CAIXA GERAL DE DEPÓSITOS CONSOLIDATED OPERATIONS

at 31 December 2014

Unaudited accounts

Index

This document is an English translation of the original Portuguese language document "Atividade Consolidada da Caixa Geral de Depósitos em 31 de dezembro de 2014". The Portuguese original prevails in the event of any inconsistency.

Caixa Geral de Depósitos (CGD)'s negative net income of €348 million, in 2014, comprised a year-on-year improvement of around 40% in its profitability (negative net income of €578.9 million in 2013). This improvement occurred in a context of increased liquidity and favourable shareholders' equity levels.

Gross operating income was up by around 32% to €410.8 million. Reference should be made to the contributions from international operations and investment banking which were up 59% and 40.1%, respectively.

CGD successfully disposed of 80% of its insurance operation, in 2014, taking another important step forwards in respect of its banking activity concentration strategy. This operation met all of the requirements for 2014 as set out in the Economic and Financial Assistance Plan and the provisions of the Restructuring Plan agreed by the Portuguese state and European competition authorities. The disposal resulted in a 0.74 pp (phased in) and 2.33 pp (fully implemented) growth of CET 1.

CGD successfully completed the European Central Bank's (ECB) Comprehensive Assessment in October. The result of this comprehensive valuation confirms the resilience of CGD's balance sheet to highly stringent asset valuation criteria, in addition to the effects of a hypothetical scenario of a new sovereign debt crisis.

CGD returned to the covered bonds market, in 2015, with a 7 year issuance for the amount of €1 billion and a spread of 64 bp on the mid-swaps rate (coupon rate of 1%). This operation follows two covered bonds issuances (January 2014 and January 2013) for the amount of €750 million and a maturity of 5 years, with respective spreads of 188 bp and 285 pp over the mid-swaps rate.

1 – Highlights

Results at 31 December 2014 [1]

1. **CGD's** negative net income of €348 million, in 2014, comprised a year-on-year improvement of around 40% in its profitability (negative net income of €578.9 million in 2013). This improvement occurred in a context of increased liquidity and favourable shareholders' equity levels.

2. Gross operating income was up by around 32% to €410.8 million. Reference should be made to the contributions from international operations and investment banking which were up 59% and 40.1%, respectively.

3. The improved profitability was, however, negatively affected, in the second and third quarters by the recognition of impairment costs on the exposure to Espírito Santo Group (GES) and, in the last quarter, by the additional provisioning endeavours following the AQR as well as the net impact of the cancellation of deferred taxes deriving from the reduction of the IRC rate (€85 million).

   In spite of the above referred to significant additional provisioning endeavours, provisions and impairment costs were down 15.6% in 2014 against the preceding year to €949.6 million.

[1] 2013 values have been restated as the associated company IMOBCI (Mozambique) was reclassified as a subsidiary and integrated by the full integration method, following the implementation of IFRS 10; and the amounts reflect the application of IFRS 10 which implies a change to the preceding year's net income owing to the inclusion of two SPVs in the consolidation perimeter.

The cost of credit risk was 1.18% in 2014, against 1.06% in 2013 and below the maximum of 1.24% observed in 2012.

Credit more than 90 days overdue coverage was up from 99.9% to 102.3% in December 2013 and 2014, respectively.

4. There was a positive evolution of net interest income across the year as a whole, with 2014 ending with growth of 15.7%. Net interest income, including income from equity instruments, also continued to trend to improvement (up 12.4%), in spite of the 28.2% reduction of income from equity instruments.

The behaviour of this margin, however, reflects the impact of the behaviour of financial markets and narrowing credit spreads on economic activity in a framework of an improvement in the perception of the risk attached to the Portuguese economy.

5. Commissions (net) were slightly up over the preceding year by 0.3% to €515 million.

6. The performance of income from financial operations continued to be favourable at €201.7 million, as a result of asset portfolio trading and management operations, in a context of appreciation, particularly in respect of the Portuguese public debt component.

7. There was a year-on-year positive change of 1.4% in net operating income to €1,738.4 million.

8. In line with the operational rationalisation policy and efficiency improvements being made by the Group, operating costs continued to trend downwards by 5.4% in comparison to the preceding year. This was particularly the case of the fresh reduction of 8% in employee costs.

9. The cost-to-income indicator declined to 75.5%, against the preceding year's 81.6%, reflecting both cost reductions and an improvement of net operating income.

10. Loans and advances to customers were down, year-on-year by 4.5% and 3.3%, respectively in net and gross terms to €66,864 million and €72,094 million. This was not an across-the-board decrease in the different sectors of activity but reflected a significant reduction of credit to the state's business sector following a strong flow of early repayments (around €900 million), owing to greater dynamism in credit flows to non-financial private corporations, excluding construction and real estate activities. New mortgage loans were up 16.4%.

11. CGD's market share of corporate loans was 17.8% in November.

12. Customer resources were up 4.9% by €3,291 million year-on-year to a balance of €71,134 million.

13. CGD increased its lead of the customer deposits' segment from 27.6% at the end of 2013 to 28.6% in November 2014, particularly its 32.4% market share of the individual customers' segment in November.

14. International operations made an expressive contribution of €334.3 million (up 59%) to the Group's gross operating income.

Reference should be made to the good performance of the operations in Spain, in which BCG made a profit of €20.1 million against losses of €57.3 million in 2013, as a reflection of the success of the restructuring programme in progress in the referred to unit.

This was accompanied by a visible reduction of the losses made by the CGD branch in Spain from €113.9 million in December 2013 to €66.1 million at the end of 2014.

The operations in Asia and Africa continue to make a highly positive contribution to consolidated profitability with €46.0 million and €44.8 million, respectively.

In spite of the good performance of most Group operations, higher provisioning levels on the Group's international platform owing to the exposure to GES prevented this segment from posting a positive contribution to consolidated net income in 2014 (negative contribution of €2.8 million).

15. ECB financing continued to trend sharply downwards to €3,110 million in consolidated terms at the end of December against €6,335 million at the end of 2013.

16. CGD's comfortable liquidity situation enabled it to make an early repayment of its state-backed debt insurance for a total amount of €3.6 billion.

17. In January 2014, as in the preceding year, CGD returned to the covered bonds market with a new 5 year issuance for the amount of €750 million and a spread of 188 bp on the mid-swaps rate, representing a reduction of around 100 bp in comparison to the level of the bond issuances of 2013, confirming the perception of the growing credibility of its credit in the market.

In 2015, CGD made a fresh issuance of covered bonds – for a higher amount of €1 billion and a longer maturity of 7 years than in the past – with a coupon rate of 1%. This was the lowest rate ever recorded for bonds issued by Portuguese entities with such a maturity.

18. CGD successfully completed the ECB's Comprehensive Assessment in collaboration with the competent national authorities whose results were announced on 26 October 2014. The CET1 ratio projection (transitory dispositions) in 2016 is 9.40% for the baseline scenario and 6.09% for the adverse scenario, i.e. in both cases higher than the minimum thresholds of 8% for the base and 5.5% for the adverse scenario established for the operation. The AQR assessment resulted in an impact of 44 bp in terms of CGD's CET 1 ratio.

The result of the assessment indicates CGD's resilience in both scenarios.

19. The Common Equity Tier 1 (CET 1) ratios, calculated in accordance with CRD IV / CRR "phased-in" and "fully implemented" rules, were 10.8% and 9.7%, respectively. Considering its inclusion in the Special Regime applicable to Deferred Tax Assets, the referred to ratios would be 10.9% and 10.0%, respectively.

2 – Main Indicators (*)

(EUR million)

			Change	
RESULTS	2013-12	2014-12	Total	(%)
Net interest income	854.8	988.7	133.9	15.7%
Net inter. income incl. inc. from equity investm.	923.8	1.038.3	114.5	12.4%
Commissions (net)	513.5	515.0	1.5	0.3%
Non-interest income	791.0	700.1	-90.9	-11.5%
Net operating income from banking	1.714.9	1.738.4	23.6	1.4%
Operating costs	1.403.2	1.327.7	-75.5	-5.4%
Gross operating income	311.7	410.8	99.1	31.8%
Income before tax and non-controlling interests	-673.2	-233.5	439.7	-
Net income	-578.9	-348.0	230.8	-
BALANCE SHEET				
Net assets	113.495	100.152	-13.343	-11.8%
Cash and loans and advances to credit instit.	4.357	5.130	773	17.7%
Securities invest. (incl. assets w/ rep. agreem.)	19.035	19.562	527	2.8%
Loans and advances to customers (net)	70.018	66.864	-3.154	-4.5%
Loans and advances to customers (gross)	74.530	72.094	-2.436	-3.3%
Central banks' and credit institutions' resources	9.735	6.002	-3.733	-38.3%
Customer resources	67.843	71.134	3.291	4.9%
Debt securities	8.791	7.174	-1.617	-18.4%
Shareholders' equity	6.676	6.493	-183	-2.7%
RESOURCES TAKEN FROM CUSTOMERS	94.126	100.086	5.960	6.3%
PROFIT AND EFFICIENCY RATIOS				
Gross return on equity - ROE (1) (2)	-9.4%	-3.2%		
Net return on equity - ROE (1)	-7.2%	-3.6%		
Gross return on assets - ROA (1) (2)	-0.6%	-0.2%		
Net return on assets - ROA (1)	-0.5%	-0.3%		
Cost-to-income (2)	81.6%	75.5%		
Employee costs / Net operating income (2)	46.1%	41.5%		
Operating costs / Average net assets	1.2%	1.3%		
Net operating income / Average net assets (2)	1.5%	1.7%		

(1) Considering average shareholders' equity and net assets values (13 observations).
(2) Ratios defined by the Bank of Portugal (Instruction no. 23/2012).
(*) 2013 values have been restated as the associated company IMOBCI (Mozambique) was reclassified as a subsidiary and integrated by the full integration method, following the implementation of IFRS 10; and the amounts reflect the application of IFRS 10 which implies a change to the preceding year's net income owing to the inclusion of two SPVs in the consolidation perimeter.

