



Caixa Geral de Depósitos

Sucursal Offshore de Macau
儲金行股份有限公司澳門離岸分支機構

Caixa Geral de Depósitos, S.A. - Sucursal Offshore de Macau

Disclosure of Financial Information

According with Circular no 026/B/2012/DSB-AMCM

December 31, 2016

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Caixa Geral de Depósitos, S.A. was authorized by the Government of the Special Administrative Region of Macau through Executive Order no. 7/ 2013 to establish an Offshore Branch in Macau, with effect from February 1, 2013, unit to which was transferred, to this date, all assets and liabilities of its subsidiary that operated in Macau since 2005, Caixa Geral de Depósitos,- Subsidiária Offshore de Macau, S.A., that ceased its activity and was close down.

The information provided in this document was prepared according to circular nº 26/B/2012-DSB/AMCM published by Autoridade Monetária de Macau.

The Balance Sheet and Profit and Loss Accounts (table 1.1. e 1.2.), Cash Flow Statement (table 2) and Accounting Policies (point no.5) were subject to audit. The remaining information presented in this report were not audited.

1. Art 76º of Macau Financial System Act

1.1. Balance Sheet as of December 31, 2016

Unity: MOP (Macau pataca)	December 31, 2016		
	GROSS ASSETS	PROVISIONS, AMORTIZATIONS AND NET VALUE	NET ASSETS
ASSETS			
Cash	-	-	-
Deposits with AMCM	-	-	-
Accounts Receivable	-	-	-
Deposits with Other Credit Institution in Macau	869 717	-	869 717
Deposits with Other Credit Institutions Abroad	15 527 672	-	15 527 672
Gold and Silver	-	-	-
Other Current Assets	-	-	-
Credit Granted	1 371 242	-	1 371 242
Placements with Credit Institutions In Macau	-	-	-
Deposits at Call and Time Deposits with Credit Institutions Abroad	4 965 847 207	-	4 965 847 207
Shares, Bonds and Quotas	-	-	-
Investment of Assigned Funds	-	-	-
Debtors	-	-	-
Other Placements	-	-	-
Financial Investments	-	-	-
Property	-	-	-
Equipment	135 865	118 339	17 526
Deferred Cost	-	-	-
Start-Up Expenditure	-	-	-
Fixed Assets in Progress	-	-	-
Other Fixed Assets	332 189	319 865	12 324
Internal and Adjustment Accounts	7 167 896	-	7 167 896
TOTAL	4 991 251 788	438 204	4 990 813 584

1.1. Balance Sheet as of December 31, 2016 (continued)

	December 31, 2016	
	SUBTOTAL	TOTAL
Unity: MOP (Macau pataca)		
LIABILITIES		
Current Deposits	687 205 623	
Deposits at Call	-	
Time Deposits	4 284 083 289	4 971 288 912
Government Deposits	-	
Resources of Other Local Financial Institutions	-	
Resources of Other Local Entities	-	
Foreign Currency Loans	-	
Debentures	-	
Credit for Resources Consigned to the Bank	-	
Cheques and Payment Orders	-	
Creditors	-	
Other Liabilities	-	
Internal and Adjustment Accounts	14 721 180	14 721 180
Provisions for Risks	13 713	13 713
Capital	-	
Legal Reserves	-	
Reserve as per Company Articles	-	
Other Reserves	(234 596)	
Net Profit Brought Forward	(34 384)	
Net Profit for Year Ended	5 058 759	4 789 779
TOTAL		4 990 813 584

1.2. Profit and Loss Accounts

Unity: MOP (Macau pataca)

DEBIT	From 01/01/2016 to 31/12/2016	CREDIT	From 01/01/2016 to 31/12/2016
Interest Expense	33 615 943	Interest Income	45 691 938
Staff Cost	2 940 558	Bank Operations Income	
Remuneration of Board of Directors and Supervisor Committee		Other Bank Operating Income	248 369
Salaries and Wages	2 563 282	Incomes from Securities and Financial Investments	
Benefits	377 276	Other Bank Income	14 908
Other		Non-Banking Income	
Third Party Supply Expenses	56 626	Operating Losses	
Third Party Service Expenses	2 017 594		
Other Bank Costs	2 038 068		
Taxes	1 288		
Non-Banking Expenses	140 716		
Depreciations	85 663		
Provisions			
Operating Income	5 058 759		
TOTAL	45 955 215		45 955 215

