CGD REPORTS

ANNUAL REPORT 2013

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Caixa Geral de Depósitos

Caixa Geral de Depósitos, S.A. • Head Office: Av. João XXI, 63 – 1000-300 Lisboa • Share Capital EUR 5,900,000,000 • Registered with the Lisbon Companies Registry and Tax Payer no. 500 960 046

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ÍNDICE

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1 Board of Directors' Report

1.1. Message from the Chairman and CEO of Board of Directors

During the course of 2013, Caixa Geral de Depósitos Group faced renewed challenges to which it endeavoured to find the best responses, in promptly and flexibly adapting to a new social and economic paradigm shift in Portugal, whose signs of transformation gradually increased in visibility.

"Renewal" and "preservation" are probably two of the best nouns to characterise CGD's attitude to this present context of profound changes in the behaviour of economic agents and the workings of the economy.

Management of CGD's activity, in all segments, and its business model, increasingly geared to a corporate approach, have been the object of a visible renewal process with the aim of guaranteeing that the proposed new targets are also fully met.

The route taken to achieve such fulfilment is naturally part of a highly rigorous framework, preserving what have always been CGD's major values and strategic guidelines, increasingly present in the recent environment of difficulties that the economy and the Portuguese have had to face.

Caixa therefore continues to be the Bank for all Portuguese, households and corporates, with its proactive offer of solutions to meet current needs and objectives, reflecting economic agents' remarkable capacities to adjust to an economic environment which, over the last few years, has been very difficult and demanding.

It is therefore in a context of economic and social revitalisation that Caixa continues to transform itself, reinventing and positioning itself as the Bank that is helping the economy (and Portuguese) to steer a new course.

The promotion of savings and support for households, financing of those productive sectors which make the largest contribution to the sustained recovery of the economy, boosting international business, always pursuant to a rigorous risk control system and efficiency improvements, continued to be fundamental strategic thrusts, in 2013, and it is crucially important that they should be maintained in this and future years.

CGD has therefore maintained its undisputed, traditional dominance in terms of resource-taking while, at the same time, and for the fifth consecutive year increasing its market share of loans and advances to companies. In its endeavours to be the bank of choice of the best Portuguese companies, CGD achieved pole position in several important lines of credit, promoting the activities of the most dynamic SMEs with the highest potential, in 2013.

We have not, however, come to the end of the road which represents a decisive challenge for CGD Group which aims to achieve its market shares of business with companies whose values are in conformity with the natural ambition of a Bank which is the country's benchmark financial operator.

Similarly and equally important, is the Group's concentration trajectory in terms of its core activity, i.e. the banking business. This has resulted in significant disposals, such as its divestment in the healthcare segment and insurance activity (in progress) in addition to other divestments in different sectors of economic activity in which CGD still had a relevant position.

CGD's Restructuring Plan, submitted by its shareholder to DGComp and, in May 2013, the Mission letter which was also submitted by the Portuguese State, confirmed these guidelines which have been part of CGD's strategy over the past few years.

As a historic benchmark, in the financial sector and the country, CGD plays a role in the lives of Portuguese citizens, in its continuous commitment to the construction of a sustainably more prosperous country.

In the adoption of its management policies, CGD has always considered its investment in the future, which is visible in its actions in the domains of environmental management and promotion of education and culture, while, in parallel, internally encouraging the civic intervention and community involvement of its employees who, together with its customers, are one of the Group's most valuable assets.

CGD Group – Consolidated Operations

1.2. Highlights

(EUR million)

BALANCE SHEET	2010	2011	2012 (*)	2013
Loans and advances to customers (gross)	84,517	81,631	78,950	74,587
Securities investments (**)	30,547	25,176	19,611	19,502
Customer resources	67,680	70,587	66,985	67,824
Debt securities	19,307	14,923	11,799	8,791
Shareholders' equity	7,735	5,324	7,280	6,821
Net assets	125,757	120,642	119,280	112,963
INCOME STATEMENT				
Net interest income including income from equity instruments	1,613	1,832	1,357	931
Non-interest income	978	611	942	770
Technical margin on insurance operations	509	470	4	4
Operating Costs	1,903	1,776	1,350	1,394
Net operating income	3,099	2,913	2,303	1,704
Gross operating income	1,138	1,138	954	310
Income before tax	370	-545	-422	-674
Net income	255	-488	-395	-576
RATIOS				
Core Tier I (Bank of Portugal)	8.8%	9.5%	11.6%	11.7%
Core Tier I (EBA)	n.a.	n.a.	9.4%	9.4%
Tier I (Bank of Portugal)	8.9%	9.0%	11.2%	11.3%
Solvency ratio (Bank of Portugal)	12.3%	11.6%	13.6%	13.3%
Loans-to-deposit ratio	136.0%	122.2%	112.0%	103.6%
Credit at risk/total credit (1)	4.2%	6.9%	9.4%	11.3%
Non-performing credit/total credit (1)	3.1%	4.3%	6.4%	7.5%
Overdue credit/total credit	2.9%	3.9%	5.7%	6.6%
Restructured Credit / Total Credit	n.a.	n.a.	n.a.	8.0%
Restruc. Cred. not included in Cred. at Risk / Total Cred.	n.a.	n.a.	n.a.	4.8%
Accumulated impairment/overdue credit	105.3%	105.0%	92.8%	91.0%
Accumulated impairment/credit overdue for more than 90 days	117.4%	116.5%	100.5%	99.9%
Cost-to-income (consolidated operations) (1)	63.3%	60.8%	58.5%	81.5%
Gross return on equity – ROE (1)	5.0%	-8.1%	-6.5%	-9.4%
Return on equity after tax – ROE (1)	4.1%	-6.4%	-5.3%	-7.1%
Gross return on assets – ROA (1)	0.3%	-0.4%	-0.4%	-0.6%
Return on assets after tax – ROA (1)	0.2%	-0.4%	-0.3%	-0.4%
Net operating income / Average net assets (1)	2.48%	1.44%	1.95%	1.50%

OTHER INDICATORS	2010	2011	2012 (*)	2013
Branches	1,326	1,351	1,311	1,277
Portugal (2)	864	860	848	805
Abroad	462	491	463	472
Representative offices (3)	10	11	12	12
Employees (4)	23,083	23,205	21,974	19,601
CGD Portugal	9,672	9,509	9,401	9,049
Other banking institutions	5,029	5,531	5,484	5,781
Insurance companies	3,559	3,463	3,411	3,378
Financial companies	368	368	411	421
Other activities	4,455	4,334	3,267	972
RATINGS (LONG/SHORT TERM)				
Moody's	A1/P-1	Ba2/NP	Ba3/NP	Ba3/NP
Standard & Poor's	A-/A-2	BB+/B	BB-/B	BB-/B
FitchRatings	A/F1	BB+/B	BB+/B	BB+/B
DBRS		BBB R-2 (high)	BBB (low) R-2 (mid)	BBB (low) R-2 (mid)

(*) The amounts relating to 2012 are pro forma as they include Caixa Seguros e Saúde, SGPS subsidiaries (Fidelidade, Multicare and Cares) as non-current assets held for sale, with the integration of jointly owned entities using the equity accounting method.
(**) Includes assets with repo agreements
(1) Indicator calculated in accordance with Bank of Portugal instructions.
(2) Includes self-service branches.
(3) Includes presence in Algeria, at approval stage.
(4) Does not include CGD employees in the CGA Support Department or employees engaged on public service secondment or in other situations. In 2012 and 2013 does not include Locarent and Esegur employees (companies now integrated by the equity accounting method in 2013).

CGD's Restructuring Plan was approved by DG Comp in July 2013. The Plan reinforced the Group's strategy of concentrating on its banking activity and its continued backing of the Portuguese economy, both households and companies.

Approval of Restructuring Plan

At 31 May 2013, the Portuguese State, as CGD's shareholder, disclosed the contents of its Mission Letter establishing CGD's following priority for the three year period 2013-2015:

Portuguese State's Mission Letter

" (...) reorientate its loans portfolio (...) aiming to contribute towards the internationalisation of Portuguese companies and improve exporting capacity. (...) contributing to structural changes in the Portuguese economy, more geared to tradable goods."

Both reinforce CGD's strategy

CGD Group maintained its strategic funding guidelines for the Portuguese economy, in 2013, particularly focusing on the SME (small and medium-sized enterprises) segment and especially those geared to the tradable goods and services sector. To facilitate the access of Portuguese companies to other markets, CGD has strengthened its links with regions in which the Group has an international presence, notably Asia, Africa and Europe.

Market share of lending to companies: a continuing increase over the last 5 years

Playing a fundamental role in terms of financing and actively revitalising the Portuguese economy, CGD has continued to increase its market share of loans and advances to companies, which was up from 17.3% to 18.1% between December 2012 and December 2013. This growth is in line with the trajectory noted over the last five 5 years in which the referred to market share was up 3.3 percentage points (pp) from 14.8% to 18.1%.

This has been complemented by CGD's operations as the bank for Portuguese households, savings promotion and its consistent backing of respective investment decisions.

The customer deposits trend also remained positive (up 1.3%) over December 2012, to €67,623 million of which more than 70% comprised term and savings deposits. CGD remains the undisputed leader in terms of its market share of customer deposits, with 32.6% of the individual customers segment.

Sustained growth in deposits

The international branch office network continues to make a highly significant contribution to total savings with deposits up 9.3% over December 2012, to €14,557 million, Special reference should be made, by geographies, to the East (up 20.9%), Lusophone Africa (up 10.7%) and Spain (up 5.6%).

Total customer resources were up 1.3% to €67,824 million.

Deposits contributed with 78% to total financing

CGD has a highly robust financing structure (unique in the domestic financial system) with retail operations contributing around 78% of total resources of which 87% comprise customer deposits (2/3 term and savings).

Following an absence of almost three years, CGD returned to the capital markets, reopening the covered bonds segment in January 2013, with a 5 year maturity issue of €750 million at a coupon rate of 3.75% and a spread of 285 basis points over the mid-swaps rate. Market recognition of CGD's credit quality was once again confirmed, in 2014, with another covered bonds issue for the same amount and maturity at a coupon rate of 3% and a spread of 188 bp. Within a year, CGD accordingly used covered bonds to reduce its financing spread by around 100 bp.

New covered bonds issue confirms investors' strong appetite for CGD's credit

Bonds were subscribed for by a large number of mainly high quality investors.

Borrowings from the ECB were significantly down by €2,080 million in comparison to the December 2012 figure of €8,415 million to €6,335 million at the end of December 2013. CGD Group's eligible assets pool totalled €17,099 million at the end of 2013. Total available assets at the end of 2013 were €10,701 million

Reduction of 2 billion in ECB financing

Net interest income, including income from equity instruments was down 31.4%, originating both from net interest income (down 30.8%) and income from equity instruments (down 38.4%) Contributory factors to this evolution were the persistence of low, short term interest rates and the costs associated with CoCo bonds. Another factor to be taken into consideration is that Portuguese economic agents have as yet to recoup their investment. The performance of financial operations remained very positive in contributing €267.1 million to results.

Less marked reduction in the deterioration of net interest income

Provisions and impairment continued to reduce (following their 2011 peak), both on a level of credit and other assets, to €1,125 million at the end of 2013 (down 23.7% over the end of the preceding year).

CGD furthered its policy of rationalising and improving its operational efficiency. Excluding extraordinary factors deriving from the restructuring in Spain and the restoring of holiday and Christmas subsidies, CGD would have reduced its staff costs by 3.2% in 2013 (against an increase of 7.9%). With the elimination of these effects, there would not have been any changes in the downwards trajectory of structural costs recorded over the last few years. These effects contributed to a 3.3% accounting increase of €44.5 million in terms of CGD Group's structural costs.

Continuation of reduction of provisions and impairment costs

International activity made a visible contribution to the Group's consolidated results. This was particularly the case of units located in highly dynamic geographies such as Asia and Africa (with a joint contribution of €92.6 million, up 11.4% over 2012), in addition to the France branch with €23.4 million. Excluding Spain (which is currently being restructured) international operations accounted for €99.2 million in terms of consolidated results.

Rationalisation and improvement of operational efficiency policy

CGD posted consolidated net losses of €575.8 million in 2013, against losses of €394.7 million in 2012.

The cost of credit risk (credit impairment for the period/average gross credit balance ratio) was 1.06% in December 2013 lower than 1.24% in December 2012.

Leadership of credit lines to companies with the highest export potential

CGD's growing involvement in the corporate segment was particularly noticeable in the SME segment, with a greater growth and contributory potential to the restructuring of the Portuguese business fabric, as shown by its leadership in terms of the *PME Crescimento* (SME Growth) with 19.2%, PME Invest *(SME Invest)* with 19.1% and *Investe QREN* (SRF Invest) lines of credit, with a market share of 45.8%.

In the mortgage lending segment and in compliance with its mission of backing households, in addition to incentivising savings, CGD has also continued to back the purchase of own homes, in which a positive year-on-year change of around 6.7% in new mortgage lending operations was recorded, in 2013.

Continued support for mortgage loans

1.3. Group Overview

1.3.1. EQUITY STRUCTURE

Caixa Geral de Depósitos' capital is owned by the Portuguese State as its sole shareholder. Share capital, at 31 December 2013 totalled €5 900 million.

1.3.2. MILESTONES

1876 Formation of Caixa Geral de Depósitos, under the aegis of the *Junta de Crédito Público*, for the essential purpose of taking in mandatory deposits required by the law or the courts.

1880 Formation of Caixa Económica Portuguesa, to receive and administer the deposits of the less moneyed classes which underwent a *de facto* merger with CGD in 1885.

1896 CGD is spun off from the *Junta de Crédito Público*. The *Caixa de Aposentações* for salaried workers and the *Monte da Piedade Nacional*, for pawnbroking operations are created under CGD administration.

1918 CGD starts to perform general credit operations.

1969 CGD, up to the said date, a public service, governed by the State's administrative rules, becomes a state-owned public limited liability company.

1975 Formation of Paris branch.

1982 Formation of the Locapor and Imoleasing leasing companies. The following years witness the formation of real estate fund managers Fundimo (1986) and unit trust fund company Caixagest (1990), with controlling interests in the brokerage companies Sofin (1998) and consumer credit company Caixa de Crédito (2000).

1988 Creation of Caixa Group as the majority shareholder in Banco Nacional Ultramarino and Companhia de Seguros Fidelidade.

1991 Acquisition of Banco da Extremadura and Chase Manhattan Bank España, in Spain, with a name change to Banco Luso-Español.

1992 Acquisition of a stake in the venture capital company Promindústria, giving rise to the Caixa Investimentos investment company, in 1997.

1993 CGD becomes an exclusively state-owned public company confirming its status as a universal bank operating in a fully competitive regime, without prejudice to being particularly geared to the formation and taking-in of savings and providing support to the development of the country.

1995 Acquisition of Banco Simeón in Spain.

1997 Formation of new Banco Comercial de Investimentos de Moçambique.

1998 Formation of HPP – Hospitais Privados de Portugal, later to become CGD Group's healthcare arm.

2000 Acquisition of Mundial Confiança insurance company and Banco Totta & Comercial Sotto Mayor de Investimentos, SA, later to become Caixa Banco de Investimento.

2001 Opening of East Timor Branch.

The Paris branch is assimilated with Banque Franco Portugaise to create the France branch.

2002 Rationalisation and consolidation of the commercial banks in Spain, in the form of a merger between Banco Luso Espanhol, Banco da Extremadura and Banco Simeón

2004 With its acquisition of the Império Bonança insurance company, in 2004, CGD Group becomes the domestic insurance sector leader.

CGD takes a controlling interest in Mercantile Lisbon Bank Holding in South Africa in the form of a capital increase.

2006 Banco Simeón changes its name to Banco Caixa Geral.

2008 Formation of Parcaixa (share capital of EUR 1 billion: 51% CGD and 49% Parpública).

Creation of Caixa Geral de Depósitos Foundation – Culturgest.

Caixa Seguros becomes Caixa Seguros e Saúde, SGPS, SA following a reorganisation of the said business areas, with the transfer of the HPP universe from Fidelidade-Mundial's balance sheet to the Caixa Seguros balance sheet.

2009 Resumption of the Group's presence in Brazil through the start-up of Banco Caixa Geral Brasil.

Equity investment in Banco Caixa Geral Totta de Angola, in which CGD and Santander Totta have a controlling interest of 51%.

2010 Exercising of the 1% purchase option on the share capital of Partang, SGPS, holding 51% of the share capital of Banco Caixa Geral Totta Angola (BCGTA), with CGD Group now having a controlling interest in the holding company and an indirect interest in the bank itself.

Agreement for the acquisition of 70% of the capital of Banif Corretora de Valores e Câmbio ("Banif CVC") by CGD Group.

Obtaining of authorisation for the formation of Banco para Promoção e Desenvolvimento (BPD) in Angola, with an initial capital of €1 billion, owned on a 50/50 basis by CGD and Sonangol Groups.

Formation of Banco Nacional de Investimento (BNI), in Mozambique, whose capital is 49.5% held by CGD, 49.5% by the State of Mozambique via the Directorate General for the Treasury and 1% by Banco Comercial e de Investimentos (CGD Group).

2011 Formation of Universal Seguros, in Angola, with a 70% equity investment by Caixa Seguros e Saúde and the remaining 30% held by Angolan partners.

2012 Merger between the Fidelidade-Mundial and Império Bonança insurance companies, with the latter having been incorporated into the former and simultaneous change of corporate name to Fidelidade-Companhia de Seguros.

Completion of sale of HPP – Hospitais Privados de Portugal

Signing of contracts for the acquisition of an equity stake in Banif Corretora de Valores e Câmbio, with a name change to CGD Investimentos Corretora de Valores e Câmbio ("CGD Securities").

Signature of purchase and sales contract for CGD's disposal of its equity investment in Banco Nacional de Investimento (BNI).

Start of insurance activity's privatisation process.

Repurchase of all equity stakes held by third parties in Mercantile Bank Limited, with CGD holding the full amount of the bank's share capital.

2013 Caixa Seguros e Saúde's sale of HPP - Hospitais Privados de Portugal to Brazilian healthcare Group Amil Participações.

Sale of CGD's equity stake in Banco para a Promoção e Desenvolvimento (BPD) to Sonangol Group.

1.3.3. DIMENSION AND RANKING OF GROUP

CGD Group retained its domestic market lead in the main business areas in which it operated, in 2013, as shown in the following table.

CGD Group has maintained its lead of the domestic market in its main business areas

MARKET SHARES IN PORTUGAL

	Dec 2012		Dec 2013	
Banking	Share	Ranking	Share	Ranking
Assets (net) [a]	31.8%	1st	31.4%	1st
Loans and advances to customers [b]	21.3%	1st	21.6%	1st
Loans and advances to companies	17.3%	1st	18.1%	1st
Loans and advances to individual costumers	23.6%	1st	23.7%	1st
Mortgage loans	26.6%	1st	26.5%	1st
Customer deposits [b]	28.1%	1st	27.6%	1st
Individual customers' deposits	32.7%	1st	32.6%	1st
Insurance [c]	29.3%	1st	26.9%	1st
Life Insurance	31.0%	1st	27.2%	1st
Non-life Insurance	26.4%	1st	26.1%	1st
Specialised credit [d]				
Property leasing	13.0%	3rd	12.3%	3rd
Equipment leasing	14.0%	1st	15.4%	1st
Factoring	9.0%	5th	8.7%	4th
Asset management				
Unit trust investment fund (FIM) [e]	25.0%	1st	26.3%	1st
Property investment fund (FII) [e]	13.0%	1st	11.8%	2nd
Pension fund [f]	15.7%	2nd	16.6%	2nd
Wealth management [e][g]	37.3%	1st	35.9%	1st

(a) Considering the consolidated operations of the five largest Portuguese banking system groups.

(b) Source: Bank of Portugal (Monetary and Financial Statistics). Credit includes securitised operations

(c) Source: Portuguese Insurance Institute. Activity in Portugal.

(d) Source: ALF (Portuguese Leasing and Factoring Association).

(e) Source: APFIPP (Portuguese Investment Funds, Pensions and Wealth Association)

(f) Source: Instituto de Seguros de Portugal (Portuguese Insurance Institute)

(g) Includes: Pension funds managed by CGD Pensões.

Global market share of loans and advances to customers up from 21.3% to 21.6%:

- Market share of corporate lending up from 17.3% to 18.1%
- Market share of 26.5% in mortgage loans

Market share of 27.6% in deposits and 32.6% in the individual customers' segment

Caixa Seguros e Saúde remains the undisputed leader of the domestic insurance sector with a global market share of 26.9%

CGD's market share of loans and advances to customers was up from 21.3% in December 2012 to 21.6% at the end of 2013, reflecting the increase in its market share of loans and advances to companies from 17.3% to 18.1%. The mortgage lending share remained unchanged at 26.5%.

Its market share of customer deposits, in 2013, was 27.6%, reaffirming its leading position in Portugal, particularly in the individual customers segment with 32.6%.

Caixa Leasing e Factoring (CLF) continues to come in 1st position in the equipment leasing segment with a market share of 15.4%

Caixa Seguros e Saúde continued to be the undisputed domestic insurance market leader with an overall market share of 26.9%, comprising a volume of direct insurance premiums (including resources taken under insurance contracts) of €3 523 million, both in the case of life (27.2%), and non-life insurance (at 26.1%, more than double the amount of its closest competitors)

In the leasing area Caixa Leasing e Factoring (CLF) retained its top position in the equipment leasing sector with a market share of 15.4%. The contraction of turnover in terms of real estate leasing operations translated into a reduction of CLF's market share from 13% in 2012 to 12.3% in 2013. The company came in fourth position in the factoring sector ranking with a market share of 8.7%.

Caixa Gestão de Ativos:

- Caixagest (market share of 26.3% in securities fund management and 35.9% for portfolio fund management)
- Fundger (market share of 11.8%)
- CGD Pensões (market share of 16.6%)

CGD Group also came in a leading position in terms of unit trust investment funds management, with Caixagest also retaining a leading position in the market, with a market share of 26.3%. In the pension funds management area CGD Pensões increased its market share to 16.6%, in 2013, retaining second place in the ranking by asset volumes. Lastly, Caixagest retained its market lead of the portfolio management market, centred on the mandates of major institutional customers with a share of 35.9%

CaixaBI once again reaffirmed its leadership of the domestic investment banking area, based on its involvement in the most relevant transactions in Portugal, in 2013, topping the sector rankings and winning the most important international distinctions, particularly including the “Best Investment Bank in Portugal 2013” from International Finance, Global Banking & Finance Review and World Finance magazines.

As regards its international presence, the Group enjoys a leading position both on account of the highly relevant dimension of its market share (Cape Verde, Mozambique, São Tomé e Príncipe and Timor) as well as its status and brand recognition (Macau, Cape Verde, Timor, São Tomé e Príncipe, Mozambique and Angola). Special reference should be made to Banco Comercial de Investimentos (Mozambique) which was considered "The Best Commercial Bank 2013 - Mozambique" for the 3rd consecutive time

CaixaBI distinguished as the “Melhor Banco de Investimento em Portugal 2013” (Best Investment Bank in Portugal 2013), reaffirming its lead

1.3.4. STRUCTURE OF CGD GROUP - RECENT DEVELOPMENTS

CGD Group furthered its strategy of focusing on core activity, in 2013, reducing its exposure to other activities/sectors, through its concomitant disposal of equity investments in other business areas, in accordance with the Economic and Financial Assistance Programme.

2013 was marked by the following changes to CGD Group's structure and composition and following events:

BCA (Cape Verde) and BISTP (São Tomé e Príncipe) have dominant market shares

- Completion of Caixa Seguros e Saúde, SGPS, SA's sales process on HPP - Hospitais Privados de Portugal, SGPS, SA to Brazilian Group Amil;
- Privatisation of the Group's insurance area, with the following relevant events:
  - Decree Law 80/2013, setting out the rules governing the disposal of the equity capital of companies Fidelidade-Companhia de Seguros, SA, Multicare-Seguros de Saúde, SA and Cares-Companhia de Seguros, SA or the company or companies with a direct or indirect holding of all or a part of their respective assets, was published in June;
  - Fidelidade’s share capital was reduced from €605 million to €381 million in September and from €800 million to €460 million in the case of Caixa Seguros. Fidelidade also paid off a Caixa Seguros subordinated loan of €76.6 million;

- In January 2014, the Council of Ministers selected Fosun International Limited for the acquisition of 80% of Fidelidade's share capital from Caixa Seguros, (which may increase to 85%, considering all of the shares in the public offer for sale on 5% of Fidelidade's capital to workers which are not sold in the sphere thereof), 80% of the share capital of Multicare and 80% of the share capital of Cares, for a global amount of €1 billion.
- Disposal of the full amount of CGD's equity stake in Banco para a Promoção e Desenvolvimento (BPD) to Sonangol Group, following the understanding reached between the governments of the Republics of Angola and Portugal;

- CGD sold off its 6.11% equity stake in Portugal Telecom, SGPS, SA, in November, as part of its non-strategic assets disinvestment strategy and fulfilment of the Group's Restructuring Plan;
- In the domestic branch office network sphere, high priority continued to be afforded to a proximity approach, further optimising installed potential and improving efficiency, strengthening the complementary nature of person-to-person services with a range of certifiably effective, automatic, online channels.

  This accordingly enabled a reduction of 56 physical and 7 corporate offices branches to be achieved on the domestic network, in 2013, in an environment of quality of service improvements.

  In the international sphere:

  - Authorisation was given for the Macau offshore branch to come into operation in February;
  - The incorporation process of CGD - Participações em Instituições Financeiras, Lta ("CGD PINF") into CGD Investimentos Corretora de Valores e Câmbio, SA ("CGD Securities") was completed in May;
  - New branches opened in France (1), Angola (4), Mozambique (4), Macau (4) and Timor (1);
  - The Group is undergoing a profound restructuring process in Spain, in the form of a major redimensioning and reorientation of its business model. The Group's presence in Spain, as Portugal's main trading partner, is crucial and of major potential in terms of its present business strategy in which the Iberian space is considered the Group's domestic market.
  - With these disposals, CGD continues to take significant steps to essentially concentrate on its banking business while simultaneously rationalising and improving the profitability of its activity.

CAIXA GERAL DE DEPÓSITOS GROUP (*)

	DOMESTIC		INTERNATIONAL	
COMMERCIAL BANKING	Caixa Geral de Depósitos, SA		Banco Caixa Geral (Spain)	99,8%
			Banco Caixa Geral (Brazil)	100,0%
			BNU (Macau)	100,0%
			CGD Subsidiária Offshore Macau	100,0%
			B. Comercial do Atlântico (Cape Verde)	59,3%
			B. Interatlântico (Cape Verde)	70,0%
			Mercantile Bank Hold. (South Africa)	100,0%
			Parbanca, SGPS	100,0%
			B. Com. Invest. (Mozambique)	51,3%
			Partang, SGPS	51,0%
			Banco Caixa Geral Totta (Angola)	26,0%
ASSET MANAGEMENT	Caixa Gestão de Activos, SGPS	100,0%		
	CaixaGest	100,0%		
	CGD Pensões	100,0%		
	Fundger	100,0%		
SPECIALISED CREDIT	Caixa Leasing e Factoring IFIC	51,0%	Promoleasing (Cape Verde)	60,3%
	Locarent	50,0%		
INVESTMENT BANKING AND VENTURE CAPITAL	Gerbanca, SGPS	100,0%	A Promotora (Cape Verde)	52,7%
	Caixa Banco de Investimento	99,7%	CGD Investimentos CVC (Brazil)	99,9%
	Caixa Capital	99,7%		
	Caixa Desenvolvimento, SGPS	99,7%		
INSURANCE AND HEALTHCARE	Caixa Seguros e Saúde, SGPS	100,0%	Garantia (Cape Verde)	65,4%
	Fidelidade - Companhia de Seguros	100,0%	Universal Seguros (Angola)	70,0%
	Via Directa Comp. De Seguros	100,0%		
	Cares Companhia de Seguros	100,0%		
	Companhia Port. de Resseguros	100,0%		
	Fidelidade Mundial, SGII	100,0%		
	GEP- Gestão de Peritagem Automóveis	100,0%		
	EAPS – E. Análise, Prev. e Seg.	100,0%		
	LCS - Linha de Cuidados de Saúde	100,0%		
	Multicare - Seguros de Saúde	100,0%		
AUXILIARY SERVICES	Caixatec- Tecnologias de Informação	100,0%	Inmobiliaria Caixa Geral (Spain)	100,0%
	Caixanet	80,0%		
	Imocaixa	100,0%		
	Sogrupo Sistemas Informação ACE	100,0%		
	Sogrupo Compras e Serviços Partilhados ACE	100,0%		
	Sogrupo IV Gestão de Imóveis ACE	100,0%		
	Caixa Imobiliário	100,0%		
OTHER PARTICIPATIONS	Parcaixa, SGPS	51,0%	La Seda Barcelona	14,2%
	Caixa Participações, SGPS	100,0%	Banco Internacional São Tomé e Príncipe	27,0%
	Wolfpart, SGPS	100,0%		
	TagusParque	10,0%		
	AdP Águas de Portugal, SGPS	9,7%		
	SOFID Soc. Financ. Desenv. IFIC	10,0%		
	Turismo Fundos, SGFII	33,5%		
	Floresta Atlântica, SGFII	11,9%		
	VAA - Vista Alegre Atlantis	4,5%		

(*) Percentage of effective participating interest

(**) Sold in March 2013

1.3.5. BRANCH OFFICE NETWORK

CGD Group's branch office network, at the end of the year, comprised 1,277 branches of which 805 in Portugal and 472 abroad.

CGD's branch office network in Portugal was down 43 units during the year to 737 physical branches (38 self-service branches) and 29 Corporate Offices at the end of 2013.

Branch office network:

- Portugal
  - CGD: 737 branches, 38 self-service branches and 29 Caixa Empresas offices
- Abroad
  - 472 branches and 12 representative offices

CGD GROUP BRANCHES

	Dec-12	Dec-13
CGD (Portugal)	847	804
Physical branches	793	737
Self-service branches	18	38
Corporate Offices	36	29
Caixa – Banco de Investimento (Lisbon+Madrid)	2	2
France Branch	47	48
Banco Caixa Geral (Spain)	172	167
Banco Nacional Ultramarino (Macau)	14	18
Banco Comercial e de Investimentos (Mozambique)	128	132
Banco Interatlântico (Cape Verde)	9	9
Banco Comercial Atlântico (Cape Verde)	33	33
Mercantile Lisbon Bank Holdings (South Africa)	15	15
Banco Caixa Geral Brazil	2	2
Banco Caixa Geral Totta de Angola	25	29
Other CGD Branch Offices	16	18
Macau Offshore Subsidiary	1	0
Total	**1,311**	**1,277**
Representative Offices (*)	**12**	**12**

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

Expansion of international branch office network in markets with the highest potential

The branch office network abroad recorded an increase of 9 units, particularly Banco Comercial e de Investimentos (Mozambique), Banco Caixa Geral Totta de Angola and Banco Nacional Ultramarino (Macau), which continue to expand with an increase of 4 units respectively.

INTERNATIONAL BRANCH OFFICE NETWORK

Europe			
Spain		**Germany**	
Banco Caixa Geral	167	CGD – Representative Office	1
Caixa Banco de Investimento	1	**United Kingdom**	
CGD – Spain Branch	1	CGD – London Branch	1
Fidelidade – Branch	1	**Luxemburg**	
France		CGD – Luxembourg Branch	2
CGD – France Branch	48	Fidelidade – Branch	1
Fidelidade – Branch	1	**Switzerland**	
Belgium		CGD – Representative Office	1
CGD – Representative Office	1	BCG – Representative Office	1
Madeira			
Offshore Branch	1		

América			
United States		**Venezuela**	
CGD – New York Branch	1	CGD – Representative Office	1
Mexico		BCG – Representative Office	1
BCG – Representative Office	1	**Canada**	
Brazil		CGD – Representative Office	1
Banco Caixa Geral Brasil	2	**Cayman Islands**	
CGD Investimentos	1	CGD – Cayman Islands Branch	1

Africa			
Cape Verde		**São Tomé e Príncipe**	
Banco Comercial do Atlântico	33	Banco Intern. S. Tomé e Príncipe	11
Banco Interatlântico	9	**Mozambique**	
Garantia	11	Banco Comercial e de Invest.	132
A Promotora	1	**Algeria**	
Angola		CGD – Representative Office (*)	1
Banco Caixa Geral Totta Angola	29	**South Africa**	
Fidelidade – Universal Seguros	1	Mercantile Bank	15

China – Macau		**China**	
Banco Nacional Ultramarino,SA	18	CGD – Zhuhai Branch	1
Macau Offshore Subsidiary	1	CGD – Xangai Representative Office	1
Fidelidade Mundial – Branch	2	**East Timor**	
India		CGD – East Timor Branch	9
CGD – Representative Office	2		

(*) Pending authorisation from the Algerian authorities

1.3.6. CAIXA BRAND

Caixa Geral de Depósitos is the Portuguese financial market's benchmark brand. It is the parent company of a modern financial group prepared to meet the needs and expectations of millions of customers in 24 countries.

In 2013, the brand was recognised and characterised by Portuguese consumers as having the best recognition factor as well as for its relevance to society, trust, strength, leadership, its status as a prestige benchmark organisation and its social and environmental responsibility.

CGD is the brand providing the strongest backing to the strategic sectors of the economy, culture and sustainability."

Source: *Brandscore* – Brand Barometer - 2013

"CGD Brand: a Benchmark in the Portuguese financial market"

Distinctions awarded to CGD Brand

The Caixa Geral de Depósitos brand was awarded the following distinctions, in 2013:

- Trustworthy Banking Brand for the 13th consecutive time (for 2012) - *Reader's Digest*;
- Banking Brand with the Best Reputation – *Reputation Institute*;
- *Most Valuable Portuguese Banking Brand* for the 6th consecutive year, with a brand value of €446 million – Brand Finance Banking 500 Ranking
- *Excellence* Brand for the 6th consecutive time – Superbrands;
- *Marcas que Marcam* ("Brands with a Difference") 2013 – winner of "Banks and financial institutions" category.

Distinctive Corporate Sustainability Programme in Portugal, afforded major international recognition

Distinctions in the Sustainability Area

Over the course of 2013 Caixa Geral de Depósitos was awarded several distinctions in recognition of its work on the Corporate Sustainability Programme, aligned with best international responsible business practice and social and environmental responsibility.

- Maximum (A) classification for its Carbon Disclosure Project having attained leading positions in the Climate Disclosure Leadership Index (CDLI) and Climate Performance Leadership Index (CPLI);
- Sectoral prize in the general ranking of the 5th edition of the Sustainable Development Prize 2012/2013 - *Heidrick & Struggles* and Diário Económico;
- Most Sustainable Bank in Portugal in 2012/2013 - *The New Economy*
- "Best in Class" company in the financial sector on an international level - Oekom

Recognition translates into added responsibility

Other Distinctions

- Marketeer Prizes - Banking Category
- Sapo Prizes - Gold for the Público Grand Prix and Gold for the Financial Sector - for Caixadirecta's Interactive Display Campaign app.
- The Best Mobile Banking App - *European Financial Management & Marketing Association*
- Positive Balance Site – Banking and Finance Sector – Financial Literacy Programme category prize

Caixa Geral de Depósitos and the Community

Education and Financial Literacy

Knowledge Promotion

- National Science Competitions 2013

  In 2013, as in past years, Caixa Geral de Depósitos sponsored the National Science Competitions, an initiative of the University of Aveiro for the divulgence and promotion of the exact and social sciences, with 15 thousand student participants from primary and secondary educational establishments nationwide, testing their knowledge of mathematics, biology, physics, Portuguese language, geology and, for the first time, financial literacy.

Knowledge and Financial Literacy Promotion:
- National Science Competitions;
- Saldo Positivo Programe Individual and Corporate Customers
- The Education+ Financial roadshow

Financial Literacy

- " Saldo Positivo"- Positive Balance

  The site was reformulated, in 2013, to – Positive Balance - Individual and Corporate Customers – in accordance with CGD's financial education programme, to guarantee correspondence between the production of financial contents and the financial concerns of households and companies in the current context.

  The site received more than 840 000 visits this year, up 36% over 2012.

- Education + Financial

  The Education+Financial roadshow aims to motivate children and young people to acquire essential knowledge and skills for conscious, informed and responsible decision-making on financial matters. This initiative is the result of an institutional partnership of many years between Caixa Geral de Depósitos and the University of Aveiro. A new image was created for the development of contents in 2013/2014, in the three modules:

  I – Money what for? – Geared to the 1st and 2nd primary education cycles. Objective: To provide younger people with a historic vision of the evolution of money and commercial exchanges.

  II – How should money be spent? – For the 3rd primary educational cycle. Objective: to raise young people's awareness of the importance of work, consumption decisions and savings habits.

  III – To buy or not to buy? – For secondary education students and the general public. Main issues: personal budgeting, use of loans, debt, multi and over indebtedness.

The 2012/2013 edition began in 2013 in Oliveira de Azeméis, on 8 January and was folowed by Albergaria, Condeixa, Pombal, Ourém, Proença-a-Nova, Elvas, Borba, Mafra, Baião, Vila Real de Santo António and Beja. It closed during the National Science Competitions in Aveiro from 22-24 April. The following, 2013/2014 edition was launched in conjunction with the 4th International Financial Education Conference, on 25 October. By the end of December it had visited Porto, Viana do Castelo, Covilhã, Moimenta da Beira, Lousã and Águeda.

The interactive exhibition, with its various contents and games, was accompanied by various conferences, talks and roundtables on financial issues. By the end of 2013, the Education+ Financial roadshow had received more than 67 000 visits.

Culture

CGD, Design and Architecture

The promotion of Design and Architecture, backing creation, innovation and value, with the aim of incorporating social, environmental and economic concerns, has been one of CGD's strategic objectives since 2009, with relevant projects such as *ExperimentaDesign* or the protocol entered into with the Order of Architects.

In the field of Architecture and the sustainable development of cities, reference should be made to Caixa's sponsorship of several Architecture Triennial initiatives and the protocol with the Order of Architects. This represents yet another protocol of cooperation in conjunction with several of the most important Orders and Professional Associations.

CGD Orchestras Project

CGD's Orchestras Project began in 2001 and consists of sponsoring the activity of various Portuguese orchestras and the promotion of Caixa Geral de Depósitos concerts for traditional classical and fusion music. Underlying this project reference should be made to new audiences, tastes, enjoyment of culture *en famille* and recognition of the importance of music in society.

59 musical events were organised, in 2013, in the sphere of partnerships with the Lisbon Metropolitan Orchestra, Northern Orchestra, Algarve Orchestra and the Classical Orchestra of Central Portugal. They included nationwide concerts and music workshops attended by more than 27 900 spectators.

Caixa Alfama Festival

CGD's association with this project translates its support for the best of what Portugal has, does and exports. It is an effective association with Portuguese and Portugal's cultural heritage *par excellence*.

The 1st edition of the Caixa Alfama Festival was attended by around 10,000 people over the two days of the Festival on 20 and 21 September to hear 40 Fado singers performing on 10 different stages.

CGD as a promoter of culture in Portugal

- Design and Architecture
- *Experimenta Design*
- CGD Orchestras
- Caixa's Alfama Festival
- Arts Festival
- Many other proximity initiatives between culture and the Portuguese population

Arts Festival

A multidisciplinary festival encompassing cultural areas such as gastronomy, theatre, painting, literature, cinema, photography and particularly music, held in various well known places in Coimbra, especially Quinta das Lágrimas, as the Festival's nerve centre. This year's edition was held from 16 - 23 July on the theme: “Nature”. It comprised 28 events attended by 13,000 participants.

Other Cultural Projects

Reference should also be made to other projects in different cultural areas sponsored by CGD in the year in question:

- Music

  Jazz ao Centro – international jazz meetings of Coimbra
  Art in Time Association – Orchestra XXI
  “Amália” Project by Júlio Resende
  Sintra Music Conservatory
  Southwest Festival
  Super Bock Super Rock
  Cool Jazz Fest

- Arts and letters

  Portuguese Writers’ Association – *Vida Literária* prize
  Pessoa prize
  Gazeta prizes from the Journalists’ Club
  Júlio Pomar Foundation (public opening of the Júlio Pomar Music Workshop)
  Arpad Szènes/ Vieira da Silva Foundation
  National Centre for Culture
  Lisbon Week 2013
  Belém Cultural Centre Foundation
  Micaelense Theatre

- Cinema and documentary

  Cinanima – International Animation Cinema Festival of Espinho

Sport

CGD has committed to promoting sport as a *sine qua non* for a healthy, responsible lifestyle and for the sharing of fundamental values such as dedication, loyalty and team spirit.

CGD has played an active role in promoting amateur events, enabling young athletes to represent not only their clubs but even Portugal, in international competitions.

Sport: Support for young people and amateur sporting disciplines

In the field of investment in sports infrastructures and contribution to social development reference should be made to the partnerships with the Portuguese Rugby Federation and the Coimbra Academic Association.

Economy

With the objective of backing the domestic economy and assuming the role of a “corporate bank”, Caixa Geral de Depósitos has sponsored various initiatives geared to this segment, particularly:

Conferences and other actions

- Portugal Global Conference, in Guimarães, on 2 July, organised by Jornal de Negócios - with the participation of CGD's corporate customers and leading organisations /personalities on the theme of Exports;
- Road to Internationalisation (Expresso newspaper) - with business missions organised by AICEP to 6 leading markets in the domestic economy with various roundtables and panels*;*
- “Companies with Caixa” Conference on 22 October, in Porto and 28 November, in Lisbon, organised by Controlinveste Group, to promote Caixa's corporate offer and share the success stories of CGD's corporate customers;
- “Portugal SME Prize” conferences cycle - a Cofina initiative enhancing the visibility of successful Portuguese companies in various sectors of activity which visited the whole of the country from north to south and whose prize-giving ceremony was held on 24 October, in Lisbon;
- ACEGE's *AconteSer* Project - a free workshop cycle on best business practice, held in various locations and on various themes. CGD was involved in the project as a monitor for workshops on SME funding, having hosted various sessions.
- Exame Magazine's prize-giving ceremony for the “1,000 Best SMEs“, on 6 December, in CGD's Great Hall.

Promotion of internationalisation, entrepreneurship and innovation: promotion of and participation in multiple initiatives

Entrepreneurship

Contributing, in parallel, to reducing unemployment and boosting the tradable goods sector, CGD considers entrepreneurship to be a strategic and communication priority, having sponsored various initiatives over the last few years. Reference should be made to the following sponsorships, in 2013:

- Activities of the *Beta-i* Association, responsible for accelerating start up projects – Explorers, Lisbon Challenge, Beta-Start, *inter alia*;
- Global Entrepreneurship Week, including the opening session on 18 November, at Lisbon's Higher Institute of Agronomy;
- Energy of Portugal competition for entrepreneurs, organised by Expresso, held in Lisbon from May to September 2013;
- Prize at the national Poliempreende final, an Entrepreneurship Competition organised by various polytechnics at the Guarda Polytechnic.

Volunteerism

Corporate volunteerism is one means of exercising corporate responsibility, with the aim of contributing towards more equitable, involved and therefore more sustainable global development.

Incentivising civil participation and community support

There has been an expressive evolution of CGD's corporate volunteerism with year-on-year increases in the number of participants and scope of action. Special reference should be made to those related with the environment, financial education and social support.

Young VolunTeam Programme

Caixa Geral de Depósitos, in partnership with *Sair da Casca* and ENTRAJUDA and the sponsorship of the Directorate General for Education (DGE) and the European Commission's Youth in Action Programme, has developed this programme which aims to:

- Raise the awareness of the school community on Volunteerism as an expression of active citizenship;
- Strengthen the recognition of the importance of this contribution for the development of young people's fundamental skills, namely in areas such as social inclusion, entrepreneurship, education, employment and citizenship;
- Create a new space for active citizenship, with opportunities for learning and participation, promoting not only solidarity, but also curiosity, openness and entrepreneurship among students;
- Help improve Portugal's position in the European Volunteerism Ranking.

Volunteerism

- Partnership with Entrajuda
- *Young VolunTeam*
- Education for Entrepreneurship

The 1st edition of the Young VolunTeam Programme (school year 2012/2013) involved the participation of 25 schools, nationwide, with groups of four students and a teacher, recognised for their strong mobilisation capacity.

The students, during the course of the year, acted as ambassadors and agents for change in their schools, having performed a series of activities, particularly: organisation of campaigns for the collection of items and food; visits to old people's homes and institutions for the protection of children; support for animal protection societies; the formalising of partnerships between groupings of schools and other parties for collaboration in volunteerism actions at all school levels, volunteerism fairs, a charity shop inside the school to allow students to swap clothes.

In short, the 101 student ambassadors mobilised 576 colleagues in their respective schools, helped to organise 216 training sessions on volunteerism, at 51 primary schools, totalling 1,504 students; performed 164 actions, campaigns and volunteerism projects, developed partnerships with parents' associations, other local schools, associations, NGOs, parish councils, homes and day care centres involving, *inter alia*, 108 institutions.

The five school competition winners (Cantanhede, D. Filipa de Lencastre (Lisboa), Emídio Navarro (Viseu), Gabriel Pereira (Évora) and the D. Manuel I (Beja) Secondary Schools) were awarded Young People in Action Programme prizes and training sessions and Multicare insurance. Owing to their outstanding achievement, they will be participating in the international volunteerism camp.

Partnership with Entrajuda and Volunteers' Pool

Caixa renewed its protocol with Entrajuda, in 2013, and its support for one of the most charismatic, innovative projects in the sphere of this collaboration in the form of the Volunteerism Pool. This is an online tool and meeting point in respect of the demand for and supply of voluntary work. Caixa is the main partner of the Volunteers' Pool, which is currently available, in addition to www.bolsadovoluntariado.pt site, on Facebook (Volunteerbook). It was the 1st 3rd sector app to be developed for Windows 8.

Participation in *Junior Achievement* Portugal project, with 62 volunteer workers, totalling 481 hours

Education for Entrepreneurship

CGD has been collaborating on *Junior Achievement Portugal's* "Education for Entrepreneurship" project since 2010 with the principal aim of informing schools of the concepts of financial literacy, citizenship and promotion of entrepreneurship, valuing creativity, activity and innovation.

CGD participated in the programme with a total number of 481 hours of corporate volunteerism, 62 voluntary workers, in 63 schools nationwide and more than 1,500 students.

Internal Communication

"Caixa Ideias" Competition

"Caixa Ideias" competition open to all workers

The "Caixa Ideias" Competition is an internal competition which encourages the active participation of all workers on CGD's strategic challenges, with the presentation of original, innovative ideas, solutions for the improvement and evolution of procedures, processes, products and services, in CGD's strategic performance areas.

The theme of the competition, in 2013, was "Companies", in line with CGD's commitment to back the Portuguese economy and the internationalisation and innovation of Portuguese companies, in a highly competitive framework geared to promote sustainability. Six multidisciplinary teams were selected for the final stage which was won by the team presenting "Prospects em Agile"[1].

Caixa's 137th Anniversary

The commemoration of 10 April 2013 was marked by an internal motivational communication campaign - 137 years always together! - culminating with a message from the Chairman of the Executive Committee, a pop-up on CGD's intranet and a symbolic gift to all workers.

The commemorating of Caixa's 137th anniversary translated into a strengthening of internal culture and cohesion, satisfying the emotional values attached to the indelible identity of a brand and motivating the whole. Because "each of us, individually, contributes to the whole, which is much more than the sum of its parts."

"each of us makes his/her own individual contribution to the whole which is much more than the sum of its parts."

[1] Platform for entering and processing loan operations.

Christmas Card Pastime 2013

Based on the theme “This Christmas one of Caixa's cards may come from your house” a drawing competition for children born between 2003 and 2010, daughters or grandchildren of workers, was launched in the third quarter of this year. This action was geared to valuing creativity and children's imagination on the theme of “Christmas and Solidarity” helping families to consider the real meaning of “solidarity” and the more humanist dimension of Christmas. The winning drawing was one of Caixa's electronic postcards, in the 2013 Festive Season and its four year old author received a mini tablet at a ceremony sponsored by CGD's management.

Intranet

A million page views on the “Nós Caixa” microsite

The Intranet continues to be CGD's internal portal and is used as a basis for divulging all institutional and commercial information. 75.8 million pages were viewed by 2.28 million visitors, in 2013.

Nós Caixa Microsite

With a volume of 500 pages, the *Nós Caixa* microsite houses information of interest to CGD workers such as the promotion of volunteerism actions, the “Caixa Ideias” competitions, pastimes/hobbies, classified advertisements, simultaneously promoting interaction and the motivation of the company's workers. The microsite had around one million page views in 2013.

Caixa Notícias Newsletter

Caixa Notícias, launched in 2008, is an internal communication vehicle which consolidates the feeling of belonging and corporate pride, conveying information on banking business priorities, at any time.

Its layout and editorial approach were realigned, in 2013, with articles related with leisure, benefits and curiosities of greater interest to its readers.

Nós Caixa

This is a digital and printed publication, particularly geared to internal readership and provides information on CGD's most relevant initiatives, as well as leading social responsibility issues: culture, financial literacy and sustainability. It is distributed to current and retired workers, CGD Group companies, partners and other parties.

Digital Communication

Continuous development of digital communication

Endeavouring to maintain focus on innovation, CGD's digital communication was marked by the evolution of its site, its inclusion as part of marketing and communication strategy campaigns, as well as diverse projects on a level of mobile channels and tablets with an enhanced presence on social networks.

www.cgd.pt

A continuous commitment to innovation of service to improve efficiency and the security and comfort of customers translated into the development of new solutions on CGD's site.

A callback service enabling customers to ask for assistance or customers who express interest in subscribing for a product was created, in the form of two buttons: "I want to be contacted" and "I want to subscribe". The customer is latterly contacted by a call centre operative who will provide the necessary clarifications.

Consolidation of interactive display

Interactive display

The Caixadirecta Interactive Display app was created with the objective of providing an interactive screen using "human motion detection" (Kinect) technology. Following the experience with the Caixadirecta for Windows 8 app in the windows of 3 Caixa branches at Gare do Oriente, Campo Grande and Rossio, planning is now underway for the same installation, for the 3 operating systems (iOS, Android and W8) in more branches in the Northern, Central and Southern regions.

Caixa Direta app a pioneering initiative in 2012, in expansion in 2013

Caixadirecta app

After the pioneering launch for Windows 8, in 2012, Caixa also produced its Caixadirecta app for tablets and smartphones using the iOS and Android operating systems in 2013.

In addition to the transactional component, the app provides information on special campaigns, provides access to support tools such as the *Made-by* card simulator, a calculator with automatic savings mechanisms and branch search facilities. The Caixadirecta app also provides an innovative service – immediate savings – which permits a customer to transfer a defined amount, from a current to a savings account ("Save now" button).

New mobile site

CGD has renewed its mobile sites with new contents, more information and a new image. The new scenario has witnessed the creation of an authentication box on the Caixadirecta mobile service in the individual customers area and in the corporate area in the case of Caixa's *e-banking mobile* service.

New social network profiles

Social networks

The following profiles were supplied, in 2013, in addition to Caixa Woman: *Caixa Vantagens* (Caixa Benefits), *Caixa IU* (for young university students) and Positive Balance (financial literacy), with 95 500 fans. Reference should be also be made to our presence on Youtube ("brandchannel" and "Positive Balance") and Instagram (MTV card).

Pastimes/hobbies for Facebook Profiles

- *Caixa IU* and Caixa Woman profile:
  - Golden Seat - tickets for Benfica's home games, Zon Sagres League;
  - Sporting - tickets for Sporting's home games

- *Caixa IU* profile:
  - Freshers vs. Veterans - offers of diverse gadgets
  - Saint Valentine's Day - offer of a trip for two to Amsterdam
  - Wolves - tickets for national rugby team games
  - *Queima das Fitas* ("Burning of the Ribbons" - student festivities) - tickets for events in various localities
  - Summer Festivals: tickets, accommodation, gadgets
  - Lisbon Week and Mobility: two bicycles with *Caixa IU* image
  - 1st Anniversary of *Caixa IU* profile: offer of 12 gadgets
  - Conferences
- Caixa Woman profile:
  - Saint Valentine's Day: offer of a trip for two to Barcelona
  - *Mulheres com Chama* ("Women with Spirit"): tickets for a FCP game dedicated to Women's Day
  - *Mulheres com Garra* ("Women of Determination"): tickets for a SCP game dedicated to Mother's Day
  - Children's Day: offer of tickets to Kidzania
  - *Made By* card: launch of a survey on choice of image for the next advertising campaign for this product and offer of multifunctional printers for the most creative participants
  - Caixa Alfama: tickets for this Fado Festival
  - 4th anniversary of profile: offer of *Odisseias* experiences
  - Savings Day: tickets for the special commemoration of Savings Day in Kidzania
  - Júlio Resende: tickets for Júlio Resende's Amália concert
  - Restaurant Week: workshops with one of the chefs
  - Christmas: offer of 10 tablets
- *Caixa Vantagens* profile
  - This profile has a weekly selection of pastimes/hobbies with offers from CGD's bank cards' various partners.

Digital *Signage*

Corporate television with a continuously innovative editorial network

With a technological platform of corporate television terminals, installed in 308 branches, the Caixa Geral de Depósitos inline system is a highly relevant institutional and commercial communication channel for contact with current and potential customers.

Its programme schedule for 2013 followed CGD's strategic patterns, notably in the Environmental Sustainability and Social Responsibility areas and support for Culture and the Arts, favouring contents of particular interest to the Community.

Publications

Cx

A quarterly brand magazine currently sent by mail to Caixazul and Caixa Woman customers and available at CGD branches and partners. It aims to strengthen the brand in the eyes of various type of public, displaying and enhancing its mission, objectives and activity, also making it possible to place CGD firmly in the centre of discussion on the most important issues facing Portuguese society.

Caixa Empresas

This quarterly magazine is geared to the corporate segment. A part of its print run – as an enclosure in a newspaper on economic issues - is distributed on the commercial branch office network.

Institutional and Commercial Communication

CGD has renewed its strategic approach to communication, giving emphasis to the concept defining Caixa as the People's Bank, giving voice to their concerns and expectations, “helping them to steer a new course”, in an economic context which is still difficult but whose recovery depends on us all.

The “Caixa is the driving force!“ message translated into campaigns strengthening the idea that Caixa is the Bank which is helping the country.

There’s a Bank helping the country to steer a new course. Caixa. Of course.

CGD is the most valuable banking brand with the best reputational index, the trustworthy brand leading Portugal's most sustainable financial Group. This context saw the launch of a communication campaign to divulge information on the prizes awarded to Caixa Geral de Depósitos. Caixa later followed this up with its “Recognition brings Responsibility” message, thanking the public for its vote of confidence.

Continuing to build a brand close to the heart of the Portuguese and strengthening its position as a unique benchmark operator and driving force behind the domestic economy were underlying factors in all of Caixa's new communication concepts in 2013: “A bank helping Portuguese society to steer a new course: Caixa. Of Course.”

1.3.7. HUMAN CAPITAL

People management:

- Motivation;
- Quality of working conditions;
- Balance between personal and professional lives;
- Continuous talent development over time

The strategy associated with Human Resources (HR) in CGD, in 2013, comprised the furtherance of the Organo-Functional/Corporate Operating Model Rationalisation Programme aimed at leveraging synergies between the diverse Units and Headquarters and developing Group culture.

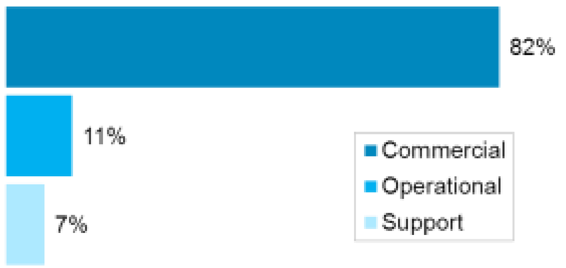
CGD has, in association with the cooperative management model, been readapting its human resources coordination and global management activities, retaining its strategic guidelines of providing support to business areas and other Units, recognition of merit, management of potential, development of skills and balance between its workers' personal and professional lives.

Considering the current economic-financial context and paradigm shift in business, CGD has continued to readjust its staff contingent, this time by a further 500 workers in 2013.

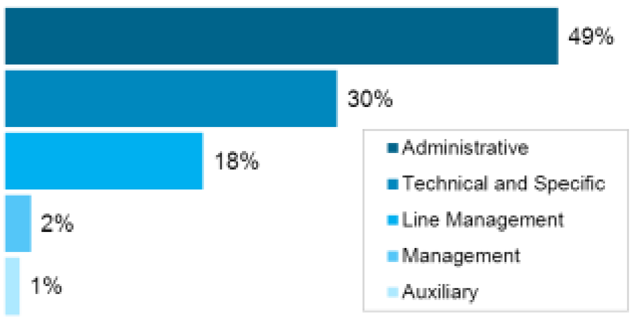
CGD had a global staff contingent of 9 892 employees at 31 December 2013, 8 971 of whom working in domestic banking activity.

It should also be noted that the readjustment was based on Caixa's constant concern to rejuvenate its staff, its replacement of retired staff and agreements with employees to suspend their employment contracts, with direct consequences in terms of improving the level of the academic qualifications of CGD staff.

DISTRIBUTION BY AREAS

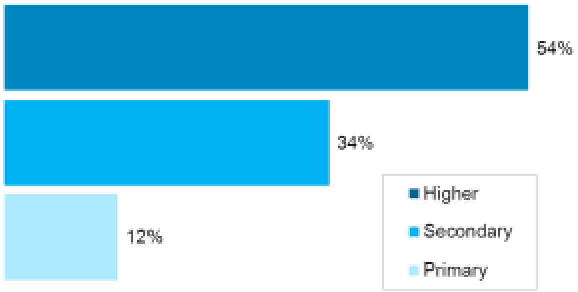


FUNCTIONAL DISTRIBUTION



There was a 0.61 year increase in the average age of employees, in 2013, from 42.15 to 42.76 years, maintaining the trend towards a gradual strengthening of the number of employees with higher educational qualifications to 54%.

DISTRIBUTION BY ACADEMIC QUALIFICATIONS



CGD EMPLOYEES

	Dec-12	Dec-13	Change	
			Total	(%)
CGD Total [(1)]	**10,392**	**9,892**	**-500**	**-4.8%**
Full time [(1)]	**9,378**	**8,971**	**-407**	**-4.3%**
Joining the bank	552	284	-268	-48.6%
Leaving the bank	683	691	8	1.2%
Main indicators				
Average age	42.2	42.8	0.6	1.4%
Average seniority	17.3	18.0	0.6	3.6%
Higher than secondary education rates	52.8%	54.7%	2.0	3.7%
Female employees' rate	56.3%	56.7%	0.4	0.8%
Absenteeism rate	4.7%	4.9%	0.3	5.4%

(1) CGD employees.

Recruitment and Skills Management

Caixa maintained its guideline policy geared to the advancement of its human resources.

Knowledge promotion and internal mobility

Investment in the development of its workers' careers has been an area of constant concern, translating into the creation of opportunities for professional evolution, based on internal mobility processes permitting skills development and the fulfilment of expectations.

In the external recruitment sphere, CGD maintained its proximity strategy with Universities, namely those with courses of interest to the Bank. As in past years, CGD continued to participate in 9 Employment Fairs sponsored by Professional Employment Offices and Associations of University Students and, in the sphere of its Placements Programme, provided 322 opportunities during the course of 2013, to final year or masters degree students and recent graduates in the financial areas.

160 of such opportunities comprised Professional Placements, 102 Curricular Placements and 60 Summer Placements in the "Summer Academies" sphere.

102 professional placements were arranged in partnership with the Institute of Employment and Professional Training (IEFP) in the sphere of the Employability Movement, fully geared to the commercial area.

Training

Transversal internal training with particular focus on the Bank's transformation process

Caixa's Training Plan provided continuity to the Group's strategic guidelines for the three year period 2011/2013, continuing to focus on backing a process of change and respective strategic guidelines at all levels of the structure.

In line with the preceding year, priority was given to the following programmes, in 2013:

- Executive training for Caixa's management;
- Programmes geared to the acquisition and application of skills and adequate tools for the new challenges of corporate business;

- Consolidation of the empowerment and functional certification process following appointments to new functions.

There was an increase of 92,688 training hours over 2012, particularly in respect of the following:

- Training in the credit recovery area, both procedural and legislative;
- Consolidation of the role of Internal Regional Training Teams in terms of the decentralisation of training;
- Improvement of methodologies and tools to promote short term training actions in business units;
- Consolidation of the active tutorial methodology in terms of e-learning;
- An improved and more transversal response to training requirements, particularly foreign language training and IT tools;
- Growing importance of training tutorials as rapid learning tools.

476,401 training hours were given to 10,042 participants.

NUMBER OF TRAINING HOURS

(hours)

Functional Distribution	Dec-13
Management	8,623
Line Management	82,493
Technical and Specific	139,099
Administrative	246,082
Other	104
Total	**476,401**

Medicine in the Workplace

Medicine in the Workplace is a multidisciplinary service comprising doctors, nurses, psychologists and administrative staff who are concerned with and operate in all areas affecting workers' global health.

CGD's Medicine in the Workplace therefore, not only aims to prevent work accidents and work-related illnesses but also and particularly to protect the health and well-being of workers in close collaboration with the Safety in the Workplace Area and Social Action Unit.

Healthcare support far in excess of legal requirements

To the extent that it aims to improve health, provide greater job satisfaction and more productivity, CGD's Medicine in the Workplace is an important added value tool for workers and the company.

In the sphere of Medicine in the Workplace activity, in 2013, and in compliance with legal requirements, a total number of 7,774 medical examinations were performed:

Periodic Examinations	6,873
Admission Examinations	80
Occasional Examinations	252
Interviews	569

CGD's Medicine in the Workplace performed the following activities in the health protection sphere, in excess of legal requirements:

- Gynaecological mammary screening: 162 consultations for 120 employees. This screening was performed weekly by a medical specialist;
- Giving up tobacco: 130 consultations for 25 employees. This consultation was performed weekly by a medical specialist / Medicine in the Workplace nurses;
- Nutrition: 502 consultations for 228 employees. This consultation was performed weekly by a nutritionist;
- Support for workers who travel on the job;
- “May Month of the Heart” campaign: 43 employees volunteered for a Medicine in the Workplace examination
- Psychology area: the main thrusts, in 2013, were to identify and accompany:
  - All situations of prolonged absenteeism;
  - All problematic situations identified – presenteeism, intermittent absenteeism, interpersonal conflicts, dissatisfaction, lack of motivation;
  - Psychosocial intervention in crisis situations (assaults).

Evolution of number of CGD Group workers

At the end of 2013, CGD Group had 19,601 workers, down 309 employees over 2012, excluding the 2,064 employees of HPP-Hospitais Privados de Portugal, whose sale was completed in 2013.

Number of Group employees down 309 in 2013

With the exclusion of Spain as a unit being redimensioned, the international branch office network continued to expand, notably in Africa with an increase of 217 and 44 employees in Banco Comercial e de Investimentos (Mozambique) and Banco Totta Angola, respectively.

CGD GROUP EMPLOYEES

	Dec-12(*)	Dec-13	Change	
			Total	%
Banking operations (CGD Portugal) (1)	9,401	9,049	-352	-3.7%
Other	12,573	10,552	-2,021	-16.1%
Total	**21,974**	**19,601**	**-2,373**	**-10.8%**

(1) Includes employees from other Group companies

(*)Do not include Esegur and Locarent employees.

Reduction of staff in Portugal is part of the natural cycle of employees' working lives

1.3.8. INVESTMENT IN THE FUTURE

The high value attributed by Portuguese communities worldwide to the CGD brand, recognised by the population as being the most trustworthy, largely derives from the approach of civic commitment and social responsibility present in most of the Group's commercial and management practices.

Building a better future

Contributing towards building a sustainable future, notably in social, cultural and environmental terms, comprises an element which is present in CGD's management decisions and policies in its day-to-day affairs, which it aims to continue to be recognised as being a part of the lives of Portuguese men and women of all generations, ethnic and sociocultural strata.

This reinforces CGD's commitment to its Corporate Sustainability Programme, enabling a practical more comprehensive sense to be attributed to the values and principles also recommended for the Group.

Subscribing to the 10 principles of the UNO's *Global Compact*

In a letter addressed to UN Secretary General, Ban Ki-moon, in 2013, CGD subscribed to the 10 Global Compact principles as an initiative for companies which commit to align their activity with the 10 universally accepted principles in the human rights areas, labour practice, environmental protection and anticorruption areas. In subscribing for such principles, CGD will be a member of and actively collaborate with Global Compact networks in countries in which their operations have a relevant impact on society, the economy and the environment, contributing to the development of local communities.

Caixa operates in five key areas in the sphere of its Sustainability Programme, aligned with best international social and environmental responsibility practice: Responsible Banking, Future Promotion, Environmental Protection, Involvement with Stakeholders and Human Assets management.

Environmental Management System

Based on the existence of an Environmental Management System and its values and benefits, CGD has been improving its environmental performance in various areas, notably energy, CO2 emissions, waste, use of resources, literacy and environmental responsibility.

Corporate Volunteerism

Corporate volunteerism has, year after year, gained notable expression in the CGD community and is now an integral element of the lives of the company and its workers. There is a healthy contagion effect between workers in their response to ever present social challenges which is especially in evidence at times of difficulty in which social cohesion is especially relevant. Reference should be made to the following initiatives:

- Food Bank – Food Collections;
- Junior Achievement Portugal;
- Young VolunTeam;
- Blood donors;
- Support for children with oncological illnesses and their respective families through the *Acreditar* Association (with which CGD has been collaborating for more than ten years).

CGD has, year after year, strengthened its investment in financial education actions and initiatives. Special reference should be made to its financial education programme – *Saldo Positivo* (Positive Balance) – and its commitment to incentivise education and the financial inclusion of individual consumers and corporate managers.

Support for microcredit and women entrepreneurs

CGD has been multiplying its efforts to lay the groundwork for microcredit applications for which it has microcredit lines based on protocols with *ANDC* (National Association for the Right to Credit) and *IEFP* (Employment and Professional Training Institute), backing projects based on access to bank credit for persons who, in normal market circumstances would have difficulties in obtaining loans. CGD also leads the microcredit market (€23.4 million), in which segment special reference should be made to women entrepreneurs.

Under its social responsibility and innovation policy, reference should be made to Caixa's new Contact Centre service for deaf citizens based on the use of video calls. CGD was the first financial institution to provide this type of service for customers with special needs, enabling information on its products and services to be provided. 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.

New Contact Centre service for deaf citizens

In 2013 CGD continued to commit to mechanisms designed to facilitate and encourage savings, in addition to sponsoring entrepreneurship and the launch of several solutions for the resolution of household defaults in the consumer credit sphere, strengthening the maintenance of its commitment of articulation between business objectives, Sustainability and Social Responsibility

In a context of lower household income levels and higher unemployment, CGD launched several solutions for managing consumer credit defaults (personal loans, overdraft facilities and credit cards) at the start of 2013. The most frequently used solutions particularly included the extending of maturities (grace periods and repayments) and loan consolidations, always pursuant to the objective of reducing and adjusting repayments to customers' financial capacities.

Simultaneously, CGD reformulated its individuals loans offer, adjusting it to the new legislative environment while also maintaining its commitment to Sustainability and Social Responsibility, by discounting spreads for training, health and renewable energies:

- CGD financed higher educational courses, masters, doctorates and MBAs, rewarding academic merit with discounts on spreads via *Crediformação* and its credit line with a mutual guarantee for students.
- In the case of renewable energies, it has maintained protocols with various parties for the acquisition and installation of environmental-friendly equipment, encouraging behavioural changes to reduce energy consumption and enhance the role of forests, furthering its sustainability objectives;
- CGD continued to commercialise its personal loans for emergency health situations, exclusively for customers with lower income levels;
- It has incentivised the purchase of environmental-friendly vehicles by reducing spreads

Characterised by a high level of worker identification with CGD, continuity will be given to the strategic guideline defined in the “De Nós para Nós” (From Us to Us), programme which encompasses a series of projects, challenges and objectives transversal to the organisation as a whole and, as such, decisive in ensuring the medium and long term viability and sustainability of CGD and CGD Group as a whole.

1.4. Economic-Financial Environment

1.4.1. OVERVIEW

Slight slowdown in world economic growth

Based on IMF estimates published at the start of 2014, the world economy grew 3.0%, in 2013, as opposed to the preceding year's 3.1%, with the deceleration having occurred in both the developed (-0.1 pp) and the emerging and developing blocs (-0.2 pp).

Improvement in financial environment

Global economic activity benefited from the strengthening of liquidity provided by the main central banks, the less restrictive contents of fiscal policy, particularly in the developed countries and the improved financial environment.

Marked influence of the operations of central banks

The main central banks were, once again, determinants behind the improvement of confidence in an economic upturn. The Central Bank of Japan, with the aim of achieving an inflation rate of 2% within a maximum two year period, announced an increase of its monetary base and increased purchases of financial assets in January. In the Euro Area (EA), the ECB reduced its key reference rates on two occasions, closing the year at a new historic minimum low of 0.25%. The US Fed maintained the monthly rate of its bond purchases at $85 billion over the year as a whole, having announced a reduction of $10 billion in purchases, starting 2014, in its last meeting of 2013.

There was a notable easing, in 2013, of the uncertainties associated with the sovereign debt crisis within Europe, which marked the preceding year. The maintenance of an interventionist approach by the ECB, the start of economic recovery in the region from the 2nd quarter of the year, following the longest recession since the creation of the euro, in parallel with a substantial correction of the macroeconomic imbalances of diverse Member States, gave a boost to various economic agents' levels of confidence in an upturn, in which various actions decided by those in charge, were contributory factors, particularly the approval of the first measures to implement Banking Union.

Notwithstanding the more favourable environment for economic activity, there were still several occasional constraining factors on the evolution of growth, giving rise to periods of uncertainty.

Special reference herein should be made to the US budget process, both on account of the reduction of public expenditure and a tax hike on households, implemented at the start of the year, and the impasse in the approval of the Federal State Budget proposal for 2014, which culminated in the temporary shut-down of non-essential federal public services. In turn, the Fed's admission, in May, that the reduction of unconventional monetary stimuli could begin in 2013 also represented a factor of uncertainty and oscillation in financial markets. In the EA, reference should, *inter alia*, be made to the crisis in Cyprus and notably the financial assistance agreement negotiated between the European Commission, IMF and the Cyprus government.

In the US, following the negative impact related with fiscal adjustments at the start of the year, growth accelerated in the second half, particularly in the case of the substantial improvement of private consumption, based on the continual improvement of the labour market, as well as private investment in fixed capital.

Japan's adoption and strengthening of its fiscal and monetary policies, in 2012, continued to increase growth, with improvements in the confidence of businesspeople, in several cases, to historic highs, declining unemployment and underlying consumer inflation at its highest level since 1998.

Although the emerging economies remained highly dynamic, there was a slight slowdown in growth, as noted in previousyears.

Confidence improves

Economic activity continued to be limited, notably owing to lower commodity prices as well as a reduction of capital flows associated with the increase in long term interest rates in the developed economies. The emerging countries took advantage, however, of the benefits deriving from the somewhat more intense rate of economic activity in the developed economies, particularly in the second half year.

A certain slowdown in the continued dynamism of emerging countries

The Asian bloc once again posted the highest expansion rates. Notwithstanding the fears of a slowdown, China grew 7.7%, as in 2012.

The Brazilian economy once again underperformed. Reference rates were increased seven times starting April, as a consequence of the high inflation levels, with the key reference rate having closed at 10.50%.

High levels of unemployment with several improvements, albeit still not sufficient or widespread

Unemployment remained high in most regions, even those in which positive progress was achieved. This development, in conjunction with the adjustments in progress in diverse economies of greater relevance to world GDP and the fall in commodity prices, contributed to a substantial decline of inflation levels. This evolution therefore favoured the implementation and strengthening of stimulus measures for the main economies.

ECONOMIC INDICATORS

Rates (percent)

	GDP		Inflation [b]		Unemployment [b]	
	2012	2013	2012	2013	2012	2013
European Union [a]	**-0.4**	**0.0**	**2.6**	**1.5**	**10.5**	**10.9**
Euro area	-0.7	-0.4	2.5	1.4	11.4	12.1
Germany	0.7	0.4	2.1	1.6	5.5	5.3
France	0.0	0.3	2.2	1.0	10.2	10.8
United Kingdom	0.3	1.9	2.8	2.6	7.9	7.6
Spain	-1.6	-1.2	2.4	1.5	25.0	26.4
Italy	-2.5	-1.9	3.3	1.3	10.7	12.2
USA	**2.8**	**1.9**	**2.1**	**1.4**	**8.1**	**7.6**
Japan	**1.4**	**1.7**	**0.0**	**0.0**	**4.4**	**4.2**
Russia	**3.4**	**1.5**	**6.5**	**6.5**	**6.0**	**5.7**
China	**7.7**	**7.7**	**2.6**	**2.7**	**4.1**	**4.1**
India	**3.2**	**4.4**	**10.4**	**10.9**	**n.a.**	**n.a.**
Brazil	**1.0**	**2.3**	**5.4**	**6.3**	**5.5**	**5.8**

Sources: IMF: World Economic Outlook - Update - January 2014

(a) European Commission: European Economic Forecast – February 2014

(b) IMF: World Economic Outlook - October 2013 (for non EU member countries)

n.a. – not available

EA growth, according to the European Commission's Autumn forecasts and in line with the IMF's most recent estimates was one again negative, in 2013, this time down by 0.4% following the preceding year's fall of 0.7%. This retraction was primarily based on domestic demand as the contribution made by net exports remained positive. The rate of activity was not homogenous, with the peripheral economies recording less marked contractions and the remaining EA Member States enjoying positive, albeit moderate, growth rates.

Signs of recovery in the European economy

Unemployment in the region continued to increase in 2013, albeit at a lower rate, allowing the unemployment rate to remain practically unchanged at 12.1% in the second half of the year, at its highest level since Summer 1990.

Inflation, measured by the HIPC (Harmonised Index of Consumer Prices) posted an average change of 1.4% against 2.5% in 2012. This was only lower in 2009, at 0.3%.

Low rate of growth in prices

ECONOMIC INDICATORS IN THE EUROPEAN UNION AND EURO AREA

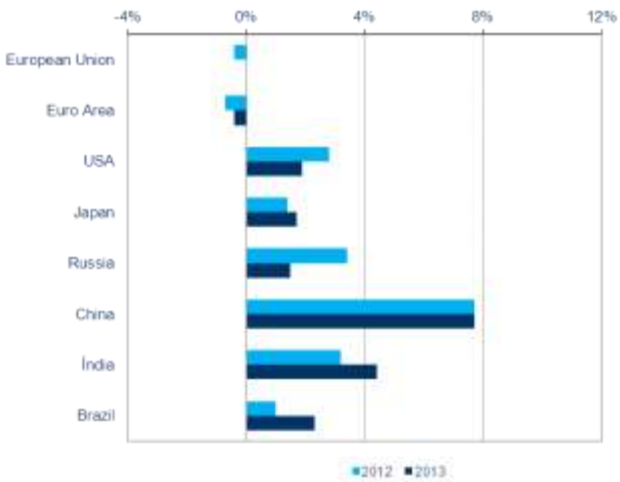
Rates of change (percent)

	European Union		Euro Area	
	2012	2013	2012	2013
Gross domestic product (GDP)	**-0.4**	**0.0**	**-0.7**	**-0.4**
Private consumption	-0.7	0.0	-1.4	-0.7
Public consumption	-0.2	0.4	-0.5	0.3
GFCF	-3.0	-2.5	-4.0	-3.0
Domestic demand	-1.5	-0.6	-2.2	-1.1
Exports	2.3	1.4	2.5	1.3
Imports	-0.3	0.5	-0.9	0.2
				(%)
Inflation rate (HICP)	2.6	1.5	2.5	1.4
Unemployment rate	10.5	10.9	11.4	12.1
General government deficit (as a % of GDP)	-3.9	-3.5	-3.7	-3.1

Source: Eurostat
2013 values: European Commission: European Economic Forecast - February 2014

GROSS DOMESTIC PRODUCT

(%)



1.4.2. PORTUGUESE ECONOMY

1.4.2.1. OVERVIEW

Better than anticipated performance by the Portuguese economy:

- Exports up 5.8%
- Imports stabilise at 0.8%
- Unemployment rate of 16.3% at the end of the year, shows signs of progressive improvement during the course of 2013

Portugal's economic performance, in 2013, was better than anticipated.

GDP was down 1.4%, following a 3.2% drop, in 2012, a better than anticipated result, owing to the smaller contraction of domestic demand and the continually positive contribution of net external demand, leading to an increase in business and household confidence levels over the course of the year as a whole.

According to an INE snapshot, Portuguese GDP was up 1.6%, year-on-year in 4th quarter 2013, largely owing to the recovery of domestic demand, with positive consecutive changes over the last three quarters of the year.

Reference should be made to the country's present financing capacity (as a traditionally debtor economy in net terms), to 1.8% of GDP at the end of the 3rd quarter.

PORTUGUESE ECONOMIC INDICATORS

Rates of change (percent)

	2011	2012	2013 (a)
Gross domestic product (GDP)	**-1.3**	**-3.2**	**-1.4***
Private consumption	-3.3	-5.4	-2.5
Public consumption	-5.1	-4.8	-4.0
GFCF	-10.5	-14.3	-8.5
Domestic demand	-5.6	-6.9	-3.7
Exports	6.9	3.2	5.8
Imports	-5.3	-6.6	0.8
			(%)
Inflation rate (HICP)	3.6	2.8	0.4*
Unemployment rate	12.7	15.7	16.3*
General government deficit (as a % of GDP)	-9.8	-4.3	-6.4
Public debt (as a % of GDP)	108.2	124.1	127.8

Source: INE

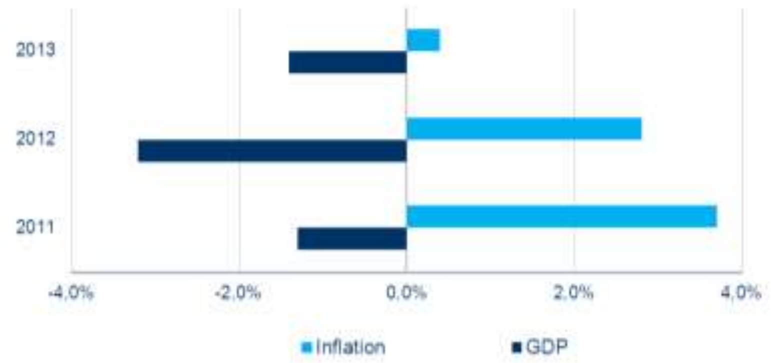
(a) State budget for 2014, October 2013, except when marked (*)

Deceleration of consumer prices

The Portuguese HICP posted an annual rate of change of 0.4%, in 2013, in comparison to 2.8% in 2012. The deceleration resulted from the negative contribution of the prices of energy goods and significant deceleration of underlying inflation.

PORTUGUESE ECONOMIC INDICATORS

(%)



The unemployment rate, although still high, fell for the third consecutive period in the 4th quarter when, at 15.3% it was at its lowest level of the last five quarters, with a total number of 826 700 unemployed at the end of the year, down 10.5% over last quarter 2012.

1.4.2.2. DEPOSIT AND CREDIT AGGREGATES

Total deposits were up 3.2%, in 2013, in comparison to the preceding year's negative rate of change of 2.7%. Contributory factors were particularly the performance of the deposits of non-financial corporations.

Favourable performance by savings and individual customers' deposits

MONETARY AGGREGATES IN PORTUGAL [(a)]

Rates of change (percent)

	2011	2012	2013
M3, excluding currency in circulation	**-2.6**	**-5.3**	**-0.2**
Total deposits	11.2	-2.7	3.2
Deposits made by non-financial companies	-8.5	-18.8	9.0
Individual customers' and emigrants' deposits	9.8	0.0	1.3
Total domestic credit	**-2.9**	**-7.3**	**-4.1**
Loans and advances to central and local government [(b)]	-31.1	-6.1	-7.6
Loans and advances to non-financial companies	-3.6	-8.4	-5.0
Mortgage loans	-1.6	-3.6	-3.8
Consumer and other credit	-5.0	-7.3	-6.1

Source: Bank of Portugal - Statistics Bulletin, February 2014

(a) Rates of change based on end of month balances. Deposits aggregates do not include NMFI with credit rates including securitised loans

(b) Net of liabilities to central government

CURRENCY AND CREDIT

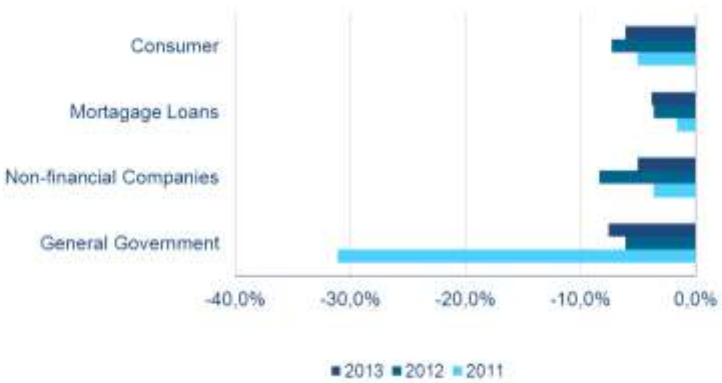
(Year-on-year rates of change)

Total domestic credit, transversal to all sectors, was down 4.1%, loans and advances to general government, net of liabilities to central government were down 76%, loans and advances to non-financial corporations contracted 5.0% and loans and advances to individual customers were down 4.2%.

Slowdown in contraction of credit

EVOLUTION OF CREDIT IN PORTUGAL

(%)



1.4.2.3. INTEREST RATES

Although the EA exited from its longest period of economic contraction since its creation, in 2013, the ECB, taking into account the very low levels of inflation, announced new cuts in its key reference rate, totalling 50 bp, in May and November, to a minimum historic level of 0.25%.

In second half 2013, the Governing Council of the ECB reiterated its commitment to strengthen the measures implemented, in the event of the materialisation of negative risks.

INTEREST RATES [(a)]

(%)

	2011	2012	2013			
	Dec	Dec	Mar	Jun	Sep	Dec
Fed funds rate	**0 - 0.25**	**0 - 0.25**	**0 - 0.25**	**0 - 0.25**	**0 - 0.25**	**0 - 0.25**
ECB reference rate	**1.00**	**0.75**	**0.75**	**0.50**	**0.50**	**0.25**
Euribor						
Overnight	0.629	0.131	0.112	0.208	0.179	0.446
1 month	1.024	0.109	0.117	0.123	0.128	0.216
3 months	1.356	0.187	0.211	0.218	0.225	0.287
6 months	1.617	0.320	0.335	0.335	0.340	0.389
12 months	1.947	0.542	0.547	0.527	0.539	0.556
New credit operations						
Non-financial companies [(b)]	5.89	5.08	5.14	4.97	4.80	4.60
Individual customers – mortgage loans	4.25	3.45	3.31	3.16	3.14	3.28
Term deposits and savings accounts [(c)]						
Non-financial companies	4.14	2.71	5.52	2.29	2.14	1.97
Individual customers	3.55	2.90	2.71	2.49	2.33	2.24

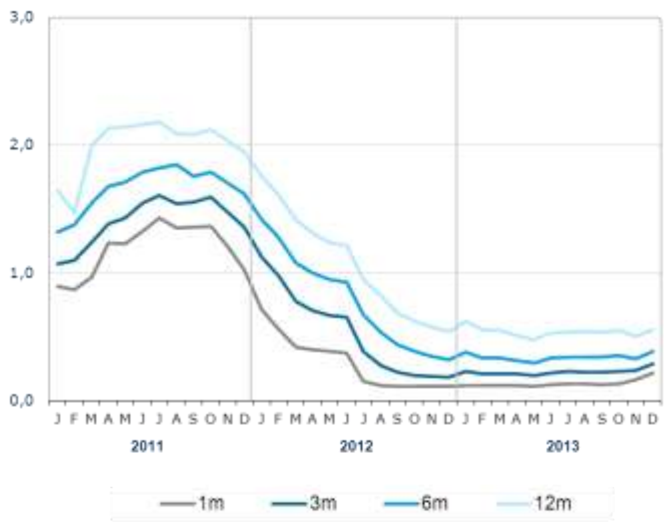
Source: Bank of Portugal - Statistics Bulletin, February 2014.
(a) Rates relative to last day of month.
(b) Operations of more than €1 million.
(c) Deposits with an agreed maturity of up to 2 years.

Notwithstanding the attenuation of tensions in the public debt market, the strengthening of stimuli by the ECB was also a response to the accentuating contraction of credit.

2013 continued to witness financial fragmentation in the EA, i.e. divergence between interest rate levels in different Member States.

EURIBOR

(%)



The improved economic and financial environment in Portugal, which enabled the financing costs in capital markets to be reduced, in conjunction with the continuous improvement of the liquidity situation of financial institutions, was reflected in a sharper reduction of interest rates on lending.

1.4.2.4. EXCHANGE RATES

In 2013, greater confidence regarding the sustainability of the EA led to the euro's appreciation against most of the most relevant currencies.

A first reference should be made to the appreciation of more than 4% against the US dollar, ending the year at nearly $1.38, i.e. close to its maximum for the year. The single currency also appreciated 2.3% and 1.6% against sterling and the Swiss franc respectively.

The euro appreciates sharply against the main currencies

In a context of still high levels of appetite for risk assets and given the uncertainty over inflation, which could fall short of the 2% objective defined by the Bank of Japan by 2014 and which could lead to the need for new extraordinary monetary policy measures, the euro appreciated 26.4% against the yen, to its highest value of the last 5 years (145.67 yen per euro).

As regards the main emerging countries, the euro appreciated 4.2% against China's *renminbi* and 3.2% against Brazil's *real*.

EURO EXCHANGE RATES

(% - Avarage monthly values)

EURO EXCHANGE RATES

(Avarage monthly values)

	USD	GBP	JPY
December 2010	1.322	0.848	110.11
December 2011	1.318	0.844	102.55
December 2012	1.312	0.813	110.02
December 2013	1.370	0.836	141.68

1.4.2.5. CAPITAL MARKET

The end of 2013 was marked by a substantial improvement in investor sentiment, based on perceptions of accelerating economic growth in the developed blocs, particularly the US and Europe.

Less uncertainty, related with the European sovereign debt crisis, continued high levels of liquidity in the international financial markets and acceleration of economic activity starting in the Spring, notably in the developed blocs, comprised the main factors behind the upturn in the confidence of investors and other economic agents.

Capital markets ended 2013 with strong signs of stabilisation and recovery of investor confidence

An environment of moderating inflation in the main regions allowed those responsible for the monetary policy of the main economies to keep reference rates at very low levels over a prolonged period. In an environment of increased confidence over the economic upturn, this had a considerably positive impact on general market sentiment.

The more positive prospects at close 2013 were also associated with the strengthening of the coordination of the European authorities' policies towards the stabilisation and strengthening of Monetary Union. Decision-makers paid special attention to the process for the creation of a Banking Union, as a crucial instrument for the separation between sovereign and banking risk. The creation of a first pillar referring to the Single Supervisory Banking Mechanism was approved and a considerable advance achieved with the second pillar, relative to the Single Banking Resolution Mechanism.

In addition to the fact that the Euro Area economy returned to growth in first half 2013, earlier than had been expected at the start of the year, disclosure of positive economic indicators in the US and China's resilience contributed towards an improvement in market sentiment during the year, notwithstanding several short episodes of faltering confidence.

Share Market

The share markets of the developed countries posted one of their best annual performances in 2013 since the crisis of 2008/2009, owing to the improved economic prospects and the already referred to monetary stimuli. Favourable corporate results were also a supporting factor in this asset category in which the *Morgan Stanley* global index was up 24.1% in the year, almost double the 13.2% achieved in 2012.

Strengthening of policy coordination for the creation of Banking Union

Reference should be made to Japan's *Nikkei225* index which was up 56.7%, the second best year in the index's history (only outperformed by the 91.9% increase in 1972), having closed the year at its highest level since 2007. The yen's depreciation of 21.3% against the dollar and 26.5% against the euro was a determinant in this performance, which began in 2012, at the time of the announcement and progressive implementation of current Prime Minister Abe's plan to boost the economy, designed to break the long cycle of economic stagnation and deflation, as well as to stabilise the public accounts.

In 2013, the North American share market recorded gains for the fifth successive year, with the main indices having posted successive historic maximums. The S&P500 reference index appreciated by 29.6%, its best year since 1997, whereas the 26.5% appreciation of the *Dow Jones* was the most significant of the last decade. In the case of the NASDAQ technology index, notwithstanding having reached its maximum peak of the last 13 years, gains of 38.3% in 2013 were still insufficient to cancel out the losses made following the dot.com bubble of 2000/2001, in spite of having closed at a threshold of more than 4000 points.

Appreciation on the European indices was lower during the year but still significant, particularly the Irish financial market (33.6%) and the German DAX (25.5%) which closed the year at more than 9500 points, i.e. a historic maximum. The PSI20 rose 15.9% in 2013, its best annual result since 2009. Contributory factors were the improvement of the perception of sovereign risk and several specific events related to companies listed in the index.

The performance of the emerging share markets was not positive, as opposed to the performance of the developed markets, owing to fears of an economic slowdown. The Morgan Stanley index for emerging markets fell 5.0% with losses of 15.5% on the Brazilian index and 4.3% on the Chinese index being particularly noticeable.

STOCK MARKET INDICES

	2012		2013	
	Index	Change	Index	Change
Dow Jones (New York)	13,104.14	7.3%	16,576.66	26.5%
Nasdaq (New York)	3,019.51	15.9%	4,176.59	38.3%
FTSE (London)	5,897.91	5.8%	6,749.09	14.4%
NIKKEI (Tokyo)	10,395.18	22.9%	16,291.31	56.7%
CAC (Paris)	3,641.07	15.2%	4,295.95	18.0%
DAX (Frankfurt)	7,612.39	29.1%	9,552.16	25.5%
IBEX (Madrid)	8,167.50	-4.7%	9,916.70	21.4%
PSI-20 (Lisbon)	5,655.15	2.9%	6,558.85	15.9%

Bond Market

Across-the-board improvement of markets in a context of the recovery of investor confidence

An easing of fears over sovereign debt was visible, in 2013, permitting a reduction in the spreads of countries which had been more penalised, extending through from public debt to the corporate bond segment, both financial and non-financial corporations.

This performance was not homogenous over the year, owing to the occurrence of outbreaks of instability such as the bailout package for Cyprus.

Such events, however, did not have a negative impact on the market, as opposed to comparable situations in the preceding two years. The difference lay in the support of the ECB, which, either qualitatively or quantitatively kept risk premia at substantially lower levels than in the past and laid the groundwork for its reduction and consequent progressive normalisation during the year.

Therefore and following the reduction of the imbalances in the public accounts, correcting of external account deficits, strengthening European governance mechanisms and evidence of the end of the recessionary environment in the region, there was a fall in yields on Spanish, Italian, Irish and Portuguese debt, particularly in the second half of the year.

US yields were up for the first time in 4 years, owing to the market's interpretation of the evolution of the monetary policy cycle in the US economy. More specifically the declarations made by the Fed's chairman in May, towards a moderation of the Fed's monthly asset purchases in 2013, in a lower risk environment for the North American economy, triggered a pronounced upwards movement of the yield curve. Notwithstanding the fact that the Euro Area finds itself in a different monetary policy cycle, from distortion to added monetary expansion, German yields suffered a contagion effect deriving from the performance of US rates in the Summer of 2013.

In general terms 10 year rates, in the US were up 127.1 bp, closing at 3.03%, the highest value since July 2011. In Germany, the rate for the same maturity was up 61.3 bp to 1.93%.

The shorter maturities recorded less pronounced increases owing to the fact that the main central banks reaffirmed the maintenance of their respective reference rates at a very low level for a long period. In the case of North America, the 2 year yield was up 13.3 bp, against 22.9 bps for Germany, after five consecutive years of decline and beginning the year in negative territory (down 1.5 bp).

Portuguese debt: Good performance in primary and secondary markets with a notable narrowing of spreads

In the European periphery, the largest reduction in yields was on 10 year public debt bonds for Spain, down 111 bp (149 bp over 2 year maturities). In Portugal the 10 year rate fell 88.1 bp, closing the year at 6.13%, after falling to its lowest level since August 2010 (5.24%) in May. The reduction of the risk premium on Portuguese sovereign debt took the form of a 149.4 bp narrowing of the spread in comparison to German debt. For 2 year maturities, the falls in yields and spread were 38 bp and 60.5 bp, respectively. In 2014, the trend remained downwards.

This was accordingly a 2nd consecutive year of narrowing spreads, the first time this has happened since the onset of financial crisis, in 2007, with a return to January 2010 levels.

The primary market remained dynamic during the year with investors' demands for returns being one of the main supporting factors, fuelling significant amounts of debt issues at progressively lower prices.

The more optimistic context was also matched by the good performance of the private debt market.

1.5. Business Strategy and Operating Segments

1.5.1. STRATEGIC OBJECTIVES

Notwithstanding an adverse context, CGD Group succeeded in maintaining and even strengthening its position in the Portuguese financial market.

Reference should be made to its leadership in terms of deposits and the relevant increase in its market share of loans and advances to companies.

CGD Group's balance sheet continues to be balanced in terms of its loans-to-deposits ratios, based on the good performance of deposits and also benefiting from returns from capital markets.

CGD has, accordingly, been gradually reducing its borrowings from the ECB.

Lastly, CGD Group continues to enjoy a sustained situation in terms of its financial strength.

CGD Strategy:

- Concentration on banking business;
- Reinforcement of international activity;
- Greater focus on lending to companies;
- Continuation of rationalisation process and operational efficiency improvements

In 2011, owing to the profound change in the Portuguese economic-financial context and under the scope of the Financial Assistance Programme entered into between the Portuguese government, IMF, European Commission and the ECB, capital and liquidity goals with a conditioning effect upon Caixa Geral de Depósitos's activity were established. For planning and monitoring purposes Caixa was required to produce a Funding and Capital Plan which has been revised and monitored on a quarterly basis by the Bank of Portugal and *Troika*.

For the three year period 2011-2013, given the environment in the country and the Portuguese financial sector and adaptation of its operations, CGD's board of directors decided to revise the Group's Strategic Challenge, defining a set of specific management guidelines in which the above referred to regulatory goals were determinant.

The implementation of the referred to Strategic Challenge was, however, highly constrained by the capital requirements deriving from a series of EBA rules, notably the creation of capital buffers for certain sovereign risks requiring CGD to increase its capital in June 2012. This recapitalisation process was considered to be “State Aid” under European legislation and forced CGD to submit a Restructuring Plan, showing, *inter alia*, its medium term/long sustainability and capacity to repay its debts to the State.

In strategic terms, CGD's Restructuring Plan, which was submitted by the Portuguese State to DG Comp, in addition to several behavioural commitments, strengthened the strategy being implemented, particularly as follows:

- Concentration of activity on retail banking, particularly through the sale of the insurance and healthcare activity;
- Deleveraging of other non-core assets through the sale of remaining non-strategic assets, in addition to managing the run-down of assets parked in CGD' Spain branch;
- Improvement of operational efficiency in terms of domestic activity, providing continuity to endeavours to reduce operating costs already in progress, namely by optimising the number of branches and employees and renegotiating service agreements;

- Restructuring of the operation in Spain, particularly based on a reduction of the number of BCG Spain branches and its respective staff contingent and the development of a new commercial approach, focusing more on individual customer retail and corporate operations and cross-border business with Portugal.

Lastly, in May 2013, CGD's sole shareholder reaffirmed its Mission, prioritising lending activities to companies, without putting the adoption of an adequate risk management policy at risk. Specifically, in addition to quantitative benchmark objectives, greater emphasis was placed on those corporate segments operating in the tradable goods markets, geared to exports or import substitution.

Strategic Plan

CGD Group's Strategic Plan has been structured on two key challenges:

1st Challenge: To protect and strengthen CGD Group's financial health (solvency, liquidity and profitability) in response to the needs of the new economic and financial sector framework.

2nd Challenge: To transform CGD, focusing activity on its banking activity, in order to achieve the Group's sustainability and competitiveness on an organisational and business model level.

The first challenge recommends a response to the requirements created by the new economic and financial sector context, even in more adverse scenarios, strengthening the evolution of the Group's indicators to provide for the Bank's capitalisation with a Core Tier I ratio of 10% from 2012, generating ROE of 10% over 5 years, maintaining a stable loans-to-deposits ratio of between 110-120%, considering a scenario of open markets after 2013 and the growing corporate integration of the Group's Business Units based on a management logic, supply and multinational service.

Encouragement to save

The second challenge aims to prepare and guarantee CGD's sustainability and competitiveness on an organisational and business model level in light of the paradigm shift in the banking sector, transforming the current banking business model in Portugal and integrating it in terms of offer with the international network, ensuring greater focus on services/transactions which are less reliant on net interest income, a service model more in line with foreseeable market evolution and requirements of key segments – premium customers, non-residents and companies/SMEs working in the tradable goods sectors – and the necessary support based on platforms, processes and HR optimisation in line with the new market requirements.

Diversification of funding sources

The main strategic guidelines defined to meet the challenges are:

1. To take-in savings and diversify liquidity sources, adopting a commercial strategy designed to reduce balance sheet liquidity risk by taking-in balance sheet resources from retail banking activity and diversifying funding sources in international markets;

Robust solvency and liquidity situation

2. To continue the balance sheet reduction process through the disposal of non-core assets for achieving a loans-to-deposits ratio in line with the defined objective;
3. To comply with the solvency ratios objectives, namely with the new Core Tier I;

Recovery of profitability

4. To protect and stimulate revenue generation;

Integrated risk management

5. To restructure the corporate model, implementing a new business model enabling the elimination of the impact of capital market volatility in the Bank's profit and loss account and prudential ratios to be adjusted to the new Basel III rules. This new model will consider disinvestment in non-core financial assets and will require the creation of mechanisms for the performance of corporate type functions, namely those connected with strategic, risk and liquidity management;

Operational efficiency

6. To optimise all processes related with risk management, particularly greater integration in the management of the Group's real estate and credit oversight and recovery process;
7. To improve efficiency through the adoption of a programme enabling productivity levels to be improved in a context of the deleveraging and change of the main business determinants, both on the branch office network and in terms of central services. This will be possible by redesigning processes and identifying key staff for the activity and functions performed by each organic unit. Following these measures, the cost-to-income ratio should be less than 50%;
8. To re-examine CGD Group's international presence, considering the imperative need to deleverage the separate and consolidated balance sheets, establishing, to the extent possible, the types of presence more adequate for backing the internationalisation processes of Portuguese companies. Of particular relevance is the restructuring of the Group's operation in Spain with the aim of improving its profitability and efficiency indicators;

Backing for the best Portuguese companies

9. To increase endeavours to back exports/internationalisation, with CGD acting as a benchmark operator for exporting companies, increasing its contribution to the country's economic development by strengthening the competitiveness and internationalisation of Portuguese companies, in which special reference should be made to foreign trade operations and the “Iberian Passport” product;

Continuous improvement in customer relations

10. To increase its share of the SME market, with CGD as the bank of first choice of the best SMEs;
11. To back corporate capitalisation operations and microfinance, with intervention in this area being considered fundamental to ensure the funding of the investments needed to improve corporate competitiveness and reduce financial costs;

Strengthening of multichannel approach

12. To strengthen a multichannel customer relationships strategy. The development of distance banking should enable the physical branch network to be reconfigured, with new locations in more flexible formats. CGD must therefore succeed in achieving greater customer proximity while rationalising costs and improving operational efficiency;
13. To boost talent management and promote human resources mobility.

Lastly, the strategies and policies defined by the Group aim to meet the following corporate objectives:

- Liquidity
    - Loans-to-deposits ratio of less than 120%;
    - Use of ECB funding of less than 10 times minimum cash reserves;
    - Convergence of stable funding ratio to 100%;

- Solvency
  - Core Tier I ratio:
    - 10% under Basel II rules;
    - 9% under EBA rules;
    - To comply with minimum capital levels for EBA stress tests.
- Efficiency
  - Convergence of net commissions/staff costs ratio to 100%;
  - Convergence of cost-to-income (Bank of Portugal) to 50%.

1.5.2. OPERATING SEGMENTS

1.5.2.1. COMMERCIAL BANKING

CGD Group maintained its fundamental strategic thrust, in 2013: continued support to Portuguese households and companies, in a framework of improved efficiency *en route* to profitability thresholds in conformity with its leading position in the financial system.

Promotion of savings and economic financing with more loans and advances to companies

With the objective of strengthening CGD's position as an economic driving force, commercial activities, over the course of 2013, increasingly focused on financing companies. CGD aims to be the bank of choice of the best SMEs, capitalising on the development of external trade, particularly between regions with a CGD presence, contributing to business development and the recovery of the Group's profitability.

The policies adopted for the joint furtherance of these objectives, which CGD considers to be its main mission, should provide for a paradigm shift in the performance of Portuguese economic agents, as starting to be reflected in the country's economic activity, in 2013.

Branch office network and sales channels

Adjustments were made to the domestic retail network to further the operational optimisation and cost reduction programme, confirmed by the Restructuring Plan, approved for the period 2013-2017. The network, at 31 December 2013, comprised a total number of 804 business units, with the following split:

Improved operational efficiency and cost rationalisation policy

a) 737 branches with face-to-face banking reception facilities (down 56 branches over the end of 2012);

b) 38 self-service branches (up 20 in 2013);

c) 29 Caixa Empresas corporate offices (down 7).

CGD, notwithstanding, continues to be the only Portuguese bank with a physical presence in all municipal districts nationwide, as part of a proximity approach to the country's population as a whole in maintaining the capillarity of its domestic branch office network, which is clearly visible in its utilisation ratios.

The redimensioning and streamlining of CGD's branch office network in Portugal, together with the progressive expansion of remote channels, enabled it to meet the needs of each customer, reinforcing quality of service by strengthening relational management with customers and increasing the number of commercial operatives allocated to personal contacts and customers with dedicated management.

Service models

Improvement of quality of service with the redimensioning of the branch office network and further expansion of remote channels

Notwithstanding the reduction in the number of branches with face-to-face banking facilities, CGD's branch office network benefited from other interventions which contribute to making a positive differentiation to its customers' experiences and commercial dynamics, particularly through:

- improvements to public facilities and branch functionality, with the reinforced implementation of the new Customer Reception Model, encompassing 87% of the face-to-face branch office network;
- expansion of dedicated management services, focusing on proximity and accompanying customers in diverse segments, presently including more than 885,000 individual and 38,500 corporate customers, comprising:
    - The Caixazul service available at 78% of branches (up 5% over 2012);
    - The *Caixa Empresas* service available at most branch offices and with its own branch office network of 29 offices;
    - *Caixa Mais* service provided by 1,069 commercial assistants, managing approximately half a million customers (up 25,000 over 2012).

Continuous improvements to service models in response to the paradigm shift in the actions of Portuguese economic agents

- the consolidation of remote relational management service models for specific customer segments:
    - Caixadirecta *internacional* and Caixazul *internacional* services for resident abroad customers;
    - Caixadirecta IU for university students;
    - Caixadirecta Mais for postgraduates with preference for remote channels.
- the strengthening of customers' multichannel experience, based on the growing integration of service between branch and distance channels, namely, through:
    - online access to Dedicated Account Managers/Commercial Assistants on all home banking channels (in 2013 the *Caixa Mais* commercial assistants remained online with multichannel linkage being extended to mobile channels);
    - the callback functionality at www.cgd.pt, accessible to all users, encouraging them to call the Caixa Contact Centre for clarifying doubts or subscribing for products.

Integrated relational management and growing human intervention on distance channels enable each customer's main needs to be met, while always preserving the consistency of the relationship with the commercial manager and optimising business.

Assessment of quality of service and customer satisfaction is one Caixa Geral de Depósitos's strategic differentiating pillars, performed on the basis of techniques such as surprise/mystery visits to the branch office network and customer opinion questionnaires (by telephone). This assessment process covers all business units and customer managers responsible for personally accompanying individual and corporate customers resident in Portugal and abroad.

These regular processes are combined with other sectoral and benchmarking surveys which comprise an important tool for providing more detailed knowledge on customers, their behaviour, attitudes and expectations.

In terms of results, the consistently positive evolution of global quality of service and customer satisfaction indices strengthens the perception of an improvement in the global quality of service provided, translating into high levels of customer loyalty and recommendation.

More than 50% of individual customers having regular contact with the Bank accordingly recommended CGD in 2013 (i.e. customers who, on a scale of 1 to 10, answer 9 or 10 to the question: "If you are asked for an opinion on a bank, what is the probability of recommending CGD?").

Companies

Companies:

- Continued increase in market share of credit
- Favourable visible evolution of corporate deposits

CGD aims to be the bank of choice of the best SMEs, in the furtherance of its strategy, pursuant to its shareholder's Mission Letter. Based on the Caixa Empresas service i.e. personalised customer reception and financial advisory services for SMEs, microenterprises and entrepreneurs - CGD has a complete, innovative, differentiated offer designed to assist domestic companies based on the following operational approaches:

- The supply of exclusive products and services, complemented by its involvement in special lines of credit for investment and the treasury function and supranational lines backing Portuguese companies in their target markets;
- Improvement of specialised oversight operations with domestic SMEs by expanding the *Caixa Empresas* managers base;
- Support for exporting companies and producers of tradable goods, especially focusing on certain sectors such as agriculture and tourism;
- Financial support for the corporate treasury function and acquisitions of equipment, as well as the supply of instruments to facilitate the relationship with customers and suppliers.

The Caixa Empresas service, based on CGD's "Corporate Banking" approach, was particularly dynamic

One of the measures adopted in 2013, which was successfully accomplished, was to secure new customers. There was an increase in the number and involvement of corporate customers to which a major contribution was made by the paradigm shift in the corporate lending strategy, mainly in the form of short term loans.

On the theme "There's a bank helping the country to steer a new course. Caixa. Of Course." various corporate support campaigns were launched, on television, in the press, radio, digital media and sales outlets, especially focusing on SMEs and exporting companies and producers of tradable goods with several treasury function support, financing, investment and corporate capitalisation solutions.

The launch of new products and specific lines helped to strengthen CGD's share of the corporate market segment (18.2% in December 2013, with a favourable evolution of 0.9 pp since December 2012). Specific reference should be made to:

Caixa Empresas Exports Line

This line encompasses more than 4,900 operations totalling €823 million and aims to increase the flexibility of the treasury function of exporting companies or producers of tradable goods. It has three main advantages:

- Increasing flexibility of maturity periods and conditions for medium and long term or new operations;
- Benefits contingent upon the commercial relationship with CGD, on the basis of a table of subsidised spreads;
- Advance payment of export receipts within a period of 48 hours for customers with contracted limits.

Support for the treasury function and capitalisation of Portuguese companies

Reference should be made to the launch of the following support products for the treasury function and capitalisation of Portuguese companies:

New offer provides for all needs

- *IVA EnCaixa* (VAT reimbursements) - based on the message "Speed up the receipt of your VAT reimbursements". This is a differentiated product which enables the early payment of reimbursements of VAT, in the form of a short term credit limit, permitting an advance of up to 100% of VAT reimbursement applications submitted to the Tax Authorities (AT), within a period of up to 120 days and the payment of interest and principal at the end of the period;

- *Caixa Maistesouraria* (Treasury) function - a differentiated market product guaranteeing payments and receipts as part of the same solution, enabling domestic exporting companies to receive early payment for their activity. To illustrate this attribute, the communication is based on the concept "A good partner to keep your treasury function operational".

The corporate offer also includes the *Caixa Capitalização* (Capitalisation) line. This is a line of credit with a maturity of up to 5 years and is a pioneer in the domestic market. It combines debt and capital attributes with an extended repayment period and payment on maturity (*bullet*), without the need for mortgage guarantees and without affecting capital or management. The campaign was advertised at sales outlets, the cgd.pt site and in the press, on the theme: "We're the right team to refuel your company's capital"

Special lines of credit

Securing new corporate customers and aiming for CGD to be their bank of first choice, largely contributed to CGD's lead of the *PME Crescimento* (SME Growth) lines of credit 2013[1], with a market share of 19.2%, *PME Invest*[2] (SME Invest) with a market share of 19.1%, and *Investe QREN* (*SRF - Strategic Reference Framework)*, with a market share of 45.8%.

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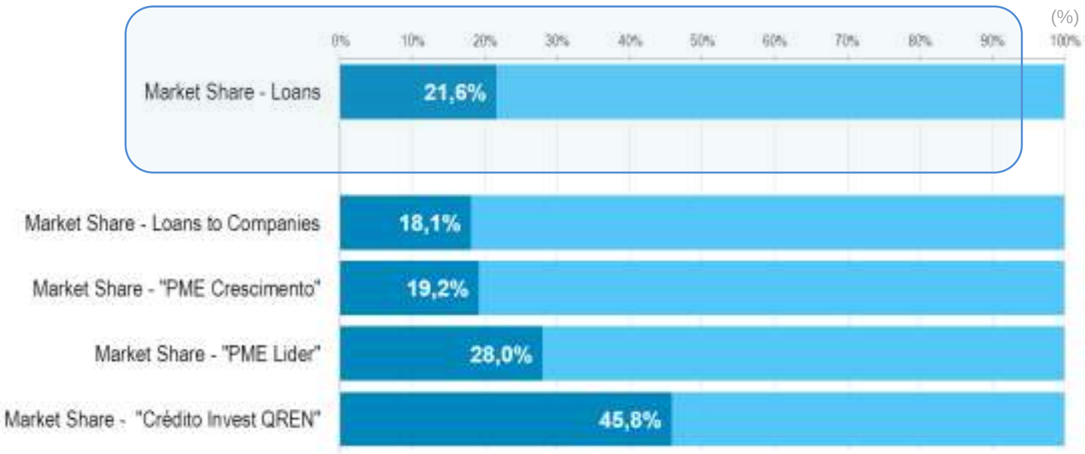
[1] Credit lines for new investment in fixed assets, strengthening working or permanent capital, and (up to 30% of the loan) to liquidate debts contracted either with the financial system, in the 3 months preceding the operation, or for the payment of debts in arrears to the Tax Authorities or Social Security Services.

[2] Lines of credit to facilitate SMEs' access to bank loans, notably in the form of subsidised interest rates and the reduction of banking operations risk, based on recourse to the guarantee mechanisms of the National Mutual Guarantee System.

MARKET SHARES - LINES OF CREDIT



Lead of important lines of credit for the best SMEs

1,958 of the total number of 6,980 domestic companies, awarded Leading SME status, in 2013, are CGD customers (around 28%). According to IAPMEI data, CGD provides backing for 252 *Excellence SMEs* and is the bank with the highest number of new *Líder* subscriptions.

It should be noted that, in 2013, notwithstanding the aggressive competition felt in this segment which is naturally disputed by all banks operating in Portugal, the corporate segment, particularly microenterprises and SMEs, was the most dynamic in entering into credit agreements with CGD, particularly for:

- *Investe QREN* (National Strategic Reference Framework)

Focus on capitalisation, innovation and entrepreneurship of SMEs

CGD continued to promote its *Investe QREN* line, which was launched in October 2012, to finance the private national counterpart associated with NSRF operations for a global amount of €1 billion, of which €600 million was earmarked for SME projects.

- *Linha PME Crescimento* (SME Growth) Line 2013

CGD was actively engaged on providing its customers with information on its SME Growth 2013 line which was launched in January 2013. The line is exclusively for the creation of employment and economic growth based on investment or exports and includes specific appropriations for exporting companies (€700 million) and the primary sector (up to 10% of the global amount).

- *Linhas PME INVESTE/PME* (SME INVEST/SME Growth Lines)

As part of its corporate support strategy CGD has proactively promoted its SME Invest and SME Growth lines, which received applications of more than €5.66 million channelled via CGD and also adhered to such lines' expansion measures for 2013.

Agricultural, Animal Husbandry and Fisheries Sectors

Specific offer for agricultural, animal husbandry and fisheries sectors

CGD provided assistance to manufacturing and strengthened the treasury function of companies in the primary sector, in the form of a diversified offer in support of their activity, investment and exports, including the following lines:

- Extending repayment periods for lines designed to assist the corporate treasury function of the agricultural and fisheries sectors;

- Line of credit for companies with PRODER and PROMAR approved operations, to complement the funding of these investment projects in agriculture and fisheries;
- *PRODER Intempéries* (Storms) line of credit for recovering the productive capacity of agricultural projects which were affected by the occurrence of bad weather in Portugal;
- Special campaign credit for IFAP, which is a traditional support instrument for agricultural activity, designed to increase the flexibility of access conditions and reintroduce the possibility of subsidised interest, under specific conditions.

Assistance for Tourism

CGD maintained its special lines of credit for *Turismo de Portugal*, in 2012, notably:

- For shortages of additional capital in funding already approved under the Banking Protocols entered into for finance under lines of credit for the tourism sector;
- Line of credit for the treasury function of tourism companies – bringing forward tourism companies' receipts from third parties: documentary remittances, bills of exchange, cheques, invoices (factoring);
- Line of credit for the qualification of the offer for tourism sector companies for the creation and requalification of animation projects or activities.

CGD also entered into a new line of credit with *Turismo de Portugal* for the financial consolidation of tourism companies, enabling such companies to extend the repayment periods on past loans, debt servicing requirements to be adjusted to cash flow from their activity and improving their treasury function management.

Social Investe

Social Investe: specific line of credit for the social sector

CGD set up a special *Social Investe* (social investment) line of credit for social sector parties, with the objective of incentivising them to invest and strengthen their activity in existing or new intervention areas, modernising their services to communities and their management and strengthening their treasury function.

Product and services innovation

CGD enhanced its market competitiveness in its launch of and improvement to products with innovative characteristics, during the course of 2013.

Caixa Empreender (entrepreneurship)

This is a “pocket" current account for new companies (with less than two years' activity, in all sectors). Its main advantages are:

Continuously renewed offer

- Autonomy - via the use of current accounts and APTs;
- Flexibility - full or part payments, comprising a 36 months line of credit;
- Speed - provision of a short term line of credit of up to €50 000 for the treasury function
- Exclusive benefits - “Caixa Empreender Savings” with escalating interest rates;
- Insurance benefits for business protection - Multicare SMEs and ActivCare card, Multirisk, Workman's Compensation and Group Life.

The Caixa Empresas service model had its own network of 29 offices with 108 managers providing assistance to SMEs and its own spaces at CGD branches with a team of 266 managers to assist the self-employed and microenterprises, at the end of 2013.

New lending operations for companies, always based on clear, risk-adjusted pricing policy, contributed to resolving two of the challenges facing CGD; preventions of default and the recovery of its net interest income. The pricing of new operations, adjusted to the reality of the economic situation in Portugal and customer risk, accordingly endeavours to protect the profitability of operations and control credit risk.

Measures overseeing default and risk prevention were therefore maintained, notably in the form of business alerts on credit risk, increasing the flexibility of maturities on medium and long term contracts for companies with a good risk and increasing operations' collaterisation and guarantee levels. CGD also revised its pricing policy, adjusting it to corporate risk, complying with Basel II regulations, strengthening its competitiveness with the best risk customers.

Caixa Break and Caixaworks cards

A new daily corporate management card was launched in 2013. “Try it and enjoy the benefits” was the message selected for its launch on radio, in the press, digital media and CGD branches. This new card is for the payment of meal allowances, with tax advantages for company and worker.

Communication pertaining to the Caixaworks card was also enhanced at all branch offices.

Unit Trust Funds

Information was provided on various unit trust funds created to provide for diverse corporate needs this year: *Fundo Caixa Crescimento* (Growth Fund) to strengthen productive capacity, backing exports, *Fundo Bem Comum* (Common Good) for the creation of new companies and the Jessica Urban Development Fund to boost economic activities in urban centres.

Sectoral offer

New contactless technology for automatic payment terminals was introduced for companies in the retail and services sector. The message “Pay and go” emphasised the main advantage of this *netcaixa* innovative technology service: speed and simplicity of payments in shops with major footfall. The campaign was covered by the specialised press, digital media and advertising at Caixa sales outlets and retail subscribers.

The primary sector was also a strategic sector for Caixa. “By land and sea, Caixa backs your projects”, based on its provision of €152 million in immediate financing with flexible terms.

Individual customers

CGD confirmed its proximity approach to its individual customers, in 2013, with the growing personalisation of relationships and emphasis on innovative products and services, based on high levels of customer satisfaction, quality of service and initiatives geared to stimulating savings and avoiding churn.

Improvement of service to Portuguese households always at the centre of CGD’s strategy

CGD provided continuity to actions strengthening its relational management with customers, increasing the number of commercial staff engaged on face-to-face banking functions and, consequently the number of customers with dedicated management. Interaction means and functionalities for customers on an electronic channels level were simultaneously strengthened.

Caixa Mais

Individual customers are accompanied by one of two personal services:

- Universal model, transversal to all branch offices;
- *Caixa Mais* service model, a personalised relational management service for individual customers with business growth potential.

Caixa Mais and *Caixazul* services: two complementary approaches to the individual customers segment

The *Caixa Mais* customers' folio has helped to improve profitability and posted the highest growth in 2013, with more than 800,000 customers benefiting from a differentiated level of oversight. The *Caixa Mais* service is available at all general branches and in 90% of them, i.e. 664 branches, 1,069 commercial assistants oversee around 500,000 customers.

Two advertising campaigns designed to promote Caixa's advantages for customers with basic banking services, enabling them to organise their financial affairs and save for the future, were developed for the purpose of reducing customer churn.

The first campaign, "12 advantages to being a *Caixa Mais* customer" provided information on these 12 Caixa advantages and the second, in September, emphasised the capacity of each of us to "turn over a new leaf", changing or adding something to our lives, relying on the support of a partner such as CGD.

Caixazul

- The service model for the premium customers segment – Caixazul – is currently available at 576 branches (78% of the network). It is provided by 961 dedicated account managers, responsible for overseeing and providing assistance to a total number of around 300,000 premium customers. It comprises an offer of exclusive products and services, with personal customer reception facilities with the objective of providing a service of excellence, notably
- A face-to-face banking service provided by a dedicated account manager in exclusive in-Branch spaces;
- Available 24 Hours per day / 7 days a week via the *Caixadirecta telefone*, *online*, *mobile* and app online manager (callback requests, secure messaging system, assistance in performing transactions and scheduling meetings);
- Access to exclusive financial products or products with special terms, particularly:
  - The highly prestigious Platinum Card, which differs from other credit cards owing to its distinctive insurance packages which include, *inter alia*, healthcare service and hospitalisation insurance and an exclusive concierge service;
  - Online term deposits exclusively for maturities of 1, 3, 6 and 12 months (Caixazul Netf@cil and Caixazul Netpr@zo).

CGD: The Bank of all Portuguese

As the Bank for all Portuguese, CGD also aims to increase its rate of penetration of the premium customers segment.

Various campaigns designed to improve commercial relationships while simultaneously strengthening emotional involvement with these customers, were launched in 2013, particularly:

- EDP COOL JAZZ - Caixazul

EDP COOLJAZZ is a leading musical event which has been concentrating on well known names and artists, while also introducing new major domestic and international entrants.

The 2013 edition, with names such as John Legend, Diana Krall, Rufus Wainwright, Ana Moura and Luísa Sobral, was held in July.

To boost attendance at this event 250 tickets for two were offered to the first Caixazul customers domiciling their wages through the account and taking out a Caixazul Netpr@zo deposit during the period of the campaign (1 - 16 June).

- Caixazul Christmas Campaign

CGD, in partnership with Chicco, offered a book to all children hospitalised in the Portuguese Oncology Institute (Lisbon, Porto and Coimbra) for each Caixazul customer subscribing for a Netpr@zo 3M, 6M or 12M deposit, during the period of the campaign (13 - 20 December).

In addition to these campaigns and as in past years, the following actions were taken to inform and promote the loyalty of Caixazul customers:

- Presentation of business opportunities by the Online Manager;
- Improved information on contacts, aimed at compiling informational and commercial records;
- Compilation of information on investor and customer profiles;
- Actions designed to boost cross and up-selling activities, providing customers with a diversified choice of products, covering the financial needs of each stage of customers' lives and financial profiles;
- Face-to-face presentation of the 12 advantages to *Caixa Mais* customers (current accountholders whose wages or pensions are domiciled in the account), Caixadirecta service, debit and credit cards): day-to-day, savings, financing and insurance;
- Suitability and sophistication of offer, in terms of personal loans with direct benefits to Caixazul customers, with lower spreads for purposes associated with sustainability and social responsibility: training, health and renewable energies.

CGD continue to promote its Caixazul service, in 2013, as follows:

- Bimonthly issue of its Caixazul newsletter, sent to more than 180 000 customers;
- Global monthly statement of account, with information on assets and liabilities;
- Restructuring of the contents of the Caixazul site;
- Publication of advertisements on specific, exclusive products;
- Sponsorship of the events of Professional Orders having a protocol with CGD, notably the Order of Engineers and the Order of Economists.

University Students and Residents Abroad

University and residents-abroad customers are strategic segments for CGD, owing to their contribution to total savings taken from individual customers and their value creation potential. The continuity of the preferred relationship with CGD when embarking upon their professional lives and the principal strategic objective of university segment management have led to the transition of more than 13 000 post university customers to new services which are more appropriate to this stage of their lives.

