BOARD OF DIRECTORS' REPORT

1st Half 2015

CGD Reports

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This document is an English translation of the original Portuguese language document "Relatório do Conselho de Administração - 1º semestre de 2015". The Portuguese original prevails in the event of any inconsistency.

1. Board of Directors' Report

1.1. Highlights

RESULTS

The amount of CGD's consolidated net income attributable to its shareholder in 1st half 2015 was up by €216.4 million, year-on-year, to €47.1 million.

Income before tax and non-controlling interests grew by €324.2 million over 1st half 2014 to €213.5 million.

CGD's net interest income was up 14.3% over the same semester 2014, benefiting from a decline of its funding cost, also higher than the reduction in income from lending operations.

Net operating income for the period was up by a positive 25.8% to €1,154.2 million in comparison to 1st half 2014, driven both by the referred to performance of net interest income and the large contribution made by income from financial operations.

Gross operating income was up 72.1% to €501.6 million owing to contributions both from CGD's domestic and the Group's international operations which accounted for 40.5% of the 1st half 2015 total.

Provisions and impairment for the half year were down 23.6% by €99.2 million to €321.7 million in comparison to the €420.9 million for the same period last year, as a reflection of the gradual improvement of credit risk conditions in CGD's operating markets.

BALANCE SHEET

Net assets in CGD's consolidated balance sheet this half remained practically at the same level as in 1st half 2014, achieved €100,238 million (up €33 million).

The loans and advances to customers portfolio, including credit with repurchase agreements, totalled a gross amount of €71,855 million, down by €1,205 million (down 1.7%) in comparison to June 2014 of which amount €1.196 million referred to the net impact of mortgage loans in Portugal, whose increase in new operations (58.5% over the same period last year) was not sufficient to offset the natural maturity of the existing portfolio.

The loans and advances to companies portfolio, in Portugal, was down 6% and 3.3% over June 2014 and December 2014, respectively, with a stabilising of its market share at 18.1%, in June 2015, notwithstanding the aggressiveness of the competitive conditions experienced in the domestic credit market.

Reference should be made to the growth of fresh loans to SMEs in 1st half 2015, up 37.1% over the same period of the preceding year.

The positive change of €3,116 million in customer resources, in 1st half 2015 (up 4.6% over 1st half 2014) to €70,242 million, showed the leading role played by CGD in the domestic financial sector.

The loans-to-deposits ratio of 94.8%, reflected a negative commercial gap of €3,613 million and provided yet another example of the robustness of CGD's retail resources-taking capacity.

LIQUIDITY

As a reflection of its comfortable liquidity situation, CGD Group reduced its financing from the ECB by €2,379 million over the last year (down 45.0%) to € 2,906 million at the end of June 2015.

In parallel and in the same period, CGD Group also reduced the amount of its eligible assets allocated to the ECB pool by €1,183 million (down 9.0%) to €11,962 million in June 2015. The value of the assets available to the referred to pool was therefore €9,055 million at the end of 1st half 2015 and compares favourably with the €7,806 million available the year before.

The liquidity coverage ratio (LCR), was 135.9% at the end of June (99.9% the year before). This was significantly higher than the 60% minimum required from October 2015 and the 100% requirement for 2018.

Net Stable Funding Ratio (NSFR) was 134.4% at the end of June (124.9% the year before), also confirming the CGD Group's comfortable situation.

In January 2015 CGD returned to the primary market with a €1 billion covered bonds issuance with a maturity of 7 years and coupon rate of 1%.

The fully implemented leverage ratio was 5.6% at the end of June 2015 (6.2% the year before).

SOLVENCY

The common equity tier 1 (CET 1) phased-in and fully implemented ratios, calculated in accordance with CRD IV / CRR rules and considering the application of the special regime on deferred tax assets, totalled 11.0% and 9.8% at 30 June 2015, respectively, against 11.7% and 11.0% the year before.

(euro million)

RESULTS	2014-06	2014-12	2015-06	2015-06 vs 2014-06 Total	2015-06 vs 2014-06 (%)
Net interest income	481.2	-	538.9	57.6	12.0%
Net inter. income incl. inc. from equity investm.	509.2	-	582.1	72.8	14.3%
Commissions (net)	251.4	-	247.7	-3.7	-1.5%
Non-interest income	408.0	-	572.1	164.1	40.2%
Net operating income from banking	917.2	-	1,154.2	236.9	25.8%
Operating costs	625.7	-	652.5	26.8	4.3%
Gross operating income	291.5	-	501.6	210.1	72.1%
Income before tax and non-controlling interests	168.7	-	213.5	44.8	26.5%
Inc. before tax and non-cont. interests, adjusted (1)	-110.7	-	213.5	324.2	-
Net income	110.1	-	47.1	-63.0	-57.2%
Net income, adjusted (1)	-169.3	-	47.1	216.4	-
BALANCE SHEET					
Net assets	100,205	100,152	100,238	33	0.0%
Cash and loans and advances to credit instit.	4,917	5,130	6,090	1,173	23.9%
Securities investments (2)	19,456	19,562	19,951	495	2.5%
Loans and advances to customers (net) (3)	68,171	67,554	66,639	-1,532	-2.2%
Loans and advances to customers (gross) (3)	73,060	72,785	71,855	-1,205	-1.7%
Central banks' and credit institutions' resources	8,435	6,002	6,019	-2,416	-28.6%
Customer resources	67,126	71,134	70,242	3,116	4.6%
Debt securities	8,369	7,174	8,170	-199	-2.4%
Shareholders' equity	7,189	6,493	6,391	-798	-11.1%
RESOURCES TAKEN FROM CUSTOMERS	94,815	100,086	100,058	5,243	5.5%
PROFIT AND EFFICIENCY RATIOS					
Gross return on equity - ROE (4) (5)	4.7%	-3.2%	6.3%		
Net return on equity - ROE (5)	3.9%	-3.6%	2.8%		
Gross return on assets - ROA (4) (5)	0.3%	-0.2%	0.4%		
Net return on assets - ROA (5)	0.3%	-0.3%	0.2%		
Cost-to-income (4)	67.4%	75.5%	54.9%		
Employee costs / Net operating income (4)	38.0%	41.5%	31.7%		
Operating costs / Average net assets	1.1%	1.3%	1.3%		
Net operating income / Average net assets (4)	1.7%	1.7%	2.4%		

Note: The amounts for June 2014 have been restated to reflect the adoption of the interpretation of the IFRIC 21 of the International Financial Reporting Interpretations Committee. So, the accounts for the 1st half already reflect the full amount of costs for 2014, in respect of the banking sector extraordinary contribution and contributions to the Deposit Guarantee Fund and Resolution Fund.

(1) For comparability purposes, the amounts of net income and income before tax and non-controlling interests for 1st half 2014, have been adjusted to reflect the appropriation of 15% of the net income of Fidelidade and 20% of Cares and Multicare, which correspond to the equity percentages presently held by CGD Group, and the exclusion of the capital gains recognised on the disposal of the referred to insurance companies occurred in that period.

(2) Includes assets with repo agreements and trading derivatives.

(3) Includes assets with repo agreements.

(4) Ratios defined by the Bank of Portugal (instruction 23/2012).

(5) Considering average shareholders' equity and net asset values (13 observations).

(%)

CREDIT QUALITY AND COVER LEVELS	2014-06	2014-12	2015-06
Overdue credit / Total credit	7.6%	7.7%	7.9%
Credit more than 90 days overdue / Total credit	7.0%	7.1%	7.4%
Non-performing credit / Total credit (4)	8.8%	8.9%	9.7%
Non-performing credit (net) / Total credit (net) (4)	2.2%	1.8%	2.6%
Credit at risk / Total credit (4)	11.9%	12.2%	12.4%
Credit at risk (net) / Total credit (net) (4)	5.5%	5.3%	5.5%
Restructured credit / Total credit (6)	10.0%	10.6%	10.1%
Restr. crd. not incl. in crd. at risk / Total crd. (6)	6.0%	6.3%	5.3%
Overdue credit coverage	87.2%	91.8%	92.9%
Credit more than 90 days overdue coverage	95.2%	99.7%	99.1%
Crd. Imp. (P&L) / Loans & adv. custom. (aver.)	1.02%	1.18%	0.66%
STRUCTURE RATIOS			
Loans & adv. customers (net) / Net assets	67.3%	66.8%	66.0%
Loans & adv. custom. (net) / Custom. dep. (4)	101.1%	94.5%	94.8%
SOLVENCY RATIOS (CRD IV/CRR)			
Common equity tier 1 (phased-in)	11.5%	10.9%	
Tier 1 (phased-in)	11.5%	10.9%	
Total (phased-in)	13.4%	12.7%	
Common equity tier 1 (fully implemented)	10.6%	9.8%	
Common equity tier 1 - includ. DTA (phased-in)	11.7%	11.1%	11.0%
Tier 1 - includ. DTA (phased-in)	11.7%	11.1%	11.0%
Total - *includ.* DTA (*phased-in*)	13.6%	12.9%	12.5%
Common equity tier 1 - includ. DTA (fully implemented)	11.0%	10.2%	9.8%
Leverage ratio (fully implemented)	6.2%	6.1%	5.6%
LIQUIDITY RATIOS (CRD IV/CRR)			
Liquidity coverage ratio	99.9%	103.6%	135.9%
Net stable funding ratio	124.9%	126.0%	134.4%

(4) Ratios defined by the Bank of Portugal (instruction 23/2012).
(6) Ratios defined by the Bank of Portugal (instruction 32/2013)

1.2. Evolution of CGD Group

Reference should be made to the following developments in CGD Group's structure in first half 2015:

- On 8 January 2015, Caixa Seguros e Saúde, SGPS, S.A. sold the Fidelidade - Companhia de Seguros, S.A. shares which had not been acquired by workers from the tranche reserved for them to the Fosun Group, in the sphere of the privatisation of CGD's insurance group. This disposal left Caixa Seguros e Saúde with a 15% equity stake in Fidelidade;
- Gerbanca, SGPS, S.A.'s liquidation accounts were approved on 16 April 2015 and its assets, including its equity stake in Caixa – Banco de Investimento, S.A., delivered to its two shareholders Caixa Geral de Depósitos, S.A. and Caixa-Participações, SGPS, S.A. The referred to liquidation was registered with the Conservatory of the Commercial Registry of Lisbon on 23 April;
- Banco Comercial e de Investimentos S.A. increased its capital to 6,808,799,060 meticais in June 2015. This comprised an incorporation of 3,081,274,880 meticais in reserves and a new shares subscription for 727,524,180 meticais subscribed by CGD, through Parbanca SGPS, S.A., on a *pro rata* basis in line with its equity stake;

In 2015, CGD Group pursued its strategy of focusing on its core business and reinforcing its international operations

On 8 July 2015, Banco Santander Totta, S.A. and Santotta - Internacional SGPS, Sociedade Unipessoal, Lda. exercised its put option on their 49% equity stake in the company Partang, SGPS, S.A., under the terms of the agreement entered into between the three entities in July 2009. The exercising of this put option on Partang SGPS, S.A. gave Caixa Geral de Depósitos S.A. 100% of the equity capital of Partang SGPS, S.A. which, in turn, has a 51% equity stake in Banco Caixa Geral Totta de Angola S.A.

BRANCH OFFICE NETWORK

CGD Group's branch office network, at the end of first half 2015, comprised 1,225 branches of which 760 in Portugal (759 of CGD and one of CaixaBI) and 465 abroad.

CGD increased its International branch ofiice in Africa, *vis a vis* with optimization of domestic retail network

Considering its strategic commitments of strengthening its levels of operational efficiency and rationalizing its sales costs, CGD continue to implement its branch office network optimizing programme. CGD adjusted its presence, in 1st half 2015, in terms of its physical domestic retail network with its 695 "universal" (i.e. general) branches (down 25 over the end of 2014), 38 self-service branches and 26 Caixa Empresas corporate offices.

In the same period, CGD increased the size of its international branch office network by 5 in 2015. This increase derives from the expansion of the Banco Comercial e de Investimentos, S.A. (BCI) network in Mozambique, with an additional 3 branches and Banco Caixa Geral Totta de Angola, S.A. (BCGTA), with an additional 2 branches.

Domestic branch office network: down 27 over the end of 2014

International branch office network: up 5 over the end of 2014

NUMBER OF GROUP BANK BRANCHES

	2014-06	2014-12	2015-06
CGD (Portugal)	802	786	759
Physical branches	736	720	695
Self-service branches	39	39	38
Corporate offices	27	27	26
Caixa - Banco de Investimento (Lisbon+Madrid)	2	2	2
France Branch	48	48	48
Banco Caixa Geral (Spain)	113	110	110
Banco Nacional Ultramarino (Macau)	18	18	18
B. Comercial e de Investimentos (Mozambique)	139	168	171
Banco Interatlântico (Cape Verde)	9	9	9
Banco Comercial Atlântico (Cape Verde)	33	33	33
Mercantile Lisbon Bank Holdings (South Africa)	15	15	15
Banco Caixa Geral Brasil (Brazil)	2	2	2
Banco Caixa Geral Totta de Angola	31	35	37
Other CGD branch offices	20	21	21
Total	**1,232**	**1,247**	**1,225**
Representative offices (*)	**12**	**12**	**12**

(*) Including the representative office in Algeria pending the issue of a permit from the Algerian authorities.

HUMAN RESOURCES

CGD Group had 16,200 employees at the end of June 2015, up 304, over December 2014.

NUMBER OF CGD GROUP EMPLOYEES

	2014-06	2014-12	2015-06
Domestic activity	10,241	10,010	10,006
International activity	5,687	5,886	6,194
Total	**15,928**	**15,896**	**16,200**

As opposed to the stabilising of CGD's staff complement during first half 2015 with 4 fewer employees, there was an increase of 308 employees on its international network, particularly on account of 287 hirings by Banco Comercial e de Investimentos (Mozambique) deriving from the expansion of its activity.

CAIXA BRAND, PRIZES AND DISTINCTIONS

The Brandscore survey ranks Caixa as: The banking brand with the highest notoriety factor; The Banking brand most associated with Sustainability (social and environmental); The brand with the greatest relevance and support for Companies and Universities, the banking brand which provides most support and sponsors musical actions and events, culture, social and environmental responsibility.

Brandscore survey ranks Caixa as: The banking brand with the highest notoriety factor: The Banking brand most associated with Sustainability (social and environmental)

In terms of institutional campaigns, reference should be made to the launch of the new concept: "The Future is Back", with a new graphical design under the banner: "There's a bank that helps to provide the future with certainty" with a debranding of Caixa communication.

CGD came 8th out of 71 European companies in the sector responding to the Vigeo questionnaire and is one of the top 10 companies with the best responsible performance.

Recognised by Portuguese citizens and Superbrands specialists, Caixa consolidated its national and international position, having won the Excellence Brand award for the 7th consecutive year.

CGD maintains a good reputation index with consumers in general in 2015 (64.9 points) guaranteeing its lead of the banking reputation ranking in Portugal.

As regards prizes, special reference should also be made to the Marketeer 2015 prizes for the best professionals in the marketing, advertising and communication areas in which CGD was the winner of the Banking Category for the third consecutive time.

With its *Caixa Plim*, CGD won the Silver prizes for Advertising Formats and the Best Use of Digital and a Social Networks bronze prize. It was also distinguished in the most recent edition of the *Clube de Criativos* prizes with Silver for its on-line *Caixa Plim* campaign in the Digital/Web Campaigns category.

It should also be noted that Caixa received the Best Bank in Portugal prize, attributed at the Europe Banking Awards 2014 by EMEA Finance magazine, in March 2015.

As regards investment banking, Caixa Banco de Investimento (CaixaBI) was awarded various distinctions particularly:

- Best Investment Bank in Portugal 2015 (Euromoney)
- Best Investment Bank in Portugal 2015 (Global Finance)
- No. 1 Corporate Bond House 2015 (Euronext Lisbon)
- Best Investment Bank in Portugal 2014 (EMEA Finance)
- CaixaBI came 1st in the Bloomberg ranking of bookrunners of euro bonds issued by domestically based entities
- CaixaBI also came 1st in the Bloomberg ranking of M&A operations announced in Portugal.

1.3. Economic-Financial Framework

Slowdown in the rate of expansion of the world economy

The slowing rate of expansion of the world economy across 1st half 2015 was particularly the result of the poor levels of performance achieved in the first quarter of the year. The period was, once again, as in the case of the preceding year, affected by bad weather in the US in addition to moderation in the emerging bloc, namely Latin America and diverse Southeast Asian economies. The following quarter with economic indicators showing modest progress (with only the japan and euro area evidencing a more pronounced improvement in its respective economic data), witnessed increased levels of concern over the strength of global activity. Contributory factors were, once again, the growing impasse in the negotiations between Greece and the Institutions together with geopolitical uncertainties in the Middle East.

Japan and euro area contribute favourably to global economic growth

The annualised consecutive 0.2% contraction of GDP in the US was central to the disappointing consecutive growth of the world economy by only around 1.7% in first quarter 2015. In terms of geography, weakness continued to be widespread with particular reference to the contraction of GDP in Brazil together with weaker growth, of the last six years of China's economy.

At the start of the year, following the very diminute or even negative changes in consumer prices in various regions, the part reversal of oil prices in the international marketplace led to slightly higher inflation which, however, except for very few instances, remained at very low levels with the continuation of no signs of any significant inflationary pressures.

Inflation, with few exceptions, at very low levels

The central banks remained determined, across the half year to provide greater monetary stimulus in a context of very low inflationary pressures. These decisions not only comprised a reduction of key reference rates, particularly, in this case, in emerging economies such as China, India and Russia, but also and once again, based on non-conventional measures. Reference should, herein, be made to the resolution of the European Central Bank (ECB) to expand its quantitative easing programme by adding purchases of sovereign bonds as well as the debt of supranational European institutions with the aim of injecting liquidity amounting to €60 billion per month. The Bank of England and the US Fed have indicated that the next step should, in both cases, be to increase their respective key reference rates for the first time since 2006, which, in the case of the Fed may possibly occur during the course of this year. By way of contrast to the addition of monetary stimuli, the most notorious exception was, once again, Brazil, as in the preceding half year, owing to its needs to provide for accelerating inflation.

ECB expands its quantitative easing programme

US unemployment rate falls to 5.3% in June 2015, its lowest level since May 2008

In the US, temporary factors such as bad weather and strikes at several ports on the country's western coast led to a slight contraction of GDP in the first quarter of the year. This was followed by modest recovery in the second quarter driven by the construction sector and particularly by private consumption which is undoubtedly associated with an improved labour market. First half 2015 continued to register marked levels of job creation, with employment closing the half at 5.3%, its lowest level since May 2008.

Domestic demand makes a strong contribution to euro area growth

Euro area GDP also posted its eighth consecutive quarter of expansion in which a major contribution was made by domestic demand. In this and the following quarter, business sentiment indicators continued to trend upwards to their highest level of the last four years. On a positive note, reference should also be made to the return to positive growth of lending, with the highest level of year-on-year change in May since the start of 2012. The year-on-year change in inflation was 0.4 pp higher than at the end of the preceding year by 0.2% albeit still much lower than the ECB's objective of 2.0%.

Lending in euro area returns to positive growth

In Portugal and also in the 1st quarter, GDP grew 0.4%. This change with a year-on-year acceleration from 0.6% to 1.5% was identical to that of the preceding quarter. The recovery was led by domestic demand and latterly published indicators continue to point towards an upturn of activity based on the said components. The profiles of both the economic climate and consumer confidence continued to show the improvement, in evidence since the end of 2012. The unemployment rate was down 0.4 pp over the end of last year to 13.2%. Following various negative observations, the inflation rate starting March, once again moved into positive territory with June corresponding to the second highest year-on-year level since mid 2013.

GDP growth in Portugal of 0.4% in 1st quarter and 1.5% year-on-year

The Japanese economy, in the first quarter, also showed signs of a continuation of recovery from the negative impact of the VAT hike announced last year. GDP for the quarter was up 1.0% over the preceding quarter, following a marginal increase of 0.3% in the preceding period. Inflation fell far short of the objective of the central bank at 0.5% in May, down 1.9 pp over the end of the preceding year and its lowest level for two years.

In spite of a certain disappointment over the level of economic growth since the start of the year, the appetite for risk in the financial markets up to the start of the second quarter remained high and was accompanied by a decline of volatility which came close to the historically low levels of the last two years. The expansionary activity of the central banks continued to play a major role. The uncertainties generated by the situation in Greece and, in parallel, the marked adjustments to equities in China, at a time when not only China's economy but practically the whole of the emerging bloc continuously trended towards a cooling stage, helped to dampen the optimism of investors close to the time of the transition from the first to the second half of the year.

The expectation and latter addition of greater monetary stimuli to the euro area economy by the ECB, together with signs of fiscal consolidation, led to a context of low and falling 10 year yields in the first part of the first half year, sinking to new historical minimums, in March, since the adhesion of Portugal, Spain and Italy to Economic and Monetary Union whereas in the cases of Germany and France the respective yields sank to their lowest levels a month later in mid April. Starting from the referred to dates and up to the end of the half year there was an across-the-board movement in rising yields, not only in Europe but also in the US. This performance reflected both higher expectations over long term inflation fuelled by the recovery of oil prices and stabilising inflation data and the consequence of the growing difficulty in the possibility of an agreement being reached between Greece and the international Institutions as a particularly constraining aspect on the evolution of yields on the periphery.

Sovereign yields trending upwards since April

Notwithstanding the improvement of the indicators, both sentiment and the economic environment in the euro area, Euribor rates were down yet again across the half year, with the main maturities down to historic minimums. This performance derived from fears of deflation.

New historical minimums for main Euribor maturities

The trend towards a depreciating euro was a permanent factor across the first quarter of the year and was even more marked up to the time of the ECB's announcement of new expansionary measures for the region, in March. The euro, at the time in question, fell to $1,048 against the US dollar, i.e. its lowest level since the start of 2003.

The euro also depreciated against the US currency more than 13% in value in the first quarter. The price latterly stabilised in the 2nd quarter, as a consequence of the disclosure of more favourable euro area economic indicators in comparison to the US.

Euro at its lowest level against the dollar since 2003

The main equities indices hit historic successive maximums in the middle of the half year, both in the US and Europe, posting their highest quarterly gains since 2009, in the 1st quarter. Up to the said time, the addition of fresh monetary stimuli by the main central banks, accepting that in the case of the Fed, the first increase could take place only in 2016, announcements of corporate M&As in the US and the return to an environment of growth in the main European economies without having translated into a change of monetary policy by the ECB, were this market's key drivers. This appreciation trend was interrupted in May as the uncertainties over the situation in Greece accentuated and when strong adjustments to the equities market in China following a period of huge gains were witnessed

Main share indices hit successive historical highs

1.4. Operating Segments

1.4.1. COMMERCIAL BANKING

CGD maintained its strategic focus, in first half 2015, on consolidating its position as a "corporate bank", with dedicated commercial account managers for SMEs, micro-enterprises and entrepreneurs, having continued to back the economy, based on a comprehensive sectoral offer, a strong international presence, focus on the treasury support function and corporate capitalisation operations.

Optimisation of CGD's branch office network, the densest network in Portugal

Considering its strategic commitments of strengthening its levels of operational efficiency and rationalising its sales costs, CGD continued to implement its branch office network optimisation programme. CGD adjusted its presence, in 1st half 2015, in terms of its physical domestic retail network with its 695 "universal" (i.e. general) branches (down 25 over the end of 2014). Notwithstanding this reduction, CGD continues to have the densest network in Portugal and continues to focus on positive differentiation in terms of customers' experiences and its commercial dynamics by expanding its range of dedicated management services to more than 1 million individual and 40 thousand corporate customers.

1.4.1.1. PERSONAL SERVICE MODELS

The commercial dynamics of CGD's offer to its individual customers comprises one of three personal service models:

- Caixazul - in June 2015, 922 dedicated account managers were responsible for oversight and personalised support to around 262 thousand customers in exclusive spaces at 565 branches.
- Caixa Mais – at the end of the 1st half, 1,335 commercial assistants provided relational management services to approximately 642 thousand customers with potential business growth, totalling 661 branches.
- Universal model - transversal to the branch office network with 695 units in June 2015.

Commercial promotion with personalised customer care facilities and provision of financial advisory services to SMEs

CGD's commercial dynamics in the corporate segment continued to focus on consolidating its Caixa Empresas service model underpinned by a personalised customer care and financial advisory service provided to SMEs by a proprietary network of 26 offices and 100 dedicated account managers and to self-employed businesspeople and micro-enterprises, with a team of 319 dedicated account managers and Caixa Empresas spaces at 688 CGD branch offices.

1.4.1.2. COMPANIES

Strengthening its role as the bank which drives the domestic economy and with customer proximity, intensity of relationship and quality of service, as a strategic focus, Caixa took the following steps to enhance its corporate offer in first half 2015:

- Launch of *Caixa 2020*, as a distinctive, value added, global financing and technical oversight solution for companies, to back candidatures for the *Portugal 2020* programme;
- Launch of the €300 million EIB 2015 line of credit for a broad series of projects with extended maturities and a price reduction based on the strength of commercial relationships;

- Launch of the *Caixa Comércio e Serviços* ["Commerce and Services"] package as an integrated banking products and services solution, including POS terminals, with price benefits in comparison to one-off sales of products with the payment of a fixed monthly fee;
- An improvement of Caixa e-Banking functionalities, namely online access to the foreign exchange platform and factoring and confirming movements;

New services available from Caixa e-banking

- Launch of a €1.4 billion PME Crescimento 2015 ["SME Growth 2015"] line for domestic SMEs with an appropriation of 10% for companies in the primary sector, maturities of up to 10 years and a mutual guarantee on up to 70% of the capital;
- Launch of a €500 million line of credit for Portuguese companies involved in internationalisation processes in Angola, as working capital and as an advance receipt of the repatriation of funds received in kwanzas, from commercial transactions in the Angolan market;
- Launch of a €50 million corporate regeneration line of credit to back the relaunch of companies having successfully completed *PER* [Special Corporate Regeneration Fund] and *SIREVE* [Corporate Extrajudicial Recovery System] restructuring processes;
- The strengthening of commercial dynamics, geared to finding new customers, tying existing customers to the bank and maximising such customers' value to the bank on a commercial relationship basis;
- Optimising of price terms on loans and advances to companies, in alignment with respective risk and market conditions;
- Revision of the commercial involvement benefits scorecard, strengthening its leveraging role in tying in customers, notably by expanding the range of strategic products to which it can be applied.

Caixa further consolidated its communication in the corporate segment across first half 2015 with the following campaigns:

- The "Iberian Offer Regeneration" campaign, strengthening Caixa's role as a bank backing Portuguese companies doing business in Spain, under the banner: "We know how much you've invested to be in the Iberian market";
- *PME Excelência* [Excellence SME] and *PME Líder* [Leading SME], campaign, under the banner "O balanço está feito. Aproveite o embalo" [Results are there. Let´s keep up].
- "Corporate packages" campaign providing information on corporate packages and price advantages for customers under the banner: "Good management also means paying less", with tickets for Summer festivals for subscriptions received up to 31 July;
- "Sectoral Offer – Tourism and Restaurants", campaign providing information on Caixa's offer in the tourism sector under the banner: "Hotelier to hotelier. Let's talk";
- "Sectoral Offer – Commerce and Services", campaign with information on Caixa's offer for this sector under the banner: "Trader to trader. Let's talk";
- *Portugal 2020* campaign, providing information on Caixa's offer in the sphere of this Community support programme under the banner: "Caixa is with your company in Portugal 2020".

Optimised price terms

CGD has improved the pricing of its products and services for basic corporate products.

Caixa Empresas packages

Launch of a combined offer of core banking products and services for companies' current operations, including POS terminals, with price benefits in comparison to one-off sales of products, a simple subscription process and fixed monthly charge.

Innovative products and services

CGD has continued to enhance its competitiveness this half, through its launch of and improvements to innovative products, particularly:

Launch of the credit line Caixa 2020 under the Portugal 2020 Programme

Caixa 2020

Caixa 2020 provides a valuable, distinctive global financing and technical oversight solution to back corporate candidatures to the *Portugal 2020* programme. It includes medium/long term finance for investment/working capital purposes, short term loans, bank guarantees for the advance receipt of subsidies and declarations of intent/approval of finance.

Caixa 2020 provides full investment coverage of investments and technical and financial oversight across the candidature process in addition to experienced, specialised advisory services provided by Caixa Empresas network account managers and corporate partners.

Caixa e-Banking

Launch of online access to the foreign exchange platform, enabling customers to negotiate the exchange rates needed for their current international operations directly with CGD's trading room, at a faster pace in line with money market evolution.

Online provision of treasury function management for factoring and confirming operations, providing customers with real-time oversight facilities on their payments to suppliers and receipts from customers, helping to keep the treasury function permanently in balance.

Increasing cross-border business of Portuguese companies on the basis of commercial dynamism of this segment

Commercial promotions

Commercial promotions for companies, across 2015, were centred on a campaign structure geared to customer relationships designed to improve the levels of customer service and the partnership relationships deriving from the global involvement between CGD and companies, as well as promoting the cross-border operations of "internationalised" companies in markets in which CGD is present, for direct support to local investment projects.

This new structure has been divided up into 3 structuring areas:

- Securing customers (mainly targeted at finding new customers);
- Retaining customers' loyalty/preference (geared to strengthening relationships with existing customers);
- Greater value (focusing on the profitability generated by each customer).

To back all aspects of corporate operations, the strengthening of the commercial dynamics is based on agreed financial limits, useable across the treasury function, foreign trade operations, commercial discounting operations, credit limits on cards, acquisitions of current equipment and issue of bank guarantees, helping to improve quality of service and optimise customer response times.

1.4.1.3. INDIVIDUAL CUSTOMERS

Premium and mass-market customers

In first half 2015, CGD furthered its strategy of retaining the loyalty/preference of its customers and use of products developed in 2014, with the aim of improving knowledge, satisfaction and level of service in respect of customers.

In addition to the organisation of structuring campaigns based on 7 guideline principles, with different objectives and focus, greater emphasis was placed on occasions generating interaction with customers, both as regards commercial leads as in the form of "central opportunities" as well as other means of direct contact.

In 2015 CGD furthered its strategy of retaining the loyalty/ preference of its individual customers

The following actions were repeated in the sphere of commercial leads:

- Tying customers and their use of products (direct salary deposits, cards and Caixadirecta), into the bank, particularly highlighting their respective financial and non-financial advantages;
- Recovery and increase of involvement;
- Customer knowledge and satisfaction.

This comprised a diversified choice of products to meet the financial requirements of each life stage in line with each customer's financial profile.

A specific action to commemorate *Women's Day* was also organised in March 2017 in the form of the *Caixa Sixth Sense* product geared to *Caixa Woman* customers.

Caixa's *Offer for Young People* comprised the development of a campaign to commemorate *Children's Day*, with the main objective of consolidating communication with these customers, either with their guardians or directly (up to and including the age of 25) with the aim of encouraging them to save regularly.

In the case of this action, savings were given a boost with a "Saving to earn" gift/game for new customers or customers making additional payments into their *CaixaProjecto* account.

A new type of passbook for younger customers was also distributed, together with a black pen for drawing on acetate.

Work, in the case of "central opportunities", concentrating on retaining customer loyalty/preference not only continued but was also expanded to other deposit-taking and cross-selling products (funds, term deposits and savings accounts) as well as improving knowledge on customers (basic data, telephone numbers and email addresses).

Commercial promotions

Communication with customers was enhanced by the following means:

- *e-newsletters* containing information on products and services, geared to diverse targets (Caixazul, *Caixa Woman* and *Caixa Activa*);
- Email marketing, to reinforce the advantages of direct salary deposits with CGD;
- Caixadirecta opportunities for diverse products and offers – direct salary deposits, debit and credit cards, structured products, renting, rounding up of purchase prices and direct debits.

Such inbound and outbound communications with customers were used by the three Caixazul, *Caixa Mais* and *Universal* service models to complement the promotion of integrated offers targeted at meeting the specific requirements of young people, *Caixa Woman* and *Caixa Activa* customers.

CGD complies with the objective of achieving an integrated vision of its customers, providing them with business proposals at each time of interaction

Welcoming actions for new customers subscribing for one of the three relational management models were developed across the half year, with the objective of providing information on commercial aspects, advantages of the service and, at the same time, improving the knowledge on each customer.

CGD is, accordingly, not only improving the proactive approach of each commercial operative but also its objective of achieving an integrated vision of its customers, to enable it to provide them with business proposals at each time of interaction.

Campaigns

Focus on campaigns designed to consolidate CGD´s relationship with individual customers

CGD launched the following campaigns designed to consolidate its relationship with the individual customers segment in first half 2015:

- *Caixa em Família* [Family Caixa] focusing on direct salary deposits owing to the importance attached to tying customers into the bank in order to achieve CGD's commercial objectives;
- *RE Páscoa* [Easter Campaign] for customers resident abroad in which the new wave of emigration is becoming increasingly important;
- "Split payments", as a repeat of the Summer and Christmas campaigns and a means of providing information on the payment facilities attached to CGD credit cards;
- New passbooks (left blank) together with a pen to allow young customers to use their imagination to illustrate them and obtain a fully personalised passbook were distributed on *Children's Day*;
- *Caixa Viva* card campaign – This card's subscription objectives were easily achieved. The 1,839 cards sold during the 3 months of this campaign were up by around 50% over the average number of monthly sales.

Banking mobility

CGD subscribed for the new banking mobility agreement, effective on 2 February 2015. This service for individual customers has been designed to improve the flexibility of and facilitate the transfer of domestic payment services associated with a current account from one bank to another.

University students

A close relationship with colleges of higher education continues to be a core element of CGD´s position as a backer of higher education

The close relationship with colleges of higher education continues to be a core element of CGD's position as a backer of higher education. This support continues to comprise the promotion of knowledge and academic merit, in the form of research grants, cash prizes for the best students, curricular and on-the-job work experience. It encourages entrepreneurship by sponsoring competitions and presenting young entrepreneurs with specific financial solutions; meeting students' financial needs during their academic lives and when embarking upon their professional careers and providing for the financial needs of each of the partner colleges.

Fact-finding actions were performed across the first half of the year owing to the relevance of keeping the particulars of individual customers up to date in order to improve the effectiveness of the *Caixadirecta IU* oversight service model. Targeted at a more commercial approach in 2015, CGD organised campaigns for the issue of the *Caixa ISIC* credit and *Caixa Poupança Superior* cards for the university segment, taking advantage of the opportunity to relate the sales promotion with participation at the Summer festivals.

Changes to the communication media deriving from the brand change for the university students segment were gradually introduced in second quarter 2015.

The *IU* designation represents the evolution of the communication concept in contacts with young university students as a revamp of the Caixa IU brand, as part of a debranding process, with the visual reference to the "Caixa" prefix having been eliminated, highlighting only the *IU* designation.

The *IU* concept aggregates the whole of CGD's value offer for the segment, in an endeavour to facilitate market recognition and consequently the student academic population's interests and preferences.

Taking advantage of its privileged position with higher educational partner institutions, in which CGD has opened a branch in 19 such entities to improve the proximity factor, local commercial actions to facilitate the issue of ID cards in partner colleges were organised for students, lecturers and employees. Presentations were, at the same time, given on the products and advantages provided by CGD for professionals or students enrolled in higher education.

The innovation and exclusivity of the *Caixa Plim* service was the banner for several actions to promote and activate the referred to service in colleges of higher education. The inclusion of interactive games and prizes as a reward for participating, in addition to the simplification of the subscription process, enabled very good results to be achieved in respect of the activation of the referred to service.

CGD participated in innumerous events held at partner programs held at partner colleges

CGD's participation in the innumerous events held at partner colleges (conferences, seminars, official prize-giving ceremonies for the best students, etc) continued to derive from the spirit of partnership and privilege CGD wishes to maintain in a close proximity relationship with higher education.

CGD continued to play an important role in financing higher level courses (degrees, masters, doctorates and MBAs) in first half 2015, both in the form of loans under lines of credit with a mutual guarantee (approved by the Ministry of Science, Technology and Higher Education and re-opened for the academic year 2014-2015) for students enrolled in higher education as well as in the form of a specific product comprising *Crediformação Caixa*, both products having extended periods of use and repayment, adapted to the duration and specifics of each course and with discounted spreads to reward academic merit.

Residents abroad

Launch of special promotions to further enhance the value proposal of residents abroad

Caixa continues to consider the residents abroad segment to be strategic, owing to its proportion of the total individual customer resources and high growth potential, given the current economic environment:

The following special promotions were launched over the course of first half 2015 to further enhance this segment's value proposal:

- "Know-your-customer" campaign with the main objective of collecting information as a basis for personalised proposals;
- An Easter Campaign, based on an advertising action (press and flyers/leaflets) under the banner: "Since the day we left our country, one thing is certain: Easter and deposits are in Portugal" with the main objective of promoting Caixa's savings solutions, with their diversity of maturities, markets and currencies (euros, US and Canadian dollars);

- Summer campaign (up to the end of August), based on advertising media both abroad and in Portugal. The main focus of the campaign is the link to Portugal (*Caixa Classic RE* credit card with a personalised image and CGD Group property), diversification of savings (*Mais RE* deposits with different maturities and currencies) and access to CGD from anywhere in the world (Caixadirecta service and *RE* [Residents Abroad] debit cards);
  The advertising campaign's message is "Since the day I left Portugal one thing is certain: Caixa is by my side", based on the "First Day" concept consolidating the idea that CGD is with its customers on all of the first days of their lives (specifically since their first day as emigrants) linking it to the Easter Campaign;
- Customers resident abroad identification campaign, with actions involving contacts with potential emigrant or recent expatriate customers, to assess and adjust the offer to their cases.

Caixa furthered its distance management models in the form of the Caixadirecta Internacional and Caixazul Internacional services

Together with such initiatives and to strengthen relationships with customers resident abroad, Caixa furthered its customers resident abroad policy, based on an articulated, complementary approach between Caixa's branch office network in Portugal and its branches and representative offices abroad and distance management models in the form of the *Caixadirecta Internacional* and *Caixazul Internacional* services (for wealthier customers). These customer portfolios were revised with a welcoming action having been organised by commercial assistants in the case of Caixadirecta Internacional or dedicated managers in the case of Caixazul Internacional for new customers selected for one of these distance management models.

1.4.1.4. MEANS OF PAYMENT

The cards issuing and acquiring components of CGD's means of payment functionalities, in line with CGD's general guidelines, pursued the following policy in first half 2015:

- Cost reductions based on portfolio rationalisation/optimisation;
- Business promotion based on initiatives designed to improve profitability;
- Market differentiation based on innovative and exclusive products.

Issue of cards

CGD continued to lead the domestic market for bank cards, continuing, as over the last few years, to commit to the development of innovation, differentiation and pioneering strategies. CGD's image as a domestic and international benchmark operator is based on two major challenges:

CGD continued to lead the domestic market for bank cards

- To maintain its leading position based on its supply of new differentiated, value added products and services enabling CGD to promote long term profitability;
- To make incremental innovations, countering the growing trend towards "commoditization", to improve its offer and services to customers and achieve greater customer loyalty, with a low development cost and a considerable impact on customers' perception of value and results.

As the current environment continues to be characterised by increasing default levels, a rigorous approach to risk monitoring and its associated costs, in terms of prevention and control, continued to be implemented.

Launch of new products/functionalities

New cards

A predefined, simplified version of the *Made By* card was introduced on 1 June, providing customers with one of two options:

- Visa or MasterCard network;
- A standard or personalised image.

The objective of this new version is to simplify the card's sales process while maintaining CGD's profitability. The card can still be associated with an image from the available images gallery or even a personalised image at the customer's choice.

Launch of new products and functionalities was introduced in first half 2015

New functionalities

As a result of the multidisciplinary teamwork to facilitate customers' and potential customers' contacts with CGD, in the sphere of viewing the informational contents of the cards available on the different transactional and non-transactional platforms, a call-back service enabling the site's users to enter their personal data for contact by Caixa at a later date has been implemented.

In the corporate segment, taking advantage of developments in the sphere of tightening the security of and optimising processes, work continued to be performed on incentivising the use of the prepaid cards portal to view balances and movements on Caixa Break cards and the Caixa *e-banking* (CEB) service, for the automatic transmission of files requesting subscriptions for/crediting amounts to prepaid corporate cards.

With the aim of fully exploiting the use of several functionalities which have already been developed to provide for customers' needs, the *Caixa Classic RE* card without a loyalty programme was also supplied. The card has a personalised image which can be chosen from the available images gallery or by associating the card with an image chosen by the customer, such as a photograph of their home town.

Communication on split payments campaigns was also reinforced, providing information on the possibility of paying for goods and services (e.g. utility bills) and payments to the state (e.g. property and income taxes), using credit cards on the Multibanco (ATM), network subject to the available credit limits.

The partnerships portal at *www.vantagenscaixa.com*, *LojaVantagens* online shop and Facebook profile continue to be used as instruments for knowledge on and improved relationships with customers in terms of their personal interests and the offer available to provide for such interests, both on a level of existing and improved relationships with partners and prospecting for new subscribers and increased sales

A major contribution has been made by fortnightly leisure/recreational pursuits

Mobile payments

Technological developments, especially in the mobile area, have enabled the more universal use of mobile phones, owing to their simplicity and low cost.

Alternative payment systems have been growing at an exponential rate and CGD's aims to be prepared to meet the new challenges of the digital revolution characterising the payments market over the last few years.

In first half 2015 CGD continued to operate in several pilot projects

CGD continued to operate the following pilot projects in the mobile payments area, in first half 2015:

- *Caixa Change*: enabling, at this stage, purchases to be made on CGD's private network (end-users and traders with a current account with CGD), using a smartphone with QR Code software. Available only at Caixa's headquarters in Lisbon and scheduled for commercialisation in second half 2015;
- MB Way: enables purchases to be made by smartphone, based on a telephone number or email account. Provides for *e-commerce, m-commerce* and *TV-commerce* operations. This solution, which is provided by SIBS FPS is at its prelaunch stage;
- m.card: enables purchases to be made by smartphone using *NFC (Near Field Communication*), based on the acceptance media (pos terminals) *contactless* – *paywave* and *paypass* (proximity payments). This mobile payments project is at its pilot stage and only available for CGD and Vodafone employees as the result of a partnership between CGD, MasterCard and Vodafone.

Acquiring service

CGD´s acquiring service has maintained its growth and efficiency trend with an increase in its market share

CGD has maintained its growth strategy in the means of payment area, by encouraging the use of its netcaixa acquiring service, based on an offer enhancement strategy and the excellence of its customer service.

CGD's acquiring service has maintained its growth and efficiency trend with an increase in its market share. Its transaction shares – volume of transaction and business revenues – are higher than its respective market share.

Accordingly, in first half 2015, CGD organised campaigns with promotional conditions designed to secure new customers and develop various business enhancement initiatives, particularly:

Contactless

POS terminals innovation: allows holders of foreign cards to choose between making payments either in euros or in the cards original currency

CGD continued to commit to contactless transactions. It already has around 5,000 POS terminals using this new technology in diverse sectors of activity such as supermarkets, restaurants, cafés/bares and kiosks.

This service enables amounts of up to €20 to be paid without the need to enter a PIN code by simply placing the card next to the terminal. This reduces average transaction and queuing times.

CGD intends to use this service to consolidate its user-friendly innovation and quality strategy, as well as to promote cash transactions.

Launch of DCC functionality by netcaixa POS

With the objective of differentiating and continuously enhancing its netcaixa offer, CGD has equipped its POS terminals with the DCC – Dynamic Currency Conversion functionality which allows holders of foreign cards (issued in currencies other than the euro), to choose between making payments either in euros or the card's original currency, directly on the POS terminal.

Traders subscribing for this service enjoy several advantages, insofar as it provides an innovative service and a financial benefit for each DCC transaction made on the POS terminal. It also allows customers to control monthly foreign currency oscillations and the eventual latter charging of commissions by the issuing entity.

Although the DCC functionality is essentially targeted at traders in sectors of activity such as hotels, tourism and rent-a-car companies, it can be also be used in other sectors. The solution is all the more attractive the greater the volume of foreign customers using cards issued in currencies other than the euro.

Cross-border acquiring

In the sphere of the internationalisation and growth strategy in the corporate segment, CGD already has an Iberian level acquiring service, operating with several companies in Spain.

CGD already has an Iberian level acquiring service

The expansion of activity to the Spanish market enables corporate customers' expansion needs to be provided for, with diverse advantages and synergies in diverse areas such as the control of treasury management, management of integrated solutions and cost reductions.

Campaigns to secure new customers

The following campaigns with special promotional conditions are in force between March and September 2015 with the objective of promoting the global means of in person and distance payments offer for the corporate segment:

- New subscriptions with the acceptance of domestic and foreign debit and credit cards, with an option for the acceptance of contactless technology;
- New subscriptions solely for the acceptance of debit cards;
- New subscriptions for distance payments based on CGD's netcaixa *online* e-commerce service.

Campaigns

With the *Caixa VIVA* card as a differentiating element for the ticketing functionality associated with the transport network in the metropolitan area of Lisbon, CGD continued to incentivise subscriptions for and use of the card's ticketing function, based on a campaign geared to customers in the Greater Lisbon zone.

In a business promotion context we also continued to afford priority to discretionary or automatic split payments campaigns with diverse traders. The incentive for such campaigns has been the deferral of the first payment and/or award of bonuses.

In an endeavour to optimise the use of credit cards, fresh efforts have been made to reduce cards' inactivity rates, as part of a campaign targeted at pre-selected customers.

As our association with the summer festivals has proved to be an important strategic instrument for affirming the Caixa brand with different types of public, CGD, as in past years, sponsored the following festivals during the course of 2015:

Several campaigns were valuable tools for promoting Caixa Brand among different types of public

- *NOS Primavera Sound* – from 4 to 6 June;
- *Caixa Ribeira* - 12 and 13 June (first edition);
- *EDP Cool Jazz Fest* – July;
- *NOS Alive* – from 9 to 11 July;
- *Marés Vivas* – from 16 to 18 July;
- *SBSR (Super Bock Super Rock)* – from 16 to 18 July;
- *MEO Sudoeste* – from 5 to 9 August;
- *Vodafone Paredes de Coura* – from 19 to 22 August;
- *Caixa Alfama* - 18 and 19 September.

Taking advantage of our association with such events for commercial promotion purposes, several campaigns offer free tickets for the various summer festivals, including campaigns rewarding the use of or subscription for cards.

Campaigns associated with the summer festivals have been widely publicised on digital media with the creation of a micro site to provide coverage for the diverse campaigns as a whole.

Together with these initiatives, CGD has boosted its presence at festivals on a social network level, with leisure/recreational activities offering tickets on CGD's Facebook profiles.

Work continued on other card-related campaigns, such as:

- *Castilho Pink Fame* in Rua Castilho – CGD was the principal sponsor of the *Castilho Pink Fame* event held in Rua Castilho, in an action organised by the Lisbon municipality, with the support of *União de Associações do Comércio e Serviços* [Union of Commerce and Services Associations], as part of the Lisbon Shopping Destination programme which aims to animate the city centre and traditional commerce, with advantages for CGD customers using CGD cards to make purchases in member shops. CGD also incentivised its automatic split payments solution in addition to promoting, disclosing and encouraging the use of cards at the referred to event;
- "Golden Seat" (2014/2015 and 2015/2016 seasons) – Caixa continued to incentivise Benfica card subscriptions, with brand activation operations at Benfica's Stadium of Light on game days.

1.4.1.5. ELECTRONIC CHANNELS

Self-service networks

Customers' financial needs were met by 4,562 items of self-service equipment, at the end of June. Automatic ATS (in-house) and ATM (Multibanco network) equipment and passbook readers processed 131.5 million operations in the period for the amount of €8.5 billion (€47.1 million per day), down 2% and up 2.7% over the same period 2014, respectively.

The private Caixautomática network with 2,314 items of equipment, 1,400 Caixautomática cash machines and 914 passbook readers was responsible for 63.3 million operations for around €4.5 billion. CGD's Multibanco network, with 2,248 ATMs, processed 68 million operations for around €4 billion.

Reference should be made to the new self-service concept, in the form of the Multimedia Kiosk which has been developed exclusively for CGD, whose pilot project came into operation in 2014, with the installation of kiosks in the Avenida da República and Amoreiras branches. Warmly welcomed by the network and customers, the pilot project remains in operation at the referred to branches.

Caixa e-banking

Reference should be made to the supply of new financial by Caixa e-Banking namely "foreign exchange trading" and "treasury management" functionalities

The Caixa *e-banking* channel is a fundamental tool for the day-to-day management of corporate and institutional customers. It enables operations to be performed and banking information to be accessed online, on mobile devices at https://m.caixaebanking.cgd.pt, or calling 707 24 24 77 (every day from 08.00 – 22.00). Reference should be made to the 7.8% growth of "frequent use" contracts (3 months) and 24% increase in the value of operations to more than €22 billion euros (€122.5 million per day).

Its dynamics are based on the supply of new financial services, with reference being made, up to June, to the implementation of the "foreign exchange trading" and "treasury management" functionalities. The "foreign exchange trading" functionality provides a structure for viewing currency rates and performing foreign exchange operations, capable of providing the full support needed for a company's foreign trade strategy. The "treasury management" functionality also allows companies to view their factoring and/or confirming agreements together with the overall management of receipts from customers and payments to suppliers.

Caixadirecta

The *Caixadirecta* channel enables individual customers to access their accounts online, by telephone, mobile phone, sms and Windows 8, Android and iOS apps, in line with their needs and convenience. The channel processed 191.8 million operations (up 4.6%) and movements of €4.6 billion (up 8%) in the half year in comparison to the same period 2014. Reference should also be made to the 7.6% growth of "frequent use" agreements (3 months) over the same period last year.

Online access continued to be the most important, both on a level of operations as in terms of value. On a transactional level, however, app-based access increased at a fast pace of 62% in comparison to first half 2014. Reference should also be made to the dynamism of access by telephone, with relevant growth rates of 20% in number of operations and 14.6% by value, across the period.

Caixadirecta with functionalities of viewing prices in real-time

Of relevance in the first half was financial brokerage with the functionalities of viewing prices in real-time, enabling the evolution of securities prices on the Euronext market, bond trading and securities transfers to be viewed at any time.

Launch of a new Caixadirecta app for Windows Phone 8, has completed Caixa´s presence on the main mobile platform

A new Caixadirecta app for Windows Phone 8 was supplied. Accessible by smartphone, it allows an interactive and friendly graphic visualization of the global position, accounts balances and transactions. Useful functionalities such as transfers, payments and balance checking are also available. With this new app Caixa is fully present on the main mobile platforms and complements its already available offer for Windows.

Customers now have a new, real-time alternative digital interaction media with Caixa, in the form of *webchat*. The aim is to improve relationship levels, proximity and customer satisfaction levels, leveraging sales opportunities and reducing disconnections during the purchasing process.

Caixa plim

Caixa plim, as a pioneering service in the domestic marketplace for mobile banking apps, available from the main playstores (iOS, Android, Windows) continues to grow with a currently total of more than 18,000 downloads.