(%)

CREDIT QUALITY AND COVER LEVELS	2013-12	2014-12
Overdue credit / Total credit	6.7%	7.7%
Credit more than 90 days overdue / Total credit	6.1%	7.1%
Non-performing credit / Total credit (2)	7.5%	8.9%
Non-performing credit (net) / Total credit (net) (2)	1.6%	1.8%
Credit at risk / Total credit (2)	11.3%	12.2%
Credit at risk (net) / Total credit (net) (2)	5.6%	5.3%
Restructured credit / Total credit (3)	8.0%	10.6%
Restr. crd. not incl. in crd. at risk / Total crd. (3)	4.8%	6.3%
Overdue credit coverage	91.0%	94.3%
Credit more than 90 days overdue coverage	99.9%	102.3%
Crd. Imp. (P&L) / Loans & adv. custom. (aver.)	1.06%	1.18%
STRUCTURE RATIOS		
Loans & adv. customers (net) / Net assets	61.7%	66.8%
Loans & adv. custom. (net) / Custom. dep. (2)	103.5%	94.5%
SOLVENCY RATIOS (CRD IV/CRR) (4)	(01/JAN/2014)	
Common equity tier 1 (phased-in)	10.9%	10.8%
Tier 1 (phased-in)	10.9%	10.8%
Total (phased-in)	12.4%	12.6%
Common equity tier 1 (fully implemented)	7.6%	9.7%
Considering DTA:		
Common equity tier 1 (phased-in)	-	10.9%
Total (phased-in)	-	12.8%
Common equity tier 1 (fully implemented)	-	10.0%

(2) Ratios defined by the Bank of Portugal (Instruction no. 23/2012).
(3) Ratios defined by the Bank of Portugal (Instruction no. 32/2013).
(4) Solvency ratios include results for the period.

3 – Economic and Financial Outlook

Global

In 2014, the world economy is likely to have grown at an identical rate to that of the preceding year (3.3%), according to the January interim estimates published by the International Monetary fund (IMF). The IMF also indicated that although countries in the developed bloc will have achieved a 0.5 pp acceleration in activity rates, they remain, however, very low (1.3% in 2013 and 1.8% in 2014); There was a cooling off of activity in the emerging and developing blocs from 4,7% in 2013 to 4,4% in 2014.

The world economy continues its moderate, heterogeneous growth, with very slow growth being recorded in the developed countries

There was, once again, a lack of homogeneity in the evolution of growth across the main regions and economies. Whereas, for example, improvements gained pace in the US and the United Kingdom over the course of 2014, particularly driven by domestic demand, the rate of activity in the euro area, although the economy returned to growth following two years of contraction, remained modest.

Reference should be made to US economic performance which achieved its highest growth rates of the last decade, with a visible acceleration of economic activity, following the negative impact of the bad weather felt at the start of the year.

Upturn, however, more intense in US and UK

Pursuant to the above, the Fed, as planned, ended its quantitative easing programme in October.

On the negative side reference should be made to the continuing trend towards the cooling off of the emerging and developing economies, namely as the result of geopolitical issues, in addition to the continuation of structural weaknesses, together with the impact of the evolution of commodity prices.

Fed ends its quantitative easing programme

As a consequence of low economic growth, still high unemployment rates and lower commodity prices, inflation, across a large number of developed economies, remained very low and was also down in diverse emerging economies.

Inflation generally at very low thresholds

Europe

According to the European Commission's October estimates, activity in the euro area grew at an annual rate of 0.8%, primarily on account of the contribution made by domestic demand. Positive growth rates were achieved across the main member states, with the exception of Italy. Performance was also positive across the southern European economies, which returned to growth. Special reference should be made to growth in Ireland and, to a lesser extent, Spain.

Domestic demand contributes to euro area growth

Better performance of southern European economies

There was a slight improvement in the region's unemployment rate, in 2014, following two consecutive years of increase. The average rate of unemployment up to November, was 11.6%, down 0.4 percentage points over 2013.

Price evolution in the euro area fuelled fears of an extended period of very low inflation or even deflation. The Harmonised Index of Consumer Prices (HICP), recorded an average change of 0.4%, one percentage point down on 2013 and only higher than the value noted in 2009, when the referred to average rate was 0.3%.

Fears of deflation spread across Europe

To incentivise economic growth and taking into account increasing concerns over inflation levels, the main central banks strengthened their monetary stimulus measures, both by increasing liquidity, and, whenever possible, by reducing their key reference rates.

New monetary policy options to promote growth

The European Central Bank (ECB) was particularly active during the year. Economic evolution in general led to two resolutions (June and September) to reduce key reference rates, in which the deposit rate moved into negative territory for the first time in history. It also announced new LTROs (long term refinancing operations) with the aim of incentivising the supply of bank credit to non-financial corporations and households as well as two programmes for the purchase of secondary market debt securities, namely ABS and covered bonds.

Across-the-board narrowing of sovereign yields

The yields on public debt, in 2014, were down once again, at an even sharper rate than in the preceding year, to new minimums since the inception of Monetary and Economic Union. This was also the case in Portugal.

ECB's actions have a decisive effect on the behaviour of interest rates and markets

The ECB once again played a decisive role in respect of Euribor rates which fell to new minimums during the year with the 1 and 2 week maturities closing at negative levels.

Portugal

GDP in Portugal departs from its negative trend of the last 4 years

According to the Bank of Portugal's projections in the December 2014 issue of its Economic Bulletin, the Portuguese economy returned to positive growth, in 2014, for the first time in four years. This positive evolution derived from the behaviour of domestic demand, given that, as opposed to the recent past, foreign trade's contribution to GDP was negative, in 2014, with imports being higher than exports.

Positive contribution from domestic demand

In the labour market, the unemployment rate was down over the first three quarters of 2014 to a 4 year low, at 13.1%. A total of 688,900 workers were unemployed, down 16% quarter-on-quarter 2013.

Fall in unemployment rate

On the budget front, endeavours continue to be made to reduce the deficit which is estimated to be less than the target defined by the government. A particularly important contribution was made by the higher than expected growth of tax revenues, in 2014, accompanied by a drop of public expenditure.

Continuation along path to fiscal consolidation

As across most Eurozone countries, the Portuguese HICP was visibly down, in 2014, to an average rate of -0.3%, as opposed to 0.3% in 2013.

Inflation in negative terrain

Portugal successfully exited its Economic and Financial Assistance Programme in May without the need for any precautionary measures.

End of Economic and Financial Assistance Programme

The main equity indices achieved gains, in 2014, albeit less than in 2013. Gains on the European and US markets were 4.4% and 11.4%, respectively. In Portugal, after achieving gains of 18% by the start of April, the PSI20 fell 26.8%. This was one of the worst results worldwide, with only the Russian and Greek markets turning in lower levels. The Morgan Stanley index for emerging markets, down 4.6%, in 2014, was very similar to the preceding year's decline of 5.0%.

The more positive evolution of the US economy and the Fed's ending of its quantitative easing programme, in 2014, led to the dollar's appreciation against the major currencies. The ECB's adoption of new expansionary measures also led to a 10% depreciation of the euro against the US currency.

4 – Strategy and Structure of CGD Group: Evolution in 2014

CGD completed an important stage of its strategy, in 2014, tightening its focus as a commercial retail bank at the service of Portuguese households and companies, completing the disposal of its non-banking financial investments, as provided for in the Economic and Financial Assistance Programme included in the Restructuring Plan.

Continuation of strategic focus on banking activity

Reference should be made to the following developments in CGD Group's structure, in 2014:

Active policy for backing companies and continued support for households

- On 30 April, in the sphere of the reorganisation of the Group's equity stakes in Cape Verde, CGD, Banco Interatlântico (BI) and Banco Comercial do Atlântico (BCA) sold their respective equity stakes of 41.55%, 4.35% and 10% in the share capital of Garantia – Companhia de Seguros de Cabo Verde to Fidelidade - Companhia de Seguros. CGD and BI therefore ceased to have any equity stake in Garantia and BCA reduced its stake in the insurance company to 25%. At the same time, on 7 May, CGD purchased an equity stake of 6.76% in BCA from Garantia, increasing its direct equity stake in the bank to 54.41%;

- On 15 May, Caixa Seguros e Saúde, S.G.P.S. sold 80% of the share capital of Fidelidade - Companhia de Seguros, Cares - Companhia de Seguros and Multicare - Seguros de Saúde to the Chinese group Fosun, in the sphere of the privatisation of CGD's insurance group. As provided for in Fidelidade's sales agreement, Caixa Seguros could have an equity stake of 15%, with the disposal of 5% of the share capital to workers. The public offering for sale took place on 15 October, with the sale of 16,860 shares to workers. The remaining shares, to make up the 5% of Fidelidade's capital, were purchased by Fosun Group on 8 January 2015;

Sale of 80% of the equity stakes in the insurance companies

- CGD disposed of its 1.1% equity stake in REN – Redes Energéticas Nacionais, S.G.P.S. on 17 June in the sphere of the company's 2nd reprivatisation stage in the form of a domestic public offering and direct sale to qualified national and international investors;

- The company's dissolution was approved on 31 December, in the form of a Unanimous Written Resolution of the shareholders of Gerbanca, S.G.P.S. - CGD and Caixa-Participações, S.G.P.S., with 92% and 8% of the share capital, respectively.