University segment: Value creation potential

2013 was yet another year of the affirmation of CGD's lead of the university market, as a business partner of the vast majority of higher educational establishments in Portugal. More than 60 active protocols with educational establishments provide benefits to the academic community, with CGD as the bank of first choice of around 280 thousand customers (students and other segments).

Promoting knowledge and academic merit, by awarding research grants, cash prizes to the best students and curricular and proximity placements for professional lives; promoting entrepreneurship by sponsoring competitions and presenting specific financial solutions for young entrepreneurs; backing students' financial needs during their academic lives and when embarking upon their professional lives are Caixa's performance areas in the university market.

Savings promotions based on innovation and raising the awareness of all customer segments

University branches on around 20 university campuses were especially designed to provide for the needs of the population of each educational establishment, to ensure a proximity approach.

The main objective of the offer for young people was to strengthen communication with these customers, with the aim of incentivising their savings habits.

The "Give your savings a boost and put your plans into action" campaign concentrated on the *CaixaProjecto* account and *LOL Júnior* and *LOL* cards. Under this action prizes (bicycles and iPods) were offered to customers paying more monies into their *CaixaProjecto* accounts and/or associating their cards with the savings function.

Association with university students and promotion of the Caixa IU brand took the form of several actions such as our presence at academic events ("Burning of the Ribbons" and freshers receptions) and summer festivals. "New University Year" campaigns to secure new customers were also organised (with stands at Partner Universities) and "Caixa Higher Savings Levels Summer Festivals" (rewarding the largest and fastest savings deposits with permanent entrance tickets to the Summer Festivals).

Residents abroad: "There's a Bank that brings you closer to Portugal. Caixa. Of course."

A graphical element in the form of the *azulejo* (Portuguese tile) was added to Resident Abroad customers communications, to identify the communication for this group with the creation of a specific theme: "There's a Bank that brings you closer to Portugal. Caixa. Of Course.".

Various campaigns were organised, during the course of 2013, on the concept: "It's Good to be Portuguese" with the objective of improving the commercial relationship and simultaneously strengthening emotional involvement with these customers, focusing on the importance of investing in Portugal, particularly:

- Easter Campaign - based on an advertising action under the "Diversify your Savings" headline with the main objective of promoting CGD's savings solutions (in euros and US dollars);
- Summer Campaign - with advertisements both abroad and in Portugal, on the theme "It's good to be Portuguese and have advantages here and there" concentrating on sales of Caixa real estate, savings solutions and information on the Caixadirecta Residents Abroad service. This campaign also involved welcoming actions at borders and specialised service areas at 70 branches in Portugal, with a higher level of footfall from customers resident abroad;
- Christmas Campaign on "It's good to have a truly Portuguese family Christmas", focusing on the *Caixa Família* service enabling several savings accounts to be grouped in order to benefit from a higher interest rate than on separate accounts.

Various *Know your Customer* actions were also organised, in 2013, to improve the proximity relationship between customers and account managers, for the creation of personalised proposals.

This was complemented by CGD's further consolidation of its distance management service models, the *Caixazul Internacional* service (for wealthier customers) and the *Caixadirecta Internacional* service, with Caixadirecta and Caixadirecta on-line freephone services.

An assessment was made of the level of service in terms of customer satisfaction, based on telephone questionnaires for customers with distance management facilities, confirming their positive assessment.

Continuous assessment of customer satisfaction levels

Other Integrated Offers

CGD has, in parallel, also been strengthening its Integrated Offers in the form of a series of financial solutions geared to specific customer groups: women, young people, over 55s and babies / future parents.

Each offer is enhanced in line with customers' preferences regarding their day-to-day management, savings and medium and long term projects and is based on a digital presence with specific contents at www.cgd.pt and the regular sending of newsletters, highlighting novelties, campaign products and partners' proposals.

My Baby

Specifically in the sphere of the *My Baby* offer, CGD was present at the “Looking after our Child, Looking after Us” conference, promoted by publisher Goodys, at Culturgest's Grand Auditorium. At the same event and in partnership with the Entrecampos Pre and Post Natal Centre, CGD also participated in workshops exclusively for grandparents.

The themes involved education and care during pregnancy and up to the age of three, duly articulated with CGD's financial offer for this stage of people's lives, notably, the *My Baby* prepaid card, Caixa Woman offer, *Caixa Activa* offer, savings and term deposits for babies and extended families, particularly the *Caixa Família* service.

Saving with Caixa is simple, easy and natural

***Caixa Família* Service (Family)**

The *Caixa Família* service provides for the possibility of creating a family savings network (each customer's natural network) and, accordingly, improve the interest rate on each separate account by attributing a higher rate of interest (based on the global balance) applicable to all accounts.

Caixa Família advantages are even more relevant for customers with a level of relationship with CGD as their bank of choice – by domiciling their income, benefiting, in these cases, from higher interest rates in the first two halves.

Caixa Activa

A partnership with *Ageless* magazine was agreed, following the revision of the *Customer Publishing* model. Reference should also be made to CGD's presence, with the best platforms, products and solutions for this important market, at the “Portugal Active” event, designed to promote an active lifestyle and an excellent ageing process.

Caixa Woman

As regards the Caixa Woman offer, prizes were awarded to customers who, having subscribed for the Caixa Woman credit card between 1 June and 31 July 2013, posted the highest levels of use on purchases made during the said period. The first prize was a weekend for two and hire car and an iPad for each of the following five customers.

As part of Woman's Day and Mother's Day celebrations, Caixa promoted its “*Mulheres com Chama*” ("Women with Charm") initiatives for a *Futebol Clube do Porto* game and “Mulheres com Garra” ("Women of Determination") at a *Sporting Clube de Portugal* game. It also provided support for the “Castilho Golden Christmas” action.

To mark World Savings Day, in October 2013, the Caixa Woman offer launched a structured three year deposit, indexed to the performance of shares in four industries (cosmetics and beauty products, clothing, luxury and mass consumption products), at an average gross minimum annual nominal interest rate of 1.560% and a maximum rate of 2.956%.

Also involving such customers, CGD, in partnership with Chicco, offered a book to all children hospitalised in the Portuguese Oncology Institute (Lisbon, Porto and Coimbra), for each customer subscribing to a Caixa Woman 3M, 6M or 12M deposit during the period of the campaign (13 - 20 December). On a credit level, reference should be made to reduced spreads on personal loans for training and health purposes.

Investment and Savings

Promotion of income and retirement solutions

Savings and investment solutions to secure new and retain matured resources, were provided, in 2013, in association with other available products as part of CGD's offer.

In terms of deposits, CGD maintained its campaigns on six bimonthly resource-taking initiatives (base and integrated deposits offer) and ten automatic savings solutions, whose creative rationale was based on the premise that with Caixa, “Saving is simple, easy and automatic: “Save automatically even when you’re courting."

The message being transmitted by CGD is that saving is a natural day-to-day event, comprising the small acts by all people and their families in which CGD acts as a process facilitator.

2013 also saw the one-off launch of deposits with exclusive access to certain integrated offers, namely:

- *Caixa Activa* - indexed deposit;
- *Caixa Woman* - indexed deposit;
- *Cliente Mais* customers - two indexed deposits and a simple term deposit, associated with the Caixa Alfama event;
- Customers with maturing “CGD 2007/2017, 1st issue” bonds - Caixa Savings Day Deposit;
- “Caixa Savings Day 2010/2013” - a simple term deposit for Savings Day.

There were also seven medium/long term capitalisation insurance campaigns, with guaranteed capital upon term at a fixed interest rate.

The new *Caixagest Ações Líderes Globais* open-ended unit trust fund was launched, In the unit trust funds sphere, with an indicative investment maturity period of five years, geared to investors with a more "adventurous" approach and twelve promotions of unit trust funds on permanent offer.

The following *PPRs* (retirement savings plans) and pension fund promotions took place in the sphere of income and retirement solutions,

- Promotion of four special *PPR (Levexpert)* series*;*
- Five promotions of three pension funds in CGD's permanent offer, *Caixa Reforma Activa, Caixa Reforma Prudente* and *Caixa Reforma Valor*.

Reference should also be made to the following initiatives:

- The new investor profile questionnaire – in second half 2013, in the form of a new questionnaire for assessing investor profiles, with the objective of ensuring a more suitable product offer;
- Participation in the CTT public offer for sale placement;
- Non-financial insurance to complement the insurance offer:
    i. Promotional actions – launch of nine promotional insurance initiatives for the protection of property and persons, with 64,500 new contracts encompassing 41,500 insured persons having been entered into;
    ii. Possession of Insurance Index initiative – offer of premium on the 1st annuity of a general Activcare card for Caixazul customers with a current non-life insurance policy, for new insurance on permanent sale;
    iii. *Caixa Seguro Lar* (home insurance) initiative – a 10% discount on the commercial premium of all annuities of the *Caixa Seguro Lar* policy to Caixazul customers with a current non-life insurance policy and a *Caixa Seguro Lar* policy more than 10 years old, when taking out a new Contents Insurance Pack.

General Government Sector

There was a certain change in the relationship with CGD's general government customers, notably on account of the new legal context in 2013, which stipulates that such parties' funds should be centralised with the Portuguese Treasury and which had a natural impact on deposits. CGD is still, however, the bank which makes more medium and long term loans to general government parties.

Resources

The branch office network in Portugal maintained its high levels of performance, in 2013, taking-in household resources of €54,251 million (€54,770 million in the preceding year). A positive contribution was made by deposits (up 0.7%) and investment funds (up 6%), with financial insurance and bonds responsible for negative evolutions of 0.7% and 36.7% respectively, in which latter case largely on account of securities attaining their maturity.

Good resource-taking performance by branch office network

With a comfortable liquidity situation, CGD continued to adjust its interest policy on deposits, in line with overall interest rate policy in Portugal.

CGD retained its traditional lead of the individual customers segment with a 32.6% market share of customer deposits, in December 2013. There continued to be an increasing improvement in the adequacy of the supply of savings products to different customer profiles, whose decisions and behaviour are also being adjusted to a global framework of renewal.

In 2013, CGD continued to tighten its focus on promoting corporate business, with an effective increase in the number of customers in this segment and respective growth of turnover. An increase in corporate deposits was also visible, in which a contributory was the close oversight of a larger number of companies and growing subscriptions to treasury function management products. It should be noted that following the increase already recorded, there is still significant margin for the continued growth of corporate deposits, converging to CGD's natural share of this segment.

Positive evolution (up 12.8%) of corporate deposits in Portugal

Total savings products in the corporate segment on the branch office network in Portugal were up 10.7% in 2013, particularly comprising a 12.8% growth of deposits and a 31.9% increase in investment funds. The market share of deposits in this segment was up from 10.8% in December 2012 to 11.4% in December 2013.

The total resources taken balance (excluding the interbank money market) on a CGD Group level, was 0.4% up over December 2012 at €90,963 million.

The customer deposits balance continued to grow (up 1.3%) over December 2012, to €67,623 million. Reference should be made to the fact that more than 70% of these resources comprised term and savings deposits

RESOURCES TAKEN BY GROUP

BALANCES AT 31 DECEMBER

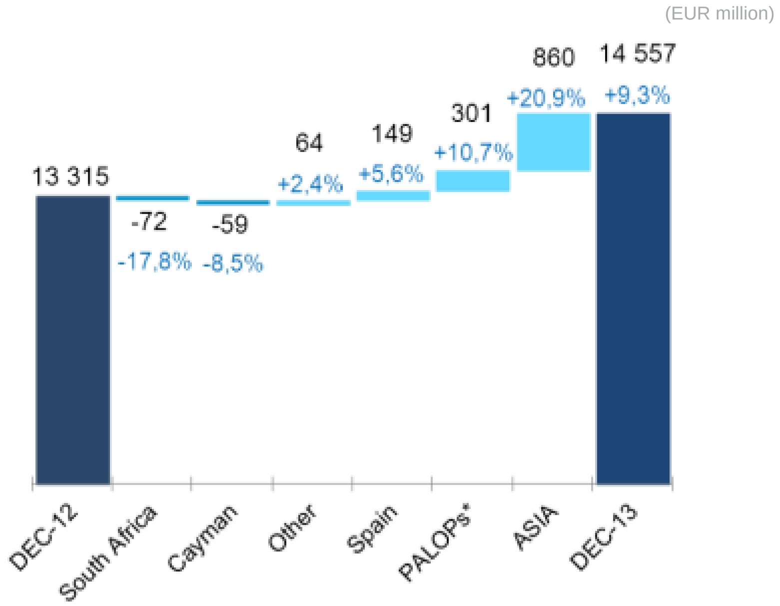
(EUR million)

			Change	
	Dec-12	Dec-13	Total	(%)
Balance sheet	90,173	87,777	-2,396	-2.7%
Retail	78,110	78,146	35	0.0%
Customer deposits	66,776	67,623	846	1.3%
Other customer resources	11,334	10,523	-811	-7.2%
Institutional investors	11,162	8,731	-2,431	-21.8%
EMTN	6,514	4,065	-2,449	-37.6%
Covered bonds	3,042	3,810	768	25.3%
Other	1,606	856	-750	-46.7%
Portuguese State (CoCos)	900	900	0	-
Off-balance sheet	12,483	12,817	333	2.7%
Total	**102,656**	**100,594**	**-2,062**	**-2.0%**
Total (excluding institutional investors and Portuguese State)	**90,594**	**90,963**	**369**	**0.4%**

Strong contribution by international branch office network in total resource-taking

The international branch office network continues to make a highly visible contribution to total savings taken by the Group, with deposits up 9.3% over December 2012 to €14.557 million. By geography, particular reference should be made to the East (up 20.9%), Lusophone Africa (up 10.7%) and Spain (up 5.6%).

CUSTOMER DEPOSITS - INTERNATIONAL ACTIVITY



*Portuguese speaking African countries.

"Off-balance sheet" resources, up 2.7% to €12,817 million at the end of 2013, translated good pension fund performance with a positive change of 6.7% over December 2012. The balances corresponding to the wealth management activity and investment units in unit trust funds were up 1.1% and 2.5%, respectively.

2.7% increase in "off-balance" sheet resources

CUSTOMER DEPOSITS (CONSOLIDATED)

BALANCES AT 31 DECEMBER

(EUR million)

	Dec-12	Dec-13	Change	
			Total	%
Individual customers	53,127	52,760	-367	-0.7%
Sight deposits	12,557	13,134	577	4.6%
Term and savings deposits	40,570	39,626	-944	-2.3%
Corporate	10,660	13,112	2,452	23.0%
Sight deposits	5,517	5,205	-311	-5.6%
Term deposits	5,144	7,907	2,763	53.7%
Public sector	2,671	1,444	-1,228	-46.0%
Sight deposits	959	1,037	79	8.2%
Term deposits	1,713	406	-1,306	-76.3%
Mandatory deposits	318	307	-10	-3.3%
Total	**66,776**	**67,623**	**846**	**1.3%**

By type, approximately €47,939 million or 71% of total customer deposits were term and savings deposits.

By segment, reference should be made to the highly positive performance of corporate deposits, up 23% by €2.5 billion over December 2012, fuelled by a 53.7% growth of €2.7 million in term deposits.

Leading of deposits market shares

Caixa maintained its lead in market share of customer deposits with more than 27.6% of the market in Portugal, in December 2013. Reference should be made to its market share of the emigrants' segment with more than 41% and a significant increase from 10.8% (December 2012) to 11.4% (December 2013) in the corporate segment

CUSTOMER DEPOSITS – MARKET SHARES (PORTUGAL)

(%)

	Dec-12	Dec-13
Corporate	10.8%	11.4%
General government	19.3%	13.0%
Individual customers	32.7%	32.6%
Emigrants	40.6%	41.2%
Mandatory	96.8%	97.2%
Total	**28.1%**	**27.6%**

Debt securities, down 25.5% over the end of 2012 to €8.8 billion, translated reductions in the balances of bonds issued on the public sector, cash and certificates of deposit and under the EMTN and ECP programmes. This was offset by a 25.3% increase of €768 million in the covered bonds balance fuelled by 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.

DEBT SECURITIES (CONSOLIDATED)

BALANCES AT 31 DECEMBER

(EUR million)

	Dec-12	Dec-13	Change	
			Total	%
EMTN programme issues [(a)]	6,950	3,982	-2,967	-42.7%
ECP programme issues	636	21	-615	-96.7%
Nostrum Mortgages	353	223	-130	-36.8%
Covered bonds	3,042	3,810	768	25.3%
Bonds on the public sector	617	612	-5	-0.8%
Cash bonds and certificates of deposit	201	143	-58	-29.0%
Total	**11,799**	**8,791**	**-3,008**	**-25.5%**

(a) Does not include issues classified as debt securities

In the subordinated liabilities sphere, CGD took in resources of €2.5 billion, down 13.1% by €381 million over December 2012.

SUBORDINATED LIABILITIES (CONSOLIDATED)

BALANCES AT 31 DECEMBER

(EUR million)

	Dec-12	Dec-13	Change	
			Total	%
EMTN Programme Issues [(a)]	1,145	1,141	-4	-0.4%
Contingent Convertible (Coco) bonds	900	900	0	-0.0%
Other	859	482	-377	-43.8%
Total	**2,905**	**2,524**	**-381**	**-13.1%**

(a) Does not include issues classified as debt securities

Credit

In line with the developments of past years CGD tightened its focus on loans and advances to companies, in 2013, with the aim of promoting their production and export capacity in addition to innovation and entrepreneurship. The contents of the Mission Letter, disclosed on 31 May 2013 by CGD's shareholder effectively confirms the Group's trajectory:

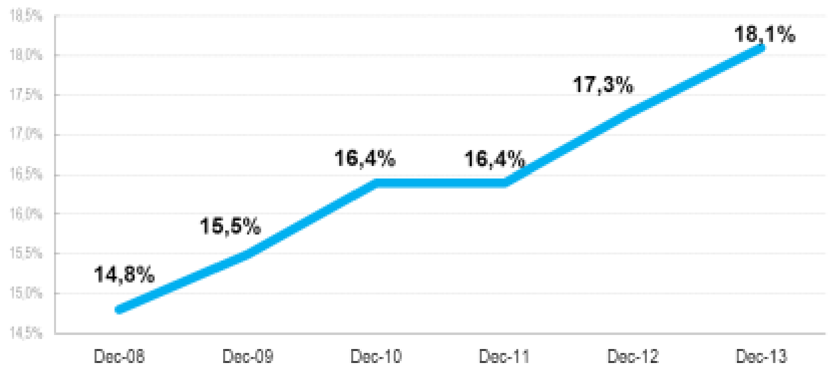
"... redirect its credit portfolio and adapt credit facilities to the Portuguese economy's financing conditions, safeguarding prudent risk assessment criteria (…) with the aim of contributing to the internationalisation of Portuguese companies and increasing export capacity. In a broader sense, Caixa Geral de Depósitos should contribute towards a structural change in the Portuguese economy, more based on the tradable goods sector".

Credit: Focus on the best Portuguese companies, particularly in the tradable goods sectors

CGD has strengthened its market share of loans and advances to companies, as already stated, in line with values more commensurate with its natural market share. Its market share of loans and advances to companies, in December 2013, was 18.1%, up 0.8 pp since the start of the year. There has been a 3.3 pp positive change over the last five.

MARKET SHARE - CORPORATE LOANS

(%)



Reference should also be made to the continued acceleration of the favourable evolution of credit for the best and most dynamic Portuguese SMEs.

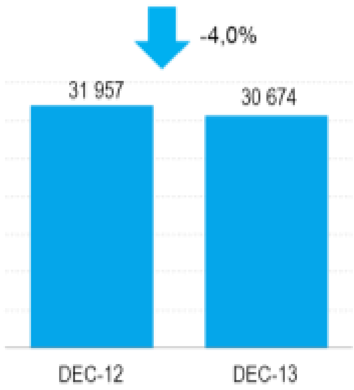
The volume of lending to the individual customers segment was down in 2013 as a reflection of the present recessionary environment, higher taxes and unemployment levels

Positive change in new mortgage lending does not make up for the increase in repayments

There was a positive year-on-year change of around 6.7% in new mortgage lending segment operations, in 2013, although the change was not sufficient to offset the reduction of stock owing to repayments. The branch office's share of Portugal's mortgage lending balance was, accordingly, down, 4.0% year-on-year to €30,674 million at the end of 2013.

MORTGAGE CREDIT PORTFOLIO - BRANCH OFFICE NETWORK (PORTUGAL)

(EUR million)



In December 2013 lending by BCI Moçambique was up 16.7% by €159 million over December 2012. BNU Macau and BCG Brasil also posted a positive level of evolution, growing €109.2 million and €59.9 million, respectively.

Credit growth, notably in Asia and Africa

Moving in the opposite direction, CGD's France branch and CGD units in Spain were responsible for 68.6% of the referred to decline in the international network's gross loans and advances during the course of 2013, in which the credit portfolio in France, where the economic environment remains weak, was down 9.5% by €369.9 million and in Spain, in which the CGD Unit is being restructured where it was down 7.8% by €402.1 million.

In consolidated terms, loans and advances to customers (gross) totalled €74,588 million at the end of 2013, down 5.5% by €4,362 million over December 2012.

GROSS LOANS AND ADVANCES TO CUSTOMERS (CONSOLIDATED)(A)

	Dec-12 (b)	Dec-13	Change		Structure	
			Total	(%)	Dec-12	Dec-13
Companies and Institutionals	35,781	33,714	-2,067	-5.8%	45.3%	45.2%
General Government	4,534	3,995	-539	-11.9%	5.8%	5.4%
Individual customers	38,635	36,879	-1,757	-4.5%	48.9%	49.4%
Total	**78,950**	**74,587**	**-4,363**	**-5.5%**	**100.0%**	**100.0%**

(a) Before impairment.
(b) For comparison purposes, the year 2012 values are pro forma.

Reference should be made to the 11.9% reduction of €539 million by the general government sector over December 2012.

CGD Group increased its market share of loans and advances to customers over December 2012's 21.3% to 21.6% in December 2013, reflecting the increase in the market share of the corporate segment to 18.1% and the individual customers segment to 23.7%

The market share of loans and advances to general government was 29.5%.

LOANS AND ADVANCES TO CUSTOMERS – MARKET SHARES

(%)

	Dec-12	Dec-13
Corporate	17.3%	18.1%
Individual customers	23.6%	23.7%
Mortgage loans	26.6%	26.5%
Other	9.1%	9.2%
General government	34.3%	29.5%
Total	**21.3%**	**21.6%**

Contraction of credit in the construction, mining and manufacturing sectors

Lending to companies and institutionals by sectors of activity was particularly down in the mining and manufacturing sectors (3.9% by €164 million) and construction (2.1% by €117 million), the latter reflecting the contraction of activity and policy of reducing the Group's exposure to this sector

LOANS AND ADVANCES TO CORPORATE AND INSTITUTIONAL SECTORS - BY SECTORS OF ACTIVITY (a)

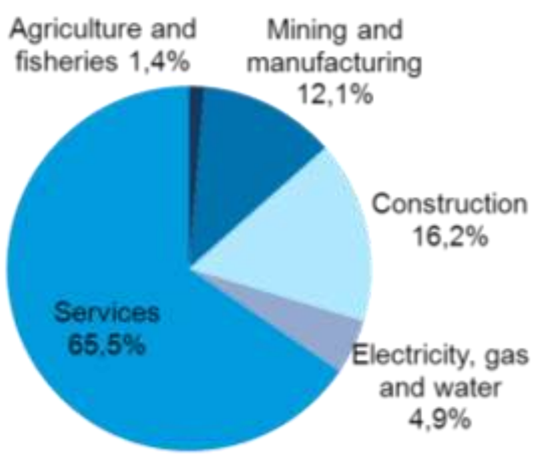
(EUR million)

			Change	
	Dec-12 (b)	Dec-13	Total	%
Agriculture and fisheries	445	456	11	2.4%
Mining and manufacturing	4,249	4,085	-164	-3.9%
Construction and public works	5,572	5,455	-117	-2.1%
Electricity, gas and water	1,638	1,648	9	0.6%
Services	23,876	22,070	-1,806	-7.6%
Total	**35,781**	**33,714**	**-2,067**	**-5.8%**

(a) Consolidated operations before impairment.

(b) For comparison purposes, the 2012 values are *pro forma*.

LOANS AND ADVANCES TO CORPORATE AND INSTITUTIONAL SECTORS - DECEMBER 2013



Loans and advances to individual customers down 4.5%, with a 4.2% drop in mortgage lending

The balance on lending to the services sector particularly comprised the “financial activities”, with €7.4 billion, “real estate activities”, with €3.1 billion and wholesale and retail”, with €2.9 billion subsectors.

The end of year balance on loans and advances to individual customers was down 4.5% by €1.8 billion to €36.9 billion, originating both from mortgage loans (down 4.2%) and "other" (down 10.0%).

LOANS AND ADVANCES TO INDIVIDUAL CUSTOMERS [a]

BALANCES AT 31 DE DECEMBER

(EUR million)

			Change	
	Dec-12[b]	Dec-13	Total	%
Mortgages	**36,385**	**34,853**	**-1,532**	**-4.2%**
Other	**2,251**	**2,026**	**-225**	**-10.0%**
Of which:				
Credicaixa (consumer) [c]	840	740	-100	-11.9%
Credit cards [c]	317	274	-43	-13.5%
Total	**38,635**	**36,879**	**-1,757**	**-4.5%**
NEW OPERATIONS				
Mortgages				
Number of contracts	5,772	5,955	183	3.2%
Amount	434	463	29	6.7%

(a) Consolidated operations before impairment.

(b) For comparison purposes, the year 2012 values are *pro forma*.

(c) Operations in Portugal

New mortgage lending operations totalling €463 million comprising 5,995 operations

Mortgage loans in Portugal were down 4.0%, to around 41.1% of the consolidated portfolio total at the end of December 2012.

The rhythm and contractual terms of CGD's new mortgage lending operations in Portugal, in 2013, reflect a new approach to this business segment, notably expressed in a higher number and volume of new contracts, comprising 5,995 operations totalling €463 million.

Mortgage loans

Initiatives were taken to provide information on and promote the Group's real estate portfolio under management.

A communication campaign under the banner “Caixa offers you 5% plus costs/charges on the purchase of your new home”, with the maintenance of the “Good Prices - Good Business" seal, at SIL 2013.

Electronic channels and more sophisticated accesses strengthen customer proximity

Electronic Channels

CGD has adopted customer-centric management, in its provision of a series of face-to-face and remote sales channels, based on a multichannel approach. This strategy is supported by the diversification and integration of new electronic channels and the adoption of new distance service models, complemented by the diverse channels.

The integration of new, more sophisticated access channels – PC, wireline or mobile telephone, smartphones or PDAs - guarantees customer proximity in the most convenient, secure manner.

On a complementary level, all distance banking services have been enhanced with new functionalities and supporting applications enabling a qualitative leap forward in the improvement of the service provided to customers and a more dynamic approach to the management of these channels as a complement to face-to-face services.

Procedures deriving from the evolution of the SEPA ("Single European Payments Area"), have been adopted. This is a pan-European project following the creation of the euro and aims to provide a unique payments system.

MultiBanco and Caixautomática network

ATMs ("Automatic Teller Machines") on the MultiBanco network and Caixautomática networks exclusively for the use of CGD customers are the nationwide, self-service channel *par excellence*.

ATMs: 4,774 machines of which 1,471 exclusive to CGD; 273 million operations

There was a total number of 4,774 ATMs at the end of 2013, which performed 273 million operations and €16.5 billion in transactions. CGD assisted 2,328 Multibanco ATM units with a market share of 17.8%, with 139.2 million operations comprising movements of €7.7 billion.

The Caixautomática network comprised 1,471 machines exclusively for the use of CGD, with 975 bank passbook updaters. This network was responsible for 133.7 million operations and €8.9 billion in movements. Reference should be made to the implementation of new functionalities, in 2013.

Commitment to innovation:

Launch of Caixadirecta app

Caixa e-Banking and Caixadirecta

Caixa e-Banking (online service for companies) maintained its growth trend with a 9.7% increase in subscriptions and average daily movements of €100 million.

Caixadirecta app: ”The Best Mobile Banking app”

In terms of innovation, 2013 was marked by the launch of the Caixadirecta app for Windows 8 and the Android and iOS mobile operating systems for tablets and smartphones. It was an immediate success as, at the present time, Caixadirecta app users account for 11% of accesses to the online service for individual customers. This innovation won the "Best Mobile Banking App" prize from the European Financial Management Association (EFMA).

The Caixadirecta service had more than 1.78 million users, in 2013, with a 7% year-on-year growth.

Caixa Contact Centre

The Contact Centre handles incoming and outgoing calls (from customers) 24 hours a day / 7 days a week, provides services and performs outbound actions (proactive contacts with customers), organises customer loyalty campaigns, promotes and sells products and services, processes enquiries and deals with credit recovery actions.

More than 1.68 million calls were received, in 2013, including the informational and transactional lines answering service. Around 2.8 million outgoing calls were made and around 320 thousand customers contacted.

Reference should be made to services for specific customer segments, notably the "Caixadirecta IU" service for university customers who value distance services, 24 hours a day / 7 days a week. Reference should also be made to the “Caixadirecta Mais" distance management service, essentially for accompanying recent graduate customers embarking on their working lives.

Incoming calls particularly included the implementation of the Quality Management System certified to ISO 9001, by APCER. It translates the recognition of the persistent quest for excellence and quality in terms of service geared to customer satisfaction and cost reduction.

Serviin customer care line for persons with hearing impairments

Special mention should also be made of the *Serviin Service* (for customers with impaired hearing), promoting this community's accessibility to financial services, broadening the dedicated service, already provided on the platform, notably Caixadirecta's informational and transactional services and Caixa e-Banking, and specific customer support lines, in the sphere of credit card use, Caixautomática service and netcaixa.

Means of Payment

The objective of maintaining the lead of the domestic market was achieved, in 2013. In the sphere of the acquiring (processing of transactions) service CGD furthered the strategy of promoting its *netcaixa* brand and identifying new business opportunities. The netcaixa portal, permitting the disclosure of information on products and campaigns (www.netcaixa.pt) was also implemented.

New APTs use contactless technology

The means of payment area, in 2013 was marked by innovative, exclusive proposals best exemplified by the *netcaixa* contactless service whose technology permits greater flexibility, comfort and speed of payment on new contactless automatic payment terminals while maintaining security standards. These APTs enable payments of small amounts of up to €20 to be made by simply placing the card next to the terminal, without the need to enter a PIN. Contactless technology has advantages for companies (speed and ease of payment, shorter queues, reduction of cash receipts) and customers (speed of payment, ease of shopping, secure means of payment).

In an adverse environment, rigorous endeavours continued to be made to monitor risk and achieve improvements and cost effectiveness, notably, in terms of prevention and control.

In the default risk prevention sphere:

- Training actions for the branch office network were renewed, focusing on the application of the new legal framework for risk prevention and control;
- Adjustment measures for the type of debt payment solutions for customers at risk of default were implemented.

In the sphere of overdue credit control:

- Adjustments were made to solutions, exclusively for card defaults, pursuant to the legislation in force;
- Work began on the process for broadening the external recovery model to personal loans, as with credit cards, which has been a success since 2010.

Reference should also be made to proactive actions for splitting up purchases into instalments at no extra cost, improving ease of payment. Promotional campaigns were developed for the Summer and Christmas periods with the following message – “Shop Today and Pay in the Spring”.

Several campaigns were organised during the year to promote the use of automatic split payments, e.g. Lanidor, Sacoor, Loja das Meias and Nol.

Further enhancing the position of Caixa's cards as day-to-day management tools, the association with *Restaurant Week* 2013 was maintained making it possible to invite customers for RW meals and offer cookery workshops.

A campaign offering tickets for the Champions League Wembley 2013 was launched with the objective of improving brand awareness based on association with highly prestigious sports events.

The Benfica credit card promotion involved the "Golden Seat" competition. There were also various other promotional initiatives at diverse Sport Lisboa e Benfica games.

Information on *Made By* solutions, notably at the end of the year, in December, continued to concentrate on attributes such as pioneerism, innovation, the customisation of products, services and a customer-centric approach inherent to the card.

2013 was a year of innovation and the launch of new products:

- Erasmus ISIC Card – targeted at Erasmus students, i.e. when studying outside Portugal, with identical commissions to those charged on domestic territory;
- Caixa Break Card – a new card for use in the food sector permitting companies to prepay its workers' meal allowances;
- Caixa VIVA Card – the first debit card enabling the automatic payment of journeys on Lisbon Metropolitan Area transport systems. This functionality uses contactless technology;
- Caixa Gold OET Card – issued in partnership with the Order of Technical Engineering Operatives, with exclusive advantages for its members;
- ITIC FENPROF Card – issued in partnership with the National Federation of Teachers, with exclusive advantages for its members.

1.5.2.2. SPECIALISED CREDIT

The financial leasing sector, in Portugal[1] was up 4% year-on-year, fuelled by the 9% growth of the equipment leasing sector. The factoring sector was down by around 3% over the same period 2012. Consumer credit recorded the best performance with 16% year-on-year growth over de 2012.

Financial leasing: up 4% over the preceding year, particularly owing to the positive change in equipment leasing

SALES FOR SECTOR IN THE YEAR

(EUR million)

	2012	2013	Change (%)
Property leasing	518	490	-5,3%
Equipment leasing	974	1 062	9,1%
Factoring	22 948	22 302	-2,8%
Consumer credit	3 467	4 012	15,7%

Caixa Leasing e Factoring

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

[1] Source: ALF – Portuguese Leasing and Factoring Association.

CAIXA LEASING E FACTORING - SALES AND MARKET SHARE

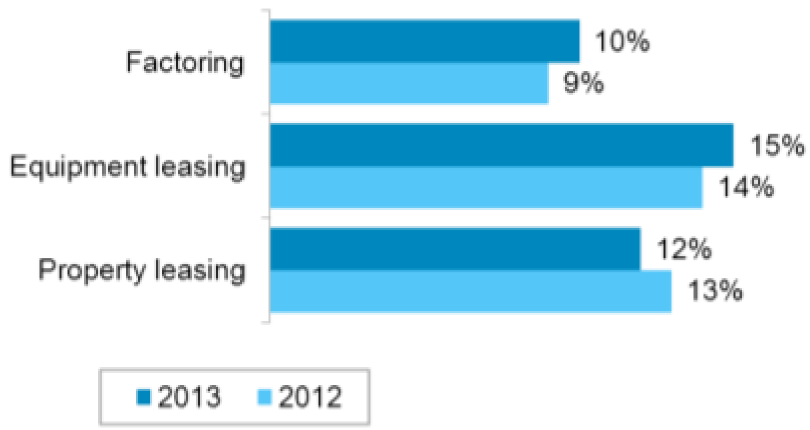
(EUR million)

Product	CLF Sales			CLF Market Share			
	2012	2013	Change (%)	2012		2013	
				Ranking	%	Ranking	%
Property leasing	66	60	-9%	3rd	13%	3rd	12%
Equipment leasing	136	163	20%	1st	14%	1st	15%
Total *Leasing*	**202**	**223**	**11%**				
Factoring	**2,151**	**1,943**	**-10%**	**4th**	**9%**	**5th**	**10%**
Consumer credit	**4**	**4**	**-1%**		**0.3%**		**0.1%**
Vehicle finance							
Property leasing (light vehicles)	39	51	30%				
Consumer credit	3	3	-13%				

The company followed the sector trend, with 9% decrease in its real estate business and 20% growth in equipment leasing. Owing to the slowdown of real estate leasing, CLF's market share of 13%, in 2012, fell to 12% in 2013. The company retained first place in the equipment sector ranking, strengthening its market share by around 1 pp, to 15% against 14% in 2012. In light of this evolution, the company grew 11% in global financial leasing sales, coming fourth in the factoring sector with a market share of 10% against 9% in 2012.

CLF: 1st in equipment leasing and 3rd in real estate leasing

MARKET SHARES - CLF



Caixa Leasing e Factoring's net assets were down 11.9%, as a result of the 13.7% reduction of its loans and advances to customers (net) portfolio.

CAIXA LEASING E FACTORING - INDICATORS

(EUR million)

	2012	2013
Net assets	2,683	2,364
Loans and advances to customers	2,723	2,402
Provisions for overdue credit,	-175	-203
Shareholders' equity	88	67
Net income	-39	-21
Share capital	10	10
Group %	51%	51%
Employees	190	188

Net interest income and net operating income were down 9.7% and 14.4%, respectively. The appropriation for provisions and impairment was down 38.0%, reducing the amount of €78.7 million recorded in 2012 by around €29.9 million.

The company, at 31 December 2013, posted net losses of €20.9 million.

1.5.2.3. INTERNATIONAL ACTIVITY

The development of international business has been one of CGD Group's main strategic thrusts.

The transformation in progress in the Portuguese economy, as reflected in the growing weight of the tradable goods and services sector as a proportion of GDP has naturally been reflected in the added importance afforded by CGD to its international activity, whose results should also constitute a fundamental driving force behind the Group's return to a sustainable profitability trajectory.

Promotion of cross business across the whole of CGD's network by a growing number of managers

In such a context, in the global market in which CGD Group operates, through its international branch office network, the identification and disclosure of information on business opportunities, providing Portuguese companies with access to other markets, backing their internationalisation and contributing to an enhanced export and competitive capacity, are considered priorities.

With a vast operational platform, across four continents, Caixa, in close collaboration with its local representatives in the different geographies in which it operates, through subsidiaries, branches, representative offices or other forms of operation, has invested in the development of a closer proximity relationship with its respective markets, as a reliable, experienced partner for agents in such markets and in its promotion of cross-business between geographies.

Major contributions to consolidated net results in Asia, Africa and France

The Group's main presence is in several of the higher growth markets on an international level, such as Mozambique, Angola Brazil and Asia, covering important commercial corridors linking these geographies to each other and Portugal.

The results achieved by the international branch office network confirm and strengthen the Group's commitment to very dynamic economic regions, as reflected in the highly positive results for the Group's consolidated income originating from Asia and Africa.

CONTRIBUTION OF THE INTERNATIONAL ACTIVITY TO THE CONSOLIDATED NET INCOME

(EUR million)

	Dec-12	Dec-13
Subsidiaries and branches in Africa and Asia	83.1	92.6
Other Subsidiaries and Foreign branches	-124.4	-175.9
Total International	**-41.3**	**-83.3**
Total International, excluding Spain	**118.1**	**99.2**

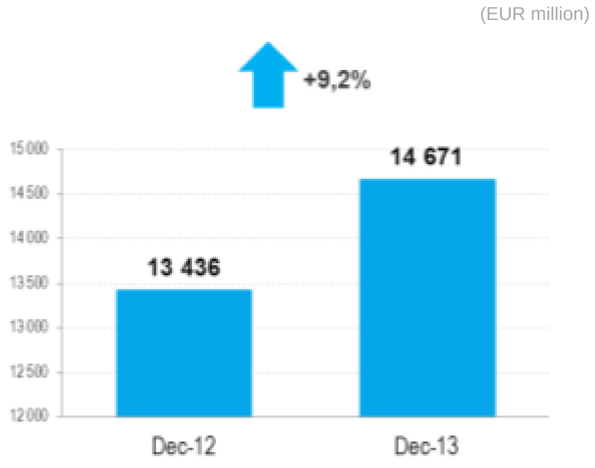
Promotion of international business desks in geographies with higher growth potential

Special reference should be also made to the performance of the Timor branch, in a new, very small country in which the Group has been the only Portuguese banking presence for more than a century and, in the sphere of mature markets, the France branch whose results were up by around 32% over 2012.

Operation in Spain, the country destination of 23.7% of Portuguese exports, focuses on Iberian business

The still unfavourable numbers associated with the operation in Spain, largely resulting from the referred to restructuring process, prevented the Group from posting positive results from its international activity as a whole. Excluding these losses, the international area's earnings would, however, have been €99.2 million, in comparison to €118.1 million in 2012.

CUSTOMER RESOURCES – INTERNATIONAL ACTIVITY



2013 saw a strengthening of savings taken from the individual customers of units abroad, making a favourable contribution to this important balance sheet aggregate with a growth rate of 9.2%.

Resource-taking from the international area up 9.2%

The residents-abroad individual customer business continues to merit CGD's special attention. It essentially comprises the strengthening of distance care models and growing qualification of the Group's respective units, notably its representative offices, branches and subsidiaries and other retail banking units.

Strengthening of relevance of business with residents abroad

Main CGD Group geographies

Spain

In 2013, following nine consecutive quarters of recession, Spain began to invert its falling GDP cycle with positive growth rates over the last few months of the year.

Several positive signs associated with the growth of exports and control of domestic demand began to appear, with a reduced level of growth of 0.1% having been forecast for 2014.

Iberian business: a priority for CGD's Spain operation

In the foreign trade sphere, Spain has either maintained or improved its share of the world market, with exports up by more than 6%, the highest level achieved by a euro country. The balance of trade posted a surplus of 2%, for the first time in 20 years which many analysts consider sustainable, translating a structural reinforcement of the country's external competitiveness.

Tourism posted its best ever year, in 2013, with 10% of GDP.

As a result of these dynamics, industrial output was up over the last few months of the year, in spite of the fact that the effects of the real estate crisis are still being felt, with the persistence of low levels of activity and falling property prices. There has been a slight drop in the unemployment rate, both on account of exits from the labour market as well as job creation. It is still, however, more than 26%.

Debt levels, transversal to the economy as a whole, continue to reduce and the public sector is being restructured with the aim of cutting expenditure. This should translate into a greater rationalisation of services and integration of functions.

Spain's financial sector is undoubtedly the one in which the most profound structural transformation has occurred The process of the restructuring of the former "Caixas" and banking groups, involving €41.3 billion in European funds (out of €100 billion), requiring a significant increase in provisions and new capital requirements, is at its completion stage.

Today's banking sector, in Spain, is better capitalised and more competitive than a year ago.

The role of Iberian business within the Bank's commercial strategy has been strengthened, with the development of value proposals for companies with interests in this market that CGD Group considers to be a natural expansion of its home market. Accordingly and to oversee the expansion of business in the Iberian Peninsula, the Bank offers a series of products and services especially designed to provide for its needs.

As regards the quality of the credit portfolio, the Bank has controlled its default ratio which, at the end of November was 6%, well below the sector average of 13.2%.

There was a visible worsening of this indicator, in 2013, within the Spanish banking system, deriving not only from poor performance in terms of defaults but also on account of the restructuring of the debts of major industrial Groups to the banks.

2013 was marked in CGD Group by an agreement, with DGComp, for the restructuring of its presence in Spain and, in particular, Banco Caixa Geral, translating into a marked redimensioning and reorientation of its retail business model, with a special focus on individual customers and SMEs. This restructuring aims to enable the Bank to face its growing competition, based on greater efficiency and productivity and lower costs.

France

In France, according to economic performance data for 2013, GDP was up 0.3%, sustained by domestic demand and inventory changes (0.4%), as the contribution of foreign trade was responsible for a negative change of 0.2%. Following an improvement last October, unemployment was up again in November, to an estimated end of year rate of 10.8%.

In this context of a weak level of economic activity, the France branch, in 2013, operated a specialised niche management strategy, particularly focusing on the Franco-Portuguese community and new emigrants progressively expanding its operating area to Lusophone communities and especially the Cape Verdean community, always adopting a high profile proximity approach to all customer segments.

France branch: Proximity banking with market niches continues to be a successful strategy

This policy and operation have been highly successful, with the branch posting a relevant level of activity in which special reference should be made to the 6.3% increase in resource-taking and remittances of more than €314 million to Portugal. Credit growth, in France, was only 0.5%, mainly on account of the macroeconomic situation and a greater level of fragility of economic agents. To prevent portfolio quality from worsening even further, the Branch has been more rigorous and selective in its lending criteria.

2013 was also marked by the opening of a new branch in Boulogne Billancourt, a highly dynamic zone on the outskirts of Paris, followed by a second branch in Lyon which is France's second largest metropolis after Paris, in December 2012. With these two new openings, CGD France now has a total of 48 branches.

The France branch has played an active role in the lives of the Franco-Portuguese community of which it is an integral member, often in articulation with leading institutions and associations, having provided backing for several initiatives, particularly:

- The Paris Chamber and Cap Magellan: Prize for the Best Citizenship Initiative;
- The Portuguese Embassy: Grants for graduate Luso-Descendants;
- The Franco-Portuguese Chamber of Commerce and Industry: 2nd Portuguese Real Estate Exhibition in Paris
- The “Company of the Year 2013” trophy.

Africa

Sub-Saharan Africa continues to enjoy strong growth, with forecasts of 4.9% in 2013 and an average estimated performance level of 5%, between 2013 and 2015, albeit associated with the risks attached to a weaker recovery of the world economy, as forecast by the World Bank. Almost a third of the countries in the region are growing at a rate of 6% and African countries currently enjoy some of the fastest growth rates in the world, notably as a result of the increase in remittances and private investment in the region.

Estimates for Angola point to real GDP growth of around 7.1% in 2013, against 7.5% in 2012, with emphasis on the continuous growth of the non-oil economy based on domestic demand financed by oil revenues and a more expansionary fiscal policy. Inflation is expected to remain unchanged from its end of 2012 figure of 9%.

The new monetary policy and foreign exchange regulations operational framework, in force since October 2013, channels a large proportion of the resources generated by the oil sector into the domestic banking system, strengthening the role of the Kwanza and banks' balance sheets. Low public debt levels (a forecast of 20.4% of GDP for 2013) reflects self-financing capacity and strengthens Angola's external position. Financial entities, telecommunications, agricultural activity and manufacturing continue to drive the economy, helping to diminish the country's reliance on oil.

Banco Caixa Geral Totta de Angola (BCGTA) has furthered its activity with a strategic focus on corporate banking and individual premium customers and oversight of the business affairs of Caixa Group customers, both in terms of backing for investment in Angola and promotion of foreign trade between Portugal and Angola, in addition to other geographies in which the Group operates.

Africa: BCGTAngola – Corporate banking and backing Portuguese internationalisation

In 2013, BCGTA provided continuity to the policy of expanding its offer of products and laying the groundwork for an increase in the commercial dynamic, by opening two new branches in Luanda, totalling 25 branches and 3 corporate centres at the end of the year. Emphasis was also placed on electronic banking, with the implementation of a new site and launch of the CaixaTotta@net service for individual customers and the inclusion of a transactional aspect both for individual and corporate customers.

The Bank succeeded in achieving a leading position in the *Angola Investe* programme, which is a support instrument for microenterprises and SMEs and considered to be one of the main national credit promotion programmes, coming 5th out of the system's 27 banks in terms of project approvals.

A specialised area for overseeing oil sector companies was created in 2013.

There was a slowdown of economic growth in 2013, in Mozambique, with GDP falling to 6.5%, notably owing to the bad weather at the start of the year which forced the population to relocate and destroyed crops and infrastructures (road and rail transport and the power grid).

Economic activity has been fuelled by public investment in infrastructures, investments of foreign capital in major gas drilling projects and exports of coal, heavy sand and traditional products, notably sugar.

The country's macroeconomic stabilisation process, with IMF support will proceed up to 2016, with a new programme under the Policy Support Instrument having been signed in June of this year.

The inflation rates of 7.4% and 6.5%, estimated for 2012 and 2013 respectively, denote a downwards trend resulting from various factors such as the fall in prices of imported foodstuffs owing to the metical's greater current stability against the US dollar and South African rand, the containment of administrative prices on fuel, transport and other public services and a greater supply of foodstuffs, agricultural and fisheries products.

The increase of imports geared to the needs of new projects exceeded export growth and increased the deficit on the current account to 35.5% of GDP in 2012, with the situation also expected to worsen in 2013.

In 2013, Banco Comercial e de Investimentos (BCI) furthered its strategic positioning policy for the BCI brand as a Mozambican brand which values national culture, tradition and sustainable development and makes an active contribution to the population's progressive use of the banking system. Its market share continues to rank BCI as the second biggest bank in the system. Its branch office network expanded to 132 branches, with the opening of 4 new branches.

Mozambique: BCI

- "The Best Commercial Bank 2013 - Mozambique" for the 3rd consecutive time
- "The Best Sustainable Group in Mozambique *(World Finance)*

The highly expressive 38% increase in the number of new customers, over the course of the year largely derived from a major campaign to secure customers, focusing on the retail network.

On a level of electronic channels, the evolution and development of the electronic network was also very significant, with high rates of growth both in the issue of debit and credit cards (up 18.5% and 32.5% respectively) and the number of APTs (up 21.5%).

At the end of 2013, BCI strengthened its SME Business line of credit from 500 million to 1 billion meticais, as a sign of the number of subscriptions for and success of this initiative, which was launched in September 2013, to fund Mozambican SMEs, notably through the treasury support function and investment solutions.

For the 3rd consecutive time, BCI was considered the "The Best Commercial Bank 2013 – Mozambique" by "World Finance". It was also nominated, by the same publication, as the "Best Sustainable Group in Mozambique".

Cape Verde was included in the group of more politically and socially stable African countries in 2013-2014. It is government strategy to attract internal and external investment in tourism and the financial sector, as well as in clusters associated with the sea (fisheries, transport and oceanography), aviation and the new technologies.

Cape Verde's economic and financial development continues to be largely conditioned by the persistently unfavourable international context. The unfavourable economic and financial environment in the Euro Area has conditioned funding for the Cape Verdean economy owing to the reduction of emigrants' remittances, foreign direct investment and external development aid.

Cape Verde: BCA

- Undisputed market leader;
- "Trustworthy Bank" in the eyes of Cape Verdeans for the 4th successive year (Afrosondagem)

Economic indicators suggest a continuous slowdown of economic dynamics over the first nine months of 2013, with the strengthening of the confidence of economic agents and necessary reinforcement of the banking system's balance sheet still not in evidence. According to the Bank of Cape Verde and in line with the latest projections, GDP growth, in 2013, will be in the 2% - 3% band, as in the case of the 2012 projection.

In an environment in which lending to the economy remains stagnant (forecast of an 0.2% increase for 2013), customer deposits, as the main source of funding for the banks, maintained an accelerated growth rate. Notwithstanding the slowdown of emigrants' deposits (year-on-year growth of 4.9% in November, against 9% for the same period last year).

Banco Comercial do Atlântico (BCA) celebrated its 20th Anniversary, in 2013, with various events contributing towards furthering its objective of adding value to and maintaining its brand image and its national and international credibility. For the 4th consecutive year it was selected on the basis of an independent survey by Afrosondagem, as the "Trustworthy Bank", in the banking sector category, in the eyes of Cape Verdeans.

The central business focus, this year, was the sustainable normalisation of overdue credit, either in the form of effective recovery based on a more proactive approach to collections, or by restructuring when criteria of an objective payment capacity are guaranteed, associated guarantees and, whenever possible immediate payments of amounts by the borrowers.

In the new business sphere and in a scenario of a still globally unfavourable environment, the Bank continues to adopt a prudent approach to new loan applications.

The Bank's main objective also continues to be a permanent improvement of productivity, quality of service and promotion of rationalisation and efficiency based on structural costs reduction methods, particularly regarding the general administrative expenditure accounts.

To improve its performance, BCA has been strengthening its commercial and marketing activities, maintaining a high level of proximity and consolidation approach to its relationships with the corporate segment as well as its strategic repositioning in the emigrants' segment.

Customer resources, as the bank's main funding source, grew by only 1.3%, with particular reference being made to the 5.4% growth in term deposits, owing to the maintenance of its current customer loyalty and new resource-taking strategy. Emigrants' deposits, which account for 50.2% of the bank's total resources, grew 5.5% in 2013, evidencing the Bank's strength, confidence and safety in the eyes of the emigrant community.

Banco Interatlântico succeeded in weathering the crisis and its effects, with global performance gains, particularly in the case of its commercial operations, in which special reference should be made to the 8.8% increase in resource-taking from customers. The two banks as a whole have a network of 42 branch offices, with CGD Group having a presence on all of the islands of the archipelago.

São Tomé e Príncipe belongs to the group of Africa's lower average income countries. Its GDP, since 2010, has been growing at an annual average rate of 4.5%, incentivised by the construction, tourism and commercial sectors and a certain amount of investment associated with oil exploration.

São Tomé e Príncipe: BISTP

- Undisputed lead
- Innovation and expansion

This is a small economy with a limited production base, highly reliant on cocoa exports and international aid flows. Tourism, which has high potential, has however, been slow to develop owing to poor infrastructures (water, drainage, energy, roads), shortages of skilled staff and the insufficient number of flights connecting it to Europe. Oil production is expected to start in 2015, although uncertainties remain over the volumes involved.

2013, on a political level, was particularly marked by governmental endeavours to promote and strengthen agreements with various partners, with the aim of funding the General State Budget.

In the last quarter of 2013, São Tomé e Príncipe received the good news that the International Financial Action Group, meeting in Paris, decided, in plenary session, to take São Tomé e Príncipe off the blacklist of countries at risk as regards money laundering and financing of terrorism activities.

Also in the last quarter of 2013, the Ministers of Finance of São Tomé e Príncipe and Angola, signed a financial agreement in Luanda, providing the economy of São Tomé with a financial injection from Angola, estimated to be around USD 60 million between 2014 and 2016.

Banco Internacional de São Tomé e Príncipe (BISTP) has focused on an offer of innovative products corresponding to new market changes and needs and the modernisation and expansion of its premises, to improve customer reception facilities, wider coverage of the domestic market and greater customer proximity.

Owing to an environment of low levels of economic activity and persistent uncertainty, BISTP has adopted a restrictive lending policy, preferring shorter term operations, having intensified a monitoring and recovery action for non-performing loans.

Commercial and marketing actions, geared to innovation and full customer satisfaction, in addition to conveying an image of confidence and strength, have permitted sustained deposit growth with an increase of 9.6%.

Notwithstanding the adverse economic and financial scenario, BISTP has geared its strategy to consolidating its leading position, by expanding its branch office network (having opened its 11th branch at Dr. Ayres de Menezes Hospital in November). Its offer of innovative market products and services, such as university credit, convey an image of security to its customers in addition to its prudential assets and liabilities management. BISTP has continued to adopt a conservative management approach while continuing to increase its assets, earning the loyalty of its customers and attracting new customers.

South Africa has the largest and most developed economy in Africa and accounts for 34% of Sub-Saharan GDP. The South African economy posted a real GDP growth rate of around 3.1%, in 2013, with prospects of improving to 3.8%, in 2014. The country, however, has several constraints in terms of poverty, insecurity, high unemployment and a relatively unskilled workforce.

The most attractive sectors of activity are renewable energies, infrastructure construction and equipment and consumer goods such as fashion, the making-up industry, jewellery, costume jewellery and footwear.

South Africa: Mercantile Bank

- The SME Bank
- Support for the internationalisation of the Portuguese economy

There are business and investment opportunities, individual or in partnerships, in the civil construction, telecommunications, energy, banking and water treatment sectors. Portuguese direct investment in South Africa was up 67% from August 2012 to August 2013 with goods exports following the trend with growth of 72% in the same period. Bilateral trade between Portugal and South Africa is not, however, significant and involves only 575 exporters and around 300 importers.

Mercantile Bank is a niche market operator geared to SMEs and differentiated by its personalised service model and customised financial solutions.

Collaboration with AICEP and GGDA (Gauteng Growth and Development Agency - with which the Bank has entered into a business promotion protocol) has been very successful in terms of CGD Group's value proposal backing the internationalisation of Portuguese companies in South Africa.

East

China grew by around 7.7% in 2012 and 2013, against 9.3% in 2011 and 10.4% in 2010. This slowdown derived from lower exports and domestic demand, the latter on account of the impact of the government's restrictive measures to control inflation at around 2.7%.

Macau's economy continued to perform well, in 2013, with a real growth estimate of 10%, mainly fuelled by exports of services, investment and private consumption expenditure, in a context in which interest rates remain at historically low levels.

The territory's economy is highly reliant on gambling and tourism. In addition to its current status as the world gambling centre, Macau is the only part of China in which gambling is legal, and therefore attracts a large number of visitors from the mainland every year, which makes Macau's economy heavily reliant on the Chinese economy. On account of this and given the fact that it is highly reliant on outside forces, any slowdown affecting the Chinese economy may have an impact on the growth of Macau's economy.

East: Macau – the Bank has been present since 1902 and is one of the two local mints

Gambling, tourism and associated activities are likely to confirm the growth trend. Performance by the sectors, in 2013, was favourable, with gross gambling revenues up 18.6%, essentially on account of the 5% increase in the number of visitors to the territory, especially tourists from mainland China (up 10% in the first 11 months and an increase of 7.7% in *per capita* spend, according to data for the first 9 months of 2013).

Unemployment remained unchanged from the previous year at 1.9% at the end of 2012, making the labour market practically one of full employment and bringing pressure to bear on wages and companies' greater difficulties in finding human resources. This has been accompanied by an inflation rate of 5.4%, notwithstanding signs of a slowdown over the last few months of the year.

In such a positive local economic context, the banking sector benefited from economic expansion, although returns from operations continued to be strongly pressurised by the competiveness of major banks from China, always on the lookout for market share

Banco Nacional Ultramarino (BNU) has had a presence in Macau since 1902. It operates as a universal bank while, simultaneously, in conjunction with the Bank of China, is one of the two local banks operating as mints for the Special Administrative Region of Macau, in a context in which there has been an increase of currency in circulation.

Notwithstanding increased competition in the banking sector, BNU continued to perform well on a level of its growth in turnover. BNU's turnover was up 26.5%, in 2103, preponderantly in terms of the growth of customer resources which were up 33.4% over 2012, against credit growth of 11.5%.

Zhuhai Branch – Backing commercial relations between Portuguese companies and China

CGD also has a branch in Zhuhai, geared to servicing Group customers in the region, particularly BNU customers, owing to the geographical proximity between the two units and for Group customers with commercial relationships and investment involving the People's Republic of China.

East Timor has maintained a growth trajectory and is in a new development process cycle centred on two thrusts towards the consolidation of its socioeconomic structure: confirmation of political and social stability and focus on a strategic development plan for the next 20 years, fundamentally centred on the creation of quality infrastructures and education.

The geopolitical region of East Timor is going through a dynamic growth period in which reference should be made to the oil and gas component which will undoubtedly be East Timor's major economic lever over the next 20 years. In terms of economic growth reference should also be made to the sustainability and careful management of its oil fund from which the income for each economic year, as set out in the State Budget, is transferred.

East Timor Branch – Market dominance

The financial sector is also going through a new cycle which aims to conform to the country's Strategic Plan. This has seen the launch of an international competition for the development of technological structure, aimed at computerising the transactions/transfers/payments system to include major transactions.

With the transformation of *Instituto de Micro Finanças (IMFTL)* into Banco Nacional Comercial de Timor-Leste (BNCTL), fully owned by State of Timor, there is likely to be major competition in the sector in which this institution may well prove to be a strong competitor in the individual customers segment and especially in the public sector.

Innovation and expansion

The Timor Branch has been developing its operations with the aim of maintaining adequate levels of risk control *vis-à-vis* the environment and the country's, as yet incipient development, in a conservative context, centring on the individual customers with stable income levels segment, namely public sector workers and pensioners.

Contribution to the modernisation of the country with rigorous risk control measures

The branch maintains expressive market shares of close to 60% in loans and advances to customers and 45% for deposits. Reference should be made to the major contribution made by the public sector.

Without prejudice to the retail aspect, which is also the result of the capillarity of its branch office network, with special reference to the expansion in progress, with the opening of another 3 branches shortly, the Branch is developing its electronic channels platform which give it the best means of providing its services, namely through its ATM and APT network, international debit and credit cards (Visa network) as well as mobile and internet banking.

Brazil

Brazil:
BCG Brasil - backing the internationalisation of Portuguese companies

Brazil is Latin America's leading economy and, in the last decade, has benefited from public investment and social support programmes to promote the fast economic growth. However, 2011-2012 witnessed a deceleration of growth, notably on account of domestic factors associated with bureaucracy and the still low level of administrative transparency. The growth estimate for 2013-2014 is 2.5%, largely incentivised by the holding of FIFA's World Cup.

The most recent indicators show GDP growth of just over 2%, in 2013, with expectations of growth of around 2% in 2014. In parallel, Brazil had an inflation rate of 5.9%, in 2013, higher than the official target, although within the defined band, owing to price controls. The increase in the current account deficit also had consequences in terms of the devaluation of the Brazilian *real*. Fiscal policy also failed to generate sufficient primary surpluses, increasing the risk of a ratings downgrade.

In the international arena, Brazil suffered, in 2013, as did other emerging markets from the pressure deriving from the US announcement of a more restrictive monetary policy, with its significant consequences in terms of capital inflows, down to $63 000 billion.

Strengthening of trade relations with the Group's units in Africa and Asia

Banco Caixa Geral Brasil (BCG-B), in 2013, furthered its strategy of backing credit operations and Portuguese corporate investment in Brazil and that of Brazilian companies in Portugal and Lusophone countries, translating into an improved relationship with CGD Group units abroad, particularly Mozambique, Angola, Macau and the US.

2013, for BCG-Brasil, was marked by a significant 84% growth in credit operations from BRL 307.3 million in December 2012 to BRL 566.6 million in December 2013. The total credit portfolio, including guarantees, was also responsible for highly relevant growth of 55%, from BRL 808.6 million in December 2012 to BRL 1,257 million in December 2013. This growth is particularly relevant in a context in which private banks lost market share to the public banks in 2013.

Special reference should also be made to the following operations:

- Advisory services to EDP Renováveis Brasil for resource-taking and financial analysis models for the Baixa do Feijão I,II, III and IV windfarms – with an estimate capex of BRL 470 million;

- Participation in the structuring of USD 366 million in international finance and interest rate hedge operations for Globenet, which acquired Oi/PT's submarine cable laying company;
- Advisory services to Odebrecht for the Rodovias Federais tender (an estimated investment of BRL 5 billion).

Over the last 5 years, BCG-Brasil has advised on and funded more than $10 200 million in projects involving investments in the infrastructures sector in Brazil.

In December 2013, FitchRatings maintained its national rating of BCG-Brasil long term at A+ (bra).

As in past years, BCG-Brasil continued to improve its position in the assets ranking, from 97th to 73rd (at 30.06.2013) out of an approximate total of 157 financial institutions operating in the country.

In addition to these units, Caixa's international branch office network also includes its New York, Cayman Islands, London, Spain, Luxembourg and Macau branches, as well as its representative offices.

1.5.2.4. INVESTMENT BANKING

2013 was a positive year for CaixaBI in terms of activity. The Bank's furtherance of its internationalisation strategy in the Brazilian and Lusophone African markets, tightening of focus on advisory service and brokerage activities and cost containment endeavours, enabled it to achieve good results, even in a marked recessionary macroeconomic context and high levels of investor risk aversion.

Investment banking:
- Tightening of focus on advisory activities
- Furtherance of internationalisation strategy
- Operational efficiency and cost rationalisation

CAIXA BANCO DE INVESTIMENTO - INDICATORS

(EUR million)

	Dec-12 (*)	Dec-13	Change
Net interest income	28.2	25.7	-8.9%
Commissions (net)	58.6	54.3	-7.2%
Income from financial operations	7.3	22.8	-
Other operating income	2.0	-0.2	-
Net operating income from banking	**96.1**	**102.6**	**6.8%**
Provisions and impairment	30.6	39.4	28.7%
Structure costs	23.4	25.0	7.0%
Income from associated companies	-1.3	-4.1	-
Income before tax	**40.8**	**34.1**	**-16.4%**
Tax	12.4	6.0	-51.9%
Non-controlling interests	-0.9	0.0	-
Net Income	**27.5**	**28.2**	**2.2%**
Cost-to-income	*23.9%*	*24.1%*	*0.2 p.p.*

(*)The financial statements for 2012 are pro forma with the CGD Investimentos portfolio being consolidated by the equity accounting method.

As regards advisory services, participation in major operations contributed to good performance in terms of net commissions of €54.3 million for the year.

Results from financial operations and equity instruments were also highly positive, at €22.8 million.

CaixaBI's net operating income was up by around 7% year-on-year to €102.6 million.

The adverse macroeconomic environment in the Portuguese and Spanish economies could not but have had a negative impact on results, which were strongly affected by a €39.4 million increase in provisions and impairment and €8.0 million in write-offs/downs of financial assets, corresponding, however, to a reduction of around 8% against the 2012 values of €51.6 million.

CaixaBI's cost-to-income ratio of 24.1%, was still well below that of its competitors.

CaixaBI's good overall performance was reflected in its net results of €28.2 million, in 2013, comprising growth of around 2% against a result of €27.5 million, in 2012.

CaixaBI’s activity, in 2013, furthered its international affirmation strategy of the last few years. The bank’s good performance in its core business has continued to merit the recognition of its customers and partners and has been distinguished by international analysts and its leading positions in the main sector rankings

Best Investment Bank
in Portugal
International Finance

Best Investment Bank
in Portugal
World Finance

Best Investment Bank
in Portugal
Global Banking & Finance Review

Best Investment Bank
in Portugal
EMEA Finance

Best Cross-border M&A Deal
Achievement Awards
EMEA Finance

M&A League Table

CaixaBI came 1st in the M&A ranking in Portugal, according to Bloomberg data for operations completed in 2012 and 2013.

- *Project Finance League Table*

  According to Dealogic data for 2013, CaixaBI led the domestic ranking in its role as mandated lead arranger (MLA) in project finance operations. According to Bloomberg, CaixaBI was the best globally positioned Portuguese bank.

- *ECM Portugal League Table*

  CaixaBI consolidated its leading position in the equity capital market in Portugal, coming in second place in the ECM Portugal League Table for 2013 as the best positioned domestic financial institution.

- *Bookrunner League Table*

  CaixaBI also came in first place in the Bloomberg ranking for bookrunners of euro-denominated domestic bonds[1].

- *Financial Brokerage Ranking*

  According to CMVM data, CaixaBI came second in the brokers ranking with an accumulated market share of 13.9% and growth of 20.4% in the volume of trading over 2012.

  CaixaBI also received the Global Brands Magazine award for the Best Investment Banking Brand in Portugal.

1st place in Dealogic's ranking as mandated lead arranger (MLA) for project finance operations in Portugal

CaixaBI participated in various emblematic deals, reinforcing its leading position in the investment banking area. The following are the main highlights by business area.

Project Finance

CGD Group, through CaixaBI, was involved in global operations for an amount of around €194 million, coming 1st in Dealogic's MLA ranking for project finance operations in Portugal as mandated lead arranger and was the best positioned Portuguese bank in this global ranking.

Relevant financial advisory services in Portugal

On an international level, reference should be made to the progressive geographic expansion of the Bank's activity in overseeing operations in Angola and Mozambique, in addition to joint coordination with Banco Caixa Geral - Brasil (BCG Brasil) for structuring and/or financial advisory services on a diverse collection of projects in Brazil.

Structured Finance

CaixaBI's corporate structured operations particularly included 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 Non-controlling Interests in Brisa. Reference should also be made to its performance as mandated lead arranger in Empark's revolving credit facility and the completion of diverse reorganisation processes on syndicated financial liabilities with CGD Group, particularly Saprogal, Celsa Group, Ges Siemsa, Yelmo, Erosky Group, Blinker and

[1] Only considering issuers not belonging to the bookrunners group.

Bodybell Group.

Corporate Finance – Advisory

Notwithstanding the challenging economic environment and decline in M&A operations in 2013, according to Bloomberg, CaixaBI maintained its lead of the Portuguese ranking as an advisor in *M&A* operations, based on its involvement in completed *M&A* operations for an aggregate amount of €16.5 billion.

Participation in the most significant bond market operations

CaixaBI's operations, this year, particularly included its financial advisory services to Parpública as part of the CTT - Correios de Portugal privatisation and ZON for the merger between ZON Multimédia and Optimus.

Reference should also be made to financial advisory services to Parpública for the disposal of a 4.14% stake in EDP and CGD for the disposal of a 6.11% equity stake in Portugal Telecom, the closing of the operation for the disposal of HPP Saúde and financial advisory services for the disposal of an equity stake in Banco Terra, Mozambique.

Debt Capital Market

CaixaBI continued to be a benchmark institution in the bonds and commercial paper sectors of Portugal's debt capital market, coming second in the global bookrunners ranking and first in the segments of issuers not belonging to the bookrunners and corporate issuers Group.

CaixaBI was involved in 14 primary bond market issues, having led 13 of them, including one Spain based issuer. Reference should be made to CaixaBI's participations as:

a) Joint lead manager and bookrunner for the new 10 Year Treasury Bonds issue, which was the first syndicated placement of a new Portuguese Republic benchmark since the inception of the Economic and Financial Assistance Programme;

b) CGD's issue of covered bonds, which was the first access to the international covered bonds market by a Portuguese bank since January 2010;

c) Galp Energia's inaugural eurobond issue, the first unrated issue made by a Portuguese corporate in the euromarket;

d) the inaugural issue of Empark's *eurobond* in the high yield segment.

CaixaBI also organised and led fourteen new commercial paper programmes and completed thirty nine extensions and/or revisions of the conditions of programmes launched in past years.

Equity Capital Market

CaixaBI consolidated its leading position in the equity capital market in Portugal as the best positioned domestic financial institution in Dealogic's ECM league table, in which it came second. Its advisory operations particularly included participation as the global coordinator and bookrunner for the first corporate initial public offering on the domestic stock exchange since 2008, CTT – Correios de Portugal's IPO and advisory services to CGD and Parpública for their disposal of qualified investments, in Portugal Telecom and EDP, respectively based on accelerated bookbuilding processes in which CaixaBI also operated as joint bookrunner. CaixaBI also advised Parpública in the admittance to NYSE Euronext Lisbon of the referred to block of EDP shares.

Brokerage

Based on data published by CMVM, CGD Group came second in the brokers ranking, with an accumulated market share of 13.9% and 20.4% growth in trading over 2012. Contributory factors were CaixaBI's participation in the CTT – Correios de Portugal IPO and, as bookrunner, in the accelerated bookbuilding process for 4.14% of the capital of EDP and 6.11% of the capital of PT, in addition to the growth of activity in the international customers segment. Reference should also be made to its participation in the Belgium Post IPO and accelerated bookbuilding process for 12% of the capital of the International Airlines Group and 12% of the capital of Mapfre.

Financial and Structuring Area

CaixaBI's performance as a Specialised Treasury Securities Trader enabled it to achieve second place in IGCP's global ranking. It continued to successfully perform liquidity providing operations in which CaixaBI operated on a broad range of shares listed on NYSE Euronext Lisbon, with Euronext having awarded its maximum "A" rating on all securities and categories. Reference should also be made the Bank's pioneering activity in the new segment created by NYSE Euronext to stimulate the liquidity of retail investors in the form of the "Retail Matching Facility".

Syndication and Sales

CaixaBI was joint lead manager of eight primary market issues of which special reference should be made to the Portuguese Republic's 4 and 10 Year Treasury Bond issues, CGD's issue of covered bonds and the inaugural issues of Galp Energia and Empark. It was also co-lead manager for a Banque Populaire Caisse D'Épargne issue and responsible for 222 commercial paper issues totalling €3.3 billion.

Venture Capital

CaixaBI's Venture Capital area is responsible for managing four venture capital funds, *FCR Caixa Empreender+, FCR Grupo CGD*, *Caixa Crescimento FCR*, created in 2013 and specifically geared to corporate investments in SMEs and mid-caps and *FCR Caixa Fundos*, which was also created in 2013 and specialises in the indirect operations area (funds of funds).

121 investment were analysed in 2013 and 21, for around €115 million, approved. 28 investments (11 new and 17 increased investments) involving €25 million and 20 disinvestments with a realisation price of €28 million were made.

Management of 4 venture capital funds:

- *FCR Caixa empreender*
- *FCR Grupo CGD*
- *Caixa Crescimento FCR*
- *FCR Caixa fundos*

1.5.2.5. ASSET MANAGEMENT

2013 witnessed growth in the volume of assets managed by CGD, notwithstanding the large number of redemptions of various guaranteed capital funds upon maturity. There was a renewed interest of individual customers in unit trust investment funds, especially money market and mixed funds.

Amounts under management and advisory

AMOUNTS UNDER MANAGEMENT AND ADVISORY - CAIXAGEST

(EUR million)

	2011	2012	2013
Unit trust funds	2,490	3,071	3,249
Wealth management	14,884	17,524	17,431
Wealth advisory	307	392	467
Property funds	1,565	1,516	1,455
Pension funds	2,115	2,267	2,464
Total	**21,361**	**24,770**	**25,062**

Growth in volume of assets under management, notwithstanding maturities in 2013

Commissions

COMMISSIONS - CAIXAGEST

(EUR million)

	2011	2012	2013
Unit trust funds	17.2	16.3	18.3
Property funds	8.3	10.2	10,2
Pension funds	17.4	17.9	15.4
Wealth management	3.2	3.1	3.4
Total	**46.1**	**47.6**	**47.3**

Overall asset management income of €47.3 million in CGD Group, in 2013, was similar to last year. Special reference should be made to commissions on unit trust funds which practically offset the commissions generated by the real estate fund business. Reference should be also made to the increase in pension fund commissions.

Unit trust funds - Caixagest

Unit trust funds: net growth of €125 million

Unit trust funds under management posted net growth of €125 million, notwithstanding the redemption of ten guaranteed capital funds on maturity for a global amount of €670 million. A contributory factor to this positive balance was the highly receptive attitude of customers to money market funds and a new commitment with further development in mind to multi-asset funds and shares promoted by Caixagest, in campaigns articulated with CGD's branch office and marketing network.

Funds under management

Caixagest had 37 securities investment funds under management, for an amount of €3,249 million at the end of December, invested in different international financial markets.

FUNDS UNDER MANAGEMENT - CAIXAGEST

(EUR million)

	2011	2012	2013
Treasury funds	504	1,011	1,738
Bond funds	307	318	311
Funds of funds and mixed funds	73	71	155
Share funds	170	181	221
Special investment funds	502	507	498
Protected capital funds	934	983	326
Total	**2,490**	**3,071**	**3,249**

Commissions were up 12.3% over the preceding year to €18.3 million, in 2013.

Wealth Management - Caixagest

Wealth management - portfolio management of €20,051 million

Caixagest continued to develop its Wealth Management service, based on a proximity approach to CGD's branch office network and its respective portfolio customers. Aiming to secure new customers, the proposals were adjusted to the environment in the country.

There was a slight increase in portfolios under management and advisory services in 2013 to €20,051 million, at the end of the year.

Portfolios under management

PORTFOLIOS UNDER MANAGEMENT - CAIXAGEST

(EUR million)

	2011	2012	2013
Insurance portfolios	10,883	11,935	11,778
Institutional	3,787	5,425	5,497
Pension funds	1,797	1,945	2,154
Individual and corporate customers	214	165	155
Advisory	307	392	467
Total	**16,988**	**19,862**	**20,051**

Commissions on the wealth management service were up 0.2% over 2012 to €10.2 million.

Real estate funds– Fundger

At the end of December, the 27 Fundger-managed real estate funds totalled €1,455 million in assets.

Over the year, the open-ended Fundimo fund posted a negative subscriptions balance, owing to the less attractive nature of real estate products in the current environment.

There was a certain slowdown in the activity of closed-end funds managed by Fundger which are mainly allocated to real estate development and promotion, operating primarily in wealth restructuring and financing structures. Reference should, however, be made to the launch of an Urban Rehabilitation Fund and a Home Rentals Fund.

Property funds management

PROPERTY FUNDS MANAGEMENT - FUNDGER

(EUR million)

	2011	2012	2013
Fundimo open-ended fund	922	914	781
Closed end funds	643	603	674
Total	**1,565**	**1,517**	**1,455**

Commissions from real estate funds were down 14.3% year-on-year to approximately €15.4 million owing to the slowdown in collecting commissions by the Fundimo open-ended fund.

Pension Funds - CGD Pensões

Pension fund: net assets of €2,464 million

At the end of 2013, CGD Pensões managed a further two pension funds over the preceding year with an asset value of €2 460 million. Note should be taken of open-ended pension fund sales by the individual customers branch office network, with an expressive growth of €50 million.

Expressive growth of open-ended pension funds sales

FUNDS UNDER MANAGEMENT- CGD PENSÕES

(EUR million)

	2011	2012	2013
Open-ended funds	105	112	162
Closed end funds	2,010	2,155	2,303
Total	**2,115**	**2,267**	**2,464**

Commissions of €3.2 million were down 9.7% over the preceding year.

1.5.2.6. INSURANCE AND HEALTHCARE ACTIVITY

Contribution to CGD's results

Caixa Seguros e Saúde, SGPS, S.A. earned net income of €130 million in 2013 (€90 million in the preceding year), in conformity with IAS/IFRS (CGD Group) standards This evolution derives both from the improvement in the results of insurance activity and capital gains on the disposal of the equity stake in HPP/ SGPS.

Shareholders' equity, including non-controlling interests, totalled €1,342 million, at the end of 2013, down €146 million over the preceding year, owing to the capital reduction in 2013 whose effect was partially offset by the increase in other reserves/retained earnings and the improvement of net results.

Caixa Seguros's assets of €12,900 million were marginally down over the preceding year's €13,300 million.

CAIXA SEGUROS E SAÚDE, SGPS, SA [a]

(EUR million)

Summary of Consolidated Balance Sheet	Dec-12	Dec-13
Assets (net)		
Securities portfolio, deposits and cash	12.4	13.6
Non-current assets held for sale	13,306.9	12,927.2
Other assets	1.3	0.1
Total assets	**13,320.7**	**12,940.8**
Liabilities		
Non-current liabilities held for sale	11,745.9	11,590.7
Other liabilities	86.3	8.0
Total liabilities	**11,832.2**	**11,598.7**
Shareholders' equity		
Capital	799.9	460.0
Share premiums	184.4	184.4
Reserves	396.3	549.6
Net Income	89.7	129.7
Non-controlling interest	18.2	18.5
Total Shareholders' equity	**1,488.5**	**1,342.2**
Total liabilities and Shareholders' equity	**13,320.7**	**12,940.8**
Consolidated summary of gains and losses		
Net Income attributable to CGD's shareholders	**89.7**	**129.7**

(a) Amounts in conformity with the standards on the presentation of financial statements in IAS/IFRS format (CGD Group) and corresponding to the consolidated accounts.

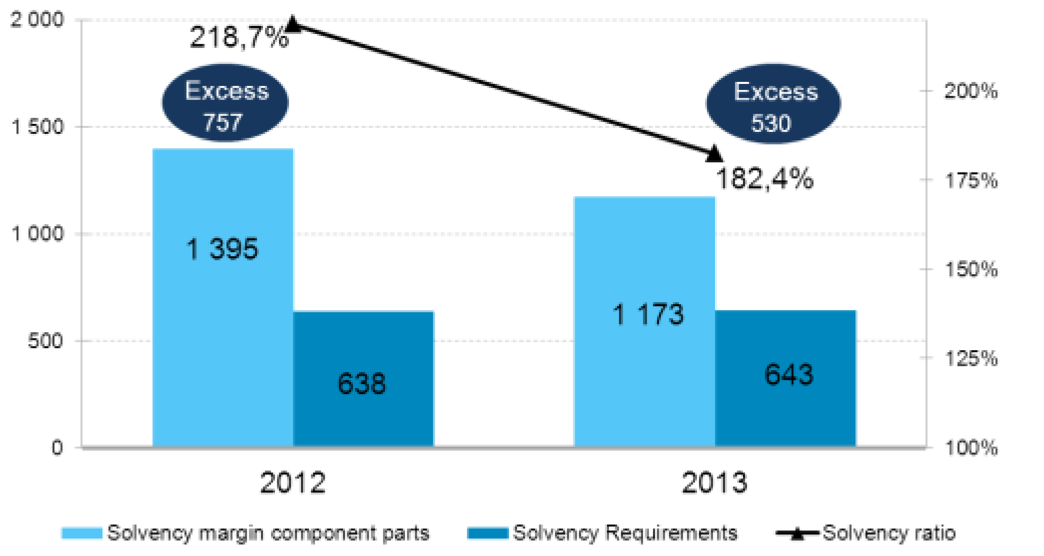
Insurance activity with a net result of €129.7 million, as a consequence of the improvement in activity and capital gains on the sale of the HPP-SGPS stake

Caixa Seguros e Saúde, SGPS, S.A.'s statutory net income was €131 million against €91 million in 2012, split up into a positive contribution of €110 million from the insurance area (€106 million in 2012) and losses of €15 million from the separate activity of Caixa Seguros, Linha de Cuidados de Saúde, HPP Internacional and consolidation adjustments and a positive contribution of €36 million on the sale of HPP SGPS.

The solvency levels of Caixa Seguros e Saúde's insurance companies as a whole were down to 182% against 219% in 2012, reflecting the referred to capital reduction.

SOLVENCY MARGIN

(EUR million)



Favourable performance by life insurance (up 17.3% over 2012)

In terms of insurance activity, Caixa Seguros e Saúde earned direct insurance premiums (including resources taken under investment contracts) of €3,618 million, in 2013, up 10.7%, particularly resulting from the favourable performance of life insurance areas (up 17.3% over 2012).

Activity in Portugal, responsible for most sales (97.4%), totalled direct insurance premiums of €3,523 million, up 10.3% over 2012.

Notwithstanding stronger market growth (20.2%), deriving from the higher increase in life insurance areas, Caixa Seguros e Saúde retained its lead of the domestic insurance market with a total market share of 26.9%, occupying the undisputed lead, both in life insurance and non-life insurance area as a whole, in addition to all of the main insurance areas.

Dimension and position of Caixa Seguros e Saúde

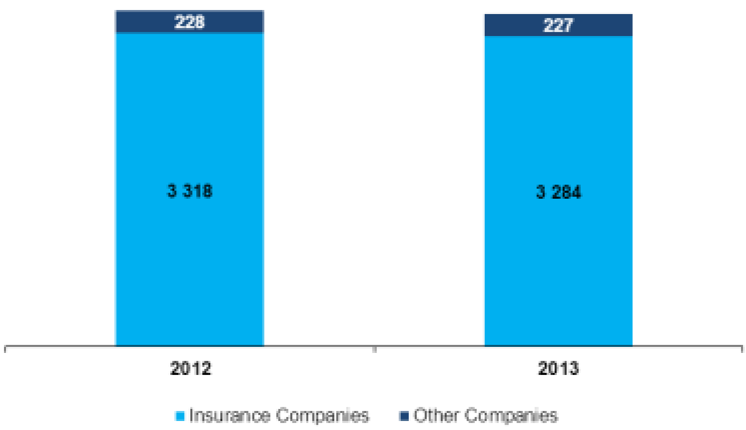
Caixa Seguros e Saúde is a global insurance market operator. It commercialises products in all insurance areas, as part of a multibrand strategy on the largest and most diversified insurance products sales network in the domestic insurance market, comprising Fidelidade agencies, associated brokers, agents and brokerage houses, CGD branch offices, CTT counters, internet and telephone channels.

Caixa Seguros e Saúde's insurance area focused its international activity on overseeing 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

Considering the same corporate perimeter, there was a reduction of 35 employees working in Caixa Seguros e Saúde companies in comparison to 2012.

NUMBER OF EMPLOYEES EVOLUTION



Analysis of Insurance Activity

Caixa Seguros e Saúde's activity in first half 2013 was marked by several significant events. Foremost was the first quarter year completion of the HPP, SGPS sales process, translating into capital gains with a favourable impact on consolidated results for the year.

Also related with the implementation of the measures recommended under the Economic and Financial Assistance Programme, the Portuguese State furthered the privatisation process of the insurance area, which was completed at the start of 2014 by a Council of Ministers' resolution to sell off 80% of the capital of the referred to insurance companies to Fosun International.

Strengthening of integration with branch offices

On a subsidiary companies level reference should be made to the launch of the new Fidelidade brand at the end of the first 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 2012.

Mention should also be made of the creation of a new real estate management company - Fidelidade Investimentos Imobiliários, SA (FISA) which succeeds Fidelidade Mundial SGII, S.A. (FMSGII) with a new approach to the management of real estate assets.

As regards human resources policies, the process for standardising conditions between all Caixa Seguros e Saúde companies was furthered and a new protocol on conditions applicable to mortgage lending came into effect. Work also began on the *Alta Fidelidade* programme which aims to readjust current human resources area policies.

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

The development of franchising and exclusive brokerage and professional training for the brokerage network in general, continue to be in line with Caixa Seguros e Saúde's (Fidelidade's) multichannel insurance activities.

The retirement savings area remained the strategic objective in terms of life insurance with 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

Based on information published by the Portuguese Insurance Institute, the insurance market, in 2013, processed an amount of €13.1 billion in direct insurance premiums, including resources taken in the form of investment contracts, in its activity in Portugal, up 20.2% over the preceding year.

This evolution essentially derives from life insurance which was up 33.6% over the preceding year, owing to capitalisation products and retirement savings plans. Non-life insurance was down 3.1%, influenced by the difficult economic situation. This was felt more keenly in the case of workman's compensation and motor insurance, offset in positive terms, by the increase in the healthcare and multirisk home premiums portfolios.

Market share of 26.9% (27.2% for life and 26.1% for non-life insurance).

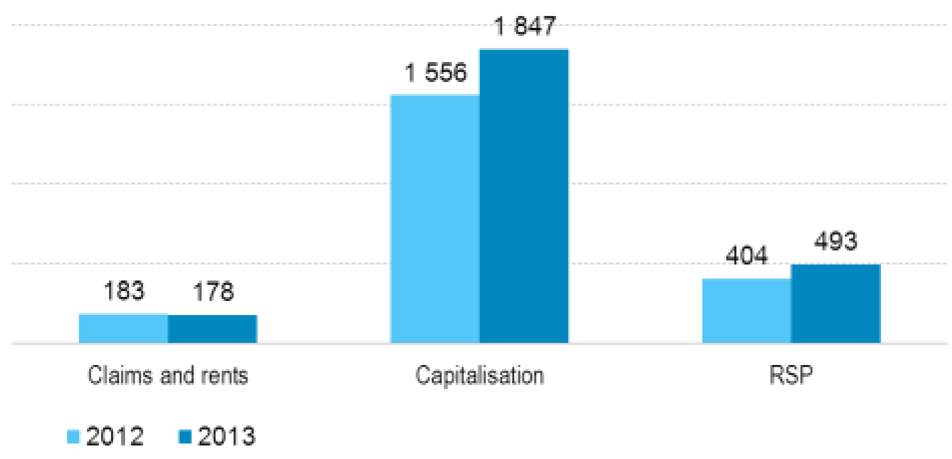
Position in the Insurance Market

Caixa Seguros e Saúde continued to be the undisputed domestic insurance sector leader with an overall market share of 26.9%, comprising direct insurance premiums (including resources taken under investment contracts) of €3,523 million, i.e. up 10.3% over the preceding year

Life insurance activity, in Portugal, processed €2,517 million in direct insurance premiums (including resources taken under investment contracts), up 17.5% over 2012, owing to capitalisation products and retirement savings plans. Caixa Seguros e Saúde retained its market lead with a market share of 27.2% (down 3.7 pp over 2012).

DIRECT INSURANCE PREMIUMS - LIFE - PORTUGAL

(EUR million)



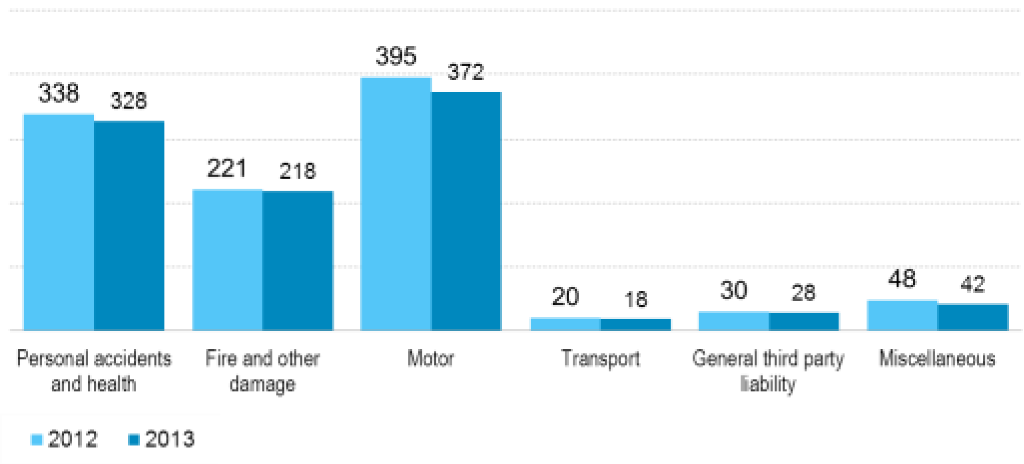
International activity accounted for premium income of €29 million, up 3.7% over 2012.

In the case of non-life activity, Caixa Seguros e Saúde's sales, in Portugal, totalled €1,006 million, down 4.4% over the preceding year, in line with most areas except for healthcare and multirisk insurance.

Caixa Seguros e Saúde has a 26.1% 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), in addition to all of the main insurance areas

DIRECT INSURANCE PREMIUMS - NON-LIFE - PORTUGAL

(EUR million)



Growth of international activity

In turn, premium income of €66 million on non-life activity was received on activity abroad, up 40% over the preceding year.

1.6. Results, Balance Sheet, Liquidity and Solvency

1.6.1. CONSOLIDATED OPERATIONS

CGD: Renewal and adaptation to the economic and financial paradigm shift affecting Portugal and CGD

Although CGD continued to show its capacity to renew and adapt to an economic and financial paradigm shift, in 2013, it has not, as yet been reflected in an inversion of the trajectory of negative results presented by the Group for the third consecutive year.

CGD's strength and its firm management commitment to pursue its respective strategic thrusts has enabled it to achieve visibly favourable levels of evolution in key operating areas, notably in the financing of value-added sectors for the Portuguese economy, particularly expressed in lending to micro, small and medium-sized enterprises as well as in savings-taking and, of major importance, the development of international business.

Maintenance of fundamental strategic thrusts of financing the economy, promoting savings and backing internationalisation

As a result of the current disposal process relating to several of the Group’s insurance sector’s equity investments (85% of the share capital of Fidelidade, 80% of the share capital of Multicare and 80% of the share capital of Cares), the consolidated accounts under analysis, in addition to their respective comparisons, have been re-expressed for the purpose of presenting the referred to units’ accounts as non-current assets held for sale, under IFRS 5 – “Non-current assets held for sale and discontinued operations".

1.6.1.1. RESULTS

Consolidated net losses

The Group's results continued to be penalised by a reduction of its net interest income and the still weak level of economic activity in Portugal, notwithstanding the ever increasing signs of recovery and the high cost of provisions and impairment which, however, were once again sharply down (by 23.7%). CGD Group made consolidated net losses of €575.8 million, in 2013, down €181.1 million over the preceding year.

The Bank has been establishing a more adequate pricing policy on both its borrowing and lending (new or renewals) vis-à-vis the current environment and its costs and income objectives, naturally adjusted for customer risk profiles.

INCOME STATEMENT (CONSOLIDATED)

(EUR thousand)

			Change	
	Dec-12 (*)	Dec-13	Total	(%)
Net interest income incl. income from equity inv. (1)	**1,357,210**	**930,744**	**-426,466**	**-31.4%**
Interest and similar income	4,725,100	3,615,140	-1,109,960	-23.5%
Interest and similar costs	3,485,628	2,756,879	-728,749	-20.9%
Net interest income	1,239,472	858,261	-381,211	-30.8%
Income from equity instruments	117,738	72,483	-45,255	-38.4%
Non-interest income (2)	**942,000**	**769,733**	**-172,267**	**-18.3%**
Income from services and commissions (net)	542,558	522,043	-20,515	-3.8%
Income from financial operations	362,934	267,145	-95,789	-26.4%
Other operating income	36,508	-19,455	-55,963	-153.3%
Technical margin on insurance operations (3)	**4,068**	**3,949**	**-119**	**-2.9%**
Premiums net of reinsurance	4,523	4,445	-78	-1.7%
Claims costs net of reinsurance	1,678	1,669	-9	-0.5%
Commissions and other associated income and costs	1,223	1,173	-49	4.0%
Net operating income from banking and insurance operations (4) = (1) + (2) + (3)	**2,303,278**	**1,704,426**	**-598,852**	**-26.0%**
Operating costs (5)	**1,349,507**	**1,394,042**	**44,535**	**3.3%**
Employee costs	734,784	792,879	58,095	7.9%
External supplies and services	476,276	469,401	-6,875	-1.4%
Depreciation and amortisation	138,446	131,762	-6,685	-4.8%
Gross operating income (6) = (4) - (5)	**953,771**	**310,384**	**-643,387**	**-67.5%**
Provisions and impairment (7)	**1,475,199**	**1,125,486**	**-349,713**	**-23.7%**
Credit impairment, net of cancellations and reversals	1,010,304	817,759	-192,545	-19.1%
Provisions and impairment of other assets, net	464,895	307,727	-157,168	-33.8%
Income generated by subsidiaries held for sale (8)	**95,521**	**135,810**	**40,289**	**42.2%**
Income generated by associated companies (9)	**4,029**	**5,030**	**1,001**	**24.9%**
Income before tax and non controlling interest (10) = (6) - (7) + (8) + (9)	**-421,878**	**-674,262**	**-252,384**	
Tax (11)	**-76,719**	**-163,215**	**-86,497**	
Current	67,119	-31,453	-98,571	
Deferred, net	-173,590	-156,887	16,702	
Extraordinary banking sector contribution	29,752	25,125	-4,628	-15.6%
Consolidated net income for period (12) = (10) - (11)	**-345,160**	**-511,047**	**-165,888**	
Attributable to non controlling interest (13)	49,556	64,738	15,182	30.6%
Attributable to CGD shareholder (14) = (12) - (13)	**-394,715**	**-575,785**	**-181,070**	

(*) The amounts relating to 2012 are pro forma as they include Caixa Seguros e Saúde, SGPS´s subsidiaries (Fidelidade, Multicare and Cares) as non-current assets held for sale, with the integration of jointly owned entities using the equity accounting method.

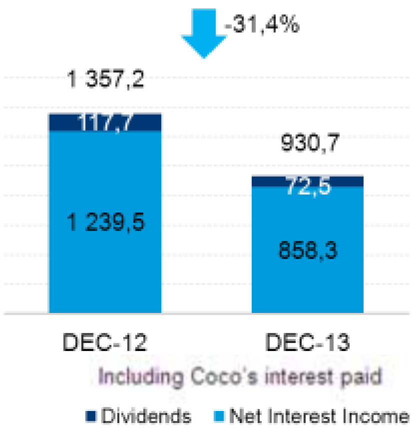
Slowing the deterioration of net interest income

Although there was a slight improvement in this area, the effect of the repricing of lending and borrowing activities has not, however, as yet been sufficient to inflect the negative change in net interest income, including income from equity instruments which, at the end of 2013 was down 31.4% to €930.7 million, originating both from net interest income (down 30.8%) and income from equity instruments (down 38.4%).

An analysis of the quarterly rates of change[1] indicates a slowdown in the trend towards a drop in both variables.

NET INTEREST INCOME INCLUDING INCOME FROM EQUITY INSTRUMENTS

(EUR million)



Income from equity instruments was down €45.2 million, over 2012, to €72.5 million, owing to the reduction of dividends received from Portugal Telecom and investment funds.

INCOME FROM EQUITY INSTRUMENTS

(EUR million)

	Dec-12	Dec-13
Portugal Telecom, SGPS	34.8	20.9
EDP - Energias de Portugal	6.2	7.6
Galp Energia, SGPS	4.5	1.0
ZON Multimédia - Serviços de Telecomunicações e Multimédia, SGPS	5.3	-
Income distributed by Unit Trust Investment Funds	57.1	34.1
Other	9.9	8.9
Total	**117.7**	**72.5**

[1] As a consequence of the sale of the insurance activity and as explained in 1.6.1, it is not, however, possible to precisely indicate the referred to consecutive rates as there are no comparable year-on-year values.

Net commissions were down 3.8% over 2012 to €522 million.

NET COMMISSIONS – BY BUSINESS AREAS

(EUR million)

	Dec-12	Dec-13	Change
CGD Portugal	343.2	332.8	-10.4
International operations	132.5	129.8	-2.7
Investment banking	48.6	47.2	-1.4
Asset management	22.2	20.7	-1.5
Other	-3.9	-8.4	-4.5
Total	**542.6**	**522.0**	**-20.5**

By type of commissions, reference should be made to means of payment (€129.7 million, down 7.4%), credit operations (€135.7 million, down 4.3%) and external services (€120.0 million, down 1.7%).

Positive results from financial operations

Income from financial operations totalled €267.1 million. The elimination of gains from non-recurring factors associated with own debt repurchases with proceeds of €192.8 million, in 2012, and €14.7 million, in 2013, represents an increase of around €82.3 million over the preceding year.

The technical margin on insurance operations was down 2.9% over 2012 to €3.9 million.

Furtherance of rationalisation policy and improved efficiency

As a result of the above evolution, net operating income from banking and insurance operations was down 26% over 2012 to €1,704.4 million.

CGD maintained its rationalisation and operational efficiency improvement policy. Excluding extraordinary factors deriving from the restructuring in Spain and the restoring of holiday and Christmas subsidies, CGD would have posted a 3.2% decrease in staff costs in 2013 (against an increase of 7.9%) with no change to the downwards trajectory of its structural costs having been recorded over the last few years. The above referred to effects resulted in a partial 3.3% accounting increase of €44.5 million in CGD Group's structural costs.

Extraordinary increase did not permit a reduction of overheads

OPERATING COSTS

(EUR million)

			Change	
	Dec-12	Dec-13	Total	(%)
Employee costs	734.8	792.9	58.1	7.9%
External supplies and services	476.3	469.4	-6.9	-1.4%
Depreciation and amortisation	138.4	131.8	-6.7	-4.8%
Total	**1,349.5**	**1,394.0**	**44.5**	**3.3%**

Information on the main costs and respective changes in external supplies and services is set out below:

EXTERNAL SUPPLIES AND SERVICES

(EUR million)

	Dec-12	Dec-13	Change (%)
Total	**476.28**	**469.40**	**-1.4%**
Of which:			
Water, energy and fuel	24.19	22.26	-8.0%
Rents and leases	79.96	79.54	-0.5%
Communications	41.85	42.11	0.6%
Advertising and publications	31.44	32.87	4.6%
Maintenance and repair of material	36.72	35.87	-2.3%
IT	85.93	87.03	1.3%
Studies and consultancy	4.51	4.63	2.8%

The increase in the cost-to-income ratio, from 58.5% in December 2012 to 81.5% in December 2013, is explained both by the 26.0% reduction of €598.9 million in net operating income and the already referred to extraordinary increase in structural costs.

EFFICIENCY RATIOS

	Dec-12	Dec13
Cost-to-Income (consolidated operations) (1)	58.5%	81.5%
Employee costs / net operating income (1)	31.8%	46.4%
External supplies and services / net operating income	20.6%	27.5%
Operating costs / average net assets	1.14%	1.22%

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

Decline in impairment costs

Gross operating income was down 67.5% over 2012 to €310.4 million.

Impairment on a sustained downwards trajectory since peak of 2011

Provisions and impairment continued to reduce (following their 2011 peak), this time by 23.7% year-on-year, both on a level of credit and other assets, to €1,125 million and 1% of the Group's consolidated assets at the end of 2013 (1.2% and 1.4% in 2012 and 2011, respectively).

Credit impairment, net of reversals, totalled €817.8 million, against the preceding year's €1,010 million. Provisions and impairment of other assets were down to €307.7 million, against €464.9 million in 2012.

PROVISIONS AND IMPAIRMENT FOR PERIOD

(EUR million)

			Change	
	Dec-12	Dec-13	Total	(%)
Provisions (net)	**75.4**	**-1.8**	**-77.1**	**-102.3%**
Credit impairment	**1,010.3**	**817.8**	**-192.5**	**-19.1%**
Impairment losses net of reversals	1,043.7	852.4	-191.3	-18.3%
Credit recovery	33.4	34.6	1.2	3.7%
Impairment of other assets	**389.5**	**309.5**	**-80.0**	**-20.5%**
Loans and advances to credit institutions	-0.3	-0.2	0.0	-15.3%
Debtors and other loans and advances	9.0	15.1	6.1	67.7%
Securities	185.6	56.7	-128.9	-69.5%
Non-current assets held for sale	156.5	119.8	-36.7	-23.5%
Non-financial and other assets	38.7	118.1	79.4	205.5%
Provisions and Impairment for period	**1,475.2**	**1,125.5**	**-349.7**	**-23.7%**

The cost of credit risk (credit impairment for period/average gross credit balance ratio) was 1.06% in December 2013 against 1.24% in December 2012.

Income tax was down to a tax loss carry-back of €163.2 million with deferred tax losses of €156.9 million. The banking sector's extraordinary contribution was down €4.6 million over 2012 to €25.1 million.

In light of the losses made in 2013, gross return on shareholders' equity (ROE) was minus 9.39% and gross return on assets (ROA) minus 0.59%.

1.6.1.2. BALANCE SHEET

This chapter was analysed in comparison to the *pro forma* balance sheet at 31/12/2012, which considered the accounts of subsidiary companies Caixa Seguros e Saúde, SGPS (Fidelidade, Multicare and Cares) as a non-current asset held for sale with the parties in form of jointly owned entities being integrated by the equity accounting method. This *pro forma* comparison differs from the consolidated balance sheet of chapter 1.13. Separate and Consolidated Financial Statements as it considers only the parties in the form of jointly owned entities integrated by the equity accounting method.

The value of net assets at 31 December 2013 was down 5.3% over the end of the preceding year to €112,963 million.

Continuous growth of resources, particularly individual customers' deposits

Reduction of credit less marked than in past periods

CONSOLIDATED BALANCE SHEET
(AT 31 DECEMBER)

(EUR million)

				Change	
Assets	Dec-12 (*)	Dec-12 (**)	Dec-13	Total	(%)
Cash and cash equivalents with central banks	1,603	1,603	1,545	-58	-3.6%
Loans and advances to credit institutions	3,819	3,774	2,811	-963	-25.5%
Loans and advances to customers	74,735	74,761	70,074	-4,686	-6.3%
Securities investments	28,193	19,107	18,796	-311	-1.6%
Assets with repurchase agreement	504	504	706	201	40.0%
Non-current assets held for sale	678	13,765	13,456	-309	-2.2%
Investments in associates and jointly controlled entities	218	216	42	-174	-80.4%
Intangible and tangible assets	1,316	897	815	-81	-9.0%
Current and deferred tax assets	1,529	1,341	1,506	165	12.3%
Technical provisions for outwards reinsurance	197	5	6	1	10.3%
Other assets	4,067	3,307	3,205	-102	-3.1%
Total	**116,859**	**119,280**	**112,963**	**-6,317**	**-5.3%**
LIABILITIES					
Central banks' and credit institutions' resources	12,227	12,227	9,735	-2,492	-20.4%
Customer resources	71,355	66,985	67,824	840	1.3%
Financial liabilities	2,217	2,283	1,645	-638	-28.0%
Debt securities	10,591	11,799	8,791	-3,008	-25.5%
Non-current liabilities held for sale	101	11,746	11,591	-155	-1.3%
Provisions	973	884	881	-3	-0.3%
Technical provisions for insurance operations	4,224	10	10	0	3.7%
Subordinated liabilities	2,889	2,905	2,524	-381	-13.1%
Other liabilities	5,002	3,162	3,140	-21	-0.7%
Total	**109,579**	**112,000**	**106,142**	**-5,858**	**-5.2%**
Shareholders' Equity	**7,280**	**7,280**	**6,821**	**-459**	**-6.3%**
Total Liabilities and Shareholders' Equity	**116,859**	**119,280**	**112,963**	**-6,317**	**-5.3%**

(*) Pro forma accounts as the entities are in the form of jointly owned entities integrated by the equity accounting method
(**) Pro forma accounts, considering the amounts in Caixa Seguros e Saúde SA's healthcare area as a non-current asset held for sale and the entities comprising jointly owned entities integrated by the equity accounting method

CGD'S GROUP CONSOLIDATED NET ASSET

(AT 31 DECEMBER)

(EUR million)

CGD'S GROUP	Dec-12		Dec-13	
	Total	Structure	Total	Structure
Caixa Geral de Depósitos [1]	78,908	66.15%	74,401	65.86%
Caixa Seguros e Saúde	13,162	11.03%	12,782	11.32%
Banco Caixa Geral (Spain)	5,503	4.61%	4,874	4.31%
Banco Nacional Ultramarino, SA (Macau)	3,029	2.54%	3,263	2.89%
Caixa Banco de Investimento	2,094	1.76%	1,743	1.54%
Caixa Leasing e Factoring	2,640	2.21%	2,333	2.07%
Banco Comercial Investimento (Mozambique)	1,654	1.39%	1,929	1.71%
Banco Comercial do Atlântico (Cape Verde)	616	0.52%	628	0.56%
Mercantile Lisbon Bank Holdings (South of Africa)	644	0.54%	519	0.46%
BCG Totta Angola	1,160	0.97%	1,318	1.17%
Other companies [2]	9,869	8.27%	9,173	8.12%
Consolidated net assets	**119,280**	**100.00%**	**112,963**	**100.00%**

(1) Separate activity

(2) Includes units registered by the equity accounting method

Borrowings from ECB down, with a larger collateral pool

Cash and investments in credit institutions totalled €2.8 billion at the end of December 2013, in comparison to resources of €9.7 billion obtained from the same entities of which €6.3 billion from the Group's borrowings from the ECB.

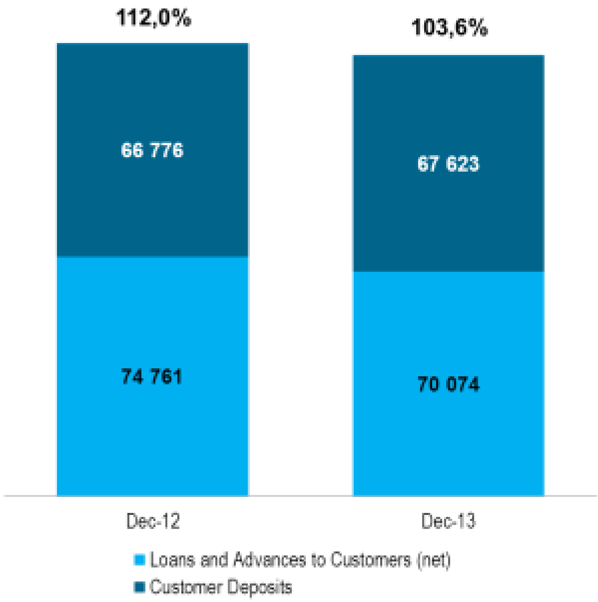
The €5,858 million reduction in liabilities noted since the start of 2013 particularly reflects a reduction of borrowing from the ECB (down €2,080 million), in addition to the 25.5% decline of €3,008 million in debt securities.

Loans and advances to customers (gross) were down 5.6% over December 2012 to €74,587 million at the end of 2013. Loan repayments continue to be higher than new operations.

The loans-to-deposits ratio, at the end of 2013, was 103.6%, against 112.0%, at the end of 2012, deriving from the combined effect of the decline in net credit and growth in the value of deposits.

LOANS-TO-DEPOSITS RATIO

(EUR million)



The credit more than 90 days overdue ratio was up 0.8 pp over December 2012 to 6.1% The credit at risk ratio, calculated in conformity with Bank of Portugal criteria, posted a fresh increase to 11.3%, in line with the evolution recorded for the banking sector. The total end-of-year overdue credit ratio was 6.6% against 5.7% in December 2012.

A certain worsening of risk indicators owing to the adjustment to new regulatory rules

ASSET QUALITY

(EUR million)

	Dec-12	Dec-13
Total credit	**78,950**	**74,587**
Loans and advances to customers (outstanding)	74,437	69,629
Overdue credit and interest	4,513	4,958
Of which: more than 90 days overdue	4,165	4,511
Credit impairment	**4,189**	**4,512**
Credit net of impairment	**74,761**	**70,074**
Ratios		
Non-performing credit ratio (a)	6.4%	7.5%
Non-performing credit net/total credit net (a)	1.1%	1.6%
Credit at risk ratio (a)	9.4%	11.3%
Credit at risk ratio net/total credit net (a)	4.4%	5.6%
Overdue credit/total credit	5.7%	6.6%
Credit overdue for more than 90 days/total credit	5.3%	6.1%
Accumulated impairment/non-performing credit	83.0%	80.3%
Accumulated impairment/overdue credit	92.8%	91.0%
Accumulated impairment/credit overdue for than 90 days	100.5%	99.9%
Credit impairment (IS)/total credit (average)	1.24%	1.06%

(a) Indicators calculated under Bank of Portugal Instruction 23/2012

A deterioration in terms of portfolio quality has not, however, been noted, with the referred to increase in risk indicators particularly deriving from asset reclassifications and adjustments to new regulatory rules.

The situation regarding defaults on mortgage lending continued to be more favourable than on the other credit portfolio components. CGD continues to particularly focus on the prevention, oversight and control of the credit process as a whole, endeavouring to provide for potential unfavourable effects on its portfolio quality. In due consideration of the fact that economic recovery, albeit already underway, is unlikely to be reflected across the whole of the productive apparatus over the short term, CGD has strengthened the routines and processes already established in 2012 on credit oversight operations, enabling early signs of default risk to be detected, with a view to the speedy adoption of prevention and, if necessary, recovery measures.

Advisory, oversight, control and recovery: fundamental stages of the lending process

SECURITIES INVESTMENTS (CONSOLIDATED) [a]

OUTSTANDING BALANCES AT 31 DECEMBER

(EUR million)

			Change	
	Dec-12	Dec-13	Total	(%)
Financial assets at fair value through profit or loss	3,948	3,229	-718	-18.2%
Available for sale financial assets	15,664	16,273	608	3.9%
Total	**19,611**	**19,502**	**-110**	**-0.6%**

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

Securities investments, at the end of 2013, totalled €19,502 million, including assets with repurchase agreements, which were down 0.6% over 2012.

1.6.1.3. LIQUIDITY

Favourable conditions in international markets, in conjunction with the good performance of deposits, to which a highly favourable contribution was made by the international area, in 2013, translated into a gradual normalisation of CGD's financing policy, including a desirable reduction of its reliance upon ECB funding,

Increasingly more visible improvement of CGD's liquidity situation

With growing market stability, after almost 3 years of an unreceptive attitude towards Portuguese issuers, CGD launched a €750 million covered bonds issue with a maturity of 5 years and coupon rate of 3.75%, at the beginning of 2013, opening this segment to Portuguese issuers. The excellent receptivity afforded to the issue was evidenced by strong demand of more than €4 billion and sales of around 90% of the amount to more than 200 foreign investors, notably from the United Kingdom, Germany, Austria, France and Switzerland.

CGD resumed its market operations in January 2014, with a 5 year maturity covered bonds issue, also for the amount of €750 million. The high level of acceptance from investors translated into final demand of more than €3.9 billion and a final spread of 188 bp (comprising a reoffer yield of 3.12%) significantly lower than the yield achieved in the preceding year, confirming growing interest in CGD's credit and ipso facto an increasingly more favourable perception of the respective risk.

Successful return to the covered bonds market

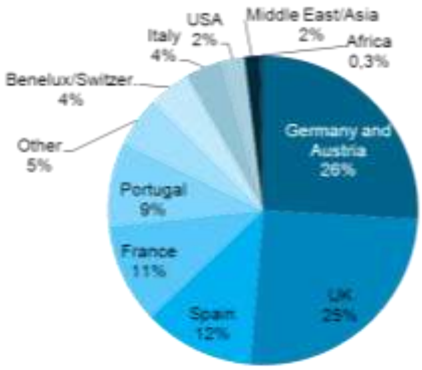
The year 2014 issue was placed at a price of almost 100 bp less than the January 2013 issue.

Comparison between the two covered bond issues shows a clear improvement in pricing and quality of placement

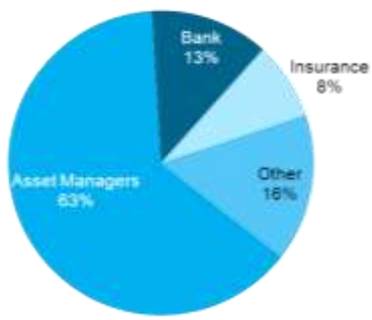
In both operations around 90% of the total was taken up by international investors, in less than 2 hours and was 5 times oversubscribed. There was also an increase of 20 participating investors in the most recent issue, in comparison to the January 2013 operation, with greater geographical diversification and a higher proportion of German investors with greater tradition in the covered bonds market.

ISSUE OF MORTAGGE BONDS - JANUARY 2014

ALLOCATION BY GEOGRAPHY



ALLOCATION BY TYPE OF INVESTOR



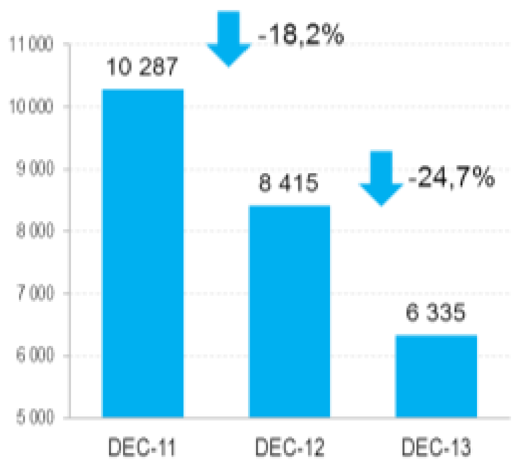
Both issues placed in less than 2 hours

Following the significant reduction in funding from the ECB at the start of the year, down €2,080 million over December 2012 borrowings of €8,415 million, CGD Group's access to ECB funding remained relatively stable during the course of 2013, at €6,335 billion at the end of December.

CGD Group's eligible assets pool, at the end of 2013, comprising tradable securities, totalled €17,099 million, down €1,470 million over the preceding December's figure, largely owing to the early repayment of €1 billion in state-backed bonds in July. Total available assets were therefore up at the end of 2013 to €10,701 million, against the preceding year's €10,106 million.

ECB FUNDING

(EUR million)



Customer resources on a consolidated basis were up €839.7 million in 2013, with deposits up 1.3% (€846.3 million) to €67,623 million. Reference should be made to the increase in customer resources, notably in the individual customers segment, in the context of a downwards repricing of new and overdue deposits.

Increase of customer resources in a context of the repricing of the supply of products

1.6.1.4. SOLVENCY

Shareholders' equity

The Group's shareholders' equity, at the end of 2013, was down 6.3% by €458.9 million over the end of 2012, to €6,821 million, influenced by the evolution of "other reserves and retained earnings".

SHAREHOLDERS' EQUITY

(EUR million)

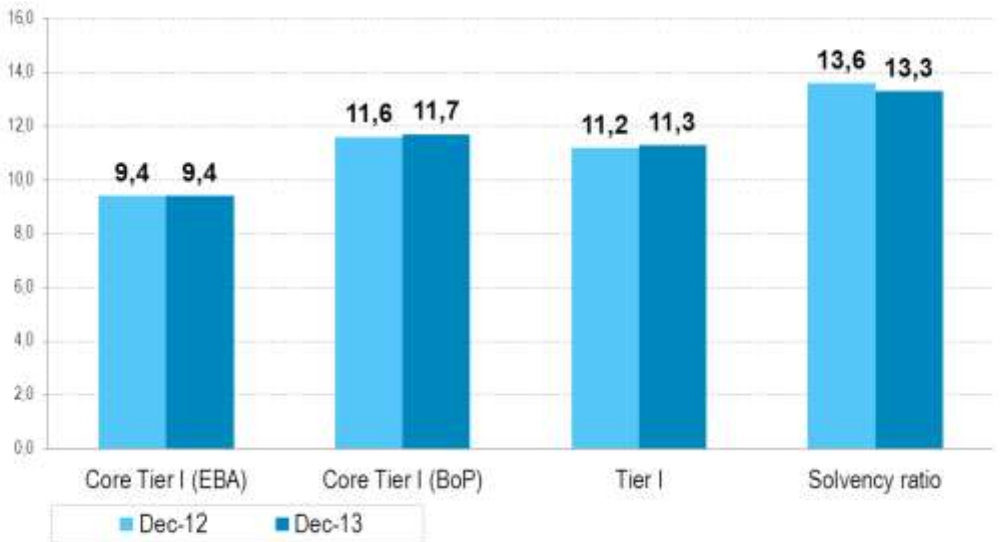
	Dec-12	Dec-13
Share capital	5,900.0	5,900.0
Fair value reserves	-189.7	63.1
Other reserves and retained earnings	979.1	409.7
Non controlling interest	985.3	1,024.1
Net income	-394.7	-575.8
Total	**7,280.0**	**6,821.2**

Core Tier 1 ratio

The Core Tier 1 ratio, on a consolidated basis, was 11.7% at the end of 2013, against the Bank of Portugal's 10% core capital requirement. The Core Tier 1 ratio in conformity with the EBA's definition was 9.4% in comparison to a minimum requirement of 9%.

SOLVENCY RATIOS

(%)



Core Tier 1 (BdP): 11.7%

Core Tier 1 (EBA): 9.4%

CET 1 fully implemented: 7.6%

CET 1 phasing-in: 10.7%

The Common Equity Tier 1 ratio (CET 1), at 31 December 2013, calculated in conformity with CRD IV / CRR fully implemented rules, was 7.6% (against a minimum of 7% comprising a CET 1 ratio of 4.5% and a buffer of 2.5%).

The Common Equity Tier 1 ratio (CET 1), at 31 December 2013, calculated in conformity with CRD IV / CRR phasing-in rules was 10.7%, above the ECB's reference value of 8% for asset valuation purposes, considering the base scenario.

EBA Recommendation EBA/REC/2013/03, which takes into consideration the new CRD IV/CRR capital legislation on the preservation of an absolute capital value necessary for compliance with the previous 9% minimum ratio, with reference to the capital requirements at 30 June 2012, including the same capital buffer for exposures to sovereign risk, came into force on 22 July 2013.

This EBA Recommendation provides for exceptions to the nominal capital preservation rule both for institutions with Common Equity Tier 1 ratios, calculated in conformity with the CRD IV / CRR fully implemented rules of 7% or more and for institutions involved in restructuring processes and gradual, ordered deleveraging. Pursuant to this scenario, CGD submitted its Capital Plan to the Bank of Portugal, under the terms of the Recommendation, in November 2013. The Plan is currently being examined by the Supervisor

Capital plan being considered by the supervisor

SOLVENCY RATIO [(a)]

(EUR million)

Shareholders' equity	Dec-12	Dec-13
1. Core capital	7,926	7,325
1.1. Deduction of investments in credit institutions and insurance companies	*-392*	*-364*
1.2. Preference shares (Tier I)	96	97
2. Base – TIER I	7,629	7,058
3. Complementary – TIER II	1,749	1,278
4. Deductions from own funds	-47	-46
5. Total eligible own funds (2+3+4)	9,331	8,291
6. Total weighted positions	68,383	62,359
Ratios		
Core Tier 1 (BoP) (1./6.)	**11.6%**	**11.7%**
Core Tier 1 (EBA) (1-(1.1-b))/6	**9.4%**	**9.4%**
Tier 1 (2./6.)	**11.2%**	**11.3%**
Solvency ratio (5./6.)	**13.6%**	**13.3%**

(a) Including results for period.
(b) Sovereign debt buffer (€1,073 million)

1.6.1.5. CGD STAFF'S PENSION FUND AND MEDICAL CARE PLAN

CGD's staff pension fund was set up at 31 December 1991.

Reference should be made to the following demographic and financial assumptions used to calculate pension and healthcare liabilities for 2013:

- Discount Rate — 4.00%
- Wages' growth rate — 0.5% in 2014/2017 and 2.0% thereafter
- Pensions' growth rate — 0% in 2014/2017 and 1.0% thereafter
- Men's mortality table — TV 73/77 (-1 year)
- Women's mortality table — TV 88/90 (-1 year)
- Disability table — EKV80
- Average retirement age — 60

CGD revised its wages adjustment rate at the end of December 2013, to 0.5% between 2014 and 2017 and 2.0% for the following years, in addition to its pensions' growth rate to 0% between 2014 and 2017 and 1.0% for the following years. CGD also reduced the discount rate by 0.5 pp. (from 4.50% to 4.00%).

CGD's liabilities for its employees' retirement pensions totalled €1,712.2 million and €1,541.8 million at 31 December 2013 and 2012, respectively, up €170.4 million.

PENSION FUNDS IN 2013- FUND MOVEMENTS

(EUR million)

Value of Fund at 31.12.2012	**1,560.9**
Employees' contributions	24.3
Company contributions	86.4
Pensions paid	-40.1
Net yield of fund	80.7
Value of Fund at 31.12.2013	**1,712.2**

Pension fund: 100% of liabilities funded

The value of the fund, at 31 December 2013, covered both the part share of liabilities for current pension payments and liabilities for the past services of current workers. The pension fund covered 100% of liabilities at the end of the year.

An amount of around €58 million was recognised as normal costs for the year and around €2 million on increased liabilities for pre-retirements. Actuarial and financial deviations at the end of the year totalled around €155 million.

The yield on CGD's pension fund was 5.7%.

The following table shows that liabilities associated with CGD employees' post employment medical benefits were fully provisioned, for the amounts of €466.9 million and €452.2 million respectively, at 31 December 2013 and 2012.

HEALTHCARE PLAN IN 2013 - EVOLUTION OF PROVISION

(EUR million)

Value of provision at 31.12.2012	**452.3**
(+) Current cost for period	*27.8*
(-) Contributions for healthcare services (SS and SAMS)	*22.2*
(-) Actuarial losses	*9.1*
Value of provision at 31.12.2013	**466.9**

Actuarial losses for the period, as referred to in the table, essentially derived from changes in the assumptions used and were penalised by the change in the discount rate. The accumulated actuarial deviations balance, at 31 December 2013, was €67.4 million.