1.2. Profit and Loss Accounts (continued)

Unity: MOP (Macau pataca)

	From 01/01/2016 to 31/12/2016		From 01/01/2016 to 31/12/2016
DEBIT		CREDIT	
Operating Losses	-	Operating Income	5 058 759
Accumulated Losses From Previous Years	-	Accumulated Income from Previous Years	-
Extraordinary Losses	-	Extraordinary Income	-
Income Tax	-	Provisions Used	-
Profit for the Year	5 058 759	Loss for the Year	-
TOTAL	5 058 759		5 058 759

1.3. Summary of Management Report

Caixa Geral de Depósitos, S.A. was authorized by the Government of Macau Special Administrative Region under the Executive Order no. 7/2013 to establish an Offshore Branch in Macau, with effect from February 1, 2013, unit to which was transferred, as of this date, all the assets and liabilities of Caixa Geral de Depósitos - Subsidiária Offshore de Macau, S.A. This subsidiary of Caixa Geral de Depósitos, S.A. that was established in Macau in 2005, ceased its activity on February 1, 2013 and was close down.

The operating environment has undergone a significant transformation in recent years given the changes in the interest rates of major currencies and the regulatory framework.

The euro interbank market interest rates are at historically low levels and close to zero, while there is a trend for a gradual increase in US dollar interest rates.

Given that the Macau Special Administrative Region and the United States of America has signed an Intergovernmental Agreement (IGA), Model 2, the first report required under the US Foreign Account Tax Compliance Act – FATCA was produced and communicated to the US Internal Revenue Service.

The Branch has also implemented an action plan taking into account that Macau Special Administrative Region may adopt the Common Reporting Standard and Due Diligence Procedures for Financial Accounts implemented by the members of the Organization for Economic Co-operation and Development (OECD) in the coming months, which requires the report of information to the tax authorities of the participating countries that sign bilateral tax information exchange agreements with the Macau Special Administrative Region.

Operating income was MOP 10 144 thousand in December 2016 and represents a decrease of 40.3 per cent relatively to the previous year, due to a fall in net interest income.

Operating costs were down 0.3 per cent in 2016, due to a drop of 2.8 per cent in general administrative expenses and an increase of 2.3 per cent in personnel costs.

The net profit, which reflects mainly changes in operating income, totalled MOP 5.1 million, against 11.9 million, which represents a decline of 57.5 per cent over last year.

Customer deposits, term deposits and saving accounts, amounted to MOP 4 786.2 million, showing a decrease of 27 per cent year-on-year.

Net assets, that as of December 31, 2016 amounted to 4 990 million, recorded a decrease of 24.1 per cent, due mainly to a decline in interbank deposits placed with the Bank's Head Office.

The Macau Offshore Branch of Caixa Geral de Depósitos, S.A. would like to thank the authorities of Macau, and in particular the Monetary Authority of Macau, for the collaboration given since the beginning of its activities, as well as Banco Nacional Ultramarino for the support provided.

1.4. Summary of External Auditors' Report

We have audited the financial statements of the Caixa Geral de Depósitos, S.A. - Sucursal Offshore de Macau for the year 2016, in accordance with the “Normas de Auditoria” and “Normas Técnicas de Auditoria” of the Macao Special Administrative Region. In our report, dated May 29, 2017, we expressed an opinion with no constraints on the financial statements of which the present is a summary.

The financial statements referred to above comprise the balance sheet, as at 31 December 2016, the income statement, and statement of cash flows for the year ended, as well as a summary of the relevant accounting policies and other explanatory notes.

The summarized financial statements prepared by management results from the annual audited financial statements mentioned above. In our opinion, the summarized financial statements are consistent in all material respects with the audited financial statements.

To better understand the financial position of Caixa Geral de Depósitos, S.A. - Sucursal Offshore de Macau and the results of its operations in the period and scope covered by our audit, the summarized financial statements should be read in conjunction with the financial statements of which they result, as well as with the corresponding audit report.

Kwok Sze Man
Registered Auditor

Deloitte Touche Tohmatsu - Sociedade de Auditores

Macau, May 29, 2017

1.5. List of shareholders with qualifying holdings

Caixa Geral de Depósitos' equity capital is owned by the Portuguese state as its sole shareholder.

