financial leasing sector in Portugal grew 1.6%, year-on-year, with distinct changes in property leasing (up 15.0%) and equipment leasing (down 9.2%) products.

Activity in the factoring sector, notwithstanding its treasury support characteristics contracted 6.5%.

Financial leasing sector in Portugal grew 1.6%, year-on-year

TABLE 11 - SPECIALISED CREDIT SECTOR PRODUCTION IN THE HALF

(EUR million)

	Jun/12	Jun/13	Change (%)
Property leasing	230.1	264.6	15.0%
Equipment leasing	503.7	457.5	-9.2%
Factoring (a)	11,586.4	10,832.8	-6.5%

Source: ALF – Assoc. Portuguesa de Leasing, Factoring e Renting
(a) Provisional values (June 2013)

CAIXA LEASING E FACTORING

Caixa Leasing e Factoring, Instituição Financeira de Crédito, S.A. (CLF) represents CGD Group in the specialised credit sector, financial leasing sectors (property and equipment leasing), factoring and consumer credit sectors.

Caixa Leasing e Factoring (CLF) represents CGD Group in the specialised credit sector.

New loans, in the first half of the year, were down 17.2% for property leasing, 14.1% for factoring and 21.1% for consumer credit. In contrast with other products, equipment leasing was up 1.4%.

TABLE 12 - CGD GROUP PRODUCTION

(EUR million)

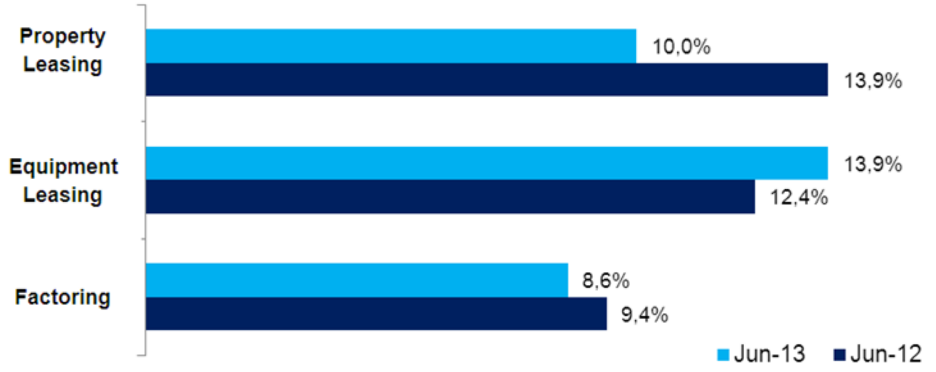
	Jun/12	Jun/13	Change (%)
Property leasing	32.0	26.5	-17.2%
Equipment leasing	62.6	63.5	1.4%
Total leasing	**94.6**	**89.9**	**-4.9%**
Factoring	**1,085.7**	**933.1**	**-14.1%**
Consumer credit	**2.4**	**1.9**	**-21.1%**
Of which:			
Vehicle finance (a)	**17.3**	**23.0**	**32.8%**
Equipment leasing	15.5	21.5	38.9%
Consumer credit	1.8	1.5	-18.7%

(a) Light vehicles

In terms of ranking, the company came fourth in property leasing (third in June 2012), with a market share of 10% (13.9% in June 2012) and has retained its lead of the equipment leasing market with a market share of 13.9% (12.4% in June 2012). CLF came fourth in the factoring sector ranking (unchanged from June 2012), with a market share of 8.6 % (9.4% in June 2012).

Market Position:
- Property leasing: 4th place (10.0%);
- Equipment leasing: 1st place (13.9%);
- Factoring: 4th place (8.6%).

CHART 7 - CGD GROUP MARKET SHARE



Source: ALF – Associação Portuguesa de Leasing, Factoring e Renting

Caixa Leasing e Factoring's net assets declined by 16%, as a result of the 18.1% decline in the loans and advances to customers portfolio (net of provisions).

TABLE 13 - FINANCIAL KEY INDICATORS - CLF

(EUR million)

	Jun/12	Jun/13
Net assets	2,956.3	2,482.9
Loans and advances to customers	3,005.5	2,534.0
Provisions for overdue credit, doubtful loans and foreign loans (balances)	-173.4	-207.3
Shareholders' equity	99.4	57.7
Net income	-27.5	-29.8
Share capital	10.0	10.0
Group %	51%	51%
CGD Group employees [(a)]	191	187

(a)Total staff at service in company = Staff with open-ended contract + Staff with fixed term contract + Staff that came from other Group entities – Staff from CLF at other Group entities

Net interest income and net operating income from banking operations were down 13.4% and 22.6%, respectively. Provisions associated with defaults on loans and advances to customers increased to €31.8 million in the adjustment to amounts associated with credit account heading (net of recoveries and cancellations) with losses of €29.8 million consequently being made.

4.3. INTERNATIONAL AREA ACTIVITY

The development of international activity is one of the main thrusts of the policy followed by CGD Group. Its respective importance has been gradually enhanced by the present situation and outlook on the Portuguese economy. The fall in household disposable income, a still weak expectation of progression in terms of domestic demand and the urgent need to achieve the sustained development of the tradables sector comprise, inter alia, determining factors on the need to redefine cross-border business as being of major strategic importance within CGD Group.

Strengthening of the strategic importance of International Activity.

This aspect of the activity has accordingly been developed on a structured basis and should continue to contribute to as quick a return as possible, to levels of consolidated Group profitability in line with its respective leading position in Portugal.

The expansion and consolidation policy of the international business on CGD's global network is, in any event, in line with compliance with the Group's objective, currently of increased importance, to promote and restructure productive activity and job creation in Portugal.

CGD's strategic mission is to encourage entrepreneurship, innovation and the internationalisation of companies with major growth potential, exporting companies and companies operating in the strategic sectors of the Portuguese economy, in addition to the upgrading of technology in traditional sectors and promotion of the economy's emerging sectors.

CGD Group is present in a multiplicity of latitudes in the form of equity stakes or the management of entities operating in countries with which Portugal has historical, cultural or linguistic affinities, in almost all Lusophone countries and in several of the main international trade corridors.

CGD Group is currently present or represented on 4 continents, by branches, subsidiaries, associated companies, representative offices and representatives: 9 bank branches (New York, France, Luxembourg, London, Zhuhai/China, East Timor, Cayman Islands, Spain and Macau), 8 subsidiaries in 7 countries (Spain, Macau/China, Mozambique, Angola, Cape Verde, South Africa and Brazil), 1 associated company (São Tomé e Príncipe) and 8 representative offices (Belgium, Germany, Canada, Switzerland, Venezuela, Mexico, India and Shanghai/China) and is also represented in Algeria.

Geographic markets defined as a strategic priority for CGD Group's international development are markets to which Portuguese companies export their products and which have posted visible rates of economic growth. They include (i) Africa, particularly Mozambique (in which CGD controls the financial system's second largest bank – Banco Comercial e de Investimentos, Angola (through Banco Caixa Geral Totta de Angola) and South Africa (through Banco Mercantile); (ii) the Brazilian market, through Banco Caixa Geral-Brasil and (iii) the Asian market through Banco Nacional Ultramarino.

Support for the internationalisation and competitiveness of the best Portuguese companies.

Caixa has accordingly played an active role in its support for the internationalisation of Portuguese companies, contributing towards an improvement of their export capacity and competitiveness, in addition to providing support to geographically dispersed Portuguese communities with a relevant role in terms of resource-taking.

In meeting this challenge, in first half 2013, Caixa has continued to endeavour to improve the quality/expertise of the means and resources available to its teams specialising in this business sphere, notably International Business Managers and Market Pivots with the aim of improving interaction over the whole of the network (domestic and international), enabling new international business and foreign trade opportunities to be identified and exploited.

Improvement and strengthening of the expertise of staff specialising in international business.

Highly favourable performance of CGD Group Units in Asia and Africa.

Reference should be made, in this context, to the activity performed by International Desks, located in priority markets, for the purpose of improving interaction with diverse Group Units abroad. In addition to the Desks already in existence in BNU Macau, BCG Spain and France and NY Branches, also BCG Brasil and Mercantile Bank in South Africa have privileged interlocutors for the corporate bilateral business. The implementation of similar structures in BCGT Angola and BCI Moçambique, exclusively dedicated to boosting this area is currently in progress.

CGD produces and also publishes market handbooks for companies looking for opportunities and interested in CGD Group's range of products and services in diverse markets. These instruments aim to publicise CGD Group's capacity to assist and boost the development of its customers' business.

Based on this strategy, the Group intends to expand the number and volume of cross-operations between CGD and CGD Units Abroad, particularly targeted at customers exporting to markets in which the Group has a presence, while, in parallel enabling new customers with international activities to be secured.

In this sphere, the Group's extensive international network is a tremendously valuable asset, particularly in terms of its potential to develop commercial and investment flows between Portugal and geographic areas currently comprising important worldwide growth hubs and where Caixa has major presences.

New development hubs include India, Canada and Algeria.

Caixa has also been targeting its international business strategy to new hubs such as India, Canada and Algeria. The strategy in India is centred on the penetration, still at its early but nevertheless promising stages, of Portuguese companies and exports in the said market, in addition to business development between India and other territories in which CGD has a presence, notably China. In Canada, the activity is currently more geared to resource-taking from non-residents, on the basis of a relationship of greater proximity. The Algerian market, in turn, is an important hub for attracting Portuguese companies.

The growing thrust of international business has still to translate into evident signs of global results, which continue to be penalised by CGD's presence in Spain, operation currently underesizing and restructuring. This country's situation in economic and sectorial terms has required abnormal provisioning levels with the consequent negative effects on Group profitability.

Relevance of the Iberian operation leads to the network and business model restructuring.

Iberian business continues however, to be of the highest relevance to Caixa and to the country. This is why the Group's immediate priority is to restructure and boost its respective activity and presence in Spain. This process, which has already taken the form of a visible redimensioning process, will also translate into a renewed business model in an integrated Iberian network resulting from the natural expansion of CGD's domestic network to the Spanish market.

TABLE 14 - CONTRIBUTION FROM INTERNATIONAL ACTIVITY TO THE CONSOLIDATED INCOME

(EUR million)

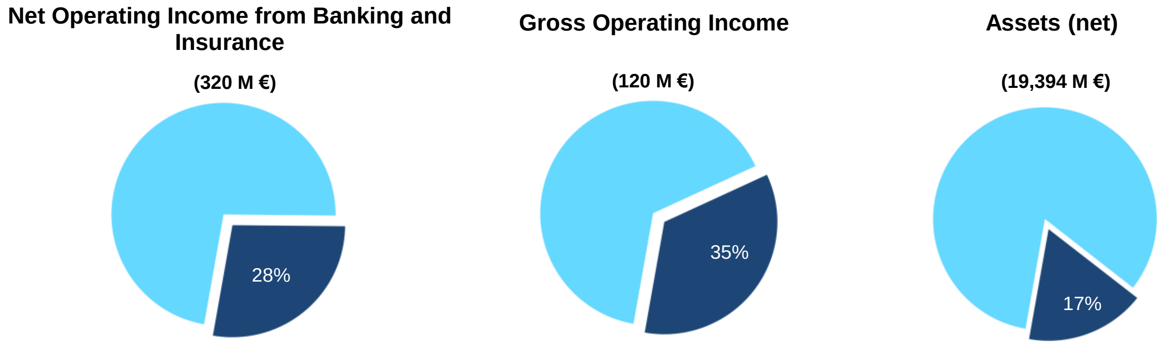
	Jun-12	Jun-13	Change
Subsidiaries in Africa and Asia	35.6	43.4	7.8
Other Subsidiaries and Foreign branches	-47.2	-97.9	-50.8
Total International	**-11.6**	**-54.6**	**-43.0**
Total International, excluding Spain	**55.6**	**35.8**	**-19.9**

The contribution to the Group's Consolidated Net Income was, accordingly, still negative comprising losses of €54.6 million in first half 2013. Excluding Spain, this contribution would have been a positive €35.8 million, against €25 million in first quarter 2013 and €55.6 million for the same half 2012.

Confirming the Group's strategy of increasing its focus on regions with high growth potential, important contributions continue to be made to the net results of CGD from units in Asia, with BNU Macau having made a profit of €18.7 million in first half 2013, in Africa, with BCI Moçambique (equity stake of 51%), having contributed €6.9 million, BCG Totta Angola (equity stake of 26.01%) with €7 million and Mercantile in South Africa with €6 million. In the sphere of the so-called mature markets, special reference should be made to the good performance of the France branch translating into net results of €8.7 million in first half 2013.

CGD its focus on regions with high growth potential.

CHART 8 - CONTRIBUTION FROM INTERNATIONAL ACTIVITY



Notwithstanding the fact that the international area represents only around 17% of the Group's total assets, its contribution of 28% and 35% to Net Operating Income and Gross Operating Income, respectively, translates Caixa's international segment efficiency.

International activity contribution:
- 28% of Net Operating Income
- 35% of Gross Operating Income.

With the aim of promoting international activity and achieving greater penetration in communities associated with this area of activity, various actions were taken, in concert with entities such as Tektónica, AICEP and AERLIS, in Mozambique, South Africa, Morocco, Cape Verde, People's Republic of China and Algeria, particularly:

- A visit to SIAM (International Agricultural Fair) in Morocco, in April, as part of the visit of the Minister of the Sea, Environment and Territorial Planning, accompanied by Portuguese businesspeople who made contact with local businesspeople of relevance for the internationalisation of Portuguese companies and products.
- Participation in CGD's II IPDAL Forum on "Business Opportunities in Latin America" held in May, concentrating on direct contacts between Portuguese businesspeople and the ambassadors of 12 countries, for companies interested in expanding their business on the other side of the Atlantic and providing them with information on the business environment in each of the countries.
- Participation in the Business mission to Mexico, in June, with the presence of Portuguese businesspeople, in which contacts were made with local entities and in which the commercial relationships with Portuguese companies already operating there were enhanced.
- ABC Market Moçambique, in partnership with AICEP Portugal Global, which took place in June, geared to developing the capabilities of Portuguese companies operating in Mozambique or preparing their presence therein, by providing information on market obstacles and potential. The sharing of experience of people already successfully operating in the market helps to facilitate the internationalisation process.

- Signing of an agreement of cooperation between Mercantile Bank and Gauteng Growth and Development Agency (GGDA), in June, to assist Portuguese companies interested in investing in or expanding their investments in South Africa. GGDA aims to promote economic development and competitiveness in diverse areas and projects in the region.
- Accompanying diverse companies in their market approach, essentially as regards exports and institutional relationships with diverse entities, as in the case of COSEC.

CGD has endeavoured to develop and improve its foreign trade facilities for its customers.

To exploit the synergies deriving from the relationship with banks and financial institutions worldwide, CGD has endeavoured to develop and improve its foreign trade facilities for its customers, having joined the International Business Network (IBN) platform, developed and managed by the European Savings Bank Group, providing SME customers with end-to-end solutions for opening accounts in diverse markets.

Complementarily, the relevance of the individual customers' resident abroad business, plus new emigration flows, justify the special attention paid by Caixa to this segment. There has been a positive evolution of resource-taking notwithstanding the unfavourable perception of sovereign risk, confirming this customer segment's confidence in the Group.

Non-resident community provides CGD with new signs of confidence and loyalty.

First half 2013 witnessed a 0.4% increase in total resources taken from Residents Abroad and a 2.9% growth in customers number. There is also a growth trend in terms of remittances received, in line with the evolution set out in Bank of Portugal's Balance of Payments Statistics. The highest growths have particularly been in Switzerland, France, Germany and the United Kingdom. Also relevant is the contribution made by customers resident in Angola and Brazil.

The new emigration flows, essentially fuelled by difficulties in the Portuguese labour market, are a challenge to which Caixa has provided a consistent response. In this period, Caixa has increased its cross-selling activities between individual and corporate customers, in its awareness of the importance of a global commercial approach to its customers and meeting their requirements in full.

PERFORMANCE OF CGD'S MAIN UNITS ABROAD

Spain's financial sector, under pressure from the European Union and Bank of Spain, continues to restructure its assets portfolio and rationalise its banking means and structures. A "SAREB" ("Property Assets Management Company") was created for the toxic assets of banking entities benefiting from capitalisation with European funds, or which take a stake in the entity.

Spain is Portugal's leading customer and commercial supplier. According to INE data, 4,900 Portuguese companies export to Spain.

Banco Caixa Geral (BCG) makes loans and provides services to businesspeople with peninsular business and also helps to facilitate the respective business with other geographic areas in which the Group is present. First half 2013 witnessed a more than 3% increase in the number of Iberian customers, a 49% increase in loans and sureties to customers working in Portugal and Spain and a 26% increase in resources-taken.

BCG has a network of 172 branches, particularly covering Spanish regions with more significant relationships with Portugal, i.e. Madrid, Galicia, Estremadura, Castile-León and Catalonia.

The economic environment in which Banco Caixa Geral operates is profoundly recessionary and its consequent effects on banking sector profitability have led the Group to implement a profound redimensioning and restructuring policy covering the whole of its presence in Spain.

CGD Group implemented a profound redimensioning and restructuring policy covering the whole of its presence in Spain

The Bank's objectives continue to be the need to adjust its balance sheet, cost structure and business model to Spanish banking's new competitive circumstances, i.e. reducing its dependence rate on Group financing in terms of deposit-taking and selective growth of the loans portfolio geared to the SME segment, i.e. Iberian business, accompanied by a reduction in the rest of the portfolio.

The first half year saw a significant 13% increase in deposits and a 4.3% decline in net lending. There was an across-the-board increase in default levels to the whole of Spanish banking, as a consequence of problems in several major Spanish companies. The overdue credit increased to 7.65% wich is still considerably lower than the sector average (11.2% in April).

France, still impacted by the eurozone crisis grew 0.2% in 2012 and is expected to grow 0.8% in 2013.

Portugal's bilateral relations with France are very important with France coming third in the customer/supplier ranking. Around 5,700 companies in Portugal import products from France and there are 3,600 Portuguese exporting companies operating there, several of which are among the group of the 50 largest Portuguese companies.

There is an extensive community of Lusodescendants living in France and according to data for the first five months of the year, published by the Bank of Portugal, emigrants' remittances from French territory totalled €357.3 million.

CGD's France Branch is geared to its natural market comprising the Portuguese community in France while also serving other, particularly Lusophone communities and assisting Portuguese companies to develop their activity in France.

CGD France Branch:

- geared to its natural market comprising the Portuguese community in France;
- promotes bilateral business between Portugal and France.

As a result of contracting activity in the highly competitive market in which it operates, the Branch reduced its lending by 3.5%. Customer deposits were down 2.5%, with remittances to Portugal totalling €143.5 million in the first half year of the year.

Always mindful of the needs of its natural and proximity customers, the Branch continued to expand its network in the Paris region, opening another branch in Boulogne Billancourt, on the outskirts of Paris.

The branch is also committed to promoting bilateral business between Portugal and France and actively contributes to promoting sales of CGD Group owned property in the French market, having been present, for the second time at the Portuguese Real Estate Trade Fair in Paris.

Sub-Saharan Africa is the second region with the highest rate of growth following Asia, with a 5% increase of GDP in 2012.

Angola's GDP grew 5.8% in 2012 and expected to grow 8.3% in 2013. The wealth produced in the country continues to be associated with the exploration of natural resources, in which oil contributes 46% to GDP and accounts for 96% of exports. Diamonds and general mining operations fuelled by price increases in the international market have also increased production.

The tertiary sector also witnessed robust growth in telecommunications and financial services. Communication and information technology industries in Angola are expanding rapidly and the use of mobile phones and the internet is growing constantly and already serving around 52% and 12% of the population, respectively. The financial sector continues to develop, with the credit market expected to grow around 50% a year over the next five years.

Portugal is Angola's main supplier and accounts for a fifth of the country imports.

Angola's manufacturing sector represents less than 6% of GDP with imports of capital and consumer goods supplying expanding domestic demand, based on the effect of the sustained increase in per capita income and growing urbanisation.

Portugal is Angola's main supplier and accounts for a fifth of imports, supplied by more than ten thousand Portuguese companies.

Strategic focus of BCGTA lies in corporate and premium customers banking

Banco Caixa Geral Totta de Angola's (BCGTA's) strategic focus lies in corporate and premium customers banking. Reference should be made to BCGTA's membership of the "Angola Invest" programme and its ability to supply a competitive, differentiated product to Angola's small and medium sized enterprises.

The Bank furthered its policy of accompanying the business of CGD Group customers, in first half 2013, both in terms of investment support in Angola and for external trade between the two countries and between Angola and other geographies in which the Group operates. The current implementation of an international desk exclusively specialising in this activity will leverage cross-business dynamics and corporate internationalisations.

Mozambique may become South Africa's major energy supplier given the abundance of its gas and coal reserves. The country also has other natural resources such as gold, precious stones, bauxite and its fisheries sector.

The economy has grown at an average annual rate of more than 7% over the last decade, and is expected to grow 8.5% in 2013, based on major projects associated with aluminium, electricity, natural gas, titanium and coal.

The OECD has stated that the extent of the country's proven gas reserves justifies the construction of a large liquefied gas production plant in Mozambique. If the estimates are correct, the country has the world's fourth largest natural gas reserves following Russia, Iran and Qatar and is well placed to supply raw materials to the emerging markets of Brazil, India and China.

International economic analysts are in agreement over Mozambique's future prosperity and an Economist Intelligence Unit report has recently ranked Mozambique among the countries with the highest potential in Africa. Although gas finds have, as yet, had a small impact on economic activity, they may, over the medium/long term completely reshape the country's economic, social and human development.

In the context of Lusophone Africa, Mozambique is Portugal's third largest customer after Angola and Cape Verde and the second coming after Angola. Around two thousand Portuguese companies export to and seventy companies import goods from Mozambique. Portugal is one of the main investors in Mozambique. It came in first position in 2010, dropping to third, in 2011, following China and South Africa. 28 of Mozambique's 100 largest companies have Portuguese capital.

Banco Comercial e de Investimentos (BCI) is Mozambique's second largest bank, and is outstanding in the region's banking sector owing to its recognised credibility, its continuous and successful endeavours to innovate and its adoption of social inclusion policies, based on its contribution to increasing the population's use of the banking system.

BCI has a significant branch office network.

The Bank has a significant branch office network covering the various regions of the country and has implemented innovative concepts in its approach to customers, such as its creation of Integrated Business Centres, comprising, in the same location a universal BCI branch, a BCI Corporate Centre and a BCI Exclusivo Centre. The BCI brand is recognised as a Mozambique bank, which values national culture, tradition and the country's sustainable development, associated with values of strength and confidence in CGD Group.

For the 4th consecutive time over the last five years BCI was awarded with PMR.africa prizes.

In first half 2013, BCI was awarded several PMR.africa prizes for the 4th consecutive time over the last five years. They included the Diamond Arrow Award, as the winner of the “Business Banking” category, the Diamond Arrow Award, as the winner of the "Personal Banking” category and the Diamond Arrow Award, as the winner of the “Companies/Institutions" category, demonstrating exceptional Corporate and Governance qualities in Moçambique”.

Cape Verde was one of the most stable African countries in 2013-2014 and the outlook for the archipelago's economy remains favourable.

Government strategy is to attract domestic and foreign investment in tourism, culture and the financial sector, as well as in clusters associated with the sea (fisheries, transport and oceanography), sky (air transport) and new technologies. IMF projections for tourism indicate a more than 110% growth in revenues between 2009 and 2016 to more than €400 million in 2016 (45% of goods and services exports), in a sector accounting for 14% of total employment. In the Lusophone context, Cape Verde is Portugal's 2nd largest customer after Angola and 3rd ranking supplier following Angola and Mozambique. In this context, 2,800 companies in Portugal export to and around eighty import goods from Cape Verde.

The unfavourable economic and financial environment in the eurozone has conditioned funding for Cape Verde's economy, owing to a reduction in the exports of goods, emigrants' remittances, budget aid and particularly foreign direct investment.

The recessionary scenario is reflected in the commercial activity of CGD Group's banks in Cape Verde, **Banco Comercial do Atlântico and Banco Interatlântico.**

BCA and Banco Interatlântico felt effects of the recession on their activity

Banco Comercial do Atlântico (BCA) is considered to be the leading bank in the domestic market and diaspora, with a strong presence in Cape Verde's main emigration markets. The bank posted a slight growth of 3.2% in its credit portfolio (net) over December 2012.

Banco Interatlântico posted slight growth of 1% in its loans and advances to customers (net) portfolio while continuing to witness an increase in late payments as a result of the economic situation.

Reference should, however, be made to an increase of around 2.2% in the level of customer deposits over December 2012.

CGD Group is present on all of the Cape Verde archipelago's islands.

The two banks as a whole have a network of 42 branches, with CGD Group having a presence on all of the archipelago's islands.

São Tomé e Príncipe's economy is reliant on foreign aid and more recently on revenues from oil, whose exploration has been characterised by delays and, from investors' viewpoints, the insufficiency of the quantity explored. The financial system in S. Tomé is relatively undeveloped and highly "dollarised". Foreign currency deposits account for around 60% of the stock of money supply and around 70% of commercial bank lending to the private sector Is denominated in foreign currency.

The island's trading activities are irrelevant in worldwide terms and the deficit on the trade balance is very high, with a coverage rate of around 12%. Portugal is the country's leading supplier and third largest customer with 1,300 Portuguese companies selling products to S. Tomé and 30 companies buying from the archipelago.

BISTP has retained its leading market position.

Banco Internacional de São Tomé e Príncipe (BISTP) has retained its leading market position. Notwithstanding its adoption of a restrictive lending policy, it continues to post an interesting growth rate of around 10% in terms of lending, although its market share was slightly down by 0.5 pp from 46.4% to 45.8%;

Market share of customer deposits: 73%.

Commercial and marketing actions, geared to innovation and the full satisfaction of its customers and transmission of an image of confidence and strength have permitted a sustained growth of deposits which were up by around 15%. BISTP's 73% market share of customer deposits was up 3 pp over May 2012.

The prudential, rigorous management of assets and liabilities and the burning ambition of continuing to be a partner with a major presence in the social, economic and financial lives of the citizens of São Tomé e Príncipe and the state, in the construction of more harmonious economic development, have enabled BISTP, in performing its activities, to evolve positively and firmly in its pursuit of enhanced financial strength.

Business Strategy:
- Strengthening of the leading market position
- Geographic expansion
- Diversification of business areas;
- Closer proximity with customers.

The construction of its new head offices, which were inaugurated during the half year, is an integral part of the business strategy, with the objective of strengthening its leading market position, geographic expansion and diversification of business areas, closer proximity with and greater customer confidence and the quest for excellence in its supply of products and services.

South Africa has the most developed economy in Africa and represents around 34% of Sub-Saharan Africa's GDP. The country has an abundance of natural resources (platinum, gold, diamonds and coal), a relatively developed infrastructure and transport network and a developed financial system. In 2012, GDP grew 2.2% and is expected to grow 3.1%, in 2013 based on the positive contribution of exports and domestic demand.

Mining is one of the most important sectors in South Africa's economy and represents around a tenth of the country's wealth creation. In 2010, South Africa was the world's largest producer of chrome, the 5th largest producer of gold and 4th largest producer of diamonds (by volume and value). It was also the largest producer of platinum in the said year with 76% of world production.

Bilateral trade between Portugal and South Africa is not highly relevant and involves around five hundred Portuguese exporting companies and three hundred importers of South African products.

Mercantile Bank is a niche operator, geared to SMEs.

Mercantile Bank is a niche operator, geared to SMEs and differs from its peers on account of its personalised service model and supply of customised financial solutions.

With the objective of backing the internationalisation of the Portuguese economy, the Bank, in conjunction with AICEP, visited various Portuguese companies in 2012, resulting in investments made by six of the companies in South Africa, with the end-to-end backing of CGD Group.

Taking the preceding year's success into account, in 2013 the Bank made an additional series of visits, once again with AICEP and in collaboration with GGDA (Gauteng Growth and Development Agency) with 19 Portuguese companies having expressed a potential interest in investing in South Africa.

Mercantile performed a set of actions to promote internationalization.

GGDA's participation in this project was possible on account of the signing of a business promotion protocol between CGD Group and Gauteng Province (the largest in South Africa and Africa's fourth main economy).

In the East, **China** is the second largest world economy and the economy with the highest growth rates over the last few years. Several signs of a slowdown in activity are beginning to appear. In the first quarter of this year GDP grew 7.7% but decelerated to 7.5% between April and June this year. Exports accompanied this trend, down slightly from 25% in 2012 to a forecast of 24.6% for the end of this year.

China is one of Portugal's ten largest markets, when, around a decade ago, it accounted for a very small proportion. In the first eleven months of 2012, Portuguese exports to China were up by a year-on-year 34%, exceeding €1 billion for the first time.

China's investment in Europe has grown over the last few years. In Portugal, China Three Gorges took an equity stake of 21.35% in EDP, becoming the Portuguese electricity company's largest shareholder. Another major state-owned Chinese company, the State Grid took a 25% equity stake in REN (Redes Energéticas Nacionais). Portugal has more than six thousand companies importing Chinese goods and more than nine hundred exporting to China. In financing terms, the China Development Bank and the Bank of China recently made large loans to the Portuguese electricity utility, with the commercial relationship and financial flows between Portugal and China expected to intensify in the near future.

Macau's economy continued to perform well, albeit at a slower rate, to a year-on-year growth rate of 10.8% in the first 3 months of this year, owing to the performance of exports of services, investment and private consumption, in a framework of historically low interest rates. Around thirty Portuguese companies import goods from Macau.

The labour market remains close to full employment with Macau's unemployment rate dropping to its lowest ever level of 1.8% at the end of May 2013. This led to wage hikes and companies' difficulties in hiring and retaining skilled human resources.

The gambling sector, tourism and associated activities continued to evidence sustained growth, with a 14.2% increase in gross revenues from gambling in first half 2013, owing to the 3% increase in the number of visitors to the Territory.

The local economic environment benefited from the banking sector, with the arrival of major Chinese banks and their endeavours to achieve market share.

Banco Nacional Ultramarino (BNU Macau) operates as a universal bank in Macau and continues to be one of the Territory's mints, in a context in which there has been an increase in currency in circulation. The trend is expected to continue.

In the first 6 months of this year, BNU produced a high level of performance in terms of the growth of business volumes, benefiting from the favourable economic climate the Territory continues to enjoy, notwithstanding banking sector competition, with its consequent impact on margins, deposit-taking and loans and advances to individual customers.

BNU recorded a high performance level in terms of the growth of business volumes (+9.1% over Dec. 2012).

BNU's total turnover, in first half 2013, was up by around 9.1% over December 2012, with the preponderance of customer resource over credit, at 10.2% against 6.8%, respectively.

Zhuhai Branch contributes towards the commercial relationship with Lusophone countries.

CGD's presence in China, in the form of its Zhuhai Branch, is also viewed as a positive element which could contribute towards the commercial relationship with Lusophone countries. This advantage enjoyed by CGD comprises important leverage for the development of the business of Portuguese businesspeople.

In **Timor** oil exploration represents 80% of GDP and its revenues enable the fragility of its productive structure to be mitigated in line with the objective of reducing poverty and promoting economic growth.

There is a huge deficit on the balance of trade with an import to exports ratio of less than 10%. Coffee accounts for 97.5% of the country's exports whose main trading partners are its actual geographic or nearby regions. Trade flows with Portugal are very limited and only around ten Portuguese companies import goods from Timor (mostly coffee).

Last year's transformation of the Banking Authority into the Central Bank, initiated a new cycle in the Territory's financial system. The Micro-Finance Institute was transformed into the Banco Nacional Comercial de Timor-Leste which is the only bank, alongside the CGD Branch, with a retail banking strategy and universal offer.

The Timor Branch has been operating in a conservative context, geared to the individual customers with stable income flows segment i.e. public sector workers and pensioners. The "corporate" segment has been affected by greater containment in terms of credit, reflected in the gradual loss of market share which has "migrated" to the two foreign institutions (ANZ and Mandiri).

The CGD/BNU brand in East Timor has always been associated with concepts of stability, rigour and security.

The CGD/BNU brand in East Timor has always been associated with concepts of stability, rigour and security, as a fundamental asset for growth, notwithstanding the various constraints experienced by the branch in terms of deposit-taking.

The furtherance of the protocol with the Secretariat of State for Employment and Vocational Training (SEPFOPE) has enabled the maintenance of a line of credit for young Timorese travelling to South Korea, for apprenticeships in diverse structuring sectors for the future of the Timorese economy (fisheries, agriculture, industry and several engineering areas). In addition to the CGD/BNU brand recognition factor, this institutional collaboration enables the foundation for the consolidation of medium/long term banking relationships with these young people to be laid.

Brazil is Latin America's leading economy and comes seventh in the ranking of the largest world economies.

The Brazilian economy has posted high growth rates over the last few years but decelerated in 2011-2012, particularly for domestic reasons associated with the lack of transparency and poor economic efficiency. GDP is expected to grow 3% in 2013.

The Brazilian economy has, over the last few tears benefited from public investment and social support programmes which have mobilised nationwide resources. The OECD considers that there is a need for improved coordination between public bodies on a federal administration, states and local associative level, to improve the success rate of programmes in terms of economic growth and promotion of social development.

Brazil is not a particularly open economy and comes 22nd in the exporters and importers ranking. It is Portugal's 11th largest customer and 13th largest supplier, with 1,400 companies in Portugal importing Brazilian goods and 1,600 Portuguese companies exporting to Brazil.

Banco Caixa Geral Brasil (BCGB) is a small corporate and investment bank, which endeavours to provide assistance to the commercial associations and investments of Brazilian customers in Europe, Africa and China as well as the investments and operations of CGD Group customers in Brazil.

BCGB has committed to the high business potential geographic polygon of Iberia-Brazil-Africa, given Brazilian companies' interests in these development hubs. Iberian companies consider Brazil a destination of major potential for the expansion of their activities.

BCGB has committed to the high business potential geographic polygon of Iberia-Brazil-Africa.

The Bank has an integrated supply of financial services, to include local and foreign currency loans, guarantees, derivatives, foreign exchange operations and financial investments. The Bank also operates as an investment bank, in areas such as project finance advisory services, mergers and acquisitions, structured finance and capital market operations. Activities geared to individual customers and institutional investors complete its supply of products and services.

In addition to these Group businesses, CGD Group's international network also includes its New York, Cayman Islands, London, Spain, Luxembourg and Macau branches and 12 representative offices on 4 continents.

4.4. INVESTMENT BANKING

The Consolidated Net Income of Caixa - Banco de Investimento, S.A. (Caixa BI) in first half 2013 totalled €10.9 million, benefiting from CaixaBI's participation in major operations enabling it to earn commission income of €32.9 million and a positive performance of income from financial assets of around €7 million, when adjusted for impairment on financial assets.

Investment banking with consolidated net income of €10.9 million notwithstanding provisions and impairment increases.

Net operating income totalled €48.1 million in June. Adjusted of impairment on financial assets changes, net operating income increases to €53.1 million.

The current macroeconomic environment continues to have a negative impact on the Caixa BI results, affected by provisions and impairment increases of €26.2 million in first half 2013 (€36.2 million in first half 2012).

PROJECT FINANCE

In terms of project finance, reference should be made to the financial close of the water concession to Indaqua Oliveira de Azeméis, whose financial advisory, structuring services and financing organisation were provided by CaixaBI and the successful completion of the transfer of a part of ELOS's contractual package to Parpública.

Important contribution to advisory services for tenders in Brazil.

On an international level, CaixaBI, in partnership with BCG – Brasil, provided advisory services to Abengoa on the tender for the award of a concession for the provision of operational, maintenance and expansion services for the flood control reservoirs system in the Alto Tietê hydrographic basin, in the state of São Paulo. Also in Brazil and in partnership with BCG – Brasil, CaixaBI was the advisor to one of the main Brazilian players for the tender for a collection of Federal roads in Brazil, the first bid for which is scheduled for September.

STRUCTURED FINANCE

As regards structured corporate operations, reference should be made to the structuring and organisation of financing for Tagus Holding SARL (a company 55% owned by José de Mello Group and 45% by the Arcus European Infrastructure Fund) in the sphere of the Exit Mechanism for Brisa's Minority Shareholders and the completion of several syndicated financial liabilities reorganisation processes involving CGD Group, of which special reference should be made to Ges Siemsa, Yelmo, Erosky Group, Blinker and Bodybell Group.

CORPORATE FINANCE – DEBT

Participation in most significant bond market operations.

Reference should be made to the following bond market operations in which CaixaBI participated, in first half 2013:

- Treasury Bonds: joint bookrunner and joint lead manager for an issue of Benchmark Treasury Bonds maturing in 2014, for the total amount of €3 billion.
- CGD: joint bookrunner and joint lead manager for the €750 million covered bonds issue in what was the first international market operation access for covered bonds by a Portuguese bank since January 2010;
- REN: joint bookrunner and joint lead manager for the €300 million Eurobond issue;
- PT: joint bookrunner and joint lead manager for a PT bond issue for the amount of €1 billion;
- Sonae Sierra and EDA and Viola Contesi: organisation and lead of bond issues for the amount of €75 million, €50 million and €10 million respectively;
- Galp: organisation and lead of a €600 million bond issue with a maturity of 4 years.

Caixa BI also organised and led nine new Commercial Paper Programmes

Caixa BI also organised and led nine new Commercial Paper Programmes and completed twenty four extensions and/or revisions to Programmes opened in past years.

EQUITY CAPITAL MARKET

On a capital market level, reference should be made to CaixaBI's participation as an advisor to Parpública and joint bookrunner for the sale of a 4.14% equity investment in EDP. This transaction which marked the completion of EDP's reprivatisation process was the most significant capital market operation in Portugal in the first six months of 2013, comprising the sale of a block of 151,517,000 EDP shares, based on an accelerated bookbuilding operation exclusively geared to domestic and international institutional investors.

CaixaBI also acted as the advisor to Parpública in the process for its admittance of the referred to block of 151,517,000 EDP shares to NYSE Euronext Lisbon's official trading list.

CaixaBI consolidated its relevant position in the Iberian capital market, as the only national financial institution listed in ECM Ibéria's Top 10 league table in first half 2013.

CORPORATE FINANCE – ADVISORY SERVICES

In the first six months of 2013, CaixaBI developed and successfully completed several projects, particularly including its financial advisory services to Parpública for the sale of the referred to 4.14% equity investment in EDP, in addition to the closing of the HPP Saúde transaction, at the end of 2012.

Relevant financial advisory actions in Portugal.

SYNDICATION AND SALES

CaixaBI was involved in the following primary market issues in first half 2013:

- Tap PGB 4.35% 2017 (MS+395): co-lead, with total demand of €12,000 million for a final placement of €2,500 million;
- CGD 3.75% 2018, Covered Bonds (MS+295): lead manager, with demand of more than €3,500 million for a final placement of €750 million;
- REN 4.125% 2018 (MS+320.4): lead manager, with demand of more than €650 million for a final placement of €300 million;
- Portugal Telecom 4.625% 2020: joint lead manager, for an operation with a final placement of €1 000 million;
- Banque Populaire Caisse D'Épargne 1.325% 2017: co-lead manager, for an issue of €500 million.

In the Commercial Paper segment, 159 issues for a total amount of €2,146 million were placed.

FINANCIAL BROKERAGE

According to data published by the CMVM, CaixaBI had an market share of 11.6%, in May, up 53.4% over its trading volume for the same period 2012. Contributory factors were CaixaBI's participation as bookrunner in the accelerated bookbuilding process for 4.14% of the capital of EDP and growth of activity in the international customers segment.

Reference should also be made to participation with Banque Degroof in the Belgium Post IPO and with Bankia Bolsa in the accelerated bookbuilding process for 12% of the capital of International Airlines Group (IAG), held by Bankia.

TRADING – PUBLIC DEBT AND LIQUIDITY PROVIDING

CaixaBI's activity as a liquidity provider maintained high performance levels and continued to operate on a series of securities such as Cofina, Orey Antunes, Altri, Inapa, Ibersol and SAG Gest, listed on NYSE Euronext Lisbon, with Euronext having attributed its maximum "A" rating to CaixaBI for all securities and categories.

Market-making activity concentrated on a Fundiestamo real estate fund and a deeply subordinated Millenniumbcp Tier 1 perpetual issue.

CORPORATE ADVISORY AND RISK MANAGEMENT SERVICES

Operations contracted for in first half 2013 particularly included a hedge for the credit operation for the Luanda Shopping project, strengthening CaixaBI's position as a derivatives competence centre for CGD Group's International Area.

In light of the low demand for interest rate hedges, CaixaBI maintained its structuring of risk hedge operations with tailor made structured options and its development of solutions for commodities hedges.

VENTURE CAPITAL

CaixaBI remained in first half 2013 focused on its activity of capturing and analysing investment opportunities suitable for inclusion in the four venture capital funds under Caixa Capital management, in the first half. A total number of 70 projects were considered of which 25 were filed or rejected, with 31 remaining under analysis and 14 approvals. The approved projects comprised a potential investment of approximately €43 million of which an amount of €2.1 million was invested.

4.5. ASSET MANAGEMENT

First half 2013 saw a slowdown in the rate of growth of the volume of assets managed in CGD as a result of the redemption of several guaranteed capital funds, although a renewed interest of individual customers in money market funds was noted.

Renewed interest of individual customers in money market funds.

TABLE 15 - AMOUNTS UNDER MANAGEMENT AND ADVISORY SERVICES

(EUR million)

	Jun/12	Dec/12	Jun/13
Unit trust investment funds	2,791	3,071	3,124
Wealth management (exc. pension funds)	15,559	17,524	17,457
Wealth advisory	361	392	313
Property funds	1,552	1,499	1,497
Pension funds	2,124	2,306	2,282
Total	**22,388**	**24,792**	**24,673**

Commissions

Income of €22.8 million earned by CGD Group's asset management up to June 2013, was slightly down over the same half year 2012, owing to the decline of commissions charges on the redemption of the Fundimo fund.

TABLE 16 - COMISSIONS

(EUR thousand)

	Jun/12	Jun/13	Change
Unit trust investment funds	7,596	8,214	8.1%
Wealth management	4,243	5,221	23.1%
Property funds	9,714	7,771	-20.0%
Pension funds	1,502	1,611	7.3%
Total	**23,055**	**22,817**	**-1.0%**

SECURITIES FUNDS - CAIXAGEST

Securities funds posted net growth of €54 million over the first six months of the year, notwithstanding the redemption of four guaranteed capital funds, for the amount of €320 million. A contributory factor to such a positive balance was customers' interest in money market funds promoted by Caixagest, in articulation with CGD's branch office and marketing networks.

Customers' interest in money market funds promoted by Caixagest, in articulation with CGD's branch office and marketing networks.

Funds under management

At the end of June, Caixagest managed 42 securities investment funds, with assets of €3,124 million, globally invested in different international financial markets.

TABLE 17 - FUNDS UNDER MANAGEMENT

(EUR million)

	Jun/12	Dec/12	Jun/13
Treasury funds	721	1,010	1,341
Bond funds	311	349	325
Funds of funds and mixed funds	71	71	109
Share funds	169	181	180
Special investment funds	498	476	498
Protected capital funds	1,021	983	672
Total	**2,791**	**3,071**	**3,124**

Commission earnings of €8.2 million for the first six months of the year were up 8.1% over the same half year 2012.

WEALTH MANAGEMENT - CAIXAGEST

Caixagest continued to develop its Wealth Management service, based on a proximity approach by CGD's branch office network and its respective portfolio customers. With the aim of securing new customers, service proposals were geared to the new economic circumstances.

Since the start of the year, wealth and assets under management and advisory services declined slightly, to an end of half year figure of €19,742 million.

TABLE 18 - PORTFOLIOS UNDER MANAGEMENT

(EUR million)

	Jun/12	Dec/12	Jun/13
Insurance portfolios	10,932	11,935	11,833
Institutionals	4,463	5,425	5,465
Pension funds	1,815	1,946	1,973
Individual and corporate customers	164	165	160
Assets under advisory management services	361	392	313
Total	**17,736**	**19,862**	**19,742**

Commission earnings from the portfolio management service up to June were €5.2 million, up 23.1% over the same half last year.

PROPERTY FUNDS – FUNDGER

The 27 property funds managed by Fundger totalled €1,497 million, at the end of June 2013.

The level of subscriptions to Fundimo's open-ended funds was negative, as a result of the lesser appeal of property products in the current economic environment.

There continued to be a certain slowdown in activity regarding Fundger's closed end funds most of which are allocated to property development and promotion. The initiation of the management of an Urban Redevelopment Fund and a Home Rental Fund was, however, noted.

TABLE 19 - PROPERTY FUNDS UNDER MANAGEMENT

(EUR million)

	Jun/12	Dec/12	Jun/13
Fundimo open-ended fund	967	914	860
Closed funds	585	604	637
Total	**1,552**	**1,517**	**1,497**

Commissions earned on property funds, totalling almost €7.8 million, were down 20% over the same half last year owing to the slowdown of the collection of redemption commissions from the Fundimo fund.

PENSION FUNDS - CGD PENSÕES

CGD Pensões managed a further two pension funds at the end of June 2013 with an asset value of €2,282 million.

TABLE 20 - FUNDS UNDER MANAGEMENT

(EUR million)

	Jun/12	Dec/12	Jun/13
Open-ended funds	2,019	2,155	2,169
Closed funds	105	112	113
Total	**2,124**	**2,267**	**2,282**

Commission earnings of €1.6 million up to the end of June, were up 7.3%, over the same half last year.

4.6. INSURANCE AND HEALTHCARE ACTIVITY

CONTRIBUTION TO CGD'S RESULTS

Caixa Seguros e Saúde, SGPS, S.A. earned a net income of €76.0 million more than the double, comparing to the same period last year, mainly due to disposal of HPP.

According to IAS/IFRS standards (CGD Group) Caixa Seguros e Saúde, SGPS, S.A. earned net income of €76.0 million in June 2013 (€36.6 million in the preceding year).

Caixa Seguros e Saúde contributed an amount of €290.2 million (up €5.4 million over June 2012) to CGD Group's net operating income, with €203.9 million from the technical margin on insurance operations and €86.3 in proceeds from financial activity.

The decline of €35.0 million in the contribution made by the technical margin on insurance operations in comparison to the preceding year particularly derived from the reduction in premiums and higher claims rates. This reduction was partially offset by the favourable performance of financial activity (up €40.5 million over June 2012), which, in 2013, reflected the sale of HPP and had an impact of €36.4 million on Caixa Seguros e Saúde's accounts.

Favourable performance of Caixa Seguros e Saúde financial activity reflected the sale of HPP.

TABLE 21 - CAIXA SEGUROS E SAÚDE, SGPS, S.A. - FINANCIAL STATEMENTS AND KEY INDICATORS

(EUR million)

NET ASSETS	Jun/12	Jun/13
Securities portfolio, deposits and cash	11,062.1	11,692.4
Investment properties and investments in associated companies	324.4	440.7
Non-current liabilities held for sale	92.4	0.0
Other tangible and intangible assets	440.7	298.0
Current and deferred tax assets	194.0	188.9
Technical provisions for outwards reinsurance	224.1	209.1
Other activities	532.5	516.7
Total assets	**12,870.1**	**13,345.9**
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES	Jun/12	Jun/13
Financial liabilities (investment contracts)	6,338.3	6,809.6
Technical provisions (insurance contracts)	4,353.9	4,176.3
Other provisions	77.0	112.3
Current and deferred tax liabilities	41.7	146.8
Non-current liabilities held for sale	107.3	0.0
Other liabilities	578.1	536.6
Total liabilities	**11,496.3**	**11,781.6**
SHAREHOLDERS' EQUITY	Jun/12	Jun/13
Capital	799.9	799.9
Share premiums	184.4	184.4
Reserves	186.2	485.4
Net income	36.6	76.0
Non-controlling interests	166.7	18.5
Total shareholders' equity	**1,373.8**	**1,564.3**
Total liabilities and shareholders' equity	**12,870.1**	**13,345.9**
Net operating income from financial operations	45.8	86.3
Technical margin on insurance operations	238.9	203.9
Operating costs	-154.6	-158.2
Provisions variations	4.9	-28.5

SHAREHOLDERS' EQUITY (cont.)	Jun/12	Jun/13
Impairment	-73.3	-7.9
Income from associated companies	0.6	0.5
Income before tax and non-controlling interests	**62.3**	**96.1**
Income tax	-23.4	-20.1
Non-controlling interests	-2.2	-0.1
Income for period attributable to CGD	**36.6**	**76.0**

Caixa Seguros e Saúde, SGPS, S.A. earned statutory income of €77.5 million comprising:

- Insurance area with + 48,7 M€;
- Separate activity, Linha de Cuidados de Saúde and HPP Internacional with - 7,4 M€;
- Sale of HPP with +36,3 M€.

EXECUTIVE SUMMARY

Caixa Seguros e Saúde, SGPS, S.A. earned statutory income of €77.5 million in first half year 2013, (€38.8 million in June 2012), comprising a positive contribution of €48.7 million from the insurance area (€45.0 million in June 2012), a negative contribution of €7.4 million from Caixa Seguros's separate activity, Linha de Cuidados de Saúde and HPP Internacional (losses of €6.1 million in June 2012) and a positive contribution of €36.3 million from the impact of the sale of HPP.

There was a considerable increase in Caixa Seguros e Saúde's insurance companies' solvency levels as a whole, which succeeded in achieving a solvency ratio of 233.7% (against 216.1% in June 2012).

In terms of insurance activity, Caixa Seguros e Saúde earned an amount of €1,754 million in direct insurance premiums in June 2013 (including resources taken under investment contracts), up 25.8%, particularly on account of the favourable performance of the life insurance area (up 46.1% over June 2012).

Operations in Portugal, responsible for most sales (97.7%), achieved direct insurance premium income of €1,714 million, up 26.1% over the same period 2012, in line with the rest of the market. Caixa Seguros e Saúde therefore retained its lead of the domestic insurance market, with a total market share of 28.4%, identical to June 2012, and therefore remaining the undisputed leader in all life and non-life insurance areas.

Caixa Seguros e Saúde had net assets of €13.3 billion, with shareholders' equity and non-controlling interests of €1.6 billion.

TABLE 22 - GENERAL INDICATORS - CAIXA SEGUROS E SAÚDE, SGPS [(a)]

(EUR million)

	Jun/12	Jun/13
Net assets	**12,764.2**	**13,221.0**
Shareholders' equity and non-controlling interests	**1,494.5**	**1,662.0**
Liabilities	**11,269.7**	**11,559.0**
Insurance contracts liabilities	**10,648.2**	**10,939.2**
Direct insurance technical and inwards reinsurance provisions	4,309.9	4,129.7
Liabilities with financial instruments	6,338.3	6,809.6
Combined ratio for non-life insurance (net of reinsurance)	**97.2%**	**100.9%**
Loss ratio (without cost allocations)	71.1%	74.4%
Expense ratio	26.1%	26.5%
Net income	**38.8**	**77.5**
Of which: Insurance activity	45.0	48.7
Hospital activity	-6.1	-7.4
Impact of the HPP sale	-	36.3
PROFITABILITY	Jun/12	Jun/13
ROE (net)	**3.1%**	**4.9%**
Employees	**5,688**	**3,547**
Insurance companies	3,399	3,328
Instrumental companies	225	219
HPP (consolidated)	2,064	0
INSURANCE ACTIVITY INDICATORS	Jun/12	Jun/13
Direct insurance premiums	**1,394.2**	**1,754.2**
Life insurance	140.9	119.8
Investment contracts (financial instruments)	678.7	1,077.7
Non-life insurance	574.6	556.7
Market shares (activity in Portugal)	**28.4%**	**28.4%**
Life insurance (including investment contracts)	29.8%	29.4%
Non-life insurance	26.6%	26.5%
Solvency (Local GAAP)		
A. Solvency margin (total)	1,298.8	1,486.5
B. Solvency margin (mandatory)	601.2	636.1
Solvency margin cover (A./B.)	216.1%	233.7%
No. branches	**147**	**142**
No. exclusive mediators	**2,785**	**2,806**

(a) Consolidated statutory accounts

Dimension/position of Caixa Seguros e Saúde

Reduction of 2,141 workers in Caixa Seguros e Saúde's insurance companies.

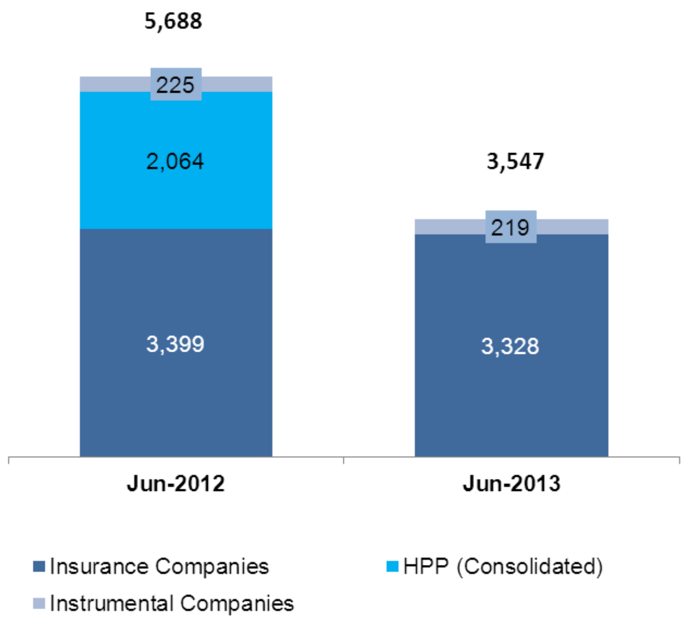
Caixa Seguros e Saúde is a global Portuguese insurance market operator, commercialising products in all insurance areas based on a multibrand strategy across the largest and most diversified insurance sales network in the domestic market:, in the form of Fidelidade; associated mediators; agents; brokers; CGD bank branches; CTT counters; internet and telephone channels.

Caixa Seguros e Saúde's insurance area focused its international activity on accompanying operations in foreign markets in which CGD is present in its own right or as a subsidiary, without prejudice to operations with greater autonomy and diversification of sales channels such as Angola and Spain.

Human resources

In quantitative terms, there was a year-on-year reduction of 2,141 workers in Caixa Seguros e Saúde's insurance companies as a whole. This reduction particularly derived from the sale of HPP in 2013. Excluding this effect the number of workers would have been down 77 of whom 71 were insurance company employees.

CHART 9 - NUMBER OF EMPLOYEES EVOLUTION



CONSOLIDATED FINANCIAL ANALYSIS

Technical income

Consolidated technical income of €64.2 million, in June 2013, remained in line with the amounts posted in the same period last year.

An analysis of the main technical account headings shows the following:

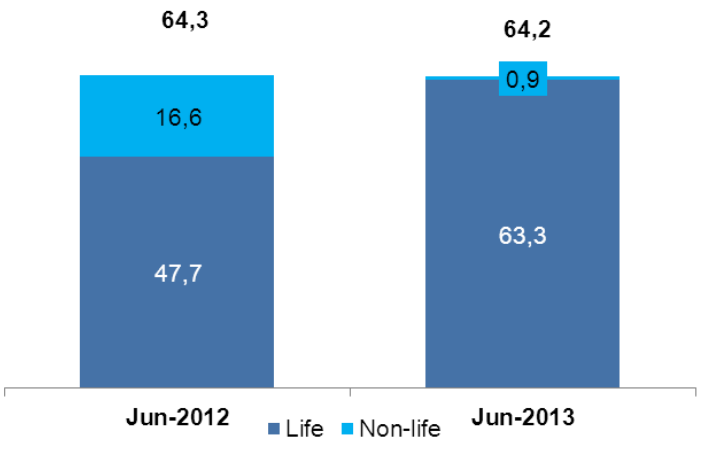
- Technical income from non-life insurance was down €15.6 million, year-on-year to €0.9 million. In technical terms, the combined ratio net of reinsurance was up 3.7pp over June 2012 to 100.9%. The loss ratio was up 3.3 pp owing to the higher claims rates recorded in the first quarter on account of the occurrence of storms. Notwithstanding the exit of 77 workers, the expense ratio grew 0.4pp, this year, essentially on account of the processing of holiday and Christmas bonuses and provisions for post-employment benefits and termination of employment this year in the staff costs account.