1.6.2. SEPARATE OPERATIONS

1.6.2.1. RESULTS

Net losses on separate activity

CGD's net losses of €1,090.5 million, from its separate operations, largely translated the unfavourable performance of net interest income, combined with the still high provisioning costs for the year and increased structural costs (largely associated with extraordinary effects).

INCOME STATEMENT (SEPARATE) [(a)]

(EUR thousand)

			Change	
	Dec-12	Dec-13	Total	(%)
Interest and similar income	4,810,923	2,994,444	-1,816,480	-37.8%
Interest and similar costs	4,025,558	2,551,729	-1,473,828	-36.6%
Net interest income	**785,366**	**442,714**	**-342,651**	**-43.6%**
Income from equity instruments	147,790	82,356	-65,434	-44.3%
Net interest income including income from equity instruments	**933,156**	**525,070**	**-408,085**	**-43.7%**
Income from services and commissions	488,768	476,609	-12,159	-2.5%
Costs of services and commissions	114,407	111,679	-2,728	-2.4%
Comissions (net)	374,361	364,930	-9,431	-2.5%
Income from financial operations	281,126	128,605	-152,520	-54.3%
Other operating income	96,808	15,457	-81,351	-84.0%
Non interest income	**752,295**	**508,992**	**-243,303**	**-32.3%**
Net operating income	**1,685,450**	**1,034,062**	**-651,388**	**-38.6%**
Employee costs	491,752	535,929	44,177	9.0%
External supplies and services	367,046	360,209	-6,837	-1.9%
Depreciation and amortisation	103,794	93,077	-10,717	-10.3%
Operating costs and amortisation	962,593	989,216	26,623	2.8%
Gross operating income	**722,857**	**44,847**	**-678,011**	**-93.8%**
Provisions and impairment of other assets (net)	492,686	118,856	-373,830	-75.9%
Correction of the amount of loans and advances to customers and receivables from other debtors, (net)	1,101,402	1,370,639	269,237	24.4%
Provisions and impairment	**1,594,087**	**1,489,495**	**-104,593**	**-6.6%**
Income before tax	**-871,230**	**-1,444,648**	**-573,418**	
Tax	**-192,163**	**-354,133**	**-161,970**	
Current	13,009	-63,507	-76,516	
Deferred	-232,690	-313,824	-81,134	
Extraordinary contribution on the banking sector	27,518	23,198	-4,321	-15.7%
Net income for year	**-679,067**	**-1,090,515**	**-411,448**	

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

Net interest income down

Net interest income, including income from equity instruments, was down 43.7% over the previous year to €525.1 million, both on account of a lower level of net interest income and income from equity instruments, down 43.6% by €342.7 million and 44.3% by €65.4 million, respectively.

Good performance by financial operations

The performance of non-interest income, down €243.3 million over 2012, was also unfavourable, particularly on account of the €152.5 million reduction of income from financial operations which, in 2012, benefited from significant gains on own debt repurchases. Excluding this income, income from financial operations would have been up €36.9 million.

In the case of operating costs, reference should be made to the 9.0% increase of €44.2 million in staff costs, whose downwards trajectory, noted in past periods, was interrupted by the reintroduction of holiday and Christmas bonuses. Excluding this impact, staff costs and operating costs would have been down by €0.7 million (0.1%) and €18.2 million (1.9%), respectively.

Provisions for the period totalled €1,489.5 million, with provisions for credit up €269.3 million over 2012 to €1,370.6 million.

1.6.2.2. BALANCE SHEET

Net assets from Caixa Geral de Depósitos's separate operations totalled €93,836 million. An additional balance sheet reduction was a contributory factor in this 8.2% reduction of €8,377 million in comparison to the preceding year. The decrease was particularly visible in the loans and advances to customers portfolio which was down 6.9% by €4,445 million and in the investments in credit institutions balance with a 37.6% reduction of 2,581 million.

Reduction of net assets

BALANCE SHEET (SEPARATE)

BALANCES AT 31 DECEMBER

(EUR million)

			Change	
Assets	Dec-12	Dec-13	Total	(%)
Cash and cash equivalents with central banks	924	758	-166	-18.0%
Loans and advances to credit institutions	6,864	4,284	-2,581	-37.6%
Loans and advances to customers	64,002	59,557	-4,445	-6.9%
Securities investments	20,083	20,215	132	0.7%
Assets with repo agreements	1,500	706	-794	-53.0%
Investments in subsidiaries and associated companies	3,945	3,352	-593	-15.0%
Intangible and tangible assets	554	509	-45	-8.1%
Deferred tax assets	1,151	1,394	243	21.1%
Other assets	3,189	3,061	-128	-4.0%
Total	**102,213**	**93,836**	**-8,377**	**-8.2%**
Liabilities				
Central banks’ and credit institutions' resources	13,103	10,088	-3,016	-23.0%
Customer resources	58,248	58,133	-115	-0.2%
Financial liabilities	7,217	6,454	-763	-10.6%
Debt securities	11,549	8,626	-2,923	-25.3%
Provisions	1,145	986	-159	-13.9%
Subordinated liabilities	2,978	2,596	-382	-12.8%
Other liabilities	2,044	2,031	-12	-0.6%
Total	**96,284**	**88,914**	**-7,370**	**-7.7%**
Shareholders’ equity	**5,929**	**4,922**	**-1,007**	**-17.0%**
Liabilities total and Equity	**102,213**	**93,836**	**-8,377**	**-8.2%**

On the liabilities side, reference should be made to the reduction of €2,923 million (25.3%) in debt securities and reduction of €3,016 million (23.0%) in central banks' and credit institutions' resources, of which €2,200 million amount resulting from the reduction of borrowings from the ECB.

1.6.2.3. CAPITAL MANAGEMENT

Reduction of liabilities particularly as a consequence of lower borrowings from the ECB

Shareholders' equity, down €1,077 million over the end of 2012 to €4,922 million at the end of 2013, reflected the reduction of other reserves and retained earnings and net results for the period.

SHAREHOLDERS' EQUITY (SEPARATE)

BALANCES AT 31 DECEMBER

(EUR million)

	Dec-12	Dec-13
Capital	5,900	5,900
Revaluation reserves	-68	75
Other reserves and retained earnings	776	38
Net income for the year	-679	-1,091
Total	**5,929**	**4,922**

The solvency ratio on CGD's separate operations, under the Basel II regulatory framework, and Bank of Portugal rules, including the result for the year, was 13.6% at the end of 2013. The Tier ratio, in turn, was 11.2%, against the preceding year's 12.0%.

1.7. Main risks and uncertainties in 2014

Confirmed improvement of confidence

2013 witnessed a gradual improvement in the economic environment and a reduction of the negative effects of several of the former factors of uncertainty, such as the argument over the budget in the US or the sovereign debt crisis in Europe.

The operations of the main central banks made a decisive contribution to this improvement and, in the near future, will continue to be the target of particular attention by economic agents in general. The effects of eventual new evidence confirming a more favourable economic outlook for 2014 will simultaneously accentuate these effects.

Consolidation of path to the creation of Banking Union

The gradual normalising of the situation in the Euro Area, since Summer 2012, permitted the region to cease to be considered the risk epicentre for the world economy over the course of the past year. Developments on a level of European integration, the evolution of the consolidation process of the public accounts and Member States' external accounts, the stabilising of financial conditions and the beginning of a return to growth were catalysing factors in an improved global perception. This journey is, however, not over and new elements, confirming the effect that the inversion of the downwards trajectory which has persisted over the last few years is effective and sustainable, are necessary.

The economic recovery of the Euro Area is still fragile and asymmetric. Although growth is expected to be positive, in 2014, it is also likely to be still relatively inexpressive and therefore insufficient to significantly dent the continuing high levels of unemployment whose reduction authorities should maintain as an important objective. The Euro Area is, therefore, still vulnerable to internal or external shocks.

Internally, marked progress has been achieved in constituting "Banking Union" and it is fundamental that this union be completed by the scheduled dates. There are also likely to be increasingly marked signs of a progressive reduction of monetary fragmentation which is still prevalent between the core countries and southern economies. It is also important to make sure that the rhythm of institutional and economic reforms is maintained, both on a supranational level and in each of the different Member States.

Need for the continuous reduction of the financial fragmentation still existing in Europe

For the continued normalisation of financing conditions, either sovereign or private sector and to follow up the visible progress already achieved, including Portugal's and Ireland's return to the medium and long term debt market - which latter countries have already witnessed the completion of their respective bailout programmes - it will be important to avoid events involving undesirable volatility in the capital markets. Failure to pursue the current reforms may constitute a negative risk for the region, owing to an adverse reaction by financial markets.

As for Banking Union, in particular, considered to be crucial element in severing the link between the European financial system and sovereign risk, reference should be made to the important steps which have already been taken, particularly the introduction of the Single Supervisory Mechanism, in 2014, with the ECB's supervision of the main banks. In this domain, the performance (in progress) of an AQR *(*Asset Quality Review*)*, as well as new stress tests, predating the transition of supervision to the ECB, are fundamental to monetary consolidation and the recovery of the region's credibility, which may, however, if the results are not the most favourable, induce a return to the less optimistic climate of past years. An additional element for investor confidence is related with the need for the final approval of the second Banking Union pillar in the form of the Single Resolution Mechanism.

The already referred to persistence of a certain level of financial fragmentation in the Euro Area, credit contraction and extremely low current levels of inflation are central elements in monetary policy management, which, in conjunction with the performance of market rates, may dictate the need for new measures from the European Central Bank. The level of complexity of the economic and financial environment and use of potentially innovative tools strengthen the monetary authority's role in stabilising economies and markets, mitigating possible additional outbreaks of uncertainty.

Emerging economies: a source of global uncertainty

On an external level there are two particularly identifiable sources of uncertainty: the performance of the emerging economies and the actions of the main non-European central banks.

There are several uncertainties over the future performance of several of the emerging economies. The persistence of structural imbalances and change in the global liquidity cycle, triggered by the actions of the US Fed were among the root causes of a less positive sentiment regarding such economies, in evidence at the start of 2014.

The management of macroeconomic policy and the political context in several such emerging economies represent two of the main risks for 2014. They particularly include the negative impact on growth associated with increased financing costs, given central banks' needs, in several regions, to adopt policies geared to combating inflation and the depreciation of their respective currencies. Lower growth in the emerging bloc or any episode involving an increase in risk aversion related with this region, such as in the Summer of 2013, may have negative effects with a ripple effect on the economy and global markets.

Attention geared to the actions of the monetary authorities

Owing to their dimension and relevance, reference should also be made to the uncertainties which may derive from the transition stage of the growth model in China, as well as the implementation of Japan's reflationary and fiscal consolidation policy.

As regards the actions of the main central banks, reference goes to the US, where the Fed recently embarked upon a trajectory of gradual reduction of stimuli to the economy. The rhythm of this process and financial markets' expectations regarding its evolution may have important repercussions on interest rate levels, not only in the US but also in the rest of the world, with their consequences on financing costs, economic activity, capital flows or currency rates and are therefore a factor to be considered.

In this context and in light of the progress achieved in its adjustment process over the course of the last year, as well as its improved economic performance, the Portuguese economy should benefit, in 2014, from an external environment of acceleration and particularly one of growth on a Euro Area level. These factors will be conducive to the maintenance of the positive contribution of external demand and a better financial and fiscal environment, with gradual recovery in domestic demand.

Financial sector still affected by low interest rates and the fact that economic agents have still not recovered their confidence

The risk factors identified for the world economy and Europe may carry through to the domestic economy whose performance is reliant upon the growth of external demand and financing costs in international markets, in a transition year associated with the end of the current bailout package.

A better economic-financial environment could favour the activity of the financial sector, notably, on account of the prospects of a more benign evolution of turnover and credit quality albeit still in a context of low growth and high unemployment. A deterioration of the economic environment or another period of greater risk aversion could prove to be negative elements in terms of this improvement scenario.

The significant adjustments made by the financial sector over the last few years, particularly the redimensioning of balance sheets and higher capitalisation, together with the multiplicity of supervisory actions, will be mitigating factors on such potential uncertainty deriving from regulatory aspects.

In terms of profitability, the sector will continue to be affected by low levels of market interest rates, which will influence the evolution of net interest income, notably on the assets side, with uncertainty associated with the actions of the European Central Bank, having been identified on this level, and their potential impacts on the interest rates structure. Non-interest income is likely to evolve in accordance with a context of moderate activity growth, the still not fully recovered confidence of economic agents and lower volatility in the financial markets, with less expressive credit spread levels.

1.8. Group Rating

Standard & Poor's removes CGD's rating from credit watch negative

The DBRS rating agency maintained its ratings on CGD, in June 2013, confirmed, in turn, by FitchRatings in July 2013.

Moody's confirmed its ratings on CGD, in December 2013, while maintaining its negative outlook, following the revision of its rating on the Portuguese Republic.

Following the confirmation of the long term rating on the Portuguese Republic, in September 2013, Standard & Poor's (S&P) also confirmed its ratings on CGD albeit placing it on creditwatch negative.

However, in January 2014, S&P reaffirmed its ratings on CGD, removing them from creditwatch negative following an identical action on the long term rating of the Portuguese Republic.

GROUP RATING

	CGD			Portugal		
	Short term	Long term	Date	Short term	Long term	Date
Standard & Poor's	B	BB-	Jan-14	B	BB	Jan-14
FitchRatings	B	BB+	Jul-13	B	BB+	Oct-13
Moody's	N/P	Ba3	Dec-13	N/P	Ba3	Nov-13
DBRS	R-2 (mid)	BBB (low)	Jun-13	R-2 (mid)	BBB (low)	Dec-13

1.9. Risk Management

Financial risk management is centralised and encompasses the assessment and control of CGD Group's credit, market and liquidity risks, based on the principle of the separation of functions between commercial and risk management areas.

Centralised management of all aspects related with financial activity risk

PARTICIPATION OF THE DE RISK MANAGEMENT AREA

Creation of Risk Committee

The risk management area is part of the support structure and is present:

❶ At meetings of the Executive Committee (EC) on the basis of a specific request and monthly with its own item on the agenda for the presentation of the evolution and outlook of the main risk indicators;

❷ In the Assets and Liabilities Management Committee (ALCO), chaired by members of the EC, with the participation of business and support areas. Under the terms of an EC resolution, the Committee was, *inter alia*, given the following responsibilities:

- Promotion of the Assets and Liabilities Management (ALM) process and actions and procedures necessary for the implementation thereof in consolidated terms and on a separate basis for diverse Group entities;
- Consideration of and resolution on the proposed strategic guidelines for CGD Group's financing and liquidity policy;
- Consideration of and resolutions on strategic guidelines for risk management policy, notably on the Group's interest rate, balance sheet and market risk, defining indicators, limits and management rules;
- Analysis of and resolutions on strategic guideline proposals for CGD Group's capital ratios.

❸ In the Expanded Credit Board, chaired by the EC with the participation of the legal and credit recovery area. Under the terms of an EC resolution, the Board was, *inter alia*, given the following responsibilities:

- Authorisation of operations, which being part of the internal regulatory framework require the Board's assessment;
- Analysis of non-performing loans;
- Definition of credit policies strategy and respective risk.

Risk profile risk and evolution

CGD Group employs a conservative, prudent and consistent risk management approach although there is room for innovation as a component in the products to which it is exposed

Principles and policies

The furtherance of CGD Group's risk profile enshrines the following principles:

Focus on risk-weighted return

- Centralised management for CGD Group as a whole
- Focus on risk-weighted return;
- Sustained business growth and diversification;
- Definition and oversight of use of limits by type of risk;
- Proactive risk management;
- Prompt response to business proposals from the risk management area.

1.9.1. Credit Risk

Credit risk is associated with the losses and level of uncertainty over a customer/counterparty's capacity to meet its obligations.

Credit Quality

In an environment of persistent difficulties affecting the normal operation of companies, the circuits and oversight processes on risk and the prevention and control of defaults were strengthened, in 2013.

New solutions were therefore created for the payment of the debts of customers with potential or effective risk in the sphere of the prevention and management of default risk. In the credit control sphere, reference should be made to the positive contributions made by the customer risk-adjusted pricing policy and the performance of Divisions specialising in credit recovery, both corporate and individual customers.

This was complemented by the creation of the Risk Committee whose objective is to redefine and oversee the bank's risk profile.

As regards credit recovery, CGD has, in several cases, opted for restructuring operations, endeavouring, in parallel for companies to continue to be run by their business managers. The most frequent solutions particularly include the consolidation and broadening of maturities (grace periods and repayments) always pursuant to the objective of adjusting the costs/charges profile to a customer's financial capacity.

Given the nature of banking activity, credit risk is particularly important owing to its materiality, notwithstanding its interconnection with the remaining risks.

Main developments in 2013

2013 once again witnessed a host of extraordinary inspections on the quality of the bank's assets by the Bank of Portugal, advised by independent parties, notably:

- *Special Assessment Programme – Distressed Loans Management Assessment*, on management practices and policies and credit portfolio default recoveries;
- Transversal Exercise on the Revision of Credit Portfolio Impairment (ETRICC), comprising a revision of the assessment of the quality of credit portfolios, in 2011 and asset transfers to investment funds, in 2012.
- ETRICC - Economic Groups, on the quality of loans to a collection of 12 economic groups with an enhanced risk potential (from the Regulator's viewpoint) and transversal and/or material exposure to the Portuguese banking system.

Inspections on asset quality, in 2013, confirm the Portuguese banking system's resilience

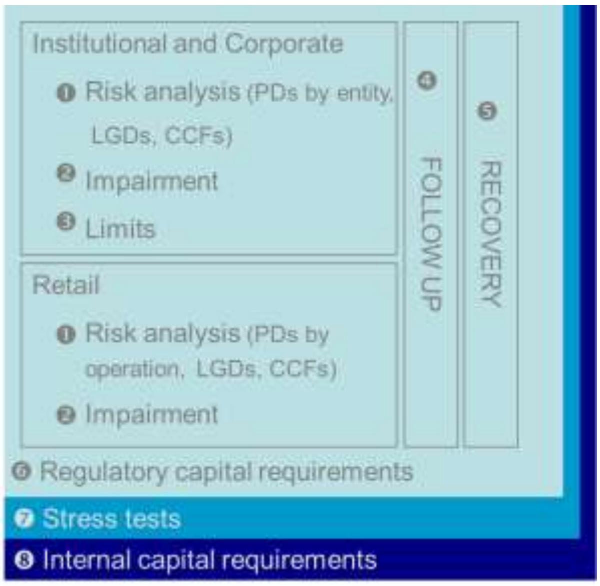
In general, the conclusions confirmed the other results of past inspections, with confidence on the resilience of the national banking system and particularly CGD being retained. Several proposals for procedural improvements were, however, made and are expected to be implemented in 2014.

Reference should also be made to the fact that, over 2013 as a whole, diverse improvements to the credit risk rating process were made, in close cooperation with the Bank of Portugal, in an endeavour to ensure compliance with conditions governing the use of internal models for calculating prudential own funds requirements on credit risk (i.e. an internal ratings based approach).

Mention should also be made of the integration of the whole of the individual analysis process by an automated credit monitoring workflow which is expected to come on-stream at the end of 2013.

Methodology

❶ Risk Analysis – CGD Group has implemented an identification, assessment and control system on its credit risk portfolio, to include all customer segments and oversees operations' life cycles.



- In the case of companies with more significant levels of exposure and financial Institutions, credit risk assessment, in addition to the use of internal rating models (incorporating both financial information and qualitative elements) is subject to a separate risk analysis by a team of specialists. This analysis is performed periodically and whenever there are any changes in the relationship with the customer or internal or external factors recommending a reassessment of the risk are identified.
- The assessment of credit risk in the retail segment uses statistical risk assessment tools (scoring and rating models) and a series of internal regulations defining objective criteria to be complied with when loans are being made, as well as the delegating of authority in accordance with the risk ratings allocated to customers/operations

Continuous process of credit risk assessment and control from start of loan to the term of the operations

❷ The credit impairment model developed by CGD Group, under IAS 39, enables credit risks with objective evidence or signs of impairment or impaired credit to be identified and monitored.

The risk factors used in the impairment model are revised annually and accordingly adjusted to the current market conditions not noted in past historic periods.

The credit impairment model is used to analyse and process the credit portfolio which is subdivided in conformity with the following approaches:

- Collective impairment analysis – impairment provisions per risk sub segments are set up for exposures which are not considered to be individually significant. They include assets with similar risk characteristics (credit segment, type of collateral, payments history, inter alia);
- Individual impairment analysis – an individual assessment is made on a quarterly basis for customers with exposures considered to be individually significant. It involves CGD's commercial, credit recovery and risk management areas.

Individual assessments on customers with major exposure levels essentially focus on the following items:

- Compliance with the contractual terms agreed with CGD Group;
- An assessment of their economic-financial situation;
- Prospects for the evolution of the customer's activity;
- Verification of the existence of operations involving overdue credit and interest, with CGD Group and/or the financial system;
- Adequacy of guarantees and collateral to mitigate the amount of the loan;
- Analysis of historic information on the behaviour and good payment of customers.

A collective provision is set up on significant exposures with no objective signs of impairment, in conformity with the risk factors assessed on credit with similar characteristics.

Continuous oversight of higher risk companies and sectors

❸ Limits – to improve the flexibility of the short term loans process for companies and standardise the risk analysis on these operations, CGD Group has developed and implemented a model for defining short term exposure limits for companies, parameterised on the basis of economic-financial and sectoral indicators and ratings. The model permits the use of the same collection of clear and objective rules for calculating reference limits which are merely indicative and are used as the basis for a one-off analysis for the effective allocation of limits on the customer. The model is applied to companies both in the SME segment as in the case of small businesses and major enterprises.

Internal limits are approved for each institution in the case of the financial institutions segment. The definition of such limits is based on an entity's status in the financial sector and its peers, rating, VaR and other relevant elements.

Compliance with limits, credit exposures and counterparty and group risk profile is regularly monitored. Under the scope of this monitoring exercise the economic groups were classified in specific credit risk portfolios, in 2013.

❹ In the sphere of credit control risk the composition and quality of the credit portfolio is monitored and analysed. Reports splitting up the portfolio by product, customer segment, sector of activity, geographical area, loan to value (LTV), debt to income ratio and portfolio rating are produced for the said purpose.

Internal monitoring of the adequacy of the internally developed risk classification models is also especially important. The performance of the models is monitored by processing the information from their respective use which provides indications on their continued adequacy. This provides guidelines on eventual re-estimation needs and information on their mode of use.

Special credit oversight activity in response to the major transformation in companies' operating contexts

❺ Oversight and recovery– DAE (Companies Monitoring Division) was created in 2012, deriving from CGD's need to adapt its approach to the business sector vis-à-vis an adverse economic context with a considerable increase in loan default levels.

This Division has the mission of monitoring and recovering loans to companies and their respective groups, with an involvement of more than €5 million with CGD and impairment of 10% or more notwithstanding the amount of the impairment, when operating in risk sectors (e.g. construction/real estate development, hotels/tourism).

DAE's main objectives are therefore:

- To promote the deleveraging of large exposures and sectors of activity considered to be at risk;
- To reinforce guarantees;
- To avoid legal action, finding management solutions for companies with the objective of making them solvent;
- To coordinate its operations in an integrated manner with CGD's remaining Divisions, with the objective of finding the best solution for each case.

DAE has a commercial structure comprising three offices, two in Lisbon and one in Porto, in order to promote geographical proximity with customers and improve the incorporation of the regional specifics of the Portuguese business fabric. The branch office structure was strengthened, in 2013, with an increase in the number of managers with the aim of providing the Human Resources Division with the means necessary to oversee the new dossiers which were classified in the first half year.

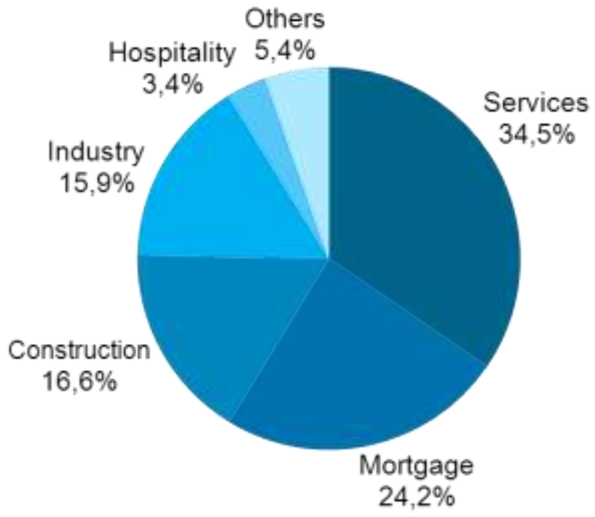
The Division's technical support unit was also set up in 1st quarter 2013 and fundamentally operates in the following areas:

- Management control planning;
- Oversight of Business Restructuring Funds;
- Oversight of the real estate assets portfolio of customers allocated to DAE.

Oversight of credit portfolios: reduction of the proportion of hotels, construction and real estate

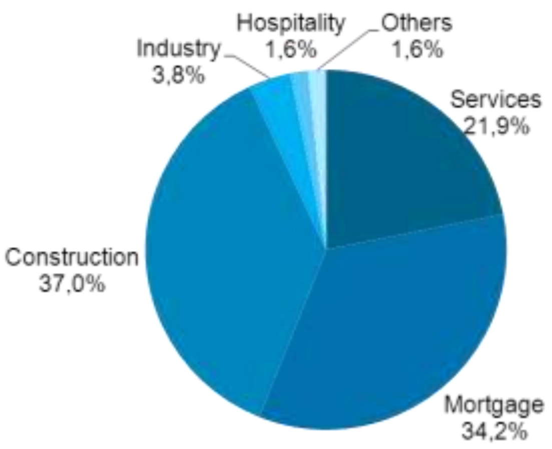
At 31 December 2013 DAE had a liabilities portfolio of €3.9 million and deposits of €60 million, split up among 107 economic groups totalling 624 companies, with impairment of around €960 million or 29% of total credit.

PORTFOLIO ASSESSMENT BY SECTORS OF ACTIVITY

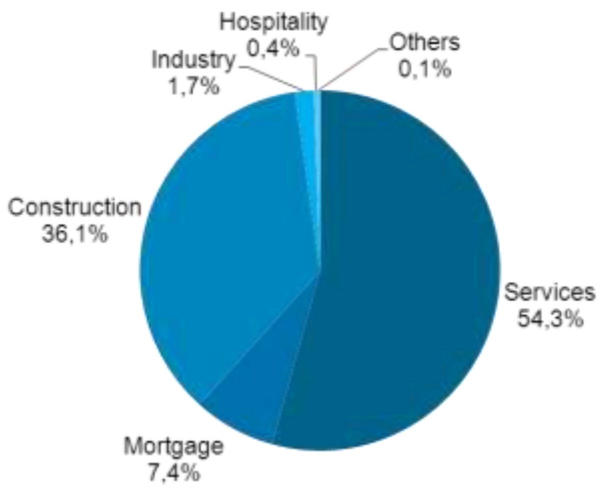


The sectors of activity identified in the initial model approved for DAE - hotels, construction and real estate (and which, in December 2012 made up 67% of the portfolio) currently represent 46.1%.

OVERDUE CREDIT



OFF-BALANCE SHEET



Notwithstanding portfolio dispersion, the sectors of activity considered to be at risk accounted for 72.8% of the overdue credit overseen by DAE (€511 million).

On a level of off-balance sheet accounts, the companies overseen by DAE, belonging to the "Services" sector already account for more than 50% of portfolio bank guarantees. This distribution is associated with a combination of two factors:

- A permanent endeavour to reduce exposure in the civil construction and public works sector (high risk);
- The entry of new companies in the portfolio during the course of the year, in more diversified sectors of activity.

Growing participation in negotiation with companies applying to PER

It was possible to submit proposals and formalise operations on 67 of the 70 corporate groups allocated up to October 2012, with a balance sheet impact of €1,276 million. Of the said amount reference should be made to restructured operations of €593.6 million (46.5%) and a decline of €485.7 million (38%) in customers' direct liabilities owing to the extinguishing thereof.

Asset transfer operations to recovery and real estate funds, encompassing 10 corporate groups involving an amount of €104.2 million in loans were negotiated in 2013.

DAE has been actively and increasingly involved with companies applying for the *PER* "Special Corporate Regeneration Fund" programme. 2013 saw a total of 10 *PERs* and the successful recovery of an insolvency process (totalling €89.2 million) plus the entry of 8 additional *PERs.*

The negotiating processes on the 10 corporate groups facing insolvency, with strong prospects of being liquidated, were completed. These cases represented €107.3 million (0.4% of DAE's global portfolio at the start of the year) and were allocated to DRC (Credit Recovery Division).

At the end of 2013 DRC managed 77.7% of CGD's total overdue credit, translating, as regards distribution by product, into 99.1% of all overdue mortgage loans and 70.2% of total overdue corporate credit. The volume of liabilities in DRC's portfolio was up 3.8% over December 2012 to €4.44 billion of which 49.6% (€2.2 billion) comprised mortgage lending - 7.2% of CGD's total mortgage loans.

The increase in DRC's level of activity over the course of 2013, essentially derived from customers' greater recourse to judicial and extrajudicial measures to negotiate their loans, both in the case of individual customers – *PERSI* ("Extrajudicial Settlements of Default Situations"), *PER* (Special Regeneration Process) and insolvencies both corporate - *PER*, *SIREVE* ("Corporate Extrajudicial Recovery System") and insolvencies.

Default: Good performance in the legal area

DRC's credit portfolio, currently under negotiation, represented 33.5% of total liabilities under management, corresponding to €831 million in individual customers' liabilities and €667 million in corporate liabilities of which 10% and 50% corresponding to overdue credit, respectively.

DRC's legal area, responsible for managing 66.5% of DRC's portfolio liabilities, currently manages 42,601 pending lawsuits (up 8.2% over December 2012) on 40,352 operations for loans and advances to individual customers and 34,217 operations for loans and advances to companies.

2013 saw a slight drop in the number of insolvency declarations, especially in the case of corporate customers.

Reference should be made to the good performance of the legal area, with global recoveries of €363 million, 33% of the total, up 17% over 2012.

LEGAL AREA- RECOVERIES

(EUR million)

	2012	2013	Change Total	Change (%)
Corporate customers	198.3	234.0	35.7	18.0%
Individual customers	110.7	128.9	18.2	16.4%
Total	**309.0**	**362.9**	**53.9**	**17.4%**

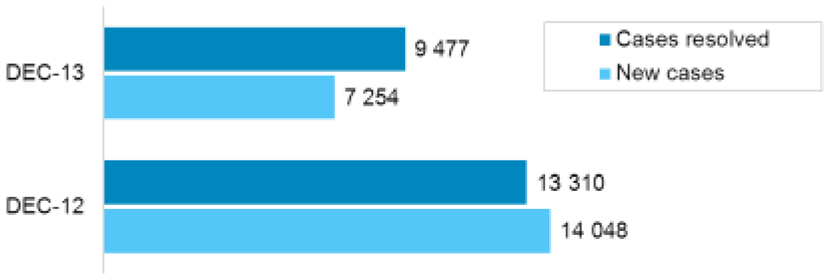
Increase of customer resources in a context of the repricing of the supply of products

Collections comprised €265 million (67% of total collections in 2013), up 4.5% over 2012, with settlement agreements of €97.9 million, i.e. up 83% over 2012. The number of lawsuits brought to a close in 2013 (6,882), was up 23% over the preceding year's 5,595 actions.

This positive evolution derives from a continuous improvement in terms of recovery procedures and circuits together with tight control over maturities and steps leading to the closure of processes within shorter periods.

CGD received funds from 1,772 foreclosed items of property in 2013.

INDIVIDUAL CUSTOMERS' NEGOTIATION AREA



2013 was particularly marked by the impact of the coming into force of the legislative package on the prevention and management of default situations on loan contracts with individual banking customers.

Recovery: Adjustment to operating model following PARI and PERSI

The legislation defined oversight measures on loan contracts aiming at the early detection of signs of default risk and the prompt adoption of default prevention measures based on:

- *PARI* (Action Plan for Default Risk)
- *PERSI* (Extrajudicial Procedure for the Settlement of Default) which has established a negotiating model to be used by credit institutions in the case of extrajudicial settlements.

Pursuant to the above, an operating model, linked with and transversal to commercial areas and DRC, was adopted for the purpose of providing an effective response to household default risk while, simultaneously, complying with the periods and formalities established in the legislative package. Solutions with 4,489 customers were submitted and negotiated in the sphere of DRC's *PERSI* processes.

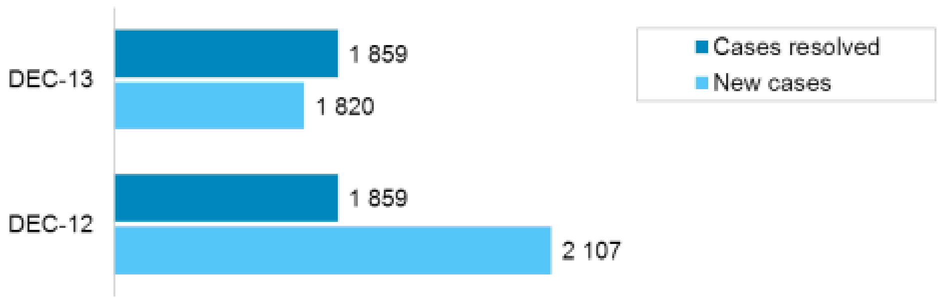
In operational terms, the coming into force of *PERSI* helped to reduce the transfer of processes from the commercial area to DRC, mainly in the first half of the year, as the processes, after having been classified as *PERSI*, are only transferred to DRC after the completion of their legal procedures.

7,254 customers were transferred to DRC's individual customers negotiating area in 2013, with liabilities of €583 million, down 48% by volume of inclusions in comparison to the preceding year. The above chart also shows that the number of settlements in the three year period 2011-2013 was, for the first time, higher than the number of new legal cases.

Associated with this fact was the decline of the portfolio at the end of 2013, from 11,477 customers and €831 million in liabilities, down €167 million over the portfolio at the end of 2012, suggesting a positive evolution in the negotiating/recovery area for individual customers. There were also 4 payments in kind totalling €248 thousand with no credit portfolio sales.

Lastly, notwithstanding the difficult economic situation of many households, it was possible, in terms of the negotiating of individual customers' loans to recover €477 million, in the form of collections of €44 million and the regularisation of global loans of €433 million, with 6,743 individual customers being returned to the branch office network in the form of the regularising of 11,292 credit operations.

CORPORATE NEGOTIATION AREA



Reduction of the number of insolvencies

In total, 2013 was characterised by a reduction of the number of new insolvencies – 5,608 (up to 20/12/2013, according to information supplied by the *Instituto Informador Comercial*), down 10.1% over 2012. In CGD, 315 customers (corporate and self-employed) with liabilities of €154 million were declared insolvent in 2013.

There was also an increase in the number of companies applying for extrajudicial measures i.e. *PER* (with 538 applications), and *SIREVE*.

Countering the trend of the last two years, 2013 saw an effective reduction of 169 customers in the portfolio. 1,989 were removed from the corporate portfolio and 1,820 added, in 2013.

The total number of corporate customers being managed by DRC's negotiating area was 1,535 (down 10.1% over 2012), although there was a 21.8% increase in the balance of liabilities under management to €667.8 million, in 2013.

Collections totalled €83 million, with no payments in kind in 2013. An amount of €173 million was "regularised" involving a total amount of €256 million in the corporate negotiating area.

❻ Regulatory capital requirements - the mark to market assessment method is applied to derivatives instruments, repos operations, loans made or issued on securities or commodities, long term settlement operations and loan operations with a margin, as defined in Part 3 of Annex V of the Bank of Portugal’s (BdP) *Official Notice* 5/2007, which consists of adding to the operation’s market value when positive, its future valuation potential, resulting from the multiplication of the notional amount by a prudential factor based on the type of contract.

The standard method as described in BdP *Official Notice* 5/2007, is applied to loans and receivables

The "Market Discipline 2013" document, scheduled for publication in first half 2014 will provide detailed information on the regulatory requirements for CGD Group capital.

❼ The performance of stress tests aims to provide an analytical vision of CGD Group's position in terms of solvency when subject to extreme scenarios. In 2013, in addition to the sensitivity tests used for internal management, the quarterly stress tests required to complement CGD's capital funding plan, as provided for in the Economic and Financial Assistance Programme were also carried out.

❽ Internal capital requirements per operation result from the use of credit risk factors (probabilities of default - PDs, loss given faults – LGDs and conversion factors into credit equivalents - CCFs) estimated internally.

1.9.2. Market Risk

Performance of quarterly stress tests to assess the solvency situation in extreme scenarios as provided for in the Memorandum of Understanding

Market risk translates into potentially negative impacts on an institution's income or capital, deriving from unfavourable price movements of portfolio assets based on their transaction levels.

This follows the uncertainty over fluctuations of market prices and rates, such as share prices or interest and foreign exchange rates and indices and on the behaviour of the correlations between them.

Market risk exists on instruments such as shares, funds, commercial paper, bonds, borrowing and lending operations, spot or forward foreign currency operations, interest rate derivatives, foreign exchange derivatives, shares/indices/baskets, commodities and credit. Exposure to this type of risk is therefore transversal to diverse categories: price, interest rate, foreign exchange rate, volatility and commodities.

The executive functions of market operations and control of the respective risk incurred are completely separate.

Control and assessment of foreign exchange risk on a separate level and daily and fortnightly on a consolidated level

Limits

The establishing and monitoring of diverse limits are extremely important factors in mitigating market risk. These global limits are submitted to the Executive Committee for discussion and approval. The management rules established for each portfolio or business unit, include, *inter alia*, market risk limits and limits on the type of instruments authorised and maximum acceptable loss levels. There are also specific management rules governing the foreign exchange risk position on CGD Group units.

Market risk hedge operations are decided by portfolio managers or business units, on the basis of risk limits and authorised instruments, with the risk management area collaborating on an assessment of the impact of hedges on the total risk or change in authorised market risk levels, if advisable under the circumstances.

VaR values, subject to limits, are determined on CGD Group's foreign exchange position, as well as on the total open and open currency position.

Methodology

Value at Risk (VaR) is a measure of the potential future loss value that, in normal market conditions, will be the upper bound of the loss assuming a certain level of confidence and a determined investment timespan.

The market risk management area has used the VaR measure to monitor the Group's market risk, since 2002, with market risk limits being based on this measure and, in some cases, complemented by sensitivity limits to the change in risk factors: basis point value (bpv), for interest rates and other sensitivity indicators usually applied to options portfolios and commonly referred to as "Greeks". VaR is assessed for all types of market risk (interest rates, shares, exchange rates and volatility), using the historic simulation method, whose confidence levels are contingent upon the reasons for holding the portfolios.

VAR calculation for all types of market risk, on a daily basis, complemented by sensitivity limits on the change of risk factors

Stress tests have also been developed for extreme scenarios.

The market risk management area calculates and monitors such measures on a daily basis, having designed an exhaustive VaR report, sensitivity analysis, profitability indicators, compliance with limits and stress test structure, for all entities which run market risk exposure in their trading portfolios and exchange risk in their balance sheets.

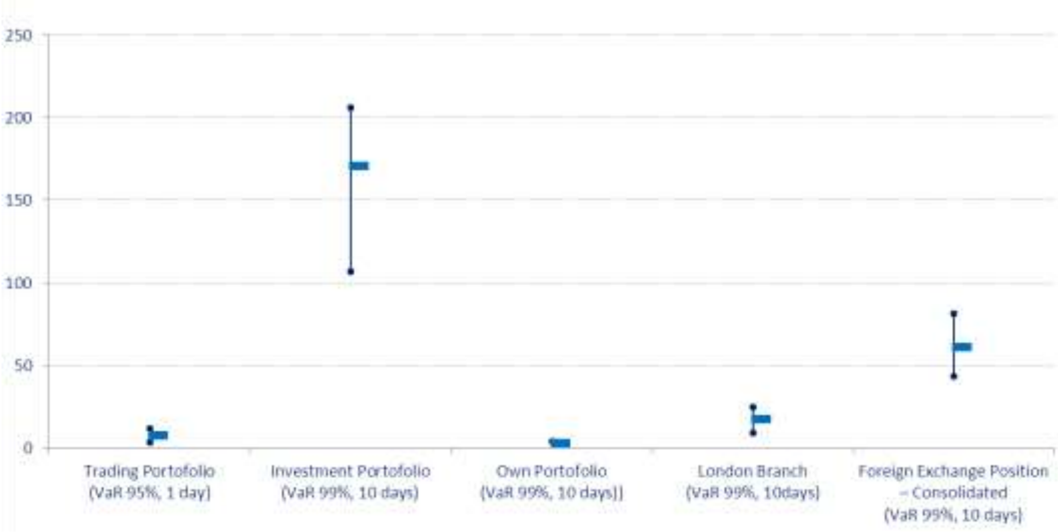
Foreign exchange risk control and their assessment are performed separately on a daily level in the case of domestic activity in each of the branches and subsidiaries and fortnightly on a consolidated level for the Group as a whole.

The VaR model is continuously put to the test either through its day-to-day use or daily backtesting exercises, as well as the real monthly determining of backtesting values on several portfolios.

In 2013 the following measures on the main market risk indicators and most relevant perimeters were:

MARKET RISK INDICATORS

(EUR million)



1.9.3. Interest rate risk in balance sheet

Interest rate risk in balance sheet:

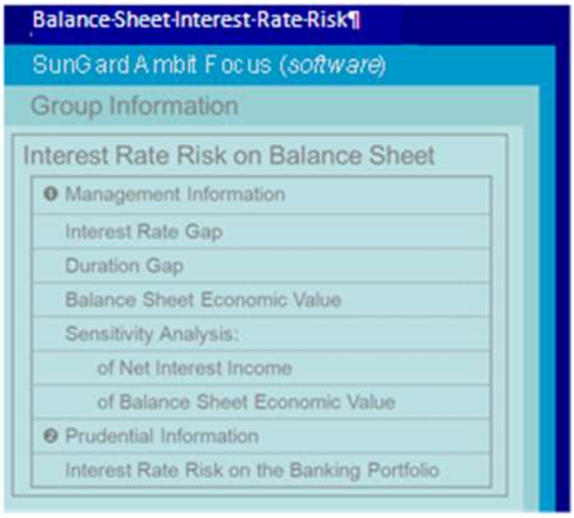
- Monthly calculation of interest rate gaps and duration
- Quarterly calculation of *Economic Value at Risk* and *Earnings at Risk*

This is the risk incurred by a financial institution whenever, during the course of its activity, it contracts for operations whose financial flows are sensitive to interest rate changes. It is the risk of the occurrence of a change in the interest rate associated with the mismatching of interest rate refixing periods on assets and liabilities held, with a decrease in yield or increase in financial cost.

Methodology

To measure this type of risk, the methodology used by Caixa is to aggregate all assets and liabilities sensitive to change into residual interest rate revision periods to obtain the corresponding interest rate gaps.

BALANCE SHEET INTEREST RATE RISK



The analysis of the interest rate risk dimension also involves the monthly calculation of the duration of sensitive assets and liabilities, in addition to the respective duration gap. This is used to measure the mismatch level between the average time in which cash inflows are generated and cash outflows are required (financial flows).

Integrated management and balance sheet and banking portfolio interest rate risk control

To monitor the effect of the gaps on net interest income, a regular quarterly forecast of the monthly evolution of sensitive assets and liabilities scenarios is produced in addition to the different market rates and expectations reflected in the yield curves, in articulation with the Group's Capital Funding Plan.

Management and control of balance sheet and banking portfolio interest rate risk, encompass a set of guidelines including the fixing of limits for a series of significant variables on the level of exposure to this type of risk. The aim is to ensure that CGD, at any time, has the means to manage the risk/return ratio regarding balance sheet management and that it is simultaneously able to fix the most adequate exposure level and control the results of its different risk policies and positions.

The referred to limits are calculated monthly for the accumulated 12 month interest rate gap and the duration gap and quarterly for earnings at risk indicators (which measure the changes in the bank's forecast net interest income resulting from adverse changes in interest rates), and economic value at risk (which measures changes in the economic value of the bank's capital, resulting from adverse changes in interest rate levels).

This and other supporting information on the measuring and monitoring of interest rate risk in the balance sheet is considered monthly by the Executive Committee, in addition to ALCO Committee meetings

INTEREST RATE GAP AT 31. 12. 2013 (*)

(EUR million)

	7D	1M	3M	6M	12M	3Y	>3Y
Total assets	4,415	15,954	27,867	18,856	7,865	2,341	5,210
Total liabilities + capital	2,238	6,161	14,934	12,679	12,233	30,729	4,464
Total interest rate swaps	4,984	160	-1,249	-2,078	367	-706	-1,781
Gap for period	7,161	9,953	11,683	4,100	-4,002	-29,094	-1,036
Accumulated Gap	7,161	17,114	28,798	32,897	28,896	-198	-1,234

(*) Perimeter: CGD, Cayman Islands, Macau, New York, France, London and Spain and Banco Caixa Geral, Caixa Banco de Investimento, CGD Finance, Caixa Geral Finance and CGD North America branches.

In a context of regulatory reporting commitments on interest rate risk, CGD sends detailed information on its level of interest rate risk exposure on its banking portfolio to the Bank of Portugal (BdP), every six months, as set out in Bank of Portugal Instruction 19/2005.

1.9.4. Liquidity Risk

This involves the possibility of the occurrence of a time-lag or mismatch between monetary payments and receipts flows, creating a situation in which a bank is unable to meet its commitments.

Liquidity risk in the banking business area may occur in the event of:

- Difficulties in securing resources to finance assets, normally leading to higher costs in securing such finance but which may also imply a restriction on asset growth;
- Difficulties in promptly meeting obligations to third parties caused by significant mismatches between residual periods to maturity on assets and liabilities.

Liquidity risk:

- Liquidity gaps are calculated monthly and are subject to compliance with three liquidity risk exposure limits
- Stress testing
- Measuring of the "survival period"

Methodology

Liquidity risk management in CGD is initially based on an analysis of the periods to maturity of different balance sheet assets and liabilities. The volumes of cash inflows and outflows are evidenced in time bands based on their period to maturity upon which the respective liquidity gaps, both for the period and accumulated, are then calculated.

BALANCE SHEET LIQUIDITY RISK

The structural liquidity concept is used for the analysis and definition of exposure limits. It aims to incorporate the historic behaviour of sight, term and savings deposits, splitting up their balances into the different time bands considered in the analysis In accordance with internally developed studies and models.

Liquidity gaps are calculated monthly and are subject to compliance with three liquidity risk exposure limits (two short term and one long term) fixed by the ALCO committee.

LIQUIDITY GAP AT 31.12.2013 (*)

(EUR million)

	1M	3M	6M	12M	3Y	5Y	10Y	>10Y
Total assets	13,724	4,748	5,291	3,970	15,911	8,214	12,193	20,318
Total liabilities + capital	4,452	7,179	4,925	12,547	26,282	10,055	5,679	12,320
Total *swaps*	0	-2	0	-4	-2	0	-5	-10
Gap for period	9,273	-2,433	366	-8,581	-10,373	-1,841	6,509	7,988
Accumulated gap	9,273	6,840	7,206	-1,375	-11,748	-13,589	-7,081	908

CGD perimeter: CGD, Cayman Islands, Macau, New York, France, London and Spain branches and Banco Caixa Geral, Caixa Banco de Investimento, CGD Finance, Caixa Geral Finance and CGD North America.

The management of liquidity risk also incorporates stress tests in articulation with the existing liquidity contingency plan in conformity with the principles and recommendations announced by the BCBS (Basel Committee of Banking Supervision) and CEBS (Committee of European Banking Supervisors), currently EBA (European Banking Authority).

The internally developed methodology for the assessment of Caixa's resilience to eventual liquidity difficulties involves the measuring and monitoring of the "survival period" (time elapsing up to the occurrence of the liquidity difficulties if corrective measures are not taken), based on three stress scenarios on a level of financing markets. A fourth scenario is also considered — base scenario — which assumes that Caixa performs its activity in accordance with the conditions set out in its budget and consequent funding plan.

The current model also encompasses a series of minimum values to be complied with for the survival periods determined in each of the referred to scenarios. An eventual non-compliance with any of the minimum limits established presupposes the implementation of Caixa's liquidity contingency plan, in accordance with the levels of priority therein defined on the utilisation of the different financing instruments

Calculation and monitoring of the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)

To regularly monitor the new minimum liquidity standards proposed in the "Basel III: International framework for liquidity risk measurement, standards and monitoring" document — the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) — and with the objective of anticipating various corrective measures needed for compliance, CGD calculated and permanently monitored the two referred to ratios in 2013.

In the context of regulatory reporting commitments on liquidity risk, CGD continues to comply with the determinations of BdP *Instruction* 13/2009, comprising a diversified collection of detailed, permanent information on the liquidity levels of credit institutions, including their forecast annual treasury function plans.

Objectives for 2014

2014 will be a particularly challenging year for CGD Group (and European banking in general), owing to a series of structural changes in the framework of their activity. The following are particularly important, in chronological order:

- The first quarter will see the effective application of the Capital Requirements Directive IV (CRD IV) and the Capital Requirements Regulation, which correspond to the transposition of the 3rd Capital Accord of the Basel Committee (Basel III) into the legal framework of the European Union;

- The first quarter, in the sphere of the European Market Infrastructure Regulation (EMIR), will also see the occurrence of the reporting stage of all OTC (over-the-counter) derivative and ETD (exchange-traded derivatives) transaction, which must be complemented with information on guarantees and valuations in the second half year. The centralised clearing of derivatives transactions, which are centrally clearable, will also begin in the second half year;
- The start of the second half year will see the first regulatory and financial reports in accordance with the uniform requirements for prudential information established by COREP (Common Reporting) and FINREP (Financial Reporting);
- In the second half year, the European Central Bank (ECB) will assume the supervision of around 130 credit institutions in 18 Member States, including CGD, taking another step forward in the direction of Banking Union following the implementation of the Single Supervisory Mechanism — SSM;

In this sphere and over the year as a whole, the ECB, together with the European Banking Authority (EBA) and the National Competent Authorities — NCA, will undertake an advance comprehensive assessment of the condition of the banks they will be supervising.

The exercise will include three elements: the first will consist of a risk appraisal for supervision purposes, with a view to the quantitative and qualitative evaluation of credit institutions' main risks, including liquidity, leveraging and financing.

The second will consist of an analysis of the quality of bank assets, based on the same approach applied to the Portuguese banking sector over the last three year period. This second assessment element aims to improve the transparency of the banks' exposure, assessing the quality of their assets, including the adequacy of the valuation of their assets and collateralised assets, as well as the adequacy of their related provisions.

Lastly, a stress test will be performed in a significantly adverse macroeconomic framework scenario, on the banks' revised situation based on the results of the preceding stages.

This is complemented by the internal challenge of completing the authorisation process for the use of the internal models approach to the calculation of capital requirements for credit risk. The recommendations identified by the Bank of Portugal in the sphere of the permanent inspection, extraordinary inspections and Transversal Revision Exercises of Credit Portfolio Impairment (ETRICC). will continue to be implemented by CGD Group Of particular importance is the transversal structuring project for improving the whole of the credit monitoring and recovery process which will, *inter alia*, permit the resolution of issues deriving from the Special Assessment Programme (SAP) on Distressed Loans Management Assessment.

The aim is also to promote the evolution of the whole of the risk management support structure based on the governance model, revised in 2013, in line with the stipulation of CRD IV based on best sector practice. Particular attention will also be paid to best corporate governance practice, with a major institutional emphasis on the continued development of the Group's vision and actions integrated with the implementation of consolidation mechanisms.

Improvements will continue to be made to Self-assessment Processes on the Adequacy of Internal Capital (ICAAP), risk aggregation and the production of stress test exercises.

Risk management - Challenges in 2014:

- Regulatory changes on a European level
- Completion of internal models authorisation process for the calculation of capital requirements

1.9.5. Operational risk

The management of operational risk in CGD Group is based on an end-to-end vision comprising a series of guidelines, methodologies and regulations recognised as good national and international practice originating from the Basel Committee, COSO (Committee of Sponsoring Organizations of the Treadway Commission) and Risk Assessment Model implemented by the Bank of Portugal.

Operational risk:

- Operational risk management principles and approaches originating from the Basel Committee
- Internal control methodologies proposed by COSO and defined in the sphere of CobiT
- Approach underlying the Risk Assessment Model implemented by the Bank of Portugal

In terms of calculating own funds requirements to hedge operational risk, CGD Group adopted the standard method on a consolidated basis which also includes Caixa Geral de Depósitos, Caixa Banco de Investimento and Caixa Leasing e Factoring, Banco Caixa Geral (Spain) and Mercantile (South Africa), on a separate basis.

The application of the standard method at 31.12.13 on a consolidated basis resulted in own funds of €3,535.8 million to hedge operational risk.

The methodology adopted by the Group for managing its operational risk has been integrated with the assessment of the internal control system and incorporates a series of components, notably:

- Definition and oversight of tolerance limit and risk appetite;
- Definition of a Processes Catalogue and documentation of the activities performed, potential operational risks, control and mitigating activities;
- Decentralised collection of operational risk, losses and recoveries, including near misses, strengthened and supported by control procedures;
- Self-assessment questionnaires on potential operational risks;
- Assessment of controls based on tests for the assessment of the respective design, implementation and operationality of self-assessment questionnaires and analysis of other sources of information;
- Definition and oversight of risk indicators;
- Promotion and oversight of the implementation of action plans as a corollary to the other methodological components.

On an organisational level, CGD's operational risk management is the responsibility of the following structures and functions with specific responsibilities in this process:

- An Operational Risk and Internal Control Management Committee responsible for verifying conformity with operational risk and internal control strategy and policies, including the monitoring of defined tolerance limits;
- An area exclusively dedicated to operational risk management and internal control, responsible for developing and implementing strategy and policies, ensuring that operational risk is being adequately managed and the supervision of the effectiveness of the current controls, in articulation with other departments, branches and subsidiaries, to ensure harmonisation between practices on a level of Group entities;
- Process owners who are responsible for facilitating and developing operational risk management, operational risk and internal control management, within their respective spheres;
- Also particularly involved are the Executive Committee (approval of strategy/policies and guarantors of their implementation), the Consultancy and Organisational Division (management of process documentation and management of the Group's processes catalogue and Business Continuity), Compliance Office

(compliance risk), Accounting, Consolidation and Financial Information Division (calculation and reporting on own funds requirements), the Security Risk and Continuity Management Division, Sogrupo - Sistemas de Informação (information systems risk management and assessment of internal control of information systems supported by the Cobit methodology, the Internal Audit Division (tests for controls and revision of management process) and the Electronic Channels Security Committee (frauds on electronic channels).

This methodology has been adopted by CGD and its respective branches, domestic subsidiaries (Caixa Gestão de Activos, Caixa Banco de Investimento, Caixa Capital and Caixa Leasing e Factoring) and its subsidiaries abroad (Banco Caixa Geral, Mercantile Bank, Banco Nacional Ultramarino, Banco Comercial e de Investimentos, Banco Comercial do Atlântico, Banco Interatlântico, Banco Caixa Geral Brasil, Banco Caixa Geral Totta de Angola and CGD Investimentos - Corretora de Valores e Câmbios).

In addition to the referred to operational risk management methodology and with the objective of guaranteeing continuous operation, a Global Business Continuity System is in progress. This is a holistic management process which identifies the potential threats to an organisation and the possible impact of such threats to business, improving the organisation's resilience and its prompt reaction capacity.

Implementation of a Business Continuity Management System

The operationality of this system is to ensure that the performance of business continuity activities is articulated on the basis of the production of manuals and action plans identifying procedures and specific teams in different CGD structures. Caixa is accordingly complying with the collection of requirements defined in the Bank of Portugal's circular letter 75/2010/DSB on Business Continuity Management for the financial sector, in addition to the international reference standard for an effective business continuity management system ISO 22301:2012 – requirements for a Business Continuity Management System.

To guarantee compliance with the regulatory obligations of the Group's institutions, Caixa is also developing support/performance projects for this good practice framework to strengthen the continuity management of its overseas structures, with various actions for 2012 currently in progress, notably in Cape Verde (Banco Comercial do Atlântico and Banco Interatlântico), Luxembourg and Timor branches and in Angola (Banco Caixa Totta de Angola).

1.10. Subsequent Events

2014:

- Issue of covered bonds
- Selection of FOSUN International for the acquisition of Caixa Seguros e Saúde
- S&P removes CGD's rating from credit watch negative

Caixa returned to the capital markets, in January 2014, with a new €750 million covered bonds issue with a maturity of 5 years at a fixed coupon rate of 3% (final price of 100 bp less than the same operation in 2012).

In January 2014, the Council of Ministers selected Fosun International Limited for the acquisition of the following equity shares from Caixa Seguros e Saúde, SGPS, S.A. (CSS), a fully owned CGD subsidiary, in the sphere of the direct reference sale as part of the reprivatisation process of Fidelidade – Companhia de Seguros, S.A. (Fidelidade), Multicare – Seguros de Saúde, S.A. (Multicare) and Cares – Companhia de Seguros, S.A. (Cares), jointly referred to as Insurance Companies and wholly owned by CSS:

- 80% of share capital and voting rights in Fidelidade (which could rise to 85%, considering all of the shares of the public offer for sale representing 5% of the share capital and voting rights in Fidelidade for the Insurance Companies' group's workers which are not sold in the sphere thereof);
- 80% of share capital and voting rights in Multicare;
- 80% of share capital and voting rights in Cares.

The referred to disposal was realised at a global price of €1 billion. This amount is subject to an adjustment deriving from the change in the net worth of the Insurance Companies, between the reference date established in the direct reference sale and the end of the month preceding the date of its realisation.

Standard & Poor's also reaffirmed CGD's long and short term ratings of 'BB-' and 'B', respectively, in January 2014 removing them from creditwatch negative, following an identical action on the long term rating of the Portuguese Republic.

1.11. Concluding remarks

Board members António do Pranto Nogueira Leite and Pedro Miguel Duarte Rebelo de Sousa resigned from their positions in letters dated 19 December 2012 and 3 April 2013, respectively.

The chairman of the board of directors resigned in a letter dated 29 May 2013, with all other members of the board of directors resigning from their positions in letters dated 19 June 2013.

In a unanimous written resolution of 8 July 2013, the following members of the statutory bodies were elected for the three year term of office 2013-2015, with the following composition:

Board of Shareholders' Meeting

Chairman: Manuel Carlos Lopes Porto

Deputy Chairman: Rui Manuel Parente Chancerelle de Machete

Secretary: José Lourenço Soares

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 Ernst Henzler Vieira Branco, Eduardo Manuel Hintze da Paz Ferreira, Daniel Abel Monteiro Palhares Traça and Pedro Miguel Ribeiro de Almeida Fontes Falcão

Executive Committee:

Chairman: José Agostinho Martins de Matos

Deputy Chairman: Nuno Maria Pinto de Magalhães Fernandes Thomaz

Members: João Nuno de Oliveira Jorge Palma, José Pedro Cabral dos Santos, Ana Cristina de Sousa Leal, Maria João Borges Carioca Rodrigues and Jorge Telmo Maria Freire Cardoso

Audit Committee:

Chairman: Eduardo Manuel Hintze da Paz Ferreira

Deputy Chairman: Daniel Abel Monteiro Palhares Traça

Members: Pedro Miguel Ribeiro de Almeida Fontes Falcão

Following his appointment as Minister of State for Foreign Affairs on 24 July 2013, the deputy chairman of the board of the general meeting Rui Manuel Parente Chancerelle de Machete resigned from his position on the same date.

1.12. Proposal for the appropriation of net income

Pursuant to the terms of articles 66 no. 5, sub-paragraph f) of article 376 of the Commercial Companies Code and article 26 of Caixa Geral de Depósitos's articles of association, it is proposed that CGD's separate net losses of €1,090,514,990 for the year be fully integrated into the "Other Reserves and Retained Earnings" balance sheet account.

Lisbon, 23 April 2014

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 Ernst Henzler Vieira Branco

Eduardo Manuel Hintze da Paz Ferreira

Daniel Abel Monteiro Palhares Traça

Pedro Miguel Ribeiro de Almeida Fontes Falcão

1.13. Declarations on the conformity of the financial information presented

1.13.1. BOARD OF DIRECTORS

Under the terms of sub-paragraph c) of no. 1 of article 245 of the Securities Market Code we declare that the financial statements for 2013 and 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' report gives an accurate account of its business evolution and the performance and position of the referred to entities and contains a description of the principal risks and uncertainties they face.

Lisbon, 23 April 2014

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

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José Ernst Henzler Vieira Branco

Eduardo Manuel Hintze da Paz Ferreira

Daniel Abel Monteiro Palhares Traça

Pedro Miguel Ribeiro de Almeida Fontes Falcão

1.13.2. BONDS HELD BY MEMBERS OF THE BOARD OF DIRECTORS

(ARTICLE 447 OF COMMERCIAL COMPANIES CODE)

Bondholders members of the Board of Directors:	Security	Number of . bonds at 31/12/13
João Nuno Palma	Subordinated bonds CGD – 2009/2019 – Anniversary	50
	Bonds CGD 5.125% 2014	1
José Pedro Cabal dos Santos	Cash bonds July 2015	15 000

1.13.3. INDICATION OF CGD'S SHAREHOLDERS

(ARTICLE 448 OF COMMERCIAL COMPANIES CODE)

Shareholders	Share Capital at 31/12/13	% equity stake at 31/12/13
Portuguese State	€5 900 000 000	100%

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1.14. Separate and Consolidated Financial Statements

CAIXA GERAL DE DEPÓSITOS, S.A.

BALANCE SHEET (SEPARATE)

(euros)

ASSETS	31-12-2013 Amounts before impairment, amortisation and depreciation	31-12-2013 Provisions, impairment and amortisation and depreciation	31-12-2013 Net assets	31-12-2012 Net assets	LIABILITIES AND EQUITY	31-12-2013	31-12-2012
Cash and cash equivalents at central banks	758 127 349	-	758 127 349	924 054 500	Resources of central banks	4 893 185 593	7 057 438 351
Cash balances at other credit institutions	465 338 021	-	465 338 021	424 550 958	Financial liabilities held for trading	1 701 221 406	2 296 505 227
Financial assets held for trading	1 887 436 570	-	1 887 436 570	2 609 075 904	Resources of other credit institutions	5 194 605 213	6 045 877 342
Other financial assets at fair value through profit or loss	630 677 816	-	630 677 816	113 180 017	Customer resources	58 132 642 947	58 247 843 317
Available-for-sale financial assets	18 001 665 201	(304 915 873)	17 696 749 328	17 360 929 659	Debt securities	8 625 578 949	11 548 674 576
Financial assets with repurchase agreement	705 635 975	-	705 635 975	1 500 019 362		-	-
Loans and advances to credit institutions	3 832 094 496	(13 729 371)	3 818 365 125	6 439 699 822	Financial liabilities associated with transferred assets	4 752 967 546	4 920 333 545
Loans and advances to customers	63 981 154 706	(4 423 726 272)	59 557 428 434	64 002 245 182	Hedging derivatives	64 900 299	84 478 780
Hedging derivatives	43 399 039	-	43 399 039	97 193 263	Provisions	985 799 604	1 145 191 741
Non-current assets held for sale	397 861 081	(101 543 033)	296 318 048	286 443 108	Current tax liabilities	2 585 669	2 607 744
Investment property	3 500 156	-	3 500 156	3 600 156	Deferred tax liabilities	57 164 712	74 400 571
Other tangible assets	1 236 533 045	(823 790 567)	412 742 478	450 934 216	Other subordinated liabilities	2 596 350 307	2 978 120 539
Intangible assets	640 020 054	(543 903 740)	96 116 314	103 002 032	Other liabilities	1 906 756 880	1 882 357 223
Investments in associates, subsidiaries and joint ventures	3 761 722 052	(409 588 103)	3 352 133 949	3 944 829 543	Total Liabilities	88 913 759 125	96 283 828 956
Current tax assets	97 923 129	-	97 923 129	32 282 907		-	-
Deferred tax assets	1 394 227 963	-	1 394 227 963	1 151 222 867	Share capital	5 900 000 000	5 900 000 000
Other assets	2 929 098 109	(309 224 484)	2 619 873 625	2 769 825 681	Revaluation reserves	75 018 024	(67 731 298)
	-	-	-	-	Other reserves and retained earnings	37 731 160	776 058 342
	-	-	-	-	Net income for the year	(1 090 514 990)	(679 066 823)
	-	-	-	-	Total Equity	4 922 234 194	5 929 260 221
Total Assets	100 766 414 762	(6 930 421 443)	93 835 993 319	102 213 089 177	**Total Liabilities and Equity**	93 835 993 319	102 213 089 177

Certified Public Accountant

Andreia Júlia Meneses Alves

Board of Directors

Chairman:

Alvaro José Barrigas do Nascimento

Deputy-Chairmain:

José Agostinho Martins de Matos

Members:

Nuno Maria Pinto de Magalhães Fernandes Thomaz

Pedro Miguel Valente Pires Bela Pimentel

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CAIXA GERAL DE DEPÓSITOS, S.A.

INCOME STATEMENT (SEPARATE)

(euros)

	31-12-2013	31-12-2012
Interest and similar income	2 994 443 618	4 810 923 397
Interest and similar costs	(2 551 729 293)	(4 025 557 586)
NET INTEREST INCOME	442 714 325	785 365 811
Income from equity instruments	82 356 149	147 789 929
Income from services and commissions	476 609 472	488 768 091
Costs of services and commissions	(111 679 435)	(114 407 225)
Net results of assets and liabilities measured at fair value through profit or loss	(439 889)	150 381 856
Net gain on available-for-sale financial assets	118 109 956	103 549 586
Net foreign exchange revaluation gain	10 935 127	27 194 204
Net gain on the sale of other assets	(49 972 368)	(2 945 081)
Other operating income	65 429 010	99 753 150
NET OPERATING INCOME	1 034 062 347	1 685 450 321
Staff costs	(535 929 100)	(491 752 475)
Other administrative costs	(360 209 388)	(367 046 232)
Depreciation and amortisation	(93 077 331)	(103 794 189)
Provisions net of reversals	170 313 667	(56 632 149)
Correction of the amount of loans and advances to customers and receivables from other debtors, net of reversals	(1 370 638 637)	(1 101 401 549)
Impairment of other financial assets net of reversals	(102 891 636)	(175 316 334)
Impairment of other assets net of reversals	(186 278 030)	(260 737 171)
INCOME BEFORE TAX	(1 444 648 108)	(871 229 778)
Income tax	-	-
Current	40 309 004	(40 527 417)
Deferred	313 824 114	232 690 372
	354 133 118	192 162 955
Net income for the year	(1 090 514 990)	(679 066 823)
Average number of ordinary shares outstanding	1 180 000 000	1 105 000 000
Earnings per share (in Euros)	(0,92)	(0,61)

Certified Public Accountant

Andreia Júlia Meneses Alves

Board of Directors

Chairman:

Álvaro José Barrigas do Nascimento

Deputy-Chairmain:

José Agostinho Martins de Matos

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CAIXA GERAL DE DEPÓSITOS, S.A.

STATEMENT OF COMPREHENSIVE INCOME (SEPARATE)

(EUR Thousand)

	31-12-2013	31-12-2012
Balances subject to reclassification to profit or loss		
Adjustments to fair value of available-for-sale financial assets		
Gains / (losses) arising during the year	216 821	1 733 051
Adjustments of fair value reserves reclassification to results		
Recognition of impairment for the year	106 138	167 861
Disposal of available-for-sale financial assets	(118 110)	(102 935)
Tax effect	(62 099)	(512 837)
Currency changes in Branches	2 614	601
Other	105	(142)
Subtotal	145 468	1 285 599
Balances not subject to reclassification to profit or loss		
Benefits to employees - amortisation of transition impact		
Change in period	(22 491)	(33 457)
Tax effect	7 068	9 411
Benefits to employees - actuarial gains and losses		
Change in period	(54 971)	(75 482)
Tax effect	8 416	8 559
Subtotal	(61 979)	(90 969)
Total comprehensive net income for the year recognised in reserves	83 489	1 194 630
Net income for the year	(1 090 515)	(679 067)
Total comprehensive net income for the year	(1 007 026)	515 563

CAIXA GERAL DE DEPÓSITOS, S.A.

CASH FLOW STATEMENTS (SEPARATE)

(EUR Thousand)

	31-12-2013	31-12-2012
OPERATING ACTIVITIES		
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	3 508 197	5 409 239
Interest, commissions and similar costs paid	(2 098 848)	(3 220 879)
Recovery of principal and interest	29 444	27 870
Payments to employees and suppliers	(800 613)	(831 464)
Payments and contributions to pensions funds and other benefits	(108 572)	(67 158)
Other results	48 999	95 080
	578 607	1 412 688
(Increases) decreases in operating assets:		
Loans and advances to credit institutions and customers	5 859 449	6 386 335
Assets held for trade and other assets at fair value through profit or loss	109 967	446 867
Other assets	(58 067)	(44 106)
	5 911 350	6 789 097
Increases (decreases) in operating liabilities:		
Resources of central banks and other credit institutions	(2 983 190)	(3 764 780)
Customer resources	(74 952)	268 692
Other liabilities	102 899	(479 038)
	(2 955 244)	(3 975 127)
Net cash from operating activities before taxation	3 534 713	4 226 658
Income tax	(38 909)	(42 295)
Net cash from operating activities	3 495 804	4 184 363
INVESTING ACTIVITIES		
Capital gains from subsidiary and associated companies	39 811	67 833
Capital gains from available-for-sale financial assets	44 087	93 586
Acquisition of investments in subsidiary and associated companies, net of disposals	383 478	(183 714)
Acquisition of available-for-sale financial assets, net of disposals	(137 125)	(1 420 323)
Acquisition of tangible and intangible assets, net of disposals	(51 701)	(58 512)
Net cash from investing activities	278 549	(1 501 131)
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(142 349)	(101 981)
Interest on debt securities	(505 066)	(647 437)
Issue of subordinated liabilities, net of repayments	(400 128)	790 786
Issue of debt securities, net of repayments	(2 851 552)	(4 461 293)
Share capital increase	-	750 000
Net cash from financing activities	(3 899 095)	(3 669 926)
Increase (decrease) in cash and cash equivalents	(124 742)	(986 693)
Cash and cash equivalents at beginning of year	1 348 605	2 338 920
Effects of the exchange rate change on cash and cash equivalents	(399)	(3 621)
Net change of cash and cash equivalents	(124 742)	(986 693)
Cash and cash equivalents at end of year	**1 223 465**	**1 348 605**

CAIXA GERAL DE DEPÓSITOS, S.A.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (SEPARATE)

(EUR Thousand)

	Share capital	Revaluation reserves				Other reserves and retained earnings				Net income for the year	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:											
Measurement gain/(losses) on available-for-sale financial assets	-	1 797 976	(512 837)	-	1 285 140	-	-	-	-	-	1 285 140
Amortisation of the impact of the transition to the NCA relative to post-employment benefits	-	-	-	-	-	-	-	(24 046)	(24 046)	-	(24 046)
Actuarial gains and losses recognition associated with post-employment benefits	-	-	-	-	-	-	(66 923)	-	(66 923)	-	(66 923)
Currency changes in Branches	-	-	-	-	-	-	601		601	-	601
Reclassification between reserves and retained earnings	-	-	-	-	-	-	(419)	419	-	-	-
Other	-	-	-	-	-	-	(142)	-	(142)	-	(142)
Total gains and losses for the year recognised in equity	-	1 797 976	(512 837)	-	1 285 140	-	(66 882)	(23 628)	(90 510)	-	1 194 630
Share capital increase	750 000	-	-	-	-	-	-	-	-	-	750 000
Net income for the year	-	-	-	-	-	-	-	-	-	(679 067)	(679 067)
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:											
Measurement gain/(losses) on available-for-sale financial assets	-	204 849	(62 099)	-	142 749	-	-	-	-	-	142 749
Amortisation of the impact of the transition to the NCA relative to post-employment benefits	-	-	-	-	-	-	-	(15 423)	(15 423)	-	(15 423)
Actuarial gains and losses recognition associated with post-employment benefits	-	-	-	-	-	-	(46 555)	-	(46 555)	-	(46 555)
Currency changes in Branches	-	-	-	-	-	-	2 614	-	2 614	-	2 614
Reclassification between reserves and retained earnings	-	-	-	-	-	-	(4 275)	4 275	-	-	-
Other	-	-	-	-	-	-	105	-	105	-	105
Total gains and losses for the year recognised in equity	-	204 849	(62 099)	-	142 749	-	(48 112)	(11 148)	(59 260)	-	83 489
Net income for the year	-	-	-	-	-	-	-	-	-	(1 090 515)	(1 090 515)
Balances at 31 December 2013	5 900 000	(49 893)	14 486	110 425	75 018	862 906	230 926	(1 056 101)	37 731	(1 090 515)	4 922 234

CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED BALANCE SHEET

(euros)

ASSETS	Notes	31-12-2013 Amounts before impairment, amortisation and depreciation	31-12-2013 Impairment and amortisation and depreciation	31-12-2013 Net assets	*Pro-forma* 31-12-2012 Net assets	*Pro-forma* 01-01-2012 Net assets
Cash and cash equivalents at central banks	4	1 545 339 400	-	1 545 339 400	1 603 281 326	2 704 479 429
Cash balances at other credit institutions	5	1 036 503 870	-	1 036 503 870	1 302 011 713	985 260 969
Loans and advances to credit institutions	6	1 786 798 204	(11 995 941)	1 774 802 263	2 517 399 809	4 956 118 288
		4 368 641 474	(11 995 941)	4 356 645 533	5 422 692 848	8 645 858 686
Financial assets at fair value through profit or loss	7	3 213 751 338	-	3 213 751 338	3 998 697 991	4 132 482 512
Available-for-sale financial assets	8	15 826 038 323	(243 883 879)	15 582 154 444	20 576 476 647	16 843 642 881
Financial assets with repurchase agreement	9	705 635 975	-	705 635 975	504 159 727	777 953 832
Unit-linked investments	10	-	-	-	1 148 224 882	584 878 996
Hedging derivatives	11	45 458 045	-	45 458 045	98 725 204	108 128 626
Held-to-maturity investments	12	-	-	-	2 469 277 441	2 837 379 183
		19 790 883 681	(243 883 879)	19 546 999 802	28 795 561 892	25 284 466 030
Loans and advances to customers	13	74 586 872 495	(4 512 410 882)	70 074 461 613	74 734 583 513	78 282 277 762
Non-current assets held for sale	14	13 790 368 064	(334 555 238)	13 455 812 826	677 623 425	473 484 857
Investment property	15	340 054 581	-	340 054 581	534 237 709	459 088 203
Other Tangible assets	16	1 593 853 528	(972 037 480)	621 816 048	903 606 978	990 325 243
Intangible assets	17	798 394 565	(604 711 965)	193 682 600	412 882 775	400 435 589
Investments in associates and jointly controlled entities	18	42 311 197	-	42 311 197	217 603 386	229 016 881
Current tax assets	19	128 238 242	-	128 238 242	60 862 136	87 538 023
Deferred tax assets	19	1 377 931 933	-	1 377 931 933	1 467 788 866	1 928 120 388
Technical provisions for outwards reinsurance	20	5 547 290	-	5 547 290	197 427 457	226 202 088
Other assets	21	3 054 585 698	(235 246 886)	2 819 338 812	3 433 756 958	3 557 907 104
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
Total Assets		119 877 682 748	(6 914 842 271)	112 962 840 477	116 858 627 943	120 564 720 854

LIABILITIES AND EQUITY	Notes	31-12-2013	*Pro-forma* 31-12-2012	*Pro-forma* 01-01-2012
Resources of central banks and other credit institutions	22	9 734 649 064	12 226 705 289	15 836 929 994
				-
Customer resources	23	67 824 469 433	71 355 037 433	70 537 533 250
Liability of unit-linked products	10	-	1 148 224 882	584 878 996
Debt securities	24	8 791 386 907	10 590 627 336	14 923 308 602
		76 615 856 340	83 093 889 651	86 045 720 848
Financial liabilities at fair value through profit or loss	11	1 644 831 602	2 217 043 052	1 917 762 652
Hedging derivatives	11	65 109 513	84 478 780	93 071 712
Non-current liabilities held for sale	14	11 590 700 040	100 745 748	-
Provisions for employee benefits	25 e 38	539 437 537	549 949 797	497 493 181
Provisions for other risks	25	341 807 018	422 853 716	389 635 342
Technical provisions for insurance contracts	26	10 108 361	4 224 143 023	4 607 614 617
Current tax liabilities	19	64 951 630	184 062 756	52 324 348
Deferred tax liabilities	19	178 715 054	190 650 194	166 219 860
Other subordinated liabilities	27	2 523 699 879	2 889 067 239	2 075 416 185
Other liabilities	28	2 831 807 442	3 394 992 373	3 545 278 812
Total liabilities		106 141 673 480	109 578 581 618	115 227 467 551
				-
Share capital	29	5 900 000 000	5 900 000 000	5 150 000 000
Fair value reserves	30	63 074 158	(189 663 644)	(2 078 222 234)
Other reserves and retained earnings	30	409 738 896	979 109 402	1 708 697 168
Net income attributable to the shareholder of CGD	30	(575 784 930)	(394 715 421)	(488 424 904)
Equity attributable to the shareholder of CGD		5 797 028 124	6 294 730 337	4 292 050 030
Non controlling interest	31	1 024 138 873	985 315 988	1 045 203 273
Total equity		6 821 166 997	7 280 046 325	5 337 253 303
Total liabilities and equity		112 962 840 477	116 858 627 943	120 564 720 854

Certified Public Accountant

Andreia Júlia Meneses Alves

Board of Directors

Chairman:

Alvaro José Barrigas do Nascimento

Deputy-Chairmain:

José Agostinho Martins de Matos

Members:

Nuno Maria Pinto de Magalhães Fernandes Thomaz

Pedro Miguel Valente Pires Bela Pimentel

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Daniel Abel Monteiro Palhares Traça

Jorge Telmo Maria Freire Cardoso

Pedro Miguel Ribeiro de Almeida Fontes Falcão

CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED INCOME STATEMENT

(EUR)

	Notes	31-12-2013	*Pro-forma* 31-12-2012
Interest and similar income	32	3 615 139 657	4 725 099 807
Interest and similar costs	32	(2 756 878 736)	(3 485 628 182)
Income from equity instruments	33	72 483 456	117 738 333
NET INTEREST INCOME		930 744 377	1 357 209 958
Income from services rendered and commissions	34	680 087 120	711 007 714
Cost of services and commissions	34	(158 044 428)	(168 449 903)
Results from financial operations	35	267 145 308	362 934 149
Other net operating income	36	(19 455 191)	36 507 884
NET OPERATING INCOME		1 700 477 186	2 299 209 802
Technical margin on insurance operations		3 948 630	4 067 576
NET OPERATING INCOME FROM BANKING AND INSURANCE OPERATIONS		1 704 425 816	2 303 277 378
Staff costs	37	(792 879 069)	(734 783 945)
Other administrative costs	39	(469 400 905)	(476 276 360)
Depreciation and amortisation	16 and 17	(131 761 734)	(138 446 332)
Provisions net of reversals	25	1 756 756	(75 378 992)
Loan impairment net of reversals and recovery	40	(817 759 426)	(1 010 304 285)
Other assets impairment net of reversals and recovery	40	(309 483 760)	(389 515 655)
Result of held for sale companies	14	135 809 618	95 521 000
Result of associated companies		5 030 313	4 028 949
INCOME BEFORE TAX AND MINORITY INTEREST		(674 262 391)	(421 878 242)
Income tax			-
Current	19	6 327 919	(96 870 935)
Deferred	19	156 887 220	173 589 532
		163 215 139	76 718 597
CONSOLIDATED NET INCOME FOR THE YEAR, of which:		(511 047 252)	(345 159 645)
Non controlling interest	31	(64 737 678)	(49 555 776)
NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD		(575 784 930)	(394 715 421)
Average number of ordinary shares outstanding	29	1 180 000 000	1 105 000 000
Earnings per share (in Euros)		(0,49)	(0,36)

Certified Public Accountant

Andreia Júlia Meneses Alves

Board of Directors

Chairman:

Álvaro José Barrigas do Nascimento

Deputy-Chairmain:

José Agostinho Martins de Matos

Members:

Nuno Maria Pinto de Magalhães Fernandes Thomaz

Pedro Miguel Valente Pires Bela Pimentel

João Nuno de Oliveira Jorge Palma

José Luís Mexia Fraústo Crespo de Carvalho

José Pedro Cabral dos Santos

José Hernst Henzler Vieira Branco

Ana Cristina de Sousa Leal

Eduardo Manuel Hintze da Paz Ferreira

Maria João Borges Carioca Rodrigues

Daniel Abel Monteiro Palhares Traça

Jorge Telmo Maria Freire Cardoso

Pedro Miguel Ribeiro de Almeida Fontes Falcão

CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR Thousand)

	31-12-2013			31-12-2012 Pro-forma		
	Current activities	Non-current activities	Total	Current activities	Non-current activities	Total
Balances subject to reclassification to profit or loss						
Adjustments to fair value of available-for-sale financial assets						
Gains / (losses) arising during the year	325 853	92 493	418 346	2 006 797	404 080	2 410 877
Adjustments of fair value reserves reclassification to results						
Recognition of impairment for the year	56 696	-	56 696	185 898	38 765	224 663
Disposal of available-for-sale financial assets	(133 742)	(1 017)	(134 759)	(108 110)	1 588	(106 522)
Tax effect	(90 055)	(23 134)	(113 189)	(587 876)	(126 506)	(714 383)
Currency changes						
Change in period	(123 578)	-	(123 578)	(72 708)	-	(72 708)
Adjustments of exchange reserves reclassification to results						
Recognition of impairment for the year of available-for-sale financial assets						
- Investment units in foreign currency	2 147	-	2 147	(8 384)	-	(8 384)
Recognition of foreign exchange gains and losses in the disposal						
of subsidiaries	2 695	-	2 695	3 435	-	3 435
Tax effect	615	-	615	2 183	-	2 183
Other	13 153	-	13 153	(17 844)	-	(17 844)
	53 785	68 342	122 127	1 403 391	317 927	1 721 318
Balances not subject to reclassification to profit or loss						
Benefits to employees - actuarial gains and losses						
Change in period	(54 971)	(4 970)	(59 941)	(75 363)	(18 563)	(93 926)
Tax effect	8 416	1 571	9 987	8 575	5 847	14 422
	(46 555)	(3 399)	(49 954)	(66 788)	(12 716)	(79 504)
Total comprehensive net income for the year recognised in reserves	7 230	64 943	72 173	1 336 603	305 211	1 641 814
Net income for the year	(646 857)	135 810	(511 047)	(441 492)	95 521	(345 971)
TOTAL COMPREHENSIVE NET INCOME FOR YEAR, of which:	(639 627)	200 753	(438 874)	895 111	400 732	1 295 842
Non controlling interest	(51 808)	(815)	(52 623)	(28 975)	131	(28 844)
TOTAL COMPREHENSIVE NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD	(691 435)	199 938	(491 497)	866 135	400 863	1 266 998

CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED CASH FLOWS STATEMENTS

(EUR Thousand)

	31-12-2013			31-12-2012
	Current activities	Non-current activities	Total	Total
OPERATING ACTIVITIES				
Cash flows from operating activities before changes in assets and liabilities				
Interest, commissions and similar income received	4 343 674	296 937	4 640 611	5 720 936
Interest, commissions and similar costs paid	(2 309 249)	(325 099)	(2 634 349)	(3 006 457)
Premiums received (insurance)	5 013	1 181 700	1 186 713	1 196 937
Cost and claims paid (insurance)	(1 725)	(963 560)	(965 286)	(1 199 227)
Recovery of principal and interest	34 596	-	34 596	33 356
Payments to employees and suppliers	(1 103 414)	(305 392)	(1 408 806)	(1 478 211)
Payments and contributions to pension funds and other benefits	(115 504)	(3 576)	(119 080)	(94 328)
Other results	96 247	144 288	240 535	550 314
	949 636	25 297	974 934	1 723 319
(Increases) decreases in operating assets				
Loans and advances to credit institutions and customers	4 531 096	(710 415)	3 820 680	4 717 699
Assets held for trade and other assets at fair value through profit or loss	120 627	552 516	673 143	686 840
Other assets	33 583	297 536	331 119	(630 428)
	4 685 306	139 636	4 824 943	4 774 112
Increases (decreases) in operating liabilities				
Resources of central banks and other credit institutions	(2 495 777)	2 500	(2 493 277)	(3 670 550)
Customer resources	875 393	-	875 393	1 349 473
Other liabilities	83 427	(547 929)	(464 502)	(371 458)
	(1 536 957)	(545 429)	(2 082 386)	(2 692 535)
Net cash from operating activities before taxation	4 097 986	(380 495)	3 717 491	3 804 896
Income tax	(96 659)	(156 579)	(253 238)	(33 678)
Net cash from operating activities	4 001 327	(537 074)	3 464 252	3 771 218
INVESTING ACTIVITIES				
Dividends received from equity instruments	74 424	-	74 424	130 718
Acquisition of investments in subsidiary and associated companies, net of disposals	(23 732)	38 290	14 558	(238 553)
Acquisition of available-for-sale financial assets, net of disposals	(206 745)	76 871	(129 874)	(979 562)
Acquisition of tangible and intangible assets and investment property, net of disposals	(67 628)	(10 867)	(78 495)	(53 608)
Net cash from investing activities	(223 681)	104 294	(119 387)	(1 141 004)
FINANCING ACTIVITIES				
Interest on subordinated liabilities	(143 829)	-	(143 829)	(101 614)
Interest on debt securities	(505 173)	-	(505 173)	(615 117)
Dividends paid on preference shares	-	-	-	(1 738)
Issue of subordinated liabilities, net of repayments	(399 286)	-	(399 286)	789 956
Issue of debt securities, net of repayments	(2 935 683)	-	(2 935 683)	(4 185 519)
Share capital increase	-	-	-	750 000
Net cash from financing activities	(3 983 971)	-	(3 983 971)	(3 364 031)
Increase (decrease) in cash and cash equivalents	(206 325)	(432 780)	(639 105)	(733 817)
Cash and cash equivalents at the beginning of the year	2 905 293	-	2 905 293	3 689 740
Balances derecognized in the process of consolidation relating to "Non-current assets held for sale"	565 048	-	565 048	-
Balances reclassified to "Non-current assets held for sale"	(616 014)	616 014	-	
Effects of the exchange rate change on cash and cash equivalents	(66 160)	-	(66 160)	(50 630)
Net change of cash and cash equivalents	(206 325)	(432 780)	(639 105)	(733 817)
Cash and cash equivalents at the end of the year	2 581 843	183 233	2 765 076	2 905 293

CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(EUR Thousand)

	Share capital	Fair value reserve	Other reserves and retained earnings			Net income for the year	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:									-
Measurement gain/(losses) on available-for-sale financial assets	-	1 888 559	(76 577)	-	(76 577)	-	1 811 982	2 654	1 814 635
Actuarial gains and losses recognition associated with post-employment benefits (IAS 19)	-	-	(79 504)	-	(79 504)	-	(79 504)	-	(79 504)
Currency changes in subsidiaries and branches	-	-	(61 617)	-	(61 617)	-	(61 617)	(13 856)	(75 473)
Other	-	-	(9 147)	-	(9 147)	-	(9 147)	(9 509)	(18 656)
Total gains and losses for the year recognised in equity	-	1 888 559	(226 845)	-	(226 845)	-	1 661 714	(20 711)	1 641 002
Share capital increase	750 000	-	-	-	-	-	750 000	-	750 000
Changes in Group perimeter	-	-	-	-	-	-	-	(57 463)	(57 463)
Written-put over non controlling interests - Partang	-	-	(14 808)	-	(14 808)	-	(14 808)	-	(14 808)
Acquisition of preference shares issued by Caixa Geral Finance	-	-	490	-	490	-	490	(1 400)	(910)
Dividends paid on preference shares and other dividends paid to non controlling interest	-	-	-	-	-	-	-	(29 868)	(29 868)
Reclassification between reserves and retained earnings	-	-	2 895	(2 895)	-	-	-	-	-
Net income for the year	-	-	-	-	-	(394 715)	(394 715)	49 556	(345 160)
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:									
Measurement gain/(losses) on available-for-sale financial assets	-	252 738	(30 442)	-	(30 442)	-	222 296	4 799	227 095
Actuarial gains and losses recognition associated with post-employment benefits (IAS 19)	-		(49 954)	-	(49 954)	-	(49 954)	-	(49 954)
Currency changes in subsidiaries and branches	-		(102 967)	-	(102 967)	-	(102 967)	(15 153)	(118 120)
Other	-		14 914	-	14 914	-	14 914	(1 761)	13 153
Total gains and losses for the year recognised in equity	-	252 738	(168 450)	-	(168 450)	-	84 288	(12 115)	72 173
Changes in Group perimeter	-		-	-	-	-	-	4 870	4 870
Written-put over non controlling interests - Partang	-		(6 205)	-	(6 205)	-	(6 205)	-	(6 205)
Dividends paid to non controlling interest	-		-	-	-	-	-	(18 670)	(18 670)
Reclassification between reserves and retained earnings	-		(41 402)	41 402	-	-	-	-	-
Net income for the year	-		-	-	-	(575 785)	(575 785)	64 738	(511 047)
Balances at 31 December 2013	5 900 000	63 074	1 491 818	(1 082 079)	409 739	(575 785)	5 797 028	1 024 139	6 821 167

2. NOTES, REPORTS AND OPINIONS ON THE ACCOUNTS

2.1. 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 with Caixa on 23 July 2001.

CGD operated a nationwide network of 804 branch offices, at 31 December 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 and Macau.

Caixa also has direct and indirect equity stakes 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 operate in various sectors such as banking, insurance, investment banking, brokerage, venture capital, real estate, asset management, specialised credit, e-commerce and cultural activities. Caixa also has equity stakes in companies operating in non-financial sectors of the Portuguese economy.

The consolidated financial statements, at 31 December 2013, were approved by the board of directors on 23 April 2014.

CGD's financial statements, at 31 December 2013, and those of a part of its subsidiaries, associates and jointly controlled entities require the approval of their corresponding general meetings. Caixa's board of directors considers, however, that the financial statements used for the preparation of these consolidated accounts will be approved without any significant changes.

2. ACCOUNTING POLICIES

2.1. Presentation bases

As The consolidated financial statements, at 31 December 2013, have been prepared on the basis of 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 the dispositions of Decree Law 35/2005 of 17 February.

In 2013, as a result of the disposal process of equity stakes in Fidelidade - Companhia de Seguros, S.A., Multicare - Seguros de Saúde, S.A. and Cares - Companhia de Seguros, S.A, held by the Group through Caixa Seguros e Saúde, SGPS, S.A., the assets and liabilities of the referred to companies were reclassified as "Non-current assets and liabilities held for sale". The referred to operation was performed on the basis of the shareholder's strategic guidelines with the aim of rationalising the Group's structure and concentrating its activities in the banking sector. The sales process for Grupo HPP – Hospitais Privados de Portugal upon which work began, in 2012, was also completed, in 2013. In line with the procedures adopted for the above referred to insurance group companies, at 31 December 2012 the assets and liabilities of Grupo HPP – Hospitais Privados de Portugal were classified in "Non-current assets and liabilities held for sale" categories.

Also in accordance with IFRS 5 – "Non-current assets held for sale and discontinued operations", the results generated by such units are presented as a single entry in the financial statements ("Results of subsidiaries held for sale"), with the periods presented for comparison purposes having been accordingly re-expressed.

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 interests in jointly controlled entities which are described in detail in Note 2.4.

2.2. Adoption of (new or revised) standards issued by the "International Accounting Standards Board" (IASB) and interpretations issued by the "International Financial Reporting Interpretations Committee" (IFRIC), as adopted by the European Union

Caixa, during the course of 2013, in preparing its financial statements, adopted the standards and interpretations issued by the IASB and IFRIC, respectively, provided that they were approved by the European Union, for application in the economic years starting on or after 1 January 2013. The changes of relevance to the Group were as follows:

IFRS 13 – "Fair value measurement" – IFRS 13 establishes a transversal framework to be applied to the initial and subsequent measurement of an asset or liability at fair value, whenever this measurement is required by another standard. It also defines the framework for the disclosures relative to assets and liabilities measured at fair value. This standard must be applied for the annual reporting periods starting on or after 1 January 2013. According to the transition guidance of IFRS 13, the Group applied the measurement requirements on assets and liabilities at fair value prospectively. The most significant impacts are detailed in Note 43.

- IAS 19 – "Employee benefits" (amended) – The revision of the standard eliminates the corridor method, requiring entities to recognise changes in the fund's assets and defined benefit plans liabilities, in the respective period. The revised standard is applicable for annual reporting periods starting on or after 1 January 2013. The adoption of this standard did not have any significant aspects on the Group's equity.

- "Annual improvements to IFRS 2009-2011 cycle"

The document published by the IASB in May 2013 aims to make a series of amendments to IFRS 1 – "First-time adoption of international financial reporting standards", IAS 1 – "Presentation of financial statements", IAS 16 – "Property, Plant and Equipment", IAS 32 – "Financial instruments: Presentation", and IAS 34 – "Interim financial reporting" standards. These amendments must be applied retrospectively and are mandatory for the economic periods starting on or after 1 January 2013. Reference should be made to the following amendments:

- IAS 1 – "Presentation of financial statements" (amended): The amendments made aim to clarify that the presentation of comparative information is only mandatory to the extent of the minimum requirements stipulated by this standard. The revised standard also clarifies that in the case of a retrospective change to accounting policies or reclassifications made by the entity, the presentation of an opening balance for the comparison period in the financial statement is only mandatory when the changes have a material impact on the financial statements. The amended IAS 1 does not provide for the mandatory presentation of explanatory notes on the opening balance of the comparison period.

- IAS 32 – "Financial instruments: Presentation" (amended): The amendment defines that the amount of tax calculated on the appropriation of income from equity instruments and transaction costs should be recognised in conformity with the requirements of IAS 12 – "Income Taxes".

- IAS 34 – "Interim financial reporting" (amended): The most relevant changes made by the amended standard refer to segment reporting in the context of interim financial reporting, namely as regards the requirement for the separate disclosure of total assets and liabilities by reporting segment, whenever such information is regularly provided to the management body and there are significant changes to the amounts presented in the last annual report.

The adoption of this standard did not have any significant impacts on the Group's equity situation.

- IAS 1 – "Financial statements" (amended) – The amended standard changes the presentation of the items recognised as "other comprehensive income", for the purpose of making a separation between those that may and those that may not be reclassified to profit and loss. The revised standard must be applied for annual reporting periods starting on or after 1 July 2012. The adoption of this standard did not have any impacts on the Group's equity.

- IFRS 7 – "Financial statements" (amended) – The amended text introduces additional and separate quantitative disclosures for financial assets and liabilities which have been netted and for financial instruments subject to a net settlement agreement. The revised standard must be applied for annual reporting periods starting on or after 1 January 2013. This is a disclosure amendment and as such it did not have any impacts on the Group's equity.

The following standards and interpretations issued by the IASB and approved by the European Union were available for early adoption at 31 December 2013:

- "The Package of five"

  The IASB issued a collection of five standards on the items to be noted in the sphere of the preparation of consolidated financial statements and the processing of operations between venturers in May 2011. Five amendments were accordingly issued: IAS 27 – "Consolidated and separate financial statements" and 28 – "Investments in associates" as well as the new IFRS standards 10 - "Consolidated financial statements", IFRS 11 – "Joint arrangements" and IFRS 12 – "Disclosures of interests in other entities". Each of these standards must be applied in the economic years starting on or after 1 January 2013 and may be adopted in advance. The early adoption of one of the "Package of five" requires the adoption of the others.

  - IFRS 10 – "Consolidated financial statements" and IAS 27 – "Separate financial statements" (amended) – IFRS 10 revokes SIC - 12 "Consolidation - Special purpose entities" and is based on the wording of IAS 27 on issues related to the sphere of application and criteria for the preparation of consolidated financial statements. The new standard establishes the principles for the presentation and preparation of consolidated financial statements when an entity controls one of more entities. The definition of control is established as the sole basis for the consolidation, with control existing whenever an entity is exposed or is entitled to variable income from an entity and also has the capacity to influence such income. IAS 27 (Amended) retains only the accounting and disclosure requirements applicable to the preparation of separate financial statements.

  - IFRS 11 – "Joint arrangements" – IFRS 11 revokes and substitutes IAS 31 – "Interests in joint ventures" and SIC - 13 - "Jointly controlled entities – non-monetary contributions by venturers". The new standard establishes the criteria for the identification, classification and accounting of joint ventures based on the rights and obligations of the parties involved in the transaction.

  - IAS 28 – "Investments in associates" (amended) – The amended wording of IAS 28 regulates the accounting of investments in associates and establishes the requirements for the application of the equity accounting method when accounting for investments in associates and joint ventures which is applicable to entities with joint control or a significant influence over others.

  - IFRS 12 – "Disclosures of interests in other entities" – This standard establishes the disclosure requirements on investments in associates and jointly owned entities, with the objective of enabling the type of risks that investments in such entities represent for the financial position, performance and cash flows of the investing entity to be assessed.

- IAS 32 – "Financial instruments: Presentation" (amended) – The amendments aim to clarify the requirements to be complied with by the entity for the netting of financial assets and liabilities in its balance sheet. The amended standard specifically explains the principles of the current enforceable legal right to the netting and the realisation (of the asset) and simultaneous payment (of the liability). The revised standard must be applied in the economic years starting on or after 1 January 2014 but may be adopted earlier.

- "*Investment Entities"* - Amendments to IFRS 10, IFRS 12 and IAS 27

  In October 2012, IASB published an amendment to IFRS 10 which created an exception to the consolidation of the subsidiaries of investment entities and clarified the classification criteria of an entity as an investment entity. Investment entities are accordingly released from the requirement to consolidate their subsidiaries, provided that the latter do not provide services related with the former's investment activity. The revised standard must be applied in the annual reporting periods starting on or after 1 January 2014 and is available for early adoption.

- "*Transition Guidance"* - Amendments to IFRS 10, IFRS 11 and IFRS 12

  In June 2012, the IASB published a document aiming to clarify aspects related with guidance on the adoption of IFRS 10 – "Consolidated financial statements", IFRS 11 – "Joint arrangements" and IFRS 12 – "Disclosures of interests in other entities", amending the wording of the referred to standards, limiting the need for the presentation of comparative information only for the immediately preceding period. The amended standards must be applied for annual reporting periods starting on or after 1 January 2014.

- IAS 39 – "Financial instruments: recognition and measurement" (amended) – The amendments to the standard, made in June 2013, aim to establish the exceptional nature of the derecognition of hedge accounting whenever the derivative instrument is novated through a central counterparty (in lieu of the original counterparties) provided this novation derives from legal or regulatory requirements. The revised standard must be applied for annual reporting periods starting on or after 1 January 2014 and may be early adopted.

- IAS 36 – "Impairment of assets" (amended) – In June 2013 the IASB published an amendment to IAS 36 with the objective of restricting the disclosure requirements of the recoverable value of an asset or cash generating unit to the years in which increases or reversals of the impairment allocated thereto have occurred. A clarification is also provided of the extent of the disclosure requirements to be made whenever the recoverable value has been assessed on the basis of the respective fair value net of the costs incurred on the sale. The amended standard must be applied for annual reporting periods starting on or after 1 January 2014 and may be early adopted.

Up to the date of the approval of these financial statements, the following standards and interpretations, still not approved by the European Union were issued:

- IFRS 9 – "Financial instruments" (and subsequent amendments) – This standard, published by the IASB in November 2009, aims to replace IAS 39 – "Financial instruments: Classification and measurement" on a staged basis. The changes to the current classification and measurement of financial assets particularly include:

Classification and measurement of financial assets

a) Debt instruments held with the objective of receiving contractual flows (not being, as such, managed on the basis of their fair value), which flows solely represent payments of capital and interest on the amount of the initial investment, should be measured at their amortised cost. Debt instruments which do not have these characteristics should be measured at their fair value as a charge to profit and loss for the period;

b) Equity instruments should be measured at fair value through profit and loss. There is an available option for the irrevocable designation of these instruments which are not held for trading, at the time of their initial recognition, for measurement at fair value through other comprehensive income. The use of this option requires that the latter valuations of the instrument (including capital gains on sale but excluding dividends received) are fully recognised as a charge to other comprehensive income;

c) The framework of the classification and measurement of financial assets with embedded derivatives should take into consideration all of the instrument's characteristics with it no longer being possible to recognise the derivative and the host contract separately;

d) There is also a fair value through profit and loss option available for debt instruments classifiable at amortised cost, provided that this change significantly reduces an accounting mismatch that would otherwise be created;

e) Although applied retrospectively, the facts and circumstances in force on the date of the first application (notwithstanding the circumstances and objectives considered on the initial recognition date of the assets remaining in the balance sheet on the reference date for the adoption of the standard) should, however, be considered in the sphere of the classification and measurement of financial assets in accordance with the new IFRS 9 requirements.

Accounting requirements for financial liabilities

f) In the case of the financial liabilities designated in the measurement at fair value option, the component associated with changes in own credit risk should be recognised as a charge to other comprehensive income, with the remainder of the valuation being recognised as a charge to profit and loss;

g) Liability derivatives physically settled though the delivery of unlisted equity instruments, which fair value cannot be reliably measured, should, nevertheless be measured at fair value.

In November 2013, the IASB published amendments to IFRS 9, which, *inter alia*, involve the following issues: (i) introduction of new approach methodologies to the application of hedge accounting, tending to favour an approximation to risk management practice, including the broadening of disclosure requirements; (ii) the introduction of the possibility of changing the means of recognizing own credit risk (as a charge to other comprehensive income instead of profit or loss) autonomously without the mandatory adoption of the remaining requirements of IFRS 9; and (iii) elimination of the mention of a mandatory adoption date for the standard, which is restricted, up to the date of the publication of this amendment, to the economic years starting on or after 1 January 2015.

- IFRS 7 – "Financial instruments: Disclosures" (amended). The standard has amended to include specific disclosures to be submitted in the year of the adoption of IFRS 9, with the objective of allowing users of financial statements to reconcile the categories and balance sheet entries presented in conformity with IAS 39 requirements with the new categories and balance sheet entries presented in accordance with the dispositions of the new standard.

- IAS 19 – "Employee benefits" (amended) – The revised standard, published by the IASB in November 2013, clarifies the accounting of employees' contributions for services provided in the sphere of defined benefit plans. It is accordingly established that contributions, notwithstanding the number of years of service provided, may be recognised as a deduction to the current service cost of the year in which they are owed and processed, in other cases, in accordance with the formula for the assessment of the contributions of the plan adopted by the entity for assessing its liabilities, or, alternatively, based on a linear approach to the number of years service to which they refer. The accounting policy herein adopted should be consistently applied. The standard must be applied for annual reporting periods starting on or after 1 July 2014 and may be early adopted.

- "Annual Improvements to IFRS 2010-2012 Cycle"

  The document, published by the IASB, in December 2013, aims to amend several IFRS standards: IFRS 2 – "Share-based payments", IFRS 3 – "Business combinations", IFRS 8 – "Operating segments", IFRS 13 – "Fair value measurement", IAS 16 – "Tangible fixed assets", IAS 24 – "Related party disclosures" and IAS 38 – "Intangible assets". These amendments must be applied annual reporting periods starting on or after 1 July 2014 and may be early adopted. Reference should be made to the following amendments:

  - IFRS 3 – "Business combinations": The amendments made to the wording of the standard aim to clarify that the accounting of contingent compensation on a business combination operation recognised as an asset or a liability should be made at its fair value independently of whether it is a financial instrument under IAS 39 or IFRS 9, or a non-financial asset. The change in the fair value of this asset or liability (not adjusted by measurements occurring in the period) should be recognised through profit and loss.

  - IFRS 8 – "Operating segments": The amendments made to the standard determine (i) disclosure of the inherent criteria to the aggregation of operating segments, applied by management in its preparation of the disclosures (including a description of the aggregated segments and relevant economic indicators in assessing their similarity); and (ii) clarification that the reconciliation of the entity's total assets vis-à-vis the assets of the reportable segments is only required if regularly prepared for internal management analysis.

- IAS 24 – "Related party disclosures": The amendments made to the standard clarify that an entity providing management services in the form of loans of key management personnel is an entity related to the entity to which this service has been provided, with the amounts of the compensation paid for the referred to service being consequently disclosed (although they do not need to be split up by type).

- Improvements to IFRS 2011-2013 Cycle

The document, published by the IASB in December 2013, aims to make a series of amendments to IFRS 1 – "First-time adoption of international financial reporting standards", IFRS 3 – "Business combinations", IFRS 13 – "Fair value measurement" and IAS 40 – "Investment properties" standards The amendments issued must be applied for annual reporting periods starting on or after 1 July 2014 and may be adopted in advance. Reference should be made to the following amendments:

- IFRS 13 – "Fair value measurement": The amendments made to the standard aim to clarify that the exceptions applied to the measurement of groups of financial assets and liabilities at their respective net amount include all of the contracts covered or measured in accordance with IAS 39 or IFRS 9 requirements, whether or not complying with the classification criteria as a financial asset or liability established by IAS 32.

- IAS 40 – "Investment properties": The amendments made to the standard aim to clarify that the application of IAS 40 and IFRS 3 are not mutually exclusive, for which on the acquisition of property it should be necessary to assess whether it complies with the classification criteria as investment property and simultaneously if the acquisition's underlying transaction complies with the criteria of a business combination.

The board of directors considers that the adoption of the above referred to standards and interpretations, especially focusing on the requirements of IFRS 9 – "Financial instruments" and the five standards on the consolidation of jointly owned entities and associated companies ("The package of five"), may cause changes of some significance on the preparation and presentation of the Group's financial statements as well as on the extent and contents of the disclosures to be made. A detailed analysis of the implications involved in the application of these standards has not, however, as yet, been completed and cannot therefore be quantified.

2.3. Restructuring plan

The European Commission approved CGD's restructuring plan, following of its recapitalisation process, as presented by the Portuguese state, in July 2013.

The recapitalisation occurred in the context of the new regulatory requirements imposed by the European Banking Authority (EBA), resulting in an additional capital requirement of €1,650 million (€750 million in the form of a share capital increase (Note 24) and €900 million in core tier 1 equity instruments (Note 22), subscribed by the state shareholder in June 2012 but considered, by the European Commission, to be state aid.

CGD’s approved restructuring plan focuses on its role in backing companies and households in Portugal and is based on three main operating thrusts which strengthen the strategy currently being implemented.

- Deleveraging of CGD Group’s balance sheet with the sale of its insurance area and other non-strategic equity investments, in addition to the run-down of its non-core assets. Caixa herein, disposed of its equity stake in Portugal Telecom, SGPS, S.A. (Note 8), in 2013. As described in Note 14, the contracts for the disposal of equity stakes in Caixa Seguros e Saúde's insurance companies, whose effects were still contingent upon the need to obtain permits from the competition authorities and supervisors were also signed on 7 February 2014.

- Improved operational efficiency, giving continuity to endeavours to reduce operating costs, notably by optimising the number of branches and employees and renegotiating service contracts. CGD closed 43 branches in Portugal, in 2013;

- Restructuring of activity and optimisation of the dimension of CGD’s branch office network in Spain, with the objective of ensuring CGD’s long term viability and autonomy in terms of funding, in addition to ensuring a positive contribution to CGD Group's results. This restructuring process involved the resizing of the branch office network and optimisation of services and processes, originating a reduction of staff and the concentration of the its non-core assets in CGD's Spain branch which was given responsibility for the respective run-off. The Group recognised costs of €49,633 thousand, on this restructuring operation in its financial statements in 2013, including the recognition of around €37 million in "Staff costs" (Note 37). To avoid the need for additional measures, performance indicators in the restructuring plan to be achieved by this operation, up to 2015, have been defined.

CGD’s behavioural commitments, which extend to CGD Group, include:

a) The non-acquisition of corporate stakes or collection of assets corresponding to the performance of an activity, in excess of certain limits. This commitment, however, does not apply to such situations as acquisitions in the sphere of CGD’s current activity related to the management of loans and advances to customers in difficulty;

b) The non-pursuance of aggressive commercial strategies;

c) The reduction of proprietary trading activity (not related with customers) to the minimum necessary for the treasury function;

d) Not to advertise the state aid received or any advantages therefrom deriving for publicity purposes;

e) Not to pay dividends, coupons or interest to holders of preference shares or subordinated debt when such payments are not based on a contractual or legal obligation. Such payments shall, however, be permitted if it is shown that the failure to make such payments could prejudice the reimbursement of core tier 1 equity instruments issued by CGD and subscribed for by the state in June 2012;

f) In the framework of the recapitalisation plan established with the Portuguese state, to invest €30 million p.a. in a fund to invest in equity stakes in Portuguese SMEs and mid-caps. Any investment in excess of the above referred to amount is subject to the prior approval of the European Commission;

g) Continuation and expansion of the monitoring policy on operational risk and prudent, safe, commercial policies geared to sustainability;

h) Nomination of a *monitoring trustee* to oversee the implementation and execution of the measures set out in the restructuring plan.

i) Not to create new business units outside the geographies in which CGD Group has not previously operated;

j) Compliance with all regulations and legal requirements on remuneration policies.

The behavioural commitments shall remain in force up until the term of the restructuring period, at 31 December 2017.

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

The Group changed the way it recognises interests in joint arrangements, in 2013, which are now recognised through the equity method (Note 2.7), as permitted under the option of paragraph 38 of IAS 31 - "Interests in jointly controlled entities".

Up to 31 December 2012, investments in jointly controlled enterprises were recognised in the consolidated financial statements through the proportional integration method. In accordance with the referred to method such enterprises' assets, liabilities, income and expenditure were integrated in the consolidated accounts in direct proportion to CGD’s equity capital share.

This decision enabled the impacts of the implementation of IFRS 11 - "Joint arrangements" in the Group's financial statements to be brought forward. The adoption of IFRS 11 in the European Union is mandatory for the annual reporting periods 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, 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 changes in several balance sheet and financial statements aggregates, as set out below:

	31-12-2012		
	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
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 liabilities	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 liabilities	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	31-12-2012 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	5,074,298	5,077,499	3,201
Interest and similar costs	(3,730,283)	(3,728,250)	2,033
Income from equity instruments	118,942	118,942	-
NET INTEREST INCOME	1,462,957	1,468,191	5,234
Income from services rendered and commissions	677,957	678,033	77
Cost of services and commissions	(169,314)	(169,239)	75
Results from financial operations	362,999	363,261	262
Other net operating income	91,291	31,249	(60,042)
NET OPERATING INCOME	2,425,891	2,371,497	(54,394)
TECHNICAL MARGIN ON INSURANCE OPERATIONS			
Premiums net of reinsurance	1,202,831	1,202,831	-
Result of investments relating to insurance contracts	179,572	179,572	-
Cost of claims net of reinsurance	(783,043)	(783,043)	-
Commissions and other income and cost relating to insurance contracts	(86,247)	(86,247)	-
	513,113	513,113	-
NET OPERATING INCOME FROM BANKING AND INSURANCE OPERATIONS	2,939,004	2,884,610	(54,394)
Staff costs	(909,118)	(889,782)	19,336
Other administrative costs	(623,266)	(614,904)	8,363
Depreciation and amortisation	(185,510)	(161,218)	24,292
Provisions net of reversals	(75,912)	(75,816)	96
Loan impairment net of reversals and recovery	(1,010,304)	(1,010,304)	-
Other assets impairment net of reversals and recovery	(484,032)	(482,705)	1,326
Results in subsidiaries held for sale	(22,643)	(22,643)	-
Results in associated companies and jointly controlled entities	4,284	4,577	293
INCOME BEFORE TAX AND NON-CONTROLLING INTERESTS	(367,496)	(368,185)	(689)
Tax			
Current	(188,513)	(187,470)	1,042
Deferred	210,038	209,684	(354)
	21,525	22,214	689
Consolidated net income for the year, of which:	(345,971)	(345,971)	-
Non-controlling interests	(48,744)	(48,744)	-
CONSOLIDATED NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD	(394,715)	(394,715)	-

2.5. 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.

In terms of associated entities, "subsidiaries" are entities over whose current management the Group wields 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 in the sphere of securitisation operations, venture capital and investment funds and other similar entities over which it wields 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 subsidiaries were consolidated by the global integration method. Significant transactions and balances between the consolidated companies have been eliminated. Consolidation adjustments are also made, when applicable, to ensure consistency in the application of the Group's accounting principles.

The amounts of third parties' participation in subsidiaries are recognised in "non-controlling interests" in equity.

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

2.6. 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 acquisition costs when directly attributable to the operation are recognised as costs for the period on the date of purchase (for acquisitions made between 01 January 2004 and 31 December 2009 these costs were added to the acquisition cost). Upon the acquisition date, which is the date upon which the Group achieves control over the subsidiary, identifiable assets, liabilities and contingent liabilities meeting 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’s acquisition and the fair value attributable to the acquisition of its respective assets, liabilities and contingent liabilities. Goodwill is recognised as an asset and is not depreciated.

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

The acquisition of non-controlling interests after control over a subsidiary has been achieved is recognised as an operation with shareholders and no additional goodwill is 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 results on the date of the operation.

The Group performs impairment tests on goodwill recognised in its balance sheet, at least once a year, in accordance with the requirements of IAS 36 – “Impairment of assets”. Goodwill. for this purpose, is allocated to cash flow generating units and its respective recoverable value is based on future cash flow estimates at discount rates the Group considers appropriate. Impairment losses associated with goodwill are recognised in results 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 did not make any changes to this recognition procedure, with goodwill, generated on operations, up to 1 January 2004, continuing to be deducted from reserves.

Accounting of written put options

Liabilities resulting from written put options on non-controlling interests are initially recognised by the Group as a charge to “Other reserves”. Subsequent changes in 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 funding costs on the recognition of the liability, which are recognised in “Interest and similar costs” in results.

2.7. Investments in associates and jointly controlled entities

Associates are companies over which the Group wields significant influence but whose management it does not effectively control. Significant influence is presumed to exist whenever the Group has a direct or indirect equity stake or voting rights of between 20% - 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 similar decisions.

Investments in associates and jointly controlled entities are recognised by the equity accounting method. Under this method, investments are initially valued at their respective cost price which is subsequently adjusted on the basis of the Group’s effective percentage of the changes in its associates’ shareholders’ equity (including results). The equity accounting method is applied up to the time at which the accumulated losses incurred by the associate or jointly controlled entity, which is recognised by the Group, exceed the investment's respective balance sheet value from which time they are 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 application of the Group's accounting principles.

Goodwill, comprising the positive difference between the acquisition cost and fair value attributable to the respective assets, liabilities and contingent liabilities, continues to be recognised in the investment's carrying amount, whose full balance sheet amount is subject to annual impairment tests.

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

2.8. 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 environment in which it operates and referred to as the "functional currency". In the consolidated accounts, the results and financial position of each entity are expressed in euros as CGD 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.

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

Exchange differences arising on translation are recognised in results 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 balance is transferred to results at the time of the subsidiaries' respective disposals.

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 in "Other reserves". Accordingly in the case of the occurrence of disposals of subsidiaries or associates after the said date, only exchange differences originating from 1 January 2004 will be reclassified to results.

2.9. Financial instruments

a) Financial assets

Financial assets are recognised at fair value at the contract 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". In other categories, such costs are added to the asset's book value. Upon initial recognition, they 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 on short term market price fluctuations. This category also includes derivatives, excluding derivatives 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 an 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 out.

Financial assets classified in this category are recognised at fair value whose gains and losses generated by their subsequent valuation are recognised in "Income from financial operations" in results. Interest is recognised in the appropriate "Interest and similar income" accounts.

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, net of capital repayments 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 estimated 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 accounts receivable

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, net of 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, net of impairment losses. Interest is recognised by the effective interest method, enabling interest to be calculated over the period of the operations. The effective rate is the rate used to discount the estimated future cash flows associated with the financial instrument, enabling its present value to be matched to the value of the financial instrument on the initial recognition date.

iv) Available-for-sale financial assets

This category includes the following financial instruments:

- Variable-income securities not classified as financial assets at fair value through profit or loss, including stable equity stakes. It therefore also includes equity instruments held in the sphere of 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 whose fair value cannot be reliably measured, which continue to be recognised at cost. Gains or losses on the revaluation are recognised directly in the “Fair value reserve, in shareholders’ 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 recoveries”, respectively.

To assess the proceeds on sale, assets sales are measured at their average weighted 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 results.

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 several 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.

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 the financial asset or liability may be sold or settled between independent, knowledgeable parties in an arm's length transaction.

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

- The closing price at the balance sheet date, for instruments traded in active markets;
- Measurement methods and techniques are used for debt instruments not traded in 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 measurement models based on market data which would be used to define 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:
  - The prices of materially relevant transactions made by independent entities over the last six months;
  - Multiples of comparable companies in terms of sector of activity, size and profitability;
  - Discounted cash flows, using discount rates tailored to the risk appropriate to the assets held.

  The measurements incorporate discount factors reflecting the securities' liquidity. In the event of a right or contractual obligation to dispose of a specific asset, its respective valuation will also fall within a range between the amounts resulting from the above referred to measurement 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, net of any impairment losses.

Amortised cost

Financial instruments at amortised cost are initially recognised at fair value, net of the income or costs directly attributable to the transaction. Interest is recognised by 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 revised cash flows. The new amortised cost is calculated on the present value of future cash flows discounted at the financial instrument's initial effective interest rate. The adjustment of amortised cost is recognised in results.

b) Financial liabilities

Financial liabilities are recognised on their contract date, at their respective fair value net of 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 on their subsequent measurement are recognised in "Results from financial operations".

ii) Other financial liabilities

This category includes credit institutions' and customers' resources, bond issues, subordinated liabilities and liabilities incurred for the payment of services or purchase of assets, recognised on "Other liabilities".

These financial liabilities are measured at amortised cost. Any interest thereon is recognised by 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 contract date. They are also recognised in off-balance sheet account headings at their respective notional value.

Derivatives are subsequently measured by their respective fair value. Fair value is assessed:

- On the basis of prices obtained in active markets (e.g. futures trading in organised markets);
- On the basis of models incorporating measurement techniques accepted in the market, including discounted cash flows and options measurement models.
- The assessment of the fair value of derivatives, up to 31 December 2012, was based on the discounted amount of future cash flow projections at a risk-free interest rate. The initial margin obtained on each operation was also deferred until the respective maturity date. In addition, specific adjustments were recognized to the measurement of derivatives with an increased credit risk. During the course of 2013, as a result of the adoption of IFRS 13 (Note 2.2), the Group's valuation of these financial instruments incorporated specific adjustments to reflect its own credit risk based on a market discount curve which the Group considered to reflect the associated risk profile. Simultaneously, the Group adopted a similar methodology to reflect counterparty credit risk on derivatives with a positive fair value, having discontinued the deferral procedure on the initial margin as a result of this situation.

Embedded derivatives

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

- An 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 its respective changes being recognised in results.

The main impact of this procedure on the Group's activity consists of the need to separate out and value the derivatives embedded in deposits and debt instruments, i.e. instruments whose returns do not comprise 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 derivative's initial revaluation. 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 31 December 2013 and 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 when a hedge relationship is entered into, to include the following minimum aspects:

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

Monthly hedge effectiveness tests are performed and documented by comparing the change in fair value of the hedge instrument and hedged item (part attributable to the hedged risk). To enable the use of hedge accounting under IAS 39, the ratio should fall 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 are recognised daily 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 "Results from financial operations" in results for the year. 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 classified in 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 hedging the risk of assets or liabilities recognised at fair value through profit or loss, thus rendering hedge accounting unnecessary;
- Risk hedging 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 liquidated 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”.

Signs of impairment are assessed separately in the case of financial assets with significant exposure amounts and collectively in the case of like-for-like assets, whose debtor balances are not individually relevant.

Under IAS 39, the following events are considered to be signs 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 negotiations;
- Difficulties in terms of the capacity of partners 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 insolvency;
- The worsening of a debtor’s competitive position;
- A track record of collections suggesting that the nominal value will not be fully recovered.

Whenever signs of impairment on separately assessed assets are identified, any impairment loss comprises the difference between the present value of expected 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 like-for-like groups (based on counterparty and credit type). Future cash flow estimates are based on historical information on defaults and recoveries on assets with similar characteristics with the operations being contaminated on the basis of the counterparty's most serious classification, which is assessed on the basis of the identification of the above referred to impairment indices.

Separately analysed assets on which no objective signs of impairment have 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 amount of impairment is recognised in "Loan impairment net of reversals and recoveries" and "Impairment of other assets net of reversals and recoveries", in costs and recognised separately in the balance sheet as a deduction from the amount of the respective assets.

Write-offs/downs of principal and interest

The Group periodically writes-off/down 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 committees of the various entities involved. Any recoveries of credit written-off/down from assets are recognised as a deduction from the impairment losses balance in "Loan impairment net of reversals and recoveries" in results.

In accordance with the policies in force within the Group, interest on overdue credit without a real guarantee is written-off within three months of 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 charged.

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

Recoveries of interest written-off/down from assets are also credited to "Credit impairment, net of reversals and recoveries".

Available-for-sale financial assets

As referred to in Note 2.9. a), available-for-sale financial assets are recognised at fair value and changes in fair value recognised in the "Fair value reserve" in equity.