1.6. Members of the company boards of Caixa Geral de Depósitos, S.A.

Shareholders' Meeting

Mandate 2016-2019

Chairman

Paulo Mota Pinto

Vice-Chairman

Elsa Roncon Santos

Secretary

José Lourenço Soares

Board of Directors

Mandate 2017-2020

Non-Executive Chairman

Emílio Rui Vilar.

Vice-Chairman

Paulo José Ribeiro Moita de Macedo

Executive Members

Francisco Ravara Cary

João Paulo Tudela Martins

José António da Silva de Brito

José João Guilherme

Maria João Borges Carioca Rodrigues(*)

Nuno Alexandre de Carvalho Martins

Non Executive Members

Ana Maria Machado Fernandes

Maria dos Anjos Melo Machado Nunes Capote

João José Amaral Tomaz

José Maria Monteiro de Azevedo Rodrigues

Executive Committee

Mandate: 2017-2020

CEO

Paulo José Ribeiro Moita de Macedo

Members:

Francisco Ravara Cary - Executive Board Member

João Paulo Tudela Martins - Executive Board Member

José António da Silva de Brito - Executive Board Member

José João Guilherme - Executive Board Member

Maria João Borges Carioca Rodrigues (*) - Executive Board Member

Nuno Alexandre de Carvalho Martins - Executive Board Member

Audit Committee

Mandate: 2016-2019

Chairman

Guilherme Valdemar Pereira de Oliveira Martins

Members

António Luís Traça Borges de Assunção

Manuel Lázaro Oliveira de Brito

Alternate Member

Nuno Filipe Abrantes Leal da Cunha Rodrigues

* Taking up office on 06 March 2017



Caixa Geral de Depósitos

Sucursal Offshore de Macau

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1.7. Members of the management committee of Caixa Geral de Depósitos, S.A. – Sucursal Offshore de Macau

Management Committee (vide annex)

General Manager

Artur Jorge Teixeira Santos

Members:

Ana Isabel Pais Vinagre Tomázio

Since April 9, 2015

Pedro Manuel Rodrigues de Araújo Martinez

2. Cash Flow Statement

Unity: MOP (Macau pataca)

December 31, 2016

OPERATIONAL ACTIVITIES

Net Income Before Taxation	5 058 759
Adjustments for:	
Provisions and Impairment losses, net of Decreases, Reversals and Exchange Differences	(14 908)
Depreciation	85 663
Interest Income	(45 691 938)
Interest Expense	33 615 943
	(12 005 240)
Decrease/(Increase) in Operating Assets:	
Placements and Deposits with Credit Institutions in the Territory and Abroad	1 275 480 228
Loans and Advances to Customers	1 490 769
	1 276 970 997
(Decrease)/Increase in Operating Liabilities:	
Deposits	(1 415 297 126)
Accruals, Deferrals and Others	(487 668)
	(1 415 784 794)
Net Cash From Operating Activities Before Taxation	(145 760 278)
Interest Income Received	53 661 733
Interest and Expense Paid	(41 006 021)
	12 655 712
Net Cash From Operating Activities	(133 104 566)

INVESTING ACTIVITIES

Acquisitions of Equipment, Other Fixed Assets and Intangible Assets	(16 524)
Net Cash used In Investing Activity	(16 524)

FINANCING ACTIVITIES

Income transferred to CGD Head Office	(12 052 197)
Net Cash From/ (Used In) Financing Activity	(12 052 197)
Net Increase in Cash and Cash Equivalents	(145 173 287)
Cash and Cash Equivalents at Beginning of the Year	199 862 513
Exchange Differences	113 531
Cash and Cash Equivalents at end of the Year	54 802 757

3. Off-Balance-sheet Exposures Other than Derivatives transactions

3.1. Contractual Amount or Notional Amount

Unity: MOP (Macau pataca)

	December 31, 2016
Credit Substitutes	-
Transaction-Related Contingencies	-
Acceptances and Other Trade-Related Contingencies	-
Note Issuance Facilities, Revolving Underwriting Facilities and Other Similar Facilities	-
Forward Asset Purchases	-
Unpaid Portion of Partly Paid Shares and Other Securities	-
Forward Forward Deposits	-
Asset Sales with Repurchase Option	-
Undrawn Credit Facilities and Other Commitments to Extend Credit	-
Other Off-Balances-Sheet Items	2 959 528

