CAIXA GERAL DE DEPÓSITOS CONSOLIDATED OPERATIONS

at 30 June 2015

Unaudited accounts

Index

This document is an English translation of the original Portuguese language document "Atividade Consolidada da Caixa Geral de Depósitos em 30 de junho de 2015". The Portuguese original prevails in the event of any inconsistency.

1 – Summary of evolution in 1st half [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.

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 18.0%, in May 2015, notwithstanding the aggressiveness of the competitive conditions experienced in the domestic credit market.

[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.

- 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.

- 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%.

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 10.8% and 9.6% at 30 June 2015, respectively, against 11.5% and 10.6% the year before.

2 – CGD: Highlights

(EUR million)

				Change 2015-06 vs 2014-06	
RESULTS	2014-06	2014-12	2015-06	Total	(%)
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%	2.7%		
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 AND LIQUIDITY RATIOS (CRD IV/CRR) (7)			
Common equity tier 1 (phased-in)	11.7%	10.9%	
Tier 1 (phased-in)	11.7%	10.9%	
Total (phased-in)	13.6%	12.7%	
Common equity tier 1 (fully implemented)	10.8%	9.8%	
Common equity tier 1 - includ. DTA (phased-in)	11.5%	11.1%	10.8%
Tier 1 - includ. DTA (phased-in)	11.5%	11.1%	10.8%
Total - *includ.* DTA *(phased-in)*	13.4%	12.9%	12.2%
Common equity tier 1 - includ. DTA (fully implemented)	10.6%	10.2%	9.6%
Liquidity coverage ratio	99.9%	103.6%	135.9%

(4) Ratios defined by the Bank of Portugal (instruction 23/2012).
(6) Ratios defined by the Bank of Portugal (instruction 32/2013)
(7) Solvency ratios include results for the period.

3 – Economic and Financial Outlook

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 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. But for growth in Japan and the euro area, which was inclusively more favourable than in the same period last year, global growth would have been even lower than in comparison to the time in question.

Inflation, with few exceptions, at very low levels

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.

ECB expands its quantitative easing programme

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.

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.

Euro at its lowest level against the dollar since 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.

Main share indices hit successive historical highs

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.

4 – Consolidated information

Results

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.

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.

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.

Income from financial investments 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 similar to, albeit slightly down year-on-year, by 1.5% over commissions earnings in 2014.

Net operating income was up 25.8% over 1st half 2014 to €1,154.2 million.

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.

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.

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

Active management of net interest income fuels growth of 14.3%

Good performance by financial operations

Net operating income up 25.8%

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

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

OPERATING COSTS AND DEPRECIATION

(EUR million)

	2014-06	2015-06	Change	
			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%**

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.

CONTRIBUTION TO GROSS OPERATING INCOME

(EUR million)

	2014-06	2015-06	Change	
			Total	(%)
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%**

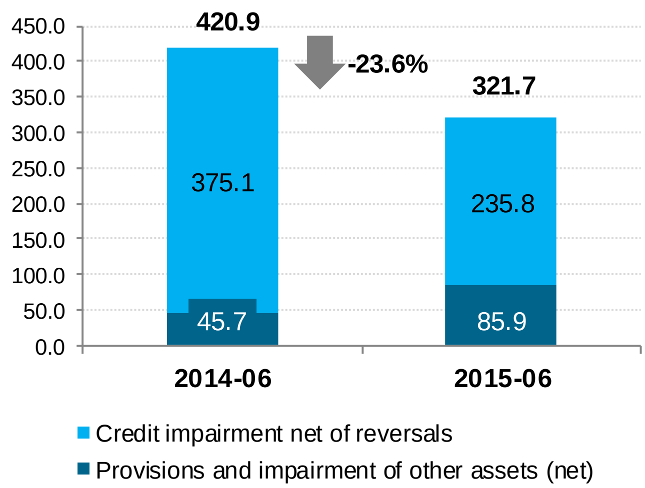
Cost of credit risk down to 0.66% (1.02% in 1st half 2014)

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. 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.