Whenever there is objective evidence of impairment, the accumulated capital losses recognised in reserves are transferred to costs for the year in the form of impairment losses recognised in "Other asset impairment, net of reversals and recoveries".

In addition to the above referred to signs of impairment on financial assets at amortised cost, IAS 39 also provides for the following specific 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 market value below cost.

The Group performs an impairment analysis on available-for-sale financial assets at each financial statement's reference date, taking the nature and specific, separate characteristics of the referred to assets 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 capital 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 capital losses of more than 30% for a period of more than nine months was also considered to be an objective evidence of impairment.

As impairment losses on equity instruments cannot be reversed, any unrealised capital gains arising after the recognition of impairment losses are recognised in the "Fair value reserve". Impairment, recognised in results 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 which adequately reflects the risk attached to holding the asset.

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

2.10. 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 separate and 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 "groups of assets and liabilities for disposal").

Non-current assets or groups of assets and liabilities for disposal are classified as being held for sale whenever their book value is expected to be recovered by sale and not 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 strong probability of sale;
- The asset must be available for immediate sale in its present state;
- 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 their acquisition cost or fair value, whichever less, net of 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 recoveries” if an asset’s book value exceeds its fair value, following the deduction of the sales costs.

Property and other assets which have been auctioned for overdue credit recovery purposes are also recognised in this account heading at their bid price.

The value of property received in kind for credit recovery purposes is periodically assessed. Impairment losses are recognised when the amount of the valuation, net of the estimated costs to be incurred on the sale, is less than their book value.

Auctioned property is written-off/down from assets on sale and their respective gains or losses recognised in “Other operating costs”.

At 31 December 2013, this account heading also included the assets and liabilities of Caixa Group’s insurance companies, in the framework of the privatisation process in progress in the referred to companies.

At 31 December 2012, the assets and non-current liabilities held for sale category also recognised the aggregate balances of *Grupo HPP – Hospitais Privados de Portugal*, whose sales process was completed in March 2013.

2.11. 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, on an annual basis by appraisers. Fair value changes are recognised in “Other operating income” in results.

2.12. Other tangible assets

Other tangible assets are recognised at their acquisition cost, net of their accumulated depreciation and impairment losses. The costs of repairs, maintenance and other expenses associated with their use are recognised as a cost for the year in “Other administrative expenditure”.

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 a 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 headquartered in Portugal, 40% of the increase in depreciation on these revaluations is not tax deductible, with the corresponding deferred tax liabilities thereon 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 as a 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 tolls	5 - 8
Computer equipment	3 - 8
Interior fittings	3 - 10
Transport material	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 signs of impairment on other tangible assets. Impairment losses are recognised in “Impairment of other assets, net of reversals and recoveries” in results for the period 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 and also have an impact on results 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.

2.13. Finance leases

Finance lease operations are recognised as follows:

As lessee

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 repayments of principal. Interest payments are recognised in “Interest and similar costs”.

As lessor

Leased assets are recognised in the balance sheet as “Loans and advances to customers” whose principal is repaid in accordance with the contracts’ repayments schedules. Interest included in the instalments is recognised in “Interest and similar income”.

2.14. 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 net of accumulated depreciation and impairment losses.

Depreciation 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.

2.15. Income tax

Current tax

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 headquartered and with effective management in Portugal whose total income is subject to the general IRC tax regime, at the highest standard rate, in whose equity capital it has either a direct or indirect equity stake of at least 90%, for a period of more than a year (starting 01 January 2012) and when the equity stake entitles it to more than 50% of the voting rights. On account of the changes brought in by Law 2/2014 of 16 January, the limit for assessing a direct or indirect equity stake to be considered for the eligibility of integration in the Group's taxation perimeter was reduced from 90% to 75% for the years beginning on or after 1 January 2014.

Taxable profit is calculated on the separate algebraic sum of taxable profit and the tax losses made by the companies in the perimeter. Branch accounts are accordingly included in the respective head office accounts under the taxation of global profit principle of article 4 of the IRC code. In addition to being subject to IRC, in Portugal, the results of the branches may also be 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.

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 other 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 accounting results

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

  Under article 66 of the IRC code, profit made 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 appropriation, 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 Ministerial Order 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. Starting 2014, the reference to the tax rate effectively paid is referred to under the code as the applicable tax rate on its activity.

In these cases, the profit is included in Caixa's taxable income for the year in which the end of the non-resident company's tax period is included in the form of its net profit, proportional to Caixa's capital holding. 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 calculating taxable income for the years ended 2013 and 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, none of the provisions for general credit risks calculated under the terms of the Bank of Portugal's *Official Notice* 3/95 was tax deductible. In addition, under the terms of current legislation, whenever provisions for general credit risk are restored, income is firstly considered to have been a fiscal cost in the year of their respective constitution.

Starting 2014, on account of the changes made by Law 2/2014 of 16 January, these issues will be governed by no. 2 of article 28-A and article 28-C.

– *Staff costs*

CGD has considered its payment of staff costs, processed and recognised in the accounts, including, *inter alia*, costs associated with pensions liabilities 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 Fiscal Affairs of 19 January 2006, according to which, the amounts recognised in costs under the terms of the applicable accounting regulations, subject to the amount of the contribution effectively made to the pension fund in the same or past years, are tax deductible, pursuant to the rules of article 43 of the IRC code.

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-B/2011 of 30 December, which approved the state budget law for 2012, on Caixa and other subsidiaries headquartered on Portuguese territory, which are not considered for tax purposes, in the period, 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 taken advantage of the new incorporating company's carry-back of tax losses.

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

CGD did not adjust its assessment of taxable income for 2013 and 2012 as a result of the application of this article.

Deferred tax

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

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 profit.

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 questionable on account of other situations, including issues regarding the interpretation of current tax legislation.

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 results or taxable profit;
- Taxable temporary tax differences resulting from the undistributed profit of subsidiary and associates, 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 results for the period, unless their originating transactions have been directly recognised in other equity headings (e.g. revaluations of available-for-sale financial assets and when related to changes in accounting policy on the recognition of pension fund liabilities and other post-employment benefits, as provided for in article 183 of Law 64-B/2011 of 30 December). In such cases the corresponding tax is also recognised as a charge to equity and does not affect the result for the period.

2.16. Provisions and contingent liabilities

A provision is set up whenever there is a present (legal or constructive) obligation resulting from past events which is 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 liability's settlement amount at the balance sheet date.

A contingent liability exists when the future outflow of resources is unlikely. Contingent liabilities only require a disclosure procedure, 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, fiscal and other contingencies resulting from the Group's activity.

2.17. Employee benefits

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

Pension and healthcare liabilities

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, under the terms of Note 38. 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 (Headquarters) current and retired employees is also provided by Caixa Geral de Depósitos's social services and funded by contributions from CGD's headquarters 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 adequate actuarial premises (Note 38). The rate used for liabilities discounting procedures is based on market interest rates on investment grade 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 premises and the effective amounts of liabilities and pension fund yield projections, as well as on changes in actuarial premises 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 requirements and net interest costs are aggregated and recognised in the appropriate "Staff costs" 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 on the impact of the change to no longer employed status of employees with whom it has entered into suspension of labour agreements. This provision is also recognised as a charge to results 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 normal retirement age are covered by the pension fund.

Liabilities for such benefits are also based on actuarial calculations. All actuarial gains and losses are recognised as a charge to results for the period under IAS 19, on the type of benefits identified.

Short term benefits

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

2.18. Insurance

a) Insurance contracts

Transactions associated with insurance contracts written and reinsurance contracts held by the Group are recognised in accordance with Portuguese Insurance Institute standards. Under the transition to the new accounting plan for insurance companies, the classification principles pertaining to contracts established by IFRS 4 – "Insurance contracts" were included in the standard, under which contracts which do not entail a significant insurance risk are classified as investment contracts and processed under 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 additional benefits to the guaranteed component, as follows:

- 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, on the revaluation of assets allocated to with-profit insurance and which are expected to be attributed to the insured are recognised in the profit sharing provision to be attributed.

b) Recognition of income and costs

Premiums on non-life insurance, life insurance and investment contracts with a discretionary profit sharing component are recognised in the results statement, when payable.

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 to the insured, when associated with life insurance and investment contracts with a discretionary profit sharing component are recognised in the life insurance mathematical provision, in results, whose cost is 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 part period between balance sheet close and the end of the period to which the premium refers. It is calculated, for each contract in force, by the *pro rata temporis* method on 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 amount of technical provisions on insurance contracts.

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

d) Claims provision

The claims 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 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 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 still 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	Non
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 maintained the mortality table used to calculate mathematical provisions for workman's compensation insurance, in 2012, having refreshed the mortality table in use up to 2011 for non-redeemable pensions as an adjustment to the evolution of a pensioner's expected average lifetime.

The mathematical provision for presumed workman's compensation pension insurance for the year is based on an estimate of the number of claims involving permanent disability and death and the average mathematical provision, considered as the expected cost of each of these pensions. For claims occurring in preceding years, the change in this provision comprises the difference between the payment of pensions and redemptions net of the estimated technical interest and change in the provision for ratified, defined pensions

Under current legislation "FAT" (Workman's Compensation Fund) is liable for annual pension increases. Companies pay the pensions in full and are subsequently reimbursed by FAT for its liability. FAT is managed by the Portuguese Insurance Institute and funded by 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. Using monthly development matrices the claims quantity for the year is estimated and multiplied by the average estimated cost of temporary assistance expenses on claims occurring in 2011 and 2012, in order to obtain the costs for the year for this type of expense. For claims from past years, the change in the provision comprises the amounts paid on the accounting entries on temporary assistance expenses.

The provision for lifelong assistance expenses recognises lifelong payments, comprising:

- Provision for reported lifelong assistance – referring to lifelong expenses for claimants benefiting from a pension, with a service date occurring 730 days prior to the start thereof;

- Provision for presumed lifelong assistance – lifelong expenses for claims already occurred but in which no expenses have been submitted.

Given the characteristics of such liabilities, the provision is calculated on 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%

The provision for presumed lifelong assistance is calculated by the use of the methodology similar to the mathematical provision for presumed pensions.

Provision for motor insurance claims

Motor insurance claims automatically generate 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. 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 detail on a case-by-case basis.

Provision for other insurance area claims

The provision for other insurance area claims is calculated on a case-by-case basis by the claims manager and revised whenever fresh information is obtained from specialised technical reports.

The analysis of the sufficiency of the provisions for the various types of insurance is assessed/validated by the responsible actuary during the course of the year, who produces a specific year-end report.

This analysis is performed on the main insurance areas/area groupings, representing more than 90% of the claims provision for motor, workman's compensation, personal accidents and health insurance.

The analyses provide for direct liabilities to the insured (whether or not the claims are reported) as well as future payments to FAT.

These estimates use payment triangles based on both deterministic and stochastic models.

e) Mathematical provision on life insurance

The mathematical provision on life insurance comprises the estimated actuarial amount of insurance companies' liabilities, including profit sharing disbursements already made and 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 for the account of the policyholder only include any additional technical provisions to cover mortality risks and administrative or other expenses such as guaranteed payments on maturity or guaranteed redemption amounts).

f) Profit sharing provision

The profit sharing provision includes amounts payable to policyholders or contract beneficiaries, in the form of an attributed/attributable profit sharing scheme, provided that the amounts have not already been disbursed.

Profit sharing provision to be attributed

The profit sharing provision to be attributed comprises net capital gains balances attributable to the insured transferring from the former accounting standard applicable to insurance companies, which were recognised in the then "Fund for Future Appropriations". It also reflects the net amount of subsequent unrealised capital gains or losses (fair value adjustments) on investments allocated to with-profit life insurance, for the policyholder's or contract beneficiary's estimated part share of the contract, provided that the portfolio balances are not negative

This provision is set up as a charge to results for the period or, alternatively, the direct recognition of the applicable part as a charge to the revaluation reserves for fair value adjustments on investments in subsidiaries, associates and jointly owned enterprises and available-for-sale financial assets allocated to with-profit life insurance.

During the lifetime of the contracts for each modality or collection of modalities, the balance on the corresponding profit sharing provision to be attributed is fully used.

The use of the profit sharing provision to be attributed is made on a portfolio basis in accordance with the following order of priorities:

i) The balances on the net capital gains attributable to the insured, transferring from the former Fund for Future Appropriations, are firstly set against the each year's losses in the technical accounts of the respective with-profit life insurance products, recognised as losses by the Group in its results up to the limit of the losses to be offset;

ii) The amounts comprising the insureds' share of the unrealised capital losses on the allocated portfolios are recognised in this provision, up to the amount of the respective positive balance. Accordingly, the amounts originating from the former Fund for Future Appropriations which continue to be available after the use referred to in i) above are used to offset unrealised capital losses on the respective portfolios;

iii) If the balance of the profit sharing provision to be attributed after the above movements is positive and there are losses to be recovered, calculated on the technical accounts of the respective products for past years which have been recognised in results on account of the fact that the income from the allocated portfolios was insufficient to meet the costs of the guaranteed technical rates, such a positive balance is recognised in results up to the amount of the referred to losses to be recovered. This movement can be reversed and will also have an impact on results when the balance on the unrealised gains ceases to be positive.

Profit sharing provision attributed

This provision includes 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 to them.

For most products, this provision is calculated on the basis of income from assets allocations, including realised capital gains or losses and impairment losses for the period, deducted from the negative balances on previous years in cases in which this deduction is contractually provided for.

g) Provision for interest rate commitments

The provision for interest rate commitments includes all life insurance and operations with an interest rate guarantee, whenever the effective yield on investments representing mathematical provisions on certain insurance contracts is less than the technical interest rate used to assess the mathematical provisions on such contracts.

h) Portfolio stabilisation provision

The portfolio stabilisation provision includes 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 average 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 its current insurance contracts at the date of the financial statements, considering estimates of the present value of future cash flows associated with its contracts, including claims settlement costs and cash flows associated with implicit insurance contracts options and guarantees.

Additional provisions are set up as a charge to results 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 liabilities adequacy test is performed by discounting cash flow projections on claims, redemptions, maturities, fees and management charges, net of 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 then 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 general 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 implementation gives the future redemptions estimation model.

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 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 the future profit sharing of future income, which is then incorporated into mathematical provisions and consequently incorporated into maturities, claims and future redemptions projections.

Non-life insurance

The responsible actuaries regularly assess the adequacy of reserves based on an analysis of companies' liabilities in terms of uncertainty, contractual duration, type of claim and claims settlements expenses. A collection of micro or macroeconomic scenarios to verify the adequacy thereof is also applied.

j) Equalisation provision

The equalisation provision caters for exceptionally large insurance claims on insurance areas which, by type, are subject to the largest oscillations. This provision is set up for credit insurance, deposit insurance, crop insurance, risk of seismic phenomena and inward reinsurance – atomic risk, according to ISP standards.

k) Provision for unexpired risks

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 and ceding and income ratios as defined by the ISP.

l) Technical provisions for outwards reinsurance

These provisions are calculated on the use of the above described criteria for direct insurance, taking into account ceding percentages and other dispositions of the treaties in force.

m) 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, net of the corresponding management charges.

Unit linked investment portfolios comprise financial assets, including fixed-income securities, variable-income securities, derivatives and deposits in credit institutions, at fair value, whose corresponding unrealised capital gains and losses are recognised in results for the period.

n) 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 measured in accordance with the requirements of IAS 39 and recognised in “Customer resources and other loans” up to 31 December 2012. These balances were reclassified to “Non-current assets held for sale”, in 2013.

o) Impairment of debtor balances related with insurance and reinsurance contracts

At each financial statements’ presentation date, the Group assesses the existence of signs of impairment on assets originated by insurance or reinsurance contracts, i.e. accounts receivable from the insured, brokers, reinsurers and reinsured 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 results statement.

p) Intangible assets on 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 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.

These assets, at 31 December 2013, were classified as “Non-current assets held for sale”.

q) 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.

2.19. Commissions

As referred to in Note 2.9, commissions on credit operations and other financial instruments, i.e. commissions charged or paid on originating operations, are included in amortised cost and recognised over the course of the operation by the effective interest method, in "Interest and similar income".

Commissions for services provided are usually recognised as income over the period of the provision of the service or as a lump sum if resulting from isolated acts.

2.20. Issue of equity instruments

The issue 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 "Non-controlling interests" in the consolidated balance sheet.

2.21. 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.

2.22. Cash and cash equivalents

For the preparation of its cash flow statements, the Group considers "Cash and cash equivalents" as the "Cash and cash equivalents at central banks" and "Cash balances at other credit institutions" total.

2.23. Critical accounting estimates and more relevant judgmental issues for the application of accounting policies

The application of the above described accounting policies requires Caixa's executive committee and Group companies to make estimates. The following are the estimates with the greatest impact in the Group's consolidated financial statements.

Assessment of impairment losses on loans and other accounts receivable

The calculation of impairment losses on loans is based on the methodology defined in Note 2.9. d). Impairment on separately 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 IAS 39 requirements.

Assessment of impairment loss 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 the assets' respective market value are recognised as a charge to the "Fair value reserve". Whenever there are objective signs of impairment, accumulated capital losses recognised in the "Fair value reserve" should be 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 sheet date, considering the signs defined in IAS 39 (see Note 2.9. d)). As a general rule, impairment is assessed whenever the amount invested is unlikely to be fully recovered, based on the size of the capital loss.

In the case of debt instruments recognised in this category, the capital losses are transferred from the fair value reserve to results, whenever there are any signs 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, unless recognised at amortised cost. Valuation models and techniques as described in Note 2.9. 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 2.9., to ensure an adequate level of segregation between functions, the valuation of these financial instruments is measured by a body which is independent from the trading function.

Employee benefits

As referred to in Note 2.17. 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 2.6. above, the Group performs impairment tests on balance sheet goodwill at least once a year. These tests are based on each unit's future cash flows, 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 basis of the methodologies and assumptions described in Note 2.18. above. These liabilities reflect a quantified estimate of the impact of future events on the 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 paint an accurate picture and represent 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 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, on the correctness of 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 considered premises.

3. GROUP COMPANIES AND TRANSACTIONS IN PERIOD

The Group's structure in terms of its main subsidiaries, by sectors of activity and the respective financial data taken from their separate, statutory, financial accounts, unless otherwise specified, is summarised below:

Activity / Entity	Head office	31-12-2013 % Effective participating interest	31-12-2013 Equity (a)	31-12-2013 Net income	31-12-2012 Equity (a)	31-12-2012 Net income
Holding Companies						
Caixa - Gestão de Ativos, SGPS, S.A.	Lisbon	100.00%	25,326	7,622	23,534	6,478
Caixa - Participações, SGPS, S.A.	Lisbon	100.00%	93,021	15,995	74,206	16,822
Caixa Desenvolvimento, SGPS, S.A.	Lisbon	99.71%	465	1	464	(41)
Caixa Seguros e Saúde, SGPS, S.A.	Lisbon	100.00%	1,068,005	85,429	1,348,944	1,870
Gerbanca, SGPS, S.A.	Lisbon	100.00%	79,267	(49)	79,316	(54)
Parbanca, SGPS, S.A.	Madeira	100.00%	77,727	17,976	45,574	17,287
Parcaixa SGPS, S.A.	Lisbon	51.00%	954,665	19,406	922,787	(77,644)
Partang, SGPS, S.A.	Lisbon	51.00%	140,714	25,616	130,108	21,433
Banking						
Banco Caixa Geral, S.A. (b)	Vigo	99.79%	448,847	(57,413)	438,533	(39,830)
Banco Comercial do Atlântico, S.A.R.L.	Praia	59.33%	33,870	(54)	28,793	3,088
Banco Comercial e de Investimentos, S.A.R.L.	Maputo	51.26%	151,795	35,928	134,128	36,019
Banco Caixa Geral Brasil, S.A.	São Paulo	100.00%	132,774	857	157,917	5,312
Banco Interatlântico, S.A.R.L.	Praia	70.00%	15,691	771	15,054	1,170
Banco Nacional Ultramarino, S.A. (Macau)	Macau	100.00%	479,254	37,941	434,875	31,788
Caixa - Banco de Investimento, S.A. (b)	Lisbon	99.71%	314,835	28,156	291,829	27,541
Caixa Geral de Depósitos - Subsidiária Offshore de Macau	Macau	-	-	-	27,374	3,304
CGD - North America	Delaware	100.00%	1	-	1	-
CGD Investimentos CVC	São Paulo	99.86%	11,877	(19,878)	35,389	(2,974)
Mercantile Lisbon Bank Holdings, Ltd. (b)	Johannesburg	100.00%	122,582	10,717	149,821	14,057
Banco Caixa Geral Totta Angola, S.A.	Luanda	26.01%	248,285	52,221	231,423	44,303
Banco para Promoção e Desenvolvimento, S.A.	Luanda	-	-	-	353,962	(1,742)
Insurance						
Cares - Companhia de Seguros, S.A.	Lisbon	100.00%	25,780	6,187	23,391	7,087
Fidelidade - Companhia de Seguros, S.A.	Lisbon	100.00%	1,155,457	103,810	1,322,596	98,538
Companhia Portuguesa de Resseguros, S.A.	Lisbon	100.00%	10,585	529	10,056	302
Cabo Verde, S.A.R.L.	Praia	65.36%	9,167	401	9,239	578
Multicare - Seguros de Saúde, S.A.	Lisbon	100.00%	49,864	3,687	33,595	5,335
Universal Seguros, S.A. (Angola)	Luanda	70.00%	2,830	(106)	3,138	(2,562)
Via Directa - Companhia de Seguros, S.A.	Lisbon	100.00%	30,573	421	29,334	1,012
Specialised Credit						
Financeira de Crédito, S.A.	Lisbon	51.00%	66,708	(20,866)	87,564	(39,416)
CREDIP - Instituição Financeira de Crédito, S.A.	Lisbon	-	-	-	11,796	(99)
Promoleasing - Sociedade de Locação Financeira, S.A.	Praia	60.25%	176	12	114	(39)
Asset Management						
Caixagest - Técnicas de Gestão de Fundos, S.A.	Lisbon	100.00%	28,725	2,544	29,245	2,995
CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	Lisbon	100.00%	4,675	889	4,437	736
Fundger - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Lisbon	100.00%	7,245	5,045	6,612	3,912
Venture Capital						
A Promotora, Sociedade de Capital de Risco, S.A.R.L.	Praia	52.72%	3,169	11	3,210	6
Caixa Capital - Sociedade de Capital de Risco, S.A.	Lisbon	99.71%	45,841	3,816	42,025	3,922
Property						
Imocaixa - Gestão Imobiliária, S.A.	Lisbon	100.00%	(38,238)	(13,928)	(22,675)	(22,900)
Caixa-Imobiliário S.A.	Lisbon	100.00%	(72,743)	(41,141)	(31,602)	(31,826)
Fidelidade Mundial - SGII, S.A.	Lisbon	100.00%	44,390	(1,199)	45,529	838
Inmobiliaria Caixa Geral S.A.U.	Madrid	100.00%	(44,197)	(11,376)	(37,052)	(16,158)
Cibergradual, Invest. Imobiliário, S.A.	Lisbon	100.00%	(37,203)	(15,296)	(21,907)	(23,305)
Other Financial Entities						
CGD Finance	Cayman	100.00%	2,592	(26)	2,664	8
Caixa Geral Finance (c)	Cayman	0.00%	111,219	-	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	31-12-2013			31-12-2012	
		% Effective participating interest	Equity (a)	Net income	Equity (a)	Net income
Other Companies						
Caixanet - Telemática e Comunicações, S.A.	Lisbon	80.00%	1,801	19	1,782	4
Caixatec, Tecnologias de Comunicação, S.A.	Lisbon	100.00%	(630)	(404)	(193)	(215)
Cares RH - Companhia de Assistência e Representação de Seguros, S.A.	Lisbon	100.00%	2,251	651	1,750	944
Cares Multiassitance, S.A.	Lisbon	51.00%	2,729	1,780	2,486	1,538
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	Lisbon	100.00%	164	18	181	75
EPS - Gestão de Sistemas de Saúde, S.A.	Lisbon	-	-	-	524	(73)
LCS - Linha de Cuidados de Saúde, S.A.	Lisbon	100.00%	3,222	1,637	3,049	2,810
Cetra - Centro Técnico de Reparação Automóvel, S.A.	Lisbon	100.00%	4,335	136	4,560	132
GEP - Gestão de Peritagens Automóveis, S.A.	Lisbon	100.00%	327	71	242	78
HPP - Hospitais Privados de Portugal, SGPS, S.A. (b)	Lisbon	-	-	-	1,711	(3,947)
HPP International Ireland, Ltd.	Dublin	100.00%	30,875	(19)	30,894	(19)
HPP International - Luxembourg, S.A.R.L.	Luxembourg	100.00%	(33,672)	266	(30,743)	(39)
Wolfpart, SGPS, S.A.	Lisbon	100.00%	(137,354)	(58,935)	(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%	352,130	174	390,678	87
Nostrum Mortgages PLC	Dublin	100.00%	16,955	12,832	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%	303,704	(24,434)	328,138	(36,553)
Fundo de Capital de Risco Empreender Mais	Lisbon	100.00%	8,535	(2,365)	10,899	(2,080)
Fundo de Capital de Risco Caixa Mezzanine - Caixa Capital	Lisbon	-	-	-	29,344	7
Fundo de Capital de Risco Desenvolvimento e Reorganização Empresarial	Lisbon	-	-	-	12,969	(1,352)
Fundo de Capital de Risco Desenvolvimento e Reorganização Empresarial	Lisbon	100.00%	40,330	(1,997)	-	-
Fundo de Capital de Risco Desenvolvimento e Reorganização Empresarial	Lisbon	100.00%	4,979	(21)	-	-
Habitacional - Caixa Arrendamento	Lisbon	99.77%	115,196	713	114,483	(710)
Fundo Invest. Imobil. Fechado Imocentro	Lisbon	100.00%	3,454	(938)	4,392	(255)
Caixagest Estratégia Dinâmica	Lisbon	56.99%	66,923	3,626	56,416	2,248
Fundo Esp. Inv. Aberto Estrat. Alternat.	Lisbon	74.63%	17,366	67	25,321	(225)
Investimento fechado de Arrendamento Habitacional	Lisbon	100.00%	45,600	(742)	46,342	(3,872)
Caixagest Private Equity - Fundo Especial de Investimento	Lisbon	73.60%	114,737	2,387	113,914	4,611
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	Lisbon	70.69%	250,013	6,060	248,354	(1,314)
Caixagest Infra-Estruturas - Fundo Especial de Investimento	Lisbon	66.70%	83,778	4,099	79,679	3,049
Caixagest Oportunidades - Fundo Especial de Investimento	Lisbon	63.29%	17,617	436	31,275	6,203
Fundo Fechado Beirafundo	Lisbon	95.88%	10,862	(6,504)	-	-
Investimento fechado de Arrendamento Habitacional	Lisbon	100.00%	30,200	200	-	-
Caixa Reabilita - Fundo Especial de Investimento Imobiliário	Lisbon	100.00%	10,053	(8)	-	-
Fundo de Investimento Imobiliário Fechado - Fundolis	Lisbon	100.00%	63,139	(29,990)	-	-
Fundo de Investimento Imobiliário Fechado Saudeinvest	Lisbon	99.09%	93,071	(2,980)	116,163	(4,071)
Fundo de Investimento Imobiliário Fechado Bonança 1	Lisbon	100.00%	14,617	(27)	14,644	(535)

(a) Equity includes net income for the year.
(b) Data taken from consolidated financial statements.

Information on Group subsidiaries' most relevant movements in 2013 and 2012 is given below:

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 and with no prospects of pursuing its objectives, the company initiated 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. The general meeting approved the liquidation accounts as well as the distribution of its remaining net assets, in May 2013.

Credip - Instituição Financeira de Crédito, S.A. (Credip)

At a general meeting held on 16 September 2013, the report on the closure of the liquidation of Credip – Instituição Financeira de Crédito, S.A. with reference to 31 July 2013 was approved. The company's net assets of €11,778 thousand, at the said date were distributed among its shareholders in proportion to their respective share capital (€9,422 thousand and €2,356 thousand, respectively). CGD record a gain of €1,421 thousand on the liquidation.

Fundo de Capital de Risco Caixa Fundos

At 15 October 2013, *Fundo de Desenvolvimento e Reorganização Empresarial, FCR,* which was set up on 16 August 2011, with a start-up capital of €100,000 thousand, comprising 100,000 investment units, incorporated *Fundo Mezzanine, FCR*, with a name change to *Fundo Caixa Fundos, FCR* on the same date.

The Fund's capital, at 31 December 2013, totalled €199,357 thousand, fully subscribed for by CGD, with an amount of €44,357 thousand comprising 335,600 investment units having been paid up.

The fund's corporate object is to operate in the venture capital area based on its investments in investment funds, venture capital assets and companies with high growth and appreciation potential.

Fundo de Capital de Risco Caixa Crescimento

Fundo Caixa Crescimento, FCR was set up at 28 June 2013, with a start-up capital of €30,000 thousand, comprising 30,000 investment units with a nominal value of €1,000 each.

The fund's corporate object is to operate in the venture capital area by investing in SMEs or midcaps headquartered in Portugal which need to fund their respective investment plans to strengthen their production capacity, expand into new markets, sustain their growth strategies or reinforce their operating cycle's structuring needs in funding terms.

An amount of €5,000 thousand of the Fund's total capital had been paid up, at 31 December 2013.

Fundo Especial de Investimento Imobiliário Fechado Caixa Reabilita (Caixa Reabilita)

FEIIF - Caixa Reabilita was formed on 6 May 2013, with a start-up capital of €10,000 thousand, comprising 10,000 investment units with a nominal value of €1,000 each, fully subscribed for by Caixa.

The Fund's objective is to invest in investment units in real estate funds exposed to rehabilitation and urban revitalisation projects eligible for the Jessica initiative.

Fundo de Investimento Imobiliário Fechado para Arrendamento Habitacional Cidades de Portugal (Cidades de Portugal)

FIIFAH - Cidades de Portugal was formed on 6 May 2013, with a start-up capital of €30.000 thousand, comprising 30,000 investment units with a nominal value of €1,000, each, 70% subscribed for by Caixa and 30% by FEIIF - Caixa Reabilita.

The Fund's objective is to invest in property requiring urban rehabilitation for latter rental on a permanent basis.

Caixa Seguros e Saúde, SGPS, S.A. (Caixa Seguros e Saúde) e Fidelidade - Companhia de Seguros, S.A. (Fidelidade)

A merger took place, at 31 May 2012, between the insurance companies Companhia de Seguros Fidelidade-Mundial, S.A. and Império Bonança-Companhia de Seguros S.A., the latter having been incorporated into the former. The merger produced accounting effects from 1 January 2012. Following this operation the company changed its 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 equity 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 in subordinated loans to this entity with Caixa Seguros e Saúde having relinquished its preference right as the sole shareholder. This operation gave CGD a direct equity stake of around 14% in Fidelidade, 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 price of €85,000 thousand (equivalent to the nominal value of the equity increase).

Caixa Seguros e Saúde also increased its share capital by €351,525 thousand in June, set against CGD's previous subordinated loan and partners' loans to its subsidiary for the same amount. This share capital increase resulted in an issue of 175,762,460 shares with a nominal value of €2 each, with Caixa Seguros e Saúde having a share capital of €799,925 fully held by CGD.

Caixa Seguros e Saúde, as the sole shareholder of Fidelidade, reduced its share capital by €223,850 thousand in July 2013. As a result of this operation the unit value of the equity shares was changed from €5 to €3.15, while continuing to comprise 121,000,000 shares

In September 2013, the executive committee of Caixa Seguros e Saúde issued a resolution reducing share capital by €339,968 thousand, fully paid up in cash. The nominal unit amount of the equity shares was changed from €2 to €1.15. As a result of this reduction the share capital of Caixa Seguros e Saúde is now €459,957 thousand comprising 399,962,460 shares fully held by CGD.

As explained in greater detail in Note 14, in the framework of the current privatisation process of Caixa Geral de Depósitos Group's insurance companies Fidelidade – Companhia de Seguros, S.A., Cares – Companhia de Seguros, S.A. and Multicare - Seguros de Saúde, S.A., the contracts for the sale of a majority investment to the bidder Fosun International Limited was signed on 7 February 2014.

CGD – Subsidiária Offshore de Macau, S.A and CGD - Sucursal Offshore de Macau, S.A.

During the course of 2012, following the reassessment of the configuration of CGD's presence in the Special Administrative Region of Macau through *CGD – Subsidiária Offshore de Macau, S.A.* a resolution was taken to change the type of structure hitherto used, into that of a branch.

The request to set up an offshore financial institution in the form of a branch, submitted to the chief executive of the Special Administrative Region of Macau was approved by the publication of Executive Order no. 7/2013 of 25 January which also 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 close down 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 off the total assets and liabilities used on its commercial operations, including any type of rights and obligations thereon, to its shareholder Caixa Geral de Depósitos, S.A., at their respective nominal value. These 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 recorded on 4 February 2013 and its respective liquidation subsequently formalised during the course of May.

Mercantile Bank Holdings, Ltd and Mercantile Bank, Ltd (Mercantile)

In first half 2012, subsequent to the offer made to non-controlling interest shareholders, the Group repurchased all third party investment in Mercantile Bank Limited (a subsidiary of Mercantile Bank Holdings, Ltd), making it, either direct or indirectly, a wholly owned subsidiary. 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. (ex Banif Corretora de Valores e Câmbio, S.A.)

At 2 June 2010, Caixa Group entered into a partnership with Banif Group providing for the acquisition of 70% of Banif Corretora de Valores e Câmbio, S.A.'s (Banif CVC) share capital from the latter. This operation required the advance 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 stake in Banif CVC. Under the terms of the contract, Banif CVC's share capital will be acquired by CGD – Participações em Institutições 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 a total amount of around BRL 123,925 thousand.

Banif CVC shareholders' agreement also provided for the following:

- A Banif Group sales option on the remaining equity stake in Banif CVC to be exercised between the 12^{th} and 60^{th} months from the date of entering into the shares sales-purchase contract of 2 June 2010.

- A Caixa Group purchase option on Banif Group's remaining equity stake in Banif CVC from the 60^{th} month from the date of entering into the shares sale-purchase contract of 2 June 2010.

At 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 incorporation of CGD – Participações em Instituições Financeiras, Ltda (PINF) into CGD Investimentos CVC was approved at an extraordinary general meeting of shareholders. The referred to incorporation involved incorporation of all of PINF's assets and liabilities in its associated company, 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 formed on 14 June 2010, in the form of a public deed between the National Directorate of the Treasury of the State of the Republic of Mozambique, Caixa Geral de Depósitos, S.A. and Banco Comercial e de Investimentos, S.A.R.L., with the corporate object of performing investment banking activities. 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 stake in BNI in second half 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 price 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 MOPS 1,600,000 thousand, fully subscribed for and paid up by CGD, in 2012, following the approval of its general meeting of shareholders.

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.

This transaction increased Caixa's direct equity stake in FIIAH - Caixa Arrendamento to 87.86%.

4. CASH AND CLAIMS ON CENTRAL BANKS

This account heading comprises the following:

	31-12-2013	31-12-2012
Cash	642,667	619,896
Demand deposits in central banks	902,609	983,231
	1,545,275	1,603,127
Interest on demand deposits in central banks	64	155
	1,545,339	1,603,281

The objective of Caixa's sight deposits with the Bank of Portugal is to comply with the European Central Bank's System (ECBS) minimum cash reserves requirements. Interest is paid on these deposits which comprise 1% of deposits and debt securities with maturities of up to two years, except for the deposits and debt securities of institutions subject to ECBS minimum cash reserve requirements.

The funds deposited at central banks by Caixa and Group banks, at 31 December 2013 and 2012, complied with the minimum limits defined by the regulations in force in the countries in which they operate.

5. CLAIMS ON OTHER CREDIT

This account heading comprises the following:

	31-12-2013	31-12-2012
Cheques for collection		
- Portugal	62,154	75,039
- Abroad	48,859	39,964
	111,013	115,003
Demand deposits		
- Portugal	136,523	170,369
- Abroad	784,801	1,011,809
	921,324	1,182,178
Accrued interest	4,168	4,831
	1,036,504	1,302,012

Cheques pending settlement comprise the cheques of customers of other banks sent for clearing. These amounts are collected in the first few days of the subsequent year.

6. LOANS AND ADVANCES TO CREDIT INSTITUTIONS

This account heading comprises the following:

	31-12-2013	31-12-2012
Interbank money market	20,000	163,000
Term deposits		
- Portugal	34,426	37,076
- Abroad	160,046	74,348
Loans		
- Portugal	55,073	715,535
- Abroad	106,066	75,761
Other applications		
- Portugal	84,628	97,831
- Abroad	1,112,231	987,403
Purchase operations with resale agreement	205,806	367,415
Overdue loans and interest	7,156	8,085
	1,785,432	2,526,453
Adjustments to assets under hedging operations	203	121
Accrued interest	1,516	3,781
Deferred income	(352)	(542)
	1,786,798	2,529,813
Impairment (Note 40)	(11,996)	(12,413)
	1,774,802	2,517,400

The "Loans - Portugal" caption, at 31 December 2012, included €150,000 thousand regarding 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, not used at 31 December 2013, derives from the reorganisation process of the former BPN's assets and liabilities structure, during the course of its reprivatisation by the Portuguese state, completed in first quarter 2012 and benefiting from a state-backed guarantee up to the date of its maturity in March 2015. Caixa also issued a current account line of credit of up to €300,000 thousand, maturing in March 2016, which use is conditioned by the amount of the deposits made by former BPN customers.

During the course of the disposal operation on the bank, the ownership of the vehicles Parvalorem, S.A., Parups, S.A. and Parparticipadas, S.A. (holding a collection of assets transferred from BPN as a result of its post-privatisation restructuring process) and *ipso facto* 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, at 31 December 2013, of €128,946 thousand (Note 13) and €2,920,000 thousand (Note 8) respectively (€381,667 thousand and €3,100,000 thousand respectively at 31 December 2012), were transferred to the Portuguese state.

The state also assumed liabilities for the commercial paper programme subscribed for 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 intervention programme. As provided for in the referred to settlement plan, any amounts received on 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 headquartered in the Republic of Iceland totalled €11,994 thousand and €12,053 thousand, at 31 December 2013 and 2012, respectively

The "Purchase operations with a resale agreement" heading, at 31 December 2013 and 2012, referred to contracts for the acquisition of financial instruments with a resale agreement on a future date, at a pre-defined price. The financial instruments purchased in these operations are not recognised in the balance sheet and the amount of the purchase continues to be recognised as a loan to credit institutions, measured at its respective amortised cost. The referred to operations were contracted for under *Global Master Repurchase Agreements* (GMRA) which provide mechanisms to strengthen the collateral associated with these transactions based on the evolution of respective market value assessed in accordance with the specifications agreed between the counterparties, usually comprising surety deposits

Information on impairment movements on investments in credit institutions, in 2013 and 2012, is set out in Note 40.

7. FINANCIAL ASSETS HELD FOR TRADING AND OTHER ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

These account headings comprise the following:

	31-12-2013			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	91,510	-	91,510	68,920	-	68,920
. Treasury bills	-	-	-	122,384	6,133	128,517
. Bonds of other public issuers:						
Foreign	347,698	26,419	374,117	318,053	21,380	339,433
- Other issuers:						
. Bonds and other securities:						
Issued by residents	1,069	22,989	24,058	14,320	41,990	56,310
Issued by non-residents	4,475	8,190	12,665	26,146	66,516	92,661
	444,752	57,597	502,349	549,822	136,019	685,841
Equity instruments						
Residents	11,200	110,292	121,492	23,400	127,134	150,534
Non-residents	20,260	37,057	57,317	14,630	25,995	40,625
	31,460	147,349	178,809	38,030	153,128	191,159
Other financial instruments						
- Trust fund units						
Residents	1,869	546,503	548,372	1,464	516,887	518,351
Non-residents	-	505,442	505,442	-	519,095	519,095
- Other						
Non-residents	158	-	158	-	-	-
	2,027	1,051,945	1,053,972	1,464	1,035,982	1,037,446
Loans and receivables	-	173	173	-	410	410
Derivatives with positive fair value (Note 11)						
- Swaps	1,062,619	-	1,062,619	1,616,069	-	1,616,069
- Futures and other forward operations	1,103	-	1,103	1,821	-	1,821
- Options - shares and currency	295,225	-	295,225	283,399	-	283,399
- Caps and floors	117,328	-	117,328	181,720	-	181,720
- Other	2,173	-	2,173	833	-	833
	1,478,449	-	1,478,449	2,083,842	-	2,083,842
	1,956,688	1,257,063	3,213,751	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 31 December 2013, included investment units in unit trust and real estate investment funds managed by Group entities, for the amounts of €73,848 thousand and €327,086 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 31 December 2013 and 2012 included securities allocated to the issue of covered bonds with a book value of €124,380 thousand and €128,247 thousand, respectively (Note 24).

The “Financial assets at fair value through profit or loss” account heading at 31 December 2013 and 2012 included €29,372 thousand and €32,986 thousand for a 10.5% equity stake in Sumol + Compal, S.A.

The negotiations between CGD Group and Refrigor, on the disposal of *FCR Grupo CGD's* equity stake in the company, totalling 19.4% upon the agreement date, were completed in 2012. An 8.9% equity stake 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 gave Refrigor a sales option on the remaining equity stake, to be exercised by 30 June 2017, while also having acquired the right to a sales 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 stake 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 stake for 9.584% of the company’s equity capital, recognised in “Fair value through profit or loss", in February 2009 for €317,844 thousand. Under the terms of the agreement entered into with the vendor at the said date the latter was given a purchase option from Caixa at the respective acquisition cost, capitalised at a Euribor indexed rate. The option had not been exercised up to its February 2012 term.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This account heading comprises the following:

	31-12-2013	31-12-2012
Debt instruments		
- Public debt	8,876,310	8,433,884
- Other public issuers	935,174	1,206,923
- International financial organisations	-	59,077
- Other issuers	4,516,497	8,695,568
	14,327,981	18,395,452
Equity instruments		
- Measured at fair value	267,357	1,241,389
- Measured at historical cost	185,130	187,117
	452,487	1,428,505
Other instruments	1,045,570	1,457,435
	15,826,038	21,281,393
Impairment (Note 40)		
- Equity instruments	(89,968)	(526,964)
- Debt instruments	(835)	(12,794)
- Other instruments	(153,081)	(165,158)
	(243,884)	(704,916)
	15,582,154	20,576,477

"Debt instruments – Issued by other entities", at 31 December 2013 and 2012, included €2,870,981 thousand and €2,887,320 thousand respectively, for bonds issued by Parvalorem, S.A., Parups, S.A. and Parparticipadas, S.A. as part of the liquidity reorganisation support operations for BPN (Note 6). These bonds are backed by a guarantee issued by the Portuguese state.

"Other instruments" and "Impairment - other instruments" included €592,565 thousand and €78,387 thousand (€457,409 thousand and €67,379 thousand respectively at 31 December 2012) on subscriptions for investments in vehicles set up in the sphere of assignments of financial assets (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. It should be noted that the corporate vehicles in which the Group has an equity stake continue to enjoy management autonomy. To ensure the neutrality of operations, at the time of performance, impairment was set up on the investments in vehicles, equivalent to the amounts of the expected losses on credit operations which were reversed under the assets' balance sheet derecognition process. Following their initial recognition, these positions reflect the revaluation of such companies' assets. Group exposure at 31 December 2013 and 2012 was as follows:

	31-12-2013			
	Securities acquiried on asset transfer operations			
	Value before impairment	Accumulated impairment	Net	Fair value reserve
Fundo Recuperação, FCR	180,000	(27,664)	152,336	-
Flit-Ptrel SICAV	115,121	(12,590)	102,531	7,774
Discovery Portugal Real Estate Fund	92,997	(15,288)	77,709	12,811
Vallis Construction Sector	73,644	(9,248)	64,396	9,367
OXI Capital, SCR	66,970	-	66,970	(994)
Fundo Recuperação Turismo, FCR	57,484	(13,597)	43,887	11,718
Nexponor - Sociedade Especial de Investimento Imobiliário de Capital Fixo - SICAFI	6,350	-	6,350	(33)
	592,565	(78,387)	514,178	40,643

	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 equity stakes in these vehicles, in the case of certain operations Caixa also made shareholders' loans and accessory capital payments, recognised in "Other assets", with a balance sheet carrying amount and impairment of €48,582 thousand and €46,939 thousand, respectively, at 31 December 2013 and 2012. Accumulated impairment on unrealised losses on these exposures, at the referred to dates were €48,582 thousand and €46,191 thousand respectively.

Impairment of “Other instruments”, at 31 December 2012, included €2,977 thousand and €4,772 thousand, respectively, on unit trust and real estate investment funds managed by Group companies with a prolonged decline in market value at below cost.

Net balance sheet impairment on investment units in unit trust and real estate investment funds managed by Group entities, recognised in the available-for-sale financial assets portfolio at 31 December 2013, totalled €35,967 thousand and €65,485 thousand, respectively (€381,499 thousand and €118,292 thousand, respectively, at 31 December 2012).

As referred to in more detail in Note 14, during the course of 2013, considering the privatisation process in progress on the Group’s insurance companies, the assets and liabilities of the referred to entities were reclassified to “Non-current assets and liabilities held for sale". At 31 December 2012, the balances included in the financial assets available-for-sale account heading associated with the companies’ activities, totalled €5,416,867 thousand, with the following breakdown:

Debt instruments	
- Public debt	757,179
- Other public issuers	480,217
- International financial organisations	24,503
- Other issuers	3,422,191
	4,684,090
Accumulated impairment	(3,000)
	4,681,090
Equity instruments	
- Measured at fair value	349,050
- Measured at historical cost	61
	349,112
Accumulated impairment	(61,665)
	287,447
Other instruments	
Balances before impairment	481,946
Accumulated impairment	(33,616)
	448,330
	5,416,867

The equity instruments account heading, at 31 December 2013 and 2012, included the following investments:

	31-12-2013							
	Banking	Insurance	Investment banking and venture capital	Value before impairment	Accumulated impairment	Net amounts	Fair value reserve	Effective participating interest (%)
Measured at fair value								
Galp Energia, SGPS, S.A.	-	-	56,615	56,615	-	56,615	14,193	15.49
SICAR NovEnergia II	28,683	-	-	28,683	(31)	28,652	267	0.15
Finpro, SGPS, S.A.	-	-	18,868	18,868	-	18,868	(4,950)	17.16
Redes Energéticas Nacionais, SGPS, S.A.	15,537	-	-	15,537	-	15,537	4,342	1.10
La Seda Barcelona, S.A.	10	-	-	10	(4)	6	2	0.00
EDP Renováveis, S.A.	52,878	-	-	52,878	(52,878)	-	-	14.24
A.Silva & Silva - Imobiliário e Serviços, S.A.	-	-	21,300	21,300	(21,300)	-	-	19.63
Foreign entities' shares	6,341	261	16,740	23,341	(1,815)	21,526	4,694	
Other instruments with characteristics of equity	3	-	-	3	-	3	1	
Other	35,736	-	13,766	49,502	(5,725)	43,777	11,671	
	139,185	261	127,289	266,735	(81,753)	184,982	30,219	
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	-	622	4,680	(1,178)	3,502	-	4.48
Other	27,870	-	199	28,069	(7,037)	21,032	-	
	184,931	-	821	185,752	(8,215)	177,537	-	
	324,116	261	128,110	452,487	(89,968)	362,519	30,219	

	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 activity” column refers to the securities held by Garantia and, at 31 December 2012, also included Caixa Seguros e Saúde securities which were reclassified in 2013 to “Non-current assets held for sale” (Note 14);
- 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 remaining entities were allocated to “Banking activity”.

Information on the composition of the impairment of equity instruments recognised by the Group as a charge to results, for 2013 and 2012, is set out below (Note 40):

	31-12-2013	31-12-2012
Portugal Telecom, SGPS, S.A.	25,469	57,470
La Seda Barcelona, S.A.	4,891	24,543
Banco Comercial Português, S.A.	-	14,459
A. Silva & Silva - Imobiliário & Serviços, SA	-	12,171
Equity instruments - Insurance activity	-	30,111
Other	1,189	3,971
	31,549	142,725

With reference to 2012, the balances in the above table included impairment of €34,763 thousand associated with the activity of Caixa Seguros e Saúde, which were reclassified to the “Results of subsidiaries held for sale" equity heading (Note 14).

The fair value reserve for available-for-sale financial assets, at 31 December 2013 and 2012, comprised the following:

	31-12-2013	31-12-2012
Fair value reserve (Note 30)		
(gross amount before non-controlling interests)		
Debt instruments	(63,807)	(190,280)
Equity instruments		
- Positive fair value	36,075	61,096
- Negative fair value		
. Unrealised loss lower than 20% of acquisition cost	(57)	(6,030)
. Unrealised loss between 20% and 30% of acquisition cost	(4,950)	(6,529)
. Unrealised loss between 30% and 40% of acquisition cost	(849)	(1,224)
. Unrealised loss between 40% and 50% of acquisition cost	-	(1,217)
	30,219	46,097
Other instruments	39,559	54,007
	5,971	(90,175)
Deferred tax reserve	2,865	59,777
	8,836	(30,398)
Balance attributable to non-controlling interests	(6,169)	(1,373)
	2,667	(31,771)

The available-for-sale financial assets fair value reserve, at 31 December 2012, included €116,007 thousand in unrealised capital gains (net of deferred taxes) associated with the revaluation of the Group's insurance portfolios which were reclassified in 2013 to "Non-current assets held for sale" (Note 14).

The following were the principal movements in equity capital instruments recognised in "Available-for-sale financial assets" in 2013 and 2012:

Portugal Telecom, S.A.

Caixa made capital gains of €26,838 thousand (Note 35) on its disposal of 54,771,741 Portugal Telecom shares, for a total amount of €190,606 thousand, in October 2013.

Banco Comercial Português, S.A. (BCP)

Caixa made capital gains of €7 541 thousand (Note 35) on its sale of 179,380,009 BCP shares for a total amount of €19, 022 thousand in 2013.

Caixa also made capital gains of €165 thousand (Note 35) on its sale of 6,000,000 BCP shares for a total amount of €981 thousand in March 2012.

Caixa also made capital losses of €11 thousand on its acquisition of 140,000 perpetual securities and disposal of 154,000 perpetual securities for total amounts of €76 thousand and €100 thousand, respectively, in 2012.

EDP – Energias de Portugal, S.A. (EDP)

Caixa made capital gains of €390 thousand (Note 35) on its sale of 800,000 EDP shares for a total amount of €1.882 thousand, in January 2013.

Caixa sold 2,728,914 EDP shares for a total amount of €6,230 thousand in 2012, recognising capital gains of €1,143 thousand (Note 35).

ZON – Serviços de Telecomunicações e Multimédia, SGPS, SA (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 as the settlement date of the total sales price of €86,830 thousand agreed between the parties. The Group recognised capital gains of €10,869 thousand on this transaction, in 2012, of which amount €118 thousand comprised gains made by Fidelidade – Companhia de Seguros, S.A. recognised in "Results of subsidiaries held for sale" (Note 35).

Galp Energia, SGPS, S.A. (Galp)

Parcaixa SGPS made capital gains of €2,729 thousand (Note 35) on its sale of 3,233,255 Galp Energia shares for a total amount of €40,889 thousand, in 2013.

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 (Note 35)

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)

CGD sold off the full amount of the holding in its associated company Brisa as a result of Tagus Holdings' public takeover bid on the said company. Capital gains of €2,115 thousand (Note 35) were made on the sales price of €24,840 thousand.

Reclassification of securities

Caixa Geral de Depósitos

In 2008 and first half 2010, under the terms of the October 2008 amendments to IAS 39, as described in further detail in Note 2.9 and owing to the exceptional circumstances noted in the financial markets in the referred to periods, Caixa transferred a collection of securities from financial assets held for trading to available-for-sale financial assets.

Caixa's reclassifications, deriving from the instability and volatility in 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, caused it to change its outlook 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 available-for-sale financial assets to loans and advances to customers, in first half 2010.

Information on the impact of the reclassification of these securities in results and the fair value reserve is set out below:

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 31-12-2013	138,888	n.a
Fair value of securities reclassified at 31-12-2013	138,888	n.a
Fair value reserve of securities reclassified at 31-12-2013	(8,704)	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 31-12-2013		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	5,907	n.a
Impairment for the period	(3,580)	n.a
Other gains and losses recognised as a charge to net income	(671)	n.a

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 31-12-2013	170,473	444,652
Fair value of securities reclassified at 31-12-2013	170,473	439,844
Fair value reserve of securities reclassified at 31-12-2013	(6,004)	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	7,898	n.a
Other gains and losses recognised as a charge to net income	2,564	n.a

The amounts do not include the fiscal effect.

“Gains/(losses) recognised as a charge to results” include proceeds from the disposal of securities after the reclassification date and foreign exchange revaluations which exclude income and charges with interest and commissions.

9. FINANCIAL ASSETS WITH REPURCHASE AGREEMENTS

Information on financial assets with repurchase agreements, at 31 December 2013 and 2012, is set out below.

	31-12-2013	31-12-2012
At fair value through revaluation reserves		
Debt instruments		
- From public issuers:		
. Debt securities	15,266	-
	15,266	-
At fair value through revaluation reserves		
Debt instruments		
- From public issuers:		
. Debt securities	180,867	68,576
- From other issuers:		
. Bonds and other securities:		
Non-residents	509,503	435,584
	690,370	504,160
	705,636	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 in 2013 and 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 prices is recognised as interest income and deferred over the period of the contract.

Liabilities on the repurchase agreement are recognised as a liability in “Other credit institutions’ resources – Sales operations with repurchase agreements” (Note 22) and “Customer resources and other loans – Other resources – Operations with repurchase agreements” (Note 23).

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, up to 31 December 2012, are recognised in "Liabilities to subscribers of unit linked products" in liabilities.

Deriving from the privatisation process in progress in these companies, unit linked products balances were reclassified in 2013 to "Non-current assets held for sale" and "Non-current liabilities held for sale" categories. The composition of such assets and liabilities, in 2013 and 2012, is set out in the following table:

	31-12-2013	31-12-2012
	Balances classified in "Non-current assets and liabilities held for sale" (Note 14)	
Unit-linked investments:		
- Debt instruments	846,884	1,033,457
- Equity instruments	18,940	18,154
- Other	7	14
Derivatives		
- Positive fair value	-	459
Loans and advances to credit institutions	122,322	96,142
	988,153	1,148,225
Liability to subscribers of unit-linked products	988,154	1,148,225

11. DERIVATIVES

The Group performs derivative operations as part of its activity to meet the needs of its customers and reduce its exposure to foreign exchange, interest rate and stock market fluctuations.

The Group controls the risk of its derivatives activities on the basis of operations approval procedures, definition of exposure limits per product and customer and its daily monitoring of the respective results.

These operations were valued in accordance with the criteria described in Note 2.9. c) at 31 December 2013 and 2012. Information on the operations' notional and book values at the said dates is given below:

	31-12-2013							
	Notional value			Book value				
	Trading derivatives	Hedging derivatives	Total	Assets held for trading (Note 7)	Liabilities held for trading	Hedging derivatives: Assets	Hedging derivatives: Liabilities	Total
Forward foreign exchange transactions								
Foreign exchange				596	(6,402)	-	-	(5,806)
Purchase	1,354,573	-	1,354,573					
Sale	1,354,190	-	1,354,190					
NDF's (Non Deliverable Forward)				-	(280)	-	-	(280)
Purchase	-	-	-					
Sale	74,323	-	74,323					
FRA (forward rate agreements)	35,000	-	35,000	110	-	-	-	110
Swaps								
Currency swaps				3,645	(33,482)	-	-	(29,837)
Purchase	3,319,291	-	3,319,291					
Sale	3,349,480	-	3,349,480					
Interest rate swaps and cross currency interest rate swaps				1,058,058	(1,172,340)	45,458	(65,110)	(133,934)
Purchase	56,287,433	658,922	56,946,355					
Sale	56,295,127	675,844	56,970,971					
Credit default swaps				915	(2,406)	-	-	(1,491)
Purchase	108,009	-	108,009					
Sale	79,383	-	79,383					
Futures								
Currency				-	-	-	-	-
Long positions	24,405	-	24,405					
Short positions	137,585	-	137,585					
Interest rate				-	-	-	-	-
Long positions	(104,100)	-	(104,100)					
Short positions	1,085,123	-	1,085,123					
Shares and indexes				398	(77)	-	-	321
Long positions	11,875	-	11,875					
Short positions	9,817	-	9,817					
Other				-	-	-	-	-
- Traded on behalf of customers								
Long positions	(35,559)	-	(35,559)					
Short positions	340,171	-	340,171					
Options								
Currency				1,213	(622)	-	-	591
Purchase	97,423	-	97,423					
Sale	95,193	-	95,193					
Shares and indexes				294,012	(302,026)	-	-	(8,014)
Purchase	1,262,504	-	1,262,504					
Sale	1,201,370	-	1,201,370					
Interest rates (Caps & Floors)				117,328	(123,537)	-	-	(6,209)
Purchase	2,124,589	-	2,124,589					
Sale	2,378,408	-	2,378,408					
Other	-	-	-	2,173	(3,660)			(1,487)
	130,885,613	1,334,766	132,220,379	1,478,449	(1,644,832)	45,458	(65,110)	(186,036)

	31-12-2012							
	Notional value			Book value				
	Trading derivatives	Hedging derivatives	Total	Assets held for trading (Note 7)	Liabilities held for trading	Hedging derivatives		Total
						Assets	Liabilities	
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				-	-	-	-	-
- Traded on behalf of customers								
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 31 December 2012 also included €2,582 thousand for liabilities arising from loan operations on Group portfolio equity instruments, which were settled in the first few days of 2013.

Derivatives recognised in "Assets held for trading", "Liabilities held for trading", "Hedge derivatives - assets" and "Hedge derivatives - liabilities" at 31 December 2013 and 2012 ", included operations collateralised through Credit Support Annexes with the aim of hedging the counterparty risk of positive and negative exposures between Caixa and other financial institutions. On the said dates, the balances deposited by the referred to financial institutions with Caixa and by Caixa with the said financial institutions were recognised in "Other liabilities - resources - surety account" (Note 28) and "Other assets - debtors and other assets - other debtors" accounts (Note 21), respectively.

The balance sheet value of derivative operations with positive and negative for values fully collateralised by surety accounts, at 31 December 2013 and 2014 totalled €967,298 thousand and €1,511,999 thousand, respectively.

Information on the distribution of operations on the Group's financial derivatives, at 31 December 2013 and 2012, by residual term to maturity, is provided below:

	31-12-2013					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	> 5 years	Total
Forward foreign exchange transactions						
Purchase	565,351	151,144	627,546	10,532	-	1,354,573
Sale	565,070	151,077	627,511	10,532	-	1,354,190
NDF's (Non Deliverable Forward)						
Sale	72,160	2,163	-	-	-	74,323
FRA (forward rate agreements)	-	-	-	35,000	-	35,000
Swaps						
Currency swaps						
Purchase	3,037,604	31,611	226,124	23,952	-	3,319,291
Sale	3,066,708	31,615	227,158	23,999	-	3,349,480
Interest rate swaps and cross currency interest rate swaps						
Purchase	4,577,220	6,120,808	4,882,196	17,547,192	23,818,939	56,946,355
Sale	4,584,600	6,122,862	4,885,035	17,542,107	23,836,367	56,970,971
Credit default swaps						
Purchase	10,000	-	-	98,009	-	108,009
Sale	-	18,128	-	61,255	-	79,383
Futures						
Currency						
Long positions	11,665	-	12,740	-	-	24,405
Short positions	-	-	-	137,585	-	137,585
Interest rate						
Long positions	(79,180)	-	(24,920)	-	-	(104,100)
Short positions	489,000	546,473	49,650	-	-	1,085,123
Shares and indexes						
Long positions	3,698	-	-	8,177	-	11,875
Short positions	9,817	-	-	-	-	9,817
Other						
. Traded on behalf of customers						
Long positions	(21,100)	-	(14,459)	-	-	(35,559)
Short positions	42,707	-	50,312	247,152	-	340,171
Options						
Currency						
Purchase	2,248	11,594	8,344	75,237	-	97,423
Sale	3,471	11,659	7,972	72,091	-	95,193
Shares and indexes						
Purchase	206,652	319,639	250,171	478,591	7,451	1,262,504
Sale	214,563	346,336	268,678	365,127	6,666	1,201,370
Interest rates (Caps & Floors)						
Purchase	97,500	145,000	411,276	1,391,913	78,900	2,124,589
Sale	97,500	485,000	349,000	713,700	733,208	2,378,408
	17,557,254	14,495,109	12,844,334	38,842,151	48,481,531	132,220,379

	31-12-2012					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	> 5 years	Total
Forward foreign exchange transactions						
Foreign exchange						
Purchase	205,162	63,533	149,378	18,088	-	436,162
Sale	322,872	77,834	151,578	18,088	-	570,372
NDF's (Non Deliverable Forward)						
Purchase	25,814	-	-	-	-	25,814
Sale	7,362	-	-	-	-	7,362
FRA (forward rate agreements)	-	-	-	5,000	-	5,000
Swaps						
Currency swaps						
Purchase	1,850,225	150,820	189,362	31,220	-	2,221,628
Sale	1,852,202	175,017	191,885	30,894	-	2,249,998
Interest rate swaps and cross currency interest rate swaps						
Purchase	5,438,832	4,623,083	7,709,359	24,392,728	21,421,997	63,586,000
Sale	5,410,909	4,621,320	7,739,113	24,352,171	21,425,627	63,549,140
Credit default swaps						
Purchase	-	-	54,106	110,634	-	164,740
Sale	-	-	-	81,844	-	81,844
Futures						
Interest rate						
Long positions	(3,276)	-	-	-	-	(3,276)
Short positions	1,466,191	99,628	2,032,038	-	-	3,597,857
Shares and indexes						
Long positions	4,759	-	-	-	-	4,759
Short positions	6,812	-	-	-	-	6,812
Other						
. Traded on behalf of customers						
Long positions	(68,345)	(23,350)	(74,884)	(3,728)	-	(170,307)
Short positions	108,007	33,401	129,422	3,728	-	274,558
Options						
Currency						
Purchase	23,038	392	-	-	-	23,430
Sale	568	385	-	-	-	953
Interest rates (Caps & Floors)						
Purchase	-	-	131,383	233,570	382,308	747,261
Sale	-	-	141,250	243,719	386,758	771,727
	16,651,135	9,822,063	18,543,991	49,517,956	43,616,691	138,151,835

Information on the distribution of operations on the Group's financial derivatives, at 31 December 2013 and 2012, by counterparty type is detailed below:

	31-12-2013		31-12-2012	
	Notional value	Book value	Notional value	Book value
Forward foreign exchange transactions				
Foreign exchange				
Financial institutions	2,639,518	(6,193)	777,909	(4,841)
Customers	69,245	387	228,625	(136)
	2,708,763	(5,806)	1,006,534	(4,977)
NDF's (Non Deliverable Forward)				
Financial institutions	72,160	(235)	-	-
Customers	2,163	(45)	33,176	8
	74,323	(280)	33,176	8
FRA (forward rate agreements)				
Financial institutions	35,000	110	5,000	75
	35,000	110	5,000	75
Swaps				
Currency swaps				
Financial institutions	6,545,357	(29,890)	4,456,152	(29,185)
Customers	123,414	53	15,475	63
	6,668,771	(29,837)	4,471,626	(29,122)
Interest rate swaps and cross currency interest rate swaps				
Financial institutions	103,849,993	(616,684)	117,092,906	(781,712)
Customers	10,067,333	482,750	10,042,233	733,579
	113,917,326	(133,934)	127,135,140	(48,133)
Credit default swaps				
Financial institutions	187,392	(1,491)	246,584	(5,038)
Customers	-	-	-	(1,817)
	187,392	(1,491)	246,584	(6,855)
Futures				
Currency				
Stock exchange	161,990	-	-	-
	161,990	-	-	-
Interest rate				
Stock exchange	981,023	-	3,580,457	-
Financial institutions	-	-	14,124	-
	981,023	-	3,594,581	-
Shares and indexes				
Stock exchange	21,692	321	5,641	(9)
Financial institutions	-	-	5,931	-
	21,692	321	11,572	(9)
Other				
Stock exchange	304,612	-	104,251	-
	304,612	-	104,251	-
Options				
Currency				
Financial institutions	192,397	781	22,470	4,349
Customers	219	(190)	1,913	(4,166)
	192,616	591	24,383	184
Shares and indexes				
Financial institutions	2,463,250	1,511	-	-
Customers	624	(9,525)	-	(3,623)
	2,463,874	(8,014)	-	(3,623)
Interest rates (Caps & Floors)				
Financial institutions	3,554,189	(19,397)	300,000	(30,545)
Customers	948,808	13,188	1,218,989	22,943
	4,502,997	(6,209)	1,518,989	(7,602)
Other				
Financial institutions	-	2,173	-	(12,512)
Customers	-	(3,660)	-	(3,804)
	-	(1,487)	-	(16,317)
	132,220,379	(186,036)	138,151,835	(116,372)

12. HELD TO MATURITY INVESTMENTS

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.

Deriving from the privatisation process of the Group's insurance companies, the balances of such entities associated with held to maturity investments were reclassified to "Non-current assets held for sale", in 2013. Information on the composition of these assets, in 2013 and 2012, is given in the following table:

	31-12-2013	31-12-2012
	Balances classified in "Non-current assets held for sale" (Note 14)	
Debt instruments		
- Public debt	1,926,845	1,856,962
- Other public issuers	46,784	45,697
- Other issuers		
Other residents	85,856	250,688
Other non-residents	226,426	315,931
	2,285,911	2,469,277
	2,285,911	2,469,277

The balances on held to maturity investments, at 31 December 2013, recognised in "Non-current assets held for sale" also included €492,713 thousand on the Group's debt issues.

Detailed information on the characteristics of the reclassified debt instruments on the transfer date between financial assets categories, in addition to unrecognised gains and losses 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 2011				
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 31 December 2013				
Book value	1,926,845	46,784	312,282	2,285,911
Fair value	2,120,858	47,580	312,747	2,481,184
Gains / (losses) which would have been recognised as a charge				
to shareholders' equity if the assets had not				
been reclassified	194,013	796	465	195,274

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.

Information on the amounts, recognised in results, in 2013 and 2012, relative to reclassified securities (excluding the fiscal effect) is set out below:

Impact in net income for 2013, of which:	
Interest and similar income	122,665
Impairment for the year	(512)
Other	(1)
	122,152
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

The Group recognised impairment losses of €120,035 thousand on its exposure to Greek sovereign debt securities, in 2011, classified, at the said date, in held to maturity investments. The amount of impairment losses recognised as a charge to results was calculated on the assumption of a 50% recovery of nominal value and accrued interest on portfolio issues. An amount of €50,856 thousand was also recognised in provisions for other risks and liabilities, as impairment losses on these securities (Note 25). 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. This was considered to be an "adjusting event'" under IAS 10.

In light of its decision to accept the conditions proposed in Greece's sovereign debt exchange programme, as referred to in more detail in Note 43 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 elimination of the specific provisions set up in 2011, in provisions for other risks and liabilities (Note 25), in 2012. The Group also derecognised these bonds in its balance sheet, following the assets exchange programme, having recognised the new issues which were, at the said date, recognised in financial assets held for sale.

13. LOANS AND ADVANCES TO CUSTOMERS

This account heading comprises the following:

	31-12-2013	31-12-2012
Domestic and foreign loans		
Loans	52,122,135	54,465,304
Current account loans	3,385,370	3,601,227
Other loans	5,751,772	6,596,169
Other loans and amounts receivable - securitised		
. Commercial Paper	3,304,590	4,068,736
. Other	1,697,608	1,652,951
Property leasing operations	1,386,829	1,574,927
Discounts and other loans secured by bills	458,554	587,862
Purchase operations with resale agreement	-	133,995
Equipment leasing operations	740,820	904,165
Factoring	260,382	205,787
Overdrafts	340,798	403,759
	69,448,858	74,194,883
Adjustment to assets under hedging operations	832	1,316
Accrued interest	247,536	284,035
Deferred income, commissions and other cost and income associated with amortised cost	(68,232)	(69,526)
	69,628,994	74,410,708
Overdue loans and interest	4,957,878	4,513,268
	74,586,872	78,923,976
Impairment (Note 40)	(4,512,411)	(4,189,393)
	70,074,462	74,734,584

"Domestic credit – other loans", at 31 December 2013 and 2012, included €78,467 thousand and €88,531 thousand, respectively, relating to mortgage and personal loans made by CGD to its employees.

The full amount of "Purchase operations with a resale agreement", at 31 December 2012, refers to contracts entered into with CGD's pension fund.

The "Loans" account heading, at 31 December 2013 and 2012, included €128,946 thousand and €381,667 thousand, respectively, for loans made 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 the referred to vehicles' assets. Following the completion of the former BPN's reprivatisation process, in March 2012, the ownership of these companies was transferred to the Portuguese state.

The state also assumed liabilities for the commercial paper programme subscribed for by Caixa with BPN for the amount of €1 billion, 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" account heading, at 31 December 2013 and 2012.

The "Loans" account heading, at 31 December 2013 and 2012, included mortgage loans made by Caixa in the sphere of securitisation operations. Information on these loan movements, in 2013 and 2012, is set out below:

	Nostrum Mortgages nº1	Nostrum Mortgages nº2	Total
Balances at 31-12-2011	429,069	5,055,709	5,484,778
Sale of new loans	656	22,467	23,123
Payments	(39,377)	(144,783)	(184,160)
Repurchase	-	(41,508)	(41,508)
Other	(656)	750	94
Balances at 31-12-2012	389,692	4,892,634	5,282,326
Sale of new loans	1,540	24,526	26,066
Payments	(38,766)	(158,416)	(197,182)
Repurchase	(1,540)	(87,509)	(89,049)
Other	-	34,553	34,553
Balances at 31-12-2013	350,926	4,705,788	5,056,714

These loans comprise collateral for the liabilities issued by SPVs under the scope of such operations, which, in the case of the Nostrum Mortgage no. 1 operation, at 31 December 2013 and 2012, totalled €223,118 thousand and €342,891 thousand, respectively (Note 24). 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" account heading, at 31 December 2013 and 2012, included mortgage loans allocated to the issue of covered bonds with a book value of €9,945,587 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 €1,215,109 and €1,418,068 thousand, respectively (Note 24).

The assets pool collateralising the referred to issues, at 31 December 2013 and 2012, also included debt securities with a book value of €124,380 and €128,247 thousand, respectively (Note 7).

Information on the seniority of “Overdue loans and interest”, at 31 December 2013 and 2012, is set out below

	31-12-2013	31-12-2012
Up to three months	439,926	345,605
Three to six months	226,656	206,233
Six months to one year	476,465	769,278
One to three years	1,965,719	1,628,158
Over three years	1,849,113	1,563,995
	4,957,878	4,513,268

Information on the structure of loans and advances to customers, at 31 December 2013 and 2012, excluding adjustments to the value of hedge assets, by operating sector, is set out below:

	31-12-2013								
	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	-	-	-	424,739	31,390	456,129	424,739	31,390	456,129
Mining industries	-	-	-	163,743	12,522	176,265	163,743	12,522	176,265
Manufacturing industries									
Food, beverages and tobacco	559	-	559	811,047	49,711	860,758	811,606	49,711	861,317
Textiles	-	-	-	259,816	48,695	308,511	259,816	48,695	308,511
Leather and by-products	-	-	-	56,126	5,705	61,830	56,126	5,705	61,830
Wood and cork	-	-	-	159,919	23,523	183,442	159,919	23,523	183,442
Pulp, paper, printing and publishing	-	-	-	200,563	11,670	212,233	200,563	11,670	212,233
Coal, oil products and nuclear fuel	-	-	-	25,892	1,551	27,443	25,892	1,551	27,443
Chemical products and synthetic or artificial fibres	-	-	-	625,924	84,235	710,159	625,924	84,235	710,159
Rubber and plastic goods	-	-	-	113,284	12,717	126,001	113,284	12,717	126,001
Non-metallic mineral products	-	-	-	249,830	29,478	279,308	249,830	29,478	279,308
Basic metallurgy industries and metallic products	-	-	-	372,534	48,455	420,989	372,534	48,455	420,989
Machinery and equipment	-	-	-	86,988	5,433	92,421	86,988	5,433	92,421
Electrical and optical equipment	-	-	-	217,726	4,522	222,248	217,726	4,522	222,248
Transport equipment	441	-	441	68,825	4,789	73,613	69,265	4,789	74,054
Miscellaneous manufacturing industries	-	-	-	308,786	20,551	329,337	308,786	20,551	329,337
Electricity, water and gas	12,669	1,070	13,740	1,552,491	95,073	1,647,564	1,565,160	96,143	1,661,304
Building	21,890	456	22,347	4,133,793	1,321,302	5,455,094	4,155,683	1,321,758	5,477,441
Wholesale / retail trade and repair of cars, motorcycles and personal and domestic goods	38	0	38	2,573,306	363,315	2,936,621	2,573,344	363,315	2,936,659
Restaurants and hotels	174	-	174	1,092,107	100,550	1,192,657	1,092,281	100,550	1,192,831
Transports, warehousing and communications	86,013	-	86,013	2,299,199	132,947	2,432,146	2,385,212	132,947	2,518,159
Financial activities	57,082	-	57,082	7,206,261	219,797	7,426,059	7,263,344	219,797	7,483,141
Real estate activities	10,151	-	10,151	2,560,729	584,531	3,145,260	2,570,880	584,531	3,155,411
Other activities	1,123,120	100	1,123,220	2,025,930	120,018	2,145,949	3,149,050	120,119	3,269,168
Public administration, defence and mandatory social security contributions	2,617,950	35,507	2,653,457	220,325	298	220,623	2,838,275	35,804	2,874,079
Education	3,768	-	3,768	200,196	4,779	204,975	203,964	4,779	208,743
Healthcare and welfare	2,118	1	2,119	588,377	11,493	599,870	590,495	11,494	601,990
Other activities and social and personal services	21,263	128	21,391	1,530,076	225,883	1,755,959	1,551,339	226,011	1,777,350
Families with domestic employees	-	-	-	146	122	268	146	122	268
International entities and other institutions	17	-	17	9,232	45	9,277	9,249	45	9,294
	3,957,253	37,263	3,994,516	30,137,908	3,575,100	33,713,009	34,095,162	3,612,363	37,707,525
Individuals									
Housing	-	-	-	33,667,392	1,185,304	34,852,696	33,667,392	1,185,304	34,852,696
Other	-	-	-	1,865,609	160,211	2,025,820	1,865,609	160,211	2,025,820
	-	-	-	35,533,000	1,345,515	36,878,515	35,533,000	1,345,515	36,878,515
	3,957,253	37,263	3,994,516	65,670,909	4,920,615	70,591,524	69,628,162	4,957,878	74,586,040

	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

Information on the composition of the non-current assets and liabilities held for sale balances account heading, at 31 December 2013 and 2012, is set out below

	31-12-2013	31-12-2012
ASSETS		
Property and equipment	993,712	824,911
Subsidiaries		
Insurance companies held by Caixa Seguros e Saúde	12,796,656	-
HPP - Hospitais Privados de Portugal	-	87,579
	13,790,368	912,491
Impairment - property and equipment (Note 40)	(334,555)	(234,867)
	13,455,813	677,623
LIABILITIES		
Subsidiaries		
Insurance companies held by Caixa Seguros e Saúde	11,590,700	-
HPP - Hospitais Privados de Portugal	-	100,746
	11,590,700	100,746

In the sphere of the privatisation process, in progress, of Caixa Geral de Depósitos's insurance companies Fidelidade – Companhia de Seguros, S.A. Cares – Companhia de Seguros, S.A., and Multicare - Seguros de Saúde, S.A., the contracts for the disposal of a majority interest to the bidder Fosun International Limited was signed on 7 February 2014. The sale will be completed when the decisions of non-opposition to be issued by the competent authorities i.e. the Portuguese Insurance Institute, have been received. The agreement provides for the transfer of equity shares and voting rights to 80% of Fidelidade – Companhia de Seguros, S.A. (which could rise to 85%, based on the results of the public offer for sale of 5% of the equity capital and voting rights in the company to insurance company workers), 80% of Cares – Companhia de Seguros, S.A. and 80% of Multicare - Seguros de Saúde, S.A., for a total amount of €1 billion. The transaction's reference sales price is also subject to adjustments to the net worth of the referred to insurance companies between the date established in the contract and the term of the month prior to the date of its realisation. The Group, however, does not anticipate any impairment as a result of this transaction.

In conformity with the dispositions of IFRS 5, at 31 December 2013, the units' assets and liabilities were aggregated and recognised in "Non-current assets held for sale – subsidiaries" accounts.

At 31 December 2012, the account balances fully corresponded to the assets and liabilities of *HPP – Hospitais Privados de Portugal, SGPS, S.A (HPP),* whose disposal to the Brazilian healthcare group Amil, after the completion of the administrative requirements and the obtaining of the regulatory permits to which the operation was subject, was completed in March 2013 with total capital gains of around €36,448 thousand having been made on this transaction.

The results generated by held for sale business units, in 2013 and 2012, are itemised in the consolidated results statement under "Results of subsidiaries held for sale", as set out below:

	31-12-2013	31-12-2012
Results of subsidiaries held for sale		
Empresas seguradoras detidas pela Caixa Seguros e Saúde	99,362	118,163
HPP - Hospitais Privados de Portugal	36,448	(22,643)
	135,810	95,521

The principal financial data of *HPP - Hospitais Privados de Portugal* and Caixa Seguros e Saúde's insurance companies, at 31 December 2013 and 2012, are set out below.

HPP - Hospitais Privados de Portugal

The book value (without fair value allocations) of HPP's main assets and liabilities categories, at 31 December 2012, was as follows:

ASSETS	31-12-2012
Customers	40,798
Tangible assets	30,383
Cash and cash equivalents	7,189
Inventories	5,311
Other assets	3,898
TOTAL ASSETS	87,579
LIABILITIES	
Loans	56,112
Suppliers and other creditors	39,204
Other liabilities	5,430
TOTAL LIABILITIES	100,746
EQUITY	(13,167)
	87,579

Information on the composition of HPP's principal results categories is set out below:

	31-12-2012
Income	
Provision of services	159,932
Other	1,673
	161,605
Costs	
Cost of goods sold and consumed	32,335
Supplies and external services	13,661
Staff costs	72,347
Depreciation of tangible and intangible assets	50,581
Interest costs	(595)
Impairment net of reversals	2,337
Other	15,139
	185,805
Income tax	(1,557)
NET INCOME	(22,643)

Insurance companies held by Caixa Seguros e Saúde

Information on the book value of the main assets and liabilities categories of the insurance companies, involved in privatisation operations, held by Caixa Seguros e Saúde, at 31 December 2013, is set out below:

ASSETS	31-12-2013
Advances and cash balances at other credit institutions	1,442,675
Financial assets at fair value through profit or loss	44,346
Available-for-sale financial assets	6,138,898
Unit-linked investments (Note 10)	988,153
Held-to-maturity investments (Note 12)	2,778,624
Investment property	433,267
Other tangible assets	120,869
Intangible assets	170,834
Current tax assets	71,758
Deferred tax assets	187,723
Technical provisions for outwards reinsurance (note 20)	180,660
Other assets	238,847
TOTAL ASSETS	12,796,656
LIABILITIES AND EQUITY	
Resources of credit institutions	30,500
Customer resources	6,038,457
Liability of unit-linked products (Note 10)	988,154
Financial liabilities at fair value through profit or loss	4,406
Provisions for employee benefits	25,268
Provisions for other risks	79,295
Technical provisions for insurance contracts (Note 26)	4,055,046
Current tax liabilities	68,644
Deferred tax liabilities	44,348
Other liabilities	256,581
TOTAL LIABILITIES	11,590,700
TOTAL EQUITY, of which:	1,205,956
Reserves of revaluation	58,161
	12,796,656

The assets and liabilities balances set out in the above table include €1,793,078 thousand and €41,377 thousand, respectively on operations with other Group entities, not eliminated in the consolidation process. These balances exclude investment funds shares included in the portfolios of insurance companies involved in a sales process for investment funds in which Caixa Group has a majority investment for the amount of €131,120 thousand, which are included in the consolidated financial statements through the full consolidation method.

At 31 December 2013, the "Provisions for other risks" portfolio included a provision of €31,893 for a restructuring programme comprising the negotiated dismissal of a series of employees prior to the standard retirement age in cases in which their dispensability was recognised by Fidelidade – Companhia de Seguros, S.A.. The plan will be implemented in 2014 and 2015 and will cover the employees with the below referred to status, provided that their exit does not imply a respective job replacement or, alternatively if this is done without resource to external recruitment.

The plan comprises the following:

. In 2014: 153 dismissals -100 employees between the ages of 56 and 60 and 53 older than 60;

. In 2015: 110 dismissals -75 employees between the ages of 56 and 60 and 35 employees older than 60.

The effective cost of the recent occurrence of negotiated dismissals plus an amount reflecting the additional expenses on the increase of the legal retirement age to 66 were taken into account when calculating the provision.

Information on "Financial assets at fair value through profit or loss", "Available-for-sale financial assets" and their associated revaluation reserves, at 31 December 2013, is detailed below:

	Financial assets at fair value through profit or loss	Available-for-sale financial assets					
		Book value			Fair value reserves (Note 30)		
		At fair value through revaluation reserve	Historical cost	Total	Gross value	Deferred tax	Total
Debt instruments							
- Portuguese debt instruments	-	1,453,034	-	1,453,034	25,658	1,887	27,545
- Other public entities							
Residents	-	-	-	-	-	-	-
Nonresidents	-	761,701	-	761,701	14,323	795	15,117
- Other entities							
Residents	1,382	887,550	-	887,550	4,672	538	5,210
Nonresidents	42,964	2,293,126	-	2,293,126	65,105	2,939	68,044
	44,346	5,395,411	-	5,395,411	109,758	6,159	115,916
Debt instruments impairment	-	(2,999)	-	(2,999)	-	-	-
	44,346	5,392,412	-	5,392,412	109,758	6,159	115,916
Equity instruments							
Residents	-	50,168	61	50,230	4,621	(201)	4,420
Nonresidents	-	458,892	-	458,892	55,449	(5,505)	49,944
	-	509,061	61	509,122	60,070	(5,706)	54,364
Equity instruments impairment	-	(87,619)	-	(87,619)	-	-	-
	-	421,442	61	421,503	60,070	(5,706)	54,364
Other instruments							
Residents	-	367,477	-	367,477	38,962	(4,424)	34,538
Nonresidents	-	-	-	-	-	-	-
	-	367,477	-	367,477	38,962	(4,424)	34,538
Other instruments impairment	-	(42,494)	-	(42,494)	-	-	-
	-	324,983	-	324,983	38,962	(4,424)	34,538
	44,346	6,138,837	61	6,138,898	208,790	(3,972)	204,819

As stated in notes 2.8.a) and 2.10, financial assets headings classified as "Financial assets at fair value through profit or loss" and "Available-for-sale financial assets" (excluding, in this latter case, unlisted equity instruments which value cannot be reliably measured) and real estate classified as investment property, have been recognised at their fair value, assessed on the financial statements' reference date. The form of assessing the fair value of these assets, at 31 December 2013, is detailed below:

	Measurement techniques				
	Level 1 Market prices	Level 2 Market inputs	Level 3 Other measurement techniques	Historical cost	Total
Securities at fair value through profit or loss	-	44,346	-	-	44,346
Available-for-sale financial assets	588,985	4,710,967	348,723	490,224	6,138,898
	588,985	4,755,312	348,723	490,224	6,183,244
Non-financial assetes					
Investment property	-	-	433,267	-	433,267
	588,985	4,755,312	781,990		6,616,511

The above table, as specifically regards financial instruments, was prepared on the basis of the following criteria:

. Level 1 – Financial instruments measured on the basis of active market prices to which the companies have access. This category includes securities measured on the basis of executable prices (immediate liquidity), published by external sources

. Level 2 – Financial instruments measured by directly or indirectly observable data, in active markets. This category includes securities measured by bids supplied by external counterparties and internal and external measurement techniques exclusively using observable market data;

. Level 3 – All financial instruments at fair value not classifiable at levels 1 and 2.

The “Valuation techniques – historical costs” column in the chart includes €488,958 thousand in securities issued by the Group and recognised in the companies’ portfolios, which were not eliminated in the consolidation process and continue to be recognised at amortised cost.

Information on movements in financial instruments classified in the "Valuation techniques – other valuation techniques” in 2013 is set out below:

	Changes in financial instruments classified in level 3 of the fair value hierarchy		
	Available-for-sale financial assets		Total
	Equity instruments	Debt instruments	
Book value (net) at 31-12-2012	3,596	-	3,596
Acquisitions	5,603	113,442	119,045
Sales	(172)	(3,490)	(3,662)
Transfers from / (to) other levels (Levels 1 and 2)	169,465	77,749	247,215
Gains / (losses) recognised as a charge to results - alienated instruments	(181)	-	(181)
Gains / (losses) recognised as a charge to results - portfolio instruments	-	4,039	4,039
Impairment for the year	(21,571)	1	(21,570)
Gains / (losses) recognised as a charge to fair value reserves	(532)	773	241
Book value (net) at 31-12-2013	156,208	192,515	348,723

As regards investment properties, valuations of land and buildings aim to obtain a presumed market value for the transaction which is normally the market price (fair value) i.e. the price at which the land or building could be sold, at the valuation date, in a private agreement between independent interested vendors and purchasers, in which the property is put up for sale on the market and when the respective conditions permit a standard, orderly sale and that the period for negotiating the sale is normal, taking the type of property into account. If there are any rental agreements, the assessment of the presumed transaction price takes the respective income into consideration.

The usual valuation techniques are:

a) Market method: consisting of the valuation of the land or building based on comparisons, i.e. transactions and/or effective acquisition proposals on land or buildings with identical physical and functional characteristics, located in the same property market area.

b) Cost method: consisting of the assessment of the value of the building based on the sum of the market value of the land and all costs necessary for the construction of a building with the same physical and functional characteristics, depreciated on the basis of its age, state of repair and estimated useful life, plus the required profit margins. Alternatively this method may be based on the fair value of the building in its current state, subtracting all associated costs and margins from its referred to value after the completion of the works which have still not been performed.

c) Income method: consisting of the assessment of the value of the land or building based on the quotient between the annual effective rent and an adequate capitalisation rate.

As required by IFRS 13 – Fair value, valuations of land and buildings maximise the use of observable market data. However, as most valuations also consider non-observable data, the fair value of the Company's land and buildings is classified at level 3 of the fair value chain defined by IFRS 13.

Information on the composition of the main categories which contribute to the assessment of the results of the insurance companies held by Caixa Seguros e Saúde, involved in a privatisation operation, in 2013 and 2012 is set out below:

	31-12-2013	31-12-2012
Technical results of insurance operations		
Premiums net of reinsurance	1,163,137	1,198,308
Result of investments relating to insurance contracts	157,968	195,260
Cost of claims net of reinsurance	(792,372)	(781,365)
Commissions and other income and cost relating to insurance contracts	(110,058)	(118,002)
	418,675	494,202
Other income and cost		
Interest and similar income	338,432	436,048
Interest and similar costs	(240,735)	(334,526)
Staff costs	(156,220)	(154,998)
Other administrative costs	(146,849)	(150,588)
Depreciation of tangible and intangible assets	(20,202)	(22,772)
Provisions net of reversals	(20,624)	(437)
Impairment net of reversals and recovery	(37,626)	(93,189)
Other	3,379	(1,883)
	(280,445)	(322,345)
Income tax	(38,886)	(54,505)
INCOME BEFORE TAX AND NON-CONTROLLING INTERESTS	99,344	117,352
Non-controlling interests	18	812
NET INCOME	99,362	118,163

The breakdown of the above results for 2013 and 2012, includes income, net of costs, from operations performed with other Group entities not eliminated in the consolidation process for the amounts of €23,913 thousand and €37,843 thousand, respectively.

Technical results from insurance activity

Premiums, net of reinsurance

Information on the composition of this account heading, for 2013 and 2012, is set out below:

	31-12-2013			31-12-2012		
	Gross premiums	Provision for unearned premiums	Net premiums	Gross premiums	Provision for unearned premiums	Net premiums
Direct insurance						
. Life insurance						
. Insurance contracts	194,310	114	194,424	202,388	16	202,404
. Investment contracts with discretionary profit sharing	46,053	4	46,057	58,850	19	58,869
. Non-life insurance						
. Motor	387,022	5,647	392,669	401,084	6,399	407,483
. Workman's compensation	126,383	56	126,439	136,456	938	137,394
. Other	559,006	6,263	565,269	561,157	7,616	568,773
Outwards reinsurance						
. Gross premiums issued						
. Life insurance						
. Insurance contracts	(20,303)	-	(20,303)	(23,949)	-	(23,949)
. Non-life insurance						
. Motor	(6,414)	708	(5,706)	(2,837)	615	(2,222)
. Workman's compensation	(1,126)	(7)	(1,133)	(887)	(194)	(1,081)
. Other	(133,535)	(3,346)	(136,881)	(143,248)	(11,731)	(154,979)
Inwards reinsurance and retrocession premiums	3,017	(715)	2,302	6,375	(759)	5,616
	1,154,413	8,724	1,163,137	1,195,389	2,919	1,198,308

Results of investments allocated to insurance contracts

Information on the composition of this account heading, for 2013 and 2012, is set out below:

	31-12-2013			31-12-2012		
	Life insurance	Non-life insurance	Total	Life insurance	Non-life insurance	Total
Interest	62,921	44,630	107,551	71,860	47,924	119,784
Dividends	10,250	5,265	15,515	10,299	5,629	15,928
Net realised capital gains and losses	12,406	8,412	20,818	20,514	10,068	30,582
Net unrealised capital gains and losses	2,306	(6,400)	(4,094)	6,665	4,058	10,723
Other	-	18,178	18,178	-	18,243	18,243
	87,883	70,085	157,968	109,338	85,922	195,260

Claims costs net of reinsurance

Information on the composition of this account heading, for 2013 and 2012, is set out below:

	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	91,789	240,506	332,295	249,421	122,200	353,245	724,866	1,057,161
Change in provision for claims	(5,329)	(2,672)	(8,001)	(47,937)	7,124	(1,131)	(41,944)	(49,945)
	86,460	237,834	324,294	201,484	129,324	352,114	682,922	1,007,216
Provision for profit sharing	2,719	(10,229)	(7,510)	1	23	73	97	(7,413)
Change in other technical provisions	(737)	(147,250)	(147,987)	3,976	11,881	8,386	24,243	(123,744)
	88,442	80,355	168,797	205,461	141,228	360,573	707,262	876,059
Balance of outwards reinsurance	(13,148)	-	(13,148)	(1,885)	359	(69,013)	(70,539)	(83,687)
	75,294	80,355	155,649	203,576	141,587	291,560	636,723	792,372

	31-12-2012							
	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	98,277	473,304	571,581	283,147	102,017	303,936	689,100	1,260,681
Change in provision for claims	(16,099)	(9,460)	(25,559)	(45,385)	52,506	(19,263)	(12,142)	(37,701)
	82,178	463,844	546,022	237,762	154,523	284,673	676,958	1,222,980
Provision for profit sharing	(573)	(18,806)	(19,379)	-	-	36	36	(19,343)
Change in other technical provisions	(9,523)	(353,188)	(362,711)	(3,247)	(1,189)	(10,345)	(14,781)	(377,492)
	72,082	91,850	163,932	234,515	153,334	274,364	662,213	826,145
Balance of outwards reinsurance	(10,168)	-	(10,168)	(844)	(986)	(32,782)	(34,612)	(44,780)
	61,914	91,850	153,764	233,671	152,348	241,582	627,601	781,365

Commissions and other income and costs associated with insurance activities

Information on the composition of this account heading, for 2013 and 2012, is set out below:

	31-12-2013			31-12-2012		
	Life insurance	Non-life insurance	Total	Life insurance	Non-life insurance	Total
Technical income:						
Commissions:						
Outwards reinsurance	15,964	21,043	37,007	9,079	23,809	32,888
Co-insurance management charges	35	998	1,033	(6)	840	834
Pensions Funds management charges	347	-	347	332	-	332
Other technical income						
Other technical income	4	2,654	2,658	6	1,868	1,874
	16,350	24,695	41,045	9,411	26,517	35,928
Technical costs:						
Commissions:						
Direct insurance operations:						
- Mediation and brokerage charge	(31,614)	(92,348)	(123,962)	(34,688)	(90,645)	(125,333)
- Collection charges	(102)	(7,121)	(7,223)	(84)	(7,117)	(7,201)
- Other	(492)	(14,428)	(14,920)	-	(14,298)	(14,298)
Inwards reinsurance operations	-	(394)	(394)	-	(77)	(77)
Co-insurance management charges	(32)	(238)	(270)	(41)	(346)	(387)
Other technical income						
Provision for premiums receivable	3,367	1,080	4,447	1,122	(921)	201
Taxes specific to the insurance business	(1,208)	(7,518)	(8,726)	(1,029)	(5,803)	(6,832)
Other	(1)	(54)	(55)	(1)	(2)	(3)
	(30,082)	(121,021)	(151,103)	(34,721)	(119,209)	(153,930)
	(13,732)	(96,326)	(110,058)	(25,310)	(92,692)	(118,002)

Property and equipment

As described in Note 2.10, the non-current assets held for sale account heading also includes auctioned property and other assets for credit recovery purposes.

Information on the above account heading movements, for 2013 and 2012, is set out below:

	Balances at 31-12-2012						Balances at 31-12-2013	
	Gross value	Accumulated impairment	Additions	Sales and write-offs	Other transfers and adjustments	Impairment (Note 41)	Gross value	Accumulated impairment
Non-current assets held for sale								
Property	815,921	(233,164)	348,556	(160,313)	3,681	(119,792)	987,742	(332,852)
Other	8,990	(1,703)	13,134	(9,742)	(6,412)	-	5,971	(1,703)
	824,911	(234,867)	361,690	(170,055)	(2,730)	(119,792)	993,712	(334,555)

	Balances at 31-12-2011							Balances at 31-12-2012	
	Gross value	Accumulated impaiment	Changes in consolidation perimeter	Additions	Sales and write-offs	Other transfers and adjustments	Impaiment (Note 41)	Gross value	Accumulated impaiment
Non-current assets held for sale									
Property	572,584	(101,671)	20,198	336,396	(112,375)	24,110	(156,484)	815,921	(233,164)
Other	4,274	(1,703)	-	14,473	(8,705)	(1,053)	-	8,990	(1,703)
	576,859	(103,374)	20,198	350,869	(121,080)	23,057	(156,484)	824,911	(234,867)

Capital losses of €22,158 thousand and €12,413 thousand were made on disposals of "Non-current assets held for sale", in 2013 and 2012, respectively (Note 36), of which €7,183 thousand on the payment of the maintenance costs of the referred to equipment up until their sale in 2013. On recognising the results of the disposal of these assets, the accumulated amount of impairment directly allocated to them is reversed as a charge to results for the period, with the amount of the capital gains or losses on the operation being calculated in comparison to their respective acquisition cost.

15. INVESTMENT PROPERTIES

Information on “Investment properties” movements, for 2013 and 2012, is set out below:

Balances at 31-12-2011	459,088
Changes in consolidation perimeter	82,488
Acquisitions	20,075
Revaluations	(10,750)
Sales	(6,868)
Transfers from tangible assets and non-current assets held for sale	(2,456)
Other	(7,340)
Balances at 31-12-2012	534,238
Changes in consolidation perimeter	113,323
Acquisitions	23,999
Revaluations	(1,169)
Sales	(2,878)
Transfers from tangible assets and non-current assets held for sale	(316,239)
Other	(11,219)
Balances at 31-12-2013	340,055

As stated in Note 2.11., investment properties held by the Group are recognised at fair value. Gains and losses on the revaluation of such properties are recognised in results as a charge to “Other operating income and costs”.

The "Perimeter entries and exits” entry in 2013, includes €58,250 thousand and €53,180 thousand, respectively, on Caixa’s integration of *Fundo de Investimento Fechado Fundolis* and *Fundo de Investimento Fechado Beirafundo* as a result of the revision process of the funding structure for the projects managed by these vehicles.

The “Perimeter entries and exits” entry, in 2012, exclusively comprised the Group’s incorporation of Ciberadual - Investimentos Imobiliários SA., in the sphere of the framework agreement for the restructuring of Chamartin Group's financial debt to CGD.

The “Revaluations entry in the investment properties table”, for 2012, included €5,145 thousand reclassified to the “Results of subsidiaries held for sale” account heading, in the statement of profit and loss and other comprehensive income for the referred to year, deriving from the transfer of the assets and liabilities of the Group’s insurance companies involved in a privatisation process to non-current assets and liabilities held for sale categories (Note 14).

Also herein the “Transfers of tangible assets and non-current assets held for sale” entry in the investment property movements table for 2013 included €322,342 thousand in property held related with the activity of the referred to business units and gains and losses on their revaluation which, at 31 December of the said year were recognised in non-current assets held for sale (Note 14).

Measurement methodology and fair value assessment

Measurement of fair value on investment properties, in addition to other relevant factors for the assessment, takes into consideration the nature, characteristics and geographic location of properties, with the objective of assessing the best price to be achieved on their disposal under normal market conditions. Fair value is assessed by individual appraisers who should use at least two of the following methods:

- Market comparison method: The amount of a specific transaction is assessed by the use of prices and other relevant information on market deals involving identical or comparable (similar) properties. It generally uses statistical methods after harmonising the various market data. This is the main method used whenever there Is a significant number of known transactions;
- Income method: Estimates the value of an item of property using the technique of capitalising the annual amount of rents or annual operating income generated by the activity being performed in the building. When, over time, the changes in income are more significant than generally expected in the market, DCF (discounted cash flows) are used. The income method applies in the case of an effective rental of the property, when the property is for rental purposes, when the rental market for the type of property being valued is active or when the property is to be exploited economically;
- Cost method: Estimates the value of property on the basis of the amount which would currently be needed to obtain an alternative property, as a copy of the original or with an equivalent use, adjusted for obsolescence. It is obtained by the sum of the amount of the acquisition of the land with construction costs, including costs, depreciation based on the property's present physical, environmental and economic conditions plus commercialisation costs and a developer's margin/risk. This method is used as the main approach when there is no market information available on transactions of similar property and there is no potential income associated with the property.

  The availability of relevant data and its relative subjectivity may affect the choice of the valuation method/techniques. The choice, In each case, should be particularly based on those which maximise the use of relevant observable variables.

The most relevant variables considered for each of the above referred to valuation methods are as follows:

(i) Market comparison method

- presumed sales price per m2 or presumed sales price per unit (when what is relevant is not the area but rather the use provided by the property e.g. car parks). In liquid markets, these variables are provided by directly or indirectly observable data in the transaction market, although they may need to be adjusted (harmonised) depending on the specific characteristics of the property being valued.

(ii) Income method

Capitalisation technique

- amount of the monthly rent per m2 or monthly rent per unit (when what is relevant is not the area but rather the use provided by the property e.g. car parks). In active markets, these variables are provided by directly or indirectly observable data in the transaction market, although they may need to be adjusted (harmonised) depending on the specific characteristics of the property being valued.

- variables which contribute towards the assessment of operating income generated by the property. These variables may vary in line with the type of property and are generally gauged by the property's potential income generating capacity, taking into account the information available on the assumptions of market players. The data supplied by the entity operating the property may be used in the absence of reasonably available information indicating that market players would employ assumptions.

- capitalisation rate. Associated with the risk on capital invested, income, liquidity tax burden, risk-free interest rate, market evolution expectations. In active markets, it establishes the existence of a linear relationship at a certain point of time between the rental and purchase/sales market, for a certain geographic zone and a specific property product, with an identical risk and identical evolution of rents.

Discounted cash flow technique:

There may be diverse variables contributing to the cash flow estimate based on the type of property. This technique is reliant on current expectations of changes in the values and times of the occurrence of future cash flows and it is usually necessary to include a risk adjustment factor based on the uncertainty of this type of measurement.

- discount rate – considered to be the value of money over time, associated with a risk-free interest rate and price to be paid on the uncertainty involved in cash flows (risk premium).

<u>(iii) Cost method</u>

- construction cost per m2 - a variable which is essentially reliant on the construction characteristics of the property but in which a contributory factor is the place of construction. It is based on directly or indirectly observable construction market data

As already stated, valuations of land and buildings maximise the use of observable market data. However, as most valuations also consider non-observable data, they are classified at level 3 of the fair value ranking of IFRS 13.

In compliance with IFRS 13 requirements, information on the investment properties in the Group’s portfolio, at 31 December 2013, is herein submitted. They are classified on the basis of their type, state of development regarding their preparation for use and current occupancy, considering the valuation methodology used to measure their fair value and respective classification based on market data available for incorporation into the models:

				31-12-2013			
Fair value hierarchy	Property type	State development	Occupacion	Book value	Measurement techniques	Relevants inputs	Reference range of relevant inputs
		Under construction	Unoccupied	71,270	Income capitalisation method / DCF	Estimated rental value per m2	5-6 (shopping center) / 10-30 (stores)
						Capitalisation rate	[7,75%-8,25%]
				71,270			
		Concluded	Rented	173	Market comparable method	Estimated rental value per m2	960-970
				4,372	Income capitalisation method / Market comparable method	Estimated rental value per m2	3,6-9,8
						Estimated rental value per m2	1000-1800
			Capitalisation / sale	567	Market comparable method	Estimated rental value per m2	860
				7,211	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	1940-2300
		Under construction	Capitalisation / sale	12,401	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	1940-2300
				24,723			
	Habitation	Concluded	Rented	482	Market comparable method	Estimated rental value per m2	882-1842
				83,906	Income capitalisation method / Market comparable method	Estimated rental value per m2	[0,3-5,9]
						Estimated rental value per m2	[210-1690]
				42,977	Income capitalisation method / Market comparable method	Estimated rental value per m2	[5,0-13,3]
						Estimated rental value per m2	[610-2680]
				4	Income capitalisation method / Market comparable method	Estimated rental value per m2	20
						Estimated sale value per parking lot	[4000-5000]
			Capitalisation / sale	1,468	Income capitalisation method / Market comparable method	Estimated rental value per m2	[3,4-5,7]
						Estimated rental value per m2	[810-1230]
		Under construction	Capitalisation / sale	32,476	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	[500-520][1420-1950]
				161,312			
	Stores	Concluded	Rented	1,023	Market comparable method	Estimated rental value per m2	[594-2619]
				77	Income capitalisation method	Estimated rental value per m2	7,69
				3,532	Income capitalisation method / Market comparable method	Estimated rental value per m2	[0,4-9,5]
						Estimated rental value per m2	[410-1900]
				1,913	Income capitalisation method / Market comparable method	Estimated rental value per m2	[10-35,3]
						Estimated rental value per m2	[1640-3060]
			Capitalisation / sale	275	Market comparable method	Estimated rental value per m2	1527
				626	Income capitalisation method / Market comparable method	Estimated rental value per m2	[3,1-16]
						Estimated rental value per m2	[870-2711]
		Under construction	Capitalisation / sale	3,577	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	[700-1550]
				11,022			
	Parking	Concluded	Rented	1,331	Income capitalisation method / Market comparable method	Estimated rental monthly amount	[7-140]
						Value of sales per parking	[2000-19500]
		Under construction	Capitalisation / sale	2,672	Replacement cost method / DCF / Market comparable method	Value of sales per parking	[500-750]
				507	Replacement cost method / DCF / Market comparable method	Value of sales per parking	[6000-6500]
				4,510			
	Land	n.a	Capitalisation / sale	58,015	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	[950-2000]
						Estimated sale amount per infraestruted lot	214
						Discount rate	8,5%-10%
				236	Market comparable method / Table of expropriations	Estimated value of the land per m2	5
			Rented	373	Replacement cost method / Income capitalisation method	Estimated value of the land per m2 o	[90-130]
				58,623			
	Industrial building	Concluded	Rented	1,665	Market comparable method	Estimated rental value per m2	[588-716]
				333,125			
	Other			6,929			
				340,055			

As noted above, assessments of land and buildings maximize the use of observable market data. However, since most of the evaluations also consider unobservable inputs, these are classified in Level 3 of the fair value hierarchy defined by IFRS 13.

16. OTHER TANGIBLE ASSETS

Other tangible asset movements, net, in 2013 and 2012, were as follows:

	Balances at 31-12-2012		Changes in consolidation perimeter	Additions	Exchange differences	Transfers	Other transfers and adjustments	Depreciation for the year	Impairment losses, net of reversals, for the year	Sales and write-offs	Balances at 31-12-2013	
	Gross value	Accumulated depreciation and impairment losses									Gross value	Accumulated depreciation and impairment losses
Premises for own use												
Land	169,594	-	-	26	(243)	-	(49,244)	-	-	(35,791)	84,342	-
Buildings	705,065	(278,996)	(2,317)	2,449	(6,832)	32,254	(141,456)	(12,501)	624	(194)	545,033	(246,937)
Leasehold improvements	167,192	(92,083)	-	690	(1,009)	21,430	1,114	(13,734)	(3,840)	(20,087)	168,236	(108,563)
Other premises	80	-		1,980	-	-	(1,980)	-	-	(80)	-	-
Equipment												
Fittings and office equipment	105,974	(88,566)	(48)	2,556	(374)	625	5,006	(4,228)	-	(5,197)	85,972	(70,224)
Machinery and tools	39,001	(32,992)	-	653	(92)	179	(2,146)	(1,469)	-	(30)	22,006	(18,901)
Computer equipment	186,322	(158,454)	1,754	11,195	(679)	4,598	(835)	(15,142)	-	(940)	198,809	(170,990)
Indoor facilities	358,494	(262,157)	-	6,113	(140)	4,733	(3,814)	(17,170)	(87)	(1,097)	338,814	(253,938)
Transport material	13,876	(8,219)	(457)	1,420	(183)	1,317	(871)	(1,932)	-	(242)	14,160	(9,451)
Safety/security equipment	44,911	(34,016)	-	996	(173)	1,210	(456)	(3,493)	-	(21)	45,159	(36,201)
Other equipment	12,562	(10,385)	(20)	678	(122)	155	739	(1,518)	-	(15)	9,572	(7,498)
Assets under finance lease	71,792	(61,397)	-	265	-	(373)	(380)	(5,615)	-	(2)	43,298	(39,008)
Other tangible assets	11,570	(8,383)	-	352	9	42	3,236	(1,342)	-	(259)	15,551	(10,327)
Tangible assets in progress	52,822	-	-	23,292	(892)	(66,170)	13,851	-	-	-	22,903	-
	1,939,255	(1,035,648)	(1,088)	52,665	(10,730)	-	(177,235)	(78,145)	(3,303)	(63,955)	1,593,854	(972,037)

	Balances at 31-12-2011		Changes in consolidation perimeter	Additions	Exchange differences	Transfers	Other transfers and adjustments	Depreciation for the year	Impairment losses, net of reversals, for the year	Sales and write-offs	Balances at 31-12-2012	
	Gross value	Accumulated depreciation and impairment losses									Gross value	Accumulated depreciation and impairment losses
Premises for own use												
Land	171,251	-	-	2	(84)	-	(1,379)	-	-	(196)	169,594	-
Buildings	707,808	(260,769)	-	1,600	(4,753)	53,472	(1,842)	(17,768)	(3,298)	(48,381)	705,065	(278,996)
Leasehold improvements	164,382	(85,141)	-	2,306	(2,180)	34,381	(23,841)	(12,206)	-	(2,592)	167,192	(92,083)
Other premises	80	(6)	-	-	-	-	-	-	-	6	80	-
Equipment												
Fittings and office equipment	108,606	(86,987)	225	2,095	(437)	(614)	(188)	(5,098)	-	(194)	105,974	(88,566)
Machinery and tools	38,347	(30,097)	-	795	(129)	80	(618)	(2,527)	-	158	39,001	(32,992)
Computer equipment	167,675	(139,900)	397	8,199	(875)	2,991	5,198	(15,687)	-	(130)	186,322	(158,454)
Indoor facilities	308,212	(245,320)	178	3,330	(309)	50,451	(2,320)	(18,102)	197	20	358,494	(262,157)
Transport material	13,637	(6,983)	72	2,242	(285)	355	(443)	(2,043)	-	(895)	13,876	(8,219)
Safety/security equipment	42,432	(30,412)	-	2,397	(300)	451	137	(3,807)	-	(3)	44,911	(34,016)
Other equipment	44,985	(32,035)	-	918	(60)	124	(10,370)	(1,844)	(15)	474	12,562	(10,385)
Assets under finance lease	124,492	(86,233)	-	490	19	(106)	(17,213)	(11,054)	-	-	71,792	(61,397)
Other tangible assets	13,193	(8,893)	-	28	(19)	74	(367)	(829)	-	-	11,570	(8,383)
Tangible assets in progress	98,001	-	-	31,543	(936)	(141,659)	67,948	-	-	(2,075)	52,822	-
	2,003,101	(1,012,776)	872	55,945	(10,348)	-	14,702	(90,965)	(3,116)	(53,808)	1,939,255	(1,035,648)

Accumulated impairment on other tangible assets, at 31 December 2013 and 2012, totalled €6,818 thousand and €14,026 thousand, respectively (Note 40).

The "Depreciation for period" and "Reversals net of impairment for the period" in the other tangible assets table for 2012 included €9,772 thousand and €3,591 thousand, respectively, which were reclassified to the "Results of subsidiaries held for sale" heading in results for the same period, for the transfer of the assets and liabilities of the Group's insurance companies involved in a privatisation process to non-current assets and liabilities held for sale (Note 14).

Also herein, the "Other transfers and adjustments" column in other tangible assets, in 2013, included €191,001 thousand, €9,380 thousand, €195 thousand, €14 thousand and €27,738 thousand in net assets net of depreciation and accumulated impairment recognised on properties for own use, equipment, leased assets, other tangible assets and tangible assets in progress, respectively, pursuant to the sphere of activity of the referred to business units, recognised at 31 December of the said year, in the non-current assets held for sale category (Note 14).

The "depreciation for the period" column, in 2013 included extraordinary depreciation of €3,302 thousand recognised by Banco Caixa Geral in Spain, on fixed assets allocated to agencies or central services areas undergoing a closure process under the reorganisation and optimisation measures on the said units' activities, in line with CGD's commitments under its restructuring plan, as approved by the European Commission in July of the same year

17. INTANGIBLE ASSETS

Movements in this account heading, for 2013 and 2012, were as follows:

	Balances at 31-12-2012								Balances at 31-12-2013	
	Gross value	Accumulated depreciation and impaiment losses	Additions	Net disposals	Other transfers and adjustments	Exchange differences	Depreciation for the year	Impaiment losses (Note 41)	Gross value	Accumulated depreciation and impaiment losses
Goodwill										
Fidelidade - Companhia de Seguros (ex - Império Bonança)	146,707	-	-	-	(146,707)	-	-	-	-	-
CGD Investimentos CVC	42,645	-	-	-	-	(8,886)	-	-	33,759	-
Banco Caixa Geral Totta Angola	24,531	-	-	-	-	(3,769)	-	-	20,762	-
Value-in-force - Império Bonança (Note 2.16 n))	46,386	(39,394)	-	-	(6,992)	-	-	-	-	-
Software	805,023	(684,535)	19,460	(179)	18,878	(3,159)	(52,725)	-	703,918	(601,155)
Other intangible assets	30,598	(2,954)	54,331	(6,265)	(16,050)	(555)	(892)	(47,922)	13,848	(3,557)
Intangible assets in progress	43,876	-	33,475	-	(50,770)	(474)	-	-	26,107	-
	1,139,766	(726,883)	107,266	(6,443)	(201,640)	(16,843)	(53,617)	(47,922)	798,395	(604,712)

	Balances at 31-12-2011								Balances at 31-12-2012	
	Gross value	Accumulated depreciation and impaiment losses	Additions	Net disposals	Other transfers and adjustments	Exchange differences	Depreciation for the year	Impaiment losses (Note 41)	Gross value	Accumulated depreciation and impaiment losses
Goodwill										
Fidelidade - Companhia de Seguros (ex - Império Bonança)	146,707	-	-	-	-	-	-	-	146,707	-
CGD Investimentos CVC	-	-	42,645	-	-	-	-	-	42,645	-
Banco Caixa Geral Totta Angola	24,531	-	-	-	-	-	-	-	24,531	-
Value-in-force - Império Bonança (Note 2.16 n))	46,386	(31,594)	-	-	-	-	(7,800)	-	46,386	(39,394)
Software	766,126	(621,607)	11,610	(7,603)	36,828	(2,184)	(61,879)	-	805,023	(684,535)
Other intangible assets	39,536	(18,364)	10,798	-	151	16	(574)	(238)	30,598	(2,954)
Intangible assets in progress	48,715	-	38,258	(72)	(42,319)	(214)	-	-	43,876	-
	1,072,000	(671,565)	103,311	(7,676)	(5,340)	(2,382)	(70,253)	(238)	1,139,766	(726,883)

Intangible assets in progress, at 31 December 2013 and 2012, essentially refer to expenses incurred on the development of software which had not come into operation at the said dates**.**

The “Depreciation for the period” column in the intangible assets table for 2012 included an amount of €13,000 thousand, reclassified to the “Results of subsidiaries held for sale” in results for the referred to period, deriving from the transfer of the assets and liabilities of Group insurance companies involved in a privatisation process to non-current assets and liabilities held for sale (Note 14).

Also herein, the "Transfers and adjustments” column in the intangible assets table for 2013 included €146,707 thousand, €6,992 thousand, €14,211 thousand, €15,059 thousand and €8,553 thousand on assets net of depreciation and accumulated impairment recognised in goodwill, value-in-force, software, other intangible assets and intangible assets in progress, respectively, related with the activity of the referred to business units which, at 31 December of the said year, were recognised as non-current assets held for sale (Note 14).

Accumulated impairment on intangible assets totalled €239 thousand and €1,196 thousand, at 31 December and 2013 and 2012, respectively (Note 40).

Goodwill – Banco Caixa Geral Totta Angola (BCGTA)

Impairment tests were carried out on the goodwill of BCGTA's, based on an independent assessment made for the said purpose with reference to 31 December 2013.

The assessment incorporates the available information on the date of production, namely macroeconomic conditions, the situation of the markets in which the bank operates, *inter alia*. It was noted that the asset's value exceeded its respective book value and that there was accordingly no need to recognise impairment losses.

The following is a description of the methodology and the main assumptions used to produce the assessment:

(i) *Assessment methodology*

The dividend discount model valuation methodology was applied, which assumed that the institution's value should be estimated at the present value of its cash flows it will tend to generate In the future, discounted at a yield reflecting the opportunity cost of equity. Considering the non-existence of any separation between operating and funding activities for this type of entity, this methodology is deemed to be adequate for a bank valuation.

Flows available to the shareholder

The flows available to the shareholder essentially translate the funds available for appropriation based on the cash flows generated by the activity and any Investment operations, after potential capital requirements have been met and after complying with the regulatory requirements to which the entity is subject.

In the case of a bank, the flows generated by its activity essentially comprise its consolidated net operating income, other operating or non-operating income and the results of its associates which are consolidated by the equity accounting method (not measured separately) net of staff costs and other administrative expenses, use of provisions or impairment and taxes on operating activity.

Funding needs for the development of a bank's operations, such as an increase in credit or changes in other balance sheet headings having an impact on the use of own funds are also considered.

Discount rate

The discount rate on available flows comprise the shareholder's opportunity cost, assessed on the basis of the capital asset pricing model, considering the application of the formula Kcp = Rf + CRP + Beta(k) * (Rm-Rf), in which:

Kcp = Return on equity required

CRP = Country risk premium

Rf = Interest rate on a risk-free investment

(Rm-Rf) = Average market risk premium

Beta(k) = Beta coefficient for equity or systemic activity risk

Residual value

The residual value was calculated on the application of the formula VR = DIVt / (Kcpt-g), in which:

VR = Residual value

DIVt = Dividend for year t (first year of perpetuity)

Kcp = Return on equity required

g = Nominal growth rate in perpetuity

Equity value

The equity value was based on the updating of the assessment of the flows available to the shareholder resulting from economic-financial projections produced on the bank's activity for the period 2013-2020 up to the date of the report

(ii) *Principal assumptions underpinning the assessment*

The following components were assessed In calculating the discount rate:

. Risk-free interest rate - A risk-free interest rate of 7.3% was considered for the Angolan market, reflecting the risk associated with Angola's medium and long term public debt in USD;

. Market risk premium - A rate of 5.5%, corresponding to the risk premium used for mature markets, was used;

. Beta - Approximation to the beta value comprised a comparative analysis with listed, comparable companies in terms of activity. A beta 1 level was considered, resulting from the beta averages presented by the universe of comparable institutions.

The assumptions resulted in a discount rate of 12.8%, which was maintained unchanged over the projection period.

(iii) Sensitivity analysis

Based on the applied valuation methodology, sensitivity tests were performed on the value of the discount rate used, with changes of +50 bp and -50 bp, enabling the following deviations from the estimated amount of the bank's equity for the valuations reference date to be calculated:

SENSITIVITY OF PROJECTED EQUITY

- 50 bp	+ 50 bp
18,853	(16,678)

Goodwill – CGD Investimentos CVC

As referred to in greater detail in Note 3, during the course of 2012, CGD Group acquired from Banif, the full amount of the equity capital of Banif Corretora de Valores e Câmbio, S.A., which, in the meantime, was renamed as CGD Investimentos Corretora de Valores e Câmbio, S.A. (CGD Investimentos CVC).

The acquisition comprised the following stages:

- purchase of 70% of the equity capital of Banif CVC by CGD Participações em Instituições Financeiras in April 2012, based on the conditions of the "Investment and purchase and sale of shares agreement" entered into between the parties on 2 June 2010 and latter addenda thereto after receiving the required administrative and legal permits;

- purchase of the remaining 30% of the share capital of this subsidiary company in June 2012, based on the exercising of CGD Group's purchase option under the respective contractual terms.

Information on the recognition of goodwill on the referred to operations in the Group's financial statements is set out in the following table

	Book value (*)	Other adjustments (**)	Book value after adjustments
Cash and cash equivalents at other credit institutions	60,827	-	60,827
Investments in securities and derivative contracts	27,340	-	27,340
Liabilities on trading operations and other transactions in behalf clients, net of amounts receivable	(62,953)	-	(62,953)
Tangible assets	685	-	685
Intangible assets	1,294	-	1,294
Other assets and liabilities, net	(18,038)	-	(18,038)
Net assets - CGD Investimentos CVC [1]	9,154	17,865	27,019
Investment cost of the equity participation acquired (70% of CGD Investimentos CVC share capital			48,055
Book value of minority interest at acquisition date			21,609
Cost allocated to net assets of CGD Investimentos CVC [2]			69,664
Goodwill [2-1]			**42,645**

(*) Book value as of 31-12-2011
(**) Book value adjustments between 31 December 2011 and the acquisition date relevant for the goodwill computation includes the share capital increase of CGD Investimentos CVC approved by the shareholders general meeting of 8 February 2012 in the amount of BRL 47.500 thousand (which corresponds approximately to EUR 18.400 thousand).

The contribution of CGD Investimentos CVC to the Group's results in 2012 took the form of losses of €2,592 thousand (Note 30). If this company had been incorporated, within the Group's perimeter, at 1 January 2012, the losses would have risen to €2,970 thousand.

Impairment tests were carried out on the goodwill of CGD Investimentos CVC, based on an independent assessment made for the said purpose, at 31 December 2013.

The assessment incorporates the information available at the date of production, namely macroeconomic conditions, the situation of the markets in which the institution operates, *inter alia*. It was noted that the asset's value exceeded its respective book value and that there was accordingly no need to recognise impairment.

The following is a description of the methodology and the main assumptions used to produce the assessment:

(i) *Assessment methodology*

The Dividend Discount Model valuation methodology was applied which assumed that the institution's value should be estimated by the present value of its cash flows that it will tend to generate In the future, discounted at a yield reflecting the opportunity cost of equity. Owing to the non-existence of any separation between operating and funding activities for this type of entity, this methodology is considered to be adequate for the valuation of a financial services company.

Flows available to the shareholder

The flows available to the shareholder essentially translate the funds available for appropriation based on the cash flows generated by the activity and any Investment operations, after meeting potential capital requirements and complying with the regulatory requirements to which the entity is subject.

In the case of a brokerage company, the flows generated by its activity essentially comprise its consolidated net operating income and other operating or non-operating income net of staff costs and other administrative expenses, and other costs Incurred, including the payment of tax.

Funding requirements resulting from the development of activity such as floats, credit and securities portfolios or changes in other balance sheet headings having an impact on the use of own funds are also considered.

Discount rate

The discount rate on available flows comprise the shareholder's opportunity cost, assessed on the basis of the capital asset pricing model, considering the application of the formula Kcp = Rf + CRP + Beta(k) * (Rm-Rf), in which:

Kcp = Return on equity required

CRP = Country risk premium

Rf = Interest rate on a risk-free investment

(Rm-Rf) = Average market risk premium

Beta(k) = Beta coefficient on equity or systemic activity risk

Residual value

The residual value was calculated on the application of the formula VR = DIVt / (Kcpt-g), in which:

VR = Residual value

DIVt = Dividend for year t (first year of perpetuity)

Kcp = Return on equity required

g = Nominal growth rate in perpetuity

Equity value

The equity value was based on the updating of the assessment of the flows available to the shareholder resulting from economic-financial projections produced on the activity of CGD Investimentos.