- There was a marked improvement of €15.6 million in technical income from life insurance, deriving from the favourable performance of financial income, as well as a smaller amount paid out in redemptions and maturities over the preceding half year.

Consolidated technical income was on June 2013, € 64.2 million, in line with the amounts of June 2012.

CHART 10 - TECHNICAL INCOME EVOLUTION

(€ million)



Life insurance

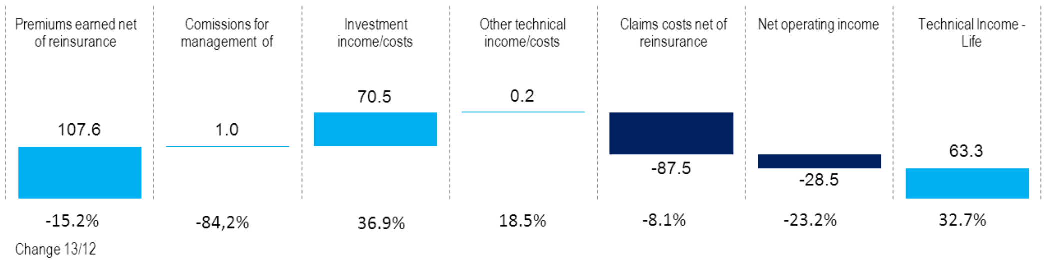
Caixa Seguros e Saúde performs its life insurance activity through Fidelidade which has adopted a multichannel approach (i.e. traditional channels, banking and CTT).

In June 2013, Caixa Seguros e Saúde earned income of €1,198 million from life insurance premiums, including resources taken under investment contracts, up 46.1% over the same period last year, in line with the rest of the market.

Technical income was up €15.6 million year-on-year to €63.3 million. Details are given in the following chart (in which reference should be made to the fact that resources taken under investment contracts are not processed as direct insurance premiums):

CHART 11 - TECHNICAL INCOME - LIFE INSURANCE

(€ million)



Non-life insurance

In the non-life insurance area and in addition to Fidelidade, Caixa Seguros e Saúde also operates under the Ok! teleseguros brand which is essentially geared to remote channels (telephone and internet).

The Multicare, Cares and Companhia Portuguesa de Resseguros insurance companies also operate in this business area, albeit essentially in reinsurance.

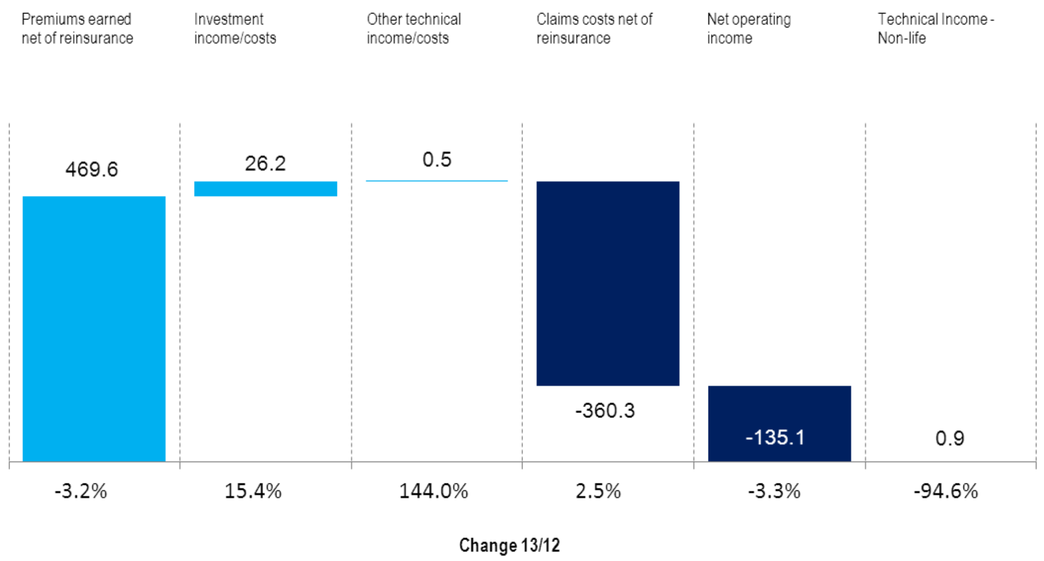
In June 2013, Caixa Seguros e Saúde's income from direct insurance premiums on non-life insurance as a whole was down 3.1% year-on-year to €557 million.

The combined ratio was up 3.7pp over June 2012 to 100.9%, essentially reflecting the 3.3 pp increase in the loss ratio over June 2012 to 74.4%. The expense ratio was also up 0.5pp.

Technical income was down €15.7 million over June 2012 to €0.9 million. Details are given in the following chart:

CHART 12 TECHNICAL INCOME - NON LIFE INSURANCE

(€ million)



Income before tax and non-controlling interests was up €39.6 million over the same period last year to €103.5 million in first half 2013

Net income and shareholders' equity

Income before tax and non-controlling interests was up €39.6 million over the same period last year to €103.5 million in first half 2013. This derived from higher income from the life and non-life technical income components, partially cancelled out by the decrease in the technical non-life component.

Net income, in turn, was up €38.7 million over June 2012 to €77.5 million.

Shareholder's equity, including non-controlling interests was up €168 million to €1.7 billion, essentially owing to the increase in revaluation reserves based on adjustments to the fair value of financial assets.

Technical provisions and solvency

Technical provisions for direct insurance and inwards reinsurance were €10.9 billion, up by around €291 million over June 2012, particularly reflecting the increase in provisions on the financial component of life insurance activity

TABLE 23 - TECHNICAL PROVISIONS NET OF REINSURANCE

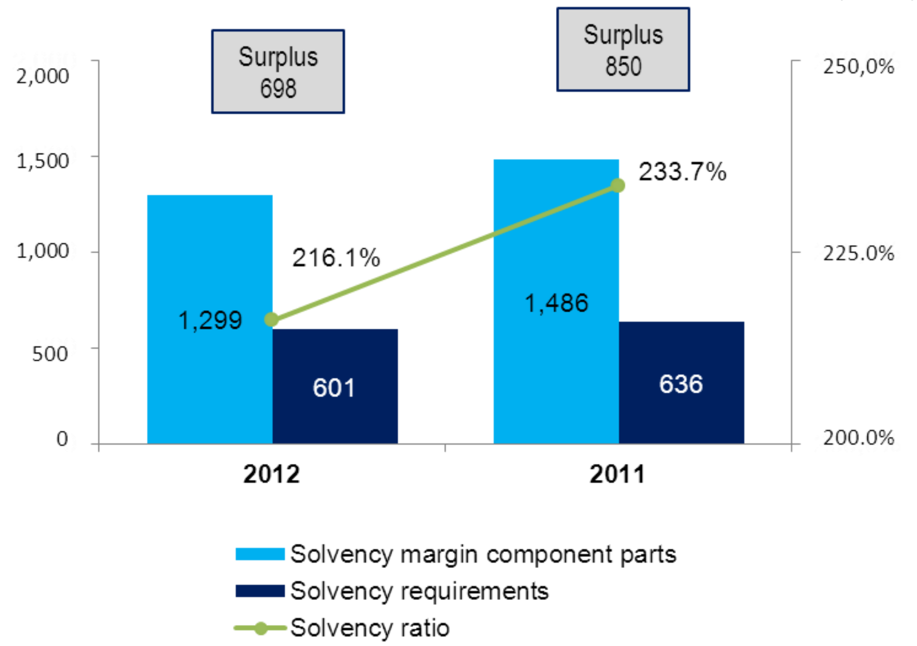
(EUR million)

	Jun/12	Jun/13
Provision for unearned premiums	312.1	297.2
Mathematical provision for life insurance	2,028.9	1,845.8
Provision for claims	1,850.9	1,826.6
Life insurance	126.3	108.6
Workman's compensation	739.5	776.6
Other	985.1	941.5
Provision for profit sharing	46.9	82.3
Other technical provisions	71.1	77.7
Financial liabilities	6,338.3	6,809.6
Total technical provisions	**10,648.2**	**10,939.2**
Technical provisions for outwards reinsurance	224.1	209.1
Technical provisions net of reinsurance	**10,424.1**	**10,730.1**

The solvency ratio required of Caixa Seguros e Saúde, in June 2013, was €636 million, whereas its component parts totalling €1,487 million translate a solvency ratio of 233.7% over the preceding year's 216.1%.

CHART 13 - SOLVENCY

(€ million)



Caixa Seguros e Saúde's liabilities to its insured and third parties are, therefore, fully covered

Caixa Seguros e Saúde's liabilities to its insured and third parties are, therefore, fully covered and adequately represented, in acordance with financial investment legislation limits and the solvency ratio and guarantee fund levels and are significantly higher than the minimum, legally defined, amounts.

ANALYSIS OF INSURANCE ACTIVITY

Overview

Caixa Seguros e Saúde's activity in first half 2013 was marked by the sales process of HPP, SGPS focusing its activity on the insurance area

Caixa Seguros e Saúde's activity in first half 2013 was marked by several significant events. First and foremost was the completion of the sales process of HPP, SGPS, in the first quarter, with the company then focusing its activity on the insurance area. The processing of the capital gains on the referred to sale had a favourable impact on results for 2013.

Also related with the implementation of the recommendations set out in the Economic and Financial Assistance Programme for the Portuguese State, the Council of Ministers approved the sales process of CGD Group's insurance companies, on 2 May last, whose base model consists of direct sales to leading investors.

On an associated companies level reference should be made to the launch of the new Fidelidade brand at the end of the half year, resulting from the merger of the former Fidelidade Mundial and Império Bonança brands as a natural consequence of the legal merger in the first half year of 2012. The fact that Fidelidade Mundial was elected "Confidence Brand" in the insurance companies category, in the initiative sponsored by Seleções do Reader's Digest for the 12th consecutive year should also be mentioned.

Mention should also be made of the creation of Fidelidade Investimentos Imobiliários, SA. (FISA), a new property management company succeeding Fidelidade Mundial SGII, S.A. (FMSGII), which embodies a new approach to be applied to the company's property assets management.

As regards worker policies, the conditions standardisation process between all Caixa Seguros e Saúde companies came into effect as did a new protocol on specific conditions attached to CGD's mortgage lending.

Work also started on the High Fidelity Programme designed to reposition the currently existing policies in the human resources area.

As regards current activity, Caixa Seguros e Saúde companies continued to concentrate on strengthening relations with commercial branch offices, designing products adapted to customers' needs, constant attention to the balance of technical operation and improved organisational efficiency.

The development of franchising and exclusive mediation, commercial growth of the major mediators and professional training for the mediation network in general, continue to be in line with the Group's insurance companies' activities. Reference should also be made, on a level of the relationship with branch office networks to the fact that a newsletter containing useful information on operations, i.e. news on products, operating lines and commercial guidelines, information on insurance activity and institutional type news continues to be published.

The retirement savings area remained the strategic objective in terms of life insurance with the commercialisation of an innovative retirement savings plan under the 'Leve' brand.

Improvements continued to be made to most non-life insurance products with a view to adjusting them to market conditions and customers' needs.

Competition in the insurance activity environment

According to information provided by the Portuguese Insurance Institute, insurance market activity, in Portugal, accounted for €6.0 billion in direct insurance premiums (including resources taken under investment contracts), comprising a year-on-year increase of 26.0%.

This evolution is essentially based on life insurance which was up 49.0% over the preceding year, owing to capitalisation insurance contracts and retirement savings plans. Non-life insurance, affected by the difficult economic situation and deterioration in price levels was down 3.8% and was felt more intensely in workman's compensation, motor and civil liability areas in which reference should be made, on the positive side, to the increase in the health and multirisk housing premiums portfolio.

Position in the insurance market

Caixa Seguros e Saúde remains the undisputed leader of the domestic insurance sector, with a global 28.4% market share comprising direct insurance premiums (including resources taken under investment contracts) of €1 714 million, up 26.1% over the preceding year, in line with the average for the domestic insurance sector.

Caixa Seguros e Saúde market share
- Global: 28.4%;
- Life: 29.4%;
- Non Life: 26.5%.

TABLE 24 - INSURANCE ACTIVITY

(€ million)

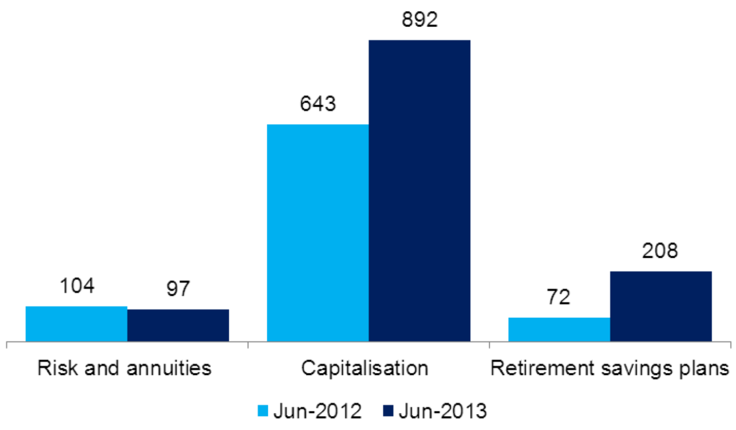
	Jun/12	Jun/13
Portugal Activity		
Total Market Share	28.4%	28.4%
Life Insurance	29.8%	29.4%
Non Life Insurance	26.6%	26.5%
Direct Insurance Premiums	1,359	1,714
Life Insurance	806	1,184
Non Life Insurance	553	530
International Activity		
Direct Insurance Premiums	33	35
Life Insurance	13	13
Non Life Insurance	20	22

Life insurance activity, in Portugal, processed €1,184 million in direct insurance premiums (including resources taken under investment contracts), up 46.9% over June 2012, owing to capitalisation products and retirement savings plans, for the already referred to reasons. Caixa Seguros e Saúde retained its market lead with a market share of 29.4% (down 0.4pp over June 2012).

International operations were responsible for generating €13 million in direct insurance premiums, down 1.3% over the preceding year.

CHART 14 - DIRECT INSURANCE PREMIUMS - LIFE INSURANCE

(€ million)



Life insurance activity, in Portugal, processed €1,184 million in direct insurance premiums (up 46.9% over June 2012), while non-life insurance activity, were down 4.2% over the same period 2012

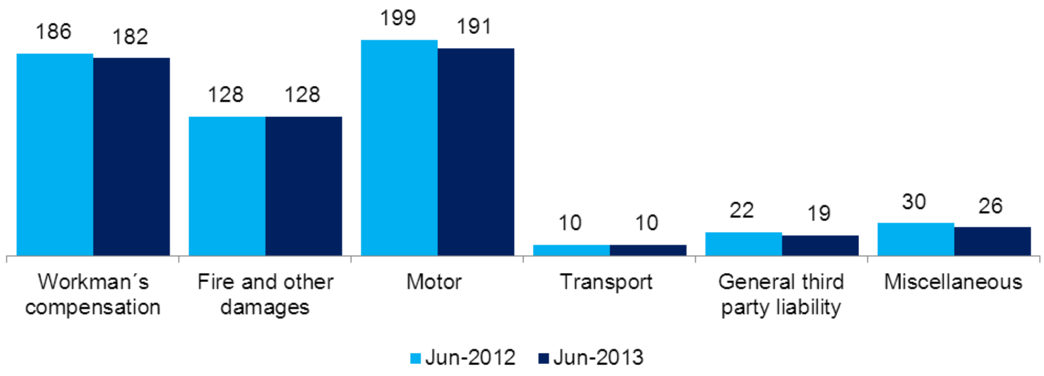
Caixa Seguros e Saúde's sales of non-life insurance, in Portugal were down 4.2% over the same period 2012, to €530 million, geared to motor, workman's compensation, civil liability and personal accidents insurance areas, reflecting lower levels of investment and private consumption as well as the maintenance of strong pressure on prices.

Caixa Seguros e Saúde has a 26.5% market share of the non-life insurance market and is the undisputed leader in this insurance aggregate (with more than double the amount of its closest competitors), as well as in all of the main insurance areas.

Foreign operations, in turn, accounted for non-life insurance premiums of €22 million, up 6.2% over the preceding year.

CHART 15 - DIRECT INSURANCE PREMIUMS - NON LIFE INSURANCE

(€ million)



5. Results, Balance Sheet, Liquidity and Solvency

5.1. CONSOLIDATED OPERATIONS

In the first half of 2013, Caixa still reported consolidated net losses deriving from the conjugation of a number of factors that reflect largely the extension of recessive situation of the Portuguese economy and the absence of clear signs of recovery activity in the Eurozone, with consequences for the external demand for Portuguese economy.

The evolution of Euribor rates and, albeit to a lesser extent than in the recent past, the high burden represented by impairment were once again reflected in the less favourable performance of Caixa Geral de Depósitos Group's profitability.

CGD maintained its policy of operational optimization, which is a strong commitment of CGD Group. However, one-off factors conditionated the trend of cost reduction in evidence over several successive periods.

Reference should also be made to CGD's comfortable liquidity situation, enabled by highly favourable, stable resource-taking from customers and higher ability to tap international capital markets.

In the context of the bank financing to the economy, CGD continues to increase its market share of individual customers and corporate loans.

5.1.1. RESULTS

Translating the unfavourable performance of net interest income and the still marked impact of impairment, in addition to the one-off increase in staff costs, CGD Group made Consolidated Net Losses of €181.6 million in first half 2013, as opposed to losses of €12.7 million in the same period of the preceding year.

Consolidated net losses of €181.6 million.

Net interest income, including income from equity instruments, was down 41.7% over first half 2012 to €468.3 million, originating both from net interest income (down 42.7%) and income from equity instruments (down 32.6%).

Reduction of net interest income and net interest income including equity instruments particularly reflecting the evolution of Euribor rates.

The CGD's assets structure, which still has a very high proportion of mortgage loans with Euribor-indexed interest rates, made a significant contribution to the 42.7% drop in Net Interest Income, in comparison to first half 2012.

Reference should, herein, be made to the fact that Caixa's mortgage loans portfolio, bank which by their nature and tradition assumes an important financial contributor to the Portuguese families, does not represent an added risk as its low average Loan-to-Value (LTV) ratio of less than 60% compares most favourably with other Portuguese and European banks in addition to its high level of granularity, translating into an average amount of around €50,000 in outstanding loans.

The unfavourable evolution of net interest income was also heightened by the payment to the state of the costs/charges associated with the issue of €39.8 million of CoCo bonds in the half year. The elimination of this factor, which is exogenous to the Group's business activities, would have reduced the negative change in net interest income to 37.2%.

Worsening margin owing to costs of CoCos.

Owing to the non-existence of an effective monetary transmission mechanism, Caixa has endeavoured to mitigate the consequent negative effect on margin by actively monitoring interest rates on lending and borrowing operations.

Active monitoring of interest rates on lending and borrowing operations.

Net commissions at €256.1 million were very similar to the amount for the same period 2012 (-0.7%).

TABLE 25 - NET COMMISSIONS – BY BUSINESS AREAS

(EUR million)

	Jun/12	Jun/13	Change
CGD Portugal	171.8	173.5	1.0%
International activities	69.3	65.8	-5.0%
Investment banking	26.3	32.4	23.3%
Asset management	10.7	9.3	-12.5%
Other	-20.3	-25.0	-
Total	**257.8**	**256.1**	**-0.7%**

Very good performance of financial operations.

Financial operations continued to perform very favourably, with income of €195.3 million. It should be noted that notwithstanding the fact that, albeit down 23.7% over first half 2012, this amount included gains on own debt repurchasing operations. The elimination of such gains would have increased income from Financial Operations to 115.4% in first half 2013. The amounts for 2013 reflect the good performance of regular trading activities and asset portfolio management.

Reduction of technical margin on insurance activity.

The Technical Margin on Insurance Operations also reflected the downturn in economic activity with a negative change of 13.3%, to €214.9 million in June 2013.

Net Operating Income from Banking and Insurance Operations were therefore down €434.2 million (27.3%) to €1,158.8 million in first half 2013.

Increase in costs, exclusively resulting from the reintroduction of holiday and Christmas subsidies.

Gross Operating Income was also negatively affected by the interruption of the downwards trend of structural costs which suffered an extraordinary increase associated with the reintroduction of holiday and Christmas subsidies, which translated into a 7% increase of €30.5 million in staff costs, notwithstanding the reduction of around 19% in the base remuneration of Group staff in Portugal. There was an increase, in the same period, of the charges relating to the Pension Fund.

TABLE 26 - GROSS OPERATING INCOME

CGD GROUP'S MAIN BUSINESS AREAS

(EUR million)

	Jun/12	Jun/13	Change	
			Total	%
Domestic commercial banking	488.1	59.2	-429.0	-87.9%
International operations	151.9	119.7	-32.2	-21.2%
Insurance operations	131.5	127.8	-3.7	-2.8%
Investment banking	24.2	38.5	14.3	59.1%
Gross operating income	**795.7**	**345.2**	**-450.5**	**-56.6%**

This was offset by Other Administrative Expenditure, which maintained its downwards trajectory (-3.0% over the same period 2012) reflecting the furtherance of the operational optimisation policy in progress in the Group.

TABLE 27 - OPERATING COSTS AND DEPRECIATION

(EUR million)

	Jun/12	Jun/13	Change Total	Change (%)
Employee costs	433.4	464.0	30.5	7.0%
Other administrative expenses	288.0	279.3	-8.7	-3.0%
Depreciation and amortisation	75.8	70.4	-5.4	-7.1%
Total	**797.2**	**813.6**	**16.4**	**2.1%**

Continued reduction of Other Administrative Expenses and Depreciation.

Notwithstanding the fact that Caixa continues to afford high priority to operational rationalisation and efficiency improvements, the above referred to extraordinary facts translated into an unfavourable evolution of Cost-to-Income which, in June was 70.1% against 57.7% in December 2012.

TABLE 28 - EFFICIENCY RATIOS

	Jun/12	Dec/12	Jun/13
Cost-to-income (consolidated operations) (1)	50.1%	57.7%	70.1%
Employee costs / net operating income (1)	27.2%	30.8%	40.0%
External supplies and services / net operating income	18.1%	21.3%	24.1%
Operating costs / average net assets	1.33%	1.41%	1.41%

(1) Calculated in accordance with Bank of Portugal Instruction 23/2012

Maintaining a downwards evolution since the highest level recorded last June 2012, impairment at around €371.9 million, net of reversals, in June (against €483.3 million for the same half last year) is still, however, very high, particularly in the credit segment There was also a positive evolution of impairment on other assets, net of reversals and recoveries which were down to €175.2 million against €245.2 million in first half 2012.

Downwards trend of impairment, although still at very high levels, particularly on credit which also presents a reduction trend.

CHART 16 - PROVISIONS AND IMPAIRMENT (IS)

(EUR million)

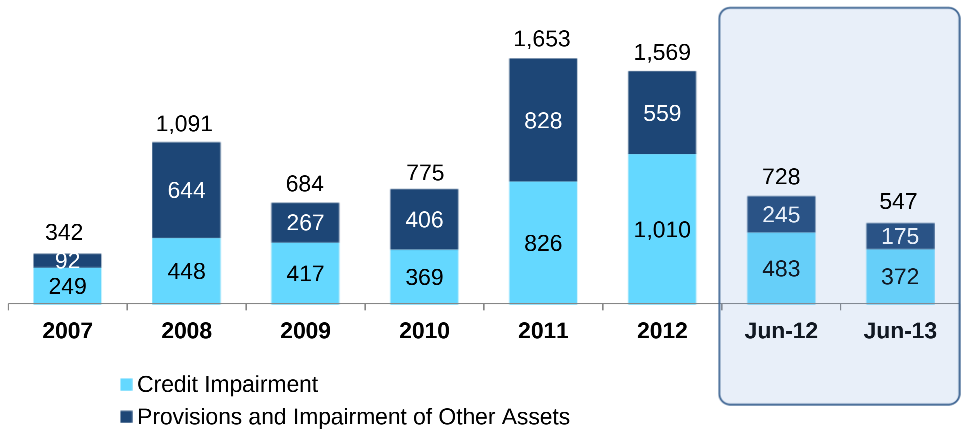


TABLE 29 - PROVISIONS AND IMPAIRMENT FOR PERIOD

(EUR thousand)

	Jun/12	Jun/13	Change	
			Total	%
Provisions (net)	**19,621**	**62,957**	**43,336**	**220.9%**
Impairment (net of reversal)	**708,859**	**484,224**	**-224,636**	**-31.7%**
Loans	483,302	371,940	-111,362	-23.0%
Loans and advances to customers	498,985	385,406	-113,579	-22.8%
Loan recoveries	15,683	13,466	-2,217	-14.1%
Other assets	225,558	112,284	-113,274	-50.2%
Investments in credit institutions	1,604	559	-1,045	-65.2%
Debtors and other loans and advances	2,722	6,167	3,445	126.6%
Securities	178,216	44,977	-133,239	-74.8%
Non-current assets held for sale	24,023	43,315	19,292	80.3%
Non-financial and other assets	18,993	17,267	-1,726	-9.1%
Provisions and Impairment for Period	**728,480**	**547,181**	**-181,299**	**-24.9%**

Taxes on profits declined significantly to a negative €40.9 million, mainly contributed to such a decrease of deferred taxes which stood at negative €40.1 million.

Reflecting the developments described, the Consolidated Net Income CGD Group was negative €181.6 million in the first half of 2013, against negative €12.7 million in the same period of the previous year.

Return on equity (ROE) was minus 5.55% (minus 4.41% after tax) and return on assets (ROA) minus 0.35% (minus 0.28% after tax).

TABLE 30 - PROFIT RATIOS

	Jun/12	Dec/12	Jun/13
Gross return on equity – ROE (1) (2)	2.17%	-5.69%	-5.55%
Net return on equity - ROE (2)	0.23%	-5.34%	-4.41%
Gross return on assets – ROA (1) (2)	0.11%	-0.31%	-0.35%
Net return on assets - ROA (2)	0.01%	-0.29%	-0.28%
Net operating income(3)/ average net assets (1) (2)	2.65%	2.44%	2.01%

(1) Calculated in accordance with Bank of Portugal Instruction 23/2012

(2) Considering average shareholders' equity and net assets values (13 observations)

(3) Includes income from associated companies

TABLE 31 - CONSOLIDATED INCOME STATEMENT

(EUR thousand)

			Change	
	Jun/12 (*)	Jun/13	Total	(%)
Interest and similar income	2,758,727	1,921,095	-837,632	-30.4%
Interest and similar costs	2,036,239	1,507,044	-529,195	-26.0%
Net interest income	722,488	414,051	-308,437	-42.7%
Income from equity instruments	80,533	54,257	-26,276	-32.6%
Net interest income including income from equity investments	**803,021**	**468,307**	**-334,713**	**-41.7%**
Income from services and commissions	347,366	330,495	-16,871	-4.9%
Costs of services and commissions	89,541	74,398	-15,143	-16.9%
Commissions (net)	257,825	256,097	-1,728	-0.7%
Income from financial operations	256,118	195,348	-60,770	-23.7%
Other net operating income	28,012	24,152	-3,860	-13.8%
Non-interest income	**541,955**	**475,597**	**-66,358**	**-12.2%**
Premiums net of reinsurance	614,289	579,440	-34,850	-5.7%
Investment income allocated to insurance contracts	76,053	71,155	-4,898	-6.4%
Claims costs net of reinsurance	396,759	401,627	4,868	1.2%
Commissions and other assoc. income and costs	-45,638	-34,104	11,534	-
Technical margin on insurance operations	247,945	214,863	-33,082	-13.3%
Net operating income from banking and insurance operations	**1,592,921**	**1,158,767**	**-434,153**	**-27.3%**
Employee costs	433,448	463,954	30,506	7.0%
Other administrative expenses	287,968	279,255	-8,713	-3.0%
Depreciation and amortisation	75,802	70,396	-5,407	-7.1%
Operating costs and depreciation	797,218	813,605	16,387	2.1%
Gross operating income	**795,702**	**345,162**	**-450,540**	**-56.6%**
Provisions and impairment of other assets (net)	245,178	175,241	-69,937	-28.5%
Credit impairment net of reversals	483,302	371,940	-111,362	-23.0%
Provisions and impairment	**728,480**	**547,181**	**-181,299**	**-24.9%**
Income from subsidiaries held for sale	**-1,433**	**0**	**1,433**	**-**
Income from associated companies	**-2,078**	**2,321**	**4,399**	**-**
Income before tax and non-controlling interest	**63,711**	**-199,698**	**-263,409**	**-**
Tax	**56,838**	**-40,905**	**-97,743**	**-**
Current and deferred	41,926	-53,472	-95,398	-
Extraordinary contribution on the banking sector	14,912	12,567	-2,345	-15.7%
Consolidated net income for period	**6,873**	**-158,793**	**-165,666**	**-**
of which:				
Non-controlling interest	19,586	22,802	3,216	16.4%
NET INCOME ATTRIBUTABLE TO CGD SHAREHOLDER	**-12,713**	**-181,595**	**-168,882**	**-**

(*) Pro forma accounts, considering entities comprising the form of jointly owned entities being integrated by the equity accounting method.

5.1.2. BALANCE SHEET

In continuing to reflect the effect of the progressive balance sheet reduction policy, heightened at the time of the introduction of the Financial Assistance Programme, Consolidated Net Assets were down yet again, this time by 3.6% over the end of the preceding year and down 4.3% over June 2012, to €112,684 million.

Reduction of credit across most business segments.

This decline particularly derives from the reduction in credit, visible in all business segments, which reflects weak demand for financing in a highly anaemic economic environment.

There was also a reduction in the balances of Claims and Investments in Credit Institutions (down 17.8% by €1,030 million over the same half 2012) and an increase in the Securities Portfolio (including Assets with Repurchase Agreements), up 7.1% over June 2012 to €27,613 million.

Loans and Advances to Customers (gross) were down 2.3% to €77,109 million in June 2013.

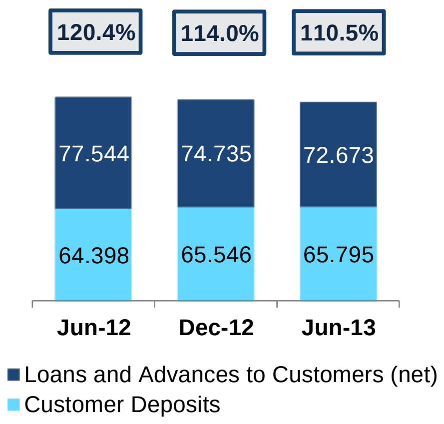
On the liabilities side, reference should be made to the effect of the €4,250 million reduction in Caixa's borrowings from the ECB which, at the end of June 2013, stood at €4,750 million (€9,000 million at the end of the preceding half). Debt Securities were also down 14.2% by €1,505 million to €9,085 million at the end of the half year.

Increase in customer deposits confirming Portuguese customers' trust in Caixa Geral de Depósitos Group.

The Customer Deposits balance amounted to €65,795 million, up 2.2% over June 2012. At the end of the first half of 2013, the loans-to-deposit ratio was 110.5%, which is below the maximum limit recommended by the authorities.

CHART 17 - LOANS-TO-DEPOSIT RATIO

(EUR million)



Credit risk ratio recorded a decrease to 0.95%.

Credit Impairment, Net of Cancellations and Reversals for the period in question represented 0.95% of the average credit portfolio, down 0.29 pp over the end of 2012.

Accumulated Impairment on Loans and Advances to Customers (regular and overdue) at the end of first half 2013 was up 15.3% by €589 million to €4,437 million in comparison to the same date in 2012, resulting in a coverage rate of 98.1% on Credit Overdue for More than 90 Days against 100.6% at the end of 2012.

The deterioration noted in the economic and financial situation has still not enabled credit quality to be stabilised and is reflected in a worsening of the respective indicators. The Total Overdue Credit Ratio was 6.7% at the end of June 2013, in comparison to 5.7% in December 2012. The Credit Overdue for more than 90 Days ratio was 5.9% against 5.3% at the end of 2012.

The credit at risk and non-performing credit ratios, calculated in accordance with Bank of Portugal "Instruction" 23/2012 were 10.2% and 7.4% respectively at the end of June 2013, in comparison to 9.4% and 6.4% respectively at the end of 2012. Credit at risk, in addition to credit overdue for a period of 90 days or more and associated outstanding credit, also consider the total amount of overdue restructured credit and other credit operations indicating the possibility of classification as credit at risk, i.e. a debtor's bankruptcy or liquidation.

The cost of credit risk, measured by the respective impairment as a percentage of the average balance of total customer loans, was 0.95%, recording a decrease of 0.29% from the end of 2012.

Reference should be made to the fact that the "ageing" of overdue credit, in the portfolio of CGD Portugal, particularly in the mortgage lending segment, appears to indicate a decline in the number and volume of new cases of default.

No less importantly, the fact that Caixa has strengthened its prevention policies on credit to all business segments should help to mitigate the unfavourable evolution of credit quality, particularly during the present period involving an adjustment to the Portuguese economy.

Internal reorganisation viewing the prevention of non performing risks.

Therefore, Caixa implemented procedures to monitor credit contracts enabling the early detection of signs of non-performing risks for the rapid adoption of measures to prevent these events.

TABLE 32 - ASSET QUALITY (CONSOLIDATED)

(EUR million)

	Jun/12	Dec/12	Jun/13	Change Jun./13 vs.Dez./12	
				Total	%
Total credit	81,392	78,924	77,109	-1,814	-2.3%
Loans and advances to customers (outstanding)	76,995	74,411	71,927	-2,484	-3.3%
Overdue credit and interest	4,397	4,513	5,183	669	14.8%
Of which: credit overdue for more than 90 days	3,724	4,165	4,523	358	8.6%
Credit impairment	3,848	4,189	4,437	247	5.9%
Credit net of impairment	77,544	74,735	72,673	-2,062	-2.8%
RATIOS					
Non-performing credit / total credit (1)	5.7%	6.4%	7.4%	-	-
Credit at risk / total credit (1)	8.7%	9.4%	10.2%	-	-
Overdue credit / total credit	5.4%	5.7%	6.7%	-	-
Credit> 90 days overdue / total credit	4.6%	5.3%	5.9%	-	-
Non-performing credit, net / total credit, net (1)	1.0%	1.1%	1.8%	-	-
Credit at risk, net / total credit, net (1)	4.2%	4.4%	4.7%	-	-
Credit impairment / overdue credit	87.5%	92.8%	85.6%	-	-
Credit impairment / credit>90 days overdue	103.3%	100.6%	98.1%	-	-
Impaired credit (FS) / total credit (average)	1.17%	1.24%	0.95%	-	-

(1) Calculated in accordance with Bank of Portugal Instruction 23/2012

The Securities portfolio was up 7.1% by €1.8 billion over June 2012

The Securities portfolio (including Assets with Repurchase Agreements) was up 7.1% by €1.8 billion over June 2012, largely on account of the recovery in the value of the debt component. A reduction of €1.1 billion was, however, recorded when compared to the December 2012 value, almost exclusively in the banking portfolio component. This reduction particularly derived from maturities of non-core assets, in the sphere of the deleveraging process provided for in the restructuring plan.

TABLE 33 - SECURITIES INVESTMENTS [(a)]

(EUR million)

				Change Jun13/Jun12		Change Jun13/Dec12	
	Jun/12	Dec/12	Jun/13	Total	(%)	Total	(%)
Banking	**17,352**	**19,606**	**18,575**	**1,223**	**7.0%**	**-1,031**	**-5.3%**
Fin. assets at fair value through profit or loss	4,029	3,943	3,576	-454	-11.3%	-367	-9.3%
Available for sale financial assets	13,322	15,664	14,999	1,677	12.6%	-665	-4.2%
Insurance	**8,442**	**9,091**	**9,038**	**596**	**7.1%**	**-52**	**-0.6%**
Fin. assets at fair value through profit or loss	84	56	43	-41	-49.3%	-14	-24.3%
Available for sale financial assets	5,232	5,417	5,589	357	6.8%	172	3.2%
Inv. assoc. with unit-linked products	624	1,148	1,064	440	70.6%	-84	-7.3%
Investments to be held to maturity	2,502	2,469	2,342	-160	-6.4%	-127	-5.1%
Total	**25,794**	**28,697**	**27,613**	**1,819**	**7.1%**	**-1,084**	**-3.8%**

(a) After impairment and including assets with repo agreements.

Information on consolidated net assets, by entity, is set out below.

TABLE 34 - CGD'S GROUP NET ASSET CONSOLIDATED

(EUR million)

CGD'S GROUP	Jun/12		Dec/12		Jun/13	
	Total	Structure	Total	Structure	Total	Structure
Caixa Geral de Depósitos	80,873	68.7%	78,885	67.5%	76,004	67.4%
Caixa Seguros e Saúde	9,990	8.5%	10,772	9.2%	10,789	9.6%
Banco Caixa Geral (Spain)	5,441	4.6%	5,503	4.7%	5,374	4.8%
Banco Nacional Ultramarino, SA (Macau)	2,543	2.2%	3,029	2.6%	2,770	2.5%
Caixa Banco de Investimento	2,070	1.8%	2,094	1.8%	1,959	1.7%
Caixa Leasing e Factoring	2,906	2.5%	2,638	2.3%	2,447	2.2%
BCG Totta Angola	1,303	1.1%	1,160	1.0%	1,242	1.1%
Banco Comercial do Atlântico (Cape Verde)	605	0.5%	616	0.5%	623	0.6%
Banco Comercial Investimento (Mozambique)	1,558	1.3%	1,654	1.4%	1,726	1.5%
Mercantile Lisbon Bank Holdings (South of Africa)	633	0.5%	644	0.6%	574	0.5%
Other companies	9,773	8.3%	9,863	8.4%	9,175	8.1%
Consolidated net assets	**117,694**	**100.0%**	**116,859**	**100.0%**	**112,684**	**100.0%**

TABLE 35 - CONSOLIDATED BALANCE SHEET

(EUR million)

				Change Jun/13 vs. Jun/12		Change Jun/13 vs. Dec/12	
ASSETS	Jun/12 (*)	Dec/12 (*)	Jun/13	Total	(%)	Total	(%)
Cash and cash equivalents with central banks	1,265	1,603	1,497	232	18.3%	-107	-6.6%
Loans and advances to credit institutions	4,533	3,819	3,272	-1,262	-27.8%	-548	-14.3%
Loans and advances to customers	77,544	74,735	72,673	-4,871	-6.3%	-2,062	-2.8%
Securities investments	25,381	28,193	26,937	1,556	6.1%	-1,256	-4.5%
Assets with repurchase agreement	413	504	676	263	63.6%	172	34.0%
Invest. in subsidiaries and associated companies	227	218	40	-187	-82.4%	-178	-81.7%
Intangible and tangible assets	1,379	1,316	1,167	-212	-15.4%	-150	-11.4%
Current tax assets	93	61	91	-2	-1.7%	30	49.5%
Deferred tax assets	1,670	1,468	1,459	-211	-12.6%	-9	-0.6%
Technical provisions for outwards reinsurance	229	197	214	-15	-6.5%	17	8.5%
Other assets	4,962	4,744	4,659	-303	-6.1%	-86	-1.8%
Total Assets	**117,694**	**116,859**	**112,684**	**-5,011**	**-4.3%**	**-4,175**	**-3.6%**
LIABILITIES							
Central banks' and credit institutions' resources	13,996	12,227	9,837	-4,159	-29.7%	-2,389	-19.5%
Customer resources	70,345	71,355	71,827	1,482	2.1%	472	0.7%
Financial liabilities at fair value trough profit	2,151	2,217	1,760	-391	-18.2%	-457	-20.6%
Debt securities	11,150	10,591	9,085	-2,065	-18.5%	-1,505	-14.2%
Provisions	894	973	1,026	132	14.8%	53	5.5%
Technical provisions for insurance operations	4,363	4,224	4,185	-178	-4.1%	-39	-0.9%
Subordinated liabilities	2,874	2,889	2,941	68	2.4%	52	1.8%
Other liabilities	5,083	5,103	4,915	-168	-3.3%	-188	-3.7%
Sub-Total	**110,855**	**109,579**	**105,577**	**-5,278**	**-4.8%**	**-4,001**	**-3.7%**
Shareholders' Equity	**6,839**	**7,280**	**7,106**	**267**	**3.9%**	**-174**	**-2.4%**
Total	**117,694**	**116,859**	**112,684**	**-5,011**	**-4.3%**	**-4,175**	**-3.6%**

(*) Pro forma accounts, considering entities comprising the form of jointly owned entities being integrated by the equity accounting method.

5.1.3. LIQUIDITY MANAGEMENT

Highly comfortable liquidity situation creates conditions for CGD Group support the financing of economic agents.

The environment of greater market stability and strengthening of the banks' financial situations, in the first few months of 2013, permitted an improvement in liquidity in the interbank markets and the progressive opening of the capital markets to lending to non-core countries, including Portugal. The persistent fragility of the eurozone economy, however, led the ECB to pass a resolution to reduce its respective reference rates to minimum levels (a refi rate of 0.5% and deposit rate of 0%) in May. This resolution, in conjunction with other concerted actions between the ECB and EU, for the creation of liquidity management facilitation and market access mechanisms, strengthened investor confidence and the progressive improvement in the capital market.

Reopening Covered Bond markets whose issue was heavily oversubscribed by investors in diverse geographic regions and institutional sectors.

CGD, in exploiting the more favourable market conditions, launched a 5 year Covered Bonds issue, for the amount of €750 million at a coupon rate of 3.75%, at the start of the year, reopening this segment to Portuguese financial institutions. The excellent receptivity to this issue was evidenced by strong demand of more than €4 billion and sales of around 90% of the amount to non-resident investors, notably in the UK, Germany, Austria, France and Switzerland.

The rating agency DBRS assigned the notation A to this issue and confirmed the same notation for all series of covered bonds of CGD.

This background, in conjunction with the good performance of deposits led CGD to opt for a careful normalisation of financing policy including a less reliance on ECB funding.

Further reduction in borrowings from ECB.

CGD Group reduced its borrowings from the ECB in the first half year by €1,965 million from €8,415 million in December to €6,450 million at the end of June. In the case of CGD as a separate entity, the reduction was even higher, with borrowings from the Central Bank down from €6,950 million in December to €4,750 million in the June 2013 LTRO. In turn, CGD Group's eligible assets pool at the end of the half year totalled €17,034 million, with an uncommitted amount of €10,584 million.

Within the EMTN programme, the balance of the outstanding issues was reduced in the period under analysis by €1,704 million of which €1 billion comprised the repayment of a public issue made in 2009.

5.1.4. SOLVENCY

Increase in Group's Shareholders' equity (3.9% year-on-year).

The Group shareholders' equity at the end of first half 2013, totaled €7,106 million having been reinforced in €267,1 million (+3.9%) compared to that observed in June 2012.

TABLE 36 - SHAREHOLDERS' EQUITY

(EUR million)

				Change Jun/13 vs. Jun/12		Change Jun/13 vs. Dec/12	
	Jun/12	Dec/12	Jun/13	Total	(%)	Total	(%)
Share capital	5,900	5,900	5,900	0	-	0	-
Fair value reserves	-1,197	-190	-169	1,028	-	20	-
Other reserves and retained earnings	1,147	979	563	-584	-50.9%	-417	-42.5%
Non-controlling interests	1,002	985	994	-8	-0.8%	9	0.9%
Net income	-13	-395	-182	-169	-	213	-
Total	**6,839**	**7,280**	**7,106**	**267**	**3.9%**	**-174**	**-2.4%**

The improvement of €1,028 million in fair value reserves contributed positively to the referred increase in shareholders' equity.

The solvency ratio, on a consolidated basis, including retained earnings maintained the same value, 13.6%, in June 2013 in relation to its end-2012.

The Core Tier 1, on consolidated basis, including retained earnings, stood at 11.4% in June 2013, compared with 11.6% in December 2012.

Solvency ratios

- Tier I: 11.0%;
- Core Tier I: 11.4%;
- EBA Ratio: 9.3%.

TABLE 37 - SOLVENCY RATIO [(a)]

(EUR million)

Shareholders' equity	Jun/12	Dec/12	Jun/13
1. Core capital	8,200	7,926	7,698
1.1. Deduction of investments in credit institutions and insurance companies	-346	*-392*	-359
1.2. Preference shares (Tier I)	96	96	96
2. Base – *TIER I*	7,950	7,629	7,435
3. Complementary – *TIER II*	1,799	1,749	1,793
4. Deductions from own funds	-45	-47	-48
5. Total eligible own funds (2+3+4)	9,704	9,331	9,180
6. Total weighted positions	70,370	68,383	67,663
Ratios			
Core Tier I (BofP) (1./6.)	11.7%	11.6%	11.4%
Core Tier I (EBA) (1.-1.1-(b))/6.	9.6%	9.4%	9.3%
Tier I (2./6.)	11.3%	11.2%	11.0%
Solvency ratio (5./6.)	13.8%	13.6%	13.6%

(a) Including net income for period

(b) Sovereign debt buffer (€1 073 million)

5.2. SEPARATE ACTIVITY

5.2.1. RESULTS

CGD made net losses of €468.3 million on its separate activity in first half 2013. This unfavourable evolution largely derived from the performance of net interest income together with the half year's still high provisioning levels and increase in structural costs.

TABLE 38 - INCOME STATEMENT (SEPARATE) [1]

(EUR thousand)

			Change	
	Jun-12	Jun-13	Total	(%)
Interest and similar income	2,706,971	1,488,232	-1,218,740	-45.0%
Interest and similar costs	2,259,527	1,328,529	-930,997	-41.2%
Net interest income	447,444	159,702	-287,742	-64.3%
Income from equity instruments	113,983	73,607	-40,376	-35.4%
Net Interest income Including Income from equity Instruments	**561,427**	**233,309**	**-328,118**	**-58.4%**
Income from services and commissions	248,992	240,411	-8,581	-3.4%
Cost of services and commissions	58,640	53,236	-5,404	-9.2%
Commissions (net)	190,352	187,175	-3,177	-1.7%
Income from financial operations	211,156	128,115	-83,041	-39.3%
Other operating Income	54,042	21,414	-32,628	-60.4%
Non-interest Income	**455,550**	**336,704**	**-118,846**	**-26.1%**
Net operating income	**1,016,978**	**570,013**	**-446,965**	**-44.0%**
Employee costs	248,506	276,898	28,391	11.4%
External supplies and services	164,799	160,613	-4,186	-2.5%
Depreciation and amortisation	49,347	43,780	-5,567	-11.3%
Operating costs and amortisation	462,652	481,291	18,638	**4.0%**
Gross operating income	**554,325**	**88,723**	**-465,603**	**-84.0%**
Provisions nad impairment of other assets, net of reversals	165,568	46,151	-119,417	-72.1%
Correction of amount of loans nad advances to costumer nad receivables from other debtors	467,174	690,308	223,134	47.8%
Provisions and Impairment	**632,742**	**736,459**	**103,718**	**16.4%**
Income before tax	**-78,416**	**-647,737**	**-569,320**	-
Tax	**-6,779**	**-179,447**	**-172,668**	-
Current	73,207	-44,202	-117,409	-
Deferred	-93,745	-146,844	-53,099	-
Extraordinary contribution on the banking sector	13,759	11,599	-2,160	-15.7%
Net income	**-71,637**	**-468,290**	**-396,652**	-

(1) Including the activity of France, London, Spain, Luxembourg, New York, Grand Cayman, Madeira Offshore, Timor, Macau and Zhuhai branches.

Net interest income, including income from equity instruments, was down 58.4% to €233.3 million over first half 2012, owing to the drop in net interest income and income from equity instruments with reductions of €287.7 million (down 64.3%) and €40.4 million (down 35.4%), respectively.

The performance of non-interest income, down €118.8 million over first half 2012, was also unfavourable. Contributory factors were income from financial operations and other operating income.

Reference should be made, in the case of operating costs to the 11.4% increase of €28.3 million in staff costs over June 2012, whose downwards trend noted in past periods was interrupted by the resumption of holiday and Christmas subsidies.

The increase in staff costs over June 2012, who's downwards trend noted in past periods was interrupted by the resumption of holiday and Christmas subsidies.

In addition to these aspects and also translating the €736.5 million in provisioning needs for the half year, CGD made net losses of €468.3 million on its separate activity in first half 2013 against €71.6 million in the same period of the preceding year.

5.2.2. BALANCE SHEET

Net assets relating to CGD's separate activity, at the end of first half 2013 were down 5.4% by €5,553 million over December 2012 to €96,660 million, largely translating the balance sheet deleveraging effect.

On the assets side and analysing the changes over December 2012, reference should be made to the 4.1% decline of €2,594 million in loans and advances to customers and investments in credit institutions (down 18.6% by €1,274 million).

TABLE 39 - BALANCE SHEET (SEPARATE)

(EUR million)

				Change Jun/13 vs. Jun/12		Change Jun/13 vs. Dec/12	
Assets	Jun-12	Dec-12	Jun-13	Total	(%)	Total	(%)
Cash and cash equivalents with central banks	629	924	759	130	20.7%	-165	-17.9%
Loans and advances to credit institutions	8,872	6,864	5,590	-3,282	-37.0%	-1,274	-18.6%
Loans and advances to customers	66,485	64,002	61,408	-5,077	-7.6%	-2,594	-4.1%
Securities investments	18,655	20,083	19,502	846	4.5%	-581	-2.9%
Assets with repo agreements	1,572	1,500	676	-896	-57.0%	-824	-54.9%
Investments in subsidiaries, associated companies and joint ventures	3,959	3,945	3,746	-213	-5.4%	-199	-5.0%
Intangible and tangible assets	584	554	534	-50	-8.6%	-20	-3.7%
Deferred tax assets	1,261	1,151	1,268	7	0.5%	117	10.1%
Other assets	3,399	3,189	3,178	-221	-6.5%	-11	-0.4%
Total	**105,416**	**102,213**	**96,660**	**-8,756**	**-8.3%**	**-5,553**	**-5.4%**

(EUR million)

Liabilities	Jun-12	Dec-12	Jun-13	Change Jun/13 vs. Jun/12 Total	Change Jun/13 vs. Jun/12 (%)	Change Jun/13 vs. Dec/12 Total	Change Jun/13 vs. Dec/12 (%)
Central banks' and credit institutions' resources	15,271	13,103	10,164	-5,107	-33.4%	-2,939	-22.4%
Customer resources	57,296	58,248	57,918	622	1.1%	-330	-0.6%
Financial liabilities	7,732	7,217	6,667	-1,065	-13.8%	-550	-7.6%
Debt securities	12,387	11,549	9,869	-2,518	-20.3%	-1,680	-14.5%
Provisions	1,074	1,145	1,139	65	6.1%	-6	-0.5%
Subordinated liabilities	2,962	2,978	3,031	68	2.3%	53	1.8%
Other liabilities	2,763	2,044	2,377	-386	-14.0%	333	16.3%
Total	**99,485**	**96,284**	**91,164**	**-8,321**	**-8.4%**	**-5,120**	**-5.3%**
Shareholders' equity	**5,930**	**5,929**	**5,496**	**-435**	**-7.3%**	**-434**	**-7.3%**
Liabilities and shareholders' equity	**105,416**	**102,213**	**96,660**	**-8,756**	**-8.3%**	**-5,553**	**-5.4%**

Central banks' and credit institutions' resources were down 22.4% by €2.9 million over December 2012

On the liabilities side, central banks' and credit institutions' resources were down 22.4% by €2,939 million over December 2012 and debt securities were down 14.5% by €1,680 million.

5.2.3. SOLVENCY

Shareholders' equity was down 7.3% by €434 million over last December to €5,496 million at the end of first half 2013. Notwithstanding the €727 million increase in revaluation reserves in the half year, the evolution of shareholders' equity was unfavourable owing to the reduction of other reserves and losses of €468 million during the period.

TABLE 40 - SHAREHOLDERS' EQUITY (SEPARATE)

(EUR million)

	Jun/12	Dec/12	Jun/13	Change Jun./13 vs. Jun./12 Total	Change Jun./13 vs. Jun./12 %	Change Jun./13 vs. Dec./12 Total	Change Jun./13 vs. Dec./12 %
Capital	5,900	5,900	5,900	0	0.0%	0	0.0%
Revaluation reserves	-752	-68	-25	727	-	43	-
Other reserves and retained earnings	854	776	89	-765	-89.6%	-687	-88.5%
Net income for the period	-72	-679	-468	-397	-	211	-
Total	**5,930**	**5,929**	**5,496**	**-435**	**-7.3%**	**-434**	**-7.3%**

6. Rating

In June 2013 the DBRS rating agency decided to maintain its ratings on CGD, with Fitch Ratings and Moody's also having confirmed their ratings on CGD in July 2013.

In turn, on 11 July, Standard & Poor's changed its rating on Caixa's outlook from stable to negative (BB-/B), following an identical revision of the outlook on the rating of the Portuguese Republic on 5 July last.

TABLE 41 - RATINGS

	Short Term		Long Term		
	CGD	Portugal	CGD	Portugal	
Standard & Poor's	B	B	BB-	BB	Jul/2013
FitchRatings	B	B	BB+	BB+	Jul/2013
Moody's	N/P	N/P	Ba3	Ba3	Jul/2013
DBRS	R-2 (mid)		BBB (low)	BBB (low)	Jun/2013

7. Social Responsibility and Investment in the Future

Caixa returns the confidence that the community entrusted to it.

More than a benchmark in the Portuguese financial system, CGD Group has provided the community with the recognition of its social responsibility and commitment to invest in the future. This is visible in a differentiated collection of actions and its approach to the development pillars of its actual business.

Basing its activity on strong corporate management, the promotion of high ethical levels and defence of sustainable development, CGD is permanently committed to progress and innovation – economic, social and environmental – placing value on its dialogue with stakeholders and providing for emerging needs fuelling the construction of a better future for all generations.

BRAND

- In a difficult economic environment marked by adverse indicators, the performance of CGD brand contravenes sectoral trends with an improvement in results - confidence generated, reputation earned and financial value attributed - which consolidate Caixa's rational and emotional lead in terms of society, citizens, organisations and economic agents.
- 13 consecutive years as the "Trusted Brand" of Portuguese citizens and leading bank, with a potential impact on 5.3 million individuals;
- Portuguese banking brand with the best reputation (Reputation Institute methodology);
- Most valuable Portuguese banking brand - €446 million - for the sixth consecutive year (Brand Finance methodology);
- Excellence Brand for the fourth consecutive time (Superbrand);
- "(P)reference bank of the Portuguese" Marketeer Prizes 2013

RELATIONSHIPS AND INVOLVEMENT

- Brand with a very high level of involvement - 98% - with its workers;
- Bank with high levels of customer loyalty and satisfaction: 85% of SMEs and 60% of individual customers recommend CGD;
- Bank with the most individual and "household" customers.

INVESTMENT IN THE FUTURE (SUSTAINABILITY)

- Prime company in terms of sustainable performance (rater: OEKOM);
- Leading Iberian Financial Institution in the Low Carbon Economy. coming in the Top 6 of the best (largest) Iberian companies (rater: Carbon Disclosure Project CGD);
- Portugal's Most Sustainable Financial Institution, for the third consecutive time (The New Economy Sustainable Finance Awards);
- Leading bank in terms of association with microcredit;
- Leading bank in terms of association with the Blue Economy / Economy of the

Sea;

- Leading bank in terms of the Social Economy and Financial Inclusion;
- Largest and most comprehensive financial literacy programme in the Portuguese banking sector: Positive Balance - for young people, citizens and SMEs;
- Knowledge Bank: with academia and SMEs – CGD Studies and Research Area; Conferences, Seminars and Publications on Internationalisation? in emerging countries or potentially open to national business (Micro and SME).
- Bank with audited and published environmental results:
  - Annual reductions (2012) over 2011:
    - 3,784 t/CO2 of compensated emissions, related with a part of its current activity
    - 9% in water consumption
    - 7% in electricity consumption
    - 11% in greenhouse gas emissions
    - 22% increase in waste recycling
  - Annual reduction (2012) over 2006:
    - 19% in electricity consumption, avoiding the emission of 7,204 t CO2e, equivalent to the electricity consumption of 5,028 homes.
- Brand most associated with the disclosure and promotion of culture in Portugal, supplanting prestigious international cultural organisations in Portugal.