4. Derivatives Transactions

4.1. Contractual Amount or Notional Amount

Unity: MOP (Macau pataca)

	December 31, 2016
Exchange Rate Contracts	-
Interest Rate Contracts	-
Equities Contracts	-
Commodities Contracts	-
Others	-

4.2. Credit Risk Weighted Amounts of Interest Rate Contracts and Exchange Rate Contracts as calculated in accordance with Notice 013/93-AMCM

	December 31, 2016	
	NOMINAL VALUE	WEIGHTED EXPOSURE
Interest Rate Contracts	-	-
Exchange Rate Contracts	-	-
Total	-	-

5. Accounting Policies

The financial statements are prepared in accordance with Financial Reporting Standards of Macau SAR.

Accrual basis

Income and expenses are recognised on an accrual basis, independently of when the amounts are received or paid, in accordance with the period of the operations. The differences between the amounts received or paid and the corresponding revenue or expenditure are recorded in “Accruals, deferrals and others” of assets and liabilities, respectively.

Equipment, intangible assets and other fixed assets

The equipment, intangible assets and other fixed assets are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation of such assets is recorded on a straight-line annual basis according with their estimated useful lives:

	YEARS OF USEFUL LIFE
Computer Hardware	4
Interior Fittings	5
Security Equipment	7
Vehicles	4
Intangible Assets	3
Furniture and Fixtures	8
Communication Equipment	10

An item of equipment, intangible assets and other fixed assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year which the item is derecognized.

Periodic test are made to identify evidence of impairment of equipment, intangible assets and other fixed assets.

Foreign currency assets and liabilities

Transactions in currencies other than the functional currency of that branch (foreign currencies) are recorded in the functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Foreign currency assets and liabilities are translated daily into Euros using the fixing rate published by the Bank de Portugal (“BdP”). The resulting foreign exchange differences are recorded as “Other banking expenses” or “Other banking income”, as the case may be.

The Exchange rates of Pataca at December 31, 2016 was as follows:

	December 31, 2016	December 31, 2015
1 USD = MOP	7,9877 MOP	7,9834 MOP
1 EURO = MOP	8,4322 MOP	8,7294 MOP
1 GBP = MOP	9,8209 MOP	11,8298 MOP
1 CAD = MOP	5,9296 MOP	5,7561 MOP

Loans and advances to customers

Loans and advances to customers are stated in the balance sheet after deducting any impairment losses, if applicable.

The management estimates that no specific provision is required to write down its loans and advances to customers in order to state it in the balance sheet at their estimated net realizable value as they are generally collateralized by term deposits in CGD-SOM and therefore no credit risk is considered to exist.

A general provision amounting to 1% of the caption “Loans and advances to customers” is recorded as at balance sheet date in accordance with regulatory requirement of MAM.

Interest accrued is recorded in “Accruals, deferrals and other” in accordance with the effective interest rate method.

Customers’ deposits, subordinated loans and other resources

Deposits and other resources are recorded at their nominal amount. Interest accrued is recorded in “Accruals, deferrals and others” in accordance with the effective interest rate method.

Provisions and contingent losses

A provision is recorded whenever a present obligation (legal or constructive) exists as a result a past event involving the probable future outflow of resources and this can be reliably determined. The amount of the provision comprises the best estimate of the amount to be paid to settle the liability as at the balance sheet date. When the outflow of resources is not probable, a contingent liability exists. Contingent liabilities need only be disclosed, unless the probability of their payment is remote.

Operating leases

CGD-SOM signed a lease contract of its office with its head office. The lease has no maturity.

Revenue

Interest income and interest expense are recognized on an accrual basis and are recorded on the income statement in “Interest income” and “Interest expense”.