(ii) *Principal assumptions underpinning the assessment*

The following components were assessed in calculating the discount rate:

. Risk-free interest rate and country risk premium - A risk-free interest rate of 2.55% reflecting the average yield on the public debt securities of the United States of America, with a residual maturity of around 10 years. The country risk premium reflects the average yield on securities issued by the Republic of Brazil in US dollars with the same residual maturity as securities issued by the USA, was fixed at 1.65%

. Market risk premium - A rate of 5.5% corresponding to the risk premium used in mature markets, was used;

. Beta - Approximation to the beta value comprised a comparative analysis with listed, comparable companies in terms of activity. A beta 0.95% level was considered, resulting from the beta averages presented by the universe of comparable institutions.

The assumptions resulted in a discount rate of 9.73%, which was maintained unchanged over the projection period.

(iii) Sensitivity analysis

Based on the applied valuation methodology, sensitivity tests were performed on the value of various critical valuation variables, enabling the following minimum and maximum gaps in comparison to the estimated amount of the entities' equity for the calculation’s reference date to be calculated:

SENSITIVITY OF PROJECTED EQUITY

Desvio face ao valor mínimo	Desvio face ao valor máximo
(8,300)	9,400

Research and development expenses

Caixa spent €2,715 thousand and €4,057 thousand, on research, development and innovation projects, in 2013 and 2012, respectively

18. INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

The composition of this account heading, at 31 December 2013 and 2012, is set out below:

	31-12-2013		31-12-2012	
	Effective participating interest (%)	Book Value	Effective participating interest (%)	Book Value
Jointly controlled entities				
Locarent, S.A.	50.00	6,535	50.00	3,919
Esegur, S.A.	50.00	6,074	50.00	5,201
Banco para Promoção e Desenvolvimento, S.A.	-	-	50.00	176,981
		12,609		186,101
Associated companies				
SIBS - Sociedade Interbancária de Serviços, S.A.	21.60	16,559	21.60	14,709
Prado - Cartolinas da Lousã, S.A.	38.15	3,691	38.15	4,482
Torre Ocidente Imobiliária, S.A.	25.00	3,181	25.00	4,078
Banco Internacional de São Tomé e Príncipe, S.A.	27.00	3,108	27.00	2,973
Other		3,164		5,261
		29,703		31,503
		42,311		217,603

Information on the statutory financial data (unaudited financial statements) of the main associates and jointly controlled entities, at 31 December 2013 and 2012, is set out below:

		31-12-2013				
Business sector / Entity	Registered office	Assets	Liabilities	Equity (a)	Net income	Total income
Banking						
Banco Internacional de São Tomé e Príncipe	São Tomé	79,420	67,903	11,517	1,175	8,357
Property						
Torre Ocidente, Imobiliária, S.A.	Lisboa	58,197	45,473	12,724	(3,658)	1,730
Vale do Lobo, Resort Turístico de Luxo, S.A.	Lisboa	375,853	476,834	(100,981)	(17,214)	13,478
Other						
Esegur, S.A.	Lisboa	35,648	23,500	12,148	850	50,963
Locarent, S.A.	Lisboa	239,920	226,850	13,070	4,316	91,861
Companhia de Papel do Prado, S.A.	Tomar	4,406	1,008	3,398	(7)	-
Prado - Cartolinas da Lousã, S.A.	Lousã	16,676	7,000	9,676	925	20,541
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisboa	149,829	73,164	76,665	11,325	144,085

(a) Equity includes net income for the year and excludes non-controlling interests.

		31-12-2012				
Business sector / Entity	Registered office	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 sale operation for the Group's equity stake in Banco para Promoção e Desenvolvimento (BPD) was completed in first half 2013.

The corporate object of this financial institution, formed on 14 February 2011 by 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., is to perform banking operations permitted by law.

The bank has a share capital of 45,900,000,000 Kwanzas, (USD 500,000,000 on its date of formation) of which 2,594,481 thousand Kwanzas were paid up on the date of the company's act of registration. 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 capital attributable to 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 stake to Grupo Sonangol Sociedade Nacional de Combustíveis de Angola, Empresa Pública (Sonangol EP) and Sonip - Sonangol Imobiliária e Propriedades, LDA.(Sonip), 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 necessary permits for the transfer of corporate holdings and capital export licences from the National Bank of Angola.

The Group recognised capital gains of €8,604 thousand gains on this transaction, of which an amount of €2,695 thousand was recognised in "Foreign exchange results – revaluation of foreign exchange position" account headings (Note 35) and €5,909 thousand in "Other operating results – gains made by subsidiaries and jointly owned entities" account headings (Note 36).

As stated in greater detail in Note 2.4, effective from 2013, Caixa changed the 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 method. Up to 31 December 2012, these investments were incorporated in the consolidated accounts by the proportional integration method. To ensure comparability between data, the financial statements of comparative periods have been restated.

19. INCOME TAX

Tax assets and liabilities balances, at 31 December 2013 and 2012, were:

	31-12-2013	31-12-2012
Current tax assets		
Income tax recoverable	104,526	37,841
Other	23,712	23,022
	128,238	60,862
Current tax liabilities		
Income tax payable	19,588	46,052
Other	45,364	138,010
	64,952	184,063
	63,287	(123,201)
Deferred tax assets		
Temporary differences	1,197,991	1,404,325
Reported tax losses	179,941	63,464
	1,377,932	1,467,789
Deferred tax liabilities	178,715	190,650
	1,199,217	1,277,139

The following table provides details and information on deferred tax movements in 2013 and 2012:

	Balance at 31-12-2011	Change in		Transfer to current tax	Other	Balance at 31-12-2012
		Equity	Profit or loss			
Impairment and adjustments to property and tangible and intangible assets	54,218	179	19,874	-	(186)	74,085
Provisions and impairment temporarily not tax deductible	717,344	-	158,286	(3,005)	2,721	875,346
Measurement of derivatives	(11,530)	-	264	-	1	(11,264)
Measurement of available-for-sale assets	782,069	(713,437)	-	-	976	69,608
Measurement of other securities	1,004	-	17,638	-	(14,458)	4,184
Tax loss carry forward	78,547	-	(15,083)	-	-	63,464
Employee benefits	146,940	11,990	8,238	-	(1,187)	165,981
Commissions	17,576	-	606	-	-	18,183
Legal revaluation of other tangible assets	(5,133)	-	391	-	-	(4,742)
Other	(19,136)	-	19,471	-	21,960	22,295
	1,761,901	(701,268)	209,684	(3,005)	9,826	1,277,139

	Balance at 31-12-2012	Change in		Other	Balance at 31-12-2013
		Equity	Profit or loss		
Impairment and adjustments to property and tangible and intangible assets	74,085	270	(5,099)	(48,770)	20,486
Provisions and impairment temporarily not tax deductible	875,346	-	66,752	(61,577)	880,521
Measurement of derivatives	(11,264)	-	(932)	(1,010)	(13,207)
Measurement of available-for-sale assets	69,608	(88,861)	19	28,588	9,354
Measurement of other securities	4,184	-	283	6,569	11,036
Tax loss carry forward	63,464	-	117,212	(734)	179,941
Employee benefits	165,981	1,449	3,820	(16,542)	154,708
Commissions	18,183	-	253	(326)	18,110
Legal revaluation of other tangible assets	(4,742)	-	222	(2)	(4,522)
Other	22,295	-	(25,644)	(53,862)	(57,211)
	1,277,138	(87,142)	156,887	(147,666)	1,199,217

The “Changes in results” column in deferred tax assets and liabilities movements for 2012 includes costs of €36,095 thousand, which were reclassified to the “Results of subsidiaries held for sale” in the results statement in the referred to period, from the transfer of the assets and liabilities of the Group’s insurance companies involved in a privatisation process to non-current assets and liabilities held for sale categories (Note 14).

Also herein, the "Other” column in the deferred tax assets and liabilities table for 2013 included €144,772 thousand related with the activity of the referred to business units which, at 31 December of the said year, were recognised as non-current assets and liabilities held for sale (Note 14).

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 revaluation of pensions and healthcare liabilities and pension fund yield forecasts were fully recognised as a charge to a shareholders’ equity account heading. Up to 2010 these gains and losses had been processed by 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 equity changes deriving from the change in the accounting policy on the recognition of actuarial gains and losses on pension plans and other defined benefit post employment benefits on 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 results, in addition to the fiscal burden measured by the tax appropriation to net profit for the period before tax ratio, is set out below.

	31-12-2013	31-12-2012
Current tax		
For the year	(10,489)	91,639
Extraordinary contribution on the banking sector	25,125	29,752
Prior year adjustments (net)	(20,964)	(24,520)
	(6,328)	96,871
Deferred tax	(156,887)	(173,590)
Total	(163,215)	(76,719)
Consolidated income before tax and non-controlling interests	(674,262)	(421,878)
Tax charge	24.21%	18.19%

Information on the “Adjustments for past years” account heading in 2013 and 2012 is set out below:

	31-12-2013	31-12-2012
Insufficiency / (excess) of estimated tax for 2011 and 2012	(18,709)	(17,658)
Adjustments to previous years taxable income	(2,198)	(6,836)
Other	(57)	(26)
	(20,964)	(24,520)

The reconciliation between the nominal and effective tax rates, in 2013 and 2012, was:

	31-12-2013		31-12-2012	
	Rate	Tax	Rate	Tax
Income before income tax		(674,262)		(421,878)
Tax at the nominal rate	29.35%	(197,896)	28.84%	(121,670)
Investments recorded in accordance with the equity method	6.13%	(41,337)	6.81%	(28,710)
Impact of companies with tax rates different from the nominal rate in Portugal	0.98%	(6,610)	(1.11%)	4,669
Definitive differences to be deducted:				
Tax exempted capital gains	1.05%	(7,069)	4.49%	(18,932)
Non deductable provisions	1.90%	(12,821)	0.00%	-
Other	0.19%	(1,269)	0.54%	(2,271)
Definitive difference to be added:				
Non deductable provisions	0.00%	-	(2.54%)	10,707
Other	(0.47%)	3,184	(0.55%)	2,318
Impairment on available-for-sale financial assets, net of write-offs	(0.07%)	496	(1.67%)	7,059
Annulment of tax losses (not recoverable)	(4.99%)	33,629	(2.55%)	10,759
Differential of tax rate on tax losses carry forward (*)	(7.84%)	52,886	0.00%	-
Autonomous taxation	(0.55%)	3,698	(0.38%)	1,582
Contribution on the banking sector	(3.73%)	25,125	(7.05%)	29,752
Other	(0.62%)	4,183	(4.98%)	21,021
	21.33%	(143,800)	19.84%	(83,715)
Tax adjustments relative to prior years				
Insufficiency / (excess) of tax estimate, net of deferred tax	2.87%	(19,358)	(1.66%)	7,022
Other	0.01%	(57)	0.01%	(26)
	2.88%	(19,415)	(1.66%)	6,996
	24.21%	(163,215)	18.19%	(76,719)

(*) The computation of deffered taxes relating to tax losses carry forward is based on a regulatory tax rate of 23% and does not include State or Municipal subcharges

CGD's nominal tax rate, in 2013, considering the surcharge rates applicable to its operations was 29.35% (28.84% at 31 December 2012).

The assessment of CGD's nominal tax rate considers the increase in the municipal and state surcharges on IRC taxable income. In this case of the state surcharge reference should be made to the change article 87-A of the IRC code brought in by Law 12-2014 of 16 January (IRC reform law) whose number 1 provides (for the fiscal years starting on or after 1 January 2014) for the application of the following rates on the taxable profit in the following bands:

- a rate of 3% applicable to more than €1,500 thousand and up to €7,500 thousand,;
- a rate of 5% applicable to more than €7,500 thousand and up to €35,000 thousand;

- a rate of 7% applicable to more than €35,000 thousand.

The changes made by the state budget law for 2014, also revised the nominal IRC rate on taxable income (with the exceptions provided for by current legislation) which was reduced from 25% to 23%.

At 31 December 2013 the balance of deferred tax assets relative to the carry-back of tax losses included recognition of €143,324 thousand in Caixa’s financial statements. Caixa cancelled the deferred tax assets relative to the carry-back of tax losses, of 2010, for the amount of €20,129 thousand, in 2013, as it considered that the recoverability prospects up to the end of the regulatory period available for the purposes (end of 2014) were remote.

According to the legal framework in force, tax losses originating in 2013 may be recovered within a maximum period of five years from assessment. However, with reference to taxation periods starting on or after 1 January 2014, the deduction of tax losses may not exceed 70% of the respective taxable profit.

Deriving from the dispositions of article 141 of the state budget law for 2011 (Law 55-A/2010 of 31 December), which established the introduction of a new contribution regime applicable to the banking sector, the Group recognised costs of €25,125 thousand and €29,752 thousand, in 2013 and 2012, respectively, for this taxation. The basis upon which the new tax is levied, regulated under the terms of Ministerial Order 121/2011 of 30 March is on the liabilities of credit institutions headquartered on Portuguese territory, net of own and complementary funds therein included, as well as deposits covered by the deposit guarantee fund and the notional amount of financial derivatives other than hedge derivatives. The subsidiaries of credit institutions headquartered outside Portuguese territory as well as the branches in Portugal of credit institutions headquartered outside the European Union, are also subject to the tax.

The tax authorities are normally entitled to review the tax situation during a certain period, which in Portugal is four years, with the eventual possibility of adjustments being made to the taxable profit from former years as a result of different interpretations of the law. Caixa Geral de Depósitos was inspected in 2010 and 2011. Any possible adjustments, given the nature thereof, cannot be quantified at present. Caixa’s board of directors considers, however, that any adjustments for the above years are unlikely to have a significant effect on the consolidated financial statements.

20. TECHNICAL PROVISIONS FOR OUTWARDS REINSURANCE

In the framework of the privatisation process, in progress, of the Group's insurance companies, the balances of the units associated with technical provisions for outwards reinsurance were reclassified, in 2013, to "Non-current assets held for sale". Information on the composition of these assets, in 2013 and 2012, is set out in the following table:

	31-12-2013			31-12-2012
	Balances classified in "Technical provisions for outwards reinsurance"	Balances classified in "Non-current assets held for sale" (Note 14)	Total	
Caixa Seguros				
Life insurance:				
Provision for unearned premiums	-	-	-	(1)
Mathematical provision	-	12,903	12,903	9,412
Provision for claims:				
Reported claims	-	9,019	9,019	10,447
Unreported claims (IBNR)	-	2,690	2,690	2,532
	-	11,709	11,709	12,979
Provision for profit sharing	-	36	36	15
Total life insurance	-	24,648	24,648	22,405
Non-life insurance:				
Provision for unearned premiums	-	31,912	31,912	33,613
Provision for claims:				
Reported claims	-	117,957	117,957	126,855
Unreported claims (IBNR)	-	6,143	6,143	9,524
	-	124,100	124,100	136,379
Total non-life insurance	-	156,012	156,012	169,992
Subtotal Caixa Seguros	-	180,660	180,660	192,397
Other	5,547	-	5,547	5,030
	5,547	180,660	186,207	197,427

Information on the composition of the provision for unearned premiums on outwards reinsurance, at 31 December 2013 and 2012, is set out below:

	31-12-2013			31-12-2012		
	Deferred premiums	Deferred costs	Net	Deferred premiums	Deferred costs	Net
Life insurance:						
	-	-	-	-	(1)	(1)
Non-life insurance:						
Workman´s compensation	-	-	-	7	(2)	5
Personal and passenger accident	3,345	(1,563)	1,782	5,203	(2,535)	2,668
Health	91	(6)	85	114	(32)	82
Fire and other damage	26,231	(4,102)	22,129	26,502	(4,055)	22,447
Motor	1,394	(224)	1,170	778	(130)	648
Marine, air and transport	1,893	(246)	1,647	2,148	(253)	1,895
General third party liability	2,595	(185)	2,410	3,007	(190)	2,817
Credit and guarantees	217	(7)	210	228	(7)	221
Assistence	14	(1)	13	11	(1)	10
Miscellaneous	3,246	(780)	2,466	3,979	(1,159)	2,820
	39,026	(7,114)	31,912	41,977	(8,364)	33,613
	39,026	(7,114)	31,912	41,977	(8,365)	33,613

Information on the provision for outwards reinsurance claims, at 31 December 2013 and 2012, is set out below:

	31-12-2013			31-12-2012		
	Reported	Unreported	Total	Reported	Unreported	Total
Life insurance:						
	9,019	2,690	11,709	10,447	2,532	12,979
Non-life insurance:						
Labour accident	12	1	13	324	1	325
Personal and passenger accident	7,292	15	7,307	7,235	125	7,360
Health	467	45	512	413	-	413
Fire and other damage	60,798	4,702	65,500	53,563	6,721	60,284
Motor	13,108	35	13,143	14,416	67	14,483
Marine, air and transport	7,593	275	7,868	10,017	217	10,234
General third party liability	22,308	68	22,376	29,851	246	30,097
Credit and guarantees	3	20	23	-	18	18
Miscellaneous	6,376	982	7,358	11,036	2,129	13,165
	117,957	6,143	124,100	126,855	9,524	136,379
	126,976	8,833	135,809	137,302	12,056	149,358

Information on movements in the technical provisions for outwards reinsurance, in 2013 and 2012, is set out in Note 26.

21. OTHER ASSETS

This account heading comprises the following:

	31-12-2013	31-12-2012
Other assets		
Debt certificates of the Territory of Macau	451,675	383,529
Other	9,426	11,263
Debtors and other applications		
Premiums receivable - Insurance	1,587	94,280
Central and local government	9,181	6,833
Shareholders' loans	221,777	218,591
Debtors - futures contracts	40,433	29,545
Amount receivable from the sale of EDP	481,456	460,724
Other debtors	1,335,629	1,603,674
Grants receivable from		
The State	32,727	42,433
Other entities	11,636	11,272
Amount receivable from the sale of assets received as settlement of defaulting loans	27,335	10,999
Other	199,394	404,744
Liability for pensions and other benefits		
Excess/ (insufficiency) coverage of liabilities		
Caixa Geral de Depósitos (Note 38)	-	19,225
Caixa Seguros e Saúde (Note 38)	-	6,328
Other	125	(495)
Actuarial gain or loss	-	(7)
Income receivable	39,754	63,204
Deferred costs		
Rent	6,042	6,572
Other	19,878	25,594
Deferred income	(4,451)	(2,430)
Operations pending settlement	166,855	172,187
Stock exchange operations	4,128	73,506
	3,054,586	3,641,572
Impairment (Note 40)	(235,247)	(207,814)
	2,819,339	3,433,757

Information on impairment movements on debtors and other assets, in 2013 and 2012, is set out in Note 40.

The amount receivable on the sale of EDP, at 31 December 2013 and 2012, derives from CGD's disposal of an equity stake in the company to Parpública.

The “Debtors and other assets – other debtors” account heading, at 31 December 2013 and 2012, included €928,104 thousand and €1,086,542 thousand, respectively, for surety accounts in several financial institutions. The referred to sureties derive from liquidity-providing operations collateralised by financial assets and interest rate swap agreements with these entities.

The “Debtors and other assets – other debtors” account heading, at 31 December 2013 and 2012, included €50 282 thousand for a Caixa surety deposit with the tax authorities for proceedings involving the suspension of the fiscal execution of a tax settlement, as referred to in greater detail in Note 25.

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 convertible currency corresponding to the countervalue of notes in circulation, receiving in return, a debt certificate for an equivalent amount to cover the liability resulting from the currency issue (Note 28). The amounts to be provided to the Territory by the Bank are reconciled on a monthly basis, in the first fifteen days of each month, based on the preceding month’s average daily balances. The debt certificate of the Macau Government, at 31 December 2013 and 2012, totalled €451,675 thousand and €383,529 thousand, respectively. No interest is payable on the certificate, 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 31 December 2013 and 2012, comprised the following:

	31-12-2013	31-12-2012
Locarent - Companhia Portuguesa de Aluguer de Viaturas, S.A.	86,000	86,000
Moretextile, SGPS, S.A.	34,062	33,105
A. Silva & Silva - Imobiliário & Serviços, S.A.	28,977	28,327
Sagesecur - Estudo, Desenvolvimento e Participações em Projetos, S.A.	14,130	14,830
PP3E - Projetos e Participações em Empreendimentos de Energia Elétrica, S.A.	10,200	10,200
Other	48,408	46,129
	221,777	218,591

Details on shareholders’ loans to Locarent – Companhia Portuguesa de Aluguer de Viaturas, S.A., at 31 December 2013 and 2012, are set out below:

- A shareholders’ loan of €36,000 thousand 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 01 February, May, August and November each year.

- A shareholders’ loan of €50,000 thousand. Quarterly interest at the 3 month Euribor rate is paid on this operation at the end at 1 January, 1 April, 1 July and 1 October each year. An addendum to the initial loan contract was signed in second half 2012 entailing an increase of 2% and 3% in spread up to 31 December 2012 and 30 September 2013, respectively. In second half 2013, the parties entered into a new shareholders’ loan contract under which the maturity period was extended for another year with no other changes to the terms and conditions in force.

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. (formed on the basis of this operation). The shareholders’ loans were used to pay off a part of Coelima’s debt to its creditors (including CGD). Interest at the 6 month Euribor rate plus a spread of 2.5% is charged on these shareholders’ loans which 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 associated companies. Caixa recognised an impairment loss on unrealised capital losses of €22,299 thousand, in 2011, increased by a further €10,228 thousand and €1,662 thousand, respectively, during the course of 2012 and 2013.

This account heading also included an assignment of credit rights over 19.5% of shareholders' loans made to Sagesecur by Parpública to Parcaixa, at 31 December 2013 and 2012, in the sphere of the payment of the entity's share capital, at the date of its formation.

22. CREDIT INSTITUTIONS' AND CENTRAL BANKS' RESOURCES

This account heading comprises the following:

	31-12-2013	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	1,584,500	1,465,000
Resources of other central banks		
Deposits and other resources		
Of domestic credit institutions	219	150
Of foreign credit institutions	79,020	51,308
Other resources	664	2,847
Interest payable	70,601	60,497
	6,485,004	8,529,802
Resources of other credit institutions		
Deposits and other resources		
Of domestic credit institutions	1,035,558	1,295,717
Of foreign credit institutions	1,062,383	1,358,183
Interbank money market resources	32,000	45,000
Immediate short term resources		
Of domestic credit institutions	364,923	403,995
Of foreign credit institutions	21,864	10,305
Loans		
Of foreign credit institutions	32,251	28,380
Resources of international financial entities	60,349	85,752
Sale operations with repurchase agreement	624,648	447,600
Adjustments to liabilities under hedging operations	203	121
Interest payable	15,817	22,230
Charges with deferred cost	(351)	(381)
	3,249,645	3,696,903
	9,734,649	12,226,705

This “Central Banks’ Resources – Resources – European Central Bank” account heading, at 31 December 2013 and 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 “Asset-backed guarantees” (Note 25) in off-balance sheet account headings.

“Sales operations with a repurchase agreement”, at 31 December 2013 and 2012, refer to contracts for the assignment of financial assets with an agreement to purchase at a future date at a predefined price, entered into between the Group and various financial institutions.

The assignment of financial instruments 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 sales and repurchase prices is recognised as an interest expense and deferred over the contract's lifetime.

The referred to operations were contracted for under *Global Master Repurchase Agreements* (GMRA) or bilateral liquidity injection agreements providing for mechanisms to strengthen the collateral associated with these transactions, based on the evolution of their respective market value assessed in conformity with the specifications agreed between the counterparties, usually comprising surety deposits.

23. CUSTOMER RESOURCES AND OTHER LOANS

This account heading comprises the following:

	31-12-2013	31-12-2012
Savings deposits	1,758,681	1,980,371
Other debts		
Repayable on demand	19,366,138	17,789,818
Term		
Deposits	44,833,633	44,802,691
Fixed rate products - insurance (Note 14)	-	5,600,888
Mandatory deposits	306,922	318,353
Other resources:		
Cheques and orders payable	69,160	45,731
Loans	68,399	101,614
Operations with repurchase agreement	45,970	17,252
Other	752,999	55,135
	46,077,084	50,941,664
	65,443,222	68,731,483
Interest payable	621,651	621,669
Deferred costs net of deferred income	(8,430)	(7,050)
Commissions associated with amortised cost (deferred)	(9,179)	(9,699)
Adjustments to liabilities under hedging operations	18,524	38,263
	622,567	643,184
	67,824,469	71,355,037

The “Fixed-rate products – insurance” account heading corresponds to life insurance products classified as investment contracts (Note 2.18) and consequently recognised under IAS 39 as if they were customer deposits in terms of banking activity.

In the framework of the privatisation process of the Group’s insurance companies, the balances of these units, associated with fixed-rate products were reclassified during the course of 2013 to the "Non-current assets held for sale" category (Note 14).

24. DEBT SECURITIES

This account heading comprises the following:

	31-12-2013	31-12-2012
Bonds issued:		
Bonds issued under the EMTN Programme		
- Remuneration indexed to interest rates	124,402	692,189
- Fixed interest rate	3,281,790	4,178,847
- Remuneration indexed to shares / indexes	114,000	266,220
- Remuneration indexed to exchange rates	420,236	611,085
	3,940,428	5,748,341
Covered bonds	3,736,100	3,001,450
Public sector covered bonds	622,700	617,150
Other cash bonds		
- Remuneration indexed to interest rates	62,442	23,654
	62,442	23,654
	8,361,670	9,390,595
Other		
Issues under the Euro Commercial Paper and Certificates of Deposit Programme		
- Commercial Paper	20,976	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	223,118	342,891
	244,094	1,001,629
Adjustments to liabilities under hedging operations	9,812	21,855
Deferred costs net of income	(12,152)	(14,840)
Interest payable	187,963	191,388
	8,791,387	10,590,627

The breakdown of the debt securities account heading, at 31 December 2013 and 2012, is net of the accumulated debt balance repurchases, whose amounts are split up as follows:

	31-12-2013	31-12-2012
Bonds issued under the EMTN programme	15,388	127,395
Covered bonds	3,700,000	4,843,550
Public sector bonds	135,450	235,450
Other cash bonds	3,600,000	4,600,000
	7,450,838	9,806,395

Caixa issued two Portuguese state-backed bond loans of €1,800,000 thousand and €2,800,000 thousand, at 19 July and 23 December 2011, 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 Ministerial Orders 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 injection 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 "€10 billion 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 5 years and 1 year, respectively, in euros, US dollars, sterling, Japanese yen or another currency agreed between the parties. Fixed or variable-rate interest is payable on these issues which may also be indexed to 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 amount of USD 2,000,000,000. The notes have a maximum maturity of 1 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)

CGD Group, through CGD (either directly or through its France and London branches) and CGD Finance, are entitled to issue debt securities under this programme for a maximum €15 billion. 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 indices or shares.

(iv) Covered bonds

CGD initiated a covered bond programme, for direct issue by CGD, up to a current maximum amount of €15 billion, 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 regulation applicable to issues of such assets, i.e. Decree Law 59/2006, *Official 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 indices or shares.

These bonds entitle their holders to special credit rights – over any other creditors – on assets which have been set aside in the issuing entity's balance sheet to guarantee the debt and to which bondholders enjoy access, in the event of insolvency.

Assets eligible for the constitution of an asset pool comprise mortgage loans for housing or commercial purposes in a European Union member state or, alternatively, loans and advances to central governments or the 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 on property for housing (60% for other property).

In accordance with the issue conditions defined by the programme, the following criteria must also, at all times, be complied with during the period of the issue:

- 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 covered bonds issues may not, for issues as a whole, exceed the average lives of their associated mortgage loans;
- The total amount of interest on the covered bonds may not, for issues as a whole, exceed the amount of interest charged to 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 asset pool may also include autonomous assets, up to a maximum of 20% of its value, namely deposits at the Bank of Portugal or securities eligible for Eurosystem credit operations among others defined by law.

The nominal value of covered bonds issued by Caixa, at 31 December 2013, and 2012, totalled €7,436,100 thousand and €7,845,000 thousand, respectively, with the following characteristics:

	Nominal		Date of issue	Date of redemption	Interest payment	Remuneration	Interest rate at 31-12-2013	Interest rate at 31-12-2012
	31-12-2013	31-12-2012						
Hipotecárias Série 1 2006/2016 1st 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%	0.344%	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%	0.504%	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%	0.265%	0.171%
Hipotecárias Série 1 2006/2016 2nd 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%	0.916%	1.068%
Hipotecárias Série 10 2010/2020	994,450	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%	0.975%	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%	0.975%	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%	0.978%	0.946%
Hipotecárias Série 15 2013/2018	740,200	-	18-01-2013	18-01-2018	Annually, on 18 January	Fixed rate	3.750%	-
	7,436,100	7,845,000						

(*) Issue fully repurchased by CGD. These securities are collaterising liquidity providing operations with the European Central Bank

The assets pool used to collateralise the issues includes mortgage loans made in Portugal with a book value of €9,945,587 thousand and €10,932,732 thousand at 31 December 2013 and 2012, respectively (Note 13).

The assets pool used to collateralise the issue of covered bonds also included debt securities with a book value of €124,380 thousand and €128,247 thousand respectively (Note 7) at 31 December 2013 and 2012.

The Moody's and Fitch ratings on these covered bonds, at 31 December 2013, were Baa3 and BBB, respectively.

(v) Bonds for the public sector

CGD initiated a programme for the issue of bonds for the public sector 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, *Official 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 indices or shares.

These bonds entitle their holders to special credit rights – over any other creditors – to assets which have been set aside in the issuing entity's balance sheet to guarantee the debt and to which bondholders enjoy access, in the event of insolvency.

Assets eligible for the constitution of an assets pool comprise amounts owed by central governments or the 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 the 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, at all times, 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 issues as a whole, exceed the average lifetime of the mortgage loans allocated to them;
- The total amount of interest payable on the bonds for the public sector may not, for issues as a whole, 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 asset allocations, which ratio must be maintained for parallel shifts of 200 basis points on the yield curve.

The asset pool may also include autonomous 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 31 December 2013 and 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 assets pool used to collateralise the issue comprises loans and advances to the public sector, made in Portugal, with a book value of €1,215,109 thousand and €1,418,068 thousand, at 31 December 2013 and 2012 (Note 13), respectively.

Moody's and Fitch's ratings on these bond issues for the public sector, at 31 December 2013, were Baa3 and BBB-, respectively.

Details on bonds issued, by type of interest and period to maturity, in the financial statements, at 31 December 2013 and 2012, are set out below

	31-12-2013						
	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	78,000	78,280	1,448,959	1,605,239	-	622,700	2,227,939
One to five years	36,000	193,750	1,705,915	1,935,665	2,471,650	22,405	4,429,720
Five to ten years	-	23,202	241,318	264,520	1,244,450	40,037	1,549,007
Over ten years	-	125,004	10,000	135,004	20,000	-	155,004
	114,000	420,236	3,406,192	3,940,428	3,736,100	685,142	8,361,670

	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 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.

25. PROVISÕES E PASSIVOS CONTINGENTES

Provisions

Provisions movements for employee benefits and other risks, for 2013 and 2012, were as follows:

	Balance at 31-12-2012	Additions	Reversals	Write-offs	Exchange differences	Transfers and other	Balance at 31-12-2013
Provision for employee benefits (Note 38)	549,950	4,126	(1,300)	(23,851)	(931)	11,444	539,438
Provision for litigation	24,134	9,671	(10,323)	-	(1,074)	(7,325)	15,083
Provision for guarantees and other commitments	193,490	21,390	(7,059)	(311)	(191)	444	207,763
Provision for other risks and charges	205,229	54,073	(72,334)	(10,525)	(441)	(57,041)	118,961
	422,854	85,134	(89,716)	(10,836)	(1,706)	(63,922)	341,807
	972,804	89,260	(91,016)	(34,687)	(2,637)	(52,478)	881,245

	Balance at 31-12-2011	Changes in consolidation perimeter	Additions	Reversals	Write-offs	Exchange differences	Transfers and other	Balance at 31-12-2012
Provision for employee benefits (Note 38)	497,493	-	22,601	(7,203)	(22,142)	(409)	59,610	549,950
Provision for litigation	17,879	5,852	4,322	(3,152)	(90)	(735)	58	24,134
Provision for guarantees and other commitments	125,110	-	68,246	(3,716)	-	(147)	3,997	193,490
Provision for other risks and charges	246,646	-	104,660	(109,941)	(39,929)	(512)	4,305	205,229
	389,635	5,852	177,228	(116,809)	(40,019)	(1,394)	8,361	422,854
	887,128	5,852	199,829	(124,012)	(62,161)	(1,803)	67,971	972,804

Provisions for other risks and liabilities cover contingencies arising from the Group's activity. This account heading, at 31 December 2013 and 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 increased in the period, by an amount of €49,556 thousand (Note 12).

Information on the composition of and movements in provisions for the costs of employee benefits is set out in Note 38.

Provisions for legal contingencies comprise the Group's best estimate of any amounts to be spent on the resolution thereof, based on estimates of the Legal Department and its attendant lawyers.

The "Increases" and "Recoveries and cancellations" columns in the provisions for employee benefits, legal contingencies and other risks for 2012 table include net costs of €437 thousand, reclassified to the "Results of subsidiaries held for sale" heading in the results statement for the referred to period, on the transfer of the assets and liabilities of the Group's insurance companies involved in a privatisation process to non-current assets and liabilities held for sale categories (Note 14).

Also herein, the "Transfers and other" column of the provisions movements table for 2013 included €23,375 thousand, €7,924 thousand and €57,326 thousand for the recognition of accumulated provisions for employee benefits, legal contingencies and other risks, respectively, related with the activity of these business units, which, at 31 December of the said year were recognised in non-current assets held for sale (Note 14).

Contingent liabilities and commitments

Contingent liabilities on banking activity are recognised in off-balance sheet account headings, as follows:

	31-12-2013	31-12-2012
Contingent liabilities		
Assets given as collateral	21,411,996	25,372,587
Guarantees and sureties	4,264,031	4,613,244
Open documentary credits	469,238	410,835
Stand by letters of credit	58,148	67,309
Transactions with recourse	-	2
Acceptances and endorsements	-	1,089
Other contingent liabilities	105,198	-
	26,308,611	30,465,066
Commitments		
Revocable commitments	7,215,333	7,676,704
Securities subscription	2,110,894	2,478,281
Irrevocable lines of credit	1,535,594	1,764,341
Term liabilities relating to annual contributions to the Deposit Guarantee Fund	155,553	155,553
Term operations	97,705	96,638
Investor Compensation System	36,147	38,867
Forward deposit agreements		
Receivable	36,256	-
To be created	666	2,000
Other	132,316	123,972
	11,320,464	12,336,356
Deposit and custody of securities	52,379,010	60,140,483

Asset-backed guarantees are as follows:

	31-12-2013	31-12-2012
Debt Instruments		
Consigned resources		
EIB - European Investment Bank	976,500	1,103,452
Bank of Portugal (*)	20,186,353	23,266,065
Deposit Guarantee Fund	184,940	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
European Central Bank	15,000	47,754
Other	508	531
	21,411,996	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.

Asset-backed guarantees, at 31 December 2013 and 2012, are for debt 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 at the said dates. These securities are not recognised in the balance sheet, with their acquisition cost having been recognised as a loan in "Loans and advances to customers". The market value of debt instruments given as collateral, at 31 December 2013 and 2012, was €21,189,671 thousand and €24,431,682 thousand, respectively.

At 31 December 2013 and 2012, the "Other asset-backed guarantees" account heading also referred to loans for the amounts of €15,000 thousand and €47,754 thousand, respectively, made by the Group as a guarantee to the European Central Bank. At 31 December 2012 this account heading also included loans of €692,500 thousand made by Caixa and allocated to operations with the European Development Bank.

The market value of Group securities collateralising term liabilities for annual contributions to the deposit guarantee fund and investors' indemnity system was €217,445 thousand and €247,329 thousand, at 31 December 2013 and 2012, respectively.

Asset-backed guarantees are not available for the Group's free use in its operations and are recognised at their nominal value in off-balance sheet accounts.

The object of the deposit guarantee fund is to guarantee customers' deposits in conformity with the limits defined by the General Credit Institutions Regime to which regular annual contributions are made. In 2013 and 2012, in accordance with the applicable regulation, the annual contribution to the deposit guarantee fund totalled €22,959 thousand and €21,728 thousand, respectively. In past years, a part of these liabilities took the form of an irrevocable commitment to make the referred to contributions when requested by the Fund. This amount is not recognised as a cost. Commitments since 1996 total €155,553 thousand.

In 2009, CGD was notified by the Portuguese tax authorities of their inspection report for 2005 on 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 Caixa Brasil SGPS, S.A.'s results in the said period. Caixa contested the referred to adjustment, considering that the procedure adopted by it was in compliance with the fiscal legislation in force, as it was in the possession of data enabling it to show that Caixa Brasil, S.A.'s earnings were subject to taxation. No provision for the said adjustment was therefore made in the financial statements at 31 December 2013 and 2012.

As a result of these fiscal executive procedures on the referred to past adjustments made by the tax authorities, in 2010, Caixa constituted a surety deposit for the suspension of the tax settlement procedure guarantee. The referred to surety deposit for the amount of €50,282 thousand, has been recognised in "Other assets – debtors and other assets – other debtors" account heading (Note 21).

26. TECHNICAL PROVISIONS FOR INSURANCE CONTRACTS

In the framework of the privatisation in progress of the Group's insurance companies, the balances of these units associated with technical provisions for insurance contracts were reclassified during the course of 2013 to "Non-current assets held for sale" categories. Information on the composition of these liabilities, for 2013 and 2012, is set out in the following table**:**

	31-12-2013			31-12-2012
	Balances classified in "Technical provisions for insurance contracts"	Balances classified in "Non-current liabilities held for sale" (Note 14)	Total	
Caixa Seguros				
Direct insurance and inwards reinsurance:				
Life insurance:				
Mathematical provision:				
Insurance contracts	-	230,037	230,037	231,791
Insurance contracts with discretionary profit sharing	-	1,527,027	1,527,027	1,669,080
	-	1,757,064	1,757,064	1,900,871
Provision for profit sharing	-	102,173	102,173	83,449
Provision for unearned premiums	-	1,502	1,502	1,620
Provision for claims:				
Reported claims	-	92,452	92,452	101,171
Unreported claims (IBNR)	-	16,008	16,008	15,354
	-	108,460	108,460	116,525
Other technical provisions				
Provision for commitments to rate	-	6,506	6,506	11,014
Provision of stabilization of portfolio	-	23,546	23,546	22,291
	-	30,052	30,052	33,305
Total life insurance	-	1,999,251	1,999,251	2,135,770
Non-life insurance:				
Provision for unearned premiums	-	264,012	264,012	274,781
Provision for claims:				
Reported claims	-	1,654,352	1,654,352	1,666,474
Unreported claims (IBNR)	-	79,518	79,518	103,981
	-	1,733,870	1,733,870	1,770,455
Provision for risks in progress	-	41,011	41,011	16,768
Other technical provisions				
Provision for profit sharing	-	94	94	35
Total non-life insurance	-	2,038,987	2,038,987	2,062,039
Total life and non-life insurance	-	4,038,238	4,038,238	4,197,809
Other provisions for the insurance activity	-	16,808	16,808	16,584
Subtotal Caixa Seguros	-	4,055,046	4,055,046	4,214,393
Garantia	10,108	-	10,108	9,750
Total	10,108	4,055,046	4,065,154	4,224,143

Information on the composition of the mathematical provision for life insurance and the provision for direct insurance and inward reinsurance profit sharing, at 31 December 2013 and 2012, is set out below:

	31-12-2013			31-12-2012		
	Mathematical provision	Provision for profit sharing	Total	Mathematical provision	Provision for profit sharing	Total
Insurance contracts:						
Capital Vida 4%	3,332	362	3,694	3,696	232	3,928
Rendas Ind. 4%	7,742	2,432	10,174	11,186	2,864	14,050
Rendas Ind. 4% - IB	2,821	667	3,488	-	-	-
Vida c/ Participação	256	2,984	3,240	369	3,565	3,934
Rendas Grupo 4%	4,871	345	5,217	100,332	1,201	101,533
Rendas Grupo 4% - IB	91,209	887	92,096	-	-	-
Vida c/ Participação Bonança	-	2,159	2,159	-	1,650	1,650
Vida c/ Participação Império	-	4,844	4,844	-	4,204	4,204
Guaranteed Education Plan	387	-	387	226	-	226
Guaranteed Savings 5 Years	7,759	-	7,759	7,997	-	7,997
Leve Piggy	138	-	138	-	-	-
F Ind. c/Part - cart nova 011	2,323	5,916	8,239	-	-	-
F Ind. c/Part	3,655	1,946	5,601	6,506	7,403	13,909
F Grupo c/Part	11,980	6,755	18,734	12,730	6,996	19,726
Vida risco grupo Moçambique	-	41	41	-	-	-
Vida Grupo 'Com Participación Beneficios	1	276	277	-	-	-
Seguro de dependência	142	-	142	113	-	113
Proteção Sénior	104.054	-	104	134	-	134
Educação Garantida	218	-	218	217	-	217
Hipoteca Prima Única (Espanha)	4,978	-	4,978	7,116	-	7,116
Rentas Individuales Vitalicias T Gar	-	-	-	110	-	110
Vida Hipoteca Anual Renovable	213	-	213	-	-	-
Renta Garantizada	2,295	-	2,295	-	-	-
LUX-Imperio Previdência	17	-	17	18	-	18
LUX-Credito Consumo	10	-	10	11	-	11
LUX-Credito Habitação	153	-	153	173	-	173
LUX-CAIXA ASSUR IMMO	260	-	260	268	-	268
Rendas (ESP)	-	-	-	20,315	-	20,315
Rentas Colectivas BCG	20,645	-	20,645	-	-	-
Postal - Proteção Vida	-	-	-	5,704	-	5,704
Prejubilaciones BCG	4,476	-	4,476	-	-	-
F Ind. s/Part	17,443	-	17,443	14,203	-	14,203
Vida Préstamos Consumo Prima Única	35	-	35	-	-	-
Vida Grupo sin Participación Beneficios	533	-	533	-	-	-
F Grupo s/Part	29,116	-	29,116	37,937	-	37,937
ADEP	7,227	-	7,227	-	-	-
Luxembourg vie	523	-	523	-	-	-
Prevoyance	2,517	-	2,517	-	-	-
Individual Life Insurance	13	-	13	7	-	7
Ahorro Tipo Garantizado (ESP)	2,586	-	2,586	2,423	-	2,423
Vida Individual s/ Participação	46	-	46	-	-	-
Vida Individual s/ Participação (1)	15	-	15	-	-	-
	230,037	29,616	259,652	231,791	28,115	259,906

	31-12-2013			31-12-2012		
	Mathematical provision	Provision for profit sharing	Total	Mathematical provision	Provision for profit sharing	Total
(Cont)						
Investment contracts with discretionary profit sharing:						
Top Reforma 4%-Ind.	46,902	3,966	50,868	52,203	2,831	55,034
Seg Poupança 2ªS 2,75%	-	580	580	-	580	580
Seg Poupança 3ª/4ªS 3,5%	15,307	4,174	19,481	15,270	3,877	19,147
Garantia Crescente 2,75% -Bco	185	82	267	197	42	239
Super Garantia 2,75% (Med)	1,046	55	1,101	2,081	-	2,081
PIR 4%	9,203	2,958	12,161	12,686	2,855	15,541
Postal Poup Futuro Série A - 3%	4,372	-	4,372	4,774	-	4,774
Seg Poupança 5ªS 2,75%	102,593	-	102,593	106,663	126	106,789
Seg Poupança 6ªS 2,25%	16,555	-	16,555	24,733	32	24,765
Postal Poup Futuro Série B - 2,25%	900	-	900	1,002	-	1,002
Poupança/Garantia - taxa variável	11,721	-	11,721	-	-	-
Postal Poupança Segura	512	-	512	18,442	-	18,442
Fundo Poupança 7ª S 2%	14,998	1	14,999	26,099	1	26,100
Caixa Seguro Liquidez 2%	1,723	-	1,723	16,054	-	16,054
Caixa Seguro Liquidez	11,848	-	11,848	-	-	-
Postal 4,10%	-	92	92	-	92	92
Seg.Poupança 9ª Série	30,660	1,138	31,798	31,388	55	31,443
Poupança/PoupaInveste	821	-	821	2,042	-	2,042
Poupança/PoupaInveste IB	719	-	719	-	-	-
Cx 10ºS Postal Ser E	18,003	-	18,003	18,961	-	18,961
Leve Learning	22	-	22	-	-	-
Smart Savings Plan	1,138	-	1,138	-	-	-
LUX-Imperio Poupanca +	608	-	608	602	-	602
LUX-CPR	44	-	44	40	-	40
LUX-Compte Epargne Investimente	526	-	526	519	-	519
LUX-Cx. Invest. Seguro - Pr. Unicos	2,788	81	2,870	2,115	48	2,163
LUX-Cx. Invest. Seguro - Pr. Periódicos	501	-	501	437	-	437
Conta Poupança Reforma Individual	52,127	5,839	57,965	58,296	5,539	63,835
PUR	14,183	1,209	15,391	17,244	865	18,109
PUR 3,25%	732	280	1,012	810	206	1,016
PUR 2,4%	7,503	1,391	8,894	10,644	1,049	11,693
Conta Poupança Reforma 3%	5,967	633	6,600	7,190	622	7,812
Poupainveste 2ª-serie	2,454	-	2,454	2,501	-	2,501
Top Reforma 4%-Grupo	1,680	406	2,085	1,625	283	1,908
Top Reforma 2,75%-Grupo	12,440	1,508	13,949	12,386	1,070	13,456
Complementos Reforma	3,336	118	3,454	3,351	74	3,425
Epargne Libre (FRF) 3,75%	8,932	63	8,995	227,892	601	228,493
Indem Fin Carriérres	2,641	20	2,661	-	-	-
Epargne Libre	210,321	1,600	211,921	-	-	-
Epargne Libre Plus (FRF)	24,902	193	25,094	23,372	61	23,433
Capitalização Grupo	600	-	600	445	-	445
PUR 4,0% Grupo	3,067	202	3,269	2,924	140	3,064
PoupaInveste Empresas	127	1	128	98	-	98
PUR 3,25% - Grupo	155	-	155	155	-	155
PUR 2,4% - Grupo	324	57	382	336	49	385
PPR/E Fidelidade 4%	107,490	7,869	115,360	120,841	6,617	127,458
PPR/E Rendimento 1ª/2ª S 3,5%	150,643	17,044	167,687	163,733	14,038	177,771
PPR (Clássico) 4%	25,606	1,186	26,792	29,780	704	30,484
Multiplano PPR/E 3%	5,852	-	5,852	6,823	-	6,823
PPR/E MC Série A 3%	19,886	0	19,886	22,541	-	22,541
Postal PPR/E Série A 3,25%	5,571	-	5,571	6,349	-	6,349
PPR/E Rend. 3ª S 2,75%	111,557	-	111,557	125,424	-	125,424
PPR/E MC Série B 2,75%	98,700	10	98,710	108,689	10	108,699
Postal PPR/E Série B 2,75%	6,748	-	6,748	7,989	-	7,989
PPR/E Capital Garantido	636	-	636	708	1	709
PPR/E Rend 4ªS 2,25%	22,450	-	22,450	25,299	-	25,299
PPR/E Capital Mais FRN	28,115	-	28,115	28,025	3	28,028
Caixa PPR 4%	7,791	-	7,791	9,010	-	9,010
PPR - Leve Duo	51,722	3,663	55,385	52,556	543	53,099
Postal PPR 4,10%	2,061	613	2,675	2,924	420	3,344
Postal PPR/E Série E	1,587	10	1,598	1,766	-	1,766
Postal PPR Série F	1,868	-	1,868	1,897	-	1,897
PPR - Imperio	44,532	4,885	49,416	50,214	3,855	54,069
PPR - Bonança	17,946	1,491	19,437	20,075	965	21,040
PPR 3%	29,982	3,002	32,984	33,255	2,679	35,934
Império Bonança Reforma (PPR) -412	89,560	3,340	92,900	89,610	2,361	91,971
Império Bonança Reforma (PPR/E) -413	10,720	1,183	11,902	13,488	675	14,163
Império Bonança PPR/E Ganha +	2,285	-	2,285	2,596	14	2,610
PPR Ganha +	11,799	24	11,823	12,630	24	12,654
PPR Ganha + 3ª Série	5,778	-	5,778	6,503	-	6,503
IB PPR Leve Duo	3,359	286	3,644	3,074	146	3,220
PPR Ganha + 4ª Série Transferências	4,253	-	4,253	4,602	-	4,602
PPR Ganha + 4ª Série Transferências - IB	258	2	260	-	-	-
PPR Rendimento Garantido 5ª S Transfer.	1,042	34	1,076	1,290	28	1,318
PPR Rendimento Garantido 5ª S Transfer. - IB	419	20	439	-	-	-
FM Invest (FRA)	295	3	297	100	-	100
Levexpert PPR - Serie Q	11,325	1,245	12,571	11,712	1,153	12,865
	1,527,027	72,558	1,599,585	1,669,080	55,334	1,724,414
Total	1,757,064	102,173	1,859,237	1,900,871	83,449	1,984,320

Information on movements in the mathematical provision and provision for direct insurance and inward reinsurance profit sharing and the mathematical provision for outwards reinsurance, in 2013 and 2012, is set out below:

	Opening balance 31-12-2012	Liabilities originated in the period and interest paid	Amounts attributable to the insurance holders by reserves	Deferred costs	Other	Profit sharing	Closing balance 31-12-2013
Direct insurance and inwards reinsurance:							
Mathematical provision:							
- Insurance contracts	231,791	(1,998)	-	7	(25)	262	230,037
- Investment contracts with profit sharing having a discretionary component	1,669,080	(142,736)	-	21	(353)	1,015	1,527,027
	1,900,871	(144,734)	-	28	(378)	1,277	1,757,064
Provision for profit sharing:							
- Insurance contracts	28,115	2,719	1,975	-	-	(3,193)	29,616
- Investment contracts with profit sharing having a discretionary component	55,334	(10,229)	28,467	-	-	(1,015)	72,557
	83,449	(7,510)	30,442	-	-	(4,208)	102,173
	1,984,320	(152,244)	30,442	28	(378)	(2,931)	1,859,237
Outwards reinsurance:							
Mathematical provision:							
- Insurance contracts	(9,412)	(3,491)	-	-	-	-	(12,903)
- Investment contracts with profit sharing having a discretionary component	-	-	-	-	-	-	-
	(9,412)	(3,491)	-	-	-	-	(12,903)
	1,974,908	(155,735)	30,442	28	(378)	(2,931)	1,846,334

	Opening balance 31-12-2011	Liabilities originated in the period and interest paid	Amounts attributable to the insurance holders by reserves	Deferred costs	Other	Profit sharing	Closing balance 31-12-2012
Direct insurance and inwards reinsurance:							
Mathematical provision:							
- Insurance contracts	242,714	(11,131)	-	7	-	201	231,791
- Investment contracts with profit sharing having a discretionary component	2,025,187	(355,337)	-	32	(1,521)	719	1,669,080
	2,267,901	(366,468)	-	39	(1,521)	920	1,900,871
Provision for profit sharing:							
- Insurance contracts	26,478	(572)	6,809	-	-	(4,600)	28,115
- Investment contracts with profit sharing having a discretionary component	5,096	(18,807)	69,768	-	-	(723)	55,334
	31,574	(19,379)	76,577	-	-	(5,323)	83,449
	2,299,475	(385,847)	76,577	39	(1,521)	(4,403)	1,984,320
Outwards reinsurance:							
Mathematical provision:							
- Insurance contracts	(7,399)	(2,013)	-	-	-	-	(9,412)
	(7,399)	(2,013)	-	-	-	-	(9,412)
	2,292,076	(387,861)	76,577	39	(1,521)	(4,403)	1,974,908

Information on the composition of the provision for unearned premiums for direct insurance and inward reinsurance on non-life insurance, at 31 December 2013 and 2012, is given below.

	31-12-2013			31-12-2012		
	Deferred premiums	Deferred costs	Net	Deferred premiums	Deferred costs	Net
Non-life insurance						
Workman's compensation	13,937	(2,327)	11,610	14,603	(2,344)	12,259
Personal and passenger accident	8,824	(1,747)	7,077	11,352	(2,259)	9,093
Health	26,079	(5,209)	20,870	24,983	(4,985)	19,998
Fire and other damage	91,836	(15,783)	76,053	93,100	(15,887)	77,213
Motor	149,484	(29,548)	119,936	155,405	(30,390)	125,015
Marine, air and transport	2,998	(345)	2,653	3,214	(315)	2,899
General third party liability	9,215	(1,534)	7,681	10,636	(1,481)	9,155
Credit and guarantees	416	(57)	359	419	(55)	364
Legal protection	2,543	(368)	2,175	2,637	(371)	2,266
Assistance	11,545	(1,719)	9,826	11,664	(1,615)	10,049
Miscellaneous	6,902	(1,130)	5,772	7,770	(1,300)	6,470
	323,779	(59,767)	264,012	335,783	(61,002)	274,781
Life insurance	1,502	-	1,502	1,620	-	1,620
	325,281	(59,767)	265,514	337,403	(61,002)	276,401

Movements in provisions for unearned premiums and deferred acquisition costs on direct insurance and inward reinsurance, in 2013 and 2012, were as follows:

	Opening balance 31-12-2012	Liabilities originated in the period	Exchange differences	Closing balance 31-12-2013
Direct insurance and inwards reinsurance:				
Provision for unearned premiums:				
Life insurance	1,620	(118)	-	1,502
Non-life insurance				
Workman's compensation	14,603	(436)	(230)	13,937
Personal and passenger accident	11,352	(2,520)	(8)	8,824
Health	24,983	1,174	(78)	26,079
Fire and other damage	93,100	(1,113)	(151)	91,836
Motor	155,405	(5,647)	(274)	149,484
Marine, air and transport	3,214	(214)	(2)	2,998
General third party liability	10,636	(1,410)	(11)	9,215
Credit and guarantees	419	(3)	-	416
Legal protection	2,637	(94)	-	2,543
Assistance	11,664	(119)	-	11,545
Miscellaneous	7,770	(868)	-	6,902
	335,783	(11,250)	(754)	323,779
Deferred acquisition costs:				
Life insurance	-	-	-	-
Non-life insurance				
Workman's compensation	(2,344)	1	16	(2,327)
Personal and passenger accident	(2,259)	512	-	(1,747)
Health	(4,985)	(236)	12	(5,209)
Fire and other damage	(15,887)	104	-	(15,783)
Motor	(30,390)	896	(54)	(29,548)
Marine, air and transport	(315)	(30)	-	(345)
General third party liability	(1,481)	(54)	1	(1,534)
Credit and guarantees	(55)	(2)	-	(57)
Legal protection	(371)	3	-	(368)
Assistance	(1,615)	(104)	-	(1,719)
Miscellaneous	(1,300)	170	-	(1,130)
	(61,002)	1,260	(25)	(59,767)
	276,401	(10,108)	(779)	265,514
Outwards reinsurance				
Provision for unearned premiums:				
Life insurance	-	-	-	-
Non-life insurance				
Workman's compensation	7	(7)	-	-
Personal and passenger accident	5,203	(1,854)	(4)	3,345
Health	114	35	(58)	91
Fire and other damage	26,502	(131)	(141)	26,230
Auto	778	709	(93)	1,394
Marine, air and transport	2,148	(254)	(2)	1,892
General third party liability	3,007	(403)	(8)	2,596
Credit and guarantees	228	(9)	-	219
Assistance	11	3	-	14
Miscellaneous	3,979	(734)	-	3,245
	41,977	(2,645)	(306)	39,026
Deferred acquisition costs:				
Life insurance	(1)	1	-	-
Non-life insurance				
Workman's compensation	(2)	2	-	-
Personal and passenger accident	(2,534)	972	-	(1,562)
Health	(32)	26	-	(6)
Fire and other damage	(4,055)	(46)	-	(4,101)
Motor	(130)	(94)	-	(224)
Marine, air and transport	(253)	7	-	(246)
General third party liability	(190)	6	-	(184)
Credit and guarantees	(7)	-	-	(7)
Assistance	(1)	(1)	-	(2)
Miscellaneous	(1,160)	378	-	(782)
	(8,364)	1,250	-	(7,114)
	33,613	(1,394)	(306)	31,912

	Opening balance 31-12-2011	Liabilities originated in the period	Exchange differences	Closing balance 31-12-2012
Direct insurance and inwards reinsurance:				
Provision for unearned premiums:				
Life insurance	1,655	(35)	-	1,620
Non-life insurance				
Workman's compensation	14,788	(165)	(20)	14,603
Personal and passenger accident	15,009	(3,654)	(3)	11,352
Health	26,811	(1,826)	(2)	24,983
Fire and other damage	92,205	881	14	93,100
Motor	161,840	(6,377)	(58)	155,405
Marine, air and transport	3,486	(273)	1	3,214
General third party liability	11,856	(1,217)	(3)	10,636
Credit and guarantees	356	64	(1)	419
Legal protection	2,787	(150)	-	2,637
Assistance	11,467	197	-	11,664
Miscellaneous	9,443	(1,673)	-	7,770
	350,048	(14,193)	(72)	335,783
Deferred acquisition costs:				
Life insurance	-	-	-	-
Non-life insurance				
Workman's compensation	(2,623)	277	2	(2,344)
Personal and passenger accident	(2,943)	684	-	(2,259)
Health	(4,610)	(375)	-	(4,985)
Fire and other damage	(16,229)	341	1	(15,887)
Motor	(29,077)	(1,317)	4	(30,390)
Marine, air and transport	(403)	88	-	(315)
General third party liability	(1,598)	117	-	(1,481)
Credit and guarantees	(37)	(18)	-	(55)
Legal protection	(388)	17	-	(371)
Assistance	(1,652)	37	-	(1,615)
Miscellaneous	(1,598)	298	-	(1,300)
	(61,158)	149	7	(61,002)
	290,545	(14,079)	(65)	276,401
Outwards reinsurance				
Provision for unearned premiums:				
Life insurance	-	-	-	-
Non-life insurance				
Workman's compensation	202	(195)	-	7
Personal and passenger accident	8,082	(2,876)	(3)	5,203
Health	591	(477)	-	114
Fire and other damage	32,815	(6,341)	28	26,502
Auto	187	616	(25)	778
Marine, air and transport	1,967	182	(1)	2,148
General third party liability	3,502	(496)	1	3,007
Credit and guarantees	154	74	-	228
Legal protection	52	(52)	-	-
Assistance	-	11	-	11
Miscellaneous	5,736	(1,757)	-	3,979
	53,288	(11,311)	-	41,977
Deferred acquisition costs:				
Life insurance	-	(1)	-	(1)
Non-life insurance				
Workman's compensation	(6)	4	-	(2)
Personal and passenger accident	(3,954)	1,420	-	(2,534)
Health	(310)	278	-	(32)
Fire and other damage	(4,479)	424	-	(4,055)
Motor	-	(130)	-	(130)
Marine, air and transport	(250)	(3)	-	(253)
General third party liability	(214)	24	-	(190)
Credit and guarantees	(3)	(4)	-	(7)
Assistance	-	(1)	-	(1)
Miscellaneous	(1,659)	499	-	(1,160)
	(10,875)	2,511	-	(8,364)
	42,413	(8,801)	-	33,613

The provision for direct insurance and inward reinsurance claims, at 31 December 2013 and 2012, comprised the following:

	31-12-2013			31-12-2012		
	Reported	Not reported	Total	Reported	Not reported	Total
Life insurance:						
	92,452	16,008	108,460	101,171	15,354	116,525
Non-life insurance:						
Workman's compensation						
Mathematical provision	529,321	1,021	530,342	527,330	3,476	530,806
Provision for lifelong assistance	159,524	221	159,745	137,151	18,462	155,613
Provision for temporary assistance	130,604	3,267	133,871	121,962	4,345	126,307
	819,449	4,509	823,958	786,443	26,283	812,726
Other insurance						
Personal and passenger accident	14,964	444	15,408	15,767	710	16,477
Health	39,489	3,347	42,836	37,540	1,809	39,349
Fire and other damage	123,755	14,955	138,710	107,382	14,764	122,146
Motor	515,831	47,111	562,942	562,009	50,467	612,476
Marine, air and transport	11,687	983	12,670	15,095	930	16,025
General third party liability	106,659	4,897	111,556	116,143	5,160	121,303
Credit and guarantees	385	70	455	449	56	505
Legal protection	6,396	1,166	7,562	6,831	640	7,471
Assistance	7,693	25	7,718	5,515	57	5,572
Miscellaneous	8,046	2,009	10,055	13,300	3,105	16,405
	834,905	75,007	909,912	880,031	77,698	957,729
	1,654,354	79,516	1,733,870	1,666,474	103,981	1,770,455
	1,746,806	95,524	1,842,330	1,767,645	119,335	1,886,980

Movements in provisions for direct insurance, inward reinsurance and outwards reinsurance claims, in 2013 and 2012, were as follows:

	Opening balance 31-12-2012	Liabilities originated in the period	Claims	Exchange differences	Closing balance 31-12-2013
Direct insurance and inwards reinsurance:					
Provision for claims					
Life insurance					
	116,525	326,410	(334,475)	-	108,460
Non-life insurance					
Workman's compensation					
	812,726	143,752	(132,593)	73	823,958
Other insurance:					
Personal and passenger accident	16,477	8,860	(9,928)	-	15,409
Health	39,349	155,971	(152,528)	46	42,838
Fire and other damage	122,146	146,909	(130,346)	1	138,710
Motor	612,476	253,083	(302,660)	39	562,938
Marine, air and transport	16,025	8,916	(12,271)	-	12,670
General third party liability	121,303	12,378	(22,125)	-	111,556
Credit and guarantees	505	771	(820)	-	456
Legal protection	7,471	458	(367)	-	7,562
Assistance	5,572	30,991	(28,846)	-	7,717
Miscellaneous	16,405	7,751	(14,100)	-	10,056
	957,729	626,088	(673,991)	86	909,912
	1,770,455	769,840	(806,584)	159	1,733,870
	1,886,980	1,096,250	(1,141,059)	159	1,842,330
Outwards reinsurance (Note 20):					
Provision for claims					
Life insurance					
	12,979	9,761	(11,031)	-	11,709
Non-life insurance					
Workman's compensation					
	325	(308)	(5)	-	12
Other insurance:					
Personal and passenger accident	7,360	718	(772)	-	7,306
Health	413	717	(583)	(36)	511
Fire and other damage	60,284	63,237	(58,018)	(1)	65,502
Motor	14,483	1,909	(3,146)	(101)	13,145
Marine, air and transport	10,234	7,959	(10,325)	-	7,868
General third party liability	30,097	(1,612)	(6,110)	-	22,375
Credit and guarantees	18	144	(140)	-	22
Legal protection	-	-	-	-	-
Miscellaneous	13,165	4,153	(9,959)	-	7,359
	136,054	77,225	(89,053)	(138)	124,088
	136,379	76,917	(89,058)	(138)	124,100
	149,358	86,678	(100,089)	(138)	135,809

	Opening balance 31-12-2011	Liabilities originated in the period	Claims	Exchange differences	Closing balance 31-12-2012
Direct insurance and inwards reinsurance:					
Provision for claims					
Life insurance					
	142,010	553,050	(578,535)	-	116,525
Non-life insurance					
Workman's compensation					
	761,106	162,803	(111,203)	20	812,726
Other insurance:					
Personal and passenger accident	14,902	8,229	(6,655)	1	16,477
Health	40,164	152,616	(153,431)	-	39,349
Fire and other damage	154,812	66,645	(99,313)	2	122,146
Motor	660,070	292,626	(340,238)	18	612,476
Marine, air and transport	13,948	6,896	(4,819)	-	16,025
General third party liability	117,128	23,460	(19,285)	-	121,303
Credit and guarantees	958	4	(457)	-	505
Legal protection	7,446	510	(485)	-	7,471
Assistance	3,351	28,790	(26,569)	-	5,572
Miscellaneous	16,503	12,688	(12,786)	-	16,405
	1,029,282	592,464	(664,038)	21	957,729
	1,790,388	755,267	(775,241)	41	1,770,455
	1,932,398	1,308,317	(1,353,776)	41	1,886,980
Outwards reinsurance (Note 20):					
Provision for claims					
Life insurance					
	15,401	(13,252)	10,830	-	12,979
Non-life insurance					
Workman's compensation					
	1,455	(3,246)	2,116	-	325
Other insurance:					
Personal and passenger accident	6,634	(640)	1,366	-	7,360
Health	366	(348)	395	-	413
Fire and other damage	86,817	(64,947)	38,416	(2)	60,284
Motor	15,630	(3,320)	2,182	(9)	14,483
Marine, air and transport	7,262	258	2,714	-	10,234
General third party liability	24,345	625	5,127	-	30,097
Credit and guarantees	6	(403)	415	-	18
Legal protection	-	-	-	-	-
Miscellaneous	12,296	(13,074)	13,943	-	13,165
	153,356	(81,849)	64,558	(11)	136,054
	154,811	(85,095)	66,674	(11)	136,379
	170,212	(98,347)	77,504	(11)	149,358

Information on provisions for unexpired risks on direct insurance and inward reinsurance movements, for 2013 and 2012, is set out below:

Direct insurance and inwards reinsurance:			
Workman's compensation	2,284	11,881	14,165
Personal and passenger accident	82	(49)	33
Health	909	1,904	2,813
Fire and other damage	1,847	6,935	8,782
Motor	10,359	4,044	14,403
Marine, air and transport	-	48	48
General third party liability	725	(235)	490
Credit and guarantees	26	149	175
Assistance	536	(434)	102
	16,768	24,243	41,011

	Opening balance 31-12-2011	Appropriations in period	Closing balance 31-12-2012
Direct insurance and inwards reinsurance:			
Workman's compensation	3,472	(1,188)	2,284
Personal and passenger accident	8	74	82
Health	7,804	(6,895)	909
Fire and other damage	5,061	(3,214)	1,847
Motor	13,606	(3,247)	10,359
General third party liability	823	(98)	725
Credit and guarantees	25	1	26
Legal protection	1	(1)	-
Assistance	749	(213)	536
	31,549	(14,781)	16,768

27. Other subordinated liabilities

This account heading comprises the following:

	31-12-2013	31-12-2012
Bonds	2,489,653	2,871,659
Loans	21,209	22,975
	2,510,862	2,894,634
Interest payable	45,783	37,107
Deferred income net of charges	(32,780)	(42,682)
Adjustment to liabilities under hedging operations	(165)	8
	2,523,700	2,889,067

At 29 June 2012, CGD issued €900,000 thousand in hybrid financial instruments eligible as core tier 1 own funds, fully subscribed for by the Portuguese state (conditions defined in Ministerial Ruling 8840-C/2012 of 28 June 2012). These bonds are convertible into shares in the following circumstances:

- CGD's full or part cancellation or suspension of the payment of interest on the hybrid financial instruments;
- A materially relevant breach of 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 specified by the state in the issue conditions;
- 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 31-12-2013	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	-	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 redemption).	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	104.720	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.

Issuer	Bonds	Currency	Value of issue	Book value at 31-12-2013	Book value at 31-12-2012	Date of issue	Date of redemption	Interest rate/ payment	Early redemption clause
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.

Issuer	Bonds	Currency	Value of issue	Book value at 31-12-2013	Book value at 31-12-2012	Date of issue	Date of redemption	Interest rate/ payment	Early redemption clause
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.

Issuer	Bonds	Currency	Value of issue	Book value at 31-12-2013	Book value at 31-12-2012	Date of issue	Date of redemption	Interest rate/ payment	Early redemption clause
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.
CGD Finance	Floating Rate Undated Subordinated Notes	EUR	110.000	771	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.
CGD 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.
CGD Finance	Floating Rate Notes due 2016	USD	265.000	16.278	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.

Issuer	Bonds	Currency	Value of issue	Book value at 31-12-2013	Book value at 31-12-2012	Date of issue	Date of redemption	Interest rate/ payment	Early redemption clause
Banco Comercial e de Investimentos	Subordinanted bonds BCI 2008-2018	MZN	216.000	4.888	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	3.617	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	6.250	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	2.723	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.

28. OTHER LIABILITIES

This account heading comprises the following:

	31-12-2013	31-12-2012
Creditors		
Consigned resources	775,705	853,983
Suppliers of finance leasing assets	15,700	6,827
Other suppliers	69,233	83,958
Resources - collateral account	214,198	150,349
Resources - subscription account	40,774	28,137
Resources - secured account	2,962	3,973
Other creditors:		
Creditors for direct insurance and reinsurance	-	240,350
Creditors for factoring ceded	22,421	28,341
Caixa Geral de Aposentações	3,892	46,123
CGD's Pension Fund	141	226
Creditors for futures contracts	26,464	19,686
Creditors for operations on securities	133	186
Other	424,627	726,621
Other liabilities:		
Notes in circulation - Macau (Note 21)	469,364	411,100
Withholding taxes	50,060	70,272
Social Security contributions	11,600	13,593
Other taxes payable	12,483	19,390
Collections on behalf of third parties	361	1,652
Other	17,836	17,601
Accrued costs	235,729	231,226
Deferred income	59,512	57,666
Liabilities pending settlement	378,613	383,162
Stock exchange operations	-	570
	2,831,807	3,394,992

The “Resources – collateral account” heading at 31 December 2013 and 2012, included €195,393 thousand and €145,568 thousand, respectively, relating to interest rates swap (IRS) contracts deposits made in CGD by several financial institutions.

The following table summarises the conditions attached to the “Consigned resources” account at 31 December 2013:

DESIGNATION	COUNTERPART	Balances at 31-12-2013	Start date	Payment date
CGD Empréstimo Global XI	Banco Europeu de Investimento	133,333	25-06-2003	15-06-2023
CGD Empréstimo Global X	Banco Europeu de Investimento	120,000	21-11-2002	15-09-2022
Mid-Cap I taxa revisível	Banco Europeu de Investimento	82,773	29-11-2007	15-09-2022
CGD - Empréstimo Global XII - B	Banco Europeu de Investimento	68,750	19-11-2004	15-09-2024
CGD - Empréstimo Global XIII	Banco Europeu de Investimento	60,938	12-10-2006	15-09-2026
Hospital Braga	Banco Europeu de Investimento	60,357	03-06-2009	09-06-2020
Projeto Scut Açores	Banco Europeu de Investimento	60,000	14-12-2007	15-09-2034
Framework Loan Agreement	CEB - Council of Europe Development Bank	50,000	23-06-2004	23-06-2014
CGD Reabilitação Urbana	Banco Europeu de Investimento	49,445	11-12-2003	15-12-2023
Projeto Tejo Energia CCGT	Banco Europeu de Investimento	44,085	09-12-2009	15-09-2026
CEB - PARES	CEB - Council of Europe Development Bank	16,911	23-12-2009	23-12-2024
CGD - Empréstimo Global XII - A	Banco Europeu de Investimento	16,667	19-11-2004	15-09-2014
CEB - Educação	CEB - Council of Europe Development Bank	12,288	21-11-2008	21-11-2023
Other		159		
		775,705		

Interest on the “Consigned resources” account, at 31 December 2013, was paid at an average annual rate of 0.506%

29. CAPITAL

At 31 December 2013 and 2012, CGD's share capital (in euros) was totally held by the Portuguese state, as follows:

	31-12-2013	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

At 29 June 2012, following its resolution of 27 June, CGD's shareholder increased 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 the 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 27).

The capital increase and issue of hybrid instruments ensured 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* (published in the Bank of Portugal's *Official Notice* 5/2012) with the European Council's agreement of 26 October 2011, required the banks to set up 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, measured at market prices, at 30 September 2011.

30. RESERVES, RETAINED EARNINGS AND RESULTS ATTRIBUTABLE TO THE SHAREHOLDER CGD

Information on reserves and retained earnings, at 31 December 2013 and 2012, is set out below:

	31-12-2013	31-12-2012
Fair value reserve, net of deferred tax		
- Current activity		
Available-for-sale financial assets (Note 8)	2,667	(31,771)
Assets with repurchase agreement	2,246	(1,299)
Held-to-maturity investments	-	(156,594)
	4,913	(189,664)
- Non-current activity		
Available-for-sale financial assets (Note 14)	204,819	-
Held-to-maturity investments	(146,657)	-
	58,161	-
	63,074	(189,664)
Other reserves and retained earnings		
- Legal reserve - CGD	862,906	862,906
- Other reserves	628,912	560,617
- Retained earnings	(1,082,079)	(444,414)
	409,739	979,109
Net income attributable to the shareholder of CGD	(575,785)	(394,715)
	(102,972)	394,730

According to CGD's articles of association a minimum of 20% of its annual results are transferred to the legal reserve. This reserve may only be used to cover accumulated losses or to increase capital.

"Other reserves and retained earnings", at 31 December 2013 and 2012, included CGD's legal reserves for the amount of €862,906 thousand and the legal, free and legal revaluation reserves of its subsidiaries, jointly controlled entities and associates. Legal revaluation reserves may only be used to cover accumulated losses or increase capital. CGD's reserves which are non-distributable for this reason totalled €110,425 thousand 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 as a charge to shareholders' equity and held to maturity investments (only in the case of assets reclassified to this category from available-for-sale financial assets, which are depreciated up to the time when the respective financial instrument, net of its corresponding fiscal effect, is extinguished).

The currency translation reserve, which recognises the effect of translating subsidiaries' statements in foreign currency, is included in "Other reserves".

The net contribution made by branches and subsidiaries to CGD's consolidated results, at 31 December 2013 and 2012 was as follows:

	31-12-2013	31-12-2012
Caixa Geral de Depósitos, S.A.		
Caixa Geral de Depósitos	(551,528)	(354,774)
Spain Branch	(113,871)	(117,322)
France Branch	23,417	17,758
Cayman Branch	(11,682)	7,286
East Timor Branch	5,552	4,143
Luxembourg Branch	(5,052)	(7,569)
London Branch	2,059	9,317
Macau Branch	774	-
New York Branch	297	3,903
Madeira Offshore Financial Branch	19	366
Zhuhai Branch	13	9
	(650,001)	(436,884)

	31-12-2013	31-12-2012
Contribution of subsidiaries to net income:		
Caixa Seguros e Saúde, SGPS, S.A. (a)	124,985	88,862
Banco Caixa Geral, S.A.	(57,294)	(25,428)
Banco Nacional Ultramarino, S.A. (Macau)	47,544	31,000
Caixa Imobiliário, S.A.	(40,740)	(31,428)
Imocaixa - Gestão Imobiliária, S.A.	(15,570)	(23,071)
Cibergradual, Investimento Imobiliário, S.A.	(15,296)	(22,799)
Wolfpart, SGPS, S.A.	(15,295)	(6,266)
Fundo de Capital de Risco – Grupo CGD - Caixa Capital	(14,987)	(20,551)
Banco Comercial e de Investimentos, S.A.R.L.	13,993	18,370
Banco Caixa Geral Totta Angola, S.A.	13,827	11,349
Inmobiliaria Caixa Geral, S.A.U.	(11,376)	(16,634)
Mercantile Bank Holdings, Ltd.	10,717	14,020
Caixa Leasing e Factoring – Instituição Financeira de Crédito, S.A.	(10,643)	(20,096)
Nostrum Mortgages (Fundo e Plc)	9,125	(103)
Parcaixa, SGPS, S.A. (a)	8,872	9,832
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	8,581	(1,280)
Caixagest Private Equity - Fundo Especial de Investimento	5,563	1,605
Fundger - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	5,045	3,912
Beirafundo - Fundo de Investimento Imobiliário Fechado	(4,406)	-
Caixagest Infra-Estruturas - Fundo Especial de Investimento	4,065	1,441
CGD Investimentos CVC, S.A.	(3,529)	(2,592)
Caixagest - Técnicas de Gestão de Fundos, S.A.	2,544	2,995
Caixa – Banco de Investimento, S.A. (a)	2,408	19,540
Caixagest Seleção Global	1,956	1,134
Fundo de Capital de Risco Empreender Mais	(1,681)	(1,462)
Fundo de Capital de Risco Caixa Fundos	(1,408)	(962)
Caixagest Oportunidades - Fundo Especial de Investimento	1,228	3,092
Banco Caixa Geral Brasil, S.A.	857	6,572
Fundo Investimento Imobiliário Fechado para Arrendamento Habitacional - Caixa Arrendamento	(524)	(2,756)
Caixa Geral de Depósitos Subsidiária Offshore de Macau	412	3,304
Banco Comercial do Atlântico, S.A.R.L.	(130)	1,802
Other	240	(217)
	69,081	43,186
Contribution of associates and jointly controlled entities to net income:		
SIBS – Sociedade Interbancária de Serviços, S.A.	2,446	(1,232)
Locarent, S.A.	2,158	964
Torre Ocidente, Imobiliária, S.A.	(914)	(1,493)
Fundo Turismo	670	675
Other	776	69
	5,135	(1,017)
Consolidated net income attributable to the shareholder of CGD	(575,785)	(394,715)

(a) Data taken from the consolidated financial statements.

As stated in greater detail in Note 3, after obtaining the necessary legal and statutory approvals, *CGD – Sucursal Offshore de Macau* initiated its operations at 1 February 2013, managing resources hitherto managed by *CGD – Subsidiária Offshore de Macau.*

A resolution was passed in December 2013 to close down the Madeira offshore branch, in consideration of the fact that its operations had been discontinued following the term of the special regime for financial entities licensed to operate in the Madeira Free Trade Zone.

Appropriation of results for the year

2012

A resolution was passed by the general meeting of shareholders, held in May 2013, to include €679,067 thousand in losses, made in 2012, in “Other reserves and retained earnings”.

31. NON-CONTROLLING INTERESTS

Third party investments in subsidiaries are distributed among the following entities:

	31-12-2013	31-12-2012
Parcaixa, SGPS, S.A. (b)	482,043	475,621
Banco Caixa Geral Totta Angola, S.A.	121,175	113,078
Caixa Geral Finance	96,248	96,305
Banco Comercial e de Investimentos, S.A.R.L.	73,974	65,917
Caixagest Imobiliário Internacional - Fundo Especial Investimento	73,613	70,984
Partang, SGPS, S.A.	61,376	57,493
Caixagest Seleção Global	28,876	20,531
Caixagest Infra-Estruturas - Fundo Especial Investimento	28,356	26,035
Caixagest Private Equity - Fundo Especial Investimento	27,470	26,894
Banco Comercial do Altlântico, S.A.R.L.	6,914	4,941
Caixagest Oportunidades - Fundo Especial Investimento	6,913	8,869
Fundo Especial Investimento Aberto Caixagest Estratégias Alternativas	4,594	5,052
Banco Interatlântico, S.A.R.L.	4,283	3,945
Caixa Seguros e Saúde, SGPS, S.A. (a)	2,887	2,974
Garantia - Companhia de Seguros de Cabo Verde, S.A.R.L.	1,433	1,086
A Promotora - Sociedade de Capital de Risco, S.A.R.L.	1,189	1,179
Credip - Instituição Financeira de Crédito, S.A.	-	2,359
Other	2,793	2,054
	1,024,139	985,316

(a) Data taken from the consolidated financial statements
(b) Includes the activity of Caixa Leasing e Factoring – IFIC, S.A.

Caixa Geral Finance, with a share capital of €1,000, is headquartered in the Cayman Islands. The company issued €250,000 thousand non-voting preference shares, at 28 June 2004. If its directors decide 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 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.

Caixa Geral Finance issued €350,000 thousand in non-voting preference shares at 30 September 2005. 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% thereafter, will be paid to 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 repurchased the preference shares issued by Caixa Geral Finance for an accumulated amount of €505,166 thousand, at 31 December 2013 and 2012. The Group recognised gains of approximately €490 thousand net of the fiscal effect, on this situation, as a charge to "Other reserves", in 2012.

Information on the amount of consolidated net profit attributable to non-controlling interest shareholders, in 2013 and 2012, is set out below:

	31-12-2013	31-12-2012
Banco Caixa Geral Totta Angola, S.A.	39,656	32,613
Banco Comercial e de Investimentos, S.A.R.L.	17,511	17,649
Caixagest Imobiliário Internacional - Fundo Especial Investimento	2,724	(532)
Caixagest Infra-Estruturas - Fundo Especial Investimento	2,033	720
Caixagest Estratégia Dinâmica	1,409	551
Caixagest Oportunidades - Fundo Especial Investimento	633	1,335
Parcaixa, SGPS, S.A. (a)	309	(7,193)
Banco Comercial do Atlântico, S.A.R.L.	(89)	1,235
Caixa Geral Finance	-	1,549
Other	553	1,629
	64,738	49,556

(a) Includes the activity of Caixa Leasing e Factoring – IFIC, S.A.

32. INTEREST AND INCOME AND INTEREST AND SIMILAR COSTS

Information on the composition of these account headings is set out below:

	31-12-2013	31-12-2012
Interest and similar income		
Interest on loans and advances to domestic credit institutions	19,685	43,212
Interest on loans and advances to foreign credit institutions	19,525	35,831
Interest on domestic credit	1,333,817	1,759,640
Interest on foreign credit	569,281	635,607
Interest on overdue credit	46,513	45,482
Interest on financial assets held for trade		
- Derivatives	744,366	1,153,619
- Securities	20,914	30,860
Interest on financial assets at fair value through profit or loss	3,532	4,326
Interest on available-for-sale financial assets	493,577	619,733
Interest on hedging derivatives	24,088	32,876
Interest on debtors and other applications	16,185	35,235
Interest on cash equivalents	13,772	15,428
Interest on other loans and other amounts receivable	185,099	185,890
Other interest and similar income	2,335	6,492
Commissions received relating to amortised cost	122,450	120,869
	3,615,140	4,725,100
Interest and similar costs		
Interest on deposits of		
- Central and local government	10,128	47,966
- Other residents	910,472	991,545
- Emigrants	55,963	56,761
- Other non-residents	305,268	316,503
- Other	1,959	9,650
Interest on resources of foreign credit institutions	48,707	73,946
Interest on resources of domestic credit institutions	47,495	110,420
Interest on swaps	746,024	1,126,994
Interest on other trading liabilities	12,892	3,116
Interest on unsubordinated debt securities	437,896	560,710
Interest on hedging derivatives	4,265	13,450
Interest on subordinated liabilities	152,444	122,406
Other interest and similar costs	16,096	38,217
Commissions paid relating to amortised cost	7,269	13,945
	2,756,879	3,485,628

The "Interest and similar costs - interest on subordinated liabilities" account heading, at 31 December 2013 and 2012, included €76,319 thousand and €38,231 thousand, respectively on CGD's issue of a total amount of €900,000 thousand in hybrid financial instruments, eligible as core tier 1 funds, at 29 June 2012. These securities were fully subscribed for by the Portuguese state (Note 27).

33. INCOME FROM EQUITY INSTRUMENTS

This account heading comprises the following:

	31-12-2013	31-12-2012
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, AEBLA, S.A.	1,203	2,524
REN - Redes Energéticas Nacionais, SGPS, S.A.	1,064	994
Galp Energia, SGPS, S.A.	1,050	4,459
ZON Multimédia - Serviços de Telecomunicações e Multimédia, SGPS, S.A.	-	5,310
Income received from investment funds	34,072	57,150
Other	2,195	3,492
	72,483	117,738

34. INCOME AND COSTS OF SERVICES AND COMMISSIONS

Information on the composition of these account headings is set out below:

	31-12-2013	31-12-2012
Income from services rendered and commissions:		
Means of payment	235,239	247,554
Operations carried out on behalf of third parties	134,591	145,841
Credit operations	135,721	143,541
Asset management	45,743	45,105
Guarantees given	81,948	76,109
Operations on financial instruments	24,183	20,432
Other	22,661	32,425
	680,087	711,008
Cost of services and commissions:		
Means of payment	105,881	107,869
Operations carried out on behalf of third parties	14,633	23,770
Credit operations	26	1,680
Asset management	4,866	5,588
Guarantees received	668	677
Operations on financial instruments	25,443	20,382
Other	6,526	8,483
	158,044	168,450

35. RESULTS FROM FINANCIAL OPERATIONS

Information on the composition of these account headings is set out below:

	31-12-2013	31-12-2012
Result from foreign exchange operations:		
Revaluation of foreign exchange position	125,680	196,541
Results from currency derivatives	(29,981)	(85,454)
	95,699	111,087
Result from financial assets and liabilities held for trading:		
Securities:		
Debt instruments	(6,332)	65,289
Equity instruments	(7,285)	(19,764)
Other instruments	1,036	470
	(12,581)	45,994
Derivatives:		
Interest rate	35,918	(98,996)
Shares and indexes	3,025	13,437
Credit default	3,521	2,248
Other	1,702	(831)
	44,166	(84,142)
	31,585	(38,147)

(cont)	31-12-2013	31-12-2012
Result from other financial assets at fair value through profit or loss		
Debt instruments	969	3,956
Equity instruments	(4,389)	(1,232)
Other securities	957	(9,814)
Loans and other amounts receivable	(237)	(927)
	(2,700)	(8,017)
Result from the sale of loans and advances to customers	(424)	(1,169)
Result from available-for-sale financial assets:		
	89,038	92,839
Equity instruments		
Portugal Telecom (Note 8)	26,838	1
Banco Comercial Português (Note 8)	7,541	165
GALP Energia (Note 8)	2,729	(10,807)
EDP - Energias de Portugal (Note 8)	390	1,143
Zon Multimédia (Note 8)	-	10,751
Brisa - Auto Estradas de Portugal (Note 8)	-	2,115
Other	275	5,019
	37,774	8,386
	126,813	101,225
Other securities	7,947	6,886
	134,759	108,110
Result of hedging operations:		
Hedging derivatives	(20,000)	24,878
Value adjustments of hedged assets and liabilities	13,521	(26,634)
	(6,479)	(1,756)
Other		
Results in the repurchase of liabilities issued	14,752	192,265
Other	(47)	562
	14,705	192,827
	267,145	362,934

The "Results from foreign exchange operations - revaluation of foreign exchange position" caption, at 31 December 2013, included €2,695 thousand on the Group's sale of its equity stake in BPD (Note 18).

The Group disposed of a total amount of approximately €249,084 thousand and €1,323 thousand of loans and advances to customers in its corporate portfolio, in 2013 and 2012, pursuant to which capital losses of €424 thousand and €1,169 thousand were recognised, in the referred to years.

36. OTHER OPERATING RESULTS

Information on the composition of these account headings is set out below:

	31-12-2013	31-12-2012
Other operating income:		
Rendering of services	33,625	34,534
Expense reimbursement	5,196	6,553
Gains on subsidiaries and joint ventures	5,909	-
Lease income under operating lease agreements	6,469	6,297
Gains on non-financial assets:		
- Non-current assets held for sale (Note 14)	19,214	12,489
- Other tangible assets	471	246
- Investment property	35,952	2,836
- Other	232	954
Secondment of employees to Caixa Geral de Aposentações	598	1,949
Sale of cheques	16,981	20,989
Other	45,802	81,386
	170,449	168,233
Other operating costs:		
Donations and subscriptions	6,270	6,406
Losses on non-financial assets:		
- Non-current assets held for sale (Note 14)	41,375	24,902
- Other tangible assets	783	926
- Investment property	39,203	7,019
- Other	199	220
Other taxes	21,730	26,824
Contribution to the Deposit Guarantee Fund	22,959	21,728
Contribution to the Resolution Fund	10,255	-
Fines and penalties	2,499	1,324
Other	44,631	42,377
	189,904	131,725
	(19,455)	36,508

All of the "Gains made by subsidiary companies and jointly controlled entities" at 31 December 2013, comprised the proceeds obtained on the sale of the Group's equity stake in BPD (Note 18).

The "Other operating costs" account heading, in 2013, included costs of €8,456 thousand on the implementation of the reorganisation and optimisation process on the activity of Group companies in Spain, in conformity with CGD’s commitments under the scope of its restructuring plan, as approved by the European Commission in July of the said year. The amounts essentially refer to indemnities for the early rescission of space rentals as a result of branch closures and a reduction of the space occupied by the central services.

The resolution fund was created by Decree Law 31-A/2012 of 10 February which introduced a resolution regime in the General Credit Institutions and Financial Companies Regime approved by Decree Law 298/92 of 31 December.

The measures provided for in the new regime have been designed, as the case may be, to recover or prepare the orderly liquidation of credit institutions and certain financial companies in a difficult financial situation and comprise three intervention stages by the Bank of Portugal, namely corrective intervention, provisional administration and resolution.

The Resolution Fund's main mission, herein, is to provide financial support to the application of the resolution mechanisms adopted by the Bank of Portugal.

Caixa made an initial and periodic contribution of €2,451 thousand and €7,804 thousand, respectively to the resolution fund, in 2013.

37. STAFF COSTS

This account heading comprises the following:

	31-12-2013	31-12-2012
Remuneration of management and supervisory bodies	11,734	16,046
Remuneration of staff	565,599	519,720
Provision for suspension of labour agreements (Note 38)	(156)	-
	577,177	535,766
Other charges relating to remuneration	44,918	40,626
Healthcare - CGD		
- Normal cost (Note 38)	27,788	29,306
- Contributions relating to current staff	26,392	24,686
Pension liability - CGD (Note 38)		
- Normal cost	57,564	45,627
- Retirements before the normal retirement age	2,022	2,392
Other pension costs		
Other	3,448	10,118
Other mandatory social charges	13,126	15,611
	175,258	168,367
Other staff costs	40,445	30,651
	792,879	734,784

The average number of employees in Caixa and its subsidiaries, in 2013 and 2012, by type of function, was as follows:

	31-12-2013			31-12-2012		
	Banking	Insurance and health care	Group	Banking	Insurance and health care	Group
Senior management	527	104	631	529	141	670
Management	2,868	585	3,453	2,886	637	3,523
Technical staff	5,137	1,370	6,507	5,088	2,221	7,309
Administrative staff	7,204	1,481	8,685	7,437	2,004	9,441
Auxiliary	382	67	449	406	651	1,057
	16,118	3,607	19,724	16,345	5,656	22,001
Number of employees at the end of the period	15,930	3,605	19,535	16,178	5,732	21,910

These numbers, at 31 December 2013 and 2012, did not include staff employed in the Caixa Geral de Aposentações Support Department (250 and 257 respectively), staff assigned to CGD's social services (66 and 64 respectively) and other situations i.e. secondments or prolonged absences (94 and 93 respectively).

The staff costs heading, in 2013, included €37,201 thousand on the costs of indemnities and other associated costs on the mass redundancy process involving a number of Banco Caixa Geral (Spain) workers under the agreement reached with their legally qualified representatives, over the terms of the execution thereof. The redimensioning of the Bank's staff contingent aims to reorganise and optimise the activity of the Group's banks in Spain, in conformity with CGD's commitments under its restructuring plan as approved by the European Commission in July of the same year.

38. RETIREMENT PENSIONS AND OTHER LONG TERM BENEFITS

38.1 Retirement pensions and death grants after retirement age

Liabilities for CGD employees

Under article 39 of Decree Law 48.953 of 5 April 1969 and Decree Law 161/92 of 1 August, CGD is responsible for the payment of employees' retirement pensions for sickness, disability and old age and the survivors' pensions of employees engaged after 1 January 1992. Caixa Geral de Aposentações ("CGA") is responsible for the survivors' pensions of employees engaged prior to 1 January 1992. These employees pay an amount of 2.5% of their compensation to CGA.

In conformity with the "vertical" collective wage bargaining negotiations in force in the banking sector, the former ex-BNU also undertook to grant its employees cash payments on early retirement and on old age, disability and survivors' pensions. These payments comprised a percentage, increasing in line with the number of years' service, on the salary scales annually negotiated with bank employee unions. In 2001, following BNU's incorporation into CGD, pensions liabilities for BNU employees were transferred to CGD. Former BNU employees, still active at the date of the merger, were therefore included in CGD's current pensions and benefits plan. The pensions plan in force at the date of the respective retirements continues to be applied to BNU retirees and pensioners.

All retirement pension liabilities for Caixa staff, relative to the length of service provided up to 31 December 2000, under Decree Laws 240-A/2004 of 29 December and 241-A/2004 of 30 November, totalling €2,510,043 thousand, were transferred to CGA with reference to 30 November 2004. The transfer included liability for death grants after the standard retirement age, relative to the above referred to length of service.

Caixa's pensions liabilities, at 31 December 2013 and 2012, therefore comprised the following:

. Liabilities for current employees, for service provided up to 31 December 2000;

. Part share of liabilities on the length of service provided in the said period, for employees retiring between 1 January 2001 and 31 December 2013;

. Liabilities for retirement pensions and respective survivors' pensions being paid to BNU staff at the merger date;

. Liabilities for death grants on the length of service provided up to 31 December 2000.

The pensions are paid on the basis of a worker's length of service and respective compensation upon the retirement date and are revised on the basis of the wages for current staff.

CGD's pension plan does not apply to current employees engaged by CGD after 1 January 2006.

Caixa makes the necessary payments to cover its pension liabilities, for which it set up a pension fund, in December 1991. Under the regime applicable to Caixa, employees pay the following percentages of their compensation into the pension fund:

- Employees engaged prior to 1 January 1992 7.5%
- Employees engaged after 01 January 1992 10.0%

The full amount of the latters' contribution is paid into the pension fund which is liable for the respective survivors' pension.

The transfer of liabilities to CGA implied the transfer of an equivalent amount of pension fund assets.

Liabilities for the employees of Fidelidade – Companhia de Seguros, S.A.

There are various defined benefit pension plans in the insurance area. Fidelidade is accordingly responsible for the payment of retirement, disability and survivors' pensions to their employees from Fidelidade - Mundial, S.A. and Império Bonança - Companhia de Seguros, S.A. Other Group companies also have defined benefit plans.

Império Bonança also undertook to provide retirees and pre-retirees' transfers to this situation, after May 1998, with lifelong medical assistance benefits.

The liability for defined benefit plans recognised in the balance sheet comprises the difference between the present value of liabilities and fair value of the pension fund's assets. Total liabilities are calculated annually by specialised actuaries, using the "unit credit projected" method and adequate actuarial premises. The rate used for liabilities discounting procedures is based on market interest rates on investment grade 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 premises and the effective amounts of liabilities and pension fund yield projections, as well as changes in actuarial premises are directly recognised in an equity heading.

Retirement and survivors' pensions costs for the period, including current services and interest costs, net of yield projections, are recognised in the net amount of the "Staff costs" account heading.

The impact of employees' early retirements, as defined in the actuarial study, is directly recognised in "Staff costs".

A new collective wage bargaining agreement for insurance activity was entered into on 23 December 2011 and published in the Labour Bulletin no. 2 of 15 January 2012. Following the entering into of this collective agreement Caixa Seguros e Saúde recognised an estimate of extraordinary cash payments to workers, based on a relinquishing of rights under the former collective agreement and estimate of the costs already incurred on seniority bonuses payable to group workers in the "Other employee expenditure" account heading.

Under the new collective wage bargaining agreement for insurance activities, the current defined benefits plan will be replaced, as regards current workers, with reference to 1 January 2012, by a defined contribution plan, with the current value of liabilities for past services, at 31 December 2011, being transferred to each participant's individual account. This change does not apply to pensions liabilities currently being paid for workers who, at 31 December 2011, were either retired or who had taken early retirement. The cost of the defined contribution plan of former beneficiaries is recognised in staff costs.

Assessment of liabilities

Actuarial studies have been produced by specialised entities to assess liabilities on current retirement pensions and the past services of current employees, with reference to 31 December 2013 and 2012.

The hypotheses and technical bases used for CGD (in 2013 and 2012) and the Group's insurance companies (in 2012) were as follows**:**

	31-12-2013	31-12-2012	
	CGD	CGD	Caixa Seguros e Saúde
Actuarial method		Projected Unit Credit	
Mortality table			
. Men	TV 73/77 (-1 year)	TV 73/77 (-1 year)	TV 73/77 (-2)
. Women	TV 88/90 (-1 year)	TV 88/90 (-1 year)	TV 88/90 (-2)
Disability table	EKV 80	EKV 80	
Discount rate	4.50%	4.50%	3.50%
Salary growth rate	0.5% on 2014/2017 and 2.0% from that date	0.5% on 2013/2014 and 2.0% from that date	2.0%
Pension growth rate	0% on 2014/2017 and 1.0% from that date	0% on 2013/2014 and 1.0% from that date	0.75%
Turnover rate:			
. Under 30 years old	5%	5%	n/a
. Between 30 and 40 years old	1%	1%	n/a
. Older than 40 years	0%	0%	n/a

The studies produced on CGD, in 2013 and 2012, considered the standard retirement age to be 60.

As defined under IAS 19, the discount rate is assessed on the basis of market rates on low risk bonds, with a similar maturity to Caixa's liabilities (19 years). The economic environment and sovereign debt crisis, essentially in Southern Europe, have implied significant instability in the eurozone debt market and a consequently very large drop in market yields on the debt of the most highly rated companies, as well as a reduction of the available bonds basket. To reflect these circumstances and maintain the representativeness of the discount rate at 31 December 2013 and 2012, Caixa's assessment incorporated the information on yields which can be obtained for bonds issued by eurozone entities considered to be of high quality in terms of credit risk.

Information on the comparison between the actuarial and financial assumptions used to assess CGD's pension costs for 2013 and 2012 and their effective amounts is set out in the following table:

	31-12-2013		31-12-2012	
	Assumption	Real	Assumption	Real
Rate of return of fund asset	4.00%	5.70%	5.25%	10.59%
Salary growth rate	0.50%	0.60%	2.25%	2.08%
Pension growth rate	0.00%	(5.06%)	1.25%	0.00%

At the end of December 2013, CGD changed its salaries discount rate to 0.5% between 2014 and 2017 and 2% thereafter, in addition to its pensions growth rate from 0% in 2014 to 2017 and 1% thereafter.

Liabilities for the Group's past services in accordance with the actuarial studies and the funds and provisions available for their cover, at 31 December 2013 and 2012, totalled:

	31-12-2013			31-12-2012			
	CGD	Other	Total	CGD	Caixa Seguros e Saúde	Other	Total
Past service liability:							
Current employees	1,134,546	35,580	1,170,126	1,013,065	6,568	34,676	1,054,309
Retired and early retired employees	577,660	20,958	598,618	528,689	194,875	20,093	743,656
	1,712,206	56,539	1,768,745	1,541,754	201,443	54,768	1,797,965
Autonomous pension funds	1,712,206	937	1,713,143	1,560,979	147,547	885	1,709,411
Mathematical provisions	-	-	-	-	60,223	-	60,223
Provision for pensions and similar charges	-	53,836	53,836	-	-	53,978	53,978
	1,712,206	54,773	1,766,979	1,560,979	207,771	54,863	1,823,613
Difference	-	(1,765)	(1,765)	19,225	6,328	95	25,648
Funding level	100.00%	96.88%	99.90%	101.25%	103.14%	100.17%	101.43%

Pursuant to the Bank of Portugal's *Official Notice* no. 4/2005 of 28 February, financial entities headquartered in Portugal must fully finance their liabilities for retirees and pre-retirees and achieve a minimum financing level of 95% of their liabilities for the past services of their present employees. Caixa's liabilities, at 31 December 2013 and 2012, were 100% and 101.25% funded, respectively.

The value of the pension fund reflects the market value of its assets and contributions still to be made at 31 December 2013.

At 31 December 2013, the sensitivity analysis on the change of the main actuarial assumptions applied to the timespan under assessment would have the following impacts on current liabilities for past services:

	%	Value
Change in the discount rate		
Increase of 0,5%	(8.14%)	(139,397)
Decrease of 0,5%	9.26%	158,602
Change in the salary growth rate		
Increase of 0,5%	2.16%	37,061
Decrease of 0,5%	(2.04%)	(34,856)
Change in pension growth rate		
Increase of 0,5%	4.95%	84,750
Decrease of 0,5%	(4.57%)	(78,308)
Changes in mortality table		
Increase of 1 year in the life expectancy	7.96%	136,321

Liabilities for the future services of CGD's current employees, at 31 December 2013 and 2012, totalled €928,300 thousand and €903,357 thousand, respectively.

At 31 December 2013 and 2012, the provisions for pensions and similar costs of "Other entities", included €9,300 thousand and €10,600 thousand, respectively, for healthcare costs.

The number of CGD (2013 and 2012) and Group insurance companies in Portugal (in 2012) beneficiaries was as follows:

	31-12-2013	31-12-2012	
	CGD	CGD	Caixa Seguros e Saúde
Current employees	8,406	8,926	1,185
Retired and early retired employees	5,779	5,318	2,790
	14,185	14,244	3,975

Pension fund, mathematical provisions and provisions for pensions and similar costs movements, in 2013 and 2012, were as follows:

	CGD	Caixa Seguros e Saúde	Other	Total
Balances at 31 December 2011	1,423,271	203,720	53,455	1,680,447
Contributions paid				
Regular contributions				
By employees	22,865	-	181	23,045
By the entity	-	27,000	360	27,360
Change in provisions for pensions and similar charges	-	(150)	2,762	2,612
Change in mathematical provisions	-	(3,561)	-	(3,561)
Pensions paid	(35,079)	(14,080)	(1,363)	(50,522)
Net income of the pension fund	149,922	13,287	88	163,298
Other changes	-	(18,447)	(621)	(19,067)
Balances at 31 December 2012	1,560,979	207,771	54,863	1,823,613
Transferred to non-current assets and liabilities held for sale - Subsidiaries	-	(207,771)	-	(207,771)
Contributions paid				
Regular contributions				
By employees	24,272	-	176	24,448
By the entity	86,394	-	310	86,704
Change in provisions for pensions and similar charges	-	-	4,877	4,877
Pensions paid	(40,097)	-	(1,557)	(41,653)
Net income of the pension fund	80,657	-	66	80,723
Other changes	-	-	(3,961)	(3,961)
Balances at 31 December 2013	**1,712,206**	**-**	**54,773**	**1,766,979**

The estimated contribution of Caixa's workers, for 2014, was €24,394 thousand and €58,095 thousand for Caixa itself.

The pension funds of CGD and Caixa Seguros e Saúde, at 31 December 2013 and 2012, were managed by CGD Pensões – Sociedade Gestora de Fundos de Pensões, S.A.

Information on the composition of the elements comprising Caixa staff pension fund's assets, at 31 December 2013 and 2012, is set out below:

	31-12-2013	31-12-2012
Equity investments categorised by sector:		
Consumer industry	24,761	20,199
Manufacturing industry	22,947	20,069
Energy	11,298	11,105
Financial institutions	20,686	12,066
Health and care	8,379	6,393
Telecom	5,585	8,434
Subtotal	93,656	78,268
Debt instruments categorised by issuer' credit rating:		
A	-	258
BBB	1	16
BB and lower	282,877	377,618
Not rated	46	-
Subtotal	282,924	377,892
Properties	460,698	473,219
Investiment funds	295,854	290,424
Deposits on credit institutions	571,137	478,027
Other (net liability)	7,937	(136,850)
Balances at the end of the year	1,712,206	1,560,979

The following is an analysis of shares and bonds, at 31 December 2013 and 2012:

	31-12-2013	31-12-2012
Portuguese shares	25,205	24,882
Listed	100.00%	100.00%
Foreign shares	68,450	53,385
Listed	100.00%	100.00%
Fixed rate bonds	220,141	324,946
Listed	46.30%	31.40%
Floating rate bonds	62,783	52,946
Listed	100.00%	100.00%

The “Other” heading, at 31 December 2012, included €133,995 thousand for sales operations with repurchase agreements on diverse financial instruments entered into with Caixa Geral de Depósitos.

The value of CGD's pension fund, at 31 December 2012, calculated by the CGD staff pension fund manager was €5,509 thousand, relative to the adjustment of the measurement of the fair value of public debt securities in the fund’s assets at amortised cost

CGD’s pension fund, at 31 December 2013 and 2012, had buildings rented to Group companies for the amounts of €408,276 thousand and €408,369 thousand, respectively. It also had €243,045 thousand and €210,371 thousand, in securities issues and investment units in funds managed by Group companies, respectively.

The Fund’s assets are subject to interest rate, equity market, property market, liquidity and foreign exchange risk.

The Fund’s investment policy involves exposures to equities, bonds and property markets and also defines an exposure to alternative investments such as private equity and infrastructure funds.

The Fund’s investment policy aims to mitigate a part of interest rate and inflation risks. This protection comprises the defined allocation of investments in long term variable-rate bonds, affording part protection against the oscillations of the financial market’s long term yield curve.

The Fund may use futures and options on share indices and forward exchange rates to mitigate market and foreign exchange risk.

The economic environment over the last few years, allied with the scarcity of alternative, longer maturity investments, has not made it possible to match different asset categories with the average duration of liabilities, based on an ALM (asset liability management) approach.

The following table provides an analysis of Caixa Seguros e Saúde’s pension funds, at 31 December 2012:

Pension Fund - Caixa Seguros e Saúde

	31-12-2012
Shares	13,946
Participating units in trust and property investment funds	2,983
Debt securities	84,339
Property	16,057
Deposits at credit institutions	30,117
Other (net liability)	105
Total	147,547

An analysis of the evolution of liabilities and balance of CGD’s staff pension fund and the actuarial gains and losses for the present and past 4 years is set out below**:**

	31-12-2013		31-12-2012		31-12-2011		31-12-2010		31-12-2009	
	Retirement pensions	Medical plan	Retirement pensions	Medical plan	Retirement pensions	Medical plan	Retirement pensions	Medical plan	Retirement pensions	Medical plan
Liabilities	1,712,206	466,908	1,541,754	452,245	1,307,899	415,857	1,308,213	436,698	1,332,368	460,025
Value of the fund	1,712,206	-	1,560,979	-	1,423,271	-	1,424,864	-	1,332,368	-
Provisions	-	466,908	-	452,245	-	415,857	-	436,698	-	460,025
Under (Over) financed liabilities	-	-	(19,225)	-	(115,372)	-	(116,651)	-	-	-
Gains / (Losses) resulting from liabilities	(56,942)	(9,053)	(123,745)	(27,354)	120,947	30,850	163,567	36,095	(64,890)	(19,720)
Gains / (Losses) resulting from the fund's assets	10,908	-	75,617	-	(116,514)	-	(45,628)	-	21,735	-
	(46,034)	(9,053)	(48,128)	(27,354)	4,433	30,850	117,939	36,095	(43,155)	(19,720)

During the course of 2011, the Group changed its accounting policy on the recognition of actuarial gains and losses associated with post employment benefit liabilities which are now fully recognised as a charge to “Other reserves”. The financial statements have, accordingly, been re-expressed to reflect the new procedures for the recognition of actuarial deviations in the first comparison period presented in the sphere of the said financial statements (1 January 2010).

Information on changes in the spread between the Group’s liabilities for past services and respective covers and corresponding impact in the financial statements, at 31 December 2013 and 2012, is given below:

	CGD	Caixa Seguros e Saúde	Other	Total
Situation at 31 December 2011	115,372	1,682	428	117,482
Current service cost	(49,137)	(5,103)	(3,156)	(57,396)
Expected return on plan assets	3,510	3,917	32	7,459
Normal cost for the year (Note 37)	(45,627)	(1,185)	(3,125)	(49,937)
Increase in liabilities due to early retirements (Note 37)	(2,392)	(11,255)	-	(13,647)
Other	-	(146)	-	(146)
Changes with impact on profit or loss	(48,019)	(12,586)	(3,125)	(63,730)
Liability	(123,745)	(19,137)	65	(142,818)
Income	75,617	9,370	2,366	87,353
Actuarial gains and losses	(48,128)	(9,768)	2,431	(55,465)
Contributions made	-	27,000	360	27,360
Situation at 31 December 2012	19,225	6,328	95	25,648
Transferred to non-current assets and liabilities held for sale - Subsidiarie	-	(6,328)	-	(6,328)
Current service cost	(58,943)	-	(4,856)	(63,799)
Interest cost	1,379	-	40	1,419
Normal cost for the year (Note 37)	(57,564)	-	(4,816)	(62,380)
Increase in liabilities due to early retirements (Note 37)	(2,022)	-	-	(2,022)
Other changes impacting on results	-	-	(389)	(389)
Changes with impact on profit or loss	(59,586)	-	(5,206)	(64,792)
Liability	(56,942)	-	2,089	(54,853)
Income	10,908	-	2,188	13,096
Actuarial gains and losses	(46,034)	-	4,276	(41,758)
Contributions made	86,394	-	310	86,704
Other	-	-	(1,240)	(1,240)
Situation at 31 December 2013	-	-	(1,765)	(1,765)

The composition of liabilities deviations, on a CGD level, in 2013 and 2012 was as follows:

	31-12-2013	31-12-2012
Change in the salary growth rate	32,960	49,602
Change in pension growth rate	17,886	55,394
Change in the discount rate	(139,397)	(251,584)
Other actuarial gains and losses	31,610	22,843
	(56,942)	(123,745)

Healthcare

Healthcare for CGD’s (Headquarters) current and retired employees is also provided by Caixa Geral de Depósitos’s social services. CGD’s annual contribution to its social services comprises 8.95% of salaries and pension payments to SAMS (Medico-Social Assistance Services) for former Ex-BNU workers retired up to 23 July 2001.

Healthcare liabilities for past services were assessed by actuarial studies produced by specialised entities based on identical actuarial assumptions to those presented above for pensions liabilities

Liabilities for past services are recognised in the "Provisions" heading and totalled €466,908 thousand and €452,245 thousand, at 31 December 2013 and 2012, respectively.

At 31 December 2013, a 0.5% reduction of the actuarial discount rate in the timeframe under assessment would increase the current liabilities for past services on healthcare to €32,614 thousand. In the event of an increase of the same dimension in the discount rate, the reduction of liabilities would be €29,276 thousand.

Other long term benefits

Caixa pays a bonus of one, two or three months' wages to all employees in the year they complete ten, twenty or thirty years of full time service. A bonus for an amount proportional to the amount they would have received if they had continued to be employed until reaching the following band is also paid to workers on their transfer to retirement status. The corresponding liabilities of €35,028 thousand and €37,918 thousand, respectively (Note 28) at 31 December 2013 and 2012, were recognised in "Other liabilities".

Caixa also assesses its liabilities for death grants prior to the standard retirement age. The corresponding liabilities of €363 thousand and €744 thousand, respectively, at 31 December 2013 and 2012, are recognised in the "Provisions" heading.

The France branch also pays long term benefits to its workers. Liabilities at 31 December 2013 and 2012, were €9,300 thousand and €10,600 thousand, respectively,

Provisions

Information on the composition of provisions for employee benefit costs, at 31 December 2013 and 2012, is set out below**:**

	31-12-2013	31-12-2012
CGD		
Provision for post-employment healthcare	466,908	452,245
Provision for labour suspension agreements	4,269	4,425
Provision for death grant liability	363	744
France branch liability	9,300	10,600
	480,840	468,014
Provision for pension and other liabilities		
Banco Comercial do Atlântico, S.A.	47,869	49,679
Other	671	1,830
	48,540	51,509
Provision for post-employment healthcare		
Caixa Seguros e Saúde (Império-Bonança)	-	23,566
Other	4,762	2,837
	4,762	26,403
Other	5,296	4,025
	539,438	549,950

Caixa recognises a specific liability for the impact of the change to non-employed status of employees with whom it has entered into agreements for the suspension of their employment contracts.

Information on the composition of provisions for the costs of employee benefits movements, in 2013 and 2012, is set out below (Note 25):

	31-12-2013	31-12-2012
Balances at the beginning of the year	549,950	497,493
Impact of recognizing actuarial gains and losses		
Provisions recognised as staff costs:		
Healthcare – CGD (Note 37)	27,788	29,306
Labour suspension agreements (Note 37)	(156)	-
Actuarial gain and loss on post-employment healthcare liability:	6,577	34,900
Other	(1,673)	(1,870)
	32,536	62,335
Net increase recorded by corresponding entry to “Provisions”	2,826	15,398
Utilisation:		
Payments to SAMS and CGD’s Social Services	(22,178)	(20,272)
Other	(22,766)	(4,595)
Other	(931)	(409)
Balances at the end of the year	539,438	549,950

39. OTHER ADMINISTRATIVE COSTS

This account heading comprises the following:

	31-12-2013	31-12-2012
Specialised services		
- IT services	87,030	85,930
- Studies and consultancy	6,207	8,904
- Contracts and service fees	4,631	4,506
- Cleaning	7,737	8,277
- Safety and security	10,359	10,227
- Information services	6,732	7,724
- Other	84,056	83,197
Leases	79,541	79,957
Advertising and publications	32,871	31,439
Communications and postage	42,112	41,854
Maintenance and repairs	35,870	36,719
Water, energy and fuel	22,257	24,188
Transport of cash and other values	12,624	11,774
Travel, lodging and representation expenses	11,087	13,457
Standard forms and office supplies	8,900	8,212
Other	17,389	19,911
	469,401	476,276

Information on the composition of total future operating lease payments, at 31 December 2013 and 2012, under the terms of the main contracts in force at the referred to dates, is as follows:

	31-12-2013	31-12-2012
Up to one year	20,900	20,879
One to five years	70,958	70,498
Over five years	200,703	215,649

Information on the statutory auditors' fees, in 2013 and 2012, for their statutory revision of the annual accounts and other services, is detailed below:

	31-12-2013	31-12-2012
Statutory audit of annual accounts	256	265
Other services	80	80
	336	344

(a) Balances include VAT

40. ASSET IMPAIRMENT

Information on impairment movements, for 2013 and 2012, is set out below:

	Balances at 31-12-2012	Changes in consolidation perimeter	Addition	Reversals	Write-offs	Exchange differences	Transfers and other	Balances at 31-12-2013	Credit recovery, interest and expenses
Impairment of loans and advances to customers (Note 13)	4,189,393	-	3,618,822	(2,766,467)	(526,878)	(7,402)	4,943	4,512,411	(34,596)
Impairment of loans and advances to credit institutions (Note 6)	12,413	-	6,584	(6,812)	-	(53)	(136)	11,996	
Impairment of available-for-sale financial assets (Note 8)									
Equity instruments	526,964	-	31,549	-	(405,907)	(82)	(62,556)	89,968	
Debt instruments	12,794	-	410	(23)	(9,284)	(62)	(3,000)	835	
Other instruments	165,158	-	24,738	-	(2,662)	(969)	(33,183)	153,081	
Impairment of other tangible assets (Note 16)	14,026	-	6,064	(2,761)	-	-	(10,510)	6,818	
Impairment of intangible assets (Note 17)	1,196	-	47,922	-	(47,922)	-	(957)	239	
Impairment of non-current assets held for sale									
Property and equipment (Note 14)	234,867	-	178,669	(58,877)	(7,792)	(114)	(12,199)	334,555	
Impairment of other assets (Note 21)	207,814	-	92,323	(10,301)	(3,041)	(378)	(51,170)	235,247	
	1,175,231	-	388,258	(78,774)	(476,608)	(1,658)	(173,711)	832,739	-
	5,364,624	-	4,007,081	(2,845,242)	(1,003,485)	(9,060)	(168,768)	5,345,150	(34,596)

	Balances at 31-12-2011	Changes in consolidation perimeter	Addition	Reversals	Write-offs	Exchange differences	Transfers and other	Balances at 31-12-2012	Credit recovery, interest and expenses
Impairment of loans and advances to customers (Note 13)	3,383,246	43	3,342,625	(2,298,965)	(213,261)	(6,169)	(18,127)	4,189,393	(33,356)
Impairment of loans and advances to credit institutions (Note 6)	12,312	-	4,844	(5,113)	(4,643)	12	5,002	12,413	
Impairment of available-for-sale financial assets (Note 8)									
Equity instruments	724,212	(660)	142,725	-	(339,159)	(37)	(115)	526,964	
Debt instruments	52,629	-	1,637	(914)	(41,153)	(185)	779	12,794	
Other instruments	103,641	-	80,922	-	(19,569)	(336)	501	165,158	
Impairment of held-to-maturity investments (Note 12)	120,035	-	49,556	-	(169,591)	-	-	-	
Impairment of other tangible assets (Note 16)	11,068	-	6,671	(3,555)	(112)		(46)	14,026	
Impairment of intangible assets (Note 17)	12,027	-	238	-	-	-	(11,069)	1,196	
Impairment of non-current assets held for sale									
Property and equipment (Note 14)	103,374	-	187,817	(31,333)	(6,508)	-	(18,483)	234,867	
Impairment of other assets (Note 21)	183,145	-	60,726	(11,516)	(4,913)	(461)	(19,166)	207,814	
	1,322,441	(660)	535,135	(52,430)	(585,649)	(1,008)	(42,597)	1,175,231	-
	4,705,687	(617)	3,877,760	(2,351,395)	(798,909)	(7,177)	(60,723)	5,364,624	(33,356)

The “Transfers and other” column in the impairment movements table, for 2012, included €11,079 thousand and €17,679 thousand for the recognition of accumulated impairment on intangible assets and debtors, other investments and other assets on the activity of HPP, recognised, at 31 December of the said year in the non-current assets held for sale category (Note 14).

The “Increases” and “Recoveries and cancellations” column in the impairment movements table for 2012 include net costs of €93,189 thousand which were reclassified to the “Results from subsidiaries held for sale” account heading, in results, for the referred to period, on the transfer of the assets and liabilities of the Group’s insurance companies involved in a privatisation process to non-current assets and liabilities held for sale categories (Note 14).

Also herein, the “Transfers and other” column in the impairment movements table for 2013 includes €98,281 thousand, €10,360 thousand, €957 thousand and €49,743 thousand on the recognition of accumulated impairment on available-for-sale, tangible, intangible and other assets, respectively, related with the activity of the referred to business units which, at 31 December of the said year were recognised in the non-current assets held for sale category (Note 14).

All of the "Increases" column in the intangible assets movements table for 2013 referred to the recognition of losses associated with the recognition of goodwill in the first consolidation of the Fundolis fund, which was latterly derecognised from the balance sheet on the basis of the use of the accumulated impairment balance at the said date.

41. SEGMENT REPORTING

The Group has adopted the following business segments to comply with IFRS 8 requirements and to assess own funds requirements on operational risk, using the standard method under the Bank of Portugal's *Official Notice* 9/2007 of 18/4/2007:

- Insurance activity. Insurance activity includes the activity of Caixa Seguros Group's insurance companies and Garantia – Companhia de Seguros de Cabo Verde, S.A. This business segment was divided into life and non-life insurance activities;

- Corporate finance. Corporate finance includes activities related with acquisitions, mergers, restructuring operations, privatisations, subscriptions for and placements of securities (primary market), securitisations, preparation and organisation of syndicated loans (merchant banking – loan placements), investment management, market and corporate financial analyses and advisory services;

- Trading and sales. Trading and sales include banking activity related with management of the own securities portfolio, management of issued debt instruments, money and foreign exchange market operations, repo type operations, securities lending operations and wholesale brokerage. Investments in and claims on other credit institutions and derivatives are also included in this segment;

- Retail banking. Retail banking comprises banking operations with individual customers, the self-employed and micro-enterprises. This segment also includes consumer finance, mortgage lending, credit cards and deposits taken from individual customers;

- Commercial banking. Commercial banking includes lending operations and resource-taking from major enterprises and SMEs. This segment also 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. Asset management includes activities associated with customer portfolio management, open-ended or closed end unit trust and property funds and discretionary wealth management funds;

- Other. Other includes all segments not described in the above business segments.

Information on the appropriation of results and main balance sheet aggregates, by business segments and geographic markets, in 2013 and 2012, is given below:

Business segments

	31-12-2013								
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate Finance	Life insurance	Non-life insurance	Other	Total
Net interest income	(212 920)	965 363	(27 191)	3 165	124 223	-	-	5 621	858,261
Income from equity instruments	16 706	0	27 722	25 436	187	-	-	2 431	72,483
Income from services rendered and commissions	34 733	180 930	121 010	37 032	60 967	-	-	245 415	680,087
Cost of services and commissions	(21 580)	(9 536)	(9 264)	(4 382)	(589)	-	-	(112 693)	(158,044)
Results from financial operations	261 572	13 803	8 108	2 933	(14 735)	-	-	(4 535)	267,145
Other net operating income	(10 365)	(9 304)	(9 199)	(1 500)	(136)	-	(518)	11 566	(19,455)
Technical margin on insurance operations	-	-	-	-	-	190	3 758	-	3,949
Net operating income from banking and insurance operations	68,146	1,141,257	111,187	62,684	169,916	190	3,240	147,805	1,704,426
Other costs and income									(2 280 211)
Net income attributable to the shareholder of CGD									(575,785)
Cash balances and loans and advances to credit institutions (net)	3 812 699	407 786	121 383	4 466	109	-	-	10 203	4,356,646
Investments in securities and derivatives (net)	18 085 829	22 347	676 625	551 786	(44 241)	200	2 322	252 134	19,547,000
Loans and advances to customers (net)	2 507 615	33 528 817	33 878 978	65 806	75 416	-	-	17 829	70,074,462
Technical provision for outwards reinsurance	-	-	-	-	-	107	5 440	-	5,547
Total net assets	25 029 474	34 060 493	35 113 689	897 756	77 050	9 259 165	3 591 928	4 933 286	112,962,840
Resources of central banks and credit institutions	8 994 047	9 439	695 227	26 248	-	-	-	9 689	9,734,649
Customer resources	2 699 279	50 793 096	14 255 498	57 108	-	-	-	19 488	67,824,469
Debt securities	8 528 159	223 191	40 037	-	-	-	-	-	8,791,387
Technical provision for insurance contracts	-	-	-	-	-	175	9 934	-	10,108

	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	(48 496)	1 156 062	14 248	5 803	170 169	-	-	(58 316)	1,239,470
Income from equity instruments	21 180	49	65 237	25 648	3	-	-	5 621	117,738
Income from services rendered and commissions	42 684	182 461	115 149	37 166	82 151	-	-	251 397	711,008
Cost of services and commissions	(18 482)	(19 992)	(4 583)	(5 002)	(11 349)	-	-	(109 043)	(168,450)
Results from financial operations	315 983	61 447	(614)	(2 188)	(700)	-	-	(10 994)	362,934
Other net operating income	(1 192)	(4 390)	(1 219)	(9 008)	(7 073)	-	(628)	60 018	36,508
Technical margin on insurance operations	-	-	-	-	-	241	3 708	119	4,068
Net operating income from banking and insurance operations	311,677	1,375,638	188,219	52,420	233,200	241	3,080	138,803	2,303,277
Other costs and income									(2 697 992)
Net income attributable to the shareholder of CGD									(394,715)
Cash balances and loans and advances to credit institutions (net)	4 439 762	900 219	32 901	2 064	-	19 548	25 790	2 410	5,422,693
Investments in securities and derivatives (net)	17 910 963	503 807	493 433	585 048	(44 211)	7 482 327	1 608 203	255 992	28,795,562
Loans and advances to customers (net)	1 877 356	36 306 692	36 372 743	95 472	65 906	1 491	2 454	12 470	74,734,584
Technical provision for outwards reinsurance	-	-	-	-	-	22 406	169 991	5 030	197,427
Total net assets	24 868 586	38 373 642	36 978 566	837 007	80 958	7 168 458	2 265 520	6 285 893	116,858,628
Resources of central banks and credit institutions	11 502 211	191 311	489 991	33 646	-	-	-	9 546	12,226,705
Customer resources	1 263 028	53 188 637	11 223 675	64 294	-	5 600 888	-	14 516	71,355,037
Debt securities	10 203 616	342 987	44 025	-	-	-	-	-	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
Additionally, the income statement for the year was restated for comparative purposes, considering the disposal process under way for the Group insurance companies. The results generated by those units are presented as a single entry in the financial statements, as "Results of subsidiaries held for sale.