INNOVATION AND PIONEERISM

- First bank in Portugal to implement an Environmental Management System, in terms of energy efficiency, responsible resources management, mitigation of direct and indirect risks and internal culture;
- The only bank in Portugal to issue, for the third consecutive year, a Carbon Neutral Sustainability Report audited by an independent, external body;
- Promoting Bank of the first young people's volunteering educational programme in secondary schools in Portugal – Young VolunTeam, accredited/certified by the Directorate General for Education (Ministry of Education and Culture) for the purpose of credits for students' curricula;
- Only Portuguese financial and institutional portal, with 100% W3C accessibility;
- Bank geared to job creation and a pioneer in the promotion of entrepreneurship, based on its support for national initiatives (competitions, conferences, etc.) and venture capital.
- "The best Mobile Banking APP" (EFMA)» The Caixadirecta app is currently the first choice among free financial apps in the various applications play stores. More than 3,500,000 operations in May for around 80,000 installations.

Innovation and Pioneerism are trademarks of Caixa.

As part of its insertion policy, reference should be made to Caixa's new service for deaf citizens using video calls with Caixa's Contact Centre. Caixa was the first financial institution to provide this type of service to customers/non-customers with special needs, enabling them to obtain information on its products and services. Customers/non-customers make visual contact using Portuguese sign language by video call which, in turn, ensures an audio connection with Caixa's Contact Centre.

This desire to constructively participate in civil society which Caixa defines as a "mission" naturally encompasses its own sphere in which the signs of its bilateral responsibility to its workers and between workers themselves are visible (and perceived as being natural).

Protection of the environment, promotion of culture and people.

The promotion of an environment comprising a healthy balance between professional and family lives, in addition to the detection, promotion and progression of talent and encouragement to play an active role in society are, for example, an integral part of Caixa's culture.

Characterised by its workers' high level of identification with it, Caixa aims to be more than a place in which the aim is to continue to work, but rather a place of which new human values aim to play a role.

8. Prizes and Distinctions

CGD's continued commitment to sustainability demonstrates its leadership and innovation in its integration of social, environmental and corporate considerations in terms of its current activity. CGD furthers a structured, comprehensive sustainability programme, recognised by national and international entities which regularly monitor and audit its performance.

- Most Sustainable Bank in Portugal in 2012

  The New Economy

- Top 6 in Iberia "Iberia 125 Climate Change Report 2012"

  Carbon Disclosure Project

- "Best in class" company in the financial sector on an international level

  Oekom

The Caixa Geral de Depósitos brand was also distinguished on several occasions in first half 2013.

- Trusted Brand in Portugal - for the 13th consecutive time

  Selecções do Reader's Digest

- Portuguese Banking Brand with the Best Reputation

  Reputation Institute

- Most Valuable Banking Brand in Portugal

  Brand Finance Banking

- Excellence Brand - for the 5th consecutive time

  Superbrands

- Marcas que Marcam ("Brands which make a Difference") 2012

  QSP – Consultoria de Marketing, in partnership with Diário Económico

- Benchmark Bank for the Portuguese

  Prémios Marketeer 2013

CGD has endeavoured to keep pace with the latest developments in the new technologies area:

- The Best Mobile Banking App

  European Financial Management & Marketing Association

In the Investment Banking area, Caixa BI was awarded the following prizes this year:

- CaixaBI - Best Investment Bank in Portugal in 2013

  World Finance

- CaixaBI - Best Investment Bank in Portugal in 2012

  Euromoney

- CaixaBI - Best Investment Bank in Portugal in 2012

  Emeafinance

- CaixaBI - Best Investment Bank in Portugal in 2012

  Global Finance

- CaixaBI - Best Investment Bank in Portugal in 2012

  World Finance

- CaixaBI - Best Cross-border M&A Deal in 2012

  Emeafinance

9. Main Risks and Uncertainties in Second half 2013

The implementation of the Economic and Financial Assistance Programme is becoming gradually more visible in the correction of several macroeconomic imbalances accumulated in Portugal over the course of the years and which had become more evident particularly in the financial crisis period

The future panorama remains, however, fragile with continued uncertainties over the future and a higher than anticipated unemployment rate and slower activity than previously thought. This is not unconnected with the negative effects of the poor signs of European recovery and, no less importantly, the occurrence of future developments in the institutional and economic and financial policy sphere in the euro area.

The future panorama remains, fragile with the unemployment rate higher than anticipated and slower activity than previously thought

In addition, the effect and extent of the so-called "structural reforms" have still to be fully considered.

During the course of the last years European banking has been facing material challenges to which it has succeeded in responding effectively although this has not, as yet (except for several exceptional situations, such as Spanish banking) been accompanied by such a fast-paced and profound transformation of the global foundations of the banking industry as anticipated owing to the severity of the crisis.

In Portugal, banks have shown enormous resilience to the crisis and have profoundly restructured and redimensioned their respective balance sheets. However, various factors associated with the persistence of the recession in Portugal and faltering European recovery and, of major importance, greater regulation and supervision, have clearly penalised the banks' profitability. In the "peripheral" markets, of which Portugal is a part, Banks are still negatively affected by the unsatisfactory functioning of the European-wide monetary transmission mechanism and consequent market segmentation, which have a penalising effect on Portuguese banks' normal financial intermediation activities.

Notwithstanding its intrinsic financial strength, CGD Group, owing to its dimension, balance sheet structure and operation as a lender to economic agents, has felt these major impacts which have translated into the occurrence of consolidated losses since 2010 and which will continue through the current year. These results have not however, been worse owing to the early adoption of a highly prudent provisioning and credit portfolio management policy.

With an increase in capital and a much greater liquidity, the Group must learn to adjust its business model to a still weak domestic economic environment.

With an increase in capital and a much greater liquidity, the Group, as in the case of the rest of the banking sector, must, however, contend with a difficult and perhaps enduring situation, in which the management of its respective policy and definition of its business model must learn to adjust to the continued weakness of the domestic economic environment (notwithstanding the fact that the second half year began with the first, albeit faint, signs of economic agents' greater confidence and regulatory and prudential surrounds whose configurations have still not been fully defined but which confirm a more "intrusive" approach by the authorities and an already foreseeable enhanced level of requirements and rigour (both on a macro and micro-prudential level).

There are no longer any doubts concerning the persistence of an accommodative monetary policy situation and low interest rates in Europe, which, in the already referred to monetary segmentation situation, will continue to affect CGD's net interest income, forcing it to continue to make changes to desensitise its balance sheet and profitability to interest rates.

Of major importance will be the occurrence of developments in Caixa's commercial policy following the wave of regulatory initiatives

Of major importance will be the occurrence of developments in Caixa's commercial policy following the wave of regulatory initiatives, several of which are in progress and others at their preparation stage, which should predict and control external shocks and mitigate pro-cyclical situations which may translate into the addition of capital buffers and the more rigorous treatment of various credit segments, financing instruments and several types of derivatives transactions. The actual concept of capital does not appear to have fully stabilised over the euroarea as a whole (where, in this aspect heterogeneity also continues to be significant), with the EBA having, for example, published new definitions on hybrid capital last June.

In the sphere of the transformation occurring, for example, in risk management policies evaluation methods, reference should, once again, be made to the case of such recently established (but not undisputed) methodologies as VAR which are currently being reconsidered with the introduction, for example, of a new adjusted VAR concept which may result in a significantly higher value than that resulting from the application of the standard VAR method.

The consequences of the introduction of MIFID2 which, now designed to achieve greater transparency in all market segments, is Increasing several investors' fears that it may penalise liquidity, are also not fully predictable.

This range of measures as a whole will undoubtedly permit a better assessment of and control over banking industry risk, contributing to its respective stabilisation and growth and eventually to a new operational paradigm, more suitable to a changing economic environment.

They will also, however, involve the need for new investments and added costs in immediate terms and an eventual increase in transition risks.

Financial activity is, by nature, usually characterised by an approach based on dynamism and continued innovation, and market agents, in general, enjoy great flexibility and the capacity to rapidly adjust to change. Notwithstanding, in the current economic circumstances, the need for the recovery of confidence is being witnessed and this requires rapid stabilisation and a clear definition of the rules to which markets and economic agents in general must respond.

10. Subsequent Events

The following appointments were made, in July 2013, in a unanimous resolution of CGD's shareholder.

1. As members of the board of the company's general shareholders' meeting for the 2013-2015 term of office:
   - Chairman: Manuel Carlos Lopes Porto
   - Deputy chairman: Rui Manuel Parente Chancerelle de Machete
   - Secretary: José Lourenço Soares.
2. As members of the company's board of directors for the 2013-2015 term of office:
   - Chairman: Álvaro José Barrigas do Nascimento
   - Deputy chairman: José Agostinho Martins de Matos
   - Board member: Nuno Maria Pinto de Magalhães Fernandes Thomaz
   - Board member: João Nuno de Oliveira Jorge Palma
   - Board member: José Pedro Cabral dos Santos
   - Board member: Ana Cristina de Sousa Leal
   - Board member: Maria João Borges Carioca Rodrigues
   - Board member: Jorge Telmo Maria Freire Cardoso;
   - Board member: Pedro Miguel Valente Pires Bela Pimentel
   - Board member: José Luís Mexia Fraústo Crespo de Carvalho
   - Board member: José Hernst Henzler Vieira Branco
   - Board member: Eduardo Manuel Hintze da Paz Ferreira
   - Board member: Daniel Traça
   - Board member: Pedro Fontes Falcão.
3. As members of the executive committee for the 2013-2015 term of office:
   - Chairman: José Agostinho Martins de Matos
   - Deputy chairman: Nuno Maria Pinto de Magalhães Fernandes Thomaz
   - Board member: João Nuno de Oliveira Jorge Palma
   - Board member: José Pedro Cabral dos Santos
   - Board member: Ana Cristina de Sousa Leal
   - Board member: Maria João Borges Carioca Rodrigues
   - Board member: Jorge Telmo Maria Freire Cardoso.
4. As members of the company's audit committee for the 2013-2015 term of office:
   - Chairman: Eduardo Manuel Hintze da Paz Ferreira
   - Deputy chairman: Daniel Traça
   - Board member: Pedro Fontes Falcão.

DG Comp also approved Caixa's Restructuring Plan in July, confirming and strengthening the main strategic guidelines already In force in CGD Group.

11. Declaration of Conformity of the Presentation of Financial Information

Under the terms of sub-paragraph c) of no. 1 of article 246 of the Securities Market Code, we declare that the condensed financial statements for first half 2013 and the other accounting documents, have, to the best of our knowledge, been produced in conformity with the applicable accounting standards and provide a true and appropriate image of the assets and liabilities, financial situation and results of Caixa Geral de Depósitos, SA and the companies included in its consolidation perimeter and that the board of directors' interim report gives an accurate account of the important events occurring in the respective period and the impact of the financial statements and contains a description of the main risks and uncertainties for the next six months.

Lisbon, 30 August 2013

Board of Directors

Chairman	Álvaro José Barrigas do Nascimento
Deputy Chairman:	José Agostinho Martins de Matos
Members:	Nuno Maria Pinto de Magalhães Fernandes Thomaz
	João Nuno de Oliveira Jorge Palma
	José Pedro Cabral dos Santos
	Ana Cristina de Sousa Leal
	Maria João Borges Carioca Rodrigues
	Jorge Telmo Maria Freire Cardoso
	Pedro Miguel Valente Pires Bela Pimentel
	José Luís Mexia Fraústo Crespo de Carvalho
	José Hernst Henzler Vieira Branco
	Eduardo Manuel Hintze da Paz Ferreira
	Daniel Traça
	Pedro Fontes Falcão

12. Statement on the Auditing of the Accounts

Under the terms of no. 3 of no.8 Securities Code, we declare that the financial information for first half 2013 relating to Caixa Geral de Depósitos, SA and the companies included in its consolidation perimeter has not been audited.

Lisbon, 30 August 2013

Board of Directors

Chairman Álvaro José Barrigas do Nascimento

Deputy Chairman: José Agostinho Martins de Matos

Members: Nuno Maria Pinto de Magalhães Fernandes Thomaz

João Nuno de Oliveira Jorge Palma

José Pedro Cabral dos Santos

Ana Cristina de Sousa Leal

Maria João Borges Carioca Rodrigues

Jorge Telmo Maria Freire Cardoso

Pedro Miguel Valente Pires Bela Pimentel

José Luís Mexia Fraústo Crespo de Carvalho

José Hernst Henzler Vieira Branco

Eduardo Manuel Hintze da Paz Ferreira

Daniel Traça

Pedro Fontes Falcão

13. Bonds Held by Members of the Board of Directors

(Article 447 of the Commercial Companies Code)

TABLE 42 - BONDS HELD BY MEMBERS OF THE BOARD OF DIRECTORS

Bondholders members of Board of Directors	Security	No Securities 30/06/2013
Members of the Board of Directors		
João Nuno de Oliveira Jorge Palma	Obrig. Subordin. CGD - 2009/2019 – Aniversário Obrigações CGD 5,125% 2014	50 1
José Pedro Cabral dos Santos	Obrigações Caixa Valor Nacional 2010/2015	15

14. Information on CGD Shareholders

(Article 448 of the Commercial Companies Code)

TABLE 43 - CGD SHAREHOLDERS

Shareholders	Share capital at 30/06/2013	% equity investment at 30/06/2013
Portuguese state	Eur 5 900 000 000	100%

Lisbon, 30 August 2013

BOAD OF DIRECTORS

Chairman	Álvaro José Barrigas do Nascimento
Deputy chairman	José Agostinho Martins de Matos
Members	Nuno Maria Pinto de Magalhães Fernandes Thomaz João Nuno de Oliveira Jorge Palma José Pedro Cabral dos Santos Ana Cristina de Sousa Leal Maria João Borges Carioca Rodrigues Jorge Telmo Maria Freire Cardoso Pedro Miguel Valente Pires Bela Pimentel José Luís Mexia Fraústo Crespo de Carvalho José Hernst Henzler Vieira Branco Eduardo Manuel Hintze da Paz Ferreira Daniel Traça Pedro Fontes Falcão

15. Separate and Consolidated Financial Statements

BALANCE SHEET (SEPARATE)

(EUR)

ASSETS	Notes	30/06/2013 Amounts before impairment, amortisation and depreciation	30/06/2013 Provisions, impairment and amortisation and depreciation	30/06/2013 Net assets	31/12/2012 Net assets
Cash and cash equivalents at central banks	3	758,965,226	-	758,965,226	924,054,500
Cash balances at other credit institutions	4	453,793,585	-	453,793,585	424,550,958
Financial assets held for trading	5	2,235,917,257	-	2,235,917,257	2,609,075,904
Other financial assets at fair value through profit or loss	5	649,404,170	-	649,404,170	113,180,017
Available-for-sale financial assets	6	17,191,816,223	(575,326,203)	16,616,490,020	17,360,929,659
Financial assets with repurchase agreement	7	675,759,962	-	675,759,962	1,500,019,362
Loans and advances to credit institutions	8	5,150,651,518	(14,509,078)	5,136,142,440	6,439,699,822
Loans and advances to customers	9	65,434,850,559	(4,026,603,642)	61,408,246,917	64,002,245,182
Hedging derivatives	10	63,472,300	-	63,472,300	97,193,263
Non-current assets held for sale		397,814,162	(100,076,523)	297,737,639	286,443,108
Investment property		3,600,156	-	3,600,156	3,600,156
Other tangible assets		1,229,480,315	(797,644,592)	431,835,723	450,934,216
Intangible assets		622,431,924	(520,583,347)	101,848,577	103,002,032
Investments in associates, subsidiaries and joint ventures	11	4,079,692,479	(333,979,396)	3,745,713,083	3,944,829,543
Current tax assets	12	57,282,663	-	57,282,663	32,282,907
Deferred tax assets	12	1,267,780,016	-	1,267,780,016	1,151,222,867
Other assets	13	2,977,162,159	(221,347,475)	2,755,814,684	2,769,825,681
Total assets		103,249,874,674	(6,590,070,256)	96,659,804,418	102,213,089,177

LIABILITIES AND EQUITY	Notes	30/06/2013	31/12/2012
Resources of central banks	14	4,865,656,044	7,057,438,351
Financial liabilities held for trading	10	1,825,606,340	2,296,505,227
Resources of other credit institutions	14	5,298,306,657	6,045,877,342
Customer resources	15	57,917,667,479	58,247,843,317
Debt securities	16	9,869,123,344	11,548,674,576
Financial liabilities associated with transferred assets	17	4,841,198,568	4,920,333,545
Hedging derivatives	10	80,673,351	84,478,780
Provisions	18	1,139,215,185	1,145,191,741
Current tax liabilities	12	1,662,625	2,607,744
Deferred tax liabilities	12	62,072,988	74,400,571
Other subordinated liabilities	19	3,030,673,607	2,978,120,539
Other liabilities	20	2,232,425,594	1,882,357,223
Total Liabilities		91,164,281,782	96,283,828,956
Share capital	21	5,900,000,000	5,900,000,000
Revaluation reserves	22	(25,171,138)	(67,731,298)
Other reserves and retained earnings	22	88,983,446	776,058,342
Net income for the period	22	(468,289,672)	(679,066,823)
Total Equity		5,495,522,636	5,929,260,221
Total Liabilities and Equity		96,659,804,418	102,213,089,177

Certified Public Accountant
Maria Fátima O. Melo F. Sanchas

Board of Directors

Chairman: Álvaro José Barrigas do Nascimento

Deputy chairman: José Agostinho Martins de Matos

Members:
Nuno Maria Pinto de Magalhães Fernandes Thomaz
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Eduardo Manuel Hintze da Paz Ferreira
Daniel Traça
Pedro Fontes Falcão

INCOME STATEMENT (SEPARATE)

(EUR)

	Notes	30/06/2013	30/06/2012
Interest and similar income	23	1,488,231,518	2,706,971,021
Interest and similar costs	23	(1,328,529,475)	(2,259,526,908)
NET INTEREST INCOME		159,702,043	447,444,113
Income from equity instruments	24	73,607,102	113,983,224
Income from services and commissions	25	240,411,084	248,992,069
Cost of services and commissions	25	(53,236,327)	(58,640,261)
Net results of assets and liabilities measured at fair value through profit or loss	26	44,996,740	172,227,979
Net gain on available-for-sale financial assets	27	80,320,906	37,417,134
Net foreign exchange revaluation gain	26	6,415,610	2,663,336
Net gain on the sale of other assets	28	(3,617,817)	(1,152,155)
Other operating income	29	21,413,740	54,042,174
NET OPERATING INCOME		570,013,081	1,016,977,613
Staff costs	30	(276,897,807)	(248,506,357)
Other administrative costs	31	(160,612,723)	(164,799,171)
Depreciation and amortisation		(43,780,031)	(49,346,658)
Provisions net of reversals	18	8,911,866	(15,752,253)
Correction of amount of loans and advances to costumers and receivables from other debtors	18	(690,308,203)	(467,173,955)
Impairment of other financial assets net of reversals	18	(37,321,626)	(99,347,524)
Impairment of other assets net reversals	18	(17,741,318)	(50,468,013)
INCOME BEFORE TAX		(647,736,761)	(78,416,318)
Income tax			
Current	12	32,603,281	(86,965,679)
Deferred	12	146,843,808	93,744,699
		179,447,089	6,779,020
Net income for the period		(468,289,672)	(71,637,298)
Average number of ordinary shares outstanding	21	1,180,000,000	1,030,000,000
Earnings per share (in Euros)		(0.40)	(0.07)

Certified Public Accountant

Maria Fátima O. Melo F. Sanchas

Board of Directors

Chairman: Álvaro José Barrigas do Nascimento

Deputy chairman: José Agostinho Martins de Matos

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João Nuno de Oliveira Jorge Palma
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STATEMENT OF COMPREHENSIVE INCOME (SEPARATE)

(EUR thousand)

	30/06/2013	30/06/2012
Adjustments to fair value of available-for-sale financial assets		
Changes in period	106,931	789,939
Reclassification of adjustments of fair value reserves to results:		
Recognition of impairment for the period	36,327	93,207
Sale of available-for-sale financial assets	(80,321)	(37,417)
Tax effect	(20,377)	(244,729)
Post employment benefits - amortisation of transition to IAS' s impact		
Change in period	(11,246)	(16,728)
Tax effect	3,284	4,690
Exchange fluctuations	35	(1,638)
Other	(82)	1,071
Total comprehensive income for the period recognised in reserves	34,552	588,394
Net income for the period	(468,290)	(71,637)
Total comprehensive income for the period	(433,738)	516,756

CASH FLOW STATEMENTS (SEPARATE)

(EUR thousand)

	30/06/2013	30/06/2012
OPERATING ACTIVITIES		
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	1,764,126	3,040,896
Interest, commissions and similar costs paid	(1,109,820)	(1,855,658)
Recovery of principal and interest	11,231	13,927
Payments to employees and suppliers	(385,521)	(429,652)
Payments and contributions to pensions funds, health plan and other benefits	(10,920)	(10,007)
Other results	21,217	37,288
	290,312	796,795
(Increases) decreases in operating assets:		
Loans and advances to credit institutions and customers	3,465,087	2,448,051
Assets held for trade and other assets at fair value through profit or loss	(68,720)	381,132
Other assets	95,946	(69,454)
	3,492,313	2,759,729
Increases (decreases) in operating liabilities:		
Resources of central banks and other credit institutions	(2,920,210)	(1,565,633)
Customer resources	(294,747)	(597,996)
Other liabilities	393,760	97,972
	(2,821,198)	(2,065,657)
Net cash from operating activities before taxation	961,427	1,490,866
Income tax	(104,548)	(53,810)
Net cash from operating activities	856,879	1,437,056
INVESTING ACTIVITIES		
Capital gains from subsidiary and associated companies	35,151	49,108
Capital gains from available-for-sale financial assets	41,997	70,536
Acquisition of investments in subsidiary and associated companies, net of disposals	7,068	(5,027)
Acquisition of available-for-sale financial assets, net of disposals	877,934	(209,935)
Acquisition of tangible and intangible assets, net of disposals	(23,498)	(35,200)
Net cash from investing activities	938,653	(130,518)
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(26,803)	(32,959)
Interest on debt securities	(274,039)	(418,232)
Issue of subordinated liabilities, net of repayments	-	791,186
Issue of debt securities	(1,630,536)	(3,632,917)
Share capital increase	-	750,000
Net cash from financing activities	(1,931,378)	(2,542,923)
Increase (decrease) in cash and cash equivalents	(135,847)	(1,236,385)
Cash and cash equivalents at beginning of period	1,348,605	2,338,920
Net change of cash and cash equivalents	(135,847)	(1,236,385)
Cash and cash equivalents at end of period	**1,212,759**	**1,102,535**

STATEMENT OF CHANGES IN EQUITY (SEPARATE)

(EUR thousand)

	Capital	Revaluation reserves				Other reserves and retained earnings				Net income	Total
		Fair value reserves	Reserves for deferred tax	Fixed assets	Total	Legal reserve	Other reserves	Retained earnings	Total		
Balances at 31 December 2011	5,150,000	(2,052,719)	589,423	110,425	(1,352,871)	862,906	345,921	(26,004)	1,182,823	(316,255)	4,663,697
Appropriation of net income for 2011:											
Transfer to reserves and retained earnings	-	-	-	-	-	-	-	(316,255)	(316,255)	316,255	-
Other entries directly recorded in equity:											
Valuation of available-for-sale financial assets	-	845,728	(244,729)	-	600,999	-	-	-	-	-	600,999
Amortisation of the impact of the transition to the IAS relative to post-employment benefits	-	-	-	-	-	-	-	(12,039)	(12,039)	-	(12,039)
Currency changes in subsidiaries	-	-	-	-	-	-	(1,638)	-	(1,638)	-	(1,638)
Reclassification between reserves and retained earnings	-	-	-	-	-	-	(419)	419	-	-	-
Other	-	-	-	-	-	-	1,071	-	1,071	-	1,071
Total gains and losses for the period recognised in equity	-	845,728	(244,729)	-	600,999	-	(986)	(11,620)	(12,606)	-	588,394
Share capital increase	750,000	-	-	-	-	-	-	-	-	-	750,000
Net income for the period	-	-	-	-	-	-	-	-	-	(71,637)	(71,637)
Balances at 30 June 2012	750,000	845,728	(244,729)	-	600,998	-	(986)	(327,875)	(328,861)	244,618	1,266,755
Balances at 31 December 2012	5,900,000	(254,742)	76,586	110,425	(67,731)	862,906	279,038	(365,886)	776,058	(679,067)	5,929,260
Appropriation of net income for 2012:											
Transfer to reserves and retained earnings	-	-	-	-	-	-	-	(679,067)	(679,067)	679,067	-
Other entries directly recorded in equity:											
Valuation of available-for-sale financial assets	-	62,937	(20,377)	-	42,560	-	-	-	-	-	42,560
Amortisation of the impact of the transition to the IAS relative to post-employment benefits	-	-	-	-	-	-	-	(7,962)	(7,962)	-	(7,962)
Currency changes in subsidiaries	-	-	-	-	-	-	35	-	35	-	35
Other	-	-	-	-	-	-	(82)	-	(82)	-	(82)
Total gains and losses for the period recognised in equity	-	62,937	(20,377)	-	42,560	-	(46)	(7,962)	(8,008)	-	34,552
Net income for the period	-	-	-	-	-	-	-	-	-	(468,290)	(468,290)
Balances at 30 June 2013	5,900,000	(191,805)	56,209	110,425	(25,171)	862,906	278,992	(1,052,915)	88,983	(468,290)	5,495,523

CONSOLIDATED BALANCE SHEET

(EUR)

ASSETS	Notes	30/06/2013 Amounts before impairment, amortisation and depreciation	30/06/2013 Impairment and amortisation and depreciation	30/06/2013 Net assets	*Proforma* 31/12/2012 Net assets	*Proforma* 01/01/2012 Net assets
Cash and cash equivalents at central banks	4	1,921,094,548	2,758,726,886	1,496,781,258	1,603,281,326	2,704,479,429
Cash balances at other credit institutions	5	935,094,132	-	935,094,132	1,302,011,713	985,260,969
Loans and advances to credit institutions	6	2,349,616,917	(12,844,902)	2,336,772,015	2,517,399,809	4,956,118,288
		4,781,492,307	(12,844,902)	4,768,647,405	5,422,692,848	8,645,858,686
Financial assets at fair value through profit or loss	7	3,618,032,321	-	3,618,032,321	3,998,697,991	4,132,482,512
Available-for-sale financial assets	8	20,580,551,527	(667,894,349)	19,912,657,178	20,576,476,647	16,843,642,881
Financial assets with repurchase agreement	9	675,759,962	-	675,759,962	504,159,727	777,953,832
Unit-linked investments	10	1,064,017,601	-	1,064,017,601	1,148,224,882	584,878,996
Hedging derivatives	11	65,190,570	-	65,190,570	98,725,204	108,128,626
Held-to-maturity investments	12	2,342,406,736	-	2,342,406,736	2,469,277,441	2,837,379,183
		28,345,958,717	(667,894,349)	27,678,064,368	28,795,561,892	25,284,466,030
Loans and advances to customers	13	77,109,485,825	(4,436,536,527)	72,672,949,298	74,734,583,513	78,282,277,762
Non-current assets held for sale	14	911,438,699	(277,023,822)	634,414,877	677,623,425	473,484,857
Investment property		718,346,141	-	718,346,141	534,237,709	459,088,203
Other tangible assets		1,836,339,703	(1,055,741,868)	780,597,835	903,606,978	990,325,243
Intangible assets		1,141,957,666	(755,748,297)	386,209,369	412,882,775	400,435,589
Investments in associates and jointly controlled entities	15	39,776,835	-	39,776,835	217,603,386	229,016,881
Current tax assets	16	91,002,580	-	91,002,580	60,862,136	87,538,023
Deferred tax assets	16	1,458,636,003	-	1,458,636,003	1,467,788,866	1,928,120,388
Technical provisions for outwards reinsurance	17	214,156,548	-	214,156,548	197,427,457	226,202,088
Other assets	18	3,472,766,016	(231,980,456)	3,240,785,560	3,433,756,958	3,557,907,104
Total assets		120,121,357,040	(7,437,770,221)	112,683,586,819	116,858,627,943	120,564,720,854

LIABILITIES AND EQUITY	Notes	30/06/2013	*Proforma* 31/12/2012	*Proforma* 01/01/2012
Resources of central banks and other credit institutions	19	9,837,381,761	12,226,705,289	15,836,929,994
Customer resources	20	71,827,104,396	71,355,037,433	70,537,533,250
Liability of unit-linked products	10	1,063,997,919	1,148,224,882	584,878,996
Debt securities	21	9,085,279,876	10,590,627,336	14,923,308,602
		81,976,382,191	83,093,889,651	86,045,720,848
Financial liabilities at fair value through profit or loss	11	1,759,913,479	2,217,043,052	1,917,762,652
Hedging derivatives with negative revaluation	11	80,671,775	84,478,780	93,071,712
Non-current liabilities held for sale	14	-	100,745,748	-
Provisions for employee benefits	22	552,958,149	549,949,797	497,493,181
Provisions for other risks	22	473,189,586	422,853,716	389,635,342
Technical provisions for insurance contracts	23	4,185,386,350	4,224,143,023	4,607,614,617
Current tax liabilities	16	179,711,845	184,062,756	52,324,348
Deferred tax liabilities	16	171,444,882	190,650,194	166,219,860
Other subordinated liabilities	24	2,941,453,146	2,889,067,239	2,075,416,185
Other liabilities	25	3,418,966,246	3,394,992,373	3,545,278,812
Total liabilities		105,577,459,410	109,578,581,618	115,227,467,551
Share capital	26	5,900,000,000	5,900,000,000	5,150,000,000
Fair value reserves	27	(169,243,222)	(189,663,644)	(2,078,222,234)
Other reserves and retained earnings	27	562,579,834	979,109,402	1,708,697,168
Net income attributable to the shareholder of CGD	27	(181,595,308)	(394,715,421)	(488,424,904)
Equity attributable to the shareholder of CGD		6,111,741,304	6,294,730,337	4,292,050,030
Non-controlling interests	28	994,386,105	985,315,988	1,045,203,273
Total equity		7,106,127,409	7,280,046,325	5,337,253,303
Total liabilities and equity		112,683,586,819	116,858,627,943	120,564,720,854

Certified Public Accountant
Maria Fátima O. Melo F. Sanchas

Board of Directors
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Deputy chairman: José Agostinho Martins de Matos
Members: Nuno Maria Pinto de Magalhães Fernandes Thomaz
João Nuno de Oliveira Jorge Palma
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Ana Cristina de Sousa Leal
Maria João Borges Carioca Rodrigues
Jorge Telmo Maria Freire Cardoso
Pedro Miguel Valente Pires Bela Pimentel
José Luís Mexia Fraústo Crespo de Carvalho
José Hernst Henzler Vieira Branco
Eduardo Manuel Hintze da Paz Ferreira
Daniel Traça
Pedro Fontes Falcão

CONSOLIDATED INCOME STATEMENTS

(EUR)

	Notes	30/06/2013	*Proforma* 30/06/2012
Interest and similar income	29	1,921,094,548	2,758,726,886
Interest and similar costs	29	(1,507,043,850)	(2,036,239,281)
Income from equity instruments	30	54,256,768	80,533,083
NET INTEREST INCOME		468,307,466	803,020,688
Income from services rendered and commissions	31	330,494,880	347,366,045
Cost of services and commissions	31	(74,398,069)	(89,541,221)
Results from financial operations	32	195,347,915	256,118,113
Other net operating income	33	24,152,108	28,011,713
NET OPERATING INCOME		943,904,300	1,344,975,338
		-	-
TECHNICAL MARGIN ON INSURANCE OPERATIONS		-	-
Premiums net of reinsurance	34	579,439,625	614,289,499
Result of investments relating to insurance contracts	34	71,154,759	76,053,063
Cost of claims net of reinsurance	34	(401,627,328)	(396,758,924)
Commissions and other income and cost relating to insurance contracts	34	(34,103,916)	(45,638,287)
		214,863,140	247,945,351
NET OPERATING INCOME FROM BANKING AND INSURANCE OPERATIONS		1,158,767,440	1,592,920,689
Staff costs	35	(463,954,063)	(433,447,680)
Other administrative costs	36	(279,255,391)	(287,968,349)
Depreciation and amortisation		(70,395,822)	(75,802,391)
Provisions net of reversals	22	(62,957,144)	(19,620,715)
Loan impairment net of reversals and recovery	37	(371,939,829)	(483,301,648)
Other assets impairment net of reversals and recovery	37	(112,283,813)	(225,557,672)
Results in subsidiaries held for sale	14	-	(1,433,268)
Results in associated companies and jointly controlled entities		2,320,783	(2,077,941)
INCOME BEFORE TAX AND NON-CONTROLLING INTERESTS		(199,697,839)	63,711,025
Tax		-	-
Current	16	808,772	(152,794,470)
Deferred	16	40,095,888	95,956,498
		40,904,660	(56,837,972)
Consolidated net income for the period, of which:		(158,793,179)	6,873,053
Non-controlling interests	28	(22,802,129)	(19,586,141)
CONSOLIDATED NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD		(181,595,308)	(12,713,088)
Average number of ordinary shares outstanding	26	1,180,000,000	1,030,000,000
Earnings per share (in Euros)		(0.15)	(0.01)

Certified Public Accountant

Maria Fátima O. Melo F. Sanchas

Board of Directors

Chairman: Álvaro José Barrigas do Nascimento

Deputy chairman: José Agostinho Martins de Matos

Members: Nuno Maria Pinto de Magalhães Fernandes Thomaz

João Nuno de Oliveira Jorge Palma

José Pedro Cabral dos Santos

Ana Cristina de Sousa Leal

Maria João Borges Carioca Rodrigues

Jorge Telmo Maria Freire Cardoso

Pedro Miguel Valente Pires Bela Pimentel

José Luís Mexia Fraústo Crespo de Carvalho

José Hernst Henzler Vieira Branco

Eduardo Manuel Hintze da Paz Ferreira

Daniel Traça

Pedro Fontes Falcão

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousand)

	30/06/2013	*Proforma* 30/06/2012
Adjustments to fair value of available-for-sale financial assets		
Changes in period	91,158	1,116,600
Reclassification adjustments of fair value reserves to results		
Recognition of impairment for the period	45,002	128,174
Sale of available-for-sale financial assets	(86,921)	(46,725)
Tax effect	(33,247)	(366,610)
Exchange fluctuations		
Changes in period	(22,643)	9,008
Reclassification adjustments of foreign exchange reserve to results		
Recognition of impairment for the period in available-for-sale financial assets		
- Participating units in foreign currency	(1,031)	(6,185)
Recognition of foreign exchange gains and losses in connection with the disposal of subsidiaries	(2,695)	-
Tax effect	(7)	745
Other	10,575	(34,463)
Total comprehensive income for the period recognised in reserves	192	800,543
Net income for the period	(158,793)	6,873
Total comprehensive income for the period, of which:	(158,601)	807,416
Non-controlling interests	(24,388)	3,462
Total comprehensive income attributable to the shareholder of CGD	(182,989)	810,878

CONSOLIDATED CASH FLOW STATEMENTS

(EUR thousand)

	30/06/2013	*Proforma* 30/06/2012
OPERATING ACTIVITIES		
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	2,279,813	3,143,286
Interest, commissions and similar costs paid	(1,321,572)	(1,660,126)
Premiums received (insurance)	542,789	584,467
Cost and claims paid (insurance)	(475,474)	(678,843)
Recovery of principal and interest	13,466	15,683
Payments to employees and suppliers	(692,285)	(740,935)
Payments and contributions to pension funds and other benefits	(13,506)	(21,279)
Other results	113,704	301,043
	446,935	943,295
(Increases) decreases in operating assets:		
Loans and advances to credit institutions and customers	1,835,982	1,760,473
Assets held for trade and other assets at fair value through profit or loss	125,914	(41,652)
Other assets	336,795	(140,494)
	2,298,691	1,578,327
Increases (decreases) in operating liabilities:		
Resources of central banks and other credit institutions	(2,402,296)	(1,876,479)
Customer resources	349,785	280,750
Other liabilities	(75,946)	303,684
	(2,128,458)	(1,292,045)
Net cash from operating activities before taxation	617,169	1,229,576
Income tax	(149,324)	(49,223)
Net cash from operating activities	467,845	1,180,353
INVESTING ACTIVITIES		
Dividends received from equity instruments	54,223	92,292
Acquisition of investments in subsidiary and associated companies, net of disposals	7,143	(105,533)
Acquisition of available-for-sale financial assets, net of disposals	670,959	223,814
Acquisition of tangible and intangible assets and investment property, net of disposals	62,737	(20,687)
Net cash from investing activities	795,061	189,885
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(27,765)	(32,614)
Interest on debt securities	(219,337)	(403,973)
Dividends paid on preference shares	-	(1,043)
Issue of subordinated liabilities, net of repayments	-	792,085
Issue of debt securities, net of repayments and repurchases	(1,489,222)	(3,644,965)
Share capital increase	-	750,000
Net cash from financing activities	(1,736,324)	(2,540,510)
Increase (decrease) in cash and cash equivalents	(473,418)	(1,170,272)
Cash and cash equivalents at the beginning of the period	2,905,293	3,689,740
Net change of cash and cash equivalents	(473,418)	(1,170,272)
Cash and cash equivalents at the end of period	2,431,875	2,519,469

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR thousand)

	Share capital	Fair value reserve	Other reserves and retained earnings			Net income for the period	Subtotal	Non-controlling interests	Total
			Other reserves	Retained earnings	Total				
Balances at 31 December 2011	5,150,000	(2,078,222)	1,833,961	(125,264)	1,708,697	(488,425)	4,292,050	1,045,203	5,337,253
Appropriation of net income for 2011:									
Transfer to reserves and retained earnings	-	-	(172,170)	(316,255)	(488,425)	488,425	-	-	-
Other entries directly recorded in equity:									
Valuation of available-for-sale financial assets	-	881,289	(41,550)	-	(41,550)	-	839,738	(8,300)	831,438
Currency changes	-	-	4,191	-	4,191	-	4,191	(623)	3,568
Other	-	-	(20,338)	-	(20,338)	-	(20,338)	(14,125)	(34,463)
Total gains and losses for the period recognised in equity	-	881,289	(57,697)	-	(57,697)	-	823,591	(23,048)	800,543
Share capital increase	750,000	-	-	-	-	-	750,000	-	750,000
Changes in Group perimeter	-	-	(16,590)	-	(16,590)	-	(16,590)	(16,287)	(32,877)
Acquisition of preference shares issued by Caixa Geral Finance	-	-	490	-	490	-	490	(1,400)	(910)
Dividends paid on preference shares and to non-controlling interests	-	-	-	-	-	-	-	(21,869)	(21,869)
Reclassification between reserves and retained earnings	-	-	2,793	(2,793)	-	-	-	-	-
Net income for period	-	-	-	-	-	(12,713)	(12,713)	19,586	6,873
Balances at 30 June 2012	5,900,000	(1,196,934)	1,590,787	(444,312)	1,146,474	(12,713)	5,836,828	1,002,186	6,839,014
Balances at 31 December 2012	5,900,000	(189,664)	1,423,524	(444,414)	979,109	(394,715)	6,294,730	985,316	7,280,046
Appropriation of net income for 2012:									
Transfer to reserves and retained earnings	-	-	284,351	(679,067)	(394,715)	394,715	-	-	-
Other entries directly recorded in equity:				-					
Valuation of available-for-sale financial assets	-	20,420	(2,556)	-	(2,556)		17,864	(1,872)	15,992
Currency changes	-	-	(28,678)	-	(28,678)		(28,678)	2,302	(26,376)
Other	-	-	9,420	-	9,420		9,420	1,155	10,575
Total gains and losses for the period recognised in equity	-	20,420	(21,814)	-	(21,814)	-	(1,394)	1,586	192
Share capital increase	-	-	-	-	-		-	-	-
Changes in Group perimeter	-	-	-	-	-		-	(1,713)	(1,713)
Dividends paid to non-controlling interests	-	-	-	-	-		-	(13,605)	(13,605)
Reclassification between reserves and retained earnings	-	-	(36,587)	36,587	-	-	-	-	-
Net income for period	-	-	-	-	-	(181,595)	(181,595)	22,802	(158,793)
Balances at 30 June 2013	5,900,000	(169,243)	1,649,474	(1,086,894)	562,580	(181,595)	6,111,741	994,386	7,106,127

16. Notes to the Consolidated Financial Statements

(Amounts expressed in thousand euros – unless otherwise indicated)

1. INTRODUCTORY NOTE

Caixa Geral de Depósitos, S.A. (Caixa or CGD), formed in 1876, is an exclusively state-owned public liability limited company. Caixa became a state-owned company on 1 September 1993 under Decree Law no. 287/93 of 20 August, which also approved its respective articles of association. Banco Nacional Ultramarino, S.A. (BNU) was merged into Caixa on 23 July 2001.

CGD operated a nationwide network of 814 branch offices at 30 June 2013, with a branch in France having 48 offices, a branch in Timor with 9 offices, a branch in Luxembourg with 2 offices and branches in Spain, London, New York, Cayman Islands, Zhuhai, Macau and an offshore branch in Madeira.

Caixa also has direct and indirect investments in a significant number of domestic and foreign companies, in Spain, Cape Verde, Angola, Mozambique, South Africa, Brazil and Macau, in which it has controlling interests. These companies comprise Caixa Geral de Depósitos Group (Group) and are active in various sectors such as banking, insurance, investment banking, brokerage, venture capital, property, asset management, specialised credit, e-commerce and cultural activities. Caixa also holds equity investments in companies operating in non-financial sectors of the Portuguese economy.

2. ACCOUNTING POLICIES

2.1. Presentation bases

The consolidated financial statements, at 30 June 2013, have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union, under European Council and Parliament Regulation (EC) 1606/2002 of 19 July and Decree Law 35/2005 of 17 February.

These financial statements, which are set out in conformity with the requirements of IAS 34 – "Interim Financial Reporting" are not fully comprehensive in terms of all of the information required for the preparation of annual financial statements.

The accounting policies described in this note have been consistently applied across all periods provided for in the financial statements, except for aspects related with changes in the form of recognition of jointly controlled entities which are described in detail in Note 2.2. below.

2.2. Change of accounting policy - recognition of interests in jointly controlled entities

The Group changed the way it recognises interests in jointly controlled entities in 2013, which are now recognised by the equity accounting method (Note 2.5.), as permitted under paragraph 38 of IAS 31 - "Interests in joint ventures".

Up to 31 December 2012 investments in jointly controlled entities were recognised in the consolidated financial statements by the proportional integration method. In accordance with the referred to method such enterprises' assets, liabilities, income and expenditure were recognised in the consolidated accounts in direct proportion to their equity capital percentage.

This decision enabled the impacts of the implementation of IFRS 11 - "Joint arrangements" in the Group's financial statements to be anticipated. The adoption of IFRS 11 in the European Area is mandatory for the economic years starting on or after 1 January 2014.

Under paragraph 29 of IAS 8, a change in accounting policies requires the need to re-express financial statements for comparative periods, to be set out in accordance with the modifications to the adopted methodology. The redefining of the consolidation method for jointly controlled entities did not have any effect on the composition of shareholders' equity or the Group's net results but did require the reorganisation of several balance sheet and income statement aggregates, as set out below:

BALANCE SHEET	31-12-2012		
ASSETS	Amounts before the change in the accounting policy	Restated amounts after the change in the accounting policy	Adjustments related to the change in the accounting policy
Cash and cash equivalents at central banks	1.603.284	1.603.281	(2)
Cash balances at other credit institutions	1.305.381	1.302.012	(3.369)
Loans and advances to credit institutions	2.517.399	2.517.400	1
	5.426.064	5.422.693	(3.371)
Financial assets at fair value through profit or loss	3.997.417	3.998.698	1.281
Available-for-sale financial assets	20.576.477	20.576.477	-
Financial assets with repurchase agreement	504.160	504.160	-
Unit-linked investments	1.148.225	1.148.225	-
Hedging derivatives	98.725	98.725	-
Held-to-maturity investments	2.469.277	2.469.277	-
	28.794.281	28.795.562	1.281
Loans and advances to customers	74.713.101	74.734.584	21.482
Non-current assets held for sale	677.623	677.623	-
Investment property	534.238	534.238	-
Other tangible assets	1.044.599	903.607	(140.992)
Intangible assets	413.911	412.883	(1.028)
Investments in associates and jointly controlled entities	31.503	217.603	186.101
Current tax assets	61.474	60.862	(612)
Deferred tax assets	1.468.766	1.467.789	(977)
Technical provisions for outwards reinsurance	197.427	197.427	-
Other assets	3.493.515	3.433.757	(59.758)
Total assets	116.856.502	116.858.628	2.126

	31-12-2012		
LIABILITIES AND EQUITY	Amounts before the change in the accounting policy	Restated amounts after the change in the accounting policy	Adjustments related to the change in the accounting policy
Resources of central banks and other credit institutions	12.243.281	12.226.705	(16.576)
Customer resources	71.404.154	71.355.037	(49.117)
Liability of unit-linked products	1.148.225	1.148.225	-
Debt securities	10.590.627	10.590.627	-
	83.143.006	83.093.890	(49.117)
Financial liabilities at fair value through profit or loss	2.218.006	2.217.043	(963)
Hedging derivatives with negative revaluation	84.479	84.479	-
Non-current liabilities held for sale	100.746	100.746	-
Provisions for employee benefits	549.950	549.950	-
Provisions for other risks	423.204	422.854	(350)
Technical provisions for insurance contracts	4.224.143	4.224.143	-
Current tax liabilities	184.386	184.063	(323)
Deferred tax liabilities	190.650	190.650	-
Other subordinated liabilities	2.889.067	2.889.067	-
Other liabilities	3.325.537	3.394.992	69.456
Total do passivo	109.576.456	109.578.582	2.126
Share capital	5.900.000	5.900.000	-
Fair value reserves	(189.664)	(189.664)	-
Other reserves and retained earnings	979.109	979.109	-
Net income attributable to the shareholder of CGD	(394.715)	(394.715)	-
Equity attributable to the shareholder of CGD	6.294.730	6.294.730	-
Non-controlling interests	985.316	985.316	-
Total equity	7.280.046	7.280.046	-
Total liabilities and equity	116.856.502	116.858.628	2.126

BALANCE SHEET	01-01-2012		
ASSETS	Amounts before the change in the accounting policy	Restated amounts after the change in the accounting policy	Adjustments related to the change in the accounting policy
Cash and cash equivalents at central banks	2.704.482	2.704.479	(2)
Cash balances at other credit institutions	986.197	985.261	(936)
Loans and advances to credit institutions	4.956.118	4.956.118	-
	8.646.797	8.645.859	(938)
Financial assets at fair value through profit or loss	4.131.709	4.132.483	773
Available-for-sale financial assets	16.843.643	16.843.643	-
Financial assets with repurchase agreement	777.954	777.954	-
Unit-linked investments	584.879	584.879	-
Hedging derivatives	108.129	108.129	-
Held-to-maturity investments	2.837.379	2.837.379	-
	25.283.693	25.284.466	773
Loans and advances to customers	78.247.625	78.282.278	34.652
Non-current assets held for sale	473.485	473.485	-
Investment property	459.088	459.088	-
Other tangible assets	1.153.856	990.325	(163.530)
Intangible assets	402.088	400.436	(1.652)
Investments in associates and jointly controlled entities	35.939	229.017	193.078
Current tax assets	87.828	87.538	(290)
Deferred tax assets	1.928.680	1.928.120	(560)
Technical provisions for outwards reinsurance	226.202	226.202	-
Other assets	3.620.001	3.557.907	(62.093)
Total assets	120.565.281	120.564.721	(560)

	01-01-2012		
LIABILITIES AND EQUITY	Amounts before the change in the accounting policy	Restated amounts after the change in the accounting policy	Adjustments related to the change in the accounting policy
Resources of central banks and other credit institutions	15.860.954	15.836.930	(24.024)
Customer resources	70.587.491	70.537.533	(49.958)
Liability of unit-linked products	584.879	584.879	-
Debt securities	14.923.309	14.923.309	-
	86.095.679	86.045.721	(49.958)
Financial liabilities at fair value through profit or loss	1.918.488	1.917.763	(725)
Hedging derivatives with negative revaluation	93.072	93.072	-
Provisions for employee benefits	497.493	497.493	-
Provisions for other risks	389.991	389.635	(356)
Technical provisions for insurance contracts	4.607.615	4.607.615	-
Current tax liabilities	52.511	52.324	(186)
Deferred tax liabilities	166.220	166.220	-
Other subordinated liabilities	2.075.416	2.075.416	-
Other liabilities	3.470.590	3.545.279	74.689
Total do passivo	115.228.028	115.227.468	(560)
Share capital	5.150.000	5.150.000	-
Fair value reserves	(2.078.222)	(2.078.222)	-
Other reserves and retained earnings	1.708.697	1.708.697	-
Net income attributable to the shareholder of CGD	(488.425)	(488.425)	-
Equity attributable to the shareholder of CGD	4.292.050	4.292.050	-
Non-controlling interests	1.045.203	1.045.203	-
Total equity	5.337.253	5.337.253	-
Total liabilities and equity	120.565.281	120.564.721	(560)

CONSOLIDATED INCOME STATEMENT	30-06-2012		
	Amounts before the change in the accounting policy	Restated amounts after the change in the accounting policy	Adjustments related to the change in the accounting policy
Interest and similar income	2.756.945	2.758.727	1.782
Interest and similar costs	(2.037.281)	(2.036.239)	1.042
Income from equity instruments	80.533	80.533	0
NET INTEREST INCOME	800.197	803.021	2.824
Income from services rendered and commissions	347.311	347.366	55
Cost of services and commissions	(89.590)	(89.541)	48
Results from financial operations	255.870	256.118	248
Other net operating income	57.313	28.012	(29.301)
NET OPERATING INCOME	1.371.102	1.344.975	(26.126)
TECHNICAL MARGIN ON INSURANCE OPERATIONS			
Premiums net of reinsurance	614.289	614.289	-
Result of investments relating to insurance contracts	76.053	76.053	-
Cost of claims net of reinsurance	(396.759)	(396.759)	-
Commissions and other income and cost relating to insurance contracts	(45.638)	(45.638)	-
	247.945	247.945	-
NET OPERATING INCOME FROM BANKING AND INSURANCE OPERATIONS	1.619.047	1.592.921	(26.126)
Staff costs	(443.418)	(433.448)	9.971
Other administrative costs	(295.348)	(287.968)	7.380
Depreciation and amortisation	(87.920)	(75.802)	12.118
Provisions net of reversals	(19.393)	(19.621)	(228)
Loan impairment net of reversals and recovery	(483.302)	(483.302)	-
Other assets impairment net of reversals and recovery	(226.172)	(225.558)	615
Results in subsidiaries held for sale	(1.433)	(1.433)	-
Results in associated companies and jointly controlled entities	2.099	(2.078)	(4.177)
INCOME BEFORE TAX AND NON-CONTROLLING INTERESTS	64.159	63.711	(448)
Tax			
Current	(153.797)	(152.794)	1.002
Deferred	96.510	95.956	(554)
	(57.286)	(56.838)	448
Consolidated net income for the period, of which:	6.873	6.873	-
Non-controlling interests	(19.586)	(19.586)	-
CONSOLIDATED NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD	(12.713)	(12.713)	-

2.3. Consolidation principles

The consolidated financial statements include the accounts of CGD and entities directly and indirectly controlled by the Group (Note 3), including special purpose entities.

Subsidiary companies are companies over whose current management the Group enjoys effective control with the aim of obtaining economic benefits from their activities. Control normally takes the form of more than 50% of capital or voting rights. As a result of the application of IAS 27 – "Consolidated and separate financial statements", the Group's consolidation perimeter also includes special purpose entities, i.e. vehicles and funds created under securitisation operations, venture capital and investment funds and other similar entities over which it enjoys effective financial and operating control and in respect of whose activity the Group runs most of the risks and receives most of the benefits.

The accounts of CGD's subsidiaries were consolidated by the full consolidation method with significant transactions and balances between consolidated companies having been eliminated. Consolidation adjustments are also made, when applicable, to ensure consistency in the application of the Group's accounting principles.

Third party participation in subsidiaries is recognised in "non-controlling interests" in equity.

Consolidated net income or loss is based on the aggregate net results of CGD and its subsidiaries in proportion to their effective participation, after consolidation adjustments, i.e. elimination of dividends received and capital gains and losses made on transactions between companies included in the consolidation perimeter.

2.4. Business combinations and goodwill

Acquisitions of subsidiaries are recognised by the purchase method. The acquisition cost comprises the aggregate fair value of assets delivered, equity instruments issued and liabilities incurred or assumed in exchange for achieving control over the acquired entity. The costs incurred on the acquisition when directly attributable to the operation are recognised as a charge to the costs for the period on the date of purchase (for acquisitions made between 1 January 2004 and 31 December 2009 these costs were added to the acquisition cost). On the acquisition date, which is the date upon which the Group achieves control over the subsidiary, identifiable assets, liabilities and contingent liabilities which meet the recognition requirements of IFRS 3 – "Business combinations" are recognised at their respective fair value.

Goodwill is the positive difference, upon the purchase date, between the cost of a subsidiary and the fair value of the identifiable assets, liabilities and contingent liabilities acquired by the Group on the purchase date. Goodwill is recognised as an asset and is not amortised.

If the fair value of the identifiable assets, liabilities and contingent liabilities acquired in the transaction exceeds the acquisition cost, the excess is recognised as income in the income statement for the period.

The acquisition of non-controlling interests after control over a subsidiary has been achieved is recognised as an operation with shareholders with no additional goodwill being recognised. The difference between the value attributed to non-controlling interests and the respective acquisition cost at the transaction date is directly recognised as a charge to reserves. Similarly, the impacts of disposals of non-controlling interests which do not entail a loss of control over the subsidiary are also recognised in reserves. Gains or losses on disposals of non-controlling interests, when entailing changes in control over the subsidiary, are recognised by the Group as a charge to net income on the date of the operation.

The Group performs impairment tests on the goodwill recognised in its balance sheet, at least once a year, in accordance with the requirements of IAS 36 – "Impairment of assets". For this purpose, goodwill is allocated to cash flow generating units and its respective recoverable value is based on future cash flow estimates at discount rates considered by the Group to be appropriate. Impairment losses on goodwill are recognised in the income statement for the year and cannot be reversed.

Up to 1 January 2004, as permitted by the accounting policies defined by the Bank of Portugal, goodwill was fully deducted from equity in the year of the acquisition of the subsidiaries. As permitted under IFRS 1, the Group made no changes to this procedure and, consequently, goodwill generated on operations up to 1 January 2004, continued to be deducted from reserves.

Accounting for put options written over non-controlling interest (written put options)

Liabilities resulting from put options written over non-controlling interests are initially recognised by the Group as a charge to "other reserves". Subsequent changes to the fair value of the put option measured on the basis of the agreed terms, are also recognised as a charge to "Other reserves", except for the funding costs on the recognition of the liability, which are recognised in "Interest and similar costs" in the income statement.

2.5. Investments in associated companies and jointly controlled entities

"Associated companies" are entities over which the Group wields significant influence, but does not have effective control over the management. Significant influence is presumed to exist whenever the Group has a direct or indirect equity stake or voting rights of between 20% and 50%.

There are also situations in which the Group, together with other entities, wields joint control over the activity of a company in which the equity stake is held ("jointly controlled entities"), usually structured on a basis of the sharing of voting rights and influence over management.

Investments in associated companies and jointly controlled entities are recognised by the equity accounting method in which investments are initially recognised at their respective acquisition cost, which is subsequently adjusted for the Group's effective percentage of the changes in the equity of the referred to entities (including net income). The equity accounting method is applied up to the time at which the accumulated losses incurred by the associated company or jointly controlled entity, which is recognised by the Group, exceeds the investment's balance sheet value from which time it is discontinued, unless there is any legal or constructive obligation requiring the need for a provision to be set up on such losses.

In the case of materially relevant differences, adjustments are made to the equity of the companies, used for the application of the equity accounting method, to comply with the Group's accounting principles.