Positive results from the restructuring operation in Spain

Streamlining operations continued to be performed on the branch office network in Portugal across the year as a whole, with the closure of 17 "face-to-face service" branches with low business revenues or in the immediate vicinity of other branches, together with a reduction of 191 employees. There were 19 closures of other "in-person customer service" branches on the domestic network in 2015. Abroad, with the exception of Spain (with a reduction of 58 branches), witnessed an expansion of the physical network with the opening of 36 branch offices in Mozambique, 6 in Angola, 4 in Timor and 1 in São Tomé e Príncipe.

Rationalisation of the branch office network and development of distance channels based on a continuous improvement of the quality of services approach

The streamlining of the domestic branch office network has been accompanied by a reinforcement of distance channel services, always pursuant to an approach based on improvements to the quality of service, tailored to meet the new profiles and needs of the population.

5 – Results, Balance Sheet, Liquidity and Solvency

Results

Caixa's losses of €348.0 million down €230.8 million over 2013

Following positive levels of profitability over the first three quarters of 2014 as a whole, various extraordinary factors had a penalising effect on CGD's results which, albeit negative in amount of €348 million in 2014, represent a year-on-year improvement of around 40% (negative net income of €578.9 million).

The improvement of profitability was, however, negatively affected, in the second and third quarters by the recognition of impairment costs on the exposure to Espírito Santo Group (GES) and, in the last quarter, by the provisioning endeavours following the AQR as well as the net impact of the cancellation of deferred taxes deriving from the reduction of the IRC rate (€85 million).

In spite of the above referred to additional provisioning endeavours, provisions and impairment costs were down 15.6% in 2014 against the preceding year to €949.6 million.

The cost of credit risk was 1.18% in December 2014, against 1.06% in December 2013.

Growth of 15.7% in net interest income

Reference should be made to the recovery of net interest income which recorded a year-on-year growth of 15.7% (net interest income) and 12.4% (net interest income including income from equity instruments).

Active management of net interest income

Active net interest income management, in a context of a continuous decline of Euribor rates, effectively comprises an important instrument for laying the groundwork for CGD's convergence to a sustained trajectory of profitability.

This approach is visible in the case borrowing operations, reference should be made to the marked contribution made by the repricing of interest on a relevant part of the deposits portfolio.

Interest rates on lending operations continued to reflect the evolution of financial markets in an environment of an improved perception of country risk.

Marked, continual reduction of costs which, in December, were down 5.4% over the end of 2013

Cost control and operational rationalisation have comprised strategic thrusts behind the objective of optimising efficiency. Operational costs accordingly trended to negative across the year as a whole to a year-on-year decrease of 5.4% in December. Special reference should be made to the 8% reduction of employee costs to €64.4 million, over the preceding year, of which around €40 million from the operation in Spain.

Improvement of cost-to-income ratio

Following this improvement, cost-to-income decreased to 75.5% (81.6% in 2013).

OPERATING COSTS AND DEPRECIATION

(EUR million)

	2013-12	2014-12	Change Total	Change (%)
Employee costs	793.0	729.6	-63.4	-8.0%
Other administrative expenses	476.3	487.4	11.1	2.3%
Depreciation and amortisation	133.9	110.7	-23.2	-17.3%
Total	**1.403.2**	**1.327.7**	**-75.5**	**-5.4%**

Good performance of financial operations

The performance of financial operations whose respective results totalled €201.7 million, remained highly positive. The gains achieved in 2014 essentially reflected the good performance of regular trading and asset portfolio management activities, taking advantage of their respective appreciation, particularly in respect of the Portuguese public debt component.

Gross operating income up by 32%

The combination of these factors as a whole took the form of an expressive increase in gross operating income (€410.8 million) which was up 31.8% over the end of 2013. Reference should be made to the performance of international activity and, albeit to a lesser extent, investment banking, which contributions increased 59.0% and 40.1%, respectively.

CONTRIBUTION TO GROSS OPERATING INCOME

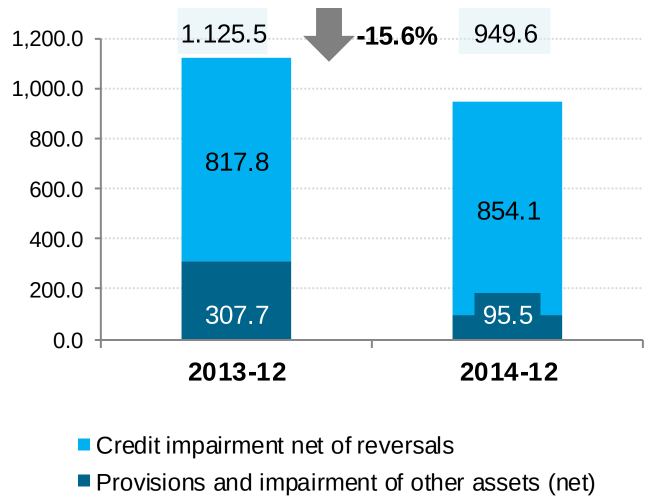
(EUR million)

	2013-12	2014-12	Change Total	Change (%)
Domestic commercial banking	79.8	56.4	-23.4	-29.3%
International activity	210.2	334.3	124.1	59.0%
Investment banking	24.7	34.6	9.9	40.1%
Other	-3.0	-14.5	-11.5	-
Gross operating income	**311.7**	**410.8**	**99.1**	**31.8%**

Major contribution to gross operating income from international activity

PROVISIONS AND IMPAIRMENT IN PERIOD

(EUR million)



In spite of trending downwards against the preceding year, provisions and impairment costs on the exposure to GES, had a penalising effect on consolidated net income

The increase of impairment costs, in 2014, owing to the exposure to GES, conditioned the Group's consolidated net income to a negative amount of €348.0 million. This translated into an improvement of around 40% in the Group's profitability (negative net income of €578.9 million, in 2013).

Balance Sheet

Reduction of assets, particularly on the sale of the insurance companies and the reduction of the credit balance

The Group's consolidated net assets were down 11.8% by €13,343 million to €100,152 million at the end of 2014, over the preceding December. This expressive reduction particularly derived from the sale of 80% of the capital of the Group's insurance businesses.

Albeit at a slower rate than in the preceding year, credit balances were also down 3.3% (gross) and 4.5% (net).

These were not across-the-board decreases in the different sectors of activity but reflected the significant reduction of credit to the state's business sector following a strong flow of early repayments owing to greater dynamism in credit flows to non-financial private corporations, excluding construction and real estate activities.

The value of securities investments (including assets with repurchase agreements) was up 2.8% by €527 million.

Growth of customer resources in spite of the downwards repricing of the respective interest rates

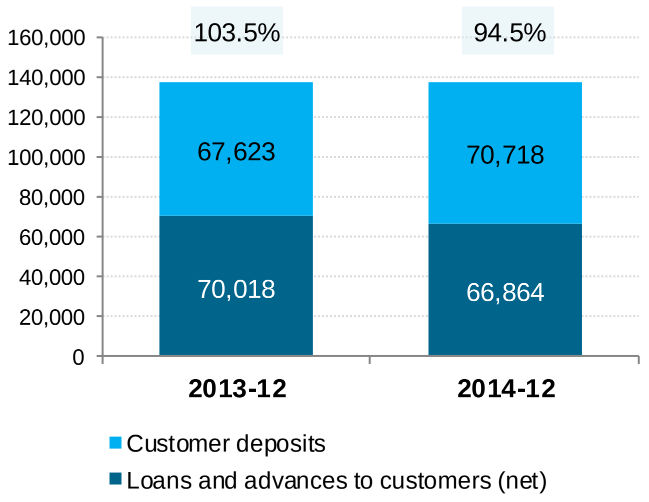
The sale of the insurance operation was also reflected in the evolution of liabilities, which were down 12.3% over December 2013. Another contributory factor was the continued decline of resources obtained from the European Central Bank (down €3.2 million) and the early repayment of €3.6 billion in state-backed own debt.

This was offset, however, by customer resources that, in a context of the downwards revision of their respective interest rates recorded an expressive positive 4.9% annual change of €3,291 million to €71,134 million, in December.

There was another reduction of the loans-to-deposits rate to 94.5%, as a consequence of the already referred to increase in customer deposits and reduction of loans and advances to customers (net).

LOANS TO DEPOSITS RATIO

(EUR million)



Credit overdue for more than 90 days stabilises over the last quarter

Increase in provisions and impairment cover

The credit overdue more than 90 days ratio was 7.1%, having stabilised in comparison to the 7.2% in September last, in spite of being higher than the preceding year's ratio of 6.1%. The respective impairment cover was increased from 99.9% in December 2013 to 102.3%.

The credit at risk ratio, calculated in conformity with Bank of Portugal criteria, was 12.2% (11.3% at the end of 2013).

Reference should be made to the penalising effect of the reduction of the average portfolio balance on these indicators.