Geographic markets

	31-12-2013								
	Portugal	Rest of European Union	Rest of Europe	North America	Latin America	Asia	Africa	Other	Total
Net interest income	434,165	188,411	540	7,488	22,691	58,882	166,280	(20,195)	858,261
Income from equity instruments	119,228	11,205	-	-	-	132	14,664	(72,745)	72,483
Income from services rendered and commissions	535,880	57,216	-	943	16,556	32,478	81,430	(44,416)	680,087
Cost of services and commissions	(141,451)	(18,706)	-	(52)	(5,441)	(16,723)	(18,972)	43,301	(158,044)
Results from financial operations	174,901	(4,290)	-	(354)	(4,436)	3,252	84,461	13,611	267,145
Other net operating income	76,419	(26,394)	(513)	(102)	(2,186)	3,072	19,479	(89,231)	(19,455)
Technical margin on insurance operations	-	6	-	-	-	-	3,943	-	3,949
Net operating income from banking and insurance operations	1,199,141	207,449	27	7,923	27,184	81,093	351,283	(169,675)	1,704,426
Other costs and income									(2,280,211)
Net income attributable to the shareholder of CGD									(575,785)
Cash balances and loans and advances to credit institutions (net)	9,881,190	3,072,998	-	1,657,975	97,644	3,935,818	1,190,873	(15,479,852)	4,356,646
Investments in securities and derivatives (net)	23,329,946	2,545,678	-	29,042	119,752	43,077	970,733	(7,491,228)	19,547,000
Loans and advances to customers (net)	56,978,146	12,562,786	-	572,270	172,311	1,562,812	2,331,661	(4,105,526)	70,074,462
Technical provision for outwards reinsurance	-	-	-	-	-	-	5,547	-	5,547
Total net assets	114,509,684	18,524,361	-	2,260,149	444,695	6,052,194	4,875,330	(33,703,573)	112,962,840
Resources of central banks and credit institutions	15,383,899	6,658,402	-	1,691,961	83,490	160,974	125,716	(14,369,792)	9,734,649
Customer resources	54,168,716	5,497,144	-	637,363	158,823	4,973,660	3,512,097	(1,123,334)	67,824,469
Debt securities	10,166,601	5,213,565	-	-	-	-	62,442	(6,651,221)	8,791,387
Technical provision for insurance contracts	-	-	-	-	-	-	10,108	-	10,108

	31-12-2012 *Restated* (*)								
	Portugal	Rest of European Union	Rest of Europe	North America	Latin America	Asia	Africa	Other	Total
Net interest income	752,948	220,248	397	5,818	27,207	52,671	156,060	24,123	1,239,472
Income from equity instruments	179,085	16,568	-	-	-	147	12,576	(90,637)	117,738
Income from services rendered and commissions	567,003	49,288	59	1,281	17,902	32,362	84,061	(40,948)	711,008
Cost of services and commissions	(157,959)	(15,825)	-	(64)	(632)	(17,856)	(19,076)	42,962	(168,450)
Results from financial operations	321,407	(3,353)	(35)	(328)	(2,907)	6,552	85,337	(43,738)	362,934
Other net operating income	136,379	(12,094)	(50)	1,449	(7,960)	2,737	14,943	(98,897)	36,508
Technical margin on insurance operations	-	1	-	-	-	-	4,067	-	4,068
Net operating income from banking and insurance operations	1,798,862	254,834	371	8,156	33,610	76,613	337,967	(207,134)	2,303,277
Other costs and income									(2,697,993)
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	(5,555,509)	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	(17,056,241)	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	(8,136,105)	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
Additionally, the income statement for the year was restated for comparative purposes, considering the disposal process under way for the Group insurance companies. The results generated by those units are presented as a single entry in the financial statements, as "Results of subsidiaries held for sale.

The "Other" column includes balances between Group companies, eliminated in the consolidation process.

The contribution to the Group's results by business area, based on internal management criteria, for the years ended 2013 and 2012, is broken-down as follows:

	31-12-2013					
	Banking business in Portugal	International business	Investment banking	Insurance and healthcare business	Other	Total
Interest and similar income	3,131,070	964,215	238,335	105	(718,586)	3,615,140
Interest and similar costs	(2,781,210)	(521,517)	(210,046)	-	755,894	(2,756,879)
Income from equity instruments	27,068	11,679	2,823	-	30,913	72,483
Net interest income	376,928	454,377	31,113	105	68,221	930,744
Income from services rendered and commissions	437,763	188,623	57,139	-	(3,437)	680,087
Cost of services and commissions	(104,952)	(58,841)	(9,949)	-	15,698	(158,044)
Results from financial operations	180,702	78,205	(28,009)	468	35,780	267,145
Other net operating income	19,616	(10,554)	(258)	3	(28,262)	(19,455)
Net operating income	533,128	197,432	18,923	471	19,778	769,733
Technical margin on insurance operations	-	3,949	-	-	-	3,949
NET OPERATING INCOME FROM BANKING AND INSURANCE OPERATIONS	910,056	655,758	50,036	576	88,000	1,704,426
Other costs and income	(1,461,565)	(739,056)	(65,956)	124,409	(138,044)	(2,280,211)
Net income attributable to the shareholder of CGD	(551,508)	(83,298)	(15,920)	124,985	(50,044)	(575,785)

	31-12-2012					
	Banking business in Portugal	International business	Investment banking	Insurance and healthcare business	Other	Total
Interest and similar income	5,069,178	1,176,317	299,962	-	(1,820,357)	4,725,100
Interest and similar costs	(4,423,401)	(715,370)	(267,757)	(3,703)	1,924,603	(3,485,628)
Income from equity instruments	64,089	17,082	6,279	-	30,289	117,738
Net interest income	709,865	478,029	38,484	(3,703)	134,535	1,357,210
Income from services rendered and commissions	453,114	184,894	71,155	-	1,845	711,008
Cost of services and commissions	(109,915)	(52,396)	(22,545)	(1)	16,406	(168,450)
Results from financial operations	321,623	84,785	(13,453)	-	(30,021)	362,934
Other net operating income	70,389	(925)	2,010	9	(34,975)	36,508
Net operating income	735,211	216,358	37,167	8	(46,745)	942,000
Technical margin on insurance operations	-	4,068	-	-	-	4,068
NET OPERATING INCOME FROM BANKING AND INSURANCE OPERATIONS	1,445,076	698,454	75,651	(3,694)	87,791	2,303,278
Other costs and income	(1,799,484)	(739,755)	(78,255)	92,556	(173,055)	(2,697,993)
Net income attributable to the shareholder of CGD	(354,408)	(41,301)	(2,604)	88,862	(85,265)	(394,715)

The "Other" column includes balances between Group companies, eliminated in the consolidation process.

42. RELATED ENTITIES

Associates, jointly controlled enterprises, the Group's management bodies and other entities controlled by the Portuguese state are considered to be related entities.

The Group's financial statements, at 31 December 2013 and 2012, included the following balances and transactions with related entities, excluding management bodies:

	31-12-2013				31-12-2012			
	The Portuguese State (Treasury)	Other Portuguese State entities	Associates	Joint Ventures	The Portuguese State (Treasury)	Other Portuguese State entities	Associates	Joint Ventures
Assets:								
Claims and investment in other credit institutions	-	100,114	-	-	-	-	-	1
Bonds and trading derivatives	12,366,625	3,181,454	70,148	301	10,598,232	3,003,485	60,746	2,562
Loans and advances to customers	1,427	2,289,546	507,463	28,532	21,834	2,835,729	436,213	42,965
Impairment for loans and advances to customers	-	13,489	118,982	12	-	28,890	75,419	-
Other assets	196,251	493,306	13,908	86,333	143	481,463	4,491	86,545
Liabilities:								
Customer resources	292,825	566,954	29,132	382	445	435,556	15,365	1,767
Bonds and trading derivatives	5,152	5,239	-	-	-	5,301	-	-
Other liabilities	10,157	119	252,206	2,056	7,952	-	37,423	173,993
Guarantees given	-	168,180	3,823	1,696	22,323	610,491	6,509	1,531
Income:								
Interest and similar income	468,155	147,566	3,787	5,271	454,472	201,354	5,223	7,183
Gains from financial operations	312,495	94,446	1	22	137,600	152,359	3,666	1,112
Income from services rendered and commissions	-	920	167	253	84	1,237	3	153
Other operating income	-	899	754	337	-	8	599	777
Costs:								
Interest and similar costs	9,063	2,292	197	275	-	1,762	212	1,414
Losses from financial operations	177,436	90,916	-	1,783	1,743	155,135	-	640
Commissions	-	32	36	-	-	1	629	-
Other operating costs	-	-	705	102	2	-	449	321
General administrative costs	-	91	1,623	15,499	-	-	4,810	19,183

Transactions with related entities are generally made on the basis of market prices on the respective dates.

The "Other Portuguese state entities" column, at 31 December 2013 and 2012, does not include balances with local government.

Management bodies

The costs paid on compensation and other benefits attributed to members of management bodies of Caixa and Group companies (considered, for this purpose as relevant key management staff in line with IAS 24 requirements) totalled €17,507 thousand (€17,531 thousand in 2012). Information on the amount of the referred to cost for 2013 is itemised below:

	31-12-2013	31-12-2012
Short-term emploee benefits	16,929	16,121
Post-employment benefits	156	359
Other long-term benefits	422	1,051
	17,507	17,531

Loans to members of management bodies, at 31 December 2013 and 2012, totalled €8,741 thousand and €7,373 thousand respectively.

43. DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

Management policies for the financial risks involved in the Group's activity

CGD adopted a centralised risk management model, in 2001, encompassing the assessment and control of all of the Group's credit, market and liquidity risks, based on the principle of the separation of functions between commercial and risk areas.

Credit risk –

Implicit credit risk in CGD's customer portfolio is controlled by the oversight of a collection of indicators, split up by product, customer segment, maturity, type of guarantee, level of exposure to the financial system, sector of activity and geographic area. The amount of large exposures vis-à-vis the maximum limits defined by the Supervisor is also analysed.

In the implementation of the International Accounting Standards, CGD calculates the amount of impairment on each credit sub-sector every month and splits them up into like-for-like risk segments based on the use of default and migration to default probabilities and LGDs (loss given defaults) which are calculated annually on the basis of historic information.

Risks on entities and control of the established limits are regularly monitored.

As regards loans and advances to companies, in addition to natural portfolio oversight, when a loan proposal is submitted by the commercial area, a team of specialised credit analysts produces a more detailed analysis of customers, based on an economic group approach with an exposure of more than €1 million.

The analysis is based on a customer's credit risk as well as the operations set out in the proposal, separating the functions of the commercial area which is responsible for submitting the proposal with the conditions of the operations. Caixa's Risk Management Division (DGR) is responsible for proposing the conditions it deems necessary to mitigate the risk, making the operations acceptable *vis-à-vis* the level of risk defined for CGD's portfolio.

The analysis is based on the ratings issued by the rating agencies and internal valuation models as well as by quantitative and qualitative weighting factors relative to the customer and the operation in question. The market and the economy in which the entities operate and the identification of aspects/conditions which may mitigate the credit risk are also taken into consideration.

Market risk –

CGD Group's market risk management rules for each portfolio or business unit, include market and exposure to credit and liquidity risk limits, required level of return, types of instruments authorised and stop loss levels.

The executive functions of market operations and control of the respective risk incurred are completely separate.

Market risk hedge operations are decided by portfolio managers or business units, on the basis of risk limits and authorised instruments, with the risk management area collaborating on an assessment of the impact of hedges on the total risk or change in authorised market risk levels, if advisable under the circumstances.

The market risk measure used is Value at Risk (VaR) on all types of market risk (interest rate, equities, exchange rates and volatility) based on the historic simulation method**,** whose confidence levels used in the simulation are contingent upon the reasons for holding the portfolios**.** Other market risk measures such as sensitivity to the price changes of underlying assets (basis point value (bpv) for interest rates and other sensitivity indicators commonly applied to options portfolios (commonly referred to as "Greeks") are also used. Stress tests are also performed on impacts on results.

Daily theoretical and real backtesting analyses of the VaR measure are performed, with the calculation of technical backtesting together with a monthly real backtesting exercise. The number of exceptions obtained i.e. the number of times theoretical or real losses exceed VaR, enable the method's accuracy to be assessed and any necessary adjustments made.

Management rules place restrictions on each portfolio in terms of their composition, regarding assets and risk levels. The risk levels have been defined both on credit exposure (concentration by name, sector, rating and country) and market (maximum total risk level, by risk factor and maturity), liquidity (number of minimum market prices required, authorised percentage portfolio limit on each issue, composition of the equities portfolio based on their inclusion in authorised indices). Monthly analyses and profitability controls are produced with an assessment of credit risk based on the regulatory definitions in force and market risk based on the internal approach method.

Foreign exchange risk

Foreign exchange risk control and its assessment are performed separately on a daily level in the case of domestic activity and for each of the branches and subsidiaries and fortnightly on a consolidated level for the Group as a whole. VaR amounts and limits and total open position by currency are calculated.

Liquidity risk and balance sheet interest risk –

Liquidity and balance sheet interest risk policies are defined by the ALCO (asset-liability) committee. The Risk Management Division's liquidity and balance sheet interest risk areas measure, monitor and report on the two types of risk.

The ALCO committee is the executive committee's decision-making body responsible for integrated assets and liabilities management, designed to proactively manage the balance sheet and CGD Group's profitability. In the risk management domain, the ALM process normally concentrates on liquidity and balance sheet interest rate risk, as a space for the rapid dissemination of management information transversal to the Group.

Liquidity risk management includes an analysis of the periods to maturity of different balance sheet assets and liabilities, evidencing cash inflow/outflow volumes for each bucket and respective liquidity gaps.

Liquidity gaps are calculated monthly and are used to assess the three liquidity ratios subject to limits (two short and one long term), opportunely defined and fixed by the ALCO committee. The structural liquidity concept is used to reflect the liquidity of debt securities and capital held and the behaviour of retail depositors in terms of their current, deposit and savings accounts management profile.

85% of the balance of investments in debt securities is therefore considered in the up to 1 month bucket with the remaining 15% being split up into other time bands in accordance with the weight of the balances in the initial periods to maturity structure. Collateralised securities for Eurosystem lending operations or other types of operations are allocated to the buckets on the basis of the maturity date of the operations they collateralise.

In turn, shares and other variable-income securities with adequate liquidity are globally considered in the up to 1 month bucket.

As regards current retail accounts and in accordance with an internally developed model based on depositors' historic behaviour, 83% of their balance (core deposits i.e. the stable amount of deposits based over a long historical observation period) is classified in the more than 10 years bucket, with the remaining non-core deposits being allocated in the up to 12 month buckets according to seasonality studies and the minimum observed balance. In turn, term and savings deposits are split up into the different buckets in accordance with an estimation model on their expected average lives – as opposed to their contractual period to maturity – enabling the expected distribution of the respective cash outflows over time to be obtained.

Liquidity risk management also includes stress tests based on an internally developed methodology articulated with the current existing liquidity contingency plan, designed to assess funding prospects at any point of time, strengthening the institution’s resistance to adverse shocks and the study of funding alternatives.

Over the course of the year CGD Group has pursued a resource-taking policy designed to promote a sustainable funding structure for its activity, based on the liquidity and period to maturity characteristics of its assets and off-balance sheet exposures.

The measurement methodology adopted for interest rate management risk includes a short term or accounting perspective and a long term or economic perspective.

Short term or accounting perspective

The short term or accounting perspective for interest rate risk assessments aims to estimate the effect of adverse changes in interest rates on the interest margin. The methodology used for this purposes, aggregates all assets and liabilities sensitive to interest rate changes into time bands, in accordance: (i) with their periods to maturity in the case of fixed-rate financial instruments, and (ii) with the periods between the repricing of interest rates in the case of variable-rate instruments. The respective interest rate gaps are then calculated for these time bands, enabling the effects of interest rate change on net interest income to be gauged.

Net interest rate simulations are also used with the objective of improving the reliability of the estimations obtained from interest rate gaps on the sensitivity of interest income. They include the production of projections on the evolution of the Group’s balance sheet, integrating behaviours and trends relevant to banking activity in addition to scenarios for the evolution of the different market rates and expectations as reflected in the yield curves.

Long term or economic perspective

The long term or economic perspective on the assessment of interest rate risks aims to estimate the effect of adverse changes in interest rates on the economic value of capital. The methodology used for the purpose involves the calculation of the duration of liabilities and assets sensitive to interest rate changes in addition to the respective duration gap, enabling the effect of interest rate changes on the economic value of capital to be gauged.

Simulation techniques are also used to improve the reliability of the estimations obtained from the sensitivity of the economic value of capital duration gap. They include the assessment and respective estimation of all future cash flows generated by assets and liabilities sensitive to interest rate changes (full valuation).

The management of liquidity and balance sheet interest rates and the banking portfolio is sustained by a collection of guidelines approved by the ALCO Committee and which include limits on a collection of significant exposure variables to such type of risk. The guidelines aim to ensure that CGD Group has a means of managing the return-risk trade-off for balance sheet management purposes and that it is also able to ensure a convenient exposure level and control the results of its assumption of risk policies and positions.

The following is a list of IFRS 7 requirements on the main types of risk involved in CGD Group’s activity.

Credit risk

Maximum exposure to credit risk

The following is a breakdown of the Group's maximum exposure to credit risk at 31 December 2013 and 2012:

	31-12-2013	31-12-2012
Trading securities		
Public debt	439,208	509,357
Private debt	5,544	40,466
i)	444,752	549,822
Public debt	26,419	27,513
Private debt	31,179	108,505
ii)	57,597	136,019
Available-for-sale financial assets		
Public debt	9,811,484	9,640,807
Private debt	4,515,662	8,741,851
iii)	14,327,146	18,382,658
Held-to-maturity investments		
Public debt	-	1,902,659
Private debt	-	566,619
iv)	-	2,469,277
Financial assets with repurchase agreement		
Public debt	196,133	68,576
Private debt	509,503	435,584
v)	705,636	504,160
i)+ii)+iii)+iv)	15,535,132	22,041,937
Derivatives	1,523,906	2,182,568
Loans and advances to credit institutions	1,774,802	2,517,400
Loans and advances to customers	70,148,862	74,810,636
Other debtors	2,581,713	3,213,824
Other operations pending settlement	166,855	172,187
	76,196,139	82,896,613
Other commitments		
Personal/Institutional guarantees given		
Guarantees and sureties	4,056,268	4,419,754
Stand-by letters of credit	58,148	67,309
Open documentary credits	469,238	410,835
Other personal guarantees and other contingent liabilities	105,198	1,091
Forward deposit agreements	666	2,000
Irrevocable lines of credit	1,535,594	1,764,341
Credit default swaps	108,009	164,740
	6,333,121	6,830,070
Maximum exposure to credit risk	98,064,391	111,768,620

Credit quality of investments in credit institutions

The following table splits up the balance sheet amounts of investments in credit institutions, with reference to 31 December 2013 and 2012, considering risk aggregate categories (reduced, average and high) associated with external ratings and the counterparty's country of origin:

	31-12-2013						
	Portugal	Rest of European Union	North America	Asia	Brazil	Other	Total
Reduced risk	-	168,460	235,029	122,636	660	66,717	593,501
Medium risk	89,406	289	-	483	214	36,463	126,855
High risk	100,114	-	-	-	-	178	100,292
No Rating	99,968	9	-	1,816	-	16,121	117,913
Central and Supranational banks	-	-	-	566,237	81,183	188,820	836,240
	289,487	168,758	235,029	691,173	82,057	308,299	1,774,802

	31-12-2012						
	Portugal	Rest of European Union	North America	Asia	Brazil	Other	Total
Reduced risk	-	108,042	200,888	56,047	66,080	43,402	474,458
Medium risk	859,521	55,926	-	19,489	-	317	935,253
No Rating	212,184	236	-	14,030	-	92,768	319,218
Central and Supranational banks	-	-	-	389,711	172,762	225,998	788,471
	1,071,704	164,204	200,888	479,277	238,842	362,485	2,517,400

Credit quality of debt securities

The following table splits up the balance sheet value of debt securities net of impairment (excluding matured securities), in accordance with the Standard & Poor's or an equivalent rating, by type of guarantor or issuer and geographic region, with reference to 31 December 2013 and 2012:

	31-12-2013				
	Portugal	Rest of European Union	North America	Other	Total
Financial assets at fair value through profit or loss					
AA+ to AA-	-	227,036	-	-	227,036
A+ to A-	-	43,226	-	103,519	146,745
BBB+ to BBB-	8,573	335	-	-	8,908
BB+ to BB-	113,880	7,786	-	-	121,666
B+ to B-	2,329	-	-	-	2,329
Lower than B-	-	-	-	50	50
No Rating	6,052	-	-	4,829	10,881
	130,834	278,383	-	108,398	517,615
Issued by:					
Corporates	7,052	7,785	-	-	14,837
Governments and local authorities	106,776	270,598	-	103,519	480,893
Financial institutions	8,433	-	-	4,870	13,303
Othet issuers	8,573	-	-	9	8,582
	130,834	278,383	-	108,398	517,615
Financial assets at fair value through revaluation reserves					
AAA	-	232,414	-	-	232,414
AA+ to AA-	-	53,567	21,756	-	75,323
A+ to A-	-	187,353	24,364	33,611	245,328
BBB+ to BBB-	417,153	291,910	49,495	1,285	759,843
BB+ to BB-	12,291,570	123,829	-	498,664	12,914,063
B+ to B-	40,206	23,452	198	399,068	462,924
Lower than B-	-	73,903	-	1,587	75,490
No Rating	191,834	1,974	-	58,323	252,131
	12,940,763	988,402	95,813	992,538	15,017,516
Issued by:					
Corporates	352,111	65,171	2,049	2,556	421,887
Governments and local authorities	9,057,177	62,415	21,757	841,973	9,983,322
Financial institutions	3,531,474	662,026	72,007	84,541	4,350,048
Othet issuers	1	198,790	-	63,468	262,259
	12,940,763	988,402	95,813	992,538	15,017,516

	31-12-2012				
	Portugal	Rest of European Union	North America	Other	Total
Financial assets at fair value through profit or loss					
AAA	-	21,834	-	-	21,834
AA+ to AA-	-	228,386	-	-	228,386
A+ to A-	-	105,899	-	39,587	145,486
BBB+ to BBB-	9,870	9,940	2,126	2,227	24,163
BB+ to BB-	234,025	10,703	1,130	-	245,858
B+ to B-	5,222	-	-	-	5,222
No Rating	4,630	3,916	-	6,346	14,892
	253,747	380,678	3,256	48,160	685,841
Issued by:					
Corporates	14,428	11,381	-	586	26,395
Governments and local authorities	197,437	299,846	-	39,587	536,870
Financial institutions	31,712	19,782	3,256	2,907	57,657
Othet issuers	10,170	49,669	-	5,080	64,919
	253,747	380,678	3,256	48,160	685,841
Financial assets at fair value through revaluation reserves					
AAA	-	536,494	62	35,541	572,097
AA+ to AA-	-	604,630	49,014	169,945	823,589
A+ to A-	-	1,591,837	150,971	92,570	1,835,378
BBB+ to BBB-	494,350	1,804,864	188,730	63,677	2,551,621
BB+ to BB-	11,686,645	368,657	-	266,968	12,322,270
B+ to B-	75,155	56,687	119	297,483	429,444
Lower than B-	-	65,388	101	1,565	67,054
No Rating	216,445	16,912	-	52,008	285,365
	12,472,595	5,045,469	388,997	979,757	18,886,818
Issued by:					
Corporates	202,149	677,847	54,426	23,677	958,099
Governments and local authorities	8,502,459	622,434	35,651	513,761	9,674,305
Financial institutions	3,767,987	3,461,458	297,596	405,566	7,932,607
Othet issuers	-	283,730	1,324	36,753	321,807
	12,472,595	5,045,469	388,997	979,757	18,886,818

Exposure to the sovereign debt of peripheral eurozone countries

Eurozone sovereign debt credit markets, particularly in the peripheral countries which are characterised by significant fiscal imbalances, have been affected by growing uncertainty and instability. This situation, visible in the continuous increase in risk spreads on these issues, culminated in the need for intervention by the European Central Bank, International Monetary Fund and European Union with the governments of Greece and Ireland (2010) and Portugal during the course of 2011.

The main characteristics of these CGD Group issues, at 31 December 2013 and 2012, are as follows:

	Book value net of impairment at 31-12-2013				Fair value	Accumulated impairment	Fair value reserve	Rating
	Residual maturities							
	2014	after 2014	no maturity	Total				
Financial assets at fair value trough profit or loss								
Portugal	83,436	23,339	-	106,775	106,775	-	-	
Greece	-	-	-	-	-	-	-	
Ireland	-	-	-	-	-	-	-	
Spain	-	163	-	163	163	-	-	
Italy	-	172	-	172	172	-	-	
	83,436	23,675	-	107,111	107,111	-	-	
Financial assets at fair value through revaluation reserves								
Portugal	5,015,103	4,039,504	2,570	9,057,177	9,057,177	-	82,910	
Greece	-	3,677	-	3,677	3,677	-	(2,730)	
Ireland	-	-	-	-	-	-	-	
Spain	-	58,738	-	58,738	58,738	-	1,511	
Italy	-	-	-	-	-	-	-	
	5,015,103	4,101,919	2,570	9,119,592	9,119,592	-	81,690	
Total								
Portugal	5,098,539	4,062,844	2,570	9,163,953	9,163,953	-	82,910	BB-
Greece	-	3,677	-	3,677	3,677	-	(2,730)	B-
Ireland	-	-	-	-	-	-	-	
Spain	-	58,901	-	58,901	58,901	-	1,511	BBB-
Italy	-	172	-	172	172	-	-	BBB
	5,098,539	4,125,594	2,570	9,226,703	9,226,703	-	81,690	

	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 these 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 fiscal rebalancing process.

The second bailout plan, negotiated between the European Commission, International Monetary Fund, European Central Bank and Republic of Greece, in July 2011 and latterly rectified in October 2011 (providing for total funding of €130 billion) also included the involvement of 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 rescue package and its respective impacts on creditors, further worsened by successive downgrades of its debt issues by the main rating agencies, led to the Group's resolution 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 €14,629 thousand in issues classified as available-for-sale financial assets, was reclassified to results for the period. 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 spread calculated between this amount (or book value when less) and the respective adjusted acquisition cost of €120,035 thousand, was recognised a charge to results.

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 for the private sector’s involvement in this process (Private Sector Involvement – PSI), with the aim of reducing the sovereign state’s public debt to 120.5% of GDP in 2020. The terms of PSI involvement provided for several exchange offers on the positions held for a bond pool with different maturities, yields and nominal amounts (in comparison to the initial amount of the original issue), in which 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.

At 31 December 2012, the unrealised results of the sovereign debt instruments of the peripheral eurozone countries set out in the “Fair value reserve” column do not include unrecognised capital losses as a charge to Caixa Seguros e Saúde’s own shareholder’s equity 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 capital gains of €213,627 thousand.

At 31 December 2013, the amounts set out in the reference table on the Group’s exposure to the sovereign debt of the eurozone’s peripheral areas did not include the balances on the portfolios of the Group’s insurance companies involved in a privatisation process which were reclassified in the period to "Non-current assets held for sale" categories**.**

<u>Measurement criteria</u>

The sovereign debt issues of the eurozone’s peripheral countries considered in the above table were measured at observable market prices, when applicable or, in the absence of an active market, prices supplied by external counterparties. At 31 December 2013 and 2012, these portfolios were segmented into levels 1 and 2 of the fair value chain. Greater detail on the distinguishing elements of these categories along with the main premises used are given in the item on “Fair value”.

<u>Exposures affected by the period of turbulence</u>

The Group's available-for-sale financial assets and assets at fair value through profit or loss as a charge to results portfolios, at 31 December 2013 and 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	31-12-2013			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	-	-	-	567	-	(344)
		A- to A+	Senior	European Union	2,580	-	(574)	2,807	-	(655)
		Lower than A-	Senior	European Union	33,038	-	(5,844)	31,861	-	(10,584)
			Mezzanine	European Union	3,462	-	(1,721)	2,645	-	(2,714)
		CCC	Mezzanine	European Union	2,542	-	(3,900)	1,308	-	(5,111)
		D	Mezzanine	North America	-	-	-	101	(9,364)	-
	i)				41,621	-	(12,039)	39,504	(9,364)	(19,410)
Collateralized Loan obligations										
		AAA	Senior	European Union	-	-	-	7,000	-	(250)
		AA- to AA+	Mezzanine	European Union	-	-	-	97	-	(4)
		A- to A+	Senior	European Union	-	-	-	92	-	(4)
			Mezzanine	European Union	-	-	-	252	-	(50)
		Lower than A-	Mezzanine	European Union	7,229	-	(1,689)	12,381	-	(2,359)
	ii)				7,229	-	(1,689)	19,822	-	(2,666)
Other financial instruments		No rating	Senior	European Union	-	-	-	1	(49)	-
	iii) = i)+ii)				48,851	-	(13,728)	59,327	(9,413)	(22,077)
Other financial instruments	iv)	A- to A+	Senior	European Union	-	-	-	33,467	-	-
					48,851	-	(13,728)	92,794	(9,413)	(22,077)

Information on movements in 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	Sales and amortisations	Acquisitions	Impact on results for the year		Change in the fair value reserve	Other	Book value (net) at 31-12-2013
							Capital gains / (losses) recognised against results	Impairment			
Available-for-sale financial assets											
Residential mortgage-backed securities											
	AAA	Senior	European Union	215	-	-	-	-	3	(218)	-
	AA- to AA+	Senior	European Union	567	(701)	-	(211)	-	344	-	(0)
	A- to A+	Senior	European Union	2,807	(292)	-	(11)	-	81	(5)	2,580
	Lower than A-	Senior	European Union	31,861	(3,620)	-	57	-	4,740	-	33,038
		Mezzanine	European Union	2,645	-	-	26	-	992	(202)	3,462
	CCC	Mezzanine	European Union	1,308	-	-	23	-	1,210	-	2,542
	D	Mezzanine	North America	101	(102)	-	1	-	-	-	-
Collateralized Loan obligations											
	AAA	Senior	European Union	7,000	(7,236)	-	(13)	-	250	-	-
	AA- até AA+	Mezzanine	European Union	97	-	-	-	-	4	(100)	-
	A- to A+	Senior	European Union	92	-	-	-	-	4	(97)	-
		Mezzanine	European Union	252	-	-	-	-	50	(302)	-
	Lower than A-	Mezzanine	European Union	12,381	(5,918)	-	197	-	670	(100)	7,229
Other financial instruments											
	No rating	Senior	European Union	1	-	-	-	-	-	(1)	-
				59,327	(17,868)	-	69	-	8,348	(1,025)	48,851
Financial assets at fair value through profit or loss											
Other financial instruments											
	A- to A+	Senior	European Union	33,467	-	-	-	-	-	(33,467)	-
				33,467	-	-	-	-	-	(33,467)	-
				92,794	(17,868)	-	69	-	8,348	(34,493)	48,851

TYPE	Rating (a)	Seniority level of the tranche held	Geographical area of the issuer	Book value (net) at 31-12-2011	Sales and amortisations	Acquisitions	Impact on results for the year: Capital gains / (losses) recognised against results	Impact on results for the year: Impairment	Change in the fair value reserve	Changes in consolidation perimeter	Book value (net) at 31-12-2012
Available-for-sale financial assets											
Commercial mortgage-backed securities											
	A- to A+	Senior	European Union	17,372	(18,452)	-	(1,011)	-	2,091	-	-
	C	Senior	European Union	2,697	(3,128)	-	(17)	-	448	-	-
Residential mortgage-backed securities											
	AAA	Senior	European Union	19,385	(19,443)	-	2,328	-	(2,055)	-	215
	AA- to AA+	Senior	European Union	12,377	(10,191)	-	1,246	-	(834)	-	2,598
		Mezzanine	European Union	200	(201)	-	(1)	-	1	-	-
	A- to A+	Senior	European Union	15,687	(2,397)	-	(112)	-	227	-	13,404
	Lower than A-	Senior	European Union	24,767	(1,969)	-	(93)	-	7,928	(11,400)	19,232
		Mezzanine	European Union	2,487	(518)	-	79	-	596	-	2,645
	CCC	Mezzanine	North America	199	-	-	(57)	-	(41)	-	101
	D	Mezzanine	European Union	746	-	-	(16)	-	578	-	1,308
Collateralized Loan obligations											
	AAA	Senior	European Union	6,642	-	-	(70)	-	428	-	7,000
			Other	36,702	(37,127)	-	(592)	-	1,017	-	-
	AA- to AA+	Mezzanine	European Union	80	-	-	-	-	17	-	97
	A- to A+	Senior	European Union	87	-	-	-	-	5	-	92
		Mezzanine	European Union	202	-	-	(1)	-	52	-	252
	Lower than A-	Mezzanine	European Union	6,984	-	-	95	-	5,302	-	12,381
	CCC	Mezzanine	European Union	434	(303)	-	(517)	-	385	-	-
Other financial instruments											
	No rating	Senior	European Union	6,703	(6,700)	-	(2)	-	-	-	1
				153,752	(100,428)	-	1,260	-	16,144	(11,400)	59,327
Financial assets at fair value through profit or loss											
Other financial instruments											
	A- to A+	Senior	European Union	39,258	(6,411)	3	617	-	-	-	33,467
				39,258	(6,411)	3	617	-	-	-	33,467
				193,010	(106,839)	3	1,877	-	16,144	(11,400)	92,794

"Capital gains/(losses) recognised as a charge to results" include accrued interest and foreign exchange revaluation results.

Quality of loans and advances to customers

The breakdown of the balance sheet carrying value of loans and advances to customers, at 31 December 2013 and 2012, was as follows:

	31-12-2013						
	Loans with collective analysis			Loans with specific impairment analysis	Other balances	Total	Fair value of collateral of default operations or with individual impairment
	Performing loans	Non-performing loans	Default loans				
Corporate loans							
Collective analysis							
Due for payment	9,751,153	451,070	382,682	-	1,564,417	12,149,321	
Past due	11,813	19,004	985,872	-	60,100	1,076,789	
Individual analysis							
Due for payment	13,559,456	152,469	58,927	6,851,596	1,019,510	21,641,958	
Past due	33,229	361	22,428	2,494,008	22,390	2,572,417	
	23,355,651	622,904	1,449,909	9,345,604	2,666,417	37,440,485	*6,211,839*
of which							
Central Government	*860,045*	*0*	*3,087*	*0*	*0*	*863,133*	
Local and Regional Government	*1,870,153*	*45,606*	*44,535*	*6,865*	*13,102*	*1,980,261*	
Mortgage loans							
Due for payment	30,781,001	890,333	1,185,956	356	979,105	33,836,750	
Past due	2,545	6,966	1,132,965	427	7,921	1,150,824	
	30,783,546	897,299	2,318,921	783	987,025	34,987,574	*2,381,673*
Consumer loans							
Due for payment	1,086,420	25,515	40,432	80,154	91,079	1,323,600	
Past due	732	1,086	83,594	3,311	5,372	94,094	
	1,087,152	26,601	124,025	83,465	96,451	1,417,694	*97,118*
Other loans							
Due for payment	401,935	11,672	12,035	41,798	29,787	497,228	
Past due	2,710	2,624	52,944	482	4,993	63,754	
	404,645	14,297	64,980	42,281	34,781	560,983	*11,263*
Total loans due for payment	55,579,965	1,531,059	1,680,032	6,973,905	3,683,898	69,448,858	
Total past due loans	51,030	30,042	2,277,803	2,498,228	100,775	4,957,877	
Total loans	55,630,995	1,561,101	3,957,835	9,472,132	3,784,674	74,406,737	
of which							
Restructured operations	*1,352,393*	*681,317*	*521,938*	*3,088,186*	-	*5,643,835*	

	31-12-2012						
	Loans with collective analysis			Loans with specific impairment analysis	Other balances	Total	Fair value of collateral of default operations or with individual impairment
	Performing loans	Non-performing loans	Default loans				
Corporate loans							
Collective analysis							
Due for payment	5,444,357	572,022	381,082	-	2,432,164	8,829,625	
Past due	13,160	28,741	962,576	-	82,182	1,086,658	
Individual analysis							
Due for payment	21,070,969	525,017	248,880	5,275,770	942,303	28,062,939	
Past due	18,325	10,726	104,478	2,043,788	21,851	2,199,168	
	26,546,811	1,136,506	1,697,015	7,319,558	3,478,500	40,178,390	*7,066,025*
of which							
Central Government	*1,376,170*	*-*	*-*	*4,603*	*28*	*1,380,800*	
Local and Regional Government	*2,055,639*	*10,413*	*87,617*	*51,978*	*-*	*2,205,648*	
Mortgage loans							
Due for payment	32,158,456	877,108	1,270,525	-	953,615	35,259,705	
Past due	3,352	7,013	1,024,943	30	7,439	1,042,777	
	32,161,808	884,121	2,295,469	30	961,054	36,302,482	*2,585,954*
Consumer loans							
Due for payment	1,201,298	83,300	46,543	887	177,224	1,509,251	
Past due	261	4,224	99,281	2,439	9,319	115,524	
	1,201,559	87,523	145,824	3,326	186,543	1,624,775	*91,568*
Other loans							
Due for payment	264,769	14,839	16,862	-	236,894	533,363	
Past due	2,276	2,399	53,030	-	11,436	69,141	*5,072*
	267,045	17,237	69,892	-	248,329	602,504	
Total loans due for payment	60,139,849	2,072,285	1,963,892	5,276,657	4,742,200	74,194,883	
Total past due loans	37,374	53,102	2,244,308	2,046,257	132,226	4,513,268	
Total loans	60,177,223	2,125,388	4,208,199	7,322,914	4,874,427	78,708,151	
of which							
Restructured operations	*870,619*	*394,384*	*292,021*	*1,985,859*	*95,094*	*3,637,977*	

The following classifications were used for the production of the tables:

- "Performing loans" – loans without any overdue payments or with balances overdue up to 30 days;
- "Non-performing loans" – loans balances overdue between 30-90 days; Balances on mortgage loan operations overdue for more than 30 days, if having overdue payments for a period of more than 90 days relative to a prior date (default) were also included in this segment;
- "Loans in default" – loans with balances overdue more than 90 days. In the case of corporate loans, if a customer has at least one operation with payments overdue for more than 90 days, the full amount of the customer's exposure to the Group is reclassified to this category.

The following amounts were considered in the "Other balances" column:

- Gross balance sheet value of loans made by Group entities which were not included in the analysis in the impairment model centrally developed by the Group.
- Gross balance sheet value of consumer credit to CGD employees (Headquarters).

Information on the composition of loans with overdue balances, but not impaired, at 31 December 2013 and 2012, attributed in the individual sphere and included in the above table in the “Loans with individual impairment – collective analysis” column, is set out below:

	31-12-2013	31-12-2012
Due for payment	249,945	478,377
Past due	40,322	31,166
Total	290,267	509,543
Attributed impairment - collective analysis	(10,533)	(18,795)
Fair value of collateral	69,247	355,032

Restructured operations:

CGD has made significant investments to diagnose, prevent and process credit at risk as well as credit in default, over the last decade.

The Credit Recovery Office was set up in 2003 (focusing on actions aimed at implementing extrajudicial solutions for settling individual customers’ mortgage loan defaults) and latterly gave rise to the Credit Recovery Division, broadening the universe of customers covered to individual customers in default on other products and to companies.

January 2012, in an extremely adverse macroeconomic context with an exponential increase in non-performing loans and consequent need for a new approach to the corporate sector by CGD, saw the creation of the Corporate Monitoring Division (DAE), with the mission of overseeing and recovering loans to companies and their respective groups having an involvement with CGD of (i) more than €5 million; (ii) impairment of 10% or more or, (iii) notwithstanding the amount of the impairment, when operating in sectors of activity at risk, with, in all cases, preference having been afforded to negotiated solutions as opposed to legal action.

Together with the paradigmatic change associated with the current crisis, in Portugal, with its exponential increase in non-performing loans, CGD has continued to implement the model it set up a decade ago in developing new forms of approach, always aiming to recover the amount of the loan while promoting the viability of the companies involved (in the case of corporate loans) as well as in continuing to adopt a social support stance with its customers as demonstrated by its continuous quest for and development of extrajudicial solutions enabling the mutually advantageous maintenance of customer relationships.

Based on the corporate segment monitored by it, DAE works on a case-by-case basis, not only involving customers with non-performing loans but also all related entities (on a Group basis) always aiming to recover the loan and restructure the companies involved as well as maintaining a posture of social support to its customers, demonstrated by its continuous quest for and development of extrajudicial solutions enabling the mutually advantageous maintenance of customer relationships. Potential sectorial synergies vis-à-vis the aggravated risk run by several sectors of activity, are also analysed, with an assessment of the viability of companies in line with a broader approach, which also considers the holders of the capital involved therewith. Therefore in the quest for solutions, equity structure, management capacity, business sustainability, investment needs and future treasury requirements are analysed, while not disregarding the amount of guarantees for comfort purposes.

The solution to be applied has therefore been defined and may involve debt restructuring (adjusting debt servicing requirements and, in several cases, renegotiating the amounts owed in line with the company's capacity to generate sufficiently high financial flows), the monitoring of *PERs* or insolvencies with recovery, the assignment of companies themselves or assets to corporate restructuring funds or real estate funds, respectively, to be offset against the loans through payment in kind, *inter alia*. The option to renegotiate and restructure the debt always and only occurs if expectable, on the basis of an analysis, that the restructuring operation will make the company viable (in the case of companies) and enable the recovery of loans made by CGD (both corporate and individual and to the self-employed).

A Transversal Structuring Project (TSP) was created during the course of 2013 for the analysis and optimisation of credit monitoring, management and recovery. Under the referred to TSP and for the purpose of preventing default, the work in progress focuses on monitoring the control and recovery of credit at risk measures, across the institution as a whole (for the same type of customers). The structure should be based on a type of credit risk per customer segmentation basis (defining a trigger for their automatic characterisation by the system) and its associated approach. A collection of monitoring indicators on credit risk for regular analysis is also at its definition stage. A Credit Oversight Board has been delegated to assess loans at risk and revise impairment in addition to defining the operational unit for customer monitoring purposes, as part of other credit recovery and risk mitigation solutions, should also be created.

Also of relevance in terms of the management of customers in financial difficulties in banking activity in Portugal, are the normative requirements of Decree Law 227/2012, of 25 October, relative to the *Action Plan for Risk of Default (PARI)* and the *Extrajudicial Procedure for the Settlement of Defaults (PERSI)* which came into force on 1 January 2013, in addition to Law 58/2012 of 9 November, under which an extraordinary regime for the protection of mortgage loan debtors in a very difficult economic situation was created, largely reflecting the recovery models, procedures and solutions in force in Caixa.

Lastly, reference should be made to CGD's endeavours to adapt its applications systems to the Bank of Portugal's *Instruction* 18/2012 (latterly revoked by *Instruction* 32/2013 of 31 December) to permit the automatic identification of customers in financial difficulties and restructured operations on the basis of a debtor's financial difficulties triggered by certain pre-established events, which, as a process will be complemented by manual intervention whenever justified by the detection of external signs.

Assessment of impairment losses

In all situations, impairment always reflects the Group's expectations of receiving the amounts owed to it in accordance with the proposed solution and valuation of guarantees allocated to loans.

As specifically regards restructured credit, owing to customers' financial difficulties, the Risk Management Division has begun work on revising criteria enabling it to differentiate between risks on this type of operation, with its consequent impact on the measurement of respective loss levels, to complement current impairment model definitions.

A restructuring event based on customers' financial difficulties is now identified as an impairment trigger and must be taken into consideration in separate assessments of impairment. More conservative measures to assess collective impairment have also been adopted.

Information on restructured operations, in December 2013 and 2012, is set out below:

	31-12-2013						
				Impairment			
	Loans not due	Overdue loans	Total	collective analysis	individual analysis	Total	Fair value of collateral
Restructured operations							
Non-financial entities and public administration	3,856,118	728,565	4,584,684	(152,713)	(773,422)	(926,135)	1,851,030
Financial entities	106,046	385	106,431	(840)	(16,938)	(17,779)	17,636
Individuals							
Housing	864,351	39,411	903,761	(84,497)	-	(84,497)	212,276
Other	43,001	5,958	48,958	(13,823)	(44)	(13,867)	11,332
Total	4,869,516	774,319	5,643,835	(251,873)	(790,404)	(1,042,277)	2,092,275

	31-12-2012						
				Impairment			
	Loans not due	Overdue loans	Total	collective analysis	individual analysis	Total	Fair value of collateral
Restructured operations							
Non-financial entities and public administration	2,859,224	329,803	3,189,027	(97,796)	(536,297)	(634,093)	1,090,875
Financial entities	60,517	26,596	87,113	(42)	(17,678)	(17,720)	84,436
Individuals							
Housing	325,720	10,039	335,759	(31,434)	-	(31,434)	89,174
Other	24,842	1,238	26,080	(4,562)	-	(4,562)	14,902
Total	3,270,303	367,676	3,637,977	(133,834)	(553,975)	(687,809)	1,279,387

Liquidity risk

Liquidity risk derives from the possibility of difficulties (i) in obtaining resources to finance assets, normally leading to higher borrowing costs but which may also imply a restriction on asset growth, and (ii) the prompt settlement of obligations to third parties caused by significant mismatches between the periods to maturity of the institution's financial assets and liabilities. Liquidity risk may be reflected in the impossibility of achieving the prompt sale of a financial asset at close to its fair market value.

Under IFRS 7, the contractual periods to maturity of financial instruments, at 31 December 2013 and 2012, are as follows:

	31-12-2013									
	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	1,545,946	-	-	-	-	-	-	-	-	1,545,946
Cash balances at other credit institutions	1,036,312	-	-	-	-	-	-	-	109	1,036,421
Loans and advances to credit institutions	1,422,192	140,363	40,102	62,398	10,075	2,268	33,131	24,053	55,857	1,790,440
Securities										
Trading	1,750	10,294	31,569	76,658	109,222	37,522	192,998	7,359	1,542,999	2,010,371
Other (net of impairment)	58,107	758,744	1,111,288	4,305,237	2,826,747	2,991,600	3,536,316	1,246,013	2,073,540	18,907,592
Loans and advances to customers (gross)	3,981,120	3,637,396	5,079,999	3,774,711	13,558,643	10,014,013	17,962,436	36,427,341	(137,352)	94,298,308
Assets with repurchase agreement	12,016	21,101	12,974	27,340	230,189	386,984	84,817	-	5,376	780,797
Hedging derivatives	-	-	-	-	-	-	-	-	45,458	45,458
	8,057,442	4,567,899	6,275,932	8,246,344	16,734,875	13,432,387	21,809,698	37,704,767	3,585,989	120,415,333
Liabilities										
Resources of central banks and credit institutions	(1,621,536)	(1,708,105)	(129,332)	(431,431)	(5,340,577)	(280,743)	(698,571)	(1,586)	204,561	(10,007,319)
Customer resources	(24,224,548)	(7,012,433)	(7,970,624)	(11,515,255)	(13,421,344)	(3,943,224)	(396,316)	(125,098)	(728,725)	(69,337,567)
Debt securities	(132,467)	(1,163,155)	(101,309)	(1,230,089)	(4,001,820)	(1,083,913)	(1,704,504)	(393,037)	5,338	(9,804,955)
Financial liabilities at fair value through profit or loss	(788)	(84)	(271)	(946)	-	-	(1,138)	(2,725)	(1,638,880)	(1,644,832)
Hedging derivatives	-	-	-	-	-	-	-	-	(65,110)	(65,110)
Subordinated liabilities	(5,110)	(16,842)	(50,994)	(52,048)	(270,411)	(1,949,257)	(587,885)	(130,349)	6,072	(3,056,824)
Consigned resources	-	(760)	(50,905)	(20,541)	(17,555)	(31,552)	(554,899)	(287,294)	(159)	(963,665)
	(25,984,449)	(9,901,379)	(8,303,435)	(13,250,309)	(23,051,707)	(7,288,688)	(3,943,314)	(940,088)	(2,216,902)	(94,880,271)
Derivatives	(1,166)	(18,566)	2,030	9,792	(43,772)	(19,033)	(64,299)	(53,235)	-	(188,249)
Difference	(17,928,173)	(5,352,046)	(2,025,473)	(4,994,173)	(6,360,604)	6,124,667	17,802,084	36,711,444	1,369,087	25,346,813

	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 also include cash flows projections on capital and interest and are not therefore directly comparable to the accounting balances at 31 December 2013 and 2012. Interest projections on variable-rate operations incorporate the forward rates implicit in the current yield curve in force on the respective references dates. The disclosure of elements in this sphere, up to 31 December 2012, was quantified by the indicative interest rates in force on the reference date for the year which 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 restated in conformity with the new methodological assumptions in force.

The distribution of principal and interest flows also took the expectations relative to early repayments of mortgage lending into account, based on an analysis of historical information on the operations and the present macroeconomic situation.

The following tables, which contain information on CGD Group's structural liquidity risk, at 31 December 2013 and 2012, differ from the former tables in their use of the following premises:

- Debt and equity securities: reallocation of amounts with adequate liquidity to the up to 1 month bucket, except for collateralised debt securities which were allocated to buckets corresponding to the maturity of operations they were collateralising. Up to 31 December 2012, as collateralised debt securities were allocated to the "indeterminate" bucket, to ensure the comparability of information the presentation of comparable data at 31 December 2012 was re-expressed in conformity with the new methodology in force;
- Customers' sight deposits: reallocation of the balance of core deposits to the up to 1 month bucket "More than 10 years"
- Term and savings deposits (CGD Headquarters): the expected lengths of deposit periods were estimated (different from contractual periods) on the basis of which the respective balances were reallocated by bucket.

The amounts presented also correspond to outstanding capital balances and do not include interest or accrued interest projections.

	31-12-2013									
	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	1,545,275	-	-	-	-	-	-	-	-	1,545,275
Cash balances at other credit institutions	1,032,227	-	-	-	-	-	-	-	109	1,032,336
Loans and advances to credit institutions	1,421,200	139,920	40,006	62,124	8,686	998	29,865	19,619	55,857	1,778,276
Securities										
Trading	108,999	27,421	4,574	10,172	156,930	3,525	27,264	114,618	1,503,186	1,956,688
Other (net of impairment)	3,890,455	1,035,527	158,446	617,771	5,438,577	374,124	449,942	4,221,883	652,493	16,839,217
Loans and advances to customers (gross)	3,830,930	3,386,379	4,678,616	3,149,652	11,066,454	7,343,331	11,672,964	24,457,884	(137,352)	69,448,858
Assets with repurchase agreement	420,678	292,581	-	-	-	-	-	-	(7,624)	705,636
	12,249,765	4,881,828	4,881,642	3,839,720	16,670,647	7,721,978	12,180,034	28,814,003	2,066,670	93,306,287
Liabilities										
Resources of central banks and credit institutions	(1,620,437)	(1,687,857)	(127,502)	(408,642)	(5,245,422)	(209,435)	(552,060)	(1,586)	204,561	(9,648,379)
Customer resources	(6,500,549)	(4,720,691)	(4,976,819)	(11,637,754)	(17,293,509)	(7,029,111)	(2,446,807)	(11,864,597)	(732,066)	(67,201,902)
Debt securities	(50,263)	(1,101,236)	(89,183)	(1,040,887)	(3,592,342)	(895,799)	(1,532,769)	(308,623)	5,338	(8,605,764)
Financial liabilities at fair value through profit or loss	(788)	(84)	(271)	(946)	-	-	(1,138)	(2,725)	(1,638,880)	(1,644,832)
Subordinated liabilities	(4,889)	(8,973)	(452)	(452)	(39,295)	(1,825,422)	(537,451)	(100,000)	6,072	(2,510,862)
Consigned resources	-	-	(50,000)	(16,667)	-	-	(458,196)	(250,684)	(159)	(775,705)
	(8,176,926)	(7,518,840)	(5,244,227)	(13,105,347)	(26,170,568)	(9,959,767)	(5,528,422)	(12,528,213)	(2,155,133)	(90,387,443)
Difference	4,072,839	(2,637,013)	(362,585)	(9,265,627)	(9,499,922)	(2,237,789)	6,651,613	16,285,790	(88,463)	2,918,843

	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	1,300,441	-	-	-	-	-	-	-	(3,260)	1,297,181
Loans and advances to credit institutions	1,488,495	693,700	15,217	259,332	29,610	1,411	440	21,289	8,874	2,518,368
Securities										
Trading	171,687	29,030	8,458	9,930	195,059	5,951	31,687	119,315	2,102,043	2,673,159
Other (net of impairment)	6,131,718	1,185,275	260,168	413,405	7,143,514	382,515	565,864	4,314,678	1,504,878	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)	4,402,978	4,324,791	5,122,221	3,592,663	11,044,115	8,437,221	13,187,492	24,972,093	(888,690)	74,194,883
Assets with repurchase agreement	-	750,086	-	-	-	-	-	-	(245,927)	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
	15,113,657	7,003,833	5,564,208	4,392,261	20,507,228	9,663,511	14,277,916	29,431,126	2,356,654	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)	(0)	(3,656)	(12,144,237)
Customer resources	(5,905,074)	(5,177,649)	(4,634,191)	(9,686,064)	(21,014,457)	(10,773,543)	(2,888,817)	(11,361,010)	728,951	(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)	(767,338)	(836,411)	(1,011,043)	(3,694,127)	(1,879,724)	(1,611,449)	(445,898)	56,157	(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)
	(8,869,332)	(7,517,175)	(5,714,726)	(11,055,563)	(31,834,739)	(15,693,899)	(5,786,522)	(12,389,493)	(1,500,750)	(100,362,199)
Difference	6,244,326	(513,342)	(150,517)	(6,663,303)	(11,327,511)	(6,030,388)	8,491,394	17,041,633	855,904	7,948,196

Interest rate risk

Interest rate risk derives from the possibility that the cash flows associated with a certain financial instrument, or its fair value, may be changed as the result of a change in market interest rates.

Detailed information on financial instruments exposed to interest rate risk, based on their maturity or interest refixing date, at 31 December 2013 and 2012, is set out in the following tables:

	31-12-2013								
	Repricing dates / Maturity dates								
	<= 7 days	>7 days <= 1 month	> 1 month <= 3 months	> 3 months <= 6 months	> 6 months <= 12 months	> 12 months <= 3 years	> 3 years	Unspecified	Total
Assets									
Cash and cash equivalents at central banks	1,389,259	156,016	-	-	-	-	-	-	1,545,275
Cash balances at other credit institutions	1,032,227	-	-	-	-	-	-	109	1,032,336
Loans and advances to credit institutions	1,274,904	177,381	144,798	40,006	62,124	3,808	19,397	55,857	1,778,276
Securities									
Trading	-	-	9,807	30,491	67,814	93,239	214,808	1,478,449	1,894,608
Other (net of impairment)	33,507	558,606	1,239,550	1,420,026	6,927,286	1,723,835	2,856,516	1,002,164	15,761,491
Loans and advances to customers (gross)	3,162,350	16,229,124	24,517,921	19,060,888	1,254,608	2,009,885	3,316,028	(101,945)	69,448,858
Assets with repurchase agreement	22,478	54,877	256,704	10,000	20,200	175,500	160,500	5,376	705,636
	6,914,726	17,176,004	26,168,781	20,561,412	8,332,033	4,006,266	6,567,248	2,440,011	92,166,481
Liabilities									
Resources of central banks and credit institutions	(1,163,144)	(457,293)	(2,437,857)	(127,502)	(408,642)	(5,245,422)	(13,081)	204,561	(9,648,379)
Financial liabilities at fair value through profit or loss	-	(788)	(84)	(271)	(946)	-	(3,863)	(1,638,880)	(1,644,832)
Liabilities associated with unit-linked products	(19,707,562)	(6,518,654)	(9,782,379)	(12,062,065)	(10,996,790)	(7,390,748)	(587,234)	(156,471)	(67,201,902)
Customer resources	(24,905)	(25,358)	(1,897,840)	(87,700)	(1,112,326)	(3,221,843)	(2,241,131)	5,338	(8,605,764)
Subordinated liabilities	-	(104,889)	(477,546)	(558,903)	(368,974)	(1,808)	(1,004,814)	6,072	(2,510,862)
Consigned resources	-	-	(692,773)	-	-	-	(82,773)	(159)	(775,705)
	(20,895,611)	(7,106,981)	(15,288,479)	(12,836,441)	(12,887,677)	(15,859,821)	(3,932,894)	(1,579,538)	(90,387,443)
Derivatives									
Interest Rate Swaps (IRSs)	4,984,328	161,064	(1,324,326)	(1,454,610)	(207,652)	(622,349)	(1,561,071)	-	(24,616)
Interest rate futures	-	-	974,163	-	-	-	6,861	-	981,023
Forward Rate Agreements (FRAs)	-	-	-	-	-	-	35,000	-	35,000
Interest rate options	-	-	-	-	-	-	(253,818)	-	(253,818)
	4,984,328	161,064	(350,163)	(1,454,610)	(207,652)	(622,349)	(1,773,029)	-	737,589
Net exposure	(8,996,557)	10,230,086	10,530,139	6,270,361	(4,763,296)	(12,475,903)	861,325	860,473	2,516,627

	31-12-2012								
	Repricing dates / Maturity dates								
	<= 7 days	>7 days <= 1 month	> 1 month <= 3 months	> 3 months <= 6 months	> 6 months <= 12 months	> 12 months <= 3 years	> 3 years	Unspecified	Total
Assets									
Cash and cash equivalents at central banks	1,171,874	431,252	-	-	-	-	-	1	1,603,127
Cash balances at other credit institutions	1,300,441	-	-	-	-	-	-	(3,260)	1,297,181
Loans and advances to credit institutions	1,091,247	402,946	698,181	35,434	247,747	11,249	20,905	10,660	2,518,368
Securities									
Trading	-	-	20,050	56,374	65,774	119,663	257,426	2,153,872	2,673,159
Other (net of impairment)	166,677	1,381,252	2,788,988	1,846,634	5,708,755	4,397,754	2,685,528	2,926,426	21,902,015
Investments associated to unit-linked products	-	-	-	-	-	-	-	1,148,225	1,148,225
Loans and advances to customers (gross)	2,960,414	18,179,906	26,373,555	20,838,673	1,676,134	1,879,909	3,169,548	(881,941)	74,196,199
Assets with repurchase agreement	-	-	80,000	204,000	-	-	-	220,160	504,160
Investments held to maturity (gross)	-	28,261	170,450	96,423	47,915	1,500,135	836,654	(210,561)	2,469,277
	6,690,654	20,423,618	30,131,224	23,077,537	7,746,325	7,908,710	6,970,061	5,363,581	108,311,711
Liabilities									
Resources of central banks and credit institutions	(2,414,415)	(340,454)	(2,309,844)	(223,850)	(336,581)	(6,503,751)	(11,865)	(3,475)	(12,144,237)
Financial liabilities at fair value through profit or loss	(3,114)	(291)	(1,086)	(42)	(228)	-	(140,705)	(2,071,577)	(2,217,043)
Liabilities associated with unit-linked products	-	-	-	-	-	-	-	(1,148,225)	(1,148,225)
Customer resources	(17,935,364)	(9,168,310)	(9,603,668)	(11,481,749)	(7,793,633)	(14,319,173)	(1,174,405)	764,448	(70,711,854)
Debt securities	(51,391)	(182,800)	(1,756,041)	(1,169,073)	(606,596)	(3,785,601)	(2,896,879)	56,157	(10,392,224)
Subordinated liabilities	-	(105,161)	(190,198)	(558,904)	(762,320)	(1,360)	(1,286,040)	9,350	(2,894,634)
Consigned resources	-	-	(762,855)	-	-	-	(90,932)	(196)	(853,983)
	(20,404,284)	(9,797,016)	(14,623,692)	(13,433,619)	(9,499,358)	(24,609,885)	(5,600,827)	(2,393,518)	(100,362,199)
Derivatives									
Interest Rate Swaps (IRSs)	6,240,660	(925,885)	(2,596,453)	(207,400)	(930,521)	(1,042,648)	(497,883)	(3,010)	36,860
Interest rate futures	-	-	1,436,487	99,830	2,046,640	-	11,624	-	3,594,581
Forward Rate Agreements (FRAs)	-	-	-	-	-	-	5,000	-	5,000
Interest rate options	-	-	-	-	-	-	-	(24,466)	(24,466)
	6,240,660	(925,885)	(1,159,966)	(107,570)	1,116,119	(1,042,648)	(481,259)	(27,476)	3,611,974
Net exposure	(7,472,970)	9,700,717	14,347,566	9,536,348	(636,914)	(17,743,824)	887,975	2,942,587	11,561,486

The above tables include the amounts of outstanding capital, excluding accrued interest and value adjustments.

Their production was based on the following assumptions:

- Claims on central banks were classified in the up to 1 month column and customer's sight deposits were classified in the "<= 7 days" column;

- The difference between the nominal and market value of debt securities recognised at fair value is considered in the "indeterminate" column and includes the accrued interest component.
- The maturity on equity instruments is classified in the "indeterminate" column;

Fair value

The following tables set out information on the balance sheet and fair values of the principal financial assets and liabilities, at amortised cost, at 31 December 2013 and 2012:

	31-12-2013				
	Balances analysed			Balances not analysed	Total book value
	Book value	Fair value	Difference	Book value	
Assets					
Cash and cash equivalents at central banks	1,545,339	1,545,339	-	-	1,545,339
Cash balances at other credit institutions	1,037,042	1,037,042	-	(538)	1,036,504
Loans and advances to credit institutions	1,307,297	1,306,312	(985)	467,505	1,774,802
Held-to-maturity investments	-	-	-	-	-
Loans and advances to customers	67,388,130	59,730,144	(7,657,985)	2,686,332	70,074,462
	71,277,808	63,618,837	(7,658,971)	3,153,299	74,431,107
Liabilities					
Resources of central banks and other credit institutions	9,835,039	9,763,230	71,810	(100,390)	9,734,649
Customer resources	65,976,420	66,494,589	(518,169)	1,848,049	67,824,469
Debt securities	8,717,423	8,583,996	133,426	73,964	8,791,387
Subordinated liabilities	2,508,172	2,356,541	151,631	15,528	2,523,700
Consigned resources	775,546	789,274	(13,728)	159	775,705
	87,812,600	87,987,630	(175,030)	1,837,310	89,649,910

	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 on demand corresponds to their fair value;
- The fair value of Caixa’s listed issues (net), corresponds to their respective market price;
- Discounted cash flow models were used to assess the fair value of the remaining instruments, for both fixed and variable-interest rate instruments up to the operations’ maturity using the operations’ contractual terms and yield curves appropriate to the instrument, including:

. Market interest rates, incorporating the average spreads on new investment operations and credit institutions' resources;

. Market interest rates incorporating the average spreads charged on new lending operations and customer deposits on like-for-like types of loans and deposits;

- The "Balances not analysed" column essentially includes:

. Overdue credit, net of impairment;

. The balances of several entities not included in Caixa's calculations.

The form of measuring the fair value of financial instruments recognised in the financial statements, at 31 December 2013 and 2012, may be summarised as follows:

	31-12-2013			
	Measurement techniques			Total
	Level 1 Market prices	Level 2 Market inputs	Level 3 Other measurement techniques	
Securities held for trading	418,532	59,707	-	478,239
Securities at fair value through profit or loss (*)	848,319	26,773	381,800	1,256,892
Available-for-sale financial assets	9,632,009	4,244,509	1,528,721	15,405,239
Assets with repurchase agreement	488,435	209,679	7,522	705,636
Trading derivatives	321	(560,893)	394,188	(166,384)
Hedging derivatives	-	44,019	(63,670)	(19,651)
	11,387,616	4,023,794	2,248,561	17,659,971

(*) 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	10,616,676	9,464,909	315,600	20,397,185
Assets with repurchase agreement	279,355	224,805	-	504,160
Trading derivatives	(9)	(130,609)	-	(130,618)
Other liabilities held for trading	(2,582)	-	-	(2,582)
Hedging derivatives	-	14,246	-	14,246
	12,458,330	9,760,274	478,232	22,696,836

(*) 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 prices;

. **Level 2** – Measurement techniques – 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 bid prices supplied by external counterparties;

. **Level 3** – Other measurement techniques. This column includes financial instruments measured by internal models or prices supplied by external entities including non-observable market parameters.

Movements in financial instruments, classified in the "Other measurement techniques" column, in 2012 and 2013 were as follows:

	Financial assets at fair value through profit or loss			Available-for-sale financial assets					Total
	Equity instruments	Debt instruments	Subtotal	Equity instruments	Debt instruments			Subtotal	
		Corporate bonds			Asset-backed securities	Collateralized Loan Obligation	Corporate bonds		
Book value (net) at 31-12-2012	158,002	4,630	162,632	266,325	-	-	49,272	315,600	478,232
Acquisitions	52,227	-	52,227	191,907	-	-	12,828	204,735	330,481
Amortisations	-	-	-	-	-	-	(11,673)	(11,673)	(11,673)
Sales	(46,856)	-	(46,856)	(1,266)	-	-	(181)	(1,447)	(48,303)
Gains / (losses) recognised as a charge to results - alienated instruments	4,249	-	4,249	244	-	-	(171)	73	4,322
Gains / (losses) recognised as a charge to results - portfolio instruments	(8,047)	99	(7,947)	(260)	-	-	463	204	(7,743)
Impairment for the year	-	-	-	(12,281)	-	-	-	(12,281)	(12,281)
Gains / (losses) recognised as a charge to fair value reserves	-	-	-	8,000	-	-	1,935	9,935	9,935
Transfers from / (to) other levels (Levels 1 and 2)	217,495	-	217,495	472,467	375,291	7,229	179,130	1,034,117	1,508,612
Other	-	-	-	(3,021)	-	-	-	(3,021)	(3,021)
Book value (net) at 31-12-2013	377,070	4,729	381,800	922,116	375,291	7,229	231,605	1,536,243	2,248,561

	Financial assets at fair value through profit or loss			Available-for-sale financial assets					Total
	Equity instruments	Debt instruments	Subtotal	Equity instruments	Debt instruments			Subtotal	
		Corporate bonds			Asset-backed securities	Collateralized Loan Obligation	Corporate bonds		
Book value (net) at 31-12-2011	157,044	10,021	167,064	284,628	-	-	57,302	341,932	508,997
Acquisitions	43,981	-	43,981	41,789	-	-	531	42,321	86,302
Amortisations	-	(5,225)	(5,225)	-	-	-	-	-	(5,225)
Sales	(25,220)	-	(25,220)	(26,376)	-	-	(8,288)	(34,664)	(59,884)
Gains / (losses) recognised as a charge to results - alienated instruments	1,214	-	1,214	(1)	-	-	-	(1)	1,213
Gains / (losses) recognised as a charge to results - portfolio instruments	(19,096)	(165)	(19,261)	(244)	-	-	(528)	(772)	(20,033)
Impairment for the year	-	-	-	(28,277)	-	-	-	(28,277)	(28,277)
Gains / (losses) recognised as a charge to fair value reserves	-	-	-	(5,217)	-	-	632	(4,585)	(4,585)
Other	79	-	79	23	-	-	(377)	(354)	(275)
Book value (net) at 31-12-2012	158,002	4,630	162,632	266,325	-	-	49,272	315,600	478,232

At 31 December 2013 and 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 decreases of around €650 thousand and €147 thousand in fair value in the balance sheet and revaluation reserves and results, respectively.

Equity instruments measured through other valuation techniques (Level 3) at 31 December 2013 and 2012, essentially include investment structures valued on the basis of accounting net asset values provided by management entities or other information service providers.

Transfers between levels 1 and 2 of the fair value ranking, in 2013, were as follows:

	Securities at fair value through profit or loss		Available-for-sale financial assets	
	Transfers from level 1 to level 2	Transfers from level 2 to level 1	Transfers from level 1 to level 2	Transfers from level 2 to level 1
Debt instruments	-	20,749	136,921	41,370
	-	20,749	136,921	41,370

The transfers noted between classification levels in the fair value chain assessment are essentially on account of the changes in the available resources for the valuation of these assets (market or external counterparties).

<u>*Derivatives*</u>

Transfers of derivatives are made in organised and OTC markets.

Listed derivatives operations are valued on prices taken from financial information systems (*Reuters/Bloomberg*).

OTC derivatives are valued by commonly accepted theoretical, reasonably complex models, depending on the characteristics of the product in question:

- Discounted future cash flows based on an adequate yield curve;
- Valuations based on statistical models, accepted in the market, such as *Black & Scholes*.

The type of input necessary for the valuation also depends upon the characteristics of the operations, which are generally yield curves, volatility curves, equity prices/indices, exchange rates and dividend yields.

Yield curves are produced on deposit rates and swap prices taken from Reuters/Bloomberg. An adjustment based on interest rate futures or FRAs is applied to currencies with the largest exposures. Different future yield curves are available, depending on the period of the operation's Indexer.

Volatility curves are produced on the basis of the implicit volatilities in the prices of listed options on underlying assets. If there are no listed options for an underlying asset historic volatility is calculated on the basis of the historical price series of its component parts.

Prices of shares/indices, exchange rates and dividend yields are supplied by Reuters/Bloomberg.

Up to 31 December 2012, the fair value of derivatives was assessed on the basis of expected discounted future cash flows at a risk-free interest rate. In addition, the initial margin obtained on each operation was deferred until the respective maturity date, with specific adjustments having been recognised in the valuation of derivatives with increased credit risk. The accumulated value of the referred to adjustments on the positive valuation of the derivatives on the said date totalled €78,111 thousand.

During the course of 2013, as a result of the adoption of IFRS 13 (Note 2.2), the Group incorporated *add-ons* to its valuation of the said financial instruments to reflect its own credit risk based on a market discount curve it considers to reflect the associated risk profile. Simultaneously, based on its current exposure, the Group adopted a similar methodology to reflect counterparty credit risk in derivatives with positive fair value, having as a result of this situation, discontinued the procedure of deferring the initial margin. The fair value thus obtained comprises the risk-free appreciation affected by this addition.

The value of CVA (credit value adjustments) at 31 December 2013, recognised In the "Financial assets held for trading" account, and DVA (debit value adjustments) recognised in the "Financial liabilities held for trading" account heading totalled €101,470 thousand and €2,415 thousand, respectively.

Debt instruments of financial and non-financial entities

Whenever possible, securities are valued at market prices obtained in accordance with an internally developed algorithm which endeavours to obtain the most appropriate price for each security in accordance with an internally defined ranking of contributors by CGD. Price changes are analysed daily with the aim of ensuring the quality of the prices used**.**

There are several securities for which market prices cannot be obtained: assets classified at levels 2 and 3. These securities are priced by the use of internal/external valuation techniques. The valuations are generally based on future discounted cash flow projections. The forecast may be the result of a reasonably complex model ranging from simple discounted cash flows resulting from forward rates (obtained from the most adequate interest rate curve, which, in turn, is produced on the basis of money market and swap rates, whose money market component is 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 complying with the issue’s currency/sector/rating trinomial to consider the risk attached to each issue. Segmentation between levels 2 and 3 are essentially associated with the viability of the direct observation of the input sources for valuation purposes. The valuations provided by structurers, issuers or counterparties (external measurements) are also allocated to Level 2.

In general, the input used for internal measurements is obtained from Bloomberg and Reuters systems.

Interest rate curves are calculated on money market rates and swap prices. 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.

The values of the curves of the currencies with greater exposure, at 31 December 2013 and 2012, were as follows:

	31-12-2013			31-12-2012		
	EUR	USD	GBP	EUR	USD	GBP
Overnight	0.1200	0.1500	0.4100	0.0100	0.3000	0.4250
1 month	0.1800	0.1800	0.4200	0.0600	0.3500	0.5300
2 months	0.2089	0.2100	0.4600	0.0947	0.4000	0.5400
3 months	0.2351	0.2325	0.4936	0.1290	0.4149	0.5600
6 months	0.3093	0.2549	0.5383	0.2351	0.3660	0.5505
9 months	0.3304	0.2761	0.5787	0.2504	0.3621	0.5512
1 year	0.3609	0.2990	0.6284	0.2781	0.3652	0.5544
2 years	0.5190	0.4790	0.9947	0.3790	0.4035	0.7076
3 years	0.7373	0.8490	1.4039	0.4727	0.4930	0.7696
5 years	1.2562	1.7440	2.1170	0.7714	0.8380	1.0197
7 years	1.6811	2.4150	2.5693	1.1317	1.2570	1.3665
10 years	2.1558	3.0110	2.9919	1.5753	1.7630	1.8749
15 years	2.5848	3.5070	3.3210	2.0184	1.9040	2.4388
20 years	2.7178	3.7060	3.4208	2.1715	2.2990	2.7458
25 years	2.7438	3.7940	3.4433	2.2203	2.5210	2.9084
30 years	2.7348	3.8395	3.4397	2.2413	2.6370	2.9885

Credit curve values are obtained from the Bloomberg system and assessed on the 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 31 December 2013 and 2012, were as follows:

	31-12-2013		31-12-2012	
	Portuguese Government	German Government	Portuguese Government	German Government
3 months	0.8231	0.1027	1.1791	-0.0022
6 months	1.1033	0.1257	1.5485	-0.0022
9 months	1.2105	0.1319	2.0127	-0.0022
1 year	1.2808	0.1383	2.1441	-0.0022
2 years	3.2942	0.1809	3.3959	-0.0022
3 years	3.9012	0.3888	4.4682	-0.0022
5 years	5.1150	0.9328	5.2956	0.0462
7 years	5.7238	1.3962	6.4514	0.3132
10 years	6.0551	1.9705	6.7529	0.7502
15 years	6.2115	2.3071	6.8670	1.2968
20 years	6.2713	2.5502	6.8889	1.7265
25 years	6.3069	2.7613	6.8973	2.0333
30 years	6.3207	2.7580	6.9084	2.1204

Foreign exchange rates are assessed on the prices set by the central bank. The following table provides information on the foreign exchange rate pairings of several relevant currencies, at 31 December 2013 and 2012:

	31-12-2013	31-12-2012
EUR/USD	1.3791	1.3194
EUR/GBP	0.8337	0.8161
EUR/CHF	1.2276	1.2072
EUR/AUD	1.5423	1.2712
EUR/JPY	144.72	113.61
EUR/BRL	3.2576	2.7036

Equity instruments held as part of a venture capital activity

Unlisted own equity instruments held as part of a venture capital activity are valued by the following criteria:

i) Prices of materially relevant transactions charged 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 price corresponding to the net value of an associated company's assets;

v) Acquisition cost

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 and price risks.

Market risk assessment is based on the following methodologies:

- Value at Risk (VaR) on the following portfolios:
  - Trading portfolio – includes securities and trading derivatives;
  - Own portfolio – comprising investment securities upon which deleveraging operations are being performed;
  - Investment portfolio – includes the remaining securities in Caixa's own portfolio, except for equity stakes and securitised loans;
  - Treasury management – money market funding, derivatives associated with this activity and debt issues exposed to market risk

The VaR analysis excludes managed financial instruments under an 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 Espanha;
  - BNU Macau
- Sensitivity analysis on all financial instruments with optionality;

. Stress Tests

VaR analysis – market risk

VaR is an estimate of the maximum 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 based on historical simulation, i.e. future events are totally explained by past events, based on the following premises:

- 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 31 December 2013 and 2012 (thousand euros):

Activity of Caixa Geral de Depósitos (headquarters and branches)

Trading portfolio (VaR 95%, 1 day)

	31-12-2013	Maximum	Minimum	31-12-2012
VaR by type of risk				
Interest rate	3,658	11,252	3,658	10,123
Foreign exchange rate	97	2,882	24	134
Price	-	1,788	-	165
Volatility	-	3	-	-
Diversification effect	(116)	-	-	(282)
	3,639	11,821	3,639	10,139

Treasury management (VaR 95%, 1 day)

	31-12-2013	Maximum	Minimum	31-12-2012
VaR by type of risk				
Interest rate	1,784	8,374	1,784	8,437
Foreign exchange rate	1,846	3,887	321	1,504
Price	-	-	-	-
Volatility	-	-	-	-
Diversification effect	(1,177)	-	-	(1,749)
	2,453	8,216	2,347	8,192

Own portfolio (VaR 99%, 10 days)

	31-12-2013	Maximum	Minimum	31-12-2012
VaR by type of risk				
Interest rate	230	513	230	477
Foreign exchange rate	27	4,355	5	117
Price	2,057	4,208	1,604	3,832
Volatility	-	-	-	-
Diversification effect	(289)	-	-	(605)
	2,026	4,198	1,925	3,821

Investment portfolio (VaR 99%, 10 days)

	31-12-2013	Maximum	Minimum	31-12-2012
VaR by type of risk				
Interest rate	161,059	206,246	106,771	152,665
Foreign exchange rate	93	520	1	99
Price	-	-	-	-
Volatility	-	-	-	-
Diversification effect	(47)	-	-	(61)
	161,105	206,242	106,799	152,703

London branch activity (VaR 99%, 10 days)

	31-12-2013	Maximum	Minimum	31-12-2012
VaR by type of risk				
Interest rate	9,662	25,081	8,902	16,147
Foreign exchange rate	175	599	30	39
Price	810	1,379	160	223
Volatility	863	1,001	171	182
Diversification effect	(1,666)	-	-	(374)
	9,844	25,011	9,083	16,217

Investment banking activity

Caixa - Banco de Investimento (VaR 99%, 10 days)

	31-12-2013	Maximum	Minimum	31-12-2012
VaR by type of risk				
Interest rate	12,045	27,754	11,860	27,291
Foreign exchange rate	1,401	6,680	26	855
Price	1,082	1,115	40	72
Volatility	516	588	436	451
Diversification effect	(2,003)	-	-	(1,189)
	13,042	27,869	12,219	27,481

The diversification effect is calculated implicitly. Total VaR refers to the combined effect of interest rate, price, foreign exchange and volatility risks.

Sensitivity analysis – Interest rate

The sensitivity analysis of the fair value of financial instruments sensitive to interest rate risk is included in the Bank of Portugal's *Instruction* 19/2005 which incorporates the recommendations of the Basel Committee on Banking Supervision as part of Basel II's Pillar II and the "Principles for the Management and Supervision of Interest Rate Risk" document.

In the sphere of the prudential reporting requirements of *Instruction* 19/2005, CGD calculates the impact of a +200 bps change in interest rates on the fair value of all balance and off-balance sheet banking portfolio elements, i.e. not included in the trading portfolio. Information on the referred to impact, at 31 December 2013 and 2012, is set out in the following table:

	Fair Value					
	31-12-2013			31-12-2012		
	Position	Weighted factor	Weighted position	Position	Weighted factor	Weighted position
Repayable on demand - 1 month	12,089,669	0.08%	(9,672)	12,278,864	0.08%	(9,823)
1 - 3 months	12,479,558	0.32%	(39,935)	16,462,311	0.32%	(52,679)
3 - 6 months	5,629,946	0.72%	(40,536)	7,107,154	0.72%	(51,172)
6 - 12 months	(5,355,302)	1.43%	76,581	(1,479,912)	1.43%	21,163
1 - 2 years	(25,323,773)	2.77%	701,469	(21,943,687)	2.77%	607,840
2 - 3 years	(2,976,861)	4.49%	133,661	(12,486,241)	4.49%	560,632
3 - 4 years	(23,088,512)	6.14%	1,418	(1,711,451)	6.14%	105,083
4 - 5 years	(132,798)	7.71%	10,239	(1,016,311)	7.71%	78,358
5 - 7 years	(399,461)	10.15%	40,545	638,238	10.15%	(64,781)
7 - 10 years	8,159	13.26%	(1,082)	(527,217)	13.26%	69,909
10 - 15 years	540,346	17.84%	(96,398)	311,419	17.84%	(55,557)
15 - 20 years	303,221	22.43%	(68,012)	158,206	22.43%	(35,486)
>20 years	360,333	26.03%	(93,795)	259,095	26.03%	(67,442)
Total impact			**614,484**			**1,106,045**

The analysis set out in the above table, at 31 December 2013 and 2012, excludes the effect on fair value of parallel shifts of the reference interest rate curves for the operations of Banco Caixa Geral - Brasil, S.A., Banco Comercial e de Investimento, S.A.R.L., Banco Interatlântico, S.A., Banco Comercial do Atlântico, S.A., Caixa Leasing e Factoring, IFIC, S.A., Banco Caixa Geral Totta - Angola and BPD - Banco para a Promoção e Desenvolvimento (Caixa disposed of its equity stake in BPD, in 2013).

As regards the sensitivity analysis on net interest income, the following table sets out the effect of a parallel shift of ±50, ±100 and ±200 bps, for 2014 and 2013 on the reference interest rate curve on CGD Group's income projection.

ESTIMATED NET INTEREST INCOME

	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
2013	10,005	1,247	(26,037)	146,036	291,610	582,999
2014	(41,865)	(27,734)	(50,128)	132,665	266,640	538,277

The analysis set out in the above table, at 31 December 2013 and 2012, excludes the effect on net interest income of the parallel shifts in the reference interest rates curve for the operations of the Luxembourg, Timor and Zhuhai branches and for the operations of Banco Caixa Geral - Brasil, S.A., Banco Comercial e de Investimento, S.A.R.L., Banco Interatlântico, S.A., Banco Comercial do Atlântico, S.A., Banco Nacional Ultramarino, Caixa Leasing e Factoring, IFIC, S.A., Mercantile Bank, Banco Caixa Geral Totta - Angola and BPD - Banco para Promoção e Desenvolvimento (Caixa disposed of it equity stake in BPD, in 2013). In assessing the impacts, it was considered that the evolution of balance sheet assets and liabilities stocks sensitive to interest rate risk on the calculation's reference dates would be in line with the macroeconomic framework expected for 2014 and 2013, respectively, with its renewal, whenever applicable, to market conditions and the business strategy planned for the referred to years.

The information contained in the preceding tables does not take into consideration structural balance sheet changes or interest rate risk management policies which may be adopted as a consequence of an analysis of the changes in reference interest rates.

Foreign exchange risk

Breakdown of financial instruments by currency

Financial instruments were broken down into the following currencies, at 31 December 2013 and 2012:

	31-12-2013											
	Currency											
	Euros	US Dollars	Pounds Sterling	Yen	Macau Patacas	Hong Kong Dollar	Mozambican Meticais	South African Rand	Cape Verde Escudo	Other	Book value of trading derivatives	Total
Assets												
Cash and cash equivalents at central banks	887,403	202,621	2,199	846	24,215	100,150	75,214	108,042	21,457	123,193	-	1,545,339
Cash balances at other credit institutions	521,386	88,387	8,030	52,358	72,057	148,123	-	101,680	1,307	43,175	-	1,036,504
Loans and advances to credit institutions	301,127	363,812	316	4,082	573,449	189,750	18	86,520	124,513	143,211	-	1,786,798
Financial assets at fair value though profit or loss	1,399,630	176,722	29,284	338	-	40	-	26,419	2,341	100,531	1,478,449	3,213,751
Available-for-sale financial assets	14,685,714	178,732	-	-	7,920	-	-	375,404	67,911	510,359	-	15,826,038
Loans and advances to customers (gross)	69,670,330	1,136,277	76,709	5,923	572,166	728,931	1,393	1,493,389	541,106	360,649	-	74,586,872
Assets with repurchase agreement	645,209	60,427	-	-	-	-	-	-	-	-	-	705,636
Other assets	2,998,537	51,132	14,262	(2,884)	262,153	(29,825)	(16,872)	(95,971)	(10,632)	(115,315)	-	3,054,586
Accumulated impairment (financial instruments)	(4,819,848)	(87,264)	(3,295)	(203)	(9,946)	(14)	(268)	(27,245)	(43,741)	(11,713)	-	(5,003,538)
	86,289,488	2,170,845	127,504	60,460	1,502,013	1,137,156	59,485	2,068,237	704,262	1,154,090	1,478,449	96,751,988
Liabilities												
Resources of central banks and other credit institutions	(8,604,556)	(993,590)	(6,257)	(22)	(7,280)	(8,168)	-	(59,617)	(3,643)	(51,517)	-	(9,734,649)
Customer resources	(58,441,807)	(2,520,710)	(36,694)	(56,780)	(2,184,169)	(1,350,551)	-	(1,802,700)	(664,184)	(766,874)	-	(67,824,469)
Debt securities	(8,529,125)	(12,687)	-	(187,133)	-	-	-	(62,442)	-	-	-	(8,791,387)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	(1,644,832)	(1,644,832)
Subordinated liabilities	(2,502,100)	-	-	-	-	-	-	(13,962)	(7,638)	-	-	(2,523,700)
Consigned resources	(775,705)	-	-	-	-	-	-	-	-	-		(775,705)
Other	(3,955,601)	2,143,753	(53,997)	95,866	(494,249)	323,253	-	(30,056)	(18,182)	(66,890)	-	(2,056,102)
	(82,808,893)	(1,383,234)	(96,948)	(148,070)	(2,685,698)	(1,035,466)	-	(1,968,776)	(693,646)	(885,281)	(1,644,832)	(93,350,844)
Derivatives (Notional)												
Currency swaps	(2,592,175)	2,050,482	(18,647)	39,386	-	462,324	(1,838)	1,785	-	28,494	-	(30,189)
Interest rate swaps	(596,367)	364,044	-	185,186	-	-	-	-	-	22,521	-	(24,616)
Other swaps	25,000	3,626	-	-	-	-	-	-	-	-	-	28,626
Futures	(1,463,834)	22,459	(960)	(691)	-	-	-	-	-	(233,049)	-	(1,676,075)
Forward Rate Agreements	35,000	-	-	-	-	-	-	-	-	-	-	35,000
Options and Caps & Floors	(163,171)	(13,236)	-	-	-	(337)	-	-	-	(13,711)	-	(190,455)
Forward foreign exchange transactions	(108,566)	(1,105,273)	(441)	(907)	-	1,144,431	-	(1,448)	-	(1,736)	-	(73,940)
	(4,864,113)	1,322,102	(20,048)	222,974	-	1,606,418	(1,838)	337	-	(197,481)	-	(1,931,649)
Net exposure	(1,383,519)	2,109,712	10,508	135,364	(1,183,684)	1,708,108	57,647	99,798	10,616	71,328	(166,383)	1,469,494

	31-12-2012											
	Currency											
	Euros	US Dollars	Pounds Sterling	Yen	Macau Patacas	Hong Kong Dollar	Mozambican Meticais	South African Rand	Cape Verde Escudo	Other	Book value of trading derivatives	Total
Assets												
Cash and cash equivalents at central banks	978,453	195,502	1,989	996	7,804	85,733	176,211	17,145	27,192	112,257		1,603,281
Cash balances at other credit institutions	563,906	91,599	8,965	7,357	243,799	264,376	2,762	81,922	1,101	36,224		1,302,012
Loans and advances to credit institutions	1,064,146	406,080	13,994	39	405,462	129,604	111,114	14,090	104,711	280,574		2,529,813
Financial assets at fair value though profit or loss	1,648,718	164,963	30,333	373	-	-	-	21,380	2,298	46,790	2,083,842	3,998,698
Available-for-sale financial assets	20,467,099	198,639	7,408		7,769	-	252,625	3,448	62,898	281,508	-	21,281,393
Investments associated with unit-linked products	1,148,225	-	-	-	-	-	-	-	-	-	-	1,148,225
Investments held to maturity	2,465,023	4,255	-	-	-	-	-	-	-	-	-	2,469,277
Loans and advances to customers (gross)	74,360,253	1,264,072	98,406	6,810	410,515	845,833	572,921	484,826	535,375	344,965	-	78,923,976
Assets with repurchase agreement	444,778	59,382	-	-	-	-	-	-	-	-	-	504,160
Other assets	2,875,519	311,240	1,872	212,328	386,947	3,114	25,505	9,895	23,145	(207,993)	-	3,641,571
Accumulated impairment (financial instruments)	(4,881,991)	(120,722)	(1,751)	(132)	(21,523)	(25)	(21,388)	(7,687)	(41,912)	(17,407)	-	(5,114,537)
	101,134,128	2,575,009	161,216	227,771	1,440,774	1,328,635	1,119,750	625,020	714,808	876,918	2,083,842	112,287,870
Liabilities												
Resources of central banks and other credit institutions	(11,190,413)	(872,094)	(29,134)	(614)	(14,705)	(8,512)	(23,687)	(10,573)	(2,973)	(73,999)	-	(12,226,705)
Customer resources	(63,504,653)	(2,343,162)	(42,397)	(67,061)	(1,683,917)	(1,075,014)	(973,624)	(426,345)	(643,205)	(595,659)	-	(71,355,037)
Liabilities associated with unit-linked products	(1,148,225)	-	-	-	-	-	-	-	-	-	-	(1,148,225)
Debt securities	(10,176,602)	(27,710)	-	(318,336)	-	-	(23,663)	-	-	(44,316)	-	(10,590,627)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	-	(2,582)	(2,214,461)	(2,217,043)
Subordinated liabilities	(2,865,930)	(14,604)	-	-	-	-	-	-	(8,533)	-	-	(2,889,067)
Consigned resources	(853,960)	-	-	-	-	-	-	-	(23)	-	-	(853,983)
Other	(3,111,465)	1,415,920	(52,312)	163,503	(769,937)	332,685	(53,414)	(122,430)	(43,748)	(299,811)	-	(2,541,010)
	(92,851,249)	(1,841,649)	(123,843)	(222,508)	(2,468,560)	(750,841)	(1,074,388)	(559,348)	(698,482)	(1,016,367)	(2,214,461)	(103,821,698)
Derivatives (Notional)												
Currency swaps	(1,260,537)	550,308	(64,961)	-	-	681,050	-	2,596	-	63,173	-	(28,371)
Interest rate swaps	(567,428)	166,749	-	378,928	-	-	-	-	-	58,610	-	36,859
Other swaps	45,000	37,896	-	-	-	-	-	-	-	-	-	82,896
Futures	(4,040,436)	(2,079)	(980)	(4,401)	-	-	-	-	-	(155)	-	(4,048,051)
Forward Rate Agreements	(5,000)	-	-	-	-	-	-	-	-	-	-	(5,000)
Options and Caps & Floors	(24,459)	22,470	-	-	-	-	-	-	-	-	-	(1,989)
Forward foreign exchange transactions	(41,020)	(222,013)	(26,348)	(2,266)	-	187,743	-	-	-	(11,855)	-	(115,759)
	(5,893,880)	553,331	(92,289)	372,261	-	868,793	-	2,596	-	109,773	-	(4,079,415)
Net exposure	2,388,999	1,286,691	(54,916)	377,524	(1,027,786)	1,446,586	45,363	68,267	16,325	(29,676)	(130,619)	4,386,757

<u>VaR analysis – Market Risk</u>

In order to guarantee the control and assessment of foreign exchange risk, Caixa calculates Value-at-Risk (VaR) and limits on its total open and currency positions.

Information on CGD Group's VaR (10 days with a 99% confidence level) by currency, with reference to 31 December 2013 and 2012, is shown in the following table:

	VaR			
	Banking		*Insurance*	
	31-12-2013	31-12-2012	31-12-2013	31-12-2012
Hong Kong Dollar	47,283	44,391	-	-
Macau Pataca	38,156	37,233	-	29
South African Rand	10,728	4,522	-	-
US Dollar	421	2,633	74	86
Mozambican Meticais	48,173	64,688	-	-
Pound Sterling	244	487	227	236
Japanese Yen	190	142	1	1
Other currencies	16,316	18,808	349	409
Diversification effect	(116,276)	(108,342)	(172)	(172)
Total	45,236	64,562	478	589

The diversification effect is calculated implicitly.

The information on insurance activity in the above referred to tables refers to Fidelidade – Companhia de Seguros, S.A.

44. CAPITAL MANAGEMENT

Current regulatory environment

Capital management objectives, in Caixa Geral de Depósitos, are in line with the following general principles:

- To comply with the regulatory requirements established by the Supervisors, i.e. Bank of Portugal and the National Council of Financial Supervisors;
- To generate an adequate level of return for the company, creating value for its shareholder and return on capital employed;
- To sustain the development of operations that CGD is legally authorised to perform, maintaining a solid capital structure, capable of providing for the growth of operations and adequate to its respective risk profile;
- To maintain the Institution's and Group's reputation, preserving the integrity of the operations performed during the course of its activity

To achieve the above referred to objectives, Caixa Geral de Depósitos plans its short and medium term capital requirements to fund its operations, particularly using its own and other resources. This planning exercise was based on internal estimates of the growth of balance sheet operations and funding by borrowings primarily raised on subordinated debt issues, including complementary own funds within certain limits.

The activity of credit institutions in Portugal is governed by the General Credit Institutions and Financial Companies Regime approved by Decree Law 298/92, which plays a preponderant role in Portuguese prudential regulation, largely reflecting Community Directives applicable to the financial system (Directives 2006/48/EC, 2006/49/EC and 2010/76/EU).

At 31 December 2013, CGD Group's equity elements (basis own funds, complementary own funds and deductions) were published in *Official Notice* 6/2010, with the changes made by *Official Notices* 7/2011, 2/2012 and 3/2013, all of which issued by the Bank of Portugal.

The Group uses the respective standard method to calculate own funds requirements for hedging its credit and market risk. It has used the standard method for operational risk since June 2009 (*in lieu* of the basic method).

2011 and 2012 were particularly marked by the regulatory interventions of the Bank of Portugal which issued a broad range of *Official Notices* and other normative instruments related with prudential issues, of which:

In April 2011, in the form of *Official Notice* 1/2011, the Bank of Portugal required financial groups coming under its supervision on a consolidated basis to strengthen their core tier 1 ratio to not less than 8% by 31 December 2011. This requirement was justified by the need to maintain and reinforce the banking system's capacity to provide for adverse situations which have predominated on an international level and which, more recently, have had a special impact on Portugal, as well as the advantage of anticipating convergence to the new international Basel III standards.

In May 2011, in the sphere of the financial assistance programme to Portugal - with the European Commission, European Central Bank and International Monetary Fund – the Bank of Portugal issued its *Official Notice* 3/2011 (revoking *Official Notice* 1/2011) on the strengthening of the national banking system's capitalisation levels. Financial groups subject to the supervision, on a consolidated basis, of the Bank of Portugal, which include several of the credit institutions referred to in sub-paragraphs a) to c) of article 3 of the General Credit Institutions and Financial Companies Regime (acronym: RGICSF), approved by Decree Law 298/92 of 31 December, should accordingly reinforce their core tier 1 ratios, on a consolidated basis to not less than 9%, by 31 December 2011 and 10% by 31 December 2012.

The economic and financial assistance programme, agreed in May 2011, with the International Monetary Fund, European Commission and European Central Bank, defined a series of measures for the financial system to be performed by the Portuguese authorities, including the production of a capital funding plan for the period 2011-2015, subject to monitoring, a quarterly revision and the special inspections programmes under the aegis of the Bank of Portugal.

The capital funding plan aims to comply with a series of objectives, namely those established in the referred to financial assistance plan communicated by the Bank of Portugal which emphasises the need for institutions to have a minimum core tier 1 ratio of 9% in 2011 and 10% in 2012 (under Basel II rules).

Decree Law 88/2011 was published in *Diário da República,* in July 2011. It aims to strengthen own funds requirements for the trading portfolio and resecuritisations, in addition to the powers of the Bank of Portugal on compensation issues, transposing Directive 2010/76/EU (changing Directives 2006/48/EC and 2006/49/EC, on own funds requirements for the trading portfolio and resecuritisations, in addition to an analysis of compensation policies by the Supervisors). The Bank of Portugal, through *Official Notice* 9/2011, dated December, revised the regulatory environment on the measurement of risk-weighted assets and published information on institutions subject to its supervision.

The Bank of Portugal, through *Official Notice* 5/2012 dated 20 January 2012, ordered CGD Group to comply with EBA *Recommendation* EBA/REC/2011/1, (dated 8 December), requesting it to produce a recapitalisation plan for the said purpose.

Initially CGD identified and informed the market on 8 December 2011 of capital requirements of €1,834 million of which €1,073 million comprised the public debt buffer, calculated on the basis of September 2011 values and in the sphere of the EBA stress test. In June 2012, CGD's additional capital requirements were recalculated and the total amount fixed at €1,650 million. The sovereign debt buffer's initial amount of €1,073 million was maintained in accordance with EBA's indication and the additional capital required to comply with the more demanding core tier 1 requirements was set at €577 million. The capital requirements of €1,650 million were covered by the sole shareholder's capital, with €750 million in the form of share capital and €900 million through the issue of hybrid instruments (CoCo bonds) eligible as core tier 1, according to the Bank of Portugal's *Official Notice* 4/2012.

EBA/REC/2013/03 *Recommendation*, which takes into consideration the new CRD IV/CRR capital legislation on the preservation of an absolute capital value necessary for compliance with the previous 9% minimum ratio, with reference to capital requirements at 30 June 2012, including the same capital buffer for exposures to sovereign risk, came into force on 22 July 2013.

This EBA *Recommendation* provides for exceptions to the rule on the maintenance of nominal capital for institutions with common equity tier 1 ratios, calculated in accordance with CRD IV / CRR "fully implemented" rules of 7% or more in the case of institutions involved in gradual, orderly restructuring and deleveraging processes. Pursuant to this scenario, CGD submitted its capital plan to the Bank of Portugal, under the terms of the *Recommendation*, in November 2013. The plan is currently being examined by the supervisors.

Capital ratios

Information on the composition of Caixa Geral de Depósitos's regulatory capital, at the end of 2013 and 2012, for its consolidated activity, is set out in the following table.

	31-12-2012 (1)	31-12-2013 (2)	Change (2)-(1)
BASIS OWN FUNDS (TIER I)	7,629	7,058	(571)
Share capital	5,900	5,900	-
Contingent capital ("CoCos")	900	900	-
Reserves and retained earnings	866	357	(509)
Net income for the year	(406)	(560)	(154)
Minority shareholders' interests	823	850	27
Impacts of the adoption of IAS (transitional regime)	45	22	(22)
Deductions to basis own funds (*)	*(499)*	*(411)*	*88*
COMPLEMENTAR Y OWN FUNDS (TIER II)	1,749	1,278	(471)
Subordinated liabilities with unspecified maturity	1	1	-
Subordinated liabilities with specified maturity	1,993	1,478	(514)
Revaluation reserves	147	162	15
Other (*)	(392)	(364)	29
DEDUCTIONS TO TOTAL BASIS OWN FUNDS	(47)	(46)	1
TOTAL ELIGIBLE OWN FUNDS (A+B+C)	9,331	8,291	(1,041)
WEIGHTED RISK POSITIONS	68,383	62,359	(6,023)
Credit risk	63 017	57 379	(5,638)
Market risk	1 440	1 445	4
Operational risk	3 925	3 536	(389)

RATIOS	31-12-2012 (1)	31-12-2013 (2)	Change
TIER I (A/E)	11.2%	11.3%	0.2%
CORE TIER I	11.6%	11.7%	0.2%
CORE TIER I - EBA	9.4%	9.4%	0.0%
TIER II (B/E)	2.6%	2.0%	(0.5%)
DEDUÇÕES (C/E)	(0.1%)	(0.1%)	0.0%
RÁCIO DE SOLVABILIDADE (D/E)	13.6%	13.3%	(0.4%)

(*) - Include deductions of investments in insurance companies and credit institutions in which equity investment is ≥ 10%.

Basel III

EU *Regulation* 575/2013 and Directive 2013/36/EU, of the European Parliament and Council, both of 26 June, applicable to all member states of the European Union, defined the prudential requirements for credit institutions and investment companies, namely more demanding capital requirements (redefining eligible items and including new deductions) raised the minimum capital requirements based on the introduction of a mandatory capital conservation buffer and a discretionary anti-cyclical buffer and provided for a framework of new regulatory requirements on liquidity and deleveraging, in addition to additional capital requirements for systemically important institutions.

The new regulatory requirements came into force on 1 January 2014 and provided for a series of transitional dispositions permitting the staged application of the new requirements, with the possibility of maintaining or accelerating the implementation of such requirements being conferred to the competent authorities in member states. The Bank of Portugal, herein, issued *Official Notice* 6/2013 which regulates the transitional regime provided for in *Regulation* (EU) 575/2013, having established that the transitional implementation of own funds components will take place up to 2017, except for the impact of deferred tax assets which are contingent upon future returns whose schedule has been extended to 2023.

The following is a summary of the main changes:

⇨ A significant increase in capital requirements, both quantitative (progressive increase of the common core tier 1 and tier 1 ratios, higher deductions from the main level 1 own funds (common core tier 1)), creation of different capital buffers and qualitative (better quality of capital required, with the establishing of 13 criteria for the qualification of common core tier 1);

⇨ Fixing of a minimum common core tier 1 ratio of 4.5%, tier 1 of 6 % and total ratio of 8%;

⇨ Introduction of additional capital requirements, through the accumulation of capital buffers, namely a common core tier 1 capital conservation buffer of 2.5%.

⇨ Introduction of EU liquidity ratio requirements starting 2015, following an initial observation period, based on minimum global liquidity standards, comprising both a short term LCR (liquidity coverage ratio) and a long term NSFR (net stable funding ratio). It has been estimated that the minimum limit for the two ratios will be 100%;

- The LCR objective is to promote banks' short term resilience, ensuring that they have sufficient high quality liquid assets to provide for situations of aggravated stress for a period of 30 days. The NSFR aims to promote long term resilience by creating incentives for the banks to fund their activities with stable resources on a going concern basis.

- Introduction of the leverage ratio as a new regulatory and supervisory instrument. The proposed guidelines provide for the disclosure of information on this rating starting 1 January 2015. Based on the results of the observation period (between 1 January 2013 and 1 January 2017), the Basel Committee of Banking Supervisors intends to make definitive adjustments to the definition and calibration of the leverage ratio in first half 2017 with the aim of migrating to a binding requirement from 1 January 2018 based on adequate re-examination and calibration.

The Group monitored the works in the sphere of the change to the "Basel III" (and CRD IV) regulation and participated in the respective public tenders. It has also carried out internal studies to assess the impacts of the known proposals for the purpose of identifying measures and strategies to provide for the new regulatory requirements.

Common Equity Tier 1 ratio (CET 1), computed according with CRD IV / CRR "fully implemented" requirements, as of December 31 2013, amounted to 7.6% (with a minimum floor of 7%, comprising a CET 1 of 4.5% and a buffer of 2.5%).

Common Equity Tier 1 ratio (CET 1), computed according with CRD IV / CRR "phasing in" requirements, as of December 31 2013, amounted to 10.7%, above the minimum required BCE level for the asset quality review underway (base scenario), which is 8%.

45. 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 language version prevails.

2.2. 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 - Chapters: • Message from the Chairman and CEO • Business Strategy and Operating Segments See Report on Corporate Governance.
2.	Description of strategies and objectives (including strategies and objectives specifically related with securitisation operations and structured products);	See I.1 above. See Notes to the Consolidated Financial Statements: Notes 13 and 24 on securities issued under 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);	The Board of Directors' Report contains a detailed description of CGD Group's activity, its objectives and results, contribution to business, consequences of the turmoil in the Financial Statements, both in quantitative and qualitative terms. Particular note should be taken of the Chapters referred to in item I.1 above and the Chapter on Results, Balance Sheet, Liquidity and Solvency. See Notes 30 and 42 of the Notes to the Consolidated Financial Statements.
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 – Chapter on Risk Management. See Note 2.9. of the Notes 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: • Chapter on Risk Management See Notes to the Consolidated Financial Statements:

		• Note 43: 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.
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 Directors' Report – Chapter: • Results, Balance Sheet, Liquidity and Solvency See Notes 6, 8, 21 and 40 of Notes 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), assetbacked securities (ABS);	See Board of Directors' Report – Chapter: • Results, Balance Sheet, Liquidity and Solvency See Note 43 of Notes to the Consolidated Financial Statements.
10.	Description of the reasons and factors responsible for the impact;	See Board of Directors' Report – Reference is made, in the various chapters, to the consequences of the turmoil in financial markets on the banking system and on CGD, in particular, namely in the following chapters: • Message from the Chairman and CEO • Economic-Financial Environment • Results, Balance Sheet, Liquidity and Solvency See items III. 8 and III.9 above.

III.	Impact of period of financial turmoil on results	
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;	See items III.8 to III.10 above, particularly Note 43 of the Notes to the Consolidated Financial Statements.
13.	Description of the influence of the financial turmoil on the entity’s share prices;	N.A.
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 Directors’ Report, particularly the Chapter on Main Risks and Uncertainties in 2014.
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 Directors’ Report – 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 – Chapter: • Risk Management. See Notes to the Consolidated Financial Statements: • Note 2.9. • Note 43, 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;	See Notes to the Consolidated Financial Statements: • Note 2.9, describes the accounting policies for derivatives and hedge accounting. • Notes 11 and 43, setting out detailed information on derivatives, notional amounts and book values of Caixa operations using such instruments for which there are exposure limits per product and per customer and daily monitoring of results.

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;	See Board of Directors' Report: • See Note 43 of Notes 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 Board of Directors' Report on exposure of assets affected by the period of turmoil: 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;	See Notes to the Consolidated Financial Statements: • Note 2, 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);	See Notes 7 and 43 of the Notes 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.	See Notes to the Consolidated Financial Statements: • Note 2.9, setting out information and processes applied by CGD in the valuation of financial instruments • Notes 43
VI.	Other relevant disclosure aspects	
26.	Description of disclosure policies and principles used for reporting disclosures and financial reporting.	See Note 2. of the Notes to the Consolidated Financial Statements.

N.A. – Not available.

2.4. Audit Reports and Opinions

2.4.2. STATUTORY AUDIT CERTIFICATE – SEPARATE ACCOUNTS

INTRODUCTION

1. We have examined the separate financial statements of **Caixa Geral de Depósitos, S.A. ("Caixa" or "CGD")** comprising its balance sheet, at 31 December 2013 (showing assets of €93,835,993 thousand and total shareholders' equity of €4,922,234 thousand, including negative net income of €1,090,515 thousand), its income, comprehensive income, changes to shareholders' equity and cash flow statements for the year then ended and corresponding notes to the financial statements.

RESPONSIBILITIES

2. It is the responsibility of the company's Board of Directors to prepare financial statements with the objective of providing a true and appropriate description of Caixa's financial position, results and comprehensive income from its operations, changes to its shareholders' equity and cash flows, in addition to using adequate accounting policies and criteria and maintaining appropriate internal control systems.
3. It is our responsibility to express a professional, independent opinion thereon, based on our examination of the said financial statements.

SCOPE

4. Our audit was performed in accordance with the Revision/Audit Technical Standards and Guidelines issued by the Ordem dos Revisores Oficiais de Contas[7] which require it to be planned and performed with the objective of obtaining an acceptable degree of assurance as to whether the financial statements are free from any materially relevant distortions. The referred to examination therefore included:
   - verification of samples of supporting documents for the amounts and disclosures set out in the financial statements and an assessment of estimates, based on judgements and criteria defined by the Board of Directors and used for the preparation thereof;
   - an assessment of whether the accounting policies used and disclosure thereof are adequate, based on the circumstances;
   - verification of the applicability of the going-concern principle; and
   - an assessment of whether the global presentation of the financial statements, is adequate.
5. Our audit also included the verification of concordance between the financial information contained in the Board of Directors' report and the financial statements.
6. We consider that our examination has provided us with an acceptable basis upon which to base our opinion.

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[7] *Order of Statutory Auditors*

OPINION

7. In our opinion, the referred to separate financial statements, provide a true and appropriate description, in all materially relevant aspects, of the financial position of Caixa Geral de Depósitos, S.A. at 31 December 2013, the results and comprehensive income from its operations, changes to shareholders' equity and cash flows for the year then ended, in conformity with the Adjusted Accounting Standards issued by the Bank of Portugal.

REPORT ON OTHER LEGAL REQUIREMENTS

8. We also consider that the information contained in the Board of Directors' report is in agreement with the financial statements for the period.

– *LISBON, 24 APRIL 2014*

OLIVEIRA REGO & ASSOCIADOS

SOCIEDADE DE REVISORES OFICIAIS DE CONTAS

Represented by Pedro Miguel Marques Antunes Bastos

2.4.3. AUDIT REPORT - CONSOLIDATED ACCOUNTS

AUDIT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

(Amounts expressed in thousands of Euro - EUR thousand)

(Translation of a report originally issued in Portuguese - see Note 45)

Introduction

1. Pursuant to Article 245 of the Portuguese Securities Market Code (Código dos Valores Mobiliários), we present our Audit Report on the consolidated financial information included in the Directors' Report and the accompanying consolidated financial statements of Caixa Geral de Depósitos, S.A. and subsidiaries ("Caixa" or "CGD") for the year ended 31 December 2013, which comprise the consolidated balance sheet as of 31 December 2013, that reflects a total of EUR 112 962 840 thousand and total equity of EUR 6 821 167 thousand, including a net loss attributable to the shareholder of CGD of EUR 575 785 thousand, the Consolidated Statements of Income, Comprehensive Income, Changes in Shareholders' Equity and Cash Flows for the year then ended and the corresponding Notes.

Responsibilities

2. The Board of Directors of Caixa is responsible for: (i) the preparation of consolidated financial statements that present a true and fair view of the financial position of the companies included in the consolidation, the consolidated income and comprehensive income from their operations, the changes in consolidated shareholders' equity and their consolidated cash flows; (ii) the preparation of historical financial information in accordance with the International Financial Reporting Standards as endorsed by the European Union, which is complete, true, up-to-date, clear, objective and licit as required by the Portuguese Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of appropriate systems of internal control; and (iv) the disclosure of any significant facts that have influenced its operations and the operations of the companies included in the consolidation, their financial position and their net income or comprehensive income.

3. Our responsibility is to examine the financial information contained in the documents of account referred to above, including verification that, in all material respects, the information is complete, true, up-to-date, clear, objective and licit, as required by the Portuguese Securities Market Code, and to issue a professional and independent report based on our examination.

Scope

4. Our examination was performed in accordance with the auditing standards ("Normas Técnicas e Directrizes de Revisão/Auditoria") issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require the examination to be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement. Our examination included verifying, on a sample basis, evidence supporting the amounts and disclosures in the financial statements and assessing the estimates, based on judgements and criteria defined by Caixa's Board of Directors, used in their preparation. Our examination also included verifying the consolidation procedures used and the application of the equity method, and verifying that the financial statements of the companies included in the consolidation were adequately examined, assessing the adequacy of the accounting principles used, their uniform application and their disclosure considering the circumstances, verifying the applicability of the going concern concept, assessing the adequacy of the overall presentation of the consolidated financial statements, and assessing if, in all material respects, the financial information is complete, true, up-to-date, clear, objective and licit. Our examination also included verifying that the consolidated financial information included in the Directors' Report is consistent with the other consolidated documents of account as well as the verifications set out in paragraphs 4 and 5 of Article 451 of the Commercial Companies Code *("Código das Sociedades Comerciais")*. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5. In our opinion, the consolidated financial statements referred to in paragraph 1 above present fairly, in all material respects, the consolidated financial position of Caixa Geral de Depósitos, S.A. and its subsidiaries as of 31 December 2013, the consolidated income and comprehensive income from their operations, the changes in their consolidated shareholders' equity and their consolidated cash flows for the year then ended in conformity with the International Financial Reporting Standards as endorsed by the European Union and the information included therein is complete, true, up-to-date, clear, objective and licit in accordance with the definitions included in the standards referred to in paragraph 4 above.

Emphasis of matter

6. As explained in Note 14, at 31 December 2013 there was an ongoing process for the sale of the Group's insurance companies, Fidelidade – Companhia de Seguros, S.A., Cares – Companhia de Seguros, S.A. and Multicare – Seguros de Saúde, S.A. (the "Companies"), the respective sales contracts having been signed on 7 February 2014. Completion of the sale operation was dependent on obtaining a non-opposition decision from the appropriate authorities, namely Instituto de Seguros de Portugal, which on 17 April 2014 decided not to oppose the sale. In this respect, the Companies' operations were classified in the financial statements as of 31 December 2013 in accordance with IFRS 5 – "Non-current assets held for sale and discontinued operations", the comparative balances in the consolidated statement of income for the year ended 31 December 2012 having been restated, to also present the respective contribution to the Group's consolidated net result in the caption "Results of subsidiaries held for sale". Also in accordance with IFRS 5, the total assets and liabilities of the Companies as of 31 December 2013 are presented in the captions "Non-current assets held for sale" and "Non-current liabilities held for sale", although this reclassification is not reflected in the comparative balances as of 31 December 2012.

Report on other legal requirements

7. It is also our opinion that the 2013 consolidated financial information included in the Directors' Report is consistent with the consolidated financial statements for the year and the report on corporate governance practices includes the information required from Caixa under Article 245 - A of the Portuguese Securities Market Code.

Lisbon, 24 April 2014

DELOITTE & ASSOCIADOS, SROC S.A.
Represented by João Carlos Henriques Gomes Ferreira

2.4.4. STATUTORY AUDIT CERTIFICATE - CONSOLIDATED ACCOUNTS

INTRODUCTION

1. We have examined the consolidated financial statements of Caixa Geral de Depósitos, S.A. ("Caixa" or "CGD") comprising its consolidated balance sheet, at 31 December 2013 (showing total assets of €112,962,840 thousand and total shareholders' equity of €6,821,167 thousand, including negative net income of €575,785 thousand) attributable to CGD's shareholder, the consolidated income, comprehensive income, changes to shareholders' equity and cash flow statements for the year then ended and corresponding notes to the consolidated financial statements.

RESPONSIBILITIES

2. It is the responsibility of the Board of Directors to prepare consolidated financial statements which provide a true and appropriate description of the financial position of the companies included in the consolidation, their consolidated results and statement of comprehensive income from their operations, changes to consolidated shareholders' equity and consolidated cash flows, in addition to using adequate accounting policies and criteria and maintaining appropriate internal control systems.
3. It is our responsibility to express a professional, independent opinion thereon, based on our examination of the said financial statements.

SCOPE

4. Our audit was performed in accordance with the Revision/Audit Technical Standards and Guidelines issued by the Ordem dos Revisores Oficiais de Contas[8], which require that it be planned and performed with the objective of obtaining an acceptable degree of assurance as to whether the consolidated financial statements are free from any materially relevant distortions. The referred to examination therefore included:
   - verification of whether the financial statements of the companies included in the consolidation have been appropriately examined and, for significant cases in which this is not the case, verification of samples of the supporting documents upon which the amounts and information therein disclosed are based and an assessment of estimates based on judgements and criteria defined by Caixa's Board of Directors and used for the preparation thereof;
   - verification of the consolidation operations and application of the equity accounting method;
   - an assessment of whether the accounting policies used and their uniform disclosure are adequate, based on the circumstances;
   - verification of the applicability of the going-concern principle; and
   - an assessment of whether the global presentation of the consolidated financial statements, is adequate.

5. We consider that our examination has provided us with an acceptable basis upon which to base our opinion.

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[8] Order of Statutory Auditors

OPINION

6. In our opinion, the referred to consolidated financial statements provide a true and appropriate description, in all materially relevant aspects, of the consolidated financial position of Caixa Geral de Depósitos, S.A. at 31 December 2013, the result of and comprehensive income from their operations and, changes to their consolidated shareholders' equity and consolidated cash flows for the year then ended, in conformity with the International Financial Reporting Standards, as adopted by the European Union.

EMPHASES OF MATTERS

7. Without affecting the opinion expressed in the preceding paragraph, we wish to make special reference to the following situations:

    7.1. As described in notes 2.1 and 14 of the notes to the consolidated financial statements at 31 December 2013, in the sphere of the privatisation process of CGD Group's insurance area, the disposal of equity investments in Fidelidade – Companhia de Seguros, S.A., Cares – Companhia de Seguros, S.A. and Multicare – Seguros de Saúde, S.A., were in progress, and their respective contracts signed on 7 February 2014. This operation was contingent on the need to obtain resolutions of non-opposition from the competent entities, i.e. the Instituto de Seguros de Portugal[9], which, on 17 April 2014, decided not to oppose the disposal. In the consolidated financial statements at 31 December 2013 the operations of the referred to entities were classified under IFRS 5 -"Non-current assets held for sale and discontinued operations", with the recognition of total assets and liabilities in "Non-current assets held for sale" and "Non-current liabilities held for sale" (which reclassification was not reflected in the comparative balances at 31 December 2012). The results generated by the business units classified as being held for sale, in 2012 and 2013, were individually itemised in the consolidated income statement for the year as "Income from subsidiaries held for sale" to evidence their respective contribution to the Group's results.

    7.2. In terms of Caixa Geral de Depósitos' consolidation perimeter, our company performs statutory audit functions for the Caixa Leasing e Factoring - Instituição Financeira de Crédito S.A., Caixagest Técnicas de Gestão de Fundos, S.A. Culturgest - Gestão de Espaços Culturais, S.A. and Caixanet - Telemática e Comunicações, S.A. companies, and has used the information supplied by the inspectors/auditors of the other companies included in the said consolidation perimeter, to form the opinion we have expressed in this document.

[9] *Portuguese Insurance Institute*

REPORT ON OTHER LEGAL REQUIREMENTS

8. We also consider that the information contained in the Board of Directors' report is in agreement with the consolidated financial statements for the period.

LISBON, 24 APRIL 2014

OLIVEIRA REGO & ASSOCIADOS

SOCIEDADE DE REVISORES OFICIAIS DE CONTAS

Represented by Pedro Miguel Marques Antunes Bastos

2.4.5. REPORT AND OPINION OF THE AUDIT COMMITTEE

Notice to Shareholder,

1. In conformity with the dispositions of sub-paragraph g) of no. 1 of articles 423-F and 508-D of the Commercial Companies Code, the Audit Committee is responsible for producing a report on its inspection activities and issuing an opinion on **Caixa Geral de Depósitos's** (hereinafter referred to as Caixa or CGD) separate and consolidated accounting documents for the year ended 31 December 2013.

2. The members of the Audit Committee were appointed for the term of office 2013-2015 in a Unanimous Written Resolution of 8 July 2013 issued by CGD's sole shareholder. The members of the Board of the General Meeting, Board of Directors and Executive Committee were also appointed in the referred to resolution.

3. The Audit Committee, pursuant to its competencies, has monitored and inspected the management acts performed in CGD, on the basis of information set out in the minutes of the weekly meetings held by the Executive Committee and its consultation, when considered necessary, of documentation upon which the decisions were made, which was prepared by the various internal services, taskforces and external bodies.

4. The Non-Executive Board Members on the Audit Committee took part in the meetings of the Board of Directors, with reference being made to oversight of the following matters: (i) budget and results; (ii) capital funding plan; (iii) restructuring plan; (iv) reorganisation of international activity; (v) disposal of the equity investment in Portugal Telecom; (vi) privatisation process of the insurance area; and (vii) risk governance.

5. The Audit Committee, in its capacity as CGD's audit body, held meetings with Caixa's main central structures and Group units with the objective of verifying the *modus operandi* of each division/unit, their respective contribution to value creation and interconnection with different functional areas within the Group.

6. During the course of the year, the Audit Committee also arranged for meetings to be held with the Statutory and External Auditors dealing with the main areas and subjects of relevance to Caixa's activity. The Committee also took note of the works performed by the referred to entities, the articulation between both of them and respective conclusions.

7. The Audit Committee also complied with its responsibility for ascertaining that the law and CGD's articles of association were being complied with, having issued the quarterly report referred to in no. 2 of article 6 of Decree Law 287/93 of 20 August, sent to the Ministry of Finance having duly informed the Chairman of CGD's Board of Directors thereof.