Goodwill, comprising the positive difference between the acquisition cost and fair value attributed to the acquisition of the respective assets, liabilities and contingent liabilities, continues to be recognised in the investment's carrying amount, which is annually subjected to impairment tests.

Unrealised gains or losses on transactions with associated companies and jointly controlled entities are eliminated to the extent of the Group's effective participating interest in said entities.

2.6. Translation of balances and transactions in foreign currency

The separate accounts of each Group entity included in the consolidation are prepared in accordance with the currency used in the economic area in which they operate and referred to as the functional currency. In the consolidated accounts, the results and financial position of each entity are expressed in euros, which is the Group's functional currency.

Foreign currency transactions are recognised in the separate financial statements of Caixa and its subsidiaries on the basis of the reference exchange rates in force on the transaction dates.

Foreign currency monetary assets and liabilities at each balance sheet date are translated into each entity's functional currency at the closing exchange rate in force. Non-monetary assets measured at fair value are translated on the basis of the exchange rate in force on the last measurement date. Non-monetary assets carried at historical cost, including tangible and intangible assets, continue to be recognised at their original exchange rates.

Exchange differences arising on translation are recognised in the income statement for the period, except for those arising on non-monetary financial instruments recognised at fair value, such as shares classified as available-for-sale financial assets, which are recognised in a specific equity account heading until disposal.

In the consolidated accounts, the assets and liabilities of entities with a functional currency other than the euro are translated at the closing exchange rate, as opposed to income and expenses which are translated at the average rates for the period. Under this method, translation differences are recognised in "Other reserves" in shareholders' equity and their respective accumulated balance is transferred to the income statement at the time of the subsidiaries' respective disposal.

As permitted by IFRS 1, the Group opted not to recalculate and therefore did not recognise the impact of the translation of the financial statements of its subsidiaries expressed in foreign currency up to 31 December 2003. Accordingly in the case of disposals of subsidiaries or associated companies occurring after the said date, only exchange differences originating from 1 January 2004 will be reclassified to the income statement.

2.7. Financial instruments

a) Financial assets

Financial assets are recognised at fair value at the trade date. In the case of financial assets measured at fair value through profit or loss, the costs directly attributable to the transaction are recognised in the "Cost of services and commissions" account heading. In other cases, such costs are added to the asset's book value. Upon initial recognition, such assets are classified in one of the following IAS 39 categories:

i) Financial assets at fair value through profit or loss

This category includes:

- Financial assets held for trading, essentially comprising securities acquired for the purpose of realising gains from short term market price fluctuations. This category also includes derivatives, excluding those complying with hedge accounting requirements; and

- Financial assets irrevocably designated at fair value through profit or loss ("Fair Value Option") upon initial recognition. This designation is limited to situations in which their adoption results in the production of more relevant financial information, i.e.

  - If the application eliminates or significantly reduces an accounting mismatch which would otherwise have occurred as a result of measuring related assets and liabilities or inconsistency in the recognition of gains and losses thereon.

  - Groups of financial assets, financial liabilities, or both, which are managed and whose performance is assessed on a fair value basis, in accordance with formally documented risk management and investment strategies and when information thereon is internally distributed to management bodies.

- Financial instruments containing one or more embedded derivatives may also be classified herein, unless:
  - The embedded derivatives do not significantly modify the cash flows which would otherwise have been produced under the contract;
  - It is evident, with little or no analysis, that the implicit derivatives should not be separated.

Financial assets classified in this category are measured at fair value, with gains and losses generated on their subsequent valuation recognised in the "Results from financial operations" heading. Interest is recognised in the appropriate "Interest and similar income" account headings.

ii) Held-to-maturity investments

Fixed-income securities the Group intends and is able to hold to maturity are classified in this category.

These financial assets are recognised at amortised cost. In accordance with this method, the financial instruments' carrying amount at each balance sheet date comprises their initial cost minus repayments of principal and impairment losses and adjusted for amortisation, using the effective interest rate method on any difference between the initial cost and the amount of the repayment.

Interest is recognised by the effective interest method, which enables amortised cost to be calculated and interest to be split up over the period of the operations. The effective interest rate is the rate used to discount the future cash flows associated with the financial instrument, enabling their present value to be matched to the value of the financial instrument on the initial recognition date.

iii) Loans and receivables

These are financial assets with fixed or determinable payments which are not quoted in an active market. This category includes loans and advances to Group customers (including securitised loans), amounts to be received from other credit institutions and for the provision of services or disposals of assets, recognised in "Other assets".

These assets are initially recognised at fair value, minus any commissions included in the effective interest rate, plus all incremental costs directly attributable to the transaction. The assets are subsequently recognised in the balance sheet at amortised cost, minus impairment losses. Interest is recognised by the effective interest method.

iv) Available-for-sale financial assets

This category includes the following financial instruments:

- Equity securities not classified as financial assets at fair value through profit or loss, including stable equity investments. It therefore also includes equity instruments held under the

Group's venture capital operations, without associated options;

- Bonds and other fixed-income securities;
- Investment units in unit trust investment funds.

Available-for-sale financial assets are measured at fair value, except for equity instruments not listed on an active market and whose fair value cannot be reliably measured, which continue to be recognised at cost. Revaluation gains and losses are recognised directly in "Fair value reserves" in shareholder's equity. At the time of sale or if considered impaired, accumulated fair value gains or losses are transferred to income or costs for the year and recognised in "Results from financial operations" or "Other asset impairment, net of reversals and recovery", respectively.

To assess the results of sale, assets sold are measured at their average acquisition cost.

Interest on debt instruments classified in this category is calculated by the effective interest rate method and recognised in "Interest and similar income" in the income statement.

Dividends from equity instruments classified in this category are recognised as income in "Income from equity instruments", when the Group's right to receive them has been established.

Reclassification of financial assets

The entry into force of the amendment to IAS 39 on 13 October 2008 entitled the Group to reclassify some financial assets recognised as "Financial assets held for trading" or "Available-for-sale financial assets" to other financial assets categories. Reclassifications to "Financial assets at fair value through profit or loss" categories continued to be prohibited. Under this standard, the reference date of reclassifications made by 1 November 2008 was accordingly 1 July 2008. Latter reclassifications had an impact on the referred to transfer between different categories of financial instruments as from the reference date in which they occurred.

Information on reclassifications made under the terms of the referred to amendment is set out in Notes 8 and 12

Fair value

As referred to above, financial assets recognised in "Fair value through profit or loss" and "Available-for-sale financial assets" categories are measured at fair value.

A financial instrument's fair value is the amount at which a financial asset or liability may be sold or settled between independent, knowledgeable parties in arm's length transactions.

The fair value of financial assets is assessed by a Department of Caixa which is independent from the trading function, based on:

- The closing price at the balance sheet date, for instruments traded on active markets;

- Valuation methods and techniques are used for debt instruments not traded on active markets (including unlisted securities or securities with low liquidity) and include the following,:

  - Bid prices published by financial information services such as Bloomberg and Reuters, including market prices available on recent transactions;

  - Bid prices obtained from financial institutions operating as market-makers;

  - Internal valuation models based on market data which would be used to set a financial instrument's price, reflecting market interest rates and volatility, in addition to the instrument's associated liquidity and credit risks.

- The value of unlisted equity instruments allocated to venture capital activity is based on the following:

  - Prices of significant transactions made by independent entities over the last six months;

  - Multiples of comparable companies in terms of operating sector, size and profitability;

  - Discounted cash flows, using discount rates tailored to the risk attached to the assets held.

  Valuations incorporate discount factors reflecting the securities' lack of liquidity. In the event of a right or contractual obligation to sell an asset, its respective valuation will lie within a range between the values resulting from the above referred to valuation methods and the present value of the asset's disposal price, adjusted, when applicable, to reflect counterparty credit risk.

- Other unlisted equity instruments whose fair value cannot be reliably measured (e.g. no recent transactions) continue to be recognised at cost, minus any impairment losses.

Amortised cost

Financial instruments at amortised cost are initially recognised at fair value, plus or minus the income or costs directly attributable to the transaction. Interest is recognised in accordance with the effective interest rate method.

Whenever estimated payments or collections associated with financial instruments measured at amortised cost are revised, their respective book value is adjusted to reflect the cash flow revisions. The new amortised cost is calculated based on the present value of future cash flows discounted at the financial instrument's initial effective interest rate. The adjustment of the amortised cost is recognised in the income statement.

b) Financial liabilities

Financial liabilities are recognised on their trade date, at their respective fair value minus the costs directly attributable to the transaction. Financial liabilities are classified in the following categories:

i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include derivatives_with negative fair value, in addition to the short trading of fixed and variable-income securities. These liabilities are recognised at fair value. Gains or losses resulting from their subsequent measurement are recognised in the "Results from financial operations" account heading.

ii) Other financial liabilities

This category includes resources of credit institutions and customer resources, debt issues, subordinated liabilities and liabilities incurred for the payment of services or purchase of assets, recognised in "Other liabilities".

These financial liabilities are measured at amortised cost. Any interest thereon is recognised in accordance with the effective interest rate method.

c) Derivatives and hedge accounting

The Group uses derivatives as part of its activity, in order to provide for its customers' requirements and reduce its exposure to foreign exchange, interest rate and price fluctuations.

Derivatives are recognised at their fair value at the trade date. They are also recognised in off-balance sheet account headings at their respective notional value.

Derivatives are subsequently measured at their respective fair value, calculated as follows:

- Based on prices obtained in active markets (e.g. futures trading in organised markets);
- Based on models incorporating valuation techniques accepted in the market, including discounted cash flows and option valuation models.

Embedded derivatives

Derivatives embedded in other financial instruments are separated out from the host contract and accounted for separately under IAS 39, whenever:

- The embedded derivative's economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract as defined in IAS 39; and
- The total combined financial instrument is not recognised at fair value, with the respective changes being recognised in profit and loss.

The main impact of this procedure on the Group's activity consists of the need to separate out and measure at fair value the derivatives embedded in deposits and debt instruments, i.e. instruments whose returns are not in the form of interest (e.g. returns indexed to share prices or indices, exchange rates, etc.). At the time of separation, the derivative is recognised at its respective fair value, with the initial amount of the host contract comprising the difference between the total value of the combined contract and the initial revaluation of the derivative. Therefore, no profit is recognised on the operation's initial recognition.

Hedge derivatives

These derivatives are contracted to hedge the Group's exposure to the risks attached to its activity. Classification as a hedge derivative and use of hedge accounting rules, as described below, are contingent upon compliance with IAS 39 requirements.

At 30 June 2013 and 31 December 2012, the Group only hedged its exposure to changes in the fair value of financial instruments recognised in its balance sheet, referred to as "Fair value hedges".

The Group prepares formal documentation upon inception of a hedging relationship that includes the following minimum aspects:

- Risk management objectives and strategy associated with the hedge operation, in accordance with defined risk hedging policies;
- Description of the respective risk(s);
- Identification and description of hedged and hedging financial instruments;
- Hedge effectiveness and periodicity assessment method.

Hedge effectiveness tests are periodically performed and documented by comparing the change in fair value of the hedging instrument and hedged item (part attributable to the hedged risk). To enable the use of hedge accounting under IAS 39, the ratio should lie within a range of 80% to 125%. Prospective effectiveness tests are also performed to estimate the hedge's future effectiveness.

Hedge derivatives are recognised at fair value and their results daily recognised in income and costs for the period. If the hedge is shown to be effective, i.e. an effectiveness ratio of between 80% and 125%, the Group also recognises the change in fair value of the hedged item attributable to the hedged risk in the income statement for the period in the heading "Results from financial operations". In the case of instruments with an interest component (e.g. interest rate swaps), accrued interest for the current period and realised cash flows are recognised in "Interest and similar income" and "Interest and similar costs" in net interest income.

Hedge accounting is discontinued whenever hedges cease to meet the hedge accounting requirements defined by the standard or if Caixa revokes this designation. In such situations the adjustments made to hedged items up to the date in which hedge accounting ceases to be effective or if the designation is revoked, are recognised in results up to the financial asset's or liability's maturity, based on the effective interest rate method.

Positive and negative revaluations of hedge derivatives are recognised in specific asset and liability account headings

Valuations of hedged items are posted to the balance sheet account headings in which the instruments are recognised.

Trading derivatives

Trading derivatives include all derivatives not associated with effective hedge relationships in accordance with IAS 39, i.e.

- Derivatives contracted to hedge risks on assets or liabilities recognised at fair value through profit or loss, thus rendering hedge accounting unnecessary;
- Risk hedge derivatives which do not meet IAS 39 hedge accounting requirements, owing to the difficulty in specifically identifying the hedged items, in cases other than micro-hedges or if the results of the effectiveness tests fall outside the range permitted by IAS 39;
- Derivatives contracted for trading purposes.

Trading derivatives are recognised at fair value, with daily changes being recognised in income and costs for the period in "Results from financial operations", except for the part relating to accrued and settled interest, which is recognised in "Interest and similar income" and "Interest and similar costs". Positive and negative revaluations are recognised in "Financial assets at fair value through profit or loss" and "Financial liabilities at fair value through profit or loss", respectively

d) Impairment of financial assets

Financial assets at amortised cost

The Group periodically performs impairment tests on its financial assets at amortised cost, i.e. "Loans and advances to credit institutions", "Held-to-maturity investments" and "Loans and advances to customers".

Evidence of impairment is assessed individually in the case of financial assets with significant exposure amounts and collectively in the case of homogenous assets, whose balances are not individually relevant.

Under IAS 39, the following events are considered objective evidence of impairment on financial assets at amortised cost:

- Breach of contract, such as overdue payments of interest or principal;
- A record of defaults in the financial system;
- Existence of loan or credit restructuring operations, or respective negotiations, in progress;
- Difficulties in terms of the capacity of shareholders and management, notably when leading partners or key staff leave the company or in the event of disputes between partners;
- Significant financial difficulties of a debtor or debt issuing entity;

- Strong probability of a debtor's or debt issuing entity's bankruptcy;
- The worsening of a debtor's competitive position;
- Historical record of collections suggesting that the nominal value will not be fully recovered.

Whenever objective evidence of impairment on individually assessed assets is identified, the possible impairment loss comprises the difference between the present value of future cash flows (recoverable value), discounted at the asset's effective original interest rate and book value at the time of analysis.

Impairment on loans collateralised by shares is calculated on the shares' estimated realisation price within a period compatible with the maturity of the loans. Additional collateral received and a debtor's financial capacity are also considered.

Assets which are not included in a specific analysis are included in a collective impairment analysis and classified in homogenous groups (based on counterparty and credit type) and are collectively assessed for impairment. Future cash flows are based on historical information on defaults and recoveries on assets with similar characteristics.

Individually assessed assets on which no objective evidence of impairment has been identified are also included in collective impairment assessments, as described in the preceding paragraph.

Impairment losses, calculated in the collective analysis, include the time effect of the discounting of cash flow receivable projections on each operation at the balance sheet date.

The impairment loss is recognised in the headings "Loan impairment net of reversals and recovery" and "Impairment of other assets net of reversals and recovery" and recognised separately in the balance sheet as a deduction from the amount of the respective assets.

Write-offs of principal and interest

The Group periodically writes-off non-recoverable loans using the respective accumulated impairment loss following a specific analysis by the structural bodies responsible for monitoring and recovering loans and the approval of the Executive Committee of the various entities. Any recoveries of written-off credits are recognised as a deduction from the impairment losses in the income statement heading "Loan impairment net of reversals and recovery".

In accordance with the policies in force within the Group, interest on overdue credit without real guarantee is reversed after three months from an operation's due date or first overdue instalment. Unrecognised interest on the above referred to credit is only recognised in the year in which it is received.

Interest on overdue credit secured by mortgage or other real guarantees is not written-off when the accumulated amount of outstanding principal and overdue interest is less than the amount of the collateral.

Recoveries of written-off interest are also credited to the heading "Loan impairment, net of reversals and recovery".

Available-for-sale financial assets

As referred to in Note 2.7. a), available-for-sale financial assets are recognised at fair value with changes in fair value being recognised in the "Fair value reserve" equity account heading.

Whenever there is objective evidence of impairment, the accumulated losses recognised in reserves are transferred to the income statement and recognised in "Other asset impairment net of reversals and recovery".

In addition to the above referred to signs of impairment on financial assets at amortised cost, IAS 39 also provides for the following objective evidence of impairment on equity instruments:

- Information on significant changes having an adverse effect on the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment may not be fully recovered;
- A significant or prolonged decline in fair value below cost.

The Group performs an impairment analysis on available-for-sale financial assets at each financial statement's reference date, taking the referred to assets' nature and specific, separate characteristics into consideration.

In addition to the results of the analysis, the following events were considered to be signs of objective evidence of impairment on equity instruments:

- Existence of unrealised losses of more than 50% of the respective acquisition cost;
- When the fair value of a financial instrument remains below its respective acquisition cost for a period of more than 24 months.

The existence of unrealised losses of more than 30% for a period of more than nine months was also considered to be objective evidence of impairment.

As impairment losses on equity instruments cannot be reversed, any unrealised gains arising after the recognition of impairment losses are recognised in the "Fair value reserve". Impairment, recognised in the income statement for the period, is always considered to exist on any additional capital losses.

The Group also performs periodic impairment analyses on financial assets recognised at cost, i.e. unlisted equity instruments whose fair value cannot be reliably measured. The recoverable value, in this case, is the best estimate of the future cash flows receivable on the asset, discounted at a rate adequately reflecting the risk attached to holding the asset.

The amount of the impairment loss is recognised directly in the income statement for the period. Impairment losses on such assets cannot be reversed.

2.8. Non-current assets held-for-sale and groups of assets and liabilities for disposal

IFRS 5 – "Non-current assets held-for-sale and discontinued operations" applies to single assets or groups of assets for disposal, either by sale or another aggregate means, in a single transaction, in addition to all liabilities directly associated with such assets, which may be transferred in the transaction (referred to as "disposal groups").

Non-current assets or groups of assets and liabilities for disposal are classified as held-for-sale whenever their book value is expected to be recovered by sale and not through their continued use. The following requirements must be met for an asset (or group of assets and liabilities) to be classified under this account heading:

- There must be a highly probability of sale;
- The asset must be available for immediate sale in its present condition;
- The sale should be expected to occur within a year from the asset's classification in this account heading.

Assets recognised in this account heading are not amortised and are measured at the lower of cost or fair value, minus the costs incurred on the sale. The assets' fair value is calculated by appraisers.

Impairment losses are recognised in "Impairment of other assets, net of reversals and recovery" when the assets' book value exceeds their fair value, following the deduction of the sales costs.

Property and other assets received as settlement of defaulting loans are also recognised in this account heading at their repossessed values.

The value of property received as settlement of defaulting loans is periodically assessed. Impairment losses are recognised when the amount of the valuation, minus the estimated costs to be incurred on the sale, is less than their book value.

Repossessed goods will be written-off upon their sale with corresponding gains or losses recognised in "Other operating costs".

At 31 December 2012, this account heading also included the consolidated assets and liabilities of HPP – Hospitais Privados de Portugal Group, whose sales process was completed in March 2013.

2.9. Investment properties

Investment properties are properties held by the Group with the objective of obtaining income from rentals and/or appreciation in their value.

Investment properties are not depreciated and are recognised at fair value determined by expert appraisers on an annual basis. Fair value changes are recognised in the income statement in the heading "Other net operating income".

2.10. Other tangible assets

Other tangible assets are recognised at their acquisition cost, minus their accumulated depreciation and impairment losses. The costs of repairs, maintenance and other expenses associated with their use are recognised in the income statement in "Other administrative costs".

Up to 1 January 2004, Caixa and several of its subsidiaries revalued their tangible assets under the terms of the applicable legislation. As permitted under IFRS 1, in the transition to IFRS, their book value, incorporating the effect of the referred to revaluations, was considered to be the cost, as their result, at the time of the revaluation corresponded approximately to their cost or depreciated cost under IFRS, adjusted to reflect changes to price indices. In the case of companies based in Portugal, 40% of the increase in depreciation on these revaluations is not tax deductible, with the corresponding deferred tax liability having been recognised.

Property for own use held by the Group's insurance companies was recognised at fair value, according to the rules defined in the Insurance Companies' Accounting Plan. On transition to IFRS, the book value of such property was considered to be its deemed cost, as permitted under IFRS 1.

Depreciation is recognised on a straight line basis over the assets' estimated useful lives, comprising the periods in which the assets are expected to be available for use, i.e.

	Years of useful life
Property for own use	50 - 100
Equipment:	
Furniture and material	8
Machines and tools	5 - 8
Computer equipment	3 - 8
Interior fittings	3 - 10
Vehicles	4 - 6
Security equipment	4 - 10

Land is not depreciated.

The cost of works on and improvements to property leased by the Group under operating leases is capitalised in this account heading and depreciated over an average period of 10 years.

Depreciation is recognised as a cost for the period.

Tests are periodically performed to identify evidence of impairment on other tangible assets. Impairment losses are recognised in the income statement for the period in "Impairment of other assets net of reversals and recovery" whenever the net book value of tangible assets is higher than their recoverable value (value in use or fair value whichever the higher). Impairment losses may be reversed through profit and loss in the event of a subsequent increase in an asset's recoverable value.

The Group periodically assesses the adequacy of its tangible assets' useful lives.

2.11. Finance leases

Finance lease operations are recognised as follows:

<u>As lessee</u>

Assets purchased under finance lease agreements are recognised at their fair value in "Other tangible assets" and in liabilities, in line with their respective repayments

Lease instalments are divided up in accordance with the respective financial schedule, whose liabilities are reduced by the repayments of principal. Interest payments are recognised in "Interest and similar costs".

<u>As lessor</u>

Leased assets are recognised in the balance sheet as "Loans and advances to customers" whose principal is repaid in accordance with the contract's repayments schedule. Interest included in the instalments is recognised in "Interest and similar income".

2.12. Intangible assets

This account heading essentially comprises the cost of acquiring, developing or preparing software used for the development of the Group's activities. In cases in which the requirements of IAS 38 – "Intangible assets" are met, the direct internal costs incurred on the development of software are capitalised as intangible assets. These costs essentially comprise staff costs.

Intangible assets are recognised at their acquisition cost minus accumulated amortisation and impairment losses.

Amortisation is recognised on a straight line basis over the assets' estimated useful lives, which is normally between 3 and 6 years.

Software maintenance costs are recognised as a cost for the period in which they are incurred.

2.13. Income tax

<u>Current tax</u>

CGD is subject to the fiscal regime set out in the IRC (Corporate Income Tax) Code and, starting 2012, was taxed under the special tax regime for corporate groupings of article 69 *et seq.* of the referred to code. The Group perimeter covered by the referred to tax regime, of which CGD is the dominant entity, comprises all companies with head offices in Portugal whose total income is subject to the general IRC tax regime, at the highest standard rate, in whose equity capital it has had either a direct or indirect equity stake of at least 90%, for a period of more than a year (starting 1 January 2012) and when the equity stake entitles it to more than 50% of the voting rights.

Taxable profit is calculated on the algebraic sum of taxable profit and the tax losses separately made by the companies in the perimeter. Branch accounts are accordingly included in the respective head office accounts under the principle of the taxation of global profit provided for in article 4 of the IRC code. In addition to being subject to IRC, in Portugal, branch net income is also subject to local taxes in the countries/territories in which they are established. Local taxes are deductible from the Group's tax bill under article 91 of the respective Code and Double Taxation Agreements entered into by Portugal.

Under article 33 of the Statute of Tax Benefits, CGD's and Caixa - Banco de Investimento, S.A.'s offshore branches in the Autonomous Region of Madeira were exempt from IRC up to 31 December 2011. For the purposes of applying this exemption, at least 85% of taxable income on an entity's global activity must have been earned on operations outside the institutional scope of the Madeira Free Trade Area. However, if tax losses have been made, the profit made by the Madeira offshore branch is not considered to be exempt from IRC, as occurred in 2011, in compliance with the dispositions of circular no. 3/2003.

Starting 1 January 2012, the taxable profit of CGD's and Caixa - Banco de Investimento, S.A.'s offshore branches in the Autonomous Region of Madeira was subject to IRC.

The income tax of foreign subsidiaries is calculated and recognised on the basis of the rules in force in the respective countries.

Current tax is calculated on taxable profit for the period, which differs from accounting income on account of adjustments resulting from expenses or income not considered for fiscal purposes or only considered in future accounting periods.

The following is a summary of several of the most significant fiscal aspects related to the Group's activity in Portugal.

Adjustments to the net income

- *Income earned by non-resident subsidiaries benefiting from a more favourable tax regime*

  Under Article 66 of the IRC Code, income earned by non-resident companies benefiting from a clearly more favourable tax regime is imputed to Caixa, in proportion to its equity stake and independently of its distribution, provided that Caixa has a direct or indirect equity stake of at least 25% or at least 10% if 50% of the non-resident company is either directly or indirectly owned by resident shareholders.

  A company is considered to benefit from a clearly more favourable regime (i) when it is resident in a territory listed in Administrative Ruling 292/2011 of 8 November, or (ii) when it is not subject to local income taxes which are identical or similar to IRC, or (iii) when the income tax effectively paid is equal to or less than 60% of the IRC that would have been payable if the company were resident in Portugal. In these cases, the corresponding net income is included in Caixa's taxable income for the year in which the non-resident company's tax period ends. The amount of the income included is deductible from the taxable profit for the year in which the referred to profits are eventually distributed to Caixa.

- *Provisions*

  In the calculation of taxable income for the half year ended 30 June 2013 and for the year 2012, both Caixa and the Group entities subject to the supervision of the Bank of Portugal considered the effect of the following rules, when applicable:

  - The dispositions of article 37 of the IRC Code according to which provisions for a specific credit risk on credit collateralised by real rights on property and country-risk provisions on loans to companies in which the Group has a stake of more than 10%, are not tax deductible;

- The dispositions of article 35 of the IRC Code according to which, starting 1 January 2003, the provisions for general credit risks calculated under the terms of the Bank of Portugal's *Notice* 3/95 ceased to be tax deductible. In addition, under the terms of current legislation, whenever provisions for general credit risk are reversed, net income to be considered first is the one related to the provisions that were accepted as tax cost in the year they were recorded.

– *Staff costs*

CGD has considered its payment of staff costs, processed and recognised in the accounts, including, *inter alia*, costs associated with pensions and other post-employment benefits to be tax deductible, up to the limit of the contributions effectively made. This procedure is in line with the respective understanding of the Secretary of State for Tax Affairs of 19 January 2006, according to which, the amounts recognised in costs under the terms of the applicable accounting regulations, limited by the amount of the contribution effectively made to the pension fund in the same or past years, are tax deductible.

Also herein and as a result of the change in accounting policy on the recognition of actuarial gains and losses on pension plans and other post-employment benefits with reference to 31 December 2011, the deferred net liabilities balance recognised in Caixa's balance sheet at the said date was fully recognised as a charge to reserves. The component relating to the negative equity changes on pensions liabilities in compliance with the requirements of article 183 of Law 64-A of 30 December, which approved the State Budget law for 2012, on Caixa and other subsidiaries with head offices on Portuguese territory, which were not considered for tax purposes, in the period in which they were recorded, will be recognised as a deduction from taxable profit, in equal parts, in the ten years starting on or after 1 January 2012.

– *Settlement results*

According to article 92 of the IRC Code, changed by the State Budget Law for 2011, taxable income, net of deductions for international double taxation and tax benefits, may not be less than 90% of the amount which would have been assessed if the taxpayer (i) had not enjoyed tax benefits, (ii) had not made supplementary contributions to pension funds and the like to cover retirement pension liabilities and (iii) had not benefited from tax losses transferred under corporate mergers.

The tax benefits referred to in no. 2 of the same article, are excluded from settlement results.

CGD did not make any adjustment to its assessment of taxable income for the half year ended 30 June 2013 and for the year 2012 as a result of the application of this article.

Deferred tax

Total income tax recognised in the income statement includes current and deferred tax.

Deferred tax consists of the impact on tax recoverable/payable in future periods of temporary deductible or taxable differences between the book value of assets and liabilities and their fiscal basis, used to assess taxable income.

Deferred tax liabilities are normally recognised for all temporary taxable differences, whereas deferred tax assets are only recognised to the extent that it is probable that sufficient future taxable profit allowing the use of the corresponding deductible tax differences or carry-back of tax losses is generated. Neither are deferred tax assets recognised in cases in which their recoverability may be questioned on account of other situations, including issues regarding the interpretation of current tax legislation.

In addition, deferred tax is not recognised in the following situations:

- Temporary differences arising from goodwill;
- Temporary differences arising from the initial recognition of assets and liabilities on transactions which do not affect accounting income or taxable income;
- Taxable temporary tax differences resulting from the undistributed profit of subsidiary and associated companies, to the extent that the Group is able to control their reversal which is unlikely to occur in the foreseeable future.

The main situations originating temporary differences on a Group level are provisions and impairment which are temporarily non-tax deductible and employee benefits.

Deferred taxes are calculated at the tax rates expected to apply on the temporary differences' reversal date, comprising the full or substantial approval of the rates at the balance sheet date.

Income tax (current or deferred) is recognised in the income statement for the period, unless their originating transactions have been directly recognised in equity (e.g. revaluations of available-for-sale financial assets and those related to changes in accounting policy under the recognition of pension fund liabilities and other post-employment benefits, as provided for in article 183 of Law 64-A/2011 of 30 December). In such cases the corresponding tax is also recognised as a charge to equity and does not affect the income for the period.

2.14. Provisions and contingent liabilities

A provision is recorded whenever there is a present (legal or constructive) obligation resulting from past events which are likely to entail a future outflow of resources and when this may be reliably determined. The amount of the provision comprises the best estimate of the amount of the liability at the balance sheet date.

A contingent liability exists when the future outflow of resources is unlikely. Contingent liabilities need only be disclosed, unless the probability of their occurrence is remote.

Provisions for other risks are for:

- Liabilities for guarantees provided and other off-balance sheet commitments, based on a risk analysis on operations and respective customers;
- Legal, tax and other contingencies resulting from the Group's activity.

2.15. Employee benefits

Liabilities for employee benefits are recognised in accordance with IAS 19 – Employee Benefits. The main benefits granted by Caixa include retirement and survivors' pensions, healthcare costs and other long term benefits.

Liability for pension and healthcare

CGD Group has several pension plans, including defined benefit plans and in several situations, defined contribution plans. Caixa, and Fidelidade - Companhia de Seguros, S.A. are, accordingly, responsible for the payment of retirement, disability and survivors' pensions to their employees. Other Group companies, such as Banco Comercial do Atlântico, S.A., Banco Caixa Geral and Banco Nacional Ultramarino (Macau) also have defined benefit plans.

Healthcare for CGD's (Head Office) current and retired employees is also provided by Caixa Geral de Depósitos's Social Services and funded by contributions from CGD's head office and its employees. Caixa also has liabilities for contributions to SAMS (Healthcare Services) for former BNU employees who had retired prior to the 23 July 2001 merger of BNU with CGD.

The liability for defined benefit plans recognised in the balance sheet comprises the difference between the present value of liabilities and fair value of pension funds' assets. Total liabilities are calculated annually by specialised actuaries, using the Unit Credit Projected method and actuarial assumptions considered appropriate. The rate used to discount the liabilities is based on market interest rates for high quality corporate bonds denominated in the currencies in which the liabilities are paid and with similar periods to maturity to the average settlement period on liabilities.

Gains and losses on differences between actuarial and financial assumptions and the effective amounts of liabilities and expected income of the pension funds, as well as on changes in actuarial assumptions are recognised as a charge to "Other reserves".

The Group does not usually assume any liability for defined contribution plans, other than its annual contributions and no additional costs are accordingly recognised.

Retirement pensions and healthcare costs for the period, including current servicing and interest costs, minus the expected yields on funds' assets, are recognised for their net amount on the appropriate "Staff costs" account heading.

The impact of employees' early retirements, as defined in the actuarial study, is directly recognised in "Staff costs". Caixa also recognises a specific liability for the impact of the change to non-active status of employees with whom it has entered into suspension of labour agreements. This provision is also recognised as a charge to income statement in the "Staff costs" account heading.

Other long term benefits

The Group also has liabilities for other long term benefits to its employees, including liabilities for seniority bonuses and death grants prior to normal retirement age. Death grants after the normal retirement age are covered by the Pension Fund.

Liabilities for such benefits are also based on actuarial calculations. Actuarial gains and losses are recognised in full as a charge to the income statement for the period as stated under IAS 19 in what comprises these specific types of identified benefits.

Short term benefits

Short term benefits, including employees' productivity bonuses, are recognised on an accrual basis in "Staff costs" for the respective period.

2.16. Insurance

a) Insurance contracts

Transactions associated with insurance contracts written and reinsurance contracts held by the Group are recognised in accordance with the accounting policies established in the Chart of Accounts for insurance companies, approved by Instituto de Seguros de Portugal (Portuguese Institute of Insurance – ISP), complemented by changes arising from IFRS 4 – "Insurance contracts". Contracts not having a significant insurance risk are classified as investment contracts and recorded in accordance with IAS 39.

Under IFRS 4, investment contracts with a discretionary profit sharing component also continue to be classified as insurance contracts and valued under ISP standards.

An insurance or investment contract is considered to have a discretionary profit sharing component when the respective contractual terms provide the insured with benefits other than the guaranteed component. These include:

- the probability of comprising a significant part of the total benefits to be attributed under the contract; and
- when the amount or time of disbursement is contractually contingent upon the issuer's discretion; and
- when they are contingent upon the performance of a specific group of contracts, comprising realised or unrealised income on certain assets held by the contract's issuer or the results of the entity responsible for issuing the contract.

Unrealised capital gains, net of capital losses, from the revaluation of assets allocated to insurance contracts with profit sharing and which are expected to be attributed to the insured are recognised in the profit sharing provision.

b) Recognition of income and costs

Premiums received on non-life insurance, life insurance and investment contracts with a discretionary profit sharing component, are recognised as income when written, in the heading "Premiums, net of reinsurance" in the income statement.

Premiums written on non-life insurance contracts and their acquisition costs are recognised as income and cost over the corresponding risk periods, using the provision for unearned premiums.

Liabilities associated with life insurance and investment contracts with a discretionary profit sharing component are recognised in the life insurance mathematical provision. The provision and the respective cost are recognised together with the income associated with premiums written.

c) Provision for unearned premiums and deferred acquisition costs

The provision for unearned premiums comprises the allocation of the amount of insurance premiums written to future years, i.e. the period between the balance sheet date and the end of the period to which the premium refer to. It is calculated, for each contract in force, by the *pro rata temporis* method to the respective gross premiums written.

Expenses incurred on the acquisition of non-life insurance contracts, including brokerage fees and the allocation of other expenses to the acquisition function, are deferred over the respective period and recognised as a deduction from the technical provisions on insurance contracts, in "Provisions for unearned premiums".

Under ISP rules, deferred acquisition costs for each technical insurance area may not exceed 20% of the respective deferred premiums.

d) Provision for claims

The provision reflects the estimated amounts of indemnities payable on claims, including claims incurred but not reported (IBNR) and administrative costs on the future settlement of claims currently under management and IBNR claims. Except for mathematical provisions and provisions for lifelong assistance on workman's compensation insurance, the Group's claims provisions are not discounted.

Provision for workman's compensation insurance claims

The provision for workman's compensation claims includes the mathematical provision, provision for temporary assistance expenses and provision for lifelong assistance expenses.

The objective of the mathematical provision for workman's compensation insurance is to recognise liabilities on:

- Pensions payable on claims whose amounts have already been ratified by the Labour Court;
- Estimated pension liabilities on claims already incurred but pending a final settlement agreement or ruling, referred to as "defined pensions";
- Estimated pension liabilities on claims already incurred but whose respective clinical procedures have not been completed at the financial statements date or pensions for claims incurred but not reported, referred to as "presumed pensions".

Information on the hypotheses and technical bases used to calculate ratified and defined mathematical provisions on workman's compensation insurance, is set out below:

	Compulsory Redemption	Non Redeemable
Mortality table	TD 88/90	TD 88/90 (Men) (-1) TV 88/90 (Women) (-1)
Discount rate	5.25%	4%
Management charges	2.40%	4%

The Group updated the mortality table used to calculate mathematical provisions for workman's compensation insurance in 2012, having revised in minus 1 year the mortality table in use up to 2011 for non-redeemable pensions to adjust it to the evolution of a pensioner's expected average lifetime.

The mathematical provision for presumed workman's compensation pension insurance is based on development triangles of relevant historical variables for the calculation of mathematical provisions.

Under current legislation, the liability resulting from the annual increase in pensions is covered by "FAT" ("Fundo de Acidentes de Trabalho" – Workman's Compensation Fund). Companies pay the pensions in full and are subsequently reimbursed by FAT for the share corresponding to FAT's liability. FAT is managed by the Portuguese Insurance Institute whose income comprises contributions from insurance companies and workman's compensation insurance policyholders. A provision for future contributions to FAT for current pension liabilities at the balance sheet date is set up for the purpose.

The objective of the provision for temporary assistance expenses is to recognise the liability for non-lifelong expenses on workman's compensation claims. It is calculated on actuarial models applied to run-off matrices on such expenses.

The objective of the provision for lifelong assistance expenses is to recognise liabilities associated with all lifelong payments in kind or cash other than pensions. The provision has two components:

- provision for reported lifelong assistance;
- provision for presumed lifelong assistance.

Given the characteristics of such liabilities, the calculation of the provision considers the general principles applicable to life insurance, using the following technical bases:

Mortality table	35%*TV 88/90 + 65%*TD 88/90
Discount rate	4%
Inflation rate	2%
Management charges	2%

Internal databases are used to calculate workman's compensation provisions.

Provision for motor insurance claims

The opening of a motor insurance claim automatically generates an initial average provision on each sub-claim, which affects the unit at risk and the relevant insurance coverage. The automatic provision also varies in line with the extent of any bodily harm, if any. This provision may be revised, whenever the claims manager considers it to be inadequate. Adjustments are made during the claims period as a result of information received (specialised technical reports), i.e. the available provision is analysed in detailed on a case-by-case basis.

Provision for claims on other types of insurance

The provision for claims on other types of insurance is calculated on a case-by-case basis by the claims manager and revised whenever updated information is obtained from specialised technical reports.

The adequacy of the sufficiency of the provisions for the various types of insurance is assessed/validated by the responsible actuary throughout the year, who produces a specific year-end report.

This analysis is performed for the main types of insurance business groupings, representing more than 90% of the claims, namely, provisions for motor, workman's compensation, personal accidents and health insurance.

These estimates include direct liabilities to claimants (whether or not the claims are reported) as well as future payments, including FAT.

These estimates are based on payment triangles using both deterministic and stochastic models.

e) Provision for premium insufficiency

This provision is calculated on all non-life insurance and provides for situations in which premiums allocated to future years, on contracts in force at the date of the financial statements are insufficient to pay out indemnities and expenses allocated to the respective technical areas. This provision is calculated on the basis of claims, operating costs, reinsurance coverage and income ratios as defined by the ISP.

f) Mathematical provision on life insurance

The mathematical provision on life insurance comprises the estimated actuarial value of insurance companies' liabilities, including profit sharing disbursements after the deduction of the actuarial value of future premiums, calculated on each policy by actuarial methods, in accordance with the respective technical bases.

Insurance contracts in which the investment risk is supported by the policyholder only include any additional technical provisions to cover mortality risks, administrative or other expenses (i.e. guaranteed payments on maturity or guaranteed redemption amounts).

g) Profit sharing provision

The profit sharing provision includes amounts payable to policyholders or contract beneficiaries, in the form of a profit sharing scheme, provided that the amounts have not already been disbursed.

The profit sharing provision to be attributed comprises the net amount of fair value adjustments on investments allocated to life insurance contracts with profit sharing, for the policyholder's or contract beneficiary's estimated part share of the contract. Estimates of the amounts to be attributed to the insured in the form of profit sharing for each modality or collection thereof is calculated on a consistently applied adequate plan, taking into consideration the profit sharing plan, maturity of commitments, asset allocation and other specific variables of the referred to modality or modalities. In cases in which the profit sharing plan does not unequivocally define the percentage to be attributed, the historical percentages attributed over a period of not less than 3 years and the most recent information available to the Group are taken into account.

This provision is set up as a charge to the income statement for the period or, alternatively, direct recognition of the applicable part as a charge to the revaluation reserves for fair value adjustments on investments in subsidiaries, associated companies and jointly owned enterprises and available-for-sale financial assets allocated to life insurance contracts with profit sharing.

During the lifetime of contracts for each modality or collection of modalities, the balance on the profit sharing provision to be attributed is fully set against the negative fair value adjustments on investments and transfer to the profit sharing provision.

The profit sharing provision attributed includes the amounts payable to policyholders or contract beneficiaries, as their share of the profit, which has not, as yet, been disbursed but which has already been attributed. Starting 2011, the balances on the profit sharing provision to be attributed, originating from the net capital gains attributable to the insured and transferred from the former accounting standard applicable to insurance companies, in which they were recognised in the caption "Fundo para dotações futuras" were used to cover losses made each year in the technical accounts of life insurance products with profit sharing, with the remaining amounts being used to cover unrealised net capital losses on the respective investments portfolios. Up to 31 December 2010, the balance on this provision was firstly set against the net unrealised capital losses on the respective investments portfolios, with the remaining balances being used to offset accrued losses in the technical accounts on the respective life insurance contracts with profit sharing.

For most products, this provision is calculated on the basis of income from assets allocations, including realised gains or losses and impairment losses for the period and deducted from the negative balances from previous years in cases in which this deduction is contractually provided for.

h) Portfolio stabilisation provision

The portfolio stabilisation provision is set up for annually renewable group insurance contracts, with death risk as their main guaranteed cover, designed to provide for the increase in risk attached to the greater longevity of the insured group, whenever the tariff is based on a single rate, which, owing to contractual commitments must remain in force for a certain period.

i) Liability adequacy tests

IFRS 4 requires the Group to perform adequacy tests on liabilities associated with insurance contracts in force at the balance sheet date, based on estimates of the present value of future cash flows associated with its contracts, including claims settlement costs and cash flows associated with embedded options and guarantees.

Additional provisions are set up as a charge to the income statement if tests show that the present value of the estimated liabilities is higher than the amount of liabilities recognised in the financial statements, net of the accounting value of deferred acquisition costs and intangible assets related with the referred to contracts.

The methodology and main premises used to perform liability adequacy tests are described below

Life insurance

The liability adequacy test is performed by discounting cash flow projections on claims, redemptions, maturities, fees and management charges, minus future cash flows on premiums, at Portuguese public debt yields.

These future cash flows are projected on a policy-by-policy basis, using the companies' secondary technical bases, which are calculated on an analysis of their historical data, as follows:

Mortality:

The number of insured persons by age, at the start and end of the period and claims filed in the year are taken from files housed in corporate databases. The data are used to calculate the number of persons of any age exposed to risk and the multiplication of this value by the probability of death, set out in a specific mortality table, provides a forecast of claims in accordance with the table. A comparison between this and the actual value provides the real claims rate as a percentage of the table. The mortality premise is calculated on the analysis of the values of the last five years.

Redemptions:

The mathematical provisions at the start and end of the period and redemptions per product are taken from the corporate databases.

The referred to data are used to calibrate a generalised linear model based on the period elapsing since the start of the contract, type of product and spread between market and technical rates, as explanatory variables. This provides a model to estimate future redemptions.

Expenses:

Expenses are split up into investment, administrative and claims-related expenses. The unit cost is obtained by dividing the investment expenses by the average amount of the mathematical provisions, administrative expenses by the average number of insured persons and claims expenses by the total number of claims for the year.

Yields:

Future yields on each product are based on the yields on Portuguese debt for maturities matching the duration of the respective liability plus the profit sharing provision to be attributed and the fair value reserve.

These yields are used to project distributable future profit sharing to be incorporated into mathematical provisions in what concerns the projection of maturities, claims and future redemptions.

Non-life insurance

The responsible actuaries regularly assess the adequacy of the reserves based on an analysis of the liabilities of the companies in terms of uncertainty, contractual durations, type of claim and claims settlements expenses. A collection of micro or macroeconomic scenarios to verify the adequacy thereof is also applied.

j) Technical provisions for outwards reinsurance

These provisions are calculated by the use of the above described criteria for direct insurance, taking into account ceding percentages and other dispositions of the treaties in force.

k) Liabilities to subscribers of unit linked products

Liabilities associated with investment contracts in which the risk is for the account of the policyholder (i.e. unit linked products) when issued by the Group are measured at fair value, based on the fair value of the assets in the investment portfolio allocated to each of the products, minus the corresponding management charges.

Unit linked investment portfolios comprise financial assets, including fixed-income securities, variable-income securities, derivatives and deposits in credit institutions, measured at fair value, whose unrealised capital gains and losses are recognised in the income statement for the period.

l) Liabilities to subscribers of investment contracts

Liabilities to subscribers of regulated products, classified as investment contracts under IFRS 4, but which do not include profit sharing with a discretionary component, are valued in accordance with the requirements of IAS 39 and recognised in "Customer resources".

m) Impairment of receivable balances relating to insurance and reinsurance contracts

At each balance sheet date, the Group assesses the existence of evidence of impairment on assets originated by insurance or reinsurance contracts, i.e. accounts receivable from policyholders, brokers, inwards and outwards reinsurers and technical provisions for outwards reinsurance.

If impairment losses are identified, the carrying amount of the respective assets is reduced as a charge to the income statement for the period in the heading "Impairment of other assets, net of reversals and recovery".

n) Intangible assets arising from the acquisition of insurance contracts

The difference between the fair value of insurance contracts acquired under business combinations and their respective book value calculated in accordance with the accounting policies adopted by the Group, comprising the value in force of the acquired insurance portfolio acquired is detached from goodwill at the acquisition date and recognised separately as an intangible asset.

Value in force is amortised over the lifetime of the acquired contracts and is subject to annual impairment tests.

o) Embedded derivatives in insurance contracts

As allowed under IFRS 4, insurance contracts policyholders' early redemption options on insurance contracts in force for a fixed amount or a fixed amount plus interest, are not separated out from the host contract.

2.17. Commissions

As referred to in Note 2.7., commissions on credit operations and other financial instruments, i.e. amounts charged or paid on originating operations, are included in amortised cost and recognised over the course of the operation, using the effective interest method, in the heading "Interest and similar income".

Commissions and fees for services rendered are usually recognised as income over the period of the provision of the service or as a lump sum if resulting from single acts.

2.18. Issuance of equity instruments

The issuance of equity instruments is recognised at the fair value of the compensation received, net of the issue's direct costs.

Preference shares issued by the Group are classified in accordance with the criteria defined in IAS 32. Accordingly, in situations in which payments and/or redemptions of dividends are exclusively at the Group's discretion, the securities issued are considered to be equity instruments. Preference shares issued by subsidiaries complying with these requirements are recognised in the heading "Non-controlling interests" in the consolidated balance sheet.

2.19. Securities and other items held under custody

Securities and other items held under custody, i.e. customers' securities, are recognised in off-balance sheet accounts, at their nominal value.

2.20. Cash and cash equivalents

For the preparation of its cash flow statements, the Group considers "Cash and cash equivalents" as the aggregate amounts in the balance sheet headings "Cash and cash equivalents at central banks" and "Cash balances at other credit institutions".

2.21. Critical accounting estimates and key judgmental matters in applying accounting policies

The application of the above described accounting policies requires Caixa's and CGD Group Companies' Executive Committees to make estimates. The following are the estimates with the greatest impact in the Group's consolidated financial statements:

Calculation of impairment on loans and other accounts receivable

The calculation of impairment losses on loans is based on the methodology defined in Note 2.7. d). Impairment on individually analysed assets, is, accordingly, based on a specific assessment by Caixa, based on its knowledge of a customer's situation and guarantees associated with the operations.

The assessment of impairment on a collective basis is based on historical parameters for comparable types of operations, considering default and recovery estimates.

Caixa considers that impairment based on this methodology enables the risks on its loan portfolio to be adequately recognised, in line with the requirements of IAS 39.

Calculation of impairment on assets measured as a charge to fair value reserves

According to the measurement requirements on such assets, unrealised capital losses on the depreciation of such assets' market value are recognised as a charge to the "Fair value reserve". Whenever there is objective evidence of impairment, accumulated capital losses recognised in the "Fair value reserve" are transferred to costs for the period.

Assessments of impairment losses on equity instruments may be subjective. The Group assesses whether impairment on such assets exists on the basis of a specific analysis at each balance date, considering the objective evidence defined in IAS 39 (see Note 2.7. d)). As a general rule, impairment is determined whenever the amount invested is unlikely to be fully recovered based on the size of the unrealised capital loss.

In the case of debt instruments classified in this category, the capital losses are transferred from the fair value reserve to the income statement whenever there is evidence of a possible default on contractual cash flows, i.e. owing to an issuer's financial difficulties, defaults on other financial liabilities or a significant downgrade of the issuer's rating.

Measurement of financial instruments not traded in active markets

Under IAS 39, the Group measures all financial instruments at fair value, except for those carried at amortised cost. The valuation models and techniques described in Note 2.7. are used to measure financial instruments not traded in liquid markets. The valuations obtained comprise the best estimate of the fair value of the referred to instruments at the balance sheet date. As referred to in Note 2.7., to ensure an adequate level of segregation between functions, the value of these financial instruments is measured by a body which is independent from the trading function.

Employee benefits

As referred to in Note 2.15. above, the Group's liabilities for its employees' post-employment and other long term benefits are assessed on an actuarial basis. The actuarial calculations incorporate, *inter alia,* financial and actuarial premises on mortality, disability, salary and pension growth, asset yields and discount rates. The premises are the Group's and its actuaries' best estimates of the future performance of the respective variables.

Impairment of goodwill

As referred to in Note 2.4. above, the Group performs impairment tests on goodwill at least once a year. These tests are based on the future cash flows to be generated by each unit under analysis, discounted at appropriate rates.

The projections include a broad range of assumptions on the evolution of the units' future activities, which may or not occur. Such assumptions, however, reflect the Group's best estimate at the balance sheet date.

Assessment of insurance contract liabilities

The Group's insurance contracts liabilities are calculated on the methodologies and assumptions described in Note 2.16. above. These liabilities reflect a quantified estimate of the impact of future events on Group's insurance companies' accounts, based on actuarial assumptions, claims history and other methods accepted in the sector.

Owing to the nature of insurance activity, provisions for claims and other insurance contract liabilities are highly subjective and the actual amounts to be paid in the future may differ significantly from estimates.

The Group, however, considers that the recognition of its insurance contracts liabilities in the consolidated accounts reflects, on an adequate and conservative basis, its best estimate of the amounts payable by the Group at the balance sheet date.

Assessment of income tax

Income tax (current and deferred) is assessed by the Group companies on the basis of the rules defined in the current tax legislation of the countries in which they operate. In several cases, however, tax legislation is not sufficiently clear and objective and may give rise to different interpretations. Although the amounts recognised, in such cases, represent the best understanding of Caixa's and CGD Group companies' responsible bodies, regarding the appropriate tax treatment for their operations, they may be questioned by the tax authorities.

The Group's recognition of deferred tax assets is based on expectations of future taxable profit enabling the use thereof. Deferred tax generated by the carry-back of tax losses is only recognised if it is concluded that they may be reversed during the periods lawfully defined for the purpose. The assessment is naturally contingent upon the existence of the premises considered.

3. GROUP COMPANIES AND TRANSACTIONS IN PERIOD

The Group's structure in terms of its main subsidiaries, by sector of activity and the respective financial data taken from their separate statutory financial accounts, unless otherwise specified, is summarised below:

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Activity / Entity	Head office	30-06-2013			31-12-2012	
		% Effective participating interest	Equity (a)	Net income	Equity (a)	Net income
Holding Companies						
Caixa - Gestão de Ativos, SGPS, S.A.	Lisbon	100,00%	25.317	7.613	23.534	6.478
Caixa - Participações, SGPS, S.A.	Lisbon	100,00%	89.940	6.629	74.206	16.822
Caixa Desenvolvimento, SGPS, S.A.	Lisbon	99,71%	469	5	464	(41)
Caixa Seguros e Saúde, SGPS, S.A.	Lisbon	100,00%	1.412.381	89.837	1.348.944	1.870
Gerbanca, SGPS, S.A.	Lisbon	100,00%	79.292	(24)	79.316	(54)
Parbanca, SGPS, S.A.	Madeira	100,00%	74.576	7.448	45.574	17.287
Parcaixa SGPS, S.A.	Lisbon	51,00%	937.136	10.491	922.787	(77.644)
Partang, SGPS, S.A.	Lisbon	51,00%	146.813	14.038	130.108	21.433
Banking						
Banco Caixa Geral, S.A. (b)	Vigo	99,79%	442.666	(2.619)	438.533	(39.830)
Banco Comercial do Atlântico, S.A.R.L.	Praia	59,33%	33.667	(257)	28.793	3.088
Banco Comercial e de Investimentos, S.A.R.L.	Maputo	51,00%	140.891	13.562	134.128	36.019
Banco Caixa Geral Brasil, S.A.	São Paulo	100,00%	145.160	(2.786)	157.917	5.312
Banco Interatlântico, S.A.R.L.	Praia	70,00%	15.468	572	15.054	1.170
Banco Nacional Ultramarino, S.A. (Macau)	Macau	100,00%	441.786	19.122	434.875	31.788
Caixa - Banco de Investimento, S.A. (b)	Lisbon	99,71%	319.919	11.853	291.829	27.541
Caixa Geral de Depósitos - Subsidiária Offshore de Macau	Macau	100,00%	-	416	27.374	3.304
CGD - North America	Delaware	100,00%	1	-	1	-
CGD Investimentos CVC	São Paulo	99,86%	31.435	(1.812)	35.389	(2.974)
Mercantile Lisbon Bank Holdings, Ltd. (b)	Johannesburg	100,00%	130.131	5.964	149.821	14.057
Banco Caixa Geral Totta Angola, S.A.	Luanda	26,01%	238.737	25.574	231.423	44.303
Insurance						
Cares - Companhia de Seguros, S.A.	Lisbon	100,00%	23.563	4.039	23.391	7.087
Fidelidade - Companhia de Seguros, S.A.	Lisbon	100,00%	1.262.013	45.898	1.322.596	98.538
Companhia Portuguesa de Resseguros, S.A.	Lisbon	100,00%	10.174	272	10.056	302
Garantia - Companhia de Seguros de						
Cabo Verde, S.A.R.L.	Praia	65,36%	9.987	857	9.239	578
Multicare - Seguros de Saúde, S.A.	Lisbon	100,00%	32.225	1.263	33.595	5.335
Universal Seguros, S.A. (Angola)	Luanda	70,00%	3.565	161	3.138	(2.562)
Via Directa - Companhia de Seguros, S.A.	Lisbon	100,00%	29.072	(214)	29.334	1.012
Specialised Credit						
Caixa Leasing e Factoring - Instituição						
Financeira de Crédito, S.A.	Lisbon	51,00%	57.729	(29.845)	87.564	(39.416)
CREDIP - Instituição Financeira de Crédito, S.A.	Lisbon	80,00%	11.781	(16)	11.796	(99)
Promoleasing - Sociedade de Locação Financeira, S.A.	Praia	60,25%	110	(4)	114	(39)
Asset Management						
Caixagest - Técnicas de Gestão de Fundos, S.A.	Lisbon	100,00%	27.085	835	29.245	2.995
CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	Lisbon	100,00%	4.177	420	4.437	736
Fundger - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Lisbon	100,00%	4.283	2.083	6.612	3.912
Venture Capital						
A Promotora, Sociedade de Capital de Risco, S.A.R.L.	Praia	52,72%	4.233	79	3.210	6
Caixa Capital - Sociedade de Capital de Risco, S.A.	Lisbon	99,71%	44.573	2.548	42.025	3.922
Property						
Imocaixa - Gestão Imobiliária, S.A.	Lisbon	100,00%	(24.883)	(573)	(22.675)	(22.900)
Caixa-Imobiliário S.A.	Lisbon	100,00%	(46.304)	(14.702)	(31.602)	(31.826)
Fidelidade Mundial - SGII, S.A.	Lisbon	100,00%	46.479	890	45.529	838
Inmobiliaria Caixa Geral S.A.U.	Madrid	100,00%	(40.335)	(3.282)	(37.052)	(16.158)
Cibergradual, Invest. Imobiliário, S.A.	Lisbon	100,00%	(22.111)	(204)	(21.907)	(23.305)
Other Financial Entities						
CGD Finance	Cayman	100,00%	2.603	(14)	2.664	8
Caixa Geral Finance (c)	Cayman	0,00%	111.225	-	111.225	1.744

(a) Equity includes net income for the year.
(b) Data taken from consolidated financial statements.
(c) Share capital comprises 1 000 ordinary shares of EUR 1 and 110 128 non-voting preference shares of EUR 1 000 each.