PROVISIONS AND IMPAIRMENT IN PERIOD

(EUR million)

Provisions and impairment costs continue to trend downwards



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.

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.

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).

Robust retail resources taking capacity

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 the end of June 2014.

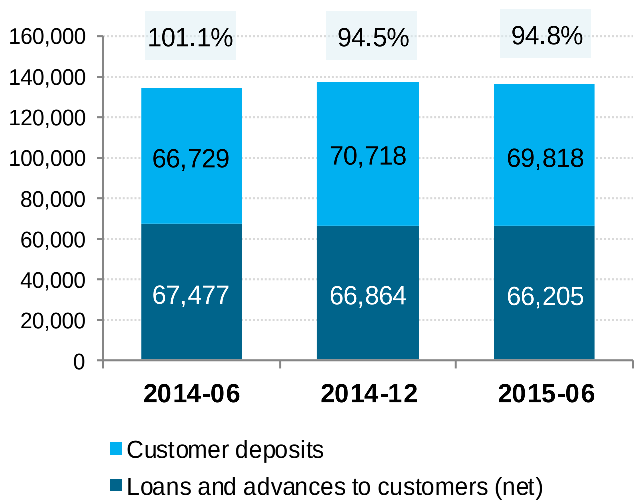
Total liabilities of €93,847 million were up by a slight 0.9% over June 2014.

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

(EUR million)



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, 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.

Liquidity

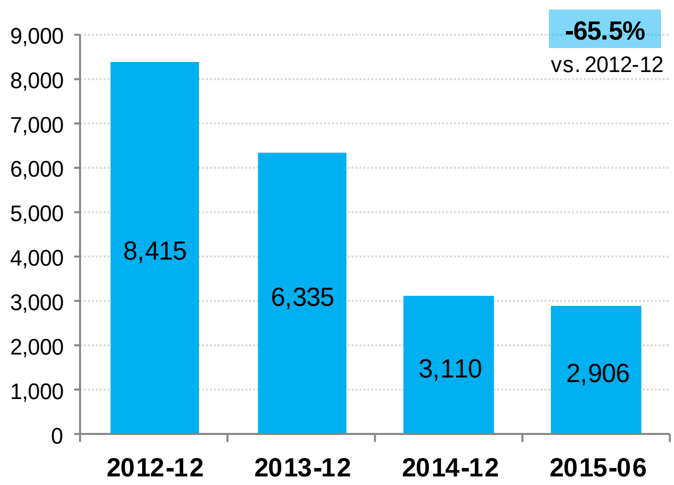
The governing council of the ECB continued to implement a monetary policy comprising growth stimulus in first half 2015, including a quantitative easing programme for the amount of €60 billion per month, up to the end of September 2016 or up a time when a sustained adjustment of the inflation trajectory, 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 million at the end of June (down €250 million in comparison to December 2014), fully comprising longer term operations (TLTROs).

Sustained reduction of funding from ECB

ECB FUNDING (CONSOLIDATED)

(EUR million)



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 (€1 billion as opposed to €750 million in 2013 and 2014), with a visible reduction of financing costs.

Comfortable liquidity situation confirmed by LCR ratio (135.9%)

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.

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

(EUR 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**

CET 1 *phased-in* e *fully implemented* totalled 10.8% and 9.6%, respectively

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 10.8% and 9.6%, respectively, at 30 June 2015. The above ratios were 11.5% and 10.6% one year previously.

5 – Operating segments

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) and 26 Caixa Empresas corporate offices (down 1), to 721 business branches at 30 June.

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.

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.

Distance channels, at the end of June comprised 4,562 items of self-service equipment to provide for customers' financial needs.

The Caixa e-banking channel, as a fundamental support for the current management needs of corporate and institutional customers, posted a year-on-year increase of 7.8% in "frequent use contracts" (3 months) and a 24% increase in operations (more than 22 billion). Its dynamics are based on the supply of new financial services with particular reference up to June of "foreign exchange trading" and "treasury management" functionalities:

New services available from Caixa *e-banking*

- The foreign exchange trading functionality provides a structure for viewing foreign exchange rates and the performance of foreign exchange rate operations and is able to provide companies with the full support required for their foreign exchange strategy.