It enables requests to be submitted and small amounts to be immediately transferred in a simple, direct, free process using only the payee's mobile telephone number. The operation can also be personalised with photographs, remarks and categories. Based on their use of the app, customers earn points and are eligible for monthly leisure/recreational activities, giving them the chance to win prizes. This solution for individual CGD customers requires no more than the need to associate a current account with a mobile telephone number and improves the flexibility of adjusting small amounts (taxi-sharing, gift purchases, lunches....)

CaixaContactCenter

The contact centre, available 24/7, is responsible for processing contacts and inbound operations. It also provides services and performs outbound actions on various relational/informational communication channels with customers and non-customers (telephone, secure messaging, email and sms), promoting the efficient maintenance of the management and securing of business.

Around 690,000 informational and transactional calls were received and 12,000 emails and 2,600 secure messages processed. Around 945,000 outgoing calls were made and 155,000 customers contacted. 80,000 emails and 190,000 sms messages were sent.

Distance branches

Distance branches are an innovative approach to the dedicated service model, providing a 24/7 service for the management and oversight of such strategic segments as university students, recent graduates and residents abroad. They provide for around 120,000 customers and have business revenues of more than €1 billion.

Central microcredit agency

According to its sustainability policy and social responsibility, CGD financed and released creating projects and promotion of self-employment

The Central Microcredit Agency is an integral part of CGD's sustainability and social responsibility process and helps to disclose information, back and finance projects for the creation and promotion of self-employment for citizens at risk of social and/or financial exclusion who are, for any reason, unable to obtain finance by traditional means. This support is provided in the form of special lines of credit for the *Associação Nacional de Direito ao Crédito* [National Association for the Right to Credit], *Associação Nacional de Jovens Empresários* [National Association of Young Businesspeople] and *Instituto de Emprego e Formação Profissional* [Employment and Vocational Training Institute].

1.4.1.6. RESOURCES

CGD launched several savings and investment solutions in first half 2015 to promote new resource-taking and retentions upon maturity. They encompassed the various types of products available as part of CGD's offer, namely:

CGD launched several savings and investment solutions to promote new resource-taking and retentions upon maturity

- On a deposits level, Caixa organised three two monthly resource-taking initiatives (a basic and integrated deposits offer and 10 automatic savings solutions) with the objective of providing continuity to CGD's strategic priority of retaining and taking-in resources, with adequate returns;
- The global deposits offer, for all maturities and all families of deposits was adjusted in first half 2015, as part of the customary repricing operations and several characteristics of the standard term deposits and savings accounts offers were reformulated;
- 28 short and medium term "tracker" deposits with guaranteed capital on maturity were commercialised and included a range of interest structures ranging from interest rates to share trackers, share indices, exchange rates and commodities. The launch of 4 such deposits was associated with *Women's Day* and *Mothers' Day* celebrations with 50 free tickets for a Summer festival of the customer's choice as well as *Children's Day* as part of the Easter campaign for residents abroad;
- Two medium/long term capitalisation insurance campaigns were set up, in the sphere of financial insurance with guaranteed capital on maturity and fixed interest rate and 1 *Leve PPR* share retirement savings plans action;
- The funds area included 6 permanent investment fund promotions and 2 promotions on Caixa's permanent offer of 3 pension funds.

Deposits in Portugal up 2.4% to €57,760 million

There was a positive evolution of resource-taking on the domestic branch office network with an additional €2,499 million over June 2014. Particular reference should be made to the 2.4% growth of deposits to €57,760 million.

Resource-taking from the corporate segment was up 7.3%. Particular reference should be made to the 6.6% growth of deposits, 9.1% growth of financial insurance and 23.1% growth of unit trust investment funds.

Domestic resource-taking up 7.3% in the case of companies and 4.5% for individual customers

Total savings taken from individual customers were up 4.5%. Special reference should be made to the case of funds and financial insurance, up 16.6% and 21.6%, respectively.

General government deposits were up by a year-on-year 19.6 b.p. to a market share of 35.2% in June 2015.

In terms of CGD Group, the resources taken balance (excluding the interbank market) was up by 4.8% year-on-year to €109,045 million. Another contributory factor was the 8.4% increase in off-balance sheet resources.

RESOURCE-TAKING BY GROUP – BALANCES

(million euros)

				Change 2015-06 vs 2014-06		Change 2015-06 vs 2014-12	
	2014-06	2014-12	2015-06	Total	(%)	Total	(%)
Balance sheet	**78,021**	**80,737**	**80,838**	**2,817**	**3.6%**	**101**	**0.1%**
Retail	68,792	72,796	71,850	3,058	4.4%	-945	-1.3%
Customer deposits	66,729	70,718	69,818	3,088	4.6%	-900	-1.3%
Other customer resources	2,063	2,078	2,032	-31	-1.5%	-45	-2.2%
Institutional investors	8,328	7,041	8,088	-241	-2.9%	1,047	14.9%
EMTN	2,897	2,282	2,346	-551	-19.0%	64	2.8%
Covered bonds	4,558	4,579	5,557	999	21.9%	978	21.3%
Other	874	180	185	-689	-78.8%	5	2.8%
Portuguese State - Conting. convert. bonds	900	900	900	0	0.0%	0	0.0%
Off-balance sheet	**26,022**	**27,291**	**28,207**	**2,185**	**8.4%**	**917**	**3.4%**
Investment funds	3,615	3,663	3,936	321	8.9%	273	7.5%
Real estate investment funds	1,410	1,327	1,292	-118	-8.3%	-35	-2.7%
Pension funds	2,655	3,172	3,343	688	25.9%	172	5.4%
Wealth management	18,342	19,129	19,636	1,293	7.1%	507	2.6%
Total	**104,043**	**108,027**	**109,045**	**5,002**	**4.8%**	**1,018**	**0.9%**
Total (excl. inst. inv. and Portuguese state)	**94,815**	**100,086**	**100,058**	**5,243**	**5.5%**	**-29**	**0.0%**

Not considering resources taken from institutional investors and CoCo bonds, there was a 5.5% year-on-year increase of €5,243 million.

Customer deposits were up 4,6% year-on-year to €69,818 million.

CUSTOMER RESOURCES – BALANCES

(euro million)

	2014-06	2014-12	2015-06	Change 2015-06 vs 2014-06 Total	(%)	Change 2015-06 vs 2014-12 Total	(%)
Customers deposits	66,729	70,718	69,818	3,088	4.6%	-900	-1.3%
Sight deposits	19,664	21,348	21,778	2,114	10.7%	430	2.0%
Term and savings deposits	46,767	49,061	47,734	967	2.1%	-1,327	-2.7%
Mandatory deposits	298	309	306	8	2.6%	-4	-1.2%
Other resources	397	416	424	28	6.9%	8	2.0%
Total	**67,126**	**71,134**	**70,242**	**3,116**	**4.6%**	**-892**	**-1.3%**

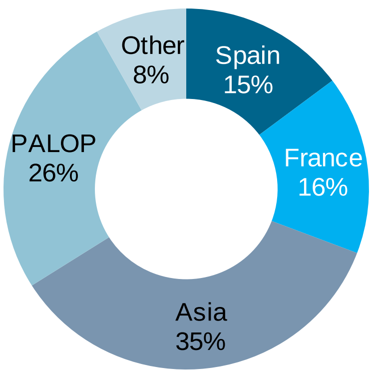
CGD business units in Asia, Africa and France particularly responsible for the 14.5% increase in deposits in the international area

Type of resources, €47,734 million (68.4% of total customer deposits) comprised term deposits and savings accounts.

The international area continued to make a highly favourable contribution to total resource-taking with a 14.5% increase over June 2014 to €15,876 million, particularly including CGD Group businesses in Asia, Africa and France.

CUSTOMER DEPOSITS IN THE INTERNATIONAL AREA

(%)



CGD continues to lead customer deposits with a market share of 28.3%

The market share of customer deposits continues dominant in Portugal, at 28.3%, in June 2015, particularly individual customers' deposits with 31.6%.

CUSTOMER DEPOSITS – MARKET SHARES (PORTUGAL) BY CUSTOMER SEGMENT

(%)

	2014-06	2014-12	2015-06
Corporate	11.3%	13.3%	11.8%
General government	15.7%	37.5%	35.2%
Individual customers	32.2%	32.4%	31.6%
Emigrants	*41.1%*	*40.8%*	*39.2%*
Total	**27.5%**	**29.2%**	**28.3%**

Debt securities, at €8,170 million, were up 13.9% since the end of 2014, essentially on account of the launch of a €1 billion covered bonds issuance with a maturity of 7 years at the start of the year. There was also a 2.5% increase of €58 million in the balance of EMTN programme issuances in 2015.

DEBT SECURITIES

(euro million)

	2014-06	2014-12	2015-06	Change 2015-06 vs 2014-06 Total	Change 2015-06 vs 2014-06 (%)	Change 2015-06 vs 2014-12 Total	Change 2015-06 vs 2014-12 (%)
EMTN programme issues (a)	2,814	2,300	2,358	-457	-16.2%	58	2.5%
Covered bonds	4,558	4,579	5,557	999	21.9%	978	21.3%
Bonds on the public sector	688	0	0	-688	-100.0%	0	-
Other	309	296	255	-54	-17.5%	-41	-13.7%
Total	**8,369**	**7,174**	**8,170**	**-199**	**-2.4%**	**995**	**13.9%**

(a) Does not include issuances classified as subordinated liabilities.

As regards subordinated liabilities, CGD took in resources of €2,426 million. This represented a stabilisation of the balance in comparison to December 2014.

SUBORDINATED LIABILITIES

(euro million)

	2014-06	2014-12	2015-06	Change 2015-06 vs 2014-06 Total	Change 2015-06 vs 2014-06 (%)	Change 2015-06 vs 2014-12 Total	Change 2015-06 vs 2014-12 (%)
EMTN programme issues (a)	1,139	1,046	1,047	-92	-8.1%	1	0.1%
Contingent convertible (Coco) bonds	900	900	900	0	0.0%	0	0.0%
Other	486	481	479	-7	-1.5%	-3	-0.6%
Total	**2,525**	**2,428**	**2,426**	**-99**	**-3.9%**	**-2**	**-0.1%**

(a) Does not include issuances classified as debt securities.

1.4.1.7. CREDIT

The economic environment in Portugal and its key trading partners in the euro area has conditioned corporate demand for credit. However the strategy of CGD focusing the financing for small and medium-sized enterprises has been successful, regarding the new production, posting year-on-year increases of 17% and 41%, in terms of individual and business network and Caixa Empresas Corporate Offices, respectively. It is not possible yet to offset the amounts of credit amortizations as there was a significant reduction of large companies loans (-3.3% over the end of 2014).

Growth of fresh loans to SMEs in 1st half 2015, up 37.1% over the same period of the preceding year

Reference should be made, in terms of new loans and advances to corporate, to the following areas: commerce, tourism and primary sector, in particular related to the growth of the new SME credit production in the first half of 2015 (+ 37.1%) over the same period 2014.

Around €114.1 million in new loans were made under the *PME Investe* [SME Invest] lines of credit for SMEs in first half 2015, to a portfolio total of €1,431 million at the end of June 2015.

CGD has a 23.7% market share of PME Crescimento ["SME Growth"] 2015 lines of credit, continuing to come in 2nd place in the market for PME Crescimento 2014 lines with 17.9%. Reference should also be made to CGD's 51.5% market share of the Investe QREN ["SRF - Strategic Reference Framework Investment"] line of credit.

Favourable evolution of market share of loans and advances to companies for maturities of up to 1 year in a context of major competition

CGD is the market leader for the two PME Crescimento 2015/2014/Investe QREN lines with 21.8%.

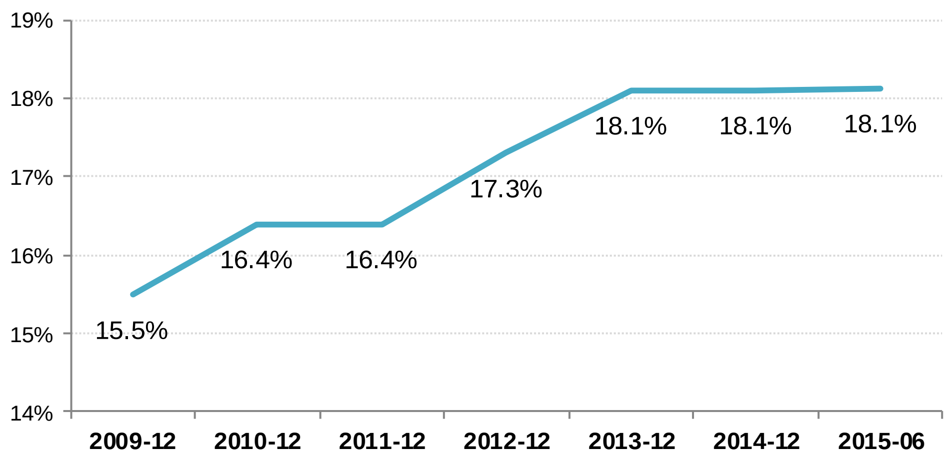
In a context of strong aggressiveness by the major banks operating in this segment in Portugal, CGD's market share of corporate loans stood at 18.1% in June 2015, the same as in the end of 2014.

18.1% market share of loans and advances to companies

Reference should be made to the increased market share of corporate loans for maturities of up to 1 year from 17.9% in December 2014 to 18.5% in June 2015, evidencing CGD's backing for the treasury function of Portuguese companies. The same market share for maturities over 5 years was 21.2% in June 2015.

MARKET SHARES – LOANS AND ADVANCES TO COMPANIES (PORTUGAL)

(%)



In the individual customers segment, CGD has continued to develop initiatives designed to strengthen the competitiveness and value of its mortgage loans. Particular reference should be made to:

Development of initiatives designed to strengthen the competitiveness and value of its credit to individuals offering

- The revision of its mortgage lending pricing system based on a revision of the parameters of the "Risk Adjusted Pricing Model" ensuring its adequacy to market conditions and risk levels;
- The improvement of the offer of fixed base interest rate indexers providing customers with greater stability in terms of the amount of their instalments, protecting them from the impact of an eventual hike in the variable base rate.

In February 2015 CGD reduced the prices of its personal loans for consumption purposes, having made several adjustments adapting to current market conditions as well as increasing its cross-selling and customer profile discounts. It therefore maintained its commitment to sustainability and social responsibility with discounted spreads on loans for training, health and renewable energies:

- CGD financed higher educational courses, masters degrees, doctorates and MBAs, rewarding academic merit with discounted spreads through Crediformação Caixa;
- CGD continued to commercialise Health Emergency personal loans, exclusively for its lower earning customers;
- In the case of vehicle loans it incentivised the purchase of "environmentally friendly vehicles by reducing the spread.

In consolidated terms, loans and advances to customers (gross) were 1.7% down by €1,205 million to €71,855 million at the end of June, in comparison to same date of the preceding year. CGD Portugal was responsible for €54,478 million and the remaining CGD Group businesses for €17,377 million, comprising 76% and 24% of total loans and advances to customers, respectively.

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

(euro million)

	2014-12	2015-06	Change 2015-06 vs 2014-12 Total	Change (%)
Companies	30,248	29,891	-357	-1.2%
General government	5,904	5,571	-333	-5.6%
Individual customers	36,633	36,393	-240	-0.7%
Mortgage loans	33,908	33,325	-583	-1.7%
Other	2,725	3,068	342	12.6%
Total	**72,785**	**71,855**	**-930**	**-1.3%**

(a) Consolidated activity. Values before impairment and including assets with repurchase agreement.

Gross credit particularly includes year-on-year growths of more than 25% in Mercantile and BCI and of 59.1% in BNU Macau

The banks located in Africa posted year-on-year growth of 17.4% in loans and advances to customers (gross) to €2,929 million at the end of June 2015. Reference should be made to Mercantile and BCI Moçambique with growths of more than 25% and BNU Macau, in Asia, with an additional €1,042 million for the half, up 59.1% year-on-year. In global terms, international operations increased their loans and advances to customers by 9.0% to €13,911 million in June 2015.

Loans to companies fell by €357 million (-1.2%) compared to December 2014, reference should be made to the changes occurred in "other financial activities" less €737 million, (-13.6%) and "construction and real estate activities" (CRE-construction and Real Estate) (+€409 million, + 3.6%).

LOANS AND ADVANCES TO CORPORATES – BY SECTORS OF [(a)]

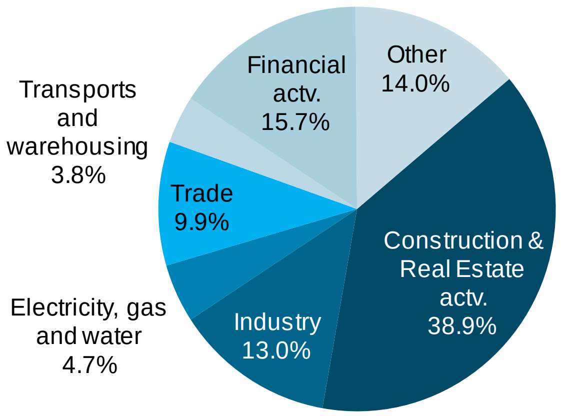
(euro million)

	2014-12	2015-06	Change 2015-06 vs 2014-12 Total	Change (%)	Structure 2014-12	Structure 2015-06
Construction and real state activities	11,206	11,614	409	3.6%	37.0%	38.9%
Mining and manufacturing	3,860	3,874	14	0.4%	12.8%	13.0%
Electricity, gas and water	1,546	1,399	-147	-9.5%	5.1%	4.7%
Wholesale and retail trade	2,857	2,950	92	3.2%	9.4%	9.9%
Transports and warehousing	1,128	1,151	23	2.0%	3.7%	3.8%
Other financial activities	5,440	4,703	-737	-13.6%	18.0%	15.7%
Other	4,210	4,201	-9	-0.2%	13.9%	14.1%
Total	**30,248**	**29,891**	**-357**	**-1.2%**	**100.0%**	**100.0%**

(a) Consolidated activity. Values before impairment and including assets with repurchase agreement.

LOANS AND ADVANCES TO CORPORATE – JUNE 2015

(%)



In loans to individuals, the balance stood at 36,393 million euros at the end of the 1st half, with a decrease of EUR 240 million (-0.7%) compared to December 2014, originating in the mortgage (-583 million euros, -1.7%).

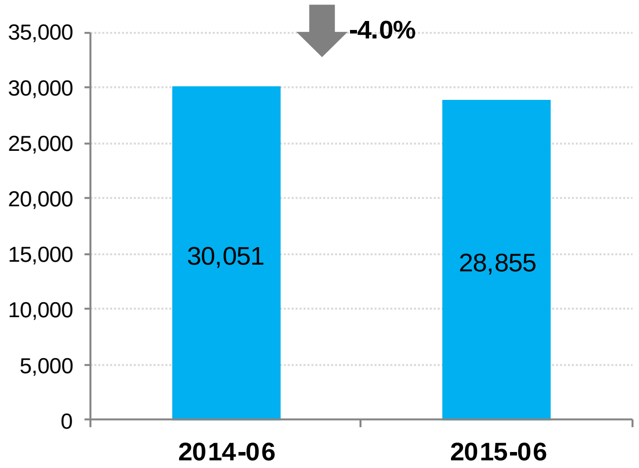
Mortgage loans portfolio down 4.0% in spite of the 58.5% year-on-year growth in new operations

The mortgage loans portfolio, in June 2015, amounted to €28,855 million, down 4% year-on-year. The aggregate amount of repayments and settlements, since 2011, has been higher than the amounts of new operations and has resulted in a gradual reduction of the amount of credit in the portfolio.

New mortgage loans have, accordingly, trended to growth across 2015, with accumulated sales of €380 million in the first half of the year, representing a year-on-year increase of 58.5%.

MORTGAGE CREDIT PORTFOLIO - BRANCH OFFICE NETWORK (PORTUGAL)

(euro million)



Around 23% of new mortgage loan operations comprise the acquisition of CGD Group's and Caixa Partners' properties for which growing endeavours to advertise such properties and provide more favourable, differentiated financing conditions have contributed.

The level of performance of the commercialisation of non-current assets held for sale has been growing, with a year-on-year change of 54% in the amount of sales registered in the 1st half. CGD's branch office network has been playing an increasingly important role in the commercialisation of such properties, given the existence of complementarity between the properties' sales process and new mortgage lending operations.

CGD's 21.9% market share of loans and advances to customers in June 2015 was slightly up over June 2014.

LOANS AND ADVANCES TO CUSTOMERS – MARKET SHARES (PORTUGAL) BY CUSTOMER SEGMENT

(%)

	2014-06	2014-12	2015-06
Corporate	18.3%	18.1%	18.1%
Individual customers	23.5%	23.5%	23.4%
Mortgage loans	26.5%	26.5%	26.4%
Consumer	6.5%	6.5%	6.4%
General government	29.6%	33.4%	30.8%
Total	**21.6%**	**22.0%**	**21.9%**

1.4.2. SPECIALISED CREDIT

The latest data published by *Associação Portuguesa de Leasing, Factoring e Renting (ALF)* [Portuguese Leasing, Factoring and Renting Association] indicate a year-on-year downturn in the property leasing sector as opposed to reasonable growth in the equipment leasing sector owing to the strong growth of vehicle finance. The factoring sector continues to trend downwards.

Caixa Leasing e Factoring

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

CGD GROUP SALES – SPECIALIZED CREDIT

(euro million)

	CLF Sales			
			Change	
Product	2014-06	2015-06	Total	(%)
Property leasing	48	46	-2	-3.6%
Equipment leasing	88	132	44	50.4%
Total leasing	**136**	**178**	**42**	**31.3%**
Factoring	**962**	**1,032**	**70**	**7.3%**
Consumer credit	**2**	**3**	**1**	**45.0%**
of which:				
Vehicle finance				
Property leasing	33	55	22	65.1%
Consumer credit	2	3	1	56.5%

In the first half the granting of new specialized credit grew in most products

There was an across-the-board growth of new loans in the first half, up 50.4% for equipment leasing, 7.3% for factoring and 45.0% for consumer lending. The only negative change was 3.6% in the case of property leasing. Reference should be made to the 64.6% growth in finance for light vehicles.

Caixa Leasing e Factoring's net assets were up 2.4%, owing to the 1.6% growth of loans and advances to customers and 19.8% growth of non-current assets held for sale, net of provisions.

CAIXA LEASING E FACTORING - MAIN FINANCIAL INDICATORS

(euro million)

	2014-06	2015-06	Change	
			Total	(%)
Net assets	2,217	2,269	53	2.4%
Loans and advances to customers	2,267	2,298	30	1.3%
Provisions for overdue credit	-217	-216	1	-
Shareholders' equity	62	89	27	43.6%
Net income	-5	6	11	-
Share capital	10	10	0	0.0%
Group %	51%	51%	0	0.0%
Employees	185	188	3	1.6%

Net interest income and net operating income were up 8.1% and 4.4%, respectively.

The favourable evolution of net operating income and 75.7% decline in provisions and impairment resulted in a positive net income level of €5.7 million.

1.4.3. INTERNATIONAL AREA ACTIVITY

Caixa Group's performance in the international area in the first half was globally positive, with key indicators to evolve positively and to increase their relative weight compared to the figures of the consolidated Group.

Favourable performance by Caixa Group's international area

In the corporate area, CGD developed a series of initiatives and activities to integrate international business, with a view to maximising synergies to support the domestic and international branch office network.

These activities have enabled CGD to improve its knowledge and information sharing and has translated into a more dynamic approach to articulating and promoting international business, in the form of a global increase in the number of new customers.

Maximising of synergies to back the domestic and international branch office network

Therefore Caixa in articulation with its foreign branches (in Spain, France, Angola, Brazil, Mozambique, South Africa, China/Macau), continues to strongly commit to an activity based on CGD Group's international platform for the development of relationships with "internationalised" companies in these markets to increase its foreign and particularly intra-Group trade.

Reference should also be made to the organisation of various business promotion and training actions, both in Portugal as in several of Caixa's priority markets for the purpose of helping to create business opportunities between customers.

BCG Spain successfully accomplished all of the objectives set out in the restructuring plan agreed between the Group and DGComp

In Europe, Spain is the automatic first choice for the internationalisation of Portuguese companies, with CGD Group through Banco Caixa Geral (BCG), having restructured its presence to improve its offer in Iberia, both as regards the availability of its branch office network in both countries and on a level of its offer of specific products and services.

The strategic focus of Banco Caixa Totta de Angola, S.A. (BCGTA), in Angola, continues to be the corporate segment, operating in close collaboration with other CGD Group banks and overseeing the business of CGD Group customers both in terms of its backing for investment in Angola and foreign trade promotion between Angola and the diverse geographies in which the Group operates.

BCI is the bank with the highest recognition factor of Mozambique's main banks, both in the case of domestic and international entities. This reflects the quality of BCI's work over the last few years:

- PMR Africa: The Best Bank for Personal Customers and the Best Bank for Companies / Diamond Arrow Award, for the second consecutive year;
- World Finance: Best Commercial Bank in Mozambique for the fifth consecutive year;
- The African Banker: Best Commercial Bank in Southern Africa – 2015;
- Global Banking & Finance Review: The Best Commercial Bank in Mozambique – 2015 and The Best Retail Bank in Mozambique – 2015, for the third consecutive year;
- International Finance Magazine: The Best Commercial bank in Mozambique – 2014 for the first time;
- Superbrand Mozambique 2015: for the third consecutive year and since its first edition.

BCI is the Bank with the highest domestic and international recognition factor of the major Mozambican banks

These prizes represent international recognition of BCI's performance in the Mozambican market, in which it has, over the last few years, played a highly relevant role in the provision of banking services.

BCI and BCGTA have also contributed to these countries' social and economic development through the work performed on behalf of the development of the economy, companies and households.

In Asia, reference should be made to BNU's active role in developing cross-border and intra-group business, promoting the visits of corporate delegations to Macau and encouraging meetings with potential local partners.

Promotion of customers resident abroad segment with the improvement of the functionalities available from Caixazul Internacional and Caixadirecta Internacional

Reference should also be made, in the case of individual customers, to the importance of the residents abroad segment which is strategic for CGD on account of the proportion it represents of total individual customers' resources and its high growth potential owing to the current economic situation. To strengthen relationships with customers resident abroad, CGD has furthered an articulated, complementary policy between CGD's branch office network in Portugal and its branches and representative offices abroad and distance management models in the form of the Caixadirecta Internacional and Caixazul Internacional services (for wealthier customers).

CGD's individual customers resident abroad business in the period in question endeavoured both to take-in resources and improve the level of the global lending operations aggregate, thus making a favourable contribution to Caixa's results.

As regards the main activities across this period, reference should be made to the promotion of thematic campaigns targeted at this segment, taking advantage of the fact that many customers return to Portugal for their holidays and the Easter period.

Caixa Group's international area posted consolidated net income of around €44.7 million in the first half year, up €39.2 million over the same period of the preceding year.

INTERNATIONAL AREA'S CONTRIBUTION TO CONSOLIDATED NET INCOME

International area increases its contribution to net income by €39.2 million

(euro million)

	2014-06	2015-06	Change
Banco Nacional Ultramarino (Macau)	19.5	28.5	9.0
France Branch	-25.2	18.0	43.2
Banco Caixa Geral (Spain)	12.0	15.6	3.6
Banco Caixa Geral Totta Angola	7.4	10.6	3.2
Banco Comercial de Investimento (Mozambique)	6.4	8.6	2.3
Other	-14.5	-36.6	-22.1
Total International	**5.5**	**44.7**	**39.2**

For the geographies as a whole in which CGD operates, the branches posted a negative contribution of around €17.1 million to Caixa's consolidated net income, as opposed to the other entities which made a profit of €61.8 million.

The gross operating income of foreign subsidiaries and branches, on a consolidated basis, was highly positive and up 29.2% by €45.9 million year-on-year to €203.0 million in June 2015.

Reference should be made to the results achieved by several of CGD Group's main international operations which made a highly positive contribution to consolidated income from international operations. They include BNU Macau, with net income of €28.5 million, France branch with €18 million, BCG in Spain with €15.6 million and BCGTA in Angola, with net income of €10.6 million.

In turn, loans and advances to customers, net of impairment was up 9.1% over June 2014 to €13.9 billion. The large international branch office network has made a major contribution to the increase in resources taken and the Group's lesser reliance on external funding. Resource-taking was, accordingly, significantly up by 14.8% to €16.1 billion. Consolidated net assets from the international area were up by a year-on-year 10.6% to €22 billion.

CGD Group's main geographies

Spain

The indicators for Spain's financial sector continued to improve with a reduction of overdue credit and continuous reduction of costs with the aim of meeting the challenge of profitability deriving, *inter alia*, from the reduction of interest rates both on account of the continuous fall of Euribor as well as the pulverising of spreads. Competitive pressure is likely to lead to new mergers and acquisitions with the disappearance of the few smaller independent entities still in existence.

BCG Spain successfully accomplished all of the objectives set out in the restructuring plan agreed between the CGD Group and DGComp

Banco Caixa Geral (BCG) achieved all of the objectives set out in the restructuring plan agreed between CGD Group and DGComp. It has a maximum employee complement of 520 and a network of 110 branches mainly located in zones surrounding Portugal such as Galicia, Estremadura, Andalucia and Castille León as well as in the *Communities* with major economic activity such as Madrid, Catalonia, Basque Country, Asturias, Valencia and Aragón.

The bank's network has recentred its support for Spanish and Portuguese companies operating in the Iberian and foreign markets in which CGD Group is present. This has translated into a 30% growth of lending to entities operating in such markets across the half. Owing to this focus, total lending was up by around 2.5% in this half for the first time since 2010 in comparison to the end of 2014. The growth in lending to companies has more than offset the reduction comprising mortgage portfolio repayments, notwithstanding the fact that this is a small bank whose prices are in line with the sector average and which meets all of the volume and price targets set out in the restructuring plan.

Customer resources have remained at their expected level with a growth of €20 million during the half and have also counteracted the downwards trend occurring in Spain in the first few months of the year, notwithstanding the sharp decline in interest. This is an area in which the bank is in total alignment with the sector, as required to comply with the indicators set out in the restructuring plan. The resilience of the deposits portfolio has enabled a loans to deposits ratio of 120% to be maintained.

The bank is able to compete with the other banks operating in Spain owing to the improvement of its cost-to-income ratio to 47%.

The overdue credit ratio at 3.4%, only 0.59% of which derived from loans made after January 2013, remained lower than the average of 11.4% for the sector, in May. Also in this domain, the bank outperformed the sector average and has complied with the limits set out in the restructuring programme.

Profitability has improved as a result of the increase in net interest income and reduction of operating costs

Profitability has improved as a result of the increase in net interest income and reduction of operating costs over the same period 2014. These results translate into a year's gain in terms of business revenues and growing results in which BCG has achieved its defined objectives.

France

France's banking sector faces a highly difficult competitive context, having first and foremost to constantly adapt to new regulation, new actors and new technologies associated with the development of online banking. The changes occurring in sales of banking products are new challenges for the sector which is witnessing the exponential growth of big data warehousing and its respective use with the aim of proposing adequate, personalised products.

France branch is pursuing its sustained development policy based on an increase in taking-in savings

France branch is pursuing its sustained development policy based on an increase in taking-in savings. The branch continued its campaign to attract young customers (rejuvenation of the portfolio of customers under the age of 25) in first half 2015 and launched deposit-taking campaigns, particularly concentrating on fresh money and longer maturities.

The branch participated in events involving a strong Portuguese community contingent. This particularly included its presence at the 4th edition of *SIPP* (*Salon de l'Immobilier et du Tourisme Portugais à Paris*) as well as at "popular festivities" organised by Rádio Alfa and the official partnership commemorating the 40th edition of the Franco-Portuguese Pontault-Combault event.

Resource-taking activity on the branch office network in first half 2015 was up 2.5% over December 2014, as opposed to lending activities which were up 1.7%, mainly sustained by property loans (housing up 1.4% and real estate development up 9.2%) in conformity with market evolution.

This evolution, characterised by dynamic resource-taking and lending activities, more in line with market evolution, helped the branch to achieve its objective of reducing its loans to deposits ratio.

The branch leverages its bilateral trade, based on accompanying and introducing the branch's customers to other CGD Group entities, both in Portugal and in other countries.

Angola

The external shock deriving from the fall of oil prices at the end of 2014, continues to significantly condition the performance of Angola's economy in 2015. The authorities' initial response was to concentrate on the budget aspect, especially comprising highly expressive cuts in expenditure, particularly investment (down 53%).

Together with a change of fiscal policy in February, direct administrative control measures on import quotas for current consumer goods were also approved. Owing to difficulties in terms of administrative control, these measures are still at their implementation stage.

Banco Caixa Geral Totta de Angola's (BCGTA's) strategic focus is in corporate banking in key sectors of Angola's economy, notably oil and diamonds, in addition to the premium individual customers' segment. Reference should herein be made to BCGTA's membership of the "Angola Invest" programme and its ability to supply a competitive, differentiated product to Angola's small and medium sized enterprises.

BCGTA continued monitoring the CGD Group customers, regardless of their geography, promoting cross-border business

The bank furthered its oversight policy on the business affairs of CGD Group customers in first half 2015, both in terms of its backing for Portuguese companies with investment processes in Angola and foreign trade between Portugal and Angola and between other geographies in which the group operates as well as the internationalisation of Angolan companies in Portugal or countries in which CGD Group operates.

BCGTA has committed to developing banking services such as leasing and insurance and electronic channels while continuing to reorganise several key areas with the aim of improving its procedural flexibility and quality of customer service.

Mozambique

Banco Comercial e de Investimentos (BCI) continued its first half 2015 endeavours to innovate and adopt social inclusion policies, helping to increase the population's "bankarization" levels based on the growth of its branch office network, demonstrating the relevance of the bank's proximity policy and domestic geographical coverage.

BCI added 3 branches to its branch office network in diverse strategic zones in urban centres and development areas

BCI added 3 branches to its branch office network in first half 2015, in diverse strategic zones in urban centres and development areas:

- Integrated business centre in BCI Matola – Hanhane (Maputo province);
- *BCI Exclusivo* centre in Maxixe (Inhambane province);
- *Moamba office* (Maputo province).

These new branches are indicative of BCI's contribution to the "bankarization" process and its backing for the growth of the domestic economy, permitting, *inter alia*, a significant reduction of the risks run by traders when transporting cash/valuables from rural zones to the city.

With the new units, the BCI sales network is now represented by a total of 171 branches. This structure represented 29.6% of Mozambique's total banking system network in June 2015.

BCI continued to be the 2nd largest with the biggest share of the credit market in the first half year

BCI continued to be the 2nd largest bank in the financial system, with the biggest share of the credit market in the first half year with a market share of 29.8% and coming in 2nd position on a level of its market share of total deposits and assets with 28.5% and 27.3%, respectively, in June 2015.

The bank's balance sheet strengthened in first half 2015 as a result of the incorporation of net income for the preceding year. Its solvency ratio rose from 8.7% in December 2014 to

14.1% in June 2015, much higher than the lawfully required 8.0%.

The deposits portfolio also recorded significant growth of 21.3% and the credit portfolio was up 27.1% in comparison to June 2014.

Cape Verde

The recessionary environment was reflected in the commercial activity of CGD Group banks in Cape Verde, Banco Comercial do Atlântico and Banco Interatlântico.

The economic environment governing the activity of Banco Comercial do Atlântico (BCA) in the first half of the year remains unfavourable, resulting, in turn, in a deterioration of the loans in default portfolio.

The net balance on BCA's loans and advances to customers portfolio remained virtually stagnant (slightly down by 0.5% over December 2014). New operations in the first half of this year, were, however, up 55% in line with the growth expected for 2015.

The 1 billion CVE line of credit for SMEs and microcredit institutions, set up in September 2014, following the central bank's issue of monetary policy directives, has already started to have an impact on the bank's loans and advances to customers portfolio. The success of the referred to line of credit has enabled the amount of the line to be increased to 2 billion CVE with a maturity of 10 years and better rates for customers.

New loans to companies granted by Banco Interatlântico increased by 55.1%

The economic situation has still not enabled overdue credit and interest (up 11.2% over December 2014), to be stemmed. BCA has adopted new strategies for the recovery of non-performing loans, in the form of payments in kind, sustainable renegotiations and permanent customer oversight.

Customer resources, as BCA's main source of funding, were up 6.6% over December 2014. The positive evolution of sight deposits has helped to reduce funding costs and their respective effects on the bank's net interest income.

Structural costs, in line with the cost rationalisation strategy, remained virtually constant, having benefited from the positive effect of the rationalisation of expenses, in conjunction with a commitment to increase the bank's earnings, its net income in the first half was higher than the level recorded in the same period of the preceding year.

The solvency ratio was up from 14.9% in December 2014 to 15.5% in June of this year, with a margin of 5.47 pp over the 10% minimum required by the supervisor.

Banco Interatlântico produced its first sustainability report this half and is a pioneer in this area

Banco Interatlântico produced its first sustainability report this half and is a pioneer in this area, both on a level of the banking sector as on a level of other domestic companies. With this initiative the bank aims to strengthen its brand as a socially responsible company in the market, showing the economic, environmental and social side of its activity.

The bank posted a slight 1.1% increase in its loans and advances to customers portfolio (net) and an improvement in quality. Overdue credit was down 13.2% over June 2014.

Reference should also be made to the increase of around 3.7% in the level of resource-taking from customers in comparison to June 2014.

The two banks, as a whole, have a network of 42 branch offices. CGD Group is present on all of the archipelago's islands.

São Tomé e Príncipe

Notwithstanding the difficult economic context, Banco Internacional de São Tomé e Príncipe (BISTP), has endeavoured to achieve a sustained quantitative and qualitative growth of its balance sheet, maintaining a solid income growth trend.

BISTP centred its actions on the commercial area with new products for customers

BISTP centred its actions on the commercial area in first half 2015, with new products for customers and adjusting its lending and borrowing rates to match the strong competition existing in the market.

Loans and advances to customers were down by around 17.0%, not only on account of a reduction of demand for bank loans for consumption and investment from economic agents as a consequence of the lack of public investment, which are the main economic drivers in S. Tomé e Príncipe, but also the bank's adoption of a more prudential lending policy.

BISTP had a 69% market share of customer deposits, in May 2015, down 2 pp over December 2014.

A poor level of economic performance in a small market in which it six banks operate has the effect of making financial brokerage conditions particularly difficult, not particularly profitable and an added risk, having an impact on the bank's profitability.

South Africa

Mercantile Bank, founded in 1965, operates in a niche commercial banking area and aims to achieve differentiation on the basis of a personalised service and tailored financial solutions for South African businesspeople.

Mercantile Bank invested in the development of electronic channels, with the implementation of a new internet banking platform

As a niche bank, it offers a comprehensive range of products and services to meet day-to-day corporate financial needs. The bank, as in the case of any other South African bank, is involved in most payment flows and, in terms of its balance sheet is bigger than most of its peers.

Mercantile's launch of its highly successful private banking service in November 2014 enjoyed a high level of media coverage and was the bank's most significant campaign over the last few years. The bank has also committed to the development of electronic channels and is implementing a new internet banking platform and developing the launch of a mobile banking platform.

Macau

In a less favourable local economic context, the banking sector in Macau has been showing signs of stability, financial strength and adequate profitability. Up to the present time the contraction of GDP in Macau has not had a particularly significant impact on local banks and the banking sector continues to enjoy good levels of profitability.

BNU Macau continues to develop its commercial banking activity, and at the same time keeps the responsibility of issuing currency in Macau

Banco Nacional Ultramarino achieved a good level of performance on a level of growth of business revenues over the first six months of this year, notwithstanding intensifying competition in the banking sector and its consequent impact on margins, deposit-taking and lending to individual customers. Reference should also be made to the continued decline of revenue from interbank investments.

New products and services were also launched in the period. Special reference should be made to the launch of the BNU Asia Miles Visa Credit Card as the first and only card of this type in Macau.

In first half 2015, BNU's total business revenues were up by around 39.4% over the same period of the preceding year. Particular reference should be made to the growth of credit as opposed to customer resources of 59.1% against 29.6%, respectively.

Net interest income was up 57.5% in the first 6 months of this year in comparison to the same period of the preceding year as a consequence of better liquidity management and increase in the size of the credit portfolio.

Although the bank has been endeavouring to contain costs, in light of the need to remain in line with inflation and to be competitive in terms of recruitment and retaining human resources, costs were up, owing to the adjustment of wages and number of employees.

Notwithstanding, the bank's profitability was up 46% over the same period of the preceding year.

East Timor

The Timor branch has historically been referred to as the state "treasury", owing to its penetration of the "civil servants and pensioners" segment.

Considering the legal limitations on the registration of mortgage guarantees, the lending strategy continues to be highly conservative and prudential and endeavours to mitigate risks on a basis of spreading its portfolio over more operations with less individual value.

The branch strengthened its position in the individual customers' segment and particularly with civil servants and pensioners

The branch strengthened its penetration of the individual customers' segment and particularly with civil servants and pensioners, given the possibility of obtaining irrevocable direct salary/pension deposits from the state.

The impossibility of registering any onus on assets (moveable or immovable), and the lack of insurance to also permit a certain "cushioning" of the risk, strengthens the need to take a cautious approach to the analysis of operations involving larger loans.

The fact that the country is not, by nature, inclined to save and the still fragile structure of most household income, has reduced the capacity to take in resources for the savings segment.

Brazil

In the case of Banco Caixa Geral Brasil (BCGB), 2014 was characterised by a reorientation of the group's activities in the Brazilian market in which: i) the bank refocused its activity as a "Corporate & Investment Bank" accounting for a higher proportion of business profitability; and ii) brokerage operations in which CGD Group undertook a strategic reorganisation of its activity, with the merger of its *homebroker* activity with Rico (with CGD Group having a 51% equity stake in the new entity) and closure of its institutional brokerage operations.

Fundamental steps for the development of the activity relating to BCG-Brasil's individual customers were taken across the first half year

Accordingly, in first half 2015, the bank started to reap the benefits of this strategic reorientation with: a) an increase in cross-border activity between Brazil and countries with a CGD Group presence; b) an increase in financial services to sectors linked to infrastructure and its backing for Brazilian companies in which BCG-Brasil's dimension and operating areas are capable of adding value to the development of their activities.

Fundamental steps for the development of the activity relating to BCG-Brasil's individual customers were taken across the first half year. This project aims to leverage BCG-Brasil's position within the Portugal-Brazil community, achieving revenue synergies with CGD Group and improving the bank's funding and profitability.

The bank's revenues across the first six months of 2015 were up 32% over the same period 2014. BCG-Brasil's operating costs, in turn, were down 4% in the first half in comparison to first half 2014 (inflation in Brazil, over the last 12 months was around 8%). The bank therefore earned gross operating income of €6.5 million (up 166% over the same period 2014). BCG-Brasil had a cost-to-income ratio of 51.5% in the first few months of 2015 in comparison to 76.9% in the same period 2014.

Other geographies

In addition to these business units, CGD Group's international network also includes its New York, Cayman Islands, London, Spain, Luxembourg, Zhuhai and Macau branches and a collection of representative offices on 4 continents.

1.4.4. INVESTMENT BANKING

Caixa Banco de Investimento's (CaixaBI's) activity in the 1st half of the year generated net operating income of €31.2 million. This would have been €33.9 million if adjusted for the negative impact of write offs in the derivatives portfolio.

The Bank's results (€0.7 million in 1st half) continued to be penalised by the current macroeconomic environment, affected by higher provisioning and impairment levels amounting to €16.9 million, plus €2.7 million in income from financial assets.

CaixaBI with net operating income of €31.2 million

CaixaBI was involved in several emblematic deals, strengthening its leading position in terms of investment banking. The following are the main business area highlights.

Project Finance

Reference should be made to two operations in this area: the completion of the project for the economic-financial rebalancing of the municipal public service concession for the supply of water to the municipality of Cascais – Águas de Cascais – which included an addendum to the loan contracts and completion of the restructuring operation on the financial liabilities of Tratolixo.

Structured Finance

Reference should be made to the advisory services for structuring and putting together the reorganisation process on the financial liabilities of Promor Group and Marques Group, financial advisory services on the disposal of CGD – Spain Branch loans and participation as arranger in financing the acquisition of four blocks of equity shares comprising 30% of the share capital and voting rights in Brisa – Concessão Rodoviária, SGPS by several Portuguese-Brazilian investors.

Corporate Finance – Advisory

Reference should be made to the financial advisory services to Fidelidade (for its economic and financial valuation of Via Directa), Efacec (disposal of a 65.4% equity investment in Efacec Power Solutions), Ardian (acquisition of equity stakes in diverse Ascendi Group, SGPS, S.A. concessions) and José de Mello (disposal of a 30% equity stake in Brisa - Concessão Rodoviária).

Economic-financial valuations were also made on diverse CGD subsidiary/associated companies in the sphere of impairment and equity stakes analyses, as well as for economic-financial valuations of the subsidiary/associated companies Águas de Portugal and Caixa Leasing e Factoring for Parcaixa.

Debt Capital Market

The following operations were performed in the primary bond market:

- Republic of Portugal: joint lead manager and bookrunner for a Treasury bonds issuance maturing in 2025 (€3,500 million), new 10 year benchmark and the issuance of Treasury bonds maturing in 2045 (€2 billion) and issuance with the Republic's longest maturity. Co-lead manager for both tap issuances (€2 billion and €500 million, respectively).
- CGD: joint lead manager and bookrunner for a covered bonds issuance maturing in 2022 (€1 billion).
- REN: joint lead manager and bookrunner for a notes issuance maturing in 2025 (€300 million).
- NOS: joint lead manager and bookrunner for a bonds issuance maturing in 2022 (€150 million).
- EDP: joint lead manager and bookrunner for a bonds issuance maturing in 2025 (€750 million).
- Brisa: joint lead manager and bookrunner for a bonds issuance maturing in 2025 (€300 million).
- Altri/Celbi: organisation and lead of a bonds issuance maturing in 2021 (€35 million).
- Sonae: organisation and lead of a bonds issuance maturing in 2022 (€100 million).
- Mota-Engil: global coordination of a bonds issuance maturing in 2020 (€95 million), comprising a public subscription and public exchange offer.
- Bank of America: co-lead manager for the issuance of notes maturing in 2025 (€750 million).

CaixaBI also organised and led twelve new commercial paper programmes of which special reference should be made to the NOS (€100 million), Portucel (€100 million), Secil (€50 million), Altri/Celbi (€25 million), RAR/Colep (€23.5 million), Barraqueiro Group (€20 million) and Iberian Salads (€12.5 million) issuances.

Equity Capital Market

The Bank was the joint bookrunner for the disposal of a José de Mello Energia, S.A. equity investment in EDP using an accelerated bookbuilding process, in 1st quarter 2015. The disposal comprised a block of 73.2 million EDP shares for 2.0% of its share capital. This highly successful offer was oversubscribed and raised a total amount of approximately €249.0 million.

CaixaBI present in several Capital Market operations

Brokerage

According to data published by CMVM for May 2015, CaixaBI/CGD brokered a volume of €1,300 million in the domestic equities market, comprising a market share of 9.1%.

CaixaBI was also involved in the following market operations:

- José de Mello Energia: joint bookrunner in the accelerated bookbuilding process on 2% of the share capital of EDP.
- Other operations: ABB for 22.5% of Havas and the Ecolslops and ELTE IPOs.

Financing and Structuring Area

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

CaixaBI's performance as a liquidity provider remained positive, with the Bank continuing to operate on a collection of NYSE Euronext Lisbon listed securities, with Euronext awarding CaixaBI its top "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

Reference should be made, in this area to CaixaBI's participation in the above referred to issuances (debt capital market) of CGD, REN, NOS, EDP, Brisa, Bank of America and Republic of Portugal. In the latter case it also operated as a specialised securities trader in the private debt auctions occurring in the half year.

It also organised 91 commercial paper issuances comprising a volume of €1,075 million.

Venture Capital

103 projects were assessed and 26 approved. The approved projects comprised a potential investment of approximately €89.1 million of which an amount of €8.1 million was invested.

1.4.5. ASSET MANAGEMENT

Assets under management were up 2.8% in first half 2015 to €28,938 million

Asset management activities within CGD Group in 2015 have globally trended to positive, both amounts under management and revenues.

Assets under management were up 2.8% in first half 2015 to €28,938 million, owing to the welcome afforded by individual customers to unit trust investment and pension funds.

AMOUNTS UNDER MANAGEMENT

(euro million)

	2014-06	2014-12	2015-06
Unit trust funds	3,615	3,663	3,936
Wealth management	1,410	19,129	1,292
Wealth advisory	2,655	872	3,343
Property funds	18,342	1,327	19,636
Pension funds	670	3,172	731
Total	**26,692**	**28,163**	**28,938**

Commissions' earnings were up 5.6% over the first half last year to €25.9 million in June 2015. Commissions paid to CGD's branch office network were, in turn, up 11.2% to €8.9 million.

COMMISSIONS

(euro million)

	2014-06	2014-12	2015-06
Unit trust funds	9.5	22.5	10.6
Property funds	7.4	14.2	6.4
Pension funds	2.0	4.8	3.2
Wealth management	5.5	10.1	5.8
Total	**24.5**	**51.6**	**25.9**

Commissions paid to CGD's branch office network were, in turn, up 11.2% to €8.9 million.

Unit trust investment funds - Caixagest

The net amount of unit trust funds under management was up €273 million over the first six months of the year. Contributory factors were customers' receptiveness to money market, multi-asset, shares and alternative funds commercialised in conjunction with CGD's branch office network.

FUNDS UNDER MANAGEMENT

(euro million)

	2014-06	2014-12	2015-06
Treasury funds	1,906	1,938	2,125
Bond funds	384	414	340
Multi-asset funds	279	268	375
Share funds	265	281	377
Special investment funds	503	514	567
Protected capital funds	278	248	152
Total	**3,615**	**3,663**	**3,936**

Caixagest had 30 unit trust investment funds in various international financial markets for the amount of €3,936 million under management at the end of June.

Commissions' earnings from unit trust investment funds in the first six months totalled €10.6 million, a year-on increase of 10.7%.

Property funds – Fundger

The 27 property funds managed by Fundger totalled €1,292 million, at the end of June. The Fundimo fund continued to register a decrease in amounts under management, in first half 2015, albeit less marked than previously. A certain slowdown in the activity of closed-end funds continued to be noted owing to the fact that most of them have been allocated to property development and promotion.

PROPERTY FUNDS UNDER MANAGEMENT

(euro million)

	2014-06	2014-12	2015-06
Fundimo open-ended fund	721	660	628
Closed end funds	689	667	664
Total	**1,410**	**1,327**	**1,292**

Commissions earnings from property funds were down 13.8% over the first half of the preceding year to €6.3 million, owing to a drop in commissions from the Fundimo fund.

Pension funds - CGD Pensões

As a result of the large number of subscriptions for open-ended pension funds and increased contributions to closed-end funds, the net worth of the fund managed by CGD Pensões at the end of June 2015 was up 5.4% over the start of the year to €3,343 million.