Cash and cash equivalents

For the purpose of preparing cash flow statements, CGD-SOM considers as “Cash and cash equivalents” the following captions:

	December 31, 2016
Sight deposits with credit institutions	16 397 389
Deposits with original maturity less than 3 months recorded in:	
Placements with credit institutions in the territory	-
Deposits without credit institutions abroad	38 405 367
	<u>54 802 756</u>
	0

6. Related Parties Transactions - Transactions and Outstanding Balances

6.1. Policy for lending to related parties

Related Parties includes:

- a) A person, or a close member of that person's family, is related to the Branch if that person:
 - i) has control or joint control over the Branch;
 - ii) has significant influence over the Branch; or
 - iii) is a member of the key management personnel of the Branch or the Branch's parent.
- b) An entity is related to the Branch if any of the following conditions applies:
 - i) The entity and the Branch are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - ii) That entity holds a qualifying holding in the Branch;
 - iii) The entity is an associate or joint venture of the Branch (or an associate or joint venture of a member of a group of which the Branch is a member);
 - iv) The Branch is an associate or joint venture of the entity (or an associate or joint venture of a member of a group of which the entity is a member);
 - v) The Branch and the entity are joint ventures of the same third party;
 - vi) The entity is a joint venture of a third entity and the Branch is an associate of the third entity;
 - vii) The Branch is a joint venture of a third entity and the entity is an associate of the third entity;
 - viii) The entity is a post-employment benefit plan for the benefit of employees of either the Branch or an entity related to the Branch;
 - ix) The entity is controlled or jointly controlled by a person identified in (a);
 - x) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
 - xi) A person identified in (a) (iii) is a member of the key management personnel of that entity (or of a parent of that entity).

Transactions with Group Companies

Transactions with related parties are made in the ordinary course of business and are conducted on the same terms as third party transactions, based on market rates at the time of each transaction.

Transaction with Key Personnel

During this year, CGD-SOM didn't provided credit facilities to key management personnel of the Branch and companies controlled or significantly influenced by them.

6.2. Transactions and Outstanding Balances

Unity: MOP (Macau pataca)

December 31, 2016

DEBIT BALANCES

Interbank Assets (deposits)	4 982 244 580
Certificates of Deposit	-
Sundry Investments	-
Credit Granted	-
Other Assets	7 167 790
Operating Costs	929 073

CREDIT BALANCES

Deposits from Non-Bank Customers	-
Certificates of Deposit	-
Interbank Liabilities (deposits)	196 856 700
Other Liabilities	471 365
Operating Income	45 652 909

7. Capital

Consolidated Information of CGD Group

7.1. Capital Adequacy Ratio

	December 31, 2016
Total Capital Ratio	8.1%
Common Equity Tier 1 Ratio	7.0%

7.2. Capital and Reserves

Unity: € (million euros)	December 31, 2016
Equity	3 882
Share Capital	5 900
Fair Value Reserves	(38)
Other Reserves and Retained Earnings	(984)
Non-Controlling Interest	864
Net Profit	(1 860)

8. Credit Risk

8.1. Credit Risk Management

Credit risk is associated with the losses and level of uncertainty over a customer/counterparty's capacity to meet their obligations.

CGD-SOM has implemented an identification, assessment and control system of its credit risk portfolio both at the time the credit is granted and over the lifecycle of the operations.

Loans and advances in relation to which either the payment of interest or commission or the repayment of principal is delayed are classified as past due in accordance with the requirements set out by AMCM:

- Group I – up to 3 months
- Group II – over 3 months and less than or equal to 12 months
- Group III – over 12 months and less than or equal to 18 months
- Group IV – over 18 months

At the end of each quarter, general and specific provisions shall be set up as required by AMCM, as follows:

- Generic provision not less than 1% of the aggregated value of the credits which are not overdue for more than 3 months.
- Specific provision not less than 40%, 80% and 100% for Group II, Group III and Group IV respectively, based on their respective balances net of expected recoverable value of any existing and duly formalized tangible collateral.

The impairment values are calculated monthly for CGD-SOM since January 2016. The credit portfolio is reduced (representing less than 0.5% of the Branch's assets) and does not show any default events, therefore it applies CGD-Headquarters' IBNR (Incurred But Not Reported) average percentage for large exposures to calculate the respective impairment values (this percentage is calculated monthly).