- The treasury management function enables companies to view their factoring and/or confirming agreements and manage all customer receipts and payments to suppliers, in real time, helping them to maintain a permanently balanced treasury function.

The Caixadirecta channel provides individual customers with access to their accounts online, by phone, mobile phones, sms messaging and an app for Windows 8, Android and iOS, based on their needs and convenience. Amounts were up 8% by value across the half year, in comparison to the same period 2014 accompanied by a positive 7.6% evolution of "frequent use contracts" (3 months).

Financial brokerage was particularly relevant in the 1st half with the "View prices in real time" functionality, making it possible, at any time, to monitor the evolution of securities prices on the Euronext market, bond trading operations and securities transfers.

A new Caixadirecta app for Windows Phones with which CGD has completed its presence on the main mobile platforms, complementing its already existing offer for Windows, has been provided.

CGD continues to lead customer deposits with a market share of 28.4%

Resources

The market share of customer deposits continues dominant in Portugal, at 28.4%, in May 2015, particularly individual customers' deposits with 31.6%.

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.

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

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.

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 37.4% to a market share of 34.8% in May 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.

RESOURCES TAKEN BY CGD GROUP – BALANCES

(EUR 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 (%)
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%**

Favourable evolution of off-balance sheet resources helps to increase total resources

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

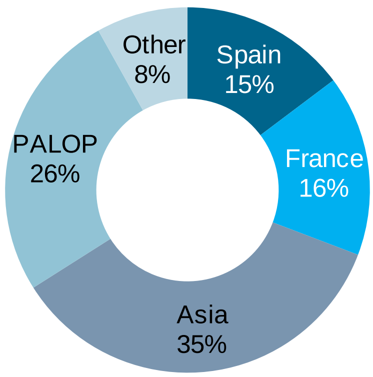
Customer deposits were up 4,6% year-on-year to €69,818 million.

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.

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

CUSTOMER DEPOSITS - INTERNATIONAL ACTIVITY

(%)



Note: PALOP – Portuguese Language Speaking African Countries

First half 2015 witnessed a 8.4% increase in assets under management to €28,207 million over the end of June 2014 as a result of the marked interest in unit trust and pension investment funds from individual customers.

The net amount managed by Caixagest's 30 unit trust investment funds, invested in various international financial markets, was up €273 million in the first six months of the year to €3,936 million at the end of June. The money market, multi-asset, shares and alternative funds commercialised in articulation with CGD's branch office network made a particularly important contribution to such positive evolution.

The 27 property funds managed by Fundger amounted to €1,292 million at the end of June. The open-ended Fundimo Fund continued to post a reduction in amounts under management, albeit to a less marked extent than previously, whereas the activity of closed-end funds, mainly allocated to property development and promotion, continued to slow.

The net worth of the funds managed by CGD Pensões at the end of June 2015 was up 5.4% over the start of the year to €3,343 million. This translated the high number of subscriptions to open-ended pension funds and the increase in contributions to closed-end funds.

Caixagest continued to develop its wealth management activity in line with a proximity approach to CGD's branch office network and its respective portfolio customers. Proposals have been adjusted to the new environment with the aim of finding new customers. Portfolios under management at the end of June amounted to €19,636 million.

Commissions earned from assets management were up 5.6%

Commissions earned from assets management for the first six months were up 5.6% year-on-year to €25.9 million. Reference should be made to the 10.7% increase of €10.6 million by Caixagest unit trust funds.

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, posting year-on-year increases of 17% and 41%, in terms of Individuals and businesses 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).

Reference should be made, in terms of new loans and advances to corporate, to the following areas: commerce, tourism and primary sector.