FUNDS UNDER MANAGEMENT

(euro million)

	2014-06	2014-12	2015-06
Open-ended funds	297	430	537
Closed end funds	2,358	2,742	2,806
Total	**2,655**	**3,172**	**3,343**

Commissions earnings on pension funds up to the end of June were up 59.2% over the preceding half year to €3.2 million.

Wealth management - Caixagest

Caixagest continued to develop its wealth management service, on the basis of its proximity approach to CGD's branch office network and respective portfolio customers. Proposals have been adjusted to the new environment with the aim of prospecting for new customers.

Since the start of the year, the amount of portfolios under management was up 0.3%, to €22,944 million, at the end of June.

PORTFOLIOS UNDER MANAGEMENT

(euro million)

	2014-06	2014-12	2015-06
Insurance portfolios	12,005	12,504	13,047
Institutional	6,162	6,400	6,332
Pension funds	2,337	2,867	2,577
Individual and corporate customers	175	226	257
Advisory	670	872	731
Total	**21,349**	**22,869**	**22,944**

Revenues from the portfolio management service up to June 2015 were up 4.5% over the same half of the preceding year to €5.8 million.

1.5. Results, Balance Sheet, Liquidity and Solvency [1]

1.5.1. CONSOLIDATED ACTIVITY

For comparability purposes, the amounts of net income and income before tax and non-controlling interests for 1st half 2014, have been adjusted to reflect the appropriation of 15% of the net income of Fidelidade and 20% of Cares and Multicare, which correspond to the equity percentages presently held by CGD Group, and the exclusion of the capital gains recognised on the disposal of the referred to insurance companies occurred in that period.

CGD returned to profit in 1st half 2015, with a € 216.4 million increase in consolidated net income attributable to its shareholder over the same period last year to € 47.1 million for the period.

1.5.1.1. RESULTS

Consolidated net income before tax and non-controlling interests up €324.2 million to €213.5 million

In the context of a continuous fall of interest rates and greater competition, CGD's consolidated net income before tax and non-controlling interests was up € 324.2 million over 1st half 2014 to € 213.5 million.

Active management of net interest income fuels growth of 14.3%

Notwithstanding the downwards trajectory of Euribor rates, active management of net interest income, particularly in terms of borrowing, resulted in a 12% year-on-year growth of € 57.6 million in net interest income which benefited from a situation in which the decline of funding costs was higher than the reduction felt on income from lending operations. Income from equity instruments was, in turn, up € 15.2 million leading to a 14.3% increase in net income, including income from equity instruments.

Good performance by financial operations

Income from financial operations amounted to € 302.0 million at the end of the 1st half, in comparison to € 166.2 million for the same period of the preceding year, having benefited from the good performance of the public debt market in a context of markedly lower interest rates as well as adequate timing in respect of the management of CGD's securities portfolio.

Net commissions of € 247.7 million were slightly down year-on-year, by 1.5% over commissions earnings in 2014. By type, reference should be made to commissions from international operations (up 6.4% by € 4.2 million) and asset management (up 18.3% by € 2.5 million).

COMMISSIONS (NET) – CONTRIBUTION BY BUSINESS AREAS

(euro million)

			Change	
	2014-06	2015-06	Total	(%)
CGD Portugal	153.5	146.7	-6.8	-4.4%
International operations	65.2	69.4	4.2	6.4%
Investment banking	21.0	18.1	-2.9	-14.0%
Asset management	13.7	16.2	2.5	18.3%
Other	-2.0	-2.7	-0.7	-
Total	**251.4**	**247.7**	**-3.7**	**-1.5%**

[1] The amounts for June 2014 have been restated to reflect the adoption of the interpretation of the IFRIC 21 of the International Financial Reporting Interpretations Committee. So, the accounts for the 1st half already reflect the full amount of costs for 2014, in respect of the banking sector extraordinary contribution and contributions to the Deposit Guarantee Fund and Resolution Fund.

Net operating income up 25.8%

Net operating income reached €1,154.2 million in the period under review, a positive evolution of 25.8% compared to the 1st half of 2014.

Operating costs up 4.3%, particularly owing to the expansion of international activity

Operating costs were up 4.3% by €26.8 million year-on-year, notwithstanding CGD's efficiency optimisation and operational rationalisation policy. This performance particularly translated a 6.9% increase of €24.5 million in employee costs over the same period last year. Contributory factors were the marked fall in the discount rate on pensions liabilities and the expansionary dynamics of the Group's international operations, with an increase in the size of its branch office network and additional hirings, particularly in the case of BCI Moçambique subsidiaries (with an additional 32 branches between June 2014 and June 2015) and Banco Caixa Totta de Angola (additional 6 branches).

The latter two subsidiaries were also responsible for an expressive contribution to the 2.1% growth of €4.5 million in external services and supplies.

OPERATING COSTS AND DEPRECIATION

(euro million)

			Change	
	2014-06	2015-06	Total	(%)
Employee costs	352.5	377.0	24.5	6.9%
Other administrative expenses	219.0	223.5	4.5	2.1%
Depreciation and amortisation	54.1	52.0	-2.1	-3.9%
Total	**625.7**	**652.5**	**26.8**	**4.3%**

Cost-to-income ratio of 54.9% against 67.4% in 1st half 2014

In light of this evolution and benefiting from the growth of net operating income, the cost-to-income indicator was 54.9%. This was down over the 67.4% recorded in the same half 2014 and significantly more favourable than the ratio of 75.5% at the end of 2014.

EFFICIENCY RATIOS

(%)

	2014-06	2014-12	2015-06
Cost-to-income (consolidated operations) (1)	67.4%	75.5%	54.9%
Employee costs / net operating income (1)	38.0%	41.5%	31.7%
Extern. supplies and serv. / net operat. income	23.9%	19.4%	1.9%
Operating costs / average net assets	1.1%	1.3%	1.3%

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

Relevant contributions to consolidated gross operating income made by international and domestic activity

Gross operating income as a translation of all of the above referred to factors, was up 72.1% over the same period of the preceding year to €501.6 million for the half year. Special reference should be made to the highly positive performance of domestic commercial banking which contributed an amount of €270.5 million to consolidated gross operating income, comprising an increase of €176.2 million over the same period 2014. International operations accounted for 40.5% of the total.

GROSS OPERATING INCOME CONTRIBUTION BY BUSINESS AREAS

(euro million)

	2014-06	2015-06	Change Total	Change (%)
Domestic commercial banking	94.2	270.5	176.2	187.0%
International activity	157.1	203.0	45.9	29.2%
Investment banking	49.0	28.3	-20.7	-42.3%
Other	-8.8	-0.2	8.6	-
Gross operating income	**291.5**	**501.6**	**210.1**	**72.1%**

Provisions and impairment for the half were down 23.6% by €99.2 million to €321.7 million in comparison to €420.9 million for the same period last year.

Provisions and impairment costs continue to trend downwards

PROVISIONS AND IMPAIRMENT (P&L)

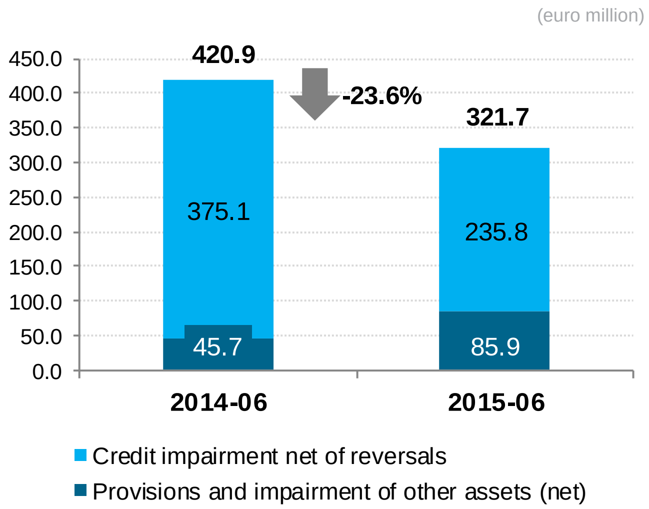
(euro million)

	2014-06	2015-06	Change Total	Change (%)
Provisions (net)	24.1	20.4	-3.7	-15.5%
Credit impairment	375.1	235.8	-139.4	-37.2%
Impairment of other assets	21.6	65.6	43.9	203.3%
Provisions and impairment for period	**420.9**	**321.7**	**-99.2**	**-23.6%**

The gradual improvement of the economic and financial environment accordingly enabled credit risk to be reduced to 0.66% in 1st half 2015, in comparison to 1.02% in the same half of the preceding year.

Cost of credit risk down to 0.66% (1.02% in 1st half 2014)

PROVISIONS AND IMPAIRMENT (P&L)



CGD's tax bill for the 1st half came to €119.6 million. Contributory factors were the impact of the taxation on temporarily non-deductible provisions for credit and the extraordinary banking sector contribution of €30.9 million, leading to consolidated net income of €47.1 million, up €216.4 million over 1st half 2014.

CONSOLIDATED INCOME STATEMENT

(euro thousand)

	2014-06	2015-06	Change	
			Total	(%)
Interest and similar income	1,721,788	1,519,979	-201,808	-11.7%
Interest and similar costs	1,240,560	981,115	-259,445	-20.9%
Net interest income	481,227	538,864	57,637	12.0%
Income from equity instruments	27,987	43,188	15,202	54.3%
Net interest inc. incl. inc. from eq. investm.	**509,214**	**582,052**	**72,838**	**14.3%**
Income from services and commissions	323,410	311,869	-11,541	-3.6%
Costs of services and commissions	72,030	64,165	-7,865	-10.9%
Commissions (net)	251,380	247,703	-3,677	-1.5%
Income from financial operations	166,203	301,989	135,786	81.7%
Other net operating income	-9,555	22,418	31,973	-
Non-interest income	**408,029**	**572,110**	**164,082**	**40.2%**
Net operating income	**917,243**	**1,154,163**	**236,920**	**25.8%**
Employee costs	352,542	377,023	24,481	6.9%
Other administrative expenses	219,036	223,536	4,501	2.1%
Depreciation and amortisation	54,121	51,984	-2,136	-3.9%
Operating costs and depreciation	625,698	652,543	26,845	4.3%
Gross operating income	**291,545**	**501,620**	**210,075**	**72.1%**
Provisions and impairment of other assets (net)	45,719	85,936	40,217	88.0%
Credit impairment net of reversals	375,138	235,762	-139,377	-37.2%
Provisions and impairment	**420,857**	**321,697**	**-99,160**	**-23.6%**
Income from subsidiaries held for sale	**287,254**	**-349**	**-287,602**	**-100.1%**
Income from associated companies	**10,770**	**33,909**	**23,139**	**214.8%**
Inc. before tax and non-controlling interest	**168,711**	**213,483**	**44,772**	**26.5%**
Tax	**27,701**	**119,605**	**91,905**	**331.8%**
Current and deferred	-871	88,739	89,611	-
Extraordinary contrib. on the banking sector	28,572	30,866	2,294	8.0%
Consolidated net income for period	**141,011**	**93,878**	**-47,133**	**-33.4%**
of which:				
Non-controlling interest	30,955	46,817	15,862	51.2%
Net income attrib. to CGD shareholder	**110,056**	**47,061**	**-62,995**	**-57.2%**

Note: The amounts for June 2014 have been restated to reflect the adoption of the interpretation of the IFRIC 21 of the International Financial Reporting Interpretations Committee. So, the accounts for the 1st half already reflect the full amount of costs for 2014, in respect of the banking sector extraordinary contribution and contributions to the Deposit Guarantee Fund and Resolution Fund.

1.5.1.2. BALANCE SHEET

The Group's consolidated net assets, at the end of June 2015, were up 0.1% by €86 million over the end of the preceding year to €100,238 million, which corresponding a stabilisation of this value.

CGD GROUP – CONSOLIDATED NET ASSETS

(euro million)

CGD'S GROUP	2014-06 Total	2014-06 Structure	2014-12 Total	2014-12 Structure	2015-06 Total	2015-06 Structure
Caixa Geral de Depósitos (1)	73,081	72.9%	71,574	71.5%	71,284	71.1%
Banco Caixa Geral (Spain)	4,620	4.6%	4,433	4.4%	4,610	4.6%
Banco Nacional Ultramarino, SA (Macau)	3,380	3.4%	4,202	4.2%	4,499	4.5%
Caixa Banco de Investimento	1,710	1.7%	1,760	1.8%	1,536	1.5%
Caixa Leasing e Factoring	2,190	2.2%	2,219	2.2%	2,245	2.2%
Banco Comercial Investimento (Mozambique)	1,965	2.0%	2,279	2.3%	2,422	2.4%
Banco Comercial do Atlântico (Cape Verde)	641	0.6%	670	0.7%	689	0.7%
Mercantile Lisbon Bank Holdings (South Africa)	559	0.6%	624	0.6%	681	0.7%
BCG Totta Angola	1,422	1.4%	1,824	1.8%	2,022	2.0%
Other companies (2)	10,639	10.6%	10,568	10.6%	10,251	10.2%
Consolidated net assets	**100,205**	**100.0%**	**100,152**	**100.0%**	**100,238**	**100.0%**

(1) Separate activity
(2) Includes units recorded using the equity method.

Securities investments, including assets with repo agreements and trading derivatives, were up 2.5% by €495 million over June 2014 to €19,951 million. This portfolio was up 2.0% by €389 million over December 2014.

Securities investments, were up 2.5% by €495 million over June 2014

SECURITIES INVESTMENTS (CONSOLIDATED) (a)

(euro million)

	2014-06	2014-12	2015-06
Fin. assets at fair value through profit or loss	2,936	3,074	2,847
Available for sale financial assets	16,520	16,489	17,104
Total	**19,456**	**19,562**	**19,951**

(a) After impairment and including assets under repurchase agreements and trading derivatives.

The loans and advances to customers portfolio, including loans with repo agreements, were €71,855 million (gross) and €66,639 (net). The year-on-year reduction of loan balances was 1.7% (gross) and 2.2% (net).

The credit overdue for more than 90 days ratio was 7.4%. It was higher than the preceding year's ratio of 7.0% and the 7.1% of December of the preceding year. The respective impairment coverage ratio in June 2015 was 99.1%.

The credit at risk and restructured credit ratios penalised by the effect of the reduction in the portfolio balance

The credit at risk and restructured credit ratios, calculated according to Bank of Portugal criteria, were 12.4% and 10.1% respectively (12.2% and 10.6% at the end of 2014). Reference should be made to the penalising effect of the reduction of the portfolio balance on these indicators.

CREDIT QUALITY (CONSOLIDATED)

(euro million)

	2014-06	2014-12	2015-06
Total credit	**72,357**	**72,082**	**71,421**
Loans and adv. to customers (outstanding)	66,824	66,535	65,806
Overdue credit and interest	5,534	5,548	5,614
Of which: more than 90 days overdue	5,065	5,111	5,262
Credit impairment	**4,824**	**5,094**	**5,216**
Credit net of impairment	**67,533**	**66,988**	**66,205**
Ratios			
Non-performing credit ratio [a]	8.8%	8.9%	9.7%
Non-performing credit net / Total credit net [a]	2.2%	1.8%	2.6%
Credit at risk ratio [a]	11.9%	12.2%	12.4%
Credit at risk ratio net / Total credit net [a]	5.5%	5.3%	5.5%
Overdue credit / Total credit	7.6%	7.7%	7.9%
Cr. overdue for more than 90 days / Total cred.	7.0%	7.1%	7.4%
Accumulated impairm. / Non-performing cred.	75.6%	79.9%	81.8%
Accumulated impairment / Overdue credit	87.2%	91.8%	92.9%
Acc. imp. / Cr. overdue for more than 90 days	95.2%	99.7%	99.1%
Credit impairment (IS) / Total credit (average)	1.02%	1.18%	0.66%

(a) Indicators calculated according to Bank of Portugal Instruction 23/2012.

Robust retail resources taking capacity

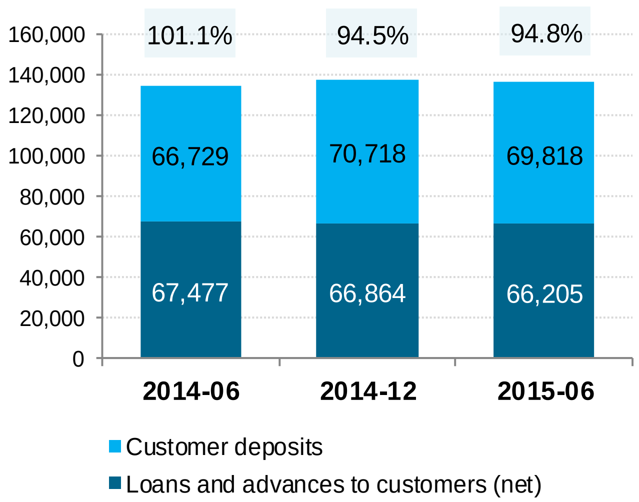
Total liabilities of €93,847 million were up by a slight 0.9% over June 2014.

Customer resources were up €3,116 million over 1st half 2014 (up 4,6%) to €70,242 million.

The deposits-to-loans ratio of 94.8% reflected a negative commercial gap of €3,613 million and evidences CGD's robust retail resources-taking capacity.

LOANS-TO-DEPOSITS RATIO

(euro million)



CONSOLIDATED BALANCE SHEET

(euro million)

				Change 2015-06 vs 2014-06		Change 2015-06 vs 2014-12	
Assets	2014-06	2014-12	2015-06	Total	(%)	Total	(%)
Cash and cash equivalents with central banks	1,166	2,118	1,903	737	63.2%	-215	-10.1%
Loans and advances to credit institutions	3,750	3,012	4,186	436	11.6%	1,174	39.0%
Loans and advances to customers	67,477	66,864	66,205	-1,273	-1.9%	-659	-1.0%
Securities investments	18,784	18,972	19,073	289	1.5%	101	0.5%
Assets with repurchase agreement	1,366	1,281	1,312	-54	-3.9%	31	2.4%
Non-current assets held for sale	741	804	838	97	13.1%	34	4.2%
Investm. in subsid. and associated companies	307	319	295	-12	-4.1%	-24	-7.6%
Intangible and tangible assets	838	828	818	-20	-2.3%	-10	-1.2%
Current tax assets	114	55	51	-63	-55.2%	-4	-7.2%
Deferred tax assets	1,363	1,425	1,461	98	7.2%	35	2.5%
Other assets	4,299	4,474	4,096	-203	-4.7%	-378	-8.4%
Total assets	**100,205**	**100,152**	**100,238**	**33**	**0.0%**	**86**	**0.1%**
Liabilities							
Central banks' and credit institutions' resources	8,435	6,002	6,019	-2,416	-28.6%	17	0.3%
Customer resources	67,126	71,134	70,242	3,116	4.6%	-892	-1.3%
Financial liabilities	1,779	2,121	1,794	15	0.9%	-327	-15.4%
Debt securities	8,369	7,174	8,170	-199	-2.4%	995	13.9%
Provisions	907	842	859	-48	-5.3%	18	2.1%
Subordinated liabilities	2,525	2,428	2,426	-99	-3.9%	-2	-0.1%
Other liabilities	3,874	3,958	4,337	462	11.9%	378	9.6%
Sub-total	**93,016**	**93,659**	**93,847**	**831**	**0.9%**	**188**	**0.2%**
Shareholders' equity	**7,189**	**6,493**	**6,391**	**-798**	**-11.1%**	**-102**	**-1.6%**
Total	**100,205**	**100,152**	**100,238**	**33**	**0.0%**	**86**	**0.1%**

Note: The amounts for June 2014 have been restated to reflect the adoption of the interpretation of the IFRIC 21 of the International Financial Reporting Interpretations Committee. So, the accounts for the 1st half already reflect the full amount of costs for 2014, in respect of the banking sector extraordinary contribution and contributions to the Deposit Guarantee Fund and Resolution Fund.

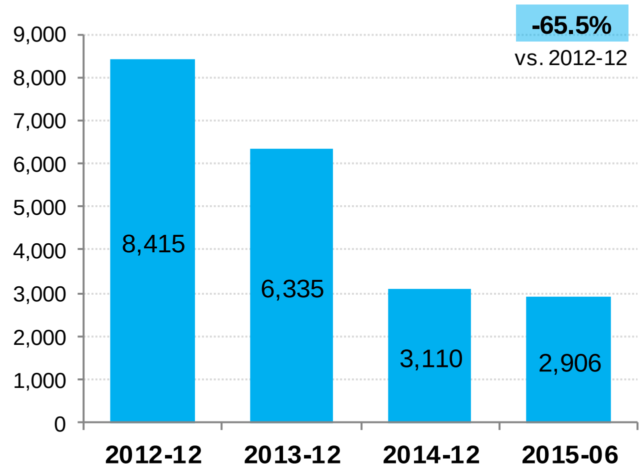
1.5.1.3. LIQUIDITY

The governing council of the ECB continued to implement a monetary policy comprising growth stimulus in first half 2015, including a quantitative easing programme for the amount of €60 billion per month, up to the end of September 2016 or up a time when a sustained adjustment of the inflation trajectory, consistent with the objective of achieving a limit of 2% over the medium term was achieved. These measures, with their positive implications on improving the flexibility of global financing conditions and providing small and medium-sized enterprises with access to credit.

In the sphere of this ECB strategy, CGD Group, taking advantage of more favourable financing terms, replaced a part of its Eurosystem financing by new TLTROs ("Targeted Longer Term Refinancing Operations"). In light of the positive evolution of the commercial gap, the Group also reduced its total-resource-taking from the ECB to €2.9 billion at the end of June against €3.1 billion at the end of December 2014. Considering solely CGD, the financing obtained was down to €1.25 billion at the end of June (down €250 million in comparison to December 2014), fully comprising longer term operations (TLTROs).

ECB FUNDING (CONSOLIDATED)

(euro million)



Sustained reduction of funding from ECB

Available eligible assets pool increases to €9,055 million

In parallel and in the same period, CGD Group also reduced the amount of its eligible assets allocated to the ECB pool by €1,183 million (down 9.0%) to €11,962 million in June 2015. The value of the assets available to the referred to pool was therefore €9,055 million at the end of 1st half 2015 and compares favourably with the €7,806 million available the year before.

New €1 billion covered bonds issuance with a maturity of 7 years at a historically low coupon rate of 1% in January 2015

At the start of the year CGD made a fresh issuance of covered bonds for the amount of €1 billion and a maturity of 7 years at a coupon rate of 1%, which is a historically low level for Portuguese debt issuances with this maturity, having attracted the interest of investors with a geographically diverse spread, particularly including German investors (23%). The issuance was larger than that of former issuances (€750 million in 2013 and 2014), with a visible reduction of financing costs.

Comfortable liquidity situation confirmed by LCR and NSFR ratios (135.9% and 134.4% respectively)

The liquidity coverage ratio (LCR), was 135.9% at the end of June (99.9% the year before). This was significantly higher than the 60% minimum required from October 2015 and the 100% requirement for 2018, confirming CGD Group's comfortable liquidity situation.

Net Stable Funding Ratio (NSFR) was 134.4% at the end of June 2015 (124.9% the year before) also confirming CGD Group's comfortable liquidity situation.

1.5.1.4. SOLVENCY

The Group's shareholders' equity, down 11.1% by €798 million over the end of June 2014 to €6,391 million at the end of June 2015, was influenced by the evolution of "other reserves and retained earnings".

SHAREHOLDERS' EQUITY

(euro million)

	2014-06	2014-12	2015-06
Share capital	5,900.0	5,900.0	5,900.0
Fair value reserves	373.5	411.8	200.9
Other reserves and retained earnings	-97.1	-437.9	-756.8
Non-controlling interests	902.5	966.9	999.9
Net income	110.1	-348.0	47.1
Total	**7,189.0**	**6,492.8**	**6,391.1**

The phased-in and fully implemented common equity tier 1 (CET 1) ratios, calculated in accordance with CRD IV / CRR rules, and considering the deferred tax assets special regime, totalled 11.0% and 9.8%, respectively, at 30 June 2015. The above ratios were 11.7% and 11.0% one year previously.

CET 1 phased-in e fully implemented totalled 11.0% and 9.8%, respectively

SOLVENCY RATIOS

(euro million)

	CRD IV / CRR Regulation - Aplying DTA		
	Phased-in		
	2014-06	2014-12	2015-06
Own funds			
Common equity tier I (CET I)	7,225	6,674	6,642
Tier I	7,225	6,674	6,642
Tier II	1,155	1,108	893
Total	8,380	7,782	7,535
Weighted assets	**61,660**	**60,173**	**60,411**
Solvency ratios			
CET I	11.7%	11.1%	11.0%
Tier I	11.7%	11.1%	11.0%
Total	13.6%	12.9%	12.5%
	Fully Implemented		
	2014-06	2014-12	2015-06
Own funds			
Common equity tier I (CET I)	6,778	6,114	5,933
Weighted assets	**61,698**	**60,212**	**60,442**
CET I ratio	11.0%	10.2%	9.8%

The Leverage Ratio (fully implemented) was 5.6% at the end of June 2015, comparing to 6.2% in the same half of the preceding year.

1.5.2. CGD'S SEPARATE ACTIVITY

1.5.2.1. RESULTS

CGD's separate activity negative net income of € 47.6 million was up € 418.1 million over 1st half 2014 (negative net income of € 465.7 million).

Net interest income, including income from equity instruments, was up 6.3% to € 346 million over the first half of the preceding year

Net interest income, including income from equity instruments, was up 6.3% to € 346 million over the first half of the preceding year. Net interest income, was up 3.6% (up € 10.1 million) benefiting from a decline of funding costs that was higher than the reduction felt on income from lending operations. In turn, income from equity instruments was up € 59.4 million (+21.5%).

There was a positive performance of non-interest income which was up € 327.1 million over the preceding year, particularly due to the positive evolution of income from financial operations.

After deducting operating costs and amortisations (which amounted to € 459.8 million, up 3.2% over June 2014), gross operating income was up € 333.5 million to € 489.9 million.

Provisions and impairment decreased 30.3% by € 230.0 million in comparison with for the same period last year. Notwithstanding the referred to downwards trend of provisions and impairment, this heading contributed to the CGD's separate activity negative income before tax of € 38.4 million. Negative net income for the period grew by € 418.1 million over 1st half 2014 to € 47.6 million.

1.5.2.2. BALANCE SHEET

Net assets of € 90,388 million from CGD's separate operations at the end of first half 2015 were down 0.5% by € 470 million over December 2014, particularly due to the decline of loans and advances to customers, of € 1,478 million (-2.7%), and the increase of cash balances at central banks and other credit institutions and loans and advances to credit institutions of € 1,304 million (+24.8%).

Net assets from separate operations were €90,388 million

Liabilities of € 86,773 million were down € 307 million (-0.4%) in the first half 2015. Customer resources decrease of € 1,102 million (-1.8%) was fairly compensated by the € 1,012 million (+14.2%) increase in debt securities, this latter due to the new issuance of € 1,000 million in covered bonds by CGD, at the start of the year.

Shareholders' equity was 4.3% down by € 164 million over December 2014 to € 3,615 million at the end of 1st half 2015. The evolution of shareholders' equity was unfavourable given the reduction of other reserves and retained earnings.

1.6. Main Risks and Uncertainties in 2nd half 2015

Notwithstanding disappointment in the first half of the year over the evolution of the economic activity of several of the main world economies, namely in the US as well as several emerging countries, the cyclical upturn in progress is likely to accelerate in the second half, albeit at a modest pace.

The prospect for accelerating growth is based on a financial environment which remains favourable, based on historically low interest rates and the continuous appreciation of financial assets; low energy prices; a stabilising Chinese economy; creation of more employment and not only in the US; and the recovery of the rate of lending to the private sector, for which the collection of measures announced by the ECB in the first half represented an important supporting factor in the case of the euro area economy's return to growth, which is expected to continue.

Notwithstanding the expectation of an improvement of the global economic context, a series of risks and uncertainties for the second half 2015 can be identified.

Firstly, the first increase in the Fed's key reference rate since 2006 may be witnessed in the second half of the year, given that the unemployment rate is close to full employment. If this is confirmed, the magnitude and depth of the increase is uncertain. The start of the monetary *stimuli* elimination process, while justified by the improved economic conditions, namely an improvement in the labour market and prospects of accelerating wage growth, may give rise to periods of instability, visible in higher levels of volatility in financial markets, with the possibility of the occurrence of adverse impacts on confidence levels and activity.

Secondly, one of the main risks for the second half of the year is associated with the performance of several of the most important emerging economies. After, in the first half, owing to specific factors, not only China but economies such as that of Brazil and Russia, *inter alia*, having disappointed, the absence of structural reforms able to remedy several of the main imbalances, increase the probability of the environment remaining weak in diverse developing countries. From a viewpoint of external factors, the referred to adjustment of monetary *stimuli* in the US, if occurring at a faster pace, will be conducive to an appreciation of the dollar and more restrictive global liquidity, translating into pressure to re-allocate capital. In several cases, this could force certain central banks to announce interest rate hikes with their negative effect on economic growth.

Reference should also be made to the fact that, in several cases, not only in emerging but also in developed countries, the possible weakening of commodity prices increases the likelihood of a significant impact on the fiscal and current revenues of their exporting countries, calling the sustainability of the public finances and economic performance into question.

Thirdly, a not less negligible risk will be the outcome of the negotiations between Greece and the "institutions" as regards the possibility of reaching agreement enabling the release of the funding required to provide for the needs of this euro area member state, in the sphere of a third bailout programme. While the prompt reaching of agreement favourable to a scenario of financial stability will help mitigate the potential contagion effects, it could also contribute to an increase in the political and economic uncertainties related with the short term negative effects on activity.

Fourthly, various constraints and challenges continue to affect the euro area, notwithstanding the occurrence of more robust growth since last Summer. These are first and foremost related with the need to strengthen potential economic growth in a context in which fiscal consolidation endeavours, albeit having slowed, are still required in several member countries. This is crucial to provide for the challenge of unemployment that, while dropping over the last few months, remains high.

Fifthly, an additional across-the-board risk factor in all developed economies is associated with the magnitude of the expected reflation. The sharp fall in the prices of the major energy commodities in second half 2014 has gradually increased fears of deflation in the developed world at the start of this year. Stabilisation and slight price recovery have helped to assuage fears of a sustained scenario of falling prices, in addition to the stabilisation of inflation expectations.

The recent announcement of production increases by several of the main oil exporting companies, agreement over Iran's nuclear issue, enabling the country to resume oil exports and the slowdown recorded in several of the major emerging economies which are heavily reliant on energy, have led to a fresh fall of oil prices. Second half 2015 may witness a renewed period of lower inflation expectations, once again accompanied by the uncertainties and concerns of several central banks as regards a fresh increase of the deviation of inflation levels in comparison to the respective objectives. The pressure on several central banks, including the ECB, to increase monetary *stimuli*, may therefore remain strong.

The evolution of the respective indicators across first half 2015 suggests that the ECB's implementation of the quantitative easing programme has been producing the desired effects as regards the objective, *inter alia*, of achieving an across-the-board improvement of the conditions governing economies' borrowing requirements. Not only has the cost of funding of non-financial corporations been coming down, but there have also been significant improvements in the evolution of lending to the region, mainly in the form of loans and advances to customers but also reflecting small improvements in lending to non-financial corporations in a half year witnessing a continuous improvement of lending criteria.

Positive progression on the credit side is therefore expected, in a context of lower interest rates and an improvement in the banks' risk exposure capacity and diminishing of spread charges, and, given the prospect of a reduction in defaults, having a positive impact on economic activity, in response to a recovery in the demand for credit. In spite of this, credit recovery in the euro area continues to be partly restricted by the still high levels of unemployment and balance sheet consolidation efforts in progress in the case of several institutions which, in many cases, have resulted in a clampdown on lending and high household and corporate debt levels in various economies.

In Portugal, following the improvement of several indicators across the first half of the year during which growth remained positive, return to growth is likely to be gradual. As in the case of the economies on the periphery of Europe, there continues to be an improvement in funding terms, together with a slight decrease in the respective level of restriction on lending, notwithstanding the level of indebtedness of individual and corporate customers.

1.7. Ratings

The main agencies reviewed their global ratings on the banks in 2nd quarter 2015, following the regulatory and legislative measures introduced by the Bank Recovery and Resolution Directive (BRRD) and the Single Resolution Mechanism (SRM) which significantly reduced the probability of State support to the banks.

Ratings affected by reduction of the probability of State support to the banks

RATINGS

	CGD			Portugal		
	Short Term	Long Term	Date	Short Term	Long Term	Date
Standard & Poor's	B	BB-	2015-05	B	BB	2015-03
FitchRatings	B	BB-	2015-05	B	BB+	2015-03
Moody's	N/P	B1	2015-06	N/P	Ba1	2014-07
DBRS	R-2 (mid)	BBB (low)	2015-05	R-2 (mid)	BBB (low)	2015-05

Fitch Ratings accordingly downgraded its long-term issuer default rating on CGD from 'BB+' to 'BB-' on 22 May, having reaffirmed its viability rating of 'bb-'. It also upgraded its outlook from 'negative' to 'stable'.

In turn, on 11 June, as a result of the implementation of its new rating methodology on the banks, Moody's upgraded its 'standalone baseline credit assessment (BCA)' rating on CGD from 'caa1' to 'b3'. At the same time, it downgraded its long term rating on deposits and senior debt from 'Ba3' to 'B1', with a 'stable' and 'negative' outlook, respectively. The short term ratings on deposits and senior debt remained 'not prime'.

Based on the change in systemic support, DBRS also put its ratings on a broad range of European banks under review on 20 May, having, however, stated that the ratings on CGD are not affected by this action as the 'intrinsic assessment (IA)' of 'BBB' (low) on the bank did not currently benefit from the 'uplift' deriving from state aid.

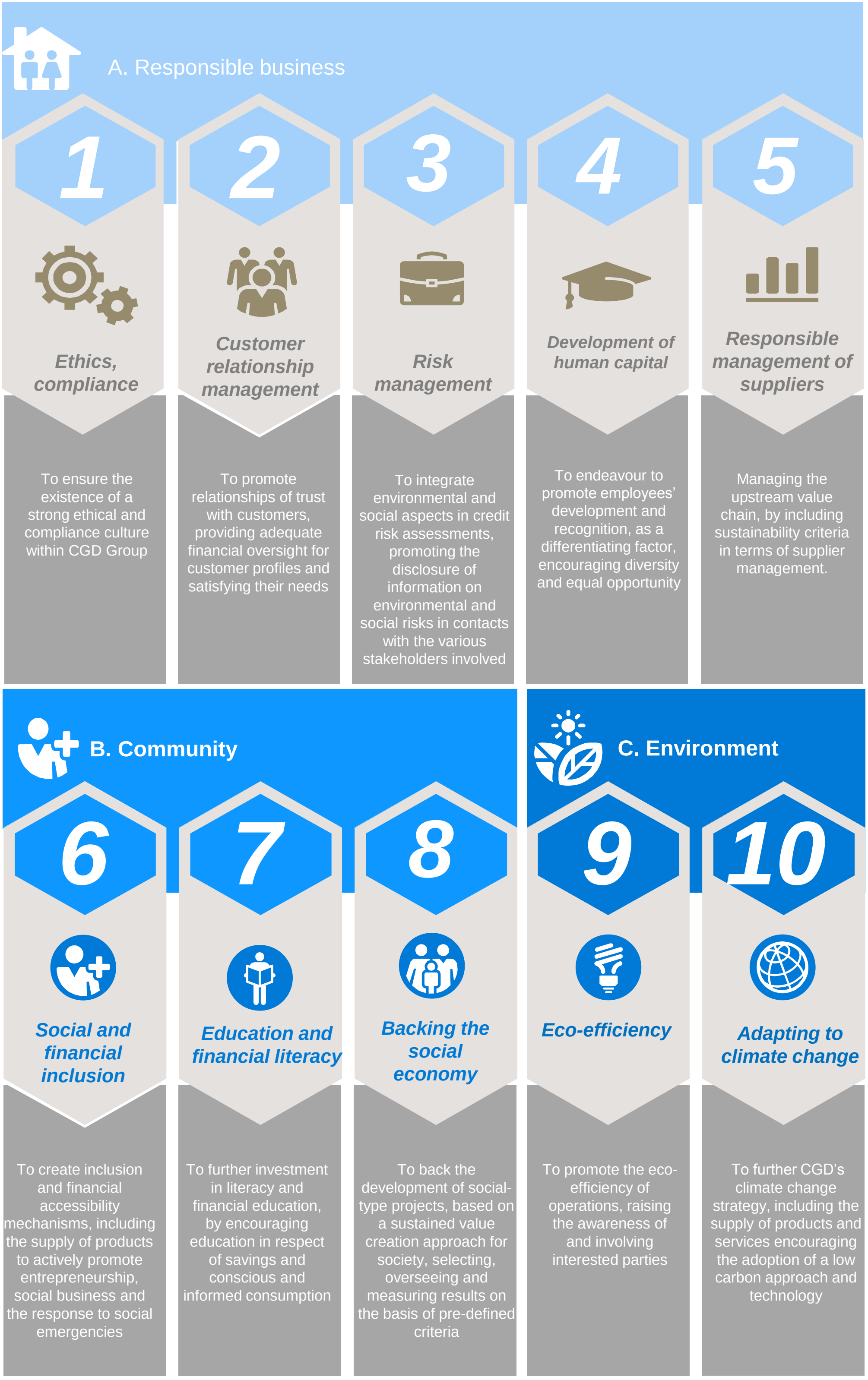
Standard & Poor's reaffirmed CGD's long and short term ratings of 'BB-' and 'B', respectively, on 28 May 2015, in addition to its 'stand-alone credit profile (SACP)' of 'b+'. Outlook remained 'stable'.

1.8. Sustainability

CGD continues to play a leading role as a Bank deeply committed to investment in the future of the country, based on a long term vision.

CGD Group's Sustainability Vision:
- Responsible business
- Community
- Environment

The sustainability strategy for the three year period 2015-2017 was revised during the course of the half year and was centred on 10 areas comprising CGD Group's vision of sustainability based on three themes – responsible business, community and environment. The management of CGD's Corporate Sustainability Programme and communication and training are transversal to the various themes selected.



In its awareness of the existence of emerging social and environmental challenges in addition to its financial objectives, CGD has a strategic concern to ensure its sustainable activity in line with the image, reputation and social contribution it desires to achieve.

Saldo Positivo site, fundamental element of Caixa's Financial Literacy Programme

Its Saldo Positivo site as a fundamental element of Caixa's Financial Literacy Programme, recorded significant growth in the number of visitors and page views between January and June 2015. This period represented the best ever half year since the portal's inception, with 2,782,000 visits and 12,742,000 page views, up by a year-on-year 128% and 107% respectively.

There are two major explanations behind these record numbers in both the individual customers and corporate areas: on the one hand, factors in respect of the current situation given that new laws leading households and companies to request clarifications on such issues as IRS reform came into force at the start of the year and, on the other, Google's value enhancement of the *Saldo Positivo* site, giving rise to a growing number of *Saldo Positivo* articles appearing at the top of the search engine's list. Special reference should also be made to the partnership entered into last May between *Saldo Positivo* and Microsoft with information on MSN's financial literacy portfolio.

Strategy of backing the development of Portuguese entrepreneurship.

CGD continues to implement a strategy of backing the development of Portuguese entrepreneurship. Reference should be made, on this level, to the active partnership (sponsorship and investment by Caixa Capital in the most promising projects) with 2 accelerators (Act by COTEC, Beta-i's Lisbon Challenge) and the possibility of the renewal of the backing of the Building Global Innovators accelerator. These three accelerators were recently joined by another two partnerships (through Caixa Capital's investment in the most promising projects) comprising the Carnegie Mellon University and Startup Braga accelerators.

The new premises of Start Up Lisboa (Rua da Prata 81, Lisbon) which will be renamed as "caixa empreender space" and will be sponsored by Caixa, were also recently inaugurated.

CGD is the first Portuguese bank with an Environmental Management System and ISO 14001 certification

CGD continues to sponsor the womenwinwin portal, promoting the dissemination of the spirit of entrepreneurship within the heart of the female community with various workshops related with this theme having been organised in Culturgest.

Reference should also be made to the series of activities developed by Caixa Capital on a level of investment in various projects at different development stages.

CGD is the first Portuguese bank with an Environmental Management System and ISO 14001 certification and the only Iberian bank to lead the fight against climate change, in promoting a Green Low Carbon Economy (A+) – Carbon Disclosure Project.

CGD's strategy for climate change recognized by United Nations

The United Nations recognised CGD's strategy for climate change in June 2015. Caixa Geral de Depósitos's committed response to climate change was highlighted in the UNFCCC (United Nations Framework Convention on Climate Change) portal.

1.9. Statements of the Board of Directors

1.9.1. STATEMENT OF CONFORMITY OF THE PRESENTATION OF FINANCIAL INFORMATION

Under the terms of sub-paragraph c) of no. 1 of article 246 of the Securities Market Code, we declare that the condensed financial statements for 1st half 2015, have, to the best of our knowledge, been produced in conformity with the applicable accounting standards and provide a true and appropriate image of the assets and liabilities, financial situation and results of Caixa Geral de Depósitos, SA and the companies included in its consolidation perimeter and that the board of directors' interim report gives an accurate account of the important events occurring in the respective period and the impact of the respective financial statements and contains a description of the main risks and uncertainties for the next six months.

Lisbon, 26 August 2015

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

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

1.9.2. STATEMENT OF THE AUDITING OF THE ACCOUNTS

Under no. 3 of article 8 of the Securities Code, we declare that the financial information for 1st half 2015 relating to Caixa Geral de Depósitos, SA and the companies included in its consolidation perimeter have not been audited.

Lisbon, 26 August 2015

Board of Directors

Chairman

Álvaro José Barrigas do Nascimento

Vice-Chairman

José Agostinho Martins de Matos

Members

Nuno Maria Pinto de Magalhães Fernandes Thomaz

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Pedro Miguel Ribeiro de Almeida Fontes Falcão

1.10. Bonds held by members of the Board of Directors

(ARTICLE 447 OF THE COMMERCIAL COMPANIES CODE)

Bondholders Members of the Board of Directors:	Security	Number of bonds at 30/06/2015
João Nuno Palma	Subordinated bonds CGD – 2009/2019 – Anniversary	50
José Pedro Cabral dos Santos	Cash bonds July 2015	15,000

1.11. Information on CGD's Shareholders

(ARTICLE 448 OF THE COMMERCIAL COMPANIES CODE)

Shareholders	Share Capital at 30/06/2015	% Equity Stake at 30/06/2015
Portuguese State	€ 5,900,000,000	100%

1.12. Separate and Consolidated Financial Statements

CAIXA GERAL DE DEPÓSITOS, S.A.

BALANCE SHEET (SEPARATE)

(euros)

ASSETS	30/06/2015 Amounts before impairment, amortisation and depreciation	30/06/2015 Provisions, impairment and amortisation and depreciation	30/06/2015 Net assets	31/12/2014 Net assets	LIABILITIES AND EQUITY	30/06/2015	31/12/2014
Cash and cash equivalents at central banks	797,085,826	-	797,085,826	1,201,671,351	Resources of central banks	1,338,209,526	1,606,621,700
Cash balances at other credit institutions	444,210,316	-	444,210,316	419,994,761	Financial liabilities held for trading	1,849,402,337	2,171,879,513
Financial assets held for trading	2,033,269,144	-	2,033,269,144	2,225,763,404	Resources of other credit institutions	4,501,307,000	4,413,264,954
Other financial assets at fair value through profit or loss	593,922,974	-	593,922,974	584,021,929	Customer resources and other loans	60,659,304,752	61,761,688,823
Available-for-sale financial assets	18,291,436,945	(410,098,013)	17,881,338,932	17,878,654,218	Debt securities	8,132,439,301	7,120,411,742
Financial assets with repurchase agreement	1,044,792,601	-	1,044,792,601	1,094,405,815	Financial liabilities associated with transferred assets	4,464,740,918	4,567,390,845
Loans and advances to credit institutions	5,343,491,450	(13,619,938)	5,329,871,512	3,645,595,429	Hedging derivatives	18,788,423	20,040,095
Loans and advances to customers	59,678,049,546	(5,955,732,106)	53,722,317,440	55,200,604,208	Provisions	980,567,991	962,363,275
Hedging derivatives	45,368,136	-	45,368,136	80,307,888	Current tax liabilities	21,126,766	2,378,843
Non-current assets held for sale	528,487,562	(135,962,176)	392,525,386	377,740,213	Deferred tax liabilities	134,493,698	155,470,227
Investment property	2,950,623	-	2,950,623	2,950,623	Other subordinated liabilities	2,600,722,037	2,606,273,352
Other tangible assets	1,241,631,653	(879,104,345)	362,527,308	378,349,515	Other liabilities	2,071,775,215	1,692,318,353
Intangible assets	671,389,823	(590,128,911)	81,260,912	85,527,241			
Investments in associates, subsidiaries and joint ventures	4,326,992,269	(680,168,100)	3,646,824,169	3,321,219,760	Total Liabilities	86,772,877,964	87,080,101,722
Current tax assets	24,345,545	-	24,345,545	22,763,497			
Deferred tax assets	1,698,278,781	-	1,698,278,781	1,603,350,530	Share capital	5,900,000,000	5,900,000,000
Other assets	2,457,306,192	(170,551,916)	2,286,754,276	2,734,623,794	Revaluation reserves	326,327,250	473,928,811
					Other reserves and retained earnings	(2,564,006,868)	(1,457,166,107)
					Net income for the period	(47,554,465)	(1,139,320,250)
					Total Equity	3,614,765,917	3,777,442,454
Total Assets	**99,223,009,386**	**(8,835,365,505)**	**90,387,643,881**	**90,857,544,176**	**Total Liabilities and Equity**	**90,387,643,881**	**90,857,544,176**

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

João Nuno de Oliveira Jorge Palma

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CAIXA GERAL DE DEPÓSITOS, S.A.

INCOME STATEMENT (SEPARATE)

(euros)

	30/06/2015	*Restatement* 30/06/2014
Interest and similar income	1,137,830,699	1,419,995,327
Interest and similar costs	(851,292,067)	(1,143,525,961)
NET INTEREST INCOME	286,538,632	276,469,366
Income from equity instruments	59,429,673	48,928,239
Income from services and commissions	213,893,524	224,256,773
Costs of services and commissions	(42,835,666)	(47,698,116)
Net results of assets and liabilities measured at fair value through profit or loss	131,797,676	(98,992,396)
Net gain on available-for-sale financial assets	115,716,116	206,667,863
Net foreign exchange revaluation gain	1,675,301	(2,996,944)
Net gain on the sale of other assets	149,094,562	(13,633,068)
Other operating income	34,426,382	9,070,997
NET OPERATING INCOME	949,736,200	602,072,714
Staff costs	(260,546,442)	(248,410,734)
Other administrative costs	(165,157,542)	(159,904,186)
Depreciation and amortisation	(34,089,124)	(37,322,047)
Provisions net of reversals	(17,414,262)	(5,428,396)
Correction of the amount of loans and advances to customers and receivables from other debtors, net of reversals	(466,081,677)	(730,465,468)
Impairment of other financial assets net of reversals	(35,083,423)	(13,531,978)
Impairment of other assets net of reversals	(9,774,435)	(8,942,980)
INCOME BEFORE TAX	(38,410,705)	(601,933,075)
Income tax		
Current	(71,229,318)	(30,372,128)
Deferred	62,085,558	166,612,069
	(9,143,760)	136,239,941
NET INCOME FOR THE PERIOD	(47,554,465)	(465,693,134)
Average number of ordinary shares outstanding	1,180,000,000	1,180,000,000
Earnings per share (in Euros)	(0.04)	(0.39)

Certified Public Accountant

Andreia Júlia Meneses Alves

Board of Directors

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Deputy - Chairmain: José Agostinho Martins de Matos

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CAIXA GERAL DE DEPÓSITOS, S.A.

STATEMENT OF COMPREHENSIVE INCOME (SEPARATE)

(euro thousand)

	30/06/2015	*Restatement* 30/06/2014
Balances subject to reclassification to profit or loss		
Adjustments to fair value of available-for-sale financial assets		
Gains / (losses) arising during the period	(122,007)	673,263
Adjustments of fair value reserves reclassification to results		
Recognition of impairment for the period	35,471	13,671
Disposal of available-for-sale financial assets	(115,716)	(206,668)
Tax effect	54,651	(140,795)
Currency changes in Branches	(4,326)	(874)
Other	74	(49)
Subtotal	(151,853)	338,549
Balances not subject to reclassification to profit or loss		
Post-employment benefits liabilities		
Change in period	-	(11,246)
Tax effect	36,731	2,859
Subtotal	36,731	(8,387)
Total comprehensive net income for the period recognised in reserves	(115,122)	330,162
Net income for the period	(47,554)	(465,693)
Total comprehensive net income for the period recognised in reserves	(162,677)	(135,531)

CAIXA GERAL DE DEPÓSITOS, S.A.

Cash Flow Statements (Separate)

(euro thousand)

OPERATING ACTIVITIES	30/06/2015	30/06/2014
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	1,408,260	1,668,138
Interest, commissions and similar costs paid	(867,798)	(1,050,430)
Recovery of principal and interest	7,241	9,876
Payments to employees and suppliers	(405,609)	(415,578)
Payments and contributions to pensions funds and other benefits	(37,206)	(12,275)
Other results	31,651	1,812
	136,538	201,543
(Increases) decreases in operating assets:		
Loans and advances to credit institutions and customers	(477,106)	634,193
Assets held for trade and other assets at fair value through profit or loss	1,009	(85,744)
Other assets	286,005	(178,173)
	(190,092)	370,276
Increases (decreases) in operating liabilities:		
Resources of central banks and other credit institutions	(179,411)	(1,755,223)
Customer resources	(930,114)	1,232,567
Other liabilities	373,755	(20,356)
	(735,771)	(543,013)
Net cash from operating activities before taxation	(789,325)	28,806
Income tax	(31,277)	(18,241)
Net cash from operating activities	(820,602)	10,566
INVESTING ACTIVITIES		
Capital gains from subsidiary and associated companies	42,313	25,603
Capital gains from available-for-sale financial assets	20,845	19,069
Acquisition of investments in subsidiary and associated companies, net of disposals	-	(3,236)
Acquisition of available-for-sale financial assets, net of disposals	(445,653)	394,791
Acquisition of tangible and intangible assets, net of disposals	(14,054)	(14,514)
Net cash from investing activities	(396,548)	421,712
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(64,989)	(61,208)
Interest on debt securities	(103,783)	(166,821)
Issue of subordinated liabilities, net of repayments	-	-
Issue of debt securities, net of repayments	1,003,471	(445,834)
Net cash from financing activities	834,699	(673,863)
Increase (decrease) in cash and cash equivalents	(382,452)	(241,585)
Cash and cash equivalents at beginning of period	1,621,666	1,223,465
Effects of the exchange rate change on cash and cash equivalents	2,082	253
Net change of cash and cash equivalents	(382,452)	(241,585)
Cash and cash equivalents at end of period	**1,241,296**	**982,133**

CAIXA GERAL DE DEPÓSITOS, S.A.