8. On 28 June 2013, the Audit Committee, under the terms of the Bank of Portugal's *Official Notice* 5/2008 of 25 June, issued its opinions on the adequacy and effectiveness of CGD's separate and Group internal control system. In general terms, the Audit Committee considered that the adequacy of the internal control system within CGD is in line with the dimension and the nature and risk of the

activities performed although improvements should be made to certain aspects, whose evolution it will continue to monitor over the course of 2014.

9. The Audit Committee took note of the Statutory Auditor's opinion on the internal control system associated with the process for the preparation and disclosure of separate and consolidated financial information under the terms of the Bank of Portugal's *Official Notice* 5/2008 and the External Auditor's opinion on the adequacy of the procedures and measures adopted by CGD for safeguarding its customers' assets, in conformity with the dispositions defined in articles 306 to 306-D of the Securities Market Code.

10. The Audit Committee, on 28 June 2013, issued an opinion on the quality of CGD's internal anti-money laundering and countering the financing of terrorism (AML/CFT) control system, under the terms of the Bank of Portugal's *Official Notice* 9/2012 of 29 May. The Audit Committee generally considered that the internal control system implemented in CGD, in the specific AML/CFT sphere, as described in the report prepared by the Board of Directors is, for all materially relevant purposes, adequate under the terms of the applicable legislation and regulation of the Bank of Portugal.

11. The Audit Committee has monitored the consolidation of CGD's main guideline thrusts, comprising concentration on banking operations and its continued support for the Portuguese economy (households and companies), in conformity with the shareholder's presentation of its "Mission Letter" at the company's Annual general Meeting held on 9 and 31 May 2013.

12. The Audit Committee took note of the revisions to CGD's Capital Funding Plan for the period 2013-2017, including the measures contained in Caixa's Restructuring Plan approved by the European competition authority (DG Comp) on 24 July 2013.

13. The Restructuring Plan, referred to in the preceding number was submitted under CGD's recapitalisation process, in the context of the European Banking Authority's (EBA's), new regulatory requirements, having resulted in additional capital requirements of €1,650 million (a €750 million increase in CGD's share capital and the issue of €900 million in hybrid financial instruments eligible as core tier 1 funds), subscribed for in June 2012 by the state shareholder and considered by the European Commission as State Aid.

14. The main annual applicable commitments of CGD's Restructuring Plan, up to 31 December 2017 are: (i) the deleveraging of the consolidated balance sheet; (ii) improvement to consolidated operational efficiency; (iii) the optimising of CGD's business profitability; (iv) the restructuring and optimisation of the Spanish operation; and (v) behavioural measures. The Audit Committee has been accompanying the implementation of the Plan and the progress reports produced by an independent body on the monitoring thereof.

15. The Audit Committee took note of the report on the quantification process of impairment on CGD Group's credit portfolio, produced every six months by the External Auditor, in conformity with the Bank of Portugal's *Instruction* 5/2013 of 15 April, in which the methodologies and information sources used to calculate separate and collective impairment are assessed, in addition to the respective procedures and controls.

16. In terms of decisions made and/or issues having a relevant impact for the year ended, the Audit Committee emphasises the following situations:

(i) CGD launched a €750 million covered bonds issue in January 2013 with a maturity of 5 years and a coupon rate of 3.75%. It returned to the capital market in January 2014, with a new covered bonds issue for the same amount and maturity, at a coupon rate of 3%, diversifying its funding sources.

(ii) The Macau Offshore Branch initiated its activity on 1 February 2013, after receiving permission from the Bank of Portugal and Macau's Monetary Authority, replacing the Macau Offshore Subsidiary.

(iii) Caixa Seguros e Saúde, SGPS, SA completed its sale of HPP - Hospitais Privados de Portugal, SGPS, SA, which owns six hospitals and manages Cascais Hospital, to the Brazilian Amil Participações S.A. healthcare group in March 2013.

(iv) At the General Meeting of 9 and 31 may 2013, the recognition of €679.1 million in negative net income for 2012, on CGD's separate operations, in the "Other reserves and retained earnings account" was approved.

(v) Disposal of the full amount of CGD's equity stake in Banco para a Promoção e Desenvolvimento (BPD) to Sonangol Group, in 1st half 2013, following the understanding reached between the governments of the Republics of Angola and Portugal;

(vi) In June 2013 Caixa subscribed for €30 million in the *Fundo Caixa Crescimento, FCR*, with the corporate object of making equity investments in SMEs and Mid-Caps, with a maturity of 10 years and a maximum capital level of €150 million, which decision was made in the sphere of CGD's Recapitalisation Plan.

(vii) In October 2013, CGD sold a block of 54,771,741 shares comprising 6.11% of the equity capital of Portugal Telecom, SGPS, SA, under an accelerated bookbuilding process exclusively for qualified investors, for a total amount of €190.6 million, making capital gains of €26.8 million.

(viii) The External Auditor's report on the quantification process on impairment on CGD Group's credit portfolio, with reference to June 2013, identifies a series of loans which have been monitored, including loans collateralised by shares, most of which listed. The Audit Committee has paid special attention to these loans, as per the quarterly reports submitted to the Ministerial Supervisor.

(ix) There was a decrease in CGD's exposure to the sovereign debt of countries on the periphery of the eurozone throughout 2013. Reference should be made to the Portuguese Republic's exposure to the sovereign debt issued by the Kingdom of Spain and the Republic of Italy.

(x) CGD's exposure to Parvalorem, SA, Parups, SA and Parparticipadas, SGPS, SA includes €2.92 billion in bonds, €128.9 million in loans and €1.0 billion in commercial paper subscribed for by CGD. The repayment of amounts owed to CGD by the vehicles, which belong to the sphere of the Portuguese state is being made under the terms agreed with the ECB, IMF and EU, with the amounts recovered on the sale of the assets held by the referred to entities being set against loan repayments.

(xi) CGD's borrowings from the ECB, at the end of 2013, were down €2.2 billion year-on-year to €4.75 billion. The progressive decrease in borrowings from the ECB has been made possible by the favourable evolution of individual customers' deposits and international market conditions, which have translated into a gradual normalisation of the funding policy.

(xii) Details on CGD's exposure to securities subscribed for under financial assets lending operations (loans and advances to customers), net of impairment, at 31 December 2013, totalled €514.2 million. These operations imply periodic prudential reporting operations to the Bank of Portugal, with Commission oversight in its quarterly reports.

(xiii) Retirement pension liabilities at 31 December 2013 totalled €1,712.2 million de euros (up €170.4 million year-on-year) and are wholly funded by CGD's Pension Fund. Liabilities associated with post employment medical benefits, totalling €466.9 million at 31 December 2013 have been fully provisioned.

(xiv) Reference should be made, in 2013, to the recognition of dividends on equity investments in Portugal Telecom, SGPS, SA (€20.9 million), EDP - Energias de Portugal, SA (€7.6 million), ADP – Águas de Portugal, SA (€4.5 million) and Income distributed to the Group by Investment Funds (€34.1 million).

(xv) The Bank of Portugal continued to perform a multiplicity of extraordinary inspections on the quality of the Bank's assets, in 2013, assisted by independent entities, particularly comprising the Transversal Exercise on the Revision of Credit Portfolio Impairment (ETRICC) and the analysis of the business plans of relevant banking sector customers (ETRICC 2), following which CGD made the necessary impairment increases. The transversal inspection actions performed by the Bank of Portugal since 2011 confirm the resilience of the Portuguese banking system. In March 2014 work began on a new exercise referred to as the *Asset Quality Review* (AQR) for an assessment of the quality of bank assets.

(xvi) Standard & Poor's reaffirmed its long and short term ratings of BB- and B, on CGD, in January 2014 respectively taking CGD off creditwatch negative, following an identical action on the long term rating of the Portuguese Republic.

(xvii) Fosun International Limited was selected in the sphere of the privatisation of the Group's insurance area, in January 2014, for the acquisition, at a global price of €1 billion, of Fidelidade, Multicare and Cares (total proceeds of €1,208.9 million). The Audit Committee emphasises the success of the operation, which is scheduled for completion by the end of the third quarter of 2014.

17. Reference should be made to the following indicators, characterising the company's separate accounts for the year:

(i) CGD's net assets were down €8.4 billion over 31 December 2012 to €93.8 billion, particularly on account of the reduction of investments in credit institutions and loans and advances to customers.

(ii) CGD's liabilities were down €7.4 billion to €88.9 billion, particularly on account of the reduction of central banks' and credit institutions' resources and debt securities.

(iii) Shareholders' equity was down €1.0 billion over the preceding year to €4.9 billion, particularly deriving from the year's negative net income.

(iv) The cost-to-income ratio at the end of the year was 95.7%, up 38.6 pp year-on-year, owing to the significant decrease in net operating income and higher operating costs.

(v) The solvency ratio at 31 December 2013, on a separate basis, was 13.6%, with a tier I ratio of 11.2%, which indicators were higher than the Bank of Portugal's reference markers.

(vi) Separate net income was a negative €1,090.5 million, down €411.4 million year-on-year and was particularly penalised by the reduction of net interest income.

18. As regards the consolidated accounts, it should be emphasised that, as a result of the disposal process on the Group's insurance area companies, the balances of such businesses were reclassified, in 2013, to "non-current assets held for sale" and "non-current liabilities held for sale", in conformity with IFRS 5. The comparative analysis with the preceding period should be performed with this relevant fact in mind.

In light of the above, the following indicators characterising activity for the period should be emphasised:

(i) CGD Group's net assets were down €3.9 billion over last year to €112.9 billion, particularly on account of the reduction of loans and advances to customers.

(ii) Liabilities were down €3.4 billion over the preceding year to €106.1 billion (particularly on account of the reduction of debt securities and credit institutions' and central banks' resources.

(iii) The Group's shareholders' equity was down €458.9 million over the preceding year to €6.8 billion, with reference being made to the negative net income attributable to CGD's shareholder.

(iv) The cost-to-income ratio was 81.5% (58.5% in the preceding year), with the change particularly being on account of the reduction of net operating income and higher overheads (restructuring of the activity in Spain and restoring of the holiday and Christmas subsidies).

(v) The solvency ratio, on a consolidated basis, was 13.3%, with a tier I ratio of 11.3% and a core tier I ratio of 11.7%, higher than the minimums required by the Bank of Portugal and 9.4% under the terms defined by the EBA. The *Common Equity Tier* 1 (CET 1) ratio, calculated under the new CRD IV / CRR "fully implemented" capital regulation was 7.6% (with the 7% minimum for the CET 1 comprising 4.5% plus a buffer of 2.5%).

(vi) Consolidated net income attributable to CGD's shareholder comprised a negative €575.8 million (a negative amount of €394.7 million last year). Losses for 2013 particularly derive from the unfavourable evolution of net interest income and the still high cost of provisions and impairment.

19. In the period following the year end closing of the accounts and pursuant to the functions provided for in the Commercial Companies Code, the Audit Committee analysed the Annual Report and the Separate and Consolidated Accounts submitted by the Board of Directors, which it has articulated, in technical terms with the Statutory Auditor.

20. The Audit Committee has examined the contents of the "Statutory Audit Certificate" issued on the separate and consolidated accounts by the statutory auditor and the "Audit Report" (separate and consolidated accounts) issued by the External Auditor under the terms of article 245 of the Securities Code.

21. <u>OPINION</u>

Taking all of the above into consideration, it is the Audit Committee's opinion that the General Meeting should:

a) approve the Board of Directors' report and the separate and consolidated accounts for 2013;

b) issue a resolution on the proposal for the appropriation of net income which is an integral part of the Board of Directors' Report.

c) undertake a general assessment of the Company's Management and Inspection, drawing the conclusions referred to in article 455 of the Commercial Companies Code.

LISBON, 24 APRIL 2014

AUDIT COMMITTEE

Eduardo Manuel Hintze da Paz Ferreira
(Chairman)

Daniel Abel Monteiro Palhares Traça
(Vice-chairman)

Pedro Miguel Ribeiro de Almeida Fontes Falcão
(Member)

3. Report on Corporate Governance

I - Mission, Objective and Policies

CGD is bound by the strategic guidelines defined for the State's Corporate Sector as a whole in the form of Council of Minister's Resolution 70/2008.

Capital and liquidity requirements to be considered in the management of Caixa Geral de Depósitos's activity were established on account of the profound change in the Portuguese economic-financial context, in 2013, under the scope of the Economic and Financial Assistance Programme entered into between the Portuguese Government, IMF, European Commission and the ECB. For planning and monitoring purposes, Caixa submitted a quarterly Capital Funding Plan to the Bank of Portugal and *Troika*.

The Group's Strategic Challenge for the three year period 2011-2013 was also revised, with the definition of a series of specific management operations in which the above referred to regulatory goals were determinants.

The implementation of the Strategic Challenge defined for 2011-2013 was, however, conditioned by the capital needs deriving from the rules issued by the EBA, notably the creation of capital buffers on certain sovereign risks, which forced CGD to increase its capital in June 2012. This recapitalisation process was considered to be "State Aid" under Community legislation and forced CGD to submit a Restructuring Plan, demonstrating, *inter alia*, its medium to long term sustainability and capacity to reimburse the state.

CGD's Restructuring Plan, submitted by the Portuguese state to DG Comp, in addition to other behavioural commitments, merely reinforced the current strategy, particularly as regards the following:

- Concentration of activity on retail banking, based on the sale of insurance and healthcare activities;
- Deleveraging of other non-core assets based on the sale of the remaining non-strategic equity stakes, in addition to the management of the tendential reduction of assets parked in CGD's Spain branch;
- Improved operational efficiency, providing continuity to the operational costs reductions already made, by optimising the number of branches and employees on the branch office network and renegotiating service contracts;
- Restructuring of the operation in Spain, particularly based on the reduction of the Banco Caixa Geral branch office network and the adoption of a business model focusing on individual retail customers and corporate business and cross-border business with Portugal.

MISSION

This strategy was also confirmed by the disclosure of the contents of the Mission Letter from CGD's sole shareholder, in May 2013, highlighting the priority of lending to companies, always pursuant to an adequate, prudent risk management policy. In specific terms, the focus on companies operating in the tradable goods markets was tightened.

MAIN STRATEGIC OBJECTIVES

CGD Group's Strategic Plan is structured across two key challenges:

> **1st Challenge**: To protect and strengthen CGD Group's financial health (Solvency, Liquidity and Profitability), in a new economic and financial sector environment.
>
> **2nd Challenge**: To transform CGD, focusing its activity on the banking business, to ensure the Group's sustainability and competitiveness.

The first challenge recommends a response to the needs created by the new economic and financial sector context, even in more adverse circumstances, notably through: a core tier I capital ratio of 10% from 2012, a return on equity of 10% over 5 years and the maintenance of a stable loans-to-deposits ratio of around 110-120%. These objectives were established on a scenario of opening markets after 2013 and the growing corporate integration of the Group's Business Units.

The second Challenge aims to ensure CGD's sustainability and competitiveness on an organisational, efficiency and profitability level, in light of the country's and the banking sector's paradigm shift, transforming the Bank's current business model and promoting the integration of the Group's global domestic and international network. The focus on services/transactions was simultaneously tightened, reducing sensitivity to interest rate evolution. This new model should provide the necessary response to current market evolution and the needs of the key individual Premium, Non-Resident and Tradable Goods segments, based on optimised systems, platforms, processes and human resources, in line with the new market requirements.

The main Strategic Guidelines defined to meet the referred to Challenges are:

a. To take in savings and diversify liquidity sources, reducing balance sheet liquidity risk;

b. To continue to implement the balance sheet reduction process based on sales of non-core assets;

c. To comply with the new solvency ratio objectives, i.e. the core tier I capital ratio;

d. To protect and boost revenue generation, converging towards a situation of sustained profitability;

e. To adopt a new business model enabling the mitigation of the impact of market volatility on the Bank's results and the prudential ratios to be adjusted to the new Basel III rules with this new model resulting in disinvestments in non-core financial assets;

f. To simultaneously strengthen the mechanisms needed for the performance of corporate functions, i.e. those associated with strategic risk and liquidity management;

g. To optimise processes related with risk management, particularly a more integrated management of the Group's real estate business and credit oversight and recovery measures;

h. To improve efficiency based on higher productivity levels both on the Branch Office Network and in the Central Services, in a context of deleveraging and change of main business thrusts. Cost-to-income should converge to a target of 50%;

i. To review CGD Group's international presence, based on the deleveraging of the separate and consolidated balance sheets, helping to back the internationalisation processes of Portuguese companies. Special reference should, herein, be made to the restructuring of the Group's presence in Spain resulting in readjustments to its operation and pre-eminence of guidelines on retail and Iberian business;

j. To increase endeavours to back exports and corporate internationalisations, continuing to contribute to the country's economic development by improving the competitiveness of Portuguese companies, notably those geared to foreign trade;
k. To increase market share of SMEs, with Caixa Geral de Depósitos operating as the bank of first choice of the best SMEs;
l. To back corporate capitalisations and microfinance;
m. To strengthen the multichannel strategy to customer relationships. This includes the development of distance banking which should permit the reconfiguration of the physical branch office network, with new locations and new, more flexible formats. CGD should therefore be able to achieve greater customer proximity in conjunction with cost rationalisation and improved operational efficiency;
n. To promote Prospection and Talent Management and Human Resources Mobility.

Lastly, the strategies and policies defined for the Group aim to comply with the following objectives, most of which were achieved in 2013.

Liquidity

- Loans-to-deposits ratio of less than 120%
- Use of ECB Funding of less than 10 times minimum cash reserves
- Convergence of "Stable Funding Ratio" to 100%

- **Solvency**
  - Core tier I capital ratio:
    - 10% under Basel II rules
    - 9% under EBA rules
    - Complying with the EBA's minimum stress test capital requirements

- **Efficiency**
  - Convergence of net commissions/employee costs ratio to 100%
  - Convergence of cost-to-income (BdP) ratio to 50%

Notwithstanding the implementation of the referred to directives and strategic measures, profitability and efficiency objectives continue to be strongly influenced by external factors, particularly:

- The current economic cycle, which impacts the level of consumer confidence and conditions demand for credit and the evolution of deposits, while bringing additional pressure to bear on the cost of risk;
- Historically low levels of market interest rates which, considering the indexing of most loan agreements to variable rates in the Portuguese financial system, strongly condition domestic banking's net interest income;
- Regulatory pressure on obtaining revenue from the provision of banking services which, in the extreme, could force the maintenance of fixed cost structures without adequate compensation.

CGD produces an annual planning process on the consolidated activities of the Group's diverse business units. The objectives deriving from its current Mission and Strategic Reference Framework are defined in this exercise.

A management information system, comprising various periodic reports containing indicators on the diverse areas of activity, to monitor the performance of the approved activity plan and budget, has been implemented.

The Annual Report contains an annual assessment of activity and information on compliance with defined objectives.

II – Equity Structure

CGD is a fully state-owned public limited liability company whose shares may only belong to the state. Its share capital of €5,900,000,000.00 comprises 1,180,000,000 shares with a nominal value of €5 each.

At 31 December 2013, the Shareholders' Agreements in force in CGD Group included the following entities: Banco Comercial do Atlântico, SA; Banco Interatlântico SA; Vale do Lobo, RTL,SA; Prado Cartolinas da Lousã S.A.; Banco Internacional de São Tomé e Príncipe, SARL; Parcaixa, SGPS,SA; Yunit Serviços SA; Locarent S.A.; Esegur SA; BCI (Mozambique); Partang SGPS SA and BCGTA SA.

III – Equity Stakes and Bonds

Information on the Group's structure in terms of its main subsidiaries, by sectors of activity, is set out below:

Activity/Entity	Head office	31-12-2013 % Effective participating interest	31-12-2013 % Direct participating interest
Holding Companies			
Caixa - Gestão de Ativos, SGPS, S.A.		100.00%	100.00%
Caixa - Participações, SGPS, S.A.	Lisbon	100.00%	100.00%
Caixa Desenvolvimento, SGPS, S.A.	Lisbon	99.71%	-
Caixa Seguros e Saúde, SGPS, S.A.	Lisbon	100.00%	100.00%
Gerbanca, SGPS, S.A.	Lisbon	100.00%	91.95%
Parbanca, SGPS, S.A.	Madeira	100.00%	10.00%
Parcaixa SGPS, S.A.	Lisbon	51.00%	51.00%
Partang, SGPS, S.A.	Lisbon	51.00%	51.00%
Banking			
Banco Caixa Geral, S.A. (b)	Vigo	99.79%	99.79%
Banco Comercial do Atlântico, S.A.R.L.	Praia	59.33%	47.66%
Banco Comercial e de Investimentos, S.A.R.L.	Maputo	51.26%	-
Banco Caixa Geral Brasil, S.A.	São Paulo	100.00%	99.90%
Banco Interatlântico, S.A.R.L.	Praia	70.00%	70.00%
Banco Nacional Ultramarino, S.A. (Macau)	Macau	100.00%	99.43%
Caixa - Banco de Investimento, S.A. (b)	Lisbon	99.71%	-
Caixa Geral de Depósitos - Subsidiária Offshore de Macau, S.A.	Macau	100.00%	
CGD - North America Finance	Delaware	100.00%	100.00%
CGD Investimentos CVC, S.A.	São Paulo	99.86%	-
Mercantile Bank Holdings, Ltd. (b)	Joanesburgo	100.00%	91.60%
Banco Caixa Geral Totta Angola, S.A.	Luanda	26.01%	-
Insurance			
Cares - Companhia de Seguros, S.A.	Lisbon	100.00%	-
Fidelidade - Companhia de Seguros, S.A.	Lisbon	100.00%	-
Companhia Portuguesa de Resseguros, S.A.	Lisbon	100.00%	-
Garantia - Companhia de Seguros de Cabo Verde, S.A.R.L.	Praia	65.36%	41.55%
Multicare - Seguros de Saúde, S.A.	Lisbon	100.00%	-
Universal Seguros, S.A. (Angola)	Luanda	70.00%	-
Via Directa - Companhia de Seguros, S.A.	Lisbon	100.00%	-
Specialised Credit			
Caixa Leasing e Factoring - Instituição Financeira de Crédito, S.A.	Lisbon	51.00%	-
Promoleasing - Sociedade de Locação Financeira, S.A.	Praia	60.25%	-
Asset Management			
Caixagest - Técnicas de Gestão de Fundos, S.A.	Lisbon	100.00%	-
CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	Lisbon	100.00%	-
Fundger - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Lisbon	100.00%	-
Venture Capital			
A Promotora, Sociedade de Capital de Risco, S.A.R.L.	Praia	52.72%	36.21%
Caixa Capital - Sociedade de Capital de Risco, S.A.	Lisbon	99.71%	-
Property			
Imocaixa - Gestão Imobiliária, S.A.	Lisbon	100.00%	90.00%
Caixa Imobiliário, S.A.	Lisbon	100.00%	-
Fidelidade - Investimentos Imobiliários, S.A.	Lisbon	100.00%	-
Inmobiliaria Caixa Geral S.A.U.	Madrid	100.00%	-
Cibergradual, Investimento Imobiliário, S.A.	Lisbon	100.00%	-
Other Financial Entities			
CGD Finance	Cayman	100.00%	100.00%

Sector de atividade/Entidade	Sede	31-12-2013 % Participação Efetiva	% Participação Direta
Other Companies			
Caixanet - Telemática e Comunicações, S.A.	Lisbon	80.00%	80.00%
Caixatec, Tecnologias de Comunicação, S.A.	Lisbon	100.00%	100.00%
Cares RH - Companhia de Assistência e Representação de Seguros,	Lisbon	100.00%	-
Cares Multiassistance, S.A.	Lisbon	51.00%	-
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	Lisbon	100.00%	-
LCS - Linha de Cuidados de Saúde, S.A.	Lisbon	100.00%	
Cetra - Centro Técnico de Reparação Automóvel, S.A.	Lisbon	100.00%	-
GEP - Gestão de Peritagens Automóveis, S.A.	Lisbon	100.00%	-
HPP International Ireland, Ltd.	Dublin	100.00%	-
HPP International - Luxembourg, S.A.R.L.	Luxembourg	100.00%	-
Wolfpart, SGPS, S.A.	Lisbon	100.00%	100.00%
Special Purpose Entities and Investment Funds			
Fundo de Capital de Risco - Grupo CGD - Caixa Capital	Lisbon	99.98%	85.63%
Fundo de Capital de Risco Empreender Mais	Lisbon	100.00%	100.00%
Fundo de Capital de Risco Caixa Fundos	Lisbon	100.00%	100.00%
Fundo de Capital de Risco Caixa Crescimento	Lisbon	100.00%	100.00%
Fundo de investimento Imobiliário Fechado para Arrendamento Habitacional - Caixa Arrendamento	Lisbon	99.77%	87.86%
Beirafundo - Fundo de Investimento Imobiliário Fechado	Lisbon	95.88%	38.29%

As regards the acquisition and disposal of equity stakes and investment in any associative or foundational entities, information on the main movements of the Group's subsidiaries, in 2013, is set out below:

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 and with no prospects of 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. The General Meeting approved the liquidation accounts as well as the distribution of its remaining net assets, in May 2013.

Credip - Instituição Financeira de Crédito, S.A. (Credip)

At a General Meeting held on 16 September 2013, the report on the closure of the liquidation of Credip – Instituição Financeira de Crédito, S.A. with reference to 31 July 2013 was approved. The company's net assets of €11,778 thousand, at the said date were distributed among its shareholders in proportion to their respective share capital (€9,422 thousand and €2,356 thousand, respectively). CGD made capital gains of €1,421 thousand on the liquidation.

Fundo de Capital de Risco Caixa Fundos

At 15 October 2013, the *Fundo de Desenvolvimento e Reorganização Empresarial, FCR,* which was set up on 16 August 2011, with a start-up capital of €100,000 thousand, comprising 100,000 investment units, incorporated *Fundo Mezzanine, FCR*, with a name change to *Fundo Caixa Fundos, FCR* on the same date.

The Fund's capital, at 31 December 2013, totalled €199,357 thousand, fully subscribed for by CGD, with an amount of €44,357 thousand comprising 335,600 investment units having been paid up.

The fund's corporate object is to operate in the venture capital area, based on its investments in investment funds, venture capital assets and companies with high growth and appreciation potential.

Fundo de Capital de Risco Caixa Crescimento

Fundo Caixa Crescimento, FCR was set up at 28 June 2013, with a start-up capital of €30,000 thousand, comprising 30,000 investment units with a nominal value of €1,000 each.

The Fund's corporate object is to operate in the venture capital area by investing in SMEs or midcaps headquartered in Portugal which need to fund their respective investment plans to strengthen their production capacity, expand into new markets, sustain their growth strategies or reinforce their operating cycle's structuring needs in funding terms.

An amount of €5,000 thousand of the Fund's total capital had been paid up, at 31 December 2013.

Fundo Especial de Investimento Imobiliário Fechado Caixa Reabilita (Caixa Reabilita)

FEIIF - Caixa Reabilita was formed on 6 May 2013, with a start-up capital of €10,000 thousand, comprising 10,000 investment units with a nominal value of €1,000 each, fully subscribed for by Caixa.

The Fund's objective is to invest in investment units in real estate funds exposed to rehabilitation and urban revitalisation projects eligible for the Jessica initiative.

Fundo de Investimento Imobiliário Fechado para Arrendamento Habitacional Cidades de Portugal (Cidades de Portugal)

FIIFAH - Cidades de Portugal was formed on 6 May 2013, with a start-up capital of €30,000 thousand, comprising 30,000 investment units with a nominal value of €1,000, each, 70% subscribed for by Caixa and 30% by FEIIF - Caixa Reabilita.

The Fund's objective is to invest in property requiring urban rehabilitation for latter rental on a permanent basis.

Caixa Seguros e Saúde, SGPS, S.A. (Caixa Seguros e Saúde) and Fidelidade - Companhia de Seguros, S.A. (Fidelidade)

In July 2013, Caixa Seguros e Saúde, as Fidelidade's sole shareholder, issued a resolution reducing share capital by €223,850 thousand. As a result of this reduction the unit value of its shares was changed from €5 to €3.15 albeit continuing to comprise 121,000,000 shares.

In September 2013, the Executive Committee of Caixa Seguros e Saúde issued a resolution reducing share capital by €339,968 thousand, fully paid up in cash. The nominal unit amount of the equity shares was changed from €2 to €1.15. As a result of this reduction Caixa Seguros e Saúde's share capital is now €459,957 thousand and comprises 399,962,460 shares fully held by CGD.

In the framework of the current privatisation process of Caixa Geral de Depósitos Group's insurance companies i.e. Fidelidade – Companhia de Seguros, S.A., Cares – Companhia de Seguros, S.A., and Multicare - Seguros de Saúde, S.A., the contracts for the disposal of a majority holding to the bidder Fosun International Limited were signed on 7 February 2014.

CGD – Subsidiária Offshore de Macau, S.A. and CGD - Sucursal Offshore de Macau, S.A.

The request to set up an offshore financial institution in the form of a branch, submitted to the Chief Executive of the Special Administrative Region of Macau was approved by the publication of Executive Order no. 7/2013 of 25 January which also revoked the former permit for the performance of offshore financial activities as a subsidiary.

As a result of obtaining the necessary administrative and legal approvals, the formalities required to set up a new branch and close down 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 off the total assets and liabilities used on its commercial operations, including any type of rights and obligations thereon, to its shareholder Caixa Geral de Depósitos, S.A., at their respective nominal value. These were, on the same date, transferred to the branch, which in furthering its objectives, is responsible for their management.

The dissolution of *CGD – Subsidiária Offshore de Macau, S.A.* was recorded on 4 February 2013 and its respective liquidation subsequently formalised during the course of May.

At 31 December 2013, equity instruments recognised as "Available for sale financial assets" included the following equity stakes, with the following movements in 2013:

Portugal Telecom, S.A.

Caixa made capital gains of €26,838 thousand on its disposal of 54,771,741 Portugal Telecom shares, for a total amount of €190,606 thousand, in October 2013.

Banco Comercial Português, S.A. (BCP)

Caixa made capital gains of €7,541 thousand on its sale of 179,380,009 BCP shares for a total amount of €19,022 thousand in 2013.

EDP – Energias de Portugal, S.A. (EDP)

Caixa made capital gains of €390 thousand on its sale of 800,000 EDP shares for a total amount of €1,882 thousand, in January 2013.

Galp Energia, SGPS, S.A. (Galp)

Parcaixa SGPS made capital gains of €2,729 thousand on its sale of 3,233,255 Galp Energia shares for a total amount of €40,889 thousand, in 2013.

The policy followed by Caixa Group as regards the provision of financial guarantees or acceptances of the debt or financial liabilities of other entities is based on the premise that all Group entities should be autonomous in terms of own funds adequacy and for their respective activities to be tendentially self financed.

Information on bonds held by members of the Board of Directors is set out below:

BONDS Members of the Board of Directors:	Security	Securities at 31/12/13
João Nuno Palma	Subordinated CGD Bonds – 2009/2019 – Anniversary	50
	CGD 5.125% 2014 Bonds	1
José Pedro Cabral dos Santos	Caixa Bonds July 2015	15 000

The remaining members of the Board of Directors and related entities, as referred to in article 447 of the Commercial Companies Code, do not hold CGD bonds or the bonds of other companies also referred to in the said legal disposition.

Members of the Board of Directors are fully aware of their duty to abstain from involvement in certain resolutions, namely when they have an interest therein, either individually or as a representative or business manager of a third party or in cases of spouses, relatives or kin in a direct or collateral line of up to the second degree; or in respect of a person with shared living arrangements, under the terms of article 22, number 7 of the Public Manager Statute.

The Audit Committee has the duty to issue a binding opinion on any situations of conflicts of interest involving any directors (*vide*: Audit Committee regulation, article 4, no. 3 d).

Members of the Board of Directors have issued the declarations referred to in article 22, no. 9 of the Public Manager Statute and article 52, no. 1 of Decree Law 133/2013 of 3 October, to the Inspectorate General of Finance, the Board of Directors and the Audit Committee, on their direct or indirect investments and assets held in Caixa Geral de Depósitos or in any other company, in addition to any relationships with suppliers, customers, financial institutions or any other business partners of Caixa Geral de Depósitos.

There are no incompatibilities between the performance of management duties in CGD and the other duties performed by the members of the Board of Directors, deriving from the “Public Sector Manager Statute” or any other standards. Members of the Audit Committee are not covered by the incompatibilities referred to in article 414- A of the Commercial Companies Code, applicable on the basis of article 423- B and fulfil the requirements of article 423-B of the same Code and are independent.

Members of the Board of Directors comply with all of the legal and regulatory dispositions deriving from the performance of their respective positions and the positions they may accumulate and have made the corresponding declarations to the Constitutional Court, Attorney General of the Republic, Inspectorate General of Finance, Bank of Portugal and the Securities Market Commission

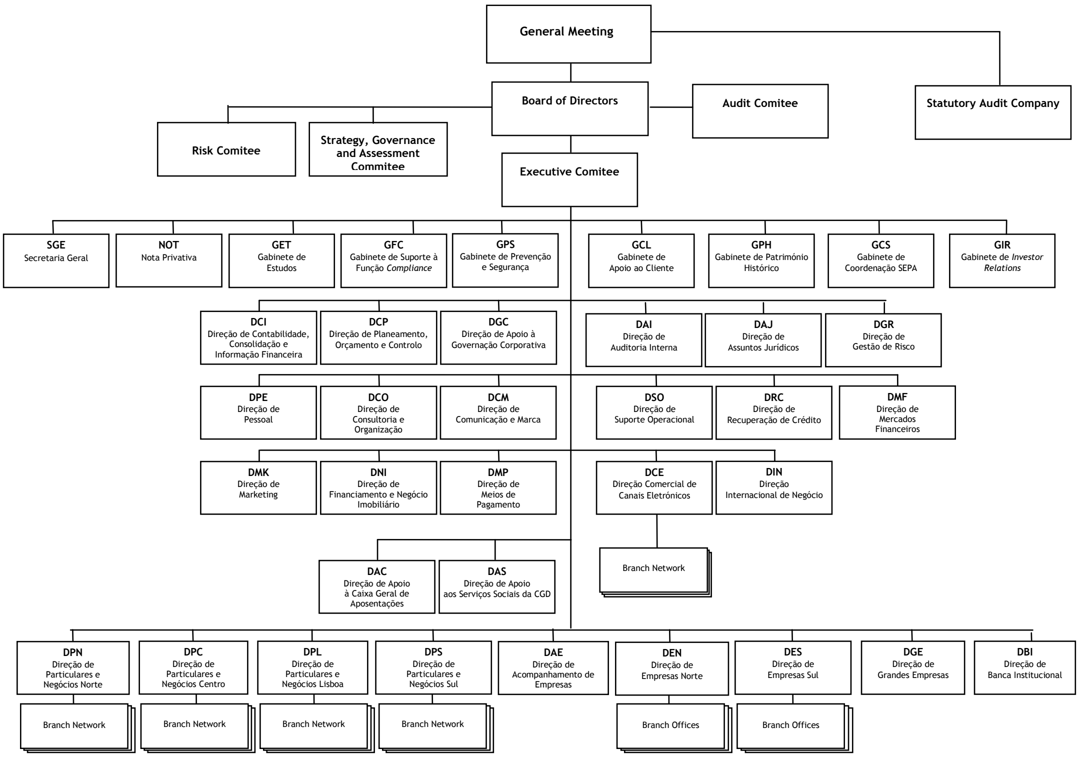
Caixa Geral de Depósitos complies with its special information requirements, namely to the Directorate General of the Treasury and Finance.

IV - Statutory Bodies and Committees

CGD’s governance model, which guarantees effective separation between management and inspection functions comprises its Board of Directors, including an Audit Committee and Statutory Auditor.

Members of CGD’s statutory bodies are elected at a General Meeting for a period of three years and may be re-elected. The maximum number of successive terms of office may not, however, exceed four, except for the members of the General Meeting and the independent members of the Audit Committee who are governed by the dispositions set out at law.

CGD’s articles of association are changed under the terms of the Commercial Companies Code. The draft changes should be properly formulated and approved by the holder of title to the shareholding function (Decree Law 133/2013, of 3 October, article 36). In addition to those provided for by law, there are no shareholder’s resolutions which must be taken by a qualified majority.



A. GENERAL MEETING

The Board of the General Meeting comprises a Chairman, a vice-Chairman and a Secretary. Its current term of office runs from 2013 to 2015.

Composition of the Board of the General Meeting

Chairman: Manuel Carlos Lopes Porto

Vice-Chairman: vacant

Secretary: José Lourenço Soares

The ex-vice Chairman of the Board of the General Meeting, Rui Manuel Chancerelle de Machete resigned with effect from 24 July 2013, when he took up office as Minister of State for Foreign Affairs.

The curricula of the members of the Board of the General Meeting are set out in this Report.

The General Meeting passes resolutions on all subjects within its competence as defined by law and the articles of association, particularly**:**

- Issuing a resolution on the Board of Directors' report and annual accounts;
- Issuing a resolution on the proposal for the appropriation of net income;
- Undertaking an annual general assessment of the company's management and inspection;
- Electing members of the General Meeting, members of the Board of Directors, appointing its Chairman and Vice-Chairmen, members of the Audit Committee and the Statutory Auditor;
- Deciding on changes to the articles of association and capital increases;

- Issuing a resolution on the remuneration of members of Statutory Bodies, with the right to appoint a Remuneration Committee having the power to define the said remuneration under the terms of "Public Manager Status" and other applicable legislation;
- Authorising the acquisition and disposal of property and investments, when comprising more than 20% of the share capital;
- Dealing with any other issue for which it has been called.

TERM OF OFFICE	Position	Name	Annual Remuneration(1)	Annual Remuneration (€)		
(Start-End				Gross (2)	Reductions (SB Law)	Gross after reductions
2013-2015	Chairman	Manuel Carlos Lopes Porto	€650.00			€0.00
2013-2015	Vice-Chairman	Rui Manuel Parente Chancerelle de Machete (*)	€525.00			€0.00
2013-2015	Secretary	José Lourenço Soares	€400.00			€0.00

(1) Amount of attendance voucher; (2) Prior to pay cuts
(*) - Terminated office, having been appointed Minister of State for Foreign Affairs (DR 1st Series, Supplement (24.7.2013) and not replaced

B. BOARD OF DIRECTORS

The Board of Directors comprises a Chairman, one or two Vice-Chairmen and from five to seventeen Board Members, also including members of the Audit Committee. The Board of Directors currently comprises seven members whose term of office runs from 2013 - 2015.

Members of the Board of Directors are chosen from persons of recognised good standing, professional merit, skills and management experience, in addition to a sense of public duty with a minimum academic level of a degree and are elected on the basis of a shareholder's resolution following a non-binding assessment of curricula and the suitability of their skills for the position of a Public Manager, made by the Recruitment and Selection Committee for General Government (*vide*: Public Manager Statute, approved by Decree Law 71/2007 of 27 March, articles 12 and 13).

The Board of Directors may be dissolved and its managers may also be dismissed in cases and situations provided for in the Public Manager Statute and for matters of mere expediency (*vide:* Public Manager Statute, articles 24, 25 and 26).

Composition of Board of Directors

Chairman: Álvaro José Barrigas do Nascimento

Vice-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 Ernst Henzler Vieira Branco, Eduardo Manuel Hintze da Paz Ferreira, Daniel Abel Monteiro Palhares Traça and Pedro Miguel Ribeiro de Almeida Fontes Falcão.

In the period preceding the Unanimous Written Resolution of 8 July 2013, under which the members of the Statutory Bodies were elected for the current term of office, the composition of the Board of Directors was as follows: Chairman: Fernando Manuel Barbosa Faria de Oliveira; Vice-Chairman: José Agostinho Martins de Matos; Members: António do Pranto Nogueira Leite, Norberto Emílio Sequeira da Rosa, Rodolfo Vasco Castro Gomes Mascarenhas Lavrador, Nuno Maria Pinto de Magalhães Fernandes

Thomaz, João Nuno de Oliveira Jorge Palma, José Pedro Cabral dos Santos, Eduardo Manuel Hintze da Paz Ferreira, Pedro Miguel Duarte Rebelo de Sousa and Álvaro José Barrigas do Nascimento.

Ex-members António do Pranto Nogueira Leite and Pedro Miguel Duarte Rebelo de Sousa resigned from office in letters dated 19 December 2012 and 3 April 2013, respectively. The ex-Chairman of the Board of Directors resigned from office in a letter dated 29 May 2013 and the other members of the Board of Directors resigned in letters dated 19 June 2013.

The Board of Directors includes directors with executive functions which form the Executive Committee and directors with non-executive functions which are all the other directors.

Directors with non-executive functions are considered independents, as they are not associated with any special interest group in the company and are not subject to any circumstance susceptible of affecting their independent analysis or decision, in accordance with the criteria used for any of the referred to forecasts. On the other hand, article 21, number 2, of the Public Manager Statute prescribes that managers with non-executive functions should perform their functions independently, providing guarantees of forming their own judgments vis-à-vis the other managers and may not have business interests related with the company, its main customers and suppliers.

The curricula of the current members of the Board of Directors are set out in this Report and include their professional qualifications and other relevant curricular items, namely any accumulation of positions or activities.

The competencies of the Board of Directors are set out at law. It is particularly responsible, in accordance with the company's articles of association, for:

- Managing the company's corporate affairs and performing all acts relating to its corporate object;
- Establishing the company's internal organisation and producing expedient regulations and instructions;
- Engaging company workers, establishing their respective contractual terms and exercising the respective management and disciplinary authority;
- Appointing proxies with the authority considered expedient;
- Deciding upon investments in the equity capital of other companies;
- Acquiring, burdening and disposing of any moveable or immoveable assets and rights, including equity investments and making investments, when considered to be in the company's interests, without prejudice to the competence of the General Meeting on such issues;
- Issuing resolutions on bond issues;
- Executing and ensuring compliance with resolutions of General Meetings;
- Representing the company at law and in its day-to-day affairs, actively and passively, having the right to confess, desist or come to terms in any lawsuits and to agree to the decisions of arbitrators in arbitration procedures;
- Exercising the other responsibilities afforded by law or the articles of association and deciding on any other matters outside the sphere of competence of the company's other bodies.

The activity of the Board of Directors is governed by a specific regulation, approved by this body at 15 September 2011 and published on CGD's Intranet.

Ordinary meetings of the Board of Directors are held at least once every two months with 12 meetings having been held in 2013.

Minutes are prepared on all attendances and absences. All absences were expressly justified by the Board of Directors.

CGD's sole shareholder, the Portuguese state has defined objectives and priorities for CGD, namely on credit issues for the three year period 2013 – 2015, in its Mission Letter of 31 May 2013 and in its Unanimous Written Resolution of 8 July 2013, charging the Board of Directors and, in particular, the Executive Committee with producing and submitting a study on the reorganisation and development of the company's international activity, as a means of leveraging and maximising its backing of the national economy, to the state, within a period of 90 days starting from the resolution.

COMPOSITION OF EXECUTIVE COMMITTEE

Under the company's articles of association the Board of Directors shall delegate the management of the company's day-to-day affairs to an Executive Committee, setting out the limits and conditions of the referred to delegation in minutes.

The Board of Directors, at its meeting of 15 July 2013, appointed an Executive Committee made up of the following members:

Chairman: José Agostinho Martins de Matos

Vice-Chairman: Nuno Maria Pinto de Magalhães Fernandes Thomaz

Members: João Nuno de Oliveira Jorge Palma, José Pedro Cabral dos Santos, Ana Cristina de Sousa Leal, Maria João Borges Carioca Rodrigues and Jorge Telmo Maria Freire Cardoso.

In the period preceding the Unanimous Written Resolution of 8 July 2013, prior to the election of the members of the Statutory Bodies for the current term of office, the Executive Committee comprised the following members: Chairman: José Agostinho Martins de Matos; Vice-Chairmen: António do Pranto Nogueira Leite (who resigned on 19 December 2012) and Norberto Emílio Sequeira da Rosa; Members: Rodolfo Vasco Castro Gomes Mascarenhas Lavrador, Nuno Maria Pinto de Magalhães Fernandes Thomaz, João Nuno de Oliveira Jorge Palma and José Pedro Cabral dos Santos.

At the referred to meeting of 15 July 2013, the Board of Directors passed a resolution delegating the management of the company's day-to-day affairs to the Executive Committee giving it general management authority albeit reserving for the Board of Directors, in addition to the dispositions of articles 406 and 407 of the Commercial Companies Code, exclusive competency for the following: a) Approval of the general policy of CGD Group, which Group is understood to be the credit and financial institutions controlled directly or indirectly by the company and companies operating in the insurance area; b) approval of the annual and pluriannual plans and periodic oversight of their execution; c) approval of the Board of Directors' and the Executive Committee's regulation; d) approval of strategic resolutions on account of their risk or owing to their special characteristics, as defined in the Board of Directors' and/or Executive Committee's regulation; e) approval of proposals to change the articles of association, including capital increases; f) approval of proposals for the appointment of the members of Statutory Bodies and the Codes of Conduct of CGD's Culturgest Foundation and controlled companies as defined in the Board of Directors' regulation; g) institution of other committees within the Board of Directors; h) appointment of a company Secretary and Deputy.

At a meeting of 23 July 2013, the Executive Committee passed a resolution, allocating responsibilities among its members and respective deputies, which resolution was ratified by the Board of Directors, at 31 July 2013. On 18 September 2013, the Executive Committee also distributed among its members responsibility for the oversight of the activity of branches and subsidiary companies, which resolution was ratified by the Board of Directors, on 11 December 2013.

The activity of the Executive Committee is governed by its respective regulation approved by the Board of Directors on 15 September 2011 and published on CGD's intranet.

The management of the Executive Committee is monitored and continuously assessed by the non-executive directors (v. Public Manager Statute, article 21, no. 3) and is inspected by the Audit Committee which has the duty of annually assessing the collective performance of the Executive Committee and preparing an annual report on its inspection to be submitted to the General Meeting (*vide*: Audit Committee regulation, articles 3 and 4) and is also monitored by the Strategy, Governance and Assessment Committee which has the duty to submit an annual report to its Ministerial Supervisor on the assessment and degree of compliance with the management guidelines defined for the company (*vide*: Strategy, Governance and Assessment Committee regulation, article 3 and Public Manager Statute, article 7, no. 1).

On the other hand, members of the Board of Directors are responsible to the holder of title to the shareholder function for the results of their management for which they shall formulate quarterly, reports (*vide*: Decree Law 133/2013, article 25, no. 2).

Finally, the General Meeting will produce an annual assessment of the company's management (*vide:* articles of association, article 12, no. 2 c).

The Executive Committee generally meets once a week, having held 52 meetings in 2013

Minutes are prepared on all attendances and absences. All absences were expressly justified by the Executive Committee.

Term of Office (Start-End)	Position	Name	Legal Designation of Current Nomination	Number of Terms of Office performed in Company	Remarks
2013-2015	Chairman of the Board of Directors	Álvaro José Barrigas do Nascimento	Unanimous Written Resolution	Two	One term of office as a Non-Executive Member of the Board of Directors and another as the Chairman of the Board of Directors
2013-2015	Vice-Chairman of the Board of Directors and Chairman of the Executive Committee	José Agostinho Martins de Matos	Unanimous Written Resolution	Two	
2013-2015	Member of the Board of Directors and Vice-Chairman of the Executive Committee	Nuno Maria Pinto de Magalhães Fernandes Thomaz	Unanimous Written Resolution	Two	One term of office as a Member of the Board of Directors and the Executive Committee and another as a Member of the Board of Directors and Vice-Chairman of the Executive Committee
2013-2015	Member of the Board of Directors and the Executive Committee	João Nuno de Oliveira Jorge Palma	Unanimous Written Resolution	Two	
2013-2015	Member of the Board of Directors and the Executive Committee	José Pedro Cabral dos Santos	Unanimous Written Resolution	Two	
2013-2015	Member of the Board of Directors and the Executive Committee	Ana Cristina de Sousa Leal	Unanimous Written Resolution	One	
2013-2015	Member of the Board of Directors and the Executive Committee	Maria João Borges Carioca Rodrigues	Unanimous Written Resolution	One	
2013-2015	Member of the Board of Directors and the Executive Committee	Jorge Telmo Maria Freire Cardoso	Unanimous Written Resolution	One	
2013-2015	Non-Executive Member of the Board of Directors	Pedro Miguel Valente Pires Bela Pimentel	Unanimous Written Resolution	One	
2013-2015	Non-Executive Member of the Board of Directors	José Luís Mexia Fraústo Crespo de Carvalho	Unanimous Written Resolution	One	
2013-2015	Non-Executive Member of the Board of Directors	José Ernst Henzler Vieira Branco	Unanimous Written Resolution	One	
2013-2015	Non-Executive Member of the Board of Directors	Eduardo Manuel Hintzand the Paz Ferreira	Unanimous Written Resolution	Two	
2013-2015	Non-Executive Member of the Board of Directors	Daniel Abel Monteiro Palhares Traça	Unanimous Written Resolution	One	
2013-2015	Non-Executive Member of the Board of Directors	Pedro Miguel Ribeiro de Almeida Fontes Falcão	Unanimous Written Resolution	One	

C. INSPECTION BODIES

The inspection of the company is the responsibility of an Audit Committee, comprising a minimum of three and a maximum of five directors and a Statutory Auditor or Statutory Audit Company.

AUDIT COMMITTEE

The Audit Committee comprises a Chairman, a Vice-Chairman and a member, whose term of office runs from 2013 to 2015.

Composition of Audit Committee

Chairman: Eduardo Manuel Hintze da Paz Ferreira

Vice-Chairman: Daniel Abel Monteiro Palhares Traça

Member: Pedro Miguel Ribeiro de Almeida Fontes Falcão.

In the period preceding the Unanimous Written Resolution of 8 July 2013, prior to the election of the members of the Statutory Bodies for the current term of office, the Audit Committee comprised the following members: Chairman: Eduardo Manuel Hintze da Paz Ferreira; Members: Pedro Miguel Duarte Rebelo de Sousa and Álvaro José Barrigas do Nascimento.

The curricula of the members of the Audit Committee are set out in this Report and include their professional qualifications and other relevant curricular items, namely their accumulation of positions or activities.

The competencies of the Audit Committee are set out at law and the articles of association, as follows:

- To examine the accuracy of the accounting documents and, in general, supervise the quality and integrity of the financial information contained in the company's accounting documents;
- To inspect the process for the preparation and disclosure of financial information;
- To analyse the issue of an opinion on relevant accounting and audit-related issues and impact of changes to the accounting standards applicable to the company and its accounting policies in the financial statements;
- To inspect the revision of the accounts and auditing of the company's accounting documents, in addition to supervising and assessing the internal procedures related to accounting and audit matters;
- To propose the appointment of the Statutory Auditor to the General Meeting;
- To inspect the independence of the Statutory Auditor regarding the provision of additional services;
- To appoint, contract for, confirm or terminate the functions and define the remuneration of the company's External Auditors in addition to examining their qualifications and independence and approving the audit and/or any other services to be provided by the referred to External Auditors or persons or entities associated with them;

- To inspect the quality and effectiveness of the risk management, internal control and internal audit systems, supervising the execution of the functions performed in the internal audit and internal control system spheres;
- To receive communications regarding irregularities, protests and/or complaints submitted by shareholders, company employees or others and implementing procedures for the reception, registration and processing thereof.
- To contract for the services of experts to assist it in its functions, with the contracting for and remuneration of such experts taking into account the importance of the issues and the company's economic situation.

The Audit Committee sends the Ministry of Finance a quarterly report on its control, its detection of anomalies and main deviations from any forecasts under article 6, number 2 of Decree Law 287/93 of 20 August.

The activity of the Audit Committee is governed by its respective regulation approved by this body on 19 September and the Board of Directors on 16 December 2011, which has been published on CGD's intranet.

The Audit Committee meets at least once every two months, having met 14 times in 2013.

Minutes are prepared on all attendances and absences. All absences were expressly justified by the Audit Committee.

Information on the independence of the members of the Audit Committee is as stated above for the Board of Directors.

Term of office (Start/End)	Function	Name	Legal designation of current appointment	No. term of offices		Rem. (Montly)
2013/2015	President of Audit Comitee	Eduardo Manuel Hintze da Paz Ferreira	Unanimous Written resolution	4	2: President of Audit Board 2: Audit Comitee	1.827,70
2013/2015	Vice-President of Audit Comitee	Daniel Abel Monteiro Palhares Traça	Unanimous Written resolution	1		1.827,70
2013/2015	Member of Audit Comission	Pedro Miguel Ribeiro da Almeida Fontes Falcão	Unanimous Written resolution	1		1.827,70

D. STATUTORY AUDIT COMPANY

The acting company is "Oliveira Rego e Associados, SROC", registered with the Chamber of Statutory Auditors under number 46 and the CMVM under number 218, represented by its partner Pedro Miguel Marques Antunes Bastos, Statutory Auditor registration number 1063, who replaced the former Statutory Auditor for the term of office starting 2013.

The deputising company is "Álvaro, Falcão & Associados, SROC", represented by partner Sérgio Paulo Esteves de Poças Falcão.

Pursuant to the provisions of the Commercial Companies Code and CGD's articles of association, the Audit Committee is, *inter alia*, responsible for inspecting the independence of the Statutory Auditor, an assessment of its respective professional performance, the management of a procedure based on the analysis and choice of the Statutory Auditor and proposing its nomination to the General Meeting (sub-paragraph m) of article 423- F of the Commercial Companies Code.

In light of the above, the Audit Committee proposed the appointment of the above referred to companies, represented by the referred to auditors, for the term of office 2013 - 2015, at CGD's General Meeting of 31 May 2013.

The maximum period for the performance of audit functions by the partner responsible for the guidelines or direct execution of the statutory audit is seven years, starting from their appointment (no. 2 of article 54 of Decree Law 224/2008 of 20 November).

“Oliveira Rego & Associados, SROC” has performed its functions in CGD since 2000 (having previously performed Sole Auditor functions as Oliveira Rego & Alexandre Hipólito, SROC, nominated in 1993, the date of CGD’s transformation into a state-owned public limited liability company and represented by its partner Manuel de Oliveira Rego).

Term of office (Start/End)	Function	Name (SROC / ROC)	No.	Legal designation of current appointment	No. term of offices	Rem.
2013/2015	Acting	Oliveira Rego e Associados - Pedro Miguel Marques Antunes Bastos	1063	General Meeting of 31 May 2013	1	-
2013/2015	Deputy	Álvaro, Falcão & Associados, SROC - Sérgio Paulo Esteves de Poças Falcão	751	General Meeting of 31 May 2013	1	-

“Oliveira Rego & Associados, SROC” has a services contract with the Company to assist the Audit Committee in the performance of its functions, pursuant to article 423-F, number 1, sub-paragraph p) of the Commercial Companies Code. Information on the amounts associated with the referred to contract is set out in the following table (in other services).

(Amounts in euros) (a)

Remuneration paid to SROC (separate accounts)	Amount (*)	%
Account audit services	128,210.40	66.4%
Fiscal consultancy services	0.00	0.0%
Other non-audit services	65,000.04	33.6%
Total	**193,210.44**	**100.0%**

(*) Exclusive of VAT

Remuneration paid to SROC (consolidated accounts)	Amount (*)	%
Account audit services	207,830.89	76.2%
Fiscal consultancy services	0.00	0.0%
Other non-audit services	65,000.04	23.8%
Total	**272,830.93**	**100.0%**

(*) Exclusive of VAT

STRATEGY, GOVERNANCE AND ASSESSMENT COMMITTEE

The Board of Directors, at its meeting of 27 July 2011, issued a resolution setting up a Strategy, Governance and Assessment Committee, operating to coincide with the term of office of the acting Board of Directors, 2013 - 2015.The current composition of the Strategy, Governance and Assessment Committee was defined on 2 October 2013 by a resolution of the Board of Directors.

Composition of Strategy, Governance and Assessment Committee

Chairman: Álvaro José Barrigas do Nascimento

Members: Pedro Miguel Valente Pires Bela Pimentel, José Luís Mexia Fraústo Crespo de Carvalho and José Ernst Henzler Vieira Branco.

In the period preceding the Unanimous Written Resolution of 8 July 2013, prior to the election of the members of the Statutory Bodies for the current term of office, the Strategy, Governance and Assessment Committee comprised the following: Chairman: Pedro Miguel Duarte Rebelo de Sousa; Members: Eduardo Manuel Hintze da Paz Ferreira and Álvaro José Barrigas do Nascimento.

The competencies and activity of the Strategy, Governance and Assessment Committee are governed by its respective regulation, approved by this body on 18 November and by the Board of Directors on 16 December 2011, and published on CGD's Intranet.

In accordance with its regulation, the Committee is responsible for the following:

- Issuing an opinion prior to the approval of the Board of Directors on the company's strategic development vectors;
- Issuing an opinion on the company's draft medium and long term plan, to be discussed and approved at a Board of Directors' meeting;
- Monitoring and assessing the Executive Committee's compliance with the milestones defined in the strategic plan;
- Considering the company's general policies and submitting proposals thereon to the Board of Directors;
- Strengthening the company's governance model, taking into consideration the company's equity structure and approved strategic development plan;
- Examining the effectiveness of the governance model and submitting proposals on improvement measures to the competent bodies;
- Considering the need for and, whenever justified, submitting a proposal to the Board of Directors' for setting up other committees and Corporate Committees within the Board of Directors;
- Discussion of any plan for compliance with the management guidelines defined for the company with the Executive Committee;
- Assessing the level of compliance with defined management guidelines;
- Submitting an annual assessment report on the level and terms of compliance with the guidelines defined for the company, to its Ministerial Supervisors.

The Strategy, Governance and Assessment Committee meets at least every two months, having met 7 times in 2013.

Minutes are prepared on all attendances and absences. All absences were expressly justified by the Strategy, Governance and Assessment Committee.

RISK COMMITTEE

The Board of Directors, at its meeting of 11.12.2013, issued a resolution setting up a Risk Committee comprising four directors, three of whom non-executive and one of whom will be its respective Chairman and the Executive Director responsible for risk management (Chief Risk Officer).

E. EXTERNAL AUDITOR

CGD's accounts are annually audited by an independent external entity, Deloitte & Associados, SROC, SA, (registered with the Chamber of Statutory Auditors under no. 43 and with the CMVM under no. 231) with the Audit Committee, in conformity with the law, articles of association, respective internal regulation, appointing, contracting for, confirming or terminating the functions and defining the remuneration of the company's External Auditors in addition to inspecting their qualifications and independence and approving the audit and/or any other services to be provided by the referred to External Auditors or persons or entities associated with them;

Deloitte & Associados, SROC, S.A. is represented by its partner João Carlos Henriques Gomes Ferreira (ROC) registration no. 1129.

External Auditors are appointed annually by the Audit Committee which also monitors and assesses their professional performance (*vide:* Audit Committee Regulation, article 4, no. 5 e).

REMUNERATION OF EXTERNAL AUDITOR IN 2013

(CONSOLIDATED ACCOUNTS)

(Amounts in euros) (a)

Deloitte & Associados, SROC, SA	Amount (*)	%
External Audit and Revision of Accounts	2 559 937	61.1%
Other Assurance Services	978 500	23.4%
Fiscal Consultancy	252 815	6.0%
Other Services	395 717	9.5%
Total	**4 186 969**	**100.0%**

(a) Exclusive of VAT

(SEPARATE ACCOUNTS)

(Amounts in euros) (a)

Deloitte & Associados, SROC, SA	Amount(*)	%
External Audit and Revision of Accounts	850 939	42.2%
Other Assurance Services	787 000	39.1%
Fiscal Consultancy	45 000	2.2%
Other Services	332 310	16.5%
Total	**2 015 249**	**100.0%**

(a) Exclusive of VAT

Owing to the fact that the External Auditor has greater knowledge of Caixa and CGD Group, providing it with a more advantageous approach in terms of implementation periods, fiscal consultancy works and other services were performed in accordance with the above table.

These services were always approved by CGD's Audit Committee.

COMPANY SECRETARY

The Board of Directors, in its already referred to meeting of 15 July 2013, appointed the Company Secretary and deputy to coincide with the term of office of the acting Board of Directors, 2013 - 2015.

Acting Company Secretary – João Manuel Travassos Dias Garcia

Deputy – Ana Paula Rögenes Perez Lopes Pargana Calado

EXECUTIVE BOARDS

CGD has seven executive boards, whose composition, competencies and periodicity of meetings are as follows:

- Credit Board, comprising all members of the Executive Committee, with a minimum of 3, responsible for credit matters, in accordance with the delegation of competencies and which generally meets once a week, having met 49 times in 2013;
- Expanded Credit Board comprising all members of the Executive Committee, with a minimum of 4, chaired by the Chairman of the Executive Committee also responsible for credit matters, in accordance with the delegation of competencies and which generally meets once a week, having met 42 times in 2013;
- The Marketing, Communication and Networks Board (CDMC), responsible for communication, marketing, financial markets, corporate and individual customers networks and products and services, chaired by the Chairman of the Executive Committee and members of the Executive Committee with their corresponding areas of responsibility, subject to a minimum of 3 and which generally meets once a fortnight, having met 18 times in 2013;
- Personnel, Media and Systems Board (CDPM), responsible for procurement, property management, organisation, personnel, information systems and operational support, comprising the Vice-chairman of the Executive Committee and members of the Executive Committee with their corresponding areas of responsibility, with a minimum of 3, and which generally meets once a week, having met 30 times in 2013;
- Assets and Liability Management Executive Board (ALCO), responsible for the assessment and monitoring of the integrated assets and liabilities management process (ALM – *Asset–Liability Management)*, designed for the proactive management of CGD Group's balance sheet and profitability, responsible for promoting the ALM process and actions and procedures necessary for their implementation, assessing and issuing resolutions on proposals for strategic guidelines on the Group's funding and liquidity policy and its oversight, assessing and passing resolutions on proposals for strategic guidelines and their latter oversight, risk management policy, analysing and passing resolutions on strategic proposals and latter oversight, on the Group's capital ratios and its resource-taking policy and capital management, passing resolutions on balance sheet and net

interest income proposals/optimisation measures as well as strategic initiatives for the optimisation of the risk/return binomial and promoting articulation between financial strategy and the Group's commercial policy. It comprises all members of the Executive Committee, with a minimum of 3, chaired by the Chairman of the Executive Committee and, in principle, meets once a month. It replaces the former Assets and Liabilities Management Committee on the basis of an internal standard issued in October 2013. No meetings were held in 2013;

- Real Estate Business Executive Board (CDNI), responsible for the Group's real estate business (domestic and foreign), comprising members of the Executive Committee responsible for the real estate and connected areas, in addition to the oversight of companies and credit recoveries, with a minimum of 3 members and usually meeting once a fortnight, having met 14 times in 2013;
- Corporate Management Executive Board (CDGC), responsible for the appraisal of issues related with the definition and oversight of the execution of the Group's corporate strategy, comprising all members of the Executive Committee, with a minimum of 3, chaired by the Chairman of the Executive Committee and usually meeting once a month, having met 11 times in 2013.

CURRICULA VITAE OF MEMBERS OF THE STATUTORY BODIES

MEMBERS OF THE GENERAL MEETING

CHAIRMAN - *MANUEL CARLOS LOPES PORTO*

Date of Birth: 15 June 1943.

Current Positions

- Chairman of the Board of the General Meeting of Caixa Geral de Depósitos, SA, since 2004;
- Chairman of the Portuguese Branch of the European Community Studies Association (AREP);
- Professor and Director at the Faculty of Law of Universidade Lusíada do Porto, since 2007 and Director of the Juridical, Economic and Environmental Studies Centre (CEJEA) of the same university;
- Professor at Universidade Lusíada, since 2005;
- Professor at the Faculty of Law of the University of Coimbra, responsible for the European Studies Course of the Faculty of Law of the University of Coimbra since 1983, also lecturing in other postgraduate courses at the Faculty;
- Secretary General (Arts category) of the Lisbon Academy of Sciences.

Former Positions

Corporate Positions

- Chairman of the Municipal Assembly of Coimbra, from 2001 to 2013;
- Member of Local Finance Reform Commission from 2005 to 2006;
- Chairman of European Community Studies Association (ECSA-World), elected in 2004 and re-elected in 2006;
- Chairman of the General Meeting of ANA, Aeroportos e Navegação Aérea, from 2002 to 2005;

- Chairman of the National Council of Education, from 2002 to 2005;
- Chairman of the Board of Directors of the Faculty of Law of the University of Coimbra, from 2000 to 2005;
- Professor at Instituto Superior Bissaya Barreto, from 1999 to 2010;
- Member of the Municipal Assembly of Coimbra, in 1993 and from 1996 to 1999;
- Member of European Parliament, from 1989 to 1999, having performed, *inter alia*, the function of Questor from 1992 to 1994 and Deputy Chairman of the Budget Committee, from 1994 to 1997;
- Member of the Fiscal Reform Commission, from 1987 to 1988;
- Chairman of the National Council for the Plan, from 1986 to 1989;
- Participation in a World Bank project on "Trade Liberalisation and Adjustment Policies", from 1986 to 1988;
- Chairman of the Central Region Coordination Commission, from 1976 to 1989;
- Consultant to GEPT (Terrestrial Studies and Planning Office), from 1967 to 1969.

Academic Qualifications

- Competition for Professor of Legal-Economic Sciences, Faculty of Law of the University of Coimbra, in 1990;
- Doctorate in Juridical and Economic Sciences, Faculty of Law of the University of Coimbra, in 1983;
- M. Phil in Economics, University of Oxford, 1976;
- Degree in Law, Faculty of Law of the University of Coimbra, in 1965.

***SECRETARY** - JOSÉ LOURENÇO SOARES*

Date of Birth: 22 November 1950

Current Positions

- Secretary of the Board of the General Meeting of Caixa Geral de Depósitos, SA., 2004;
- Managing Director of the Legal Affairs Department of Caixa Geral de Depósitos, February 2006;
- Chairman of the Board of the General Meeting of Caixa – Banco de Investimento, S.A., 2008;
- Chairman of the Board of the General Meeting of Caixa Seguros e Saúde, S.A., 2008;
- Chairman of the Board of the General Meeting of Participações, SGPS, S.A., 2009;
- Chairman of the Board of the General Meeting of Caixa Leasing e Factoring - IFIC, S.A., 2009;
- Chairman of the Board of the General Meeting of Gerbanca, SGPS, S.A., 2009;
- Chairman of the Board of the General Meeting of Parbanca, SGPS, S.A., 2009;
- Chairman of the Board of the General Meeting of Partang, SGPS, S.A., 2009;

- Vice-Chairman of the Board of the General Meeting of Companhia de Seguros Fidelidade - Mundial, S.A., 2009;
- Chairman of the Board of the General Meeting of Banco Internacional de S. Tomé e Príncipe, SARL, 2011.

Former Positions

Corporate Positions

- Chairman of the Board of Directors of Parvalorem, S.A., since 2010;
- Chairman of the Board of Directors of Parups, S.A., since 2010;
- Chairman of the Board of Directors of Participadas, SGPS, S.A., since 2010;
- Board Member of BPN - Banco Português de Negócios, S.A., 2008;
- Board Member of BPN Internacional, SGPS, S.A., 2008;
- Board Member of BPN Serviços – Serviços Administrativos, Operacionais e Informáticos, ACE, 2008;
- Board Member of Banco Efisa, S.A., 2009;
- Chairman of the Board of the General Meeting of Bandeirantes, SGPS, S.A., 2009;
- Coordinating Director in Caixa Geral de Depósitos, from June 2000 to February 2006;
- Deputy Director of Caixa Geral de Depósitos, from January 1995 to December 1996:
- Sub-Director of Caixa Geral de Depósitos, from July 1994 to December 1994;
- Coordinator of Technical Office, from April 1991 to July 1994;
- Technical Assistant in Caixa Geral de Depósitos, from April 1991 to July 1994;
- Advisor to Caixa Geral de Depósitos, from January 1990 to April 1991;
- Technical Assistant in Caixa Geral de Depósitos, from February 1982 to December 1989;
- Lawyer, since February 1985;
- Head of Section in Caixa Geral de Depósitos, from May 1981 to January 1982;
- Head of Sector in Caixa Geral de Depósitos, from January 1978 to May 1981;
- Administrative Officer in Caixa Geral de Depósitos from April 1975 to December 1977;
- Grade 3 Clerical Officer in Caixa Geral de Depósitos, from December 1974 to March 1975;
- Grade 3 (dep) Clerical Officer in Caixa Geral de Depósitos from November 1974 to December 1974.

Academic Positions

- Assistant Professor at Universidade Autónoma de Lisboa;
- Trainee Assistant and Assistant at Faculty of Law of the University of Lisbon.

Academic Qualifications

- Masters in Legal Sciences from the Faculty of Law of the University of Lisbon;

- Degree in Law from the Faculty of Law of the University of Lisbon.

MEMBERS OF THE BOARD OF DIRECTORS

***CHAIRMAN** – ÁLVARO JOSÉ BARRIGAS DO NASCIMENTO*

Date of Birth: 8 May 1966

Current Positions

- Chairman of the Board of Directors of Caixa Geral de Depósitos (08-07-2013);
- Member of the Supervisory Board of UNICER BEBIDAS, SGPS, since June 2009;
- Assistant Professor at the Faculty of Economics and Management of Universidade Católica Portuguesa, since January 2006.

Former Positions

Corporate Positions

- Non-Executive Member of the Board of Directors and Member of the Audit Committee of Caixa Geral de Depósitos, S.A., from July 2011 to July 2013;
- Director of the Faculty of Economics and Management of Universidade Católica Portuguesa, from January 2008 to June 2013;
- Independent Consultant to BPI – Banco Português de Investimento, S.A., for issues related with the capital markets from 1995 to 1999;
- Responsible for business with the international customers of DOURO, Sociedade Corretora de Valores Mobiliários (BPI Group), between September 1992 and September 1994;
- Financial Markets Analyst in BPI – Banco Português de Investimento, S.A., between September 1989 and August 1991.

Government and Para-Governmental Positions

- Consultant for the Economic Regulation Affairs of Instituto Nacional de Transporte Ferroviário between 1999 and 2002;
- Advisor to the Minister of Education of the 14th Constitutional Government, in 2002.

Academic Positions

- Assistant Lecturer at the Faculty of Economics and Management of Universidade Católica Portuguesa, between October 1992 and January 2006;
- Guest Professor at IESF – Instituto de Estudos Superiores Financeiros e Fiscais, between October 1990 and September 1995;
- Trainee Assistant at the Faculty of Economics of the University of Porto, between October 1989 and September 1991;
- Monitor on the Microeconomics Course at the Faculty of Economics of the University of Porto, between October 1988 and September 1989.

Academic Qualifications

- PhD in Banking and Finance, from Cass Business School, London, United Kingdom, in 2005;
- MSc in International Trade and Finance, from Lancaster University, United Kingdom, in 1992;
- Degree in Economics from the Faculty of Economics of the University of Porto, in 1989.

Prizes and Distinctions

- In 2010, winner in co-authorship with Ricardo Gonçalves, of the first honorary mention of the PLUG competition, sponsored by APRITEL – Associação dos Operadores de Telecomunicações, on “The Post-Investment Conundrum”;
- In 2008, winner in co-authorship with Ricardo Gonçalves, of the first PLUG competition prize, sponsored by APRITEL – Associação dos Operadores de Telecomunicações, on “The Momentum for Network Separation: A Guide for Regulators”;
- Between October 1996 and September 2000, doctorate scholarship holder of the Fundação para a Ciência e Tecnologia (Praxis XXI Programme), for the development of doctorate works at the London Business School, United Kingdom;
- In 1994, joint winner in co-authorship with Ricardo Cruz of the first Capital Markets prize sponsored by APDMC— Associação Portuguesa Para o Desenvolvimento do Mercado de Capitais, on “The OTC Market in Portugal and the Structure of the Secondary Securities Market in Portugal”;
- Between October 1991 and September 1992, masters scholarship holder from JNICT, Science Programme for the award of an “MSc in International Trade and Finance”, from the University of Lancaster, United Kingdom.

***VICE-CHAIRMAN** - JOSÉ AGOSTINHO MARTINS DE MATOS*

Date of Birth: 29 January 1953.

Current Positions

- Vice-Chairman of the Board of Directors and Chairman of the Executive Committee of Caixa Geral de Depósitos, S.A., since July 2011;
- Deputy to the Governor of the Bank of Portugal at the Council of Governors of the European Central Bank (ECB), from 2002 to 2011;
- Member of the ECB/ESCB International Relations Committee, from 2002 to 2011;
- Chairman of the ECB’s Budget Committee, from 2007 to 2011;
- Member of the European Union’s Economic and Financial Committee, from 2008 to 2011;
- Deputy Governor for Portugal on the International Monetary Fund, from 2007 to 2011 and Member of the Bank of Portugal’s Delegation to the Annual and Spring Meetings of the IMF/World Bank, from 1992 to 2011;
- Director of Markets and Reserves Management Department (DMR) of the Bank of Portugal, from 2000 to 2002;
- Member of the ECB Markets Committee, from 2000 to 2002;
- Director of the International Relations Department (DRI) of the Bank of Portugal, from 1994 to 2000;

- Second Member of Committee of Deputies of the Council of Governors of the European Monetary Institute, from 1995 to 1998;
- Chef de Cabinet of the Governor of the Bank of Portugal, from 2002 to 2004;
- Assistant Director and Director of the Department of Statistics and Economic Studies (DEE) of the Bank of Portugal, from 1988 to 1992;
- Member of the Monetary, Financial and Balance of Payments Statistics Committee for Eurostat, from 1991 to 1992;
- Technical Coordinator in the Department of Statistics and Economic Studies (DEE) of the Bank of Portugal, from 1983 to 1988;
- Member of Financial Statistics Group of the OECD, from 1983 to 1992;
- Economist in the Department of Statistics and Economic Studies (DEE) of the Bank of Portugal from 1979 to 1983;
- Senior Technical Officer at the Ministry of Internal Commerce, from 1975 to 1978;
- Assistant Technical Officer in the Studies and Planning Office of the Ministry of Education, from 1973 to 1975.

Former Positions

Academic Positions

- Lecturer at ISE;
- Lecturer at ISCTE;
- Lecturer at IGEGI;

Academic Qualifications

- Degree in Economics from the Instituto Superior de Economia *(*Universidade Técnica de Lisboa).

NUNO MARIA PINTO DE MAGALHÃES FERNANDES THOMAZ

Date of Birth: 2 November 1968

Current Positions

- Vice-Chairman of the Executive Committee of Caixa Geral de Depósitos, S.A.;
- Chairman of the Board of Directors of Caixa Geral de Aposentações;
- Chairman of Gerbanca, SGPS, S.A.;
- Chairman of Parbanca, SGPS, S.A.;
- Chairman of Partang, SGPS, S.A.;
- Chairman of Banco Caixa Geral Totta de Angola;
- Chairman of Banco Caixa Geral Brasil;
- Vice-Chairman of BCI - Banco Comercial e de Investimentos, S.A. (Mozambique);
- Chairman of BNU - Banco Nacional Ultramarino, S.A. (Macau);
- Chairman of the Board of the General Meeting of CGD Pensões – Sociedade Gestora Fundos de Pensões, S.A.;

- Vice-Chairman of ELO, Associação Portuguesa para o Desenvolvimento Económico e a Cooperação;
- Vice-Chairman of CIEP, Confederação Internacional dos Empresários Portugueses;
- Guest Lecturer at INDEG/ISCTE;
- Lecturer at ISG on Masters Course for Investment Strategy and Corporate Internationalisation;
- Guest Lecturer at Agostinho Neto University, Luanda, Angola;
- Vice-Chairman of Associação Comercial de Lisboa;
- Chairman of the Supervisory Board of CDUL;
- Member of the Advisory Board of Harvard Club de Portugal;
- Member of the Advisory Board of ISG / INB;
- Member of the Advisory Board of INDEG Business School ISCTE – IUL;
- Advisor to CDS;
- Member of the Sustainability Committee of LIDE Portugal;
- Member of the Editorial Board of “Marinha” magazine;

Former Positions

Corporate Positions

- 2012 Chairman of Caixa Gestão de Activos, S.A.;
- 2012 Director of Locarent – Companhia Portuguesa de Aluguer de Viaturas, S.A.;
- 2012 Chairman of Caixa Leasing e Factoring – IFIC, S.A.;
- 2011 Director of BCI - Banco Comercial e de Investimentos, S.A., Mozambique;
- 2011 Chairman of the Board of Directors of Imocaixa – Gestão Imobiliária, S.A.;
- 2011 Chairman of the Board of Directors of Caixa Imobiliário, S.A.;
- 2007-2011 – Co-founder and CEO of ASK - Advisory Services Kapital Group;
- 2010 - Director of ASK Sociedade Gestora Patrimónios;
- 2009 - Director of ASK Sociedade Gestora de Fundos Imobiliários;
- 2009 - Director of ASK Angola;
- 2009 - Director of ASK Brasil;
- 2005-2007 – Consultant to the Board of Directors of A.O.N. Portugal;
- 2005-2006 - CEO of Orey Financial;
- 2001-2004 – Founder and Coordinating Director of Banif Investment Bank, responsible for the Private Banking/Corporate Banking Areas in coordination with BANIF SGPS’s retail operations;
- 2000-2001 - Vice-Chairman of Banif Ascor;
- 1999 -2001 – Consultant to Board of Directors of Dalkia SGPS (Vivendi Group);
- 1998-2000 - Director of Banco de Negócios da Argentaria;
- 1996-1998 - Director of Titulo – Sociedade Corretora do Grupo Finibanco;

- 1994 -1996 – Responsible for the Southern European Capital Markets at Carnegie London;
- 1992-1994 – Sales and Trading Director at Carnegie Portugal;
- 1991-1992 - Sales/Trader at BCI Valores (Santander Group);
- 1990-1991 – Lisbon Stock Exchange Broker in Pedro Caldeira - Sociedade Corretora, S.A.

Government Positions

- 2011 Appointed by Government to Taskforce on Economic Diplomacy;
- 2004-2005 - Member of the 16th Constitutional Government as Secretary of State for Sea Matters.

Academic Qualifications

- Degree in Corporate Administration and Management from Instituto Superior de Gestão and Postgraduation from Harvard Business School;
- Registered with the Securities and Futures Authority.

Prizes and Distinctions

- Banker of the Year award 2013 from the Chamber of Commerce and Industry of Rio de Janeiro, Brazil.

JOÃO NUNO DE OLIVEIRA JORGE PALMA

Date of Birth: 16 February 1966

Current Positions

- Executive Director & CFO of Caixa Geral de Depósitos, S.A., since 8 July 2013.

Non-Executive Functions

- Chairman of the Board of Directors of Caixa Seguros e Saúde, SGPS, SA;
- Chairman of the Board of Directors of Banco Caixa Geral, SA (Spain);
- Chairman of the Board of Directors of Caixa Gestão de Activos, SGPS, SA;
- Chairman of the Board of Directors of Sogrupo – Compras e Serviços Partilhados, ACE;
- Director of Parcaixa, SGPS, S.A.;
- Director of Banco Comercial e de Investimentos, SA – Mozambique;

Former Positions

Corporate Positions

- Non-Executive Director of Portugal Telecom, SGPS, from 27 April 2012 to 30 November 2013;
- Executive Director & CFO of Caixa Geral de Depósitos, S.A. from January 2012 to 7 July 2013;

- Executive Director – CFO, REN – Redes Energéticas Nacionais, SGPS (REN – Rede Elétrica Nacional, S.A., REN – Gasodutos, S.A., REN Atlântico Terminal GNL, S.A., REN – Armazenagem, S.A., Eoondas, Energia das Ondas, S.A., REN Trading) from March 2010 to December 2011;
- Member of the Board of Directors – CFO of Banco Caixa Geral, Spain, CGD Group, from February 2008 to March 2010;
- Advisor to the Board of Directors of Caixa Geral de Depósitos, S.A., from December 2007 to February 2008;
- Member of the Board of Directors – CFO of SSI - SOGRUPO Sistemas de Informação and CAIXANET, S.A., in Caixa Geral de Depósitos, from June 2004 to December 2005;
- Member of the Board of Directors – CFO of HCB - Hidroelétrica de Cahora Bassa, from August 2003 to November 2007;
- Representative of the Portuguese state in the Negotiations for the reversion and transfer of HCB - Cahora Bassa hydroelectric power station;
- Nominated by the Portuguese Government to the PJC – Permanent Joint Committee, Regulatory Committee for Agreements between Portugal, Mozambique and South Africa;
- Vice-Chairman of the Board of Directors of Pararede, SGPS, from April 2002 to August 2003 and Member of the Board of Directors from April 2000 to April 2002;
- Coordinating Director-Controller, responsible for the Budget and Control Division of Banco Pinto & Sotto Mayor, Banco Totta & Açores, Crédito Predial Português and Banco Chemical Finance (Mundial-Confiança Group) from April 1998 to February 2000;
- Director-Controller, responsible for the Budget and Control Division of Banco Pinto & Sotto Mayor (Mundial-Confiança Group), from November 1997 to April 1998;
- Assistant Director responsible for the Planning and Analysis Sub-division of Banco Pinto & Sotto Mayor (Mundial-Confiança Group) from February 1996 to November 1997;
- Regional Director of SCA - Sanchez Computer Associates, from September 1995 to February 1996;
- Senior Manager of SCA - Sanchez Computer Associates, from November 1994 to September 1995;
- Assistant Director Controller of Planning/Control and Marketing Department, from January 1993 to November 1994, and Sub Director, from January to December 1992, of HIASI – Hispano Americano Sociedade de Investimento, BHI – Banco Hispano de Investimento, BCHP – Banco Central Hispano Portugal – BCH Group;
- Financial Analyst, Research Team Member of BCI Valores – Sociedade Financeira de Corretagem, from March to September 1991.

Academic Positions

- Research Assistant, employee at the Business Management Studies Centre (CEGE) of Universidade Nova de Lisboa, Faculty of Economics – Department of Management (MBA), from December 1988 to March 1991.

Academic Qualifications

- Post graduation in Business – PDE-VII Corporate Management Programme, from AESE (Associação de Estudos Superiores de Empresa) in collaboration with IESE – Instituto de Estudos Superiores de Empresa of the University of Navarre;
- Degree in Economics from the Faculty of Economics of Universidade Nova de Lisboa (FEUNL).

JOSÉ PEDRO CABRAL DOS SANTOS

Date of Birth: 5 July 1960

Current Positions

- Member of the Board of Directors and the Executive Committee of Caixa Geral de Depósitos, S.A., since March 2012;
- Non-Executive Member of the Board of Directors of Caixa Banco de Investimentos, S.A., since March 2008;
- Chairman of the Board of Directors of Caixa Leasing e Factoring – IFIC, SA. since May 2012;
- Chairman of the Board of Directors of Locarent – Cª Portuguesa de Aluguer de Viaturas since April 2013;
- Vice-Chairman of Caixa Seguros e Saúde since May 2013;

Former Positions

Corporate Positions

- Managing Director of CGD's Major Enterprises Division from March 2002 to March 2012;
- Non-Executive Member of the Board of Directors of Portugal Telecom, SGPS, SA. from April 2012 to November 2013;
- Member of the Board of Directors of Caixa Geral de Aposentações, IP, since March 2012;
- Non-Executive Member of the Board of Directors of Lusofactor, Sociedade de Factoring, S.A., from March 2003 to May 2008;
- Director of CGD's Major Enterprises Division, responsible for the Northern Commercial Division area from October 1999 to February 2002;
- Director of the Northern Commercial Division, responsible for the Coordination of the Major Enterprises segment from January 1998 to September 1999;
- Coordinating Director (BFE/ BPI Groups), initially of Banco Borges & Irmão followed by broader functions in Banco de Fomento e Exterior and Banco BPI, from June 1994 to December 1997;
- Senior Staff Member of Finindústria – Sociedade de Investimentos e de Financiamento Industrial and latterly sub director of Finibanco and Non-Executive Director of FINICRÉDITO SFAC, from March 1989 to May 1994;
- Trainee and latterly Senior Staff Member of União de Bancos Portugueses, from March 1984 to February 1989.

Academic Positions

- Guest lecturer at the Faculty of Economics of the University of Porto, from October 1983 to September 1988.

Academic Qualifications

- Degree in Economics from the Faculty of Economics of the University of Porto.

ANA CRISTINA SOUSA LEAL

Date of Birth: 24 March 1960

Current Positions

- Member of the Board of Directors and the Executive Committee of Caixa Geral de Depósitos, S.A., since July 2013;
- Member of the Board of Directors of CGA - Caixa Geral de Aposentações, IP, since 8 July 2013.

Former Positions

Corporate Positions

- Director of the Department of Economic Studies of the Bank of Portugal, from 2005 to June 2013;
- Deputy Director of the Department of Economic Studies of the Bank of Portugal, from 1992 to 2005;
- Deputy Director of the Department of Statistics and Economic Studies of the Bank of Portugal, from 1994 to 1997;
- Coordinator of the Monetary Policy Area – Department of Statistics and Economic Studies of the Bank of Portugal, from 1989 to 1994;
- Coordinator of the Monetary Policy Unit – Department of Statistics and Economic Studies of the Bank of Portugal, from 1987 to 1989;
- Technical Assistant – Department of Statistics and Economic Studies of the Bank of Portugal, 1983 to 1987;
- International Representation, pursuant to the performance of functions in the Bank of Portugal;
- Technical-Consultancy Committee – European Systemic Risk Board, from 2001 to 2013;
- Financial Stability Committee – European System of Central Banks, from 2011 to 2013;
- Economic Research Directors' Committee – European System of Central Banks, from 2005 to 2013;
- BIS/WP Monetary Policy for Latin America – Bank for International Settlements, from 2005 to 2013;
- Monetary Policy Committee – European System of Central Banks, from 1998 to 2013;
- Sub-monetary Policy Committee – European Monetary Institute, from 1994 to 1998;

- Sub-monetary Policy Committee – Committee of Governors, from 1992 to 1994;
- OECD – Organisation for Economic Cooperation and Development – Inspections of the Portuguese Economy, from 1990 to 2002;
- Technical Assistant – Department of Investments, Studies and Projects of Sociedade Financeira Portuguesa, from 1982 to 1983.

Academic Positions

- Assistant Lecturer for the Energy and Wellbeing Economy Courses at Universidade Católica Portuguesa, from 1982 to 1983.

Academic Qualifications

- Degree in Economics from Universidade Católica Portuguesa (1977 – 1982).

MARIA JOÃO BORGES CARIOCA RODRIGUES

Date of Birth: 10 August 1971

Current Positions:

- Member of the Board of Directors and the Executive Committee of Caixa Geral de Depósitos S.A. since 8 July 2013,
- Non-Executive Member of the Board of Directors of CGA - Caixa Geral de Aposentações, IP (CGD), since 8 July 2013;
- Non-Executive Chairman of the Board of Directors of Caixatec – Tecnologia de Comunicações, S.A., (CGD), since 24 July 2013;
- Non-Executive Chairman of the Board of Directors of Sogrupo – Sistemas de Informação, S.A. (CGD), since 24 July 2013;
- Non-Executive Member of the Board of Directors of SIBS, SGPS and SIBS – Forward Payment Solutions, S.A., since 17 July 2013.

Former Positions

Corporate Positions

- Executive Member of the Board of Directors of SIBS PAGAMENTOS, from 2011 to July 2013;
- Non-Executive Member of the Board of Directors of MULTICERT - Serviços de Certificação Electrónica, S.A., from 2009 to July 2013;
- Director of Corporate and Strategy Office of SIBS Forward Payment Solutions / SIBS SGPS, from 2008 to July 2013;
- Coordinating Director of Strategic Analysis Office (GAE) of UNICRE – Instituição Financeira de Crédito, S.A., from 2004 to 2008;
- Consultant and latterly Principal Associate of McKinsey & Company, from 1994 to 2004.

Academic Qualifications

- Masters in Business and Administration (MBA), from INSEAD, in 1996;
- Degree in Economics from Universidade Nova de Lisboa from 1989 to 11993.

JORGE FREIRE CARDOSO

Date of Birth: 8 August 1971

Current Positions

- Member of the Board of Directors and the Executive Committee of Caixa Geral de Depósitos, S.A., since July 2013;
- Non-Executive Chairman of Caixa - Banco de Investimento, S.A. since August 2013;
- Non-Executive Chairman of the Board of Directors of Caixa Capital – Sociedade de Capital de Risco, S.A., since August 2013;
- Non-Executive Chairman of the Board of Directors of CGD Investimentos, Corretora de Valores e Câmbio S.A. since May 2012;
- Non-Executive Chairman of the Board of Directors of Banco Caixa Geral Brasil, S.A. since September 2013;
- Non-Executive Member of the Board of Directors of Caixa Seguros e Saúde, SGPS, S.A., since August 2013;
- Non-Executive Member of the Board of Directors of Gerbanca, SGPS, S.A., from August 2013;
- Non-Executive Member of the Board of Directors of Partang, SGPS, S.A., from September 2013;
- Non-Executive Member of the Board of Directors of Wolfpart , SGPS S.A., from November 2013;
- Non-Executive Member of the Board of Directors of Enternext, S.A., from September 2013.

Former Positions

Corporate Positions

- Chairman of the Executive Committee of Caixa - Banco de Investimento, S.A., from May 2011 to August 2013;
- Member of the Board of Directors of Caixa - Banco de Investimento, S.A., from March 2008 to May 2011;
- Director of CaixaBI Brasil – Serviços de Assessoria Financeira Ltda., from May 2012 to November 2013;
- Non-Executive Vice-Chairman of the Board of Directors of Banco Nacional de Investimento, S.A. from May 2012 to December 2012;
- Non-Executive Member of the Board of Directors of ZON Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, SA, from January 2008 to July 2012;
- Non-Executive Board Member of Empark Portugal – Empreendimentos e Exploração de Parqueamentos, S.A., from February 2010 to July 2012;
- Non-Executive Member of the Board of Directors of Dornier, S.A., from February 2010 to July 2012;
- Non-Executive Member of the Board of Directors of Fomentinvest, SGPS, S.A., from May 2007 to June 2008;

- Coordinating Director of Caixa – Banco de Investimento, S.A., in the Corporate Equity Finance Division, supervising the Primary Share, Financial Advisory and Mergers and Acquisitions Areas from 2000 to 2008;
- Director of Corporate Finance of Banco Efisa, responsible for capital market projects and mergers and acquisitions from 1995 to 2000;
- Consultant at Roland Berger & Partners, from 1993 to 1994.

Academic Positions

- Guest Assistant Lecturer on “Mergers, Acquisitions and Restructuring” as part of the Masters in Finance Course of the Faculty of Economics of the University of Lisbon from 2010 to 2011.

Academic Qualifications

- MBA from INSEAD;
- Degree in Economics from Universidade Nova de Lisboa.

PEDRO MIGUEL VALENTE PIRES BELA PIMENTEL

Date of Birth: 21 June 1960

Current Positions

- Non-Executive Member of the Board of Directors of Caixa Geral de Depósitos, SA, (8 July 2013);
- Member of the Board of Directors of AESE (since January 2003);
- Responsible for the Finance Area of AESE Programmes (since 2000).

Former Positions

Corporate Positions:

- Director General of PRIME – Consultores de Empresas (1997-2002);
- Consultant to PRIME – Consultores de Empresas (1990-1992).

Academic Positions

- Director of AESE’s PADE Programme (1997-2002);
- Assistant in the Production and Systems Area of the Engineering Unit of the University of Minho (1987-1989);
- Trainee Assistant at the Faculty of Engineering, Department of Mechanical Engineering of the University of Porto (1983-1987).

Academic Qualifications

- Doctorate in Economics from the Faculty of Economics of Universidade Nova de Lisboa, in 1997;
- Masters in Structural Engineering from the Faculty of Engineering of the University of Porto, in 1987;
- Degree in Aeronautical Engineering from Escola Técnica Superior de Ingenieros Aeronáuticos of Madrid’s Universidad Politécnica, in 1983.

Prizes and Distinctions

- JNICT scholarship holder (1992-1996).

JOSÉ LUÍS MEXIA FRAÚSTO CRESPO DE CARVALHO

Date of Birth: 24 December 1963

Current Positions

- Member of the Board of Directors of Caixa Geral de Depósitos, SA, (8 July 2013);
- Professor at ISCTE-IUL (since 2003);
- Member of the Order of Engineers, Portuguese Logistics Association (having been a Board Member), European Logistics Association, IIE – Institute of Industrial Engineers (USA) and Council of Supply Chain Management Professionals (via ISCTE – IUL);
- Director of Executive Masters in Management for Managers at INDEG-ISCTE (since 2008);
- Area Scientific Coordinator in the Department of Marketing, Operations and Central Management (since 2010);
- Consultant in various sectors of activity, national and multinational companies, associations and ministries (Economy, Health and Internal Administration) on strategy, logistics and supply chains (1991/to-date).

Former Positions

Corporate Positions

- Partner of Logistema, SA, Logistempo, Lda. and Logisformação, Lda. – Logistical Strategy Consultant, Director of Tetra Pak Portugal and Director General of IMP Portugal (1991-2001);
- Engineer and Area Director in COBA, S.A., CESL, S.A. and PROVIA, S.A. (1986-1991).

Academic/Corporate Positions

- Director (2000-2005) and Chairman of In Out Global ISCTE-IUL (2005-2010);
- Member of the Board of Directors of INDEG-ISCTE-IUL (1999-2006).

Academic Positions

- Director – Decree in Management and Industrial Engineering at ISCTE-IUL (1996-2004);
- Director of MBA course at ISCTE-IUL (1996-1999);
- Director of Management Degree Course at ISCTE-IUL;
- Area Director – all Postgraduate, Masters and Executive Training Courses (intra-company and open), at INDEG/ISCTE-IUL (1999-2006).

Academic Qualifications

- Tenured Professor in Management , ISCTE – IUL (2000);

- PhD in Corporate Management from ISCTE-IUL-Instituto Universitário de Lisboa (1995);
- MSC in Corporate Management – Information Systems for Management from ISCTE-IUL-Instituto Universitário de Lisboa (1992);
- MBA, from ISCTE-IUL-Instituto Universitário de Lisboa (1991;)
- Postgraduation in Project Management (Civil Engineering), from Instituto Superior Técnico (1987);
- Degree in Civil Engineering from Instituto Superior Técnico – Universidade Técnica de Lisboa (1987).

Prizes and Distinctions

- International Merit Prize, in 2000, from the International Society of Logistics Engineers (SOLE);
- Personality of the year in the Logistics and Supply Chain Management Area in 2003 from Logística Hoje;
- Prize for the best thesis in the Outsourcing Area from APCADEC, in 2011;
- Has won several prizes over the last few years as the best lecturer in Executive Masters and Executive MBAs and Continuity Masters. Has been awarded a total of more than 25 prizes as the best lecturer in diverse programmes in different academic years.

JOSÉ ERNST HENZLER VIEIRA BRANCO

Date of Birth: 3 January 1945

Current Positions

- Non-Executive Member of the Board of Directors of Caixa Geral de Depósitos, SA (8 July 2013);
- Member of the Ministry of Foreign Affairs' Selection and Deselection Committee (since 2010);
- Chairman of the Union of Portuguese Diplomats (ASDP) (since 2010);

Former Positions

Corporate Positions

- Member of the Board of Directors of ICEP (1998-2001);
- Consultant and latterly senior permanent staff member in ENI Group's chemical-pharmaceutical sector, in Rome (1981-1984).

Government and Para-Governmental Positions

- Ambassador in the Ministry of Foreign Affairs;
- Ambassador in Bratislava/Slovakia (2005-2010);
- Ambassador in Canberra/Australia (2001-2005);
- Ambassador in Harare/Zimbabwe (1994-1998);
- Sub and latterly Director General for Cooperation in the Ministry of Foreign Affairs, with Minister Plenipotentiary rank (1989-1994);

- Deputy Permanent Representative to Portugal's Permanent Mission to the United Nations in Geneva/Switzerland (1986-1989);
- Director of the Middle East and Zagreb Services of the Directorate General of Political Affairs - MNE (1985-1986);
- Advisor to the Office of the Secretary of State for Foreign Affairs and Cooperation (1984-1985);
- 1st Secretary in the Portuguese Embassy in Berne/Switzerland (1978-1981);
- Portuguese Consul General in Maputo/Mozambique (1975-1978);
- Diplomatic Advisor to the Office of the President of the Republic (1974-1975);
- Joined diplomatic service as an Embassy Attaché and 3rd Secretary in the Ministry of Foreign Affairs (1969-1974).

Academic Positions

- Guest Lecturer at Universidade Autónoma de Lisboa (1999 and 2000);
- Guest lecturer at Universidade Técnica de Lisboa-ISCSP (2013).

Academic Qualifications

- Degree in Law from the Faculty of Law of the University of Lisbon (1969).

EDUARDO MANUEL HINTZE DA PAZ FERREIRA

Date of Birth: 6 May 1953

Current Positions

- Non-Executive Member of the Board of Directors and Chairman of the Audit Committee of Caixa Geral de Depósitos, S.A.;
- Professor at the Faculty of Law of the University of Lisbon;
- Jean Monnet Chair in Community Studies;
- Member of the General Board of the University of Lisbon;
- Chairman of Instituto de Direito Económico-Financeiro e Fiscal (FDL);
- Chairman of European Institute (FDL);
- Coordinator of the Research Centre on European, Economic, Financial and Fiscal Law;
- Lawyer mainly active in the Economic, Fiscal, Financial and Banking Law Areas;
- Founder and partner of Eduardo Paz Ferreira e Associados, Sociedade de Advogados (law firm);
- Director of Public Finance and Fiscal Law magazine;
- Chairman of the Scientific Board of the Competition and Regulation Magazine.

Former Positions

Corporate Positions

- Chairman of the Supervisory Board of Caixa Geral de Depósitos, S.A., from 2007 to July 2011;

- Chairman of FDL Meeting;
- Chairman of FDL Pedagogical Council;
- Chairman of FDL Institute of Cooperation;
- Chairman of Portuguese Fiscal Association;
- Member of the Senior Board of the Public Prosecutor's Office;
- Member of the Advisory Board of the Instituto de Gestão do Crédito Público.

Government and Para-Governmental Positions:

- Chef de cabinet of the Minister of Foreign Affairs;
- Responsible for the preparation of several ante-legislative projects, namely the new regime for the State's Corporate Sector, Public Debt Framework Law, Finance Law of the Autonomous Regions (of the Azores and Madeira), Local Business Sector Law and Cover of Earthquake Risks;
- Representative of the Autonomous Region of the Azores on the Committee preparing the tax reform of 1989/89;
- Advisor to the Autonomous Region of the Azores' privatisations programme, defining strategies and preparing legislative projects;
- Directed the studies on the adapting of the national fiscal system to the Autonomous Region of the Azores;
- Founding partner of AREP and APRI and honorary member of the Azorean Institute of Culture;
- Has published various books and articles in the areas of Economic Law, Public Finance, Fiscal Law and Community Law. Reference should be made to: Regional Finance (INCM, Lisbon, 1985); Public Debt and the Guarantees of State Creditors (Almedina, Coimbra, 2004); Regional Finance Law Studies (2 volumes), Jornal da Cultura, Ponta Delgada, 1995; Economic and Monetary Union – A Study Guide (Quid Juris, Lisbon, 1999); Economic Law (AAFDL, Lisbon, 2000); Values and Interests – Economic Development and Community Cooperation Policy (Almedina, Coimbra, 2004); the Teaching of Public Finance at a Faculty of Law (Almedina, Coimbra, 2005).

Academic Qualifications

- Tenured Professor, doctorate, Masters and Degree in Law (Legal and Economic Sciences) from the Faculty of Law of the University of Lisbon.

DANIEL ABEL MONTEIRO PALHARES TRAÇA

Date of Birth: 23 July 1967

Current Positions

- Non-Executive Member of the Board of Directors of Caixa Geral de Depósitos, SA (8 July 2013);
- Programme Director and Lecturer at NOVA School of Business and Economics-Lisbon (since 2009).

Former Positions

Academic Positions

- Guest Lecturer at Graduate Institute of International Economics, Geneva (2007-2009);
- Lecturer at INSEAD, France and Singapore (1996-2010);
- Director of Programmes and Lecturer at Solvay Business School-Université Libre de Belgique (2005-2008);
- Guest Assistant Lecturer at NOVA School of Business and Economics, Lisbon (2004-2005);
- Guest Researcher at Bank of Portugal (1999-2006);
- Assistant Guest Lecturer at KDI School of International Management and Policy, Seul (1999);
- Assistant Lecturer at Columbia University, New York (1993-1996);
- Trainee Researcher at World Bank, Washington (1994);
- Assistant Lecturer at NOVA School of Business and Economics, Lisbon (1989-1991).

Academic Qualifications

- Doctorate in Economics from Columbia University, New York, in 1996;
- Masters in Economics from Columbia University, New York, in 1994;
- Degree in Economics from the Nova School of Business and Economics, Lisbon, in 1990.

Prizes and Distinctions

- Research Affiliate at the Centre for Economic Policy Research (2001-2008);
- Fulbright scholar (1991-1995);
- Bradley scholar (1994-1995).

PEDRO MIGUEL RIBEIRO DE ALMEIDA FONTES FALCÃO

Date of Birth: 17 September 1970

Current Positions

- Non-Executive Member of the Board of Directors of Caixa Geral de Depósitos, SA (8 July 2013);
- Director of Programmes, Lecturer and Manager at INDEG-IUL (since 2004);
- Director of Programmes, Lecturer and Manager at ISCTE Business School (since 2004).

Former Positions

Corporate Positions

- Consultant in business growth and development strategies (2009-2012);
- Managing Partner of ATENA CAPITAL – Assessores Empresariais (2004-2008);

- Executive Manager in A. Gomes Mota, Carlos Nogueira & Associados SGE, SA (2003);
- Senior Consultant at Arthur D. Little (ADL) (2001-2002);
- Manager at Telecel/Vodafone Portugal (1999-2001);
- Senior Analyst at Banco CISF (1995-1997);
- Partner and Manager at DIACALAI (1993-1994).

Academic Positions

- Guest lecturer at Universidade Católica Portuguesa, Lisbon (1993-1995, 2000-2003).

Academic Qualifications

- Leadership for the 21st Century, from Harvard Kennedy School, in 2009;
- Doctorate in Management from the ISCTE Business School, in 2008;
- MBA (Masters in Business Administration), from Harvard Business School, in 1999;
- Degree in Management from Universidade Católica Portuguesa, in 1993.

V – Internal Organisation

A – INTERNAL CONTROL AND RISK MANAGEMENT

As already stated, a General Meeting issues resolutions on all matters for which it is competent under the law and the articles of association and is responsible. *inter alia*, for passing resolutions on changes to the articles of association.

The General Credit Institutions and Financial Companies Regime (RGICSF) enforced the implementation of a system for the reception, processing and archiving of information on serious irregularities related with the Institution's administration, accounting and internal audit organisation, in conformity with the recommendations issued by international authorities such as the European Banking Authority (EBA) and European Commission.

These recommendations indicate that companies and, in particular, banking institutions, should adopt alternative internal procedures to the usual reporting means enabling their employees to communicate legitimate, significant concerns on matters related with organisations' activities.

Article 34 of CGD's Code of Conduct provides an internal communication system on irregular practices aligned with values of transparency, responsibility and integrity.

CGD has therefore implemented an internal communication system on irregular practices, with the objective of strengthening ethical conduct, helping to prevent situations whose seriousness may call the Institution's credibility and financial health into question.

The system has been structured to allow all CGD employees to voluntarily and confidentially report situations they consider to be potentially unlawful or which represent a serious risk, putting the Institution's reputation or survival, its customers, workers and general public at risk.

The referred to situations should solely refer to management acts performed in CGD's name or under its control, concerning infringements of laws, regulations and other standards, in respect of accounting, internal accounting controls, audit, corruption and banking and financial crimes.

Caixa has a broad range of coherently executed control procedures transversal to different processes and Group entities, in addition to control functions within the Organisation – DAI – Internal Audit Division, DGR – Risk Management Division, DCO – Consultancy and Organisation Division and GFC – Compliance Office – which, as a whole, help to mitigate the referred to exposure and maintain it at low levels.

In terms of prevention, special reference should be made to the recommendations on banking operations involving the risk of fraud, including a broad range of issues, notably: banking secrecy, certification of signatures, online acts, subscriptions to the CaixaDirecta service, payments of cheques, non-personal transfers and the acceptance of deposits.

The recommendations adopted and issued by the Institution on the above referred to topics are principally aimed at identifying high risk areas, the appearance and prevention of signs of fraud, the most common frauds and detecting of malfeasance in addition to the identification of more effective anti-fraud mechanisms.

Whenever any control flaws or needs for any additional procedures are identified, information thereon is sent to the structural entities/bodies best equipped to study/examine and implement them.

The internal control system is defined as a collection of strategies, systems, processes, policies and procedures, defined by the Board of Directors, in addition to the actions taken by the Board and the institution's other employees, for the purpose of ensuring:

a) The efficient and profitable performance of activity, over the medium and long term (performance objectives);
b) The existence of complete, pertinent, reliable, prompt, financial and management information (information objectives);
c) Compliance with applicable legal and regulatory dispositions (compliance objectives).

CGD Group's management of its internal control system is based on good practice guidelines and methodologies, particularly the generic internal control methodology proposed by COSO (Committee of Sponsoring Organisations of the Treadway Commission) and, as regards information systems technology the CobiT (Control Objectives for Information and Related Technology) framework.

Risk management has its own chapter in this Annual Report, in addition to an item included in each of the Notes to the Separate and Consolidated Financial Statements referred to as "Disclosures on Financial Instruments", describing financial risk management policies and quantifying CGD/CGD Group's exposure to each type of risk.

Under this framework and to effectively achieve the defined objectives, CGD Group endeavours to guarantee an adequate control environment on its activities, a solid risk management system, an efficient information and communication system and a continuous monitoring process, with the objective of guaranteeing the system's quality and efficacy over time.

Specific, transversal responsibilities have been defined for certain CGD structural bodies which, in conjunction and articulation with the Group's other structures and entities, perform activities to ensure the existence of an adequate internal control system.

EXECUTIVE COMMITTEE

The Executive Committee, based on guidelines and resolutions issued by the Board of Directors, is responsible for periodically reviewing and approving risk management strategy and policies and internal control and ensuring their implementation within the Institution, in addition to the progressive alignment of Group entities therewith.

AUDIT COMMITTEE

Inspection of the Company is the responsibility of the Audit Committee and the Statutory Auditor. This Committee is responsible for examining the quality and effectiveness of the internal control system, including the risk management system and performance of the internal audit function.

OPERATIONAL RISK AND INTERNAL CONTROL MANAGEMENT COMMITTEE (CGRC)

This body is responsible for verifying conformity with the strategy and policies established for operational risk management and internal control, monitoring the management thereof within the Group and proposing action plans to the Executive Committee.

CORPORATE MANAGEMENT EXECUTIVE BOARD

This board is responsible for considering, approving and monitoring the performance of Group entities' activity plans and separate budgets and corrective measures to comply with business plans and the mitigation of associated risks.

CONSULTANCY AND ORGANISATION DIVISION

The Operational Risk and Internal Control Management Area, coming under the Consultancy and Organisation Division, has the following responsibilities:

- To promote and assist the development and continuous evolution of the internal control management process, in addition to monitoring and assessing its conformity with the defined strategy, policies and methodologies and reporting its respective conclusions to CGRC;
- To assist the Executive Committee on the preparation of the separate and Group regulatory internal report system, providing periodic status reports on insufficiencies, promoting mitigation/correction measures. These activities are strictly articulated with the Compliance Support Office, Risk Management Division, Internal Audit Division and the Group's subsidiaries and also consider any comments and remarks made by the Audit Committee, Statutory Auditor and External Auditor;
- To develop and implement operational risk management strategy and policies and to ensure adequate compliance therewith and the furtherance of their respective objectives, promoting and assisting the development and continuous improvement of the management process on the said risk in Subsidiaries, as well as monitoring and assessing respective compliance with the defined strategy, policies and methodologies.
- This Division is also responsible for the management and documentation of CGD processes, including the identification of potential operational risks and control

procedures, articulating this activity with Process Owners and other structural bodies. It is also responsible for keeping documents relating to processes in Branches and Subsidiaries up-to-date, in articulation with the local structures responsible for their management

RISK MANAGEMENT DIVISION

The Risk Management Division aims to protect CGD Group's capital, notably its credit, market and liquidity risk management, the interrelationships between them and ensuring the coherent integration of part contributions.

Under the scope of the internal control management process, this Division is also responsible for the periodic production of reports on risk management for the Executive Committee, containing a summary of the main flaws identified and indication of the recommendations followed.

COMPLIANCE OFFICE

The Compliance Office ensures the management coordination of compliance risk within CGD and its respective Branches and Subsidiaries, in addition to Economic Interest Groupings and pension fund management companies.

The Office is responsible for coordinating and safeguarding the good execution of anti-money laundering and countering the financing of terrorism activities, in addition to preventing market abuse. It is also responsible for the periodic production of internal control reports on the compliance risk area for the Executive Committee, identifying any non-compliances and respective remedial measures.

INTERNAL AUDIT DIVISION

Internal Audit is a permanent, independent, objective activity designed to assist the Executive Committee in monitoring internal control systems, in a systematic, disciplined manner, both within CGD and the Group from a perspective of supervision on a consolidated basis, in order to promptly identify higher risk areas and assess management efficacy, in addition to the adequacy of the most relevant control procedures, assisting the Group in managing its risks and promoting effective governance practices on the implementation of its internal control system.

It is also responsible for producing and submitting an annual report on audit issues, to the Board of Directors and inspection body, containing a summary of the main flaws detected in control actions which may indicate a deterioration of the internal control system, in addition to indicating and identifying the recommendations followed.

ACCOUNTING, CONSOLIDATION AND FINANCIAL INFORMATION DIVISION

This Division is responsible for the production, processing and development of financial information on CGD's activities, both global and consolidated, from an accounting, prudential, statistical and financial reporting viewpoint.

The circuits and controls involved in the process of the preparation and disclosure of separate and consolidated financial information are permanently monitored and validated by the Statutory Auditors which are responsible for issuing an Opinion on the adequacy and efficacy of the internal control system underlying the process for the preparation and disclosure of separate and consolidated financial information (financial report), sent annually to the Bank of Portugal.

SECURITY MANAGEMENT, RISK AND BUSINESS CONTINUITY DIVISION - SOGRUPO – SISTEMAS DE INFORMAÇÃO, ACE (SSI)

This body has specific responsibilities in terms of information system processes which include the assessment of processes in accordance with the CobIT Framework and the identification and reporting of non-conformities and opportunities for improvement.

CONTROL SYSTEM FOR THE PROTECTION OF THE COMPANY'S INVESTMENTS AND ITS ASSETS

Background

To comply with the dispositions of Bank of Portugal (BdP) *Official Notice* 5/2008 and *Instructions* 30/2010 and 73/96 and complementarily, as indicated in the BdP's Circular Letter 23/11 of 2011/12/15, the "EBA Guidelines on Internal Governance" (GL 44) document issued by the European Banking Authority – EBA, CGD has defined guidelines and internal standards which are used as the main auxiliary instruments for a control system to protect CGD's investments and assets These guidelines and standards are also support tools for the management and control of the financial risks assumed by CGD as they indicate, with a sufficient degree of precision, the maximum levels on certain types of financial risks which may be incurred by asset portfolios. The risk measures used vary in accordance with the type of risk being assessed.

The Executive Committee has defined and approved guidelines on the management and control of market risk, to be complied with by the Financial Markets Division (DMF) and other CGD Group entities responsible for the management of portfolios containing financial assets subject to market risk. The main risk measure used to manage market risk is Value at Risk (VaR) which is complemented by other sensitivity measures more adjusted to the specific type of risk such as: (i) V01 for interest rate risk; and (ii) "Greeks" for operational risks.

Guidelines have been defined for the management and control of balance sheet interest rate risk, defining the roles and responsibilities of the various parties, indicators to be monitored, limits on such indicators and control system on such limits for the management and control of liquidity and interest rate risk in the balance sheet. The monitoring of the size of the exposure to such risks has resulted in the periodic production of reports on control of compliance with current guidelines.

There are also internal standards governing the management and control of credit risk which, based on ratings, define levels of competence necessary for the decision-making process on credit.

In the case of the credit risk admission process, always accompanied by a commercial proposal, a risk opinion of the Risk Management Division (DGR) for companies/economic groups whose exposure within CGD Group is higher than certain limits, defined on the basis of the risk rating and sector of activity, is also mandatory.

Credit portfolios are regularly assessed and reports produced thereon, as regards defaults and concentration levels.

Also related with defaults and the valuation of credit assets, CGD Group has implemented a process for assessing impairment provisions, which must be validated by the External Auditors. A report is produced on the validation and is sent to BdP.

Under the Economic and Financial Assistance Programme, CGD produces a quarterly Capital Funding Plan based on two scenarios relative to the evolution of the national and international macroeconomic environment, both base and adverse, which, in addition to ensuring compliance with regulatory requirements, improves the perception of the risks to which the Institution is exposed and helps to provide better protection for its assets.

An integrated risk management report is produced every month, documenting and analysing, to the depth necessary, the evolution of CGD Group's exposure to the main financial risks.

Main developments in 2013

2013 was a particularly dynamic year in terms of convergence to the best corporate governance practice, with major institutional emphasis on the development of the Group's vision and implementation of mechanisms for continued, effective Integrated Management. This strategy promotes institutional communication and helps to improve the effectiveness of control systems for the protection of the Group's investments and assets.

2013 once again witnessed a host of extraordinary inspections on the quality of the bank's assets by the Bank of Portugal, assisted by independent parties, notably:

- Special Assessment Programme – Distressed Loans Management Assessment, on management practices and policies and credit portfolio default recoveries;
- Transversal Exercise on the Revision of Credit Portfolio Impairment (ETRICC), comprising two aspects: i) a revision of the assessment of the quality of credit portfolios, in 2011 and 2012, and ii) asset transfers to investment funds.
- ETRICC - Economic Groups, on the quality of loans to a collection of 12 economic groups with an enhanced risk potential (from the Regulator's viewpoint) and transversal and/or material exposure to the Portuguese banking system.

The conclusions were generally in line with past inspections, with the maintenance of confidence in the national banking system and particularly in CGD. Several procedural actions were, however, considered and are scheduled to be introduced during the course of 2014.

It should also be noted that several improvements were made to the credit risk rating in conjunction with the Bank of Portugal over the whole of 2013, in an endeavour to comply with the necessary conditions for the use of internal models to calculate prudential own funds requirements for credit risk (Internal Ratings Based aproach)

SECURITIES HELD FOR TRADING AND INVESTMENT

Management activity on securities trading and investment portfolios are covered by specific guidelines approved by the Executive Committee, defining the maximum risk levels which may be incorporated in such portfolios, types of securities, liquidity criteria and control mechanisms. The guidelines also define profitability objectives comprising ROE, calculated on the portfolio's daily appreciation, at market prices, net of funding costs.

The necessary requirements for hedging credit, market and operational risks are considered in calculating the allocation of shareholders' equity to operations, in accordance with current Bank of Portugal rules.

These guidelines were revised in 2013 and their respective changes approved by the Executive Committee in March and September, as regards investment and trading portfolio components, respectively.

In terms of risk control and asset appreciation, there is a complete separation of the structural body responsible for the management of these portfolios, which functions are performed by the Risk Management Division. This Division is responsible for valuing assets and the control and monitoring of compliance with management guidelines. A daily report is produced on this control which is distributed among the members of the Executive Committee and the responsible portfolio managers.

FINANCIAL INVESTMENTS

Caixa Geral de Depósitos has an information management system providing oversight on all CGD financial investments, each company's respective equity structure and members of its statutory bodies, in addition to the control of dividends received by Caixa on its investments.

The Annual Reports of the subsidiary companies are analysed each year and the positions to be taken at the General Meeting, regarding the approval of the accounts, appropriation of results and other items on the respective agendas, submitted to the Board of Directors/Executive Committee. The evolution of CGD Group's various business areas is also analysed on the basis of year-on-year comparisons, budgeted items and the results obtained by competing Groups.

The acquisition and disposal of financial investments is always discussed in advance by the Board of Directors/Executive Committee, based on information from the competent Divisions, in which the results of the various alternative scenarios are analysed.

For its annual monitoring of impairment on financial investments, CGD, depending on the account in which the amount is invested, produces an individual factsheet on the Company or arranges for it to be assessed by an independent body. The equity value of the investment is used for other cases, calculated on the basis of the latest accounting data.

REAL ESTATE ASSETS

In light of the need for the development and implementation of control systems for the protection of CGD's investments and its real estate assets, Caixa, during the course of 2012, initiated a management model optimisation process on the Group's Real Estate Business which resulted, in 2013, in the setting up of the Real Estate Financing and Business Division (DNI), with a diversified collection of functions and competencies which had been dispersed over a significant range of entities within Caixa Geral de Depósitos Group, notably: DFI – Real Estate Financing Division, SGI – Sogrupo Gestão de Imóveis, Caixa Imobiliária, IMOCAIXA, Caixa Gestão de Activos, Fundger, CGD Pensões, CLF – Caixa Leasing & Factoring and Fidelidade Mundial-SGII.

DNI's mission consists of the "integrated management of the Real Estate Business in Portugal and abroad based on a corporate approach, backing the strategy drawn up for CGD Group, notably the management of real estate investment projects, credit portfolio management and the management and commercialisation of their assets, to maximise shareholder value", as set out in the respective Organic Structure Manual.

The following is a summary of DNI's main guidelines:

- The promotion of an integrated, evolved vision of real estate risk and CGD Group's participation in the Real Estate Business;
- The definition and development of the value proposal for CGD Group's Real Estate Business (products/services) and respective communicational support;
- The management of exposure to real estate assets optimising the value generated by them, incorporating a vision of the product's liquidity/demand in terms of decision-making;
- Specialised oversight of relevant real estate projects;
- The assumption of responsibility for the technical management of all of the Group's real estate, ensuring efficiency and effectiveness;
- The promotion, sale and exploitation of all of CGD Group's real estate assets.

Management decisions on real estate assets and Caixa Geral de Depósitos Group's real estate policy are the responsibility of the Real Estate Business Executive Board (CDNI), which is the Executive Committee decision-making body responsible for the assessment, discussion, monitoring and decisions on Caixa's real estate business, both domestically and for the Group's businesses abroad, to achieve greater strategic alignment in these domains.

CDNI is also the advisory body for loan operations with a real estate risk in line with the proposals of the respective Commercial Divisions and/or DNI, issues opinions prior to the decision, in CGD's credit boards.

Real estate assets are divided up into two distinct categories i) tangible fixed assets or real estate for own use, including several of the central buildings and a significant collection of domestic and international branches, which are used for the Bank's day-to-day activities and ii) non-current assets held for sale and/or rent, from credit recovery processes and/or real estate previously used for the Company's operations.

As was the case in 2012, 2013 was also marked by a strengthening of measures for the control and valuation of portfolio real estate assets, designed to protect their value while promoting their sale on the market, across various distribution channels, notably: CGD branch offices, brokerage channels, Fundos de Investimento Imobiliário para Arrendamento Habitacional (Real Estate Investment Funds for Home Rentals), partnerships with municipalities and other local companies, investors, auctions and computerised platforms (real estate websites and newsletters).

CGD has also been adopting real estate risk mitigation measures, notably based on its development of models for assessing impairment associated with property for own use and properties deriving from real estate recovery processes. The principles underpinning the assessment methodologies have been set out in internal standards and annually revised for adjustment purposes as regards the sustainability of the inherent criteria. These measures also cover the collection of non-current real estate assets held for sale in CGD Group's companies' real estate portfolios.

Caixa has also implemented the necessary procedures for the automatic, systemised control of the periodic revision of the value of its real estate for loan collateralisation purposes, complying with the requirements established by the various regulatory dispositions of the Bank of Portugal. A more recent example of this is the application of the exercise implemented by the Bank of Portugal under Circular Letter no. 11/2013 – Assessment of real estate acquired as a result of mortgage credit repayment.

The continuation of separate functions, sustainability and optimisation of asset values, reliability of accounting and computerised records and independent market based assessment continue to be the framework principles on real estate management,

CONTROL SYSTEM FOR SAFEGUARDING CUSTOMERS' ASSETS

The procedures implemented take into consideration the dispositions of the Securities Market Code (CVM), to achieve the following objectives (articles 306 to 306-D of the Securities Market Code):

- In all acts performed as well as in its accounting and operational records, there should be a clear distinction between CGD's own and each of its customer's assets;
- The initiation of an insolvency, recovery or restructuring process on the Institution does not have any effect on the acts performed on account of its customers;
- The institution may not use the financial instruments of its customers or exercise any rights thereto, in its own or third parties' interests, unless agreed with their owners;
- The institution may not use money received from customers on its own or a third party's behalf.

In compliance with the dispositions of no. 4 of article 304-C of the Securities Market Code, the External Auditors should issue an annual report on the adequacy of the procedures and measures adopted by CGD to safeguard its customers' assets.

B - REGULATIONS AND CODES

CGD's activity is subject to the legal standards governing public limited liability companies, namely the Commercial Companies Code and those deriving from its statutes as a public company whose legal regime was revised in 2013 by the publication of Decree Law 133/2013 of 3 October.

In general, CGD is governed by Community and domestic legislation on its activity, with reference being made in terms of domestic law to the General Credit and Financial Institutions Regime (RGICSF), approved by Decree Law 298/92 of 31 December[10] the Securities Code approved by Decree Law 486/99 of 13 November[11] and all regulatory standards issued by the Bank of Portugal and the Securities Market Commission.