Activity / Entity	Head office	30-06-2013 % Effective participating interest	30-06-2013 Equity (a)	30-06-2013 Net income	31-12-2012 Equity (a)	31-12-2012 Net income
Other Companies						
Caixanet - Telemática e Comunicações, S.A.	Lisbon	80,00%	1.795	13	1.782	4
Caixatec, Tecnologias de Comunicação, S.A.	Lisbon	100,00%	(421)	(195)	(193)	(215)
Cares RH - Companhia de Assistência e Representação de Seguros, S.A.	Lisbon	100,00%	2.436	836	1.750	944
Cares Multiassitance, S.A.	Lisbon	51,00%	1.724	775	2.486	1.538
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	Lisbon	100,00%	207	61	181	75
EPS - Gestão de Sistemas de Saúde, S.A.	Lisbon	-	-	-	524	(73)
LCS - Linha de Cuidados de Saúde, S.A.	Lisbon	100,00%	2.593	838	3.049	2.810
Cetra - Centro Técnico de Reparação Automóvel, S.A.	Lisbon	100,00%	4.599	39	4.560	132
GEP - Gestão de Peritagens Automóveis, S.A.	Lisbon	100,00%	378	121	242	78
HPP - Hospitais Privados de Portugal, SGPS, S.A. (b)	Lisbon	-	-	-	1.711	(3.947)
HPP International Ireland, Ltd.	Dublin	100,00%	30.889	(5)	30.894	(19)
HPP International - Luxembourg, S.A.R.L.	Luxembourg	100,00%	(33.660)	274	(30.743)	(39)
Wolfpart, SGPS, S.A.	Lisbon	100,00%	(85.126)	(6.707)	(78.420)	(64.201)
Mesquita ETVIA, Construção de Vias de Comunicação, S.A.	Lisbon	-	-	-	(10.420)	4.650
Complementary Corporate Groupings						
Groupment d'Interet Economique	Paris	100,00%	-	-	-	-
Sogrupo - Compras e Serviços Partilhados, ACE	Lisbon	100,00%	-	-	-	-
Sogrupo - Sistemas de Informação, ACE	Lisbon	100,00%	-	-	-	-
Sogrupo IV - Gestão de Imóveis, ACE	Lisbon	100,00%	-	-	-	-
Special Purpose Entities and Investment Funds						
Fundo Nostrum Mortgage 2003-1	Lisbon	100,00%	371.054	74	390.678	87
Nostrum Mortgages PLC	Dublin	100,00%	4.037	(86)	4.122	(240)
Nostrum Mortgages Nº. 2	Lisbon	100,00%	-	-	-	-
Intermoney Banking Caixa Geral RMBS	Madrid	99,79%	-	-	-	-
Fundo de Capital de Risco - Grupo CGD - Caixa Capital	Lisbon	99,98%	328.941	803	328.138	(36.553)
Fundo de Capital de Risco Empreender Mais	Lisbon	100,00%	10.757	(142)	10.899	(2.080)
Fundo de Capital de Risco Caixa Mezzanine - Caixa Capital	Lisbon	100,00%	29.378	34	29.344	7
Fundo de Capital de Risco Desenvolvimento e Reorganização Empresarial	Lisbon	100,00%	12.534	(435)	12.969	(1.352)
Fundo de investimento Imobiliário Fechado para Arrendamento						
Habitacional - Caixa Arrendamento	Lisbon	99,48%	115.255	772	114.483	(710)
Fundo Invest. Imobil. Fechado Imocentro	Lisbon	100,00%	4.326	(66)	4.392	(255)
Caixagest Estratégia Dinâmica	Lisbon	63,86%	56.773	623	56.416	2.248
Fundo Esp. Inv. Aberto Estrat. Alternat.	Lisbon	79,53%	22.641	66	25.321	(225)
Caixa Imobiliário - Fundo de						
Investimento fechado de Arrendamento Habitacional	Lisbon	100,00%	45.995	(347)	46.342	(3.872)
Caixagest Private Equity - Fundo Especial de Investimento	Lisbon	73,70%	113.091	741	113.914	4.611
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	Lisbon	70,69%	246.488	2.522	248.354	(1.314)
Caixagest Infra-Estruturas - Fundo Especial de Investimento	Lisbon	66,70%	80.821	1.141	79.679	3.049
Caixagest Oportunidades - Fundo Especial de Investimento	Lisbon	71,03%	22.803	(224)	31.275	6.203
Fundo Fechado Beirafundo	Lisbon	95,88%	14.329	(3.037)	-	-
Cidades de Portugal - Fundo de						
Investimento fechado de Arrendamento Habitacional	Lisbon	100,00%	30.032	32	-	-
Caixa Reabilita - Fundo Especial de Investimento Imobiliário	Lisbon	100,00%	10.008	(1)	-	-
Fundo de Investimento Imobiliário Fechado Saudeinvest	Lisbon	99,09%	115.886	(277)	116.163	(4.071)
Fundo de Investimento Imobiliário Fechado Bonança 1	Lisbon	100,00%	14.565	(79)	14.644	(535)

(a) Equity includes net income for the year.
(b) Data taken from consolidated financial statements.

Information on the principal movements in the Group's subsidiaries for the first half ended 30 June 2013 and during 2012 is given below:

CGD – Subsidiária Offshore de Macau, S.A. (in liquidation) and CGD - Sucursal Offshore de Macau, S.A.

During the course of 2012, owing to the reassessment of the configuration of CGD's presence in Macau Special Administrative Region (REAM) through CGD – Subsidiária Offshore de Macau, S.A. a resolution was taken to change the legal form of this entity, assuming thereafter that of a branch.

The request submitted to the Executive Chief of Macau Special Administrative Region to set up an offshore financial institution in the form of a branch was approved through the publication of Executive Order no. 7/2013 of 25 January which, at the same time, revoked the former permit for the performance of offshore financial activities as a subsidiary.

As a result of the necessary administrative and legal approvals obtained, the formalities required to set up a new branch and liquidate the subsidiary were implemented.

At 1 February 2013 (date upon which the Executive Order came into effect), CGD - Subsidiária Offshore de Macau, S.A. sold to its shareholder Caixa Geral de Depósitos, S.A. the total amount of assets and liabilities used on its commercial operations, including rights and obligations thereon, at their respective nominal value. Those were, on the same date, transferred to the branch, which in furthering its objectives, is responsible for the management thereof.

The dissolution of CGD – Subsidiária Offshore de Macau, S.A. was signed on 4 February 2013 and followed by its liquidation in May.

Mesquita ETVIA - Construção de Vias de Comunicação, S.A.(Mesquita ETVIA)

Pursuant to a resolution of its sole shareholder, *Fundo de Capital de Risco - Grupo CGD* of 28 March 2013, under the inexistence of prospects of further pursuing its objectives, the company took the necessary steps to formalise its dissolution and liquidation.

Mesquita ETVIA's investments portfolio had already been transferred to its sole shareholder at the end of 2012, in anticipation of the decision to shut down its operations. In May 2013 the general meeting of shareholders approved the liquidation accounts and consequential distribution of its remaining net assets.

Caixa Seguros e Saúde, SGPS, S.A. (Caixa Seguros e Saúde) and Fidelidade - Companhia de Seguros, S.A. (Fidelidade)

At 31 May 2012, Império Bonança-Companhia de Seguros S.A. was merged into Companhia de Seguros Fidelidade-Mundial, S.A. The merger produced accounting effects from 1 January 2012. Following this operation the company changed its corporate name from Companhia de Seguros Fidelidade - Mundial, S.A. to Fidelidade - Companhia de Seguros S.A. (Fidelidade), increasing its equity capital from €400,000 thousand to €520,000 thousand.

Based on a resolution of shareholder Caixa Seguros e Saúde, S.A. Fidelidade's share capital was increased from €520,000 to €605,000 in June 2012. The share capital increase was fully subscribed for by CGD through the conversion of the same amount of subordinated loans granted to this entity, with Caixa Seguros e Saúde having relinquished its preference right as the sole shareholder. This operation gave CGD a direct stake of around 14% in Fidelidade's equity, reducing Caixa Seguros e Saúde's stake to 86%. CGD then sold its stake to Caixa Seguros e Saúde for a unit amount of €5 per share, involving a total transaction amount of €85,000 thousand (equivalent to the nominal value of the share capital increase).

Caixa Seguros e Saúde also increased its share capital by €351,525 in June, through the conversion of a subordinated loan in the same amount, previously granted by Caixa to this subsidiary. This share capital increase resulted in an issue of 175,762,460 shares with a nominal value of €2 each. At 30 June 2012 Caixa Seguros e Saúde had a share capital of €799,925 thousand fully owned by CGD.

Mercantile Bank Holdings, Ltd and Mercantile Bank, Ltd (Mercantile)

In first half 2012 and subsequent to the offer made to the non-controlling interest shareholders, the Group repurchased all third party investment in Mercantile Bank Limited (a subsidiary of Mercantile Bank Holdings, Ltd), becoming the sole shareholder of the company. Following this operation, Mercantile Bank Limited's shares ceased to be listed on the Johannesburg Stock Exchange.

CGD Investimentos Corretora de Valores e Câmbio, S.A. (former Banif Corretora de Valores e Câmbio, S.A.)

On 2 June 2010, Caixa Group entered into a partnership agreement with Banif Group providing for the acquisition of 70% of Banif Corretora de Valores e Câmbio, S.A.'s share capital from the latter. This operation required prior authorisation of the respective regulatory authorities in both Portugal and Brazil.

At 6 February 2012, the parties entered into a contract for CGD Group's acquisition of the referred to equity investment in Banif CVC. Under the terms of the contract, Banif CVC's share capital was acquired by CGD – Participações em Instituições Financeiras, Ltda (a Brazilian company owned on a 50/50 basis by Banco Caixa Geral – Brasil, S.A. and Caixa – Banco de Investimento, S.A.) for the total amount of around BRL 123,925 thousand.

Banif CVC shareholders' agreement also provided for the following:

- Sale option by Banif Group of the remaining equity participation in Banif CVC to be exercised between the 12th and 60th months from the signature date of the shares Sale-Purchase contract dated 2 June 2010.

- Purchase option by Caixa Group of the remaining equity participation in Banif CVC held by Banif Group from the 60th month from the signature date of the shares Sale-Purchase contract dated 2 June 2010.

On 2 June 2012 the call option on the remaining 30% of Banif CVC's equity for the total amount of BRL 55,726 thousand was exercised. During the course of this operation, Banif CVC also changed its corporate name to CGD Investimentos Corretora de Valores e Câmbio, S.A. (CGD Investimentos CVC).

At 31 October 2012 a resolution for the reverse merger of CGD – Participações em Instituições Financeiras, Ltda (PINF) into CGD Investimentos CVC was approved at an extraordinary Shareholders General Meeting. The referred to merge was carried out by the full incorporation of all of PINF's assets and liabilities in its subsidiary, which was extinguished, with CGD Investimentos CVC assuming all rights and obligations deriving from its activity up to the date the merger was registered.

Banco Nacional de Investimento, S.A. (BNI)

Banco Nacional de Investimento, S.A. was incorporated on 14 June 2010, in the form of a public deed between the Republic of Mozambique (through Direção Nacional do Tesouro - Treasury), Caixa Geral de Depósitos, S.A. and Banco Comercial e de Investimentos, S.A.R.L., with the purpose of operating in the Investment banking area. Caixa Group had a direct equity stake of 50.5% in BNI, with 49.5% being held by CGD and 1% by Banco Comercial de Investimentos, S.A.R.L..

Caixa disposed of its 49.5% equity participation in BNI, during the second half of 2012, to IGEPE - Instituto de Gestão de Participações do Estado for a total amount of MZN 1,067,255 thousand, upon which operation capital losses of around €3,619 thousand (including a reversal of the foreign exchange effect accumulated in reserves) were made.

CGD received an amount of MZN 450,000 thousand of the total transaction amount upon the date the agreement came into force. The remainder will be paid in three equal, annual, successive instalments, the first of which within one year from the date of the contract.

Banco Nacional Ultramarino, S.A. (Macau)

BNU increased its share capital by MOP 1,600,000 thousand, fully subscribed for and paid up by CGD, in 2012, following the approval of its Shareholders General Meeting.

Fundo de Investimento Imobiliário Fechado para Arrendamento Habitacional – Caixa Arrendamento (FIIAH – Caixa Arrendamento)

In 2012, based on a resolution of the Fund's investors, CGD subscribed for 34,617 new investment units totalling €34,999 thousand, fully paid up in cash.

As a result of the transaction, Caixa's direct equity participation in FIIAH- Caixa Arrendamento increased to 87.86%.

4. CASH AND CASH BALANCES AT CENTRAL BANKS

This heading comprises the following:

	30-06-2013	31-12-2012
Cash	582.815	619.896
Demand deposits in central banks	913.846	983.231
	1.496.661	1.603.127
Interest on demand deposits in central banks	121	155
	1.496.781	1.603.281

The demand deposits at the Bank of Portugal are to comply with the legal requirements for minimum cash reserves of the European Central Bank's System (ECBS's). These deposits earn interest and correspond to 2% of deposits and debt securities with maturities of up to two years, except for the deposits and debt securities of institutions subject to the ECBS's minimum cash reserve requirements.

The funds deposited at central banks by Caixa and Group banks at 30 June 2013 and 31 December 2012, complied with the minimum limits defined by the regulations in force in the countries in which they operate.

5. CASH BALANCES AT OTHER CREDIT INSTITUTIONS

This heading comprises the following:

	30-06-2013	31-12-2012
Cheques for collection		
Portugal	65.045	75.039
Abroad	35.260	39.964
	100.305	115.003
Demand deposits		
Portugal	174.248	170.369
Abroad	657.247	1.011.809
	831.495	1.182.178
Accrued interest	3.294	4.831
	935.094	1.302.012

The "Cheques for collection" heading comprise the cheques of customers of other banks sent for settlement. These amounts are collected in the first few days of the subsequent year.

6. LOANS AND ADVANCES TO CREDIT INSTITUTIONS

This heading comprises the following:

	30-06-2013	31-12-2012
Interbank money market	125.000	163.000
Term deposits		
Portugal	422.598	37.076
Abroad	66.632	74.348
Loans		
Portugal	205.000	715.535
Abroad	59.667	75.761
Other applications		
Portugal	161.658	97.831
Abroad	1.053.854	987.403
Purchase operations with resale agreement	242.555	367.415
Overdue loans and interest	7.472	8.085
	2.344.435	2.526.453
Adjustments to assets under hedging operations	-	121
Accrued interest	5.521	3.781
Deferred income	(339)	(542)
	2.349.617	2.529.813
Impairment (Note 37)	(12.845)	(12.413)
	2.336.772	2.517.400

The "Loans - Portugal" account heading, at 30 June 2013 and 31 December 2012, included €150,000 thousand for a commercial paper programme with a limit of €400,000 thousand, contracted for with Banco BIC Português, S.A. (BIC), formerly Banco Português de Negócios, S.A. (BPN). The referred to programme, backed by a Portuguese state guarantee up to maturity in March 2015, derived from the reorganisational process on the former BPN's assets and liabilities structure as part of its reprivatisation by the Portuguese state, completed in first quarter 2012. Caixa also granted a line of credit of up to €300,000 thousand on a current account, maturing in March 2016, whose use is conditioned by the amount of the deposits made by the former BPN's customers.

During the course of the bank's disposal, the ownership of the vehicles Parvalorem, S.A., Parups, S.A. and Parparticipadas, S.A. (which held a collection of assets transferred from BPN as a result of its privatisation restructuring process) and inherently the debts contracted for by these companies with Caixa Geral de Depósitos in the form of loans and advances to customers and bond issues with a nominal value of €362,879 thousand (Note 13) and €3,100,000 thousand at 30 June 2013 (Note 8), respectively, were transferred to the Portuguese state.

The state also assumed liabilities for the commercial paper programme subscribed by Caixa for €1,000,000 thousand, owing to the transfer of the contractual position between BPN and Parvalorem (Note 13). Therefore, starting 30 March 2012, Parvalorem became the issuer of this commercial paper programme.

The vehicles are repaying the debt to CGD under the terms agreed between the Portuguese state, European Central Bank, International Monetary Fund and European Union, within the framework of the current financial assistance programme. As provided for in the referred to repayment plan, any amounts received from the recovery of assets held by the vehicles shall be set against these loan settlements.

Caixa's recognition of the accumulated impairment balance on investments in banks with head offices in the Republic of Iceland totalled €12,040 thousand and €12,053 thousand, at 30 June 2013 and 31 December 2012, respectively

Information on impairment changes on loans and advances to credit institutions, for the half years ended 30 June 2013 and 2012, is set out in Note 37.

7. FINANCIAL ASSETS HELD FOR TRADING AND OTHER ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

These headings comprise the following:

	30-06-2013			31-12-2012		
	Held for trading	At fair value through profit or loss	Total	Held for trading	At fair value through profit or loss	Total
Debt instruments						
Public issuers:						
Public debt securities	120.234	-	120.234	68.920	-	68.920
Treasury bills	49.206	-	49.206	122.384	6.133	128.517
Bonds of other public issuers:						
Foreign	348.998	20.409	369.407	318.053	21.380	339.433
Other issuers:						
Bonds and other securities:						
Issued by residents	105	34.444	34.549	14.320	41.990	56.310
Issued by non-residents	5.409	52.589	57.998	26.146	66.516	92.661
i)	523.952	107.442	631.394	549.822	136.019	685.841
Equity instruments						
Residents	8.004	126.104	134.108	23.400	127.134	150.534
Non-residents	47.566	35.980	83.547	14.630	25.995	40.625
ii)	55.571	162.084	217.654	38.030	153.128	191.159
Other financial instruments						
Trust fund units						
Residents	2.171	536.752	538.923	1.464	516.887	518.351
Non-residents	-	530.507	530.507	-	519.095	519.095
Other						
Non-residents	137	-	137	-	-	-
iii)	2.308	1.067.259	1.069.567	1.464	1.035.982	1.037.446
Loans and receivables iv)	-	282	282	-	410	410
Derivatives with positive fair value (Note 11)						
Swaps	1.269.951	-	1.269.951	1.616.069	-	1.616.069
Futures and other forward operations	16.380	-	16.380	1.821	-	1.821
Options - shares and currency	261.984	-	261.984	283.399	-	283.399
Caps and floors	149.964	-	149.964	181.720	-	181.720
Other	855	-	855	833	-	833
v)	1.699.135	-	1.699.135	2.083.842	-	2.083.842
i)+ii)+iii)+iv)	2.280.965	1.337.067	3.618.032	2.673.159	1.325.539	3.998.698

Financial assets held for trading and other financial assets at fair value through profit or loss at 30 June 2013, included investment units in unit trust and property investment funds managed by Group entities, for the amounts of €54,891 thousand and €333,068 thousand, respectively (€66,263 thousand and €316,271 thousand, respectively, at 31 December 2012).

The "Financial assets held for trading – debt instruments" account heading at 30 June 2013 and 31 December 2012 included securities backing the issue of covered bonds with a book value of €127,143 thousand and €128,247 thousand, respectively (Note 21).

The "Financial assets at fair value through profit or loss", account heading at 30 June 2013 and 31 December 2012 included €33,450 thousand and €32,986 thousand for a 10.5% equity participation in Sumol + Compal, S.A.

The negotiations between CGD Group and Refrigor, considering the sale of the equity investment held by *FCR Grupo CGD*, which totalled 19.4% upon the agreement date, were completed in 2012. An 8.9% equity participation for the amount of €28,329 thousand in Sumol + Compal was sold to Refrigor in September 2012, under the terms of the referred to understanding. Following this transaction the Group assigned to Refrigor a call option on the remaining investment, to be exercised until 30 June 2017 while having also purchased a put option on Sumol + Compal shares to be exercised between 30 June and 31 December 2017.

In June 2012 following Camargo Corrêa Group's takeover bid of March of the same year, CGD sold off the full amount of its equity participation in Cimpor to InterCement Austria Holding Gmbh for a total amount of €354,233 thousand, at a unit price of €5.5 per share. Caixa had acquired the referred to participation, comprising 9.584% of the company's equity share capital, recognised in "Fair value through profit or loss" heading, in February 2009 for €317,844. Under the terms of the agreement entered into at the said date the latter was given a purchase option from Caixa at the respective acquisition cost, capitalised at a Euribor indexed rate and which had not been exercised up to its February 2012 term.

8. AVALABLE FOR SALE FINANCIAL ASSETS

This heading comprises the following:

	30-06-2013	31-12-2012
Debt instruments		
- Public debt	8.553.221	8.433.884
- Other public issuers	1.150.317	1.206.923
- International financial organisations	23.840	59.077
- Other issuers	8.031.966	8.695.568
	17.759.344	18.395.452
Equity instruments		
- Measured at fair value	1.149.491	1.241.389
- Measured at historical cost	184.151	187.117
	1.333.642	1.428.505
Other instruments	1.487.566	1.457.435
	20.580.552	21.281.393
Impairment (Note 37)		
- Equity instruments	(488.640)	(526.964)
- Debt instruments	(3.428)	(12.794)
- Other instruments	(175.826)	(165.158)
	(667.894)	(704.916)
	19.912.657	20.576.477

The heading "Debt instruments –other issuers" at 30 June 2013 and 31 December 2012, included €3,042,131 thousand and €2,887,320 thousand respectively, for bonds issued by Parvalorem, S.A., Parups, S.A. and Parparticipadas, S.A. under the liquidity re-organisation support operations for BPN (Note 6). These bonds are backed by a guarantee issued by the Portuguese state.

The heading "Other instruments", at 30 June 2013 and 31 December 2012, included €510,099 thousand and €390,031 thousand respectively, on subscriptions for investments in vehicles created in the scope of financial assets disposal operations (loans and advances to customers). Following the transfer of the referred to assets (to the company itself or other companies held by the vehicle in which the Group has a stake), the latter were derecognised from the balance sheet, as it was considered that the respective IAS 39 requirements, i.e. the transfer of a substantial part of the risks and benefits associated with credit operations and their respective control had been met. The corporate vehicles, in which the Group has a non-controlling interest, continue to be autonomous in terms of management. To ensure the neutrality of operations, impairment equivalent to the amounts of the expected losses allocated to the credit loans sold was recognised for the equity investment acquired on the corporate vehicles. Such impairment had been reversed through profit and loss as part of the assets' balance sheet derecognition process. Following their initial recognition, these positions reflect the revaluation of such companies' assets. Group exposure at 30 June 2013 and 31 December 2012 was as follows:

	30-06-2013			
	Securities acquiried on asset transfer operations			
	Value before impairment	Accumulated impairment	Net	Fair value reserve
Fundo Recuperação, FCR	180.000	(16.738)	163.262	-
Flit-Ptrel SIVAC	119.125	(12.590)	106.535	10.947
Discovery Portugal Real Estate Fund	79.692	(15.288)	64.403	14.119
Vallis Construction Sector	73.417	(9.248)	64.169	9.140
OXI Capital, SCR	59.682	-	59.682	(318)
Fundo Recuperação Turismo, FCR	59.271	(13.597)	45.674	13.505
Nexponor - Sociedade Especial de Investimento Imobiliário de Capital Fixo - SICAFI	6.374	-	6.374	(9)
	577.561	(67.461)	510.099	47.383

	31-12-2012			
	Securities acquiried on asset transfer operations			
	Value before impairment	Accumulated impairment	Net	Fair value reserve
Fundo Recuperação, FCR	150.000	(14.608)	135.392	-
Flit-Ptrel SIVAC	128.489	(14.663)	113.826	13.936
Vallis Construction Sector	71.715	(9.248)	62.467	-
Discovery Portugal Real Estate Fund	65.416	(15.263)	50.153	-
Fundo Recuperação Turismo, FCR	41.189	(13.597)	27.593	-
OXI Capital, SCR	600	-	600	-
	457.409	(67.379)	390.031	13.936

Complementary to the participation held in these vehicles, in the case of certain operations Caixa also granted shareholders' loans and additional payments, recognised in "Other assets", with a balance sheet carrying amount and impairment of €47,835 thousand and €46,592 thousand, respectively, at 30 June 2013 (€46,939 thousand and €46,191 thousand, respectively, at 31 December 2012).

Impairment of "Other instruments", at 30 June 2013, included €3,403 thousand and €5,112 thousand, respectively, on unit trust and property investment funds managed by Group companies with a prolonged decline in market value at below cost (€2,977 thousand and €4,772 thousand, respectively, at 31 December 2012).

Book value net of impairment on investment units in unit trust and property investment funds managed by Group entities and recognised in the available-for-sale financial assets portfolio at 30 June 2013, totalled €266,582 thousand and €116,083 thousand, respectively (€381,499 thousand and €118,292 thousand, respectively, at 31 December 2012).

The equity instruments account heading includes the following investments:

	30-06-2013							
	Banking	Insurance	Investment banking and venture capital	Value before impairment	Accumulated impairment	Net amounts	Fair value reserve	Effective participating interest (%)
Measured at fair value								
Portugal Telecom, S.A.	459.990	2.573	-	462.563	(297.273)	165.290	-	6,17
Galp Energia, SGPS, S.A.	64.131	2.740	-	66.872	-	66.872	(3.325)	0,38
SICAR NovEnergia II	-	-	55.266	55.266	-	55.266	12.843	15,49
Finpro, SGPS, S.A.	-	-	23.440	23.440	-	23.440	(377)	17,16
Redes Energéticas Nacionais, SGPS, S.A.	15.331	257	-	15.588	-	15.588	4.100	1,12
Banco Comercial Português, S.A.	45.495	19.522	-	65.017	(56.485)	8.532	2.852	0,46
La Seda Barcelona, S.A.	52.736	-	-	52.736	(48.971)	3.765	(141)	14,24
EDP – Energias de Portugal, S.A.	-	3.354	-	3.354	(372)	2.982	339	0,03
EDP Renováveis, S.A.	10	1.394	-	1.404	(440)	964	240	0,00
ZON - Serviços de Telecomunicações e Multimédia, SGPS, S.A.	-	9	-	9	(3)	6	3	0,00
A.Silva & Silva - Imobiliário e Serviços, S.A.	-	-	21.300	21.300	(21.300)	-	-	19,64
Foreign entities' shares	1.907	306.582	16.469	324.959	(43.097)	281.862	7.778	
Other instruments with characteristics of equity	35	-	-	35	(10)	25	1	
Other	23.823	18.573	14.553	56.949	(13.574)	43.374	1.054	
	663.460	355.004	131.028	1.149.491	(481.525)	667.966	25.365	
Measured at historical cost								
Águas de Portugal, S.A.	153.003	-	-	153.003	-	153.003	-	9,69
VAA - Vista Alegre Atlantis, S.A.	4.058	-	711	4.769	(1.178)	3.591	-	4,48
Other	26.830	61	(512)	26.379	(5.937)	20.442	-	
	183.891	61	199	184.151	(7.115)	177.036	-	
	847.350	355.065	131.227	1.333.642	(488.640)	845.002	25.365	

	31-12-2012							
	Banking	Insurance	Investment banking and venture capital	Value before impairment	Accumulated impairment	Net amounts	Fair value reserve	Effective participating interest (%)
Measured at fair value								
Portugal Telecom, S.A.	476.093	2.642	-	478.735	(271.495)	207.240	16.172	6,16
Galp Energia, SGPS, S.A.	66.302	2.713	-	69.015	-	69.015	(2.315)	0,38
SICAR NovEnergia II	-	-	54.041	54.041	-	54.041	14.470	15,49
Finpro, SGPS, S.A.	-	-	24.692	24.692	-	24.692	2.435	17,16
Redes Energéticas Nacionais, SGPS, S.A.	14.463	240	-	14.703	-	14.703	3.215	1,12
Banco Comercial Português, S.A.	118.643	19.039	-	137.682	(125.561)	12.121	2.263	1,03
La Seda Barcelona, S.A.	52.825	-	-	52.825	(47.986)	4.838	(53)	14,24
EDP – Energias de Portugal, S.A.	3.136	3.145	-	6.281	(1.676)	4.605	451	0,05
EDP Renováveis, S.A.	10	1.398	-	1.408	(434)	974	245	0,00
ZON - Serviços de Telecomunicações e Multimédia, SGPS, S.A.	-	8	-	8	(3)	5	1	0,00
A.Silva & Silva - Imobiliário e Serviços, S.A.	-	-	21.300	21.300	(21.300)	-	-	19,64
Foreign entities' shares	2.461	302.281	16.027	320.768	(38.089)	282.679	7.805	
Other instruments with characteristics of equity	3.183	-	-	3.183	(20)	3.163	-	
Other	25.312	17.896	13.538	56.746	(13.284)	43.462	1.407	
	762.428	349.363	129.598	1.241.389	(519.849)	721.539	46.097	
Measured at historical cost								
Águas de Portugal, S.A.	153.003	-	-	153.003	-	153.003	-	9,69
VAA - Vista Alegre Atlantis, S.A.	4.058	-	711	4.769	(1.178)	3.591	-	4,48
Other	29.084	61	200	29.345	(5.937)	23.408	-	
	186.145	61	911	187.117	(7.115)	180.002	-	
	948.573	349.424	130.508	1.428.505	(526.964)	901.541	46.097	

The following criteria were used to prepare the above tables:

- The "Insurance" column includes securities held by Caixa Seguros e Saúde and Garantia;
- The "Investment banking and venture capital" column includes securities held by Caixa - Banco de Investimento and the Group's venture capital area, including consolidated venture capital funds (Note 3);
- Securities held by the remaining entities were allocated to "Banking activity".

Information on the composition of impairment of equity instruments recognised by the Group as a charge to net income for the half years ended 30 June 2013 and 2012 is set out below (Note 37):

	30-06-2013	30-06-2012
Portugal Telecom, SGPS, S.A.	25.778	57.444
ENI S.p.A.	1.196	131
La Seda Barcelona, S.A.	985	28.757
Banco Comercial Português, S.A.	-	7.516
A. Silva & Silva - Imobiliário & Serviços, SA	-	6.857
Equity instruments - Insurance	4.056	16.374
Other	37	2.639
	32.052	119.718

The fair value reserve for available-for-sale financial assets at 30 June 2013 and 31 December 2012, comprised the following:

		30-06-2013	31-12-2012
Fair value reserve (Note 27)			
(gross amount before non-controlling interests)			
Debt instruments	**i)**	(186.918)	(190.280)
Equity instruments	**ii)**		
- Positive fair value		50.540	61.096
- Negative fair value			
. Unrealised loss lower than 20% of acquisition cost		(11.309)	(6.030)
. Unrealised loss between 20% and 30% of acquisition cost		(5.558)	(6.529)
. Unrealised loss between 30% and 40% of acquisition cost		(5.634)	(1.224)
. Unrealised loss between 40% and 50% of acquisition cost		(2.673)	(1.217)
		25.365	46.097
Other instruments	**iii)**	93.183	54.007
	i)+ii)+iii)	(68.370)	(90.175)
Deferred tax reserve		30.757	59.777
		(37.614)	(30.398)
Balance attributable to non-controlling interests		1.411	(1.373)
		(36.203)	(31.771)

In the six months period ended 30 June 2013 and during 2012, changes in the main equity instruments recognised in the heading "Available-for-sale financial assets" were as follows:

Banco Comercial Português, S.A. (BCP)

Caixa made capital gains of €5,201 thousand (Note 32) on its sale of 114,380,012 BCP shares for a total amount of €12,522 thousand, in the first half of 2013.

During March 2012 Caixa also made capital gains of €165 thousand (Note 32) on its sale of 6,000,000 BCP shares for a total amount of €981 thousand.

EDP – Energias de Portugal, S.A. (EDP)

Caixa made capital gains of €390 thousand (Note 32) on its sale of 800,000 EDP shares for a total amount of €1,882 thousand, in January 2013.

During the course of second half 2012, Caixa sold 2,728,914 EDP shares for a total amount of €6,230 thousand, making capital gains of €1,143 thousand.

ZON – Serviços de Telecomunicações e Multimédia, SGPS, S.A. (ZON)

Caixa Geral de Depósitos, S.A. and Fidelidade – Companhia de Seguros, S.A. entered into an agreement with Jadeium B.V. in June 2012, for the sale of 33,181,144 and 215,000 ZON Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A. (ZON) shares, respectively, comprising 10.805% of the respective share capital at a unit share price of €2.6.

The completion of the operation and respective share ownership transfer took place on 2 July 2012, which was the liquidation date of the price agreed upon by the parties, in the amount of €86,830 thousand. As a result of this transaction, the Group recognised capital gains of €10,869 thousand in 2012. €118 thousand of this amount comprised gains made by Fidelidade – Companhia de Seguros, S.A. recognised in its insurance business margin.

Galp Energia, SGPS, S.A. (Galp)

Caixa sold 8,295,510 Galp shares, comprising 1% of its share capital, in stock exchange transactions for an amount of €95,232 thousand in November 2012, making capital losses of €10,807 thousand.

The sale was made under the tag along right provided for in the Consent & Waiver agreement entered into between CGD, Amorim Energia B.V. and ENI S.p.A. (dated March 2012), as the latter had decided to sell off its Galp investment in the market.

Brisa – Auto Estradas de Portugal (Brisa)

During 2012 CGD sold off the participation held In Brisa as a result of Tagus Holdings' public takeover bid on the said company share capital. Capital gains of €2,115 thousand were made on the sales price of €24,840 thousand.

Reclassification of securities

Caixa Geral de Depósitos

In 2008 and during the first half of 2010, under the terms of the October 2008 amendments to IAS 39, as described in further detail in Note 2.7. and owing to the exceptional circumstances noted in the financial markets in the referred to periods, Caixa transferred a group of securities from the "Financial assets held for trading" category to the "Available-for-sale financial assets" category.

Caixa's reclassifications, deriving from the instability and volatility in the financial markets, particularly in 2010, as regards the evolution of credit markets, strongly affected by the disturbances in the funding of Eurozone countries' sovereign debt, changed Caixa' s perspective on the sale of these assets which were no longer expected to be sold over the short term. The transfer of securities in first half 2010, essentially comprised sovereign debt instruments, securities issued by government agencies and other credit instruments issued by financial institutions directly affected by the turmoil in Eurozone public debt markets.

Caixa also reclassified bonds from the "Available-for-sale financial assets" category to the "Loans and advances to customers" category in first half 2010.

The impact of the reclassification of those securities in net income and fair value reserves was as follows:

Securities reclassified in 2008

	Financial assets at fair value as a charge to revaluation reserves	Financial assets at amortised cost
Book value at reclassification date	1.001.797	n.a
Book value at 31-12-2008	873.101	n.a
Book value at 31-12-2009	560.350	n.a
Book value at 31-12-2010	336.275	n.a
Book value at 31-12-2011	261.035	n.a
Book value at 31-12-2012	156.972	n.a
Book value at 30-06-2013	139.825	n.a
Fair value of securities reclassified at 30-06-2013	139.825	n.a
Fair value reserve of securities reclassified at 30-06-2013	(12.041)	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2008 and 31-12-2009		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	6.315	n.a
Impairment for the period	(6.673)	n.a
Other gains and losses recognised as a charge to net income	(60.758)	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2009 and 31-12-2010		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	57.186	n.a
Impairment for the period	(52.234)	n.a
Other gains and losses recognised as a charge to net income	(2.247)	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2010 and 31-12-2011		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	(17.620)	n.a
Other gains and losses recognised as a charge to net income	(487)	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2011 and 31-12-2012		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	14.112	n.a
Impairment for the period	(3.210)	n.a
Other gains and losses recognised as a charge to net income	7.457	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2012 and 30-06-2013		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	2.571	n.a
Impairment for the period	(2.725)	n.a

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Securities reclassified in 2010

	Financial assets at fair value as a charge to revaluation reserves	Financial assets at amortised cost
Book value at reclassification date	1.414.007	503.466
Book value at 31-12-2010	1.039.972	504.393
Book value at 31-12-2011	483.799	495.037
Book value at 31-12-2012	342.668	477.515
Book value at 30-06-2013	190.407	452.587
Fair value of securities reclassified at 30-06-2013	190.407	447.287
Fair value reserve of securities reclassified at 30-06-2013	(9.968)	n.a
Gains / (losses) associated with the change in securities fair value between reclassification date and 31-12-2010		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	(36.589)	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2010 and 31-12-2011		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	(47.894)	n.a
Other gains and losses recognised as a charge to net income	(1.234)	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2011 and 31-12-2012		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	70.581	n.a
Other gains and losses recognised as a charge to net income	604	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2012 and 30-06-2013		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	3.934	n.a
Other gains and losses recognised as a charge to net income	2.149	n.a

The amounts do not include tax effect.

"Gains/(losses) recognised as a charge to net income for the period" include the proceeds from the disposal of securities after the reclassification date and foreign exchange revaluation and exclude income and charges with interest and commissions.

9. FINANCIAL ASSETS WITH REPURCHASE AGREEMENTS

Information on financial assets with repurchase agreements at 30 June 2013 and 31 December 2012 is set out below:

	30-06-2013	31-12-2012
At fair value through revaluation reserves		
Debt instruments		
- From public issuers:		
. Debt securities	99.500	68.576
- From other issuers:		
. Bonds and other securities:		
Non-residents	576.260	435.584
	675.760	504.160

The Group entered into financial assets sale operations with purchase agreements at a future date at a pre-established price with financial institutions and customers for the half year ended 30 June 2013 and in 2012.

Financial instruments ceded in sales operations with repurchase agreements are not derecognised in the balance sheet and continue to be measured in accordance with the accounting policies applicable to the underlying assets. The difference between their sales and repurchase values is recognised as interest income and deferred over the period of the contract.

Liabilities resulting from repurchase agreements are recognised as a liability in "Resources of other credit institutions – sales operations with repurchase agreement" (Note 19) and "Customer resources – sales operations with repurchase agreement" (Note 20) headings.

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10. UNIT LINKED PRODUCTS

Investments associated with unit linked products are assets managed by the Group's insurance companies whose risk is for the account of the policyholder and accordingly recognised at fair value. Liabilities to policyholders' are recognised in "Liabilities to subscribers of unit linked products". Information on the investments recognised in this heading, at 30 June 2013 and 31 December 2012, is given below:

	30-06-2013	31-12-2012
Unit-linked investments:		
- Debt instruments	950.749	1.033.457
- Equity instruments	13.566	18.154
- Other	13	14
Derivatives		
- Positive fair value	428	459
Loans and advances to credit institutions	99.262	96.142
	1.064.018	1.148.225
Liability to subscribers of unit-linked products	1.063.998	1.148.225

11. DERIVATIVES

The Group carries out derivative operations as part of its activity to meet the needs of its customers and hedge its exposure to foreign exchange, interest rate and stock market fluctuations.

The Group controls the risk of its derivatives on the basis of operations approval procedures, definition of exposure limits by product and counterparty and by monitoring the daily evolution of the respective results.

These operations were valued in accordance with the criteria described in Note 2.7. c) at 30 June 2013 and 31 December 2012. Information on the operations' notional and book values at the said dates is given below:

	30-06-2013							
	Notional value			Book value				
						Hedging derivatives		
	Trading derivatives	Hedging derivatives	Total	Assets held for trading (Nota 7)	Liabilities held for trading	Assets	Liabilities	Total
Forward foreign exchange transactions								
Foreign exchange				1.722	(5.020)	-	-	(3.298)
Purchase	1.088.360	-	1.088.360					
Sale	1.086.054	-	1.086.054					
NDF's (Non Deliverable Forward)				-	(1.319)	-	-	(1.319)
Purchase	-	-	-					
Sale	14.380	-	14.380					
FRA (forward rate agreements)	8.000	-	8.000	66	(2)	-	-	63
Swaps								
Currency swaps				18.822	(5.254)	-	-	13.567
Purchase	3.448.919	-	3.448.919					
Sale	3.435.429	-	3.435.429					
Interest rate swaps and cross currency interest rate swaps				1.247.098	(1.286.277)	65.191	(80.672)	(54.659)
Purchase	57.615.727	647.420	58.263.147					
Sale	57.577.435	655.865	58.233.300					
Credit default swaps				4.031	(7.661)	-	-	(3.630)
Purchase	165.566	-	165.566					
Sale	82.340	-	82.340					
Futures								
Currency				-	-	-	-	-
Long positions	-	-	-					
Short positions	66.576	-	66.576					
Interest rate				-	-	-	-	-
Long positions	(152.621)	-	(152.621)					
Short positions	1.211.951	-	1.211.951					
Shares and indexes				-	(4)	-	-	(4)
Long positions	6.860	-	6.860					
Short positions	18.362	-	18.362					
Other				14.592	(14.592)	-	-	-
Long positions	(100.597)	-	(100.597)					
Short positions	422.629	-	422.629					
Options								
Currency				380	(74)	-	-	306
Purchase	-	-	-					
Sale	-	-	-					
Shares and indexes				261.604	(265.167)	-	-	(3.563)
Purchase	-	-	-					
Sale	-	-	-					
Interest rates (Caps & Floors)				149.964	(157.147)	-	-	(7.182)
Purchase	741.839	-	741.839					
Sale	757.559	-	757.559					
Other	-	-	-	855	(15.753)	-	-	(14.898)
	127.494.767	1.303.285	128.798.052	1.699.135	(1.758.271)	65.191	(80.672)	(74.617)

	31-12-2012							
	Notional value			Book value				
						Hedging derivatives		
	Trading derivatives	Hedging derivatives	Total	Assets held for trading (Nota 7)	Liabilities held for trading	Assets	Liabilities	Total
Forward foreign exchange transactions								
Foreign exchange				1.716	(6.693)	-	-	(4.977)
Purchase	436.162	-	436.162					
Sale	570.372	-	570.372					
NDF's (Non Deliverable Forward)				30	(22)	-	-	8
Purchase	25.814	-	25.814					
Sale	7.362	-	7.362					
FRA (forward rate agreements)	5.000	-	5.000	75	-	-	-	75
Swaps								
Currency swaps				601	(29.723)	-	-	(29.122)
Purchase	2.221.628	-	2.221.628					
Sale	2.249.998	-	2.249.998					
Interest rate swaps and cross currency interest rate swaps				1.610.598	(1.672.977)	98.725	(84.479)	(48.133)
Purchase	62.798.285	787.715	63.586.000					
Sale	62.775.615	773.526	63.549.140					
Credit default swaps				4.871	(11.726)	-	-	(6.855)
Purchase	164.740	-	164.740					
Sale	81.844	-	81.844					
Futures								
Interest rate				-	-	-	-	-
Long positions	(3.276)	-	(3.276)					
Short positions	3.597.857	-	3.597.857					
Shares and indexes				-	(9)	-	-	(9)
Long positions	4.759	-	4.759					
Short positions	6.812	-	6.812					
Other				-	-	-	-	-
Long positions	(170.307)	-	(170.307)					
Short positions	274.558	-	274.558					
Options								
Currency				517	(334)	-	-	184
Purchase	23.430	-	23.430					
Sale	953	-	953					
Shares and indexes				282.882	(286.505)	-	-	(3.623)
Purchase	-	-	-					
Sale	-	-	-					
Interest rates (Caps & Floors)				181.720	(189.322)	-	-	(7.602)
Purchase	747.261	-	747.261					
Sale	771.727	-	771.727					
Other	-	-	-	833	(17.149)	-	-	(16.317)
	136.590.595	1.561.241	138.151.835	2.083.842	(2.214.461)	98.725	(84.479)	(116.372)

"Liabilities held for trading", at 30 June 2013 and 31 December 2012, also included €1,642 thousand and €2,582 thousand for liabilities arising from loan operations on Group portfolio equity instruments, which were settled in the first few days of the subsequent periods.

12. HELD-TO-MATURITY INVESTMENTS

This heading comprised the following, at 30 June 2013 and 31 December 2012:

	30-06-2013	31-12-2012
Debt instruments		
- Public debt	1.888.698	1.856.962
- Other public issuers	45.967	45.697
- Other issuers		
Other residents	166.427	250.688
Other non-residents	241.315	315.931
	2.342.407	2.469.277

In April and October 2011, the Group reclassified a series of sovereign debt instruments, debt issued by financial institutions and other corporate debt, from the available-for-sale financial assets to the held-to-maturity investments category.

The criteria governing the reclassification, took into account the portfolios associated with the financial assets, in addition to their respective maturities, in due consideration of future cash flow requirements.

Detailed information on the characteristics of the reclassified debt instruments on the transfer date between financial assets categories, in addition to the gains and losses recognised in shareholders' equity after the reclassification date is given below:

	Portuguese public debt securities	Securities issued by foreign public entities	Securities issued by other entities	Total
Reclassification date				
Book value	1.760.395	297.508	843.223	2.901.126
Fair value reserve	(314.586)	(80.233)	(28.604)	(423.423)
Effective interest rate		8,46%		
At 31 December 2012				
Book value	1.818.396	221.915	797.067	2.837.379
Fair value	1.476.727	209.636	739.892	2.426.254
Gains / (losses) which would have been recognised as a charge				
to shareholders' equity if the assets had not				
been reclassified	(341.669)	(12.280)	(57.176)	(411.125)
At 31 December 2012				
Book value	1.856.962	45.697	566.619	2.469.277
Fair value	2.067.765	46.862	568.278	2.682.904
Gains / (losses) which would have been recognised as a charge				
to shareholders' equity if the assets had not				
been reclassified	210.803	1.165	1.659	213.627
At 30 June 2013				
Book value	1.888.698	45.967	407.742	2.342.407
Fair value	2.094.768	46.542	409.090	2.550.401
Gains / (losses) which would have been recognised as a charge				
to shareholders' equity if the assets had not				
been reclassified	206.070	576	1.340	207.986

The recovery of the full amount of the future cash flows associated with such instruments was considered in the calculation of the effective rate on reclassified assets on the transfer date between portfolios.

The amounts recognised in the income statement for the half year ended 30 June 2013 and during 2012 and 2011 relative to reclassified securities (excluding tax effect), are as follows:

Impact in net income for the first half of 2013, of which:	
Interest and similar income	60.554
Other	642
	61.195
Impact in net income for 2012, of which:	
Interest and similar income	128.762
Impairment for the year	(49.556)
Other	(2.175)
	77.031
Impact in net income for 2011, of which:	
Interest and similar income	141.923
Impairment for the year	(120.035)
Foreign exchange income	4
Other	1.136
	23.026

In 2011 the Group recognised impairment losses of €120,035 thousand on Greek sovereign debt securities, which were at said date classified in the held-to-maturity investments category. The amount of impairment losses recognised as a charge to net income was calculated on the assumption of a 50% recovery of nominal value and accrued interest of the issues on the portfolio. An amount of €50,856 thousand was also recognised in provisions for other risks and charges to cover additional losses on these securities. The provisions were calculated at the market rate on the first price-fixing day (9 March 2012) for assets received in the context of the exchange offer announced by the Republic of Greece at 21 February 2012, considered as an "adjusting event'" under IAS 10.

In light of its decision to accept the conditions proposed in the Greek sovereign debt exchange programme, as referred to in more detail in Note 39 and after assessing the effective losses incurred on this operation the Group recognised additional impairment losses of €49,556 thousand on held-to-maturity securities investments, as a charge to the reversal of the specific provisions set up in 2011, in provisions for other risks and charges (Note 22), in 2012. The Group also derecognised these bonds in its balance sheet following the assets exchange programme.

13. LOANS AND ADVANCES TO CUSTOMERS

This heading comprises the following:

	30-06-2013	31-12-2012
Domestic and foreign loans		
Loans	53.730.802	54.465.304
Current account loans	3.584.894	3.601.227
Other loans	5.940.531	6.596.169
Other loans and amounts receivable - securitised		
. Commercial Paper	3.433.595	4.068.736
. Other	1.706.794	1.652.951
Property leasing operations	1.466.831	1.574.927
Discounts and other loans secured by bills	461.338	587.862
Purchase operations with resale agreement	-	133.995
Equipment leasing operations	786.099	904.165
Factoring	218.281	205.787
Overdrafts	403.420	403.759
	71.732.586	74.194.883
Adjustment to assets under hedging operations	1.030	1.316
Accrued interest	258.633	284.035
Deferred income, commissions and other cost and income associated with amortised cost	(65.462)	(69.526)
	71.926.786	74.410.708
Overdue loans and interest	5.182.699	4.513.268
	77.109.486	78.923.976
Impairment (Note 37)	(4.436.537)	(4.189.393)
	72.672.949	74.734.584

The "Domestic and foreign loans – Other loans" heading at 30 June 2013 and 31 December 2012 included €83,034 thousand and €88,531 thousand, respectively, relating to mortgage and personal loans granted by CGD to its employees.

The full amount of the "Purchase operations with a resale agreement" heading, at 31 December 2012, refers to contracts entered into with CGD's Pension Fund.

The "Loans" heading at 30 June 2013 and 31 December 2012 included €362,879 thousand and €381,667 thousand, respectively, for loans granted by Caixa to Parvalorem, S.A., Parups, S.A. and Parparticipadas, S.A. (Notes 6 and 8). These loans are collateralised by pledges and mortgages on assets of the referred to vehicles. Following the completion of BPN's reprivatisation process, in March 2012, the ownership of these companies was transferred to the Portuguese state.

The state also assumed liabilities on the commercial paper programme subscribed for by Caixa with BPN for the amount of €1,000,000 thousand, at the said date, through the transfer of the contractual position between the Bank and Parvalorem (Note 6). This operation was recognised In "Other loans and amounts receivable – securitised – commercial paper" heading at 30 June 2013 and 31 December 2012.

The "Loans" heading, at 30 June 2013 and 31 December 2012, included mortgage loans ceded by Caixa in securitisation operations. Information on these loan changes for the half year ended 30 June 2013 is set out in the following table:

	Nostrum Mortgages nº1	Nostrum Mortgages nº2	Total
Balances at 31-12-2012	389.692	4.892.634	5.282.326
Sale of new loans	559	15.565	16.124
Payments	(19.805)	(76.236)	(96.041)
Repurchase	(559)	(15.717)	(16.276)
Other	(42)	(13.640)	(13.682)
Balances at 30-06-2013	369.845	4.802.606	5.172.451

Such loans serve as collateral for the liabilities issued by the SPVs under the scope of such operations, which, in the case of the Nostrum Mortgage no. 1 operation, at 30 June 2013 and 31 December 2012, totalled €251,970 thousand and €342,891 thousand, respectively (Note 21). These balances do not include liabilities associated with the Nostrum Mortgages no. 2 operation, which are fully held by the Group and therefore eliminated when preparing the consolidated financial statements.

The "Loans" heading at 30 June 2013 and 31 December 2012, included mortgage loans allocated to the issue of covered bonds with a book value of €10,425,751 thousand and €10,932,732 thousand, respectively, in addition to credit allocated to the issue of bonds for the public sector with a book value of €1,320,459 and €1,418,068 thousand, respectively (Note 21).

The autonomous pool of assets collateralising the referred to issues, at 30 June 2013 and 31 December 2012 also included debt securities with a book value of €127,143 and €128,247 thousand, respectively (Note 7).