Statement of Changes in Equity (Separate)

(euro thousand)

	Share capital	Revaluation reserves				Other reserves and retained earnings				Net income for the period	Total
		Fair value reserves	Reserves for deferred tax	Fixed assets	Total	Legal reserve	Other reserves	Retained earnings	Total		
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
Appropriation of net income for 2013:											
Transfer to reserves and retained earnings	-	-	-	-	-	-	-	(1,090,515)	(1,090,515)	1,090,515	-
Other entries directly recorded in equity:											
Measurement gain / (losses) on available-for-sale financial assets	-	480,267	(140,795)	-	339,472	-	-	-	-	-	339,472
Amortisation of the impact of the transition to the NCA relative to post-employment benefits	-	-	-	-	-	-	-	(8,387)	(8,387)	-	(8,387)
Currency changes in Branches	-	-	-	-	-	-	(874)	-	(874)	-	(874)
Other	-	-	-	-	-	-	(49)	-	(49)	-	(49)
Total gains and losses for the period recognised in equity	-	480,267	(140,795)	-	339,472	-	(923)	(8,387)	(9,310)	-	330,162
Reclassification between reserves and retained earnings	-	-	-	-	-	-	28,435	(28,435)	-		
Net income for the period	-	-	-	-	-	-	-	-	-	(465,693)	(465,693)
Balances at 30 June 2014 (restatement)	5,900,000	430,374	(126,309)	110,425	414,490	862,906	258,438	(2,183,438)	(1,062,094)	(465,693)	4,786,703
Balances at 31 December 2014	5,900,000	500,349	(136,846)	110,425	473,929	862,906	(128,709)	(2,191,364)	(1,457,166)	(1,139,320)	3,777,443
Appropriation of net income for 2014:											
Transfer to reserves and retained earnings	-	-	-	-	-	-		(1,139,320)	(1,139,320)	1,139,320	-
Other entries directly recorded in equity:											
Measurement gain / (losses) on available-for-sale financial assets	-	(202,252)	54,651	-	(147,602)	-	-	-	-	-	(147,602)
Post-employment benefits liabilities	-	-	-	-	-	-	36,731	-	36,731	-	36,731
Currency changes in Branches	-	-	-	-	-	-	(4,326)	-	(4,326)	-	(4,326)
Other	-	-	-	-	-	-	74	-	74	-	74
Total gains and losses for the period recognised in equity	-	(202,252)	54,651	-	(147,602)	-	32,479	-	32,479	-	(115,122)
Reclassification between reserves and retained earnings	-	-	-	-	-	-	(5,211)	5,211	-	-	
Net income for the period	-	-	-	-	-	-	-	-	-	(47,554)	(47,554)
Balances at 30 June 2015	5,900,000	298,097	(82,195)	110,425	326,327	862,906	(101,440)	(3,325,473)	(2,564,007)	(47,554)	3,614,766

CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED BALANCE SHEET

ASSETS	Notes	30/06/2015 Amounts before impairment, amortisation and depreciation	30/06/2015 Impairment and amortisation and depreciation	30/06/2015 Net assets	31/12/2014 Net assets	LIABILITIES AND EQUITY	Notes	30/06/2015	31/12/2014
Cash and cash equivalents at central banks	4	1,903,431,404	-	1,903,431,404	2,118,027,822	Resources of central banks and other credit institutions	17	6,019,129,869	6,001,686,647
Cash balances at other credit institutions	5	815,300,295	-	815,300,295	878,298,322	Customer resources and other loans	18	70,242,369,645	71,134,176,003
Loans and advances to credit institutions	6	3,382,425,777	(11,497,191)	3,370,928,586	2,133,664,959	Debt securities	19	8,169,564,262	7,174,477,669
		6,101,157,476	(11,497,191)	6,089,660,285	5,129,991,103			78,411,933,907	78,308,653,672
Financial assets at fair value through profit or loss	7	2,846,895,856	-	2,846,895,856	3,073,575,571			-	-
Available-for-sale financial assets	8	16,579,237,483	(353,417,948)	16,225,819,535	15,898,392,265	Financial liabilities at fair value through profit or loss	10	1,794,000,505	2,121,126,901
Financial assets with repurchase agreement	9	1,312,289,423	-	1,312,289,423	1,281,125,939	Hedging derivatives	10	14,869,079	20,040,095
Hedging derivatives	10	45,368,137	-	45,368,137	78,007,840	Non-current liabilities held for sale	12	2,633,975	1,916,688
		20,783,790,899	(353,417,948)	20,430,372,951	20,331,101,615	Provisions for employee benefits	20	573,394,590	572,386,256
Loans and advances to customers	11	71,420,604,683	(5,215,959,573)	66,204,645,110	66,863,571,726	Provisions for other risks	20	285,799,973	269,271,739
Non-current assets held for sale	12	1,223,314,706	(385,354,711)	837,959,995	804,440,379	Current tax liabilities	15	45,329,336	38,533,175
Investment property	13	1,198,921,569	-	1,198,921,569	1,189,246,257	Deferred tax liabilities	15	339,065,330	370,362,213
Other tangible assets		1,712,725,498	(1,044,155,623)	668,569,875	666,307,144	Other subordinated liabilities	21	2,425,994,444	2,427,905,103
Intangible assets		833,765,898	(683,967,175)	149,798,723	161,717,282	Other liabilities	22	3,934,773,463	3,527,392,288
Investments in associates and jointly controlled entities	14	294,731,567	-	294,731,567	318,845,536	Total liabilities		93,846,924,471	93,659,274,777
Current tax assets	15	50,969,571	-	50,969,571	54,947,327				
Deferred tax assets	15	1,460,605,722	-	1,460,605,722	1,425,181,533	Share capital	23	5,900,000,000	5,900,000,000
Other assets	16	3,102,921,790	(251,169,767)	2,851,752,023	3,206,684,551	Fair value reserves	24	200,866,602	411,809,630
						Other reserves and retained earnings	24	(756,772,665)	(437,936,995)
						Net income attributable to the shareholder of CGD	24	47,061,095	(348,044,044)
						Equity attributable to the shareholder of CGD		5,391,155,032	5,525,828,591
						Non controlling interests	25	999,907,888	966,931,085
						Total equity		6,391,062,920	6,492,759,676
Total Assets		**108,183,509,379**	**(7,945,521,988)**	**100,237,987,391**	**100,152,034,453**	**Total liabilities and equity**		**100,237,987,391**	**100,152,034,453**

Certified Public Accountant

Andreia Júlia Meneses Alves

Board of Directors

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Deputy - Chairmain: José Agostinho Martins de Matos

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CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED INCOME STATEMENTS

(euros)

	Notes	30/06/2015	Restatement 30/06/2014
Interest and similar income	26	1,519,979,367	1,721,787,691
Interest and similar costs	26	(981,115,362)	(1,240,560,212)
Income from equity instruments	27	43,188,356	27,986,665
NET INTEREST INCOME		582,052,361	509,214,144
Income from services rendered and commissions	28	311,868,555	323,409,984
Cost of services and commissions	28	(64,165,255)	(72,030,132)
Results from financial operations	29	301,989,104	166,203,270
Other net operating income	30	22,418,086	(9,554,555)
NET OPERATING INCOME		1,154,162,851	917,242,711
Staff costs	31	(377,022,656)	(352,541,569)
Other administrative costs	32	(223,536,035)	(219,035,500)
Depreciation and amortisation		(51,984,466)	(54,120,900)
Provisions net of reversals	20	(20,367,842)	(24,098,073)
Loan impairment net of reversals and recovery	33	(235,761,650)	(375,138,428)
Other assets impairment net of reversals and recovery	33	(65,567,958)	(21,620,570)
Results of subsidiaries held for sale	12	(348,696)	287,253,516
Results of associates and jointly controlled entities		33,909,310	10,770,007
INCOME BEFORE TAX AND NON CONTROLLING INTEREST		213,482,858	168,711,194
Income tax			
Current	15	(106,867,146)	(50,819,170)
Deferred	15	(12,737,955)	23,118,633
		(119,605,101)	(27,700,537)
CONSOLIDATED NET INCOME FOR THE PERIODS, of which:		93,877,757	141,010,657
Non controlling interest	25	(46,816,662)	(30,954,692)
NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD		47,061,095	110,055,965
Average number of ordinary shares outstanding	23	1,180,000,000	1,180,000,000
Earnings per share (in Euros)		0.04	0.09

Certified Public Accountant

Andreia Júlia Meneses Alves

Board of Directors

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CAIXA GERAL DE DEPÓSITOS, S.A.

Consolidated Statement of Comprehensive Income

(euro thousand)

	30/06/2015	Restatement 30/06/2014		
	Current activities	Current activities	Non-current activities	Total
Balances subject to reclassification to results				
Adjustments to fair value of available-for-sale financial assets				
Gains / (losses) arising during the period	(191,707)	623,575	130,587	754,163
Adjustments of fair value reserves reclassification to results				
Recognition of impairment for the period	34,255	5,537	-	5,537
Disposal of available-for-sale financial assets	(131,671)	(119,855)	(112,516)	(232,371)
Tax effect	78,884	(153,988)	839	(153,148)
Currency changes				
Change in period	(4,853)	14,595	-	14,595
Adjustments of exchange reserves reclassification to results				
Recognition of impairment for the period of available-for-sale financial assets				
- Investment units in foreign currency	(67)	20	-	20
Tax effect	(2,498)	(278)	-	(278)
Other	16,976	(17,935)	-	(17,935)
	(200,683)	351,671	18,911	370,582
Balances not subject to reclassification to results				
Benefits to employees - actuarial gains and losses				
Tax effect	36,731	-		
	36,731	-	-	-
Total comprehensive net income for the period recognised in reserves	(163,951)	351,671	18,911	370,582
Net income for the period	93,878	(146,243)	287,254	141,011
TOTAL COMPREHENSIVE NET INCOME FOR THE PERIOD, of which:	(70,073)	205,428	306,164	511,592
Non controlling interest	(29,586)	(23,354)	-	(23,354)
TOTAL COMPREHENSIVE NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD	(99,659)	182,074	306,164	488,238

CAIXA GERAL DE DEPÓSITOS, S.A.

Consolidated Cash Flow Statements

(euro thousand)

OPERATING ACTIVITIES	30/06/2015	30/06/2014
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	1,899,255	2,064,438
Interest, commissions and similar costs paid	(1,026,092)	(1,178,571)
Recovery of principal and interest	11,919	12,277
Payments to employees and suppliers	(585,445)	(601,617)
Payments and contributions to pension funds and other benefits	(39,493)	(12,275)
Other results	71,013	61,522
	331,156	345,773
(Increases) decreases in operating assets		
Loans and advances to credit institutions and customers	(623,420)	357,147
Assets held for trade and other assets at fair value through profit or loss	44,975	(105,970)
Other assets	384,153	3,607
	(194,292)	254,784
Increases (decreases) in operating liabilities		
Resources of central banks and other credit institutions	28,315	(1,287,737)
Customer resources	(729,241)	(621,014)
Other liabilities	444,754	59,947
	(256,172)	(1,848,804)
Net cash from operating activities before taxation	(119,308)	(1,248,247)
Income tax	(78,333)	(46,106)
Net cash from operating activities	(197,641)	(1,294,353)
INVESTING ACTIVITIES		
Dividends received from equity instruments	43,188	28,001
Acquisition of investments in subsidiary and associated companies, net of disposals	(21,868)	1,035,699
Acquisition of available-for-sale financial assets, net of disposals	(807,898)	445,225
Acquisition of tangible and intangible assets and investment property, net of disposals	(62,462)	(29,761)
Net cash from investing activities	(849,039)	1,479,163
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(65,163)	(61,748)
Interest on debt securities	(104,922)	(166,399)
Issue of subordinated liabilities, net of repayments	(2,835)	(452)
Issue of debt securities, net of repayments	985,305	(471,978)
Net cash from financing activities	812,385	(700,577)
Increase (decrease) in cash and cash equivalents	(234,295)	(515,767)
Cash and cash equivalents at the beginning of the period	2,996,326	2,581,843
Effects of the exchange rate change on cash and cash equivalents	(43,299)	(2,895)
Net change of cash and cash equivalents	(234,295)	(515,767)
Cash and cash equivalents at the end of the period	2,718,732	2,063,181

CAIXA GERAL DE DEPÓSITOS, S.A.

Consolidated Statement of Changes in Equity

(euro thousand)

	Share capital	Fair value reserve	Other reserves and retained earnings			Net income for the period	Subtotal	Non controlling interests	Total
			Other reserves	Retained earnings	Total				
Balances at 31 December 2013	5,900,000	63,947	1,495,320	(1,082,079)	413,240	(578,890)	5,798,297	885,367	6,683,664
Appropriation of net income for 2013:									
Transfer to reserves and retained earnings	-	-	511,625	(1,090,515)	(578,890)	578,890	-	-	-
Other entries directly recorded in equity:									
Measurement gain/(losses) on available-for-sale financial assets	-	309,585	68,875	-	68,875	-	378,460	(4,281)	374,180
Actuarial gains and losses recognition associated with post-employment benefits	-	-	-	-	-	-	-	-	-
Currency changes	-	-	16,859	-	16,859	-	16,859	(2,521)	14,337
Other	-	-	(17,137)	-	(17,137)	-	(17,137)	(799)	(17,935)
Total gains and losses for the period recognised in equity	-	309,585	68,597	-	68,597	-	378,182	(7,601)	370,582
Share capital increase	-	-	-	-	-	-	-	-	-
Changes in Group perimeter	-	-	-	-	-	-	-	5,649	5,649
Written-put over non controlling interests - Partang	-	-	-	-	-	-	-	-	-
Dividends paid to non controlling interests	-	-	-	-	-	-	-	(11,870)	(11,870)
Reclassification between reserves and retained earnings	-	-	79,920	(79,920)	-	-	-	-	-
Net income for the period	-	-	-	-	-	110,056	110,056	30,955	141,011
Balances at 30 June 2014 (restatement)	5,900,000	373,532	2,155,461	(2,252,514)	(97,053)	110,056	6,286,535	902,500	7,189,035
Balances at 31 December 2014	5,900,000	411,810	1,814,558	(2,252,495)	(437,937)	(348,044)	5,525,829	966,931	6,492,760
Appropriation of net income for 2014:									
Transfer to reserves and retained earnings	-	-	791,276	(1,139,320)	(348,044)	348,044	-	-	-
Other entries directly recorded in equity:									
Measurement gain/(losses) on available-for-sale financial assets	-	(210,943)	3,245	-	3,245	-	(207,698)	(2,542)	(210,240)
Actuarial gains and losses recognition associated with post-employment benefits	-	-	36,731	-	36,731	-	36,731	-	36,731
Currency changes	-	-	15,833	-	15,833	-	15,833	(23,251)	(7,419)
Other	-	-	8,414	-	8,414	-	8,414	8,562	16,976
Total gains and losses for the period recognised in equity	-	(210,943)	64,223	-	64,223	-	(146,720)	(17,231)	(163,951)
Written-put over non controlling interests - Partang	-	-	(35,014)	-	(35,014)	-	(35,014)	-	(35,014)
Investments made by non controlling interests	-	-	-	-	-	-	-	22,290	22,290
Dividends paid to non controlling interests	-	-	-	-	-	-	-	(18,899)	(18,899)
Reclassification between reserves and retained earnings	-	-	(66,342)	66,342	-	-	-	-	-
Net income for the period	-	-	-	-	-	47,061	47,061	46,817	93,878
Balances at 30 June 2015	5,900,000	200,867	2,568,701	(3,325,473)	(756,773)	47,061	5,391,155	999,908	6,391,063

2. NOTES, REPORTS AND OPINIONS ON THE ACCOUNTS

Notes to the Consolidated Financial Statements

(**Amounts expressed in thousand euros – unless otherwise expressly indicated**)

1. INTRODUCTORY NOTE

Caixa Geral de Depósitos, S.A., (Caixa or CGD), founded in 1876, is an exclusively state-owned public liability limited company. Caixa became a state-owned company on 1 September 1993 under Decree Law 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.

At 30 June 2015, CGD operated a nationwide network of 759 branch offices, with a branch in France having 48 offices, a branch in Timor with 13 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, investment banking, brokerage, venture capital, property, 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 European Commission approved CGD's Restructuring Plan, as submitted by the Portuguese state, in July 2013, in the sphere of its respective recapitalisation process.

The recapitalisation was required in the context of the new regulatory requirements imposed by the European Banking Authority (EBA) which resulted in the need for additional capital of €1,650 million (€750 million in the form of a capital increase and €900 million in Core Tier 1 equity instruments (Note 21), subscribed for in June 2012 by its state shareholder but considered by the European Commission to be state aid.

CGD's approved Restructuring Plan focuses on its backing for companies and individual customers in Portugal and was based on three main operating thrusts which reinforce the strategy already in place:

- Deleveraging of CGD Group's balance sheet with the disposal of its insurance arm and non-strategic investments (already concluded), in addition to the run-down of non-core assets;
- Improvement of operational efficiency, continuing its endeavours, already in progress, to reduce operating costs by optimising the number of branches and employees and renegotiating service contracts;
- Restructuring of activity and streamlining CGD's branch office in Spain with the objective of ensuring its long term feasibility and autonomy from CGD in funding terms, in addition to ensuring a positive contribution to the Group results. This restructuring process involved the streamlining of the branch office network and optimisation of services and processes, resulting in a downsizing of employee numbers and concentration of the institution's non-

core assets in CGD's Spain branch which is responsible for managing the respective run-off process.

CGD and CGD Group undertook:

a) Not to make any equity investments or acquire any collection of assets comprising the performance of an activity, in excess of certain limits. This commitment, however, does not apply in certain situations, such as acquisitions related with the management of loans and advances to customers in distress;

b) Not to pursue aggressive commercial strategies;

c) To reduce proprietary trading activities to the minimum required by the Treasury function;

d) Not to apply for state aid or any advantages therefrom deriving for advertising purposes;

e) Not to pay any dividends, coupons or interest to holders of preference shares or subordinated debt, when such payments do not derive from a contractual or legal obligation. Such payments are, however, permitted if it can be shown that any failure to make such payments may prejudice the redemption of the Core Tier 1 capital instruments issued by CGD and subscribed for by the state in June 2012;

f) To invest €30 million *per annum* in a fund with the purpose of capitalizing Portuguese SMEs and mid-caps, under the recapitalisation plan agreed with the Portuguese state. Investment in excess of the said amount must be approved in advance by the European Commission;

g) To continue to expand its operational risk monitoring policy and implement prudent, safe commercial policies geared to sustainability;

h) To appoint a Monitoring Trustee, responsible for overseeing the implementation and execution of the measures contained in the Restructuring Plan;

i) Not to set up new business units in geographies in which CGD Group was not previously present;

j) To comply with all regulations and legal requirements on remuneration policies.

2. ACCOUNTING POLICIES

2.1. Presentation bases

The consolidated financial statements, at 30 June 2015, 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 Decree Law 35/2005 of 17 February.

These financial statements are set out in conformity with the requirements of IAS 34 – "Interim Financial Reporting" but do not include all of the information required for the preparation of the annual financial statements.

The accounting policies described in this note have been consistently applied across all of the periods set out in the financial statements, except for aspects deriving from the adoption of IFRIC 21, which is mandatory in the European space for the fiscal years starting on or after 17 June 2014, as described in greater detail in Note 2.2.

2.2. Change to accounting policies - adoption of IFRIC 21 - Levies

CGD adopted International Financial Reporting Interpretations Committee (IFRIC) 21 - Levies, in 2015, which regulates the accounting of the recognition of a liability corresponding to the payment of a levy in the financial statements of the entity by which it is due, whenever imposed by the government or other government-related bodies.

As a result of the application of the requirements of IFRIC 21, Caixa revised the procedures adopted for the recognition of its obligations in the sphere of annual contributions to the Deposit Guarantee Fund and Resolution Fund, as well as the banking sector contribution. Up to 2014, the costs of the referred to levies were recognised on a straight line basis across the year in which they were payable, according to the new procedure the cost is now fully recognized when the obligation is generated, with the financial statements for the comparative period being re-expressed in conformity. Information on the main impacts on the Group's net income, at 30 June 2014, is set out below:

	30-06-2014
Consolidated net income attributable to the shareholder of CGD (before change to accounting policies)	129,916
. Changes on the recognition of the contributions to the Deposit Guarantee Fund and Resolution Fund and the banking sector contribution	(19,860)
Consolidated net income attributable to the shareholder of CGD (after change to accounting policies)	110,056
Earnings per share before change to accounting policies	0.11
Earnings per share after change to accounting policies	0.09

2.3. Consolidation principles

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

As required by IFRS 10, the Group considers that it wields control when it is exposed or has rights to the variable returns generated by a specific entity (referred to as a "subsidiary") and may, based on the application of the power retained by it and its relevant capacity to superintend their activities, take control of them (*de facto* power).

CGD Group subsidiaries were consolidated by the global integration method in which transactions and significant balances between 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 amount of third party investment in subsidiaries is recognised in "non-controlling interests" in equity. In the specific case of the investment funds included in the consolidation perimeter, whenever non-controlling interests have redemption options on the investment at its equity value, this amount is recognised in "Other liabilities" (Note 22), with the corresponding changes recorded in income statement in the "results from financial operations" heading.

Consolidated profit or loss comprises the aggregation of CGD's and its subsidiaries' aggregate net income in proportion to their effective stakes, after consolidation adjustments, i.e. elimination of dividends received and capital gains and losses made on transactions between companies included in the consolidation perimeter.

2.4. Business combinations and goodwill

Acquisitions of subsidiaries are recognised by the purchase method. The acquisition cost comprises the aggregate fair value of assets delivered, equity instruments issued and liabilities incurred or assumed in exchange for achieving control over the acquired entity. The costs incurred on the acquisition, when directly attributable to the operation are recognised as costs for the period on the purchase date. On 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, on 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 identifiable assets, liabilities and contingent liabilities acquired in the transaction exceeds the acquisition cost, the excess is recognised as income in profit and loss for the period.

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, on the transaction date, is directly recognised as a charge to reserves. The impacts of disposals of non-controlling interests which do not entail a loss of control over a 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 profit and loss on the transaction date.

The Group performs impairment tests on balance sheet goodwill, at least once a year, in accordance with the requirements of IAS 36 – "Impairment of assets". For this purpose, goodwill is allocated to cash flow generating units and its respective recoverable value is based on future cash flow projection at discount rates considered by the Group to be appropriate. Impairment losses associated with goodwill are recognised in profit and loss for the period 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, goodwill generated on operations undertaken, up to 1 January 2004, continued to be deducted from reserves.

Accounting of written put options

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

2.5. Investments in associates and jointly controlled entities

Associated companies are entities 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 20%, unless it can clearly be shown that this is not the case. In parallel, no significant influence is considered to exist whenever the referred to investment is less than 20%, unless the opposite, can also be clearly shown.

According to the requirements of IAS 28, a significant influence by the Group usually comprises one of the following:

- A seat on the board of directors or equivalent management body;
- Participation in the process for defining policies, including resolutions on dividends or other appropriations;
- The occurrence of material transactions between the associate and the Group;
- The existence of interchange between members of management;
- The supply of essential technical information.

There are also situations in which the Group, in conjunction 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 acquisition cost which is subsequently adjusted on the basis of the Group's effective percentage of changes in its participations shareholders equity (including its results). The equity accounting method is applied up to the time at which the accumulated losses incurred by the associated or jointly controlled entities and recognised by the Group, exceed the investment's respective balance sheet value from which time it is discontinued, unless any legal or constructive obligation requires a provision to be set up on such losses.

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

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

2.6. Translation of balances and transactions in foreign currency

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

Foreign currency transactions are recognised in Caixa's and its subsidiaries' separate financial statements 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 measured at fair value are translated on the basis of the exchange rate in force on the last measurement date. Non-monetary assets carried at historical cost, including tangible and intangible assets, continue to be recognised at their original exchange rate.

Exchange rate gains and losses arising on translation are recognised in profit and loss 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 profit and loss at the time of the disposals of the respective subsidiaries.

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 disposals of subsidiaries, associates or jointly controled entities after the said date, only exchange rate gains/losses originating from 1 January 2004 will be reclassified to profit and loss.

2.7. Financial instruments

a) Financial assets

Financial assets are recognised at their respective 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 "Cost of services and commissions" heading. In other cases, such costs are added to the asset's book value. Upon initial recognition, such assets are classified in one of the following IAS 39 categories:

i) Financial assets at fair value through profit or loss

This category includes:

- Financial assets held for trading, essentially comprising securities acquired for 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 whose adoption results in the production of more relevant financial information,i.e:

  - If their application eliminates or significantly reduces an accounting mismatch which would otherwise occur 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 measured 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 in this category, 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 and the gains and losses generated by their subsequent measurement are recognised in profit and loss for the period in "Income from financial operations". Interest is recognised in the appropriate "Interest and similar income" account heading.

ii) Loans and accounts receivable

These are financial assets with fixed or determinable payments which are not listed 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, 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) 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 investments. It therefore also includes equity instruments held under the Group's venture capital operations, without associated options;
- Bonds and other fixed-income securities;
- Investment units in unit trust investment funds.

Available-for-sale financial assets are measured at fair value, except for equity instruments not listed on an active market whose fair value cannot be reliably measured, which continue to be recognised at cost.

Revaluation gains and losses are recognised directly in “Fair value reserves” in shareholder’s equity. At the time of sale or if considered impaired, accumulated fair value gains or losses are transferred to income or costs for the period and recognised in “Income from financial operations” or “Other assets impairment net of reversals and recoveries”, respectively.

To assess the proceeds on sale, assets sales are measured at their 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 profit and loss.

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 the wording of 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. Reclassifications after this date had an impact as from the reference date of the referred to transfer between the different categories of financial instruments.

Information on reclassifications made under the terms of the referred to amendment is set out in Note 8.

Fair value

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

A financial instrument’s fair value is the amount at which a financial asset or liability may be sold or settled between independent, knowledgeable parties in arm’s length 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 used for debt instruments not traded in active markets (including unlisted securities or securities with low liquidity) 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.

- Unit trust investment funds not listed in active markets are measured on the basis of their last available NAV (net asset value).
- The measurement of unlisted equity instruments allocated to venture capital activity is based on the following:

  - 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, whose discount rates are tailored to the risk attached to the assets held.

  The measurements incorporate discount factors reflecting the securities' lack of liquidity. In the event of a right or contractual obligation to dispose of a specific asset, its respective valuation will also lie within a range of measurements resulting from the above referred to 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, the respective book value is adjusted to reflect the revised cash flows. The new amortised cost is measured by calculating the present value of future cash flows discounted at the financial instrument's initial effective interest rate. The adjustment of the amortised cost is recognised in profit and loss.

b) Financial liabilities

Financial liabilities are recognised on their contract dates, 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 selling of fixed and variable-income securities. These liabilities are recognised at fair value. Gains or losses resulting from their subsequent measurement are recognised in "Income from financial operations".

ii) Other financial liabilities

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

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

c) Derivatives and hedge accounting

The Group 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.

Derivatives are recognised at their fair value on their contract dates. They are also recognised in off-balance sheet account headings at their respective notional value.

Derivatives are subsequently measured at 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 valuation models.

The assessment of the fair value of derivatives also incorporates specific adjustments to reflect own credit risk based on a market discount curve which is considered to reflect the associated risk profile. The Group simultaneously adopts a similar methodology to reflect counterparty credit risks on derivatives with positive fair value.

Embedded derivatives

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

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

The main impact of this procedure on the Group's activity consists of the need to separate out and measure 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, *inter alia*). At the time of separation, the derivative is recognised at its respective fair value, with the initial amount of the host contract comprising the difference between the total value of the combined contract and the initial revaluation of the derivative. Therefore, no income is recognised on the operation's initial recognition.

Hedge derivatives

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

At 30 June 2015 and 31 December 2014, the Group only hedged its exposure to changes in the fair value of financial instruments recognised in its balance sheet and 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 respective risk(s);
- Identification and description of hedged and hedging financial instruments;
- Hedge effectiveness and periodicity assessment method.

Hedge effectiveness tests are performed and documented, monthly, by comparing the change in fair value of the hedging instrument and hedged item (part attributable to the hedged risk). To enable the use of hedge accounting, under IAS 39, the ratio should 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 profit and loss for the period in “Income from financial operations”. In the case of instruments with an interest component (e.g. interest rate swaps), accrued interest for the current period and realised cash flows are recognised in “Interest and similar income” and “Interest and similar expenses” 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 upon which hedge accounting ceases to be effective or if a decision is taken to revoke the designation, are recognised in profit and loss 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 assets and liabilities account headings, respectively.

Measurements 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.

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

Trading derivatives are recognised at fair value, with daily changes being recognised daily in income and costs for the period in “Income 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 expenses”. 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”, “Loans and advances to customers” and amounts receivable recognised in “Other assets”.

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 interests or principal;
    - A record of defaults in the financial system;
    - Existence of loans or credit restructuring negotiations;
    - Difficulties in terms of the capacity of partners and management, notably when leading partners or key employees leave the company or in the event of disputes between partners;
    - A debtor’s or debt issuing entities significant financial difficulties;
    - The strong probability of a debtor’s or debt issuing entity’s bankruptcy;
    - 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 values of expected future cash flows (recoverable value), discounted at the asset’s effective original interest rate and book value at the time of analysis.

Assets which are not included in a specific analysis are included in a collective impairment analysis and classified in like-for-like groups with similar risk characteristics (based on counterparty and credit type) based on the identification of the above referred to signs of impairment. Future cash flows are based on historical information on defaults and recoveries of assets with similar characteristics.

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 estimated cash flows receivable on each operation at the balance sheet date.

The amount of impairment is recognised in costs in “Credit impairment, net of reversals and recoveries” and “Other assets impairment net of reversals and recoveries” 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 credit using the respective accumulated impairment following a specific analysis by the structural bodies responsible for monitoring and recovering credit and the approval of the Executive Committee of the various bodies involved. Any recoveries of written-off/down credit are recognised as a deduction from the impairment losses balance recognised in "Credit impairment net of reversals and recoveries" in profit and loss.

In accordance with the policies in force within the Group, interest on overdue credit without a real guarantee is written-off up to three months from an operation's due date or first overdue instalment. Unrecognised interest on the above referred to credit is only recognised in the period 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.

Available-for-sale financial assets

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

Whenever there is objective evidence of impairment, the accumulated capital losses recognised in reserves are transferred to costs for the period in the form of impairment losses and recognised in "Other assets 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 signs of impairment on equity instruments:

- Information on significant changes having an adverse effect on the technological, market, economic or legal environment in which the issuing entity operates, indicating that the cost of the investment may not be fully recovered;
- A significant or extended 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 referred to assets' nature and specific, separate characteristics into consideration.

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

- Existence of unrealised 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 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 profit and loss 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 profit and loss for the period. Impairment losses on such assets cannot be reversed.

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

IFRS 5 – "Non-current assets held-for-sale and discontinued operations" applies to separate as well as groups of assets for disposal, either by sale or other 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 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 depreciated 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 "Other assets impairment net of reversals and recoveries when the assets' book value exceeds their fair value, net of 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.

These assets are not depreciated. 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 the held-for-sale accounting heading and the respective gains or losses thereon recognised in "Other operating costs".

2.9. Investment properties

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

Investment properties are not depreciated and are recognised at fair value by appraisers. Fair value changes are recognised in "Other net operating income" in profit and loss.

2.10. Other tangible assets

Other tangible assets are recognised at their acquisition cost, revalued under the applicable legal dispositions and net of accumulated depreciation and impairment losses. The costs of repairs, maintenance and other expenses associated with their use are recognised as a cost for the period in "Other administrative costs".

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

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:

	Years of useful life
Property for own use	50 - 100
Equipment:	
Furniture and material	8
Machines and tools	5 - 8
Computer equipment	3 - 8
Interior fittings	3 - 10
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 profit and loss for the period in "Other assets impairment net of reversals and recoveries" 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 profit and loss in the event of a subsequent increase in an asset's recoverable value.

The Group makes an annual assessment of the adequacy of its tangible assets' useful lives.

2.11. Finance leases

Finance lease operations are recognised as follows:

<u>As lessee</u>

Assets purchased under finance lease contracts are recognised at their fair value in "Other tangible assets" and in liabilities, in line with the processing of 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 expenses".

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 schedule. Interest included in the instalments is recognised in “Interest and similar income”.

2.12. Intangible assets

This account heading essentially comprises the cost of acquiring, developing or preparing software used to further 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 employee costs.

Intangible assets are recognised at their acquisition cost net of accumulated amortisation 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.

2.13. 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 whose headquarters and effective management are in Portugal, whose total income is subject to the general IRC tax regime, at the highest standard rate, in whose equity capital it has had either a direct or indirect equity stake of at least 75%, for a period of more than a year (with 1 January 2012 as the initial reference period) and when the equity stake entitles it to more than 50% of the voting rights.

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

Current tax is calculated on taxable profit for the period, which differs from accounting income owing to adjustments resulting from expenses or income which are not relevant 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 income

– *Income earned by non-resident subsidiaries subject to a more favourable tax regime*

Under Article 66 of the IRC Code, the profit made by non-resident companies benefiting from a clearly more favourable tax regime is allocated 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 partners.

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 applicable income tax payable on its activity is equal to or less than 60% of the IRC that would have been payable if the company were resident in Portugal.

In these cases, the profit is included in Caixa's taxable income for the period in which the end of the non-resident company's tax period is referred to and corresponds to the net profit earned by it in accordance with Caixa's share of the equity. 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 half year ended 30 June 2015 and in 2014, Caixa considered the effect of the following regulations:

- The dispositions of article 28-C 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 Caixa has a stake of more than 10%, are not tax deductible;
- The dispositions of article 28-A 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 the legislation in force, whenever provisions for general credit risk are restored, income is firstly considered to have been a fiscal cost in the period of its respective constitution.

– *Employee costs*

CGD has considered its employee costs, processed and recognised in the accounts, including, *inter alia*, the 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, limited by the amount of the contribution effectively made to the pension fund in the same or past periods, in conformity with the rules of article 43 of the IRC code, are tax deductible.

Also herein and as a result of the change to accounting policies 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 recognised in full as a charge to reserves. The component of negative equity changes relating to pensions liabilities in the amount of €60,837 thousand in compliance with the requirements of article 183 of Law 64-B/2011 of 30 December approving the State Budget Law for 2012, which were 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, 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 and, (ii) had not made supplementary contributions to pension funds and the like to cover retirement pension liabilities.

  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 the half year ended 30 June 2015 and for the year 2014 as a result of the application of this article.

Deferred tax

Total income tax recognised in profit and loss includes current and deferred taxes.

Deferred tax consists of the impact on tax recoverable/payable in future periods resulting from 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. Deferred tax assets are not recognised in cases in which their recoverability may be questioned on account of other situations, including issues regarding the interpretation of current tax legislation.

Notwithstanding, deferred taxes on temporary differences originating from the initial recognition of assets and liabilities in transactions which do not affect accounting income or taxable profit are not recognised.

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

Deferred taxes are calculated at the tax rates expected to be in force on the temporary differences' reversal date, comprising the approved or substantially approved rates at the balance sheet date.

Income tax (current or deferred) is recognised in profit and loss for the period, except for cases in which the originating transactions have been recognised in other shareholders' equity accounts. The corresponding tax, in these situations, is also recognised as a charge to equity.

2.14. Provisions and contingent liabilities

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

A contingent liability exists when the future outflow of resources is unlikely. Contingent liabilities require no more than 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 of operations and respective customers;
- Legal, fiscal and other contingencies resulting from the Group's activity.

2.15. Employee benefits

Liabilities for employee benefits are recognised in accordance with IAS 19 – Employee Benefits 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 is therefore liable for the payment of retirement, disability and survivors' pensions of its employees. Other Group companies, such as Banco Comercial do Atlântico, S.A., Banco Caixa Geral and Banco Nacional Ultramarino (Macau) also have defined benefit plans.

Healthcare for CGD's (headquarters) current and retired employees is also provided by Caixa Geral de Depósitos's Social Services and funded by contributions from CGD 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 between BNU and 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. 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.

The gains and losses on differences between the actuarial and financial premises used and the effective amounts of liabilities and projected pension fund yields, as well as on changes in actuarial premises are recognised as a charge to "Other reserves".

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

Retirement pensions and healthcare costs for the period, including current servicing costs and net interest expenses, are aggregated and recognised in the appropriate "Employee costs" heading.

The impact of employees' early retirements, as defined in the actuarial study, is directly recognised in "Employee costs". Caixa also recognises a specific liability for the impact of the change to non-working status of employees with whom it has entered into suspension of labour contracts. This provision is also recognised as a charge to "Employee costs" in profit and loss.

Other long term benefits

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

Liabilities for such benefits are also based on actuarial calculations. Actuarial gains and losses are recognised in full as a charge to profit and loss for the period, under the dispositions of IAS 19 for the type of benefits identified.

Short term benefits

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

2.16. Commissions

As referred to in Note 2.7, 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 during which the service is provided or as a lump sum if resulting from single acts.

2.17. Issuance of equity instruments

The issuance of equity instruments is recognised at the fair value of the compensation received, net of the issuance'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 of dividends and/or redemptions 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.

2.18. 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.

2.19. 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 balance at other credit institutions" total.

2.20. 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 amounts receivable

The calculation of impairment losses on loans is based on the methodology defined in Note 2.7. d). Impairment on separately analysed assets, is, accordingly, based on a specific assessment made by Caixa, based on its knowledge of a customer's situation and guarantees associated with the operations.

The assessment of impairment on a collective basis is based on historical parameters for comparable types of operations, considering default and recovery estimates.

Caixa considers that impairment based on this methodology enables the risks on its loan portfolio to be adequately recognised, in line with the requirements of IAS 39.

Assessment of impairment losses on assets measured as a charge to fair value reserves

According to the measurement requirements on such assets, capital losses on the depreciation of such assets' 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" on 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 2.7. d)). As a general rule, impairment is always assessed whenever it is considered that the amount invested is unlikely to be fully recovered based on the size of the capital loss.

In the case of debt instruments classified in this category, the capital losses are transferred from the fair value reserve to profit and loss whenever there are any signs of a possible default on contractual cash flows, i.e. owing to an issuing entity's financial difficulties, defaults on other financial liabilities or a significant rating downgrade.

Measurement of financial instruments not traded in active markets

Under IAS 39, the Group measures all financial instruments at fair value, except for those recognised at amortised cost. The valuation models and techniques described in Note 2.7. are used to measure the value of 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. To ensure an adequate level of segregation between functions, the measurement of these financial instruments is the responsibility of a body which is independent from the trading function.

Employee benefits

As referred to in Note 2.15. above, the Group's liabilities for its employees' post-employment and other long term benefits are assessed on an actuarial basis. The actuarial appraisals incorporate, *inter alia,* financial and actuarial premises on mortality, disability, salary and pension growth, asset yields and discount rates. The premises are the Group's and its actuaries' best estimates of the future performance of the respective variables.

Impairment of goodwill

As referred to in Note 2.4. above, the Group performs impairment tests on balance sheet goodwill at least once a year. These tests are based on the estimated future cash flows on each unit, 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 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 some 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 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 premises considered.

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 expressly indicated, is summarised below:

Activity / Entity	Head office	30-06-2015			31-12-2014	
		% Effective participating interest	Equity (a)	Net income	Equity (a)	Net income
Holding Companies						
Caixa - Gestão de Ativos, SGPS, S.A.	Lisbon	100.00%	25,168	7,464	26,156	8,452
Caixa - Participações, SGPS, S.A.	Lisbon	100.00%	143,936	27,808	100,172	26,793
Caixa Desenvolvimento, SGPS, S.A.	Lisbon	99.72%	414	(23)	465	(29)
Caixa Seguros e Saúde, SGPS, S.A.	Lisbon	100.00%	1,596,921	42,444	1,570,703	531,087
Gerbanca, SGPS, S.A.	Lisbon	--	-	-	79,206	(61)
Parbanca, SGPS, S.A.	Madeira	100.00%	106,459	8,432	80,297	19,048
Parcaixa SGPS, S.A.	Lisbon	51.00%	961,393	6,734	959,878	16,260
Partang, SGPS, S.A.	Lisbon	51.00%	190,535	21,043	161,418	35,936
Banking						
Banco Caixa Geral, S.A.	Vigo	99.79%	440,421	15,643	434,894	20,410
Banco Comercial do Atlântico, S.A.	Praia	57.91%	45,243	1,832	43,195	2,565
Banco Comercial e de Investimentos, S.A.R.L.	Maputo	51.26%	233,271	21,207	186,146	40,242
Banco Caixa Geral Brasil, S.A.	São Paulo	100.00%	102,625	791	109,973	(13,128)
Banco Interatlântico, S.A.R.L.	Praia	70.00%	16,105	401	15,615	43
Banco Nacional Ultramarino, S.A. (Macau)	Macau	100.00%	673,298	26,738	618,461	41,763
Caixa - Banco de Investimento, S.A. (b)	Lisbon	99.72%	314,838	696	339,247	4,049
CGD - North America Finance	Delaware	100.00%	1	-	1	-
CGD Investimentos CVC, S.A.	São Paulo	99.86%	1,698	(2,561)	4,460	(7,790)
Mercantile Bank Holdings, Ltd. (b)	Johannesburg	100.00%	146,644	4,839	135,367	8,908
Banco Caixa Geral Totta Angola, S.A.	Luanda	26.01%	294,659	41,260	314,313	70,303
Specialised Credit						
Caixa Leasing e Factoring - Instituição Financeira de Crédito, S.A.	Lisbon	51.00%	88,885	5,748	83,137	16,429
Promoleasing - Sociedade de Locação Financeira, S.A.	Praia	51.27%	297	3	294	10
Asset Management						
Caixagest - Técnicas de Gestão de Fundos, S.A.	Lisbon	100.00%	27,495	1,286	29,359	3,131
CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	Lisbon	100.00%	5,398	765	5,132	1,347
Fundger - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Lisbon	100.00%	3,564	1,364	6,094	3,894
Venture Capital						
A Promotora, Sociedade de Capital de Risco, S.A.R.L.	Praia	45.30%	3,324	83	3,159	(53)
Caixa Capital - Sociedade de Capital de Risco, S.A.	Lisbon	99.72%	51,850	2,506	49,344	3,503
Real Estate						
Imobci, Lda.	Maputo	45.13%	682	21	696	467
Imocaixa - Gestão Imobiliária, S.A.	Lisbon	100.00%	6,934	(1,862)	8,796	(2,966)
Caixa Imobiliário, S.A.	Lisbon	100.00%	30,708	(11,982)	(115,510)	(42,767)
Inmobiliaria Caixa Geral S.A.U.	Madrid	100.00%	(56,457)	(4,493)	(51,965)	(7,768)
Cibergradual, Investimento Imobiliário, S.A.	Lisbon	100.00%	(50,638)	(173)	(50,466)	(5,263)
Other Financial Entities						
CGD Finance	Cayman	100.00%	2,568	-	2,568	(24)
Caixa Geral Finance (c)	Cayman	0.00%	111,219	-	111,219	-

(a) Equity includes net income for the period.

(b) Data taken from consolidated financial statements.

(c) Share capital comprises 1 000 ordinary shares of EUR 1 and 110 128 non-voting preference shares of EUR 1 000 each.

Activity / Entity	Head office	30-06-2015			31-12-2014	
		% Effective participating interest	Equity (a)	Net income	Equity (a)	Net income
Other Companies						
Caixanet - Telemática e Comunicações, S.A.	Lisbon	80.00%	1,835	30	1,805	3
Caixatec, Tecnologias de Comunicação, S.A.	Lisbon	100.00%	(1,271)	(153)	(1,119)	(473)
LCS - Linha de Cuidados de Saúde, S.A.	Lisbon	100.00%	77	(349)	448	(1,372)
HPP International Ireland, Ltd.	Dublin	--	-	-	30,860	(15)
HPP International - Luxembourg, S.A.R.L.	Luxembourg	100.00%	(33,692)	(8)	(33,684)	(12)
Wolfpart, SGPS, S.A.	Lisbon	100.00%	27,152	(13,607)	(195,866)	(49,105)
Complementary Corporate Groupings						
Groupment d'Interet Economique	Paris	100.00%	-	-	-	-
Sogrupo - Compras e Serviços Partilhados, ACE	Lisbon	90.00%	-	-	-	-
Sogrupo - Sistemas de Informação, ACE	Lisbon	80.00%	-	-	-	-
Sogrupo IV - Gestão de Imóveis, ACE	Lisbon	33.30%	-	-	-	-
Special Purpose Entities and Investment Funds						
Fundo Nostrum Mortgage 2003-1	Lisbon	100.00%	300,257	160	317,716	594
Nostrum Mortgages PLC	Dublin	100.00%	15,705	(485)	16,190	(765)
Fundo de Capital de Risco - Grupo CGD - Caixa Capital	Lisbon	99.98%	300,708	5,063	295,645	(8,058)
Fundo de Capital de Risco Empreender Mais	Lisbon	100.00%	14,559	1,552	13,007	(528)
Fundo de Capital de Risco Caixa Fundos	Lisbon	100.00%	39,856	716	39,140	(1,190)
Fundo de Capital de Risco Caixa Crescimento	Lisbon	100.00%	23,400	(139)	23,539	(140)
Fundo de Capital de Risco Caixa Tech Transfer Accelerator Ventures	Lisbon	100.00%	1,995	(5)	-	-
Fundo de investimento Imobiliário Fechado para Arrendamento Habitacional - Caixa Arrendamento	Lisbon	87.86%	116,313	(200)	116,513	1,485
Fundo Especial de Investimento Aberto Estratégias Alternativas	Lisbon	76.90%	16,638	262	16,576	(422)
Caixa Imobiliário - Fundo de Investimento Fechado de Arrendamento Habitacional	Lisbon	100.00%	43,530	(422)	43,952	(1,648)
Caixagest Private Equity - Fundo Especial de Investimento	Lisbon	45.43%	129,423	12,086	123,389	12,721
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	Lisbon	45.20%	268,303	13,527	255,796	13,186
Caixagest Infra-Estruturas - Fundo Especial de Investimento	Lisbon	26.80%	97,494	7,924	91,314	8,699
Beirafundo - Fundo de Investimento Imobiliário Fechado	Lisbon	95.88%	3,420	(2,447)	5,867	(4,995)
Cidades de Portugal - Fundo de Investimento fechado de Arrendamento Habitacional	Lisbon	100.00%	30,880	(257)	31,137	936
Caixa Reabilita - Fundo Especial de Investimento Imobiliário	Lisbon	100.00%	10,176	(104)	10,279	227
Fundolis - Fundo de Investimento Imobiliário Fechado	Lisbon	100.00%	58,992	(327)	59,319	(3,820)
Fundimo - Fundo de Investimento Imobiliário Aberto	Lisbon	53.27%	628,044	7,825	659,609	(13,150)
Fundo especial de investimento - Obrigações Rendimento Nacional	Lisbon	23.11%	97,297	1,795	95,924	9,039
Fundiestamo - Fundo de Investimento Imobiliário Fechado	Lisbon	77.92%	146,333	1,155	145,177	3,488
Fundo Especial de Investimento Imobiliário Fechado - Iberia	Lisbon	100.00%	25,027	214	24,813	(3,348)

(a) Equity includes net income for the period.
(b) Data taken from consolidated financial statements.

Information on the principal movements in the Group's subsidiaries for the six months' period ended 30 June 2015 and in 2014 is given below:

Fundo de Capital de Risco Caixa Crescimento

The Caixa Crescimento venture fund was formed on 28 June 2013. Its corporate object is to operate in the venture capital area by investing in SMEs or midcaps headquartered in Portugal which require funding for their respective investment plans to strengthen their production capacity, expand into new markets, sustain their growth strategies or increase funding for the structuring requirements of their operating cycle.

An increase in the Fund's capital in line with the proposal submitted by Caixa Capital – Sociedade de Capital de Risco, S.A. in the form of the issuance of 30,000 investment units with a nominal value of €1,000 each, fully subscribed for by Caixa was approved during the course of first half 2015. This capital increase follows the 2014 increase of €2,000 thousand, also subscribed for by CGD.

An amount of €23,700 thousand of the Fund's total capital had been paid up, at 30 June 2015 and at 31 December 2014.

Fundo de Capital de Risco Caixa Tech Transfer Accelerator Ventures

The Caixa Tech Transfer Accelerator Ventures fund was formed on 16 March 2015, with a start-up capital of €6,000 thousand, comprising 6,000 investment units with a nominal value of €1,000 each, fully subscribed for by *Fundo de Capital de Risco Caixa Fundos*.

The Fund's corporate object is to perform a venture capital activity by investing in technology companies with medium to high growth potential, with projects in the scientific field deriving from the domestic and international science-technology system.

An amount of €2,000 thousand of the Fund's total capital was fully paid up in cash at 30 June 2015.

Banco Comercial e de Investimentos, S.A.

During the course of first half 2015, a MZN 3,081,274,880 capital increase through an incorporation of reserves and MZN 1,789,709,460 comprising an issuance of 72,752,418 new shares was approved by the general meeting of Banco Comercial e de Investimentos, S.A. The Group invested in this operation through Parbanca, SGPS, S.A., which has a 51% equity stake in BCI, which subscribed for MZN 912,751,820 in new shares at a unit price of MZN 24.60 (including an issuance premium of MZN 14.60).

Gerbanca, SGPS, S.A.

In compliance with the resolution of its shareholders Caixa Geral de Depósitos, S.A. and Caixa Participações, SGPS, S.A., at the general meeting of 31 December 2014, the process for the dissolution and liquidation of Gerbanca, SGPS, S.A. was completed in first half 2015.

The company's net assets, essentially comprising its equity stake in Caixa - Banco de Investimento, S.A, were distributed among its shareholders in proportion to their respective investments (90% and 10%, respectively).

Wolfpart, SGPS, S.A.

The conversion of €236,626 thousand in shareholders' loans into supplementary capital payments, to increase the company's equity was approved at the general meeting held in March 2015.

Caixa Imobiliário, S.A.

The conversion of €158,000 thousand in shareholders' loans into supplementary capital payments to increase the company's equity was approved at the general meeting held in February 2015.

Caixa Seguros e Saúde, SGPS, S.A. (Caixa Seguros e Saúde) and Fidelidade - Companhia de Seguros, S.A. (Fidelidade)

As explained in greater detail in Note 12, in the sphere of the privatisation process of 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 were entered into on 7 February 2014 and finalised in May 2014.

According to the provisions of the contract for the sale of Fidelidade – Companhia de Seguros, S.A., Caixa Seguros e Saúde, SGPS, S.A., would hold a maximum stake of 15% with the sale of 5% of Fidelidade shareholders' capital to its workers. The public sale took place on 15 October with 16,860 shares having been sold. The remaining shares making up 5% of the equity of Fidelidade – Companhia de Seguros, S.A., were acquired by Fosun Group on 8 January 2015.