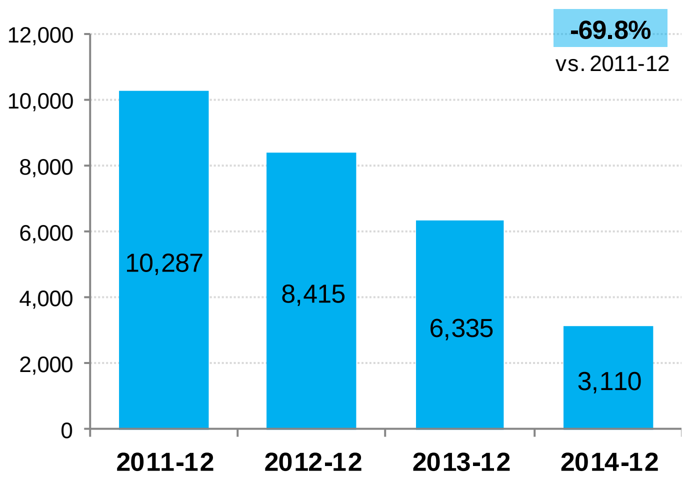
Liquidity

CGD's continued to enjoy a favourable liquidity situation, in 2014, as expressed in the consistent decline in resources obtained from the ECB, in which CGD's liabilities to the ECB were down €3.2 billion over the preceding year to €1.5 billion at the end of the year. On a CGD Group level, total resources obtained from the ECB also reflected this reduction from €6.3 billion at the end of 2013 to €3.1 billion in December 2014.

Sustained reduction of ECB financing which stood at €3.1 billion in December 2014 against €6.3 billion at the end of 2013

ECB FUNDING (CONSOLIDATED)

(EUR million)



In December, CGD decided to substitute a part of this financing by new Targeted Longer-Term Refinancing Operations (TLTROs), created by the ECB to boost the credit market.

Early repayment of state-backed debt and subsequent cost reduction

CGD's highly comfortable liquidity situation also enabled it, based on a cost reduction approach, to make an early repayment of the remaining €3.6 billion in state-backed bonds in its portfolio.

Management of the available assets pool allocated to operations with the Eurosystem, on a CGD Group level, led to a decline in its respective value to €12 billion in December, against more than €17 billion at the end of 2013. It should, however, be noted that the value of the available (i.e. unused) assets, remained relatively stable at €9 billion at the end of 2014. This amount is substantially in excess of the amount of the whole of the outstanding debt placed in the institutional market.

There was a substantial decrease in the own debt balance during the course of the year, with the maturity of two public issuances for more than €2 billion, including the repayment of all bonds on the public sector.

Issuance of €750 million in covered bonds with a maturity of 5 years in January 2014

As in January 2013, CGD successfully issued an amount of €750 million in covered bonds with a maturity of 5 years and a coupon rate of 3% at the start of 2014. The spread of 188 bp on these bonds' mid-swaps rate translated into a reduction of around 100 bp in financing costs within a one year period.

New issuance of €1 billion in covered bonds with a 7 year maturity and historically low coupon rate (1%) in January 2015

In January 2015, with the aim of strengthening its financing capacity to the Portuguese economy, CGD returned to the markets with a €1 billion covered bonds issuance with a maturity of 7 years. Investors' interest in these securities and their respective recognition of the quality of CGD's credit were clearly visible in the order books, with an increase in the participation of traditionally more demanding and selective investor segments having been noted. Such good results made it possible to pay a final coupon rate of 1%, representing a historically low level for bonds issued by a Portuguese entity with this maturity.

Solvency

Shareholders' equity totalled €6 492.8 million at the end of December 2014, down by a slight 2.7% over the preceding year and particularly influenced by the evolution of "Other reserves and retained earnings".

SHAREHOLDERS' EQUITY

(EUR million)

	2013-12	2014-12
Share capital	5.900.0	5.900.0
Fair value reserves	63.9	411.8
Other reserves and retained earnings	409.6	-437.9
Non-controlling interests	880.9	966.9
Net income	-578.9	-348.0
Total	**6.675.6**	**6.492.8**

CET 1 *fully implemented*: 9.7%

The Common Equity Tier 1 (CET 1) ratios, in consolidated basis, calculated in accordance with CRD IV / CRR "phased-in" and "fully implemented" rules, were 10.8% and 9.7%, respectively, against 10.9% and 7.6% on 1 January 2014.

Considering the Special Regime applicable to DTA – Deferred Tax Assets, the referred to ratios would be 10.9% ("phased-in") and 10.0% ("fully implemented").

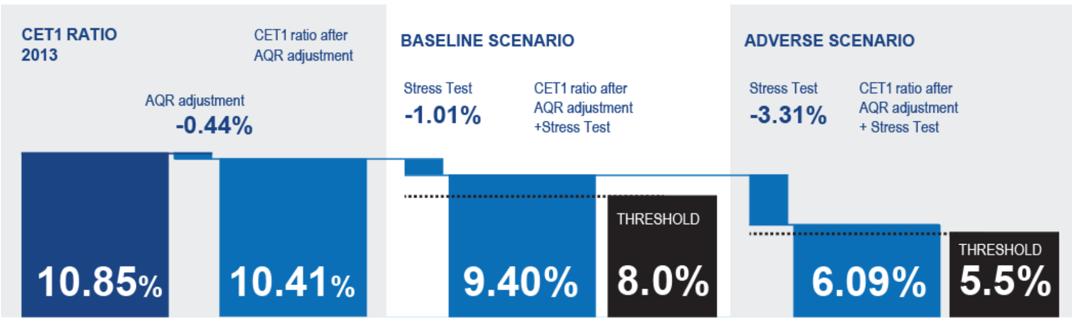
CET 1 *phased-in*: 10.8%

CGD successfully completed the European Central Bank's (ECB's) Comprehensive Assessment on 130 European banks, whose results were announced on 26 October 2014.

The referred to assessment which included the Asset Quality Review (AQR) and Stress Test, confirmed CGD's balance sheet's capacity to cope with very stringent asset valuation criteria, in addition to the effects of a hypothetical new sovereign debt crisis scenario.

Successful completion of the ECB's Comprehensive Assessment

The projection for the CGD's CET1 (transitional dispositions) ratio, in 2016, was 9.40% for the base and 6.09% for the adverse scenario, i.e. in both cases higher than the minimum thresholds of 8% for the baseline scenario and 5.5% for the adverse scenario established in the exercise.



Caixa Geral de Depósitos has therefore reaffirmed its strength as the Portuguese banking system leader, in its capacity, in accordance with its mandate, of contributing to national economic development on behalf of its customers.

6 – Operating Segments

Commercial Banking

CGD continued to operate as a benchmark entity in financing the economy, in 2014. With a strategic focus on boosting its corporate business, Caixa – based on its teams of commercial accounts specialising in SMEs, micro enterprises and entrepreneurs – furthered and strengthened its backing for the economy across all economic sectors, particularly in the tradable goods segment, backed by a diversified sectoral offer. Reference should, herein, be made to the attention paid to the treasury function and corporate capitalisation support, which are especially relevant in the present economic circumstances. The flexibility of such an approach was also improved through the Group's extensive international platform, which operates as a seamless business network, both for companies and individual customers.

Promotion of business with companies that present best projects and contribute to growth and renewal of the economy

In the individual customers' segment, CGD has refreshed its development of a model to back households' investment decisions, adjusting it to an economic and social framework undergoing gradual transformation in which marked economic structural changes in the profile, behaviour and objectives of the various economic agents are already visible.

Special care taken over corporate capitalisation and treasury function measures

Caixa's branch office network continues to be the only one with a physical presence in all municipal districts nationwide.

Caixa continued to adjust its physical domestic retail network, in 2014 and has a total number of 720 " face-to face customer service" branches (down 17 over the end of 2013), 39 self-service branches (up one) and 27 Caixa "Corporate Offices" (down 2), to 786 business units at the end of the year.

In continuing to focus on positive differentiation in terms of its customers' experience and its commercial dynamics, Caixa also continued to expand its dedicated management services, providing for more than 1 million individual and 40,000 corporate customers in the form of its:

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

- Caixazul service available at 576 branch offices (80% of the network) at the end of 2014, provided by 945 dedicated account managers,
- Caixa Mais service provided by 1,337 commercial assistants at 699 branches (97% of network)
- Caixa Empresas personalised customer and financial advisory service, for:
    - SMEs, with its own network of 27 offices with 100 dedicated account managers,
    - The self-employed and micro-enterprises based on a team of 315 dedicated account managers and Caixa Empresas spaces at 720 Caixa branch offices.

Caixa Empresas service particularly dynamic, deriving from CGD's "Corporate Banking" approach"

Caixazul and Caixa Mais service models account for 62% of business revenues in the individual customers' segment. The Caixa Empresas service, with business revenues of €4,183 million, posted growth of 6.4% over the preceding year.

One of Caixa's major priorities in its approach to different customer strata is to continue to boost the use of electronic channels in order to improve the flexibility of the service provided and subsequently the greater satisfaction of its corporate and individual customers.

Improvement and extent of distance channels help to improve customers' satisfaction and quality of service

Caixa e-Banking, as Caixa's internet banking service for corporate and institutional customers, continued to trend to growth in 2014 and was responsible for average daily movements of €106 million. New functionalities related with foreign trade and prepaid cards for companies were implemented on this service during the course of the year.

Caixa improves its leading position in the use of electronic platforms as business levers

The internet banking service for Caixadirecta's individual customers, recorded 338 million operations in 2014, up 19.4% over the preceding year. Special reference should be made to the significant growth of the service using the Caixadirecta app, which already accounts for around 32% of its total operations.