Under Community law and deriving from its direct applicability in all Member States, reference should be made to the publication, in 2013, of European Parliament and Council of Regulation (EC) 575/2013[12] of 26 June on prudential requirements for credit institutions

[10] Republished by Decree Law 31-A/2012 of 10 February and changed by Decree Law 242/2012 of 7 November, Law 64/2012, of 20 December, Decree Law 18/2013 of 6 February and Decree Law 63-A/2013 of 10 May.

[11] Republished by Decree Law 357-A/2007 of 31 October and changed by Decree Law 211-A/2008 of 3 November, Law 28/2009 of 19 June, Decree Law 185/2009 of 12 August, Decree Law 49/2010 of 19 May, Decree Law 52/2010 of 26 May, Decree Law 71/2010 of 18 June, Law 46/2011 of 24 June, Decree Law 85/2011 of 29 June, Decree Law 18/2013 of 6 February, Decree Law 63-A/2013 of 10 May and Decree Law 29/2014 of 25 February.

[12] Regulation (EU) 575/2013 was published in conjunction with European Parliament and Council Directive 2013/36/EU of 26 June, on credit institutions' access to activity and the prudential supervision of credit

and investment companies. The Bank of Portugal's *Official Notice* 6/2013 of 27 December, regulates the transitional regime provided for in the Community Regulation on own funds and establishes measures to preserve such funds.

Also in the Community sphere and resulting from its direct applicability, reference should be made to European Parliament and Council Regulation (EU) 648/2012[13] of 4 July, on OTC derivatives, central counterparties and transactions repositories. This Regulation was subject to significant regulation, in 2012 and 2013, particularly including the Commission's Implementing Regulation (EU) 1247/2012 of 19 December and the Commission's Delegated Regulations (EU) 148/2013 and 149/2013, both of 19 December 2012.

Reference should also be made to the publication of Decree Law 58/2013 of 8 May, which revised the standards applicable to the classification and counting of the period of credit operations, interest, capitalisation of interest and a debtor's arrears, as well as the approval of Decree Law 63-A/2013 of 10 May, on the new legal regime governing collective investment bodies and CMVM Regulation 5/2013 of 9 September, on the same issue.

Also as regards regulatory standards, reference should be made to the publication, in 2013, of the Bank of Portugal's *Instructions* 12/2013, 13/2013 and 14/2013, all of 11 June, resulting from the revision of the legal regime on consumers of Decree Law 42-A/2013[14] of 28 March.

CGD must also comply with the good practice recommendations defined by the Supervisors, with the Bank of Portugal having, in 2013, published its Circular Letter 3/2013/DSC of 1 February on good practice as regards commissions applicable to the acceptance of payment cards and Circular Letter 98/2013/DSC of 12 December on good practice to be complied with by credit institutions in their implementation of the extraordinary regime for the protection of mortgage borrowers in a very difficult economic situation[15].

CGD is also subject to the application of Law 25/200816 of 5 June which establishes preventative, repressive measures on money laundering and the financing of terrorism, of which special reference should be made to the publication of Ministerial Order 150/2013 of 15 March, which updates the list of equivalent third countries in terms of AML and the approval of the Bank of Portugal's *Official Notice* 5/2013 of 18 December which establishes the conditions, mechanisms and procedures for compliance with the duty to prevent money laundering and the financing of terrorism.

CGD's activity is also subject to its articles of association approved at the General Meeting of 22 July 2011[17].

CGD has also published an Internal Standards System on its intranet, which is binding on all employees and which encompasses the most relevant aspects of the company's operation and performance of its activity.

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institutions and investment companies. These two statutes are usually referred to as the "Capital Requirements Directive IV".

[13] Usually referred to as "EMIR - European Market Infrastructure Regulation", changed by European Parliament and Council Regulation (EU) 575/2013 of 26 June and Delegate Regulation (EU) 1002/2013 of the Committee of 12 July.

[14] Changes and republishes Decree Law 133/2009 of 2 June.

[15] Law 58/2012, of 9 November.

[16] Changed by Decree Law 317/2009 of 30 October, Law 46/2011 of 24 June, Decree Law 242/2012 of 7 November and Decree Law 18/2013 of 6 February.

[17] Later changed by the Unanimous Written Resolution of 27 June 2012.

APPLICATION OF ANTI-CORRUPTION STANDARDS

In the sphere of its internal control system, CGD has been endowed with permanent measures for the prevention and repression of corruption and connected crimes, in the form of internal procedures and standards, namely the opening and use of deposit accounts, verification of the signatures of parties to contracts with CGD, intervention of CGD's employees in loan operations, control of access to privileged information on issuing customers, service contracts, approvals of expenses, outside services, sponsorships and donations and the personnel area, including recruitment and training.

As a result of these policies, CGD is on the list of the Council for the Prevention of Corruption (CPC), of entities sending information to the Council on their respective Management Plans on the Risks of Corruption and Connected Infractions, in accordance with CPC Recommendation 1/2009 of 1 July.

CGD updated its Code of Conduct, in 2010, with the inclusion of article 31, containing the active rejection of all forms of corruption, having also reinforced article 25 on the prohibition of its employees' acceptance of benefits.

COMPLIANCE WITH LEGISLATION AND REGULATION

APPLICATION OF FISCAL STANDARDS

CGD has two inter-complementary technical units for compliance with fiscal legislation and regulation in force. One is geared to compliance with CGD's own fiscal obligations and the other focuses on logistical support for the interpretation of legislative regulations, either those pertaining to CGD itself or products geared to customers, in addition to other functions attributed to it in matters of tax disputes.

APPLICATION OF STANDARDS ON COMPETITION AND CONSUMER PROTECTION

Caixa Geral de Depósitos has adopted a position of competitive balance in terms of competition, furthering its objectives of profitability, quality of service, customer satisfaction, fair prices and strict compliance with regulations on competition and customer protection. Caixa does not employ aggressive commercial practices, either in terms of loans or deposits.

The process for the definition and revision of the price of the various banking products and services requires a resolution of the Communication and Marketing Board and is based on benchmark information on the evolution of the cost of financing and cost of products, evolution of the financial situation and the Bank's operating results and a summary of different scenarios. Customers are notified of tariff changes in advance, which are also reported to the Bank of Portugal, in strict compliance with the Supervisors' guidelines.

Full information on the price list is available at all customer outlets and access channels to the Bank, according to the model fixed by the Bank of Portugal (*Official Notice* 8/2009 and *Instruction* 21/2009), guaranteeing price comparability among the various banks, i.e. interest rates, commissions and costs of bank services.

Consumer loan contracts covered by Decree Law 133/2009 have been subject to maximum limits since 1 January 2010, as defined quarterly by the Bank of Portugal.

Decree Law 42-A/2013 brought in new obligations starting 1 July 2013, notably maximum rates on overdrafts and when credit limits are exceeded, revised quarterly by the Bank of Portugal.

Under the scope of the regulation on defaults and following the publication of *Instruction* 18/2012 and Decree Law 227/2012, CGD developed solutions to mitigate defaults on all personal loan products, including negotiated Overdrafts and credit cards, in 2013 to promptly identify signs of a deterioration of customers' compliance capacities, the marking, in information systems of customers whose credit has been restructured owing to their financial difficulties and effective control of commercial performance.

CGD is permanently concerned to promote and collaborate directly on the implementation of the transparency of its commercial practice relating to investment, savings products and services, notably through its continuous improvement of the informational and contractual contents of all channels which take in bank deposits, both simple and indexed in providing customers with “Standardised Information Sheets” and Information Prospectuses deriving from the Bank of Portugal’s *Official Notices* 4/2009 and 5/2009, as well as the respective agreements and provision of simulators and presentation of standard cases on its website (around 50,000 visits a day in 2013) and electronic newsletters, sent to more than 900 000 customers every month.

In the deposits area, Caixa continues to supply a broad ranging value proposal in excess of the price variable, providing user-friendly mechanisms to create and promote savings habits in different customer segments.

As regards personal loans which account for a relatively inexpressive proportion of the total individual customers portfolio, Caixa offers special customised lines of credit for health, training and renewable energies.

On a parallel level CGD is also concerned that the disclosure of information on products should use clear, transparent language in order to be easily read and understood by customers as set out in CGD's Code of Conduct, complying with the duty of information and transparency established by law and regulation whose respective supporting texts are previously and internally submitted for the consideration of the Compliance Office, Risk Management Division and Communication and Brand Division and externally to the Supervisors in the case of complex financial products.

APPLICATION OF ENVIRONMENTAL STANDARDS

As provided for in the Sustainability Strategy and in accordance with CGD’s commitments under its Environmental Policy, activities are governed by the applicable environmental legislation, simultaneously promoting environmental responsibility with the main groups of internal and external stakeholders, in the form of environmental awareness actions in the surrounding community.

In addition to complying with the directly applicable environmental legislation shown by the non-existence of any fines or non-monetary sanctions for non-compliance with environmental laws and regulations CGD also involves its suppliers in this process, ensuring that they also perform their activity in alignment with CGD’s requirements.

To continuously improve its environmental performance, in 2013, CGD, initiated a process for the implementation of an environmental management system, designed to achieve certification to Portuguese Standard ISO 14001. This system will, *inter alia*, ensure conformity with national environmental legislation and anticipate legal requirements or European guidelines on the banking sector.

To operationalise the Sustainability Strategy, a sustainability management model has been defined through taskforces, comprising various structural bodies of Group companies whose function consists of monitoring compliance with the current policies on this matter, in addition to the identification and analysis of future sustainability trends in general and those related with the environment in particular, with a potential impact on the Bank's activity.

One of CGD's main operating areas in terms of the environment has been its implementation of a strategy of combating climate change in the form of various operating thrusts – quantification, reduction, compensation, business and awareness. CGD produces an annual inventory of greenhouse gases generated by its banking activity in Portugal, in accordance with the internationally recognised: "Greenhouse Gas Protocol (GHG Protocol") methodology. In 2013, CGD expanded the identification of its carbon footprint on a Group level, having produced GHG inventories on the preceding year's performance for its affiliate banks in Cape Verde – Banco Comercial do Atlântico and Banco Interatlântico – and in Brazil – Caixa Geral Brasil.

CGD is aware of the impacts on the quality of the environment, deriving from its management, remodelling and maintenance of installations works. It has systematically implemented a series of eco-efficiency measures based on best environmental practice which include the management of energy and water consumption, waste management, as well as the management of the air quality in its buildings. Information on these measures is published in the Annual Sustainability Report.

Over the last few years, CGD has supplied environmentally responsible products in addition to an assessment of environmental compliance risks in Caixa BI – Banco de Investimento, SA.'s project finance area. Socio-environmental criteria have been defined in this area, at the time of the analysis of projects and corporate candidatures, in line with the lawfully required environmental opinion in the form of the Declaration of Environmental Impact and/or Assessment of Environmental Impact for all the main infrastructure financing projects. No financing is issued prior to the confirmation of the environmental permit involved in the legal due diligence process. Independent technical consultants are solely responsible for validating projects' technical and environmental premises (including all relevant licences) required during the construction and operation stage. Financing agreements include contractual obligations related with socio-environmental aspects

CGD, through Caixagest, also has an investment fund with environmental benefits – the Special Caixagest Renewable Energies Investment Fund - providing investors with access to a diversified portfolio of assets, directly and indirectly associated with renewable energies, environmental quality and carbon.

CGD is also committed to the inclusion of environmental considerations in the credit analysis process as a member of UNEP-FI.

In 2013, Caixa was, once again distinguished by the "Carbon Disclosure Project (CDP)" for its reduction of carbon emissions and mitigation of the risks of climate change. For the 3rd consecutive year it has achieved a leading position, with a classification of 99 points in the "Climate Disclosure Leadership Index (CDLI)", coming in one of the top positions in a restricted group of the best 14 Iberian companies, and, for the 2nd year, achieved an A classification, the highest in the "Climate Performance Leadership Index (CPLI)", which has only been achieved by 6 companies.

APPLICATION OF LABOUR REGULATIONS

In terms of labour relations CGD applies highly rigorous principles in ethical and technical-legal terms.

The Institution accordingly undertakes a meticulous analysis all of the legislative changes having an impact on the Group's labour relations, promoting the application thereof.

The most relevant changes, in 2013, were as follows:

- State Budget Law for 2013;
- Restoring of the holiday subsidy for public sector workers, retired staff and other, pensioners – Law 39/2013 of 21 June;
- Regime for the provision of information on remunerations, supplements and other remuneratory components of public sector workers – Law 59/2013 of 23 August;
- Changes to the Labour Code – Law 69/2013 of 30 August;
- Legal regimes on the Labour Compensation Fund, equivalent mechanism and of the Labour Compensation Guarantee Fund – Law 70/2013 of 30 August.
- New regime on the extraordinary renewal of fixed-term contracts – Law 76/2013 of 7 November.

The Company favours dialogue in the quest for consensual, fair solutions to CGD's relationship with its employees.

Owing to CGD's size (9,892 workers in 31/12/2013), the number of actions brought against the Institution, in 2013, was very low (15) and translates into a substantial reduction over 2012 in which 35 actions were brought.

CODE OF CONDUCT

CGD's Code of Conduct was published for the first time in July 2008 and revised in 2010. It is a self-regulating document and a management instrument for business ethics, setting out the values, operating principles and standards of professional behaviour observed by Caixa, in the performance of its activity and its relationships with stakeholders.

A Code of Conduct Management Model was implemented at the time of the revision of the Code, in October 2010, as an instrument designed to ensure the real implementation, operationalisation, monitoring and continuous improvement of CGD's Code of Conduct in the performance of its activity.

The Code of Conduct's impact on its recipients (i.e. members of CGD's Statutory Bodies, employees, trainees, service providers and proxies), has been calculated in three dimensions referred to as "Knowing the Code" (values, *modus operandi* and professional behavioural standards as set out in the Code), "know how" (*modus operandi* in practical situations in accordance with the standards set out in the Code) and "commitments" (commitments to CGD's values and principles). These dimensions include ethical performance indicators designed to contribute towards the periodic revision of the Management Model for CGD's Code of Conduct.

In 2013, CGD continued to implement its three year training programme in this area and the Code of Conduct geared to employees in the Central Departments, having given 96 classroom training hours, in 32 sessions to 497 employees.

Also pursuant to the adoption of the Code of Conduct, CGD has sponsored initiatives for the adoption of the Code of Conduct by its diverse Subsidiaries, Branches and Economic Interest Groupings with, at the end of 2013 only one CGD Entity still having to implement the adoption process of the new version of the Code of Conduct.

CGD's Code of Conduct can be viewed on its intranet and at:

https://www.cgd.pt/Investor-Relations/Governo-Sociedade/Regulamentos/Codigo-Conduta/Pages/Codigo-Conduta-CGD-Introducao.aspx

C – MARKET RELATIONS AND WEBSITE REPRESENTATIVE

CGD, as an issuer of financial instruments, has appointed a market relations representative.

CONTACTS OF MARKET RELATIONS REPRESENTATIVE

Market Relations Representative:

Filomena Raquel da Rocha Rodrigues Pereira de Oliveira

Av João XXI, 63
1000-300 Lisbon
Tel: (351) 21 790 5586
Fax: (351) 21 795 3479
Email: filomena.oliveira@cgd.pt

DISCLOSURE OF PRIVILEGED INFORMATION

CGD, as defined under the respective legislation, as an issuer of financial instruments, has appointed a Market Relations Representative to provide prompt information on any matter which may have a relevant effect on the company's economic and financial status and net worth. CGD's internet site at www.cgd.pt also provides a collection of business-related institutional information.

CGD disclosed the following privileged information in 2013, in full compliance with its duties for the immediate disclosure of public information.

Date	Matter
16/12/2013	Caixa Geral de Depósitos S.A. informs about EBA EU-wide Transparency Exercise 2013
25/11/2013	Caixa Geral de Depósitos, S.A. announces the resignation of the Vice-Chairman of the Board of the General Meeting
31/10/2013	Caixa Geral de Depósitos, SA informs about first nine months of 2013 Consolidated Results
25/10/2013	CGD completed the placement of 6.11% of PT shares – corrected announcement
24/10/2013	CGD completed the placement of 6.11% of PT shares
24/10/2013	CGD completed placement of 6.11% of PT's share capital - correction of announcement
24/10/2013	CGD launches an accelerated bookbuilding offer of PT shares to qualified investors
20/09/2013	Caixa Geral de Depósitos, S.A. informs about Standard and Poor's rating decisions

Date	Matter
02/08/2013	Caixa Geral de Depósitos, S.A. informs about first half 2013 Consolidated Results for
24/07/2013	Caixa Geral de Depósitos S.A. informs about the approval by European Commission' of the Group Restructuring Plan following its recapitalisation in June 2012 – correction of announcement
24/07/2013	Caixa Geral de Depósitos S.A. informs about the approval by European Commission' of the Group Restructuring Plan following its recapitalisation in June 2012
12/07/2013	Standard and Poor's changes the rating outlook of Caixa Geral de Depósitos
10/07/2013	Caixa Geral de Depósitos S.A. informs about Fitch's rating confirmation
01/07/2013	Caixa Geral de Depósitos S.A. informs about DBRS rating confirmation
26/06/2013	Caixa Geral de Depósitos, S.A. announces a Board Member resignation
31/05/2013	Shareholder's Mission Letter to Caixa Geral de Depósitos SA
07/05/2013	Caixa Geral de Depósitos, SA informs about 1st quarter 2013 Results
12/03/2013	Standard and Poor's upgrades the outlook on Caixa Geral de Depósitos
05/03/2013	Caixa Geral de Depósitos, SA informs about the completion of the sale of HPP Saúde to Amil
08/02/2013	Caixa Geral de Depósitos, S.A. informs about 2012 Results
31/01/2013	Caixa Geral de Depósitos, S.A. announces Board Member resignation
11/01/2013	Caixa Geral de Depósitos, S.A. provides information on a €750 million covered bonds issue

DISCLOSURE OF OTHER MARKET INFORMATION

CGD maintained its market information feed over the course of 2013 in line with the recommendations of the Securities Market Commission and best international practice, in a context of transparency and rigour for its investors, analysts, customers and other stakeholders.

In compliance with its public disclosure requirements, Caixa Geral de Depósitos has published all relevant, mandatory information on the CMVM's information disclosure system as well as hosting it on its internet for all interested parties.

DISCLOSURE OF INFORMATION ON CGD'S WEBSITE

The informational architecture of CGD's website contains a public area exclusively for the disclosure of information on Corporate Governance, in full compliance with Good Governance Principles for companies in the State's Corporate Sector. This website area ensures the disclosure of all mandatory and legal information on the Company's diverse Corporate Governance issues, including information on the issues set out in the following table:

	Disclosure			Remarks
	Yes	No	Not applicable	
History, Vision, Mission and Strategy	X			
Organisational chart	X			
Statutory Bodies and Governance Model:	X			
Analysis of Economic, Social and Environmental Sustainability	X			
Code of Ethics	X			
Annual Reports	X			

This information is available at: https://www.cgd.pt/Investor-Relations/Governo-Sociedade/Pages/Governo-Sociedade.aspx

VI - Remuneration

COMPETENCE FOR ASSESSING REMUNERATION

The Board of Directors submitted a "Declaration of the Board of Directors on the remuneration policy of the members of CGD's Board of Directors and inspection bodies" for a resolution of the Annual General Meeting, as required by law, with the representative of the state shareholder having declared at the General Meeting of 31 May 2013, that no resolution would be issued on this matter, which would be the subject of a Unanimous Written Resolution to be issued by the shareholder at a later date.

REMUNERATION POLICY FOR MEMBERS OF THE BOARD OF DIRECTORS AND INSPECTION BODIES

CGD'S remuneration policy has, since 2011, been strongly conditioned by the State Budget Law (Laws 55-A/2010, 64-B/2011, 66-B/2012) and, as regards directors, also by the Public Manager Statute (PMS) which establishes imperative rules and restrictions on the referred to policy. The new Public Manager Statute was published in Decree Law 71/2007 of 27 March, changed and republished by Decree Law 8/2012 of 18 January, rectified by Declaration of Rectification 2/2012 of 25 January and complemented by Council of Ministers Resolutions 16/2012 of 14 February and 36/2012 of 26 March.

As regards 2013, reference should be made to the following (new or retained) limitations on the remuneration policy for the members of CGD's Board of Directors:

Executive Members

Establishing of monthly remuneration, which is limited to the monthly remuneration of the Prime Minister and a monthly expense account allowance of 40% of the respective remuneration, or, as an alternative, an option for the remuneration paid by an incumbent's former employment, subject to the limit of the average monthly remuneration of the last three years of the former employment, adjusted by the

CPI, with the express authorisation of the member of government responsible for finance;

Non-executive Members

Fixed remuneration, up to the limit of 1/4 of the same type of remuneration established for executive members and who, when effectively participating in committees specifically created for the oversight of the company's activity, are also entitled to complementary remuneration, in which case the limit on the global remuneration is 1/3 of the fixed remuneration established for executive members.

Both:

- Reduction of 5% in remuneration (Law 12-A/2010 of 30 June);
- Complementary reduction of 10% in remuneration (State Budget Laws);
- Non-attribution of management bonuses (PMS and State Budget Laws).

The question of compatibility between the remuneration policy and the long term business strategy, which is linked to the definition of the variable remuneration component, with it being the case that the PMS and the successive State Budget Laws have been prohibiting the attribution thereof, with CGD not having paid any management bonuses since 2011, was not raised in 2013.

Without prejudice to the referred to limitations, under sub-paragraph f) of no. 2 of article 12 of CGD's articles of association, the company's General Meeting is responsible for passing resolutions on the remuneration of the members of corporate bodies.

REMUNERATORY STATUS IN 2013

Board of the General Meeting

Board of General Meeting	Remuneration (1)
Chairman	Attendance voucher of €650.00.
Vice-Chairman	Attendance voucher of €525.00.
Secretary	Attendance voucher of €400.00.

(1) This remuneration corresponds to the amount being paid for the preceding term of office owing to the fact that the General Meeting has not defined the remuneration for the current term of office.

BOARD OF DIRECTORS

Under the terms of the PMS, the monthly wage of public managers is defined on the basis of the standard amount of the monthly wage of the Prime Minister, in addition to the size of the company and the requirement of the respective management posts.

Notwithstanding, this standard amount may be disregarded in the case of companies such as CGD, which provide financial services operating under a freely competitive market regime in which, based on the authorisation of the Minister of Finance, public managers may opt to receive the salary paid in their last position subject to the limit of the average remuneration of the last 3 years of the referred to position, with the application of the coefficient resulting from the corresponding annual average rates of change in the Consumer Price Index (CPI) as published by the National Statistics Institute.

In accordance with the above, all Executive Members and the Chairman of the Board of Directors exercised their right of option, effective from the date of the start of their respective terms of office, i.e. 9 July 2013.

	Remuneration (14 months)
Board of Directors	
Chairman Álvaro Nascimento	€7 704.20
Members Pedro Bela Pimentel José Luís Crespo de Carvalho José Ernst Vieira Branco	 €1 370.02 €1 370.02 €1 370.02
Executive Committee	
Chairman José de Matos	€16 578.28
Vice-Chairman Nuno Fernandes Thomaz	€8 647.80
Members João Nuno Palma José Cabral dos Santos Ana Cristina Leal Maria João Carioca Rodrigues Jorge Cardoso	 €13 481.60 €11 424.33 €12 703.17 €12 039.21 €13 887.00

	Remuneration (14 months)
Audit Committee	
Chairman Eduardo Paz Ferreira	€1 826.70
Vice-Chairman Daniel Traça	€1 826.70
Member Pedro Fontes Falcão	€1 826.70

REMUNERATION AND OTHER BENEFITS OF MEMBERS OF STATUTORY BODIES

Information on the remuneration of the company's Board of Directors is set out in Appendix 1, there being no amounts paid by other companies in a parent/subsidiary or group relationship.

In 2013 the costs paid on remuneration and other benefits attributed to members of the Boards of Directors of Caixa and Group companies (considered for this purpose as relevant key management personnel as per the requirements of IAS 24 herein) totalled €17,507 thousand.

STAFF REMUNERATION POLICY

The remuneration policy applicable to CGD's workers is defined by the regulatory instruments of the collective labour law, which are public (Bulletin of Work and Employment), as well as by internal regulations made public and accessible to all workers regulating the following matters:

- Salary scale
- CGD's remuneration system
- Performance management system
- Working conditions applicable to CGD's workers
- Social security system of CGD's workers
- Incentives system
- Profit sharing.

CGD as a State-owned company part of the State's Corporate Sector falls under the limits imposed by the consecutive State Budget Laws which are mandatory and overrule other instruments of labour regulation.

In 2013, article 35 of State Budget Law for 2013 determines that any acts comprising increases in the amount of remuneration payable to workers, namely performance bonuses and other similar pecuniary payments are forbidden.

Therefore and as a result of the restrictions imposed by the State Budget Law, there were no promotions or salary increases in 2013 (except for those arising from appointments essential to the normal development of CGD's business). No annual variable remuneration was also paid to any worker of CGD except for productivity incentives paid to staff of the commercial area, although of no significant amount.

In 2013 and for the same reason, there were no salary upgrades.

<u>Remuneration policy of managerial staff</u>

Caixa Geral de Depósitos, as a credit institution, when submitting its annual accounts, pursuant to Bank of Portugal's Official Notice 10/2011 of 9 January, is required to disclose aggregate information on the remuneration paid to its workers.

For this purpose and taking the criteria set out in the referred to Official Note into account, CGD considers that elements with managerial functions in CGD's structures are included in the concept of workers.

Therefore, the following information relates to managerial staff in CGD's structures.

The remuneration policy applicable to managerial staff is defined by the board of directors, without prejudice to compliance with the regulations set out in the company's current agreements.

The board of directors is also the competent body for defining the remuneration and allocating variable remunerations to the managerial staff in question.

The remuneration of the managerial staff, as in the case of other workers, has a fixed and variable component.

The variable remuneration is paid on a discretionary basis and is closely associated with the appraisal of performance and level of fulfilment of objectives. The performance management system consists of an annual process on the basis of which CGD plans its activity, monitors its performance and evaluates its results.

The appraisal of performance and fulfilment of objectives are relevant factors to be taken into account when a decision is made to change worker's remuneration status, including managerial staff, either in the form of merit-based promotions or a revision of other fixed or variable wage components.

However, and as referred to above, salary increases were strongly limited by the State Budget Law in 2013 (as since 2011).

In order to fulfil disclosure criteria set out in article 17 of Bank of Portugal's Official Notice above, the following table presents quantitative information relating to the remuneration paid by the institution broken down into managerial staff of CGD's structures (except control functions) and managerial staff of CGD's structures with control functions (DAI, DCO, DGR and GFC).

Workers covered by article 17 no. 1 of the Bank of Portugal's Official Notice 10/2011		
	Management staff CGD Structures (without Control Functions)	**Management staff CGD Structures (with Control Functions)**
1. Remuneration		
1.1. Base remuneration (1)	22 048 413.57	1 860 120.88
1.2. Variable remuneration	21 107.26 (2)	-----
1.3. Number of Beneficiaries	246	20
2. Additional Information		
2.1. New Hirings in 2013 (3)	3	1
2.2. Amounts paid on early rescissions of work contracts	-----	-----
2.2.1. Number of payment beneficiaries	-----	-----
2.2.2. Largest amount paid to an employee	-----	-----

(1) The change, in 2013, in comparison to 2012, largely derives from the restoring of the holiday and Christmas subsidies for CGD employees.

(2) Productivity bonuses attributed to staff with management functions in commercial areas.

(3) Employees belonging to Group Companies on loan to CGD.

Taking into account specific provisions of CGD's legal framework, nos. 1 (a) and 2 (c), (e), (g) and (i) of article 16 and no. 1 (b) and (d) of article 17 of Bank of Portugal's Official Notice 10/2011, are hampered for disclosure purposes.

Integration of the institution's control functions into the model of remuneration policy definition

The implementation process of the corporate model in progress in the scope of CGD Group forecasts the allocation of responsibilities relative to the definition and control of remuneration policies which will ensure the integration of the institution's control functions into the model of remuneration policy definition.

VII – Transactions with Related and Other Parties

CGD performs transactions with Group and associated companies and other entities controlled by the Portuguese state.

CGD's financial statements, at 31 December 2013, included the following balances and transactions with related entities, excluding management bodies:

	31-12-2013				
	The Portuguese State (Treasury)	Other Portuguese State entities	Associates	Joint Ventures	Other CGD Group companies
Assets:					
Loans and advances to credit institutions	-	-	-	-	3 301 712
Bonds and trading derivatives	7 216 517	3 121 688	-	-	5 507 796
Loans and advances to customers	-	2 253 793	437 509	1 669	196 183
Other assets	196 133	485 662	1 076	86 000	836 900
Liabilities:					
Resources from credit Institutions	-	-	-	-	2 420 673
Customer resources	292 825	565 605	27 376	382	883 723
Debt securities	-	-	-	-	119 757
Subordinated debts	-	-	-	-	166 382
Financial liabilities held for sale	-	-	-	-	69 138
Other liabilities	-	-	-	-	194 418
Guarantees given		163 310	3 823	1 696	283 006
Income:					
Interest and similar income	224 918	140 491	3 196	1 981	325 570
Gains from financial operations	282 279	58 240	-	-	1 332 943
Income from services rendered and commissions	-	914	166	9	22 181
Other operating income	-	5	22	-	36 370
Costs:					
Interest and similar costs	8 952	1 771	11		169 305
Losses from financial operations	148 395	67 690	-	-	1 624 110
Commissions	-	1	-	-	3 200
Provisions	-	612	2 743	-	-
Other operating costs			222	-	-
General administrative costs	-	-	-	-	61

Transactions with related parties in which the company has an equity stake of more 2% are duly registered and subject to regular oversight.

OTHER TRANSACTIONS

PROCEDURES FOR THE ACQUISITION OF GOODS AND SERVICES

Caixa Geral de Depósitos (CGD) has transparent procedures in place for the acquisition of goods and services, subject to principles of economy and effectiveness.

- Preparation and market consultation, including the start of the process with the identification of the need for new services or the renewal of contracts, identification of suppliers to be consulted, production of the tender documents, using the adequate draft model for the goods/service, preparation of a suppliers' assessment grid, sending of the tender documents to previously identified suppliers, inviting them to submit proposals, which consultation, whenever possible, is sent to a minimum number of 3 suppliers per goods/services and the resolution of any doubts regarding the tender documents;
- Reception, assessment and negotiation of proposals, including the reception of the proposals sent by the consulted Suppliers, within the periods specified in the tender documents and in a sealed letter, opening of the proposals by an opening committee, preparation and signing of the minutes of the opening of the proposals, analysis and comparative assessment of the proposals (production of shortlist if necessary) and the production of a bid assessment grid, taking the previously defined assessment table into account;
- Selection, approval of expense and award, including the selection of suppliers for inclusion in the following stage of the negotiating process, notification of suppliers excluded during the course of the negotiating process, negotiating rounds up to the selection of the final supplier, production of information for the resolution of the competent corporate body, production of award document and actual award of the acquisition of goods/services to supplier;
- Contract, including the production of the draft contract, based on the contents of the negotiating process, without any work being allowed to commence on its execution prior to the start date defined in the award and the sending of the draft contract to the supplier.

TRANSACTIONS WHICH HAVE NOT BEEN MADE UNDER MARKET CONDITIONS

Contracts usually entered into with CGD Group companies, without consulting the market refer to:

- Valuables transport – ESEGUR – Empresa de Segurança, SA;
- Leasing operations – Caixa Leasing e Factoring, IFIC, SA;
- Insurance – Companhia de Seguros Fidelidade-Mundial, SA;
- Vehicle hire – Locarent - Companhia Portuguesa de Aluguer de Viaturas, SA.

LIST OF SUPPLIERS REPRESENTING MORE THAN 5% OF EXTERNAL SUPPLIES AND SERVICES ON A SEPARATE BASIS

The following suppliers represented more than 5% of CGD's separate external supplies and services, in 2013;

Tax no.	Supplier	Total in 2013
PT500068801	Companhia IBM Portuguesa, S.A.	€37 926 914.47
PT720003490	Fundo de Pensões do Pessoal da Caixa Geral de Depósitos	€29 349 045.77
PT504940899	SOGRUPO II – Sistemas de Informação, ACE	€29 280 290.42

VIII – Analysis of the company's sustainability in the economic, social and environmental domains

CGD's Sustainability strategy provides for a series of economic commitments (sustainable business, financial literacy), social (social responsibility and entrepreneurship and corporate citizenship) and environmental (eco efficiency, protection of the environment and preservation of natural resources), far in excess of its legal and compliance obligations. This section sets out the sustainability guidelines on the various relevant issues, with, in several cases, a presentation of the main initiatives illustrating CGD's application thereof. For a more detailed understanding of the implementation of CGD's Corporate Sustainability Programme and the Bank's contributions to sustainable development CGD's last Sustainability Report is available at

www.cgd.pt/Institucional/Sustentabildade/Relatorio/2012/Pages/Relatorio-Sustentabilidade.aspx.

STRATEGIES

CGD's operating pillars in the sustainable development domain are based on its recognition of the importance of balance, transparency and responsibility in terms of stakeholder relationships, in addition to its banking activity's contribution to sustainable development for the promotion of a better future.

A sustainability management model, across the organisation as a whole and to which several CGD Group companies are a party has, accordingly, been defined. The model comprises:

- General Sustainability Committee, a structure responsible for issuing recommendations on the assessment, discussion and monitoring of the implementation of CGD's Sustainability Strategy and recommending relevant issues for the approval of the Executive Committee.
- Sustainability Steering Committee, as an interim oversight forum for the implementation of the Corporate Sustainability Programme and preparation of General Sustainability Committee meetings;
- Sustainability Programme Coordination Team, responsible for coordinating and monitoring the Sustainability Programme and promoting taskforce activities;
- Taskforces set up by the directors of various structural bodies working on specific issues such as Policies and Voluntary Codes; Risk; Products; Environment; Community Involvement; Reporting and Stakeholders; Human Resources and CGD Group/Africa/Brazil.

CGD considers relationship management and continuous dialogue with various stakeholder groups to be a strategic tool designed to ensure transparency, confidence and the alignment of performance with stakeholders' expectations, including the prompt management of risks and opportunities.

CGD periodically consults its stakeholders on strategic sustainability issues: Shareholder/State, Regulators, Employees, Community, Suppliers and Individual Customers and Companies. This process aims to assess the respective perception of CGD and identify the main expectations and opportunities for improvement on sustainability issues, while also being used to identify the relevant issues to be dealt with in the Sustainability Report. The compilation of information in this process, In addition to being processed and incorporated in management terms, is included in the functional structures allocated to the implementation of the Corporate Sustainability Programme.

CGD, in its regular communication strategy on sustainability performance, publishes an annual Sustainability Report, in accordance with “Global Reporting Initiative” directives, in which it was awarded a maximum (A+) by an independent external entity which recognises CGD’s merit and evolution in the implementation of good practice in the three pillars: economic, environmental and social. CGD has also been voluntarily responding to various sustainability ratings – in addition to the already referred “Carbon Disclosure Project”, regarding the external assessment of entities which communicate its results to investors, such as the assessment of the ROBECOSAM indices for the “Dow Jones Sustainability Index” or the Oekom, Sustainalytics or IMUG indices.

In terms of the responsible performance of its activities, CGD subscribes to the following codes and relevant principles in economic, environmental and social affairs:

- Good Governance Practice for Companies in the State’s Corporate Sector (Council of Ministers’ Resolution 49/2007 replaced by Decree Law 133/2013 of 3 October);
- European Agreement on a Voluntary Code of Conduct for Home Loans, since 2000.
- Code of Conduct of the Civil Institute for Advertising Self-Discipline, since 2000;
- United Nations Environment Programme — Finance Initiative, since 2009;
- Enterprise for Health — European Healthy Enterprises Network of which CGD was a founding member, since 2000;
- World Savings Banks Institute/European Savings Banks Group (WSBI/ESBG) Charter for Responsible Business, since 2011;
- APAN (Portuguese Advertisers' Association) Charter of Commitments for responsible communication, since 2012.

CGD subscribed for the 10 “Global Compact” principles, in 2013. This is an initiative for companies which commit to aligning their activity with the 10 principles universally accepted in the human rights, labour practice, environmental protection and anti-corruption areas.

CGD is a member of the “Advisory Committee” of UNICRI (United Nations Interregional Crime and Justice Research Institute), through its Office for Prevention, Security and Business Continuity (GPS).

CGD is active in the main Sustainability associations and initiatives including: UNEP-FI, “Carbon Disclosure Project”, BCSD Portugal – Business Council for Sustainable Development, and has also been a member of the Social and Corporate Responsibility Council of the “European Savings Bank Group” (ESBG) and the Expert Committee of the European Commissions for Social Entrepreneurship , since 2012.

POLICIES TO ENSURE ECONOMIC, FINANCIAL, SOCIAL AND ENVIRONMENTAL EFFICIENCY AND SAFEGUARD QUALITY STANDARDS

As performance guidelines, CGD has defined a set of policies upon which its Corporate Sustainability Programme is based. They include:

- Sustainability Policy based on five key strategic areas geared to the creation of stakeholder value – Responsible Banking, Promotion of the Future, Protection of the Environment, Involvement with the Community and Human Assets Management;
- Environmental Policy;
- Community Involvement Policy;
- Product and Service Policy, from a Sustainability viewpoint, aligned with CGD Group's Marketing and Commercial Policy.

These policies may be viewed online, in Portuguese and English in the sustainability area of the corporate website. The Environmental Policy has been used as a basis for the implementation of an environmental management system to the international ISO 14001 standard. The process began in 2013 and is expected to be certified in 2014, enabling CGD to be the first Portuguese bank to achieve this certification. The existence of the environmental management system, *inter alia*, enables environmental performance information to be documented and managed, improving CGD's compliance with various environmental aspects (e.g. energy, CO2 emissions, waste, use of resources, literacy and environmental responsibility). It also enables the preparation of CGD's evolution as the leader of an international group, in line with emerging challenges and contributes to the image and reputation of the CGD Brand and the perception of the ethical and responsible performance of banking activity.

In alignment with its global strategy, CGD has been implementing a Quality Management System in its various business processes, with the main objective of disseminating a culture of quality and promoting ongoing procedural improvements. This system has been strongly backed by top management.

CGD has a Process Quality Area, responsible for the definition and oversight of levels of service, through the recommendation of actions and validation of quality principles. The General Process Quality Area, Committee (CGQP) is the body responsible for the assessment, discussion and monitoring of the implementation of CGD's process quality strategy.

With the objective of disseminating a Culture of Quality and promoting the efficiency and effectiveness of processes, CGD has taken several steps, ranging from the broadening of the quality management system to other processes, up to communication and training on quality.

CGD maintained its ISO 9001 certifications in 2013 (Process Quality Certification) issued by APCER (Portuguese Certification Association) on CGD's Financial Markets Division Quality Management System; CGD Group's Operations Processing System in the financial markets, CGD's Operational Support Division and the Office for Prevention, Security and Business Continuity (GPS). It also achieved quality certification for the Customer Support Office and the contact centre process (incoming calls). Various projects for the implementation of the quality management system, to ISO 9001, in other business processes, for certification purposes are currently in force.

LEVEL OF COMPLIANCE WITH TARGETS

Under its Corporate Sustainability Programme, CGD has assumed public commitments in various key areas of the organisation's activity, translating the five thrusts of its Sustainability Policy, notably:

1. Responsible Banking - incorporation of sustainability in the Bank's governance model; ethics and conduct; quality of processes and certification; involvement of stakeholders; promotion of sustainability in the suppliers' chain; promotion of sustainable development on CGD channels;
2. Promotion of the Future - development of environmentally and socially responsible products and services and the integration of sustainability aspects in the corporate credit risk assessment;
3. Protection of the Environment - implementation of environmental strategy; stakeholder awareness of environmental protection;
4. Management of Human Assets – talent management; performance management; knowledge management; monitoring of the social climate; health and safety in the workplace and employees' sustainability awareness;
5. Involvement with the Community – implementation of a policy of involvement with the community; social innovation; promotion of volunteerism and financial literacy.

To guarantee its commitments, CGD defines, implements and monitors a series of initiatives performed by structural bodies working on the Corporate Sustainability Programme. Information on the commitments and their respective status is disclosed annually and monitored and verified by an independent external entity as part of the Sustainability Report's verification process. This document can be viewed online in the corporate website's sustainability area.

IDENTIFICATION OF THE MAIN RISKS TO ACTIVITY AND THE COMPANY'S FUTURE

In addition to the strategic guidelines defined for the State's Corporate Sector, CGD is subject to specific management guidelines defined by its shareholder, particularly the reinforcement of its risk control and management capacities and mechanisms.

The main risks identified by CGD are:

- Worsening of the country's macroeconomic conditions and respective impact on banking activity, particularly in terms of income generation and defaults.
- Maintenance of the Euribor interest rate curve at historically low thresholds, with a significant impact on returns from assets with indexed rates;
- Potential financial risks for customers deriving from socio-environmental factors;
- Potential drop in customers' perceptions of levels of quality of service and the Institution's strength.

CGD ensures an adequate internal control environment based on a risk management system, the implementation of the "ROCI" (Operational Risk and Internal Control) project, an efficient information and communication system and an effective monitoring process, in accordance with the eligibility requirements established by the Bank of Portugal and based on best practice.

Quarterly stress tests are carried out on financial risks to ensure the protection of CGD's assets and activity, in compliance with Bank of Portugal regulations.

In addition and under the Economic and Financial Assistance Plan for Portugal, signed in April 2011 by the Portuguese Government, liquidity and capital indicators to be achieved by the main banking institutions which were forced to submit Capital Funding Plans to be implemented by 2015, subject to quarterly monitoring by the Bank of Portugal, IMF, ECB and the European Commission, were defined. Also under the financial assistance memorandum, Portuguese banks, including CGD, have been forced to undertake independent regular external audits to validate the information on the quality of their assets and respective solvency.

Risk management is centralised and encompasses the control and assessment of credit, market, liquidity and operational risks, in accordance with the principle of the separation between functions. Internally defined strategic guidelines have been produced on each type of risk, in accordance with the applicable legislation and regulations in force.

CGD is working on various projects in the risk management area, more detailed information on which is available in its Annual Report. In the case of customer default risk on loans, Caixa has continued to operate a preventative detection and oversight approach to situations involving customers with added risk factors, having proactively implemented credit renegotiation solutions designed to reduce households' monthly outgoings in line with their current income levels.

CGD has identified risks and opportunities in the sphere of its strategy for combating climate change, including those resulting from growing trends towards legislation. The new regulatory environment will therefore have an impact on CGD's operational level as well as on the activity of its corporate customers.

Sustainability is an integral part of CGD management and it is gradually possible to transform risks into opportunities which sustainability issues bring to the banking business, with the introduction of new business lines in accordance with market requirements, notably the progressive integration of environmental and social criteria for the assessment of credit risk, disclosure of information on environmental and social risks to various stakeholders as well as promoting education for savings and conscious, informed consumption, designed to help prevent the over indebtedness of customers and consequent risk of default.

FORM OF COMPLIANCE WITH ADEQUATE BUSINESS MANAGEMENT PRINCIPLES

GUARANTEE OF PROMOTION OF EQUAL OPPORTUNITIES, RESPECT FOR HUMAN RIGHTS AND NON-DISCRIMINATION

CGD, as a socially responsible Institution which complies with its legal requirements, guarantees all employees equal opportunity and non-discrimination, freedom of association and the prohibition of child and forced labour. CGD therefore guarantees respect for human rights in the management of its human capital, as set out in its Code of Conduct, sustainability policy and recruitment, remuneration, development and career management policies.

As the Code of Conduct applies not only to CGD employees but also to service providers, including sub-contractors, CGD is progressively promoting sustainability in its value chain, prohibiting discrimination based on criteria such as race, gender, disability, handicap, political or ideological convictions, religion, education, civil status or other.

CGD reports quantitative data demonstrating the application of these principles in its annual Sustainability Report, which information is verified by an independent external entity.

ADEQUATE MANAGEMENT OF THE COMPANY'S HUMAN CAPITAL, WITH THE PROMOTION OF THE INDIVIDUAL ADVANCEMENT OF ITS HUMAN RESOURCES AND ESTABLISHING OF SYSTEMS TO ENSURE WELL-BEING AND REWARDING EMPLOYEES' MERIT

CGD's human resources management mission consists of the formation of a strong, motivated team to ensure not only the principles identified in the preceding item – non-discrimination and equal treatment and opportunity – but also balance between employees' professional and private lives, their professional development and well-being in terms of health and safety in the workplace.

Human resource management always considers direct support for business and commercial activity, the development of employees' skills and potential, recognition of merit and promotion of general well-being.

Equal treatment as one of the Company's fundamental principles is enshrined in article 11 of the Code of Conduct, under which the Institution commits to equal treatment and opportunity between men and women, preventing any acts of employee discrimination.

CGD has, accordingly developed an inclusive policy based on the effective practice of non-discrimination, social responsibility and fostering of high ethical standards.

The distribution between genders in CGD, in 2103, was 55.54% for women and 44.46% for men. This trend is transversal to administrative, technical and specific functions.

The differences which still exist in terms of line and senior management positions derives from the historical evolution of the employability of both sexes, although the trend is one of greater balance.

Two women directors were appointed to CGD's Board of Directors, in 2013, representing 14.29% of women Board Members.

In terms of access to work, CGD promotes equal opportunity both in internal and external recruitment, with information on the disclosure of opportunities and the submission of candidatures being accessible to all interested parties of whatever gender. Selection is made solely and exclusively on the basis of the CVs and profile of each candidate's competencies.

CGD also ensures equal treatment in professional training which is available to all workers on the "e-learning" platform as well as equal opportunity in terms of career advancement, which is solely based on criteria of merit and competence.

Issues of gender equality also refer to the centrality of the balance between the social roles of men and women and the framework of the demographic, economic and cultural evolution of the family, in Portugal.

Support for parenthood is provided by the disclosure of information on fathers' and mothers' rights and the promotion of balanced participation between professional and family lives.

In terms of its support for parenthood CGD backs the breast-feeding support project, provides planning consultancy and birth preparation and medical consultations for newborns.

Reference should lastly be made to the policy of equal wages between women and men in the form of effective non-wage discrimination between genders.

It may therefore be claimed that CGD does not discriminate between men and women in the various spheres of the Company's life, providing both with the same capacity of participation, development, responsibility and visibility.

CGD's Social and Family Responsibility policy reflects a management centred on the human factor, comprising conciliation between work, family, health and leisure as complementary dimensions of People's lives and contributing to the organisation's success.

Owing to the recessionary environment of the last few years, across all sectors, with an undeniable impact on CGD, as a company in the State's Business Sector, 2013 was a challenge in proactively adjusting the response to the growing social requests and tensions affecting employees and their families.

Reference should be made to the following human and family support measures:

a) Psychosocial - A psychosocial support programme for employees and their families continued to be provided in 2013, by a multidisciplinary social services and psychology area team. This action was linked with the medical-social services and diverse company structures and also relied upon the participation of an internal group of volunteers.

b) Socioeconomic support – Financial support measures of a one-off type designed to attenuate the impact of the reduction of income from employment and higher taxes and to prevent situations of greater difficulty for employees, were provided in 2013.

c) Healthcare support

- Provision of Healthcare and Nursing Facilities in the main urban centres and special protocols with providers in diverse areas, provided ample nationwide medical cover;
- Vaccination campaigns and free screening, concentrating on seasonal flu prevention, how to stop smoking and the prevention of cardiovascular and other illnesses;
- Protocols to ensure continued integrated care for employees and their families;
- Specific treatment protocols for employees and their families in terms of addictions;
- Subsidies and assistance for specific treatment for children with special needs;
- Special payments in the case of major illness.

d) Flexibility and socio-professional assistance policies

- Adequacy of function, location/workplace to employees' physical and psychological conditions;
- Geographical and functional mobility always, whenever possible, based on a combination of CGD/employees' personal and family interests;
- Possibility of extending absences for Family Assistance in extreme situations such as major illness;
- Student worker grants;
- Social grants for employees' children;
- Grants for employees' children in higher education, based on social considerations of merit;

- Priority in the admission of family members of workers who have passed way or who are no longer able to work.

e) <u>Social support for families</u>

- Broadening of the network of protocols for the acquisition of products and services on special terms in the insurance, transport, kindergartens and nurseries, homes and homecare support areas;
- Holiday camps, language and other courses during the school holiday period;
- Sharing of used school books;
- Non-profit making protocol in the publishing area for books especially geared to children with special needs;
- English language classes for young people in primary and secondary education.

f) <u>Cultural and sports</u>

- Special terms on events for specific target groups;
- Readers' Club, possibility of ordering books with no postage costs for residents in the autonomous regions (of Madeira and the Azores), combating insularity through partnerships with publishers and booksellers;
- Special terms for employees and their families on the Culturgest Foundation's cultural offer;
- CGD provides various sports-related infrastructures, particularly, at its Head Office Culture and Sports Centre and the Ajuda Sports Hall. There are also special protocols for the most diverse events, for employees and their families nationwide.

g) <u>Social and family responsibility</u>

Social and Family Responsibility policies in CGD translate into an effective commitment to the development and well-being of People and have an impact on value creation for the company's and the community's sustainability.

Reference should be made to the following illustrations of Civic Intervention and Social and Family Responsibility which are the hallmarks of CGD's positive difference:

- Campaign for blood platelets and bone marrow donors, expanding the action of SSCGD's Blood Donors Group;
- Development of Corporate Volunteerism with support for innumerous voluntary social work and environmental initiatives. Reference should be made to the "Seniamor" internal volunteers' group which helps to prevent post-retirement social isolation;
- Assistance to associations of retirees/pensioners, particularly ANAC which, in 2013, assumed the presidency of the European Caixas Group, translating the recognition of its prestige in the senior associativism area.
- Publication of "A Different Tree" – a book sponsored by CGD for charitable purposes in a joint employees/families production. The book was initially left blank and was created over many kilometres between CGD branches, having, chapter by chapter, mobilised the creative participation of Caixa children in the Beja region.

Culture, Knowledge and Communication continue to be the main thrusts of HR management in 2013.

CGD has continued to promote these vectors on its exclusive portal for Caixa employees, entirely dedicated to issues related with Human Resources Management – Caixapessoal. This portal has, over the last 6 years, proved to be a fundamental day-to-day management instrument, permitting access to personalised information and HR applications rooted in a logic of the dissemination of Knowledge on the organisation and support for each worker's professional and personal development.

There were an average monthly number of around 9,000 internal accesses to Caixapessoal, in 2013, as the result of the promotional policy and active contents management, as well as the provision of relevant functionalities for the life of each worker; e.g. access to applications, newsflashes on HR issues and "e-Learning" (including Knowledge Sharing Communities).

Caixapessoal continued to be available, for each employee, even outside the workplace, as an especially important factor in terms of distance training (e-learning courses and/or training tutorials). There were 107,000 portal accesses in 2013, of which total, 3,300 were from outside the organisation at weekends.

Employees who cannot find the desired information on the portal or who need to contact the Personnel Division for any request on HR management issues always have the Caixapessoal online Helpdesk service.

As in past years the Training and Development of Caixa employees is provided for in the annual Training Plan.

The Training Plan for 2013, in continuation of 2012, maintained programmes targeted at the personal development of employees in the form of individual support for more specific functional needs and assisting development potential.

Reference should, herein, be made to the three programmes, developed in 2012, plus the Office Programme, providing employees with personal/professional development facilities:

- 348 employees signed up for Courses, Conferences and Seminars in Portugal and abroad - targeted at the strengthening and oversight of specific knowledge areas;
- Highly Specialised Training Programme – this programme enabled 89 employees to attend Higher Educational, Masters, Postgraduate and Specialised Courses, in 2013, providing part payments, in accordance with the defined criteria, of enrolment costs and fees, with time off to prepare for exams under the Student Worker Statute;
- Foreign Language Training Programme – CGD provided training for 226 employees to develop their foreign language capacities, particularly English;
- Training on the Office Programme was given to 1152 employees to improve their skills in dealing with new technologies.

Together with these programmes, CGD continued to commit to several areas deriving from the Training Plan 2012/2013, which contributed to the professional advancement of Caixa employees:

- Reinforcement of internal training via:
  - Greater employee involvement in the construction of training contents and management of training actions;

  - Consolidation of the Internal Trainers Pool and “Regional Teams” of internal Trainers, in the form of rotation and reinforcement by new employees;
  - Development of training programmes in conjunction with educational establishments, to the extent of CGD’s needs.
- Promotion of new local training initiatives;
- Continuation of the Functional Certification Process for the four main Branch Office Network functions;
- Mobilisation of teams for CGD’s transformation process in the form of an Executive Training Programme for staff with management functions;
- Increase and broadening of training in the corporate segment areas, to support the implementation of strategic business guidelines for Caixa’s SME and corporate strategies.

In short, there were 117,924 participations in training actions, in 2013, split up among 65,532 participations by women and 52,392 by men. 44% of total participations (51,960) took the form of classroom training, 45% (52,482) “e-Learning”, 11% (13,390) training tutorials and the remaining participations (92) in the form of on-the-job “b-learning” and use of other methodologies.

Caixa provided an average of 59.11 training hours per employee, in 2013, as a result of its employees’ skills enhancement and development policy.

CGD has various tools and has developed various internal initiatives, particularly:

- The performance management system, promoting a culture of performance and individual and team responsibility by means of which employees are assessed on their skills, attitudes and fulfilment of annually defined objectives, based on a cascade process;
- The internal recruitment pool, which monitors the development of employees’ potential with the aim of identifying successors in the Bank’s various functions is considered to be a fundamental talent management instrument;
- The knowledge management strategy which supports the training model and employee development, enabling employees’ needs to be aligned with business requirements, promoting a culture of excellence;
- Skills management in the talent management area, as part of the business’s sustained growth strategy, particularly the Knowledge Project, launched in 2013. This project consists of a detailed survey of CGD employees’ skills for the purpose of updating and registering the professional skills of each CGD employee, enabling the effectiveness of internal mobility processes, career management and skills development, to be improved. CGD also began work on its banking professionals’ certification process, designed to include all employees with specialised CGD functions (technical and line management);
- The internal trainers pool, increasing the use of internal specialists on the diagnosis of training needs, production of contents and promotion of training actions;
- The placements programme, to promote employment and as a talent attraction instrument;
- The development of training programmes in conjunction with educational institutions to the extent of CGD’s requirements in addition to financial support to allow employees to achieve masters qualifications considered to be of importance

to the Institution. Reference should be made to the launch of the "High Banking Business Performance" postgraduate course in 2013, for 25 branch office network employees nationwide whose main aim is to complete the academic training of selected employees, providing them with close contact with business-critical issues, in alignment with CGD's main strategic guidelines for the three year period 2011-2013;

- The collection of support measures on the balance between personal and professional lives, enabling good working conditions and a healthy working environment to be ensured;
- Relationship managers, as proximity figures for employees regarding career development and motivational support, provide technical assistance to all departments on human resources-related management issues;
- The various internal communication media making it possible to provide relevant information on CGD's performance as well as promoting CGD Group's values and respective corporate identity, both nationally internationally.

As regards health and safety in the workplace, CGD's occupational health policy requires an integrated prevention programme, designed to maintain its employees' physical, mental and social well-being. Medicine in the workplace provides various activities in addition to the mandatory examinations required by law, notably specialised consultations, prevention campaigns, vaccinations and screening.

CGD is defining a Safety and Health in the Workplace Policy on the continuous promotion of control and risk reduction in the workplace mechanisms, with a view to implementing OHSAS 18001.

PUBLIC SERVICE AND MEETING COLLECTIVE NEEDS

As part of its Community Involvement Programme, the integration of the community as a determinant for the creation of value and business sustainability is one of its fundamental operating pillars on which activities have been based, ranging from continuous support for social and cultural activities in which the CGD – Culturgest Foundation has been a crucial agent, up to social innovation and education and financial literacy.

CGD is committed to good practice, driving management models capable of adding value to society. CGD restructured the social thrust of its Corporate Sustainability Programme, in 2013, in accordance with three main thrusts – entrepreneurship, social innovation and philanthropy.

In addition to the creation of financial solutions incentivising the development of the Portuguese corporate fabric and financing of a low carbon economy, CGD, in performing its role as the Portuguese Public Bank, has heavily committed to the creation of solutions providing for emerging social needs, enhancing its status as a benchmark social operator.

In 2013, in terms of social and financial inclusion, CGD initiated the provision of a facility for Deaf Customers, as part of its social responsibility and innovation policy. This is a video call facility enabling Deaf Citizens to obtain information on CGD's products and services. CGD was the first financial institution to provide this type of service to customers/non-customers with special needs.

In the domain of cultural activity, CGD continues to play an unequivocal role, with its unparalleled promotion of music, plastic arts, cinema, literature and the disclosure of information on Portuguese culture and language, in Portugal and worldwide, via its network of mediatheques.

Caixa Geral de Depósitos, in conjunction with Sair da Casca and ENTRAJUDA, the support of the Directorate General for Education (DGE) and the European Commission's Youth in Action Programme, has developed the "Young VolunTeam" programme, which aims to:

- Raise the school community's awareness of Volunteerism as an expression of active citizenship;
- Strengthen the recognition of the importance of this contribution for the development of young people's fundamental skills, namely in areas such as social inclusion, entrepreneurship, education, employment and citizenship;
- Create a new active citizenship space, with learning and participation opportunities, promoting not only solidarity but also curiosity, open minds and student entrepreneurship;
- Help Portugal improve its position in the European young volunteers ranking.

The 1st edition of the "Young VolunTeam" Programme (school year 2012/2013) involved 25 schools nationwide, which enrolled groups of four students and a teacher, recognised on account of their strong mobilisation skills.

Caixa renewed its protocol with Entrajuda, in 2013, and accordingly its support for the Volunteers Pool: an online project which operates as a forum between demand for and the offer of voluntary work, linking the need for voluntary work (by thematic areas) with the individual and collective capacity to provide such work.

In the social innovation domain, CGD considers that solutions should be created in conjunction with stakeholders in the response to social issues, which cannot be resolved in isolation. The creation of economic in parallel with social value are common aspirations, with CGD, in the sphere of its Sustainability Programme, working on social and inclusive business opportunities and potential, including microfinancing and entrepreneurship models. It has also encouraged society's education and financial literacy in the form of initiatives incentivising savings, more responsible consumption and investment, involving various stakeholders.

In the financial literacy sphere, in 2013, CGD continued to develop regular initiatives such as the Positive Balance site – individual and corporate customers, Savings Cycle, Education + Financial roadshow, participation in the financial literacy taskforce of the Association of Portuguese Banks (APB) and support for the Kidzania theme park.

CGD continued to encourage voluntary work, incentivising its workers' participation in solidarity and citizenship actions to protect the environment and interaction with the communities in which it operates, notably in its support for citizens in need and/or cases of distress.

Reference should, herein, be made to the participation of CGD volunteers in the second edition of the *Braço Direito* programme of the "Junior Achievement Portugal" (JAP), with the participation of around 50 volunteers. Students between the ages of 14 and 18 had the opportunity to accompany a CGD professional, for a day, in which they were able to acquire knowledge on culture, work ethics, and various available career options.

CGD also continues to associate with major causes in the solidarity area via its Blood Donors' group, donations and gifts

In addition to CGD's commitment to continuous support for the Community and its contribution in the form of responses adapted to its expectations and real needs, quality of public service and customer experience are fundamental areas in reinforcing customer value proposals.

The assessment and monitoring of the customer experience are ensured by various quality of service assessment methodologies, aligned with best international practice, enabling CGD to identify critical operating areas, adjust its offer and service models and satisfy adequate service levels for each segment.

Special reference should be made, in 2013, owing to the current socioeconomic environment, to the fact that CGD has continued to provide support solutions to financially distressed customers, enabling borrowers to adjust their respective costs to their available income, once again showing CGD’s responsible behaviour and its anticipation of legislative trends.

Reference should, once again, also be made to the fact that the impacts of CGD’s activities cover the whole of national territory, through a branch office network which is present in all of the country’s municipal districts, including the autonomous regions (of Madeira and the Azores).

CGD also catalyses sustainable development in Portuguese cities. In 2013, it was the platinum sponsor for Urban Rehabilitation Week, with the disclosure of its value proposal for a collection of new credit lines integrated with the Community’s JESSICA initiative for the rehabilitation and regeneration of urban centres in Portugal. Its historical status in the rehabilitation and urban regeneration sector for the development of Portuguese municipalities has therefore been reinforced

The Sustainability Report provides more detailed information on CGD’s performance in the various referred to domains.

ADOPTION OF ENVIRONMENTALLY CORRECT PRACTICE

CGD responds actively to the environmental challenges facing society and invests in the promotion of best practice to reduce its environmental impact, particularly focusing on energy efficiency, employee mobility, waste management, re-use of resources and minimisation of waste and was the first Portuguese bank to implement an environmental management system to the international ISO 14001 standard.

CGD has been producing an inventory of greenhouse gases on its banking activity in Portugal, since 2006. This has allowed it to disclose information on its carbon footprint and monitor its environmental performance in carbon terms.

With the objective of reducing its carbon footprint, CGD continues to implement a diversified series of measures which include the use of renewable energies, low carbon technologies in its buildings and mobility together with adequate waste management. Environmental performance, in 2013, confirms CGD’s rigorous approach to Sustainability and Environmental Policies and is representative of the investment to be made in the future. It has continued to reduce its environmental footprint and has achieved the objective fixed for 2015, regarding its publically assumed 2006 values:

- A 15% reduction of global carbon emissions per worker (tCO2e/FTE)
- A 4% reduction of the energy consumption of premises, excluding the data centre, per worker (kWh/FTE)

CGD offsets the emissions of the fuel consumption of its commercial fleet, electricity consumption of its installations, CGD publications and greenhouse gas emissions associated with the processing of the waste produced by its headquarters.

To offset its emissions, CGD employs a series of criteria designed to ensure the use of carbon credits with high levels of integrity, leveraging the environmental and social benefits of the projects it backs. A separate annual report is produced on the offsetting of emissions, subject to external independent verification, which can be viewed on the corporate website.

The offsetting of the associated emissions also aims to raise the awareness of a diversified public – Customers, Employees, Caixa Geral de Depósitos - Culturgest Foundation Public and the general population – promoting knowledge and discussion on the issue.

CGD is also committed to environmental awareness, as one of the thrusts of its climate change combat strategies. This awareness, on an internal level, with its employees comprises the dissemination of good practice in various internal communication media, such as the intranet and internal publications.

CGD has continued to publicise its low carbon guides for environmental literacy, promoting a more sustainable attitude with stakeholders and its responsible use of available resources while also helping to reduce costs at work and at home.

Other awareness initiatives have also been implemented, notably the Carbon Calculator, Savings Cycle, “Grateful Planet” blog, New Generation of Polar Scientists Programme as well as participating in various energy efficiency events.

In 2013, CGD also sponsored the “Green Savers Portal” which provides up-to-date, minute-by-minute publications, exclusively dedicated to sustainability issues, helping to integrate good sustainability practice in companies’ and citizen’s day-to-day affairs. CGD also implemented several initiatives to mark World Native Forest Day with the launch of its “Trees of the Land” digital book and, simultaneously the renewed “Floresta Caixa” (“Caixa Forest”) micro site as part of the “A tua Árvore, a nossa Floresta” (“Your Tree, our Forest”), project which summarises Caixa’s commitment to reforestation and preserves a tree for each child customer, for a 30 year period.

In Information Technology terms, Sogrupo SI – Sistemas de Informação, ACE continued to develop its “Green” Programme, created in 2009, for contributing to sustainable development, based on energy and resources efficiency.

In addition to its management of emissions and environmental awareness, CGD has implemented eco-efficiency practices on other environmental aspects, notably the implementation of measures to reduce water and paper consumption and more efficient waste management deriving from the implementation of the Waste Management Plan.

In the sphere of the implementation of the environmental management system, CGD developed a series of actions, in 2013, of which special reference should be made to the identification and assessment of significant associated environmental aspects; definition of objectives and goals and associated action plans and respective monitoring indicators; the production of the Environmental Management System Manual and definition of environmental management procedures and development of its environmental tutorial, especially designed to communicate good environmental practice to employees and the environmental management system’s operating principles.

The Sustainability Report contains more detailed information on environmental management, including results obtained and a description of the measures implemented.

SUSTAINABLE DEVELOPMENT

CGD's current Corporate Sustainability Programme has been recognised by national and international external entities, either on account of their oversight or audit functions or the recognition and distinction afforded to them.

In 2013, CGD was considered, for the 3rd consecutive time, to be Portugal's Most Sustainable Bank, a distinction awarded by The New Economy magazine, under The New Economy's Sustainable Finance Awards initiative, recognising CGD as a leader in the integration of social, environmental and corporate criteria for current activity.

Recognition of the importance of banking activity for sustainable development has been enshrined in CGD's Sustainability Policy, which has established the promotion of the future as one of its strategic areas. CGD's performance, in this domain, has included the voluntary adoption of commitments in the various economic, environmental and social spheres, in excess of its legal obligations.

CGD's state shareholder also expects it to comply with its mission of contributing to economic development, strengthening competitiveness, innovation and the internationalisation of Portuguese companies, always endeavouring to achieve a balanced evolution between strength, profitability and growth. A contribution based on the framework of prudent risk management, as well as operating as a benchmark in terms of efficiency and quality of service, a Good Government benchmark with a high sense of social responsibility.

CGD recognises that its success is also contingent upon continuous dialogue with diverse stakeholders. Sustainable development enables balanced, mutually beneficial relationships (CGD and stakeholders) to be built, in which the Bank recognises that sustainable activities play an important role in terms of the choice of customers who are increasingly more demanding on a socio-environmental level, therefore enabling it to achieve higher levels of confidence and loyalty in addition to strengthening its brand.

It continued to consolidate its commitment to sustainable development as a benchmark for the promotion of the best financial sector practice, in 2013, through the implementation of various initiatives enabling it to reduce its exposure to risks deriving from the impacts of its activity. An e-learning course was developed for all CGD employees on the role of CGD's sustainable development activity and the Bank's initiatives in this sphere, in 2013, including its Corporate Sustainability Programme and employees' role in achieving it.

In banking business terms, CGD has been working on the creation of financial solutions to facilitate access to environmental and socially responsible products and services and the integration of these components with currently existing solutions. It has a diversified offer of products and services designed to promote the adoption of low carbon behaviour and technologies and to encourage economic development and wealth creation with the support of the Portuguese business fabric. A range of innovative solutions to encourage savings and the financial inclusion of people with low income levels, creation of self employment based on microcredit and entrepreneurship solutions is also available.

In light of the current importance of exports to the recovery of the national economy, CGD in 2013, furthered its strategic guideline of backing exports and the internationalisation of Portuguese companies.

It should also be noted that CGD, as the “Portuguese Ambassador” and “Portuguese Citizens’ Bank”, has been assuming responsibility for playing an active role and promoting Portugal’s re-encounter with culture and the “Economy of the Sea”, having, for the purpose, developed various promotional initiatives, including the financing of projects in this sector. In 2013, CGD developed a sectoral line of credit for companies in the agricultural, forestry, agroindustrial, fisheries and associated activities or fish processing sectors, to promote economic growth, cohesion, development, competitiveness and long term sustainability.

In its awareness that sustainable development demands active, informed citizenship, CGD has positioned itself as the “Knowledge Support Bank”, promoting the development of Higher Education in Portugal and backing projects of scientific interest. It plays a decisive role in sharing knowledge and disclosing information which may contribute towards leveraging people’s participation in the economy, social entrepreneurship and the construction of a more sustainable future.

Reference should also be made to CGD’s financial inclusion role, especially in regions with lower populational density or economically disadvantaged. CGD covers the whole of national territory with the presence of its branch office network in all of the country’s municipal districts, including the autonomous regions (of Madeira and the Azores).

The Bank has also played a highly relevant role in the employability of the population. Employability is a transversal objective which is present in human resources polices, involvement with the community and financial solutions. As a responsible employer, it accounts for around 20% of employment in the Portuguese banking sector and the creation of indirect employment in its promotion of entrepreneurship and financing its corporate customers.

The Sustainability Report provides greater detail on CGD’s performance in promoting sustainable development.

WAYS IN WHICH THE COMPANY’S COMPETITIVENESS HAS BEEN SAFEGUARDED, NAMELY THROUGH RESEARCH, INNOVATION, DEVELOPMENT AND THE INTEGRATION OF NEW TECHNOLOGIES IN THE PRODUCTIVE PROCESS

CGD has concentrated on improving its competitiveness and innovation capacity. It is a member of the EFMA (European Financial Management & Marketing Association), which promotes innovation in terms of financial retail and promotes discussion among its diverse partners, encouraging the sharing of experience and best practice.

The best accessibility practice was implemented on the development of CGD’s corporate “website” at www.cgd.pt (“Web Content Accessibility Guidelines 1.0 W3C”), enabling users, including persons suffering from various physical and cognitive handicaps, to be provided with more accessible contents and services. It maintained its maximum accessibility levels in 2013, without alterations and continued to merit the W3C consortium’s AAA classification.

CGD provides its individual customers with its Caixadirecta on-line, Caixadirecta invest, Caixadirecta sms and Caixadirecta mobile services and its corporate customers with its Caixa “ebanking” and Caixa “ebanking mobile” services. With more than 1,800,000 Caixadirecta customers and close to 500,000 Caixa “e-banking” service users, the rapid change in the behaviour of internet users, requires a rapid adaptation of services, in the form of an offer and forms of access increasingly adapted to customers’ needs.

CGD has continued to evolve in terms of digital inclusion, based on technology and increased accessibility to important financial information for the current management of households and companies, based on the promotion of citizenship and equal opportunity. As the culmination of a process of technological renewal and sophistication in terms of its customer offer over the last few years on its distance channels, CGD has launched its Caixadirecta app for Windows 8, adapted for tablets and PC, as well as for iphone, ipad and Android and also has a smartphone and tablet version.

CGD has maintained its market lead in terms of the use of homebanking services, providing individual customers, companies and institutionals with the best security practice and solutions, backed by innovation, convenience and usability.

In 2013, CGD participated in projects enabling it to strengthen its innovation and leadership status in terms of national and international banking, providing it with know-how in the area of mobility applied to the banking business. Following up its mobility-related initiatives, CGD continued to innovate in the ticketing area with its development of a new card with an innovative payment concept. CGD has previously been associated with the launch of a card project with TUB (Transportes Urbanos de Braga) and in 2013 formed an association with OTLIS – cartão Caixa Viva. CGD launched the Caixa Viva card enabling CGD customers to automatically pay for their use of Carris, Metro, CP, Fertagus, Transtejo and Metro Sul do Tejo transport services, whose respective payments are debited directly to the account associated with a passenger's card in accordance with the route taken.

CGD was also involved in Mobipag – Iniciativa Nacional pata Pagamentos Móveis, promoted by CEDT – Centro de Excelência em Desmaterialização de Transações. CGD was involved in this project as the support bank, ensuring its systems' payment of operations made by mobile phone. This was part of a pilot project permitting the study and creation of an ecosystem of value added solutions and services for mobile payments, using mobile phones as payment terminals.

As part of its strategy of backing innovation and entrepreneurship and following the partnership entered into in 2012 between CGD and Beta-i – Associação para a Promoção da Inovação e do Empreendedorismo, CGD, in 2013, signed a protocol of cooperation with the Founder Institute and Beta-i for the launch of the "Founder Institute" project in Portugal. The "Founder Institute" is the largest worldwide start-ups accelerator with units operating in 22 countries. CGD's association with this initiative was based on its vocation of excellence for the promotion of an environment favourable to the growth of the Portuguese business fabric and, based on this partnership, Portugal will benefit from this institute's proposals to support and promote entrepreneurship.

As regards the internal promotion of innovation for all employees, the Jury of the *Caixa de Ideias* competition analysed the implementation of the 4th edition of the Competition, in 2013, considering that the shortlisted ideas had high potential, with Taskforces for the implementation thereof, having been set up.

ACTION PLANS FOR THE FUTURE

CGD's sustainability policy establishes the promotion of the future as a strategic guideline in recognising the importance of banking activity to sustainable development, having defined a series of commitments geared to the needs of the various stakeholders and the main trends and challenges facing the sector.

The consolidation of CGD's corporate model, for the definition of global strategies in various domains, including Sustainable Development, will help to achieve synergies, economies of scale, knowledge and skills sharing between diverse entities as well as strengthening CGD Group's image, reputation and prestige.

Based on its sustainability management model, CGD will remain committed to the evolution of various aspects of its Corporate Sustainability Programme, comprising compliance with its commitments and the adoption of the best current practice as well as ongoing improvements adapted to the requirements and expectations of its strategic stakeholders, in anticipation of any emerging trends in the market and society in general. CGD broadened the scope of its sustainability reporting to its affiliate banks in Cape Verde and Brazil, notably – Banco Interatlântico, S.A., Banco Comercial do Atlântico, SARL and Banco Caixa Geral Brasil, S.A. in 2013.

CGD aims, in the future, to continue to broaden the scope of its Corporate Sustainability Programme to international structures, based on the development, operationalisation of action plans and monitoring and reporting of sustainability performance, optimising consolidated results and helping to maintain the distinctions achieved in the recognition of its performance and contribution to sustainable development.

Information on the initiatives planned for the future in the sphere of the Corporate Sustainability Programme, have been set out in the annual Sustainability Report.

IX - Assessment of Corporate Governance

ASSESSMENT OF THE LEVEL OF COMPLIANCE WITH GOOD CORPORATE GOVERNANCE PRACTICE BINDING UPON CGD IN ACCORDANCE WITH DGTF CIRCULAR LETTER 2015

	Corporate Governance Report	Identification		Disclosure		Page	Remarks
		Yes	No	Yes	No		
I	**Mission, Objectives and Policies**						
1.	Indication of mission and furtherance thereof, in addition to the company's vision and values	✓		✓		559	
2.	Policies and guidelines triggered by the defined strategy	✓		✓		559	
3.	Indication of objectives and level of compliance therewith, as well as the justification for any deviations and the remedial measures applied or to be applied.	✓		✓		560	
4.	Indication of key factors upon which the company's results are contingent	✓		✓		560	
II	**Capital Structure**						
1.	Capital structure	✓		✓		562	
2.	Eventual limitations on ownership and/or transferability of shares	✓		✓		562	
3.	Shareholders' agreements	✓		✓		562	
III	**Corporate Investments and Bonds**						
1.	Identification of singular (statutory bodies) and/or collective persons (Corporate) with direct or indirect investments in other entities with detailed information on capital and voting percentages	✓		✓		563	
2.	The acquisition and disposal of corporate investments and involvement in any associative or foundational entities	✓		✓		564	
3.	Provision of financial guarantees or assumption of the debts or liabilities of other entities	✓		✓		566	
4.	Indication of the number of shares and bonds held by members of boards of directors and inspection bodies	✓		✓		566	
5.	Information on the existence of significant commercial relationships between equity stakeholders and the company	✓		✓		567	
6.	Identification of the mechanisms adopted to prevent the existence of conflicts of interest	✓		✓		567	

Corporate Governance Report		Identification		Disclosure		Page	Remarks
		Yes	No	Yes	No		
IV	**Statutory Bodies and Committees**						
A.	**Board of the General Meeting**						
1.	Composition of the Board of the GM, term of office and remuneration	✓		✓		569	
2.	Identification of shareholders' resolutions	✓		✓		569	
B.	**Administration and Supervision**						
1.	Governance model adopted	✓		✓		568	
2.	Statutory rules on procedures applicable to the nomination and replacement of members	✓		✓		568	
3.	Composition, duration of term of office, number of permanent members	✓		✓		573	
4.	Identification of the executive and non-executive members of the Board of Directors and identification of the independent members of the SC.	✓		✓		573	
5.	CVs of each of the members	✓		✓		580	
6.	Habitual and significant family, professional or commercial relationships of members, with shareholders having a qualified investment of more than 2% of the voting rights	n.a		n.a			
7.	Organisational charts on the division of competencies among the various statutory bodies.	✓		✓		568	
8.	Functioning of Board of Directors.	✓		✓		570	
9.	Existence of Board of Directors or supervisory committees	✓		✓		571	
C.	**Inspection**						
1.	Identification of the inspection body, corresponding to the model adopted and its composition, indication of the statutory minimum and maximum number of members, duration of term of office, number of permanent and deputy members	✓		✓		574	
2.	Identification of members of the Inspection Body	✓		✓		576	
3.	CVs of each member	✓		✓		580	
4.	Functioning of inspection	✓		✓		575	
D.	**Statutory Auditor**						
1.	Identification of Statutory Auditor/ Statutory Audit Company	✓		✓		576	
2.	Indication of legal limitations	✓		✓		576	
3.	Indication of the number of years the Statutory Auditor and/or Statutory Audit Company has exercised functions in the company/group	✓		✓		577	
4.	Description of other services provided to the company by the Statutory Audit Company	✓		✓		577	
E.	**External Auditor**						
1.	Identification.	✓		✓		578	
2.	Rotation policy and periodicity	✓		✓		578	
3.	Identification of performance of works other than audits	✓		✓		578	
4.	Indication of annual remuneration paid	✓		✓		578	
V.	**Internal Organisation**						
A.	**Articles of Association and Communications**						
1.	Changes to the company's articles of association - Applicable rules	✓		✓		568	
2.	Communication of irregularities	✓		✓		600	
3.	Indication of anti-fraud policies	✓		✓		601	
B.	**Internal control and risk management**						
1.	Information on the existence of an internal control system (ICS)	✓		✓		601	
2.	People, bodies or committees responsible for internal audit and/or the ICS	✓		✓		602	
3.	Principal risk policy measures adopted	✓		✓		601	
4.	Line and/or functional management	✓		✓		601	
5.	Other functional areas with risk control competencies	✓		✓		602	
6.	Identification of the main types of risk	✓		✓		603	
7.	Description of identification process, assessment, oversight, control, management and risk mitigation	✓		✓		600	
8.	ICS elements and risk management implemented in the company	✓		✓		601	

	Corporate Governance Report	Identification		Disclosure		Page	Remarks
		Yes	No	Yes	No		
C.	**Regulations and Codes**						
1.	Applicable internal regulations and external regulations	✓		✓		609	
2.	Codes of Conduct and Code of Ethics	✓		✓		614	
D.	**Website**						
	Indication of addresses and disclosure of available information	✓		✓		617	
VI	**Remunerations**						
A.	**Competency for Assessment**						
	Indication of body responsible for defining remuneration	✓		✓		617	
B.	**Remuneration Committee**						
	Composition	n.a		n.a			
C.	**Remunerations structure**						
1.	Remuneration policy for the Board of Directors and inspection bodies	✓		✓		617	
2.	Information on the way in which the remuneration is structured	✓		✓		618	
3.	Variable component of remuneration and award criteria	✓		✓		618	
4.	Deferral of payment of variable component	n.a		n.a			
5.	Parameters and grounds for awarding bonuses	✓		✓		618	
6.	Complementary pension regimes	✓		✓		656	
D.	**Disclosure of Remunerations**						
1.	Indication of the annual amount of remuneration earned	✓		✓		619	
2.	Amounts paid by other companies in a parent/subsidiary relationship	✓		✓		620	
3.	Remuneration paid in the form of profit sharing and/or bonuses	✓		✓		618	
4.	Indemnities paid to former executive directors	n.a		n.a			
5.	Indication of the annual amount of remuneration earned by the company's inspection body	✓		✓		620	
6.	Indication of the annual remuneration of the Board of the General Meeting	✓		✓		618	
VII	**Transactions with Related and Other Parties**						
1.	Implementation of mechanisms for controlling transactions with related parties	✓		✓		623	
2.	Information on other transactions	✓		✓		623	
VIII	**Analysis of corporate sustainability in the economic, social and environmental domains**						
1.	Strategies adopted and level of achievement of targets	✓		✓		625	
2.	Policies furthered	✓		✓		627	
3.	Form of compliance with adequate corporate management principles a) Social Responsibility b) Environmental Responsibility c) Economic Responsibility	✓		✓		629	
IX	**Assessment of Corporate Governance**						
1.	Fulfilment of Recommendations	✓		✓		644	
2.	Other information						

Annex I

COMPLIANCE WITH LEGAL GUIDELINES

COMPLIANCE WITH LEGAL GUIDELINES ON AVERAGE PAYMENT PERIODS CALCULATED UNDER THE TERMS OF RULING 9870/2009, AND DISCLOSURE OF INFORMATION ON ARREARS, AS DEFINED BY DECREE LAW 65-A/2011

The evolution of the average payment period to suppliers (average payment periods calculated in accordance with the Ministry of Finance and Public Administration's Ruling 9870/2009, which changed the formula of Council of Ministers' Resolution 34/2008 of 22 February) was as follows:

	2013				2012				Change(%) 4th Quarter 2013 / 4th Quarter 2012
Quarter	1st	2nd	3rd	4th	1st	2nd	3rd	4th	
Payment period (days)	40	39	29	45	50	39	37	50	-10.00%

CGD has a mandate agreement with Sogrupo Compras e Serviços Partilhados, Agrupamento Complementar de Empresas (SCSP), which includes, *inter alia*, the provision of services related with billing and the processing of payments for the supply of goods and services.

SCSP has implemented an invoice validation process enabling the identification of divergent situations regarding the conclusion and quality of the provision of the services, amounts incorrectly invoiced, invoices with missing mandatory information requested when awarding the contract, invoices with omissive descriptions and incorrect VAT rates and amounts.

As a means of improving the efficiency of the validation process and with the objective of reducing the number of divergences found and promoting a strategy of reducing payment periods deriving from the above referred to situations, diverse initiatives, particularly the request for items to be set out in the invoice when awarding the contract, to improve efficiency in terms of its processing are in progress.

SCHEDULE OF PAYMENTS IN ARREARS AT 31/12/2013 UNDER

DL 65-A/2011 OF 17 MAY

Payments in arrears under Decree Law 65-A/2011	DECEMBER 2013				
	0 - 90 days	More than 90 days	More than 120 days	More than 240 days	More than 360 days
Acquisitions of goods and services	3 267 768,0	334 558,0	1 564 681,0	244 818,0	1 252 615,0
Acquisitions of capital	24 774,0	0,0	0,0	34,0	0,0
Outstanding balance	3 292 542,0	334 558,0	1 564 681,0	244 852,0	1 252 615,0
Balance payable to suppliers (Total)	**6 689 248,0**				

COMPLIANCE WITH LEGAL GUIDELINES ON REMUNERATION LEVELS

As stated, CGD is a public liability company operating in the State's Corporate Sector.

Members of CGD's Board of Directors are considered to be public managers whose remuneration is covered by Public Manager Statute (PMS) rules.

The remuneration of CGD's statutory bodies for the terms of office ended 8 July 2013 were fixed and paid in accordance with the Public Manager Statute, in which the following legal limits were also complied with

- Article 12 of Law 12-A/2010 of 30 June, on pay cuts of 5%;
- Article 27 of Law 66-B/2012 of 31 December, on pay cuts of 10%;
- Article 37 of Law 66-B/2012 of 31 December, on the non-attribution of management bonuses.

CGD has complied in full with the legal regulations on the remuneration of statutory bodies.

As regards the current term of office, to-date no Ruling has been issued by the member of Government responsible for the finance area, authorising the option for the payment of the remuneration paid by former employment nor has any General Meeting been held to define the remuneration of the members of CGD SA's Board of Directors for which the remunerations being processed are those deriving from the respective declarations of options or directly on the marker remuneration of the Prime Minister in the case of non-executive members, all of which in line with the Public Manager Statute.

The services provided by CGD's External Auditor are not covered by the reduction of remuneration (State Budget Law)

CGD workers' remuneration, in 2013, was subject to the pay cuts imposed by article 27 of the State Budget Law for 2013 (Law 66-B/2012), in conjunction with a reversion measure and adjustment factor, duly authorised by the Secretary of State for Public Administration and Finance.

In conformity with article 28 of the above referred to Law, the Christmas subsidy was paid in 12 instalments.

There were no wage increases in 2013.

COMPLIANCE WITH LEGAL GUIDELINES ON THE APPLICATION OF THE DISPOSITIONS OF ARTICLE 32 OF THE PUBLIC MANAGER STATUTE

In compliance with no. 1 of article 32 of the Public Manager Statute, members of CGD's Boards of Directors do not use credit cards.

To pay for expenses made on behalf of the Company, CGD supplies its directors with an electronic purse for the payment and control of expenses.

In full compliance with no. 2 of the referred to article, there are no personal expenses account items in CGD.

COMPLIANCE WITH LEGAL GUIDELINES ON A PUBLIC CONTRACTING LEVEL

PUBLIC CONTRACTING RULES

The Public Contracts Code approved by Decree Law 18/2008 of 29 January does not apply to CGD, nor to the companies in a controlling or group relationship with it.

However, CGD has a contract of mandate with Sogrupo – Compras e Serviços Partilhados, Agrupamento Complementar de Empresas whose mission is to provide services related with human resources management, negotiation and management of goods and services, based on a CGD Group shared services unit approach, centralising its activities and common processes, endeavouring, on the basis of economies of scale and knowledge, to reduce costs, maximise productivity and improve the quality of the service provided.

The SCSP has transparent procedures in place on contracts for the provision of services, based on award criteria geared to principles of economy and effectiveness. The procedures adopted by SCSP on this issue either on behalf of the company itself or situations in which it is acting on behalf of its Group companies may be consulted in the item concerning the procedures on the acquisition of goods and services.

SCSP assesses the results achieved from the adopted procedures, both on behalf of the Company itself and Group companies, by classifying the results in accordance with a set of pre-agreed assumptions, in parallel with the assessment of the service provider, which includes the analysis and justification of any deviation occurring with the services provided in terms of time, cost and quality of service.

ACTS AND CONTRACTS INVOLVING AMOUNTS OF MORE THAN €5 MILLION

CGD awarded the following contracts, involving an amount of more than €5 million, in 2013

- Companhia IBM Portuguesa, S.A – Software Maintenance – completed;
- Fujitsu Technology Solutions, Lda. – Service Desk – completed;
- Accenture - Consultores de Gestão S.A – Maintenance and Support – contract pending
- Talaris Portugal, S.A. – Maintenance of Automatic Customer Service Machines - contract pending

The IBM Software Maintenance contract for the period 2014 - 2017, for an amount of €10,798,802 (inc. VAT) was ratified by the Portuguese Audit Court in 2013.

The licensing and maintenance contract for the Service Desk for the amount of €15,366,700 (inc, VAT) refers to the period from June 2013 to June 2017, and was ratified by the Portuguese Audit Court in 2013.

The contracts with Accenture and Talaris Portugal are currently being processed and shall be submitted for the ratification of the Portuguese Audit Court in 1st quarter 2014.

COMPLIANCE WITH LEGAL GUIDELINES ON THE STATE'S VEHICLE FLEET

As part of its global cost reduction strategy, CGD has taken several steps, not only to rationalise its fleet management operations but also involving the application of efficiency measures over the whole of the process, for travel and accommodation on national territory. Reference should, herein, be made:

- To greater control over the whole of vehicles' life cycles and reduction of their respective costs of use, through the launch of general consultations for the acquisition/renewal of the fleet. Notwithstanding the regime, the negotiation of the acquisition price is centralised by CGD's purchasing area;
- The application of stringent control over the management of the vehicle fleet and application of rationalisation measures on the expense by increasing the scope of the rules, with the standardising and application of limits on all CGD Group companies in the domestic market;
- The promotion of a continuous revision process on the amounts of the annual instalments, translating into a 20% reduction on the limit of the instalments for each scale;
- An across-the-board vehicles sharing policy on national territory;

COMPLIANCE WITH GUIDELINES ON THE REDUCTION OF OPERATING EXPENSES

Taking into account the guidelines on the reduction of the number staff members, CGD has been readjusting its staff complement, having achieved a reduction of 8.2% in 2013, in comparison to 2010. The reduction in 2012 was 4.8%.

Description	2010	2011	2012	2013
Employee costs (€) (*)	**568 739 376.53 €**	**512 102 647.25 €**	**469 915 650.00 €**	**492 380 443.39 €**
Costs of Statutory Bodies (€)	**2 678 632.85 €**	**2 345 310.83 €**	**1 858 175.94 €**	**1 390 465.64 €**
Reductions deriving from changes in legislation (€) (1)	- €	- €	200 540.76 €	- €
Increases deriving from changes in legislation (€)	- €	- €	- €	- €
Costs of Directors without S.B. (€)	**33 272 239.72 €**	**33 011 827.34 €**	**27 565 722.62 €**	**34 048 157.67 €**
Reductions deriving from changes in legislation (€) (1) (2)	- €	- €	3 249 246.39 €	1 752 633.83 €
Increases deriving from changes in legislation (€)	- €	- €	- €	
Costs of Staff without S.B. and without Directors (€) (3)	**532 788 503.96 €**	**476 745 509.08 €**	**440 491 751.44 €**	**456 941 820.08 €**
Reductions deriving from changes in legislation (€) (1) (2)	- €	- €	40 907 022.83 €	13 058 609.37 €
Increases deriving from changes in legislation (€)	- €	- €	- €	
Rescissions / Indemnities (€)	- €	- €	- €	- €

Description	2010	2011	2012	2013
Total HR (S.B. + Directors + Staff)	**10791**	**10572**	**10400**	**9904**
Statutory Bodies (S.B.)	**10**	**11**	**11**	**14**
Directors without S.B.	261	275	274	266
Staff without S.B. and without Directors	10520	10286	10115	9624

(*) The change, in 2013, in comparison to 2012, largely derives from the restoring of the holiday and Christmas subsidies for CGD employees

(1) Corresponding to the non-payment of Holiday and Christmas Subsidies in 2012

(2) Pay cut

(3) This amount was calculated on the difference and may include costs related with directors that cannot be itemised

Caixa has been implementing a consistent cost reduction plan, using all types of measures to help achieve this objective, since 2012, notably:

- Demand management, operating, in several cases on the actual revision of business and operating processes with the aim of reducing consumption;
- Integration of negotiation activities and strengthening respective competencies and scope of operations;
- Separation between functions in purchasing processes;
- Optimisation of suppliers portfolio management;
- Revision of budgeting process;
- Implementation of budget performance control processes;
- Creation of management information on consumption and budget performance.

In addition to the structural measures on a business and structure level which will reduce future costs, notably branch closures and the reduction of the staff complement, a series of specific measures were defined in 2013, particularly:

- The management and negotiation of computer equipment contracts and licences on a Group level (Macau and Timor) and energy supply (Portugal and Spain);
- Consolidation of “procurement” process in Macau, Angola, Spain Caixa BI, CLF and Cape Verde;
- Rationalisation of own equipment network;

- Reduction of card costs by rationalising the portfolio and reducing insurance costs;
- Rationalisation of physical, commercial and central services spaces;
- Documentary management;
- Rationalisation of financial information services;
- Rationalisation of software portfolio.

The results of the implementation of the diverse initiatives were partly cancelled out owing to external factors, not controlled by CGD, forcing it to incur significant costs related to:

- Supervision on the level of the Financial Assistance Programme;
- The definition and implementation of the Restructuring Plan negotiated with DG Comp;
- Changes to IT systems based on changes to laws and standards, fiscal or other changes;
- Supervisors' reporting requirements.

(€ thousand)

	2009	2010	2011	2012	2013	Change.2012/2013	
						Amount	%
External Supplies and Services	392 171	390 214	353 121	341 612	334 347	-7 265	-2,1%
Travel and accommodation	212	92	70	66	76	10	15,6%
Subsistence allowance	1 418	1 463	1 041	703	474	(230)	-32,7%
Communications	32 329	27 056	24 461	22 514	22 487	(27)	-0,1%
Empolyee costs	588 273	568 739	512 103	469 916	492 380	22 465	4,8%
Total	980 444	958 954	865 223	811 528	826 727	15 200	1,9%
Human resources at the end of the year		10 791	10 572	10 400	9 904	(496)	-4,8%

COMPLIANCE WITH THE DISCLOSURE OF INFORMATION DUTIES ON THE WEBSITE OF THE STATE'S CORPORATE SECTOR AT 31 DECEMBER 2013

INFORMATION TO BE HOSTED ON THE STATE'S CORPORATE SECTOR WEBSITE

	Disclosure			Remarks
	Yes	No	Not applicable	
Most recent Articles of Association (PDF)	X			
History, Vision, Mission and Strategy	X			
Corporate Factsheet	X			
Identification of Company:				
Mission, Objectives, Policies, Public Service Obligations and Funding Model	X			
Governance Model (Identification of Statutory Bodies)	X			
Government Model (Identification of Statutory Bodies)	X			
Fixed Remuneration	X			
Remuneration and Other Benefits	X			
Regulations and Transactions:	X			
Internal and External Regulations	X			
Relevant Transactions with Related Entities	X			
Other Transactions	X			
Analysis of Economic, Social and Environmental Sustainability	X			
Assessment of Compliance with Good Governance Principles	X			
Code of Ethics	X			
Historical and Current Financial Information	X			
State's Funding	X			

APPENDIX 1

TERM OF OFFICE 1 (UP TO 08/07/2013)

A. Board of the General Meeting

TERM OF OFFICE (Start-End)	Position	Name	Fixed remuneration (€) (1)	Annual Remuneration (€) Gross (2)	Reductions (SB Law)	Gross after Reductions
2011 - 2013	Chairman	Manuel Carlos Lopes Porto	€650.00			€0.00
2011 - 2013	Vice-Chairman	Rui Manuel Parente Chancerelle de Machete	€525.00			€0.00
2011 - 2013	Secretary	José Lourenço Soares	€400.00			€0.00

(1) Amount of attendance voucher; (2) Prior to pay cuts

B. Board of Directors

Name	Position	PMS				OPRLO	
		Fixed	Classification	Wages	Expense account	Identify Entity	Payer
		(Y/N)	(A/B/C)	Amount (month) 1)		(Identify / n.a.)	(O/D)
Fernando Manuel Barbosa Faria de Oliveira	Chairman of the Board of Directors	Y	A	(*)	€0.00	n.a.	N.A.
José Agostinho Martins de Matos	Chairman of the Executive Committee	Y	A	€16 578.28	€0.00	BdP	Destination
António do Pranto Nogueira Leite	Vice-Chairman of the Executive Comm	Y	A	€13 481.60	€0.00	n.d.	Destination
Norberto Emílio Sequeira da Rosa	Vice-Chairman of the Executive Comm	Y	A	€13 481.60	€0.00	CGD	Destination
Rodolfo Vasco Castro Gomes Mascarenhas Lavrador	Member of the Executive Committee	Y	A	€13 481.60	€0.00	CGD	Destination
Nuno Maria Magalhães Fernandes Thomaz	Member of the Executive Committee	Y	A	€5 481.10	€0.00	Did not exercise option	Destination
João Nuno Oliveira Jorge Palma	Member of the Executive Committee	Y	A	€13 481.60	€0.00	BCG Spain + REN	Destination
José Pedro Cabral dos Santos	Member of the Executive Committee	Y	A	€11 424.33	€0.00	CGD	Destination
Eduardo Manuel Hintze da Paz Ferreira	Chairman of the Audit Committee	Y	A	€1 304.79	€0.00	n.a.	Destination
Álvaro José Barrigas do Nascimento	Member of the Audit Committee	Y	A	€1 304.79	€0.00	n.a.	Destination
Pedro Miguel Duarte Rebelo de Sousa	Member of the Audit Committee	Y	A	€1 304.79	€0.00	n.a.	Destination

NOTE: PMS Public Manager Statute; OPRLO Option for Remuneration of Former Employment: S/D: Source / Destination
(*) - Remuneration suspended from 01/05/2012, on which date, the option was taken to receive the Social Security pension
1) Remunerations fixed by the shareholder at the GM of 2 August 2012

Name	Annual Remuneration (€) Variable	Fixed **	Other	Reduction (Law 12-A/2010)	Reduction (SB Law)	Reduction past years*	Gross after reductions
Fernando Manuel Barbosa Faria de Oliveira	€0.00						(1)
José Agostinho Martins de Matos	€0.00						€124 337.10
António do Pranto Nogueira Leite	€0.00						€13 481.60 (2)
Norberto Emílio Sequeira da Rosa	€0.00						€104 519.87
Rodolfo Vasco Castro Gomes Mascarenhas Lavrador	€0.00						€101 112.00
Nuno Maria Magalhães Fernandes Thomaz	€0.00						€38 458.39
João Nuno Oliveira Jorge Palma	€0.00						€101 112.00
José Pedro Cabral dos Santos	€0.00						€85 682.48
Eduardo Manuel Hintze da Paz Ferreira	€0.00						€9 156.75
Álvaro José Barrigas do Nascimento	€0.00						€9 156.75
Pedro Miguel Duarte Rebelo de Sousa	€0.00						€8 263.66 (3)

NOTE : Reduction for past years: refers to remunerations settled in the year in question in respect of past years
* Indicate reasons for this procedure
** To include remuneration + expense account items
(1) - Remuneration suspended from 01/05/2012, on which date, the option was taken to receive the Social Security pension
(2) - In office up to 31/01/2013
(3) - In office up to 31/05/2013

Name	Meal Allowance	Social Benefits (€)						
		Social Protection Regime		Healthcare Insurance	Life Insurance	Personal accidents	Other	
		Identify	Amount (*)				Identify	Amount
Fernando Manuel Barbosa Faria de Oliveira	€0.00		€9 615.86	€0.00	€0.00	Covered by Company workers' insurance		
Agostinho Martins de Matos	€1 332.00	B.Portugal Pension Fund + Social Sec.(banking regime ex-Cafeb)	€46 276.13	€0.00	€0.00			
António do Pranto Nogueira Leite	€233.10	Social Security	€2 401.38	€0.00	€0.00			
Norberto Emílio Sequeira da Rosa	€1 420.80	B.Portugal Pension Fund + Social Sec. (banking regime ex-Cafeb)	€45 551.08	€0.00	€0.00			
Rodolfo Vasco Castro Gomes Mascarenhas Lavrador	€999.00	CGA / Pension Fund	€18 940.06	€0.00	€0.00		Study grant	€369.80
Nuno Maria Magalhães Fernandes Thomaz	€1 165.50	Social Security	€10 111.50	€0.00	€0.00		Study grant	€404.60
João Nuno Oliveira Jorge Palma	€1 232.10	CGA / Pension Fund	€19 381.50	€0.00	€0.00		Study grant	€281.40
José Pedro Cabral dos Santos	€1 387.50	CGA / Pension Fund	€19 221.96	€0.00	€0.00			
Eduardo Manuel Hintze da Paz Ferreira	€0.00	Amount of Social Serv.Exempt Soc. Sec. Having paid contributions through CGA for other functions	€700.68	€0.00	€0.00			
Álvaro José Barrigas do Nascimento	€0.00	Social Security	€2 560.02	€0.00	€0.00			
Pedro Miguel Duarte Rebelo de Sousa	€0.00	Social Security	€2 133.35	€0.00	€0.00			

(*) - Includes Social Security contribution

Name	Vehicles								
	Allocation of vehicle	Contract	Vehicles' reference price	Modality	Start Year	End Year	Instalments	Monthly instalr	Annual Amount
	(Y/N)	(Y/N)	(€)	(Identify)				(€)	(€)
Fernando Manuel Barbosa Faria de Oliveira	Y	N	€68 030.00	Renting	2012	2015	6	€1 051.16	6 305.41 €
José Agostinho Martins de Matos	Y	N	€76 987.16	Renting	2011	2014	6	€1 191.28	7 455.10 €
António do Pranto Nogueira Leite	Y	N	€74 926.14	Renting	2011	2014	1	€1 259.11	1 259.11 €
Norberto Emílio Sequeira da Rosa	Y	N	€65 924.00	Renting	2012	2015	6	€970.54	6 042.49 €
Rodolfo Vasco Castro Gomes Mascarenhas Lavrador	Y	N	€81 612.50	Renting	2012	2015	6	€1 159.80	7 253.85 €
Nuno Maria Magalhães Fernandes Thomaz	Y	N	€75 606.00	Renting	2011	2014	6	€1 147.04	7 178.23 €
João Nuno Oliveira Jorge Palma	Y	N	€74 546.00	Renting	2012	2015	6	€1 017.70	6 364.56 €
José Pedro Cabral dos Santos	Y	N	€64 248.32	Renting	2010	2014	6	€1 035.61	6 482.02 €
Eduardo Manuel Hintze da Paz Ferreira	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Álvaro José Barrigas do Nascimento	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pedro Miguel Duarte Rebelo de Sousa	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Legend: (1) purchase, long term leasing; leasing or other

Name	Annual Expenditure on Official Travel (€)					
	Official Travel	Accommodation	Allowances	Other		Total Vehicle Costs
				Identify	Amount	
	(€)	(€)	(€)		(€)	(€)
Fernando Manuel Barbosa Faria de Oliveira	4 948.84 €	0.00 €	€0.00	Visas, vaccinations and taxis	€90.00	€5 038.84
José Agostinho Martins de Matos	€8 144.89	€827.91	€580.75	Visas, vaccinations and taxis	€455.00	€10 008.55
António do Pranto Nogueira Leite	€0.00	€0.00	€0.00	Visas, vaccinations and taxis	€0.00	€0.00
Norberto Emílio Sequeira da Rosa	€1 015.70	€385.00	€311.36	Visas, vaccinations and taxis	€21.25	€1 733.31
Rodolfo Vasco Castro Gomes Mascarenhas Lavrador	€41 337.43	€1 932.53	€3 453.15	Visas, vaccinations and taxis	€614.38	€47 337.49
Nuno Maria Magalhães Fernandes Thomaz	€28 737.08	€1 009.59	€1 943.21	Visas, vaccinations and taxis	€794.95	€32 484.83
João Nuno Oliveira Jorge Palma	€33 190.40	€880.65	€1 469.70	Visas, vaccinations and taxis	€989.66	€36 530.41
José Pedro Cabral dos Santos	€806.67	€5 700.00	€0.00		€0.00	€6 506.67
Eduardo Manuel Hintze da Paz Ferreira	€0.00	€0.00	€0.00		€0.00	€0.00
Álvaro José Barrigas do Nascimento	€4 460.55	€1 286.13	€0.00		€0.00	€5 746.68
Pedro Miguel Duarte Rebelo de Sousa	€0.00	€0.00	€0.00		€0.00	€0.00

Information on the amounts relating to the inspection body (Audit Committee) is set out in the Board of Directors' tables.

As the provision of Statutory Audit and External Audit services to CGD is not covered by the reduction of remuneration (State Budget Law), information on their respective members has not been published in this document.

TERM OF OFFICE 2 (FROM 09/07/2013 TO 31/12/2013)

A. Mesa da Assembleia Geral

A. Board of the General Meeting

TERM OF OFFICE (Start-End	Position	Name	Annual Remuneration(1)	Annual Remuneration (€) Gross (2)	Reductions (SB Law)	Gross after reductions
2013-2015	Chairman	Manuel Carlos Lopes Porto	€650.00			€0.00
2013-2015	Vice-Chairman	Rui Manuel Parente Chancerelle de Machete (*)	€525.00			€0.00
2013-2015	Secretary	José Lourenço Soares	€400.00			€0.00

(1) Amount of attendance voucher; (2) Prior to pay cuts
(*) - Terminated office, having been appointed Minister of State for Foreign Affairs (DR 1st Series, Supplement (24.7.2013) and not replaced

B. Board of Directors

Term of Office (Start-End)	Position	Name	Legal Designation of Current Nomination	Number of Terms of Office performed in Company	Remarks
2013-2015	Chairman of the Board of Directors	Álvaro José Barrigas do Nascimento	Unanimous Written Resolution	Two	One term of office as a Non-Executive Member of the Board of Directors and another as the Chairman of the Board of Directors
2013-2015	Vice-Chairman of the Board of Directors and Chairman of the Executive Committee	José Agostinho Martins de Matos	Unanimous Written Resolution	Two	
2013-2015	Member of the Board of Directors and Vice-Chairman of the Executive Committee	Nuno Maria Pinto de Magalhães Fernandes Thomaz	Unanimous Written Resolution	Two	One term of office as a Member of the Board of Directors and the Executive Committee and another as a Member of the Board of Directors and Vice-Chairman of the Executive Committee
2013-2015	Member of the Board of Directors and the Executive Committee	João Nuno de Oliveira Jorge Palma	Unanimous Written Resolution	Two	
2013-2015	Member of the Board of Directors and the Executive Committee	José Pedro Cabral dos Santos	Unanimous Written Resolution	Two	
2013-2015	Member of the Board of Directors and the Executive Committee	Ana Cristina de Sousa Leal	Unanimous Written Resolution	One	
2013-2015	Member of the Board of Directors and the Executive Committee	Maria João Borges Carioca Rodrigues	Unanimous Written Resolution	One	
2013-2015	Member of the Board of Directors and the Executive Committee	Jorge Telmo Maria Freire Cardoso	Unanimous Written Resolution	One	
2013-2015	Non-Executive Member of the Board of Directors	Pedro Miguel Valente Pires Bela Pimentel	Unanimous Written Resolution	One	
2013-2015	Non-Executive Member of the Board of Directors	José Luís Mexia Fraústo Crespo de Carvalho	Unanimous Written Resolution	One	
2013-2015	Non-Executive Member of the Board of Directors	José Ernst Henzler Vieira Branco	Unanimous Written Resolution	One	
2013-2015	Non-Executive Member of the Board of Directors	Eduardo Manuel Hintzand the Paz Ferreira	Unanimous Written Resolution	Two	
2013-2015	Non-Executive Member of the Board of Directors	Daniel Abel Monteiro Palhares Traça	Unanimous Written Resolution	One	
2013-2015	Non-Executive Member of the Board of Directors	Pedro Miguel Ribeiro de Almeida Fontes Falcão	Unanimous Written Resolution	One	

B. Board of Directors

Name	Position	PMS Fixed	PMS Classification	PMS Wages	PMS Expense account	OPRLO Identify Entity	OPRLO Payer
		(Y/N) (1)	(A/B/C)	Amount (month) (2)		(Identify/n.a.)	(O/D)
Álvaro José Barrigas do Nascimento	Chairman of the Board of Directors	N	A	€7 704.20	0.00 €	Univ. Católica+ Escola Gestão Empresarial+ Unicer+CGD	Destination
José Agostinho Martins de Matos	Chairman of the Executive Committee	N	A	€16 578.28	0.00 €	BdP+CGD	Destination
Nuno Maria Magalhães Fernandes Thomaz	Vice-Chairman of the Executive Committee	N	A	€8 647.80	0.00 €	Self employed+ CGD	Destination
João Nuno Oliveira Jorge Palma	Member of the Executive Committee	N	A	€13 481.60	0.00 €	REN+CGD	Destination
José Pedro Cabral dos Santos	Member of the Executive Committee	N	A	€11 424.33	0.00 €	CGD	Destination
Ana Cristina de Sousa Leal	Member of the Executive Committee	N	A	€12 703.17	0.00 €	BdP	Destination
Maria João Borges Carioca Rodrigues	Member of the Executive Committee	N	A	€12 039.21	0.00 €	SIBS	Destination
Jorge Telmo Maria Freire Cardoso	Member of the Executive Committee	N	A	€13 887.00	0.00 €	Caixa Banco Investimento	Destination
Eduardo Manuel Hintze da Paz Ferreira	Chairman of the Audit Committee	N	A	€1 826.70	0.00 €	N.A.	Destination
Daniel Traça	Vice-Chairman of the Audit Committee	N	A	€1 826.70	0.00 €	N.A.	Destination
Pedro Fontes Falcão	Member of the Audit Committee	N	A	€1 826.70	0.00 €	N.A.	Destination
Pedro Miguel Valente Pires Bela Pimentel	Non-Executive Member	N	A	(3) € 1 370,	0.00 €	N.A.	Destination
José Luís Mexia Fraústo Crespo de Carvalho	Non-Executive Member	N	A	(3) € 1 370,	0.00 €	N.A.	Destination
José Ernst Henzler Vieira Branco	Non-Executive Member	N	A	(3) €1 370.(	0.00 €	N.A.	Destination

NOTA:: PMS Public Manager Statute;OPRLO Option for Remuneration of Former Employment: S/D: Source / Destination
(1) - Up to 16/4/2014 the remunerations of CGD's statutory bodies had not been fixed by the General Meeting
(2) - Amounts corresponding to the declarations of option delivered on 26/08/2013, under the Public Manager Statute awaiting approval
(3) - Remuneration corresponding to 1/4 of the reference amount of the Prime Minister. Starting March 2014, retroactive to October 2013, deriving from appointment to the Strategy, Governance and Assessment Committee, now receiving 1/3 of the reference amount i.e. €1 826.70

	Annual Remuneration (€)						
Name	Variable	Fixed **	Other	Reduction (Law 12-A/2010)	Reduction (SB Law)	Reduction past years*	Gross after reductions
Álvaro José Barrigas do Nascimento	€0.00						€51 943.48
José Agostinho Martins de Matos	€0.00						€107 758.82
Nuno Maria Magalhães Fernandes Thomaz	€0.00						€59 465.49
João Nuno Oliveira Jorge Palma	€0.00						€87 630.40
José Pedro Cabral dos Santos	€0.00						€74 258.14
Ana Cristina de Sousa Leal	€0.00						€79 331.30
Maria João Borges Carioca Rodrigues	€0.00						€78 634.08
Jorge Telmo Maria Freire Cardoso	€0.00						€93 420.30
Eduardo Manuel Hintze da Paz Ferreira	€0.00						€12 603.61
Daniel Traça	€0.00						€12 288.56
Pedro Fontes Falcão	€0.00						€12 288.56
Pedro Miguel Valente Pires Bela Pimentel	€0.00						€9 216.39
José Luís Mexia Fraústo Crespo de Carvalho	€0.00						€9 216.39
José Ernst Henzler Vieira Branco	€0.00						€8 263.66

NOTA : : Reduction for past years: refers to remunerations settled in the year in question in respect of past years

* Indicate reasons for this procedure

**To include remuneration + expense account items

Name	Meal Allowance	Social Benefits (€]						
		Social Protection Regime		Healthcare Insurance	Life Insurance	Personal accidents	Other	
		Identify	Amount (*)				Identify	Amount
Álvaro José Barrigas do Nascimento	€1 265.40	Social Security	€11 153.12	€0.00	€0.00	Covered by Company workers' insurance		
José Agostinho Martins de Matos	€1 221.00	B.Portugal Pension Fund + Social Sec.(banking regime ex-Cafeb)	€46 260.01	€0.00	€0.00			
Nuno Maria Magalhães Fernandes Thomaz	€1 076.70	Social Security	€11 736.96	€0.00	€0.00		Study grant	€427.20
João Nuno Oliveira Jorge Palma	€1 065.60	CGA / Pension F	€19 386.49	€0.00	€0.00		Study grant	€292.70
José Pedro Cabral dos Santos	€1 343.10	CGA / Pension F	€19 233.32	€0.00	€0.00			
Ana Cristina de Sousa Leal	€1 332.00	B.Portugal Pension Fund + Social Sec.(banking regime ex-Cafeb)	€35 410.01	€0.00	€0.00			
Maria João Borges Carioca Rodrigues	€1 287.60	Social Security	€13 382.32	€0.00	€0.00			
Jorge Telmo Maria Freire Cardoso	€1 221.00	Social Security	€14 336.01	€0.00	€0.00		Study grant	€182.80
Eduardo Manuel Hintze da Paz Ferreira	€0.00	Amount of Social Serv.;Exempt Soc. Sec. Having paid contributions through CGA for other functions	€968.48	€0.00	€0.00			
Daniel Traça	€0.00	Social Security	€3 444.60	€0.00	€0.00		Child sub. + Study Grant	€373.80
Pedro Fontes Falcão	€0.00	Social Security	€3 444.60	€0.00	€0.00		Child sub. + Study Grant	€443.70
Pedro Miguel Valente Pires Bela Pimentel	€0.00	Social Security	€2 583.47	€0.00	€0.00			
José Luís Mexia Fraústo Crespo de Carvalho	€0.00	Social Security	€2 583.47	€0.00	€0.00			
José Ernst Henzler Vieira Branco	€0.00	Social Security	€2 583.47	€0.00	€0.00		Study grant	€379.90

(*) - Includes Social Security contribution

Name	Mobile Communications Expenses (€)		
	Monthly Limit	Annual Amount	Remarks
Álvaro José Barrigas do Nascimento	N/A	€27.23	
José Agostinho Martins de Matos	N/A	€2 346.97	
Nuno Maria Magalhães Fernandes Thomaz	N/A	€3 502.93	
João Nuno Oliveira Jorge Palma	N/A	€4 053.91	
José Pedro Cabral dos Santos	N/A	€345.59	
Ana Cristina de Sousa Leal	N/A	€197.15	
Maria João Borges Carioca Rodrigues	N/A	€433.43	
Jorge Telmo Maria Freire Cardoso	N/A	€1 630.38	
Eduardo Manuel Hintze da Paz Ferreira	N/A	€734.10	
Daniel Traça	N/A	€0.00	
Pedro Fontes Falcão	N/A	€0.00	
Pedro Miguel Valente Pires Bela Pimentel	N/A	€0.00	
José Luís Mexia Fraústo Crespo de Carvalho	N/A	€0.00	
José Ernst Henzler Vieira Branco	N/A	€0.00	

Name	Vehicles								
	Allocation of vehicle	Contract	Reference price	Modality	Start Year	End Year	Instalments	Monthly instalment	Annual Amount
	(Y/N)	(Y/N)	(€)	(Identify)				(€)	(€)
Álvaro José Barrigas do Nascimento	S	N	€69 796.31	Renting	2013	2016	6	€1 230.30	€7 384.73
José Agostinho Martins de Matos	S	N	€76 987.16	Renting	2011	2014	6	€1 195.56	€6 853.09
Nuno Maria Magalhães Fernandes Thomaz	S	N	€75 606.00	Renting	2011	2014	6	€1 147.34	€6 586.82
João Nuno Oliveira Jorge Palma	S	N	€74 546.00	Renting	2012	2015	6	€1 017.70	€5 843.58
José Pedro Cabral dos Santos	S	N	€64 248.32	Renting	2010	2014	6	€1 039.89	€5 970.99
Ana Cristina de Sousa Leal	S	N	€73 392.00	Renting	2013	2016	6	€1 034.17	€5 808.76
Maria João Borges Carioca Rodrigues	S	N	€80 681.03	Renting	2013	2016	6	€1 022.79	€5 888.02
Jorge Telmo Maria Freire Cardoso	S	N	€74 842.61	Renting	2013	2017	5	€1 059.94	€6 086.11
Eduardo Manuel Hintze da Paz Ferreira	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Daniel Traça	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pedro Fontes Falcão	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pedro Miguel Valente Pires Bela Pimentel	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
José Luís Mexia Fraústo Crespo de Carvalho	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
José Ernst Henzler Vieira Branco	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Legend: (1) purchase, long term leasing; leasing or other

Name	Monthly limit	Annual Vehicle Costs (€)				Remarks
		Fuel	Tolls	Other Repairs	Insurance	
Álvaro José Barrigas do Nascimento	N/A	€2 003.25	€984.15	€0.00	€278.83	
José Agostinho Martins de Matos	N/A	€1 071.14	€225.05	€0.00	€278.83	
Nuno Maria Magalhães Fernandes Thomaz	N/A	€2 022.44	€280.70	€319.11	€278.83	
João Nuno Oliveira Jorge Palma	N/A	€1 225.58	€362.10	€0.00	€278.83	
José Pedro Cabral dos Santos	N/A	€1 696.27	€935.90	€221.00	(*)	
Ana Cristina de Sousa Leal	N/A	€1 045.30	€143.70	€92.25	€278.83	
Maria João Borges Carioca Rodrigues	N/A	€877.32	€161.65	€75.36	€165.10	
Jorge Telmo Maria Freire Cardoso	N/A	€599.93	€494.77	€0.00	(*)	

(*) - Locarent insurance included in the amount of the instalment

Name	Annual Expenditure on Official Travel (€)					
	Official Travel	Accommodation	Allowances	Other		Total vehicle costs
				Identify	Amount	
	(€)	(€)	(€)		(€)	(€)
Álvaro José Barrigas do Nascimento	€17 671.20	€3 305.48	€710.29	Visas, vaccinations and taxis	€165.10	21 852.07 €
José Agostinho Martins de Matos	€19 171.39	€803.67	€1 375.89	Visas, vaccinations and taxis	€171.00	21 521.95 €
Nuno Maria Magalhães Fernandes Thomaz	€58 059.35	€1 141.06	€2 702.62	Visas, vaccinations and taxis	€822.69	62 725.72 €
João Nuno Oliveira Jorge Palma	€32 905.46	€3 069.32	€1 697.54	Visas, vaccinations and taxis	€165.00	37 837.32 €
José Pedro Cabral dos Santos	€2 952.17	€5 603.52	€335.05	Visas, vaccinations and taxis	€159.00	9 049.74 €
Ana Cristina de Sousa Leal	€303.52	€170.19	€151.89	Visas, vaccinations and taxis	€77.20	702.80 €
Maria João Borges Carioca Rodrigues	€1 345.79	€1 110.52	€518.21	Visas, vaccinations and taxis	€103.00	3 077.52 €
Jorge Telmo Maria Freire Cardoso	€18 192.04	€913.24	€781.77	Visas, vaccinations and taxis	€50.00	19 937.05 €
Eduardo Manuel Hintze da Paz Ferreira	€0.00	€0.00	€0.00			
Daniel Traça	€0.00	€0.00	€0.00			
Pedro Fontes Falcão	€0.00	€0.00	€0.00			
Pedro Miguel Valente Pires Bela Pimentel	€0.00	€0.00	€0.00			
José Luís Mexia Fraústo Crespo de Carvalho	€0.00	€0.00	€0.00	Visas, vaccinations and taxis	€180.00	180.00 €
José Ernst Henzler Vieira Branco	€0.00	€0.00	€0.00			

Information on the amounts relating to the inspection body (Audit Committee) is set out in the Board of Directors' tables.

As the provision of Statutory Audit and External Audit services to CGD is not covered by the reduction of remuneration (State Budget Law), information on their respective members has not been published in this document.

APPENDIX 2

Compliance with Legal Guidelines	Compliance Y	N	NA	Quantification / Identification	Justification / Reference in Report
Management Objectives					
Evolution of average payment periods to suppliers	x			-10%	
Disclosure of information on arrears	x			-44%	
Shareholder's recommendations on the last approval of the accounts			X		
Remunerations					
Non-attribution of management bonuses, under article 37 of Law 66-B/2012	x			See information in Chapter on the "Fulfilment of legal guidelines on the level of remunerations" and Appendix I of the Report on Corporate Governance	CGD workers' remunerations were subject to the pay cuts referred to in article 27 of the State Budget Law for 2013 (Law 66-B/2012), together with a reversion measure and a correction factor duly authorised by the Secretaries of State for Public Administration and Finance.
Statutory bodies - pay cut under article 27 of Law 66-B / 2012					
Statutory bodies - pay cut of 5% under article 12 of Law 12-A/2010					
External Auditor - pay cut under article 75 of Law 66-B / 2012			x		
Other workers - pay cuts under article 27 of Law 66-B / 2012	x				
Other workers - no pay increases under article 35 of Law 66					
Article 32 of the PMS					
Use of credit cards	x				In compliance with no. 1 of article 32 of the Public Manager Statute members of CGD's Board of Directors do not use credit cards.
Reimbursement of expense account items	x				In full compliance with no. 2 of article 32, there are no personal expense account items in CGD
Public contracts					
Application of Public Contracting Standards by the company			x		The Public Contracts Code approved by Decree Law 18/2008 of 29 January does not apply to CGD, nor to the companies in a parent/subsidiary or group relationship with it.
Application of Public Contracting Standards by subsidiaries			x		
Contracts submitted for the prior approval of the Portuguese Audit Court	x			2	Software Maintenance contract with IBM and the licensing and maintenance contract for the Service Desk.
Audits of the Portuguese Audit Court			x		
Vehicle Fleet	x			-12	The vehicle fleet was down 12 vehicles from 2012 to 2013
Operating Expenses of State-owned Companies (article 64 of Law 66-B/2012)		x		1,9%	The increase in Employee Costs in comparison to 2012 derived from the reintroduction of holiday and Christmas subsidies
Reduction in the Number of Workers (article 63 of Law 66-B/ 2012					
Number of workers	x			-4,8%	
Number of managerial positions	x			-1,8%	(Including Statutory Bodies)

Excerpt from the Minutes of the Annual Shareholders' Meeting of Caixa Geral de Depósitos, SA

The following text is an excerpt of issue no. 1/14 of the minutes of CGD's general meeting of 22 May 2014, containing a resolution on CGD, S.A.'s 2013 annual report and the proposal for the appropriation of net income, as transcribed below:

"… There being no other interventions regarding this item the chairman of the shareholder's meeting invited the state representative to address the meeting and who greeted all those present and voted in favour of the approval of the board of directors' report and the separate and consolidated accounts for 2013, in due consideration of the favourable opinion expressed in the Audit report and the Statutory Audit certificate on the separate and consolidated accounts and the report and opinion of the Audit Committee.

The meeting then went on to discuss item two on the agenda, concerning the proposal for the appropriation of net income, in which the state representative voted in favour of the proposal for the appropriation of net income submitted by the board of directors that, under the terms of article 66, no. 5, f) and article 376 of the Commercial Companies Code, and article 26 of Caixa Geral de Depósitos's Articles of Association, the loss for the year relative to the separate accounts of CGD for the amount of EUR 1,090,514,990, should be included in the "Other reserves and retained earnings" balance sheet heading.

Regarding the third item on the agenda, the state representative proposed and expressed a vote of confidence in the board of directors and audit board...".

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Caixa Geral
de Depositos