As a consequence of these operations, the Group's remaining equity stakes in Fidelidade – Companhia de Seguros, S.A., Cares – Companhia de Seguros, S.A., and Multicare – Seguros de Saúde, S.A., were classified as investments in associates (Note 14).

The disposal of these investments led to the reduction of the percentage held by the Group in several of its subsidiaries, namely those owned by Fidelidade – Companhia de Seguros, S.A.

Furthermore and during the course of first half 2015, providing continuity to the process of reorganising its investments, Caixa Seguros e Saúde, SGPS, S.A. completed the procedures for the liquidation of HPP International (Ireland).

Garantia - Companhia de Seguros de Cabo Verde, S.A. (equity stake in Banco Comercial do Atlântico, S.A.)

During the course of first half 2014, following the disposal process on the Group's insurance activities, CGD, Banco Interatlântico, S.A. and Banco Comercial do Atlântico, S.A. sold 111,789 shares comprising 55.90% of the share capital of Garantia – Companhia de Seguros de Cabo Verde, S.A. (Garantia) to Fidelidade – Companhia de Seguros, for the amount of CVE 6,175 per share. CGD increased its investment in Banco Comercial do Atlântico, S.A. in the same period by acquiring to Garantia 89,504 shares comprising 6.76% of the banks share capital for the amount of CVE 3,504 per share. This restructuring gave Caixa Group an effective equity stake of 57.91% in Banco Comercial do Atlântico, S.A., 70% in Banco InterAtlântico, S.A. and an indirect equity stake of 25% in Garantia – Companhia de Seguros, S.A. through Banco Comercial do Atlântico, S.A..

Imocaixa – Gestão Imobiliária, S.A.

Approval was given for the conversion of €45,000 thousand in shareholders' loans into supplementary capital payments, to increase the company's equity, at the general meeting held during the course of 2014.

CGD Investimentos CVC, S.A.

A resolution to restructure the brokerage business developed in Brazil through CGD Investimentos CVC, was passed in 2014. A merger between the activity of CGD Investimentos CVC's HomeBroker and Rico, the Octo CTVM investments platform was accordingly announced in July 2014. This operation, which requires the approval of the Central Bank of Brazil will give the Group a 51% shareholding in Octo CTVM. At the end of second half 2014, CGD Investimentos CVC also announced its intention to close down its institutionals activity.

Subsequent events

Banco Caixa Geral Totta de Angola, S.A.

On 8 July 2015 Banco Santander Totta, S.A. and Santotta - Internacional, SGPS, Sociedade Unipessoal, Lda. exercised their put option on 49% of the equity of Partang, SGPS, S.A., under the terms of the contract entered into between the three entities in July 2009. The exercising of this option gave CGD 100% of the share capital of Partang, SGPS, S.A., which, in turn, has a 51% equity stake in Banco Caixa Geral Totta Angola, S.A.

LCS - Linha de Cuidados de Saúde, S.A.

A promissory sales contract for 100% of the equity capital of the company LCS - Linha de Cuidados de Saúde, S.A. was entered into between Caixa Seguros e Saúde, SGPS, S.A., Optimus - Comunicações, S.A. (NOS Comunicações, S.A.) and Teleperformance Portugal, S.A. on 27 September 2013 Following the issuance of the required regulatory authorisation the operation for an amount of €5 thousand, will take place during the month of July 2015 with the Group having recognised a capital loss of €1,610 thousand on the said date.

4. CASH AND CASH EQUIVALENTS AT CENTRAL BANK

This account heading comprises the following:

	30-06-2015	31-12-2014
Cash	684,224	692,902
Demand deposits in central banks	1,219,139	1,425,098
	1,903,363	2,118,000
Interest on demand deposits in central banks	68	28
	1,903,431	2,118,028

The objective of Caixa's sight deposits with the Bank of Portugal is to comply with the European Central Bank's System (ECBS's) 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 the ECBS's minimum cash reserve requirements.

The funds deposited with central banks by Caixa and Group banks at 30 June 2015 and 31 December 2014, complied with the minimum limits defined by the regulations in force in the countries in which they operate.

5. CASH BALANCES AT OTHER CREDIT INSTITUTIONS

This account heading comprises the following:

	30-06-2015	31-12-2014
Cheques for collection		
- Portugal	61,826	73,701
- Abroad	24,179	34,776
	86,005	108,477
Demand deposits		
- Portugal	171,833	180,291
- Abroad	556,003	586,338
	727,837	766,629
Accrued interest	1,459	3,193
	815,300	878,298

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 period.

6. LOANS AND ADVANCES TO CREDIT INSTITUTIONS

This account heading comprises the following:

	30-06-2015	31-12-2014
Term deposits		
- Portugal	262.169	113.054
- Abroad	1.562.112	202.978
Loans		
- Portugal	313	60.288
- Abroad	192.452	254.652
Other applications		
- Portugal	66.803	5.164
- Abroad	1.056.534	1.310.719
Purchase operations with resale agreement	238.871	190.187
Overdue loans and interest	7.158	7.163
	3.386.413	2.144.206
Adjustments to assets under hedging operations	(3.917)	2.302
Accrued interest	1.686	2.379
Deferred income	(1.756)	(3.404)
	3.382.426	2.145.482
Impairment (Note 33)	(11.497)	(11.817)
	3.370.929	2.133.665

As a result of the reorganisation process on the assets and liabilities structure of the former Banco Português de Negócios, S.A. (BPN), currently Banco BIC Português, S.A. (BIC), in the sphere of the said financial institution's reprivatisation (completed in first quarter 2012), Caixa entered into a commercial paper programme with this entity with a limit of €400,000 thousand.

The referred to programme, unused at 31 December 2014, was backed by the Portuguese state up to its maturity in March 2015. Caixa also, herein, issued a current account line of credit up to a limit of €300,000 thousand, maturing in March 2016, whose possibility of use is conditioned by the amount of the deposits of the former BPN's customers.

During the course of the disposal process 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 the implementation 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 issuances, were transferred to the sphere of the Portuguese state. The nominal value of the non-securitised credit, at 31 December 2014, amounted to €38,305 thousand, and has been settled in full (Note 11). The nominal value of the bond issuances, at 30 June 2015 and 31 December 2014, amounted to €2,537,203 thousand (Note 8).

The state also assumed liabilities for the commercial paper programme subscribed for by Caixa for the amount of €1,000,000 thousand, owing to the transfer of the contractual position between BPN and Parvalorem (Note 11). Therefore, starting 30 March 2012, the referred to company became the issuing entity of this commercial paper programme.

The corporate vehicles are repaying the debt to CGD under the terms agreed between the Portuguese state, European Central Bank, International Monetary Fund and European Union. As provided for in the referred to settlement plan, any amounts received from the recovery of assets held by the corporate vehicles shall be set against these loan settlements.

At 30 June 2015 and 31 December 2014, the accumulated impairment balance on investments in credit institutions included €11,495 thousand and €11,815 thousand, respectively, for exposures to banks headquartered in the Republic of Iceland.

At 30 June 2015 and 31 December 2014, the "Purchase operations with resale agreement" account heading referred to contracts for the acquisition of financial instruments with a resale contract at a future date at a predefined price. The financial instruments acquired in these operations are not recognised in the balance sheet and their purchase price 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) providing for mechanisms to strengthen the collateral associated with such transactions on the basis of the evolution of their respective market value which is assessed on the specifications agreed between the counterparties, usually in the form of surety deposits.

Information on the impairment of investments in credit institutions, for the half years ended 30 June 2015 and 2014, is set out in Note 33.

7. FINANCIAL ASSETS HELD FOR TRADING AND OTHER ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

These account headings comprise the following:

	30-06-2015			31-12-2014		
	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	6,670	-	6,670	1,106	-	1,106
. Bonds of other public issuers:						
Foreign	209,636	-	209,636	302,528	-	302,528
- Other issuers:						
. Bonds and other securities:						
Issued by residents	1,453	4,999	6,452	439	4,961	5,400
Issued by non-residents	11,913	1,855	13,769	13,093	1,999	15,092
	229,672	6,855	236,527	317,166	6,960	324,126
Equity instruments						
Residents	444	73,834	74,278	589	120,570	121,159
Non-residents	38,458	68,235	106,693	36,064	50,877	86,941
	38,903	142,069	180,971	36,652	171,447	208,100
Other financial instruments						
- Trust fund units						
Residents	-	174,454	174,454	-	164,971	164,971
Non-residents	-	492,059	492,059	-	479,280	479,280
- Other						
Non-residents	27	-	27	30	-	30
	27	666,513	666,540	30	644,251	644,281
Derivatives with positive fair value (Note 10)						
- Swaps	1,497,352	-	1,497,352	1,542,176	-	1,542,176
- Futures and other forward operations	19,388	-	19,388	14,423	-	14,423
- Options - shares and currency	52,579	-	52,579	132,682	-	132,682
- Caps and floors	193,538	-	193,538	206,942	-	206,942
- Other	-	-	-	847	-	847
	1,762,857	-	1,762,857	1,897,069	-	1,897,069
	2,031,459	815,436	2,846,896	2,250,918	822,658	3,073,576

Financial assets held for trading and other financial assets at fair value through profit or loss, at 30 June 2015, include investment units in unit trust and property investment funds managed by Group entities, for the amounts of €84,677 thousand and €27,792 thousand, respectively (€80,730 thousand and €27,621 thousand, respectively, at 31 December 2014).

The “Financial assets held for trading – debt instruments” account heading at 30 June 2015 and 31 December 2014 include securities allocated to the issuance of covered bonds with a book value of €121,954 thousand and €127,537 thousand, respectively (Note 19).

8. AVAILABLE FOR SALE FINANCIAL ASSETS

This account heading comprises the following:

	30-06-2015	31-12-2014
Debt instruments		
- Public debt	8,739,223	8,768,970
- Other public issuers	1,752,079	1,431,875
- Other issuers	4,362,285	4,360,643
	14,853,587	14,561,488
Equity instruments		
- Measured at fair value	235,839	303,532
- Measured at historical cost	180,061	185,767
	415,900	489,299
Other instruments	1,309,751	1,161,228
	16,579,237	16,212,015
Impairment (Note 33)		
- Equity instruments	(111,390)	(108,408)
- Debt instruments	(653)	(668)
- Other instruments	(241,375)	(204,547)
	(353,418)	(313,623)
	16,225,820	15,898,392

"Debt instruments – other issuers" account heading at 30 June 2015 and 31 December 2014, included €2,775,686 thousand and €2,748,726 thousand respectively, for bonds issued by Parvalorem, S.A., Parups, S.A. and Parparticipadas, S.A. as part of the liquidity re-organisation support operations for BPN (Note 6). These bonds are backed by a Portuguese state guarantee.

"Other instruments" and "Impairment - other instruments" account headings, at 30 June 2015, include €733,653 thousand and €124,844 thousand (€685,198 thousand and €102,932 thousand respectively at 31 December 2014) for subscriptions for investments in corporate vehicles set up in the sphere of transfers 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 corporate 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 those operations and their respective control, had been met. The corporate vehicles in which the Group has a non-controlling interest continue to be autonomous in terms of management. To ensure the neutrality of operations, impairment on the investments in the corporate vehicles, equivalent to the amounts of the expected losses on the transferred assets, was set up. This impairment was reversed as part of the assets' balance sheet derecognition process. Following their initial recognition, these positions reflect the revaluation of the companies' assets.

Group exposure at 30 June 2015 and 31 December 2014 was as follows:

	30-06-2015			
	Securities acquiried on asset transfer operations			
	Value before impairment	Accumulated impairment	Net	Fair value reserve
Fundo Recuperação, FCR	180,457	(41,924)	138,533	457
Flit-Ptrel SICAV	117,247	(10,536)	106,711	10,691
Discovery Portugal Real Estate Fund	113,208	(23,018)	90,190	23,184
Fundo Imobiliário Aquarius	107,544	(21,703)	85,841	21,111
OXI Capital, SCR	81,305	(3,329)	77,976	5,237
Vallis Construction Sector	73,358	(9,248)	64,110	9,958
Fundo Recuperação Turismo, FCR	54,151	(13,597)	40,555	8,385
Nexponor - Sociedade Especial de Investimento Imobiliário de Capital Fixo - SICAFI	6,383	(1,490)	4,893	-
	733,653	(124,844)	608,810	79,023

	31-12-2014			
	Securities acquiried on asset transfer operations			
	Value before impairment	Accumulated impairment	Net	Fair value reserve
Fundo Recuperação, FCR	180,000	(34,380)	145,620	-
Flit-Ptrel SICAV	114,574	(10,536)	104,039	8,502
Discovery Portugal Real Estate Fund	109,428	(23,018)	86,411	20,090
OXI Capital, SCR	81,234	(3,309)	77,925	5,166
Vallis Construction Sector	72,907	(9,248)	63,659	9,751
Fundo Imobiliário Aquarius	66,318	(8,844)	57,473	8,216
Fundo Recuperação Turismo, FCR	54,409	(13,597)	40,812	8,642
Nexponor - Sociedade Especial de Investimento Imobiliário de Capital Fixo - SICAFI	6,328	-	6,328	(55)
	685,198	(102,932)	582,266	60,312

Complementary to the investments in these vehicles, Caixa also made shareholders' loans and supplementary capital payments to certain operations. These were recognised in "Other assets", with a fully provisioned balance sheet carrying amount of €50,294 thousand and €49,750 thousand, at 30 June 2015 and 31 December 2014, respectively.

Impairment of “Other instruments”, at 30 June 2015 and 31 December 2014, included €4,603 thousand and €4,094 thousand, respectively, on unit trust and property 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 property investment funds managed by Group entities, recognised in the available-for-sale financial assets portfolio at 30 June 2015, totalled €10,592 thousand and €25,609 thousand, respectively (€16,255 thousand and €26,013 thousand, respectively, at 31 December 2014).

At 30 June 2015 and 31 December 2014, equity instruments included the following investments:

	30-06-2015						
	Banking	Investment banking and venture capital	Value before impairment	Accumulated impairment	Net amounts	Fair value reserve	Effective participating interest (%)
Measured at fair value							
SICAR NovEnergia II	-	63,039	63,039	-	63,039	20,616	15.49
Galp Energia, SGPS, S.A.	11,210	-	11,210	-	11,210	(1,366)	0.07
Finpro, SGPS, S.A.	-	23,818	23,818	(23,818)	-	-	17.17
La Seda Barcelona, S.A.	52,878	-	52,878	(52,878)	-	-	14.24
A.Silva & Silva - Imobiliário e Serviços, S.A.	-	21,300	21,300	(21,300)	-	-	19.64
INAPA	25,311	-	25,311	-	25,311	(1,489)	16.84
Foreign entities' shares	5,486	21,073	26,558	(2,237)	24,321	7,110	
Other	2	11,724	11,726	(4,302)	7,424	1,619	
	94,886	140,953	235,839	(104,534)	131,305	26,491	
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	800	4,858	(1,178)	3,680	-	4.48
Other	22,154	46	22,200	(5,678)	16,522	-	
	179,215	845	180,061	(6,856)	173,204	-	
	274,101	141,799	415,900	(111,390)	304,509	26,491	

	31-12-2014						
	Banking	Investment banking and venture capital	Value before impairment	Accumulated impairment	Net amounts	Fair value reserve	Effective participating interest (%)
Measured at fair value							
SICAR NovEnergia II	-	61,952	61,952	-	61,952	19,529	15.49
Galp Energia, SGPS, S.A.	8,984	-	8,984	-	8,984	(3,592)	0.07
Finpro, SGPS, S.A.	-	23,818	23,818	(19,183)	4,635	-	17.17
La Seda Barcelona, S.A.	52,878	-	52,878	(52,878)	-	-	14.24
A.Silva & Silva - Imobiliário e Serviços, S.A.	-	21,300	21,300	(21,300)	-	-	19.64
Foreign entities' shares	6,254	18,830	25,084	(2,062)	23,022	7,154	
Other instruments with characteristics of equity	5	-	5	-	5	3	
Other	98,779	10,733	109,512	(4,284)	105,228	10,879	
	166,899	136,633	303,532	(99,707)	203,825	33,974	
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	800	4,858	(1,178)	3,680	-	4.48
Other	27,860	46	27,906	(7,524)	20,382	-	-
	184,921	845	185,767	(8,702)	177,065	-	
	351,820	137,478	489,299	(108,408)	380,890	33,974	

The following criteria were used to prepare the above tables:

- The "Investment banking and venture capital" column includes the securities held by Caixa - Banco de Investimento and the Group's venture capital area, including consolidated venture capital funds (Note 3);
- The securities held by the remaining entities were allocated to "Banking activity".

Information on the amount of impairment on equity instruments recognised by the Group as a charge to profit and loss for the half year ended 30 June 2015 is set out below (Note 33):

	30-06-2015
Finpro, SGPS, S.A.	4,635
Other	18
	4,652

The Group did not recognise impairment losses on equity instruments in first half 2014.

The fair value reserve for available-for-sale financial assets at 30 June 2015 and 31 December 2014, comprised the following:

	30-06-2015	31-12-2014
Fair value reserve (Note 24)		
(gross amount before non-controlling interests)		
Debt instruments	82,849	409,476
Equity instruments		
- Positive fair value	29,346	37,566
- Negative fair value		
. Unrealised loss lower than 20% of acquisition cost	(2,855)	-
. Unrealised loss between 20% and 30% of acquisition cost	-	(3,592)
	26,491	33,974
Other instruments	157,593	110,096
	266,933	553,545
Deferred tax reserve	(74,910)	(152,214)
	192,023	401,331
Balance attributable to non-controlling interests	48	(2,495)
	192,071	398,836

In the period ended 30 June 2015 and in 2014, the main equity instruments movements in available-for-sale financial assets were as follows:

Finangeste, S.A.

Caixa made capital losses €931 thousand (Note 29) on its sale of 247,345 Finangeste shares for a total amount of €1,582 thousand in June 2015.

REN - Redes Energéticas Nacionais, SGPS, S.A.

In June 2014, as part of REN's second reprivatisation stage, Caixa disposed of the full amount of its equity stake in the company for an amount of €15,725 thousand, making capital gains of €6,933 thousand (Note 29).

Galp Energia, SGPS, S.A.

In first half 2014, the Group sold 1,339,125 Galp Energia shares for a total amount of €17,712 thousand, making capital gains of €1,903 thousand (Note 29).

Reclassification of securities

Caixa Geral de Depósitos

In 2008 and across first half 2010, under the terms of the October 2008 amendments to IAS 39, as described in further detail in Note 2.7 and owing to the exceptional circumstances noted in the financial markets in the referred to periods, Caixa transferred a 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 of the funding of Eurozone countries' sovereign debt, changed Caixa's outlook on the sale of these assets which was no longer expected to take place 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 distressed 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.

The impact of the reclassification of those securities in profit and loss and fair value reserves was as follows:

Securities reclassified in 2008

	Financial assets at fair value as a charge to revaluation reserves	Financial assets at amortised cost
Book value at reclassification date	1,001,797	n.a
Book value at 31-12-2008	873,101	n.a
Book value at 31-12-2009	560,350	n.a
Book value at 31-12-2010	336,275	n.a
Book value at 31-12-2011	261,035	n.a
Book value at 31-12-2012	156,972	n.a
Book value at 31-12-2013	138,888	n.a
Book value at 31-12-2014	165,911	n.a
Book value at 30-06-2015	169,986	n.a
Fair value of securities reclassified at 30-06-2015	169,986	n.a
Fair value reserve of securities reclassified at 30-06-2015	34,107	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
Gains / (losses) associated with the change of the fair value of securities between 31-12-2013 and 31-12-2014		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	31,767	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2014 and 30-06-2015		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	11,044	n.a
Other gains and losses recognised as a charge to net income	343	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
Book value at 31-12-2014	2,993	374,652
Book value at 30-06-2015	155	-
Fair value of securities reclassified at 30-06-2015	155	-
Fair value reserve of securities reclassified at 30-06-2015	(102)	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 31-12-2013		
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
Gains / (losses) associated with the change of the fair value of securities between 31-12-2013 and 31-12-2014		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	6,270	n.a
Other gains and losses recognised as a charge to net income	20,310	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2014 and 30-06-2015		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	(368)	n.a
Other gains and losses recognised as a charge to net income	268	n.a

The amounts set out in the table do not include the fiscal effect.

“Gains/ (losses) recognised as a charge to profit and loss” include proceeds from the disposal of securities after the reclassification date and foreign exchange revaluation and exclude income and expenses from interest and commissions charges.

The amounts of securities reclassified in 2008 as financial assets at fair value as a charge to reserves include investment units in funds which were lately included in the consolidation perimeter. Information on this asset at 30 June 2015 and 31 December 2014 2007, is set out below:

	30-06-2015	31-12-2014
Financial assets at fair value as a charge to revaluation reserves		
Book value	50,034	48,314
Fair value of securities reclassified	50,034	48,314
Fair value reserve of securities reclassified	6,781	5,046
Gains / (losses) associated with the change of the fair value of securities		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	1,735	1,736

9. FINANCIAL ASSETS WITH REPURCHASE AGREEMENTS

The following is a breakdown of financial assets with repurchase agreements at 30 June 2015 and 31 December 2014:

	30-06-2015	31-12-2014
At fair value through revaluation reserves		
Debt instruments		
- From public issuers:		
. Portuguese debt securities	504,851	226,877
. Foreign debt securities	4,842	4,823
- From other issuers:		
. Bonds and other securities:		
Residents	123,755	128,342
Non-residents	244,871	230,341
	878,319	590,383
At amortised cost		
Loans and advances to customers		
Residents	433,971	690,743
	433,971	690,743
	1,312,289	1,281,126

The Group entered into operations for the sale of financial assets with purchase agreements at a future date at a pre-established price with financial institutions and customers in the six months ended 30 June 2015 and in 2014.

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 agreement.

Liabilities on the repurchase agreement are recognised as a liability in “Other credit institutions’ resources – Sales operations with repurchase agreements” (Note 17) and “Customer resources and other loans – Other resources – Sales operations with repurchase agreements” (Note 18).

10. 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, a definition of exposure limits per product and customer and its daily monitoring of the respective income.

At 30 June 2015 and 31 December 2014, these operations were measured in accordance with the criteria described in Note 2.7. c). A breakdown of the operations' notional and book values at the said dates is given below:

	30-06-2015							
	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				1,782	(10,493)	-	-	(8,711)
Purchase	688,352	-	688,352					
Sale	703,884	-	703,884					
NDF's (Non Deliverable Forward)				6,112	(2,655)	-	-	3,457
Purchase	525,402	-	525,402					
Sale	517,243	-	517,243					
FRA (forward rate agreements)	25,000	-	25,000	113	-	-	-	113
Swaps								
Currency swaps				1,916	(2,342)	-	-	(426)
Purchase	1,011,440	-	1,011,440					
Sale	1,012,101	-	1,012,101					
Interest rate swaps and cross currency interest rate swaps				1,495,240	(1,510,259)	45,368	(14,869)	15,480
Purchase	56,166,145	265,255	56,431,400					
Sale	56,079,152	270,513	56,349,665					
Credit default swaps				196	(542)	-	-	(346)
Purchase	71,499	-	71,499					
Sale	69,687	-	69,687					
Futures								
Currency				-	-	-	-	-
Long positions	153,137	-	153,137					
Short positions	188,835	-	188,835					
Interest rate				-	-	-	-	-
Long positions	197,624	-	197,624					
Short positions	1,171,809	-	1,171,809					
Shares and indexes				1,573	-	-	-	1,573
Long positions	29,654	-	29,654					
Short positions	11,740	-	11,740					
Other				9,808	-	-	-	9,808
- Traded on behalf of customers								
Long positions	293,305	-	293,305					
Short positions	1,065,378	-	1,065,378					
Options								
Currency				7,071	(6,755)	-	-	316
Purchase	414,098	-	414,098					
Sale	425,515	-	425,515					
Shares and indexes				45,508	(54,635)	-	-	(9,127)
Purchase	412,524	-	412,524					
Sale	326,996	-	326,996					
Interest rates (Caps & Floors)				193,538	(200,600)	-	-	(7,062)
Purchase	2,556,337	-	2,556,337					
Sale	3,063,252	-	3,063,252					
Other	-	-	-	-	(5,720)	-	-	(5,720)
	127,180,109	535,768	127,715,877	1,762,857	(1,794,001)	45,368	(14,869)	(645)

	31-12-2014							
	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				2,046	(7,413)	-	-	(5,367)
Purchase	526,820	-	526,820					
Sale	538,187	-	538,187					
NDF's (Non Deliverable Forward)				2,245	(315)	-	-	1,930
Purchase	151,398	-	151,398					
Sale	150,110	-	150,110					
FRA (forward rate agreements)	10,000	-	10,000	99	-	-	-	99
Swaps								
Currency swaps				13,837	(1,939)	-	-	11,898
Purchase	1,807,353	-	1,807,353					
Sale	1,794,982	-	1,794,982					
Interest rate swaps and cross currency interest rate swaps				1,528,182	(1,752,638)	78,008	(20,040)	(166,488)
Purchase	51,918,105	289,226	52,207,331					
Sale	51,858,878	299,107	52,157,985					
Credit default swaps				157	(677)	-	-	(520)
Purchase	105,892	-	105,892					
Sale	66,183	-	66,183					
Futures								
Currency				-	-	-	-	-
Long positions	143,018	-	143,018					
Short positions	176,234	-	176,234					
Interest rate				-	-	-	-	-
Long positions	(374,808)	-	(374,808)					
Short positions	1,947,253	-	1,947,253					
Shares and indexes				18	-	-	-	18
Long positions	12,036	-	12,036					
Short positions	9,706	-	9,706					
Other				10,014	-	-	-	10,014
- Traded on behalf of customers								
Long positions	386,153	-	386,153					
Short positions	198,780	-	198,780					
Options								
Currency				2,595	(2,671)	-	-	(76)
Purchase	175,586	-	175,586					
Sale	179,952	-	179,952					
Shares and indexes				130,087	(137,012)			(6,925)
Purchase	627,476		627,476					
Sale	514,581		514,581					
Interest rates (Caps & Floors)				206,942	(212,852)	-	-	(5,910)
Purchase	4,202,675	-	4,202,675					
Sale	1,557,346	-	1,557,346					
Other	-	-	-	847	(5,114)	-	-	(4,267)
	118,683,896	588,333	119,272,229	1,897,069	(2,120,631)	78,008	(20,040)	(165,594)

“Liabilities held for trading”, at 31 December 2014 also included €496 thousand in liabilities deriving from loan operations on Group portfolio equity instruments, settled in the first few days of 2015.

Derivatives recognised in "Assets held for trading", "Liabilities held for trading", "Hedge derivatives - assets" and "Hedge derivatives - liabilities" at 30 June 2015 and 31 December 2014", included operations collateralised by surety accounts with the aim of hedging the fair value of lending and borrowing exposures between Caixa and diverse financial institutions. The balances deposited by the referred to financial institutions with Caixa and by Caixa with the said financial institutions on the said dates are recognised in "Other liabilities - resources - surety account" (Note 22) and "Other assets - debtors and other assets - other debtors" accounts (Note 16), respectively.

11. LOANS AND ADVANCES TO CUSTOMERS

This account heading comprises the following:

	30-06-2015	31-12-2014
Domestic and foreign loans		
Loans	48,610,020	49,732,256
Current account loans	3,078,768	3,181,401
Other loans	5,538,458	5,678,572
Other loans and amounts receivable - securitised		
. Commercial Paper	2,650,541	2,831,052
. Other	1,721,684	1,701,777
Property leasing operations	1,245,045	1,278,364
Discounts and other loans secured by bills	1,305,382	512,270
Purchase operations with resale agreement	-	1,246
Equipment leasing operations	724,994	703,759
Factoring	376,346	382,033
Overdrafts	416,101	355,126
	65,667,339	66,357,856
Adjustment to assets under hedging operations	275	459
Accrued interest	214,570	245,896
Deferred income, commissions and other cost and income associated with amortised cost	(75,911)	(58,236)
	65,806,273	66,545,975
Overdue loans and interest	5,614,332	5,547,888
	71,420,605	72,093,864
Impairment (Note 33)	(5,215,960)	(5,230,292)
	66,204,645	66,863,572

"Domestic credit – Other loans" at 30 June 2015 and 31 December 2014, included €69,877 thousand and €73,082 thousand, respectively, relating to CGD's mortgage and personal loans issued to employees.

The "Loans" account heading, at 31 December 2014, included €38,305 thousand in respect of loans issued by Caixa to Parvalorem, S.A., Parups, S.A. and Parparticipadas, S.A. (Notes 6 and 8) which were settled in full in first half 2015. These loans were collateralised by pledges and mortgages on the referred to corporate vehicles' assets. Following the completion of the then BPN's reprivatisation process, in March 2012, the ownership of these companies was transferred to the sphere of the Portuguese state.

This was complemented by the state's assumption of liabilities under the commercial paper programme subscribed for by Caixa with BPN for the amount of €1 billion, at the said date, formalised by 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" at 30 June 2015 and 31 December 2014.

The "Loans" account heading, at 30 June 2015 and 31 December 2014, includes mortgage loans issued by Caixa in the sphere of securitisation operations. Information on these loan movements, for the half year ended 30 June 2015, is as follows:

	Nostrum Mortgages nº1	Nostrum Mortgages nº2	Total
Balances at 31-12-2014	315,647	4,494,931	4,810,577
Sale of new loans	387	-	387
Payments	(17,594)	(90,485)	(108,078)
Repurchase	(387)	(4,069)	(4,455)
Other	-	(13,985)	(13,985)
Balances at 30-06-2015	298,053	4,386,393	4,684,445

Such 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 30 June 2015 and 31 December 2014, totalled €43,734 thousand and €79,074 thousand, respectively (Note 19). These balances do not include the 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 30 June 2015 and 31 December 2014, includes mortgage loans allocated to the issuance of covered bonds with a book value of €11,009,169 thousand and €11,527,625 thousand, respectively.

The assets pool collateralising the referred to issuances, at 30 June 2015 and 31 December 2014 also included debt securities with a book value of €121,954 and €127,537 thousand, at the said dates, respectively (Note 7).

Information on the seniority structure of "Overdue loans and interest" at 30 June 2015 and 31 December 2014, is set out below:

	30-06-2015	31-12-2014
Up to three months	352,770	437,235
Three to six months	257,008	173,879
Six months to one year	283,784	471,895
One to three years	1,607,392	1,753,992
Over three years	3,113,378	2,710,887
	5,614,332	5,547,888

12. NON-CURRENT ASSETS AND LIABILITIES HELD-FOR-SALE

The non-current assets and liabilities held-for-sale balances, at 30 June 2015 and 31 December 2014, comprised the following:

	30-06-2015	31-12-2014
ASSETS		
Property and equipment	1,220,604	1,178,173
Subsidiaries		
LCS - Linha de Cuidados de Saúde	2,711	2,365
	1,223,315	1,180,538
Impairment - property and equipment (Note 33)	(385,355)	(376,098)
	837,960	804,440
LIABILITIES		
Subsidiaries		
LCS - Linha de Cuidados de Saúde	2,634	1,917
	2,634	1,917

The contracts for the disposal of a majority interest to the bidder Fosun International Limited in the sphere of the privatisation process 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. were signed on 7 February 2014. The operation was contingent upon decisions of non-opposition to be issued by the competent authorities i.e. *Instituto de Seguros de Portugal* (Portuguese Insurance Institute), which, on 17 April 2014, decided not to oppose the transaction. Under the terms of the contract, which was finalised in May 2014, equity shares and voting rights of 80% of Fidelidade – Companhia de Seguros, S.A. 80% of Cares – Companhia de Seguros, S.A. and 80% of Multicare – Seguros de Saúde, S.A. were transferred for a total amount of approximately €1,038,000 thousand.

The Group made capital gains of €234,931 thousand on this operation, including €73,034 thousand on the reclassification of positive fair value reserves (net of deferred tax) associated with the securities portfolios of the insurance companies classified as "Financial assets available-for-sale" and "Held to maturity investments" categories to profit and loss for the period, as required by IFRS 10 for processing these types of other comprehensive income on disposals of equity stakes entailing a loss of control.

Also pursuant to the terms of the conditions agreed for this transaction, the amount of the equity stake in Fidelidade – Companhia de Seguros, S.A. to be sold to Fosun International Limited may also increase to a maximum of 85%, considering the results of the public sale of 5% of the share capital and voting rights in the company for the workers of the insurance companies.

16,860 shares were sold to Fidelidade workers in the referred to October 2014 public sale. The remaining shares were purchased by Fosun Group on 8 January 2015.

The income generated by held for sale business units, for the six months ended 30 June 2015 and 2014 is itemised in the consolidated profit and loss account in "Income from subsidiaries held for sale", as set out below:

	30-06-2015	31-12-2014
Results of subsidiaries held for sale		
Insurance companies owned by Caixa Seguros e Saúde [*]	-	287,559
LCS - Linha de Cuidado de Saúde	(349)	(1,624)
	(349)	285,935
[*] which:		
appropriated untill the date of loss of control	-	52,628
gain on the disposal	-	234,931
	-	287,559

The principal financial data of the insurance companies owned by Caixa Seguros e Saúde, at 30 April 2014, are set out below.

Insurance companies held by Caixa Seguros e Saúde

At 30 April 2014 the composition of the principal categories contributing to the income of the insurance companies held by Caixa Seguros e Saúde involved in a privatisation process was as follows:

	30-04-2014
Technical results of insurance operations	
Premiums net of reinsurance	386,981
Result of investments relating to insurance contracts	48,248
Cost of claims net of reinsurance	(296,034)
Commissions and other income and cost relating to insurance contracts	(51,238)
	87,957
Other income and cost	
Interest and similar income	132,395
Interest and similar costs	(112,287)
Staff costs	(49,151)
Other administrative costs	(49,058)
Depreciation of tangible and intangible assets	(4,312)
Provisions net of reversals	8,638
Impairment net of reversals and recovery	(8,003)
Other	70,939
	(10,839)
Income tax	(23,967)
INCOME BEFORE TAX AND NON-CONTROLLING INTERESTS	53,150
Non-controlling interests	(522)
NET INCOME	52,628

Technical income from insurance activity

Premiums, net of reinsurance

The composition of this account heading, at 30 April 2014, was as follows:

	30-04-2014		
	Gross premiums	Provision for unearned premiums	Net premiums
Direct insurance			
. Life insurance			
. Insurance contracts	66,242	(4,113)	62,129
. Investment contracts with discretionary			
profit sharing	19,829	3	19,832
. Non-life insurance			
. Motor	130,435	(2,003)	128,432
. Workman's compensation	51,658	(7,388)	44,270
. Other	225,267	(42,383)	182,884
Outwards reinsurance			
. Gross premiums issued			
. Life insurance			
. Insurance contracts	(3,611)	-	(3,611)
. Non-life insurance			
. Motor	(4,070)	692	(3,378)
. Workman's compensation	(266)	4	(262)
. Other	(58,724)	17,039	(41,686)
Inwards reinsurance and retrocession premiums	729	(2,358)	(1,629)
	427,489	(40,507)	386,981

Income from investments allocated to insurance contracts

The composition of this account heading, at 30 April 2014, is set out below:

	30-04-2014		
	Life insurance	Non-life insurance	Total
Interest	17,158	12,870	30,028
Dividends	5,426	2,951	8,377
Net realised capital gains and losses			-
Net unrealised capital gains and losses	1,442	2,444	3,886
Net unrealised capital gains and losses	1,442	2,444	3,886
Other	-	5,957	5,957
	24,026	24,222	48,248

Claims costs, net of reinsurance

The composition of this account heading, at 30 April 2014, is set out below:

	30-04-2014							
	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	30,495	65,072	95,567	92,484	40,202	103,943	236,629	332,196
Change in provision for claims	2,619	(1,701)	918	(11,581)	3,464	8,841	724	1,642
	33,114	63,371	96,485	80,903	43,666	112,784	237,353	333,838
Provision for profit sharing	(650)	(12,553)	(13,203)	-	-	-	-	(13,203)
Change in other technical provisions	9,036	(22,160)	(13,124)	(105)	5,473	(4,918)	450	(12,674)
	41,500	28,658	70,158	80,798	49,139	107,866	237,803	307,961
Balance of outwards reinsurance	(1,736)	-	(1,736)	(834)	(242)	(9,115)	(10,191)	(11,927)
	39,764	28,658	68,422	79,964	48,897	98,751	227,612	296,034

Commissions and other income and costs associated with insurance activities

The composition of this account heading, at 30 April 2014, is set out below:

	30-04-2014		
	Life insurance	Non-life insurance	Total
Technical income:			
Commissions:			
Outwards reinsurance	(2,456)	6,023	3,567
Co-insurance management charges	7	225	232
Pensions Funds management charges	121	-	121
Other technical income			
Other technical income	1	61	62
	(2,327)	6,309	3,982
Technical costs:			
Commissions:			
Direct insurance operations:			
- Mediation and brokerage charge	(16,605)	(29,301)	(45,906)
- Collection charges	(42)	(3,081)	(3,123)
- Other	-	(4,015)	(4,015)
Inwards reinsurance operations	-	1,976	1,976
Co-insurance management charges	(1)	(56)	(57)
Other technical income			
Provision for premiums receivable	(714)	(993)	(1,707)
Taxes specific to the insurance business	(439)	(1,903)	(2,342)
Other	-	(46)	(46)
	(17,801)	(37,419)	(55,220)
	(20,128)	(31,110)	(51,238)

13. INVESTMENT PROPERTIES

The investment properties owned by the Group at 30 June 2015 and 31 December 2014, were recognised at their fair value. Gains and losses on the revaluation of these properties are recognised as a charge to “Other operating income” (Note 2.9) in profit and loss.

Measurement methodologies and fair value assessment

The measurement of the fair value of investment properties, in addition to other relevant factors, takes into consideration the nature, characteristics and geography of properties, with the objective of assessing the best price on 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. This method estimates the amount of a specific transaction on 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. This method estimates a property’s value by capitalising the annual amount of rents or annual operating income generated by the activity being performed in the building. When, over time, changes in income are more significant than generally expected in the market, the DCF (discounted cash flows) technique is used. The income method is applied in the case of an effective rental of the property, when the property is for rent, when the rental market for the type of property being valued is active or when the property is to be exploited economically;
- Cost method. This estimates the value of the property on the basis of the amount which would currently be needed to obtain alternative property, as a replica of the original or with an equivalent use, adjusted for obsolescence. It is obtained from the sum of the acquisition cost of the land and construction costs, including charges, depreciation in accordance with a property’s present physical, functional, environmental and economic conditions plus commercialisation costs and a developer's margin/risk. This is the principal method used when no market information is available on transactions of similar property and there is no potential income associated with the property.

  The availability of relevant data and their 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

- the presumed sales price per sqm or presumed sales price per unit (when what is relevant is not the area but rather the use given to 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

- this is the amount of the monthly rent per sqm or monthly rent per unit (when what is relevant is not the area but rather the use given to the property e.g. car parks). In active rental 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 assessed on 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 which is associated with the risk on capital invested, income, liquidity, tax burden, risk-free interest rate, expectations of market evolution. 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 geography and a specific property product segment, with an identical risk and identical evolution of rents.

Discounted cash flow technique

There may be diverse variables contributing to the estimated cash flows 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. 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 the price to be paid on the inherent uncertainty of cash flows (risk premium).

(iii) Cost method

- construction cost per sqm is 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.

In compliance with the requirements of IFRS 13, the following table sets out information on the Group's investment properties at 30 June 2015 and 31 December 2014, classified by type, development status in their preparation for use and current occupancy, considering the methodologies used to measure fair value:

			30-06-2015			
Property type	State development	Occupacion	Book value	Measurement techniques	Relevants inputs	Reference range of relevant inputs
Shoping center	Under construction	Unoccupied	62,463	Income capitalisation method	Estimated rental value per m2	14.5
					Average occupancy rate (cruising years)	97%
					Discount rate	[8,0%]
	Concluded	Rented	18,501	Income capitalisation method	Estimated rental value per m2 (area less than 250 m2)	5
					Estimated rental value per m2 (other area)	7,5
					Discount rate	[8,0%]
			80,964			
			129	Income capitalisation method / Market comparable method	Estimated rental value per m2	1,00-10,3
					Estimated rental value per m2	570-1820
			161,934	Market comparable method / Income capitalisation method	Estimated rental value per m2	606-974
					Estimated rental value per m2	4,5-10,7
					Capitalisation rate	[6,0%-9,0%]
			300,681	Market comparable method / Income capitalisation method	Estimated rental value per m2	1041-2671
					Estimated rental value per m2	6,5-17,2
					Capitalisation rate	[6,0%-9,0%]
			30,897	DCF / Market comparable method / Income capitalisation method	Estimated rental value per m2	500-2275
					Estimated rental value per m2	3,53-18,27
					Capitalisation rate	[7%-9,5%]
			34,491	DCF / Market comparable method / Income capitalisation method	Estimated rental value per m2	2011-3669
					Estimated rental value per m2	14-28
					Capitalisation rate	[7%-8,5%]
			29,178	Income capitalisation method / Market comparable method / Costh method	Estimated rental value per m2	984-1875
					Capitalisation rate	[6%-8,5%]
		Capitalisation / sale	2,675	Market comparable method / Income capitalisation method	Estimated rental value per m2 / Estimated rental value per m2	860-880 / 1,3-1,5
			6,919	Replacement cost method / DCF / Market comparable method	Estimated rental value per m2	1840-2220
	Under construction	Capitalisation / sale	11,759	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	1840-2220
			578,663			
Housing	Concluded	Rented	144	Income capitalisation method	Estimated rental value per m2	4
			150	Income capitalisation method / Market comparable method	Estimated rental value per m2	0,6-5,1
					Estimated rental value per m2	370-2520
			152	Income capitalisation method / Market comparable method	Estimated rental value per m2	5,0-13,3
		Unoccupied	71,211	Income capitalisation method / Market comparable method	Estimated rental value per m2	0,9-6,1
					Estimated rental value per m2	210-1180
			57,038	Income capitalisation method / Market comparable method	Estimated rental value per m2	5,0-10,8
					Estimated rental value per m2	770-2080
	Under construction	Capitalisation / sale	26,860	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	[500-625]/[1370-1820]
			155,555			

			30-06-2015			
Property type	State development	Occupacion	Book value	Measurement techniques	Relevants inputs	Reference range of relevant inputs
Stores	Concluded	Rented	788	Market comparable method	Estimated rental value per m2	615-2414
			481	Income capitalisation method / Market comparable method	Estimated rental value per m2	0,4-32,5
					Estimated rental value per m2	410-4040
			78,749	DCF / Market comparable method / Income capitalisation method	Estimated rental value per m2	[716-3247]
					Capitalisation rate	[7%-9%]
		Unoccupied	6,555	Income capitalisation method / Market comparable method	Estimated rental value per m2	3,3-18,2
					Estimated rental value per m2	610-2910
	Under construction	Capitalisation / sale	3,455	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	700-2150
			90,028			
Parking	Concluded	Rented	36,450	Income capitalisation method / Market comparable method	Estimated rental monthly amount	18-170
					Value of sales per parking	2300-17500
			22,350	Market comparable method / Income capitalisation method	Estimated rental monthly amount	35-244
					Value of sales per parking	8700-56105
					Capitalisation rate	[4,0%-12,5%]
			6,341	Income capitalisation method / Market comparable method / Costh method / DCF		6872-49421
					Capitalisation rate	[7,0%-8,5%]
		Unoccupied	1,253	Income capitalisation method / Market comparable method	Estimated rental monthly amount	10-80
					Value of sales per parking	1750-17500
	Under construction	Capitalisation / sale	767	Replacement cost method / DCF / Market comparable method	Value of sales per parking	500-750
			451	Replacement cost method / DCF / Market comparable method	Value of sales per parking	6000-6500
			67,611			
Land	n.a.	Capitalisation / sale	55,185	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	900-2000
					Discount rate	[8,5%-10%]
			220	Market comparable method / Table of expropriations	Estimated value of the land per m2	5
			342	Replacement cost method / Income capitalisation method	Estimated value of the land per m2 of construction	90-120 / 500-800
		Rented	13	Market comparable method	Estimated rental value per m2	7-8
			58,003			
			93,986	Income capitalisation method / Market comparable method	Estimated rental value per m2	2,8-3,0
						310-350
			22,908	Costh method / Market comparable method	Estimated rental value per m2	390-720
					Estimated rental value per m2	2,44-4,30
			9,473	Costh method / Market comparable method / DCF / Income capitalisation method	Estimated rental value per m2	0,63-12,14
					Capitalisation rate	[3,17%-11%]
		Unoccupied	-	Income capitalisation method / Market comparable method	Estimated rental value per m2	1,1-1,6
					Estimated rental value per m2	220-260
			127,037			
			1,157,860			
Other			41,061			
			1,198,922			

			31-12-2014			
Property type	State development	Occupacion	Book value	Measurement techniques	Relevants inputs	Reference range of relevant inputs
Shoping center	Under construction	Unoccupied	65,750	Income capitalisation method	Estimated rental value per m2	14.5
					Average occupancy rate (cruising years)	97%
					Discount rate	[8,0%]
	Concluded	Rented	18,501	Income capitalisation method	Estimated rental value per m2 (area less than 250 m2)	5
					Estimated rental value per m2 (other area)	7,5
					Discount rate	[8,0%]
			84,251			
Offices	Concluded	Rented	90	Market comparable method	Estimated rental value per m2	572
			1,730	Income capitalisation method / Market comparable method	Estimated rental value per m2	1,00-10,3
					Estimated rental value per m2	570-1820
			6,348	Market comparable method / Income capitalisation method	Estimated rental value per m2	606-974
					Estimated rental value per m2	4,5-10,7
					Capitalisation rate	[6,0%-9,0%]
			162,501	Market comparable method / Income capitalisation method	Estimated rental value per m2	1041-2671
					Estimated rental value per m2	6,5-17,2
					Capitalisation rate	[6,0%-9,0%]
			122,165	Market comparable method / Income capitalisation method	Estimated rental value per m2	2001-2900
					Estimated rental value per m2	9,05-21,81%
					Capitalisation rate	[4,1%-10,3%]
			32,299	Market comparable method / Income capitalisation method	Estimated rental value per m2	3104-3478
					Estimated rental value per m2	15,17-25,40%
					Capitalisation rate	[6,25%-7,5%]
			132,329	Market comparable method / Income capitalisation method	Estimated rental value per m2	6-14
					Discount rate	[7%-8,7%]
			35,543	DCF / Market comparable method / Income capitalisation method	Estimated rental value per m2	500-2275
					Estimated rental value per m2	3,53-18,27
					Capitalisation rate	[7%-9,5%]
			34,491	DCF / Market comparable method / Income capitalisation method	Estimated rental value per m2	2011-3669
					Estimated rental value per m2	14-28
					Capitalisation rate	[7%-8,5%]
			29,178	Income capitalisation method / Market comparable method / Costh method	Estimated rental value per m2	984-1875
					Capitalisation rate	[6%-8,5%]
		Capitalisation / sale	300	Market comparable method / Income capitalisation method	Estimated rental value per m2 / Estimated rental value per m2	860-880 / 1,3-1,5
			6,919	Replacement cost method / DCF / Market comparable method	Estimated rental value per m2	1840-2220
		Unoccupied	6,424	Market comparable method / Income capitalisation method	Estimated rental value per m2	4,1-6,8 / 12,5
					Estimated rental value per m2	910-1480
					Discount rate	8.00%
	Under construction	Capitalisation / sale	11,759	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	1840-2220
			582,076			
Housing	Concluded	Rented	385	Income capitalisation method	Estimated rental value per m2	4
			44,220	Income capitalisation method / Market comparable method	Estimated rental value per m2	0,6-5,1
					Estimated rental value per m2	370-2520
			9,013	Income capitalisation method / Market comparable method	Estimated rental value per m2	5,0-13,3
					Estimated rental value per m2	600-2520
		Unoccupied	36,670	Income capitalisation method / Market comparable method	Estimated rental value per m2	0,9-6,1
					Estimated rental value per m2	210-1180
			30,429	Income capitalisation method / Market comparable method	Estimated rental value per m2	5,0-10,8
					Estimated rental value per m2	770-2080
	Under construction	Capitalisation / sale	27,456	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	[500-625]/[1370-1820]
			148,175			

			31-12-2014			
Property type	State development	Occupacion	Book value	Measurement techniques	Relevants inputs	Reference range of relevant inputs
Stores	Concluded	Rented	1,045	Market comparable method	Estimated rental value per m2	615-2414
			4,678	Income capitalisation method / Market comparable method	Estimated rental value per m2	0,4-32,5
					Estimated rental value per m2	410-4040
			17,040	Income capitalisation method / Market comparable method	Estimated rental value per m2	433-1090
					Capitalisation rate	[6,4%-9,75%]
			31,103	Income capitalisation method / Market comparable method	Estimated rental value per m2	1176-16739
					Capitalisation rate	[5,60%-11,05%]
			30,605	DCF / Market comparable method / Income capitalisation method	Estimated rental value per m2	[716-3247]
					Capitalisation rate	[7%-9%]
		Unoccupied	2,130	Income capitalisation method / Market comparable method	Estimated rental value per m2	3,3-18,2
					Estimated rental value per m2	610-2910
	Under construction	Capitalisation / sale	3,604	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	700-2150
			90,206			
Parking	Concluded	Rented	566	Income capitalisation method / Market comparable method	Estimated rental monthly amount	18-170
					Value of sales per parking	2300-17500
			56,087	Market comparable method / Income capitalisation method	Estimated rental monthly amount	35-244
					Value of sales per parking	8700-56105
					Capitalisation rate	[4,0%-12,5%]
			7,007	Income capitalisation method / Market comparable method / Costh method / DCF		6872-49421
					Capitalisation rate	[7,0%-8,5%]
		Unoccupied	251	Income capitalisation method / Market comparable method	Estimated rental monthly amount	10-80
					Value of sales per parking	1750-17500
	Under construction	Capitalisation / sale	844	Replacement cost method / DCF / Market comparable method	Value of sales per parking	500-750
			496	Replacement cost method / DCF / Market comparable method	Value of sales per parking	6000-6500
			65,251			
Land	n.a.	Capitalisation / sale	55,185	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	900-2000
					Estimated sale amount per infraestruted lot	265
					Discount rate	[8,5%-10%]
			220	Market comparable method / Table of expropriations	Estimated value of the land per m2	5
			2,615	Replacement cost method / Income capitalisation method	Estimated value of the land per m2 of construction	90-120 / 500-800
		Rented	13	Market comparable method	Estimated rental value per m2	7-8
			58,033			
Warehouses	Concluded	Rented	1,456	Market comparable method	Estimated rental value per m2	313-627
			11	Income capitalisation method / Market comparable method	Estimated rental value per m2	2,8-3,0
						310-350
			22,908	Costh method / Market comparable method	Estimated rental value per m2	390-720
					Estimated rental value per m2	2,44-4,30
			103,538	Costh method / Market comparable method / DCF / Income capitalisation method	Estimated rental value per m2	0,63-12,14
					Capitalisation rate	[3,17%-11%]
		Unoccupied	660	Income capitalisation method / Market comparable method	Estimated rental value per m2	1,1-1,6
					Estimated rental value per m2	220-260
			128,573			
			1,156,565			
Other			32,681			
			1,189,246			

As already stated, valuations of land and buildings maximise the use of observable market data. However, as most valuation techniques also consider non-observable data, they are classified at level 3 of the fair value ranking defined by IFRS 13.

14. INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

The composition of this account heading, at 30 June 2015 and 31 December 2014, is set out below:

	30-06-2015		31-12-2014	
	Effective participating interest (%)	Book Value	Effective participating interest (%)	Book Value
Jointly controlled entities				
Locarent, S.A.	50.00	7,096	50.00	8,898
Esegur, S.A.	50.00	10,097	50.00	6,910
		17,193		15,808
Associated companies				
Fidelidade – Companhia de Seguros, S.A	15.00	221,964	19.99	252,752
Cares - Companhia de Seguros, S. A.	20.00	5,704	20.00	5,024
Multicare - Seguros de Saúde, S.A.	20.00	11,535	20.00	10,506
SIBS - Sociedade Interbancária de Serviços, S.A.	21.60	19,776	21.60	19,866
Banco Internacional de São Tomé e Príncipe, S.A.	27.00	3,449	27.00	3,259
Torre Ocidente Imobiliária, S.A.	25.00	6,883	25.00	4,577
Prado - Cartolinas da Lousã, S.A.	38.15	3,711	38.15	3,613
Other		4,516		3,440
		277,539		303,038
		294,732		318,846

Information on the statutory financial data (unaudited financial statements) of the main associated companies and jointly controlled entities, at 30 June 2015 and 31 December 2014, is set out below:

Business sector / Entity	Registered office	30-06-2015				
		Assets	Liabilities	Equity (a)	Net income	Total income
Banking						
Banco Internacional de São Tomé e Príncipe	São Tomé	95,649	82,868	12,781	563	4,425
Property						
Torre Ocidente, Imobiliária, S.A.	Lisbon	75,298	47,764	27,534	9,262	11,808
Vale do Lobo, Resort Turístico de Luxo, S.A.	Lisbon	350,170	480,174	(130,004)	(9,249)	7,026
Insurance						
Fidelidade – Companhia de Seguros, S.A (b)	Lisbon	15,074,724	13,575,026	1,443,126	201,895	956,608
Cares - Companhia de Seguros, S. A.	Lisbon	69,456	41,337	26,457	3,697	28,781
Multicare - Seguros de Saúde, S.A.	Lisbon	153,595	98,746	54,849	4,721	109,018
Other						
Esegur, S.A.	Lisbon	37,737	23,546	14,191	585	24,718
Locarent, S.A.	Lisbon	226,431	206,237	20,194	2,299	35,824
Companhia de Papel do Prado, S.A.	Tomar	4,430	1,053	3,377	(6)	-
Prado - Cartolinas da Lousã, S.A.	Lousã	14,422	4,511	9,911	916	11,398
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	148,025	56,467	91,558	10,170	79,164

(a) Equity includes net income for the period and excludes non-controlling interests.
(b) Data taken from the consolidated financial statements.

Business sector / Entity	Registered office	31-12-2014				
		Assets	Liabilities	Equity (a)	Net income	Total income
Banking						
Banco Internacional de São Tomé e Príncipe	São Tomé	93,836	81,761	12,075	1,238	8,323
Property						
Torre Ocidente, Imobiliária, S.A.	Lisbon	64,039	45,730	18,309	5,585	9,421
Vale do Lobo, Resort Turístico de Luxo, S.A.	Lisbon	360,015	480,328	(120,313)	(18,969)	28,510
Insurance						
Fidelidade – Companhia de Seguros, S.A (b)	Lisbon	14,100,835	12,762,915	1,337,920	178,232	1,512,767
Cares - Companhia de Seguros, S. A.	Lisbon	56,099	36,901	19,199	6,003	44,469
Multicare - Seguros de Saúde, S.A.	Lisbon	127,431	77,130	50,301	4,797	199,002
Other						
Esegur, S.A.	Lisbon	37,366	23,546	13,820	1,530	51,134
Locarent, S.A.	Lisbon	239,293	221,500	17,792	4,148	78,032
Companhia de Papel do Prado, S.A.	Tomar	4,441	1,057	3,384	(11)	-
Prado - Cartolinas da Lousã, S.A.	Lousã	15,092	5,622	9,470	1,841	19,930
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	155,007	63,028	91,979	19,137	149,702

(a) Equity includes net income for the period and excludes non-controlling interests.
(b) Data taken from the consolidated financial statements.

15. INCOME TAX

Tax assets and liabilities balances, on income, at 30 June 2015 and 31 December 2014, were as follows:

	30-06-2015	31-12-2014
Current tax assets		
Income tax recoverable	32,572	40,468
Other	18,398	14,479
	50,970	54,947
Current tax liabilities		
Income tax payable	9,638	8,960
Other	35,692	29,573
	45,329	38,533
	5,640	16,414
Deferred tax assets		
Temporary differences	1,011,316	1,087,235
Reported tax losses	449,290	337,947
	1,460,606	1,425,182
Deferred tax liabilities	339,065	370,362
	1,121,540	1,054,819

Deferred tax movements, for the half years ended 30 June 2015 and 2014, were as follows:

	Balance at 31-12-2014	Change in		Other	Balance at 30-06-2015
		Equity	Profit or loss		
Impairment and adjustments to property and tangible and intangible assets	32,254	336	(6,382)	(7)	26,201
Provisions and impairment temporarily not tax deductible	825,653	-	(108,545)	(1,193)	715,914
Measurement of derivatives	(11,389)	-	(1,076)	(16)	(12,481)
Measurement of available-for-sale assets	(152,383)	76,358	-	295	(75,730)
Measurement of other securities	(4,747)	-	(366)	(3,479)	(8,593)
Tax loss carry forward	337,947	-	111,343	-	449,290
Employee benefits	157,674	(832)	(2)	109	156,949
Commissions	15,717	-	(1,052)	(3)	14,663
Legal revaluation of other tangible assets	(3,988)	-	(57)	-	(4,045)
Other	(141,919)	-	(6,600)	7,892	(140,627)
	1,054,819	75,862	(12,738)	3,598	1,121,540

	Balance at 31-12-2013	Change in: Equity	Change in: Profit or loss	Other	Balance at 30-06-2014
Impairment and adjustments to property and tangible and intangible assets	20,486	(26)	2,900	267	23,626
Provisions and impairment temporarily not tax deductible	880,521	-	(29,948)	3,575	854,148
Measurement of derivatives	(13,207)	-	1,043	(61)	(12,224)
Measurement of available-for-sale assets	9,354	(153,604)	-	(1,536)	(145,786)
Measurement of other securities	11,036	-	(21,231)	(101)	(10,297)
Tax loss carry forward	179,941	-	83,232	378	263,551
Employee benefits	154,708	(893)	(1)	(1,242)	152,572
Commissions	18,110	-	(305)	(1)	17,803
Legal revaluation of other tangible assets	(4,522)	-	117	-	(4,404)
Other	(61,754)	-	(12,688)	9,806	(64,636)
	1,194,674	(154,523)	23,119	11,085	1,074,353

The Group changed its accounting policy on the recognition of actuarial gains and losses on pension plans and other post-employment benefits in 2011. Accordingly, actuarial gains and losses arising from the revaluation of pensions and healthcare liabilities and expected pension fund yields were fully recognised as a charge to a shareholders' equity account. Up to 2010 these gains and losses were processed by the corridor method.

Under the terms of article 183 of the State Budget Law for 2012 (Law 64-B/2011 of 30 December) the negative equity changes deriving from the change to the accounting policies on the recognition of actuarial gains and losses on pension plans and other defined benefit post employment benefits in respect of contributions made in the said period or former taxation periods are not included in the limits referred to in numbers 2 and 3 of article 43 of the IRC Code and are considered to be tax deductible, in equal parts, over the ten tax periods starting on or after 1 January 2012.

The costs of tax on profit recognised in profit and loss, in addition to the fiscal burden measured by the relationship between the appropriation for tax on profit and net profit for the period before tax, is set out below.

	30-06-2015	30-06-2014
Current tax		
For the period	79,169	26,264
Extraordinary contribution on the banking sector	30,866	28,572
Prior year adjustments (net)	(3,167)	(4,017)
	106,867	50,819
Deferred tax	12,738	(23,119)
Total	119,605	27,701
Consolidated income before tax and non-controlling interests	213,483	168,711
Tax charge	56.03%	16.42%

In the half years ended 30 June 2015 and in 2014, the composition of “Adjustments for past years” was as follows:

	30-06-2015	30-06-2014
Insufficiency / (excess) of estimated tax for 2014 and 2013	(3,063)	(1,661)
Adjustments to previous years taxable income	-	(2,285)
Other	(104)	(71)
	(3,167)	(4,017)

Information on the reconciliation between the nominal and effective tax rate for the half years ended 30 June 2015 and 2014 is set out below:

	30-06-2015		30-06-2014	
	Rate	Tax	Rate	Tax
Income before income tax		213,483		168,711
Tax at the nominal rate	27.35%	58,388	29.35%	49,517
Investments recorded in accordance with the equity method	(4.30%)	(9,179)	(51.85%)	(87,470)
Impact of companies with tax rates different from the nominal rate in Portugal	(2.28%)	(4,860)	2.15%	3,629
Definitive differences to be deducted:				
Tax exempted capital gains	0.00%	-	(0.43%)	(723)
Other	(0.16%)	(348)	(0.51%)	(865)
Definitive difference to be added:				
Non deductable provisions	3.67%	7,844	0.03%	51
Other	2.41%	5,150	0.90%	1,516
Impairment on available-for-sale financial assets, net of write-offs	0.24%	515	0.00%	-
Annulment of tax losses (not recoverable)	1.96%	4,178	1.64%	2,771
Differential of tax rate on tax losses carry forward (*)	11.89%	25,380	13.24%	22,336
Autonomous taxation	0.66%	1,418	0.87%	1,473
Contribution on the banking sector	14.46%	30,866	16.94%	28,572
Other	1.34%	2,854	9.40%	15,860
	57.24%	122,205	21.73%	36,666
Tax adjustments relative to prior years				
Insufficiency / (excess) of tax estimate, net of deferred tax	(1.17%)	(2,496)	(5.27%)	(8,894)
Other	(0.05%)	(104)	(0.04%)	(71)
	(1.22%)	(2,600)	(5.31%)	(8,965)
	56.03%	119,605	16.42%	27,701

(*) The computation of deffered taxes relating to tax losses carry forward is based on a regulatory tax rate of 21% (23% in 2014), and does not include State or Municipal subcharges

CGD’s nominal tax rate, for the six months ended 30 June 2015, considering the state surcharge applicable to its activity was 27.35% (29.35% at 30 June 2014).

The assessment of CGD's nominal tax rate considers the increase in the municipal and state surcharges on taxable profit. In the case of the state surcharge, reference should be made to the change in the wording of article 87-A of the IRC Code brought in by Law 2-2014 of 16 January (IRC Reform Law) whose number 1 (for fiscal years starting on or after 1 January 2014) provides for the application of the following rates on taxable profit classified in the following tax bands:

- a rate of 3% between €1,500 thousand and €7,500 thousand;
- a rate of 5% between €7,500 thousand and €35,000 thousand;
- a rate of 7% on more than €35,000 thousand.

The changes brought in under the State Budget Law for 2015, also revised the nominal IRC rate on taxable income (with the exceptions provided for by current legislation) which was cut from 23% to 21%.

At 30 June 2014 the deferred tax assets balance relative to the carry-back of tax losses in Caixa's financial statements amounted to €414,159 thousand of which €83,122 thousand in respect of the period in question, €199,426 thousand for 2014 and the remainder for 2013.

According to the changes brought in under the law reforming the IRC Code, the period for reporting the carry-back of tax losses for tax periods starting after 1 January 2014 was extended to 12 years. As regards the balance of the carry-back of tax losses originating in 2013, the recovery period is five years. However, as regards taxation periods starting on or after 1 January 2014, the deduction of fiscal 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 introduced a new contribution regime applicable to the banking sector, the Group recognised costs of €30,866 thousand and €28,572 thousand for the half years ended 30 June 2015 and 2014 respectively in respect of the total costs of this tax in the tax periods. The new tax, regulated under the terms of Ministerial Order 121/2011 of 30 March, is levied on the amount of the liabilities of credit institutions headquartered on Portuguese territory, net of own and complementary funds therein included and the deposits covered by the Deposit Guarantee Fund as well as the notional amount of derivatives other than hedge derivatives. The tax is also payable by the subsidiaries of credit institutions headquartered outside Portuguese territory as well as the branches in Portugal of credit institutions headquartered outside the European Union.

Up to 2014, the costs of the tax payable by the banking sector were recognised on a straight line basis across the year in which the contribution was payable. Starting 2015, as a result of the Group's adoption of Interpretation 21 of the International Financial Reporting Interpretations Committee (IFRIC 21 - Levies), as the full amount of the tax is payable at the time when the obligation is generated, the financial statements for the comparative period have been re-expressed in conformity.

The tax authorities are normally entitled to review the tax situation during a certain period, which in Portugal is four years (unless tax losses have been carried back, in addition to any other deduction or tax credit expiring in the same year as this right). Owing to different interpretations of the legislation, this may result in the eventual possibility of adjustments being made to the taxable profit of former years (2011 to 2014 in the case of most entities headquartered in Portugal, with Caixa Geral de Depósitos having been inspected in 2011 and 2012). 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.

16. OTHER ASSETS

This account heading comprises the following:

	30-06-2015	31-12-2014
Other assets		
Debt certificates of the Territory of Macau	727,704	630,413
Other	10,103	9,724
Debtors and other investments		
Central and local government	7,618	7,489
Shareholders' loans	214,869	210,378
Debtors - futures contracts	41,884	42,513
Amount receivable from the sale of EDP	481,456	481,456
Other debtors	1,181,310	1,571,417
Grants receivable from		
The State	22,235	22,117
Other entities	12,525	13,811
Amount receivable from the sale of assets received as settlement of defaulting loans	25,282	11,749
Other	70,972	229,963
Income receivable	27,214	47,526
Deferred costs		
Rent	6,116	5,569
Other	54,097	25,779
Deferred income	(5,598)	(5,999)
Operations pending settlement	222,842	129,107
Stock exchange operations	2,292	9,131
	3,102,922	3,442,141
Impairment (Note 33)	(251,170)	(235,456)
	2,851,752	3,206,685

Information on impairment movements on debtors and other assets for the half years ended 30 June 2015 and in 2014 is set out in Note 33.

The amount receivable on the EDP disposal, at 30 June 2015 and 31 December 2014, derives from CGD's disposal of an equity stake in the company to Parpública.

The "Debtors and other assets – other debtors" account heading at 30 June 2015 and 31 December 2014, included €706,870 thousand and €1,148,158 thousand, respectively, for surety accounts in several financial institutions. The referred to sureties derive from the liquidity injection operations collateralised by financial assets and from interest rate swap contracts with these entities.

The “Debtors and other assets – other debtors” account heading, at 30 June 2015 and 31 December 2014, included €50,282 thousand in respect of a Caixa surety deposit with the tax authorities as part of the proceedings for the suspension of the fiscal execution of a tax settlement, referred to in greater detail in Note 20.

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 issuance (Note 22). The amounts to be provided to the Territory by BNU are reconciled on a monthly basis, in the first fifteen days of each month, based on the preceding month’s average daily balance. The debt certificate of the Macau Government, at 30 June 2015 and 31 December 2014, totalled €727,704 thousand and €630,413 thousand, respectively. No interest is payable on the certificate, as the consideration for the functions attributed to Banco Nacional Ultramarino, S.A. (Macau) is in the form of a permanent non-interest-bearing deposit.

Shareholders’ loans at 30 June 2015 and 31 December 2014 comprised the following:

	30-06-2015	31-12-2014
Locarent - Companhia Portuguesa de Aluguer de Viaturas, S.A.	86,000	86,000
Moretextile, SGPS, S.A.	35,660	35,191
A. Silva & Silva - Imobiliário & Serviços, S.A.	28,977	28,977
Sagesecur - Estudo, Desenvolvimento e Participações em Projetos, S.A.	12,863	13,643
PP3E - Projetos e Participações em Empreendimentos de Energia Elétrica, S.A.	10,200	10,200
Other	41,169	36,367
	214,869	210,378

The details of shareholders’ loans to Locarent – Companhia Portuguesa de Aluguer de Viaturas, S.A., at 30 June 2015 and 31 December 2014 are set out below:

- A shareholders’ loan of €36,000 thousand at the 3 month Euribor rate plus a spread of 0.75%. Interest is paid quarterly on 1 February, May, August and November of each year. An addendum to the loan extending the maturity up to 30 June 2018 was signed in first quarter 2014.
- A shareholders’ loan of €50,000 thousand. Quarterly interest at the 3 month Euribor rate plus a spread of 3% is paid on this operation. Interest is paid quarterly on 1 January, 1 April, 1 July and 1 October each year. In second half 2014, the parties agreed another addendum to the shareholders’ loan contract under which the scheduled maturity period of 30 September was extended for another year with no other changes being made to the terms and conditions in force.

Caixa made shareholders’ loans of €31,182 thousand to Moretextile, SGPS, S.A. under the terms of the financial restructuring agreement for the Coelima, JMA - José Machado de Almeida and AAF – António Almeida & Filhos textiles groups. 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, which term is renewable for an additional period of five years. The repayment of these shareholders’ loans is subordinated to payment of the overdue and unpaid loans of other creditors by Moretextil and its associates. Caixa recognised impairment on unrealised capital losses for the amount of €35,660 thousand on this asset of which €469 thousand in first half 2015.

This account heading also included an assignment of credit rights over 19.5% of the shareholders' loans made to Sagesecur by Parpública to Parcaixa, at 30 June 2015 and 31 December 2014, in the sphere of the payment of the entity's share capital, at the date of its formation.

17. RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

This account heading comprises the following:

	30-06-2015	31-12-2014
Resources of central banks		
Resources - European Central Bank		
Loans, deposits and other resources		
Caixa Geral de Depósitos	1,250,000	1,500,000
Other Group entities	1,655,880	1,610,330
Resources of other central banks		
Deposits and other resources		
Of domestic credit institutions	192	467
Of foreign credit institutions	86,843	101,384
Sales operations with repurchase agreement	-	17,305
Other resources	1,999	1,701
Interest payable	1,356	12,399
	2,996,270	3,243,587
Resources of other credit institutions		
Deposits and other resources		
Of domestic credit institutions	677,073	684,256
Of foreign credit institutions	772,146	838,449
Interbank money market resources	15,900	170,000
Immediate short term resources		
Of domestic credit institutions	418,886	287,747
Of foreign credit institutions	53,492	38,150
Loans		
Of foreign credit institutions	23,068	27,562
Resources of international financial entities	261,461	57,353
Sale operations with repurchase agreement	796,413	644,115
Adjustments to liabilities under hedging operations	(3,917)	2,302
Interest payable	10,055	10,488
Charges with deferred cost	(1,718)	(2,323)
	3,022,860	2,758,100
	6,019,130	6,001,687

At 30 June 2015 and 31 December 2014, the “Resources of central banks - resource - European Central Bank” account heading 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 20) in off-balance sheet account headings.

“Sales operations with a repurchase agreement”, at 30 June 2015 and 31 December 2014, 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 lifetime of the contract.

The referred to operations were contracted for under Global Master Repurchase Agreements (GMRA) or bilateral liquidity injection agreements, 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.

18. CUSTOMER RESOURCES AND OTHER LOANS

This account heading comprises the following:

	30-06-2015	31-12-2014
Savings deposits	1,883,799	1,702,130
Other debts		
Repayable on demand	21,770,724	21,339,112
Term		
Deposits	44,404,472	45,961,403
Mandatory deposits	295,455	299,100
Other resources:		
Cheques and orders payable	102,639	70,184
Loans	175,219	198,932
Operations with repurchase agreement	116,084	99,227
Other	1,174,464	982,008
	46,268,332	47,610,855
	68,039,056	68,949,966
Interest payable	307,573	452,029
Deferred costs net of deferred income	(14,285)	(11,955)
Commissions associated with amortised cost (deferred)	(4,749)	(8,825)
Adjustments to liabilities under hedging operations	30,976	50,830
	319,514	482,080
	70,242,370	71,134,176

19. DEBT SECURITIES

This account heading comprises the following:

	30-06-2015	31-12-2014
Bonds issued:		
Bonds issued under the EMTN Programme		
- Remuneration indexed to interest rates	74,402	74,402
- Fixed interest rate	1,905,129	1,842,181
- Remuneration indexed to shares / indexes	15,000	36,000
- Remuneration indexed to exchange rates	276,125	298,674
	2,270,656	2,251,257
Covered bonds	5,484,874	4,484,986
Other cash bonds		
- Remuneration indexed to interest rates	56,069	60,247
	56,069	60,247
	7,811,599	6,796,490
Other		
Issues under the Euro Commercial Paper and Certificates of Deposit Programme		
- Commercial Paper	111,075	100,738
Securities issued under securitisation operations		
- Mortgage loans (Note 11)	43,734	79,074
- Other collateralized emissions	14,808	14,392
	169,617	194,204
Adjustments to liabilities under hedging operations	38,724	51,206
Deferred costs net of income	(19,110)	(13,183)
Interest payable	168,734	145,761
	8,169,564	7,174,478

The breakdown of the debt securities account heading, at 30 June 2015 and 31 December 2014, is net of the accumulated repurchased debt balances, as follows:

	30-06-2015	31-12-2014
Bonds issued under the EMTN programme	15,388	15,388
Covered bonds	2,400,000	2,400,000
	2,415,388	2,415,388

Caixa issued two Portuguese state-backed bond loans for €1,800,000 thousand and €2,800,000 thousand, on 19 July and 23 December 2011, respectively, according to the following terms:

- Issuance of a bond loan of €1,800,000 thousand (1st issuance) – interest at the 3 month Euribor rate plus a spread of 4.95% is payable on these bonds which mature on 19 July 2014;

- Issuance of a bond loan of €2,800,000 thousand (2nd issuance) - interest at the 6 month Euribor rate plus a spread of 5% is payable on these bonds which mature on 23 December 2014.

The referred to issuances 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 issuances were fully repurchased by Caixa and used to collateralise European Central Bank liquidity injection operations.

CGD repaid these loans in full in 2014.

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 five years and one year, respectively, in euros, US dollars, sterling, Japanese yen or any other currency agreed between the parties. Fixed or variable-rate interest is payable on these issuances 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 billion. 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 issuances 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 amount of €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 issuances, 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 issuances which may also be indexed to indices or shares.

(iv) Covered bonds

CGD set up a covered bonds programme for the direct issuance of covered bonds up to a current maximum amount of €15,000,000 thousand in November 2006. The bonds to be issued are backed by a mortgage loan portfolio which must, at any point of time, comply with the minimum conditions required by the regulations applicable to issuances of this type of instruments, 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 issuances 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 the 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 of such entities. Mortgage loans cannot exceed 80% of the mortgaged assets given as collateral in respect of property for housing (60% for other property).

In accordance with the issuance conditions defined by the programme, the following criteria must also be complied with, at all times, during the period of the issuance:

- The total nominal value of covered bonds in circulation may not exceed 95% of the total value of mortgage loans and other assets allocated to the referred to bonds;
- The average maturity of the covered bonds issuances may not, as a whole, exceed the average life of the associated mortgage loans;
- The total amount of interest payable on the covered bonds may not, for issuances as a whole, exceed the amount of interest charged to the borrowers of mortgage loans allocated to the referred to bonds;
- The present value of the covered bonds may not exceed the present value of the assets allocated to them, which ratio must be maintained for parallel shifts of 200 basis points on the yield curve.

The asset pool may also include autonomous assets, up to a maximum of 20% of its value, i.e. deposits with the Bank of Portugal or securities eligible for Eurosystem credit operations and others defined by law.

The nominal value of covered bonds issued by Caixa at 30 June 2015 and 31 December 2014, totalled €7,901,450 thousand and €6,901,450 thousand, respectively, with the following characteristics:

DESIGNATION	Nominal		Date of issue	Date of redemption	Interest payment	Remuneration	Interest rate at 30-06-2015	Interest rate at 31-12-2014
	30-06-2015	31-12-2014						
Hipotecárias Série 1 2006/2016 1st tranche	1,256,450	1,256,450	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%	0.129%	0.223%
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%	0.035%	0.129%
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%	-	0.070%
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%	0.673%	0.763%
Hipotecárias Série 10 2010/2020	1,000,000	1,000,000	27-01-2010	27-01-2020	Annually, on 27 January	Fixed rate	4.250%	4.250%
Hipotecárias Série 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%	0.745%	0.838%
Hipotecárias Série 15 2013/2018	750,000	750,000	18-01-2013	18-01-2018	Annually, on 18 January	Fixed rate	3.750%	3.750%
Hipotecárias Série 16 2013/2019	750,000	750,000	15-01-2014	15-01-2019	Annually, on 15 January	Fixed rate	3.000%	3.000%
Hipotecárias Série 17 2015/2022	1,000,000	-	27-01-2015	27-01-2022	Annually, on 27 January	Fixed rate	1.000%	-
	7,901,450	6,901,450						

(*) Issue fully repurchased by CGD. These securities are collaterising liquidity providing operations with the European Central Bank

The assets pool used to collateralise the issuances includes mortgage loans made in Portugal with a book value of €11,009,169 thousand and €11,527,625 thousand at 30 June 2015 and 31 December 2014, respectively (Note 11).

The assets pool used to collateralise the covered bonds at 30 June 2015 and 31 December 2014 also comprised debt securities, with a book value of €121,954 and €127,537 thousand respectively (Note 7).

Moody's and Fitch ratings on these covered bonds, at 30 June 2015, were A3 and BBB-, respectively.

(v) Bonds on the public sector

CGD set up a programme for the issuance of bonds on the public sector for up to a maximum amount of €5,000,000 thousand, in February 2009. The bonds are collateralised by a public sector loan portfolio which must, at any point of time, comply with the minimum conditions required by the regulations applicable to issuances of this type of instrument, 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 issuances which may also be indexed to the evolution of an indexer.

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 the issuing entity's 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 the same entities.

In accordance with the issuance conditions defined by the programme, the following criteria must also be complied with during the period of the issuance:

- The total value of loans to the 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 the same entities and autonomous assets allocated to bonds in circulation on the public sector must comprise a minimum 100.0% of the total nominal value of the referred to bonds;
- The average maturity of bond issuances on the public sector may not, for issuances as a whole, exceed the average lifetime of the allocated eligible assets;
- The total amount of interest payable on the bonds on the public sector may not, for issuances as a whole, exceed the amount of interest charged on the eligible assets allocated to the referred to bonds;
- The present value of bonds on 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, i.e. deposits with the Bank of Portugal or securities eligible for Eurosystem credit operations, sight or term deposits with credit institutions with a rating of "A-" or higher or equivalent and other assets defined in an *Official Notice* issued by the Bank of Portugal.

Caixa was only responsible for one public issuance under this programme, placed in the institutional market in July 2009, for the amount of €1 million and a maturity of five years having decided to demobilise the programme at the end of 2014.

Details on bond issuances, by type of interest and period to maturity, in the financial statements, at 30 June 2015 and 31 December 2014, are as follows:

	30-06-2015						
	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	15,000	75,595	1,552,774	1,643,369	150,000	-	1,793,369
One to five years	-	119,149	262,160	381,309	4,064,991	56,069	4,502,369
Five to ten years	-	11,109	154,597	165,706	1,249,883	-	1,415,589
Over ten years	-	70,272	10,000	80,272	20,000	-	100,272
	15,000	276,125	1,979,531	2,270,656	5,484,874	56,069	7,811,599

	31-12-2014						
	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	36,000	35,595	1,237,209	1,308,804	-	-	1,308,804
One to five years	-	155,943	513,493	669,436	3,220,596	60,247	3,950,279
Five to ten years	-	24,148	155,881	180,029	1,244,390	-	1,424,419
Over ten years	-	82,988	10,000	92,988	20,000	-	112,988
	36,000	298,674	1,916,583	2,251,257	4,484,986	60,247	6,796,490

Derivatives were contracted for to convert the amounts of most EMTN Programme issuances into euros and their respective interest into 3 or 6 month Euribor rates, net of a spread.

The following debt securities were either issued or redeemed in the half years ended 30 June 2015 and 2014:

	Balance at 31-12-2014	Issues	Payments	Exchange differences	Other	Balance at 30-06-2015
Bonds issued under the EMTN programme	2,251,257	-	(122,165)	4,649	136,915	2,270,656
Covered bonds	4,484,986	1,000,000	-	-	(112)	5,484,874
Other cash bonds	60,247	-	(11,535)	7,357	-	56,069
Commercial paper issued under ECP and CCP programme	100,738	68,375	(58,038)	-	-	111,075
Securities issued under securitisation operations	93,466	-	(35,340)	416	-	58,542
	6,990,694	1,068,375	(227,078)	12,422	136,803	7,981,216

	Balance at 31-12-2013	Issues	Payments	Exchange differences	Other	Balance at 30-06-2014
Bonds issued under the EMTN programme	3,940,428	-	(1,211,974)	5,688	(4,256)	2,729,886
Covered bonds	3,736,100	750,000	-	-	(1,550)	4,484,550
Public sector bonds	622,700	-	-	-	41,850	664,550
Other cash bonds	62,442	-	-	(661)	-	61,781
Commercial paper issued under ECP and CCP programme	20,976	39,222	(20,976)	-	-	39,222
Securities issued under securitisation operations	223,118	12,448	(76,559)	-	-	159,008
	8,605,764	801,670	(1,309,509)	5,027	36,044	8,138,997

20. PROVISIONS AND CONTINGENT LIABILITIES

Provisions

Movements in provisions for employee benefits and for other risks, for the half years ended 30 June 2015 and in 2014, were as follows:

	Balance at 31-12-2014	Additions and reversals	Write-offs	Exchange differences	Transfers and other	Balance at 30-06-2015
Provision for employee benefits	572,386	1,981	(12,888)	(455)	12,370	573,395
Provision for litigation	15,928	(93)	(5)	(444)	430	15,815
Provision for guarantees and other commitments	150,300	3,629	-	96	942	154,966
Provision for other risks and charges	103,044	14,851	(2,896)	(165)	184	115,019
	269,272	18,387	(2,901)	(514)	1,556	285,800
	841,658	20,368	(15,789)	(969)	13,926	859,195

	Balance at 31-12-2013	Additions and reversals	Write-offs	Exchange differences	Transfers and other	Balance at 30-06-2014
Provision for employee benefits	539,438	(5,504)	(13,143)	(76)	13,347	534,062
Provision for litigation	15,083	(1,092)	-	479	298	14,768
Provision for guarantees and other commitments	207,763	25,272	-	6	(321)	232,720
Provision for other risks and charges	118,961	5,422	(3,093)	(14)	4,437	125,713
	341,807	29,602	(3,093)	471	4,414	373,201
	881,245	24,098	(16,236)	395	17,761	907,263

Provisions for other risks and liabilities cover contingencies arising from the Group’s activity.

Provisions for legal contingencies comprise the Group’s best estimate of any amounts to be spent on their resolution, based on estimates of the Legal Department and its attendant lawyers.

Contingent liabilities and commitments

Contingent liabilities associated with banking activity are recognised in off-balance sheet account headings, as follows:

	30-06-2015	31-12-2014
Contingent liabilities		
Assets given as collateral	14,981,643	14,912,605
Guarantees and sureties	3,987,263	4,066,099
Open documentary credits	547,115	670,168
Stand by letters of credit	57,040	53,400
Other contingent liabilities	-	377,878
	19,573,061	20,080,151
Commitments		
Revocable commitments	9,168,647	8,289,653
Securities subscription	1,638,932	2,019,997
Irrevocable lines of credit	1,164,630	1,474,941
Term liabilities relating to annual contributions to the Deposit Guarantee Fund	155,553	155,553
Term operations	168,407	155,936
Investor Compensation System	35,716	35,911
Other irrevocable commitments	8,616	-
Forward deposit agreements		
Receivable	70,000	128,571
To be created	302,433	-
Other	136,975	121,253
	12,849,908	12,381,814
Deposit and custody of securities	41,099,448	38,613,510

Asset-backed guarantees are as follows:

	30-06-2015	31-12-2014
Debt Instruments		
Consigned resources		
EIB - European Investment Bank	978,500	803,000
Council of Europe Development Bank	34,000	-
Bank of Portugal (*)	13,770,148	13,898,131
Deposit Guarantee Fund	157,440	167,440
Royal Bank of Scotland	15,000	15,000
Investor Compensation System (futures)	19,430	21,430
Euronext	6,500	6,500
Other Assets		
Other	626	1,104
	14,981,643	14,912,605

(*) 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 30 June 2015 and 31 December 2014, are for debt instruments classified as assets held for trading, available-for-sale financial assets, loans and advances to customers and debt securities (Note 19). The market value of debt instruments given as collateral, at 30 June 2015 and 31 December 2014, amounted to €15,313,981 and €15,085,127 thousand, respectively.

The market value of Group securities collateralising term liabilities for annual contributions to the Deposit Guarantee Fund and Investors' Indemnity System was €203,733 thousand and €220,975 thousand, at 30 June 2015 and 31 December 2014, respectively.

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 past years a part of the liabilities comprised an irrevocable commitment to make the referred to contributions when requested by the Fund, with the amount, to-date, not having been recognised as a cost. Commitments assumed since 1996 amount to €155,553 thousand. At 30 June 2015, the Group recognised liabilities of €4,945 thousand for its annual contribution to the Deposit Guarantee Fund.

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.

In 2009, CGD was notified by the Portuguese tax authorities of their inspection report for 2005 on an adjustment of taxable income for the year amounting to €155,602 thousand. 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 adjustments, considering that the procedure adopted by it was in compliance with the fiscal legislation in force, as it was in possession of data enabling it to show that Caixa Brasil, SGPS S.A.'s earnings were subject to taxation. The Lisbon Tax Court issued a ruling annulling, *inter alia*, the adjustments made by the tax and customs authorities during the said year on the component allocated to the gains on the liquidation of Caixa Brasil, backing CGD's decision not to set up any provision for this situation in its financial statements at 31 December 2014.

In April 2015, Caixa was notified of the contents of the ruling of the Central Administrative Court of Lisbon which, in the second instance, decided to revoke the ruling decreed in the first instance by the Lisbon Tax Court. Notwithstanding Caixa's board of directors' conviction regarding the conformity of the adopted procedures and having already taken the steps permitted by law to contest the ruling, in light of the developments occurring in the meantime, a resolution was passed on the adequacy of setting up a provision, at 30 June 2015, for an approximate amount of €26 million to provide for the contingencies inherent to this process.

As a result of these fiscal executive actions deriving from the referred to past adjustments, during the course of 2010, Caixa took out a surety deposit as a guarantee in respect of the suspension of the tax settlement procedure. The referred to surety deposit for the amount of €50,282 thousand, has been recognised in "Other assets – debtors and other assets – other debtors" (Note 16).

The board of trustees of the Bank of Portugal decided, on 3 August 2014, to apply a resolution measure to Banco Espírito Santo, S.A. ("BES"), transferring most of its activity and assets to Novo Banco S.A., a new transitional banking institution created for the purpose, the total amount of whose capital is now owned by the Resolution Fund.

Following the resolution measure, Novo Banco, S.A. was deemed to have capital requirements of €4,900,000 thousand to be realised by the sole shareholder under the terms of the legislation in force. Considering that the Resolution Fund did not have the necessary resources for the said operation on the referred to date, the capital was subscribed for in the form of two loans:

- €3,900,000 thousand from the Portuguese state; and
- €700,000 thousand from eight Fund member institutions (of which €174,000 thousand from CGD).

Under article 153-I of Decree Law 345/98 of 9 November, if the Resolution Fund does not have sufficient resources to meet its obligations, a special statute may be published requiring member institutions to make special contributions, defining the amounts, instalments, periods and other terms of such contributions. Also under the terms of the same article, a member institution may not be forced to make special contributions based on its solvency situation.

The process for the sale of Novo Banco, S.A. is currently in progress. The information presently available does not enable the eventual impact of this situation on CGD's financial statements to be assessed, as any costs payable are contingent upon the sales price of Novo Banco, S.A. and decisions to be made by the Minister of Finance, in conformity with lawfully defined competencies.

21. OTHER SUBORDINATED LIABILITIES

This account heading comprises the following:

	30-06-2015	31-12-2014
Bonds	2,386,686	2,388,244
Loans	21,209	21,209
	2,407,895	2,409,453
Interest payable	40,182	49,007
Deferred income net of charges	(22,139)	(26,012)
Adjustment to liabilities under hedging operations	56	(4,543)
	2,425,994	2,427,905

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 Order 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;
- Materially relevant non-compliance with the recapitalisation plan;
- CGD's failure to repurchase the full amount of the hybrid financial instruments up to the end of the investment period (five years);
- Exercising of conversion rights specified by the state in the issuance 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 issuances:

Issuer	Bonds	Currency	Value of issue	Book value at 30-06-2015	Book value at 31-12-2014	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	536,750	536,748	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 2008/2018 (1st issue)	EUR	369,045	368,525	368,530	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	104,720	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 (France branch)	Floating Rate Undated Subordinated Notes	EUR	110,000	209	209	18-12-2002	Perpetual	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 30-06-2015	Book value at 31-12-2014	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 (France branch)	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	-	-	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	-	-	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 30-06-2015	Book value at 31-12-2014	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	-	-	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	-	-	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	-	-	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 30-06-2015	Book value at 31-12-2014	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	765	765	18-12-2002	Perpetual	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	20,063	18,490	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 30-06-2015	Book value at 31-12-2014	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	4,717	4,944	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	2,243	2,691	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	4,254	4,210	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	-	2,824	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	3,404	3,077	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.

22. OTHER LIABILITIES

This account heading comprises the following:

	30-06-2015	31-12-2014
Creditors		
Consigned resources	919,196	638,901
Suppliers of finance leasing assets	12,963	13,124
Other suppliers	36,826	54,892
Resources - collateral account	199,760	173,520
Resources - subscription account	64,881	70,395
Resources - secured account	12,361	1,988
Other creditors:		
Creditors for factoring ceded	34,213	43,012
Caixa Geral de Aposentações	11,153	5,554
CGD's Pension Fund	10,427	67,531
Creditors for futures contracts	17,372	26,161
Creditors for operations on securities	121	114
Other	1,111,392	1,076,363
Other liabilities:		
Notes in circulation - Macau (Note 16)	716,248	646,506
Withholding taxes	57,542	50,360
Social Security contributions	15,115	16,261
Other taxes payable	7,018	9,164
Collections on behalf of third parties	579	281
Other	33,164	29,012
Accrued costs	220,337	237,651
Deferred income	63,357	60,738
Liabilities pending settlement	390,750	305,860
Stock exchange operations	-	2
	3,934,773	3,527,392

The “Resources – surety account” account heading at 30 June 2015 and 31 December 2014, respectively, includes €184,655 thousand and €158,853 thousand relating to deposits made with Caixa by diverse financial institutions in the sphere of interest rates swap (IRS) agreements.

At 30 June 2015 and 31 December 2014, the "Miscellaneous creditors - Other" account included €657,301 thousand and €671,535 thousand, respectively, in respect of financial liabilities with minority investors in the unit trust investment funds included in CGD Group’s consolidation perimeter.

23. CAPITAL

At 30 June 2015 and 31 December 2014, CGD's share capital was totally owned by the Portuguese state, as follows:

	30-06-2015	31-12-2014
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

24. RESERVES, RETAINED EARNINGS AND NET INCOME ATRIBUTABLE TO THE SHAREHOLDER OF CGD

The composition of reserves and retained earnings, at 30 June 2015 and 31 December 2014, was as follows:

	30-06-2015	31-12-2014
Fair value reserve, net of deferred tax		
Available-for-sale financial assets (Note 8)	192,071	398,836
Assets with repurchase agreement	8,796	12,974
	200,867	411,810
Other reserves and retained earnings		
- Legal reserve - CGD	862,906	862,906
- Other reserves	1,766,925	951,652
- Retained earnings	(3,386,604)	(2,252,495)
	(756,773)	(437,937)
Net income attributable to the shareholder of CGD	47,061	(348,044)
	(508,845)	(374,171)

According to CGD's articles of association a minimum of 20% of its annual profit must be transferred to the legal reserve each year. This reserve may only be used to cover accumulated losses or to increase capital.

"Other reserves and retained earnings" at 30 June 2015 and 31 December 2014, include CGD's legal reserves for the amount of €862,906 thousand and the legal reserves, free reserves and legal revaluation reserves of its subsidiaries and associated companies. The legal revaluation reserves may only be used to cover accumulated losses or increase capital. In the case of CGD, the reserves which were not distributed 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 and assets with repurchase agreements as a charge to shareholders' equity, net of the corresponding fiscal effect.

The currency translation reserve, which recognises the effect of translating subsidiaries' statements expressed in foreign currency, is included in "Other reserves".

The net contribution to CGD's consolidated profit made by branches and subsidiaries at 30 June 2015 and 2014 was as follows:

	30-06-2015	30-06-2014
Caixa Geral de Depósitos, S.A.		
Caixa Geral de Depósitos	(66,710)	(211,445)
Spain Branch	(29,927)	(13,980)
France Branch	17,988	(25,183)
Cayman Branch	(11,185)	(10,566)
London Branch	3,361	4,823
New York Branch	2,156	980
East Timor Branch	1,218	1,362
Luxembourg Branch	(806)	(1,019)
Macau Branch	236	1,225
Zhuhai Branch	(91)	(3)
	(83,763)	(253,807)

	30-06-2015	30-06-2014
Contribution of subsidiaries to net income:		
Caixa Seguros e Saúde, SGPS, S.A. (a)	27,748	283,319
Banco Nacional Ultramarino, S.A. (Macau)	28,453	19,456
Caixagest Private Equity - Fundo Especial de Investimento	17,273	3,242
Banco Caixa Geral, S.A.	15,611	11,987
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	11,273	1,976
Banco Caixa Geral Totta Angola, S.A.	10,637	7,414
Banco Comercial e de Investimentos, S.A.R.L.	8,642	6,378
Caixa Imobiliário, S.A.	(7,793)	(8,947)
Cibergradual, Investimento Imobiliário, S.A.	(5,173)	(8,145)
Fundimo - Fundo de Investimento Imobiliário Aberto	5,128	2,998
Mercantile Bank Holdings, Ltd.	4,840	3,946
Inmobiliaria Caixa Geral, S.A.U.	(4,493)	(713)
Caixagest Infra-Estruturas - Fundo Especial de Investimento	4,317	874
Beirafundo - Fundo de Investimento Imobiliário Fechado	(4,021)	(996)
Caixa – Banco de Investimento, S.A. (a)	3,082	32,922
Caixa Leasing e Factoring – Instituição Financeira de Crédito, S.A.	2,931	(2,458)
Fundo de Capital de Risco – Grupo CGD - Caixa Capital	2,888	2,898
CGD Investimentos CVC, S.A.	(2,558)	(2,589)
Parcaixa, SGPS, S.A. (a)	2,539	3,191
Imocaixa - Gestão Imobiliária, S.A.	(1,862)	(19)
Fundiestamo - Fundo de Investimento Imobiliário Fechado	1,570	1,919
Fundger - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	1,364	2,549
Caixagest - Técnicas de Gestão de Fundos, S.A.	1,286	953
CGD Pensões, S.A.	1,153	594
Banco Comercial do Atlântico, S.A.R.L.	1,009	245
Banco Caixa Geral Brasil, S.A.	707	973
Fundolis - Fundo de Investimento Imobiliário Fechado	(236)	(217)
Ibéria - Fundo Especial de Investimento Imobiliário Fechado	186	(2,384)
Caixa Imobiliário - Fundo Investimento Imobiliário Fechado para Arrendamento Habitacional	(307)	(159)
Fundo de Capital de Risco Caixa Fundos	580	475
Fundo de Capital de Risco Empreender Mais	520	(691)
Nostrum Mortgages (Fundo e Plc)	(307)	(259)
Wolfpart, SGPS, S.A.	(20)	(23)
Other	(1,460)	(768)
	125,508	359,942
Contribution of associates and jointly controlled entities to net income:		
SIBS – Sociedade Interbancária de Serviços, S.A.	683	2,229
Locarent, S.A.	1,149	837
Torre Ocidente, Imobiliária S.A.	2,315	(99)
Fundo Turismo	294	349
Esegur – Empresa de Segurança, S.A.	292	365
Prado - Cartolinas da Lousã, S.A.	280	60
Other	301	180
	5,315	3,921
Consolidated net income attributable to the shareholder of CGD	47,061	110,056

(a) Data taken from the consolidated financial statements.

Appropriation of net income for period

2014

A resolution was passed by the general meeting of shareholders, held in May 2015, to recognise €1,139,320 thousand in losses, made in 2014, in the "Other reserves and retained earnings" balance sheet account heading.

2013

A resolution was passed by the general meeting of shareholders, held in May 2014, to recognise €1,090,515 thousand in losses, made in 2013, in the "Other reserves and retained earnings" balance sheet account heading.

25. NON CONTROLLING INTERESTS

The amount of third party investments in subsidiaries is distributed among the following entities:

	30-06-2015	31-12-2014
Parcaixa, SGPS, S.A. (a)	498,096	493,642
Banco Caixa Geral Totta Angola, S.A.	143,641	153,362
Banco Comercial e de Investimentos, S.A.R.L.	112,627	85,017
Caixa Geral Finance	96,249	96,249
Partang, SGPS, S.A.	82,363	78,595
Fundiestamo - Fundo de Investimento Imobiliário Fechado	32,310	32,055
Caixa Arrendamento - Fundo de Investimento Imobiliário de Arrendamento Habitacional	14,125	14,150
Banco Comercial do Atlântico, S.A.R.L.	12,035	11,187
Banco Interatlântico, S.A.R.L.	4,638	4,465
A Promotora - Sociedade de Capital de Risco, S.A.R.L.	1,599	1,518
Banco Caixa Geral, S.A.	993	1,014
Other	1,232	(4,323)
	999,908	966,931

(a) 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. On 28 June 2014, the company issued €250,000 thousand in non-voting preference shares. If a decision is made by its directors 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, as from the said date. Caixa Geral Finance may redeem the preference shares, in part or in full, from 28 June 2014, at their nominal price of €1,000 per share plus the monthly payment of dividends accrued since the last payment.

On 30 September 2005 Caixa Geral Finance issued €350,000 thousand in non-voting preference shares. If a decision is made to pay dividends, a quarterly dividend equivalent to annual interest at the 3 month Euribor rate plus 0.77% up to 30 September 2015 and 1.77% thereafter, will be paid to shareholders, as from the said date. Caixa Geral Finance may redeem the preference shares, in part or in full, from 30 September 2015, at their nominal price 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 30 June 2015 and 31 December 2014.

Detailed information on the amount of consolidated profit attributable to non-controlling interests, in the half years ended 30 June 2015 and 2014, is set out below:

	30-06-2015	30-06-2014
Banco Caixa Geral Totta Angola, S.A.	30,438	21,249
Banco Comercial e de Investimentos, S.A.R.L.	9,175	6,065
Parcaixa, SGPS, S.A. (a)	7,011	2,758
Banco Comercial do Atlântico, S.A.R.L.	734	860
Fundiestamo - Fundo de Investimento Imobiliário Fechado	255	544
Other	(795)	(521)
	46,817	30,955

(a) Includes the activity of Caixa Leasing e Factoring – IFIC, S.A.

26. INTEREST AND SIMILAR INCOME AND INTEREST AND SIMILAR COSTS

Information on the composition of these account headings is set out below:

	30-06-2015	30-06-2014
Interest and similar income		
Interest on loans and advances to domestic credit institutions	1,829	6,488
Interest on loans and advances to foreign credit institutions	16,903	11,119
Interest on domestic credit	504,263	628,376
Interest on foreign credit	311,440	268,176
Interest on overdue credit	14,818	19,172
Interest on financial assets held for trade		
- Derivatives	315,433	370,447
- Securities	8,378	11,147
Interest on financial assets at fair value through profit or loss	411	886
Interest on available-for-sale financial assets	191,018	226,258
Interest on hedging derivatives	7,157	11,689
Interest on debtors and other investments	3,979	7,134
Interest on cash equivalents	2,863	5,675
Interest on other loans and other amounts receivable	71,895	84,815
Other interest and similar income	2,075	3,601
Commissions received relating to amortised cost	67,518	66,804
	1,519,979	1,721,788
Interest and similar costs		
Interest on deposits of		
- Central and local government	1,494	3,857
- Other residents	274,747	418,473
- Emigrants	17,560	27,586
- Other non-residents	145,442	132,228
- Other	250	301
Interest on resources of foreign credit institutions	15,656	21,028
Interest on resources of domestic credit institutions	7,032	14,684
Interest on swaps	317,535	354,868
Interest on other trading liabilities	3,097	14,285
Interest on unsubordinated debt securities	127,734	174,921
Interest on hedging derivatives	1,196	2,217
Interest on subordinated liabilities	56,338	61,822
Other interest and similar costs	9,786	10,784
Commissions paid relating to amortised cost	3,248	3,507
	981,115	1,240,560

The "Interest and similar expenses - interest on subordinated liabilities" account at 30 June 2015 and 2014 included €40,059 thousand and €39,938 thousand, respectively, on CGD's issuance of a total amount of €900 million in hybrid financial instruments, eligible as Core Tier 1 own funds, on 29 June 2012. These securities were fully subscribed for by the Portuguese state (Note 21).