Caixadirecta app one of the first free financial apps

Caixa has continued to play a pioneering role in this domain. This is notably visible in the availability of new functions on distance channels. Reference should be made of the possibility of using the above referred to Caixadirecta app to contract for products, making it possible to open term deposit accounts, apply for cards and personalise frequent operations and the Caixadirecta online service which provides access to share trading in new markets (Amsterdam, Brussels and Paris Euronext) and open savings accounts.

New services:
- Caixa plim
- Multimedia Kiosk
- Conta Base

New services, in line with the latest market trends, were launched in 2014 in Caixa's pursuit of an innovation strategy. This is exemplified by Caixa plim as a unique, pioneering service in the national market for mobile applications, which makes it possible to pay small amounts based on customers' contacts. Another example is the supply of a pilot multimedia kiosk application at two branches, enabling customers to interact with the equipment via the use of their "citizens" (i.e. ID) cards, in addition to traditional means of access (pass-books and cards).

Resources

32.4% market share of individual customers' deposits

CGD continues to enjoy the lion's share of the deposits market in Portugal, particularly in the case of individual customers with an increasingly marked growth trend at 32.4% in November 2014.

With the objective of leveraging the retention and growth of sufficiently profitable balance sheet resources, Caixa launched several savings and investment solutions during the course of 2014. Reference should be made, in terms of deposits, to the six bi-monthly resource-taking initiatives (Base and Integrated Deposits Offer) and automatic savings solutions. 49 short and long term tracker deposit products with guaranteed capital on maturity and varied interest structures were commercialised.

Proactive offer of savings and investment solutions based on better knowledge of customers' profiles (household and individual customers)

Nine medium/long term capitalisation campaigns, guaranteeing capital and fixed interest on maturity were launched in the financial insurance sphere.

Caixa pioneered the launch of its Basic Account at 31 December 2014. This is a current account which includes a collection of basic banking services. The "Conta Base" (Basic Account), which complies with Bank of Portugal recommendations, with a statement or pass-books option, is for individual customers.

Total deposits in the domestic branch office network were up 6.8% across all segments over the preceding year to €58,861 million.

In terms of the Group's "universe", the resources-taken balance (excluding the interbank market) totalled €108,027 million, i.e. year-on-year growth of 4.1%. Another contributory factor was the favourable evolution of off-balance sheet resources which were up 10.9% over the end of December 2013.

RESOURCES TAKEN BY CGD GROUP – BALANCES

(EUR million)

	2013-12	2014-12	Change Total	Change (%)
Balance sheet	**79.158**	**80.737**	**1.579**	**2.0%**
Retail	69.525	72.796	3.270	4.7%
Customer deposits	67.623	70.718	3.095	4.6%
Other customer resources	1.903	2.078	175	9.2%
Institutional investors	8.733	7.041	-1.692	-19.4%
EMTN	4.064	2.282	-1.783	-43.9%
Covered bonds	3.810	4.579	769	20.2%
Other	858	180	-679	-79.0%
Portuguese State - Conting. convert. bonds	900	900	0	0.0%
Off-balance sheet	**24.601**	**27.291**	**2.690**	**10.9%**
Total	**103.759**	**108.027**	**4.268**	**4.1%**
Total (excl. inst. inv. and Portuguese state)	**94.126**	**100.086**	**5.960**	**6.3%**

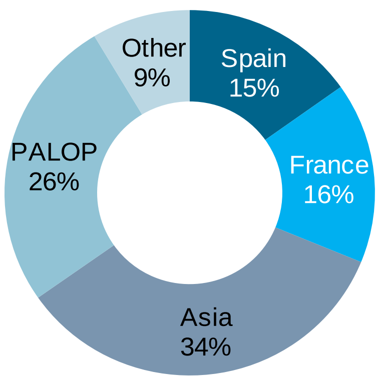
Growth of resource-taking in both the domestic and international markets

Not considering resources taken from institutional investors and CoCo bonds, the year-on-year change was up 6.3% to more than €5,960 million.

The international area's contribution to total resource-taking remained highly favourable, with an increase of 5.3% over the end of 2013 to €15,321 million. Reference should be made to CGD units in Asia, Africa and Spain as well as France.

CUSTOMER DEPOSITS - INTERNATIONAL ACTIVITY

(%)



Note: PALOP – Portuguese Language Speaking African Countries

International network contributes €15,321 million to total customer deposits

Credit

In reinforcing its role in promoting the domestic economy, Caixa has been taking steps to improve customer proximity, the intensity of relationships and quality of service provided. The following initiatives were implemented in 2014:

Fresh actions to reinforce CGD's corporate offer

- The launch of new "Linhas Protocoladas" (Specific Lines) including "PME Crescimento 2014" (SME Growth), "Comércio Investe" (Commerce Invest) and "Linha Garantia Mútua-FEI" ("Special Mutual Guarantee Investment Line) 2013-2015;
- Enhancement of Caixa's Sectoral Offer, in the form of 7 different solutions focusing on specific sectors of activity, particularly the re-launch of our value proposal related to Iberian Business;

- Optimisation of corporate credit operation pricing terms, aligned with the respective risk and market conditions.

CGD's level of involvement in backing the investment projects of Portuguese companies continues to be comprehensive (micro, SME and major enterprises), translating into funding of €1,843 million for new and medium term operations.

In an environment in which demand is slowly recovering but still weak, the volume of new corporate loans, albeit rising (up 5% over the preceding year), has still not made it possible to offset portfolio repayments, leading to a 6.3% reduction of the respective balance. It should, however, be noted that an expressive contributory factor to this reduction was the flow of early repayments of credit operations to the state's business sector as the private sector, individual customers and companies are starting to show signs of greater dynamism.

Market share of 17.8% in *Linha PME Crescimento* market in 2014

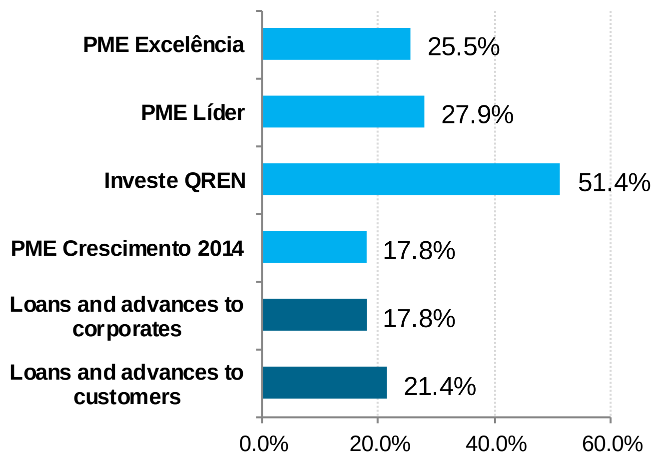
The "Linha PME Crescimento 2014" (SME Growth) provides continuity to the "Linha PME Investe/PME Crescimento" (SME Invest/SME Growth) as a fundamental pillar for financing Portuguese SMEs and is geared to improving this corporate segment's access conditions to finance, with mutual guarantees, competitive spreads and extended maturities, with a grace period on capital. Subject to a credit ceiling of €2 billion, Caixa has approved more than €284 million for this line (operations received by mutual guarantee companies up to December 2014), comprising a market share of around 17.8%.

Around €216.4 million of fresh loans were made under "PME Investe" credit lines, in 2014, to a portfolio total of €1,427 million at the end of 2014.

Caixa has approved more than €6,024 million in "PME Investe/PME Crescimento" funding (operations received by Mutual Guarantee Companies up to December 2014), since 2008.

MARKET SHARES - CREDIT LINES

(%)



28% of total *PME Líder* statuses attributed

Market share of 26% of *PME Excelência* statuses

In line with its objective of being the bank of choice of the best SMEs, Caixa was, for the second consecutive year, the bank with the largest number of new "Estatuto PME Líder" (Leading SME Status) status entrants with a market share of around 28% in the number of statuses attributed. Around 73% of the total number of 7,748 PME Líder companies are Caixa customers. Caixa has accordingly increased its number of "PME Excelência" (SME Excellence) companies by around 85% (467 companies or a share of around 26%).

Caixa's position in government lines and in the "Estatuto PME Líder/PME Excelência" companies reflects the market's growing recognition of its status in the corporate market, as shown in the following table.

Market share of 20.1% in secondary export support lines

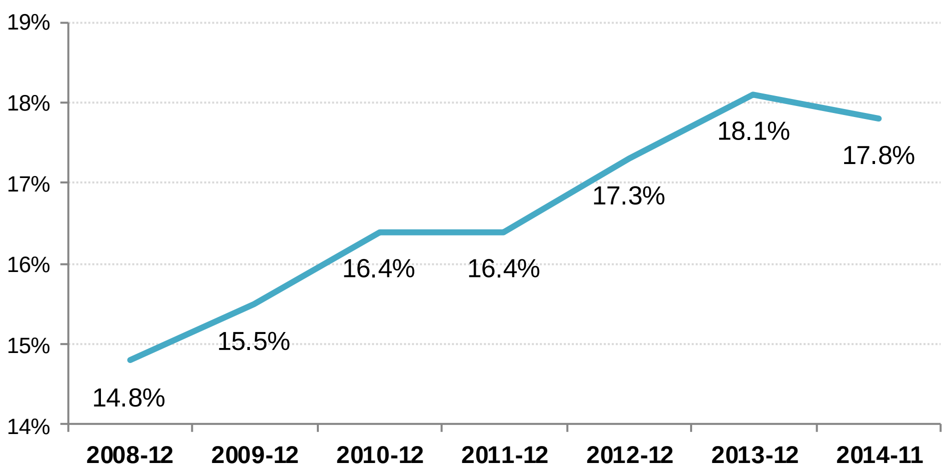
As part of its strategy for backing exporting companies, Caixa's market share of specific secondary lines for export support is 20.1% by amount of financing.