8.2. Geographic Distribution of Exposure

Unity: MOP (Macau pataca)

REGION	December 31, 2016				
	LOANS AND ADVANCES	LOANS AND ADVANCES PAST DUE	SPECIFIC PROVISION	DEBT SECURITIES	FINANCIAL DERIVATIVES
VENEZUELA	1 232 787	-	-	-	-
MOÇAMBIQUE	138 455	-	-	-	-
	1 371 242	0	0	0	0

8.3. Industry Distribution of Exposure

Unity: MOP (Macau pataca)

SECTORS	December 31, 2016				
	LOANS AND ADVANCES	LOANS AND ADVANCES PAST DUE	SPECIFIC PROVISION	GENERAL PROVISION	CHARGE-OFFS
Manufacturing	-	-	-	-	-
Electricity, Gas and Water	-	-	-	-	-
Construction and Public Works	-	-	-	-	-
Trade (wholesale and retail)	-	-	-	-	-
Restaurants, Hotels and Related Activities	-	-	-	-	-
Transport, Warehouse and Communications	-	-	-	-	-
Individuals for House Purchases	-	-	-	-	-
Individuals for Other Purposes	1 371 242	-	-	13 713	-
Others	-	-	-	-	-
	1 371 242	0	0	13 713	0



Caixa Geral de Depósitos

Sucursal Offshore de Macau
 儲金行股份有限公司澳門離岸分支機構

8.4. Maturity Analysis

Unity: MOP (Macau pataca)

TYPE OF ACCOUNTS	December 31, 2016							
	TOTAL REPAYABLE	ON DEMAND	UP TO 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 3 YEARS	MORE THAN 3 YEARS	WITHIN AN INDEFINITE PERIOD
ASSETS								
Loans and Advances to Customers	1 371 242	-	-	-	-	-	1 371 242	-
Cash and Balances with and Loans and Advances to Banks	4 982 244 596	16 397 389	38 405 367	1 124 055 610	3 803 386 230	-	-	-
Certificates of Deposit Held		-	-	-	-	-	-	-
Securities Issued By Macao SAR Government and /or AMCM		-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-
Total Assets	4 983 615 838	16 397 389	38 405 367	1 124 055 610	3 803 386 230	0	1 371 242	0
LIABILITIES								
Deposits and Balances of Banks and Financial Institutions	196 856 715	192 703	-	173 768 263	22 895 749	-	-	-
Deposits from Public Sector Entities		-	-	-	-	-	-	-
Deposits from Holding and Associated Companies		-	-	-	-	-	-	-
Deposits from Non Bank Costumers	4 774 432 197	490 348 908	210 516 098	285 863 545	2 248 492 720	1 539 210 926	-	-
Certificates of Deposits Issued		-	-	-	-	-	-	-
Other Securities Issued		-	-	-	-	-	-	-
Total Liabilities	4 971 288 912	490 541 611	210 516 098	459 631 808	2 271 388 469	1 539 210 926	0	0

8.5. Analysis on Past Due Assets – non bank customers

Unity: MOP (Macau pataca)

	December 31, 2016			
	PAST DUE LOANS AND ADVANCES (Trade bills inclusive)		COLLATERAL	SPECIFIC PROVISIONS
PAST DUE FOR:				
More than 3 months but not more than 6 months	-	-	-	-
More than 6 months but not more than 1 year	-	-	-	-
More than 1 year	-	-	-	-
Total	0	0	0	0

Remark: As of 31st December 2016, there were no loans and advances to banks and other financial institutions that have been past due.



9. Market Risk

Market Risk measures the potentially negative impact on the branch profit and loss account that derives from unfavourable market prices' changes of the assets in the portfolio such as, share prices, interest rates or foreign exchange rates as well as from changes on their correlations.

Within the scope of services provided by CGD to CGD-SOM, there is a complete segregation between front office and risk office.

It should be noted however that given CGD-SOM balance sheet structure, the branch does not have financial instruments in its portfolio that hold market risk.



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10. Interest Rate Risk

Interest rate risk is the risk incurred by a financial institution whenever in the course of its activity enters into transactions whose financial flows are sensitive to interest rate changes. In other words, it is the risk that a change in interest rates might occur, associated namely with the repricing mismatches of assets and liabilities held, thus contributing to the decrease of their profitability or to the increase of their financial cost, respectively.

The process for evaluating interest rate risk is closely linked to the methodology used by CGD, which comprises the accounting (or short term) and economic (or long term) perspectives and uses both simplified models of interest rate gaps (aggregation of all assets and liabilities sensitive to interest rate changes in residual repricing time bands, thus obtaining the corresponding mismatches) and effective duration (estimation of the percentage change in the price of the financial instruments given an interest rate change of 100 bps), as well as robust simulation technique models including Earnings at Risk metrics (impact of adverse interest rate changes on the interest margin) and Economic Value at Risk metrics (impact of adverse interest rate changes on the economic value of equity).