27. INCOME FROM EQUITY INSTRUMENTS

This account heading comprises the following:

	30-06-2015	30-06-2014
ADP - Águas de Portugal, S.A.	4,558	5,985
Sumol + Compal, S.A,	2,005	-
REN - Redes Energéticas Nacionais, SGPS, S.A.	505	1,004
EDP - Energias de Portugal, S.A.	2	5,202
Portucel, S.A.	1	1,040
Income received from investment funds	30,198	11,322
Other	5,920	3,434
	43,188	27,987

28. INCOME AND COSTS OF SERVICES AND COMISSIONS

Information on the composition of these account headings is set out below:

	30-06-2015	30-06-2014
Income from services rendered and commissions:		
On guarantees provided	31,373	33,425
On commitments to third parties	10,512	11,900
On operations on financial instruments	420	432
On services provided		
Deposit and safekeeping of valuables	9,327	11,161
Collection of valuables	3,403	3,573
Management of securities	8,115	6,759
Collective investment in transferable securities	13,353	11,763
Transfer of valuables	10,629	12,636
Cards managements	8,607	7,175
Annuities	26,360	22,081
Assembly operations	7,847	16,093
Credit operations	23,005	18,661
Other services rendered	89,028	97,751
On operations carried out on behalf of third parties	2,755	5,202
Other commissions received	67,135	64,799
	311,869	323,410
Cost of services and commissions:		
On guarantees received	2,083	2,228
On commitments assumed by third parties	203	8
On operations on financial instruments	149	193
On banking servicers rendered by third parties	55,795	60,060
On operations carried out by third parties	2,659	5,224
Other commissiond paid	3,276	4,317
	64,165	72,030

29. INCOME FROM FINANCIAL OPERATIONS

Information on the composition of these account headings is set out below:

	30-06-2015	30-06-2014
Result from foreign exchange operations:		
Revaluation of foreign exchange position	27,863	6,386
Results from currency derivatives	4,781	22,789
	32,644	29,175
Result from financial assets and liabilities held for trading:		
Securities:		
Debt instruments	(2,434)	7,975
Equity instruments	1,502	(2,870)
Other instruments	(6)	909
	(938)	6,014
Derivatives:		
Interest rate	101,611	(119,974)
Shares and indexes	(2,172)	(3,923)
Credit default	297	643
Other	25,240	9,225
	124,975	(114,029)
	124,037	(108,014)

(cont)	30-06-2015	30-06-2014
Result from other financial assets at fair value through profit or loss		
Debt instruments	35	487
Equity instruments	4,062	2,439
Other securities	28,099	20,327
Loans and other amounts receivable	239	(79)
	32,436	23,174
Result from the sale of loans and advances to customers	(46)	(896)
Result from available-for-sale financial assets:		
	130,780	220,449
Equity instruments		
REN - Redes Energéticas Nacionais, SGPS, S.A. (Note 8)	-	6,933
Galp Energia, SGPS, S.A. (Note 8)	-	1,903
Finangeste, S.A. (Note 8)	(931)	-
Other	(33)	49
	(964)	8,885
	129,816	229,334
Other securities	1,856	3,037
	131,671	232,371
Result of hedging operations:		
Hedging derivatives	(20,149)	60,912
Value adjustments of hedged assets and liabilities	21,431	(61,433)
	1,282	(522)
Results in the repurchase of liabilities issued	(20,035)	(9,085)
	301,989	166,203

The "Other" account heading at 30 June 2015 and 2014, includes €23,463 thousand and €13,090 thousand, respectively, in respect of the results of minority investors in the unit trust investment funds included in CGD Group's consolidation perimeter.

During the course of the half years ended 30 June 2015 and 2014, the Group disposed of a total amount of approximately €64,479 thousand and €11,022 thousand in loans and advances to companies, excluding asset lending operations. These transactions resulted in capital losses of €46 thousand (€896 thousand at 30 June 2014).

30. OTHER OPERATING INCOME

Information on the composition of these account headings is set out below:

	30-06-2015	30-06-2014
Other operating income:		
Rendering of services	20,458	16,304
Expense reimbursement	3,982	2,653
Lease income under operating lease agreements	27,776	30,943
Gains on non-financial assets:		
- Non-current assets held for sale	12,167	7,867
- Other tangible assets	178	4,258
- Investment property	3,600	10,604
- Other	196	216
Secondment of employees to Caixa Geral de Aposentações	1,630	758
Sale of cheques	5,747	6,640
Other	27,024	31,947
	102,758	112,190
Other operating costs:		
Donations and subscriptions	3,972	3,745
Losses on non-financial assets:		
- Non-current assets held for sale	20,874	19,306
- Other tangible assets	16	1,524
- Investment property	13,322	36,681
- Other	68	39
Other taxes	15,082	11,398
Contribution to the Deposit Guarantee Fund	4,945	16,464
Contribution to the Resolution Fund	5,581	6,126
Administrative expenditure of the Unified Council Resolution	103	-
Fines and penalties	291	443
Other	16,087	26,018
	80,340	121,745
	22,418	(9,555)

The Resolution Fund, created by Decree Law 31-A/2012 of 10 February, 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 investment companies in financial distress. They comprise three intervention stages by the Bank of Portugal, in the form of 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.

The Group made a periodic contribution of €5,581 thousand to the Resolution Fund at 30 June 2015.

31. EMPLOYEE COSTS

This account heading comprises the following:

	30-06-2015	30-06-2014
Remuneration of management and supervisory bodies	7,670	6,167
Remuneration of staff	273,824	260,603
	281,494	266,770
Other charges relating to remuneration	20,424	20,875
Healthcare - CGD		
- Normal cost	11,843	12,275
- Contributions relating to current staff	9,689	12,117
Pension liability - CGD		
- Normal cost	37,348	23,653
Other pension costs		
Other	1,434	1,974
Other mandatory social charges	6,823	6,667
	87,562	77,562
Other staff costs	7,967	8,209
	377,023	352,542

The average number of employees in Caixa and its subsidiaries for the half years ended 30 June 2015 and 2014, by type of function, was as follows:

	30-06-2015	30-06-2014
Senior management	559	526
Management	2,859	2,803
Technical staff	5,238	5,112
Administrative staff	6,826	6,947
Auxiliary	326	351
	15,808	15,739
Number of employees at the end of the period	16,135	15,862

These numbers, at 30 June 2015 and 2014, do not include employees belonging to the Caixa Geral de Aposentações Support Department (247 and 246 respectively), employees assigned to CGD’s Social Services (63 and 66 respectively) and other situations (91 and 94 respectively), i.e. on secondment or extended leave of absence.

32. OTHER ADMINISTRATIVE COSTS

This account heading comprises the following:

	30-06-2015	30-06-2014
Specialised services		
- IT services	41,493	40,595
- Safety and security	6,596	5,339
- Information services	3,957	3,247
- Cleaning	3,895	3,840
- Contracts and service fees	2,549	3,126
- Studies and consultancy	1,716	2,458
- Other	39,725	43,264
Leases	36,517	38,122
Communications and postage	19,531	15,951
Maintenance and repairs	17,634	15,192
Advertising and publications	12,451	11,557
Water, energy and fuel	11,543	11,463
Transport of cash and other values	6,337	5,555
Travel, lodging and representation expenses	5,846	5,076
Standard forms and office supplies	4,432	4,189
Other	9,314	10,061
	223,536	219,036

33. IMPAIRMENT OF ASSETS

Information on impairment movements for the half years ended 30 June 2015 and 2014 is set out below:

	Balances at 31-12-2014	Addition and reversals	Write-offs	Exchange differences	Transfers and other	Balances at 30-06-2015	Credit recovery, interest and expenses
Impairment of loans and advances to customers (Note 11)	5,230,292	247,681	(267,949)	6,508	(572)	5,215,960	(11,919)
Impairment of loans and advances to credit institutions (Note 6)	11,817	(321)	-	-	-	11,497	
Impairment of available-for-sale financial assets (Note 8)							
Equity instruments	108,408	4,652	(1,845)	175	-	111,390	
Debt instruments	668	7	(22)	-	-	653	
Other instruments	204,547	29,596	-	7,232	-	241,375	
Impairment of other tangible assets	11,502	186	-	-	(186)	11,502	
Impairment of intangible assets	20,401	-	-	-	238	20,639	
Impairment of non-current assets held for sale (Note 12)							
Property and equipment	373,411	12,070	(1,666)	(9)	(147)	383,659	
Equipment	2,687	(33)	(915)	-	(43)	1,696	
Impairment of other assets (Note 16)	235,456	19,411	(3,582)	(216)	102	251,170	
	968,896	65,568	(8,030)	7,182	(36)	1,033,580	-
	6,199,188	313,249	(275,979)	13,690	(608)	6,249,539	(11,919)

	Balances at 31-12-2013	Addition and reversals	Write-offs	Exchange differences	Transfers and other	Balances at 30-06-2014	Credit recovery, interest and expenses
Impairment of loans and advances to customers	4,512,411	387,415	(90,322)	494	78,964	4,888,962	(12,277)
Impairment of loans and advances to credit institutions	11,996	1,512	-	(33)	2	13,477	
Impairment of available-for-sale financial assets							
Equity instruments	89,973	-	(35)	18	348	90,304	
Debt instruments	835	6	-	-	-	840	
Other instruments	153,081	5,531	-	3,432	7,801	169,845	
Impairment of other tangible assets	6,818	(184)	-	-	-	6,635	
Impairment of intangible assets	239	-	-	-	-	239	
Impairment of non-current assets held for sale							
Property and equipment	334,555	15,465	(7,252)	7	(26)	342,750	
Impairment of other assets	235,257	(710)	(5,438)	(114)	(18,897)	210,098	
	832,754	21,621	(12,725)	3,310	(10,772)	834,188	-
	5,345,165	409,036	(103,047)	3,804	68,192	5,723,150	(12,277)

34. 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 18/04/2007:

- Trading and sales: including banking activity related to the management of the own securities portfolio, management of issuance of debt instruments, money and foreign exchange markets 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: comprising 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: including lending operations and resource-taking from major enterprises and SMEs. This segment includes loans, current accounts, investment project finance, bills discounting operations, venture capital, factoring, equipment and property leasing, syndicated loans underwriting and loans to the public sector;

- Asset management: including activities associated with the management of customer portfolios, management of open-ended or closed end unit trust and property funds and discretionary wealth management funds;

- Corporate finance: including 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;

- Other: including all operating segments not described in the preceding business segments.

Information on the appropriation of earnings and the main balance sheet aggregates divided up by business segments and geographies, at 30 June 2015 and in 2014, is given below:

<u>Business segments</u>

	30-06-2015						
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate Finance	Other	Total
Net interest income	53 244	341 592	126 198	744	16 503	583	538,864
Income from equity instruments	9 190	1	10 851	19 600	202	3 345	43,188
Income from services rendered and commissions	12 051	86 573	57 673	18 038	23 481	114 052	311,869
Cost of services and commissions	(5 863)	(2 002)	(1 659)	(3 889)	(49)	(50 703)	(64,165)
Results from financial operations	267 610	654	30 214	25 414	(23 529)	1 626	301,989
Other net operating income	(1 353)	(3 619)	(2 464)	19 987	1 810	8 057	22,418
Net operating income from banking and insurance operations	334,879	423,199	220,813	79,895	18,417	76,960	1,154,163
Other costs and income							(1 107 102)
Net income attributable to the shareholder of CGD							47,061
Cash balances and loans and advances to credit institutions (net)	5 575 527	445 164	27 480	8 898	6 971	25 621	6,089,660
Investments in securities and derivatives (net)	18 901 524	149 071	409 474	594 037	127 670	248 598	20,430,373
Loans and advances to customers (net)	1 555 321	34 473 130	29 690 690	165 195	291 798	28 512	66,204,645
Total net assets	26 179 620	34 636 039	31 703 361	1 991 602	477 662	5 249 704	100,237,987
Resources of central banks and credit institutions	5 276 238	133 428	400 423	85 991	101 597	21 453	6,019,130
Customer resources	1 360 220	51 561 460	16 988 130	137 552	162 517	32 491	70,242,370
Debt securities	8 075 975	44 331	49 258	-	-	-	8,169,564

	31-12-2014						
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate Finance	Other	Total
Net interest income	(56 200)	784 810	171 707	4 520	82 580	1 318	988,735
Income from equity instruments	14 741	2	8 320	24 628	335	1 528	49,554
Income from services rendered and commissions	40 399	184 649	100 297	34 621	51 214	247 876	659,055
Cost of services and commissions	(14 203)	(6 331)	(8 708)	(6 601)	(297)	(107 898)	(144,039)
Results from financial operations	134 443	(221)	37 479	24 090	8 695	(2 829)	201,657
Other net operating income	(9 230)	(4 659)	(4 992)	14 861	429	(12 954)	(16,545)
Net operating income from banking and insurance operations	109,949	958,250	304,103	96,119	142,956	127,042	1,738,417
Other costs and income							(2 086 461)
Net income attributable to the shareholder of CGD							(348,044)
Cash balances and loans and advances to credit institutions (net)	4 611 137	463 421	32 450	7 135	-	15 848	5,129,991
Investments in securities and derivatives (net)	18 962 358	116 201	408 899	643 738	(5 956)	205 862	20,331,102
Loans and advances to customers (net)	1 417 230	35 141 387	30 027 774	174 400	92 725	10 056	66,863,572
Total net assets	25 067 683	35 043 208	32 277 075	2 037 908	138 386	5 587 773	100,152,034
Resources of central banks and credit institutions	5 284 867	230 835	392 420	85 376	-	8 189	6,001,687
Customer resources	1 260 602	52 743 726	16 939 596	147 223	-	43 029	71,134,176
Debt securities	7 043 396	79 102	51 979	-	-	-	7,174,478

Geographies

	30-06-2015							
	Portugal	Rest of European Union	North America	Latin America	Asia	Africa	Other	Total
Net interest income	262,063	100,292	3,198	18,034	42,185	115,112	(2,020)	538,864
Income from equity instruments	97,765	3,599	-	-	36	21,007	(79,218)	43,188
Income from services rendered and commissions	238,148	23,198	276	3,306	19,465	46,574	(19,097)	311,869
Cost of services and commissions	(63,504)	(5,188)	(25)	(530)	(8,525)	(9,077)	22,684	(64,165)
Results from financial operations	257,156	12,892	18	(6,610)	6,184	51,658	(19,308)	301,989
Other net operating income	254,780	(1,494)	13	97	829	4,998	(236,804)	22,418
Net operating income from banking and insurance operations	1,046,406	133,298	3,481	14,296	60,173	230,272	(333,763)	1,154,163
Other costs and income								(1,107,102)
Net income attributable to the shareholder of CGD								47,061
Cash balances and loans and advances to credit institutions (net)	12,758,206	3,495,791	2,136,804	148,061	3,492,418	1,389,272	(17,330,892)	6,089,660
Investments in securities and derivatives (net)	23,830,213	1,935,616	98,483	164,143	118,440	1,399,138	(7,115,661)	20,430,373
Loans and advances to customers (net)	50,948,003	11,675,489	603,984	225,497	2,835,608	2,929,402	(3,013,337)	66,204,645
Total net assets	100,649,467	17,472,775	2,839,699	584,624	7,213,141	6,317,036	(34,838,755)	100,237,987
Resources of central banks and credit institutions	10,909,007	6,789,795	2,332,808	222,864	326,744	294,516	(14,856,603)	6,019,130
Customer resources	56,827,177	5,199,910	617,534	197,861	5,596,978	4,609,994	(2,807,085)	70,242,370
Debt securities	9,191,543	4,877,381	-	-	-	70,883	(5,970,243)	8,169,564

	31-12-2014							
	Portugal	Rest of European Union	North America	Latin America	Asia	Africa	Other	Total
Net interest income	530,395	197,207	9,997	25,946	62,979	189,144	(26,934)	988,735
Income from equity instruments	161,191	7,729	-	-	109	16,215	(135,690)	49,554
Income from services rendered and commissions	510,357	46,533	641	16,942	35,754	94,910	(46,080)	659,055
Cost of services and commissions	(139,542)	(12,602)	(49)	(4,325)	(16,509)	(18,912)	47,900	(144,039)
Results from financial operations	56,365	18,175	(57)	(2,706)	7,006	91,325	31,549	201,657
Other net operating income	76,129	(10,547)	(113)	(2,808)	5,767	5,469	(90,443)	(16,545)
Net operating income from banking and insurance operations	1,194,894	246,496	10,419	33,048	95,106	378,150	(219,697)	1,738,417
Other costs and income								(2,086,461)
Net income attributable to the shareholder of CGD								(348,044)
Cash balances and loans and advances to credit institutions (net)	11,522,500	3,513,460	1,951,179	70,897	3,567,960	1,356,902	(16,852,907)	5,129,991
Investments in securities and derivatives (net)	24,250,993	2,009,272	62,035	186,786	83,975	1,168,154	(7,430,114)	20,331,102
Loans and advances to customers (net)	52,178,219	11,989,965	612,719	222,395	2,277,653	2,924,054	(3,341,434)	66,863,572
Total net assets	101,347,118	17,893,197	2,627,905	531,924	6,604,753	5,960,024	(34,812,886)	100,152,034
Resources of central banks and credit institutions	10,899,739	6,991,300	2,067,894	137,533	212,139	139,253	(14,446,171)	6,001,687
Customer resources	58,084,728	5,106,098	649,734	210,355	5,221,368	4,477,330	(2,615,438)	71,134,176
Debt securities	8,297,564	5,035,501	-	-	-	74,646	(6,233,233)	7,174,478

The "Other" column includes balances between Group companies, cancelled out in the consolidation process.

For the half years ended 30 June 2015 and 2014, the contribution to the Group's earnings by business area, based on internal management criteria is broken-down as follows:

	30-06-2015					
	Banking business in Portugal	International business	Investment banking	Insurance	Other	Total
Interest and similar income	1,138,514	525,383	89,167	-	(233,085)	1,519,979
Interest and similar costs	(911,457)	(247,099)	(74,939)	-	252,381	(981,115)
Income from equity instruments	10,664	4,838	3,345	-	24,341	43,188
Net interest income	237,722	283,121	17,573	-	43,637	582,052
Income from services rendered and commissions	196,463	92,817	23,178	-	(590)	311,869
Cost of services and commissions	(39,829)	(22,807)	(3,505)	-	1,975	(64,165)
Results from financial operations	229,927	66,347	2,347	-	3,368	301,989
Other net operating income	17,503	3,435	941	12	526	22,418
Net operating income	404,064	139,793	22,962	12	5,279	572,111
NET OPERATING INCOME FROM BANKING	641,786	422,914	40,534	12	48,916	1,154,163
Other costs and income	(708,496)	(378,216)	(33,210)	27,736	(14,916)	(1,107,102)
Net income attributable to the shareholder of CGD	(66,710)	44,698	7,325	27,748	34,001	47,061

	30-06-2014					
	Banking business in Portugal	International business	Investment banking	Insurance	Other	Total
Interest and similar income	1,465,532	460,279	107,820	-	(311,843)	1,721,788
Interest and similar costs	(1,234,490)	(231,371)	(92,600)	-	317,901	(1,240,560)
Income from equity instruments	3,855	7,453	992	-	15,687	27,987
Net interest income	234,897	236,361	16,212	-	21,744	509,214
Income from services rendered and commissions	206,648	90,298	29,015	-	(2,551)	323,410
Cost of services and commissions	(45,190)	(24,290)	(4,416)	(3)	1,868	(72,030)
Results from financial operations	74,239	49,777	20,459	(468)	22,195	166,203
Other net operating income	(9,298)	1,816	459	35	(2,566)	(9,555)
Net operating income	226,400	117,601	45,517	(435)	18,946	408,029
NET OPERATING INCOME FROM BANKING	461,297	353,962	61,729	(435)	40,690	917,243
Other costs and income	(672,742)	(348,449)	(27,135)	283,755	(42,616)	(807,187)
Net income attributable to the shareholder of CGD	(211,445)	5,513	34,595	283,319	(1,926)	110,056

The "Other" column includes balances between Group companies, cancelled out in the consolidation process. As regards business segments reference should also be made to the effects of the Group's property activities.

35. DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

Credit risk

Maximum exposure to credit risk

The following is a breakdown of the Group's maximum exposure to credit risk at 30 June 2015 and 31 December 2014:

	30-06-2015	31-12-2014
Trading securities		
Public debt	216,306	303,634
Private debt	13,366	13,532
	229,672	317,166
Financial assets at fair value through profit or loss		
Private debt	6,855	6,960
	6,855	6,960
Available-for-sale financial assets		
Public debt	10,491,302	10,200,845
Private debt	4,361,632	4,359,975
	14,852,935	14,560,821
Financial assets with repurchase agreement		
Public debt	509,693	231,700
Private debt	368,626	358,683
Credit and securities	433,971	690,743
	1,312,289	1,281,126
	16,401,751	16,166,072
Derivatives	1,808,225	1,975,077
Cash balances at other credit institutions	815,300	878,298
Loans and advances to credit institutions	3,372,684	2,137,069
Loans and advances to customers	66,291,341	66,933,228
Other debtors	2,564,182	3,042,495
Other operations pending settlement	222,842	129,107
	75,074,575	75,095,274
Other commitments		
Personal/Institutional guarantees given		
Guarantees and sureties	3,832,297	3,915,799
Stand-by letters of credit	57,040	53,400
Open documentary credits	547,115	670,168
Other personal guarantees and other contingent liabilities	-	377,878
Forward deposit agreements	302,433	-
Irrevocable lines of credit	1,164,630	1,474,941
Securities subscription	1,638,932	2,019,997
Other irrevocable commitments	8,616	-
Credit default swaps	71,499	105,892
	7,622,561	8,618,075
Maximum exposure to credit risk	99,098,887	99,879,422

Exposure to the sovereign debt of peripheral Eurozone countries

The main characteristics of these Caixa Group issuances at 30 June 2015 and 31 December 2014, are as follows:

	Book value net of impairment at 30-06-2015				Fair value	Accumulated impairment	Fair value reserve	Rating
	Residual maturities							
	2015	after 2015	no maturity	Total				
Financial assets at fair value trough profit or loss								
Portugal	-	6,670	-	6,670	6,670	-	-	
Greece	-	-	-	-	-	-	-	
Ireland	-	-	-	-	-	-	-	
Spain	-	248	-	248	248	-	-	
Italy	-	259	-	259	259	-	-	
	-	7,178	-	7,178	7,178	-	-	
Financial assets at fair value through revaluation reserves								
Portugal	2,253,409	6,989,999	667	9,244,074	9,244,074	-	(62,565)	
Greece	-	2,491	-	2,491	2,491	-	(3,853)	
Ireland	-	-	-	-	-	-	-	
Spain	-	192,903	-	192,903	192,903	-	(3,177)	
Italy	-	87,183	-	87,183	87,183	-	(1,057)	
	2,253,409	7,272,575	667	9,526,650	9,526,650	-	(70,653)	
Total								
Portugal	2,253,409	6,996,670	667	9,250,745	9,250,745	-	(62,565)	BB
Greece	-	2,491	-	2,491	2,491	-	(3,853)	CCC-
Ireland	-	-	-	-	-	-	-	
Spain	-	193,151	-	193,151	193,151	-	(3,177)	BBB
Italy	-	87,442	-	87,442	87,442	-	(1,057)	BBB
	2,253,409	7,279,753	667	9,533,828	9,533,828	-	(70,653)	

	Book value net of impairment at 31-12-2014				Fair value	Accumulated impairment	Fair value reserve	Rating
	Residual maturities							
	2015	after 2015	no maturity	Total				
Financial assets at fair value trough profit or loss								
Portugal	26	1,080	-	1,106	1,106	-	-	
Greece	-	-	-	-	-	-	-	
Ireland	-	-	-	-	-	-	-	
Spain	-	260	-	260	260	-	-	
Italy	-	271	-	271	271	-	-	
	26	1,611	-	1,637	1,637	-	-	
Financial assets at fair value through revaluation reserves								
Portugal	6,275,115	2,717,077	3,655	8,995,847	8,995,847	-	206,767	
Greece	-	3,497	-	3,497	3,497	-	(2,911)	
Ireland	-	-	-	-	-	-	-	
Spain	-	93,510	-	93,510	93,510	-	3,809	
Italy	49,958	88,548	-	138,505	138,505	-	2,242	
	6,325,072	2,902,632	3,655	9,231,359	9,231,359	-	209,907	
Total								
Portugal	6,275,141	2,718,157	3,655	8,996,953	8,996,953	-	206,767	BB
Greece	-	3,497	-	3,497	3,497	-	(2,911)	B
Ireland	-	-	-	-	-	-	-	
Spain	-	93,770	-	93,770	93,770	-	3,809	BBB
Italy	49,958	88,819	-	138,777	138,777	-	2,242	BBB
	6,325,098	2,904,243	3,655	9,232,996	9,232,996	-	209,907	

The evolution of these markets also reflects the consequences of the serious liquidity crisis and high levels of insecurity regarding risk perception associated with sovereign debt issuances in this economic space and particularly so in the case of countries with European Central Bank, International Monetary Fund and European Union bail-out programmes (Greece and Ireland in 2010 and Portugal in 2011).

The second quarter of 2015 was also marked by the worsening crisis in Greece, especially its financial system, with the necessary consequences of an increase in volatility levels and uncertainty across the period, partially mitigated by the formalising of a new bail-out package reached, in the meantime, with its international creditors.

Measurement criteria

The sovereign debt issuances of the peripheral Eurozone countries considered in the above table were measured at observable market prices, when applicable or, in the absence of an active market, prices supplied by external counterparties. At 30 June 2015 and 31 December 2014, these portfolios were segmented into levels 1 and 2 of the fair value ranking. Greater detail on the distinguishing elements of these categories along with the main premises used are given in "Fair value".

Exposures affected by the period of turbulence

The Group's available-for-sale financial assets portfolio at 30 June 2015 and 31 December 2014 included the following types of securities which were particularly affected by the period of financial turmoil:

TYPE	Rating	Seniority level of the tranche held	Geographical area of the issuer	30-06-2015 Book value (net of impairment)	30-06-2015 Fair value reserve	31-12-2014 Book value (net of impairment)	31-12-2014 Fair value reserve
Available-for-sale financial assets							
Residential mortgage-backed securities	A- to A+	Senior	European Union	1,683	(363)	4,146	22
	Lower than A-	Senior	European Union	31,976	(574)	33,098	(685)
		Mezzanine	European Union	5,001	(1,456)	5,436	(1,011)
	CCC	Mezzanine	European Union	968	(1,390)	688	(1,664)
				39,627	(3,784)	43,369	(3,337)

(a) Presentation of securities conducted in accordance with information about the ratings available on 30-06-2015, with the exception of alienated species whose information provided should be referenced 31-12-2014.

Information on movements for the half years ended 30 June 2015 and 2014 is set out below:

TYPE	Rating (a)	Seniority level of the tranche held	Geographical area of the issuer	Book value (net) at 31-12-2014	Sales and amortisations	Impact on results for the period: Capital gains / (losses) recognised against results	Change in the fair value reserve	Book value (net) at 30-06-2015
Available-for-sale financial assets								
Residential mortgage-backed securities								
	A- to A+	Senior	European Union	4,146	(2,487)	409	(385)	1,683
	Lower than A-	Senior	European Union	33,098	(1,278)	45	111	31,976
		Mezzanine	European Union	5,436	-	10	(445)	5,001
	CCC	Mezzanine	European Union	688	-	6	274	968
				43,369	(3,765)	470	(446)	39,627

(a) Presentation of securities conducted in accordance with information about the ratings available on 30-06-2015, with the exception of alienated species whose information provided should be referenced 31-12-2014.

TYPE	Rating (a)	Seniority level of the tranche held	Geographical area of the issuer	Book value (net) at 31-12-2013	Sales and amortisations	Impact on results for the period: Capital gains / (losses) recognised against results	Change in the fair value reserve	Book value (net) at 30-06-2014
Available-for-sale financial assets								
Residential mortgage-backed securities								
	A- to A+	Senior	European Union	2,580	(743)	(141)	195	1,891
	Lower than A-	Senior	European Union	33,038	(1,602)	16	5,491	36,943
		Mezzanine	European Union	3,462	-	11	570	4,043
	CCC	Mezzanine	European Union	2,542	-	3	795	3,340
Collateralized Loan obligations								
	Lower than A-	Mezzanine	European Union	7,229	(8,731)	(187)	1,689	-
				48,851	(11,077)	(298)	8,741	46,217

(a) Presentation of securities conducted in accordance with information about the ratings available on 30-06-2014, with the exception of alienated species whose information provided should be referenced 31-12-2013.

"Capital gains/ (losses) recognised as a charge to profit and loss" include accrued interest and proceeds from foreign exchange revaluations.

Quality of loans and advances to customers

The disclosures on asset quality and credit risk management required by the Bank of Portugal's Circular 2/2014 are set out below**.**

Qualitative

1. Credit risk management policy

   1.1 Credit risk management

To provide for diverse legal and regulatory requirements and with the objective of using best credit risk management practice, Caixa Geral de Depósitos (CGD) has implemented a credit risk management process encompassing the different funding stages:

1.1.1 Issuance of loans

Lending activity is performed in such a way as to comply with the credit risk management strategy and policy defined by CGD's competent bodies.

Credit risk assessment in the retail segment is based on the use of statistical risk assessment tools (scoring and rating models), a collection of internal regulations which establish objective criteria to be complied with on lending operations and the delegation of competencies in accordance with the ratings allocated to customers.

Credit risk appraisals in the corporate segment, in addition to the use of internal rating models, may also be subject to individual analysis by a team of analysts in the situations defined in an internal regulation.

1.1.2 Credit portfolio oversight

Credit portfolio oversight enables potential default situations to be identified.

It is an instrument for: *(i)* helping to opportunely identify the occurrence of facts which indicate the deterioration of a customer's capacity to honour its commitments; and *(ii)* defining the corresponding guidelines.

1.1.3 Credit recovery

As soon as any arrears have been noted, adequate steps are taken to recover the overdue credit to enable a settlement of the situation, in due compliance with the dispositions of Decree Law 227/2012 – PARI ("Action Plan for the Risk of Default") and PERSI ("Extrajudicial Procedure for the Settlement of Situations of Default") as regards loans and advances to individual customers.

   1.2 Concentration risk management

Credit concentration risk management within CGD Group is the responsibility of the Risk Management Division (DGR) which identifies, measures and controls significant exposures.

Decisions to enter into agreements for operations entailing materially relevant exposures (as defined in an internal regulation) require the opinion of DGR. The limit naturally includes the amount of CGD Group's total exposure to a relevant customer and/or group of customers.

2. Loan write-off policy

The decision to write-off a loan from assets is taken at a senior level when, following all of the legal proceedings with the parties involved in a loan agreement, any amount still remains unpaid.

3. Impairment reversal policy

The quantification of impairment losses is conditioned by the identification of events which indicate a deterioration of the counterparty's creditworthiness when having an impact on the credit's future cash flows.

In situations of significant improvements in the creditworthiness of debtors and/or an adequate strengthening of real guarantees, a previously recognised loss is reduced to the level of the new calculated loss, resulting in a direct reversal of impairment.

A reversal of impairment is also recognised in situations in which the loans are sold for a higher amount than net impairment exposure.

4. Description of the restructuring measures applied and respective associated risks, in addition to their respective control and monitoring mechanisms

A credit restructuring operation is defined as any change to the conditions in force on operations involving loans and advances to customers in financial distress when resulting in a modification to the parties' rights or duties.

Specialised oversight and recovery areas endeavour to apply the best solutions to protect CGD Group's interests pursuant to the terms of the delegated decision and the limits defined in an internal regulation for each specific situation.

The application of the recovery solutions always bears in mind a customer's individual circumstances and the best interests of the customer and CGD.

Most loans are subject to specific treatment for impairment calculation purposes, across the whole of the period of surveillance defined in the referred to *Instruction*.

5. Description of assessment and collateral management process

Property

The main components of the valuation methodology on property within CGD Group are:

i. Examination of property: the property is inspected when all new mortgage lending operations are entered into, with the objective of assessing the presumable transaction price in a free market.
The value of a property asset is documented and comprises, *inter alia*, copies of the plans, property registration booklet and its description in the land registry, when supplied. These valuations are complemented by direct observation *in situ*.

ii. Revision of the valuation of the property by an expert appraiser: mortgage lending operations whose contractual terms have been changed usually require a new valuation which is performed as if they were new operations. This is also the procedure used for operations in default, deriving from a request made by the credit recovery areas.

Property valuation procedures:

iii. CGD's property valuation area has engineers and architects with significant experience in the valuations area. Those with technical approval functions have complementary training in the form of CMVM certified property valuation courses.
iv. CGD has a network external service providers in its property valuation area made up of around 100 external corporate and individual appraisers, spread out over the whole of the country based on the area in which they perform their professional activity. There are several appraisers for each municipal district to ensure adequate diversification and rotation.
v. Valuation requests are sent to CGD in digital format together with the essential documentation for property valuation purposes. An internal technical operative is

responsible for the approval process by type of valuation and the municipal district in which the property is located.

vi. The appraisers are set out on a list defining the priority municipal districts for operational purposes, based on criteria of efficiency in terms of travel and in-depth knowledge of the local market. Requests for appraisals are delivered to appraisers via CGD's property portal. The appraiser records the date of the visit and appraisal report in the portal in a standardised format which includes the relevant documents for the valuation and photographs of the property.

Other collateral

In addition to property the following collateral is eligible for the purpose of mitigating the calculation of credit impairment:

- Pledges over term deposits – assessed on the amount of the pledge;
- Pledges over bonds issued by CGD – assessed on the nominal value of the bonds;
- Pledges over listed shares – assessed at market value at the calculation's reference date.

6. <u>Type of principal judgments, estimates and hypotheses used to assess impairment</u>

The credit impairment model used in CGD encompasses loans and advances to companies and to individual customers and includes the provision of bank guarantees and irrevocable lines of credit.

The following concepts are used to calculate credit impairment:

i) Individual impairment based on an assessment of customers with individually significant exposures by filling in an Impairment Form and discounting the estimated future cash flows at the agreement's original interest rate;
ii) Collective or parametric impairment is automatically assessed by the Credit Impairment Model. The parametric calculation is performed by dividing the portfolio into risk sub-segments which include assets with similar risk characteristics.

7. <u>Description of impairment calculation methodologies, including the way in which portfolios are segmented to reflect the different characteristics of the loans</u>

The Credit Impairment Model assesses each operation's risk profile which it classifies in the credit portfolio sub-segments defined on the basis of the historical valuation of portfolios and the operation's current and past performance.

The purpose of the loan, type of collateral and sector of economic activity are also considered for the purposes of this segmentation.

8. <u>Indication of signs of impairment by credit segments</u>

Performing credit

- No signs of loss at the time of the analysis.

Performing credit with signs of impairment – with at least one of the following <u>signs of loss</u>**:**

- Amounts overdue to CGD for less than 90 days;
- Bank of Portugal indicators (amounts overdue for more than 30 days to other credit institutions, barring from the use of cheques, protested/uncollected bills);
- Cheques returned to CGD;
- Individual assessments made by customer accounts – only for credit to other than non-individual customers;

- Interim shortages
- Requests for insolvency or “Special Revitalisation Programmes”;
- Credit contamination, based on signs of losses on other operations involving the same customer.

Restructured credit for customers in financial distress

- The most serious Probabilities of default in the respective segment are applied to credit identified as having been restructured on account of financial distress as described in item 4.

Credit in default – the following loss events are considered:

- Contractual defaults to CGD Group, particularly credit more than 90 days overdue;
- Existence of an impairment provision resulting from an individual analysis of customers with individually significant exposures;
- Declarations of insolvency;
- Operations at a pre-legal/legal stage in CGD;
- Contamination of credit, only for credit other than to individual customers based on the identification of loss events on other operations involving the same customer;
- Restructured operations owing to a customer’s financial difficulties when in arrears for more than 30 days or with significant value losses (this criterion was considered for reporting purposes).

9. Indication of thresholds defined for an individual analysis

The definition of limits for individual impairment assessments within CGD Group, set out in an internal regulation, takes the specifications of the diverse credit portfolios into account.

10. Policy relating to internal risk levels, specifying the treatment afforded to a borrower classified as being in default

Pursuant to internal regulation, customers entering into a default situation are allocated to specialised credit oversight and recovery areas. The allocation decision may be made by the Credit Oversight Delegate Board (CDAC).

Based on an analysis, the recovery solution considered to be the most adequate to the customer’s and CGD’s interests is applied.

11. General description of the form of calculating the present value of future cash flows for individual and collective impairment loss assessments

Individual assessments

The assessment of expected future cash flows on loans considers to what extent a customer will generate the cash flow for debt repayment purposes. A loan’s recoverable amount is the sum of the expected future cash flows, estimated in accordance with the contractual terms in force (maturity, interest rate, repayment method, etc.), discounted at the agreement’s original effective interest rate.

In situations of customers with signs of loss an assessment is made to evaluate whether the expected cash flows are less than the contractual cash flows. The amount of the impairment is consequently adjusted in such cases.

Collective impairment

The assessment of cash flow based on the Collective Impairment Model is based on the contractual cash flow and the risk factors applicable to the operation.

Expected future cash flows are latterly revised at the operation's original effective interest rate to assess its respective present value.

12. Description of the emergent period used for the different segments and justification of its adequacy

For credit without any observable signs of impairment, IAS 39 provides for provisions to be set up on IBNR losses.

Based on this definition, the calculation of impairment is contingent upon the definition of an emergence period, which is the period of time between the occurrence and observation of the event loss, which may be broken down into a period of the appearance of the information and a latter time when the signs are identified.

In CGD the use of the emergence period is based on the use of diverse early warning signs designed to identify, as soon as possible, any potential deterioration of a customer's creditworthiness which could lead to losses.

Quantitative

The following tables provide information on the loans and advances to customers portfolio and property received in kind or repossessed, based on the contents applicable to the Group's activity:

a) Details of exposures and impairment by segment

	Exposure in 30-06-2015						Impairment in 30-06-2015		
	Performing loans			Non-performing loans		Total	Performing loans	Non-performing loans	Total
		Which off: cured	Which off: reestrutured		Which off: reestrutured				
Segment									
Government	5,475,319	48,000	351,734	95,239	38,223	5,570,557	939	2,812	3,750
Corporate	14,310,148	292,160	1,002,489	2,412,672	1,123,202	16,722,821	276,870	1,369,384	1,646,255
Construction and real estate (CRE)	7,709,657	766,220	826,692	3,904,803	2,025,232	11,614,460	272,793	1,880,008	2,152,801
Households - Housing	31,141,440	1,164,738	686,683	2,183,529	468,366	33,324,970	135,228	654,524	789,753
Households - Consumption and other purposes	2,391,777	44,161	68,082	675,992	424,491	3,067,770	55,256	355,055	410,311
Other financial institutions	1,173,689	72,457	170,040	380,310	24,775	1,553,999	84,214	128,876	213,090
	62,202,030	2,387,737	3,105,720	9,652,546	4,104,288	71,854,575	825,300	4,390,659	5,215,960

	Exposure in 31-12-2014						Impairment in 31-12-2014		
	Performing loans			Non-performing loans		Total	Performing loans	Non-performing loans	Total
		Which off: cured	Which off: reestrutured		Which off: reestrutured				
Segment									
Government	5,781,249	2,504	420,779	122,768	65,288	5,904,017	1,432	3,638	5,069
Corporate	14,675,519	314,120	1,074,071	2,621,371	1,078,691	17,296,890	306,087	1,504,988	1,811,075
Construction and real estate (CRE)	7,251,544	510,841	868,676	3,954,225	2,189,243	11,205,769	265,133	1,793,149	2,058,282
Households - Housing	31,612,086	1,049,486	712,394	2,295,426	526,146	33,907,512	138,202	644,129	782,331
Households - Consumption and other purposes	2,028,653	33,943	86,652	696,618	460,022	2,725,271	47,163	374,269	421,432
Other financial institutions	1,489,860	38,586	161,500	255,287	11,135	1,745,146	52,017	100,085	152,102
	62,838,911	1,949,481	3,324,072	9,945,695	4,330,525	72,784,606	810,034	4,420,257	5,230,292

	Exposure in 30-06-2015							Impairment in 30-06-2015				
	Credit in compliance			Non-performing loans				Credit in compliance		Non-performing loans		
	Days past due < 30 days			Days late due		Sub-total	Total exposure	Days late due		Days late due		Total impairment
	Without evidence	With evidence		<=90 (*)	>90 (*)			<30	between 30 - 90	<=90 (*)	>90 (*)	
Segment												
Government	4,459,587	1,015,726	5,475,319	30,171	65,068	95,239	5,570,557	528	411	11	2,801	3,750
Corporate	13,626,795	644,211	14,310,148	577,930	1,834,742	2,412,672	16,722,821	248,928	27,942	326,743	1,042,641	1,646,255
Construction and real estate (CRE)	6,848,383	852,963	7,709,657	792,465	3,112,338	3,904,803	11,614,460	255,168	17,625	350,907	1,529,102	2,152,801
Households - Housing	29,416,091	1,464,345	31,141,440	137,389	2,046,140	2,183,529	33,324,970	111,919	23,309	10,232	644,292	789,753
Households - Consumption and other purposes	2,268,115	112,544	2,391,777	377,360	298,632	675,992	3,067,770	45,405	9,851	173,887	181,168	410,311
Other financial institutions	1,161,933	10,796	1,173,689	74,496	305,814	380,310	1,553,999	84,111	103	52,884	75,992	213,090
	57,780,904	4,100,584	62,202,030	1,989,811	7,662,735	9,652,546	71,854,575	746,058	79,242	914,664	3,475,995	5,215,960

(*)Credit installments of principal and accrued interest less than 90 days, but about w hich there is evidence to justify its classification as non-performing loans, particularly bankruptcy, the debtor's liquidation or individual impairment allocation, among others.

	Exposure in 31-12-2014							Impairment in 31-12-2014				
	Credit in compliance			Non-performing loans			Total exposure	Credit in compliance		Non-performing loans		Total impairment
	Days past due < 30 days			Days late due		Sub-total		Days late due		Days late due		
	Without evidence	With evidence		<=90 (*)	>90 (*)			<30	between 30 - 90	<=90 (*)	>90 (*)	
Segment												
Government	4,743,074	1,038,171	5,781,249	53,323	69,446	122,768	5,904,017	732	700	-	3,638	5,069
Corporate	14,052,206	589,892	14,675,519	652,748	1,968,623	2,621,371	17,296,890	271,324	34,763	358,809	1,146,179	1,811,075
Construction and real estate (CRE)	6,587,781	650,863	7,251,544	888,875	3,065,350	3,954,225	11,205,769	250,629	14,504	307,590	1,485,559	2,058,282
Households - Housing	29,798,411	1,539,051	31,612,086	270,495	2,024,931	2,295,426	33,907,512	112,591	25,612	15,069	629,061	782,331
Households - Consumption and other purposes	1,878,342	118,695	2,028,653	361,558	335,060	696,618	2,725,271	41,369	5,794	169,600	204,669	421,432
Other financial institutions	1,332,559	55,997	1,489,860	8,370	246,917	255,287	1,745,146	48,165	3,853	4,301	95,784	152,102
	58,392,373	3,992,669	62,838,911	2,235,368	7,710,327	9,945,695	72,784,606	724,809	85,225	855,369	3,564,889	5,230,292

(*)Credit installments of principal and accrued interest less than 90 days, but about which there is evidence to justify its classification as non-performing loans, particularly bankruptcy, the debtor's liquidation or individual impairment allocation, among others.

b) Details of credit portfolio by segment and year of production

	Government			Corporate			Construction and real estate (CRE)			Households - Housing			Households - Consumption and other purposes			Other financial institutions			Total		
	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment
Year of production																					
2004 and before	1,703	746,946	173	11,887	817,093	132,729	3,409	821,843	239,099	363,617	10,107,539	332,285	59,742	117,940	29,977	41	195,699	50,984	440,399	12,807,061	785,248
2005	254	98,808	1,442	1,381	157,999	16,804	667	201,011	44,327	50,417	2,733,954	76,388	44,558	100,533	13,685	16	35,139	112	97,293	3,327,443	152,758
2006	195	100,394	486	3,680	373,269	50,401	1,309	718,226	211,950	47,325	2,957,820	79,000	133,857	181,341	20,368	28	50,271	4,213	186,394	4,381,321	366,419
2007	161	229,424	4	5,926	647,669	183,298	2,374	1,059,101	355,711	56,705	3,537,337	112,052	49,824	181,716	42,706	92	328,278	49,460	115,082	5,983,525	743,232
2008	153	317,484	5	5,973	1,584,333	155,901	2,299	1,480,529	282,772	48,377	3,097,327	75,841	53,020	142,200	33,011	85	30,687	1,884	109,907	6,652,560	549,413
2009	140	361,826	21	6,706	750,674	118,883	2,260	1,337,455	143,278	43,472	3,214,059	44,801	70,703	176,347	28,340	77	35,071	7,403	123,358	5,875,432	342,727
2010	151	458,423	65	9,031	1,212,596	358,719	2,693	757,529	120,696	34,550	2,897,281	32,927	86,307	245,952	26,678	101	37,247	25,760	132,833	5,609,027	564,844
2011	121	258,587	418	8,614	1,253,722	125,239	2,282	690,888	91,586	17,718	1,457,424	11,919	74,111	275,225	16,412	105	44,807	10,846	102,951	3,980,652	256,420
2012	126	304,266	130	9,483	1,408,166	149,877	2,132	788,218	141,133	8,945	757,591	7,016	72,000	574,095	154,097	125	124,907	7,677	92,811	3,957,243	459,931
2013	172	260,814	55	13,208	1,884,591	124,955	2,792	1,104,405	210,105	9,722	850,165	4,840	91,274	295,449	14,555	112	99,984	15,293	117,280	4,495,407	369,803
2014	244	1,285,162	927	22,262	2,728,094	135,262	4,547	1,602,301	230,002	11,781	1,140,971	5,390	201,649	520,082	18,065	150	437,349	22,943	240,633	7,713,959	412,587
2015	132	1,148,425	22	28,968	3,904,616	94,186	7,379	1,052,954	82,142	8,803	573,501	7,294	44,848	256,891	12,417	207	134,558	16,515	90,337	7,070,944	212,577
	3,552	5,570,557	3,750	127,119	16,722,821	1,646,255	34,143	11,614,460	2,152,801	701,432	33,324,970	789,753	981,893	3,067,770	410,311	1,139	1,553,999	213,090	1,849,278	71,854,575	5,215,960

c) Details of gross credit exposure and individually and collectively recognised impairment by segment, sector (Code of Economic Activities) and geography

	30-06-2015													
	Government		Corporate		Construction and real estate (CRE)		Households - Housing		Consumer and other purposes		Other financial institutions		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Avaliation														
Individual	84,672	2,688	3,220,537	1,037,738	4,370,908	1,720,851	113,107	2,376	428,048	189,161	647,656	200,067	8,864,928	3,152,882
Collective	5,485,885	1,062	13,502,284	608,516	7,243,552	431,950	33,211,862	787,377	2,639,722	221,149	906,343	13,023	62,989,648	2,063,078
	5,570,557	3,750	16,722,821	1,646,255	11,614,460	2,152,801	33,324,970	789,753	3,067,770	410,311	1,553,999	213,090	71,854,575	5,215,960

	31-12-2014													
	Government		Corporate		Construction and real estate (CRE)		Households - Housing		Consumer and other purposes		Other financial institutions		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Avaliation														
Individual	76,416	3,519	4,701,153	1,294,820	5,522,858	1,619,113	13,676	1,943	525,712	216,995	566,256	139,402	11,406,071	3,275,793
Collective	5,827,602	1,550	12,595,738	516,255	5,682,911	439,168	33,893,836	780,389	2,199,559	204,436	1,178,890	12,700	61,378,535	1,954,498
	5,904,017	5,069	17,296,890	1,811,075	11,205,769	2,058,282	33,907,512	782,331	2,725,271	421,432	1,745,146	152,102	72,784,606	5,230,292

	30-06-2015											
	Government				Other				Total			
	Individual		Colective		Individual		Colective		Individual		Colective	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Activity sector												
Construction and real estate (CRE)	444	-	8,509	60	4,370,908	1,720,851	7,243,552	431,950	4,371,352	1,720,851	7,252,061	432,010
Agriculture, forestry and fishing	-	-	47	0	98,637	29,308	371,656	13,182	98,637	29,308	371,704	13,182
Mining and quarrying	-	-	-	-	7,612	1,810	106,884	5,487	7,612	1,810	106,884	5,487
Manufacturing	-	-	1,795	8	1,003,618	449,054	2,756,076	140,590	1,003,618	449,054	2,757,871	140,598
Electricity, gas, steam and air conditioning supply	-	-	48,978	-	152,299	2,522	792,426	8,599	152,299	2,522	841,405	8,599
Water supply	-	-	645	2	55,234	17,489	398,780	6,678	55,234	17,489	399,425	6,680
Wholesale and retail trade	-	-	949	16	457,580	147,025	2,492,134	209,961	457,580	147,025	2,493,083	209,977
Transport and storage	952	5	18,505	352	402,205	88,507	748,458	23,121	403,158	88,512	766,963	23,473
Accommodation and food service activities	-	-	-	-	116,271	18,338	697,077	23,898	116,271	18,338	697,077	23,898
Information and communication	-	-	75	1	94,794	12,130	224,800	12,603	94,794	12,130	224,875	12,605
Professional, scientific and technical activities	7,665	683	1,033,677	105	86,771	18,024	667,565	37,162	94,436	18,706	1,701,242	37,266
Administrative and support service activities	-	-	15,446	108	79,261	20,169	277,247	15,904	79,261	20,169	292,692	16,012
Public administration and defence, compulsory social security	35,278	-	2,837,348	102	149	52	15,656	113	35,427	52	2,853,005	215
Education	-	-	10,990	17	18,944	1,899	121,428	5,945	18,944	1,899	132,419	5,962
Human health services and social work activities	-	-	108,363	137	59,056	4,826	278,448	8,883	59,056	4,826	386,811	9,019
Arts, entertainment and recreation	-	-	1,056	11	65,020	6,353	164,101	6,949	65,020	6,353	165,157	6,959
Other services	40,333	2,000	95,193	144	238,868	29,083	525,091	31,486	279,201	31,083	620,284	31,630
Other financial activities	-	-	1,304,308	-	931,873	391,216	3,770,799	70,980	931,873	391,216	5,075,107	70,980
Households - housing	-	-	-	-	113,107	2,376	33,211,862	787,377	113,107	2,376	33,211,862	787,377
Households - other	-	-	-	-	428,048	189,161	2,639,722	221,149	428,048	189,161	2,639,722	221,149
	84,672	2,688	5,485,885	1,062	8,780,256	3,150,194	57,503,762	2,062,016	8,864,928	3,152,882	62,989,648	2,063,078