In the context of highly aggressive competition from major banks operating in Portugal, CGD's had a 17.8% market share of loans and advances to companies in November against 18.1% at the end of 2013. Reference should, once again be made to the fact that 2014 witnessed a strong flow of early credit repayments by state-owned companies, which had a significant impact on CGD's credit balance.

MARKET SHARE – CORPORATE LOANS

Favourable evolution of market share of loans and advances to companies in a highly competitive context

(%)



In its mortgage lending, Caixa has furthered the development of initiatives designed to strengthen the value of its respective offer, particularly as regards its repricing operations, improvement to the range of Base Fixed Rate indicators and its downwards revision of life insurance tariffs associated with mortgage lending operations.

Initiatives designed to strengthen and improve CGD's mortgage loans

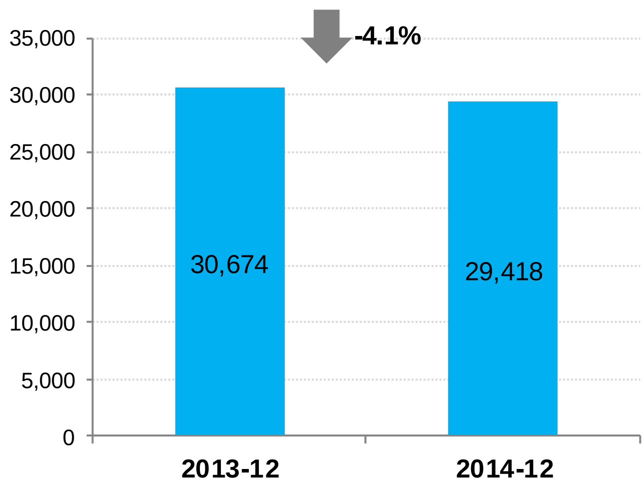
Caixa has continued to promote the commercialisation of property in its own portfolio property not in use for its main activity and property built with Caixa finance. Reference should be made to differentiation in terms of finance, providing customers, in the first 5 or 10 years of the contract, with a better fixed rate, and a reduction in the spread on the operation and extended repayment periods, across the remaining period of the contract.

Development of fixed-rate offer for mortgage operations

In light of historically low Euribor levels, Caixa has been making significant improvements to its range of fixed rates associated with mortgage loans, guaranteeing a reduced spread between Euribor and fixed rates, enabling households to maintain their financial stability when subscribing for a new loan with maturities of up to 20 years.

MORTGAGE CREDIT PORTFOLIO – BRANCH OFFICE NETWORK
(PORTUGAL)

(EUR million)



Fresh mortgage loans of more than €500 million

New mortgage credit operations in terms of CGD's activity in Portugal were up 16.4% over the preceding year to €539.2 million. However, the volume of repayments and settlements has outpaced the volume of new operations, resulting in an annual reduction of 4.1% in the amount of portfolio credit.

In consolidated terms, loans and advances to customers (gross) were down 3.3% by €2,437 million to €72,093 million at the end of 2014 over the amount posted in December 2013. CGD Portugal accounted for €54,978 million and the remaining Group units for €17,114 million, representing 76% and 24% of total loans and advances to customers, respectively.

LOANS AND ADVANCES TO CUSTOMERS [(a)] (CONSOLIDATED)

(million euros)

			Change	
	2013-12	2014-12	Total	(%)
CGD's operations in Portugal	**58.333**	**54.978**	**-3.355**	**-5.8%**
Corporate	21.980	20.598	-1.382	-6.3%
General government	3.056	3.139	83	2.7%
Institutionals and other	1.477	767	-710	-48.1%
Individual customers	31.820	30.474	-1.346	-4.2%
Mortgage loans	30.674	29.418	-1.256	-4.1%
Other	1.146	1.056	-90	-7.9%
Other CGD Group companies	**16.197**	**17.114**	**918**	**5.7%**
Total	**74.530**	**72.093**	**-2.437**	**-3.3%**

Reference should be made to BCI's increase of 31% and BNU's increase of 48% in gross credit.

The banks located in Africa posted a 25.6% growth in loans and advances to customers (gross) to €3,023 million in 2014. Special reference should be made to BCI in Mozambique with a 31% increase of €351 million over December 2013. BNU's loans, in Macau, were up 47.6% by 733 million year-on-year.

International Activity

CGD – MULTIPLE PRESENCES ON A SEAMLESS NETWORK

In a context of still weak domestic demand and the restructuring of a significant proportion of Portuguese businesses, CGD has been strengthening the importance it attaches to international business as a strategic policy and performance thrust, crucial to convergence to a sustained trajectory of profitability and strength.

Reinforcement of the strategic importance of international activity

This priority is aligned with the revitalisation of the tradable goods sector and an increase in its respective contribution to wealth formation as drivers of the consistent recovery of the national economy.

More than a collection of diverse geographical hubs, CGD Group's international platform (with a presence in 23 countries and 4 continents) endeavours to present its customers with the image of a seamless network, meeting common objectives with a range of products and services accessible to the whole of the "universe" of companies and households working with different CGD Group business units, whatever their geographies or business targets.

Promotion of multilateral business based on strong integration within Caixa's global network

CGD Group has, accordingly, been laying the groundwork both in Portugal as in its various units to improve the flexibility of the multilateral business flows between CGD customers whatever their geography.

Specialised help desks for the promotion of cross-relationships between customers and units, as business facilitators and promoters have therefore been set up in various CGD Group branches and subsidiaries.

Foreign trade in 2014, year-on-year 2013, were up 35%, in the form of 7,071 new operations in this area.

Also very important is the backing given to companies, namely those embarking upon their respective internationalisation processes or interested in entering new markets, in terms of advisory services and the provision of information on the specifics of each target country for exports or investment.

Improved offer of services to "internationalised" or "internationalising" companies

The wealth of information on the specifics of each market provided by the Group's long international business experience is an undisputable advantage for any customer.

Reference should also be made to CGD's organisation of a series of promotional and business empowerment actions, both in Portugal and in several of its priority markets, notably Mozambique and Macau. Several training workshops ("market panels") on countries such as Spain, France and Angola were organised during the course of the year.

In the sphere of its backing for the internationalisation processes of Portuguese companies, this has been complemented by 8 concessionary CGD credit lines in 6 countries, totalling €1,450 million, including 133 projects, distributed among 127 Portuguese companies in respect of which disbursements of €118 million were made during the course of 2014. Reference should be made, both on account of the number of projects backed and the number of companies involved, to the Concessionary Credit Line for Low Cost Housing in Cape Verde under which an amount of €42 million was apportioned among 70 Portuguese companies, the vast majority of which SMEs, embracing 79 projects.

An amount of €55 million was disbursed to Portuguese exporting companies in respect of the credit line for Mozambique.

The Group's international platform is an important factor in terms of its consolidated net income.

INTERNATIONAL ACTIVITY CONTRIBUTION TO THE CONSOLIDATED NET INCOME

Slightly negative contribution to consolidated net income made by the international activity, following provisioning requirements mainly due to the exposure to GES

(EUR million)

	2013-12	2014-12	Change
Total International	**-83.3**	**-2.8**	**80.5**
Of which:			
Spain	**-182.5**	**-53.8**	**128.8**
Of which:			
Banco Caixa Geral Espanha	-57.3	20.1	77.4
Spain Branch	-113.9	-66.1	47.8

The performance of CGD businesses in the Orient and Africa continued to be highly favourable. Income generated by CGD operations in Asia also rose to €46 million. Reference should be made to BNU Macau's continued good performance with net income of €41.9 million. Africa contributed €44.8 million to consolidated net income in the period under analysis. Particular reference should be made to Mozambique (€15.4 million), Angola (€18.2 million) and South Africa (€8.9 million).

Visible improvement in the results of the Spain operation

The Group's performance in the "mature" markets segment was also globally favourable as expressed in the results achieved by BCG Spain and CGD's London Branch (€20.1 million and €11.8 million, respectively).

The positive results achieved by the subsidiary in Spain, in 2014, are in contrast to the marked losses of €57.3 million in 2013 and express the already visible effects of the application of a deep cutting restructuring plan agreed with DGComp, essentially comprising a structural revision of the Bank's business model which is markedly targeted at the retail segment and Iberian business. This has been accompanied by a notable streamlining exercise on the unit in the form of a reduction of the number of employees and branch office network, concentrating on the most important geographical hubs in terms of cross-border business.

Improvement in the good performance of operations in Africa and Asia

Income from international activity was, however, penalised by considerable endeavours in terms of provisioning requirements, following the advent of non-recurrent conjunctural factors, with the respective contribution to the Group's net income comprising losses of €2.8 million. However, the 59.0% increase of €334.3 million in the contribution to gross operating income was highly expressive in comparison to the preceding year's amount.

Promotion of cross-selling between individual customers resident abroad and "internationalised" companies

Caixa continues to pay special attention to the individual customers resident abroad segment, not only on account of the segment's relevance to its business but also its commitment to backing traditional customers in addition to new emigration flows, which, nowadays, are particularly made up of young, highly qualified people who are looking for opportunities outside the country or specialised workers who have been seconded abroad by their respective corporate employers.

Caixa has therefore furthered its policy of developing cross-selling operations between individual customers resident abroad and "internationalised" companies, in its awareness of the relevance attached by customers to a global commercial approach by the Bank.