11. Operational Risk

Operational risk is the risk of losses as a result of failures or inadequacy in internal processes, people and systems or from external events including legal risks.

The framework underlying CGD's operational risk management is integrated with the internal control system and may be characterized by the following components distributed among the four stages of the risk management cycle:

- Identification: collection of information and documentation of activities, potential operational risks, control and mitigating activities;
- Assessment: recording of operational risk events (loss data collection) and self-assessment of potential operational risks and related controls;
- Monitoring: key risk indicators (KRI) and disclosure of information on operational risk to internal and external parties;
- Mitigation: implementation and follow-up of action plans aiming to minimize operational risk.

CGD-SOM activities are substantially supported by CGD's processes and structures, therefore they are covered by this framework.

12. Foreign Exchange Risk

The assessment of foreign exchange risk is based on the policy adopted by CGD and measured on a daily basis with the production of a foreign exchange risk report showing market risk indicators such as VaR, its comparison with approved limits, total and by currency foreign exchange position, back testing indicators and graphical information on the historical evolution of the total foreign exchange position, the respective VaR 99% for 10 days, and concentration of foreign exchange position by currency.

12.1. Total Net Long and Short Positions in foreign currencies

Unity: MOP (Macau pataca)

Currency:	December 31, 2016		
	NET OPEN POSITION EXCLUDING OPTION CONTRACTS LONG OR SHORT	NET POSITION IN OPTION CONTRACTS LONG OR SHORT	NET OPEN POSITION INCLUDING OPTION CONTRACTS LONG OR SHORT
AUD	363 244	-	363 244
CAD	361 694	-	361 694
CHF	187 567	-	187 567
DKK	25	-	25
GBP	55 446	-	55 446
MOP	605 346	-	605 346
NOK	404 448	-	404 448
USD	2 555 289	-	2 555 289
	0	0	0

12.2. Where the net position (in absolute terms) in a particular foreign currency constitutes not less than 10% of the total net position in all foreign currencies, disclose in respect of the particular currency its net long (or net short) position

Unity: MOP (Macau pataca)

Currency:	December 31, 2016	
	USD (EQUIVALENTE EM MOP)	MOP (EQUIVALENTE EM MOP)
Spot Assets	856 379 693	869 666
Spot Liabilities	853 824 404	264 320
Forward Purchases	-	-
Forward Sales	-	-
Net Options Position	-	-
Net Long Position	2 555 289	605 346
Net Short Position	-	-



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13. Liquidity Risk

Liquidity risk stems from the possibility of a gap or mismatch between a bank's monetary flows of payments and receipts, generating an inability to meet its commitments. That is, in such a situation, a bank's reserves and cash assets would become insufficient to meet its obligations at the time they occur.

Liquidity risk management is carried out within CGD's established framework, based on the analysis of the residual maturity dates of the different balance sheet assets and liabilities. The volumes of cash inflows and cash outflows are set out in time bands on the basis of their residual time to maturity and, thereafter, the respective liquidity gaps for both the period and accumulated are calculated.

The concept of "structural" liquidity is used for the analysis and definition of exposure limits, aiming to incorporate, in particular, the historical behaviour of depositors in the management of their sight, term and savings accounts, distributing their balances by the different time bands in accordance with internally developed studies and models.

The management of liquidity risk also incorporates, at the parent company level, stress testing exercises in articulation with the existing Liquidity Contingency Plan, in accordance with the principles and recommendations issued by the Basel Committee on Banking Supervision (BCBS) and the European Banking Authority (EBA).



14. Consolidated Assets, Liabilities and Profits of CGD Group

Unity: € (million euros)

	December 31, 2016
Total Assets	93 547
Total Liabilities	89 664
Total Gross Loans and Advances to Customers	68 500
Deposits and Balances from Banks and Other Financial Institutions	5 800
Deposits from Customers	69 680
Profit Before Taxation and Non-Controlling Interest	(2 652)



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- ANNEX -

15. Annex - Curriculum Vitae of the members of the General Management

Artur Jorge Teixeira Santos:

Date of Birth

- 5th November, 1955

Current Positions

- 2013 – General Manager of Caixa Geral de Depósitos, S. A. - Sucursal Offshore de Macau, since February 2013