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

Strengthening its role as an engine of the domestic economy, CGD implemented a series of actions designed to enhance its corporate offer in 1st half 2015, particularly in its launch of various lines of credit, both domestic and governmental, such as:

- Caixa 2020 – global solution of financing and technical follow-up to support the applications to the Portugal 2020 Programme;
- Linha BEI 2015 – aimed at supporting a broad range of projects with long maturities and price reductions in accordance with the commercial relationship;
- Caixa Comércio e Serviços – an integrated solution of banking products and services including Automatic Payment Terminals (TPAs).

Optimised price conditions for corporate lending operations, aligned with their respective risk and market conditions, as well as the revision of the table of benefits conditioned by commercial involvement have helped to strengthen the relationship between CGD customers and their Bank, based on an expansion of the collection of strategic products to which they can be applied.

In the case of campaigns targeted at companies, reference should be made to the "Iberian Offer", strengthening CGD's role as a bank which backs Portuguese companies doing business in Spain and the "Sectoral Offer" geared to the tourism, restaurants, commerce and services sectors.

Fresh loans of €114.1 million were made under the PME Investe ["SME Invest"] line of credit for SMEs to a 1st half 2015 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.

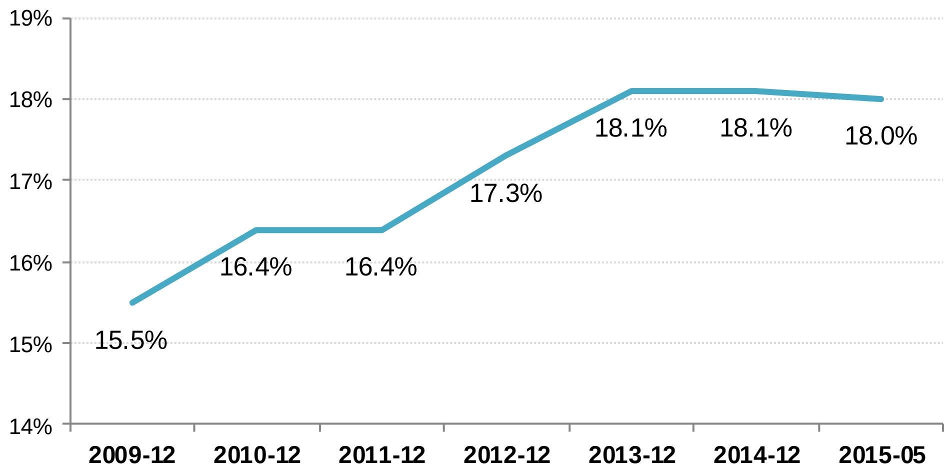
CGD is the market leader for the two PME Crescimento 2015/2014/Investe QREN lines with 21.8%.

18.0% market share of loans and advances to companies

In a context of highly aggressive approach of the major banks operating in this segment in Portugal, CGD's market share of corporate loans was 18.0% in May 2015 against 18.1% at the end of 2014.

MARKET SHARE – CORPORATE LOANS

(%)



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

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 18.3% in May 2015, evidencing CGD's backing for the treasury function of Portuguese companies. The same market share for maturities over 5 years was 21.3% in May 2015.

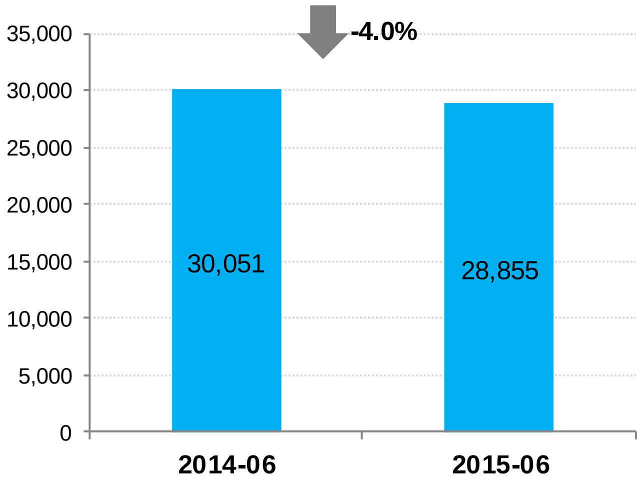
In the individual customers segment, CGD has continued to develop initiatives designed to strengthen the competitiveness and value of its mortgage loans. Particular reference should be made to:

- 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.