Growth of 5.4% in resource-taking from customers abroad

The increase in banking involvement with customers has been furthered both through the strengthening and qualification of teams and proximity campaigns and events in Portugal and abroad, in which diverse specific products, adequate to the segment have been supplied, stressing the diversification of supply and expanding it to non-euro currencies, namely Canadian dollars (CAD) and Sterling (GBP).

In 2014, resources taken from current individual customers resident abroad, were up 5.4%.

Caixa continued to strengthen the distance service models for the referred to segment, having expanded its Caixadirecta Internacional service to Angola and Mozambique, in 2014 and which now covers 16 countries. The service operates on a multi-channel approach, endeavouring to improve customers' proximity with Caixa.

Global offer in Renminbis

Partnerships with leading institutions, to develop international business support services were also reinforced. Reference should be made to the implementation of the global offer in Renminbis and subscription to the European Savings Bank's IIBN Platform.

Subscription to the European Savings Bank's IIBN Platform

Investment Banking

Caixa Banco de Investimento (CaixaBI) posted net income of €4 million, in 2014. The evolution of commissions (net) totalling €45.3 million for the period contributed positively to the net income. CaixaBI cost-to-income ratio was 34.8% this ratio was 23.1% if adjusted by impairment on financial assets, remaining clearly below its peers.

The difficulties experienced by a series of projects, as a result of the economic environment of the last few years, had a negative impact on CaixaBI's results, which were strongly affected by a €35.6 million in impairment on financial assets and €26.5 million increase in provisions and impairment, including the recognition of impairment in subsidiaries, which were particularly penalised by the major slowdown felt in Brazil's capital market over the last few years (€10.2 million).

CaixaBI with positive earnings of €4 million

CaixaBI participated in several emblematic projects reinforcing its leadership in investment banking. Reference should be made to the following aspects of business areas:

Cost-to-income ratio of 34.8% (ratio of 23.1% if adjusted by impairment on financial assets)

Project Finance

In terms of completions, in 2014, reference should be made to the economic-financial rebalancing of the municipal public service concession for the water supply to the municipal districts of Santo Tirso and Trofa, the structuring and organisation of the refinancing of the wind portfolio of 214 MW, owned by Lusovento in Portugal and the renegotiation of the Castellón Airport concession, in Spain, which culminated in the early repayment of the respective finance.

Structured Finance

Reference should be made, in Portugal, to the structuring of corporate finance for SUMA, in the context of the acquisition of EGF and completion of the advisory services on the financial reorganisation of Efacec Group. In Spain, special mention should be made of the financial restructuring processes for FCC, Azincourt, Gallardo and Pretersa (with global restructured amounts of €5.7 billion), as well as financial advisory services for the disposal of credit owed to CGD's Spain branch.

Corporate Finance – Advisory

Reference should be made to the financial advisory services for the sale of CGD Group's insurance business to Fosun Group. This €1.6 billion transaction was the largest in the insurance sector in Europe last year and the largest ever transaction involving a private Chinese entity in the European financial sector.

The Bank also acted as an advisor in the completion of the REN reprivatisation, through the sale of the 11% still held by Parpública and CGD, the disposal of 31.5% of CTT, held by

Parpública, the disposal of a 10.5% equity stake in Sumol+Compal, by Refrigor and the disposal of 20% of Portucel Moçambique to IFC by the Portucel Soporcel Group.

Financial advisory services for the sale of CGD Group's insurance sector companies

Debt Capital Market

CaixaBI continued to be the benchmark institution in the debt capital market in Portugal, namely in the bonds and commercial paper sectors, leading the global bookrunners ranking for bond issuances by national entities for the seventh time in the last eight years.

The following major operations were performed in the primary bond market:

Active role in the capital markets and participation in major projects strengthen CaixaBI's lead

- Republic of Portugal: joint bookrunner and joint lead manager for the TB 2019 tap issuance as the current 5 year benchmark, heralding the Portuguese Republic's first access to the markets in 2014 and a notes issuance maturing in 2030. Sole bookrunner and lead manager for the notes issuance maturing in 2022 in the form of a private placement and co-lead manager in the TB 2024 tap issuance.
- Parpública: joint lead manager and bookrunner in the €600 million notes issuance maturing in 2021 and organisation and lead of a €750 million bond loan maturing in 2019.
- CGD: joint lead manager and bookrunner in a €750 million covered bonds issuance maturing in 2019.
- Brisa: joint lead manager and bookrunner in a €300 million notes issuance maturing in 2021 which comprised the first Euromarket issuance by a Portuguese corporate in 2014.
- EDP: joint lead manager and bookrunner in a €650 million notes issuance maturing in 2019.

CaixaBI also organised and led 21 new commercial paper programmes for a global amount of more than €1 billion.

Equity Capital Market

CaixaBI consolidated its leading position in the equity capital market in Portugal during the course of 2014, as the best positioned financial institution in the top 10 of the ECM – Portugal league table for the year and the national and international entity with the largest number of successful capital market completions (five).

The Bank developed and successfully completed the following capital market operations in 2014:

- CTT: advisor and bookrunner in the privatisation of 31.5% of the capital of CTT.
- REN: global coordinator and bookrunner in the reprivatisation of 11% of the capital of REN.
- José de Mello Energia: bookrunner in the ABB on a block of shares belonging to the shareholder José de Mello Energia, comprising 2.59% of EDP's capital.
- Espírito Santo Saúde: co-lead for the initial public offering, completed in February, totalling €149.8 million.
- Sonae: co-lead manager for the issue of Sonae SGPS, S.A. convertible shares, totalling €210.5 million.
- Mota-Engil: bookrunner for the sale of a 16.8% equity stake in Mota-Engil, based on an ABB.
- Sonae Indústria: global coordinator and bookrunner in the share capital increase of Sonae Indústria, totalling €112.1 million.
- Fidelidade: financial advisor for the public offer for sale of shares reserved for workers.

Brokerage

According to CMVM data for the first 11 months of 2014, CGD Group came third in the brokers' ranking with an accumulated market share of 12.4% and an 4.8% growth in trading, year-on-year 2013. A contributory factor was CaixaBI's participation as a bookrunner for the REN public offering and the Mota-Engil, EDP and CTT ABBs and as co-lead manager for the Espírito Santo Saúde initial public offering.

Third place in the brokers' ranking (CMVM)

Financial and Structuring Area

CaixaBI's performance as a liquidity provider remained positive, with the bank continuing to operate as a provider on several shares listed on Euronext Lisbon, with Euronext having awarded its maximum "A" rating on all securities and categories. Reference should also be made to the Bank's pioneering activity in the new segment created by Euronext to stimulate the liquidity of retail investors in the form of the Retail Matching Facility.

Syndication and Sales

CaixaBI was the joint lead manager in six primary market issuances, namely the Portuguese Republic's TB issuances maturing in 2019 and 2030, Parpública's issuance of 7 year bonds, CGD's issuance of 5 year covered bonds and the Brisa and EDP issuances. It was also co-lead in the syndicated reopening of the Portuguese Republic's 10 year issuances, sole lead manager and bookrunner in the Altri/Celbi and Sonae Capital private placements and bookrunner in the inaugural placement of Colep bonds.

Maximum "A" rating as a liquidity provider across all securities (Euronext)

It was also responsible for €1.7 billion in 167 commercial paper issuances.

Venture Capital

CaixaBI furthered its funds taking activity and analysis of investment opportunities eligible for inclusion in the four funds under Caixa Capital management, with 107 projects having been considered of which 37 were approved. Approved projects comprised a potential investment of approximately €161.8 million of which an amount of €13.9 million was effectively invested.

7 – Rating

2014 witnessed an improvement in the Portuguese Republic's and CGD's ratings.

S&P takes CGD off "creditwatch negative" in May 2014

Fitch Ratings upgraded its long term rating on the Portuguese Republic from "negative" to "positive", in April, and Standard & Poor's (S&P) and DBRS changed their ratings from "negative" to "stable" in May.

Moody's, in turn, upgraded its long term rating on the Portuguese Republic to Ba2 and upgraded it once again to Ba1 with a stable outlook, in July.

Following S&P's above referred to action, CGD's ratings were reaffirmed, in May, having, been taken off credit watch negative.

	CGD			Portugal		
	Short Term	Long Term	Date	Short Term	Long Term	Date
Standard & Poor's	B	BB-	2014-05	B	BB	2014-11
FitchRatings	B	BB+	2014-07	B	BB+	2014-10
Moody's	N/P	Ba3	2014-07	N/P	Ba1	2014-07
DBRS	R-2 (mid)	BBB (low)	2014-12	R-2 (mid)	BBB (low)	2014-05

Fitch Ratings and Moody's reaffirmed their ratings on CGD in July.

DBRS upgraded CGD's outlook from negative to stable in December

DBRS revised its outlook on CGD's ratings from negative to stable, in December, with the recent above referred to stabilisation of CGD's fundamental financial variables. The movement in respect of the rating on the Portuguese Republic in May 2014, also contributed towards this improvement.

8 – Pension Fund

Retirement pension liabilities for CGD employees at 31 December 2013 and 2014 were up €499.4 million from €1,712.2 million and €2,211.6 million respectively. At the end of 2013 the liabilities were fully funded by the pension fund as opposed to a financing level of 96.95% in 2014. The fact that the pension fund's effective yield was higher than the discount rate led to a positive actuarial deviation which partly offset the deviations occurring from changes in actuarial premises. The actuarial deviations associated with pension fund liabilities at the end of the year were around €516 million.