Information on the seniority of "Overdue loans and interest" at 30 June 2013 and 31 December 2012, is set out below:

	30-06-2013	31-12-2012
Up to three months	656.767	345.605
Three to six months	415.815	206.233
Six months to one year	411.311	769.278
One to three years	2.023.137	1.628.158
Over three years	1.675.669	1.563.995
	5.182.699	4.513.268

Loans and advances to customers, at 30 June 2013 and 31 December 2012, excluding adjustments to the value of assets under hedging operations, by business sector, comprised the following:

	30-06-2013								
	Central and local government			Companies and individuals			Total		
	Loans not due	Overdue loans	Total	Loans not due	Overdue loans	Total	Loans not due	Overdue loans	Total
Companies									
Agriculture, cattle breeding, hunting and forestry	62	-	62	400.824	31.043	431.866	400.886	31.043	431.928
Mining industries	295	-	295	142.411	11.193	153.604	142.706	11.193	153.900
Manufacturing industries									
Food, beverages and tobacco	-	-	-	816.613	83.334	899.947	816.613	83.334	899.947
Textiles	-	-	-	253.831	49.051	302.882	253.831	49.051	302.882
Leather and by-products	-	-	-	57.430	4.998	62.429	57.430	4.998	62.429
Wood and cork	-	-	-	156.372	25.140	181.512	156.372	25.140	181.512
Pulp, paper, printing and publishing	-	-	-	204.210	11.772	215.982	204.210	11.772	215.982
Coal, oil products and nuclear fuel	-	-	-	484.905	836	485.742	484.905	836	485.742
Chemical products and synthetic or artificial fibres	-	-	-	298.832	6.087	304.919	298.832	6.087	304.919
Rubber and plastic goods	-	-	-	104.796	13.808	118.603	104.796	13.808	118.603
Non-metallic mineral products	-	-	-	310.212	39.008	349.219	310.212	39.008	349.219
Basic metallurgy industries and metallic products	-	-	-	391.470	64.434	455.904	391.470	64.434	455.904
Machinery and equipment	-	-	-	87.036	5.575	92.611	87.036	5.575	92.611
Electrical and optical equipment	-	-	-	215.833	3.361	219.195	215.833	3.361	219.195
Transport equipment	440	-	440	94.222	6.320	100.542	94.662	6.320	100.982
Miscellaneous manufacturing industries	-	-	-	296.788	24.559	321.347	296.788	24.559	321.347
Electricity, water and gas	10.523	1.071	11.593	1.602.193	52.483	1.654.676	1.612.715	53.554	1.666.269
Building	41.648	456	42.104	4.053.712	1.368.335	5.422.047	4.095.359	1.368.791	5.464.150
Wholesale / retail trade and repair of cars, motorcycles and personal and domestic goods	39	-	39	2.723.363	408.241	3.131.604	2.723.402	408.241	3.131.643
Restaurants and hotels	174	-	174	1.119.720	100.065	1.219.785	1.119.894	100.065	1.219.959
Transports, warehousing and communications	87.945	-	87.945	2.180.152	153.944	2.334.096	2.268.096	153.944	2.422.041
Financial activities	96.231	-	96.231	7.523.579	222.415	7.745.994	7.619.810	222.415	7.842.224
Real estate activities	10.996	-	10.996	2.873.933	688.620	3.562.553	2.884.930	688.620	3.573.549
Other activities	1.292.431	-	1.292.431	2.003.342	111.174	2.114.516	3.295.774	111.174	3.406.947
Public administration, defence and mandatory social security contributions	2.598.798	90.276	2.689.075	227.517	293	227.811	2.826.316	90.570	2.916.886
Education	4.833	50	4.883	189.692	4.546	194.237	194.525	4.596	199.121
Healthcare and welfare	3.711	6.490	10.202	569.529	69.202	638.731	573.241	75.692	648.933
Other activities and social and personal services	96.463	1.178	97.641	1.894.729	226.485	2.121.214	1.991.192	227.664	2.218.855
Families with domestic employees	-	-	-	48	100	148	48	100	148
International entities and other institutions	26	-	26	271	28	300	298	28	326
	4.244.616	99.523	4.344.138	31.277.567	3.786.449	35.064.015	35.522.182	3.885.971	39.408.153
Individuals									
Housing	-	-	-	34.475.916	1.134.690	35.610.606	34.475.916	1.134.690	35.610.606
Other	-	-	-	1.927.659	162.038	2.089.697	1.927.659	162.038	2.089.697
	-	-	-	36.403.574	1.296.728	37.700.303	36.403.574	1.296.728	37.700.303
	4.244.616	99.523	4.344.138	67.681.141	5.083.177	72.764.318	71.925.757	5.182.699	77.108.456

	31-12-2012								
	Central and local government			Companies and individuals			Total		
	Loans not due	Overdue loans	Total	Loans not due	Overdue loans	Total	Loans not due	Overdue loans	Total
Companies									
Agriculture, cattle breeding, hunting and forestry	-	-	-	421.181	24.261	445.442	421.181	24.261	445.442
Mining industries	-	-	-	164.235	9.917	174.152	164.235	9.917	174.152
Manufacturing industries									
Food, beverages and tobacco	-	-	-	855.354	64.741	920.094	855.354	64.741	920.094
Textiles	-	-	-	249.889	53.455	303.344	249.889	53.455	303.344
Leather and by-products	-	-	-	58.687	4.960	63.647	58.687	4.960	63.647
Wood and cork	-	-	-	181.850	25.955	207.806	181.850	25.955	207.806
Pulp, paper, printing and publishing	-	-	-	210.096	10.544	220.641	210.096	10.544	220.641
Coal, oil products and nuclear fuel	-	-	-	461.730	138	461.868	461.730	138	461.868
Chemical products and synthetic or artificial fibres	-	-	-	311.507	4.548	316.056	311.507	4.548	316.056
Rubber and plastic goods	-	-	-	116.922	8.005	124.927	116.922	8.005	124.927
Non-metallic mineral products	-	-	-	300.785	36.592	337.378	300.785	36.592	337.378
Basic metallurgy industries and metallic products	-	-	-	445.849	39.670	485.519	445.849	39.670	485.519
Machinery and equipment	-	-	-	91.148	6.073	97.220	91.148	6.073	97.220
Electrical and optical equipment	-	-	-	168.541	2.345	170.886	168.541	2.345	170.886
Transport equipment	443	-	443	62.996	5.301	68.297	63.439	5.301	68.741
Miscellaneous manufacturing industries	-	-	-	268.765	28.731	297.496	268.765	28.731	297.496
Electricity, water and gas	14.462	730	15.193	1.628.384	10.028	1.638.412	1.642.847	10.758	1.653.605
Building	41.669	875	42.544	4.585.350	987.541	5.572.891	4.627.019	988.416	5.615.435
Wholesale / retail trade and repair of cars, motorcycles and personal and domestic goods	47	-	47	2.954.069	315.241	3.269.310	2.954.115	315.241	3.269.356
Restaurants and hotels	159	-	159	1.104.148	93.888	1.198.035	1.104.307	93.888	1.198.195
Transports, warehousing and communications	87.512	-	87.512	2.185.807	141.223	2.327.030	2.273.319	141.223	2.414.542
Financial activities	96.594	-	96.594	7.819.840	257.082	8.076.922	7.916.434	257.082	8.173.515
Real estate activities	11.664	-	11.664	3.065.731	695.224	3.760.955	3.077.395	695.224	3.772.619
Other activities	1.350.180	-	1.350.180	2.170.008	98.937	2.268.945	3.520.188	98.937	3.619.125
Public administration, defence and mandatory social security contributions	2.733.703	89.533	2.823.236	150.979	2.106	153.084	2.884.681	91.638	2.976.320
Education	4.479	0	4.480	195.872	3.711	199.583	200.352	3.711	204.063
Healthcare and welfare	25.153	6.545	31.698	602.630	65.245	667.874	627.782	71.790	699.572
Other activities and social and personal services	69.822	360	70.182	1.741.108	179.644	1.920.752	1.810.930	180.003	1.990.934
Families with domestic employees	-	-	-	255	99	353	255	99	353
International entities and other institutions	35	-	35	307	32	339	342	32	374
	4.435.921	98.044	4.533.965	32.574.023	3.175.236	35.749.259	37.009.944	3.273.280	40.283.224
Individuals									
Housing	-	-	-	35.303.344	1.083.330	36.386.674	35.303.344	1.083.330	36.386.674
Other	-	-	-	2.096.104	156.658	2.252.762	2.096.104	156.658	2.252.762
	-	-	-	37.399.449	1.239.988	38.639.437	37.399.449	1.239.988	38.639.437
	4.435.921	98.044	4.533.965	69.973.471	4.415.224	74.388.695	74.409.393	4.513.268	78.922.661

14. NON-CURRENT ASSETS AND LIABILITIES HELD-FOR-SALE

This heading, at 30 June 2013 and 31 December 2012, comprised the following:

	30-06-2013	31-12-2012
ASSETS		
Property and equipment	911.439	824.911
Subsidiaries - HPP - Hospitais Privados de Portugal	-	87.579
	911.439	912.491
Impairment - property and equipment (Note 37)	(277.024)	(234.867)
	634.415	677.623
LIABILITIES		
Subsidiaries - HPP - Hospitais Privados de Portugal	-	100.746
	-	100.746

The "Non-current assets and liabilities held-for-sale - Subsidiaries" headings at 31 December 2012, comprise the aggregate value of the assets and liabilities of HPP – Hospitais Privados de Portugal, SGPS, S.A (HPP). These balances were recognised as an aggregate in this account heading, pursuant to the dispositions of IFRS 5, after the start of the procedures for the disposal of this business area. The healthcare business sales process was a result of CGD Group's aim of rationalising its structure in addition to concentrating on its core banking business activities in compliance with the guidelines defined by its state shareholder.

The process for HPP's sale to the Brazilian Amil healthcare group was concluded in March 2013, after the administrative requirements had been met and the regulatory permits governing the transaction obtained. Total capital gains of around €36,448 thousand were recognised on this transaction.

The book value (without fair value allocations and after adjustments inherent to the consolidation process) of HPP's main assets and liabilities categories, at 31 December 2012, was as follows:

	31-12-2012
Non-current assets held for sale	
Customers	40.798
Tangible assets	30.383
Cash and cash equivalents	7.189
Inventories	5.311
Other assets	3.898
	87.579
Non-current liabilities held for sale	
Loans	56.112
Suppliers and other creditors	39.204
Other liabilities	5.430
	100.746
Equity	(13.167)

The results generated by this business unit were also set out separately in the consolidated income statement at 30 June 2012 in the "Results in subsidiaries held-for-sale" heading. Information on the composition of the main categories contributing to HPP's results at the said date (without fair value allocations and after adjustments inherent to the consolidation process) is set out below:

	30-06-2012
Income	
Provision of services	96.690
Other	724
	97.414
Costs	
Cost of goods sold and consumed	17.581
Supplies and external services	40.182
Staff costs	26.121
Depreciation of tangible and intangible assets	6.915
Interest costs	1.336
Impairment net of reversals	(392)
Other	7.896
	99.639
Income tax	(792)
Net income	(1.433)

As described in Note 2.8., the “non-current assets held-for-sale” heading also includes property and other assets obtained in the recovery of credit.

15. INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

The composition of this heading, at 30 June 2013 and 31 December 2012 is set out below:

	30-06-2013		31-12-2012	
	Effective participating interest (%)	Book Value	Effective participating interest (%)	Book Value
Jointly controlled entities				
Esegur, S.A.	50,00	5.978	50,00	5.201
Locarent, S.A.	50,00	5.103	50,00	3.919
Banco para Promoção e Desenvolvimento, S.A.	-	-	50,00	176.981
		11.082		186.101
Associated companies				
SIBS - Sociedade Interbancária de Serviços, S.A.	21,60	14.203	21,60	14.709
Torre Ocidente Imobiliária, S.A.	25,00	3.689	25,00	4.078
Prado - Cartolinas da Lousã, S.A.	38,15	3.225	38,15	4.482
Banco Internacional de São Tomé e Príncipe, S.A.	27,00	3.000	27,00	2.973
Other		4.578		5.261
		28.695		31.503
		39.777		217.603

Information on the statutory financial data (unaudited financial statements) of the main associated companies and jointly controlled entities, at 30 June 2013 and 31 December 2012, is set out below:

Business sector / Entity	Registered office	30-06-2013				
		Assets	Liabilities	Equity (a)	Net income	Total income
Banking						
Banco Internacional de São Tomé e Príncipe	São Tomé	74.703	63.587	11.116	424	3.850
Property						
Torre Ocidente, Imobiliária, S.A.	Lisboa	61.762	47.005	14.757	(1.625)	917
Vale do Lobo, Resort Turístico de Luxo, S.A.	Lisboa	377.348	467.042	(89.694)	(5.928)	5.687
Other						
Esegur, S.A.	Lisboa	36.601	24.573	12.028	730	25.212
Locarent, S.A.	Lisboa	261.821	251.445	10.376	617	42.499
Companhia de Papel do Prado, S.A.	Tomar	4.384	982	3.402	(3)	-
Prado - Cartolinas da Lousã, S.A.	Lousã	15.873	7.419	8.454	(297)	10.643
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisboa	147.057	80.417	66.640	4.238	75.905

(a) Equity includes net income for the year and excludes non-controlling interests.

Business sector / Entity	Registered office	31-12-2012				
		Assets	Liabilities	Equity (a)	Net income	Total income
Banking						
Banco Internacional de São Tomé e Príncipe	São Tomé	72.003	60.987	11.016	1.123	8.469
Banco para Promoção e Desenvolvimento, S.A.	Luanda	358.412	4.450	353.962	(1.742)	157
Property						
Torre Ocidente, Imobiliária, S.A.	Lisboa	64.090	47.779	16.311	(5.972)	1.176
Vale do Lobo, Resort Turístico de Luxo, S.A.	Lisboa	375.996	456.897	(80.901)	(20.681)	18.874
Other						
Esegur, S.A.	Lisboa	38.421	27.124	11.298	515	55.309
Locarent, S.A.	Lisboa	285.740	277.403	8.337	2.595	94.213
Companhia de Papel do Prado, S.A.	Tomar	4.382	975	3.407	(8)	-
Prado - Cartolinas da Lousã, S.A.	Lousã	18.784	7.035	11.749	1.186	19.701
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisboa	164.850	96.388	68.462	8.709	131.685

(a) Equity includes net income for the year and excludes non-controlling interests.

The sales operation on the Group's equity participation in Banco para Promoção e Desenvolvimento (BPD) was completed in first half 2013.

The corporate object of this financial institution, incorporated on 14 February 2011 in a public deed entered into between Sonangol, Empresa Pública, Sonangol Holdings, Limitada, Gerbanca, S.G.P.S., S.A., Caixa - Participações, S.G.P.S., S.A. and Caixa Geral de Depósitos, S.A., was to carry out banking business operations as permitted by law.

The bank had a share capital of 45,900,000,000 Kwanzas, (USD 500,000,000 on its date of incorporation) of which 23,500,000 Kwanzas were paid up at that date. The Group had a 50% stake in BPD, apportioned between CGD with 49.99%, Caixa – Participações (0.005%) and Gerbanca (0.005%).

The amount of BPD's unrealised share capital subscribed by Caixa at 31 December 2012 totalled €171,838 thousand at the closing exchange rate at the said date.

The Purchase/Sales contract for CGD Group companies' disposal of their equity participation to Grupo Sonangol Sociedade Nacional de Combustíveis de Angola, Empresa Pública (Sonangol EP) and Sonip - Sonangol Imobiliária e Propriedades, LDA.(Sonip) companies, for a global amount of USD 29,664,249, was also entered into at 31 December 2012. Its completion at the said date was contingent upon the need for the necessary permits for the transfer of corporate holdings and capital export licences from the National Bank of Angola.

The Group recognised €8,604 thousand in capital gains on this transaction, of which an amount of €2,695 thousand was recognised in "Results from foreign exchange operations – revaluation of foreign exchange position " headings (Note 32) and €5,909 thousand in "Other operating income – gains on subsidiaries and jointly controlled entities" headings (Note 33).

As stated in greater detail in Note 2.2., effective from the 2013 economic year, Caixa changed, its accounting policy on its recognition of investments in jointly controlled entities, which are now recognised in the Group's consolidated financial statements by the equity accounting method. Up to 31 December 2012, these investments were incorporated in the consolidated accounts in accordance with the proportional integration method. To ensure comparability between data, the financial statements of comparative periods have been re-expressed.

16. INCOME TAX

Tax assets and liabilities balances, at 30 June 2013 and 31 December 2012, were as follows:

	30-06-2013	31-12-2012
Current tax assets		
Income tax recoverable	52.929	37.841
Other	38.074	23.022
	91.003	60.862
Current tax liabilities		
Income tax payable	16.623	46.052
Other	163.089	138.010
	179.712	184.063
	(88.709)	(123.201)
Deferred tax assets		
Temporary differences	1.323.138	1.404.325
Reported tax losses	135.498	63.464
	1.458.636	1.467.789
Deferred tax liabilities	171.445	190.650
	1.287.191	1.277.139

Deferred tax changes, for the half years ended 30 June 2013 and 2012, were as follows:

	Balance at 31-12-2012	Change in		Other	Balance at 30-06-2013
		Equity	Profit or loss		
Impairment and adjustments to property and tangible and intangible assets	74.085	(1.033)	2.543	941	76.536
Provisions and impairment temporarily not tax deductible	875.346	-	(20.384)	(4.031)	850.931
Measurement of derivatives	(11.264)	-	102	-	(11.162)
Measurement of available-for-sale assets	69.608	(31.518)	-	684	38.774
Measurement of other securities	4.184	-	(5.423)	6.569	5.330
Tax loss carry forward	63.464	-	72.232	(198)	135.498
Employee benefits	165.981	(866)	4.148	(5.840)	163.422
Commissions	18.183	-	(926)	(329)	16.928
Legal revaluation of other tangible assets	(4.742)	-	112	-	(4.630)
Other	22.295	-	(12.307)	5.577	15.565
	1.277.139	(33.417)	40.096	3.373	1.287.191

	Balance at 31-12-2011	Change in		Transfer to current tax	Other	Balance at 30-06-2012
		Equity	Profit or loss			
Impairment and adjustments to property and tangible and intangible assets	54.218	(26)	476	-	(1.252)	53.417
Provisions and impairment temporarily not tax deductible	717.344	-	96.430	(1.502)	2.652	814.925
Measurement of derivatives	(11.530)	-	(55)	-	(33)	(11.618)
Measurement of available-for-sale assets	782.069	(364.365)	-	-	36.877	454.581
Measurement of other securities	1.004	-	1.981	-	(14.444)	(11.459)
Tax loss carry forward	78.547	-	(19.942)	-	(36.612)	21.993
Employee benefits	146.940	-	223	(1.324)	(1.187)	144.651
Commissions	17.576	-	(202)	-	-	17.374
Legal revaluation of other tangible assets	(5.133)	-	288	-	-	(4.844)
Other	(19.136)	-	16.757	-	1.621	(758)
	1.761.901	(364.390)	95.956	(2.826)	(12.378)	1.478.262

The Group changed its accounting policy on the recognition of actuarial gains and losses on pension plans and other post-employment benefits in 2011, under which actuarial gains and losses arising from the update of pensions and healthcare liabilities and expected income of the pension funds were fully recognised as a charge to a shareholders' equity account heading. Up to 2010 these gains and losses were accounted for according to the corridor method.

Under the terms of article 183 of the State Budget Law for 2012 (Law 64-A/2011 of 30 December) the negative net asset changes deriving from the modification in the accounting policy on the recognition of actuarial gains and losses on pension plans and other defined benefit post employment benefits in respect of contributions made in the said period or former taxation periods are not included in the limits referred to in numbers 2 and 3 of article 43 of the IRC Code and are tax deductible, in equal parts, over the ten tax periods starting on or after 1 January 2012.

Information on income tax costs recognised in the income statement, in addition to the tax burden measured by the ratio of income tax to pre-tax income, is set out below.

	30-06-2013	30-06-2012
Current tax		
For the period	14.325	144.179
Extraordinary contribution on the banking sector	12.567	14.912
Prior year adjustments (net)	(27.701)	(6.297)
	(809)	152.794
Deferred tax	(40.096)	(95.956)
Total	(40.905)	56.838
Consolidated income before tax and non-controlling interests	(199.698)	63.711
Tax charge	20,48%	89,21%

For the half years ended 30 June 2013 and 2012, the "Prior adjustments (net)" heading comprised the following:

	30-06-2013	30-06-2012
Insufficiency / (excess) of estimated tax for 2011 and 2012	(2.434)	(2.997)
Adjustments to previous years taxable income	(25.244)	(3.293)
Other	(24)	(8)
	(27.701)	(6.297)

The reconciliation between the nominal and effective tax rates for the half years ended 30 June 2013 and 2012 is as follows:

	30-06-2013		30-06-2012	
	Rate	Tax	Rate	Tax
Income before income tax		(199.698)		63.711
Tax at the nominal rate	28,85%	(57.613)	28,83%	18.368
Investments recorded in accordance with the equity method	0,34%	(670)	(0,95%)	(605)
Impact of companies with tax rates different from the nominal rate in Portugal	(1,14%)	2.271	4,09%	2.605
Definitive differences to be deducted:				
Tax exempted capital gains	2,16%	(4.323)	(2,83%)	(1.806)
Other	0,27%	(536)	(2,38%)	(1.518)
Definitive difference to be added:				
Non deductable provisions	(0,40%)	808	0,53%	336
Other	(0,93%)	1.864	3,61%	2.300
Impairment on available-for-sale financial assets, net of write-offs	0,23%	(457)	11,42%	7.275
Annulment of tax losses (not recoverable)	(2,38%)	4.762	0,00%	-
Differential of tax rate on tax losses carry forward (*)	(7,67%)	15.317	0,00%	-
Autonomous taxation	(1,09%)	2.178	1,84%	1.174
Contribution on the banking sector	(6,29%)	12.567	23,41%	14.912
Other	(1,95%)	3.899	19,32%	12.312
	9,98%	(19.932)	86,88%	55.353
Tax adjustments relative to prior years				
Insufficiency / (excess) of tax estimate, net of deferred tax and other adjustment to taxable income from previous years	10,49%	(20.949)	2,34%	1.493
Other	0,01%	(24)	(0,01%)	(8)
	10,50%	(20.973)	2,33%	1.485
	20,48%	**(40.905)**	**89,21%**	**56.838**

(*) The computation of deffered taxes relating to tax losses carry forward is based on a regulatory tax rate of 25% and does not include State or Municipal subcharges

CGD's nominal tax rate, for the half year ended 30 June 2013, considering the state surcharge applicable to its operations was 28.85% (28.83% at 30 June 2012).

The assessment of CGD's nominal tax rate reflects the addendum, under Law 12-A/2010, of 30 June (approving several additional budget consolidation measures under the Stability and Growth Programme) to article 87-A no. 1 of the IRC Code, whose no.1 provides for the application of a 2.5% state surcharge on the part of the taxable income higher than €2 million.

With the publication of the State Budget Law for 2012 (Law 64-B/2011 of 30 December) the wording of article 87-A of the IRC Code was amended to include the update to the additional tax rate on taxable income of more than €1,5 million and €10 million, respectively, when globally exceeding €10 million, in which, the surcharge will be 3% and 5%. Considering that the new wording of article 87-A is a temporary measure applicable to taxable income and additional payments on account for the two taxation periods starting on or after 1 January 2012, it was decided not to make any change to the nominal tax rate used to calculate deferred tax assets and liabilities balances recoverable/payable (paid) and recognised at 30 June 2013 and 31 December 2012.

The deferred tax assets balance for the carry-back of tax losses at 30 June 2013 and 31 December 2012, included €101,497 thousand and €29,234 thousand, respectively, recognised in Caixa Geral de Depósitos, S.A.'s financial statements of which an amount of €72,263 thousand was earned in the current tax period and the remainder in 2010. According to the current law in force, tax losses for 2010 may be recovered over a maximum period of four years from assessment (5 years in the case of tax losses made in 2013). However, for the tax periods starting on or after 1 January 2012, the deduction of tax losses cannot exceed 75% of the respective taxable income.

Deriving from the dispositions of article 141 of the State Budget for 2011 (Law 55-A/2010 of 31 December, which introduced a new contribution regime for the banking sector, the Group recognised costs of €12,567 thousand and €14,912 thousand, respectively, for these tax charges for the half years ended 30 June 2013 and 2012. The new contribution's tax base, under Administrative Ruling 121/2011 of 30 March, is levied on the amount of the liabilities of credit institutions with head offices on Portuguese territory, deducted from basis and complementary own funds therein included and deposits covered by the Deposit Guarantee Fund, in addition to the notional value of non-hedge derivatives. The subsidiaries of credit institutions with head offices outside Portuguese territory and branches in Portugal of credit institutions with head offices outside the European Union, are also subject to the contribution.

The fact that the tax authorities are normally entitled to review the tax situation during a certain period, which in Portugal is four years, may result in the possibility of adjustments to taxable income for past years (2009 to 2012 in the case of most companies with head offices in Portugal, excluding CGD for 2009 and 2010, which have already been revised), as a result of different interpretations of the law. Any possible adjustments, given the nature thereof, cannot be quantified at present. However, Caixa's Board of Directors believes that any adjustments for the above mentioned years are unlikely to have a significant effect on the consolidated financial statements.

17. TECHNICAL PROVISIONS FOR OUTWARDS REINSURANCE

This heading comprised the following at 30 June 2013 and 31 December 2012:

	30-06-2013	31-12-2012
Caixa Seguros		
Life insurance:		
Mathematical provision	11.889	9.412
Provision for claims:		
Reported claims	9.322	10.447
Unreported claims (IBNR)	2.543	2.532
	11.865	12.979
Provision for profit sharing	-	15
Total life insurance	23.753	22.405
Non-life insurance:		
Provision for unearned premiums	44.849	33.613
Provision for claims:		
Reported claims	134.848	126.855
Unreported claims (IBNR)	5.673	9.524
	140.521	136.379
Total non-life insurance	185.370	169.992
Subtotal Caixa Seguros i)	209.123	192.397
Other	5.034	5.030
i)+ii)	214.157	197.427

18. OTHER ASSETS

This heading comprises the following:

	30-06-2013	31-12-2012
Other assets		
Debt certificates of the Territory of Macau	450.408	383.529
Other	11.406	11.263
Debtors and other applications		
Premiums receivable - Insurance	130.930	94.280
Central and local government	12.578	6.833
Shareholders' loans	216.229	218.591
Debtors - futures contracts	29.825	29.545
Amount receivable from the sale of EDP	481.456	460.724
Other debtors	1.419.040	1.603.674
Grants receivable from		
The State	37.606	42.433
Other entities	11.448	11.272
Amount receivable from the sale of assets received as settlement of defaulting loans	6.389	10.999
Other	282.902	404.744
Liability for pensions and other benefits		
Excess/ (insufficiency) coverage of liabilities		
Caixa Geral de Depósitos	19.225	19.225
Caixa Seguros e Saúde	4.034	6.328
Other	(472)	(502)
Income receivable	46.108	63.204
Deferred costs		
Rent	7.844	6.572
Other	51.893	25.594
Deferred income	(1.725)	(2.430)
Operations pending settlement	252.488	172.187
Stock exchange operations	3.153	73.506
	3.472.766	3.641.571
Impairment (Note 37)	(231.980)	(207.814)
	3.240.786	3.433.757

Information on impairment changes on debtors and other applications for the half years ended 30 June 2013 and 2012 is set out in Note 37.

The amount receivable for the sale of EDP, at 30 June 2013 and 31 December 2012, derives from CGD's disposal of an equity participation in this company to Parpública.

The "Debtors and other applications – other debtors" account heading at 30 June 2013 and 31 December 2012, included €925,262 thousand and €1,086,542 thousand, respectively, for surety accounts in several financial institutions. The referred to surety accounts derive from the liquidity-providing operations collateralised by financial assets and from interest rate swap agreements signed with those entities.

The "Debtors and other applications – other debtors" account heading, at 30 June 2013 and 31 December 2012, included €50,282 thousand for a Caixa surety deposit with the Tax Administration as part of the suspension of the tax settlement, referred to in greater detail in Note 22.

Under the contract to issue notes entered into between Banco Nacional Ultramarino, S.A. (Macau) and the Territory of Macau, the Bank provides the Territory with foreign currency corresponding to the countervalue of notes in circulation, receiving in return a promissory note for an equivalent amount to cover the liability resulting from the currency issue (Note 25). The amounts to be provided to the Territory by BNU are reconciled on a monthly basis, in the first fifteen days of each month, based on the preceding month's average daily balance. The promissory note of the Macau Government, at 30 June 2013 and 31 December 2012, totalled €450,408 thousand and €383,529 thousand, respectively. No interest is received on the promissory note, as the consideration for the functions attributed to Banco Nacional Ultramarino, S.A. (Macau) is given by a permanent non-interest-bearing deposit.

Shareholders' loans at 30 June 2013 and 31 December 2012, comprised the following:

	30-06-2013	31-12-2012
Locarent - Companhia Portuguesa de Aluguer de Viaturas, S.A.	86.000	86.000
Moretextile, SGPS, S.A.	33.581	33.105
A. Silva & Silva - Imobiliário & Serviços, S.A.	28.327	28.327
Sagesecur - Estudo, Desenvolvimento e Participações em Projetos, S.A.	14.830	14.830
PP3E - Projetos e Participações em Empreendimentos de Energia Elétrica, S.A.	10.200	10.200
Other	43.291	46.129
	216.229	218.591

Details on shareholders' loans to Locarent – Companhia Portuguesa de Aluguer de Viaturas, S.A., at 30 June 2013 and 31 December 2012 are set out below:

- A shareholders' loan of €36 million maturing at 30 June 2014. Quarterly interest at the 3 month Euribor rate plus a spread of 0.75% is paid on this operation, at the end of 1 February, May, August and November each year.

- A shareholders' loan of €50 million. Quarterly interest at the 3 month Euribor rate is paid on this operation at the end of 1 January, April, July and October each year. An addendum to the initial loan contract was signed in second half 2012 entailing an increase of 2% in the spread up to 31 December 2012 and a 3% increase up to the loans' new maturity date which was extended to 30 September 2013.

Pursuant to the financial restructuring agreement for the Coelima, JMA - José Machado de Almeida and AAF – António Almeida & Filhos textiles groups, entered into in first half 2011, Caixa made shareholders' loans of €31,182 thousand to Moretextile, SGPS, S.A. (a company created as a result of this operation). These shareholders loans, which were used to repay a part of Coelima's debt to its creditors (including CGD), bear interest at the 6 month Euribor rate plus a spread of 2.5% and are repayable in full (principal and interest) in a lump sum on 13 May 2018. This term is renewable for an additional period of five years. The repayment of these shareholders' loans is subordinated to the payment of the overdue and unpaid loans of other creditors by Moretextil and its subsidiaries. Caixa recognised an impairment loss of €22,299 thousand, in 2011, increased by a further €10,228 thousand in 2012.

This heading also includes the assigning of credit rights over 19.5% of shareholders' loans granted to Sagesecur by Parpública to Parcaixa, at 30 June 2013 and 31 December 2012, pursuant to the payment of the entity's share capital, at the date of its incorporation.

19. CREDIT INSTITUTIONS' AND CENTRAL BANKS' RESOURCES

This heading comprises the following:

	30-06-2013	31-12-2012
Resources of central banks		
Resources - European Central Bank		
Loans, deposits and other resources		
Caixa Geral de Depósitos	4.750.000	6.950.000
Other Group entities	1.699.800	1.465.000
Resources of other central banks		
Deposits and other resources		
Of domestic credit institutions	973	150
Of foreign credit institutions	47.616	51.308
Other resources	2.503	2.847
Interest payable	72.755	60.497
	6.573.647	8.529.802
Resources of other credit institutions		
Deposits and other resources		
Of domestic credit institutions	1.079.055	1.295.717
Of foreign credit institutions	1.128.712	1.358.183
Interbank money market resources	17.000	45.000
Immediate short term resources		
Of domestic credit institutions	259.534	403.995
Of foreign credit institutions	2.256	10.305
Loans		
Of foreign credit institutions	37.511	28.380
Resources of international financial entities	115.795	85.752
Sale operations with repurchase agreement	601.307	447.600
Adjustments to liabilities under hedging operations	-	121
Interest payable	22.927	22.230
Charges with deferred cost	(362)	(381)
	3.263.735	3.696.903
	9.837.382	12.226.705

The "Resources of central banks' – Resources – European Central Bank" heading at 30 June 2013 and 31 December 2012, refers to loans obtained from the European Central Bank, collateralised by debt instruments and other loans in the Group's portfolio. These assets are not available for free circulation and are recognised at their nominal value in "Assets given as collateral" (Note 22) in off-balance sheet headings.

The heading "Sales operations with repurchase agreement", at 30 June 2013 and 31 December 2012, refer to sale contracts of financial assets with an agreement to repurchase at a future date at a predefined price, entered into between the Group and various financial institutions.

The financial instruments ceded in sales operations with a repurchase agreement are not derecognised in the balance sheet and continue to be measured in accordance with the accounting policies applicable to the underlying assets (Note 9). The difference between the sales and repurchase prices is recognised as an interest expense and deferred over the contract's lifetime.

20. CUSTOMER RESOURCES

This heading comprises the following:

	30-06-2013	31-12-2012
Savings deposits	1.844.433	1.980.371
Other debts		
Repayable on demand	18.783.686	17.789.818
Term		
Deposits	43.508.266	44.802.691
Fixed rate products - insurance	5.745.554	5.600.888
Mandatory deposits	308.649	318.353
Other resources:		
Cheques and orders payable	142.245	45.731
Loans	94.100	101.614
Sale operations with repurchase agreement	14.889	17.252
Other	764.482	55.135
ii)	50.578.185	50.941.664
i)+ii)	69.361.871	68.731.483
Interest payable	605.922	621.669
Deferred costs net of deferred income	(5.318)	(7.050)
Commissions associated with amortised cost (deferred)	(9.321)	(9.699)
Adjustments to liabilities under hedging operations	29.517	38.263
	620.800	643.184
	71.827.104	71.355.037

The "Fixed rate products – insurance" heading corresponds to life insurance products classified as investment contracts (Note 2.16.) and consequently recognised under IAS 39 similarly to customer deposits in the banking activity.

21. DEBT SECURITIES

This heading comprises the following:

		30-06-2013	31-12-2012
Bonds issued:			
Bonds issued under the EMTN Programme			
. Remuneration indexed to interest rates		657.669	692.189
. Fixed interest rate		2.949.535	4.178.847
. Remuneration indexed to shares/indexes		200.900	266.220
. Remuneration indexed to exchange rates		537.642	611.085
	i)	4.345.746	5.748.341
Covered bonds	**ii)**	3.613.967	3.001.450
Public sector covered bonds	**iii)**	604.750	617.150
Other cash bonds			
. Remuneration indexed to interest rates		68.482	23.654
	iv)	68.482	23.654
	v) = i)+ii)+iii)+iv)	8.632.945	9.390.595
Other			
Issues under the Euro Commercial Paper and Certificates of Deposit Programme			
. Commercial Paper		18.087	636.000
Issues under the US Commercial Paper Programme and Certificates of Deposit			
. Certificates of Deposit		-	22.738
Securities issued under securitisation operations (Note 13):			
. Mortgage loans		251.970	342.891
	vi)	270.057	1.001.629
Adjustments to liabilities under hedging operations		6.621	21.855
Deferred costs net of income		(13.166)	(14.840)
Interest payable		188.823	191.388
	v)+vi)	9.085.280	10.590.627

The breakdown of the debt securities heading, at 30 June 2013 and 31 December 2012, is net of the accumulated repurchased debt balances, whose amounts are as follows:

	30-06-2013	31-12-2012
Bonds issued under the EMTN programme	15.961	127.395
Covered bonds	3.700.000	4.843.550
Public sector bonds	135.450	235.450
Other cash bonds	4.600.000	4.600.000
	8.451.411	9.806.395

In19 July and 23 December 2011 Caixa issued two bond loans secured by a guarantee of the Portuguese state in the amount of €1,800,000 thousand and €2,800,000 thousand, respectively, according to the following terms:

. Issue of a bond loan of €1,800,000 thousand – interest at the 3 month Euribor rate plus a spread of 4.95% is payable on such bonds which mature on 19 July 2014;

. Issue of a bond loan of €2,800,000 thousand - interest at the 6 month Euribor rate plus a spread of 5% is payable on such bonds which mature on 23 December 2014.

The referred to issues comply with the dispositions of Law 60-A/2008 of 20 October, Law 55-A/2010, of 31 December and Administrative Rulings 1219-A/2008 of 23 October and 946/2010 of 22 September. These issues were fully repurchased by Caixa and used to collateralise European Central Bank liquidity providing operations.

CGD uses the following specific programmes to diversify its funding sources:

(i) Euro Commercial Paper and Certificates of Deposit (ECP and CCP)

Under the "EUR 10,000,000,000 Euro Commercial Paper and Certificates of Deposit" programme, CGD (either directly or through its France and London Branches) is entitled to issue certificates of deposit (CD) and notes with a maximum maturity of five years and one year, respectively, in Euros, US dollars, Pounds, the Japanese yen or any other currency agreed between the parties. Fixed or variable-rate interest is payable on these issues which may also be indexed to the performance of indices or shares.

(ii) US Commercial Paper

Under this programme, CGD North America Finance LLC is entitled to issue notes for up to a total of amount of USD 2 billion. The notes have a maximum maturity of one year and a minimum amount of USD 250,000. The notes may be issued at a discount or at par. All issues are guaranteed by CGD.

(iii) Euro Medium Term Notes (EMTN)

Under this programme CGD Group, through CGD (either directly or through its France and London Branches) and CGD Finance, are entitled to issue debt securities for a maximum of €15,000,000 thousand. The France Branch guarantees all CGD Finance issues.

Bonds may be issued in any currency with minimum maturities of one month and 5 years for subordinated and non-subordinated issues, respectively. There are no maximum maturities on these operations.

These securities may be issued at a discount. Fixed or variable-rate interest is payable on these issues which may also be indexed to the performance of indices or shares.

(iv) Covered bonds

CGD started a covered bond programme to be directly issued by CGD up to a current maximum amount of €15,000,000 thousand, in November 2006. The bonds are backed by a mortgage loan portfolio which must, at any point of time, comply with the minimum conditions required by the regulations applicable to issues of such assets, i.e. Decree Law 59/2006, *Notices* 5, 6, 7 and 8 and Bank of Portugal *Instruction* 13.

The bonds may be issued in any currency with a minimum term of 2 and a maximum term of 50 years. Fixed or variable-rate interest is payable on these issues which may also be indexed to the performance of indices or shares.

These bonds entitle their holders to special credit rights – over any other creditors – on assets which have been segregated in the issuing entity's balance sheet to guarantee the debt and to which bondholders will have access to, in the event of insolvency.

Assets eligible for the constitution of a cover pool comprise mortgage loans for housing or commercial purposes in a European Union Member State or, alternatively, loans and advances to central governments or regional and local authorities of one of the European Union Member States and loans with an express and legally binding guarantee upon such entities. Mortgage loans cannot exceed 80% of the mortgaged assets given as collateral in the case of housing property (60% for other property).

In accordance with the programme's issue conditions, the following criteria must also be complied with during the issue period:

- The total nominal value of covered bonds in circulation may not exceed 95% of the total value of mortgage loans and other assets allocated to the referred to bonds;

- The average maturity of the covered bonds issued may not, for all issues, exceed the average life of associated mortgage loans;

- The total amount of accrued interest on the covered bonds may not, for all issues, exceed the amount of interest charged to the borrowers of mortgage loans allocated to the referred to bonds;

- The present value of the covered bonds may not exceed the present value of the assets allocated to them, which ratio must be maintained for parallel shifts of 200 basis points on the yield curve.

The cover pool may also include assets in substitution for up to a maximum of 20% of its value, i.e. deposits with the Bank of Portugal or securities and other items eligible for Eurosystem credit operations as defined by law.

The nominal value of covered bonds issued by Caixa at 30 June 2013 and 31 December 2012, totalled €7,451,450 thousand and €7,845,000 thousand, respectively, with the following characteristics:

Designation	Nominal		Date of issue	Date of redemption	Interest payment	Remuneration	Interest rate at 30-06-2013	Interest rate at 31-12-2012
	30-06-2013	31-12-2012						
Hipotecárias Série 1 2006/2016 1º tranche	1.256.450	2.000.000	06-12-2006	06-12-2016	Annually, on 6 December	Fixed rate	3,875%	3,875%
Hipotecárias Série 2 2007/2015 (*)	900.000	900.000	30-03-2007	30-09-2015	Half yearly, on 30 March and 30 September	6 month Euribor rate + 0.04%	0,377%	0,477%
Hipotecárias Série 4 2007/2022	250.000	250.000	28-06-2007	28-06-2022	Quarterly, on 28 March, June, September and December	3 month Euribor rate + 0.05%	0,272%	0,236%
Hipotecárias Série 6 2008/2016 (*)	200.000	200.000	27-02-2008	29-02-2016	Half yearly, on 27 February and 27 August	6 month Euribor rate + 0.16%	0,503%	0,724%
Hipotecárias Série 7 2008/2016	150.000	150.000	31-03-2008	15-03-2016	Quarterly, on 15 March, June, September and December	3 month Euribor rate - 0.012%	0,197%	0,171%
Hipotecárias Série 1 2006/2016 2ª tranche	150.000	150.000	09-09-2008	06-12-2016	Annually, on 6 December	Fixed rate	3,875%	3,875%
Hipotecárias Série 8 2008/2038	20.000	20.000	01-10-2008	01-10-2038	Annually, on 1 October	Fixed rate	5,380%	5,380%
Hipotecárias Serie 9 15/09/2016	175.000	175.000	08-10-2009	15-09-2016	Half yearly, on 15 March and 15 September	6 month Euribor rate + 0.575%	0,900%	1,068%
Hipotecárias Série 10 2010/2020	1.000.000	1.000.000	27-01-2010	27-01-2020	Annually, on 27 January	Fixed rate	4,250%	4,250%
Hipotecárias Série 12 2011/2021 FRN (*)	350.000	750.000	28-04-2011	28-04-2021	Quarterly, on 28 January, April, July and October	3 month Euribor rate + 0.75%	0,956%	0,949%
Hipotecárias Série 13 2011/2021 FRB (*)	750.000	750.000	28-04-2011	28-04-2021	Quarterly, on 28 January, April, July and October	3 month Euribor rate + 0.75%	0,956%	0,949%
Hipotecárias Série 14 2012/2022 (*)	1.500.000	1.500.000	31-07-2012	31-07-2022	Quarterly, on 31 January, April, July and October	3 month Euribor rate + 0.75%	0,957%	0,946%
Hipotecárias Série 15 2013/2018	750.000	-	18-01-2013	18-01-2018	Annually, on 18 January	Fixed rate	3,750%	-
	7.451.450	7.845.000						

(*) Issue fully repurchased by CGD. These securities are collaterising liquidity providing operations with the European Central Bank

The cover pool used to back the issues includes mortgage loans made in Portugal with a book value of €10,425,751 thousand and €10,932,732 thousand at 30 June 2013 and 31 December 2012, respectively (Note 13).

The assets pool used to back the issues at 30 June 2013 and 31 December 2012 also comprised debt securities, with a book value of €127,143 thousand and €128,247 thousand respectively (Note 7).

The Moody's and Fitch ratings on these covered bonds, at 30 June 2013, were Baa3 and BBB, respectively.

(v) <u>Public sector covered bonds</u>

CGD started a programme for the issue of public sector covered bonds up to a maximum amount of €5,000,000 thousand in February 2009. The bonds are backed by a public sector loan portfolio which must, at any point of time, comply with the minimum conditions required by the regulations applicable to issues of such instruments, i.e. Decree Law 59/2006, *Notices* 6, 7 and 8 and Bank of Portugal *Instruction* 13.

The bonds may be issued in any currency with a minimum term of 2 and a maximum term of 50 years. Fixed or variable-rate interest is payable on these issues which may also be indexed to the performance of indices or shares.

These bonds entitle their holders to special credit rights – over any other creditors – to assets which have been segregated in the issuing entity's balance sheet to guarantee the debt and to which bondholders will have access to, in the event of insolvency.

Assets eligible for the constitution of a cover pool comprise amounts owed by central governments or regional and local authorities of one of the European Union Member States, and loans with the express and legally binding guarantee of central governments or regional and local authorities of one of the European Union Member States and other limited categories of assets over which the holders of bonds issued for the public sector have special legal credit rights.

In accordance with the issue conditions defined by the programme, the following criteria must also be complied with during the period of the issue:

- The total value of the mortgage bonds and other assets allocated to bonds in circulation for the public sector must comprise a minimum 106.5% of the total nominal value of the referred to bonds;
- The average maturity of bond issues for the public sector may not, for all issues, exceed the average lifetime of the mortgage loans allocated to them;
- The total amount of accrued interest payable on the bonds for the public sector may not, for all issues, exceed the amount of interest charged to borrowers of mortgage loans allocated to the referred to bonds;
- The present value of the bonds for the public sector may not exceed the present value of the related assets, which ratio must be maintained for parallel shifts of 200 basis points on the yield curve.

The cover pool may also include substitution assets, up to a maximum of 20% of its value, namely deposits at the Bank of Portugal or securities eligible for Eurosystem credit operations and others defined by law.

The nominal value of bonds for the public sector issued by Caixa at 30 June 2013 and 31 December 2012 totalled €800,000 thousand and €900,000 thousand respectively, resulting from the bond issue of 21 July 2009 with a 5 year maturity, at a fixed annual interest rate of 3.625%.

The cover pool used to collateralise the issue comprises loans and advances to the public sector, made in Portugal, with a book value of €1,320,459 thousand and €1,418,068 thousand, at 30 June 2013 and 31 December 2012 (Note 13), respectively.

Moody's and Fitch ratings on these bond issues at 30 June 2013 were Baa3 and BBB-, respectively.

Details on bonds issued, by type of remuneration and residual term to maturity, at 30 June 2013 and 31 December 2012, are set out below

	30-06-2013						
	Type of asset or underlying index used to calculate the remuneration				Covered bonds	Other bonds	Total
	Shares / Indexes	Exchange rate	Interest rate	Sub total			
Up to one year	132.900	199.457	1.809.660	2.142.017	-	-	2.142.017
One to five years	68.000	154.363	1.543.588	1.765.950	2.345.367	628.676	4.739.993
Five to ten years	-	26.958	243.957	270.915	1.248.600	44.556	1.564.071
Over ten years	-	156.864	10.000	166.864	20.000	-	186.864
	200.900	537.642	3.607.204	4.345.746	3.613.967	673.232	8.632.945

	31-12-2012						
	Type of asset or underlying index used to calculate the remuneration				Covered bonds	Other bonds	Total
	Shares / Indexes	Exchange rate	Interest rate	Sub total			
Up to one year	140.220	177.648	1.797.528	2.115.396	-	-	2.115.396
One to five years	126.000	203.616	2.812.404	3.142.020	1.731.450	640.804	5.514.274
Five to ten years	-	42.328	251.104	293.432	1.250.000	-	1.543.432
Over ten years	-	187.493	10.000	197.493	20.000	-	217.493
	266.220	611.085	4.871.036	5.748.341	3.001.450	640.804	9.390.595

Derivatives were contracted for to convert the amounts of most EMTN Programme issues into euros and their respective interest into 3 or 6 month Euribor rates plus or minus a spread.

The following issues and redemptions of debts securities took place for the half years ended 30 June 2013 and 2012:

	Balance at 31-12-2012	Issues	Payments	Exchange differences	Other	Balance at 30-06-2013
Bonds issued under the EMTN programme	5.748.341	-	(1.248.574)	(51.216)	(102.805)	4.345.746
Covered bonds	3.001.450	750.000	-	-	(137.483)	3.613.967
Public sector bonds	617.150	-	-	-	(12.400)	604.750
Other cash bonds	23.654	44.555	-	273	-	68.482
Commercial paper issued under ECP and CCP programme	636.000	18.087	(636.000)	-	-	18.087
Certificates of deposit	22.738	-	(22.738)	-	-	-
Securities issued under securitisation operations (Note 13)	342.891	-	(90.921)	-	-	251.970
	10.392.224	812.642	(1.998.233)	(50.943)	(252.688)	8.903.002

	Balance at 31-12-2011	Issues	Payments	Exchange differences	Other	Balance at 30-06-2012
Bonds issued under the EMTN programme	7.526.628	-	(1.475.476)	609	(361.163)	5.690.598
Covered bonds	5.696.350	-	(2.000.000)	-	(640.793)	3.055.557
Public sector bonds	930.900	-	-	-	(309.550)	621.350
Other cash bonds	38.564	-	(11.890)	(539)	-	26.135
Commercial paper issued under ECP and CCP programme	-	1.140.000	-	-	-	1.140.000
Certificates of deposit	23.186	-	-	642	-	23.828
Securities issued under securitisation operations	402.830	-	(27.134)	-	-	375.689
	14.618.458	1.140.000	(3.514.500)	712	(1.311.506)	10.933.157

22. PROVISIONS AND CONTINGENT LIABILITIES

Provisions

Changes in provisions for employee benefits and for other risks, for the half years ended 30 June 2013 and 2012, were as follows:

	Balance at 31-12-2012	Additions	Reversals	Write-offs	Exchange differences	Other	Balance at 30-06-2013
Provision for employee benefits	549.950	3.473	(1.024)	(11.986)	(370)	12.915	552.958
Provision for litigation	24.134	889	(627)	(27)	(434)	287	24.222
Provision for guarantees and other commitments	193.490	27.356	(6.071)	-	37	41	214.853
Provision for other risks and charges	205.229	45.127	(6.165)	(5.007)	105	(5.175)	234.114
	422.854	73.372	(12.863)	(5.034)	(292)	(4.847)	473.190
	972.804	76.845	(13.887)	(17.020)	(662)	8.068	1.026.148

	Balance at 31-12-2011	Changes in consolidation perimeter	Additions	Reversals	Write-offs	Exchange differences	Other	Balance at 30-06-2012
Provision for employee benefits	497.493	-	6.079	-	(6.128)	10	5.751	503.205
Provision for litigation	17.879	5.464	1.494	-	(10)	(402)	(47)	24.378
Provision for guarantees and other commitments	125.110	-	31.720	(2.425)	-	(2)	197	154.600
Provision for other risks and charges	246.646	-	30.406	(47.653)	(25.875)	31	8.015	211.570
	389.635	5.464	63.620	(50.078)	(25.885)	(373)	8.165	390.548
	887.128	5.464	69.699	(50.078)	(32.013)	(363)	13.916	893.753

Provisions for other risks and charges cover contingencies arising from the Group's activity. This account heading, at 30 June 2013 and 31 December 2012, included €19,417 thousand for an extraordinary contribution to the Investors' Indemnity System to be made by CGD which was liquidated in January 2012. At 31 December 2011 this account heading also included €50,856 thousand to cover additional impairment losses on Greek sovereign debt securities recognised in the "Held-to-maturity investments" portfolio (Note 12). This provision was released owing to the Group's participation in the sovereign debt exchange programme proposed by the Republic of Greece in first half 2012. Impairment on the referred to securities was also reinforced in this period by the amount of €49,556 thousand.

Provisions for litigation comprise the Group's best estimate of any amounts to be spent on the resolution thereof, based on estimates of the Legal Department and lawyers that accompany the process.

Contingent liabilities and commitments

Contingent liabilities on banking activity are recognised in off-balance sheet headings, as follows:

	30-06-2013	31-12-2012
Contingent liabilities		
Assets given as collateral	22.931.655	25.372.587
Guarantees and sureties	4.947.190	4.613.244
Open documentary credits	326.664	410.835
Stand by letters of credit	51.920	67.309
Transactions with recourse	2	2
Acceptances and endorsements	-	1.089
	28.257.430	30.465.066
Commitments		
Revocable commitments	7.286.923	7.676.704
Securities subscription	2.033.640	2.478.281
Irrevocable lines of credit	1.588.385	1.764.341
Term liabilities relating to annual contributions to the Deposit Guarantee Fund	155.553	155.553
Term operations	99.970	96.638
Investor Compensation System	36.555	38.867
Other irrevocable commitments	4.592	-
Forward deposit agreements		
To be created	1.546	2.000
Other	123.972	123.972
	11.331.136	12.336.356
Deposit and custody of securities	57.349.794	60.140.483

Assets given as collateral are as follows:

	30-06-2013	31-12-2012
Debt Instruments		
Consigned resources		
EIB - European Investment Bank	1.071.000	1.103.452
Bank of Portugal*	20.894.973	23.266.065
Deposit Guarantee Fund	174.940	209.940
Royal Bank of Scotland	15.000	16.000
Investor Compensation System (futures)	28.695	32.345
Euronext	5.000	4.000
Other Assets		
Consignated resources		
European Development Bank	692.500	692.500
European Central Bank	49.011	47.754
Other	535	531
	22.931.655	25.372.587

(*) Includes the securities portfolio associated with liquidity-taking with the European Central Bank, as well as the securities given to the Bank of Portugal as collateral, in the scope of the "Daily Market Credit Agreement" in the amount of EUR 500 million and other interbank money market transactions

At 30 June 2013 and 31 December 2012, assets given as collateral correspond to debt instruments and equity instruments classified as assets held for trading, available-for-sale financial assets and loans and advances to customers. At 31 December 2012, this account heading also included debt securities acquired under purchase operations with resale agreements with a nominal value of €125,000 thousand. These securities are not recognised in the balance sheet, with their acquisition cost having been recognised as a loan in the "Loans and advances to customers" heading. The market value of debt instruments given as collateral, at 30 June 2013 and 31 December 2012, was €22,029,881 and €24,431,682 thousand, respectively.

In addition, the "Assets given as collateral – other assets" heading at 30 June 2013 included Group loans of €692,500 thousand and €49,011 thousand, respectively (€692,500 thousand and €47,754 thousand respectively, at 31 December 2012) provided as a guarantee to the European Development Bank and European Central Bank.

The market value of Group securities collateralising term liabilities for annual contributions to the Deposit Guarantee Fund and Investors' Indemnity System was €204,057 thousand and €247,329 thousand, at 30 June 2013 and 31 December 2012, respectively.

Assets given as collateral are not available for the Group's free use and are recognised at their nominal value in off-balance sheet accounts.

In 2009, CGD was notified by the Portuguese tax authorities of their inspection report for 2005 which included an adjustment of €155,602 thousand to taxable income for the year. In addition to other situations, the referred to amount included an adjustment of €135,592 thousand owing to the fact that Caixa had benefited from the full elimination of double taxation on its share of the profit of Caixa Brasil SGPS, S.A. in that year. Caixa contested the referred to adjustment, considering that the procedure adopted was in compliance with the legislation in force, and is in possession of data enabling it to show that Caixa Brasil, S.A. income was subject to taxation. No provision for the said adjustment was therefore recorded in the financial statements, at 30 June 2013 and 31 December 2012.

As a result of these fiscal executive actions deriving from the referred to past adjustments made by the Tax Authorities, in 2010 Caixa constituted a surety deposit as collateral for the suspension of the tax settlement procedure. The referred to surety deposit for the amount of €50,282 thousand, has been recognised in "Other assets – debtors and other applications – other debtors" heading (Note 18).

23. TECHNICAL PROVISIONS FOR INSURANCE CONTRACTS

This heading, at 30 June 2013 and 31 December 2012, comprised the following:

	30-06-2013							
	Life insurance			Non-life insurance				Total
	Insurance contracts	Investment contracts with profit sharing	Sub-total	Motor	Workman's compensation	Other	Sub-total	
Direct insurance and inwards reinsurance:								
Life insurance:								
Mathematical provision	231.905	1.615.624	1.847.529	-	-	-	-	1.847.529
Provision for profit sharing	27.269	54.952	82.221	-	-	-	-	82.221
Provision for claims:								
Reported claims	72.014	21.154	93.168	-	-	-	-	93.168
Unreported claims (IBNR)	15.384	2	15.386	-	-	-	-	15.386
Provision for unearned premiums	3.248	52	3.300	-	-	-	-	3.300
Other technical provisions								
Provision for commitments to rate	-	11.014	11.014	-	-	-	-	11.014
Portfolio stabilisation provision	22.942	-	22.942	-	-	-	-	22.942
Other provisions	2.341	-	2.341	-	-	-	-	2.341
Total life insurance	375.103	1.702.798	2.077.901	-	-	-	-	2.077.901
Non-life insurance:								
Provision for unearned premiums	-	-	-	122.299	12.874	158.737	293.910	293.910
Provision for claims:								
Reported claims	-	-	-	534.122	814.692	333.910	1.682.724	1.682.724
Unreported claims (IBNR)	-	-	-	47.144	3.913	26.305	77.362	77.362
	-	-	-	581.266	818.605	360.215	1.760.086	1.760.086
Provision for risks in progress	-	-	-	10.583	1.772	12.757	25.112	25.112
Other technical provisions								
Provision for profit sharing	-	-	-	3	13	94	110	110
	-	-	-	714.151	833.264	531.803	2.079.218	2.079.218
Other provisions	-	-	-	5.102	2.755	11.306	19.163	19.163
Total non-life insurance	-	-	-	719.253	836.019	543.109	2.098.381	2.098.381
Subtotal Caixa Seguros	375.103	1.702.798	2.077.901	719.253	836.019	543.109	2.098.381	4.176.282
Garantia								9.104
Total								4.185.386

	31-12-2012							
	Life insurance			Non-life insurance				Total
	Insurance contracts	Investment contracts with profit sharing	Sub-total	Motor	Workman's compensation	Other	Sub-total	
Direct insurance and inwards reinsurance:								
Life insurance:								
Mathematical provision	231.791	1.669.080	1.900.871	-	-	-	-	1.900.871
Provision for profit sharing	28.115	55.334	83.449	-	-	-	-	83.449
Provision for claims:								
Reported claims	77.148	24.023	101.171	-	-	-	-	101.171
Unreported claims (IBNR)	15.353	1	15.354	-	-	-	-	15.354
Provision for unearned premiums	1.560	60	1.620	-	-	-	-	1.620
Other technical provisions								
Provision for commitments to rate	-	11.014	11.014	-	-	-	-	11.014
Portfolio stabilisation provision	22.291	-	22.291	-	-	-	-	22.291
Other provisions	4.532		4.532	-	-	-	-	4.532
Total life insurance	380.790	1.759.512	2.140.302	-	-	-	-	2.140.302
Non-life insurance:								
Provision for unearned premiums	-	-	-	125.015	12.259	137.507	274.781	274.781
Provision for claims:								
Reported claims	-	-	-	562.009	786.443	318.022	1.666.474	1.666.474
Unreported claims (IBNR)	-	-	-	50.467	26.283	27.231	103.981	103.981
	-	-	-	612.476	812.726	345.253	1.770.455	1.770.455
Provision for risks in progress	-	-	-	10.359	2.284	4.125	16.768	16.768
Other technical provisions								
Provision for profit sharing	-	-	-			35	35	35
	-	-	-	747.850	827.269	486.920	2.062.039	2.062.039
Other provisions	-	-	-	4.475	2.813	4.764	12.052	12.052
Total non-life insurance	-	-	-	752.325	830.082	491.684	2.074.091	2.074.091
Subtotal Caixa Seguros	380.790	1.759.512	2.140.302	752.325	830.082	491.684	2.074.091	4.214.393
Garantia								9.750
Total								4.224.143

24. OTHER SUBORDINATED LIABILITIES

This heading comprises the following:

	30-06-2013	31-12-2012
Bonds	2.873.365	2.871.659
Loans	21.209	22.975
	2.894.574	2.894.634
Interest payable	85.846	37.107
Deferred income net of charges	(38.989)	(42.682)
Adjustment to liabilities under hedging operations	23	8
	2.941.453	2.889.067

On 29 June 2012 CGD issued a total amount of €900,000 thousand in hybrid financial instruments, eligible as Core Tier 1 own funds, fully subscribed by the Portuguese state (as defined in Administrative Ruling 8840-C/2012 of 28 June 2012). These bonds are convertible into shares in the following circumstances:

- Cancellation or suspension by CGD of the payment of interest on the hybrid financial instruments (in full or part);
- Material non-compliance with the recapitalisation plan;
- CGD's failure to repurchase the full amount of the hybrid financial instruments up to the end of the investment period (five years);
- Exercise of conversion rights by the state as specified in the terms of the issue;
- If the hybrid financial instruments cease to be eligible as Core Tier 1 own funds.