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.

MORTGAGE CREDIT PORTFOLIO – BRANCH OFFICE NETWORK (PORTUGAL)

(EUR million)



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

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%.

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.

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 [(a)] (CONSOLIDATED)

(EUR million)

				Change 2015-06 vs 2014-06		Change 2015-06 vs 2014-12	
	2014-06	2014-12	2015-06	Total	(%)	Total	(%)
CGD's operations in Portugal	**56,680**	**55,670**	**54,478**	**-2,202**	**-3.9%**	**-1,192**	**-2.1%**
Corporate	21,900	21,289	20,579	-1,322	-6.0%	-710	-3.3%
General government	2,931	3,139	3,107	176	6.0%	-32	-1.0%
Institutionals and other	710	768	917	206	29.1%	148	19.3%
Individual customers	31,138	30,474	29,876	-1,262	-4.1%	-598	-2.0%
Mortgage loans	30,051	29,418	28,855	-1,196	-4.0%	-563	-1.9%
Other	1,087	1,056	1,021	-66	-6.1%	-35	-3.3%
Other CGD Group companies	**16,380**	**17,114**	**17,377**	**997**	**6.1%**	**262**	**1.5%**
Total	**73,060**	**72,785**	**71,855**	**-1,205**	**-1.7%**	**-930**	**-1.3%**

(a) Before impairment and including loans 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 9.2% to €13,911 million in June 2015.

International operations

Favourable performance by Caixa Group's international area

Caixa Group's performance in the international area in the first half was globally positive.

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.

Maximising of synergies to back 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.

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.

In Europe, Spain is the automatic first choice for the internationalisation of Portuguese companies, with CGD Group 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.

Banco Caixa Geral (BCG) in Spain successfully accomplished all of the objectives set out in the restructuring plan agreed between the Group and DGComp, with a staff complement of 519 employees and a network of 109 branch offices.

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

Realignment of its strategy and the streamlining of its network and employee complement enabled BCG to focus on backing Spanish and Portuguese companies operating in the Iberian and foreign markets in which CGD has a presence, translating into a 30% growth in lending. As a result of this focus BCG's total credit was up for the first time this half since 2010, by around 2.5%. Growth in the case of companies more than offset the reduction based on mortgage loans repayments.

The resilience of the deposits portfolio, in contrast to the trend towards decline noted in Spain across the first few months of the year, enabled the bank to maintain a loans-to-deposits ratio of 120%.

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.

In Mozambique, on June 2014 Banco Comercial e de Investimentos (BCI) carried out a capital increase to 6,808,799,060 meticais, by incorporation of reserves in the amount of 3,081,274,880 meticais and through the subscription of new shares in the amount of 727,524,180 meticais. CGD subscribed through Parbanca SGPS, S.A. in the *pro rata* of its share.

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.

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).

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

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.

This business area is going through a particularly challenging period owing to the wave of emigration being witnessed in Portugal, characterised by a very young highly qualified people in search of opportunities or qualified workers who are relocating abroad via their corporate employers.

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 ACTIVITY CONTRIBUTION TO THE CONSOLIDATED NET INCOME

(EUR 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**

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

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.

Investment banking

CaixaBI with net operating income of €31.2 million

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 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 euros).
- 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.

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.

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

Financing and structuring area

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.

6 – Rating

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

	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.