Liabilities associated with CGD employees' post-employment medical benefits were fully provisioned, for the amounts of €466.9 million and €500.6 million, respectively at 31 December 2013 and 2014. Actuarial deviations associated with the medical plan at the end of the year were around €96.4 million.

At the end of December 2014, CGD adjusted its wage evolution premises to 0.3% between 2015 and 2017 and 1.0% for the following years, in addition to the evolution of its pensions growth to 0% between 2015 and 2017 and 0.5% for the following years. CGD also reduced its discount rate by 1.5 pp. (from 4.0% to 2.5%).

9 – Investment in the Future

Global corporate management integrates sustainability policy

CGD unequivocally strengthened its process of consolidating the promotion of its sustainable development, as a benchmark operator, in terms of best financial sector practice, in 2014.

Sustainability translates into CGD's adoption of economic, environmental and social commitments in excess of its legal commitments and which contribute to business development, optimisation of resources, brand reputation, cost reductions and enhanced competitiveness.

CGD's enjoys a leading position in the sustainability and social intervention sphere

Caixa was, once again recognised by the Carbon Disclosure Project for its endeavours to reduce its carbon footprint and mitigate the risks of climate change.

Geral de Depósitos was environmentally certified to ISO 14001 and was the first Portuguese financial institution to achieve such recognition. The scope of the certification embraced the activities occurring in CGD's headquarters offices in Lisbon and is expected to expand to CGD Group's branch office network.

Certification of Environmental Management System (APCER)

In accordance with its environmental policy, CGD has now defined objectives and quantitative goals to reduce its environmental impact, strengthening its commitment to the environment, focusing on cost reductions and optimising operational efficiency, energy, water consumption, mobility, waste, re-use of resources and reducing wastage to the minimum.

Caixa's brand recognition factor was strengthened, in 2014, when it was considered, for the 7th consecutive time to be the "Most Valuable Portuguese Banking Brand in Portugal" and the 181st most valuable in the survey, with a 27% increase over the preceding year in its brand value to €556.42 million. Its brand strength rating evolved from AA- (2013) to AA.

27% increase in the financial value of the Caixa brand over 2013

Caixa subscribed for the 10 world's largest corporate voluntary responsibility initiative in the form of the UNO Global Compact principles.

Caixa's lead in the sustainable development domain is assuredly an investment in the future.

Caixa subscribes to the UNO's 10 Global Compact principles

10 – Prizes and Distinctions

Caixa Geral de Depósitos continues to be the undisputed leader in terms of brand recognition in the banking sector.

The different distinctions awarded to Caixa demonstrate recognition of the merit of its sustainable performance and commitments to the future, on behalf of various generations, society, domestic economy and the environment.

Information on several prizes and distinctions awarded to CGD Group is given below:

- Most Valuable Portuguese Banking Brand in Portugal - Brand Finance
- Superbrands 2014 – Excellence Brand
- “Marcas que Marcam” (Brands which Make a Difference) Prize 2014 – Banking Category
- Portuguese Banking Brand with the Best Reputation - Reputation Institute
- Environmental Management System (EMS) certified to ISO 14001
- Prime Company – Oekom ranking
- Carbon Disclosure Project Leadership Index Disclosure (CDLI) - CGD achieves the highest classification of all Portuguese companies (99 points)
- Carbon Disclosure Project Performance (CPLI) – Best Iberian Bank (level A)
- Rock in Rio Sustainable Attitude (Lisbon 2014) – award for a sustainable stand
- Green Leadership Award (1st Greenfest 2014 prize) – sustainability strategy
- Winner in the Social Responsibility Category - CGD - Best Ethical Practices Awards 2014
- Eficácia Prize 2014 - Silver
- Marketeer Prize 2014 – Banking Category
- Sapo prizes
    - Gold: Customer of the Year
    - Gold: Grand Prix Jury with Caixa Plim
    - Gold: Financial Sector with Caixa Plim app
    - Gold: Best WebTV Format with Caixa Plim app
    - Gold: Best Digital Media Plan with Caixa Plim app
    - Silver: Financial Sector with Leisure Time Activity – Nós Alive Facebook
    - Bronze: Entertainment and Shows with RFID Activation - Rock in Rio
- Communication Media and Advertising Prizes
    - Gold: Banking & Finance with CGD’s “Saldo Positivo” (Positive Balance)
    - Silver: Banking & Finance with Rock in Rio activation
    - Silver: Social Engagement with Rock in Rio activation
    - Gold: Integrated Communication Campaign with Rock in Rio activation
    - Silver: Internal Event with Anniversary Action
    - Bronze trophy for the “Árvores da Terra” (Trees of the Earth). Book project in the Social Responsibility Category – Social Responsibility Action, in commemoration of Native Forest Day.

(*) The prizes awarded are the exclusive responsibility of the awarding bodies

Caixa Geral de Depósitos

11 February 2015

11 - Consolidated Balance Sheet (*)

at 31 December 2014

(EUR million)

Assets	2013-12	2014-12	Change Total	Change (%)
Cash and cash equivalents with central banks	1.545	2.118	573	37.1%
Loans and advances to credit institutions	2.811	3.012	201	7.1%
Loans and advances to customers	70.018	66.864	-3.154	-4.5%
Securities investments	18.329	18.972	643	3.5%
Assets with repurchase agreement	706	1.281	575	81.6%
Non-current assets held for sale	13.445	804	-12.641	-94.0%
Investm. in subsid. and associated companies	42	319	276	652.5%
Intangible and tangible assets	869	828	-41	-4.7%
Current tax assets	129	55	-74	-57.3%
Deferred tax assets	1.375	1.425	50	3.6%
Other assets	4.225	4.474	249	5.9%
Total assets	**113.495**	**100.152**	**-13.343**	**-11.8%**
Liabilities				
Central banks' and credit institutions' resources	9.735	6.002	-3.733	-38.3%
Customer resources	67.843	71.134	3.291	4.9%
Financial liabilities	1.645	2.121	476	29.0%
Debt securities	8.791	7.174	-1.617	-18.4%
Non-current liabilities held for sale	11.591	2	-11.589	-100.0%
Provisions	881	842	-40	-4.5%
Subordinated liabilities	2.524	2.428	-96	-3.8%
Other liabilities	3.810	3.956	147	3.9%
Sub-total	106.819	93.659	-13.160	-12.3%
Shareholders' equity	**6.676**	**6.493**	**-183**	**-2.7%**
Total	**113.495**	**100.152**	**-13.343**	**-11.8%**

(*) 2013 values have been restated as the associated company IMOBCI (Mozambique) was reclassified as a subsidiary and integrated by the full integration method, following the implementation of IFRS 10; and the amounts reflect the application of IFRS 10 which implies a change to the preceding year's net income owing to the inclusion of two SPVs in the consolidation perimeter.

12 – Consolidated Income Statement (*)

at 31 December 2014

(EUR thousand)

	2013-12	2014-12	Change Total	Change (%)
Interest and similar income	3.611.765	3.339.246	-272.519	-7.5%
Interest and similar costs	2.756.916	2.350.511	-406.406	-14.7%
Net interest income	854.849	988.735	133.887	15.7%
Income from equity instruments	68.970	49.554	-19.416	-28.2%
Net interest inc. incl. inc. from eq. investm.	**923.818**	**1.038.289**	**114.470**	**12.4%**
Income from services and commissions	673.050	659.055	-13.994	-2.1%
Costs of services and commissions	159.582	144.039	-15.543	-9.7%
Commissions (net)	513.468	515.016	1.549	0.3%
Income from financial operations	263.166	201.657	-61.509	-23.4%
Other net operating income	14.414	-16.545	-30.959	-214.8%
Non-interest income	**791.048**	**700.128**	**-90.919**	**-11.5%**
Net operating income	**1.714.866**	**1.738.417**	**23.551**	**1.4%**
Employee costs	792.993	729.580	-63.414	-8.0%
Other administrative expenses	476.309	487.393	11.084	2.3%
Depreciation and amortisation	133.903	110.690	-23.212	-17.3%
Operating costs and depreciation	1.403.205	1.327.663	-75.542	-5.4%
Gross operating income	**311.661**	**410.754**	**99.094**	**31.8%**
Provisions and impairment of other assets (net)	307.733	95.477	-212.255	-69.0%
Credit impairment net of reversals	817.759	854.123	36.363	4.4%
Provisions and impairment	**1.125.492**	**949.600**	**-175.892**	**-15.6%**
Income from subsidiaries held for sale	**135.459**	**285.935**	**150.476**	**111.1%**
Income from associated companies	**5.203**	**19.396**	**14.194**	**272.8%**
Inc. before tax and non-controlling interest	**-673.170**	**-233.515**	**439.655**	**-**
Tax	**-153.947**	**29.780**	**183.726**	**-**
Current and deferred	-179.071	-8	179.063	-
Extraordinary contrib. on the banking sector	25.125	29.788	4.663	18.6%
Consolidated net income for period	**-519.223**	**-263.295**	**255.929**	**-**
of which:				
Non-controlling interest	59.667	84.749	25.082	42.0%
Net income attrib. to CGD shareholder	**-578.890**	**-348.044**	**230.846**	**-**

(*) 2013 values have been restated as the associated company IMOBCI (Mozambique) was reclassified as a subsidiary and integrated by the full integration method, following the implementation of IFRS 10; and the amounts reflect the application of IFRS 10 which implies a change to the preceding year's net income owing to the inclusion of two SPVs in the consolidation perimeter.