The following is a summary of the conditions attached to the main issues:

Issuer	Bonds	Currency	Value of issue	Book value at 30-06-2013	Book value at 31-12-2012	Date of issue	Date of redemption	Interest rate/ payment	Early redemption clause
Caixa Geral de Depósitos	Capital Core Tier 1 capital instruments subscribed by the State	EUR	900.000	900.000	900.000	29-06-2012	29-06-2017	1st year 8.5%, 2nd year 8.75%, 3rd year 9%, 4th year 9.5% and 5th year 10%. Half yearly interest payment on 29 June and December.	The redemption option can be made at any time, with prior authorisation of the Bank of Portugal.
Caixa Geral de Depósitos	Step Up Switchable Subordinated Notes due May 2019	EUR	538.552	536.729	537.629	11-05-2009	13-05-2019	12 month Euribor rate + 1.15%. If there is no early redemption, 12 month Euribor rate + 1.65%. Annual interest payment on 11 May.	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 11 May 2014.
Caixa Geral de Depósitos	Caixa Subordinadas CGD 2007/2017 (1st issue)	EUR	400.000	390.078	379.898	12-11-2007	13-11-2017	12 month Euribor rate. If there is no early redemption, 5.80%. Annual interest payment on 12 November.	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from the 5th year.
Caixa Geral de Depósitos	Caixa Subordinadas CGD 2008/2018 (1st issue)	EUR	369.045	368.522	368.522	03-11-2008	05-11-2018	2nd year, 12 month Euribor rate + 0.125%; 3rd year, 12 month Euribor rate + 0.250%, 4th year, 12 month Euribor rate + 0.500% and 5th year, 12 month Euribor rate + 1.00%. If there is no early redemption, 12 month Euribor rate + 1.50%. Annual interest payment on 3 November.	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from the 5th year.
Caixa Geral de Depósitos	Floating Rate Notes due December 2017	EUR	125.000	125.000	125.000	27-12-2007	27-12-2017	5.733%. If there is no early redemption, 3 month Euribor rate + 1.70%. Annual interest rate payment on 27 December. Quarterly interest payment on 27 March, June, September and December (if there is no early	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 27 December 2012.
Caixa Geral de Depósitos	Floating Rate Notes due December 2017	EUR	120.000	95.720	105.000	17-12-2007	17-12-2017	3 month Euribor rate + 1.08%. 3 month Euribor rate + 1.58%, if there is no early redemption . Quarterly interest payment on 17 March, June, September and December.	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 17 December 2012.
CGD (Sucursal de França)	Floating Rate Undated Subordinated Notes	EUR	110.000	209	209	18-12-2002	Perpétuo	3 month Euribor rate + 1.30%. 3 month Euribor rate + 2.80%, if there is no early redemption. Quarterly interest payment on 18 March, June, September and December.	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 18 December 2012.

Emitente	Designação	Moeda	Valor de emissão	Valor de balanço 30-06-2013	Valor de balanço 31-12-2012	Data de realização	Data de reembolso	Taxa/ pagamento de juros	Cláusula de reembolso antecipado
Caixa Geral de Depósitos	Lower Tier 2 due March 3, 2028	EUR	100.000	100.000	100.000	03-03-2008	03-03-2028	5.980%. Annual interest payment on 3 March.	N/A.
Caixa Geral de Depósitos	Caixa Subordinadas CGD 2007/2017 (2nd issue)	EUR	81.595	81.245	81.245	12-11-2007	13-11-2017	1st year 5.00%, 2nd year 5.50%, 3rd year 6.00%, 4th and 5th years 7.50% and 10%, if the weight of all underlying assets is over its initial value, otherwise it will pay 0.00%. 3 month Euribor rate + 0.7%, if there is no early redemption. Annual interest payment on 12 November. Quarterly interest payment on 12 February, May, August and November (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from the 5th year.
Caixa Geral de Depósitos	Floating Rate Notes due December 2017	EUR	50.000	50.000	50.000	28-12-2007	28-12-2017	3 month Euribor rate + 1.08%. 3 month Euribor rate + 1.58%, if there is no early redemption . Quarterly interest payment on 28 March, June, September and December.	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 28 December 2012.
CGD (Sucursal de França)	Floating Rate Notes	EUR	21.000	21.000	21.000	14-07-2005	28-06-2016	6 month Euribor rate + 0.22%. Half yearly interest payment on 28 June and December.	N/A.
Caixa Geral de Depósitos	Fixed to Floating Rate Notes due July 2017	EUR	20.000	20.000	20.000	30-07-2007	31-07-2017	1st coupon 21.00%. 3 month Euribor rate + 0.65%, if there is no early redemption. Interest payment on 30 July 2008. Quarterly interest payment on 30 October, January, April and July (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 30 July 2012.
Caixa Geral de Depósitos	Fixed to Floating Rate Notes due July 2017	EUR	20.000	20.000	20.000	30-07-2007	31-07-2017	1st coupon 21.50%. 3 month Euribor rate + 0.65%, if there is no early redemption. Interest payment on 30 July 2009. Quarterly interest payment on 30 October, January, April and July (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 30 July 2012.

Emitente	Designação	Moeda	Valor de emissão	Valor de balanço 30-06-2013	Valor de balanço 31-12-2012	Data de realização	Data de reembolso	Taxa/ pagamento de juros	Cláusula de reembolso antecipado
Caixa Geral de Depósitos	Fixed to Floating Rate Notes due July 2017	EUR	20.000	20.000	20.000	30-07-2007	31-07-2017	1st coupon 22.00%. 3 month Euribor rate + 0.65%, if there is no early redemption. Interest payment on 30 July 2010. Quarterly interest payment on 30 October, January, April and July (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 30 July 2012.
Caixa Geral de Depósitos	Fund Linked to Floating Rate Notes due July 2017	EUR	20.000	20.000	20.000	30-07-2007	31-07-2017	1st coupon indexed to Fundo Caixagest Ações Portugal. 3 month Euribor rate + 0.65%, if there is no early redemption. Interest payment on 30 July 2011. Quarterly interest payment on 30 October, January, April and July (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 30 July 2012.
Caixa Geral de Depósitos	Fund Linked to Floating Rate Notes due July 2017	EUR	20.000	20.000	20.000	30-07-2007	31-07-2017	1st coupon indexed to Fundo Caixagest Ações Portugal. 3 month Euribor rate + 0.65%, if there is no early redemption. Interest payment on 30 July 2012. Interest payment on 30 October, January, April and July (if there is no early redemtion).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 30 July 2012.
Caixa Geral de Depósitos	Fixed to Floating Rate Notes December 2017	EUR	6.000	6.000	6.000	03-12-2007	04-12-2017	1st coupon 22.50%.3 month Euribor rate + 0.85%, if there is no early redemption. Interest payment on 3 December 2008. Quarterly interest payment on 3 March, June, September and December (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 3 December 2012.
Caixa Geral de Depósitos	Fixed to Floating Rate Notes December 2017	EUR	6.000	6.000	6.000	03-12-2007	04-12-2017	1st coupon 23.00%. 3 month Euribor rate + 0.85%, if there is no early redemption. Interest payment on 3 December 2009. Quarterly interest payment on 3 March, June, September and December (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 3 December 2012.

Emitente	Designação	Moeda	Valor de emissão	Valor de balanço 30-06-2013	Valor de balanço 31-12-2012	Data de realização	Data de reembolso	Taxa/ pagamento de juros	Cláusula de reembolso antecipado
Caixa Geral de Depósitos	Fixed to Floating Rate Notes December 2017	EUR	6.000	6.000	6.000	03-12-2007	04-12-2017	1st coupon 23.50%. 3 month Euribor rate + 0.85%, if there is no early redemption. Interest payment on 3 December 2010. Quarterly interest payment on 3 March, June, September and December (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 3 December 2012.
Caixa Geral de Depósitos	Fund Linked to Floating Rate Notes December 2017	EUR	6.000	6.000	6.000	03-12-2007	04-12-2017	1st coupon indexed to Fundo Caixagest Ações Oriente. 3 month Euribor rate + 0.85%, if there is no early redemption. Interest payment on 5 December 2011. Quarterly interest payment on 3 March, June, September and December (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 3 December 2012.
Caixa Geral de Depósitos	Fund Linked to Floating Rate Notes December 2017	EUR	6.000	6.000	6.000	03-12-2007	04-12-2017	1st coupon indexed to Fundo Caixagest Ações Oriente. 3 month Euribor rate + 0.85%, if there is no early redemption. Interest payment on 3 December 2012. Quarterly interest payment on 3 March, June, September and December (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 3 December 2012.
Caixa Geral Finance	Floating Rate Undated Subordinated Notes	EUR	110.000	1.163	1.156	18-12-2002	Perpétuo	3 month Euribor rate + 1.30%. 3 month Euribor rate + 2.80%, if there is no early redemption. Quarterly interest payment on 18 March, June, September and December.	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 18 December 2012.
Caixa Geral Finance	Floating Rate Notes due December 2017	EUR	55.000	55.000	55.000	17-12-2007	17-12-2017	3 month Euribor rate + 1.08%. 3 month Euribor rate + 1.58%, if there is no early redemption. Quarterly interest payment on 17 March, June, September and December.	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 17 December 2012.
Caixa Geral Finance	Floating Rate Notes due 2016	USD	265.000	17.163	17.014	06-12-2006	20-12-2016	3 month Libor rate + 0.25%. 3 month Libor rate + 0.75%, if there is no early redemption. Quarterly interest payment on 20 March, June, September and December.	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 20 December 2011.

Emitente	Designação	Moeda	Valor de emissão	Valor de balanço 30-06-2013	Valor de balanço 31-12-2012	Data de realização	Data de reembolso	Taxa/ pagamento de juros	Cláusula de reembolso antecipado
Banco Comercial e de Investimentos	Subordinanted bonds BCI 2008-2018	MZN	216.000	5.221	5.161	16-10-2008	16-10-2018	1st coupon 15.25%. Following coupons indexed to the average weighted rate of the last six Treasury Bills issues with maturities equal or over 90 days, plus 1%. Quarterly interest payment on 16 January, April, July and October.	The issuer has an early redemption option, in full or in part, at par, by reduction from nominal value at the date of the 2nd period of calculation of interest and subsequently, at each interest payment date.
Banco Comercial do Atlântico	Bonds BCA Crescente 2017	CVE	500.000	4.069	4.521	17-12-2010	17-12-2017	1st and 2nd years 5.75%, 3rd and 4th years 5.85%, 5th and 6th years 6% and 7th year 6.25%. Half yearly interest payment on 17 June and December.	The issuer has an early redemption option at nominal value of outstanding debt, applicable as from the 5th coupon, and from this date onwards, every six months, with a 0.5% premium payment over the nominal value of the bonds that would be amortised in subsequent periods.
Banco Interatlântico	Bonds BI 2014	CVE	500.000	3.910	3.910	08-07-2008	08-07-2018	6 month Euribor rate + 0.9% until the 2nd coupon. 6.0% until July 2013 . From this date on, the rate of the last five year Treasury Bonds issue + 0,5%. Half yearly interest payment on 8 January and July.	The issuer has an early redemption option at nominal or partly value of the outstanding debt at the end of the 1st year and, after this date, every six months, with a 0.5% premium payment over the nominal value of the bonds that would be amortised in subsequent periods.
Banco Comercial e de Investimentos	Subordinated loan IFC	USD	8.500	6.650	6.526	20-03-2009	15-06-2015	3 month Libor rate + 3.00% + 0.5% , if contractual conditions are fulfilled.Quarterly interest payment on 15 March, June, September and December.	The issuer (BCI) has an early redemption option, in full or part, at any interest payment date on 15 December 2009 or after this date, with at least 30 days advance notice to IFC.
Banco Comercial e de Investimentos	Subordinated loan BPI	USD	3.704	2.898	2.843	30-07-2008	30-07-2018	3 month Libor rate + 3.00%. Quarterly interest payment on 30 January, April, July and October.	Early redemption of principal, in full or part, may only occur at BCI's initiative and with prior authorisation of the Bank of Mozambique.

25. OTHER LIABILITIES

This heading comprises the following:

	30-06-2013	31-12-2012
Creditors		
Consigned resources	838.898	853.983
Suppliers of finance leasing assets	5.718	6.827
Other suppliers	53.471	83.958
Resources - collateral account	193.875	150.349
Resources - subscription account	44.322	28.137
Resources - secured account	17.260	3.973
Other creditors:		
Creditors for direct insurance and reinsurance	162.453	240.350
Creditors for factoring ceded	20.872	28.341
Caixa Geral de Aposentações	238.907	46.123
CGD's Pension Fund	23.164	226
Creditors for futures contracts	18.025	19.686
Creditors for operations on securities	197	186
Other	504.443	726.621
Other liabilities:		
Notes in circulation - Macau (Note 18)	450.417	411.100
Withholding taxes	73.575	70.272
Social Security contributions	17.461	13.593
Other taxes payable	16.495	19.390
Collections on behalf of third parties	1.662	1.652
Other	33.178	17.601
Accrued costs	264.676	231.226
Deferred income	59.675	57.666
Liabilities pending settlement	375.322	383.162
Stock exchange operations	4.901	570
	3.418.966	3.394.992

The "Resources – collateral account" heading at 30 June 2013 and 31 December 2012, included €189,473 thousand and €145,568 thousand relating to deposits in CGD from several financial institutions referring to interest rate swap contracts.

26. CAPITAL

At 30 June 2013 and 31 December 2012, CGD's share capital was totally held by the Portuguese state, as follows:

	30-06-2013	31-12-2012
Number of shares	1.180.000.000	1.180.000.000
Unit price (Euros)	5	5
Share capital	5.900.000.000	5.900.000.000

Capital increases

CGD's Shareholder General Meeting held on 27 June 2012 passed a resolution increasing its capital by €750,000 thousand through an issue of 150,000,000 new shares with a nominal value of €5 each, fully paid up in cash.

CGD, at this same date, also issued €900,000 thousand in hybrid financial instruments eligible as Core Tier 1 own funds fully subscribed by the Portuguese state (Note 24).

The capital increase and issue of hybrid instruments were meant to ensure compliance with a core tier 1 ratio of 9% at 30 June 2012, pursuant to the European Banking Authority's (EBA's), *Recommendation* of 8 December 2011 (EBA/REC/2011/1).

This European Banking Authority's *Recommendation* (accepted by the Bank of Portugal through *Notice* 5/2012) with the European Council's agreement of 26 October 2011, requires that the banks constitute a temporary capital buffer enabling them to achieve a core tier 1 ratio of 9% by 30 June 2012, in due consideration of sovereign debt exposures, valued at market prices at 30 September 2011.

27. RESERVES, RETAINED EARNINGS AND NET INCOME FOR THE PERIOD

Reserves and retained earnings, at 30 June 2013 and 31 December 2012, were as follows:

	30-06-2013	31-12-2012
Fair value reserve, net of deferred tax		
Available-for-sale financial assets (Note 8)	(36.203)	(31.771)
Assets with repurchase agreement	(1.772)	(1.299)
Held-to-maturity investments	(131.268)	(156.594)
	(169.243)	(189.664)
Other reserves and retained earnings		
- Legal reserve - CGD	862.906	862.906
- Other reserves	786.568	560.617
- Retained earnings	(1.086.894)	(444.414)
	562.580	979.109
Net income attributable to the shareholder of CGD	(181.595)	(394.715)
	211.741	394.730

According to CGD's Articles of Association a minimum of 20% of its annual net income must be transferred to the legal reserve. This reserve may only be used to cover accumulated losses or to increase capital.

The "Other reserves and retained earnings" heading at 30 June 2013 and 31 December 2012, included CGD's legal reserves for the amount of €862,906 thousand and the legal reserves, free reserves and legal revaluation reserves of its subsidiaries and associated companies. Legal revaluation reserves may only be used to cover accumulated losses or to increase capital. CGD's reserves, which due to that reason are not deemed to be distributable, amounted to €110,425 thousand and were recorded in compliance with the following legislation:

Tangible fixed assets	
Decree-Law nº 219/82, of 2 June	1.752
Decree-Law nº 399 - G/84, of 28 December	1.219
Decree-Law nº 118 - B/86, of 27 May	2.304
Decree-Law nº 111/88, of 2 April	8.974
Decree-Law nº 49/91, of 25 January	22.880
Decree-Law nº 264/92, of 24 November	24.228
Decree-Law nº 31/98, of 11 February	48.345
Financial fixed assets	723
	110.425

The "Fair value reserve" recognises unrealised capital gains and losses on available-for-sale financial assets, assets with repurchase agreements valued as a charge to shareholders' equity and investments held-to-maturity (only in the case of assets reclassified to this category from financial assets available-for-sale, which are amortised up to the extinguishing of the respective financial instrument), net of the corresponding tax effect.

The currency translation reserve, which recognises the effect of translating subsidiaries' financial statements in foreign currency, is included in "Other reserves".

The net contribution made by branches and subsidiaries to CGD's consolidated results at 30 June 2013 and 2012 was as follows:

	30-06-2013	30-06-2012
Caixa Geral de Depósitos, S.A.		
Caixa Geral de Depósitos	(183.711)	(25.357)
Spain Branch	(73.207)	(52.265)
Cayman Branch	(9.510)	2.423
France Branch	8.710	11.823
East Timor Branch	3.026	1.757
Luxembourg Branch	(1.825)	(2.564)
London Branch	(1.195)	5.209
New York Branch	(719)	831
Madeira Offshore Financial Branch	80	156
Macau Offshore branch	50	-
Zhuhai Branch	(48)	23
	(258.347)	(57.964)

	30-06-2013	30-06-2012
Contribution of subsidiaries to net income:		
Caixa Seguros e Saúde, SGPS, S.A. (a)	69.692	27.574
Banco Nacional Ultramarino, S.A. (Macau)	18.744	14.164
Wolfpart, Sgps	(15.392)	(643)
Caixa Leasing e Factoring – IFIC, S.A.	(15.222)	(14.047)
Caixa Imobiliário	(14.702)	(807)
Caixa – Banco de Investimento, S.A. (a)	13.997	3.169
Banco Caixa Geral, S.A. (a)	(9.609)	(5.745)
Inmobiliaria Caixa Geral, S.A.U.	(7.514)	(9.231)
BCG Totta de Angola	6.987	4.378
Banco Comercial e de Investimentos, S.A.R.L.	6.916	6.752
Mercantile Bank Holdings, Ltd.	5.964	5.982
Caixagest Imobiliario Internacional FEI	5.903	(1.029)
Parcaixa, SGPS, S.A.	4.286	4.976
Caixagest Private Equity FEI	4.066	539
Imocaixa	(3.120)	(725)
Caixagest Infra-Estruturas FEI	2.264	1.138
Fundger - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	2.083	2.747
Beirafundo - Fundo de Investimento Imobiliário Fechado	(2.072)	-
CGD Investimentos CVC	(1.809)	(1.393)
Banco Caixa Geral - Brasil, S.A.	(1.391)	3.344
Caixagest - Técnicas de Gestão de Fundos, S.A.	835	684
Caixagest Oportunidades FEI	833	1.727
Caixagest Estratégia Dinâmica	757	465
Fundo de Capital de Risco – Grupo CGD	738	(3.611)
Caixa Arrendamento - Fundo de Investimento Imobiliário de Arrendamento Habitacional	546	531
Garantia	526	479
CGD Macau Offshore Subsidiary	416	1.220
Banco Comercial do Atlântico, S.A.	(278)	1.076
Partang, SGPS	36	3.580
Other	335	599
	74.817	47.895
Contribution of associates and jointly controlled entities to net income:		
Torre Ocidente	(406)	(617)
SIBS – Sociedade Interbancária de Serviços, S.A.	912	1.745
Locarent, S.A.	911	440
BPD - Banco para Promoção e Desenvolvimento	-	(4.960)
Other	519	749
	1.935	(2.644)
Consolidated net income attributable to the shareholder of CGD	(181.595)	(12.713)

(a) Data taken from the consolidated financial statements.

As stated in greater detail in Note 3, after obtaining the necessary legal and regulatory approvals, CGD – Sucursal Offshore de Macau initiated its operations on 1 February 2013, managing resources hitherto managed by CGD – Subsidiária Offshore de Macau.

APPROPRIATION OF RESULTS FOR 2012

A resolution was passed by the Shareholders General Meeting held in May 2013, to incorporate in the "Other reserves and retained earnings" balance sheet heading €679,067 thousand of the loss for 2012.

28. NON-CONTROLLING INTERESTS

Third party investments in subsidiaries are distributed among the following entities:

	30-06-2013	31-12-2012
Parcaixa, SGPS, S.A. (c)	466.173	475.621
Partang, SGPS (b)	181.277	170.571
Caixa Geral Finance	96.251	96.305
Caixagest Imobiliário Internacional FEI	72.499	70.984
Banco Comercial e de Investimentos, S.A.R.L.	69.040	65.917
Caixagest Infra-Estruturas FEI	27.453	26.035
Caixagest Private Equity FEI	26.799	26.894
Caixagest Estratégia Dinâmica	20.964	20.531
Caixagest Oportunidades FEI	6.997	8.869
Banco Comercial do Altlântico, S.A.R.L.	6.873	4.941
Fundo Especial Investimento Aberto Caixagest Estratégias Alternativas	4.817	5.052
Banco Interatlântico, S.A.R.L.	4.223	3.945
Credip - IFIC, S.A.	2.356	2.359
Caixa Seguros e Saúde, SGPS, S.A. (a)	2.329	2.974
Garantia - Companhia de Seguros de Cabo Verde, S.A.R.L.	1.586	1.086
A Promotora - Sociedade de Capital de Risco, S.A.R.L.	1.225	1.179
Banco Caixa Geral, S.A.	967	127
Caixa – Banco de Investimento, S.A. (a)	748	485
Other	1.809	1.442
	994.386	985.316

(a) Data taken from the consolidated financial statements
(b) Includes the activity of Banco Caixa Geral Totta Angola
(c) Includes the activity of Caixa Leasing e Factoring – IFIC, S.A.

Caixa Geral Finance is a company based on the Cayman Islands, with a share capital of €1,000. On 28 June 2004 the company issued €250,000 thousand in non-voting preference shares. If a decision is made to pay dividends, a quarterly dividend equivalent to annual interest at the 3 month Euribor rate plus 0.8% up to 28 June 2014 and 1.8% thereafter, will be paid to preference shareholders. Caixa Geral Finance may redeem the preference shares, in part or in full, from 28 June 2014, at their nominal price of €1,000 per share plus the monthly payment of dividends accrued since the last payment.

On 30 September 2005 Caixa Geral Finance issued €350,000 thousand in non-voting preference shares. If a decision is made to pay dividends, a quarterly dividend equivalent to annual interest at the 3 month Euribor rate plus 0.77% up to 30 September 2015 and 1.77% hereafter, will be paid to preference shareholders. Caixa Geral Finance may redeem the preference shares, in part or in full, from 30 September 2015, at their nominal amount of €50 per share, plus the monthly payment of dividends accrued since the last payment.

During the course of its activity, the Group has repurchased preference shares issued by Caixa Geral Finance for an accumulated amount of €505,166 thousand at 30 June 2013 and 31 December 2012.

Information on the amount of consolidated net profit attributable to non-controlling interest shareholders at 30 June 2013 and 2012 is set out below:

	30-06-2013	30-06-2012
Partang, SGPS (a)	20.075	9.091
Parcaixa, SGPS, S.A. (b)	(8.420)	(5.080)
Banco Comercial e de Investimentos, S.A.R.L.	6.645	6.488
Caixagest Imobiliario Internacional FEI	1.605	(434)
Caixagest Infra-Estruturas FEI	1.130	569
Caixagest Estratégia Dinâmica	431	176
Caixagest Oportunidades FEI	353	1.215
Caixagest Private Equity FEI	(324)	218
Banco Comercial do Atlântico, S.A.	(190)	738
Caixa Geral Finance	-	959
Other	1.497	5.645
	22.802	19.586

(a) Includes the activity of Banco Caixa Geral Totta Angola
(b) Includes the activity of Caixa Leasing e Factoring – IFIC, S.A.

29. INTEREST AND SIMILAR INCOME AND COSTS

These headings comprise the following:

	30-06-2013	30-06-2012
Interest and similar income		
Interest on loans and advances to domestic credit institutions	10.538	30.153
Interest on loans and advances to foreign credit institutions	12.053	13.671
Interest on domestic credit	649.846	1.003.157
Interest on foreign credit	289.545	333.991
Interest on overdue credit	21.302	18.461
Interest on financial assets held for trade		
- Derivatives	376.780	662.594
- Securities	10.679	11.133
Interest on financial assets at fair value through profit or loss	1.980	1.959
Interest on available-for-sale financial assets	282.666	352.715
Interest on hedging derivatives	13.570	20.110
Interest on debtors and other applications	7.616	5.496
Interest on cash equivalents	7.222	7.169
Interest on other loans and other amounts receivable	94.106	94.561
Other interest and similar income	2.354	3.674
Commissions received relating to amortised cost	58.462	63.909
Other	82.376	135.974
	1.921.095	2.758.727
Interest and similar costs		
Interest on deposits of		
- Central and local government	5.811	35.014
- Other residents	453.537	485.778
- Emigrants	27.536	28.100
- Other non-residents	152.275	151.223
- Fixed rate products - insurance	83.273	80.694
- Other	350	293
Interest on resources of foreign credit institutions	26.460	51.937
Interest on resources of domestic credit institutions	37.604	54.893
Interest on swaps	379.725	644.454
Interest on other trading liabilities	6.284	1.421
Interest on unsubordinated debt securities	216.402	289.816
Interest on hedging derivatives	2.144	9.896
Interest on subordinated liabilities	76.501	40.736
Other interest and similar costs	8.620	23.611
Commissions paid relating to amortised cost	3.575	5.619
Other	26.947	132.754
	1.507.044	2.036.239

The "Interest and similar costs - interest on subordinated liabilities" account heading at 30 June 2013 included €39,763 thousand regarding the issue by CGD of a total amount of €900 million in hybrid financial instruments, eligible as Core Tier 1 own funds, at 29 June 2012. These securities were fully subscribed for by the Portuguese state (Note 24).

30. INCOME FROM EQUITY INSTRUMENTS

This heading comprises the following:

	30-06-2013	30-06-2012
Portugal Telecom, SGPS, S.A.	20.865	34.756
EDP - Energias de Portugal, S.A.	7.571	6.204
ADP - Águas de Portugal, S.A.	4.465	2.850
Ascendi Beiras Litoral e Alta, Auto-Estradas das Beiras Litoral e Alta, S.A.	1.203	2.524
REN - Redes Energéticas Nacionais, SGPS, S.A.	1.064	994
Galp Energia, SGPS, S.A.	697	2.787
ZON Multimédia - Serviços de Telecomunicações e Multimédia, SGPS, S.A.	16	5.310
LUSOSCUT - AE Grande Porto, S.A.	-	1.416
Sumol Compal, S.A.	-	1.165
Income received from investment funds	16.083	20.571
Other	2.293	1.957
	54.257	80.533

31. INCOME AND COSTS FROM SERVICES AND COMMISISONS

Information on the composition of these headings is set out below:

	30-06-2013	30-06-2012
Income from services rendered and commissions:		
Means of payment	113.747	121.804
Operations carried out on behalf of third parties	53.318	67.208
Credit operations	73.024	72.329
Asset management	21.190	23.765
Guarantees given	41.426	38.903
Operations on financial instruments	13.247	11.248
Other	14.543	12.109
	330.495	347.366
Cost of services and commissions:		
Means of payment	50.801	52.726
Operations carried out on behalf of third parties	7.313	16.718
Credit operations	49	384
Asset management	3.112	3.157
Guarantees received	223	472
Operations on financial instruments	8.529	11.051
Other	4.371	5.033
	74.398	89.541

32. RESULTS FROM FINANCIAL OPERATIONS

Information on the composition of these headings is set out below:

	30-06-2013	30-06-2012
Result from foreign exchange operations:		
Revaluation of foreign exchange position	23.619	61.198
Results from currency derivatives	23.989	(12.684)
	47.608	48.514
Result from financial assets and liabilities held for trading:		
Securities:		
Debt instruments	(7.666)	34.845
Equity instruments	(13.020)	(25.830)
Other instruments	878	287
i)	(19.809)	9.302
Derivatives:		
Interest rate	60.815	(53.916)
Shares and indexes	1.884	16.499
Credit default	1.980	2.175
Other	1.252	3.122
ii)	65.931	(32.120)
i)+ii)	46.122	(22.818)

(cont)		30-06-2013	30-06-2012
Result from other financial assets at fair value through profit or loss			
Debt instruments		(7.132)	3.204
Equity instruments		171	10.231
Other securities		5.490	(149)
Loans and other amounts receivable		(128)	(640)
		(1.598)	12.646
Result from the sale of loans and advances to customers		(424)	(1.159)
Result from available-for-sale financial assets:			
Debt instruments	iii)	76.306	38.209
Equity instruments			
BCP (Note 8)		5.201	165
EDP - Energias de Portugal (Note 8)		390	-
Other		126	(89)
	iv)	5.718	76
	iii)+iv)	82.024	38.284
Other securities		6.132	6.142
		88.156	44.426
Result of hedging operations:			
Hedging derivatives		(13.858)	41.287
Value adjustments of hedged assets and liabilities		15.254	(36.596)
		1.396	4.691
Other			
Results in the repurchase of liabilities issued		13.743	171.912
Other		344	(2.094)
		14.087	169.818
		195.348	256.118

The "Results from foreign exchange operations - revaluation of foreign exchange position" heading at 30 June 2013 included €2,695 thousand from the Group's disposal of its equity participation in BPD (Note 15).

33. OTHER NET OPERATING INCOME

Information on the composition of these headings is set out below:

	30-06-2013	30-06-2012
Other operating income:		
Rendering of services	21.309	23.894
Expense reimbursement	2.063	3.267
Gains on subsidiaries and jointly controlled entties	42.357	-
Lease income under operating lease agreements	9.009	2.680
Gains on non-financial assets:		
- Non-current assets held for sale	9.719	5.189
- Other tangible assets	333	87
- Investment property	674	16.594
- Other	125	168
Secondment of employees to Caixa Geral de Aposentações	692	1.764
Sale of cheques	10.414	9.809
Other	16.265	39.318
	112.959	102.769
Other operating costs:		
Donations and subscriptions	3.505	4.828
Losses on non-financial assets:		
- Non-current assets held for sale	19.750	8.981
- Other tangible assets	216	21
- Other	4.435	8.237
Other taxes	26.450	15.799
Contribution to the Deposit Guarantee Fund	14.022	12.242
Fines and penalties	3.207	1.784
Other	17.222	22.866
	88.806	74.757
	24.152	28.012

The heading "Gains on subsidiaries and jointly controlled entities" at 30 June 2013, includes €36,448 thousand on the sale of HPP to the Brazilian Amil Group, upon which more detail is provided in Note 14 and €5,909 thousand on the disposal of the Group's equity participation in BPD (Note 15).

34. TECHNICAL MARGIN ON INSURANCE OPERATIONS

34.1 Premiums, net of reinsurance

Information on the composition of the above heading for the half years ended 30 June 2013 and 2012 is set out below:

	30-06-2013			30-06-2012		
	Gross premiums	Provision for unearned premiums	Net premiums	Gross premiums	Provision for unearned premiums	Net premiums
Direct insurance						
. Life insurance						
. Insurance contracts	97.597	(1.688)	95.909	104.523	(1.571)	102.952
. Investment contracts with discretionary profit sharing	22.296	9	22.305	36.383	9	36.392
. Non-life insurance						
. Motor	193.954	4.239	198.193	198.993	5.489	204.482
. Workman's compensation	65.242	(1.059)	64.183	73.211	(1.607)	71.604
. Other	305.444	(25.621)	279.823	304.386	(25.969)	278.417
Outwards reinsurance						
. Gross premiums issued						
. Life insurance						
. Insurance contracts	(10.628)	-	(10.628)	(12.492)	-	(12.492)
. Non-life insurance						
. Motor	(5.300)	887	(4.413)	(990)	265	(725)
. Workman's compensation	(596)	-	(596)	(454)	(13)	(467)
. Other	(79.004)	11.389	(67.615)	(82.324)	11.956	(70.368)
Inwards reinsurance and retrocession premiums			-	2.312	(298)	2.014
	589.005	(11.844)	577.161	623.548	(11.739)	611.809
Other			2.279			2.480
			579.440			614.289

34.2 Results of investments relating to insurance contracts

Information on the composition of this heading for the half years ended 30 June 2013 and 2012 is set out below:

	30-06-2013			30-06-2012		
	Life insurance	Non-life insurance	Total	Life insurance	Non-life insurance	Total
Interest	28.235	17.143	45.378	34.164	20.848	55.012
Dividends	6.897	3.562	10.459	8.431	4.220	12.651
Net realised capital gains and losses	5.167	1.322	6.489	75	(548)	(473)
Other	-	8.829	8.829	-	8.863	8.863
	40.299	30.856	71.155	42.670	33.383	76.053

34.3 Costs of claims, net of reinsurance

Information on the composition of this heading for the half years ended 30 June 2013 and 2012, is set out below:

	30-06-2013							
	Life insurance			Non-life insurance				Total
	Insurance contracts	Investment contracts with profit sharing	Subtotal	Motor	Workman's compensation	Other	Subtotal	
Direct insurance and inwards reinsurance								
Claims paid	46.640	107.006	153.646	124.871	60.239	180.718	365.828	519.474
Change in provision for claims	(5.122)	(2.867)	(7.989)	(30.543)	1.885	14.268	(14.390)	(22.379)
	41.518	104.139	145.657	94.328	62.124	194.986	351.438	497.095
Provision for profit sharing	1.544	(2.448)	(904)	1	23	86	110	(794)
Change in other technical provisions	765	(53.997)	(53.232)	155	(511)	8.700	8.344	(44.888)
	43.827	47.694	91.521	94.484	61.636	203.772	359.892	451.413
Balance of outwards reinsurance	(5.941)		(5.941)	(406)	43	(43.870)	(44.233)	(50.174)
	37.886	47.694	85.580	94.078	61.679	159.902	315.659	401.239
Other								389
								401.627

	30-06-2012							
	Life insurance			Non-life insurance				Total
	Insurance contracts	Investment contracts with profit sharing	Subtotal	Motor	Workman's compensation	Other	Subtotal	
Direct insurance and inwards reinsurance								
Claims paid	51.324	300.521	351.845	145.212	63.153	144.499	352.864	704.709
Change in provision for claims	(5.676)	(10.032)	(15.708)	(31.398)	13.941	(7.831)	(25.288)	(40.996)
	45.648	290.489	336.137	113.814	77.094	136.668	327.576	663.713
Provision for profit sharing	2.577	(6.990)	(4.413)	-	-	(11)	(11)	(4.424)
Change in other technical provisions	(6.700)	(229.481)	(236.181)	(3.557)	14	(4.736)	(8.279)	(244.460)
	41.525	54.018	95.543	110.257	77.108	131.921	319.286	414.829
Balance of outwards reinsurance	(6.687)	-	(6.687)	(636)	(1.445)	(10.084)	(12.165)	(18.852)
	34.838	54.018	88.856	109.621	75.663	121.837	307.121	395.977
Other								782
								396.759

34.4 Commissions and other income and costs relating to insurance business

Information on the composition of this heading for the half years ended 30 June 2013 and 2012, is set out below:

	30-06-2013			30-06-2012		
	Life insurance	Non-life insurance	Total	Life insurance	Non-life insurance	Total
Technical income:						
Commissions:						
Outwards reinsurance	10.753	10.007	20.760	5.215	11.335	16.550
Co-insurance management charges	24	603	627	5	466	471
Pensions Funds management charges	170	-	170	159	-	159
Other technical income						
Other technical income	3	13	16	3	1	4
	10.950	10.623	21.573	5.382	11.802	17.184
Technical costs:						
Commissions:						
Direct insurance operations:						
- Mediation and brokerage charge	(6.055)	(38.718)	(44.773)	(6.963)	(41.502)	(48.465)
- Collection charges	(65)	(3.673)	(3.738)	(66)	(3.665)	(3.731)
- Other	-	(7.168)	(7.168)	-	(5.383)	(5.383)
Inwards reinsurance operations	-	411	411	-	441	441
Co-insurance management charges	(22)	(112)	(134)	(20)	(200)	(220)
Other technical income						
Provision for premiums receivable	2.192	(983)	1.209	(1.526)	(2.166)	(3.692)
Taxes specific to the insurance business	(564)	(1.445)	(2.009)	(399)	(1.679)	(2.078)
Other	-	(10)	(10)	(1)	(65)	(66)
	(4.514)	(51.698)	(56.212)	(8.975)	(54.219)	(63.194)
Other	-	535	535	-	371	371
	6.436	(40.540)	(34.104)	(3.593)	(42.045)	(45.638)

35. STAFF COSTS

This heading comprises the following:

	30-06-2013	30-06-2012
Remuneration of management and supervisory bodies	7.457	9.152
Remuneration of staff	335.441	312.642
	342.898	321.794
Other charges relating to remuneration	34.517	33.367
Healthcare - CGD		
- Normal cost	14.154	14.653
- Contributions relating to current staff	15.142	12.548
Pension liability - CGD		
- Normal cost	30.194	24.229
Other pension costs		
Caixa Seguros e Saúde	234	1.268
Other	2.564	2.641
Other mandatory social charges	12.634	12.828
	109.439	101.534
Other staff costs	11.618	10.120
	463.954	433.448

The average number of employees of Caixa and its subsidiaries for the half years ended 30 June 2013 and 2012, by type of function, was as follows:

	30-06-2013			30-06-2012		
	Banking	Insurance and health care	Group	Banking	Insurance and health care	Group
Senior management	519	101	620	471	131	602
Management	2.849	560	3.409	2.934	656	3.590
Technical staff	5.125	1.373	6.498	5.139	2.093	7.232
Administrative staff	7.213	1.500	8.713	7.549	2.043	9.592
Auxiliary	379	50	429	1.374	666	2.040
	16.085	3.586	19.671	17.467	5.589	23.056
Number of employees at the end of the period	16.147	3.640	19.787	17.481	5.626	23.107

These numbers, at 30 June 2013 and 2012, did not include staff employed by the Support Department of Caixa Geral de Aposentações (261 and 258 respectively), staff assigned to CGD's Social Services (66 and 71 respectively) and to other situations, i.e. overseas secondments (90 and 94 respectively).

36. OTHER ADMINISTRATIVE COSTS

This heading comprises the following:

	30-06-2013	30-06-2012
Specialised services		
- IT services	40.829	45.809
- Safety and security	5.565	5.664
- Cleaning	4.804	4.735
- Information services	3.154	3.357
- Contracts and service fees	2.475	2.837
- Studies and consultancy	2.113	3.410
- Other	74.771	69.948
Leases	48.325	48.035
Advertising and publications	15.466	15.686
Communications and postage	24.811	27.088
Maintenance and repairs	16.653	18.599
Water, energy and fuel	12.457	14.468
Transport of cash and other values	5.740	5.725
Travel, lodging and representation expenses	9.150	9.789
Standard forms and office supplies	4.858	4.756
Other	8.084	8.062
	279.255	287.968

37. ASSET IMPAIRMENT

Information on impairment changes for the half years ended 30 June 2013 and 2012 is set out below:

	Balance at 31-12-2012	Additions	Reversals	Write-offs	Exchange differences	Transfers and other	Balance at 30-06-2013	Credit recovery, interest and expenses
Impairment of loans and advances to customers (Note 13)	4.189.393	1.674.786	(1.289.381)	(151.717)	(3)	13.371	4.436.449	(13.466)
Impairment of loans and advances to credit institutions (Note 6)	12.413	1.939	(1.293)	-	(75)	(52)	12.932	
Impairment of available-for-sale financial assets (Note 8)								
Equity instruments	526.964	32.052	-	(70.392)	-	17	488.640	
Debt instruments	12.794	6	(26)	(9.388)	42	-	3.428	
Other	165.158	12.945	-	(2.090)	(7)	(179)	175.826	
Impairment of other tangible assets	14.026	-	(2.838)	(43)	-	29	11.174	
Impairment of intangible assets	1.196	-	-	-	-	-	1.196	
Impairment of non-current assets held for sale								
Property and equipment (Note 14)	234.867	61.470	(18.155)	(2.793)	-	1.634	277.024	
Impairment of other assets (Note 18)	207.814	29.507	(3.322)	(1.579)	(96)	(343)	231.980	
	1.175.231	137.918	(25.634)	(86.286)	(136)	1.105	1.202.199	-
	5.364.624	1.812.704	(1.315.014)	(238.002)	(139)	14.476	5.638.649	(13.466)

	Balance at 31-12-2011	Changes in consolidation perimeter	Additions	Reversals	Write-offs	Exchange differences	Transfers and other	Balance at 30-06-2012	Credit recovery, interest and expenses
Impairment of loans and advances to customers	3.383.246	-	1.813.596	(1.314.611)	(84.904)	2.892	47.372	3.847.591	(15.683)
Impairment of loans and advances to credit institutions	12.312	-	4.906	(3.303)	-	(1)	(187)	13.727	
Impairment of available-for-sale financial assets									
Equity instruments	724.212	(660)	119.718	-	(22.266)	54	-	821.056	
Debt instruments	52.629	-	1.606	(135)	(29.367)	265	2.084	27.083	
Other	103.641	-	7.470	-	(13.044)	(246)	638	98.459	
Impairment of held-to-maturity investments	120.035	-	49.556	-	(169.591)	-	-	-	
Impairment of other tangible assets	11.068	-	58	(156)	(82)	-	-	10.888	
Impairment of intangible assets	12.027	-	-	-	(11.069)	-	-	958	
Impairment of non-current assets held for sale									
Property and equipment	103.374	-	36.697	(12.672)	(1.014)	-	-	126.385	
Impairment of other assets	183.145	-	31.089	(9.275)	(21.464)	(140)	93	183.447	
	1.322.441	(660)	251.100	(25.541)	(267.897)	(68)	2.629	1.282.003	-
	4.705.687	(660)	2.064.696	(1.340.152)	(352.801)	2.824	50.000	5.129.593	(15.683)

38. SEGMENT REPORTING

The Group has adopted the following business segments to comply with IFRS 8 requirements and with a view to assess own funds requirements on operational risk, using the standard method under the Bank of Portugal's *Notice* 9/2007 of 18/04/2007:

- Insurance business: includes the activity of Caixa Seguros e Saúde insurance companies and Garantia – Companhia de Seguros de Cabo Verde, S.A. This business segment was divided into life and non-life insurance;

- Corporate finance: includes activities related with acquisitions, mergers, restructuring, privatisations, subscriptions for and placements of securities (primary market), securitisation, preparation and organisation of syndicated loans (merchant banking – loan placements), investment management, market and corporate financial analyses and advisory services;

- Trading and sales: includes banking activity related with management of own securities portfolio, management of issued debt instruments, money and foreign exchange markets operations, repo and security loan operations and wholesale brokerage. Loans and advances to other credit institutions and derivatives are also included in this segment;

- Retail banking: comprises banking operations with individual customers, businessmen and micro-enterprises. This segment includes consumer finance, mortgage lending, credit cards and deposits taken from private customers;

- Commercial banking: includes lending operations and resource-taking from large enterprises and SMEs. This segment includes loans, current accounts, investment project finance, bills discounting operations, venture capital, factoring, equipment and property leasing, syndicated loans underwriting and loans to the public sector;

- Asset management: includes activities associated with the management of customer portfolios, open or closed unit trusts and property funds and discretionary wealth management funds;

- Other: includes all segments not described in the above business lines.

Information on the net income and main balance sheet aggregates divided up by business segments and geographic markets, at 30 June 2013 and in 2012, is given below:

Business segments

	30-06-2013								
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate Finance	Life insurance	Non-life insurance	Other	Total
Net interest income	(98 423)	470 468	(48 865)	1 985	68 325	16 831	1 752	1 977	414.051
Income from equity instruments	16 218	2	25 286	9 583	44	630	121	2 373	54.257
Income from services rendered and commissions	18 621	95 219	58 933	16 428	39 808	1 007	-	100 479	330.495
Cost of services and commissions	(7 323)	(2 841)	(4 345)	(2 757)	(493)	(89)	(152)	(56 399)	(74.398)
Results from financial operations	192 549	603	222	921	(460)	785	303	425	195.348
Other net operating income	(2 163)	(7 686)	(2 414)	394	5 203	(80)	(980)	31 877	24.152
Premiums net of reinsurance	-	-	-	-	-	107 650	471 790	-	579.440
Results of investments relating to insurance contracts	-	-	-	-	-	40 299	30 855	-	71.155
Claims costs net of reinsurance	-	-	-	-	-	(85 568)	(316 065)	6	(401.627)
Commissions and other income and costs relating to insurance co	-	-	-	-	-	6 443	(40 547)	-	(34.104)
Net operating income from banking and insurance operations	119 479	555 765	28 817	26 554	112 428	87 909	147 077	80 738	1.158.767
Other costs and income									(1 340 363)
Net income attributable to the shareholder of CGD									(181.595)
Cash balances and loans and advances to credit institutions (net)	3 978 165	408 790	36 265	2 140	109	202 389	126 972	13 817	4.768.647
Investments in securities and derivatives (net)	17 094 242	220 261	526 145	571 602	(44 931)	7 750 002	1 288 283	272 460	27.678.064
Loans and advances to customers (net)	1 711 782	35 807 393	34 969 150	91 222	77 477	1 661	2 350	11 915	72.672.949
Technical provision for outwards reinsurance	-	-	-	-	-	23 753	185 370	5 034	214.157
Total net assets	22 822 381	36 343 733	36 945 867	861 276	101 251	7 938 055	1 969 991	5 701 032	112.683.587
Resources of central banks and credit institutions	9 128 404	177 385	492 388	31 861	-	-	-	7 344	9.837.382
Customer resources	1 398 441	52 922 130	11 673 719	72 565	-	5 745 554	-	14 696	71.827.104
Debt securities	8 788 700	252 024	44 556	-	-	-	-	-	9.085.280
Technical provision for insurance contracts	-	-	-	-	-	2 077 886	2 098 396	9 104	4.185.386
Liability to subscribers of unit-liked products	-	-	-	-	-	1 063 998	-	-	1.063.998

	31-12-2012 *Restated* (*)								
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate Finance	Life insurance	Non-life insurance	Other	Total
Net interest income	(49 553)	1 156 538	26 374	5 803	170 169	30 833	5 732	3 353	1.349.249
Income from equity instruments	21 180	49	65 237	25 648	3	1 001	203	5 621	118.942
Income from services rendered and commissions	42 409	181 792	113 839	35 128	82 151	2 529	-	220 185	678.033
Cost of services and commissions	(18 482)	(19 992)	(4 581)	(5 002)	(11 356)	(172)	(55)	(109 600)	(169.239)
Results from financial operations	313 744	61 447	(614)	(2 188)	(700)	2 534	(205)	(10 757)	363.261
Other net operating income	(1 192)	(4 138)	(1 405)	(8 885)	(4 969)	-	(2 407)	31 601	8.606
Premiums net of reinsurance	-	-	-	-	-	237 518	965 314	-	1.202.831
Results of investments relating to insurance contracts	-	-	-	-	-	102 751	76 821	-	179.572
Claims costs net of reinsurance	-	-	-	-	-	(153 786)	(629 258)	1	(783.043)
Commissions and other income and costs relating to insurance co	-	-	-	-	-	(1 025)	(85 340)	118	(86.247)
Net operating income from banking and insurance operations	308 106	1 375 697	198 850	50 506	235 297	222 183	330 805	140 521	2.861.965
Other costs and income									(3 256 680)
Net income attributable to the shareholder of CGD									(394.715)
Cash balances and loans and advances to credit institutions (net)	4 436 391	900 219	32 901	2 064	1 164	19 548	25 790	4 617	5.422.693
Investments in securities and derivatives (net)	17 909 682	503 807	493 433	585 048	(44 211)	7 482 327	1 608 203	257 273	28.795.562
Loans and advances to customers (net)	1 877 356	36 327 058	36 352 378	95 472	65 906	1 491	2 454	12 469	74.734.584
Technical provision for outwards reinsurance	-	-	-	-	-	22 406	169 991	5 030	197.427
Total net assets	24 868 586	38 372 525	36 978 566	837 006	173 845	7 168 457	2 265 520	6 194 124	116.858.628
Resources of central banks and credit institutions	11 485 152	190 931	489 991	33 646	-	-	-	26 985	12.226.705
Customer resources	1 263 028	53 187 753	11 174 558	64 294	-	5 600 888	-	64 516	71.355.037
Debt securities	10 203 616	342 987	44 024	-	-	-	-	-	10.590.627
Technical provision for insurance contracts	-	-	-	-	-	2 140 303	2 074 091	9 750	4.224.143
Liability to subscribers of unit-liked products	-	-	-	-	-	1 148 225	-	-	1.148.225

(*) The figures presented reflect the restatement of the consolidated financial statements, owing to the change of accounting policy for the recognition of jointly controlled entities

Geographic markets

	30-06-2013								
	Portugal	Rest of European Union	Rest of Europe	North America	Latin America	Asia	Africa	Other	Total
Net interest income	197.004	93.285	138	4.244	10.317	29.244	79.848	(28)	414.051
Income from equity instruments	93.366	11.078	-	-	-	35	14.375	(64.598)	54.257
Income from services rendered and commissions	277.432	29.520	-	232	9.120	16.037	40.248	(42.095)	330.495
Cost of services and commissions	(71.505)	(12.187)	-	(27)	(279)	(8.485)	(8.939)	27.024	(74.398)
Results from financial operations	151.414	(11.812)	-	0	(3.400)	1.726	42.407	15.015	195.348
Other net operating income	71.690	(5.088)	(25)	(60)	(3.996)	1.403	3.349	(43.120)	24.152
Premiums net of reinsurance	577.161	-	-	-	-	-	2.279	-	579.440
Results of investments relating to insurance contracts	77.158	-	-	-	-	-	-	(6.003)	71.155
Claims costs net of reinsurance	(401.239)	6	-	-	-	-	(395)	-	(401.627)
Commissions and other income and costs relating to insurance contracts	(52.036)	-	-	-	-	-	535	17.397	(34.104)
Net operating income from banking and insurance operations	920.444	104.802	113	4.389	11.761	39.959	173.706	(96.407)	1.158.767
Other costs and income									(1.340.363)
Net income attributable to the shareholder of CGD									(181.595)
Cash balances and loans and advances to credit institutions (net)	12.170.859	2.945.648	111.116	1.497.299	152.629	3.397.748	1.408.619	(16.915.270)	4.768.647
Investments in securities and derivatives (net)	32.962.348	2.985.978	-	37.172	144.787	43.371	611.458	(9.107.050)	27.678.064
Loans and advances to customers (net)	59.207.086	13.029.569	-	681.170	194.507	1.548.021	2.363.299	(4.350.702)	72.672.949
Technical provision for outwards reinsurance	209.123	-	-	-	-	-	5.034	-	214.157
Total net assets	117.218.977	19.367.129	111.617	2.216.600	559.265	5.505.499	4.788.601	(37.084.100)	112.683.587
Resources of central banks and credit institutions	15.815.755	6.841.013	7	1.586.905	125.370	192.124	130.258	(14.854.050)	9.837.382
Customer resources	59.729.434	5.584.845	-	695.975	171.323	4.433.945	3.486.586	(2.275.004)	71.827.104
Debt securities	11.233.962	5.717.293	-	-	-	-	68.500	(7.934.475)	9.085.280
Technical provision for insurance contracts	4.176.282	-	-	-	-	-	9.104	-	4.185.386
Liability to subscribers of unit-liked products	1.063.998	-	-	-	-	-	-	-	1.063.998

	31-12-2012 *Restated* (*)								
	Portugal	Rest of European Union	Rest of Europe	North America	Latin America	Asia	Africa	Other	Total
Net interest income	854.471	220.248	397	5.817	27.207	52.671	156.060	32.378	1.349.249
Income from equity instruments	180.289	16.568	-	-	-	147	12.576	(90.638)	118.942
Income from services rendered and commissions	569.535	49.288	59	1.281	17.902	32.362	84.061	(76.455)	678.033
Cost of services and commissions	(163.040)	(15.825)	-	(64)	(632)	(17.856)	(19.076)	47.254	(169.239)
Results from financial operations	318.824	(3.353)	(35)	(328)	(2.907)	6.552	85.337	(40.829)	363.261
Other net operating income	115.233	(12.094)	(50)	1.449	(7.960)	2.737	14.943	(105.652)	8.606
Premiums net of reinsurance	1.198.308	-	-	-	-	-	4.523	-	1.202.831
Results of investments relating to insurance contracts	195.260	-	-	-	-	-	-	(15.688)	179.572
Claims costs net of reinsurance	(781.365)	1	-	-	-	-	(1.679)	-	(783.043)
Commissions and other income and costs relating to insurance contracts	(118.002)	-	-	-	-	-	1.223	30.532	(86.247)
Net operating income from banking and insurance operations	2.369.513	254.833	371	8.155	33.610	76.613	337.968	(219.098)	2.861.965
Other costs and income									(3.256.680)
Net income attributable to the shareholder of CGD									(394.715)
Cash balances and loans and advances to credit institutions (net)	13.567.747	4.255.996	111.027	1.632.727	295.759	3.272.204	1.208.889	(18.921.656)	5.422.693
Investments in securities and derivatives (net)	34.556.573	3.027.102	-	35.753	75.757	51.486	620.975	(9.572.084)	28.795.562
Loans and advances to customers (net)	62.062.939	13.623.981	-	680.360	114.091	1.449.049	2.359.671	(5.555.507)	74.734.584
Technical provision for outwards reinsurance	192.397	-	-	-	-	-	5.030	-	197.427
Total net assets	123.519.014	21.265.789	111.503	2.349.895	592.500	5.186.598	4.574.126	(40.740.797)	116.858.628
Resources of central banks and credit institutions	19.261.273	7.913.507	7	1.681.385	74.819	194.121	157.832	(17.056.239)	12.226.705
Customer resources	60.631.593	5.311.873	-	696.769	189.411	4.113.925	3.286.936	(2.875.470)	71.355.037
Debt securities	12.062.611	6.573.650	-	22.784	-	-	67.688	(8.136.106)	10.590.627
Technical provision for insurance contracts	4.214.393	-	-	-	-	-	9.750	-	4.224.143
Liability to subscribers of unit-liked products	1.148.225	-	-	-	-	-	-	-	1.148.225

(*) The figures presented reflect the restatement of the consolidated financial statements, owing to the change of accounting policy for the recognition of jointly controlled entities

The "Other" column includes balances between Group companies eliminated in the consolidation process.

For the half years ended 30 June 2013 and 2012, the contribution to the Group's net income by business area, based on internal management criteria is broken-down as follows:

	30-06-2013					
	Banking business in Portugal	International business	Investment banking	Insurance and healthcare business	Other	Total
Interest and similar income	1.555.129	487.080	123.657	154.858	(399.630)	1.921.095
Interest and similar costs	(1.443.348)	(270.693)	(109.200)	(111.191)	427.388	(1.507.044)
Income from equity instruments	25.099	11.328	2.373	738	14.720	54.257
Net interest income	136.880	227.714	16.830	44.405	42.478	468.307
Income from services rendered and commissions	222.430	95.157	37.644	1.007	(25.743)	330.495
Cost of services and commissions	(48.921)	(29.367)	(5.202)	(3.872)	12.965	(74.398)
Results from financial operations	157.140	28.594	2.281	682	6.651	195.348
Other net operating income	5.647	(4.393)	33	42.760	(19.895)	24.152
Net operating income	336.296	89.991	34.756	40.577	(26.022)	475.597
Premiums net of reinsurance	-	2.279	-	577.161	-	579.440
Results of investments relating to insurance contracts	-	-	-	77.158	(6.003)	71.155
Claims costs net of reinsurance	-	(389)	-	(401.239)	-	(401.627)
Commissions and other income and costs relating to insurance contracts	-	535	-	(52.036)	17.397	(34.104)
Technical margin on insurance operations	-	2.425	-	201.043	11.395	214.863
NET OPERATING INCOME FROM BANKING AND INSURANCE OPERATIONS	473.176	320.131	51.586	286.025	27.850	1.158.767
Other costs and income	(656.806)	(374.691)	(37.389)	(216.333)	(55.144)	(1.340.363)
Net income attributable to the shareholder of CGD	(183.630)	(54.560)	14.197	69.692	(27.293)	(181.595)

	30-06-2012					
	Banking business in Portugal	International business	Investment banking	Insurance and healthcare business	Other	Total
Interest and similar income	2.833.359	647.743	159.324	212.563	(1.094.261)	2.758.727
Interest and similar costs	(2.471.570)	(420.558)	(143.956)	(164.848)	1.164.692	(2.036.239)
Income from equity instruments	42.288	17.055	5.793	929	14.468	80.533
Net interest income	404.077	244.239	21.162	48.644	84.899	803.021
Income from services rendered and commissions	226.330	96.964	41.813	1.530	(19.271)	347.366
Cost of services and commissions	(54.482)	(27.696)	(15.500)	(1.972)	10.110	(89.541)
Results from financial operations	251.716	43.323	(12.560)	(4.489)	(21.872)	256.118
Other net operating income	38.569	3.206	570	3.520	(17.853)	28.012
Net operating income	462.133	115.797	14.323	(1.412)	(48.886)	541.955
Premiums net of reinsurance	-	2.480	-	611.809	-	614.289
Results of investments relating to insurance contracts	-	-	-	84.883	(8.830)	76.053
Claims costs net of reinsurance	-	(782)	-	(395.977)	-	(396.759)
Commissions and other income and costs relating to insurance contracts	-	371	-	(61.774)	15.765	(45.638)
Technical margin on insurance operations	-	2.070	-	238.941	6.935	247.945
NET OPERATING INCOME FROM BANKING AND INSURANCE OPERATIONS	866.210	362.106	35.485	286.173	42.948	1.592.921
Other costs and income	(891.411)	(373.710)	(36.367)	(258.599)	(45.547)	(1.605.634)
Net income attributable to the shareholder of CGD	(25.201)	(11.605)	(883)	27.574	(2.599)	(12.713)

The "Other" column includes balances between Group companies, eliminated in the consolidation process.

39. DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

Credit risk

Maximum exposure to credit risk

The following is a breakdown of the Group's maximum exposure to credit risk at 30 June 2013 and 31 December 2012:

	30-06-2013	31-12-2012
Trading securities		
Public debt	518.438	509.357
Private debt	5.514	40.466
i)	523.952	549.822
Financial assets at fair value through profit or loss		
Public debt	20.409	27.513
Private debt	87.033	108.505
ii)	107.442	136.019
Available-for-sale financial assets		
Public debt	9.703.538	9.640.807
Private debt	8.052.378	8.741.851
iii)	17.755.916	18.382.658
Held-to-maturity investments		
Public debt	1.934.665	1.902.659
Private debt	407.742	566.619
iv)	2.342.407	2.469.277
Financial assets with repurchase agreement		
Public debt	99.500	68.576
Private debt	576.260	435.584
v)	675.760	504.160
i)+ii)+iii)+iv)	21.405.477	22.041.937
Derivatives	1.764.325	2.182.568
Loans and advances to credit institutions	2.336.772	2.517.400
Loans and advances to customers	72.744.255	74.810.636
Other debtors	2.909.107	3.213.801
Other operations pending settlement	252.488	172.187
	80.006.948	82.896.591
Other commitments		
Personal/Institutional guarantees given		
Guarantees and sureties	4.732.336	4.419.754
Stand-by letters of credit	51.920	67.309
Open documentary credits	326.664	410.835
Other personal guarantees and other contingent liabilities	2	1.091
Forward deposit agreements	1.546	2.000
Irrevocable lines of credit	1.588.385	1.764.341
Other irrevocable commitments	4.592	-
Credit default swaps	165.566	164.740
	6.871.012	6.830.070
Maximum exposure to credit risk	108.283.437	111.768.598

Exposure to the sovereign debt of Eurozone peripheral countries

Eurozone sovereign debt credit markets, particularly the peripheral countries which are characterised by significant budget imbalance, have been affected by growing uncertainty and instability. This situation, visible in the continuous broadening of risk spreads on these issues, culminated in the need for intervention by the European Central Bank, International Monetary Fund and the European Union into the governments of Greece and Ireland (2010) and Portugal during the course of 2011.

The main characteristics of these issues in the scope of CGD Group at 30 June 2013 and 31 December 2012 are as follows:

	Book value net of impairment at 30-06-2013					Fair value	Accumulated impairment	Fair value reserve	Rating
	Residual maturities								
	2013	2014	after 2014	no maturity	Total				
Financial assets at fair value trough profit or loss									
Portugal	49.206	93.160	27.074	-	169.440	169.440	-	-	
Greece	-	-	-	-	-	-	-	-	
Ireland	-	-	-	-	-	-	-	-	
Spain	-	-	150	-	150	150	-	-	
Italy	-	-	158	-	158	158	-	-	
	49.206	93.160	27.382	-	169.748	169.748	-	-	
Financial assets at fair value through revaluation reserves									
Portugal	1.049.798	4.207.819	3.392.541	2.564	8.652.721	8.652.721	-	12.156	
Greece	-	-	2.860	-	2.860	2.860	-	(3.483)	
Ireland	-	-	-	-	-	-	-	-	
Spain	2.949	139.047	35.335	-	177.331	177.331	-	(122)	
Italy	10.787	17.386	129.515	-	157.688	157.688	-	2.690	
	1.063.534	4.364.252	3.560.252	2.564	8.990.601	8.990.601	-	11.240	
Held-to-maturity investments									
Portugal	5	196.049	1.692.644	-	1.888.698	2.094.768	-	(175.891)	
Greece	-	-	-	-	-	-	-	-	
Ireland	-	-	-	-	-	-	-	-	
Spain	-	-	-	-	-	-	-	-	
Italy	-	23.200	22.766	-	45.967	46.542	-	459	
	5	219.249	1.715.410	-	1.934.665	2.141.311	-	(175.432)	
Total									
Portugal	1.099.009	4.497.028	5.112.259	2.564	10.710.860	10.916.930	-	(163.734)	BB-
Greece	-	-	2.860	-	2.860	2.860	-	(3.483)	B-
Ireland	-	-	-	-	-	-	-	-	
Spain	2.949	139.047	35.486	-	177.482	177.482	-	(122)	BBB-
Italy	10.787	40.586	152.439	-	203.812	204.388	-	3.148	BBB
	1.112.745	4.676.661	5.303.045	2.564	11.095.015	11.301.660	-	(164.192)	

	Book value net of impairment at 31-12-2012					Fair value	Accumulated impairment	Fair value reserve	Rating
	Residual maturities								
	2013	2014	after 2014	no maturity	Total				
Financial assets at fair value trough profit or loss									
Portugal	129.549	49.480	18.409	-	197.437	197.437	-	-	
Greece	-	-	-	-	-	-	-	-	
Ireland	-	-	-	-	-	-	-	-	
Spain	-	-	134	-	134	134	-	-	
Italy	-	-	147	-	147	147	-	-	
	129.549	49.480	18.690	-	197.719	197.719	-	-	
Financial assets at fair value through revaluation reserves									
Portugal	3.953.784	2.265.236	2.280.949	2.490	8.502.459	8.502.459	-	128.814	
Greece	-	-	2.608	-	2.608	2.608	-	(3.799)	
Ireland	105	-	-	-	105	105	-	1	
Spain	141.945	20.367	25.446	-	187.758	187.758	-	(2.204)	
Italy	14.344	17.492	120.275	-	152.111	152.111	-	2.259	
	4.110.178	2.303.095	2.429.278	2.490	8.845.042	8.845.042	-	125.070	
Held-to-maturity investments									
Portugal	5	190.004	1.666.952	-	1.856.962	2.067.765	-	(203.437)	
Greece	-	-	-	-	-	-	-	-	
Ireland	520	-	-	-	520	523	-	1	
Spain	-	-	-	-	-	-	-	-	
Italy	-	22.811	22.366	-	45.177	46.339	-	650	
	525	212.815	1.689.318	-	1.902.659	2.114.626	-	(202.786)	
Total									
Portugal	4.083.338	2.504.720	3.966.310	2.490	10.556.858	10.767.661	-	(74.624)	BB-
Greece	-	-	2.608	-	2.608	2.608	-	(3.799)	CCC
Ireland	624	-	-	-	624	627	-	2	BB+
Spain	141.945	20.367	25.580	-	187.892	187.892	-	(2.204)	BBB-
Italy	14.344	40.303	142.788	-	197.436	198.598	-	2.909	BBB
	4.240.252	2.565.390	4.137.287	2.490	10.945.419	11.157.386	-	(77.716)	

2011 was characterised by a decline in such markets' liquidity, particularly in the case of the debt instruments of beneficiary countries. This situation was particularly relevant in the case of the Republic of Greece, in reflecting the effects of the various stages of the restructuring and budget rebalancing process.

The second bailout plan, negotiated between the European Commission, International Monetary Fund, European Central Bank and the Republic of Greece, in July 2011 and further rectified in October 2011 (providing for total funding of €130 billion) also included the Institute of International Finance, Inc ("IIF") on behalf of its associated financial institutions (of which CGD is not a member). This plan provided for a voluntary "haircut" of 50%.

The Republic of Greece's clearly visible difficulties in funding its public deficit together with uncertainties resulting from the bailout process and its respective impacts on creditors, further worsened by successive downgrades on its debt issues by the main rating agencies, led to a decision by the Group to recognise impairment on its exposure to this sovereign state in 2011.

As a consequence of this resolution, the accumulated negative revaluation reserves balance associated with issues classified as available-for-sale financial assets in the amount of €14,629 thousand, was reclassified to net income for the year. As regards the exposure of the Group's insurance companies, classified as held-to-maturity investments, an estimated loss of 50% on the issue's respective nominal value was considered for impairment purposes. The reference value calculated between this amount (or book value when less) and the respective adjusted acquisition cost of €120,035 thousand, was recognised as income for the year.

At the beginning of March 2012, as a result of the negotiations taking place under the Republic of Greece's bailout plan, the Group was notified of the conditions inherent to the involvement of the private sector in this process (Private Sector Involvement – PSI), with the aim of achieving a reduction of this sovereign state's public debt to 120.5% of GDP in 2020. The terms of the PSI involvement provided for several exchange offers of the positions held for a bond pool of different maturities, yields and nominal values (in comparison to the initial amount of the original issue). The Group decided to accept the exchange offer programme. As a result of its participation in this operation the Group did not recognise any additional losses in its financial statements in 2012.

The unrealised results on the sovereign debt instruments of the peripheral Eurozone countries presented in the "Fair value reserve" column do not include capital losses not recognised as a charge to shareholder's equity arising from securities of Caixa Seguros e Saúde portfolio which were reclassified in 2011 from available-for-sale to held-to-maturity investments, after the date of the referred to transfer (Note 12) which totalled unrealised gains of €207,986 thousand and €213,627 thousand at 30 June 2013 and 31 December 2012, respectively.

Measurement criteria

The sovereign debt issues of the peripheral Eurozone countries considered in the above table were measured at observable market prices, when applicable or, in the absence of an active market, prices provided by external counterparties. At 30 June 2013 and 31 December 2012, these portfolios were segmented into levels 1 and 2 of the fair value hierarchy. Greater detail on the distinguishing elements of these categories along with the main premises used is given in "Fair value" item.

Exposures to credit risk affected by the financial turmoil

The Group's available-for-sale financial assets and assets at fair value through profit or loss portfolios at 30 June 2013 and 31 December 2012 included the following types of securities which were particularly affected by the financial turmoil:

Type	Rating (*)	Seniority level of the tranche held	Geographical area of the issuer	30-06-2013			31-12-2012		
				Book value (net of impairment)	Accumulated impairment	Fair value reserve	Book value (net of impairment)	Accumulated impairment	Fair value reserve
Available-for-sale financial assets									
Residential mortgage-backed securities	AAA	Senior	European Union	-	-	-	215	-	(3)
	AA- to AA+	Senior	European Union	1.878	-	(590)	2.598	-	(861)
	A- to A+	Senior	European Union	13.630	-	(5.650)	13.404	-	(6.211)
	Lower than A-	Senior	European Union	19.414	-	(3.011)	19.232	-	(4.511)
		Mezzanine	European Union	2.281	-	(3.090)	2.645	-	(2.714)
	CCC	Mezzanine	North America	-	-	-	101	(9.364)	-
		Mezzanine	European Union	1.815	-	(4.615)	1.308	-	(5.111)
i)				39.017	-	(16.957)	39.504	(9.364)	(19.410)
Collateralized loan obligations									
	AAA	Senior	European Union	-	-	-	7.000	-	(250)
	AA- to AA+	Mezzanine	European Union	98	-	(3)	97	-	(4)
	A- to A+	Senior	European Union	91	-	(3)	92	-	(4)
		Mezzanine	European Union	260	-	(41)	252	-	(50)
	Lower than A-	Mezzanine	European Union	11.900	-	(2.909)	12.381	-	(2.359)
ii)				12.349	-	(2.956)	19.822	-	(2.666)
Other financial instruments iii)	No rating	Senior	European Union	4	(46)	-	1	(49)	-
iv) = i)+ii)+iii)				51.370	(46)	(19.913)	59.327	(9.413)	(22.077)
Financial assets at fair value through profit or loss									
Other financial instruments v)	A- to A+	Senior	European Union	32.331	-	-	33.467	-	-
iv)+v)				83.700	(46)	(19.913)	92.794	(9.413)	(22.077)

(a) Securities presented in accordance with information on ratings available at 30-06-2013 with the exception of amortised assets during the period for which the reffered to period is 31-12-2012

Information on changes for the half years ended 30 June 2013 and 2012 is set out below:

Type	Rating (a)	Seniority level of the tranche held	Geographical area of the issuer	Book value (net) at 31-12-2012	Amortisations	Acquisitions	Impact in results of the period		Change in the fair value reserve	Other	Book value (net) at 30-06-2013
							Capital gains / (losses) recognised against results	Impairment			
Available-for-sale financial assets											
Residential mortgage-backed securities											
	AAA	Senior	European Union	215	(215)	-	(3)	-	3	-	-
	AA- to AA+	Senior	European Union	2.598	(777)	-	(214)	-	271	-	1.878
	A- to A+	Senior	European Union	13.404	(338)	-	2	-	561	-	13.630
	Lower than A-	Senior	European Union	19.232	(1.343)	-	24	-	1.500	-	19.414
		Mezzanine	European Union	2.645	-	-	13	-	(377)	-	2.281
	CCC	Mezzanine	North America	101	(102)	-	1	-	-	-	-
		Mezzanine	European Union	1.308	-	-	12	-	495	-	1.815
Collateralized loan obligations											
	AAA	Senior	European Union	7.000	(7.236)	-	(14)	-	250	-	-
	AA- to AA+	Mezzanine	European Union	97	-	-	-	-	1	-	98
	A- to A+	Senior	European Union	92	(3)	-	-	-	2	-	91
		Mezzanine	European Union	252	-	-	-	-	8	-	260
	Lower than A-	Mezzanine	European Union	12.381	-	-	70	-	(551)	-	11.900
Other financial instruments											
	No rating	Senior	European Union	1	-	-	-	3	-	-	4
				59.327	(10.015)	-	(108)	3	2.163	-	51.370
Financial assets at fair value through profit or loss											
Other financial instruments											
	A- to A+	Senior	European Union	33.467	(4.326)	-	3.189	-	-	-	32.331
				33.467	(4.326)	-	3.189	-	-	-	32.331
				92.794	(14.341)	-	3.081	3	2.163	-	83.700

(a) Securities presented in accordance with information on ratings available at 30-06-2013 with the exception of amortised assets during the period for which the reffered to period is 31-12-2012

Type	Rating (a)	Seniority level of the tranche held	Geographical area of the issuer	Book value (net) at 31-12-2011	Amortisations	Acquisitions	Impact in results of the period		Change in the fair value reserve	Acquisition / (sale) of subsidiaries	Book value (net) at 30-06-2012
							Capital gains / (losses) recognised against results	Impairment			
Available-for-sale financial assets											
Commercial mortgage-backed securities											
	A- to A+	Senior	European Union	17.372	(7.127)	-	(1.118)	-	1.222	-	10.350
	C	Senior	European Union	2.697	(3.128)	-	2.305	-	448	-	2.321
Residential mortgage-backed securities											
	AAA	Senior	European Union	21.099	(6.718)	-	185	-	33	-	14.599
	AA- to AA+	Senior	European Union	12.761	(399)	-	(9)	-	94	-	12.447
		Mezzanine	European Union	200	(200)	-	(2)	-	1	-	(0)
	A- to A+	Senior	European Union	19.221	(1.260)	-	(31)	-	(571)	-	17.360
		Mezzanine	European Union	60	-	-	-	-	15	-	75
	Lower than A-	Senior	European Union	19.135	(1.664)	-	(46)	-	1.130	-	18.555
		Mezzanine	European Union	3.172	(223)	-	(16)	-	388	-	3.322
	CCC	Mezzanine	North America	199	-	-	20	-	(41)	-	178
Collateralized loan obligations											
	AAA	Senior	European Union	6.642	-	-	(60)	-	349	-	6.931
			Other	36.702	-	-	1.136	-	224	-	38.062
	AA- to AA+	Senior	European Union	87	-	-	-	-	2	-	89
	A- to A+	Mezzanine	European Union	202	-	-	(1)	-	8	-	209
	Lower than A-	Mezzanine	European Union	7.064	-	-	38	-	1.347	-	8.449
	CCC	Mezzanine	European Union	434	(303)	-	(517)	-	385	-	-
Other financial instruments											
	No rating	Senior	European Union	6.703	-	-	(6.000)	-	-	-	703
				153.751	(21.021)	-	(4.115)	-	5.035	-	133.650
Financial assets at fair value through profit or loss											
Other financial instruments											
	A- to A+	Senior	European Union	39.258	(6.411)	3	1.659	-	-	-	34.510
				39.258	(6.411)	3	1.659	-	-	-	34.510
				193.010	(27.432)	3	(2.456)	-	5.035	-	168.160

(a) Securities presented in accordance with information on ratings available at 30-06-2012 with the exception of amortised assets during the period for which the reffered to period is 31-12-2011

The "Capital gains/(losses) recognised against results" heading include accrued interest and foreign exchange revaluation results.

Liquidity risk

Liquidity risk comprises the risk that CGD Group may have difficulty in securing funds to meet its commitments. Liquidity risk may, for example, be reflected in the inability to sell a financial asset quickly at a price close to its fair value.

In accordance with IFRS 7 requirements, the residual contractual maturities of financial instruments at 30 June 2013 and 31 December 2012 are as follows:

	30-06-2013									
	Residual periods to maturity									
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Unspecified	Total
Assets										
Cash and cash equivalents at central banks	1.497.711	-	-	-	-	-	-	-	-	1.497.711
Cash balances at other credit institutions	888.587	-	-	-	-	-	-	-	47.135	935.723
Loans and advances to credit institutions	1.758.442	193.536	300.464	61.547	14.052	1.674	8.326	19.010	401	2.357.452
Securities										
Trading	29.697	2.195	45.258	28.890	207.205	52.975	201.778	14.212	1.767.835	2.350.045
Other (net of impairment)	324.572	420.198	1.886.344	3.427.687	5.836.022	3.404.948	4.414.244	1.345.300	3.000.831	24.060.146
Investments associated to unit-linked products	526	15.949	16.492	52.062	228.163	369.691	5.227	467	468.355	1.156.932
Loans and advances to customers (gross)	4.047.219	4.150.185	5.685.024	3.933.715	14.142.189	10.042.085	17.662.181	36.421.553	(81.375)	96.002.776
Held-to-maturity investments	2.384	31.400	124.418	201.133	1.929.327	460.508	89.036	3.673	(178.333)	2.663.546
Assets with repurchase agreement	1.249	501	5.772	100.208	207.545	378.233	17.025	-	411	710.943
Hedging derivatives	-	-	-	-	-	-	-	-	65.191	65.191
	8.550.389	4.813.963	8.063.772	7.805.241	22.564.503	14.710.112	22.397.817	37.804.216	5.090.451	131.800.465
Liabilities										
Resources of central banks and credit institutions	(1.929.013)	(1.429.564)	(353.351)	(95.731)	(5.481.119)	(284.583)	(721.454)	(588)	20.937	(10.274.466)
Customer resources	(23.696.936)	(6.395.087)	(8.601.212)	(9.798.555)	(16.234.591)	(7.256.240)	(1.018.591)	(1.398.316)	(112.209)	(74.511.738)
Liabilities associated with unit-linked products	(526)	(15.949)	(16.492)	(52.062)	(228.163)	(369.691)	(5.227)	(467)	(468.335)	(1.156.912)
Debt securities	(391.290)	(217.660)	(581.400)	(1.284.199)	(2.934.116)	(2.557.981)	(1.753.098)	(454.816)	3.439	(10.171.121)
Financial liabilities at fair value through profit or loss	(15.753)	(34)	(1.323)	(134)	(1.284)	-	(4.407)	(1.428)	(1.735.551)	(1.759.913)
Hedging derivatives	-	-	-	-	-	-	-	-	(80.672)	(80.672)
Subordinated liabilities	(8.332)	(7.913)	(77.596)	(58.777)	(307.168)	(2.076.680)	(969.296)	(130.349)	9.318	(3.626.793)
Consigned resources	-	(2.964)	(1.006)	(52.518)	(53.055)	(31.622)	(525.233)	(372.360)	(196)	(1.038.954)
	(26.041.850)	(8.069.171)	(9.632.380)	(11.341.975)	(25.239.495)	(12.576.797)	(4.997.307)	(2.358.325)	(2.363.269)	(102.620.569)
Derivatives	3.328	26.176	22.568	(26.186)	(34.986)	(15.601)	(42.194)	(21.689)	-	(88.584)
Difference	(17.488.133)	(3.229.032)	(1.546.040)	(3.562.920)	(2.709.979)	2.117.715	17.358.316	35.424.202	2.727.183	29.091.312

	31-12-2012									
	Residual periods to maturity									
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Unspecified	Total
Assets										
Cash and cash equivalents at central banks	1.603.128	-	-	-	-	-	-	-	-	1.603.128
Cash balances at other credit institutions	1.264.244	-	-	-	-	-	-	-	32.937	1.297.181
Loans and advances to credit institutions	1.498.497	696.902	15.331	264.404	30.585	2.060	2.392	24.308	437	2.534.919
Securities										
Trading	2.165	20.904	58.179	74.650	143.082	54.802	230.090	13.364	2.144.656	2.741.892
Other (net of impairment)	531.256	1.742.236	1.773.573	2.935.888	6.043.140	2.981.639	4.246.495	959.617	3.026.081	24.239.924
Investments associated to unit-linked products	369	4.401	26.544	46.168	598.514	436.712	81.473	308	89.298	1.283.786
Loans and advances to customers (gross)	4.572.665	4.643.937	5.539.240	4.646.631	13.289.920	10.445.334	17.795.172	37.352.539	(888.694)	97.396.743
Held-to-maturity investments	18.081	50.017	161.357	144.702	1.738.586	501.548	438.921	3.673	(210.561)	2.846.324
Assets with repurchase agreement	946	17.977	15.190	11.571	142.026	322.880	26.681	-	(2.221)	535.050
Hedging derivatives	-	-	-	-	-	-	-	-	98.725	98.725
	9.491.351	7.176.374	7.589.414	8.124.014	21.985.852	14.744.975	22.821.224	38.353.810	4.290.657	134.577.672
Liabilities										
Resources of central banks and credit institutions	(2.758.113)	(1.582.377)	(227.595)	(365.687)	(6.773.321)	(841.492)	(1.590)	()	(3.656)	(12.553.831)
Customer resources	(23.317.840)	(6.640.396)	(7.661.716)	(9.043.652)	(17.309.787)	(8.470.923)	(961.125)	(1.797.553)	631.415	(74.571.578)
Liabilities associated with unit-linked products	(369)	(4.401)	(26.544)	(46.168)	(598.514)	(436.712)	(81.473)	(308)	(89.298)	(1.283.786)
Debt securities	(255.105)	(837.777)	(883.830)	(1.188.992)	(4.145.982)	(2.025.915)	(1.824.456)	(580.170)	(1.749)	(11.743.977)
Financial liabilities at fair value through profit or loss	(1.786)	(122)	(42)	(228)	(1.203)	-	(11.623)	-	(2.202.038)	(2.217.043)
Hedging derivatives	-	-	-	-	-	-	-	-	(84.479)	(84.479)
Subordinated liabilities	(5.375)	(16.530)	(53.522)	(57.306)	(226.848)	(2.086.064)	(983.261)	(138.983)	9.350	(3.558.540)
Consigned resources	-	(663)	(911)	(4.090)	(98.057)	(23.291)	(383.447)	(525.993)	(218)	(1.036.669)
	(26.338.589)	(9.082.265)	(8.854.160)	(10.706.123)	(29.153.713)	(13.884.396)	(4.246.976)	(3.043.008)	(1.740.672)	(107.049.903)
Derivatives	3.396	(10.830)	14.272	43.586	(37.923)	(31.274)	(58.308)	(38.241)	-	(115.320)
Difference	(16.843.841)	(1.916.721)	(1.250.474)	(2.538.523)	(7.205.783)	829.305	18.515.940	35.272.561	2.549.985	27.412.449

The above tables include cash flow projections for principal and interest and are therefore not directly comparable with the accounting balances, at 30 June 2013 and 31 December 2012. Projection on interest income and costs on variable-rate instruments for the said purpose are based on the forward rates implicit in the yield curves estimated to be in effect on the respective refixing dates of relevant assets and liabilities cash flows. The disclosure of elements in this sphere, up to 31 December 2012, was quantified by the indicative interest rates in force on the balance sheet date and these remained constant over the relevant future cash flow generating period. To ensure the comparability of information, the presentation of comparative data at 31 December 2012 was re-expressed in conformity with the new methodological assumptions in force.

In the case of mortgage loans, the distribution of principal and interest cash flows also took the expectations relative to early repayments of the contracts, based on an analysis of historical information on the operations and the current macroeconomic situation.

The following tables, containing information on the Group's structural liquidity risk, at 30 June 2013 and 31 December 2012, differ from the former tables presented above in the use of the following premises:

- Term and savings deposits (CGD Head Office) – estimated rather than residual periods to maturity were determined, with balances being reallocated by bucket accordingly;
- Customers' sight deposits – reallocation of core deposits balance (stable amount of sight deposits assessed on a broad historical horizon approach) from the "up to 1 month" to "over 10 years" bucket;
- Securities portfolio – reallocation of high liquidity debt and equity securities to the "up to 1 month" maturity period, except for securities given as collateral, which were reallocated to the "Unspecified" column.

The amounts presented also correspond to capital balances not due and do not include interest projections or accrued interest.

	30-06-2013									
	Remaining maturity									
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Unspecified	Total
Assets										
Cash and cash equivalents at central banks	1.496.661	-	-	-	-	-	-	-	-	1.496.661
Cash balances at other credit institutions	884.665	-	-	-	-	-	-	-	47.135	931.800
Loans and advances to credit institutions	1.754.838	192.741	295.065	59.755	12.577	576	5.612	15.397	401	2.336.964
Securities										
Trading	1.051.036	298	5.348	3.886	28.271	5.682	27.882	2.105	1.156.458	2.280.965
Other (net of impairment)	9.791.567	60.559	251.639	490.213	765.527	423.645	559.296	179.589	8.727.688	21.249.724
Investments associated to unit-linked products	402	15.525	722	45.130	187.196	341.710	4.587	390	468.355	1.064.018
Loans and advances to customers (gross)	3.890.367	3.885.092	5.281.744	3.289.239	11.563.601	7.492.782	11.807.161	24.603.977	(81.375)	71.732.586
Assets with repurchase agreement	-	-	-	-	-	-	-	-	675.760	675.760
Held-to-maturity investments	-	30.715	80.300	146.591	1.756.507	419.649	83.486	3.500	(178.333)	2.342.414
	18.869.535	4.184.930	5.914.817	4.034.815	14.313.680	8.684.043	12.488.023	24.804.958	10.816.089	104.110.891
Liabilities										
Resources of central banks and credit institutions	(1.926.263)	(1.409.965)	(343.964)	(76.450)	(5.249.040)	(204.301)	(552.429)	(588)	20.937	(9.742.062)
Customer resources	(6.074.211)	(5.467.006)	(5.198.336)	(9.361.887)	(20.185.613)	(9.988.523)	(2.345.148)	(12.473.371)	(112.209)	(71.206.304)
Liabilities associated with unit-linked products	(402)	(15.525)	(722)	(45.130)	(187.196)	(341.710)	(4.587)	(390)	(468.335)	(1.063.998)
Debt securities	(357.648)	(178.791)	(491.437)	(1.142.195)	(2.487.408)	(2.318.906)	(1.566.945)	(363.112)	3.439	(8.903.002)
Financial liabilities at fair value through profit or loss	(15.753)	(34)	(1.323)	(134)	(1.284)	-	(4.407)	(1.428)	(1.735.551)	(1.759.913)
Subordinated liabilities	(8.118)	(6.650)	(452)	(904)	(23.921)	(1.857.873)	(905.973)	(100.000)	9.318	(2.894.574)
Consigned resources	-	-	-	(50.000)	(33.333)	-	(422.576)	(332.793)	(196)	(838.898)
	(8.382.395)	(7.077.971)	(6.036.233)	(10.676.700)	(28.167.795)	(14.711.313)	(5.802.065)	(13.271.682)	(2.282.597)	(96.408.751)
Difference	10.487.140	(2.893.042)	(121.416)	(6.641.886)	(13.854.115)	(6.027.270)	6.685.959	11.533.276	8.533.492	7.702.140

	31-12-2012									
	Remaining maturity									
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Unspecified	Total
Assets										
Cash and cash equivalents at central banks	1.603.127	-	-	-	-	-	-	-	-	1.603.127
Cash balances at other credit institutions	1.264.244	-	-	-	-	-	-	-	32.937	1.297.181
Loans and advances to credit institutions	1.496.919	693.713	15.218	259.334	29.603	1.415	440	21.289	437	2.518.368
Securities										
Trading	1.031.072	3.093	8.458	9.930	18.153	5.950	31.686	2.005	1.562.814	2.673.159
Other (net of impairment)	8.450.608	257.910	258.866	411.344	821.866	381.747	564.965	125.306	10.629.403	21.902.015
Investments associated to unit-linked products	50	2.852	20.095	19.015	538.873	399.964	77.828	251	89.298	1.148.225
Loans and advances to customers (gross)	4.388.631	4.351.462	5.130.244	4.024.408	11.037.459	8.285.235	12.212.093	25.654.045	(888.694)	74.194.883
Assets with repurchase agreement	-	-	-	-	-	-	-	-	504.160	504.160
Held-to-maturity investments	15.161	18.100	138.050	97.915	1.556.058	436.450	414.605	3.500	(210.561)	2.469.277
	18.249.812	5.327.129	5.570.930	4.821.946	14.002.011	9.510.762	13.301.617	25.806.395	11.719.793	108.310.395
Liabilities										
Resources of central banks and credit institutions	(2.754.869)	(1.559.844)	(223.533)	(338.760)	(6.501.839)	(760.146)	(1.590)	()	(3.656)	(12.144.237)
Customer resources	(5.752.739)	(5.618.952)	(4.248.369)	(9.675.226)	(21.014.457)	(10.862.636)	(2.308.086)	(11.843.127)	611.739	(70.711.854)
Liabilities associated with unit-linked products	(50)	(2.852)	(20.095)	(19.015)	(538.873)	(399.964)	(77.828)	(251)	(89.298)	(1.148.225)
Debt securities	(202.391)	(767.342)	(836.351)	(1.010.929)	(3.666.038)	(1.846.170)	(1.599.855)	(461.398)	(1.749)	(10.392.224)
Financial liabilities at fair value through profit or loss	(1.786)	(122)	(42)	(228)	(1.203)	-	(11.623)	-	(2.202.038)	(2.217.043)
Subordinated liabilities	(5.161)	(9.369)	(453)	(453)	(907)	(1.880.522)	(905.973)	(101.145)	9.350	(2.894.634)
Consigned resources	-	-	-	-	(83.333)	-	(289.242)	(481.189)	(218)	(853.983)
	(8.716.997)	(7.958.482)	(5.328.843)	(11.044.611)	(31.806.651)	(15.749.438)	(5.194.198)	(12.887.110)	(1.675.869)	(100.362.199)
Difference	9.532.816	(2.631.353)	242.087	(6.222.665)	(17.804.640)	(6.238.677)	8.107.419	12.919.285	10.043.924	7.948.196

Fair value

The following table provides a comparison between the fair and book value of the main assets and liabilities, recognised at amortised cost, at 30 June 2013 and 31 December 2012:

	30-06-2013				
	Balances analysed			Balances not analysed	Total book value
	Book value	Fair value	Difference	Book value	
Assets					
Cash and cash equivalents at central banks	1.496.781	1.496.781	-	-	1.496.781
Cash balances at other credit institutions	934.985	934.985	-	109	935.094
Loans and advances to credit institutions	1.985.678	1.988.807	3.129	351.094	2.336.772
Held-to-maturity investments	2.342.414	2.550.401	207.986	(8)	2.342.407
Loans and advances to customers	70.526.415	62.940.912	(7.585.503)	2.146.535	72.672.949
	77.286.274	69.911.886	(7.374.388)	2.497.730	79.784.003
Liabilities					
Resources of central banks and other credit institutions	9.694.511	9.747.601	(53.091)	142.871	9.837.382
Customer resources	70.161.087	70.442.395	(281.308)	1.666.017	71.827.104
Debt securities	9.037.542	8.579.403	458.138	47.738	9.085.280
Subordinated liabilities	2.942.707	2.680.778	261.928	(1.254)	2.941.453
Consigned resources	838.702	855.958	(17.256)	196	838.898
	92.674.548	92.306.135	368.413	1.855.569	94.530.117

	31-12-2012				
	Balances analysed			Balances not analysed	Total book value
	Book value	Fair value	Difference	Book value	
Assets					
Cash and cash equivalents at central banks	1.603.281	1.603.096	(185)	-	1.603.281
Cash balances at other credit institutions	1.301.903	1.301.903	-	109	1.302.012
Loans and advances to credit institutions	2.288.459	2.189.513	(98.946)	228.941	2.517.400
Held-to-maturity investments	2.469.277	2.682.904	213.627	-	2.469.277
Loans and advances to customers	73.312.575	67.920.245	(5.392.330)	1.422.008	74.734.584
	80.975.495	75.697.660	(5.277.835)	1.651.059	82.626.554
Liabilities					
Resources of central banks and other credit institutions	12.122.447	12.210.609	(88.162)	104.258	12.226.705
Customer resources	70.449.121	70.779.161	(330.039)	905.916	71.355.037
Debt securities	10.570.171	10.110.118	460.053	20.457	10.590.627
Subordinated liabilities	2.889.862	2.501.217	388.645	(795)	2.889.067
Consigned resources	853.960	877.647	(23.687)	23	853.983
	96.885.561	96.478.751	406.810	1.029.859	97.915.420

Fair value was assessed on the following premises:

- The book value of balances payable/receivable on demand corresponds to their fair value;
- The fair value of Caixa' s listed issues, whose prices were considered to have liquidity, corresponds to the respective market price;
- Caixa used discounted cash flow models to assess the fair value of the remaining instruments, for both fixed and variable interest rate instruments. The operations' contractual terms and use of yield curves appropriate to the instrument were taken into account for this purpose and included:
    . Market interest rates incorporating the average spreads on loans and resources from credit institutions new operations occurred in June 2013 and December 2012;
    . Market interest rates incorporating the average spread on Caixa's new loans operations, for comparable types of credit and retail operations occurred in June 2013 and December 2012, safeguarding the representativeness thereof.
- The "Balances not analysed" column essentially includes:
    . Overdue credit, net of impairment;
    . Balances of entities not included in Caixa's calculations.

The fair value measurement of financial instruments recognised in the financial statements, at 30 June 2013 and 31 December 2012, may be summarised as follows:

	30-06-2013			
	Measurement techniques			Total
	Level 1 Market prices	Level 2 Market inputs	Level 3 Other measurement techniques	
Securities held for trading	581.477	353	-	581.830
Securities at fair value through profit or loss (*)	1.008.445	148.832	179.508	1.336.785
Available-for-sale financial assets	9.134.160	10.185.409	416.052	19.735.621
Assets with repurchase agreement	462.386	213.374	-	675.760
Trading derivatives	(4)	(59.132)	-	(59.136)
Hedging derivatives	-	(15.481)	-	(15.481)
	11.186.464	10.473.355	595.560	22.255.380

(*) The amounts presented exclude loans and other receivables

	31-12-2012			
	Measurement techniques			Total
	Level 1 Market prices	Level 2 Market inputs	Level 3 Other measurement techniques	
Securities held for trading	565.106	24.210	-	589.317
Securities at fair value through profit or loss (*)	999.784	162.712	162.632	1.325.129
Available-for-sale financial assets	10.642.987	9.438.599	315.600	20.397.185
Assets with repurchase agreement	279.355	224.805	-	504.160
Trading derivatives	(9)	(130.609)	-	(130.618)
Hedging derivatives	-	14.246	-	14.246
	12.487.223	9.733.964	478.232	22.699.419

(*) The amounts presented exclude loans and other receivables

The above table was based on the following criteria:

. **Level 1** – Market prices – this column includes financial instruments measured on the basis of active market quotations;

- **Level 2** – <u>Measurement techniques</u> – observable market input – this column includes financial instruments measured by internal models using observable market input (interest rates, foreign exchange rates, ratings issued by external entities, other). The column also includes reference bid prices supplied by external counterparties;

- **Level 3** – <u>Other measurement techniques</u> – this column includes financial instruments measured by internal models including non-observable market parameters.

Changes in financial instruments, classified in the "Other measurement techniques" column, in first half 2013 were as follows:

	Securities at fair value through profit or loss			Available-for-sale financial assets			Total
	Equity instruments	Debt instruments Corporate bonds	Subtotal	Equity instruments	Debt instruments Corporate bonds	Subtotal	
Book value (net) at 31-12-2012	158.002	4.630	162.632	266.325	49.272	315.600	478.232
Acquisitions	18.017	-	18.017	99.113	64	99.177	117.194
Sales	(1.100)	-	(1.100)	(69)	(11.454)	(11.522)	(12.622)
Gains / (losses) recognised as a charge to results - alienated instruments	-	-	-	(1)	(179)	(180)	(180)
Gains / (losses) recognised as a charge to results - portfolio instruments	(21)	(64)	(84)	167	3	170	86
Impairment for the period	-	-	-	(2.287)	-	(2.287)	(2.287)
Gains / (losses) recognised as a charge to fair value reserves	-	-	-	13.445	1.363	14.808	14.808
Other	43	-	43	578	(291)	287	330
Book value (net) at 30-06-2013	174.941	4.567	179.508	377.272	38.778	416.052	595.560

At 30 June 2013 and 31 December 2012, a positive shift of 100 bp on the interest rate curve used to discount estimated future flows on debt instruments measured by internal models, would result in a decrease of around €470 thousand and €147 thousand in their fair value and revaluation reserves, respectively.

<u>Debt instruments of financial and non-financial entities</u>

Whenever possible, securities are valued at market prices, based on an internally developed algorithm. This algorithm endeavours to obtain the most appropriate price for each security in accordance with a hierarchy of contributors defined internally by CGD. Price changes are analysed on a daily basis to monitor the quality of the prices used.

There are several securities for which market prices cannot be obtained: assets classified at levels 2 and 3. The prices of these securities are obtained from the use of internal/external theoretical measurements. In general, the valuations include discounted future cash flows projections. The forecast may be the result of a reasonably complex model ranging from the simple discounted cash flows resulting from forward rates (obtained from the most adequate interest rate curve, which, in turn, is constructed by the use of money market and swap rates, with the money market part being adjusted by future interest rate prices or FRAs to a CLO (collateralised loan obligations) cascade payment (projected on the basis of information disclosed in Investor Reports).

For discount purposes, internal valuations use a listed credit curve referring to the issue's currency/sector/rating trinomial to consider the risk attached to each issue. The segmentation between levels 2 and 3 is basically associated with the origin of the rating considered: level 2 for ratings from agencies and level 3 for internal ratings.

Internal ratings are only used when there is no risk classification for the issue, issuer or guarantor. Level 2 also includes the valuations provided by stucturers, issuers or counterparties (external measurements).

In general, the input used for internal measurements are obtained from Bloomberg and Reuters systems.

Interest rate curves are calculated on money market rates and swap curves. In the case of euro, GBP and USD interest rates curves, an adjustment is made using the market price of interest rate futures and/or FRAs.

Equity instruments held in the venture capital business

Unlisted own equity instruments held in the venture capital business are valued by the following criteria:

i) Prices of significant transactions made by independent entities over the last six months;

ii) Multiples of comparable companies in terms of activity, size and profitability;

iii) Discounted cash flows;

iv) Settlement value corresponding to the net amount of an investee's assets;

v) Acquisition cost

At 30 June 2013 and 31 December 2012, the values of the curves for currencies with major exposure, were as follows:

	30-06-2013			31-12-2012		
	EUR	USD	GBP	EUR	USD	GBP
Overnight	0,0650	0,1500	0,4250	0,0100	0,3000	0,4250
1 month	0,0700	0,2100	0,4700	0,0600	0,3500	0,5300
2 months	0,1159	0,2700	0,5200	0,0947	0,4000	0,5400
3 months	0,1577	0,2936	0,5426	0,1290	0,4149	0,5600
6 months	0,2835	0,3061	0,5557	0,2351	0,3660	0,5505
9 months	0,3387	0,3307	0,5804	0,2504	0,3621	0,5512
1 year	0,4061	0,3583	0,6079	0,2781	0,3652	0,5544
2 years	0,6071	0,5120	0,7995	0,3790	0,4035	0,7076
3 years	0,7912	0,8280	1,0001	0,4727	0,4930	0,7696
5 years	1,2259	1,5705	1,5497	0,7714	0,8380	1,0197
7 years	1,5944	2,1520	2,0308	1,1317	1,2570	1,3665
10 years	2,0142	2,7090	2,5550	1,5753	1,7630	1,8749
15 years	2,3922	3,1810	2,9880	2,0184	1,9040	2,4388
20 years	2,4942	3,3465	3,1966	2,1715	2,2990	2,7458
25 years	2,5102	3,4210	3,2985	2,2203	2,5210	2,9084
30 years	2,5042	3,4610	3,3382	2,2413	2,6370	2,9885

Credit curve values are obtained from the Bloomberg system and assessed on prices of a series of securities complying with the currency/sector/rating trinomial. The values of the credit curve of the Portuguese and German governments, at 30 June 2013 and 31 December 2012, were as follows:

	30-06-2013		31-12-2012	
	Portuguese Government	German Government	Portuguese Government	German Government
3 months	0,7592	0,0085	1,1791	-0,0022
6 months	1,1006	0,0117	1,5485	-0,0022
9 months	1,4040	0,0266	2,0127	-0,0022
1 year	2,1529	0,0417	2,1441	-0,0022
2 years	3,2633	0,2011	3,3959	-0,0022
3 years	4,8051	0,3482	4,4682	-0,0022
5 years	5,4929	0,7645	5,2956	0,0462
7 years	6,0794	1,1471	6,4514	0,3132
10 years	6,3202	1,7331	6,7529	0,7502
15 years	6,5676	2,0393	6,8670	1,2968
20 years	6,5935	2,3005	6,8889	1,7265
25 years	6,6071	2,5008	6,8973	2,0333
30 years	6,6178	2,4842	6,9084	2,1204

The values of the Central Bank fixing are used in foreign exchange rates. The following table provides information on the foreign exchange rates pairings of several of the relevant currencies at 30 June 2013 and 31 December 2012:

	30-06-2013	31-12-2012
EUR/USD	1,308	1,3194
EUR/GBP	0,8572	0,8161
EUR/CHF	1,2338	1,2072
EUR/AUD	1,4171	1,2712
EUR/JPY	129,39	113,61
EUR/BRL	2,8899	2,7036

Market risk

Market risk is the risk of a change in the fair value or cash flows of financial instruments based on changes in market prices, including interest, foreign exchange and price risks.

Market risk assessment is based on the following methodologies:

. Value at Risk (VaR) on the following portfolios:

  . Trading portfolio – comprises securities and trading derivatives;

  . Own portfolio – comprises securities purchased for investment but which are currently with deleveraging purposes;

  . Investment portfolio – includes the remaining securities in Caixa's own portfolio, except for equity participation and securitised loans;

  . Treasury management – funding in the money market, derivatives associated with this activity and debt issues exposed to market risk.

The VaR analysis excludes financial instruments managed under the scope of the insurance activity.

. Sensitivity analysis on all financial instruments sensitive to interest rate risk recognised in CGD's and the following CGD Group units' separate financial statements:

. Caixa - Banco de Investimento;

. BCG Spain;

. BNU Macau;

. Sensitivity analysis on all financial instruments with optionality;

. Stress tests.

<u>VaR analysis – Market Risk</u>

VaR is an estimate of the maximum potential unrealised loss on a specific assets portfolio over a given timeframe, considering a given confidence level based on normal market patterns.

The calculation methodology is that of historical simulation, i.e. future events are totally explained by past events based on the following premises:

- assets holding period: 10 days (investment and own portfolios) and 1 day (trading portfolio and treasury management);
- confidence level: 99% (investment and own portfolios) and 95% (trading portfolio and treasury management);
- price sample period: 730 calendar days
- decay factor =1, i.e. all past observations carry the same weight.

The theoretical price for options is calculated by the use of adequate models and the use of implied volatility. Given the methodology used, correlations are not calculated but empirical.

The following is a breakdown of VaR at 30 June 2013 and 31 December 2012 (in thousand euros):

<u>Activity of Caixa Geral de Depósitos (head office and branches)</u>

Trading portfolio (VaR 95%, 1 day)

	30-06-2013	Maximum	Minimum	31-12-2012
VaR by type of risk				
Interest rate	7.368	11.252	5.591	10.123
Foreign exchange rate	99	1.361	45	134
Price	988	1.788	163	165
Volatility	-	2	-	-
Diversification effect	(399)	-	-	(282)
	8.056	11.821	5.743	10.139

Treasury management (VaR 95%, 1 day)

	30-06-2013	Maximum	Minimum	31-12-2012
VaR by type of risk				
Interest rate	4.065	8.374	4.065	8.437
Foreign exchange rate	2.209	3.869	849	1.504
Price	-	-	-	-
Volatility	-	-	-	-
Diversification effect	(2.273)	-	-	(1.749)
	4.001	8.216	3.706	8.192

Investment portfolio (VaR 99%, 10 days)

	30-06-2013	Maximum	Minimum	31-12-2012
VaR by type of risk				
Interest rate	206.246	206.246	131.278	152.665
Foreign exchange rate	146	520	1	99
Price	-	-	-	-
Volatility	-	-	-	-
Diversification effect	(151)	-	-	(61)
	206.242	206.242	131.312	152.703

Own portfolio (VaR 99%, 10 days)

	30-06-2013	Maximum	Minimum	31-12-2012
VaR by type of risk				
Interest rate	453	513	453	477
Foreign exchange rate	116	4.355	19	117
Price	2.192	4.208	1.620	3.832
Volatility	-	-	-	-
Diversification effect	(682)	-	-	(605)
	2.079	4.198	2.023	3.821

Investment banking activity

Caixa - Banco de Investimento (VaR 99%, 10 days)

	30-06-2013	Maximum	Minimum	31-12-2012
VaR by type of risk				
Interest rate	19.775	92.665	17.132	27.291
Foreign exchange rate	539	2.150	26	855
Price	81	382	40	72
Volatility	527	551	436	451
Diversification effect	(1.246)	-	-	(1.189)
	19.677	93.301	17.044	27.481

Total VaR refers to the combined effect of interest rate, price, foreign exchange rates and volatility.

40. NOTE ADDED FOR TRANSLATION

The accompanying financial statements are a translation of financial statements originally issued in Portuguese in accordance with generally accepted accounting principles in Portugal. In the event of discrepancies, the Portuguese version language version prevails.

18. EBA REPORTS

ADOPTION OF FINANCIAL STABILITY FORUM (FSF) AND COMMITTEE OF EUROPEAN BANKING AUTHORITY (EBA) RECOMMENDATIONS ON TRANSPARENCY OF INFORMATION AND ASSETS MEASUREMENT

Bank of Portugal Circular Letter 97/2008/DSB of 03 December

I.	Business Model	
1.	Description of business model (i.e. reasons for the development of activities/businesses and their respective contribution to the value creation process) and, if applicable, the changes made (e.g. as a result of the period of turmoil);	See **Board of Directors' Report 2012** - Chapters: • Message from Chairman • Strategy and business model See Corporate Governance Report**.**
2.	Description of strategies and objectives (including strategies and objectives specifically related with securitisation operations and structured products);	See I.1 above. See **Board of Directors' Report 1st half 2013** – Chapter: • Retail banking (on securitisation operations) See Annex to the Consolidated Financial Statements: Notes 13, 21 and 24, related to securitisation operations and structured products.
3.	Description of the importance of the activities performed and their respective contribution to the business (including a quantitative approach);	See **Board of Director's Report 2012** – Chapter: • Strategy and Business Model See **Board of Director's Report – 1st half 2013** – Chapters: • Main business area developments • Results, balance sheet, liquidity and solvency See Notes 27 and 38 of Annex to the Consolidated Financial Statements.

I.	Business Model	
4.	Description of the type of activities performed, including a description of the instruments used, their operation and qualification criteria with which the products/investments must comply;	See items I.1 to I.3 above. See **Board of Directors' Report 2012** – Chapter: • Risk management **Board of Director's Report – 1st half 2013** See Note 2.7. of Annex to the Consolidated Financial Statements.
5.	Description of the objective and amplitude of the institution's involvement (i.e. commitments and obligations assumed) for each activity performed;	See items I.1 to I.3 above.
II.	**Risks and Risk Management**	
6.	Description of the nature and amplitude of the risks incurred on activities performed and instruments used;	See **Board of Directors' Report 2012** – Chapter: • Risk management See Annex to the Consolidated Financial Statements: • Note 44: containing a detailed description of the financial risk management policies inherent to the group's activity, the monitoring thereof, maximum exposure to credit risk, credit quality, liquidity risk, interest rate risk, foreign exchange risk, market risk and VaR analyses and sensitivity to interest rate; • Note 45: describing risk management for insurance.
7.	Description of risk management practices relevant to the activities (particularly including liquidity risk in the present context), description of any fragilities/weaknesses identified and the corrective measures taken;	See II.6 above.

III.	Impact of period of financial turmoil on results	
8.	A qualitative and quantitative description of the results, particularly losses (when applicable) and impact of write-downs on results;	See **Board of Director's Report – 1st half 2013** – Chapter: • Results, balance sheet, liquidity and solvency See Notes 6, 8, 18 and 37 of Annex to the Consolidated Financial Statements.
9.	Breakdown of write-downs/losses by types of products and instruments affected by the period of turmoil, namely: commercial mortgage-backed securities (CMBS), residential mortgage-backed securities (RMBS), collateralised debt obligations (CDO), asset-backed securities (ABS);	**Board of Director's Report – 1st half 2013:** See Note 39 of Annex to the Consolidated Financial Statements, describing types of products and instruments affected by the period of turmoil.
10.	Description of the reasons and factors responsible for the impact;	See **Board of Director's Report – 1st half 2013,** namely in the following chapters: • Macroeconomic background • Results, balance sheet, liquidity and solvency See items III. 8 and III.9 above.
11.	Comparison of: i) impacts between (relevant) periods; ii) Financial statements before and after the impact of the period of turmoil;	See items III.8 to III.10 above.
12.	Breakdown of "write-downs" between realised and unrealised amounts;	**Board of Director's Report – 1st half 2013:** See items III.8 to III.10 above, particularly Note 39 of Annex to the Consolidated Financial Statements.
13.	Description of the influence of the financial turmoil on the entity's share prices;	N.A.

III.	**Impact of period of financial turmoil on results**	
14.	Disclosure of maximum loss risk and description of how the institution's situation could be affected by the prolongation or worsening of the period of turmoil or market recovery;	See **Board of Director's Report – 1st half 2013**, namely the following chapter: • Main risks and uncertainties in second half 2013 See item III.10 above.
15.	Disclosure of impact of the evolution of the spreads associated with the institution's own liabilities on results in addition to the methods used to determine this impact;	See **Board of Director's Report – 1st half 2013** – Chapter: • Results, balance sheet, liquidity and solvency Liabilities issued by CGD Group are recognised at amortised cost.
IV.	**Levels and types of exposures affected by the period of turmoil**	
16.	Nominal (or amortised cost) and fair value of "live" exposures;	See **Board of Directors' Report 2012:** • Risk management **Board of Director's Report – 1st half 2013:** See Annex to the Consolidated Financial Statements: • Note 2.7 • Note 39, setting out a comparison between the fair and book value of assets and liabilities recognised at amortised cost.
17.	Information on credit risk mitigating factors (e.g. credit default swaps) and respective effect on present exposures;	**Board of Directors' Report 2012:** See Annex to the Consolidated Financial Statements: • Note 45: describing risk management for insurance. **Board of Director's Report – 1st half 2013:** See Annex to the Consolidated Financial Statements: • Note 2.7, describing the accounting policies for derivatives and hedge accounting. • Note 11 • Note 39

IV.	Levels and types of exposures affected by the period of turmoil	
18.	Detailed disclosure of exposures, broken down by: -Level of seniority of exposures/tranches held; -Level of credit quality (e.g. ratings, vintages); -Geographic areas of origin; -Sector of activity; -Origin of exposures (issued, retained or acquired); -Product characteristics: e.g. ratings, weight/proportion of associated sub-prime assets, discount rates, spreads, finance; -Characteristics of underlying assets: e.g. vintages, loan-to-value ratio, credit rights; weighted average life of underlying asset, presuppositions on the evolution of prepayment situations, expected losses.	**Board of Director's Report – 1st half 2013:** See Note 39 of Annex to the Consolidated Financial Statements.
19.	Movements occurring in exposures between relevant reporting periods and reasons underlying such changes (sales, write-downs, purchases, etc.)	See items III.8 to III.15 above.
20.	Explanations of exposures (including "vehicles" and, in this case, respective activities) which have not been consolidated (or which have been recognised during the crisis) and associated reasons;	N.A.
21.	Exposure to monoline type insurance companies and quality of insured assets: - Nominal amount (or amortised cost) of insured exposures in addition to the amount of credit protection acquired; - Fair value of "live" exposures and respective credit protection; - Value of write-downs and losses, split up between realised and unrealised amounts; - Breakdown of exposures by rating or counterparty	CGD does not have any exposure to monoline type insurance companies.

V.	Accounting policies and valuation methods	
22.	Classification of transactions and structured products for accounting and respective processing purposes.	**Board of Director's Report – 1st half 2013:** See Note 2 of Annex to the Consolidated Financial Statements, setting out a description of the financial instruments and how they are processed in the accounts.
23.	Consolidation of Special Purpose Entities (SPEs) and other "vehicles" and their reconciliation with the structured products affected by the period of turmoil.	N.A.
24.	Detailed disclosure of the fair value of financial instruments : - Financial instruments at fair value; - Fair value ranking (breakdown of all exposures measured at fair value in the fair value ranking and breakdown between liquid assets and derivative instruments in addition to disclosure of information on migration between ranking levels); - Processing of "day 1 profits" (including quantitative information); - Use of fair value option (including conditions of use) and respective amounts (with an adequate breakdown);	**Board of Director's Report – 1st half 2013:** See Notes 7, 8 and 39 of Annex to the Consolidated Financial Statements. See item IV.16 above, particularly the presentation of the determination of the fair value of the financial instruments.
25.	Description of modelling techniques used to value financial instruments, including information on: - Modelling techniques and instruments on which they are applied; - Valuation processes (particularly including the assumptions and inputs upon which the models are based); - Types of adjustment applied to reflect the modelling risk and other valuation uncertainties; - Sensitivity of fair value (namely changes to assumptions and key inputs); - Stress Scenarios.	**Board of Directors' Report 2012:** See Note 45 of Annex to the Consolidated Financial Statements: **Board of Director's Report – 1st half 2013:** See Note 2.7 of Annex to the Consolidated Financial Statements, setting out information and processes applied by CGD in the valuation of financial instruments.
VI.	**Other relevant disclosure aspects**	
26.	Description of disclosure policies and principles used for reporting disclosures and financial reporting.	**Board of Director's Report – 1st half 2013:** See Note 2 of Annex to the Consolidated Financial Statements.

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Caixa Geral
de Depositos