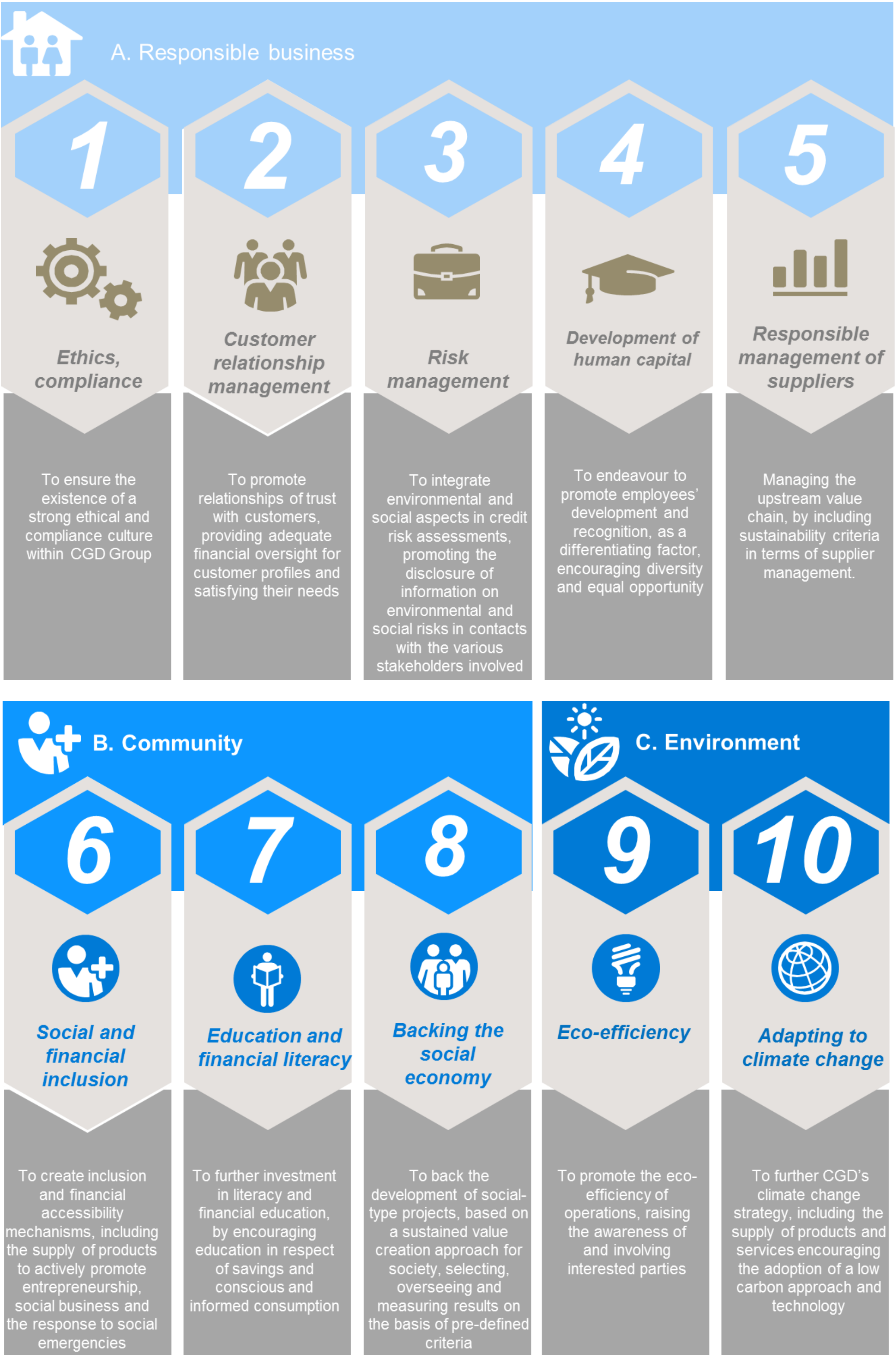
Standard & Poor’s reaffirmed CGD’s long and short term ratings of ‘BB-’ and ‘B’, respectively, on 28 May 2015, in addition to its ‘stand-alone credit profile (SACP)’ of ‘b+’. Outlook remained ‘stable’.

7 – 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.

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.

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 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.

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.

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.

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.

Caixa leads the banking reputation ranking in Portugal

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.

Best Bank in Portugal in 2014 prize

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.

Caixa Geral de Depósitos
30 July 2015

8 - Consolidated Accounts

Balance Sheet at 30 June 2015

(EUR 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.

Income Statement at 30 June 2015

(EUR thousand)

	2014-06	2015-06	Change Total	Change (%)
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.