	31-12-2014											
	Government				Other				Total			
	Individual		Colective		Individual		Colective		Individual		Colective	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Activity sector												
Construction and real estate (CRE)	-	-	-	-	5,522,858	1,619,113	5,682,911	439,168	5,522,858	1,619,113	5,682,911	439,168
Agriculture, forestry and fishing	-	-	-	-	87,325	27,490	317,584	11,578	87,325	27,490	317,584	11,578
Mining and quarrying	-	-	-	-	18,951	2,863	180,552	9,872	18,951	2,863	180,552	9,872
Manufacturing	-	-	1,242	36	1,152,886	441,349	2,507,922	122,160	1,152,886	441,349	2,509,164	122,196
Electricity, gas, steam and air conditioning supply	-	-	2,259	1	96,393	3,048	964,086	7,598	96,393	3,048	966,345	7,598
Water supply	-	-	1,294	4	52,460	17,491	433,107	6,074	52,460	17,491	434,401	6,078
Wholesale and retail trade	-	-	937	6	481,730	209,771	2,375,757	180,632	481,730	209,771	2,376,694	180,638
Transport and storage	1,031	-	72,476	611	373,619	75,934	754,522	20,266	374,650	75,934	826,998	20,876
Accommodation and food service activities	-	-	-	-	75,696	15,890	383,877	24,251	75,696	15,890	383,877	24,251
Information and communication	-	-	-	-	75,932	12,584	239,493	11,206	75,932	12,584	239,493	11,206
Professional, scientific and technical activities	-	-	1,001,675	50	362,349	132,718	478,728	19,843	362,349	132,718	1,480,402	19,893
Administrative and support service activities	15,530	1,444	2,903	17	84,162	21,892	306,103	14,862	99,692	23,336	309,006	14,879
Public administration and defence, compulsory social security	22,282	-	3,305,058	799	191	85	32,587	49	22,473	85	3,337,645	848
Education	-	-	5,338	16	14,931	774	153,002	7,171	14,931	774	158,339	7,187
Human health services and social work activities	86	-	1,999	1	184,224	10,054	294,326	11,288	184,310	10,054	296,325	11,289
Arts, entertainment and recreation	543	109	-	-	45,200	7,165	195,082	5,612	45,743	7,274	195,082	5,612
Other services	36,944	1,966	80,005	10	236,774	41,113	642,494	35,827	273,718	43,080	722,499	35,837
Other financial activities	-	-	1,352,418	-	1,924,586	414,002	3,515,405	40,667	1,924,586	414,002	4,867,823	40,667
Households - housing	-	-	-	-	13,676	1,943	33,893,836	780,389	13,676	1,943	33,893,836	780,389
Households - other	-	-	-	-	525,712	216,995	2,199,559	204,436	525,712	216,995	2,199,559	204,436
	76,416	3,519	5,827,602	1,550	11,329,656	3,272,274	55,550,933	1,952,948	11,406,071	3,275,793	61,378,535	1,954,498

	30-06-2015													
	Portugal		Spain		France		Africa		Asia		Rest of the world		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Measure														
Individual	6,631,273	2,616,934	1,060,391	420,613	106,788	39,104	515,845	35,208	1,353	451	549,278	40,573	8,864,928	3,152,882
Coletive	50,487,626	1,769,509	3,259,502	76,815	3,399,323	70,668	2,499,585	63,434	2,907,303	73,305	436,309	9,345	62,989,648	2,063,078
	57,118,898	4,386,443	4,319,893	497,428	3,506,111	109,772	3,015,429	98,642	2,908,656	73,756	985,588	49,918	71,854,575	5,215,960

	31-12-2014													
	Portugal		Spain		France		Africa		Asia		Rest of the world		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Measure														
Individual	9,295,418	2,588,417	1,190,755	475,874	227,911	149,107	199,155	36,132	-	-	492,832	26,263	11,406,071	3,275,793
Colective	49,216,411	1,667,862	3,219,833	76,683	3,499,184	67,222	2,608,597	64,657	2,342,734	65,786	491,776	12,288	61,378,535	1,954,498
	58,511,829	4,256,279	4,410,588	552,557	3,727,095	216,329	2,807,752	100,789	2,342,734	65,786	984,608	38,551	72,784,606	5,230,292

d) Details of restructured credit by restructuring method applied

	30-06-2015											
	Performing loans				Non-performing loans				Total			
	Number of operations	Exposure	Impairment individual	Impairment colective	Number of operations	Exposure	Impairment individual	Impairment colective	Number of operations	Exposure	Impairment individual	Impairment colective
Measure												
Credit term extension	6,065	685,974	6,072	74,278	3,240	760,807	286,824	35,892	9,305	1,446,781	292,896	110,169
Grace period	3,073	330,744	30,912	18,294	1,362	136,169	17,467	18,100	4,435	466,913	48,379	36,394
Interest rate changes	2,466	844,614	4,385	26,515	1,630	1,800,638	771,351	29,049	4,096	2,645,252	775,736	55,564
Other	10,987	1,244,388	121,853	47,931	7,249	1,406,674	436,541	112,926	18,236	2,651,063	558,393	160,857
	22,591	3,105,720	163,222	167,017	13,481	4,104,288	1,512,183	195,967	36,072	7,210,008	1,675,405	362,984

	31-12-2014								
	Performing loans			Non-performing loans			Total		
	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment
Measure									
Credit term extension	7,261	900,725	78,758	4,163	954,963	302,969	11,424	1,855,688	381,728
Grace period	3,814	355,901	13,294	1,946	204,893	29,401	5,760	560,794	42,694
Interest rate changes	1,692	705,956	35,943	1,350	1,539,665	587,853	3,042	2,245,620	623,796
Other	11,881	1,361,490	63,572	8,110	1,631,005	547,620	19,991	2,992,495	611,192
	24,648	3,324,072	191,567	15,569	4,330,525	1,467,843	40,217	7,654,597	1,659,410

e) Restructured credit portfolio - entries and exits

Opening balance of restructured loans (gross from impairment) | 31-12-2014	7,654,597
New restructured loans	410,773
Accrued interest of the restructured loans	56,369
Restuctured loans liquidation (partial or total)	(130,409)
Reclassifyed loans from "restructured" to "normal"	(780,015)
Other	(1,307)
Closing balance of restructured loans (gross from impairment) | 30-06-2015	7,210,008

f) Details of the fair value of the credit portfolio's underlying collateral namely corporate, construction, "Commercial Real Estate" (CRE) and housing

	30-06-2015											
	Corporate				Construction and real estate (CRE)				Households - Housing			
	Real Estate		Other real collaterals		Real Estate		Other real collaterals		Real Estate		Other real collaterals	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Fair value												
<0.5 M€	9,052	1,123,173	14,246	780,559	3,979	605,753	3,200	275,322	523,616	84,683,701	5,825	480,841
≥ 0.5 M€ e < 1 M€	961	546,121	484	292,075	662	382,766	246	175,993	2,854	1,980,867	20	21,454
≥ 1 M€ e < 5 M€	922	1,458,851	254	757,145	1,126	1,896,917	340	1,010,637	382	599,057	6	14,935
≥ 5 M€ e < 10 M€	122	552,598	34	282,941	197	1,000,658	62	366,072	36	517,556	-	-
≥ 10 M€ e < 20 M€	28	241,341	14	230,967	82	873,759	24	410,854	24	625,430	-	-
≥ 20 M€ e < 50 M€	10	157,014	19	786,580	62	1,156,434	14	401,498	9	451,274	-	-
≥ 50 M€	4	447,319	6	432,755	27	2,829,326	13	905,194	3	623	-	-
	11,099	4,526,417	15,058	3,563,023	6,135	8,745,612	3,900	3,545,570	526,924	88,858,508	5,851	517,230

	31-12-2014											
	Corporate				Construction and real estate (CRE)				Households - Housing			
	Real Estate		Other real collaterals		Real Estate		Other real collaterals		Real Estate		Other real collaterals	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Fair value												
<0.5 M€	7,941	1,204,070	13,666	570,585	2,892	509,074	3,257	221,413	525,339	60,430,374	1,346	118,945
≥ 0.5 M€ e < 1 M€	1,059	534,804	510	232,547	612	337,062	263	159,067	2,863	1,536,257	22	15,939
≥ 1 M€ e < 5 M€	985	1,409,685	248	515,659	1,088	1,797,641	340	647,677	372	424,355	6	8,075
≥ 5 M€ e < 10 M€	135	615,916	35	226,206	197	964,641	64	345,114	36	261,074	-	-
≥ 10 M€ e < 20 M€	36	296,927	18	181,155	83	897,686	24	291,046	27	371,029	-	-
≥ 20 M€ e < 50 M€	11	172,755	22	660,730	70	1,145,767	15	362,256	9	214,832	-	-
≥ 50 M€	3	173,174	7	602,354	28	1,436,164	13	905,194	5	1,718	-	-
	10,170	4,407,332	14,506	2,989,237	4,970	7,088,036	3,976	2,931,767	528,651	63,239,639	1,374	142,959

g) LTV ratio of corporate, construction and CRE segments and housing

Segment / Ratio	30-06-2015 Number of properties	Performing loans	Non-performing loans	Impairment
Corporate				
With no associated collateral		11,322,060	1,290,752	1,092,088
< 60%	4,235	686,065	74,509	21,442
>= 60% e < 80%	2,067	423,388	49,099	21,726
>= 80% e < 100%	1,799	431,762	104,108	52,521
>= 100%	2,848	1,446,873	894,203	458,478
	10,949	14,310,148	2,412,672	1,646,255
Construction and real estate (CRE)				
With no associated collateral		4,892,102	1,607,484	1,163,329
< 60%	2,333	451,335	176,738	51,016
>= 60% e < 80%	1,001	405,010	341,310	144,029
>= 80% e < 100%	1,157	830,248	474,145	163,280
>= 100%	2,214	1,130,961	1,305,126	631,147
	6,705	7,709,657	3,904,803	2,152,801
Households - Housing				
With no associated collateral		766,082	202,395	170,987
< 60%	389,011	12,532,380	359,654	60,470
>= 60% e < 80%	151,253	10,330,220	419,066	89,125
>= 80% e < 100%	87,311	6,543,561	567,235	171,512
>= 100%	20,361	969,197	635,180	297,659
	647,936	31,141,440	2,183,529	789,753
Households - Consumption and other purposes				
With no associated collateral		1,891,312	550,981	354,895
< 60%	3,034	147,903	6,622	3,101
>= 60% e < 80%	714	110,107	15,108	6,124
>= 80% e < 100%	713	105,422	18,163	7,137
>= 100%	773	137,034	85,117	39,053
	5,234	2,391,777	675,992	410,311
Other financial institutions				
With no associated collateral		982,582	173,857	138,283
< 60%	145	41,634	103,937	5,750
>= 60% e < 80%	53	62,966	51	2,106
>= 80% e < 100%	46	78,650	7,570	9,167
>= 100%	56	7,857	94,896	57,784
	300	1,173,689	380,310	213,090
	671,124	56,726,711	9,557,307	5,212,209

Segment / Ratio	31-12-2014			
	Number of properties	Performing loans	Non-performing loans	Impairment
Corporate				
With no associated collateral		11,485,880	1,482,270	1,242,970
< 60%	3,602	420,192	86,856	27,078
>= 60% e < 80%	1,869	332,372	51,641	25,413
>= 80% e < 100%	1,618	450,474	113,591	54,416
>= 100%	5,863	1,986,601	887,013	461,198
	12,952	14,675,519	2,621,371	1,811,075
Construction and real estate (CRE)				
With no associated collateral		4,791,620	1,539,163	1,071,255
< 60%	2,576	400,382	203,804	72,622
>= 60% e < 80%	957	366,836	380,347	163,096
>= 80% e < 100%	1,201	738,766	517,376	178,939
>= 100%	3,470	953,941	1,313,535	572,370
	8,204	7,251,544	3,954,225	2,058,282
Households - Housing				
With no associated collateral		716,067	180,311	129,634
< 60%	389,177	12,440,848	401,889	85,769
>= 60% e < 80%	156,081	10,495,504	449,748	107,801
>= 80% e < 100%	93,428	6,960,157	627,182	177,280
>= 100%	22,113	999,510	636,296	281,847
	660,799	31,612,086	2,295,426	782,331
	681,955	53,539,150	8,871,022	4,651,688

h) Details of fair value and net accounting value of property received in kind or repossessed by type of assets and seniority

Asset	30-06-2015		
	Total number	Fair value	Book value
Land			
Urban	717	174,635	106,842
Under construction buildings			
Commercial	120	43,271	28,690
Housing	597	90,585	61,285
Other	67	7,421	5,607
Concluded buildings			
Commercial	1551	400,009	299,485
Housing	4,365	415,329	283,387
Other	1,008	13,974	9,353
Other	150	45,960	38,596
	8,575	1,191,183	833,246

Time elapsed since the initial recognition / repossesssion	30-06-2015				
	< 1 year	≥ 1 year and < 2,5 years	≥ 2,5 years and < 5 years	≥ 5 years	Total
Land					
Urban	25,921	34,992	15,182	30,747	106,842
Under construction buildings					
Commercial	1,774	24,981	801	1,134	28,690
Housing	12,482	28,785	10,768	9,250	61,285
Other	5,261	25	277	44	5,607
Concluded buildings					
Commercial	64,974	125,297	83,410	25,803	299,485
Housing	68,726	153,099	33,528	28,034	283,387
Other	1,528	5,239	1,416	1,170	9,353
Other	27,808	5,512	2,899	2,377	38,596
	208,473	377,930	148,282	98,561	833,246

Asset	31-12-2014		
	Number of real estate	Fair value of assets	Book value
Land			
Urban	559	157,729	89,578
Rural	1	12	6
Buildings in development			
Business	115	42,016	27,341
Housing	564	97,018	64,951
Other	46	127	67
Built buildings			
Business	1,617	407,226	294,111
Housing	4,406	441,978	283,871
Other	994	44,935	39,984
Other	17	31	165
	8,319	1,191,072	800,075

Time elapsed since the initial recognition / repossesssion	31-12-2014				
	< 1 year	>= 1 year e < 2.5 years	>= 2.5 years e < 5 years	>= 5 years	Total
Land					
Urban	14,361	32,338	15,617	27,263	89,578
Rural	-	-	-	6	6
Buildings in development					
Business	3,754	21,646	561	1,381	27,341
Housing	14,455	30,369	13,370	6,758	64,951
Other	4	7	9	48	67
Built buildings					
Business	96,327	146,409	30,941	20,433	294,111
Housing	98,405	124,398	35,868	25,201	283,871
Other	27,566	8,468	1,243	2,707	39,984
Other	-	150	-	16	165
	254,872	363,783	97,608	83,812	800,075

<u>Explanatory notes for filling in the quantitative disclosures:</u>

- Common definitions

Segmentation – the segments used are based on the definitions provided in the Bank of Portugal's *Monetary and Financial Statistics* publication:

i. "Government" – the *local and central government* sector which includes institutional units whose main activity consists of the production of non-mercantile goods and services for individual or collective consumption and/or the redistribution of income and national wealth;

ii. "Corporate" – *non-financial corporations* sector, comprising institutional units with their own legal personality whose main activity consists of producing non-financial goods and services;

iii. "Construction CRE" – *non-financial corporations* with an economic activity related to the "construction" or "property activities" sectors, according to the respective "CAE" (Classification of Economic Activity) Release. 3;

Household sector – includes individuals or groups thereof, in their capacity as consumers, producers of goods and services for their own end use or producers of financial or non-financial goods and services, provided that such activities are not allocated to quasi-companies.

Also included are the self-employed who are part of individual companies and companies of persons not having a legal personality which are mercantile producers.

iv. "Individuals - housing" – household sector comprising loans for housing purposes;

v. "Individuals - consumption and other purposes" – household sector not comprising loans for housing (usually consumer credit);

vi. "Other" – *Other financial corporations* (financial *institutions* sector which includes institutional units having their own legal personality which are mercantile producers and whose main activity consists of producing financial services, excluding financial brokerage) and other institutions or individuals.

Performing/non-performing loans follow the default criteria defined in item 8. IV. of the qualitative information.

Restructured credit follows the criteria defined in item 4. of the qualitative information.

Individual and collective analyses – difference between credit with individual and collective impairment in accordance with the impairment model.

- Table a)

Cured credit refers to performing credit that, according to the credit impairment model has already been in default.

Note: in the case of *cured credit* which has been *restructured*, the classification as restructured credit prevails.

Performing credit with signs of default follow the criteria defined in item 8. II. of the qualitative information.

Non-performing credit in arrears for less than 90 days refers to the other event losses defined in item 8. IV of the qualitative information.

- Table b)

Year of production refers to the date upon which the portfolio operations in June 2015 were entered into.

- Table c)

Activity sectors refer to the Classification of Economic Activity - Release. 3 of customers in the "Corporate" and "Government" sectors.

i. Customers in the "Other Financial Institutions" segment were included in the Other Financial Activities sector.
ii. Customers classified as being "Individual customers – Housing" and – "Individual customers - Other".

Reference is made, in each geography, to the portfolio credit of the entities with an activity in the said region/geography.

- Table d)

In the case of restructuring measures, the first event on a level of contractual changes after having been marked as restructured is assumed to derive from financial difficulties. The "Other" restructuring measure includes the following events:

a. Capitalisation of interest;
b. Refinancing operations;
c. Moratoria on payments/maturity;
d. Capital deferments;
e. Other non-systemised automatic or manual markings.

- Table f)

Real collateral considered in the impairment model:

- Property refers to mortgage guarantees on such properties;

- Other real collateral includes mortgage guarantees on material/moveable assets and financial collateral such as deposits, bonds, shares, etc.

The fair value of collateral is understood to be the valuation price in the case of mortgage collateral and market value for financial collateral. In cases in which the same guarantee/collateral covers more than one credit operation, fair value is duly weighted by the operations based on the amount of the credit.

- Table g)

LTV is the ratio between outstanding credit and the fair value of the collateral held.

Liquidity risk

Liquidity risk derives from the possibility of difficulties (i) in obtaining resources to finance assets, which normally leads to higher borrowing costs but may also imply a restriction on asset growth, and (ii) the prompt settlement of liabilities to third parties deriving from significant mismatches between the periods to maturity of an institution's financial assets and liabilities. Liquidity risk may, for example, translate the impossibility of selling a financial asset quickly at a price close to its fair value.

Under IFRS 7 requirements, the contractual periods to maturity of financial instruments, at 30 June 2015 and 31 December 2014 were as follows:

	30-06-2015									
	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	1,903,363	-	-	-	-	-	-	-	-	1,903,363
Cash balances at other credit institutions	813,842	-	-	-	-	-	-	-	-	813,842
Loans and advances to credit institutions	2,883,049	254,908	129,148	26,859	9,122	3,100	9,683	34,367	44,992	3,395,229
Securities										
Trading	15,898	17,880	20,732	615	22,201	155,428	35,335	7,032	1,791,340	2,066,462
Other (net of impairment)	257,613	1,138,794	2,115,052	2,681,184	2,929,375	2,249,987	3,660,874	1,451,322	2,655,437	19,139,636
Loans and advances to customers (gross)	3,903,695	2,848,284	4,404,375	3,667,171	10,276,216	10,232,628	16,100,088	30,531,500	233,435	82,197,391
Assets with repurchase agreement	2,420	53	40,641	84,628	677,907	136,301	401,442	128,592	56,068	1,528,052
Hedging derivatives	-	-	-	-	-	-	-	-	45,368	45,368
	9,779,881	4,259,919	6,709,948	6,460,457	13,914,821	12,777,445	20,207,422	32,152,813	4,826,639	111,089,344
Liabilities										
Resources of central banks and credit institutions	(1,636,021)	(385,617)	(476,630)	(441,647)	(252,021)	(2,397,878)	(538,312)	(0)	(69,791)	(6,197,917)
Customer resources	(27,717,980)	(7,659,570)	(9,253,015)	(7,957,857)	(13,505,814)	(4,426,547)	(387,831)	(185,110)	(57,576)	(71,151,301)
Debt securities	(519,083)	(467,675)	(596,718)	(605,239)	(2,941,625)	(2,059,416)	(1,465,847)	(96,081)	3,879	(8,747,805)
Financial liabilities at fair value through profit or loss	(2,402)	(4,366)	(530)	(1,165)	(4,405)	(1,329)	(6,234)	-	(1,773,569)	(1,794,001)
Hedging derivatives	-	-	-	-	-	-	-	-	(14,869)	(14,869)
Subordinated liabilities	(4,717)	(5,066)	(51,351)	(81,304)	(1,520,058)	(935,567)	(30,332)	(118,206)	6,054	(2,740,547)
Consigned resources	-	(38,802)	(14,177)	(21,075)	(149,489)	(151,710)	(545,574)	(45,814)	(130)	(966,772)
	(29,880,202)	(8,561,097)	(10,392,421)	(9,108,287)	(18,373,412)	(9,972,448)	(2,974,130)	(445,211)	(1,906,003)	(91,613,212)
Derivatives	5,255	13,799	6,003	(3,597)	19,355	47,934	162,782	350,377	-	601,907
Difference	(20,095,066)	(4,287,379)	(3,676,471)	(2,651,427)	(4,439,237)	2,852,931	17,396,073	32,057,978	2,920,637	20,078,039

	31-12-2014									
	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	2,118,280	-	-	-	-	-	-	-	-	2,118,280
Cash balances at other credit institutions	875,106	-	-	-	-	-	-	-	-	875,106
Loans and advances to credit institutions	1,514,803	224,741	135,266	182,973	8,165	2,821	4,425	32,788	46,269	2,152,250
Securities										
Trading	62,245	4,825	17,288	16,768	30,968	159,460	60,836	18	1,937,085	2,289,493
Other (net of impairment)	432,972	1,751,355	1,532,900	4,140,528	2,792,913	2,278,920	2,561,576	314,576	2,305,373	18,111,113
Loans and advances to customers (gross)	3,340,043	2,940,101	4,776,407	3,568,660	11,005,923	9,525,917	15,820,092	31,256,708	58,464	82,292,316
Assets with repurchase agreement	2,286	167,653	178,101	33,095	470,118	187,473	179,310	7,311	193,550	1,418,897
Hedging derivatives	-	-	-	-	-	-	-	-	78,008	78,008
	8,345,734	5,088,676	6,639,961	7,942,022	14,308,088	12,154,591	18,626,239	31,611,402	4,618,749	109,335,462
Liabilities										
Resources of central banks and credit institutions	(2,018,030)	(1,169,294)	(204,733)	(220,250)	(456,690)	(1,456,545)	(569,586)	-	(79,824)	(6,174,952)
Customer resources	(28,428,836)	(7,216,442)	(8,610,234)	(8,221,123)	(14,482,522)	(4,644,233)	(395,059)	(172,738)	(68,584)	(72,239,771)
Debt securities	(112,448)	(81,177)	(105,219)	(1,336,102)	(2,667,517)	(1,802,155)	(1,494,290)	(169,032)	(43,654)	(7,811,594)
Financial liabilities at fair value through profit or loss	(1,118)	(482)	(1,647)	(2,300)	(1,901)	(1,000)	(7,567)	-	(2,105,111)	(2,121,127)
Hedging derivatives	-	-	-	-	-	-	-	-	(20,040)	(20,040)
Subordinated liabilities	(8,021)	(10,487)	(52,283)	(53,483)	(1,585,459)	(942,816)	(30,349)	(124,269)	6,051	(2,801,115)
Consigned resources	-	(369)	(485)	(3,074)	(9,268)	(12,443)	(521,416)	(169,458)	(130)	(716,643)
	(30,568,453)	(8,478,251)	(8,974,602)	(9,836,332)	(19,203,357)	(8,859,191)	(3,018,267)	(635,497)	(2,311,292)	(91,885,241)
Derivatives	(1,642)	(15,133)	2,731	4,444	(46,277)	(40,142)	(73,519)	11,396	-	(158,142)
Difference	(22,224,361)	(3,404,708)	(2,331,910)	(1,889,865)	(4,941,547)	3,255,257	15,534,453	30,987,301	2,307,458	17,292,078

The above tables also include cash flow projections on principal and interest and are not therefore directly comparable to the accounting balances at 30 June 2015 and 31 December 2014. Interest projections on variable-rate operations incorporate the forward rates implicit in the current yield curve in force on the respective references dates.

In the specific case of mortgage loans, the distribution of principal and interest flows took into consideration expectations of early repayments rates, assessed on an analysis of the historic performance of operations and the present macroeconomic context.

The following tables, which contain information on CGD Group's structural (as opposed to contractual) periods to maturity, at 30 June 2015 and 31 December 2014, 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 are allocated to buckets corresponding to the maturity of operations they are collateralising;

- Customers' sight deposits: reallocation of the balance of core deposits (as a stable funding source for lending operations) from to the "up to 1 month" bucket to the "more than 4 years bucket" according to internally developed studies and models;
- Term deposits and savings accounts (CGD headquarters): the expected deposit periods (which are different from contractual periods) were estimated, 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.

	30-06-2015									
	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	1,903,363	-	-	-	-	-	-	-	-	1,903,363
Cash balances at other credit institutions	813,842	-	-	-	-	-	-	-	-	813,842
Loans and advances to credit institutions	2,882,624	254,863	129,089	25,798	6,941	1,049	4,377	29,522	44,992	3,379,254
Securities										
Trading	142,282	3,413	6,313	16	1,574	59,856	5,182	49,705	1,763,118	2,031,459
Other (net of impairment)	8,524,253	205,922	527,657	391,138	365,398	2,485,842	473,570	3,102,856	964,619	17,041,255
Loans and advances to customers (gross)	3,794,851	2,660,975	4,115,027	3,188,530	8,477,364	8,459,388	11,902,599	22,835,170	233,435	65,667,339
Assets with repurchase agreement	355,553	-	-	290,490	591,991	-	-	-	70,784	1,308,819
	18,416,769	3,125,172	4,778,085	3,895,971	9,443,269	11,006,136	12,385,728	26,017,253	3,076,947	92,145,331
Liabilities										
Resources of central banks and credit institutions	(1,635,265)	(375,463)	(472,602)	(429,289)	(207,794)	(2,340,780)	(482,369)	-	(69,791)	(6,013,354)
Customer resources	(7,861,259)	(6,320,247)	(4,679,309)	(9,540,619)	(17,527,025)	(7,635,431)	(2,916,464)	(13,419,922)	(22,580)	(69,922,855)
Debt securities	(509,289)	(433,584)	(507,194)	(486,882)	(2,632,497)	(1,902,651)	(1,421,920)	(91,077)	3,879	(7,981,215)
Financial liabilities at fair value through profit or loss	(2,402)	(4,366)	(530)	(1,165)	(4,405)	(1,329)	(6,234)	-	(1,773,569)	(1,794,001)
Subordinated liabilities	(4,717)	(3,404)	-	(21,658)	(1,378,198)	(905,973)	-	(100,000)	6,054	(2,407,895)
Consigned resources	-	(36,433)	(13,218)	(19,705)	(139,334)	(140,199)	(527,910)	(42,268)	(130)	(919,196)
	(10,012,932)	(7,173,497)	(5,672,853)	(10,499,317)	(21,889,252)	(12,926,363)	(5,354,898)	(13,653,267)	(1,856,137)	(89,038,516)
Difference	8,403,837	(4,048,325)	(894,768)	(6,603,346)	(12,445,983)	(1,920,227)	7,030,830	12,363,986	1,220,809	3,106,815

	31-12-2014									
	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	2,118,000	-	-	-	-	-	-	-	-	2,118,000
Cash balances at other credit institutions	875,106	-	-	-	-	-	-	-	-	875,106
Loans and advances to credit institutions	1,513,613	224,372	135,210	182,802	6,162	1,064	-	27,550	46,269	2,137,042
Securities										
Trading	190,780	21,032	3,117	1,891	4,148	55,138	10,430	61,941	1,902,441	2,250,918
Other (net of impairment)	8,763,347	1,188,554	230,912	612,418	366,978	1,617,097	332,808	2,894,932	714,002	16,721,049
Loans and advances to customers (gross)	3,192,716	2,724,194	4,437,456	3,045,501	9,158,270	7,892,666	12,167,154	23,681,435	58,464	66,357,856
Assets with repurchase agreement	45,000	412,500	130,000	-	494,833	-	-	-	193,550	1,275,883
	16,698,562	4,570,652	4,936,696	3,842,611	10,030,392	9,565,965	12,510,391	26,665,858	2,914,726	91,735,853
Liabilities										
Resources of central banks and credit institutions	(2,015,769)	(1,159,115)	(199,863)	(206,500)	(410,534)	(1,401,942)	(505,275)	-	(79,824)	(5,978,820)
Customer resources	(8,369,666)	(6,128,998)	(4,687,411)	(9,304,679)	(18,621,379)	(7,767,827)	(2,667,200)	(13,036,383)	(68,553)	(70,652,096)
Debt securities	(8,401)	(73,858)	(95,551)	(1,211,557)	(2,362,375)	(1,618,374)	(1,426,152)	(150,772)	(43,654)	(6,990,694)
Financial liabilities at fair value through profit or loss	(1,118)	(482)	(1,647)	(2,300)	(1,901)	(1,000)	(5,893)	(1,674)	(2,105,111)	(2,121,127)
Subordinated liabilities	(8,021)	(2,824)	(384)	(384)	(1,393,707)	(910,183)	-	(100,000)	6,051	(2,409,453)
Consigned resources	-	-	-	-	-	-	(484,751)	(154,020)	(130)	(638,901)
	(10,402,975)	(7,365,278)	(4,984,855)	(10,725,421)	(22,789,897)	(11,699,325)	(5,089,271)	(13,442,848)	(2,291,221)	(88,791,092)
Difference	6,295,587	(2,794,626)	(48,160)	(6,882,810)	(12,759,505)	(2,133,360)	7,421,120	13,223,009	623,505	2,944,762

Fair value

The following tables set out information on the balance sheet and fair values of the main financial assets and liabilities, at amortised cost, at 30 June 2015 and 31 December 2014.

	30-06-2015				
	Balances analysed			Balances not analysed	Total book value
	Book value	Fair value	Difference	Book value	
Assets					
Cash and cash equivalents at central banks	1,903,431	1,903,431	-	-	1,903,431
Cash balances at other credit institutions	815,300	815,300	-	-	815,300
Loans and advances to credit institutions	3,067,087	3,074,778	7,691	303,841	3,370,929
Held-to-maturity investments	433,971	460,773	26,803	-	433,971
Loans and advances to customers	62,851,032	60,521,100	(2,329,932)	3,353,613	66,204,645
	69,070,821	66,775,383	(2,295,438)	3,657,455	72,728,276
Liabilities					
Resources of central banks and other credit institutions	5,583,431	5,646,705	(63,274)	435,699	6,019,130
Customer resources	67,779,782	68,268,258	(488,475)	2,462,587	70,242,370
Debt securities	8,061,444	8,347,203	(285,759)	108,120	8,169,564
Subordinated liabilities	2,417,153	2,516,189	(99,036)	8,842	2,425,994
Consigned resources	919,066	912,352	6,714	130	919,196
	84,760,877	85,690,708	(929,831)	3,015,378	87,776,254

	31-12-2014				
	Balances analysed			Balances not analysed	Total book value
	Book value	Fair value	Difference	Book value	
Assets					
Cash and cash equivalents at central banks	2,118,028	2,118,028	-	-	2,118,028
Cash balances at other credit institutions	878,298	878,298	-	-	878,298
Loans and advances to credit institutions	1,863,968	1,870,542	6,573	269,697	2,133,665
Held-to-maturity investments	690,743	717,170	26,427	-	690,743
Loans and advances to customers	61,320,818	55,614,434	(5,706,384)	5,542,753	66,863,572
	66,871,855	61,198,472	(5,673,383)	5,812,450	72,684,305
Liabilities					
Resources of central banks and other credit institutions	5,794,865	5,850,931	(56,065)	206,821	6,001,687
Customer resources	66,356,098	66,964,066	(607,968)	4,778,078	71,134,176
Debt securities	7,004,972	7,204,377	(199,405)	169,506	7,174,478
Subordinated liabilities	2,420,551	2,517,743	(97,192)	7,355	2,427,905
Consigned resources	638,901	661,384	(22,483)	-	638,901
	82,215,387	83,198,501	(983,114)	5,161,760	87,377,147

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 issuances (net), corresponds to the respective market price;
- The fair value of the remaining instruments is assessed on the basis of discounted cash flows up to the maturity of the operation for both fixed and variable interest rate instruments. The contractual conditions of the operations as well as, for the estimated variable-rate instruments, the cash flows, incorporating the forward rates implicit in the yield curve in force on the respective reference dates were considered for the purpose in question together with the use of discount curves appropriate to the type of instrument, including:

→ Market interest rates, incorporating average spreads on new investment operations and credit institutions' resources;

→ Market interest rates incorporating average spreads charged on new lending operations and customer deposits on like-for-like loans and deposits;

- The "Balances not analysed" column essentially includes:
  - ➢ Overdue credit, net of provisions;
  - ➢ The balances of several entities not included in Caixa's centralised calculation.

The form of measuring the fair value of financial instruments recognised in the financial statements, at fair value, at 30 June 2015 and 31 December 2014, may be summarised as follows:

	30-06-2015			
	Measurement techniques			Total
	Level 1 Market prices	Level 2 Market inputs	Level 3 Other measurement techniques	
Securities held for trading	268,101	388	113	268,602
Securities at fair value through profit or loss (*)	314,181	-	501,255	815,436
Available-for-sale financial assets	9,786,080	4,755,772	1,510,762	16,052,614
Assets with repurchase agreement	540,584	213,980	123,755	878,319
Trading derivatives	2,858	(580,231)	546,230	(31,143)
Hedging derivatives	-	30,499	-	30,499
	10,911,805	4,420,408	2,682,115	18,014,328

(*) The amounts presented exclude loans and other receivables

	31-12-2014			
	Measurement techniques			Total
	Level 1 Market prices	Level 2 Market inputs	Level 3 Other measurement techniques	
Securities held for trading	352,349	1,183	317	353,849
Securities at fair value through profit or loss (*)	293,749	-	528,909	822,658
Available-for-sale financial assets	9,780,015	4,481,690	1,459,623	15,721,327
Assets with repurchase agreement	258,378	203,663	128,342	590,383
Trading derivatives	1,001	(756,315)	531,752	(223,562)
Other liabilities held for trading	(496)	-	-	(496)
Hedging derivatives	-	67,308	(9,340)	57,968
	10,684,996	3,997,529	2,639,602	17,322,127

(*) The amounts presented exclude loans and other receivables

The preparation of the above table was based on the following criteria:

. **Level 1** – Market prices – this column includes financial instruments measured on the basis of prices in active markets;

. **Level 2** – Measurement techniques – observable market input – this column includes financial instruments measured on the basis of internal models using observable market input (interest rates, foreign exchange rates, ratings of external entities, other). This column also includes financial instruments measured on the bid prices supplied by external counterparties;

. **Level 3** – Other measurement techniques – this column includes financial instruments measured on the basis of internal models, prices supplied by external entities including non-observable market parameters or NAV (*Net Asset Value*) supplied by restructuring or closed-end fund management companies.

Movements in financial instruments, classified in the “Other measurement techniques” column, across first half 2015, were as follows:

	Financial assets at fair value through profit or loss			Available-for-sale financial assets				Derivates financial instruments	Total
	Equity instruments	Debt instruments	Subtotal	Equity instruments	Debt instruments		Subtotal		
		Corporate bonds			Asset-backed securities	Corporate bonds			
Book value (net) at 31-12-2014	522,230	6,996	529,225	1,031,575	397,588	158,803	1,587,965	522,412	2,639,602
Acquisitions	17,201	-	17,201	34,827	9,485	33,197	77,509	93,540	188,250
Amortisations	-	-	-	-	(22,288)	(7,964)	(30,252)	10,349	(19,903)
Sales	(83,580)	(36)	(83,616)	(6,612)	(3,495)	(25,772)	(35,879)	-	(119,495)
Gains / (losses) recognised as a charge to results - alienated instruments	(13,475)	-	(13,475)	(69)	-	46	(23)	-	(13,498)
Gains / (losses) recognised as a charge to results - portfolio instruments	36,274	39	36,313	289	3,576	1,758	5,624	(73,053)	(31,116)
Impairment for the period	-	-	-	(34,248)	-	-	(34,248)	-	(34,248)
Gains / (losses) recognised as a charge to fair value reserves	-	-	-	46,200	8,456	(528)	54,128	-	54,128
Transfers from / (to) other levels (Levels 1 and 2)	5,755	-	5,755	133	-	-	133	(7,018)	(1,131)
Other	10,110	(144)	9,966	9,853	-	-	9,853	-	19,819
Other	-	-	-	(13)	(28)	(252)	(293)	-	(293)
Book value (net) at 30-06-2015	494,513	6,855	501,368	1,081,934	393,295	159,289	1,634,517	546,230	2,682,115

At 30 June 2015 and 31 December 2014, a positive shift of 100 bp on the interest rate curve used to discount estimated future flows on debt instruments measured by internal models, would result in a balance sheet decrease of around €308 thousand and €208 thousand in fair value and revaluation reserves and income, respectively.

Equity instruments measured by other measurement techniques (Level 3) at 30 June 2015 and 31 December 2014, essentially include investment structures measured on the basis of data relative to the net asset values of the underlying assets provided by management entities or other information service providers.

In first half 2015 transfers between levels 1 and 2 of the fair value ranking were as follows:

	30-06-2015			
	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	-	248	72,143	5,831
	-	248	72,143	5,831

The transfers between classification levels in the fair value ranking are essentially on account of the changes in the sources available for the measurement of these assets (market or external counterparties).

Derivatives

Derivatives are transacted in organised and OTC markets.

Listed derivatives operations are valued on prices taken from financial information systems (Reuters/Bloomberg).

OTC derivatives are measured by commonly accepted theoretical, reasonably complex models, depending on the characteristics of the product in question:

- Discounted cash flow projections based on an adequate yield curve;
- Measurements based on statistical models, accepted in the market, such as Black & Scholes.

The type of input necessary for the measurement 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 yield curves are available on future cash flows, 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.

According to IFRS 13 requirements, Caixa incorporated add-ons to its measurement of the said financial instruments to reflect its own credit risk based on a market discount considered 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. The fair value thus obtained comprises the risk-free valuation affected by this addition.

The value of CVA (credit value adjustments) at 30 June 2015 and 31 December 2014, recognised In "Financial assets held for trading" and DVA (debit value adjustments) headings recognised in "Financial liabilities held for trading" totalled €130,539 thousand and €2,433 thousand respectively and €128,234 thousand and €2,156 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 CGD’s internally defined ranking of contributors. Price changes are analysed daily with the aim of ensuring the quality of the prices used.

In general the input used for internal valuations is obtained from Bloomberg and Reuters.

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 expected future discounted cash flows. 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 yield curve, which, in turn, is produced on the basis of money market rates and swap prices, whose money market component is adjusted by interest rate futures or FRAs to a CLO (collateralised loan obligations) cascade payment (projected on the basis of information disclosed in Investor Reports).

For discount purposes, internal measurements use a listed credit curve complying with the currency/sector/rating trinomial to consider the risk attached to each issuance. Segmentation between levels 2 and 3 is essentially associated with the viability of the direct observation of the information input sources for measurement purposes. The measurements provided by structurers, issuing entities or counterparties (external measurements) are generally allocated to Level 3.

Yield curves are calculated on money market rates and swap prices. In the case of euro, GBP and USD yield curves, the adjustment uses the market price of interest rate futures and/or FRAs.

The values of the curves of the currencies with greater exposure, at 30 June 2015 and 31 December 2014, were as follows:

	30-06-2015			31-12-2014		
	EUR	USD	GBP	EUR	USD	GBP
Overnight	-0.1600	0.2200	0.4150	-0.1700	0.1800	0.4500
1 month	-0.1100	0.3600	0.6000	0.0100	0.3000	0.5700
2 months	-0.0850	0.4100	0.6600	0.0349	0.3300	0.6000
3 months	-0.0596	0.4301	0.6768	0.0599	0.3380	0.6110
6 months	0.0202	0.4069	0.6546	0.1239	0.3209	0.6149
9 months	0.0363	0.4603	0.6847	0.1250	0.3715	0.6350
1 year	0.0587	0.5341	0.7338	0.1385	0.4537	0.6658
2 years	0.1240	0.9021	1.0008	0.1769	0.9043	0.8670
3 years	0.2130	1.2105	1.3545	0.2223	1.2750	1.1536
5 years	0.4833	1.7325	1.6962	0.3554	1.7580	1.4710
7 years	0.7755	2.0810	1.9206	0.5272	2.0295	1.6725
10 years	1.1290	2.4040	2.1289	0.8129	2.2660	1.8737
15 years	1.4760	2.6700	2.3040	1.1459	2.4920	2.1026
20 years	1.6180	2.7880	2.3499	1.3199	2.6010	2.2200
25 years	1.6520	2.8430	2.3453	1.4100	2.6500	2.2565
30 years	1.6690	2.8770	2.3294	1.4649	2.6740	2.2713

Credit curve values are obtained from the Bloomberg/Thomson Reuters 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 30 June 2015 and 31 December 2014, were as follows:

	30-06-2015		31-12-2014	
	Portuguese Government	German Government	Portuguese Government	German Government
3 months	0.0766	-0.2620	0.1370	-0.2880
6 months	0.0797	-0.2860	0.2211	-0.1295
9 months	0.0991	-0.2915	0.1875	-0.1260
1 year	0.1153	-0.2530	0.3075	-0.1265
2 years	0.5306	-0.2335	0.5062	-0.1075
3 years	1.0109	-0.1775	1.0137	-0.0960
5 years	1.7121	0.0590	1.5997	0.0090
7 years	2.3737	0.3550	2.1690	0.1835
10 years	2.9557	0.7315	2.8665	0.5385
15 years	3.4261	1.1065	3.4403	0.8875
20 years	3.6651	1.3490	3.6264	1.1440
25 years	3.8035	1.4265	3.7159	1.2475
30 years	3.8815	1.5040	3.7396	1.3510

Foreign exchange rates are assessed on the prices set by the central bank. The following table provides information on the foreign exchange rates pairings of several of the relevant currencies at 30 June 2015 and 31 December 2014:

	30-06-2015	31-12-2014
EUR/USD	1.1189	1.2141
EUR/GBP	0.7114	0.7789
EUR/CHF	1.0413	1.2024
EUR/AUD	1.4550	1.4829
EUR/JPY	137.0100	145.2300
EUR/BRL	3.4699	3.2207

Equity instruments held as part of a venture capital activity

Unlisted own equity instruments held as part of a venture capital activity are measured by the following criteria:

i) Prices of materially relevant transactions made by independent entities over the last six months;

ii) Multiples of comparable companies in terms of activity, size and profitability;

iii) Discounted cash flows;

iv) Settlement price corresponding to the net amount 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 foreign exchange, interest, price and volatility risks.

Market risk is assessed using the following methodologies:

Value at Risk (VaR) on the following portfolios:

- Held for trading portfolio – perimeter of positions and transactions (securities and derivatives) classified in accounting terms as Held for Trading, originating in CGD Group;
- Trading portfolio - includes other securities and derivatives traded with the objective of detecting business opportunities over the short term;
- Own portfolio – securities acquired for investment purposes but presently used for deleveraging purposes;
- Investment portfolio – with the aim of setting up a value and liquidity reserve to include the remaining securities in Caixa's own portfolio and associated hedges, except for equity stakes and securitised credit;
- Treasury management – funding in the money market, derivatives associated with this activity and debt issuances exposed to market risk;
- Branches – CGD London, CGD New York and CGD Cayman;
- Subsidiaries – Caixa BI, BCG Spain, BCG Brasil and BNU Macau.

- Sensitivity analysis on all financial instruments sensitive to interest rate risk recognised in Caixa's separate financial statements and the following Group businesses:
  - Caixa - Banco de Investimento;
  - BCG Spain;
  - 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, branches and subsidiaries) and 1 day (trading portfolio and treasury management);
- confidence level: 99% (investment and own portfolios, branches and subsidiaries) and 95% (trading portfolio and treasury management);
- price sampling 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 implied volatility. Given the methodology used, correlations are not calculated but empirical.

The following is a breakdown of VaR, at 30 June 2015 and 31 December 2014:

Activity of Caixa Geral de Depósitos (headquarters and branches)

Held for Trading portfolio Group CGD (VaR 99%, 10 days)

	30-06-2015	Maximum	Minimum	31-12-2014
VaR	30,372	30,372	20,384	20,478

Trading portfolio (VaR 95%, 1 day)

	30-06-2015	Maximum	Minimum	31-12-2014
VaR by type of risk				
Interest rate	1,304	1,544	1,086	1,473
Foreign exchange rate	97	838	20	144
Price	200	299	-	-
Volatility	-	8	-	-
Diversification effect	(308)			(128)
	1,293	1,873	1,110	1,489

Treasury management (VaR 95%, 1 day)

	30-06-2015	Maximum	Minimum	31-12-2014
VaR by type of risk				
Interest rate	1,592	3,327	1,592	2,459
Foreign exchange rate	1,246	2,637	1,041	1,864
Price	-	-	-	-
Volatility	-	-	-	-
Diversification effect	(870)			(1,611)
	1,968	3,636	1,962	2,712

Own portfolio (VaR 99%, 10 days)

	30-06-2015	Maximum	Minimum	31-12-2014
VaR by type of risk				
Interest rate	51	60	36	47
Foreign exchange rate	210	211	-	26
Price	1,869	1,874	1,463	1,453
Volatility	-	-	-	-
Diversification effect	(127)			(67)
	2,003	2,005	1,469	1,458

Investment portfolio (VaR 99%, 10 days)

	30-06-2015	Maximum	Minimum	31-12-2014
VaR by type of risk				
Interest rate	131,994	193,816	89,952	91,475
Foreign exchange rate	17	33	14	33
Price	-	-	-	-
Volatility	-	-	-	-
Diversification effect	(11)			2
	131,999	193,831	89,978	91,511

Investment banking activity

Caixa - Banco de Investimento (VaR 99%, 10 days)

	30-06-2015	Maximum	Minimum	31-12-2014
VaR by type of risk				
Interest rate	11,980	17,223	5,702	5,730
Foreign exchange rate	512	1,617	8	22
Price	61	224	54	95
Volatility	929	2,017	180	241
Diversification effect	(998)			(507)
	12,484	17,199	5,553	5,581

The diversification effect is calculated implicitly. Total VaR refers to the combined effect of interest rate, price, foreign exchange and volatility risks.

36. NOTE ADDED FOR TRANSLATION

The accompanying financial statements are a translation of financial statements originally issued in Portuguese in accordance with generally accepted accounting principles in Portugal. In the event of discrepancies, the Portuguese version language.

2.3. 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 2014 - Chapters: - Message from the Chairman nad CEO of Board of Directors; - Business Strategy and Operating Segments See Corporate Governance Report.
2.	Description of strategies and objectives (including strategies and objectives specifically related with securitisation operations and structured products);	See I.1 above. See Board of Directors' Report 1st half 2015 – Chapter: - Retail banking See Annex to the Consolidated Financial Statements: Notes 11, 19 and 21, related to securitisation operations and structured products.
3.	Description of the importance of the activities performed and their respective contribution to the business (including a quantitative approach);	See Board of Director's Report 2014 – Chapter: - Business Strategy and Operating Segments See Board of Director's Report – 1st half 2015 – Chapters: - Operating segments; - Results, balance sheet, liquidity and solvency See Notes 24 and 34 of Annex 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 2014 – Chapter: - Risk management See Board of Director's Report – 1st half 2015 - Note 2.8. of Annex to the Consolidated Financial Statements.
5.	Description of the objective and amplitude of the institution's involvement (i.e. commitments and obligations assumed) for each activity performed;	See items I.1 to I.3 above.

II.	**Risks and Risk Management**	
6.	Description of the nature and amplitude of the risks incurred on activities performed and instruments used;	See Board of Directors' Report 2014 – Chapter: - Risk management; See Annex to the Consolidated Financial Statements: - Note 39: 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. See Board of Director's Report – 1st half 2015 - Note 35 of Annex to the Consolidated Financial Statements.
7.	Description of risk management practices relevant to the activities (particularly including liquidity risk in the present context), description of any fragilities/weaknesses identified and the corrective measures taken;	See II.6 above.
III.	**Impact of period of financial turmoil on results**	
8.	A qualitative and quantitative description of the results, particularly losses (when applicable) and impact of write-downs on results;	See Board of Director's Report – 1st half 2015 – Chapter: - Results, balance sheet, liquidity and solvency; See Notes 6, 8, 16 and 33 of Annex to the Consolidated Financial Statements.
9.	Breakdown of write-downs/losses by types of products and instruments affected by the period of turmoil, namely: commercial mortgage-backed securities (CMBS), residential mortgage-backed securities (RMBS), collateralised debt obligations (CDO), asset-backed securities (ABS);	See Board of Director's Report – 1st half 2015: - Note 35 of Annex to the Consolidated Financial Statements, describing types of products and instruments affected by the period of turmoil.

III.	Impact of period of financial turmoil on results	
10.	Description of the reasons and factors responsible for the impact;	See Board of Director's Report – 1st half 2015, namely in the following chapters: - Economic-financial Framework; - Results, balance sheet, liquidity and solvency; See items III. 8 and III.9 above.
11.	Comparison of: i) Impacts between (relevant) periods; ii) Financial statements before and after the impact of the period of turmoil;	See items III.8 to III.10 above.
12.	Breakdown of "write-downs" between realised and unrealised amounts;	See Board of Director's Report – 1st half 2015: - Items III.8 to III.10 above, particularly Note 35 of Annex 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 Director's Report – 1st half 2015, namely the following chapter: - Main risks and uncertainties in second half 2015; See item III.10 above.
15.	Disclosure of impact of the evolution of the spreads associated with the institution's own liabilities on results in addition to the methods used to determine this impact;	See Board of Director's Report – 1st half 2015 – 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 2014: - Risk management; See Board of Director's Report – 1st half 2015 - Annex to the Consolidated Financial Statements: - Note 2.7; - Note 35, setting out a comparison between the fair and book value of assets and liabilities recognised at amortised cost.

IV.	Levels and types of exposures affected by the period of turmoil	
17.	Information on credit risk mitigating factors (e.g. credit default swaps) and respective effect on present exposures;	See Board of Director's Report – 1st half 2015 - Annex to the Consolidated Financial Statements: - Note 10; - Note 35.
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 Director's Report – 1st half 2015: Note 35 of Annex to the Consolidated Financial Statements.
19.	Movements occurring in exposures between relevant reporting periods and reasons underlying such changes (sales, write-downs, purchases, etc.);	See items III.8 to III.15 above.
20.	Explanations of exposures (including "vehicles" and, in this case, respective activities) which have not been consolidated (or which have been recognised during the crisis) and associated reasons;	N.A.

IV.	Levels and types of exposures affected by the period of turmoil	
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 Board of Director's Report – 1st half 2015: - Note 2 of Annex to the Consolidated Financial Statements, setting out a description of the financial instruments and how they are processed in the accounts.
23.	Consolidation of Special Purpose Entities (SPEs) and other "vehicles" and their reconciliation with the structured products affected by the period of turmoil;	N.A.
24.	Detailed disclosure of the fair value of financial instruments : - Financial instruments at fair value; - Fair value ranking (breakdown of all exposures measured at fair value in the fair value ranking and breakdown between liquid assets and derivative instruments in addition to disclosure of information on migration between ranking levels); - Processing of "day 1 profits" (including quantitative information); - Use of fair value option (including conditions of use) and respective amounts (with an adequate breakdown);	See Board of Director's Report – 1st half 2015: - Notes 7, 8 and 35 of Annex to the Consolidated Financial Statements. See item IV.16 above, particularly the presentation of the determination of the fair value of the financial instruments.

V.	**Accounting policies and valuation methods**	
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 Board of Directors' Report 2014: -Note 39 of Annex to the Consolidated Financial Statements; See Board of Director's Report – 1st half 2015: - Note 2.7 and 35 of Annex to the Consolidated Financial Statements, setting out information and processes applied by CGD in the valuation of financial instruments.
VI.	**Other relevant disclosure aspects**	
26.	Description of disclosure policies and principles used for reporting disclosures and financial reporting.	See Board of Director's Report – 1st half 2015: - Note 2 of Annex to the Consolidated Financial Statements.