Former Positions Held

- 2011-2013 – Chairman of the Board of Directors of Caixa Geral de Depósitos, S. A. - Sucursal Offshore de Macau
- 2010 -2011 – Chief Executive Officer of Banco Nacional Ultramarino and Vice-President of the Board of Directors
- 2004- 2010 – Deputy Chief Executive Officer of Banco Nacional Ultramarino
- 2001- 2011 – Member of the Board of Directors of Banco Nacional Ultramarino
- 1998-2001 – Deputy Chief Executive Officer of Banco Nacional Ultramarino Macau Branch
- 1993-1998 – Chief Financial Officer of Banco Nacional Ultramarino Macau Branch
- 1992 -1993 – Financial Consultant for Macau International Airport's construction Project
- 1991-1992 – Deputy General Management of the Financial Department of Credit Franco-Portugais in France
- 1990- 1991 – Deputy General Manager of the International Department of Banco Nacional Ultramarino
- 1987-1990 – Deputy General Manager of the International, Finance and Large Enterprises Departments of Banco Totta&Açores
- 1983 -1987 – Economist in the Research Unit of Issuing Institute of Macau, now called Monetary Authority of Macau

Academic Qualifications

- Postgraduate in Public Finance from the University of Coimbra, in 1989
- Degree in Economics from the Instituto Superior Economia of the University of Lisbon, in 1978
- Participation in several seminars regarding financial systems, banking regulation, monetary policy, retail banking and investment in Macau, Hong Kong, Taiwan and in Mainland China.

Ana Isabel Pais Vinagre Tomázio:

Date of Birth

- 16th November, 1971

Current Positions

- 2016 – Member of the General Management of Caixa Geral de Depósitos, S. A. - Sucursal Offshore de Macau
- 2012 – Non-Executive member of the Board of Directors of Banco Comercial Atlântico (CGD Group), in Cabo Verde.
- 2012 – Deputy General Manager of the International Business Division of CGD

Former Positions Held

- 2010-2012 – Deputy General Manager in the Division of Banking for Portuguese Residents Abroad of CGD
- 04/2005-11/2010 – Branch Manager in the Sintra Main Branch of CGD
- 03/2005-04/2005 – Branch Manager in the Queluz Branch of CGD
- 05/2003-03/2005 – Branch Manager in the Rio de Mouro Branch of CGD
- 11/2002-05/2003 – Branch Manager in the São Carlos Branch of CGD
- 05/1994-11/2002 – Account Manager in the Sintra Business Office of CGD

Academic Qualifications

- Postgraduate in Banking Management – Advanced course in Banking Management, from the Instituto Superior de Gestão Bancária, 2005 to 2006
- Degree in Economics from the Economics Department of Universidade Nova de Lisboa, from 1989 to 1993

Pedro Manuel Rodrigues de Araújo Martinez:

Date of Birth

- 16th December, 1968

Current Positions

- 2013 – Member of the General Management of Caixa Geral de Depósitos, S. A. - Sucursal Offshore de Macau
- 2012 – Coordinator of the International Business Division - Management of Offshore Activity (DIN) of CGD

Former Positions Held

- 2010-2012 – Coordinator in the Division of Banking for Portuguese Residents Abroad - Management of Offshore Activity (DBR) of CGD
- 2004-2010 – Specialist in the Division of Planning and Management Information-Coordination and Management of CGD Group Units and Strategic Equity Holdings (DPI-APF1) of CGD
- 2000-2004 – Specialist in the Division of Planning and Management Information -Accounting and Budget Control of Branches and Subsidiaries of CGD Group (DPI-API3) of CGD
- 1995-2000 –Specialist in the International Business Division (DIN), CGD, GIN -1, International Credit and Operations and Management Control of the International Activity of CGD Group.
- 1994-1995 – Trainee in the International Business Division (DIN) of CGD.

Academic Qualifications

- Advanced Studies in Banking Management - Universidade Católica – FCEE – from September to December 2008
- Advanced Course in Banking Management -Instituto de Formação Bancária (IFB), 2005
- Credit Risk Management – Instituto de Formação Bancária (IFB), 2000
- Management Auditing – Instituto Superior de Ciências do Trabalho e da Empresa (ISCTE), 1997
- Management of Financial Institutions and Operations - Instituto Superior de Gestão (ISG), 1995
- Degree in Business Management from the Instituto Superior de Gestão, in 1993